How Top Management's Social Capital Fosters the Development of Specialized Marketing Capabilities: A Cross-Cultural Comparison

Jan Kemper, Andreas Engelen, and Malte Brettel

ABSTRACT

The main purpose of this research is to investigate the role of top management's social capital as a microlevel origin of four specialized marketing capabilities: pricing, product development, distribution, and marketing communication. The authors investigate the moderating effect of national culture on the link between social capital and marketing capability using survey data from 891 firms across four countries (China, Germany, Hong Kong, and the United States). The findings indicate that the elements of social capital—managerial tie utilization, trust, and solidarity—are strong drivers of the four marketing capabilities. Managerial tie utilization and solidarity tend to be more important when national culture's power distance is low, collectivism is high, and uncertainty avoidance is low, whereas the effect of trust is not subject to national cultural variations. From a managerial perspective, this research emphasizes the strong role and responsibility of top management team members, including marketing managers who are at this level, in building organization-level marketing capabilities.

Keywords: cross-cultural research, social capital, marketing capabilities

Marketing capabilities have been identified as major performance drivers of firms (Ramaswami, Srivastava, and Bhargava 2009). Krasnikov and Jayachandran (2008) find that because of their low level of imitability and their reliance on tacit knowledge, marketing capabilities have a stronger influence on firm performance than research and development (R&D) and operations capabilities do, so the question of how to foster these capabilities is important (Vorhies, Orr, and Bush, forthcoming). Because marketing capabilities are heavily based in information and resources that are available only outside the firm (e.g., information on competition or customers), social capital can be a major antecedent of marketing capabilities by serving as a bridge between organizational members and external institutions (Acquaah 2007). This perspective is in line with Gu, Hung, and Tse (2008), who show in the Chinese context that guanxi is a driver of a firm's channel and responsive capabilities. To shed more light on the role of managers' social capital with business and political contacts in establishing marketing capabilities, in this study, we extend the work of Gu, Hung, and Tse (2008) in three ways.

First, Gu, Hung, and Tse (2008) acknowledge that *guanxi* is not a concept limited to the Chinese context; personal networks are common to all national settings.

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Seminal works in a Western context by Heide and John (1992) and Morgan and Hunt (1994) also highlight the role of shared norms and trust as major elements of social capital in the development of interfirm market exchanges. Although these studies suggest that the relationship between top management's social capital and marketing capabilities could be common to all national settings, social capital could also create a "collective blindness" when there is no flow of new ideas into the network, and there could be rigidities and an overload of obligations in the network (Gu, Hung, and Tse 2008; Uzzi 1997). Because these downsides could outweigh the benefits in national cultural contexts other than that of the Chinese, we elaborate on the link between top management's social capital with business contacts (e.g., customers, suppliers) and political contacts and selected specialized marketing capabilities. To do this, we use survey data gathered from 891 firms in four major economies (Germany, the United States, China, and Hong Kong). The strong cultural diversity of these economies facilitates the ability to detect the generalizabilty or boundary conditions of the link between top management's social capital and marketing capabilities.

Second, in contrast to Gu, Hung, and Tse (2008) and in line with Putnam (1995) and Nahapiet and Ghoshal (1998), we differentiate among managerial tie utilization, trust, and solidarity to derive more fine-grained insights into how top management's social capital affects marketing capabilities and how national culture influences this relationship. This perspective is important for managerial practice because recommendations to top management based on these three elements of social capital are much more precise and actionable for managers than a broad recommendation to engage in social networking.

Third, although Gu, Hung, and Tse (2008) focus on two capabilities, we extend the set of marketing capabilities to specialized marketing capabilities along the four Ps framework (pricing, product development, distribution, and marketing communication).

We structure the remainder of this article as follows: Next, we present the conceptual background on social capital theory and marketing capabilities. Then, we derive the research model, which links top management's social capital and marketing capabilities, and we examine the dependence of these relationships on national culture. Following this, we outline our methodology and interpret the findings. We then discuss some limitations of the study and avenues for further research.

CONCEPTUAL BACKGROUND

Top Management's Social Capital

According to Nahapiet and Ghoshal (1998), social capital is the sum of the actual and potential benefits embedded in, available through, and derived from an individual's or a social unit's network or relationships. We focus on top management's social capital because managerial action is strongly embedded in social networks; top management spends much more time networking than employees at lower hierarchical levels (e.g., Acquaah 2007; Peng and Luo 2000). We take a broad view of the target group of managerial social capital by considering both business and political contacts. Building on the work of Atuahene-Gima and Murray (2007), we differentiate among three major elements of top management's social capital: managerial tie utilization, trust, and solidarity.

Managerial Tie Utilization. Managerial tie utilization characterizes "the closeness and interaction frequency of a relationship between two parties" (Levin and Cross 2004, p. 1478). It is a structural dimension of top management's social capital because it reflects the embeddedness of a manager in a social system and describes whom he or she reaches and how he or she reaches them (Acquaah 2007). The major benefit of top management's ties is the access they provide to information and resources. Through interaction with external entities (e.g., suppliers, customers), top management can derive important insights into the firm's external context, which is richer and more timely information than, for example, that found in documentary media (Geletkanycz and Hambrick 1997). This information enables a firm to identify opportunities and to reduce its vulnerability to environmental developments (Ellis 2010; Sheng, Zhou, and Li 2011).

Trust. Trust refers to the belief in the good intent, concern, competence, and capability of exchange partners (Nahapiet and Ghoshal 1998). Trust is a relational dimension of top management's social capital because it refers to the quality of the relationship among actors (Atuahene-Gima and Murray 2007). A major benefit of relationships in which trust is high is the willingness of actors to engage in cooperative interaction (Fukuyama 1995) and to "share their resources without worrying that they will be taken advantage of by the other party"

(Tsai and Ghoshal 1998, p. 467). Therefore, cooperative behavior with the firm is fostered when its top managers establish relationships of trust with external entities such as suppliers, customers, and government officials. Atuahene-Gima and Murray (2007, p. 7) add that a key benefit of trust is that it provides an environment "in which people feel secure and psychologically safe to make mistakes and offer and receive criticism."

Solidarity. Solidarity is the degree to which parties in a relationship subordinate their personal needs to the goals and objectives of the relationship (Adler and Kwon 2002). Solidarity is part of social capital's cognitive dimension, a concept that Nahapiet and Ghoshal (1998) introduce. The major benefit of solidarity in top management's relationships (e.g., with suppliers or customers) is that it emphasizes the salience of teamwork and common goals among actors, which facilitates resource exchange and reduces opportunistic behavior and the need for costly monitoring processes (Nahapiet and Ghoshal 1998).

Marketing Capabilities

The capability-based view argues that superior performance results from a firm's resources and capabilities (Wernerfelt 1984). Morgan, Slotegraaf, and Vorhies (2009) emphasize that marketing capabilities in particular might be immobile, difficult to replicate, and largely nonsubstitutable value-creation mechanisms, a perspective that has been empirically verified (e.g., Krasnikov and Jayachandran 2008; Vorhies and Morgan 2005).

Vorhies, Morgan, and Autry (2009) differentiate two types of marketing capabilities: specialized marketing capabilities, such as pricing, which are functionally focused capabilities that are built around the integration of specialized marketing knowledge, and architectural marketing capabilities, such as marketing planning activities, which relate to the coordination of the specialized capabilities. Grant (1996) provides a hierarchical framework of capabilities in which specialized marketing capabilities are lower-level capabilities and architectural capabilities are higher-level capabilities. Because the implementation of lower-level capabilities is a necessary condition for the development of higher-level capabilities, we focus on the specialized marketing capabilities—in particular, the four specialized marketing capabilities that are based on the marketing mix's four Ps of (1) pricing capability (e.g., Dutta, Zbaracki, and Bergen 2003), (2) product development capability (e.g., Dutta, Narasimhan, and Rajiv 1999), (3) place (distribution) capability (e.g., Heide and John 1992), and (4) promotion (marketing communication) capability (e.g., McKee et al. 1992). We choose these capabilities because they are thoroughly addressed in the extant literature (e.g., Vorhies and Morgan 2005) and because the four Ps are a prominent concept across countries, regardless of the countries' stages of development or cultural properties. Our pretesting interviews gave us confidence that these specialized marketing capabilities could be assessed by respondents in the countries we examine.

RESEARCH MODEL

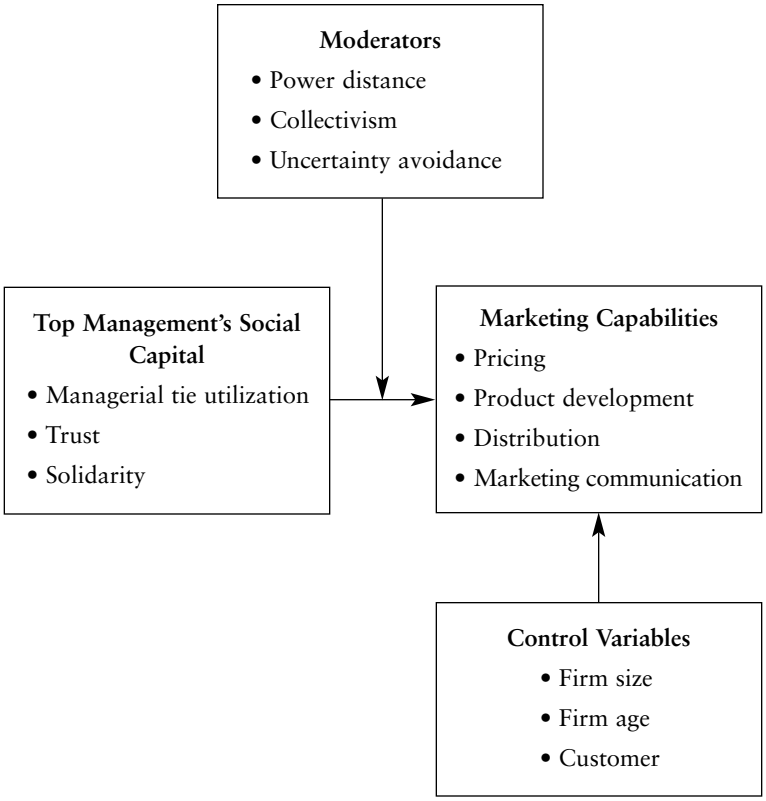
Top management is likely to operate in a social context that extends beyond organizational boundaries (Geletkanycz and Hambrick 1997). Because top management spends much more time and resources networking with business and political contacts than other employees do, it is their social capital that is most important to a firm (e.g., Peng and Luo 2000). The social capital that develops from top management's boundary-spanning activities and interactions with external institutions is likely to be especially important for marketing capabilities because these capabilities cannot be acquired through market-based exchanges and because they involve an external perspective (Acquaah 2007); that is, knowledge about customers and competitors seldom originates from inside the firm but is acquired through interactions with external institutions, such as suppliers. Park and Luo (2001) argue that social capital networks are particularly important because they can mitigate the high cause–effect ambiguity and strong outcome uncertainty typically associated with development of market-related capabilities. Therefore, in a first step, we elaborate how each of the three elements of top management's social capital can foster each of the four specialized marketing capabilities.

In a second step, we investigate these structural relationships in terms of their dependence on national culture. To this end, we examine three major national cultural dimensions successively in terms of their impact on the three elements of top management's social capital. The conceptual model appears in Figure 1.

Structural Relationships

Pricing Capability. Pricing capability refers to the ability to extract the optimal revenue from the customers, to respond quickly to changes in the marketplace, and to

Figure 1. Conceptual Framework



understand competitors' pricing strategies (Dutta, Zbaracki, and Bergen 2003). Managerial tie utilization provides information critical to pricing capability. Dutta, Zbaracki, and Bergen (2003) explain that one major component of pricing capability is the ability to identify competitors' prices because price lists do not provide adequate reference to the prices actually offered to customers. Because a firm's prices must constantly be modified according to competitors' pricing, as Blyler and Coff (2003) point out, managerial tie utilization (e.g., with customers or suppliers) can provide information on changes in the pricing environment. Furthermore, the informational benefits of managerial ties may optimize pricing, assuming that top management is able to gain information on customer preferences and willingness to pay (Vorhies and Morgan 2005).

As Nahapiet and Ghoshal (1998) point out, trust leads to a belief in the competence of an actor. When a customer has strong trust in the competence of a top manager, the manager's firm has more flexibility in price-setting than it would otherwise. Dutta, Zbaracki, and Bergen (2003) state that when prices rise, a firm must "sell" the price increase to the customers in such a way that the relationship with the customer is not jeopardized, and "selling" a price increase typically lies in the hands of top management. Trust that the top management will not exploit its partners and that the firm will continue to provide high quality work can reduce the potential negative consequences of price increases (Dutta, Zbaracki, and Bergen 2003).

We also expect a positive link between solidarity and pricing capability. Dutta, Zbaracki, and Bergen (2003) find that external parties, such as channel partners, are involved in the implementation of pricing decisions, so the solidarity component of the social capital construct ensures that the intermediaries behave according to what has been agreed on and that they do not act opportunistically, for example, by changing prices to obtain a larger-than-agreed share of the overall margin (Tsai and Ghoshal 1998). Thus:

H_1: There is a positive relationship between (a) managerial tie utilization and a firm's pricing capability, (b) trust and a firm's pricing capability, and (c) solidarity and a firm's pricing capability.

Product Development Capability. Product development capability refers to the processes by which firms develop and manage new product offerings (Dutta, Narasimhan, and Rajiv 1999), leading to products that enjoy market success. Managerial tie utilization enables firms to gain access to diverse information (Acquaah 2007), such as changes in customer preferences, which may be particularly valuable to firms that can integrate this information into the product development process. Moran (2005, p. 1133) states that the "broad access to information permits the manager to learn of more opportunities, see them faster, and assess their value more broadly."

When top management has relationships that are characterized by trust, more interactive and adaptive exchanges occur, allowing greater novelty in product development. Moran (2005) argues that trusted actors in relationships can provide feedback on ideas and, in so doing, positively contribute to the outcomes of new product development. Trust also positively increases the network members' willingness to propose new alternatives.

We also argue that top management relationships characterized by solidarity positively affect product development capabilities because a relationship characterized by solidarity facilitates the discussion of probable customer reactions to the product idea (Nahapiet and Ghoshal 1998). Luk et al. (2008, p. 591) state that "effective implementation of innovations may need critical productive resources or cooperation from business partners"; when top management nurtures relationships of solidarity, these productive resources and cooperation are more likely to be provided. Thus:

H_2: There is a positive relationship between (a) managerial tie utilization and a firm's product development capability, (b) trust and a firm's product development capability, and (c) solidarity and a firm's product development capability.

Distribution Capability. Distribution capability refers to a firm's ability to manage channels and to ensure that products are brought to target markets efficiently (Heide and John 1992). Managerial tie utilization, which provides access to several types of information that can be helpful in fostering the distribution capability of a firm, can enhance the quality of decisions concerning which channels should be employed and which partners are the most appropriate in each channel (Gu, Hung, and Tse 2008). Furthermore, the information provided by top management's networks can enlarge the set of alternatives for distribution because this information can hint at options that were initially not in the set of alternatives (Wong and Ellis 2002).

In line with Gu, Hung, and Tse (2008), trust provides a sound basis for cooperation in a distribution channel system. Atuahene-Gima and Murray (2007, p. 7) argue that trust "increases the willingness of people in a relationship to suggest novel alternatives because it reduces the pressure to evaluate one another's viewpoints critically" and can facilitate the introduction of new ideas in distribution systems. Furthermore, when there is trust in a firm's top management, the possible set of distribution partners from which a firm can choose is likely to be larger because these potential partners have more faith in the capabilities of the firm the top management represents.

Solidarity is likely to reduce transaction costs and opportunistic behavior, both of which are typical problems in channel relationships (Anderson and Weitz 1989). Solidarity suggests that the actors subordinate their personal goals and objectives to the goals and objectives of the relationship such that it is unlikely that these partners will behave opportunistically, so the need for monitoring is reduced or eliminated (Nahapiet and Ghoshal 1998). Furthermore, solidarity among distribution partners ensures that actions agreed on are actually implemented by the partners. Thus:

H_3: There is a positive relationship between (a) managerial tie utilization and a firm's distribution capability, (b) trust and a firm's distribution capability, and (c) solidarity and a firm's distribution capability.

Marketing Communication Capability. Marketing communication capability refers to the firm's ability to manage its image through advertising and public relations (McKee et al. 1992). Managerial tie utilization can help ensure that the firm understands customers' preferences so successful advertising campaigns can be developed (Wernerfelt 1996) because managers with strong network embeddedness (e.g., with suppliers or customers) should be able to adjust their firm's marketing activities

ahead of the competition by detecting market changes earlier, anticipating shifts in the market environment, and creating and retaining more durable links with key public relations contacts (Tsai and Ghoshal 1998).

Top management's relationships that are characterized by trust can be a vital source for marketing communication capabilities. When external institutions (e.g., customer or channel partners) value top management's credibility or abilities, marketing communications can be conveyed much more easily (Acquaah 2007). Thus, trust creates a valuable source for effective and efficient marketing communications.

We expect a positive link between solidarity and marketing communication capabilities as well; relationships characterized by solidarity ensure that communication activities that require collaboration with other parties (e.g., distribution partners) are implemented smoothly (Nahapiet and Ghoshal 1998; Wong and Ellis 2002) because solidarity reduces the opportunistic behavior of these partners. Furthermore, Lee, Lee, and Pennings (2001) argue that institutions that have relationships of solidarity with the firm's top management are more likely to make referrals to third parties on behalf of the firm. Thus:

H_4: There is a positive relationship between (a) managerial tie utilization and a firm's marketing communication capability, (b) trust and a firm's marketing communication capability, and (c) solidarity and a firm's marketing communication capability.

The Moderating Effect of National Culture

National culture has been identified as a major environmental characteristic that underlies differences in individual behavior and in how people perceive situations and interact with others (Triandis 1994; Webster and White 2010). Steenkamp (2001, p. 36) finds that culture can be examined at the national level because there are "forces at the national level pushing to a meaningful degree of within-country commonality," a view empirically validated by a series of studies (e.g., Schwartz and Ros 1995).

Because top management's social capital relates to interactions among various parties (i.e., between the firm's top management and external institutions, such as distribution partners), it is embedded in certain cognitive and behavioral contexts, so it can be subject to national cultural influences. For example, social capital's effect depends on the cultural characteristics of network members (e.g., do they value trust in network relationships?) and of organization members (e.g., do they implement the information they have gained?). Because culture is considered relatively homogeneous on the national level and because various parties in these countries (e.g., network and organization members) are involved in how social capital transforms into marketing capabilities, we consider an examination of culture at the national level adequate.

In line with Lachman, Nedd, and Hinings (1994), we assume that, in general, social capital's effect on marketing capabilities is strengthened when there is a match between the prevalent national cultural values and social capital's elements. We adopt the framework of national cultural dimensions from Hofstede (2001) to capture differences among national cultures, focusing on the three major dimensions of power distance, individualism/collectivism, and uncertainty avoidance.

The national cultural dimension of power distance refers to the degree to which inequality of power is accepted in a national culture (Carl, Gupta, and Javidan 2004). In low-power-distance national cultures, people prefer minimal inequality between roles, but in high-power-distance national cultures, each person has a set place in the society's hierarchy, and this place determines his or her rights and duties toward the people positioned at higher and lower levels.

There are two opposing arguments about how power distance in a national culture affects the relationship between managerial tie utilization and marketing capabilities. On the one hand, the relationship could be stronger in high-power-distance national cultures, in which superiors play a central role in organizational life, so their social networks are of central importance (Hui, Au, and Fock 2004). On the other hand, Kirca, Jayachandran, and Bearden (2005) argue that managerial tie utilization is stronger in national cultures with low power distance because the implementation of knowledge gained from networks to benefit the firm is more likely because all employees are expected to show initiative. Therefore, building on Kirca, Jayachandran, and Bearden's findings, we assume a stronger relationship between managerial tie utilization and marketing capabilities in national cultures in which power distance is low.

Doney, Cannon, and Mullen (1998) analyze how power distance relates to trust and solidarity and conclude that low power distance provides better conditions for trust

and solidarity to benefit a firm, arguing that the positive effects of trust are less likely to unfold in countries with high power distance, which view others as a threat and conflict and competition as constructive (Kale and McIntyre 1991). In addition, opportunism is stronger in national cultures with high power distance (John 1984), so the positive benefits from trust and solidarity are much more difficult to realize because monitoring mechanisms are necessary. Given these cultural barriers in countries with high power distance, we argue that even stronger levels of trust and solidarity are necessary in such countries for the benefits of trust and solidarity to develop. In countries with low power distance, people are more willing to consult with others and opportunism is less likely, so trust and solidarity are much more likely to develop (Williams, Whyte, and Green 1966). Doney, Cannon, and Mullen also state that people in countries with low power distance value relationships based on mutual dependence more than people in countries with high power distance do, making the conditions for the development of solidarity and trust better in countries with low power distance. Given the congruence between the values of low power distance national cultures and trust and solidarity, we argue that a certain level of trust and solidarity provides stronger benefits in countries with a low power distance than it does in countries with strong power distance

We complement H_1–H_4, with the argument that the relationships outlined in these hypotheses are stronger in countries with low power distance than in those with high power distance because there is a stronger match between the values of low power distance countries (e.g., less inclination to behave opportunistically) and the elements of social capital:

H_5: The positive relationships between (a) managerial tie utilization, (b) trust, and (c) solidarity and the four marketing capabilities are stronger in national cultures in which power distance is low.

In national cultures with strong collectivism, people view themselves as part of groups and give priority to collective goals over individual goals (Triandis 2004). People tend to be tightly integrated into groups and networks that protect them and, in turn, gain a strong sense of belonging and dependence. However, in national cultures with strong individualism, each person is supposed to take care primarily of himself or herself, resulting in a strong "I" mentality that focuses on individual initiative and achievement (Michailova and Hutchings 2006). It follows that the concept of managerial tie utilization is particularly well matched to collectivist national cultures, in which important information (e.g., about customers or competitors) is distributed primarily through networks (Hofstede 2001). Given the strong degree of loyalty associated with interpersonal relationships, managerial tie utilization assumes greater importance as an information source in collectivist national cultures than it does in more individualistic national cultures, in which there is less emphasis on group memberships (Triandis 1994).

Furthermore, trust refers to a major value of collectivist national cultures and fundamentally shapes relational exchanges within these settings. Collectivist national cultures have a more interdependent worldview and place a stronger importance on nurturing relationships characterized by trust than individualist national cultures do (Triandis 1994). An established trusting relationship provides collectivist national cultures a greater sense of security than it does in individualistic national cultures (Huff and Kelley 2003). Solidarity can also be expected to show stronger associations with marketing capabilities in national cultures with strong collectivism than in individualistic ones because a major element of collectivist national cultures is that people focus on good relationships and subordinate their personal preferences to the group's preferences (Triandis 2004). Therefore, solidarity addresses a major value of countries with collectivist values, enhancing the positive benefits of solidarity for marketing capabilities (Lachman, Nedd, and Hinings 1994). For example, because of their strong appreciation of relationships characterized by solidarity, actors in relationships are even more willing to support the implementation of pricing measures or to give referrals. However, in national cultures with strong individualism, because most people are focused on their individual goals, top management's having strong trust and solidarity within their networks is less important because placing the group's goals ahead of personal goals stands in contrast to individualistic values (Hofstede 2001). Because of this mismatch between solidarity and national cultures with strong individualism, we argue that the effect of solidarity is lower in these national cultures, such that actors will not show the same level of cooperative behavior in, for example, implementing pricing measures. Therefore, complementing H_1–H_4, we propose the following:

H_6: The positive relationships between (a) managerial tie utilization, (b) trust, and (c) solidarity and the four marketing capabilities are

stronger in national cultures in which collectivism is high.

Uncertainty avoidance captures the degree to which people prefer structured to unstructured situations. In national cultures that rank high in uncertainty avoidance, uncertainty is considered a threat (Luque and Javidan 2004). In national cultures that rank low on uncertainty avoidance, people are more willing to take risks, and they feel more comfortable in a state of uncertainty.

The information provided by managerial tie utilization reduces uncertainty (Park and Luo 2001). National cultures with high uncertainty avoidance aim to control unpredictable situations (Hofstede 2001), a goal that can be achieved by information from the network that is not available elsewhere. On the basis of this information, members of the firm feel more comfortable and can be expected to implement the information to enhance marketing capabilities accordingly (Brettel et al. 2008). However, in national cultures with low uncertainty avoidance, the information that flows from managerial tie utilization is not valued to the same extent, because people in such cultures tend to see uncertain situations as opportunities rather than as threats (Luque and Javidan 2004).

When top management enjoys trust and solidarity in its networks, uncertainty is reduced because the collaboration between two parties becomes more predictable (Doney, Cannon, and Mullen 1998). Trust makes actors in the network feel that the other parties involved in the network are able to perform their jobs appropriately, which reduces the uncertainty that one actor could fail, with negative consequences for the whole network (Nahapiet and Ghoshal 1998). Therefore, if external parties trust the firm's top management, those external parties appreciate the reduction of uncertainty and are more likely to engage in cooperative behavior. When top management nurtures relationships of solidarity with external entities (e.g., distribution partners), the danger of opportunistic behavior is reduced and cooperation between firms becomes less risky as the behavior of the other firms becomes more predictable (Linghui and Koveos 2008). Therefore, a strong association between solidarity and marketing capabilities can be expected in national cultures with high uncertainty avoidance.

In contrast, people in national cultures with low uncertainty avoidance do not value predictability, a major benefit of trust and solidarity, in the same way as people in national cultures with high uncertainty avoidance do (Hofstede 2001). Trust and solidarity make relationships and the implementation of marketing capabilities more predictable, which is not so highly valued in this type of national culture. Therefore, there is a closer match between social capital's effects and countries with high uncertainty avoidance, which leads to the following hypothesis:

H_7: The positive relationships between (a) managerial tie utilization, (b) trust, and (c) solidarity and the four marketing capabilities are stronger in national cultures in which uncertainty avoidance is high.

METHODOLOGY

Sampling Frame and Data Collection Procedure

We gathered survey and archival data on firms headquartered in China, Germany, Hong Kong, and the United States because they represent a wide range on the dimensions of power distance, individualism/collectivism, and uncertainty avoidance (Hofstede 2001). Table 1 shows Hofstede's country ratings by dimension for these countries.

In Germany, Hong Kong, and the United States, we used a three-wave e-mailing approach. As an incentive for participation, we offered respondents a summary of the findings. From Germany, we received 280 usable answers from a data set of 2191 firms, with names of contact people provided by the German Chamber of Commerce (response rate of 12.8%). In Hong Kong, 776 e-mails were sent to top managers, who provided a final sample of 134 usable answers (response rate of 17.3%). We contacted 1136 U.S. firms using the personal e-mail addresses of top managers and received 292 usable answers (response rate of 25.7%). In China, 185 answers were generated by means of personal interviews. Consistent with Gao, Zhou, and Yim (2007), face-to-face interviews are the most appropriate method in an emerging market setting such as China because they increase the response rate and tend to generate more valid information than do traditional mail surveys. The support of Chinese researchers was needed to access the Chinese companies, which were located in the Yangtze Delta, the most important Chinese economic area.

All 891 firms that participated in the study were affiliated with the construction, chemicals/health

Table 1. Ratings Based on Hofstede (2001)

	Power Distance	Individualism/Collectivism[a]	Uncertainty Avoidance
China	80	20	30
Germany	35	67	65
Hong Kong	68	25	29
United States	40	91	46

[a]A higher score on the individualism/collectivism dimension represents higher levels of individualism.

Table 2. Composition of Sample

	Overall (%)	Germany (%)	China (%)	Hong Kong (%)	United States (%)
Industry (%)					
Chemicals/health care	9	12	13	6	6
Electronics	6	9	4	12	3
Engineering	14	21	6	13	14
Infrastructure	13	12	10	4	20
Information technology/media	16	22	12	13	13
Professional services	29	16	42	24	35
Retail	13	8	14	28	10
Firm Age (Years Since Incorporation)					
0–5	17	20	36	14	3
6–10	20	18	35	25	10
10–15	14	14	17	17	11
16–20	13	12	6	23	14
20–50	24	18	4	17	45
>50	13	18	3	4	18
Firm Size (Number of Employees)					
<10	26	29	14	37	26
10–50	32	31	36	28	32
51–100	14	11	24	9	13
101–250	11	13	15	6	9
251–500	6	5	3	7	7
501–1000	4	4	2	4	4
>1000	8	9	7	8	8
Position of Respondents					
Managing director	54	74	23	60	53
Senior management	41	20	77	36	42
Other	4	6	0	4	5

care, electronics, engineering, infrastructure, information technology/media, or professional services industries. We selected members of top management as key informants for our survey because they tend to have the most complete overview of the entire firm (Kumar, Stern, and Anderson 1993). Table 2 provides descriptive information pertaining to the sample composition.

Test for Potential Biases

To check for common method bias, we investigated the effect of an unmeasured latent methods factor added to the structural model (Podsakoff et al. 2003). All the items that originated from the same source were then double-loaded onto their substantive latent variable and the method variable. A comparison of the standardized parameter estimates when common method variance was and was not controlled for revealed that the basic conclusions—that the elements of top management's social capital have a major effect on marketing capabilities—were not affected. Next, we used the procedure introduced by Lindell and Whitney (2001) in choosing FOI (form of incorporation), a theoretically unrelated variable to the dependent variable of firm performance, as the marker variable for the common method bias analysis. In our study, FOI and firm performance had a nonsignificant correlation of .03, so we used FOI's measured correlation with the criterion variable as the indication of method variance. Table 3 shows that the partial correlations among the constructs hypothesized to have a significant relationship were significant even after we took out the effect of common method bias. A 95% sensitivity analysis validated this result.

Following the recommendations of Armstrong and Overton (1977), we assessed nonresponse bias by comparing the responses of early and late respondents. When available, we tested all indicator and demographic variables (e.g., firm size, number of employees, and industry) for differences. The results of the t-tests for the four samples and the combined sample indicated no significant differences ($p > .05$), suggesting that nonresponse bias is not a problem in our data.

Table 3. Common Method Bias Analysis with Marker Variable

	MTU	TR	SO	PC	PDC	DC	MCC	FOI (MV)
TR	.28							
	.26							
	.18							
SO	.21	.18						
	.19	.15						
	.11	.08						
PC	.23	.18	.19					
	.21	.15	.16					
	.13	.08	.09					
PDC	.24	.22	.09	.37				
	.22	.20	*.06*	.36				
	.14	.12	*–.01*	.21				
DC	.29	.29	.11	.46	.45			
	.27	.27	.08	.44	.43			
	.19	.19	*.01*	.36	.35			
MCC	.38	.17	.23	.41	.44	.39		
	.36	.14	.21	.39	.42	.37		
	.28	.07	.13	.31	.34	.29		
FOI (MV)	.02	*–.04*	*.01*	*–.04*	*.03*	*–.02*	.08	
	–.01	–.07	*–.02*	–.07	*.00*	*–.05*	*.05*	
	–.08	–.14	–.09	–.14	–.07	–.12	*–.02*	

Notes: All correlations are significant at $p < .05$, except for values in italics. The first value in each cell is the correlation among the constructs, the second value is the correlation corrected for method bias, and the third value is the correlation value for a 95% sensitivity analysis. MTU = managerial tie utilization, TR = trust, SO = solidarity, PC = pricing capability, PDC = product development capability, DC = distribution capability, MCC = marketing communication capability, FOI = form of incorporation, and MV = marker variable.

Measures

Because we conducted our research across four countries with four different official languages, all measures were professionally translated into three foreign languages and then back-translated into English to ensure conceptual equivalence. We applied seven-point Likert scales. A complete list of items and constructs appears in Table 4. Because top management's social capital and marketing capabilities could differ depending on whether they referred to domestic or foreign markets, respondents were asked to relate all answers to their domestic markets to capture the particularities of social capital's effect in their specific contexts.

Top Management's Social Capital. We followed Li, Poppo, and Zhou (2008) and Peng and Luo (2000) in treating managerial tie utilization as a two-dimensional factor reflected by the constructs of business ties and political ties, with three items each. The items name different types of ties, and the scales are anchored by "very little" (1) and "very extensive" (7), capturing the intensity of the respective ties. For trust, we adapted Levin and Cross's (2004) operationalization, which comprises four items and is based on the work of Chattopadhyay (1999), Johnson et al. (1996), Mayer, Davis, and Schoorman (1995), and McAllister (1995). We measured solidarity using three items adapted from Atuahene-Gima and Murray (2007). The items for trust and solidarity are presented as statements, with Likert scales ranging from "strongly disagree" (1) to "strongly agree" (7).

Pricing Capability, Product Development Capability, Distribution Capability, and Marketing Communication Capability. To operationalize the four Ps, we adapted Vorhies and Morgan's (2005) reflective scales. With the exception of distribution capability, which contains four items, all capabilities were captured with three items. Respondents evaluated the statements in terms of the four capabilities on Likert scales anchored by "much worse than competition" (1) and "much better than competition" (7).

Control and Moderating Variables. We included firm size, firm age, and customer focus (business to business versus business to consumer) as control variables. We measured firm size using a single item representing the number of employees. We used Hofstede's indexes (Table 1) as measures for the countries' scores on the three cultural dimensions as moderating variables.

RESULTS

Measure Validation

We assessed the reflective multi-item measures by analyzing the estimated item loadings, Cronbach's alphas, composite reliabilities, and average variances extracted (AVEs). All item loadings are positive and significant ($p \leq .01$), indicating the unidimensionality of the measures. The factor loadings are all within the range of .57 to .93. Cronbach's alphas and composite reliabilities range from .78 to .94 and from .79 to .94, respectively (Table 3), exceeding the common cutoff value of .7. Finally, AVE exceeds the required threshold of .5 in all cases. These findings support the indicator and construct reliability of the proposed measures. Given the formative character of the dimension of managerial tie utilization, we analyzed the variance inflation factors (VIFs) associated with the items that measure the variables for utilization of business managerial ties and political managerial ties and found that all values are between 1.14 and 2.82, indicating that multicollinearity is not a problem.

Subsequently, we assessed discriminant validity using Fornell and Larcker's (1981) procedure and found in all four samples that the square root of the AVE by the measure of each factor is larger than the correlation of that factor with all other factors in the model (Table 5, Panels A–D). Table 5, Panels A–D, also show the means, variances, minimums, and maximums for all constructs in the four countries. Respondents employed the full range of answer options on all constructs in the four countries with reasonable variance (standard deviations range from .79 to 1.93).

In line with Myers et al. (2000), we analyzed measurement invariance on the level of the overall research model. We used the configural model as a baseline model and found that the fit of the configural invariance model is satisfactory (χ^2/d.f. = 2.325, root mean square error of approximation [RMSEA] = .06, comparative fit index [CFI] = .95, and Tucker–Lewis index [TLI] = .94). We tested full metric invariance (i.e., equal loadings) by means of an chi-square difference test; because there is no significant increase in chi-square, full metric invariance is confirmed (χ^2/d.f. = 2.423, RMSEA = .06, CFI = .95, and TLI = .94). The next step was to impose scalar invariance (i.e., equal intercepts) on the model. Because there is a significant increase in chi-square when the intercepts are constrained across groups ($p > .1$), full scalar invariance is not supported. Examination of modification indexes showed that the significant increase in chi-square was due to lack of invariance in

Table 4. Measurement Scales

	VIF	α	CR	AVE	Item Loading
Managerial Tie Utilization (reflective, seven-point Likert scale: 1 = "very little," and 7 = "very extensive")					
During the past three years, you and other top managers at your company have heavily utilized personal ties, networks, and connections with…					
1. Business Tie Strengths (formative)					.75
a. Top managers at buyer firms.	1.33				
b. Top managers at supplier firms.	1.30				
c. Top managers at competitor firms.	1.14				
2. Political Tie Strengths (formative)					.57
d. Political leaders in various levels of the government	2.46				
e. Officials in industrial bureaus.	2.82				
f. Officials in regulatory and supporting organizations such as tax bureaus, state banks, commercial administration bureaus, and the like.	2.53				
Trust (reflective, seven-point Likert scale: 1 = "strongly disagree," and 7 = "strongly agree")		.91	.91	.71	
3. Prior to seeking information/advice from a key contact in my network (e.g., customers, suppliers, and competition)…					
a. I assumed that he or she would always look out for my interests.					.85
b. I assumed that he or she would go out of his or her way to make sure I was not adversely affected.					.89
c. I felt like he or she cared what happened to me.					.87
d. I believed that this person approached his or her job with professionalism and dedication.					.75
Solidarity (reflective, seven-point Likert scale: 1 = "strongly disagree," and 7 = "strongly agree")		.78	.79	.57	
4. To what extent do you agree with the following statements in terms of your network (e.g., customers, suppliers, competition)?					
a. Members of my business network believe that the needs of the whole network should take priority over personal needs.					.75
b. Members of this business network accept decisions taken within the network even when they have different opinions.					.88
c. Problem solving by many members of a business network give better results than those by individuals.					.58
Pricing Capability (reflective, seven-point Likert scale: 1 = "much worse," and 7 = "much better than competitors")		.83	.84	.64	
5. Please rate your company compared with your major competitors in terms of its capabilities in the following areas.					
a. Using pricing skills and systems to respond quickly to market change.					.71
b. Knowledge of competitors' pricing tactics.					.86
c. Monitoring competitors' prices and price changes.					.81
Product Development Capability (reflective, seven-point Likert scale: 1 = "much worse," and 7 = "much better than competitors")		.88	.88	.71	
6. Please rate your company compared with your major competitors in terms of its capabilities in the following areas.					
a. Ability to develop new products/services.					.85

Table 4. Continued

	VIF	α	CR	AVE	Item Loading
b. Developing new products/services to exploit R&D investment.					.86
c. Successfully launching new products/services.					.82
Distribution Capability (reflective, seven-point Likert scale: 1 = "much worse," and 7 = "much better than competitors")		.94	.94	.80	
7. Please rate your company compared with your major competitors in terms of its capabilities in the following areas.					
a. Strength of relationships with distributors.					.88
b. Attracting and retaining the best distributors.					.93
c. Adding value to our distributors' businesses.					.91
d. Providing high levels of service support to distributors.					.87
Marketing Communication Capability (reflective, seven-point Likert scale: 1 = "much worse," and 7 = "much better than competitors")		.83	.83	.63	
8. Please rate your company compared with your major competitors in terms of its capabilities in the following areas.					
a. Developing and executing advertising programs.					.74
b. Public Relations skills.					.80
c. Brand image management skills and processes.					.84

Note: CR = composite reliability.

Table 5. Correlations and Discriminant Validity

	A: Germany								
	Correlations and Square Root of AVE								
Constructs	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1. Managerial tie utilization	**N.A.**								
2. Trust	.19	**.81**							
3. Solidarity	.19	.28	**.71**						
4. Pricing capability	.19	.12	.05	**.78**					
5. Product development capability	.19	.10	.09	.33	**.77**				
6. Distribution capability	.27	.11	.11	.49	.39	**.84**			
7. Marketing communication capability	.38	.09	.17	.39	.40	.33	**.81**		
8. Firm age	.12	.13	.02	.03	–.05	.06	.03	**N.A.**	
9. Firm size	.27	.08	.08	.06	.19	.08	.20	.53	**N.A.**
Summary Statistics									
M	3.95	4.77	4.25	4.51	4.76	4.92	4.07	2.77	2.79
SD	1.26	1.03	1.22	1.09	1.11	1.00	1.28	1.14	1.85
Minimum	1.00	2.00	1.00	1.00	1.33	1.00	1.00	.69	1.00
Maximum	6.83	7.00	7.00	7.00	7.00	7.00	7.00	5.45	7.00

Table 5. Continued

B: China									
	Correlations and Square Root of AVE								
Constructs	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1. Managerial Tie Utilization	**N.A.**								
2. Trust	.38	**.77**							
3. Solidarity	.08	.30	**.74**						
4. Pricing Capability	.20	.32	.18	**.75**					
5. Product Development Capability	.26	.29	.08	.30	**.88**				
6. Distribution Capability	.29	.36	.06	.32	.58	**.89**			
7. Marketing Communication Capability	.23	.27	.30	.27	.52	.47	**.69**		
8. Firm Age	.02	–.04	.13	.13	.12	.10	.17	**N.A.**	
9. Firm Size	–.04	–.19	–.09	.01	.03	.06	–.00	.09	**N.A.**
Summary Statistics									
M	3.88	4.77	5.43	4.99	4.71	4.73	4.63	1.96	2.91
SD	1.05	.93	.94	1.05	1.42	1.37	.98	.79	1.58
Minimum	2.00	2.50	2.67	1.67	1.00	1.00	2.00	.69	1.00
Maximum	6.83	7.00	7.00	7.00	7.00	7.00	7.00	5.01	7.00

C: Hong Kong									
	Correlations and Square Root of AVE								
Constructs	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1. Managerial tie utilization	**N.A.**								
2. Trust	.35	**.74**							
3. Solidarity	.18	.26	**.91**						
4. Pricing capability	.40	.33	.36	**.80**					
5. Product development capability	.39	.37	.31	.52	**.83**				
6. Distribution capability	.36	.42	.26	.59	.55	**.87**			
7. Marketing communication capability	.62	.49	.24	.52	.50	.46	**.92**		
8. Firm age	–.07	–.04	.05	–.02	.04	.06	–.09	**N.A.**	
9. Firm size	.03	–.06	.21	.08	.18	.15	.11	.22	**N.A.**
Summary Statistics									
M	3.81	4.54	4.83	4.30	4.37	4.02	3.89	2.54	2.66
SD	1.25	1.15	1.03	1.24	1.34	1.35	1.27	.79	1.93
Minimum	1.00	1.00	1.00	1.00	1.00	1.00	1.00	.69	1.00
Maximum	6.33	7.00	7.00	7.00	7.00	6.75	7.00	5.84	7.00

Table 5. Continued

	D: United States								
	Correlations and Square Root of AVE								
Constructs	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1. Managerial tie utilization	**N.A.**								
2. Trust	.30	**.86**							
3. Solidarity	.36	.28	**.73**						
4. Pricing capability	.22	.20	.18	**.80**					
5. Product development capability	.21	.20	.08	.37	**.87**				
6. Distribution capability	.28	.25	.22	.44	.32	**.91**			
7. Marketing communication capability	.36	.16	.20	.36	.41	.39	**.81**		
8. Firm age	.10	–.04	–.06	.01	–.08	.14	.05	**N.A.**	
9. Firm size	.18	–.03	.01	.02	.07	.16	.09	.43	**N.A.**
Summary Statistics									
M	3.89	4.79	4.44	4.86	4.81	4.93	4.54	3.24	2.81
SD	1.31	1.27	1.24	1.14	1.32	1.30	1.30	.82	1.82
Minimum	1.00	1.00	1.00	1.00	1.00	1.00	1.00	.69	1.00
Maximum	7.00	7.00	7.00	7.00	7.00	7.00	7.00	5.25	7.00

Notes: Bold numbers on the diagonal show the square root of AVE, and numbers below the diagonal show the correlations. N.A. = not applicable.

four intercepts. After we eliminated these constraints, there was no longer a significant increase in the chi-square between the baseline model and this model, so partial scalar invariance is supported.

Findings from Hypotheses Testing

We used multiple regression models with interaction terms to validate the research model by means of survey data. In line with Chan, Yim, and Lam (2010), interaction terms consisted of the research model's dependent variables and the scores of the Hofstede indexes reported in Table 1. We estimated regression models with data from all four countries (Table 6, Panels A–D), estimating one regression for each marketing capability. We entered the control variables first, followed by the elements of top management's social capital and the interaction terms.

As Table 6, Panel A indicates, pricing capability is significantly influenced by all three elements of top management's social capital (.168, $p < .01$; .149, $p < .01$; .086, $p < .01$), lending support to H_{1a}, H_{1b}, and H_{1c}. Trust (.174, $p < .01$) and managerial tie utilization (.169, $p < .01$) are significantly, positively related to the product development capability, in support of H_{2a} and H_{2b}; however, there is no relationship between solidarity and product development capability (.019, $p > .1$), so we reject H_{2c}. We find support for H_{3a}, H_{3b}, and H_{3c} because managerial tie utilization (.200, $p < .01$), trust (.193, $p < .01$), and solidarity (.059, $p < .05$) are all positively related to distribution capabilities. We also find support for H_{4a}, H_{4b}, and H_{4c} because there are significant, positive relationships among all the elements of social capital and marketing communication capabilities (.315, $p < .01$; .087, $p < .01$; .110, $p < .01$). Overall, the three elements of social capital are determinants of the four marketing capabilities, in line with H_1–H_4. We also estimated the regression models with data from each country individually and found that the positive effects of the three elements of social capital on the four marketing capabilities hold across all countries.

Table 6. Findings of Regression Analysis

	A: Dependent Variable: Pricing Capability			
	Independent Variables	**Step 1**	**Step 2**	**Step 3**
	Controls			
	Firm age	–.013	–.008	.001
	Firm size	.090***	.041	.037
	Customer focus (business to business vs. business to consumer)	.003	–.028	–.028
	Main Effects			
H_{1a}	Managerial tie utilization		.168***	.162***
H_{1b}	Trust		.149***	.154***
H_{1c}	Solidarity		.086***	.103***
	Power distance		.926***	.965***
	Individualism		.670***	.690***
	Uncertainty avoidance		.312***	.334***
	Interaction Effects			
H_{5a}	Managerial tie utilization × power distance			–.347**
H_{5b}	Trust × power distance			.169
H_{5c}	Solidarity × power distance			–.324*
H_{6a}	Managerial tie utilization × individualism			–.222**
H_{6b}	Trust × individualism			.070
H_{6c}	Solidarity × individualism			–.182*
H_{7a}	Managerial tie utilization × uncertainty avoidance			–.198**
H_{7b}	Trust × uncertainty avoidance			.056
H_{7c}	Solidarity × uncertainty avoidance			–.261***
	R^2 (adapted)	.007	.132	.153
	F-value	2.184	14.131	8.721
	B: Dependent Variable: Product Development Capability			
	Independent Variables	**Step 1**	**Step 2**	**Step 3**
	Controls			
	Firm age	–.063*	–.124***	–.114***
	Firm size	.174***	.161***	.161***
	Customer focus (business to business vs. business to consumer)	–.039	–.063	–.061
	Main Effects			
H_{1a}	Managerial tie utilization		.169***	.172***
H_{1b}	Trust		.174***	.172***
H_{1c}	Solidarity		.019	.032
	Power distance		.276*	.290*
	Individualism		.303***	.281**
	Uncertainty avoidance		.094	.134

Table 6. Continued

	Independent Variables	Step 1	Step 2	Step 3
	Interaction Effects			
H_{5a}	Managerial tie utilization × power distance			–.062
H_{5b}	Trust × power distance			.067
H_{5c}	Solidarity × power distance			–.306*
H_{6a}	Managerial tie utilization × individualism			–.056
H_{6b}	Trust × individualism			.024
H6c	Solidarity × individualism			–.214**
H_{7a}	Managerial tie utilization × uncertainty avoidance			–.078
H_{7b}	Trust × uncertainty avoidance			–.030
H_{7c}	Solidarity × uncertainty avoidance			–.165*
	R^2 (adapted)	.028	.118	.136
	F-value	8.456	13.156	7.618

C: Dependent Variable: Distribution Capability

	Independent Variables	Step 1	Step 2	Step 3
	Controls			
	Firm age	.069**	.020	.036
	Firm size	.123***	.093***	.093***
	Customer focus (business to business vs. business to consumer)	–.020	–.047*	–.047*
	Main Effects			
H_{1a}	Managerial tie utilization		.200***	.187***
H_{1b}	Trust		.193***	.202***
H_{1c}	Solidarity		.059**	.058**
	Power distance		.872***	.984***
	Individualism		.625***	.639**
	Uncertainty avoidance		.495***	.567***
	Interaction Effects			
H_{5a}	Managerial tie utilization × power distance			–.047
H_{5b}	Trust × power distance			.144
H_{5c}	Solidarity × power distance			–.317*
H_{6a}	Managerial tie utilization × individualism			–-.043
H_{6b}	Trust × individualism			.050
H_{6c}	Solidarity × individualism			–.124**
H_{7a}	Managerial tie utilization × uncertainty avoidance			–.040
H_{7b}	Trust × uncertainty avoidance			–.032
H_{7c}	Solidarity × uncertainty avoidance			–.203**
	R^2 (adapted)	.028	.192	.213
	F-value	8.596	23.154	13.129

Table 6. Continued

	D: Dependent Variable: Marketing Communication Capability			
	Independent Variables	**Step 1**	**Step 2**	**Step 3**
	Controls			
	Firm age	–.028	–.038	–.034
	Firm size	.174***	.103***	.108***
	Customer focus (business to business vs. business to consumer)	.034	–.013	–.008
	Main Effects			
H_{1a}	Managerial tie utilization		.315***	.302***
H_{1b}	Trust		.087***	.089***
H_{1c}	Solidarity		.110***	.122***
	Power distance		.864***	.543***
	Individualism		.677***	.487***
	Uncertainty avoidance		.268***	.121
	Interaction Effects			
H_{5a}	Managerial tie utilization × power distance			–.567***
H_{5b}	Trust × power distance			–.274
H_{5c}	Solidarity × power distance			–.296*
H_{6a}	Managerial tie utilization × individualism			–.331***
H_{6b}	Trust × individualism			–.129
H_{6c}	Solidarity × individualism			–.129*
H_{7a}	Managerial tie utilization × uncertainty avoidance			–.295***
H_{7b}	Trust × uncertainty avoidance			–.109
H_{7c}	Solidarity × uncertainty avoidance			–.160*
	R^2 (adapted)	.026	.223	.249
	F-value	8.048	28.108	16.048

*$p < .10$.
**$p < .05$.
***$p < .01$.

H_5 predicts that the effects of managerial tie utilization, trust, and solidarity are stronger when a national culture's power distance is low. We found that solidarity has a stronger effect in countries with lower power distance for all four marketing capabilities, lending full support to H_{5c}. We also found that the relationships between managerial tie utilization and both pricing capabilities and marketing communication capabilities are stronger in national cultures with low power distance, in partial support of H_{5a}. However, we reject H_{5b} because the national culture's level of power distance has no moderating effect on the relationships between trust and any of the marketing capabilities.

H_6 predicts that top management's social capital has a stronger effect on marketing capabilities in collectivist national cultures than in individualist national cultures. Our findings indicate that the effect of solidarity on all four marketing capabilities is greater in collectivist countries, in support of H_{6c}. We also find that managerial tie utilization has a stronger effect on pricing and communication capabilities in collectivist national cul-

tures but not on product development and distribution capabilities, so H_{6a} is partially supported. The effect of trust is not moderated by the national culture's level of individualism/collectivism for any of the four marketing capabilities, so we reject H_{6b}.

We find that the effect of solidarity on all four marketing capabilities is stronger in national cultures in which uncertainty avoidance is low, which leads us to reject H_{7c}. The relationships of managerial tie utilization with the pricing and communication capabilities are also stronger in national settings in which uncertainty avoidance is low. The effect of trust on marketing capabilities is moderated by the national culture's level of uncertainty avoidance only for marketing communication capabilities, which is stronger when the national culture's uncertainty avoidance is low. Therefore, we reject both H_{7a} and H_{7b}.

Additional Analyses

Different Types of Ties. In our measurement model of managerial tie utilization, we captured two different types of ties: political tie strength and business tie strength. Acquaah (2007) shows that ties with the business sector and with government officials and community leaders can have different effects on a firm's performance (see also Sheng, Zhou, and Li 2011). Therefore, we estimated a more fine-grained regression model for each of the marketing capabilities and differentiated between political and business tie strength. However, the findings largely remained the same: Both political and business tie strength are positively related to the four marketing capabilities. The level of a national culture's collectivism tends to strengthen the effect of both types of ties on the marketing capabilities, whereas power distance and uncertainty avoidance weaken it. It follows that the findings in terms of managerial tie utilization shown in Table 6, Panels A–D, hold for both types of ties.

Group Comparison Method. Another way to examine the moderating effect of national culture is to conduct group comparisons using structural equation modeling. Applying AMOS 17.0, we first estimated the research model based on the overall sample, without integrating national culture. With two exceptions—the effects of solidarity on the product development and distribution capabilities—all relationships between the three elements of social capital and the four marketing capabilities are significant and positive. Fit data are satisfactory (χ^2/d.f. = 2.325, RMSEA = .06, CFI = .95, and TLI = .94). However, when we integrated national culture, the group comparison method requires that all subsamples be of sufficient size, which is not given in our case, so we built reduced models for each element of managerial social capital. Although this method does not allow for the integration of national scores on cultural dimensions, it compares two countries that represent a certain configuration in terms of cultural dimensions—in this case, for each cultural dimension, the country with the highest score and the country with the lowest score. For example, for collectivism, we compared China and the United States, finding that managerial tie utilization has a stronger effect on most marketing capabilities in collectivist China than it does in the individualistic United States and that this effect also applies to the effect of solidarity on the marketing capabilities. For uncertainty avoidance (comparing Germany and Hong Kong) and, at least in some cases, power distance (comparing China and Germany), the results of the interaction term analysis are largely confirmed by this alternative group comparison method with smaller models.

DISCUSSION

Academic Contribution

This study builds on Gu, Hung, and Tse's (2008) findings that *guanxi* is a major driver of selected marketing capabilities in the Chinese context. The objective of the current research is to test these relationships in the broader context of four countries with broad cultural diversity to identify the national cultural dependencies of these relationships. Furthermore, while Gu, Hung, and Tse treat *guanxi* in a general sense, we differentiate among three major elements of top management's social capital: managerial tie utilization, trust, and solidarity.

The first implication of our research is that the top management's social capital with various business (e.g., suppliers, customers) and political contacts is a driver of all four specialized marketing capabilities. Extant literature has shown that managerial ties contribute to an organization's performance (e.g., Acquaah 2007; Peng and Luo 2000) and innovativeness (e.g., Luk et al. 2008); therefore, by focusing on marketing capabilities, we add an organization-level construct that is fostered by top management's social capital. The general notion that the "networking relationships a manager forges with external entities at the micro level can provide firms with several benefits" (Acquaah 2007, p. 1239) also applies to the development of marketing capabilities. Managerial tie utilization with business and political contacts gives

a firm access to information and resources that are relevant to the development and maintenance of all four of the specialized marketing capabilities we examine here. Top managers who nurture relationships of trust and solidarity provide important benefits to their firms that help them build specialized marketing capabilities; for example, relationships of trust with distribution partners help to develop distribution capabilities. Therefore, the current study extends Gu, Hung, and Tse's (2008) findings by showing three concrete elements of social capital that foster marketing capabilities, thus providing more specific insight into how top management's social capital translates into marketing capabilities. Some studies point to the potential negative effects of social capital (Gu, Hung, and Tse 2008), such as the potential for "collective blindness" when strong networks deal only with existing members of the network and the potential for an overload of obligations required to maintain relationships of trust and solidarity. However, the current study indicates that despite these potential negative side effects, the elements of top management's social capital are generally positive for the development of specialized marketing capabilities.

Furthermore, the positive effects of top management's social capital with business and political contacts hold in all four countries when we estimated regression models individually and when we controlled for the three major cultural dimensions in the overall model; that is, the relationship between the elements of social capital and the four marketing capabilities is robust. Because the four national cultures are highly diverse in terms of national cultural dimensions, these findings indicate the generalizability of the positive effect of social capital across national cultural contexts. Several researchers point out that social capital is vital in the Chinese context to circumvent institutional barriers (e.g., Warren, Dunfee, and Naihe 2004), but the current research expands these findings to show that the relationship between social capital and capabilities is robust, and while it is partly moderated by national culture, it holds in other contexts. By integrating national culture and survey data from four different national cultures, this research addresses Steenkamp's (2005) call to examine the validity of theories and models in a variety of national and cultural contexts to establish any boundary conditions and verify the generalizability of relationships.

This is not to say that the strength of the relationships between top management's social capital with business and political contacts and the four specialized marketing capabilities does not differ across national cultures. Of the three elements of social capital, the effect of solidarity is the most dependent on national culture, whereas the effect of managerial tie utilization is only partly influenced by national culture, and trust shows no national cultural dependencies in terms of its effect on the four marketing capabilities. The finding that the effect of trust on marketing capability lacks national cultural dependency requires further explanation: Trust refers to the quality of the relationship that develops in the period after initiating contact (Nahapiet and Ghoshal 1998), so one could argue that national culture does not influence the effect of trust because of the dominance of relationship-specific norms. Trust is developed after two managers commit to the relationship and then develop their own norms of operation. Our findings suggest that these relationship-specific norms outweigh national cultural influences, which explains the nonsignificant interaction effects between trust and national culture (Griffith, Myers, and Harvey 2006).

The findings indicate that the elements of social capital, as they apply to business and political contacts (particularly managerial tie utilization and solidarity), are more important when a national culture's power distance is low; as we argued in the derivation of H_6, national cultures with low power distance provide better conditions for the development of the managerial ties and solidarity among actors in a network on which employees can then capitalize.

In addition, a national culture's collectivism positively affects the relationships between managerial tie utilization and solidarity with most marketing capabilities because the values in countries with collectivist values (e.g., the dominance of group goals over personal goals) and the nature of these two elements of social capital are similar. Actors in these national cultures appreciate solidarity and adapt their behavior accordingly by, for example, increasing cooperative behavior and reducing opportunism.

Contrary to our expectation, a national culture's level of uncertainty avoidance does not strengthen the relationship between managerial tie utilization and marketing capabilities. This finding suggests that the information generated from managerial ties is not more highly valued in countries with strong uncertainty avoidance, as the literature-driven hypothesis posited (e.g., based on the conceptual work of Doney, Cannon, and Mullen 1998). Although the literature suggests that, in general,

the information benefits from social capital are positively related to various outcomes, some studies have acknowledged "dark sides" of social capital's information benefits, insofar as information flow is limited to the network partners and no information flows from outside the network. Guo, Hung, and Tse (2008) refer to this negative aspect of social capital as "collective blindness." It is possible that national cultures with high uncertainty avoidance are aware of these potential negative effects of the information flow from social capital, and this awareness might explain the nonsignificant finding.

Contrary to our hypothesis, a national culture's uncertainty avoidance weakens the effect of solidarity on marketing capabilities. We expected that solidarity would reduce uncertainty, which would be valued in national cultures with high uncertainty avoidance. However, the literature also acknowledges that solidarity can have detrimental effects, such as creating rigidities so organizations no longer have complete freedom to decide freely and creating an overload of obligations for managers (e.g., Uzzi 1997). It is possible that countries with strong uncertainty avoidance assess these downsides as more detrimental than the possible upsides from solidarity in relationships are beneficial.

This study further contributes to the growing research stream of marketing capabilities that has focused on the performance implications of marketing capabilities. Krasnikov and Jayachandran (2008) find in their meta-analysis that marketing capabilities have even stronger performance consequences than R&D and operations capabilities, and Morgan, Slotegraaf, and Vorhies (2009) reveal that market sensing, brand management, and customer relationship management, as core marketing capabilities, influence firms' margins and revenue growth. Further evidence is provided by Ramaswami, Srivastava, and Bhargava (2009) and Morgan, Vorhies, and Mason (2009). The current study contributes to this research stream because it is among the first to analyze the antecedents that foster these marketing capabilities (Vorhies, Orr, and Bush 2010). Our study indicates that marketing capabilities are controllable by certain organizational phenomena, such as top management's social capital.

Limitations and Directions for Further Research

The current research should be evaluated in light of its limitations, which point to potential avenues for further research. First, in line with Gu, Hung, and Tse (2008), in general we consider top management's social capital a broad construct, without differentiating among the different types of social capital. Only in a post hoc investigation did we show that our findings largely remained the same for both political and business tie strength. Acquaah (2007) shows that different types of ties vary in their effect on organizational performance dependent on the strategy type pursued by a firm, giving reason to believe that strategy type might also be a relevant moderator of the relationship between social capital and marketing capabilities.

Second, as one of the first studies of social capital's role in fostering marketing capabilities, this study does not differentiate between weak and strong ties, a differentiation popular in the social capital and network literature (e.g., Wong and Ellis 2002). Future studies could elaborate on which types of ties are necessary for the development of certain marketing capabilities. For example, weak ties could provide different types of information than strong ties do and could be more or less beneficial in the development of certain marketing capabilities.

Third, although social capital is generally expected to have positive effects, an overload of obligations and a lack of information flow from outside the network can create negative effects. Future studies should extend the set of moderators to identify more closely the situations in which social capital could be detrimental. For example, Gu, Hung, and Tse (2008) expect that in situations of high uncertainty, dependence on limited information provided by an established network can compromise the reaction to market opportunities.

Fourth, the use of Hofstede's (2001) dimensions has its limitations. The country classifications have been criticized for being outdated (Morgeson et al. 2011), so the use of the more recent data provided by the GLOBE study would be a way to address this limitation in future studies (House, Javidan, and Dorfman 2001). However, there are still discussions about which of the GLOBE concepts (values vs. practices) are appropriate for studies such as ours (Brewer and Venaik 2010). Furthermore, the scores we report in Table 1 are related to the national culture as a group, not to individuals in the countries. Because we integrate these scores in our regression model, we consider the cultural characteristics of the individuals in the respective countries as invariant. An alternative approach would be to measure the relevant cultural dimensions in the survey so scores on the cultural dimensions are acquired from each

respondent. Erdem, Swait, and Valenzuela (2006) and Schuman et al. (2010) pursue this procedure in individual-level studies. However, in the our case, such survey data would need to be acquired not only from the top management team members (or even other organizational members) but also from their network contacts. For example, H_{6b} argues that stronger collectivism strengthens the effect of trust on marketing capabilities, and survey data on the cultural characteristics from these network contacts would be needed to validate this statement when measuring cultural dimensions directly in the survey. Although extensive data collection would be necessary to build such a research design, this approach could be valuable because it would release the assumption of complete national cultural homogeneity.

Fifth, we employed measurement models of Western origin to all four countries, following Berry (1989). Future studies should develop measurement models tailored to the specific national cultures to determine the degree to which any Western bias in the measurement models influenced the findings of this study.

Managerial Implications

The current study emphasizes the important role of top managers' social capital in fostering organization-level marketing capabilities across various national contexts. Therefore, we highlight the role of the (typically very limited) number of top management team members in fostering marketing capabilities as a major performance driver of firms. In other words, top management team members, including marketing managers at this level, should be aware of their power and responsibility in developing marketing capabilities. Globally acting managers also learn that the importance of their social capital holds across national cultural contexts.

It is often recommended that top management team members, including marketing managers at this level, engage in social networking for the benefit of their organizations (Baker 2000), but the current research provides more concrete and actionable recommendations. Given that the positive effects of the elements of social capital hold across national cultures, these recommendations also hold across national cultures.

First, top management team members should develop strong ties with both business contacts (e.g., suppliers, customers, competitors) and political contacts outside the firm. Popular business press is full of descriptions of how and with whom social connections can be built (Baker 2000). Marketing managers should increase the frequency of their contacts with suppliers and customers through, for example, organizing regular events with both formal (e.g., discussion of past performance and future plans) and informal elements (e.g., social events). Ties with competition and industry partners can be strengthened by visiting industry events or joining industry organizations. Although these networking activities can be time-consuming, our findings suggest that they constitute an important investment in building organization-level marketing capabilities.

Second, the quality of the relationship, as reflected in the trust dimension, drives marketing capabilities, regardless of national culture. Marketing managers who are members of the top management team need to find ways to nurture and build trust by, for example, showing concern about the problems of other actors in the network. Furthermore, trust implies that actors believe in the competence of the other person's organization, so managers should find ways to signal competence by, for example, engaging in cooperation with prominent and credible institutions (e.g., universities with good reputations).

Third, top management team members' relationships with business and political contacts that are characterized by solidarity are beneficial in the development of marketing capabilities. To this end, top managers, including marketing managers at this level, should emphasize the common goals of the actors in a network. Furthermore, teamwork is a way of fostering solidarity, so marketing managers could set up regular brainstorming sessions among the actors in a network to derive shared solutions to problems that affect all of them. Although these activities could create obligations and rigidities, the current study indicates that the overall effect on important marketing capabilities is positive.

Although the general direction of relationships suggests room for standardized advice, top managers who operate globally, such as global marketing managers at this level, should be aware of differences that suggest some local adaptations to the emphasis on managerial tie utilization and solidarity are appropriate. Globally operating managers should adapt the intensity of their social capital activities to national culture because the effect of social capital is stronger when there is a match between local national cultural values and the elements of social capital. In low-power-distance cultures, managerial tie utilization and solidarity are more effective than they are in high-power-distance cultures. Furthermore, man-

agers should keep in mind that solidarity and managerial tie utilization complement some of the major values of collectivist cultures, so social capital can have stronger effects in these cultures. Managers should keep in mind that the benefits from solidarity in relationships are stronger when uncertainty avoidance is low.

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