

CHAPTER II

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The previous chapter mentions to introduction of this research and overview of global strategic management competency that provides the details, including the purpose of the research, the research questions, scope of the research, and organization of the research. In addition, this chapter would present the highlight of global strategic management competency that is based on resource-based view. Moreover, the theoretical foundation helps understand the linkage of conceptual framework and the relationship among constructs to set definition and hypotheses to testing which are supposed to clearly answer the purpose of research and research questions.

The principle of the theory in this research emphasizes on exploring phenomena involved in global strategic management competency. The challenge is how to find the cause of the relationship between constructs of this conceptual model. The researcher expects that the influence of independent variables is able to increase global strategic management competency in order to enhance the potential of firms' performances easier. Strategic management concept is underlying resource-based view (RBV) that helps demonstrate internal operating efficiency and external operation to create competitive advantages. Therefore, this study applies resource-based view to support conceptual framework and literature review to understand the linkage of those constructs along with organizing this chapter as follows: overview about employing resource-based view to backup conceptual model. Next, the definition of each constructs and reviewing previous research presents various phenomena of global strategic management competency and develops the hypotheses for testing.

Theoretical Foundation

The theory of strategic management emphasizes on developing abilities in operation and implementation in decision-making process to reduce the cost that illustrates of strategic changes effectively (Ye, Marinova, and Singh, 2007). Several managerial firms will have capabilities to operate different businesses because firms have the level of adaptation with low skills and experiences in solving problems under pressures of environments unequally. Thus, firms will have to continuously learn and practice how various functions act as alternative operations, proficiently along with to changes. The characteristic of individual has an important role to learn, develop skills and abilities, and enhance operations that create competitive advantages (Becerra, 2008). Moreover, capability to competition of the firms will integrate various factors together appropriately to incur and emulate value creation (Armstrong and Shimizu, 2007). Global commercial will require standards to practice and speed communication to headquarters and consumers to gain unique capability and advantages to growth (Park and Sternquist, 2008). Likewise, corporate images are things that cause an interest and represent excellence of the firms' modernity (Hongxia, et al., 2012). Indeed, the framework for global business is based on innovation technology that mentions to three ways to be successful, included with industry, revenue, and enterprise which are its strategy of CEO to respond and generate margin growth to enter global business leadership (Giesen, et al., 2007). Sometime, the firms attempt to imitate and take advantage of profitability which is not sustained at a time, if the firms continuously attend to develop ability and practice innovation that bring about distinguished value and effectiveness (Lindgren, Saghaug, and Knudsen, 2009). Furthermore, development potential also has a compensation management that should not be ignored because the globalization on employment is highly competitive which firms will provide a reward system and gain control as well for employee turnover rates (Marin and Sanchez, 2005). Various firms are driven by people and then they should maintain human resources that consist of expertise, intelligence, and deep understanding of current work of the firms for a long time. Accordingly, global strategic management competency is necessary to encourage organizational functions more efficiently and better so as to obtain collaboration, modernity, and proactive

operations and achieve goals in global business rapidly and effectively. Success relies on creating competitive advantages from performances within available specific resources to make difference and learning when always follow RBV concept that promotes firms' success and they are superior to any competitors through great strategic management. Especially, RBV is suitable for applications in this framework to demonstrate that global strategic management competency can help gaining advantages to the firms, especially in export business along with expanded theoretical boundary to support the linkage of relationship among variables of this study completely.

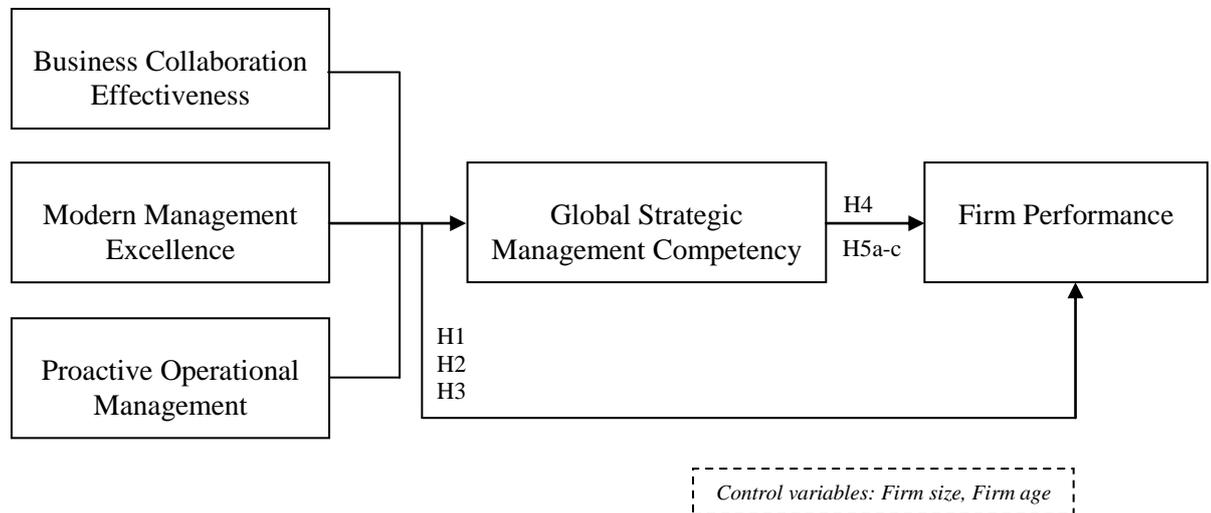
Resource-based view

This research involved in the potential of operational management emphasizes on collaboration that applies resource-based view (RBV) to backup and explain various phenomena of strategic management (Oh and Rhee, 2010). Besides, the RBV describes that the relationship among organizational structure, strategy, and performance has influenced on competitive advantages that create values from used existing resources to maximum benefits (Pertusa-Ortega, Molina-Azorin, and Claver-Cortes, 2010). In order to allocate specific competitive resources to be utilized in export activities i.e. accumulation experience, analyzing target group, and firms' size to acquire and exploit suitably unique firm resources according to business types (Ruzo, et al., 2011). The tendencies of globalization often has high variability which firms face with the problems concerning low efficiency without forecast ability and begin to take principle of RBV used in internal management causing strength and creating chances of international business. Resource-based view (RBV) emphasizes on understanding sources of sustainably competitive advantages involved in strategic management of the firm (Barney, 1991). The highlight of sustainably competitive advantage is ability of the firms to acquire special resources for generating uniqueness. Likewise, the features of RBV comprise of value, rareness, imitability, and non-substitutable and lead to firms' excellency (Barney, 2001). The four characteristics are considered to be strategic tools to help structural design and decision of work process in order to create an opportunity of advantages and meet environments efficiently (Chmielewski and Paladino, 2007). Moreover, firms have

focused on improving internal management to be better and they are seeking for external knowledge to be adapted and performed to meet consumer demands effectively (Newbert, 2007). Environmental changes will make various organizations begin to look for business partners to survival. Previous research demonstrated that firms require commercial cooperation with other firms which possess difference resources for exchange to one another (Wang and Fesenmaier, 2007). In addition, firms must eliminate ambiguity and complexity to their work by way of management perception which should be reinforced to learn new knowledge and use technology, and creative work techniques are carried continuously to enhance potential of operations (Powell and Lovallo, 2006). In the viewpoint of global strategic management, the firms can make use of competency to analyze strength and weakness of the firms as well throughout efficiency management leading to firms' performances in order to firms' success in global business that firms will gain both profitability and non-profitability (Wernerfelt, 1984).

This study is conducted with discipline framework of RBV which will assist planning and decision making correctly. Also, firms own availability to competition because they always have development capability. Accordingly, RBV is able to cover this conceptual framework and is believed that firms have applied global strategic management competency to help managed practices which are consistent with environments that is supposed to cause chances and advantages for the firms. Global strategic management competency is relevant to improving performances and designing operations systematically in the firms. It is adaptation on the concept of resource-based view (RBV) to indicate that firms are able to utilize resources to occur maximize benefits and identify uniqueness of products and services that bring about firms' sustainable superior performances (Lado, et al., 2006). Therefore, this conceptual model proposes that all hypotheses have a positive effect, and linkage model presents the association of all constructs as shown below.

Figure 1 Conceptual Model of Global Strategic Management Competency and Firm Performance: Evidence from Textile Exporting Businesses in Thailand



Relevant Literature Review and Research Hypotheses

Global Strategic Management Competency

Summarizing the key contents of global strategic management competency is to make deeply understand with essential factors to encourage capabilities of the firms from organizing internal effectiveness to strengthen ties and develop potential to operations systematically. Moreover, firms are able to apply global strategic management competency to create the new way in operation to enhance flexibility and adaptability to overcome competitiveness as well. Currently, strategic management is the highlight of collaboration on interpersonal and across-functions which are its challenges to the reification. If possible, there should be willingness to share knowledge and various resources together in a long-term. Accordingly, firms' achievement depends on decision making of managerial managers on selecting to utilize strategies to cope or respond to variation in global environments. Especially, firms will completely generate global strategic management competency of resources and determine clear goals that ensure between personal and organizational goals at the same direction by means of beginning to improve the abilities of staffs' skills in conjunction with attitude adjustment toward the trust of work efficiently.

In term of strategic management, it prepares various functions to cooperate and support reciprocal which firms expect victory that leads to holistic organization successfully. It also relies on global business experiences and integrates knowledge management of executive council to design organizational structures, operational forms, and the roles along with the ability to analyze situations as well even in differ contexts. Hence, previous research has discovered the diverse outcomes of global strategic management and is interested in the operation approach in competition which this paper has reviewed and presented as below:

Table 1: A Summary of the Key Content on Global Strategic Management Competency

Authors	Key Content
Zou and Cavusgil, 1996.	The framework has related to resource-based theories that influence on global strategy and performances.
White and Griffith, 1997.	This study explained that a key success of the firm is its evaluation of consumers' segmentation to adapt the global strategic competitiveness that focuses on standard, innovation, cost management, market demand, and local behavior which are harmonious and are blended to efficiently enhance firm's capability to be completed in global.
Peterson, 2004.	The research indicated that global strategic trend has concerned with consumers, management of resources and environments, technology, knowledge information, economic, incompatible, and governance which firms must integrate those factors to practices appropriately.
Czinkota and Ronkainen, 2005.	The finding suggested that firm will create high-standardization via competency to utilize knowledge to predict changes accurately along with focusing on low-cost processes that firms will adapt to policy of each area in globalization.
Scott-Jackson, et al., 2011.	The result illustrated that global strategic of the firms emphasizes on a human resource function that directly has an effect on strategic value causing different abilities, and it gains competitive advantages to achievement.
Pernu, Mainela, and Puhakka, 2014.	The finding demonstrated that organization has managed an internal network which comprised of creating great relationship, activities, operations, and responsibilities while global strategy will expand the relationships of customer and supplier networks.
Harvey, Buckley, and Novicevic, 2015.	This paper presented that the innovation in strategic global human resource system that occurred certain uniqueness and valuable organizational outcomes such as trust, commitment, social capital, and legitimacy as described clearly.

Effects of Independent Variables on Global Strategic Management Competency and Firm Performance

Business Collaboration Effectiveness

Currently, firms have intended to create the relation with business networks for expanding investment to several areas in both country and overseas. In environments, ambiguity has an influence on trade and makes it hard to forecast tendency of customers' needs. Firms attempt to link individuals' goals to align with organizational goals for incurring good relation and willingness of work together. The collaboration of the firms is based on capability of management to participation across departments which are relevant to networks and have shared values stemming from the performance of model's effectiveness (Erakovich and Anderson, 2013). Especially, business collaboration is helping resolve problems for more than a single organization. The characteristic of cooperation is the level of relationship to utilize and exchange information reciprocally which is deemed as a contract among firms that brings power to negotiate and take advantage of superior competitors (Braziotis and Tannock, 2011). Moreover, the concept of collaboration is generated to be valuable and useful to increase high quality performances (Tang and Shapira, 2012). Accordingly, business collaboration effectiveness is defined as the ability of the firms to generate the relationship for coordination efficiently, utilize existing resources together, and lead to competitive advantages (Meunier-FitzHugh, Massey, and Piercy, 2011).

Collaboration may begin with personnel, group, or departments. Organizations have participated for the same objectives to improve low efficient operations and create good relation among businesses. For example, firms are able to integrate between sales and marketing to create profitability, and it is found that business performance has more benefits, facilitate, and manage positive attitude towards coordination effectively (Meunier-FitzHugh and Piercy, 2007). The challenges of learning to collaboration rely on accumulating much knowledge and transferring important materials to enhance the best practice and management systematically (Veal and Mouzas, 2010). The firms have expected to obtain sustainable business even in

any environments where the variance and firm are aware of seeking for external knowledge to apply various techniques in conjunction with social strategies to raise the coordination and communication rapidly and precisely (Philbin, 2008). Likewise, business collaboration is developed from shared trust and information that cause distinction and innovation which help the firms maintain competitive advantages along with potential to respond to market competition as well (Hardwick, Anderson, and Cruickshank, 2013). Previous research demonstrated that international technological collaboration of the firms should operate research and development to deeply understand with situations, clients, rivals, and market economy for analyzing and exchanging business experiences reciprocally (Trifilova, Bartlett, and Altman, 2013). Furthermore, Inter-organizational relations have delicacy that require more time to learn to know actual needs which rely on timing and opportunities to assign activities to promote participation to work along with strategic creativity which brings about success in global. Indeed, business collaboration effectiveness indicates potential in two managerial principles comprising of: firstly, executive's ability is to select strategies congruence with circumstance, secondly, an employees' attitude is to stimulate willingness to cooperate, generate teamwork, and differentiate capabilities that encourage firms gaining more benefits in competition.

Literature review found that business collaboration effectiveness is relevant to many factors which are achievable to objectives on international business and create the competitive advantages. Accordingly, the research has focused on business collaboration effectiveness advocating the potential of global strategic management competency and enhancing firm performance. Hence, the hypothesis is proposed as follows:

Hypothesis 1 : Business collaboration effectiveness will be positively related to firm performance.

Modern Management Excellence

The evolution of strategic management has been developed continuously for discovering new operation approaches to firms' survival in the long run. Globalization

has complexity, diversification, and changes rapidly. Firms will consider to capital management to reduce risk and unnecessary waste of resources (Barry, 2001). The modern management is a reformation which focuses on customers' satisfaction as a key which activities or products and services are closer to customers and brings about excellence of the firms (Martin, 1995). In addition, the corporate executives have an important role to change the new way of business and to timely drive current operations that reflect on the intelligence of strategic management (Terry and Levin, 1998).

The highlight of management is decision making in operations to utilize existing resources stressing on cost-effective, which are based on planning, organizing, leading, and controlling through basic functions of management to increase firms' accomplishment (Golembski, 2007). Thus, modern management excellence defined as firm is outstanding to integrate the various knowledge, information, technology innovation, and communication appropriately to enhance the quality and standards of operations effectively (Liu and Chin, 2010). Besides, management service has impacted on an international business in the viewpoint of accessing and contacting with the firms causing credibility and recognition. Especially, the modern management in global business is the aspect of the firms can be applied to allow operations, and it is consistent with cultures to facilitate business practices efficiently (Dholakia and Firat, 2006). In addition, modern organization shows that the availability of work generates and maintains a work balance to increase suitable work and behavior consistent with conditions. Likewise, modern management should regard employment which is relevant to benefits, health insurance, capacity development, and career stability. It is intelligence to manage humans who are considered as a valuable resource of the firms (Dent and Bozeman, 2014). Firms are not easy to build modern management excellence in complexity environments while firms attempt to adapt organizational forms to enhance understanding and impression to products and services to be helpful for competition. Moreover, firms are able to create uniqueness over the rivals from developing ability to acquire, integrate, share, and apply much knowledge with the dissemination of that knowledge through communication channels to receive information throughout the firms (Lwoga, 2011).

The principle of management emphasizes on practices continuously in production process, empowerment, total quality management, and team building which respond to environmental variation effectively and immediately (Kemp, 2013). Accordingly, social relationship and the great organizational climate are essential factors to cause creative ideas and reinforce the perfection of work in modern management. Furthermore, modern management excellence must regularly rely on time to improve operations, such as activities, participation, collaboration, learning and development of skills, seeking new knowledge to integrate perform appropriately to prepare in global business. Indeed, the most difficulty and challenges to change operation forms are working behaviors which firms have to turn to staff needs and provide advice to solve the problems which indicate modern operations. Thus, the executives play the role to stimulate employees' potential to express abilities to run fully.

Prior research and literature review have shown that modern management excellence concentrates to know the factors affecting on both internal and external operations that help firms succeed and be superior to the competitors in the same business. Modern management involved in all parts of the firms must be consistent together and fit various contexts to generate distinction of the firms. This research expects that modern management excellence will promote the global strategic management competency and lead to firm performance. Therefore, the hypothesis is proposed as follows:

Hypothesis 2 : Modern management excellence will be positively related to firm performance.

Proactive Operational Management

International business experiences high competition, complexity, and uncertainty. Firm will determine the several alternative strategies and decide to respond to situations efficiently. In order to utilize resources worthily to cause most benefits, firms will harmoniously allocate resources with performances and enhance

ability to be both reactive and proactive because it is the main function of strategic management. Besides, firms are able to learn and predict environments that might affect to operation management. And it is found that innovation helps facilitate internal proactive operations as well (Chen, Chang, and Wu, 2012). Accordingly, the research defined proactive operational management as the firms' ability to availablely develop skills, capability, and business expertise to respond to ever changing environment efficiently (Srinivasan, Rangaswamy, and Lilien, 2005).

Moreover, firms have realized that technology development acquires acquisition and apply various techniques to create satisfaction to clients from the potential to offer products and services rapidly and precisely (Haro-Dominguez, Ortega-Egea, and Tamayo-Torres, 2010). The proactive operation of the firms should always improve delivery system of goods immediately which reflects logistics service effectiveness along with gaining specific relationship and customers' loyalty (Wallenburg and Lukassen, 2011). The key success about professional is ability of seeking information to understand customers' real needs and the influence of strategies which makes it interesting on uniqueness and a positive image that lead to customers' acceptance (Sieg, et al., 2012). In addition, the proactive management also covers risk management, including investment, commercial, financial, marketing, and human resource management that all must follow firms' available, realistic policies and assessment with standards (Janabi, 2008). The capability of proactive is based on personal skills and proficiency on team building to overcome the rivals and protect lost business opportunity (Davis, 2006). Above all, to survive firms must collaborate proactive operations to respond to business ethics which constitutes strength of business (Svensson and Wood, 2004). The tendency of business focuses on environmental conservation in conjunction with organizational cultures to proactively drive and force corporate social responsibility (CSR) that entails profitability and non-profitability to the firms (Chang, 2015). Furthermore, proactive operation management helps firms aware of various environments, learn new knowledge, and create innovation continuously to gain new ideas of operations before competitors throughout great participation with business networks causing competitive advantages and increasing potential of the firms in the long run. However, firms' achievement to make a financial difference has counted on selecting strategies, designs activities,

implement practice appropriately, and it is able to control both developing internal procedure and analyzing external situations effectively (Huang, Wong, and Yang, 2014).

Possibility that firms own requires using proactive operation management with realizing on many factors and readiness to competition. Literature review illustrates that allocating existing resources causing most benefits and create excellence to capture chances of more advantages. This research assumed that firms can develop proactive capabilities from learning and accumulating business experiences which lead to the best practice, and they are prepared to respond to environments immediately. Additionally, the goal of proactive operation management as a firm has availability to overcome those rivals in the same industries rapidly and efficiently and to operate to be superior to competitors along with expected outcomes in a short-term of the firms. This study anticipated that proactive operational management is to drive the global strategic management competency to achieve the target of the firms easier. Hence, the hypothesis is proposed as follows:

Hypothesis 3 : Proactive operational management will be positively related to firm performance.

Global Strategic Management Competency

The main activity of management comprises of planning, organizing, leading, and controlling, and the firms must be firstly prepared in operation. In order to create competitive advantages and enhance potential in operation, the firm should also design various strategies and adapt to any situations. The viewpoint of global business has attempted to learn consumers' behaviors to achieve the goals of operations consistent with local contexts that require achievement effectively.

Global strategic management emphasized on planning formality to raise the level of organizational benefits, upgrading productive, understanding environmental markets, and efficiently managerial motivation to be successful (Chae and Hill, 2000). Accordingly, global strategic management competency refers to the potential of the firms to operate any approach focusing on adaptability and flexibility to practices that

are consistent with environments bringing about operational system effectively (Gecikova and Papcunova, 2014). Entering international markets is a challenge of developing operational process to obtain high quality and low cost to generate standards and credibility causing consumer preferences (Chang, 1995). Besides, a global market is a part of the understanding of life and basic needs, and also firms must develop operational tools from learning cultural diversity and transfer different knowledge together (Douglas and Craig, 2015). Flexibility of work, staff management, responsibility, budgeting, and equipment are appropriate with tasks for creating great morale. Indeed, the executive in global firms should be aware of internal social capital to build trust and respect from good leadership along with external social capital to generate strength from activities and good relation with alliances (Hitt, Keats, and Yucel, 2015). Likewise, the importance of strategic management is a technique on integration between local flexibility and globalization which are congruent to prescribing deciding concerning infrastructure, HRM practices, and reform for high efficient outcomes (Boudreau, Ramstad, and Dowling, 2015). However, global strategic management is relevant to planning and developing three aspects, i.e., clarifying the globalization strategy, the global leadership role, and talent management system which become the best practice of the firms (Sloan, Hazucha, and Katwyk, 2015). When the firms are operating within completion, they will be able to demonstrate potential of great management and create valuable of business. Moreover, firms will explore conditions and principles to solution towards global strategic sustainability that focuses on consumer (Borland, 2009). Recently, the distinguished capabilities have been developed between global strategy and HR function which consider the competitive advantages that are difficult to imitate and sustainable even in globalization with high variation and complexity (Scott-Jackson, et al., 2011). Furthermore, firms should attend to improving and encouraging participation continuously to attain excellence in operation.

This research provides obviously various factors which might influence on global strategic management competency which may be successful in differ contexts. To decrease weakness and barriers of performances that firms need collect information before employing global strategies which depend on experiences of each firm (Butler, 2008). Literature review and prior research have essential determinants

concerned with increasing the global strategic management competency to be achievable in functioning organizations, in order that firms have potential in great management systematically and create opportunity business effectively via stimulation from three independent constructs of this framework. Therefore, the hypothesis is proposed as follows:

Hypothesis 4 : Global strategic management competency will be positively related to firm performance.

Hypothesis 5: Global strategic management competency will positively mediate the relationships between (a) business collaboration effectiveness and firm performance, (b) modern management excellence and firm performance, and (c) proactive operational management and firm performance.

Firm Performance

The operational business in each organization requires succeed for survival. The goals reflect that business success is available in several goals, such as increasingly making share, brand images, customer satisfaction, gaining sales, and so on. In term of strategic management focuses on efficiency and effectiveness of operations. Hence, firm performance defined as the achievement of the firm in term of profitability and non-profitability (Kim, Song, and Koo, 2008). The potential of the firm to access new global markets depends on firms understanding cultures and its technological capability (Zhang and Tansuhaj, 2007). They are management tools to meet the needs of their customers. The highlight of strategic management indicates those firms intend to use knowledge capability in conjunction with strategic changes which are adapted for the environment and bring about firm performance as well (Goll, Johnson, and Rasheed, 2007). Moreover, the strong management of the firms is the combination between technology capabilities and low cost-difference strategy that demonstrates superior performance (Parnell, 2011). Various firms might discover strategies to make differences in high competition which are relevant to the firms developing export performance to enhance the quality of products and services

(Shoham, Evangelista, and Albaum, 2002). International commercials have environmental variations, such as culture distance, product preference, and firm characteristics along with allocating resource management systematically for analyzing market performances effectively (Mas, Nicolau, and Ruiz, 2006). It is regarded as one of the organization's success. Furthermore, the tendency of global business has required four factors to success, including the opportunity creation, product innovation, specific resources, and legitimacy to increase capability to competitive and customer acceptance to entering globalization (Mort, Weerawardena, and Liesch, 2012). Firm performance will occur because firms have continuously operated improving skills and ability of employees, combining learning and practice, and encouraging participation to decrease the barriers of operational and increasing benefits for the firms (Tsai and Yen, 2008).

Accordingly, firms have emphasized on adaptability to operate foreign markets which are deemed as an important approach of global strategic management competency that brings about achievement. The competitive advantages of the firms obtain from capability to constantly learn and seek for innovation to be applied in operation. Indeed, the firms should assign the explicit goal to performances and should integrate collaboration between customers and suppliers through information technology to create the potential to the best practice for the firms (Dobrzykowski, Hong, and Park, 2012). The essential to implementation is how the executive will be able to manage knowledge processes across organizations with the employees' faith and organization cultures that generate understanding of the task (Nald III, 2012). Moreover, the great management depends on choosing strategies and decision making of the executive to design a creative framework to respond market demands appropriately.