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Social Ties & Firm Performance in Emerging Markets: A Meta-Analysis

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Social Ties & Firm Performance in Emerging Markets: A Meta-Analysis

Saoud Samhoun

Abstract

Because of the contradicting results in several studies, it is time to perform a Meta-analysis of the effect of social ties on firm performance that has been tested in emerging markets. In particular, I am interested to study boundary conditions of the relationships among the variables that have been used in the studies in the last 20 years. Meta-analytical techniques are used to test the empirical findings and evidences. I test the effects of weak legal and institutional systems in emerging markets on the firm performance. I also examine how the low levels of control and the difficulty in monitoring allow managers to expropriate the informal economy. Finally, I test additional moderators that enhance the relationship between social ties and the firm performance.

Keywords: Meta-analysis, Emerging Markets, Social Ties, Firm Performance, Moderators.

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List of Abbreviations and Symbols

- I. MNC: Multi-national Corporation
- II. ROA: return on assets
- III. ROE: return on equity
- IV. ROI: return on investment
- V. ROS: return on sales

Chapter one

Introduction

Throughout the last decade much research has been conducted regarding the effects of social ties on the firm performance. Khanna and Rivkin (2001) defined social ties between business groups as the bounded informal and formal ties that coordinate actions among them. Strong ties between businesses allow the sharing of common experiences, backgrounds, and interests, and they decrease the risk of opportunism (Powell & Grodal, 2005). Moreover, strong ties between businesses increase social control and trust among participants (Granovetter, 1985). In addition, when the local institutional knowledge is hard to access, the effectiveness of strong social ties arises (Zhao, 2015).

Business owners, especially in emerging markets, form social ties in order to leverage their profits. According to Smelser and Swedberg (2010), due to the low quality in the regulatory and legal institutions and due to market failures, business groups dominated many countries. As a result of the absence of legal systems to safeguard and guaranty the transactions between firms, such groups have been formed by business owners to exchange transactions and hedge against institutional voids (Khanna & Palepu, 1997a; Leff, 1978). For instance, data survey conducted from China by Peng and Luo (2000) revealed that interpersonal ties between executives and government's officials improved the organizational performance. Due to the underdevelopment or the absence of mechanisms in the market to allocate resources in emerging economies,

defined as institutional voids, both managerial ties and institutional capital become vital (Khanna & Palepu, 2000; Peng, Sun, Pinkham, & Chen, 2009). Research also shows that managerial ties provide an advantage to obtain resources that are necessary to explore opportunities (Liesch & Knight, 1999; Peng, 2001; Peng, Wang, & Jiang, 2008; Ruzzier, Hisrich, & Antoncic, 2006; Yamakawa, Peng, & Deeds, 2008; Yli-Renko, Autio, & Tontti, 2002; Zhou, Wu, & Luo, 2007). Khanna and Rivkin (2001) suggested that affiliated group members can benefit from favorable transactions such as exchanging goods and services, and accessing labor, capital, and product markets at lower costs than non-group firms. For instance, centralized groups in China showed higher productivity and financial performance than the non-centralized groups (Keister, 1998bb), and based on the examination of several other markets, profitability of group members were higher (Khanna & Rivkin, 2001). Other researchers used the resource-based view of firms (Guillen, 2000), transaction cost economics (Luo & Chung, 2005; Mahmood & Mitchell, 2004), and exchange theory (Keister, 2001), and have found that performance is enhanced through affiliations.

Moreover, political, regulatory, and economic institutions, through the norms and rules that they enact, define the basis of interaction among business groups (Urbano & Alvarez, 2014). In particular, these norms and rules define the moral and legal boundaries that differentiate between legitimate and illegitimate activities (Scott, 2008). Institutions also articulate and organize the social, economic and political relationships between groups that have consequences for economic development (Alvarez & Urbano, 2012; Liñán, Urbano, & Guerrero, 2011; Thornton, Ribeiro-Soriano, & Urbano, 2011; Veciana & Urbano, 2008). As a result of the weakness of formal institutions in emerging

markets, social ties have become important because they fill the formal institutional voids. Empirical work in emerging markets showed that financial performance was enhanced within the affiliated groups (Chang & Choi, 1988a; Keister, 1998a; Khanna & Palepu, 2000; Khanna & Rivkin, 2001). Khanna and Palepu (1997b, 2000) suggest that according to their institutional voids theory, legal, financial, and human resource voids do not affect firms equally; rather these institutional voids negatively affect stand-alone firms since they cannot benefit from the mutual assistance exchanged between affiliated firms.

By contrast, other research shows that social ties have negative effects on firm performance. By studying the regional social capital, Laursen, Masciarelli, and Prencipe (2012) found that high levels of social ties can negatively affect the market search process, and it can decrease innovation and creativity (Ibarra, 1992) since such ties tend to have homogeneous knowledge and experiences (Bell & Zaheer, 2007). In addition, networks are usually path dependent and can constrain the abilities of firms from gaining new information (Gulati, 1999; Lin, Cook, & Burt, 2001).

As a result of the contradicting and indefinite results in research, researchers tried to find the moderators that might affect the relationship between social ties and firm performance. Several studies have been conducted to identify these moderators. For instance, Carney, Gedajlovic, Heugens, Van Essen, and Van Oosterhout (2011) studied the positive moderating effects of weak financial infrastructure, weak legal institutions, and weak labor market institutions. Another research conducted by Stam, Arzlanian, and Elfring (2014) studied the effects of moderators such as firm age, technology effect, and emerging vs. established economies. Luo, Huang, and Wang (2012) studied the

moderating effects of state-owned vs. non-state-owned firms, location of firms, and time on the relationship between social ties and firm performance. Moreover, De Clercq, Danis, and Dakhli (2010) proposed that cognitive, normative, and regulative institutions act as moderating effects between social ties and business activities.

The discrepancies that exist between prior studies suggest the need to conduct a meta-analysis that examines the relationship between social ties and firm performance while taking into consideration the possibility of methodological and theoretical moderators that may explain these discrepancies. The purpose of this study is to find answers to some research gaps while concentrating on moderators that could positively or negatively affect the relationship between social ties and firm performance. I therefore employed a meta-analytic technique to study the effect of moderators such as individualism, uncertainty avoidance, performance measure type, competitiveness, journal domain, nationality of the firm, and firm industry.

Chapter Two

Literature Review

2.1 Social Ties and Social Capital

Social ties and social capital are defined in many ways. Social capital is an embedded resource acquired through networks of social relations where favors are exchanged (Bourdieu & Wacquant, 1992). Portes (1998) defined social ties as the ability of the affiliated groups to benefit from the membership in such networks. Burt (1997) defined social capital as colleagues and friends who share opportunities by using their human and financial capital. According to Nahapiet and Ghoshal (1998) social capital enables actors within a network of relationship to access potential resources. The major intuition is that certain goals could be achieved through investing in social relations (Adler & Kwon, 2002). As a result, social capital might increase actors' competitiveness by allowing the affiliated actors to access financial, intellectual and cultural resources (Bourdieu & Richardson, 1986). Chen, Haga, and Fong (2016) suggest that social capital helps firms to integrate restructure, gain, and transfer resources, meaning that companies will have informal means to acquire resources (Coleman, 1988). In addition, McEvily and Zaheer (1999) argue that firms will have contacts with new professional, economic, and social circles due to bridging ties. Although business groups are legally independent, they coordinate their actions through formal and informal ties (Khanna & Rivkin, 2001), and they do business in many markets while the members have similar commercial, ethnic, or personal background and have interpersonal trust (Leff, 1978).

Strong ties and close interaction will increase resource exchange, lower asymmetry of information (Uzzi, 1997), and will increase the level of the exchange of knowledge and information sharing (Coleman, 1988; Coleman & Coleman, 1994). According to Encarnation (1989), and Strachan (1976), there are numerous kinds of ties that can be formed between firms that may include agreements such as inter-firm loans, common owners, equity crossholding, direct interlocks, and buyer-supplier arrangements. They can also include relations based on religion, friendship, family, ethnicity, language, and educational background (Khanna & Palepu, 2006). By studying 100,000 firms in Chile, Khanna and Palepu (1999) found that what distinguishes non-group members from group members are family ties, common individual owners, equity cross holding, and direct interlocks. In addition, members within a group may raise capital jointly, recruit managers together, share a brand name, pool resources and share them internally, and lobby politicians and bureaucrats together (Khanna & Rivkin, 2001). There are numerous examples of business group such as South Korea's *Chaebols* (Chang, 2003), Japan's *Zaibatsu* and *Keiretsus* (Gerlach, 1992), Latin America's *Grupos Economicos* (Strachan, 1976), China's *Qiye Jituan* (Keister, 2000), Russia's *Oligarchs* (Perotti & Gelfer, 2001), Taiwan's *Guanxiqiye* (Numazaki, 1996), and Hong Kong's *Hongs* (Wong, 1996).

2.2 Types of Social Ties

Although types of social ties may be numerous, it is important to focus on some of the most common ties that have positive effects on companies such as managerial ties, political ties, direct interlocks, family connections, direct equity holdings, indirect equity holdings, and common owners.

Managerial ties between companies are one of the strongest ties that are enduring, among members (Granovetter, 1977). Managerial ties are described by Geletkanycz and Hambrick (1997) and Peng and Luo (2000) as the managers' networks across companies, contacts, and social relations. In particular, Geletkanycz and Hambrick (1997, p. 654) defined managerial ties as "executives' boundary-spanning activities and their associated interactions with external entities." Networking and building managerial ties can be defined as a company's efforts to gain and sustain competitive advantage through the cooperation with others (Powell, 1990). Moreover, individuals attempt to build personal ties in order to increase their opportunity recognition, and profit potentials (Granovetter, 1985). Managerial ties could be in the form of ties between buyers, suppliers, and competitors (Dubini & Aldrich, 1991). According to the resource-based theory (Barney, 1991) such ties can be seen as unique, valuable, and intangible resources which provide companies with an advantage that is difficult to replicate (Tsang, 1998). Moreover, social relationships between key managers, reduce transaction costs and transaction uncertainty (Uzzi & Lancaster, 2003), serve as an informal method to exchange private information (Burt, 1997), build interpersonal trust and friendship (Nicholson, Compeau, & Sethi, 2001), and arrange informal governance (Uzzi, 1997). Managerial ties are important core competencies for companies that possess them (Peng & Luo, 2000; Street & Cameron, 2007). In particular, managerial ties facilitate inter-firm exchange of resources (Chetty & Agndal, 2007; Peng & Zhou, 2005), allow the firms to provide better products and services because such ties are firm-or-product specific (Andrew, 1993), and enable executives to learn approaches, methods, and practices that help them in analyzing and collecting more information about competition, needs of customers, and the attributes of the

products (Andrew, 1993; Borgatti & Cross, 2003; Soh, 2003). As a result, managerial ties increase the company's information acquisition, which will improve its performance (Coviello & Munro, 1997; Lyles, Pedersen, & Petersen, 2003; Yli-Renko et al., 2002). In addition, based on the social network theory, executives that have better connections will have better careers, are promoted frequently, and have higher income (Burt, 1997; Granovetter, 1985). Through a quantitative study, Luo and Chen (1997, p. 15) found that managerial ties have "a systematic and positive effect" on the performance of the firm.

Another important form of social ties is political ties. Political ties, which can be considered as a political capital to firms, can provide a competitive advantage (Li & Zhang, 2007). Political ties are the special and informal relationship between executives and major shareholders with government officials (Faccio, 2006). According to Ambler, Witzel, and Xi (2001) and Peng (2003) political ties are the special relationships between companies and the government administrations, which could be established through different channels such as interpersonal, informal and formal social mechanisms. Moreover, political ties are affective in overcoming the institutional voids (Xin & Pearce, 1996), specifically in uncertain environments (Heide & Wathne, 2006; Uzzi, 1997). For instance, in order to pursue business in China, a firm must understand and maintain good relations with the government (Chen et al., 2016). It is argued that the ability of firms to acquire political influence is highly correlated with market power and performance advantages (Claessens, Djankov, & Lang, 2000; Morck, Wolfenzon, & Yeung, 2005). For instance, there is a body of research that shows that political ties can improve the firm's performance and the possibilities to acquire resources (Faccio, 2006; Hillman, 2005; Li, Chen, Liu, & Peng, 2014; Wu, Li, & Li, 2013). In particular, Nee

(1992) and Walder (1995) found that network strategies between local officials and newly formed firms may improve the performance of the firm, and that such political ties lead to “network capitalism” that leads to better performance (Boisot & Child, 2013).

Moreover, social ties can be in the form of direct interlocks where an individual may have ownership in multiple companies and at the same time will sit on multiple boards (Mizruchi, 1996). The board interlock has been seen as an ideal way to test the embeddedness effect on the inter-organizational relations (Gulati & Westphal, 1999). Within the interlock view, all types of ties are considered as positive connections that enhances social cohesion and the process of exchanging information (Gulati & Westphal, 1999). Geletkanycz and Hambrick (1997) viewed direct interlocks as a mechanism used by top management to resolve uncertainty. From this perspective, and as a result of the high trust, the information shared between these groups is very influential (Davis, 1991; Haunschild, 1993). Such social interlocks would also resolve the uncertainty and the implications of being engaged with other companies in new strategic alliances (Gulati & Westphal, 1999).

Direct equity holding is another form of social ties where groups of firms that trade together will take equity shares in each other in order to decrease the trade hazards (Khanna, & Rivkin, 2006). A good example is the Japanese Keiretsu (Lincoln, Gerlach, & Takahashi, 1992). Economic modules have emphasized the importance of equity holding that could replace all other types of ties (Khanna, 2000; Wolfenzon, 1999). It is suggested that these firms take equity in each other in order to decrease economic risks (Khanna & Rivkin, 2006).

On the other hand, indirect equity holding is when company A has an ownership in company C but not directly, instead through an ownership in company B, which, in turn, has ownership in C. As a result, indirect ties create alignment between these firms (Flath, 1992). Flath (1992) also explains that the direct shareholding increases the probability of the indirect shareholding as a result of the alignment between the firms in the groups. For example, also according to Flath (1992), in 1980, the presidents' council of the keiretsu group in Japan held indirect equity in "Sumitomo (27%), Mitsubishi (29%), Dai-Ichi Kangyo (14%), Sanwa (17%), Mitsui (17%), Fuyo (16%), but about half of these shares were held by financial institutions of the respective groups" (p. 5).

Common owners' form of social ties is when outsiders are not allowed to enter the group which leads to the same people with a common identity in multiple companies (Khanna & Rivkin, 2006). Common ownership may result from functional reasons, rational reasons, or because individuals were involved in several investments (Khanna & Rivkin, 2006), which may result in an overlap of ownership between firms (Leff, 1978). Such an overlap, will promote information flow and alignment of interests between the firms (Khanna & Rivkin, 2006).

2.3 Emerging Markets and Social Ties

According to Abi Aad, Combs, and Maalouf (2018) and Khanna and Palepu (2010) emerging markets have the following characteristics: intellectual property rights for companies cannot be totally secured and have the probability of facing financial crises. Add to that, the high levels of corruption make the risk of doing business higher than its potential return, and the poor conditions of the infrastructure lead to difficulties

in distribution. In addition, emerging markets have characteristics such as high levels of government bureaucracy, no reliability in the evaluations of the credit worthiness in capital markets, deficiency in local labor markets, and the lack in the reliability of supply in the product markets. Further, there is a lack of reliable information about investment opportunities or potential partners (Khanna & Palepu, 2010). Emerging markets are under-developed economies with weak political, regulatory, and economic institutions (Harriss, Hunter, & Lewis, 1995; Khanna & Palepu, 2010), which allows institutional voids to complicate the economic exchange among firms (Khanna & Palepu, 2006). That is, institutional voids create barriers to economic success (Collins & Reutzel, 2016). Emerging markets are characterized by weak institutional environment and ineffective formal institutions (Bloom & Van Reenen, 2010; Filatotchev, Jackson, & Nakajima, 2013). Examples of the effect of weak institutions may include corruption, bureaucratic red tape, poor law enforcement, and absence of property rights protection (Bastian & Zali, 2016). As a result, transactions cannot be done easily or efficiently between buyers and sellers in emerging markets (Khanna & Palepu, 1997a), which lead to performing activities in the informal economies. The concept of informal economies can be traced back to a study conducted on the labor markets of Africa (Hart, 1973). This concept proposed a dual labor market where one part is employed in a regulated wage system and the other part in an unregulated system, with the later described as the informal economy. North (1990) suggested that institutions can be informal (the culture of a society, attitudes, norms, or values) or formal (constitutions, contracts, regulations etc.); furthermore, North (1990) defined the informal and formal institutions as regulations, cultural-cognitive, and normative institutional dimensions. Castells and Portes (1989) clarified by distinguishing between three types of activities in the

economies: formal, informal, and illegal. Castells and Portes (1989) defined the formal economic activities as the licit trade and production of products and services within the regulatory system. In contrast, informal economic activities are the exchange processes and production that are considered partially licit by the most, but are usually performed outside the boundaries of the regulatory system (Castells & Portes, 1989). However, the illegal economic activities are the exchanges and the productions that are considered illicit.

Firms that are competing in emerging markets should implement strategies in order to overcome the institutional obstacles to be able to allocate limited resources to perform efficiently and effectively (Collins & Reutzel, 2016). Leff (1976) suggested that the imperfection in markets leads to the formation of groups and this theory was used later by Caves and Uekusa (1976), Chang and Choi (1988), and Khanna and Palepu (1997a, 1999). In addition, the uncertainty in emerging markets reduces the volume and the quality of information about the markets (Podolny, 1994; Tsai, 2002). For instance, scholars have focused on inter-firm relationships which can facilitate the access to resources as a respond to weak formal institutions (Moran & Ghoshal, 1999). Emerging markets like the former Soviet, Eastern Europe, and republic of China (Peng & Luo, 2000) lack the support of market institutions which leads to “institutional voids” (Khanna & Palepu, 1997a). As a result, firms and managers are forced to perform some activities by themselves such as enforcing contracts, interpreting regulations, and acquiring market information (Khanna & Palepu, 1997a). According to the Institutional theory, in emerging markets the formal institutions are substituted by informal institutions in the form of managerial ties (Li, Poppo, & Zhou, 2008; Xin & Pearce,

1996). That is, social ties can fill the institutional voids which are the results of inefficient formal institutions (Luo, 2003).

As a consequence of the low institutional quality, difficulties in doing business, and the inability to perform efficiently, the importance of social ties arises in emerging markets. That is, social ties and norms are important in the absence of formal institutions (Peng et al., 2009). According to Peng et al. (2008) although both formal and informal institutions govern the firm's behavior, in the absence of formal constraints, informal constraints become important to reduce uncertainty for the managers and the firms. For example, Gronum, Verreynne, and Kastle (2012), and Kingsley and Malecki (2004) found that there is a positive relation between low institutional quality and the increased use of social ties. In addition, Bastian and Zali (2016) found that low-quality institutions in emerging markets erode the trust in the formal rules leading to all kinds of informal activities, private networks, and strong social ties which in return provides access to critical and limited resources that are only available to these groups (Collins & Reutzel, 2016). To continue, in the presence of institutional voids, managers are forced to rely on connections and personal ties in order to substitute the support of the formal institutions (Li et al., 2008). Thus, business networking becomes an important factor to reduce the hazards of market volatility (Peng & Luo, 2000). As a result of market failure in emerging economies, Khanna and Palepu (1997a) suggested that affiliations between business groups allow efficient internal exchange of labor and capital which in return mobilize the valued resources. The higher the uncertainty in the environment, the higher will be the reliance of the firm on the managerial ties (Pfeffer & Salancik, 1978; Powell, 1990). In particular, the embeddedness of social ties in the form of managerial ties will

have higher importance in the presence of weak institutions (Peng & Luo, 2000). For example, in China, which is characterized as an emerging market, the lack of market institutions arise the need for social capital in the form of managerial ties which provides benefits to the members in form of information sharing, price harmonization, joint problem solving, and distribution effectiveness (Uzzi, 1996, 1997). Scholars who concentrated on managerial ties (e.g., Park & Luo, 2001) found that such ties are important in countries with unstable regulatory and legal environments. In emerging markets, it is important to bridge ties with the government since it can increase the bargaining power and since the laws in such countries are unpredictable (Chen et al., 2016). Such ties with the government will increase the probability of having better conditions, and higher business opportunities (Faccio, 2010).

In environments that lack formal institutions to enforce regulations and laws, arises the need for informal institutions embodied in the form of social ties which may have a considerable impact on the performance of the firm (Peng & Heath, 1996). Such groups in emerging markets are usually the largest firms in a country, and they control a considerable fraction of the country's assets (Amsden & Hikino, 1994; Granovetter, 1994). According to Boisot and Child (2013), in light of the question "How can China be achieving rapid rates of growth while retaining [such] an institutional order?" (p. 607), the partial answer according to Peng and Heath (1996) would be that managerial ties substitute the formal institutions and provide access to resources. In such risky economies, ties between affiliates encourage mutually profitable exchanges that are difficult to accomplish otherwise (Khanna & Rivkin, 2006), facilitate the flow of information between firms (Davis, 1991; Granovetter, 1985; Podolny, 1994; Useem,

1984), and align the interests of firms (Williamson, 1983). As a result of the social ties, there will be an increase in opportunities and benefits for the parties involved (Khanna & Rivkin, 2006). Kostova (1997) argued that cultural-cognitive (such as shared knowledge), normative (such as the social values and norms), and regulative (such as government policies), are pillars that highly affect business activities. According to Li and Zhang (2007) managerial networking is very important to access resources, which in return will have an important impact on the firm performance (Su, Xie, & Wang, 2015). For example, a research conducted by Walter, Auer, and Ritter (2006) found that such networking capabilities highly contribute to the firm performance.

By contrast, other researchers argue that social ties negatively affect the performance of the firm. Rowley, Behrens, and Krackhardt (2000) illustrate that as industries evolve, such ties may blind the firm from adopting new products or processes. To add, although managerial ties can serve as informal institutional agreements that might substitute the formal institutions in emerging markets (Li et al., 2008), benefits are not always reached (Huang, 2008; Peng, 2003). It is also noteworthy to mention that maintaining a good political network has high costs (Huang, 2008; Peng, 2003). During the process of establishing relations with government agencies and officials, firms spend considerable resources, time, and effort (Chen & Chen, 2004; Li & Zhang, 2007). As a consequence, the high costs of developing such political networks might negatively affect the firm's performance. Burt (1997) and Granovetter (1977) argue that strong ties will make the flow of information redundant, while weak ties provide brokerage opportunities that might lead to sharing new information and knowledge. Castells and Portes (1989) had some additional empirical findings that supported this theory, which

showed the positive relation between weak ties and knowledge transfer. Figure 1 show the studies included in the meta-analysis and Forest Pl.

Insert figure 1 here.

Although the literature above explained some of the variances, there might be additional moderators that could add to the explanation of the relationship between social ties and the firm performance. Even though social networks are seen as assets to firms, no consensus has been found on what are the properties that might constitute social capital (Gulati, Lavie, & Madhavan, 2011; Hoang & Antoncic, 2003). It is important to study these moderators to better understand the effect of social ties on firm performance in emerging markets. In particular, the purpose of this study is to find the effects of the following moderators: individualism, uncertainty avoidance, performance measure type (subjective vs. objective measures), competitiveness, journal domain (management vs. non- management journals), nationality of the firm (MNCs vs. local firms), and firm industry (manufacturing vs. non- manufacturing industries). Therefore I employed a meta-analytic technique to study the effect size of the relationship between social ties and firm performance, and to study the effects of moderators on this relationship.

Chapter Three

Theory and Hypotheses

3.1 Effects of Social Ties on Firm Performance

The theory of social resource (Lin et al., 2001) suggests that networks that comprise from diverse backgrounds are highly beneficial since they enable firms to allocate the resources needed to perform their business (Birley, 1985). Researchers have argued that performance of firms is enhanced through business ties (Yiu, Lu, Bruton, & Hoskisson, 2007). According to Guillen (2000), transactions among business groups increase information flow which in return gives an advantage in resource allocation and in acquiring financial resources with favorable terms. Moreover, uncertainty is reduced through assuring the supply and through coordinating investment decisions for the group members (Gerlach, 1992).

However, other researchers have argued based on the agency theory perspective, that business groups have agency costs, and diseconomies rising from the differences between the firm's minority and majority owners (Morck et al., 2005). Reflecting the relationship between social ties and firm performance, I propose the following hypothesis:

Hypothesis 1: Social ties are positively related to firm performance.

3.2 The Moderating Role of Individualism

Individualism is characterized by societies where people prioritize their personal goals above the overall goals of the groups, they are independent, their social behaviors are based on the exchange theory, and their behaviors are based on their own attitudes and not based on the norms of the group (Triandis, 2001). Individualism is a character of individuals who are oriented towards achieving their own goals and self-interest (Parsons & Shils, 1951). Individualists will look out for themselves, would consider their personal interests of higher importance than the group's interests, and would consider the achievement of their own goals as a primary importance (Earley, 1989; Wagner & Moch, 1986). Hofsteds (1980) suggested that individualistic societies are characterized by people who work to achieve their own interests. In addition, according to Hofstede (2001, p. 225) individualism “stands for a society in which the ties between individuals are loose: Everyone is expected to look after her/his immediate family only.” The following hypothesis captures this moderating effect:

Hypothesis 2: Individualism negatively moderates the relationship between social ties and firm performance such that the higher individualistic the country is the weaker the effect of social ties on firm performance will be.

3.3 The Moderating Role of Uncertainty Avoidance

Hofstede (1984, P. 83) defined uncertainty avoidance cultures as the “degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. This feeling leads them to beliefs promising certainty and to maintaining institutions protecting conformity. Strong Uncertainty Avoidance societies maintain rigid codes of

belief and behavior and are intolerant towards deviant persons and ideas”. Those individuals will try to avoid these situations by applying strict codes of beliefs and behaviors. Hofstede (1984) continued by explaining that cultures which are characterized by high uncertainty avoidance are intolerant, security-seeking, emotional, aggressive, and active. While cultures that are characterized with low uncertainty avoidance will tend to be relatively tolerant, unemotional, less aggressive, contemplative, and accept risk. In addition, cultures that are characterized as being uncertainty avoidance “look for structure in their organizations, institutions and relationships, which makes events clearly interpretable and predictable” (Hofstede, 2001, p. 148). Hofstede (2001) also described uncertainty avoidance cultures as societies that feel threatened by ambiguous, unknown, uncertain, or unstructured situations. This view is expressed in the following hypothesis:

Hypothesis 3: Uncertainty avoidance positively moderates the relationship between social ties and firm performance such that the higher uncertainty avoidance is the stronger the effect of social ties on firm performance will be.

3.4 The Moderating Effect of Subjective Measures of Performance

Both subjective and objective measures have been used to determine the performance of firms (Andrews, Boyne, & Walker, 2006). An objective measure of performance should be independent, impartial, and detached from any analysis. To be objective, the measure should have an external verification of accuracy, and an accurate assessment of the dimensions of performance (Andrews et al., 2006). Examples of objective measures are changes in return on equity (ROI), return on assets (ROA), sales

growth, market share, and profit margins (Dawes, 1999). On the other hand, subjective measures are based on prejudiced and analysis, and they can be made by either members of the organization or by external stockholders (Andrews et al., 2006). Examples of subjective measures are: evaluation of business relative to expectations, repeated business, customer satisfaction and retention, and satisfaction with profits (Dawes, 1999). Following the above, I propose the following hypothesis:

Hypothesis 4: Performance measure type moderates the relationship between social ties and firm performance such that subjective measures more positively moderate the relationship between social ties and firm performance than objective measures.

3.5 The Moderating Effect of Competitiveness

The extent to which a society admires entrepreneurial activities is measured by normative dimensions, and it is argued that a country's norms, values, culture, and beliefs affect the attitude of entrepreneurs (Busenitz & Lau, 1996; Knight, 1997; Tiessen, 1997), and hence the competitiveness within a country. Following the above, I suggest that:

Hypothesis 5: Country's competitiveness positively moderates the relationship between social ties and firm performance such that the higher the competitive the culture is the higher the effect of social ties on firm performance.

3.6 The Moderating Effect of Management Journals

According to Tahai and Meyer (1999, p. 279) management journals such as "Strategic Management Journal, Academy of Management Journal, Organizational

Behavior and Human Decision Processes, Academy of Management Review, Administrative Sciences Quarterly, and Journal of Management,” accounts for a total of (51%) of all citations based on the analysis conducted on “23,637 academic journal references cited in the 1275 articles published in 17 key management journals during 1993 and 1994.” That is, non-managements journal are equally influential in terms of citations and should also be considered in the analysis of the effect of social ties on firm performance. Subsequently, whether published in management or non-management journals, the effect of social ties on firm performance should be the same. Based on the above, the following question arises:

Research Quest: Is there any effect of the journal domain on the relationship between social ties and firm performance such that management journals more positively moderate the relationship between social ties and firm performance than non-management journals?

3.7 The Moderating Effect of MNCs vs. Local Companies

MNCs generally tend to be larger in size than companies in the host economy since MNCs are firms that operate on a region-wide or worldwide (Ramstetter, 1999). Compared to local companies, foreign MNCs usually possess relatively larger amounts of knowledge base, property, intangible assets, marketing, technology and management (Ramstetter, 1999); and as a result they will possess an advantage. Such assets owned by MNCs will increase their efficiency which can be reflected in higher capital intensity, higher technological intensity, higher productivity factor, and a larger firm size (Ramstetter, 1999). The characteristics of MNCs may also differ based on the extent to

which they have foreign ownership (Ramstetter, 1999). Following the above, I hypothesize that regardless of their size, MNC in emerging markets are not hindered by local institutional voids and thus are at parity with local embedded companies that might have better bridging abilities to fill the local institutional voids. As a result, I hypothesize:

Hypothesis 6: The nationality of the firm positively moderates the relationship between social ties and firm performance such that local firms more positively moderate the relationship between social ties and firm performance than MNCs.

3.8 The Moderating Effect of Manufacturing Industries

Authors have been examining the relationship between business strategies and production (Brown, 1998; Deane, Gargeya, & McDougall, 1990; Richardson, Taylor, & Gordon, 1985), and the relation between the competency of production and firm performance (Cleveland, Schroeder, & Anderson, 1989; Kim & Arnold, 1996). Cleveland et al. (1989) also defined the competency of production as the consistency between the performance and the importance of competitive priorities, and they also argued that the business success in manufacturing is highly related to consistency, which in return contributes to a better business performance. On the strategic level of manufacturing, there is more concentration towards product innovation, quality, and time factors, and less attention towards costs (Ferdows & De Meyer, 1990). I hypothesize that, in emerging markets, some industries are better regulated than others and that manufacturing is among those.

Hypothesis 7: Firm industry moderates the relationship between social ties and firm performance such that the relationship is stronger for manufacturing firms than non-manufacturing firms.

Figure 2 shows the full model that I test in this study.

Insert Figure 2 here.

Chapter Four

Methodology

4.1 Literature search and criteria

In this thesis, I will be utilizing meta-analytical techniques to quantitatively examine the empirical studies that are relevant to social ties and firm performance. I will examine different studies with similar relationships (e.g. social ties in emerging markets) and try to find effects such as correlations between them. A meta-analysis allows researchers to analyze aggregated findings, correct the findings for measurement and sampling errors, and analyze if the hypothesized relationships were successfully replicated (Combs, Ketchen, Crook, & Roth, 2011). According to Hunter (1982), a meta-analysis can correct several artifacts in the researches of management such as restriction of range, sampling error, unreliability in the criteria measures, and unreliability in the prediction of measures. In addition, to limit the variability across different researches, I will use the moderator variables. As Eden (2002) explained, meta-analysis are used to address research questions using data which are closer to certainty than any data reported in a single study.

For identifying my studies, I searched different electronic databases (such as ProQuest, Emerald Insight, EBSCO host, and Google Scholar) using key words such as emerging markets, formal and informal economies, social ties, embeddedness, business affiliations, managerial ties, political ties, individualism, uncertainty avoidance, and competitiveness. In addition, I searched for articles in the following journals: Strategic management journal, Journal of International Business Studies , Journal of Business

Strategies, Academy of management journal, Journal of Small Business Management , Management International Review, Small Enterprise Research, Journal of Organizational Change Management, Journal of the Academy of Marketing Science, Journal of business venturing, Small Business Economics, Journal of Product Innovation Management, International Journal of Managerial Finance, International Marketing Review, New England Journal of Entrepreneurship, Chinese Management Studies, Asia Pacific Journal of Management, and Asian Business & Management. I also used the reference list found in each article to identify new articles. This process provided me with 102 potential related studies through January 2019.

Studies that were included had to meet several criteria. First, only empirical studies that are related to the topic were included, which is consistent with the best practice of meta-analysis that avoids comparing oranges to apples (Eysenck, 1978; Sharpe, 1997). Second, I excluded all the studies that didn't have statistical reports that are mainly related to my analysis. In total, 27 studies and a sample size of 115,741 met the criteria and were used in my analysis. The coding information is provided in Table 1.

Insert table 1 here.

4.2 Coding Procedures

Each study was coded independently and examined by two professors until they reached a consensus regarding any disagreement. According to Hunter and Schmidt (2004), when a study reports multiple statistics, averages are taken. As a result, the averages were taken for the statistical values reliability of dependent variable and for the

reliability of the independent variables in order to account for the correlations within my study.

For the independent variable which is social ties, I used several types of social ties that could arise in emerging markets. Social capital is an embedded resource acquired through networks of social relations where favors are exchanged (Bourdieu & Wacquant, 1992). Portes (1998) defined social ties as the ability of the affiliated groups to leverage benefits from the involvement in such networks. As a result, social capital might increase actors' competitiveness by allowing the affiliated actors to access financial, intellectual and cultural resources (Bourdieu & Richardson, 1986). The social ties that I used include embeddedness, political networking, financial networking, business networking, external tie strength, regional social capital, strong tie based networks, domestic weak ties network, international weak tie based networks, ties with other firms, business ties, bridging ties, clustered firm's strong ties, ties with government, highly interactive social relationships, multiple ties, managerial ties, normative dimension, cultural-cognitive, social capital ties, bricolage, networking capability, and strategic alliance.

According to Andersson, Forsgren, and Holm (2002), "Performance is measured by profitability, sales volume, and market shares, as perceived by divisional managers" (p.979). For the dependent variable which is firm performance, I used measures such as return on assets (ROA) which is defined by Robinson (1999) as total income divided by total assets, return on equity (ROE), return on investment (ROI), return on sales (ROS), assets turn over, and profits.

Because the studies had some variances in the results, that is, some had positive relations between social ties and firm performance, and other studies had negative results, I studied the moderators that could affect this relationship. The moderators were coded based on two methods. The first included multiple continuous moderators (individualism, uncertainty avoidance, and competitiveness), and the second included the categorical moderators (e.g. subjective vs. objective measures, management vs. non-management journals, MNCs vs. local firms, and manufacturing vs. non-manufacturing firms). Individualism and uncertainty avoidance scores were based on Hofstede's cultural dimensions extracted from Hofstede Insights. According to (The Global Competitiveness Report 2017–2018, p.40), countries' competitiveness is based on a scale of (1 to 7) with 7 being the most competitive.

As for the uni-variate, dummy variables were taken. I used the dummy variable 1 for subjective measures and 0 for the objective, 1 for management journals and 0 for non-management journals, 1 for MNCs and 0 for local companies, and 1 for manufacturing firms and 0 for non-manufacturing.

Chapter five

Meta-analytic calculation

The extracted from the studies were sample-weighted and adjusted for reliability before being transformed into Fisher (Z_r) and then back transformed to (r). The use of correlation (r) and (Z_r) to report the meta-analytic effect sizes is well used. When a study reported multiple independent variables, the averages of the statistical values and the reliabilities were calculated. While most of the studies have reported the correlation between the independent and dependent variables, few have reported the beta coefficient only. In the case of beta coefficient being reported, the procedures recommended by Peterson and Brown (2005) were utilized.

Chapter Six

Results

6.1 Social ties and Firm Performance

Hypothesis 1 proposed that there is a positive relation between social ties and firm performance [$r = 0.221$, $p < .001$]. Thus H1 is supported and table 1 shows the main effect results of social ties. The results suggest that social ties help in improving firm performance. The fail-safe sample size (N_{fsR}) is equal to 4,033 suggesting that over 4000 missing studies that would bring the p-value of the overall effect size to a non-significant level ($p > 0.05$). The results also show that moderation analysis can be conducted to help explain the heterogeneity between studies (Unaccounted variance (χ^2) = 3.582.116, $p < .001$). Table 2 shows the main effect results for social ties.

Insert table 2 here.

6.2 Moderators Relationships

To test the moderating relationships hypothesized, a meta-regression model was tested. Hypothesis 2 proposed that individualism negatively moderates the relationship between social ties and firm performance such that the higher individualistic the society is the lower the effect of social ties on firm performance [$Z_r = -0.003$, $p < .1$]. Thus, H2 is supported and the moderator estimates in the meta-regression are shown in table 3 and suggests that the effect of social ties on firm performance is weaker when firms operate in countries that are more individualistic than collectivistic.

Insert table 3 here.

Hypothesis 3 proposed that culture uncertainty avoidance positively moderates the relationship between social ties and firm performance such that the higher uncertainty avoidance is the higher the effect of social ties on firm performance [$Z_r = 0.19, p < .05$]. Thus H3 is supported (table 3) suggesting that societies that avoid uncertainty and risk taking will depend more on social ties to enhance the firm performance.

Hypothesis 4 proposed that performance measure type has moderating effect on the relationship between social ties and firm performance such that the higher the subjective measures are the higher the effect of social ties on firm performance. Despite, the results of meta-regression support the significant moderating effect [$Z_r = 0.138, p < .01$] of the performance measure type, the univariate results show no difference between the subjective and objective performance measures [$r_{\text{sub}} = 0.228, p < .001$ vs. $r_{\text{obj}} = 0.217, p < .001$]. As a result, H4 is not supported and table 4 shows the weighted univariate results for the moderators. Thus, no measurement bias exists.

Insert table 4 here.

Hypothesis 5 proposed that a country's competitiveness level positively moderates the relationship between social ties and firm performance such that the higher the competitive the culture is the higher the effect of social ties on firm performance [$Z_r = 0.185, p < .05$]. Thus, H5 is supported (table 3) suggesting that the more competitive the countries in which the firms operate in, the higher the effect of social ties on firm performance is.

The research question was whether management journal would positively affect the relationship between social ties and firm performance. The meta-regression results do not support the significant moderating effect of journal type [$Z_r = -0.132, p > .1$]. The univariate results (table 4) show that the effects between social ties and firm performance reported in studies published in management journal are similar to those reported in other journals [$r_{\text{mng}} = 0.218, p < .001$ vs. $r_{\text{other}} = 0.216, p < .001$].

Hypothesis 6 proposed that the nationality of the firm positively moderates the relationship between social ties and firm performance such that local firms more positively moderate the relationship between social ties and firm performance than MNCs. The meta-regression results did not support a significant moderating effect [$Z_r = -0.0279, p > .01$] of the performance measure [$r_{\text{MNC}} = 0.199, p < .01$ vs. $r_{\text{local}} = 0.253, p < .001$]. As a result, H7 is not supported (table 4) suggesting that the nationality of the firm will not affect the relationship.

Hypothesis 7 proposed that firm industry moderates the relationship between social ties and firm performance such that the relationship is stronger for manufacturing firms than non-manufacturing firms. The meta-regression results support the significant moderating effect [$Z_r = 0.167, p < .01$] of the performance measure with the univariate results showing that social ties affect performance of manufacturing firms more than the performance of other firms' types [$r_{\text{manu}} = 0.291, p < .001$ vs. $r_{\text{other}} = 0.180, p < .001$; $\chi^2_{(1)} = 3.462, p < 0.1$]. Thus, H7 is also supported (table 4) and suggests that manufacturing companies will rely more on social ties to enhance the performance of their firms.

Chapter Seven

Discussion

This meta-analysis is an accumulation of research related to social ties and firm performance in emerging countries, and it serves as an integration of this work. Overall, the results in my meta-analysis indicate that there is a positive relationship between social ties and firm performance in emerging countries, however, some moderators affects this relationship as well.

7.1 Social Ties and Firm Performance

Porte (1998) defined social ties as the ability of the affiliated groups to benefit from the involvement in such networks. According to Nahapiet and Ghoshal (1998) social capital enables actors within a network of relationship to access potential resources. Chen et al. (2016) suggest that social capital will help firms to integrate, restructure, gain, and exchange resources, meaning that companies will have informal means to acquire resources (Coleman, 1988). Moreover, strong ties and close interaction will increase resource exchange, lower asymmetry of information (Uzzi, 1997), and it will increase the level of the exchange of knowledge and information sharing (Coleman, 1988). In environments that lack formal institutions to enforce regulations and laws, there arises the need for informal institutions embodied in the social ties which may have a significant impact on the performance of the firm (Peng & Heath, 1996). As a result of market failure in emerging economies, Khanna and Palepu (1997a) suggested that affiliations between business groups allow efficient internal exchange of labor and

capital which in return mobilizes the valued resources. In addition, researchers have argued that performance of firms is enhanced through business ties (Yiu et al., 2007). My meta-analytic findings regarding the positive effects of social ties on the firm performance were positively supported suggesting that such relations in the form of social ties will positively affect the firm performance.

7.2 Moderators and the Relationship Between Social Ties and Firm Performance

In this meta-analysis, I tried to find the effects of moderators such as individualism, uncertainty avoidance, subjective vs. objective measures, competitiveness, management vs. non- management journals, MNCs vs. local firms, and manufacturing vs. non- manufacturing industries on the relationship between social ties and firm performance.

Hofsteds (1980) suggested that individualistic societies are characterized by people who work to achieve their own interests. In addition, Hofstede (2001, p.225) describes individualism as “a society in which the ties between individuals are loose: Everyone is expected to look after her/his immediate family only”. Therefore, individualism is a character of individuals who are oriented towards achieving their own goals and self-interest (Parsons & Shils, 1951). Individualists will look out for themselves, would consider their personal interests of higher importance than the group’s interests, and would consider the achievement of their own goals as a primary importance (Earley, 1989; Wagner & Moch, 1986). The meta-analytic results of this research supported the theory that individualistic societies would only look for their own

interests, and that they would not get involved in social ties in order to enhance the performance of their firms.

Hofstede (1984) defined uncertainty avoidance cultures as cultures where individuals get nervous when the situations are unclear, unstructured, or unpredictable. Those individuals will try to avoid these situations by applying strict codes of beliefs and behaviors. Hofstede (1984) continued by explaining that cultures which are characterized by high uncertainty avoidance are intolerant, security-seeking, emotional, aggressive, and active. Hofstede (2001) also described uncertainty avoidance cultures as societies that feel threatened by ambiguous, unknown, uncertain, or unstructured situations. In addition, uncertainty avoidance cultures, “look for structure in their organizations, institutions and relationships, which makes events clearly interpretable and predictable” (Hofstede, 2001, p. 148) . Concerning the positive moderating of uncertainty avoidance effect on the relationship between social ties and firm performance, my results support this interaction. The results suggest that societies who try to avoid uncertainty and risk taking would try to form social ties in order to decrease the ambiguity and to enhance the performance of their firms.

Both subjective and objective measures have been used to determine the performance of firms (Andrews et al., 2006). An objective measure of performance should be independent, impartial, and detached from any analysis. To be objective, the measure should have an external verification of accuracy, and an accurate assessment of the dimensions of performance (Andrews et al., 2006). On the contrary, subjective measures are based on prejudiced and analysis, and they can be made by either members of the organization or by external stockholders (Andrews et al., 2006). My meta-

analytic results suggest that whether the measures are taken subjectively or objectively, the effects of social ties on firm performance will remain the same. In other words, performance measures will not affect the relationship between social ties and firm performance.

The extent to which a society admires entrepreneurial activities is measured by normative dimensions, and it is argued that a country's norms, values, culture, and beliefs affect the behavior of entrepreneurs (Busenitz & Lau, 1996; Knight, 1997; Tiessen, 1997), and hence the competitiveness within a country. My results indicate that the higher the level of competitiveness within a society is, the higher will be the reliance on social ties in order to improve the firm performance.

According to Tahai and Meyer (1999, p. 279) management journals such as "Strategic Management Journal, Academy of Management Journal, Organizational Behavior and Human Decision Processes, Academy of Management Review, Administrative Sciences Quarterly, and Journal of Management," accounts for a total of (51%) of all citations based on the analysis conducted on "23 637 academic journal references cited in the 1275 articles published in 17 key management journals during 1993 and 1994" (p.279). That is, non-managements journal are equally influential in terms of citations and should also be considered in the analysis of the effect of social ties on firm performance. My meta-analytic results show that whether an article is published in management journals or non-management journals, the effects of social ties on firm performance is the same.

Compared to local companies, foreign MNCs usually possess relatively larger amounts of knowledge base, property, intangible assets, marketing, technology and management; and as a result they will possess an advantage (Ramstetter, 1999). The characteristics of MNCs may also differ based on the extent to which they have foreign ownership (Ramstetter, 1999). Importantly, the results of my meta-analysis suggest that whether a firm is an MNC or a local firm will have no effect on the relationship between social ties and firm performance. In other words, whatever is the form of the firm in emerging markets, the firm will rely on social ties to enhance its performance.

Cleveland et al. (1989) also defined the competency of production as the consistency between the performance and the importance of competitive priorities, and they also argued that the business success in manufacturing is highly related to consistency, which in return contributes to a better business performance. My meta-analytical results showed that being a manufacturing firm will require high reliance on social ties in order to enhance the firm performance.

Chapter Eight

Limitations and Future Research

Like any other research, this meta-analysis has some limitations. For instance, while testing my meta-analysis, the numbers of articles used were limited to only 27 articles. As a result of the low number of articles, the sample size was only 115,741 which might affect the robustness of my results. Moreover, most of the studies used in the meta-analysis were conducted in emerging markets and in limited number of countries in order to see the impact of social ties on the firm performance. That is the results of this meta-analysis might not be generalizable to all emerging markets contexts. Moreover, future research could compare and contrast the effect of social ties on the firm performance in the base of the pyramid, emerging markets, and developed markets to decipher the importance of social ties in each market.

In addition, I have chosen a limited number of moderators to test the effects of social ties on firm performance (individualism, uncertainty avoidance, subjective vs. objective measures, competitiveness, management vs. non- management journals, MNCs vs. local firms, and manufacturing vs. non- manufacturing industries); however, there might be other moderators that have not been included in this meta-analysis.

Another important limitation is that I generalized the effects of social ties on the firm performance while ignoring the situation faced by each firm independently. According to Hsee and Zhang (2010), the behavioral responses of people to a specific

situation may vary depending on whether the situations are evaluated separately or jointly.

Chapter Nine

Conclusion

This meta-analysis was used to test the empirical findings and evidences that are related to the effects of social ties on firm performance. First I tested the effects of weak legal and institutional systems in emerging markets on such relationships. This meta-analysis also tested the effects of some moderators that could lead manager to expropriate the informal economy in order to improve the firm performance. The results support the positive relationship between social ties and firm performance, and the moderating effect of: individualism, uncertainty avoidance, competitiveness, and firm industry (manufacturing vs. non- manufacturing industries) on the relationship between social ties and firm performance. However, the results did not support the moderation effect of performance measures (Subjective vs. objective measures), nor the moderation effect of nationality of the firm (MNCs vs. local firms). As for the research question related to whether the journal domain (management vs. non- management journals) would affect the relationship between social ties and firm performance, the results showed that there is no effect of journal domains on the relationship. Finally, my conclusions resulted in new questions related to different kinds of moderators that could lead to further research on the relationship between social ties and firm performance.

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Appendix

Table 1

Coding Scheme for Meta-Analysis	
Variable name	Coding
<i>Author(s)</i>	Last names of author team
<i>Year</i>	Year of publication
<i>Publication Status</i>	1 = published, 0 = unpublished (dissertation, thesis, conference proceedings)
<i>Journal</i>	Journal of publication
<i>Management Journal</i>	1= Management journal, 0=Other
<i>Page #</i>	Pages in paper where results are reported
<i>Sample size</i>	Number of respondents
<i>Response rate</i>	%
<i>Sample - gender</i>	1=Both males and females, 0=One gender
<i>Sample – gender %</i>	Males %
<i>Sample – average age</i>	Average age
<i>Respondents</i>	1 = managers, 0 = other
<i>Country</i>	Country name
<i>Statistic reported</i>	Statistic reported (e.g., β , r [correlation], means)
<i>Statistical value</i>	Value of Statistic reported
<i>Reliability Independent var.</i>	Cronbach's alpha, composite or construct reliability
<i>Reliability Dependent var.</i>	Cronbach's alpha, composite or construct reliability
<i>Independent variable</i>	Construct title
<i>Dependent variable</i>	Construct title
<i>Dependent variable type</i>	1 = subjective, 0 = objective
<i>Data collection method</i>	1 = online, 0 = offline
<i>Company - industry</i>	Industry name

TABLE 2**Main Effect Results for Social Ties Effects**

	Number of samples (k)	Number of observations (N)	Weighted Correlation	95% Confidence Interval (CI_{BS})	Unaccounted variance (χ^2)	Fail- safe sample size (N_{fsR})
Performance	27	115,741	0.221***	[0.142; 0.297]	3582.116***	4,033

 $p < .001$

Table 3
Moderator Estimates in the Meta Regression

Factor	Performance	Standard Error	95% Confidence Interval (CI_{BS})	Z-Value
Intercept	-0.661	0.4483	[-1.5398; 0.2177]	1.47
Individualism CONT	-0.003*	0.0017	[-0.0063; 0.0005]	1.69
Uncertainty avoidance CON	0.19**	0.085	[0.024;0.356]	2.24
Competitive Index 1-7	0.185**	0.091	[0.0066;0.363]	2.03
Subjective 1 vs. Objective 0	0.138***	0.066	[0.0089;0.2671]	2.09
Management Journal 1	-0.132***	0.085	[-0.299;0.0356]	1.54
MNC 1/local 0	-0.0279***	0.0713	[-0.1677;0.112]	0.39
Company-industry Maufact.	0.167***	0.063	[0.0443;0.2899]	2.67

* $p < .1$ ** $p < .05$ *** $p < .01$

Statistics for Model 1

Test of the model: Simultaneous test that all coefficients (excluding intercept) are zero

$Q = 17.82$, $df = 7$, $p = 0.013$

Goodness of fit: Test that unexplained variance is zero

$\tau^2 = 0.01$, $\tau = 0.11$, $I^2 = 83.75\%$, $Q = 92.30$, $df = 15$, $p = 0.000$

Comparison of Model 1 with the null model

Total between-study variance (intercept only)

$\tau^2 = 0.03$, $\tau = 0.16$, $I^2 = 98.41\%$, $Q = 1381.27$, $df = 22$, $p = 0.000$

Proportion of total between-study variance explained by Model 1

R^2 analog = 0.53

Table 4
Weighted Univariate Results for Moderators

	Number of samples	Number of observations	Mean effect	95% Confidence Interval (CI_{BS})
<i>Journal Type</i>				
Management/1	23	73,092	0.218***	[0.14;0.293]
Other/0	4	42,649	0.216***	[0.112;0.315]
<i>Performance Measure Type</i>				
Objective/ 0	15	77202	0.217***	[0.113;0.315]
Subjective/ 1	12	38539	0.228***	[0.126;0.325]
<i>Company Type</i>				
Local/0	13	19887	0.253***	[0.159;0.342]
MNC/1	12	33820	0.199**	[0.066;0.325]
<i>Industry Type</i>				
Other/0	16	81504	0.180***	[0.12;0.238]
Manufacturing/1	11	34237	0.291***	[0.189;0.387]

* $p < .05$; ** $p < .01$; *** $p < 0.001$

Table 5
Correlation Matrix of Regression Coefficient Estimates

Correlation Matrix of Regression Coefficient Estimates for Model , Random effects (ML), Fisher's Z							
	Individualism CONT	Uncertainty avoidance CON	Subjective/ Objective	Competitive Index 1-7	Management journal	MNC1/l ocal 0	Company- industry manufact.
			-1		-1	0	-1
Individualism CONT	1	-0.4	-0.027	-0.34	0.06	0.57	-0.11
Uncertainty avoidance CON	-0.4	1	0.4	-0.16	-0.36	-0.17	0.36
Dependent variable type (1)	-0.27	0.4	1	0.07	-0.27	-0.29	0.25
Competitive Index1-7	-0.34	-0.16	0.07	1	0.14	-0.23	-0.2
Management journal (1)	0.06	-0.36	-0.27	0.14	1	0.15	-0.27
MNC 1/local (0)	0.57	-0.17	-0.29	-0.23	0.15	1	0.04
Company- industry manufact. (1)	-0.11	0.36	0.25	-0.2	-0.27	0.04	1

Figure 1: Studies Included in the Meta-analysis and Forest Pl

Figure 2: Model

Figure 3: Funnel Plot