

## COMPLETION REPORT

The Impact of Environmental Dynamism, Business Ties and Strategic Orientation on Firm Performance:  
The Evidence on the Strategic Alliance between Japan and Taiwan

Dr. Chen Hao-Cheng  
Assistant Professor  
Institute of International Management  
National Cheng Kung University

The major interest of this study is to discuss that the effects of social capital on firm performance are not as straightforward as the precedent papers assumed. Instead, this study tries to offer substantial support for the promising mechanism. Specifically, this study tries to construct a holistic evaluation of social capital mechanism in a competitive environment by incorporating strategic orientation into the link between firm business tie and firm performance. In addition, based on the fact that social capital theory and competitive dynamics research streams both share competitive advantage as a critical academic issue, this study tries to merge the two related disparate perspectives that thus far progressed along independent lines. The ultimate goal is to provide an effective model for firms to further understand how to utilize their social capital especially in a highly competitive environment by investigating both Japan-Taiwan joint ventures and wholly owned Japanese companies located in Taiwan.

Although previous studies have already focused on the relationship between business ties and the adoption of various strategic options and behaviors (e.g. innovation, strategic archetypes, diversification and internationalization strategies etc.), our study contributes to the literature by providing empirical support to the mediating role of a firm's strategic orientation in the relationship between business ties and performance; developing a more complete conceptualization of a firm's strategic orientation according to environmental dynamism. The alignment of an organization's strategic orientation to business ties is important for success and, consequently, it should be considered during the strategy formulation and deployment stages.

The research results are in line with the expectation of the initial research objective that business ties do directly influence firm orientation and firm performance in practice. This indicates that managers receiving business ties resources to evaluate their performance will tend to build a suitable environment and organizational culture for the future firm development. Managers with long-term relationship incentives have a tendency towards firm performance, such as reputation and social capital, etc. It is true that the effect of strategic orientation on firm performance is significant. Therefore, organizational network can be an important factor to positively affect firm performance development. Furthermore, strategy orientation plays its role as a mediator to partially affect the relationship of business ties and firm performance suggesting the importance of firm orientation to strengthen a firm's competitive capability.

Firm dynamism doesn't play its role as moderator to demonstrate the relationship between business ties and strategic orientation. Interestingly, observing independently, firm dynamism may show a significant result to firm performance if it does not act as a moderator. This outcome conveys the evidence that organizational network is developed to match the strategic orientation. Therefore, business ties, organizational network, could be good enough to explain the firm's willingness to nurture their firm performance for the sake of long-term business objectives.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

Chen, Hao-Cheng and Ryuichi Nakamoto, The Structural Change of R&D Engineers' Social Network after Job Transfer, 9th Asia Academy of Management Conference & 8th Taiwan Academy of Management Conference (AAOM&TAOM) in Hong Kong, China, Jun. 22-24, 2015

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

Chen, Hao-Cheng, The Impact of Environmental Dynamism, Business Ties and Strategic Orientation on Firm Performance: The Evidence on the Internationalization of Japanese companies, Journal of Management

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)