273

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The Role of Formal and Informal Socialization in the Creation of a Supply Chain Rational Capital in the Food Industry of Thailand

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Abstract-The study is carried out to examine the interrelationship among the capital formation mechanism, formal socialization, informal socialization and the supply chain rational outcome. The study has used the social capital theory to conceptualize interrelationship among the capital formation mechanism, formal socialization, informal socialization and the supply chain rational outcome. The study has employed the SEM-PLS to answer the questions raised in the study. The outcomes obtained for this study have suggested that some context-specific mixture of informal and formal socialization mechanism is needed. The formal structure is needed to form the basis for establishing the mechanism of informal socialization, which could occur after a certain time period. For instance, a senior executive in a food company observed this situation while evaluating potential suppliers for a strategic alliance of a multiyear steel agreement. According to this study, relational capital also facilitates some particular operational metrics in relationship interactions. In addition, the relation capital concept can be used by suppliers and buyers to make relation-specific investments and establish knowledge-sharing relationships for obtaining relational rents. Furthermore, the relational capital must be recognized as a key constituent to foster and maintain relationship performance. The study is among the pioneering studies on the issues and will be helpful for policymakers and researchers in understanding the issues related to capital formation mechanism, formal socialization, informal socialization and the supply chain rational outcomes in Thai food industry.

Keywords: *Social capital, Supply chain relational outcome, Food industry, Thailand*

1. Background

The eminent scholars who advocated the organizational theory have stated that learning one's organizational role is directly proportional to how they perceive or learn from it [1]. They have also suggested a significant contribution of socialization's while introducing beginners with the organizations' cultural values. A similar phenomenon can be witnessed in a buyer-supplier relationship, particularly during the early stage of their relationship. However, the Westerns' often disapprove the idea of buyer-seller socialization, while others praise its benefits obtained from such behavior and declared it as one of the best practices in an organization [2]. Integration of socialization facilitates in developing trust and inter-personal associations, which may result in relational capital stock to improve the relation among supplier.

The present research aims to identify informal and formal processes of socialization at the existing degree of relational capital among buyer and seller, as well as the performance level in the relationship among organizations. The current study proclaims that in an organization, socialization processes allow to learn each other's culture, validate the alignment potential, and transform organizational behavior in some cases, to realize desirable outcomes of an organization. Socialization functions by connecting both parties, resulting in the creation of close interaction network involving social interlinkages, and improving respect and mutual trust in the organizational relationships. Asian culture has widely considered it to be a significant approach [3], although the current research often ignored the significance of socialization. A systematic investigation confirms the socialization's extent of contributing to the tangible benefits and relational capital creation in the shape of an enhanced supplier relationship.

Relational capital and socialization originate from an organizational strategy. However, in view of Seong and Godart [4] organizational socialization refers to a process of appreciating social knowledge, abilities, expected behaviors and values of individual since these attributes are necessary for a member to participate and assume an organizational role as an important part of an organization. Furthermore, work behavior studies have predominantly emphasized upon the organizational members' here and now attitudes and their behavior for various groups, institutions, situational, and interactional characteristics

[1]. Although, it is a known fact that each purchasing supplier and manager behave differently. Purchasing managers play a significant role in establishing effective communication and working relationships, which result in an organization's competitive advantage [5]. Given that, we suspect further need to undertake research for identifying approaches to develop and manage the process of socialization among suppliers.

This research adopted organizational socialization lens for assessing the supply chain associations. Besides, recently published articles have greatly emphasized the influence of social networks and learning on SCP. Such as, in supplier associations, the buyer-seller social interactions were reported to have significant contribution in cost reduction and problem-solving [6]. Supply chain learning from common experience sharing is an important channel to exchange suitable practices [7]. In particular, these insights provide no new information regarding relational capital and socialization, although, the fundamental theoretical elements of relational capital and socialization have limited supporting theoretical base in the supply chain context. The study has taken the food industry as a sample of the study as it is one of the industries which is not only growing but also strengthening the ties with the neighboring countries. Thus, it is interesting to examine the role of social capital in the relational supply chain.
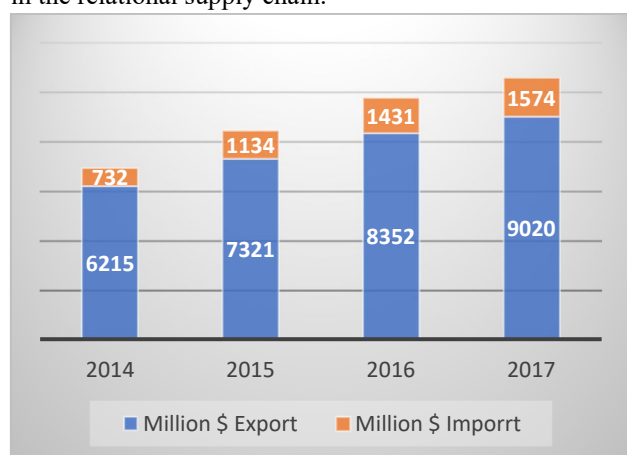

Figure 1: Import and export of food products from Thailand with other Asean countries
Source: Global Trade Atlas

This research postulated that informal and formal socialization elements give rise to buyer-seller goodwill, namely the relational capital [8]. It is not a modern concept in organizational relationships [9]. Although, developing relationships among relational capital and different socialization mechanism remain an untested phenomenon, particularly with respect to supplier relationships. A theoretical framework is developed from a set of social capital research and group theory, in order to design the theoretical model for this research. Therefore, we strive to fully comprehend the formal and informal role of buyer-seller socialization structures in the

relational capital creation. For establishing a theoretical foundation of this study, two complementary approaches were adopted to get insights, namely relational governance, and relational social network governance [10, 11]. These theories gave rise to the principal proposition that a supernormal profit is obtained by both parties when firms develop knowledge sharing relationship, make an investment in relational assets, and pool organizational resources using governance mechanism. One of such benefits is relational rent, which is a new theoretical term suggesting that suppliers and buyers share valuable information and invest in relational-specific assets from profits obtained in return from rents, which cannot be achieved without the joint working of both parties [10]. Drechsler, Hund [12] have argued that such investment on relational-specific assets and knowledge exchange generally takes place when combined expected value of investment and knowledge inflows is greater than the joint expected loss in case of knowledge spillovers in direction of competitors. The current research aims to explore the relationships among relational capital, actual buyer-firm advantages, and socialization processes.

2. Literature review and Hypothesis development

2.1 Formal socialization processes

The research on social interactions structure recognizes that an organizational group is arranged in a particular social structure having parts, such as organizational members and leader and interactions of broader context [13]. In addition, more social capital liquidity will be possessed by some groups due to the positioning of members in the organization's social structure [14]. With respect to buyer-supplier relationship, a formal process of socialization suggests that certain designated structures are developed for knowledge and information sharing and communicating expectations among the suppliers and buyers. Such information exchange takes place through formal mechanisms which include designated structural engagement formats, i.e. co-location, cross-functional teams, matrix-style structures for reporting, and systematically scheduled conferences and meetings. However, these structures are not combined to specify the desirable outcomes, rather the regular supplier team together with the cross-functional members have proven to be an acknowledged and core element to improve team interactions and outcomes [15]. In view of Kennedy and Widener [16], these structures are developed not only to permit knowledge transmission but also the exchange of cultural systems, values and belief. Such socialization structures often based on the basic assumption of formally bringing together a group of heterogeneous organizational members, which is a mechanism to bridge the gap among existing horizontal and vertical boundaries [17, 18]. In

addition, these channels were assumed to link internal networks of organization with external information, which is the major determinant for the group's effectiveness and its relational capital resources. Such as, ideal sourcing decisions are ensured through cross-functional sourcing teams. The above-mentioned literature indicates the positive contribution of formal socialization processes in relational capital formation.

2.2 Informal socialization processes

Another important source i.e. informal socialization takes place with the mutual buyer and seller understanding of successful organizational functioning, particularly the values and goals transmission in the form of informal interactions for value alignment or compatibility [16]. We specifically seek for mutual awareness and understanding perceived using informal socialization mechanism, also named as socialization tactics. Such informal associations usually occur external to the work setting, thereby capturing more focus on expressive and informal relationship aspects. Socialization tactics help to develop mutual trust among relational members and provide more time, motivation and opportunity for relationship strengthening.

Informal socialization activities have found to positively influence joint ventures among the US and Chinese relationship interactions, specifically during the processes of building trust, the transmission of cultural values and norms, and improving communication, which in turn increase each members' utility and liquidity of social capital. This alteration of relational focus gives rise to the informal requirement of becoming an effective organizational worker. A number of Asian cultures, such as Japanese, Korean, and Chinese, established norms in which workers, suppliers, and buyers socialize mostly outside their working environment, such as dining. A few researchers [19, 20] have examined the extent of workplace friendships, by inquiring about the level of socializing outside the workplace. Mika and Gangemi [11] stated that buyers and sellers in a group having strong ties and interconnected with each other outside their organizational workplace via informal socializing are expected to have greater trust, stronger relationship norms, more confined cooperation and penalties for self-absorbed socialization behaviors as compared in non-socialized groups or relationships. According to Laeven, Levine [21] exchange reciprocity brings mutual trust by enforcing relational norms and close inspection to avoid free-riding. Relational capital is obtained resulting from the socialization process of an organization. It may involve, a specific attitude towards routine activities, a preparedness in choosing certain events in order to gain attention, and presenting ideas regarding one's different repetitive behavioral responses perceived by others, and so on [22]. Briefly, relational capital is produced as a result of informal socialization tactics, such as learning a cultural

perspective which establishes knowledge and awareness regarding unusual and commonplace matters in the buyer-supplier association. Generally, such benefits are obtained if each party agrees to connect and communicate in non-workplace environment or informal setting [23], for instance, workshops, social events, communication guidelines , No. open door policy), casual meals, off-site meetings, joint improvement of on-site projects, such as engineers, and line-staff. These meetings mostly take place external to available versions or official context.

2.3 Relational capital generation and supplier relationship outcomes

During extended buyer-seller working relationship, both buyers and sellers started realizing the barriers and peculiarities of achieving operational efficiencies. It is evident that all informal socialization relationships cannot always attain high information exchange, high trust, and high interaction level which are essential for generating relational capital [24]. Significant socialization investment may involve uncertainties when there is low potential for relational capital generation. Although, improvement potential has been shown in the form of improved associations and high return projects using multiple scenarios [23]. Several empirical studies Ellram and Murfield [23] have shown that increased level of trust and improved relationships could result in better supplier performance. Therefore, such particular benefits may involve improved delivery, lower costs, new technological insights, fewer quality problems, and timely product launching, etc. [2, 15, 23]. Based on the literature reviewed the study has proposed the following hypothesis.

H1: Formal socialization mechanism is in a significant relationship with the supplier relation outcome.

H2: Formal socialization mechanism is in a significant relationship with the relational capital.

H3: Formal socialization mechanism is in a significant relationship with the informal socialization mechanism.

H4: Relational capital is in a significant relationship with the supplier relation outcome.

H5: Informal socialization mechanism.is in a significant relationship with the supplier relation outcome.

H6: Informal socialization mechanism is in a significant relationship with the relational capital.

H7: Relational capital mediates the relationship between formal socialization mechanism and supplier relation outcome.

H8: Informal socialization mechanism the relationship between formal socialization mechanism and supplier relation outcome.

3. Research technique and Measurement

In recent years, with the improvement in computing technologies, the web-based surveys have been gaining increased attention among the researchers. Several types

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of research [25, 26] have attempted to discover the advantages and disadvantages of recently appearing research techniques. Although, comparable data has been found from email-based and electronic surveys having fewer missing responses. In view of Klassen and Jacobs [26] these surveys generally exhibit a lower response rate. Thus, to get better response rate for the present research, careful consideration has been given on the ease of usage, questionnaire design, maintenance of the interest of survey respondents and burden upon respondents [25], 20. However, these issues if not addressed act as major reasons for lower response rate [27].

Pilot study was conducted in two phases using the developed survey. The draft survey was initially delivered to academic experts and was asked about the instrument's clarity, scaling, and content of the survey. Based on the feedback of experts, the survey was finalized after making minor amendments. Afterward, the internet address of survey was shared with nine contacts from the industry who gave finishing touch to survey with particular focus on the design, content and its usability. At this stage, minor design changes are proposed and made.

3.1 Operationalization of variables

Formal socialization mechanisms

The study estimated organizational socialization through Sparks and Hunt [28] scale involving three items. The processes and structures of formal socialization mechanism were assessed to ease the buyer-supplier socialization. Using a three-itemed scale measure, respondents were asked for specifying how much they generally use cross-functional teams, joint workshops, and matrix-style reporting structure.

Informal socialization mechanisms

Furthermore, the current study used Cousins and Menguc [29] scale to determine informal socialization mechanisms, based on earlier studies by, Gupta and Govindarajan [30]. The processes and structures of informal socialization mechanism were observed to smooth the buyer-supplier socialization. In a three itemed scale, respondents were asked to specify their level of visiting on-site suppliers, using communication guidelines, and their knowledge about supplier issues.

Relational capital

Measures were adopted to examine the concept of relational capital generation based on earlier studies such as Badaracco [31], Mohr and Spekman [32] and Lavie [10]. It is a three-itemed measuring scale which estimates interaction among supplier and buyer, respect, and mutual trust.

Supplier relationship outcomes

A three-itemed scale was used to measure supplier relationship outcomes by estimating the level of relationship over a time period of 2-3 years, which consequently improve process design, increased sales and

the product design. This scale was formulated and approved.

4. Analysis and results

After the data screening process and descriptive statistics, the next step is the estimation of measurement model. Non-normality of data and small sample size are the issues that the researchers mostly face while targeting firms as an item of analysis. Thus, same issues were faced by this study. Therefore, PLS-SEM was chosen by this study as it is an appropriate statistical technique as compared to CB-SEM. A sample of 121 was chosen to be sufficient for PLS-SEM estimation, following Hair, Sarstedt [33] recommendation. However, several studies have identified a similarity among PLS-SEM and CB-SEM, i.e. both techniques are based upon two-steps procedure. The PLS-SEM path model involves two steps, the first step involves the determination of measurement model and, the second step involves assessing path relations of the variables involved in the structural model. Analyzing measurement model refers to assessing of the model's statistical elements, to confirm if the model is suitable and meet the requirements for applying statistical procedures. Therefore, for applying statistical procedures, the model is then assessed by examining the reliability or internal consistency, convergent validity, discriminant validity and construct validity through SmartPLS.
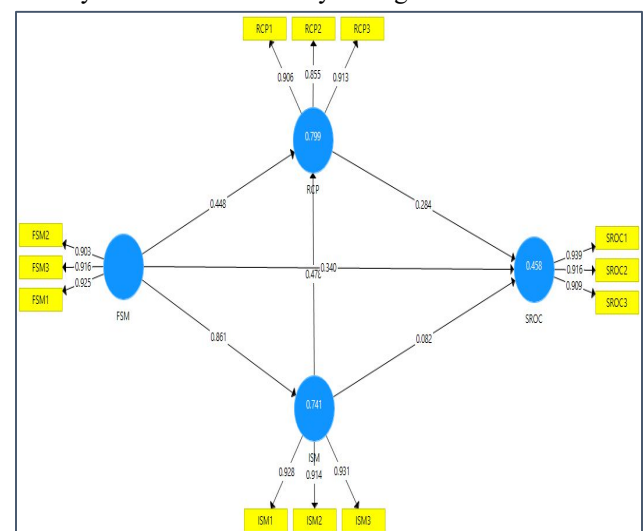

Figure 2. Measurement Model

The reliability test can be taken as a precondition to achieve validity. It analyses the extent of measures to be error free and producing consistent outcomes. It is important to ensure reliability because defective impacts of measures can subside the significant correlations among the measures. Thus, Hosany, Prayag [34] suggested the multi-item scaled measures for resolving measurement errors. These measures allow researcher to omit those items from the model which exhibit measurement errors, thereby improving the scale reliability. No measurement errors were reported in this

study, as all items were measured repeatedly for five times.

Table 1. Reliability

	Cronbach's Alpha	rho_A	CR	, No. AVE)
FSM	0.902	0.903	0.939	0.837
ISM	0.915	0.917	0.946	0.855
RCP	0.870	0.872	0.921	0.795
SROC	0.911	0.912	0.944	0.850

Internal consistency is the reliability testing method for checking the items' reliability on the basis of their homogeneity. It aims to observe each scale items' extent to measure the same variable. In order to assess the reliability or internal consistency of constructs, composite reliability , No. CR) is a frequently used measure and is interpreted similar to Cronbach alpha , No. CA). The results for CA test are presented in Table 5.13, indicating that all values are above 0.70, thereby satisfying the threshold level, thus, for each construct, high internal consistency was achieved. If the values for reliability lies in the range of 0.70-0.90, then it is considered to be satisfactory. However, values above 0.90 or 0.95 are believed to be undesirable and indicating that the indicator variables are likely to measure the similar constructs. The validity of a construct is generally confirmed based on the discriminant and convergent validity. Observing item and cross loadings of the constructs confirm the item validity and considers as a prerequisite to ensure convergent validity. If the item loading for the construct is high, then it is beneficial for the construct, on the other hand, if the item loadings for other constructs exhibit higher loadings then it shows the presence of an issue in that item. According to Hair, Hult [35], 0.50 or above loading for outer model is considered acceptable and valid, whereas below 0.50 loading indicates that items must be omitted from the model one by one, based on their loadings, i.e. the item with the lowest loading to be omitted first, for improving data quality. The loadings in terms of variables and indicators are presented in Table 2. With regards to current study, the results exhibited high indicator loadings on their respective constructs, i.e. 0.747- 0.950. Thus, it affirms the validity of the measurement model constructs.

Table 2. Outer loadings

	FSM	ISM	RCP	SROC
FSM2	0.903			
FSM3	0.916			
ISM1		0.928		
ISM2		0.914		
ISM3		0.931		
RCP1			0.906	
RCP2			0.855	
RCP3			0.913	
SROC1				0.939
SROC2				0.916
SROC3				0.909
FSM1	0.925			

According to Tzempelikos and Gounaris [36] the average variance extracted should to be observed, which must exhibit values above or equal to 0.50. In addition, the factor loadings, AVE, and composite reliability must be assessed based on their threshold levels, i.e. factor loadings must be 0.70 or above, AVE must be above 0.50, and CR must be equal to or above 0.70. The AVE=0.50 explains that on average, latent variable explains half of the variance in the manifested variable. The discriminant validity and convergent validity are the subsets of construct validity. The discriminant validity assesses the occurrence of dissimilarity in measuring concepts of different constructs. Discriminant validity in PLS-SEM can be observed by two measures. The discriminant validity of model is generally assessed to confirm if the model is externally consistent. In view of Tzempelikos and Gounaris [36] if each constructs' square root is higher in comparison to its highest correlation among other constructs, then discriminant validity is confirmed.

Table 3. Discriminant Validity

|	FSM	ISM	RCP	SROC
FSM	0.895			
ISM	0.861	0.894		
RCP	0.860	0.864	0.891	
SROC	0.755	0.720	0.748	0.822

After examining the measurement model, next step is the estimation of the structural model. The structural model examines the underlying assumption of correlations and regression between the variables. According to Hair, Sarstedt [33] structural model estimation is a five-steps procedure; i.e. 1) Assessing the issue of collinearity; 2) Assessing the relevance and significance of structural relationships involved in the model; 3) Estimating coefficient of determination , No. R^2) and effects size; 4) Observing the predictive relevance; and 5) Finally, analysing the q^2 effect sizes. Before the completion of data analysis, the mediation effects were also analysed for this study. The following sections involve detailed discussion regarding the structural model assessment.

Assessing the collinearity issue is the first step while analyzing the structural model. Collinearity is the degree of high correlation among the two model indicators. Table … shows that result of collinearity test is indicating that all variables have satisfied the threshold level i.e. tolerance level came out as greater than 0.20, and the value for VIF <5, thus confirmed the absence of multicollinearity in the model. The VIF value falls within 0.243-0.439, and tolerance level lies within 2.278-4.122.

Table 4. VIF

	VIF
FSM2	2.617
FSM3	2.927
ISM1	3.265
ISM2	2.994
ISM3	3.366
RCP1	2.698
RCP2	1.915
RCP3	2.781
SROC1	3.762
SROC2	3.037
SROC3	2.838
FSM1	3.159

The next step involves checking the relevance and significance of structural relationships involved in the model. Analyzing the path coefficients of structural model is done for testing the proposed association among the model constructs. Under PLS-SEM, the directional relationships among variables are analyzed in the structural model, followed by the examination of path coefficients and t-values. The path-coefficients are somehow similar as standardized beta-coefficients obtained during regression analysis.
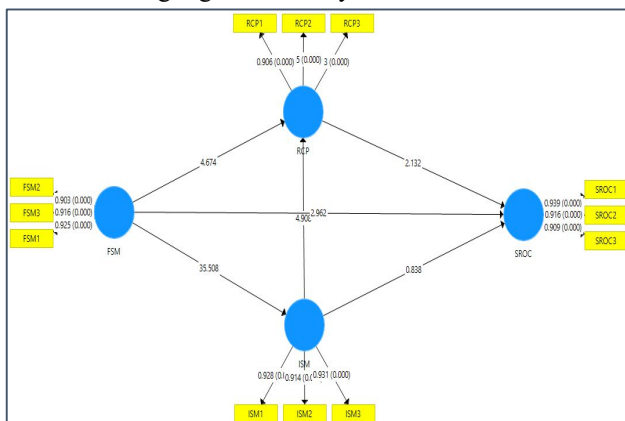
Figure 3. Structural Model

Afterwards, the more specific and detailed information, including t-values, path-coefficients, and S.E which supports the hypotheses were presented. The study also performed t-test using 5000 iterations by carrying out bootstrapping method. In order to ensure sampling distribution for each model, 5000 samples were taken, whereas, sampling distribution's standard error acts as a substitute for the empirical standard error of a parameter. Afterwards, critical values of 1-tailed test were obtained to check the level of significance, therefore, the critical values obtained through 1-tailed test are: 2.33 at 1% level of significance, 1.65 at 5% level of significance, and 1.28 at 10% level of significance.

Table 5. Direct Relationship

	, No. O)	, No. M)	, No. STDEV)	, No. |O/STDEV|)	P Values
FSM -> ISM	0.861	0.860	0.024	35.508	0.000
FSM -> RCP	0.860	0.860	0.024	35.415	0.000
FSM -> SROC	0.655	0.656	0.071	9.236	0.000
ISM -> RCP	0.478	0.487	0.097	4.908	0.000
ISM -> SROC	0.218	0.228	0.091	2.397	0.008
RCP -> SROC	0.284	0.284	0.133	2.132	0.017

Table 6. Mediation

	, No. O)	, No. M)	, No. STDEV)	, No. |O/STDEV|)	P Values
FSM -> ISM -> SROC	0.412	0.420	0.088	4.653	0.000
FSM -> RCP -> SROC	0.127	0.127	0.068	1.866	0.031

The coefficient explains the reflective accuracy of the model. It is determined by taking the square of correlation among the predicted endogenous construct values and actual endogenous construct values. According to Hair, Sarstedt [33] the coefficient reflects the combined effects of exogenous latent constructs on the model' endogenous latent constructs. The range of coefficient of determination is 0-1, where higher R^2 value i.e. closer to 1 value shows higher predictive accuracy. Researchers proposed no rule of thumb for R^2 value, however, $R^2=0.75$ suggest substantial prediction, $R^2=0.50$ suggest moderate prediction, and $R^2=0.25$ suggest weak prediction. Therefore, the more the paths for targeted construct, the greater the R^2 value of the targeted construct. Majority of the researchers while conducting a study looks for the parsimonious model, i.e. model which can well explain the data using fewer independent variables.

Table 7. R-Square

	R Square
ISM	0.741
RCP	0.799
SROC	0.458

Finally, the effect size was determined, since it is important to check the model's predictive relevance. Effect size generally targets for analyzing the predictive capacity. Hair, Sarstedt [33] suggested that Q^2 value shows the predictive relevance of the underlying model, where $Q^2>0$ represents predictive relevance of path model, and $Q^2<0$ represents no predictive relevance of path coefficients. This procedure is applicable for only single item endogenous construct or reflective constructs; however, it does not require formation of the endogenous construct. The table shows the Q^2 values obtained using blindfolding method, as recommended by Hair, Sarstedt [33].
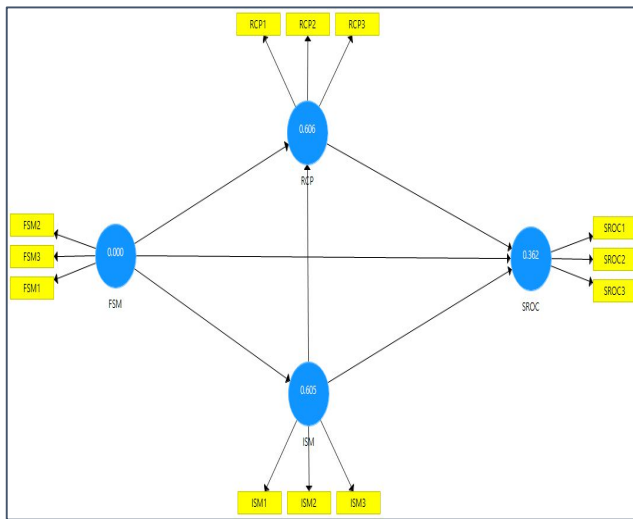
Figure 4. Blindfolding

Table 8. Q²

	SSO	SSE	Q² , No. =1-SSE/SSO)
FSM	651.000	651.000	
ISM	651.000	257.323	0.605
RCP	651.000	256.772	0.606
SROC	651.000	415.405	0.362

5. Discussion and conclusion

The results obtained for current research are consistent with the previous works, i.e. for improving relationship effectiveness boundary-spanning must be sustained to improve informal socialization. Such as, social interaction's significance was described by Rebelo, Nobre [2] and they also suggested that buyers know that in what way intensive information sharing and amount of face time can be increased by supplier work using close working interactions. Besides these, other authors also stated that it is the process of socialization which steers the bank of goodwill and relational capital generation and bring performance benefits and further collaboration among each other. The outcomes obtained for this study have suggested that some context-specific mixture of informal and formal socialization mechanism is needed. The formal structure is needed to form the basis for establishing the mechanism of informal socialization, which could occur after a certain time period. For instance, a senior executive in food company observed this situation while evaluating potential suppliers for strategic alliance of a multiyear steel agreement. He stated that a short list was developed, and a day was spent in interviewing with each potential supplier and in knowing and understanding them. It was recognized that the alignment with our culture is the most essential thing which must be considered. Some general questions were asked from each supplier, such as; their business philosophy, and their view about us i.e. in terms of

potential customer. No response was received in some cases, while in others, it has been decided within five minutes that it will not work between us and ended up choosing our previous supplier as we share the same values and they know how we function. This applied methodology is named as Value-based business Integration.

The present study supported the significant contribution made by relational capital in inter-organizational relationships management. Tolbert and Hall [24] also concluded that mutual respect, personal interaction, and trust were found as the essential elements to gain desirable performance outcomes, in the form of reductions in lead times, improved process and product design. Relational capital formation among buyer and seller helps in potentially enabling the accurate and quick transmission of important and useful information within the network. Similar to social capital, the relational capital is assumed as pliable and has the ability to enhance social relationships following the directions of both firm actors. According to this study, relational capital also facilitates some particular operational metrics in relationship interactions. In addition, the relation capital concept can be used by suppliers and buyers to make relation-specific investments and establish knowledge sharing relationships for obtaining relational rents. Furthermore, the relational capital must be recognized as a key constituent to foster and maintain relationship performance.

6. Practical implications

The findings of this research provide many directions for future researches. The mixture of informal and formal social channels must emphasize more upon multi-dimensional, and complex relational capital models which may attempt to investigate the interactions among various channels required for developing deeper understanding regarding social capital. The current research signifies that informal and formal socialization processes are linked to each other such that they enable and strengthen each other.

Every research may have some limitations, while interpreting the results for this research some care has been taken. First, since the companies obtained from CIPS database, therefore, the results of this study cannot be generalized to all companies from other sectors. This issue can also be understood through replication across services or other industries. Secondly, our analysis has not considered a range of mediating variables, such as the importance of commodity, relationship's length, and degree of supply risk, as well as trust and power could play their role to assess the relational capital generation and its performance impact. These elements can be used for further research purposes, which can facilitate in identifying the bi-lateral social mechanisms of these relationships. Lastly, with the evolution of relational

capital and significance of socialization processes, the supplier relationships are also changing over time. This study was confined to cross-sectional data usage; however, longitudinal data can be used in future studies to understand variables' dynamic nature and their level of interaction. The results provided managers with important implications for supplier relationship management. This study linked relational capital and socialization processes, and also implemented them to the BSR context. Furthermore, the empirical findings have suggested the significant role of informal mechanism in creating and shaping relational capital, thereby leading to direct benefits such as improved responsiveness, improved process and product designs. Results have also highlighted that additional research is needed such as identifying different circumstances for relational capital creation and specific linkages among informal and formal socialization mechanisms. In addition, these implications propose that greater socialization requirement may found to be inconsistent with the ethical requirements of buyers. Since Asian cultures have fully established these norms, therefore, there can possibly be an alternative mechanism in Western companies to ensure similar benefits of informal socialization mechanisms.

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