



## AN ABSTRACT OF THE DISSERTATION OF

Min Jeong Seo for the degree of Doctor of Philosophy in Design and Human Environment presented on June 2, 2015.

Title: Social Capital, Capabilities, and Performance of Korean Immigrant-Owned Fashion Businesses in the Los Angeles Area

Abstract approved:

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The contributions of Korean immigrant-owned fashion companies (KIOFCs) are increasing in the U.S. fashion industry. This study explored more deeply how KIOFCs can obtain competitiveness in the fiercely competitive fashion market. Specifically, this study 1) described the prominent characteristics of KIOFCs in the Los Angeles area, 2) investigated the multidimensional constructs of social capital, company capabilities, and company performance, and 3) examined the relationships among social capital, company capabilities, and company performance.

Data collection targeted fashion companies owned by 1st, 1.5, and 2nd generation Korean immigrants in the Los Angeles area. For the convenience of the Korean participants, two versions (Korea and English) of the questionnaire were developed. Through in-person and online surveys, a total of 229 questionnaires [in-person ( $n = 160$ ) and online ( $n = 69$ )] were collected. After screening inappropriate data including irrelevant or missing information (e.g., non-Korean owners, the generation of

immigrants, and low knowledge levels), data from 171 usable surveys were used for the analysis of this study.

Partial Least Squares (PLS)-SEM analysis was employed to test the relationships among social capital, capabilities, and company performance. The results showed that cognitive social capital was positively related to relational social capital and company performance. Internal and external capabilities fully mediated the relationship between relational social capitals and company performance. On the other hand, the results did not support that the network ties (a. *inmaek*, b. business activities, and c. social interaction) were related to relational social capital and company performance respectively.

In conclusion, the findings suggest that fashion companies need to engage in the following activities with business partners in order to achieve a higher degree of buyer, market, and financial performance; 1) enhance cognitive social capital such as business vision and culture with business partners and 2) make efforts for relational social capital, such as trust and commitment with business partners which help to improve company capabilities. Additionally, future research is needed to identify significant network ties which contribute to business performance as considering the various stages of business growth.

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Social Capital, Capabilities, and Performance of Korean Immigrant-Owned Fashion  
Businesses in the Los Angeles Area

by  
Min Jeong Seo

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I understand that my dissertation will become part of the permanent collection of Oregon State University libraries. My signature below authorizes release of my dissertation to any reader upon request.

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Min Jeong Seo, Author

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*감사합니다.*

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*To my parents*

# Social Capital, Capabilities, and Performance of Korean Immigrant-Owned Fashion Businesses in the Los Angeles Area

## Chapter 1

### Introduction

This chapter consists of the following sections: 1) Background, 2) Rationale, 3) Research Question, 4) Purpose of Study, 5) Research Hypotheses, 6) Significance of Study, and 7) Definition of Terms.

### **Background**

Immigrant-owned companies worldwide have grown in number over the past 30 years. In 1989, Simon (1993) estimated that 160,000 entrepreneurs in France were born overseas. Canada recruited more than 310,000 immigrants between 1983 and 2001, through the business immigration program (Ley, 2006). In Australia, immigrants who came from countries such as Korea and Taiwan showed higher self-employment rates than Australians (Collins & Low, 2010). In the United Kingdom (UK), one in five businesses in London were counted as owned by ethnic groups including those from India, Pakistan, Nepal, China, Korea, Indonesia, Vietnam, and Turkey (Smallbone, Kitching, & Athayde, 2010).

In the U.S., 18 percent of the 2010 Fortune 500 companies were founded by immigrants. When the children of immigrants are included, the number increases to 41 percent. Examples include AT&T (Scotland), DuPont (France), Google (Russia), TJX

(Russia), Kohl's (Poland), eBay (France), Nordstrom (Sweden), Yahoo (Taiwan), Costco Wholesale (Canada), Walgreen (Sweden), Apple (Syria), McDonald's (Ireland), VF (Germany), and Dollar Tree (Canada) (The Partnership, 2011). In addition, the business start-up rate of immigrants is about 30 percent higher than non-immigrants (Fairlie, 2008). The growth rate of Hispanic-owned businesses is three times faster than the U.S. average (Curci & Mackoy, 2010).

In the U.S., immigrant-owned businesses contribute to the economic development of the region by creating jobs, innovation, and wealth (Fairlie, 2012; Saxenian, 2002). About 12 percent of the U.S. government income (\$67 billion out of \$ 577 billion) is obtained from immigrant-owned businesses (Fairlie, 2008). Immigrant-owned businesses showed higher levels in employment and exports than non-immigrant businesses (Fairlie, 2012).

In the Los Angeles area, Korean immigrant-owned fashion businesses have increased in a short period of time. According to Light and Bonacich (1988), in 1975 only 11 Korean immigrant-owned garment contractors (sewing factories) were in operation. By 1979, there were 61 sewing factories operated by Korean immigrants. The number more than quintupled in just five years. The Korean American Garment Industry Association (KAGIA) reported that about 1,500 sewing factories were operated by Korean immigrants in the peak period; now there are about 800 - 1,000 sewing factories (M. H. Kim, 2015).

While many Korean immigrant-owned garment factories were closed, Korean immigrants have rapidly opened their own wholesale businesses in the Los Angeles Fashion District (LAFD). At the end of the 1970s, only three wholesale businesses were

owned by Korean immigrants. Currently, Korea Trade-Investment Promotion Agency (KOTRA) reported that 2,000 out of 2,500 wholesale businesses in the LAFD were owned by Korean immigrants (Song, 2013). 84% of the businesses in the place called the New Jobber Market were owned by Korean immigrants (B. Kim, 2013). In addition, an estimated 70-100 textile companies are owned by Korean immigrant entrepreneurs (K. J. Lee, 2014).

These data support that a large number of Korean immigrant businesses are thriving in the Los Angeles area. As a result of increases in the number of Korean immigrant entrepreneurs in the Los Angeles fashion industry, Korean immigrant-owned fashion companies (KIOFCs) are confronting the problems of fierce competition. Yet, it does not address how KIOFCs can obtain or improve their competitiveness despite the growing competition.

### **Rationale**

There are several research gaps identified from reviewing the literature on immigrant-owned companies in the fashion industry. This study aims to bridge these gaps mentioned below.

**Immigrant-owned fashion businesses.** With the increase in immigrant population, the topic of immigrant-owned business has become significant. Previous researchers have focused on how immigrant networks influence job employment (Sanders, Nee, & Sernau, 2002); how immigrants start their own business in host countries (Cobas & Deollos, 1989); how immigrants affect the economy or other businesses in their home countries (Tung & Chung, 2010). In addition, numerous studies

have argued that immigrants have played a significant role for the small business in the U.S. (Waldinger, Aldrich, & Ward, 1990). Immigrant-owned businesses related to high-technology industries have been extensively researched by scholars (D. M. Hart & Acs, 2011; Saxenian, 2002). However, immigrant-owned fashion businesses in the U.S. fashion industry have been neglected even though there are more immigrants involved in the fashion industry compared with other industries (Light, Bernard, & Kim, 1999; Morokvasic, Waldinger, & Phizaclea, 1990; Park, 1997).

KIOFCs occupied about 70 percent of total booths in young junior/contemporary section of the Las Vegas MAGIC show, one of the largest fashion trade shows in the U.S (Baek, 2003; W. Lee, 2015). The data provide evidence that Korean immigrants constitute a big part of the U.S fashion industry. Therefore, this study focused on KIOFCs to correspond to the growth of Korean immigrants in the U.S fashion industry.

**Korean immigrants as entrepreneurs.** The previous research is limited to the immigrants who were employed as cheap labor in garment factories. In the past, Korean immigrants concentrated on subcontract manufacturing businesses such as sewing factories in order to replace cheap labor in the U.S. fashion industry (I. H. Light & Bonacich, 1988; P. G. Min, 1993); however, now many Korean immigrants have become the successful entrepreneurs of wholesale manufacturing businesses or fashion companies launching their own brands. According to Abelman and Lie (1995), Korean immigrant-owned businesses have succeeded because of certain cultural characteristics of Korean immigrants such as frugality, hardwork, and ethnic unity. It cannot be doubted the importance of factors for the success of Korean immigrant-owned fashion businesses. However, practical guidance for how current and potential Korean immigrant

entrepreneurs can manage their fashion businesses efficiently and effectively cannot be derived from Korean cultural characteristics. In addition, the numbers of KIOFCs increases, KIOFCs are competing not only with other KIOFCs but also with fashion companies owned by other immigrants (e.g., Chinese, Japanese, and Hispanics) and non-immigrants. Thus, research on KIOFCs from a strategic management perspective is necessary.

**Diaspora networks.** Immigrant entrepreneurs are likely to depend on the same ethnic group for social and professional networks. For instance, immigrants created various networks based on the same language, education, and professional experience. Through networking activities, immigrant entrepreneurs are able to obtain market information, capital, and know-how to start business (Saxenian, 2002). However, the significance of ethnic-based network activities (diaspora networks) on the success and growth of immigrant-owned businesses is unclear. Therefore, network types for prediction of immigrant-owned business' continued success should be studied with a more in-depth investigation.

**Linking social capital and capabilities:** Few studies have taken an integrative approach to examine the roles of social capital and capabilities to improve company performance. Many studies have addressed that social capital (Fornoni, Arribas, & Vila, 2012; Stam, Arzlanian, & Elfring, 2014; Wu, 2008) and company capabilities (Hsu, Tan, Kannan, & Keong Leong, 2009; Ramaswami, Srivastava, & Bhargava, 2009; Vorhies & Morgan, 2005; Yu, Ramanathan, & Nath, 2014) as separate significant factors to improve company performance. These studies have provided enough evidence that managing social capital or capabilities is closely related to the improvement of company

performance. However, little is known about the relationships between social capital and capabilities. Thus, a study examining the linkages between social capital and capabilities may provide more practical guidance on how the social capital and capabilities are integrated to improve company performance.

**Empirical testing.** Lastly, studies of immigrant-owned businesses have dominantly used some qualitative approaches such as case studies or interviews (Chin, Smith, & Yoon, 1996; Saxenian, 2002; Sonderegger & Taube, 2010). These studies have been grounded in understanding the nature of immigrant-owned businesses. However, qualitative approaches may not provide enough information to aggregately comprehend the phenomenon of KIOFCs' success in the LAFD. Therefore, empirical testing is essential to confirm and predict the critical success factors of KIOFCs.

### **Research Question**

The general research question is how do KIOFCs have competitive advantages in the Los Angeles area? To understand the phenomenon of KIOFCs' success in the U.S., both the social capital theory and the resource-based view theory are applied. Specific research questions:

- 1) What is the relationship among the constructs of social capital?
- 2) What is the relationship between social capital and company capabilities?
- 3) What is the relationship between social capital and company performance?
- 4) What is the relationship between company capabilities and company performance?

The relationships among social capital, company capabilities, and company performance in the context of a Korean immigrant-owned fashion business are shown in the proposed model (see Figure 1-1). Social capital and company capability are noted as significant antecedents related to the performance of KIOFCs.

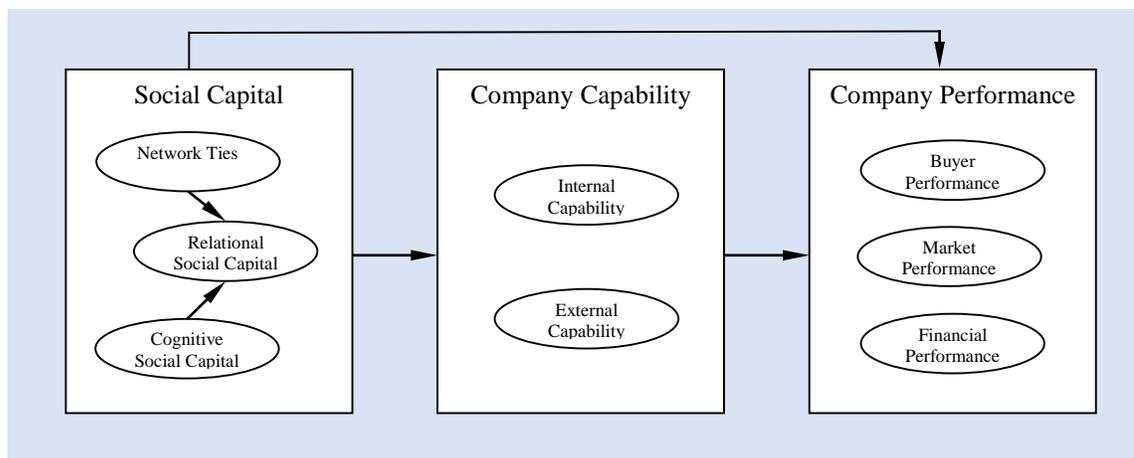


Figure 1-1 Proposed research model

### Purpose of Study

Using the special case of KIOFCs, the purpose of this study is to investigate factors that contribute to their performance.

First, this study describes the prominent characteristics of KIOFCs in the Los Angeles area to understand the nature of the business system. For instance, this study examines the extent to which KIOFCs not only have business partners at various business categories: fabric, subsidiary, developer, manufacturer, logistics, and other service providers, but they also work with the companies owned by Korean immigrants. In addition to business partners, this study describes a number of characteristics such as owners' immigrant generations, major business categories, sales items, annual sales,

buyers, headquarters' location, sourcing countries, the rate of employees by ethnicities, and their level of language proficiency.

Second, this study identifies the three dimensions of social capital, *network ties*, *relational social capital*, and *cognitive social capital*, the two dimensions of company capability, *internal and external capabilities*, and company performance, as higher-order multidimensional constructs. Specifically, network ties includes these lower-level constructs: *immaek*, *business activities*, and *interactions*. Relational social capital consists of these lower-level constructs: *trust*, *commitment*, and *tie strength*. Cognitive social capital consists of these lower-level constructs: *shared language*, *shared culture*, and *shared vision*. Internal capability consists of these lower-level constructs: *new product design and development* and *buyer-linking capability*. External capability consists of these lower-level constructs: *sourcing and procurement capability* and *logistics and distribution capability*. Company performance consists of these lower-level constructs: *buyer performance*, *market performance*, and *financial performance*. Even though the lower-level constructs are understood as separate constructs, merging lower-order multiple constructs into a single higher-order construct can provide a more parsimonious explanation and enable understanding through an underlying common concept (Hair, M., Ringle, & Sarstedt, 2014).

Third, this study is to test empirically that the relationships among social capital, company capabilities, and company performance. Specifically, the objectives are to examine: 1) how the components of social capital (i.e., network ties, relational social capital, and cognitive social capital) interact, 2) how relational social capital, a dimension of social capital, influences company capabilities (i.e., internal capability and external

capability); 3) how company capabilities (i.e., internal capability and external capability) influence company performance (i.e., buyer performance, market performance, and financial performance) of KIOFC; 4) how social capital (i.e., network ties, relational social capital, and cognitive social capital) influences the performance of KIOFCs (i.e., buyer performance, market performance, and financial performance).

In conclusion, the purposes of this study are following:

- 1) To describe the prominent characteristics of KIOFCs in the Los Angeles area
- 2) To identify the three dimensions of social capital (i.e., network ties, relational social capital, and cognitive social capital), the two dimensions of company capabilities (i.e., internal capability and external capability), and company performance as multidimensional constructs
- 3) To examine the relationships among social capital, company capabilities, and company performance.

### **Research Hypotheses**

To achieve the objectives of this study, the following hypotheses are suggested and investigated.

- H1: Network ties will be positively related to relational social capital.
- H2: Cognitive social capital will be positively related to relational social capital.
- H3: Relational social capital will be positively related to internal capability.
- H4: Relational capital will be positively related to external capability.
- H5: Internal capability will be positively related to company performance.
- H6: External capability will be positively related to company performance.

H7: Relational capital will be positively related to company performance.

H8: Network ties will be positively related to company performance.

H9: Cognitive capital will be positively related to company performance.

H10a: The relationship between relational social capital and company performance will be mediated by internal capability.

H10b: The relationship between relational social capital and company performance will be mediated by external capability.

### **Significance of the Study**

The primary contribution of this study is to provide practical implications to current and potential immigrant entrepreneurs. Thousands of immigrants are continually coming to the U.S. to accomplish their American dreams, and immigrants are likely to be entrepreneurs (Collins & Low, 2010; Rampell, 2013; Saxenian, 2002; Tung & Chung, 2010). The timing is perfect to understand how immigrant entrepreneurs can make their businesses successful in a host country because the phenomenon of immigration is extending globally. Although this study focuses only on Korean immigrants, the results can provide other ethnic immigrant communities with the insights on how they can build a successful business model in their host countries.

Second, this study contributes to the advancement of the literature on both social capital and resource based-view by exploring the importance of inter-company relationships and capabilities for the improvement of performance, indicating the success of KIOFCs located in the Los Angeles area. This study applied the concepts of social capital and capabilities to understand the nature of the management of KIOFCs. This

model suggests how social capital and capabilities affect fashion companies' sustainable success. Therefore, immigrant entrepreneurs can strategically employ this study's results to operate their business more efficiently and effectively.

Third, this study attempts to use *inmaek* in a Korean context, in terms of social capital. The similar concepts *guanxi* in a Chinese context (Wu, 2008; Yang, Ho, & Chang, 2012) and *kankei* in a Japanese context have been employed; however, *inmaek* has been neglected in previous literature (Horak, 2014). This study employed *inmaek* in order to represent a component of the Korean diaspora network which refers to connections among Korean immigrants. In turn, this study attempts to demonstrate *inmaek* as a dimensions of network ties of KIOFCs, a main construct of social capital, in the context of Korean immigrants.

Lastly, an integrative view of marketing and manufacturing capabilities was rarely used in previous studies. Traditionally, the respective effects of marketing and manufacturing capabilities on performance were studied, but more recent studies have recognized the importance of both capabilities on company performance (Nath, Nachiappan, & Ramanathan, 2010). Following the recent research trend, marketing and manufacturing capabilities were extended in the fashion industry context. Specifically, marketing capability was operationalized with buyer-linking capability, and manufacturing capabilities were subdivided into new product design and development, sourcing and procurement, and logistics and distribution capabilities.

## Definitions of Terms

The terms used in this study are defined as follows:

<b>Immigrants</b>	<p>Individuals who have settled in a host country regardless of when they moved (Neville, Orser, Riding, &amp; Jung, 2014)</p> <ul style="list-style-type: none"> <li>▪ 1st generation immigrant: Initiated the immigration</li> <li>▪ 1.5 generation immigrant: Followed their parents during their early teens</li> <li>▪ 2nd generation immigrant: Born in the U.S. and their parents born in another country</li> <li>▪ 3rd or older generation immigrant: The children of U.S.-born parents</li> </ul>
<b>Immigrant-owned company</b>	<p>A company operated by newcomers who were born outside (the first generation) the host country, or their children (the second and third generation)</p>
<b>Korean immigrant-owned company</b>	<p>A company operated by either the first generation immigrants (born in Korea) or the second generation (their children born in a host country U.S.)</p>
<b>Diaspora network</b>	<p>A type of network characterized by the connections between immigrants with the same country of origin</p>
<b>Fashion company</b>	<p>A company that engages in designing, manufacturing, and/or selling soft goods</p>

- Apparel wholesale manufacturing: A company involved from designing to producing garments, and selling to wholesalers or retailers
- Apparel manufacturing contractor: A company manufacturing for other companies or involved in their production (Kunz & Garner, 2007)
- Importer: A company that imports garments produced in other countries or involves whole production processes of other companies from producing to shipping from other countries
- Fabric manufacturer or supplier: A company involved in developing, manufacturing, and/or selling fabrics
- Subsidiary (material) manufacturer or supplier: A company involved in developing, manufacturing, and/or selling subsidiaries such as beads, buttons, zippers, etc.

**Business partners**

Other companies who are engaged in either formal or informal business relationships in order to achieve their goals

**Network ties**

Specific ways of connection between actors (Inkpen & Tsang, 2005)

- **Ties-based *inmaek***: Connections between actors based on common background characteristics such as educational ties called *hackyoen* (e.g., high school, college), family, blood ties called *hyulyoen* (e.g., kinship, last name, family's origination),

regional ties called *jiyoen* (e.g., hometown, past residence, current residence), and religious community based ties

- **Ties-based business activities:** Connections between actors based on memberships in the business-related associations (e.g., Garment Contractors Association, Korean American-Apparel Manufactures Association) and business-related activities (e.g., trade shows, exhibits, expos)
- **Ties-based social interaction:** Relationships characterized by the number of times actors interact in various events (F. X. Molina-Morales & Martínez-Fernández, 2010)

### **Relational capital**

The quality and strength of personal relationships which are the reflection of the connection of relationship duration, reciprocity, and emotional attachments (Nahapiet & Ghoshal, 1998)

- **Tie Strength:** The degree of closeness with business partners
- **Trust:** A company's confidence that business partners will create positive outcomes
- **Commitment:** A company's intention to maintain the relationship with business partners

### **Cognitive capital**

Shared common values (Nahapiet & Ghoshal, 1998)

- **Shared language:** Common jargon and business-related terms used between both companies

- **Shared culture:** A set of norms or rules that control behaviors in relationships (Inkpen & Tsang, 2005)
- **Shared vision:** Goals and aspirations between both partners (Tsai & Ghoshal, 1998)

### **Internal capability**

A firm's ability built by division/department/employees in a firm.

- **New product design and development (NPDD) capability:**  
The ability to develop a variety of new products focusing on the recent trends in a limited time (Cachon & Swinney, 2011; Nath et al., 2010)
- **Buyer-linking capability:** “The ability to identify buyer (customer) wants and requirements together with the capabilities to create and build appropriate relationships with those buyers” (Hooley, Greenley, Cadogan, & Fahy, 2005, p. 19)

### **External capability**

A firm's ability built through relationships with other companies

- **Sourcing and procurement capability:** The ability to manage existing and potential suppliers/contractors/vendors for purchasing qualified materials, components, products, or services to produce a fashion item
- **Logistics and distribution capability:** The ability for planning, managing, and controlling the internal and external flows of materials, finished goods, and services from origin to destination with delivery providers

**Company  
performance**

Levels of buyer, market, and financial outcomes achieved

## Chapter 2

### Literature Review

This chapter consist of the following sections: 1) Immigrants; 2) The Fashion Industry and Immigrants; 3) The Fashion Industry in the Los Angeles Area; 4) Social Capital Theory; 5) Resource-Based View Theory; 6) Company Performance; 7) Hypotheses Development; and 8) Summary.

#### **Immigrants**

*Who are immigrants?*

Immigrants refer to newcomers who come to settle in another country. Broadly, both the first generation and the second generation of immigrants are classified as immigrants. The first generation includes individuals who are born outside of the host country and spend most of their life within the host country. The second generation includes individuals born inside the host country, and their parents are from other countries (Neville et al., 2014). The broad definition of “immigrant” has been applied frequently to research on immigrant-owned businesses (Curci & Mackoy, 2010; Min & Bozorgmehr, 2000).

In addition, language can be a criterion to distinguish between immigrants and non-immigrants. Language is a core influence on ethnic identity (Phinney, Romero, Nava, & Huang, 2001). The first and second generations tend to maintain their ethnicity of their home country through using the languages of their home countries in their

households. On the other hand, the third and later generations rapidly lose their ethnic identity and adjust to the host country (Ndofor & Priem, 2011). Therefore, third and later generations might not be considered as immigrants. The first and second generations were considered immigrants in this study.

### *Korean immigrants in the U.S.*

About 10% of the Korean population live outside of Korea. The history of Korean immigration to the U.S. spans over 100 years since Korean laborers traveled to work on Hawaii's sugar plantations (Bergsten & Choi, 2003; Min & Bozorgmehr, 2000).

Thousands of immigrants have come to the U.S. in search of the American dream.

According to Park (1997), the Korean American dream is expressed in the desire for success, equality, and freedom. Korean immigrants believe that they can achieve success, wealth, and power through hard work. In addition, because Koreans consider education as a social status maker, they believe emigration to the U.S. can lead to educational opportunities for their children (Park, 1997).

Korean immigrants, who studied English as a second-language in the schools of their home country, had a language problem compared to the other highly-educated ethnic immigrants such as Filipinos or Indians who use English in their home country (Abelmann & Lie, 1995). The majority of highly-educated Koreans failed to find desirable jobs due to low language proficiency, and they had a tendency to avoid blue collar jobs. As an alternative, they preferred to be self-employed by opening small businesses (Abelmann & Lie, 1995; Min, 1993).

### *Diaspora network*

The original meaning of “diaspora” has slightly changed over time. “Diaspora” is based on two Greek words: *dia* meaning “over” and *speiro* meaning “sow” (Cohen, 1997). Originally, diaspora was used with a positive connotation to refer to migration and colonization in ancient Greece; and then it was applied to the Jews living in exile outside of Palestine or Israel with a negative connotation (Choi, 2003). Currently, the word has been applied broadly to ethnic groups living outside of their homeland. Diaspora is presently used as a synonym for the words: overseas, ethnic, migration, and minority (Bergsten & Choi, 2003; Tung & Chung, 2010).

Diaspora networks refer to “cultural and/or familial linkages between migrant communities in the investing country and the migrant’s country of origin” (Leblang, 2010, p. 584). There is a similar term “coethnic networks,” which refers to associations of people or companies with the same demographic characteristics (e.g., ethnicity, religion, and country of origin) (Rauch, 2001). Entrepreneurs, who are defined as “owners/operators of business enterprises” (Waldinger et al., 1990, p. 17), have used diaspora networks for the two main purposes: 1) to obtain unavailable or expensive resources; 2) to enter markets for services and products (Smallbone et al., 2010). In addition, several studies noted that diaspora networks have played a significant role in the success of businesses (Collins, 2002; Ndofor & Priem, 2011; Saxenian, 2002).

### *Korean diaspora network*

Korean diaspora networks are defined as connections between ethnic Koreans living outside of Korea. Choi (2003) stated that 5.7 million Koreans are living in 151 countries. The U.S. has 38 % of all Koreans living abroad, which is the largest number in comparison with other countries. A large portion of Korean immigrants in the U.S. is concentrated in these two areas: Los Angeles (35%) and New York (25%). In this study, the center point of Korean diaspora networks is Koreans living in the Los Angeles area.

Koreans have stronger cohesiveness compared to other ethnic groups (Light & Bonacich, 1988). An example is Koreatown, one of the Korean ethnic enclaves, located approximately 4 miles west of the LAFD. In addition, Mangiafico (1988) showed that Korean immigrants were more engaged with communities than immigrants in other ethnic groups. For example, 75% of Korean immigrants participated in one or more communities related to religions, businesses, and education backgrounds, while 50% of the Filipinos and 19% of Mainland Chinese joined their communities. There are 200 associations related to the Korean ethnicity in the Los Angeles area (Bergsten & Choi, 2003).

In the fashion industry of Los Angeles, there are three Korean associations: Korean Apparel Manufactures Association (KAMA) - related to the manufacturing business, Korean American Garment Industry Association (KAGIA) - related to the sewing business, and Korean American Textile Association (KATA) - related to the textile business. The associations have provided various information to the members, helped to solve problems among the members, boosted cooperation among the members,

held various social events for the members, and donated scholarships to contribute to the society.

Several studies indicated that the majority of Korean immigrants belong to the Korean church, which has played a significant role in the Korean immigrant society (Abelmann & Lie, 1995; Mangiafico, 1988; P. G. Min, 1992; Park, 1997). Koreans have a right to select their religions freely: Buddhism, Christianity, Catholicism, etc. 2005's statistic data showed that 53.1% of the population in Korea had a specific religion. 34.5% of the religious population was Protestants, 20.6% were Catholics, and 53.1% were Buddhists (Korea.net, n. d.). As compared to Korea, the religions of Korean immigrants are Protestant (60%), Catholic (20%), other or no religions (20%). The results support that Korean immigrants, who were not Christians before immigration to the U.S., went to the Korean Christian church. Attendance helped them to obtain useful and valuable information and build social network because a Korean church has not only been a religious service but also a social community (Min & Bozorgmehr, 2000; Park, 1997).

The success of immigrant-owned businesses is related to the indirect help of Korean churches (Park, 1997). One of the examples, according to Park (1997), is businessmen building interactions through club activities based on common interests such as golf, fishing, and hiking after or before Sunday service. Business trends and information are communicated freely and openly with such activities. Rotating credit clubs (RCC), *Key* called in Korean, are organized by the church members and employed as a debt source to build or operate the business. Business owners search for potential employees in the church and get recommendations from a minister or church members (Bates, 1997; Oh, 2007; Park, 1997).

Moreover, Koreans do not tend to consider similar businesses as their competitors because they have strong attachments to the same ethnicity (Min & Bozorgmehr, 2000). Korean immigrants tend to prefer working with other Korean immigrants (Min & Bozorgmehr, 2000). Therefore, the perspective based on the diaspora network can help to understand how Korean immigrant-owned companies build up business networks in the Los Angeles area, which has the largest Korean immigrant population in the U.S.

### **The Fashion Industry and Immigrants**

Morokvasic, Waldinger, & Phizaclea (1990) noted that immigrant entrepreneurs are dominant in the small businesses of Paris, London, and New York fashion industry. There are several reasons: 1) small companies can efficiently react to the unpredictable aspects of fashion, 2) immigrants can learn skills and knowledge easily, and 3) less capital is needed.

In terms of the unpredictable aspects of fashion, according to Morokvasic et al. (1990), the fashion industry has both stable and unstable features. Uncertainty of the fashion industry is influenced by three factors: 1) trends, 2) economy, and 3) weather. Due to volatile fashion trends, fashion companies must rapidly manufacture new products for each selling season. Secondly, economic situations influence consumer buying behavior. Lastly, if weather forecasts do not match the actual season, fashion companies may have more products than needed or shortages of products. Traditionally, staple or less fashion sensitive items (e.g., basic t-shirt, hosiery, and underwear), which have steady demand in bulk production, are handled better by larger companies and depend highly on importing. On the other hand, small companies are good at unpredictable

featured items heavily influenced by trends, economy, and unpredictable weather. The flexibility of immigrant fashion companies characterized by a small size and informal interpersonal relationships was demonstrated successfully by producing trendy garments in a short time (Morokvasic et al., 1990).

In terms of the aspect of easy learning, many immigrants became sewing factory owners even though they did not have enough skills or knowledge about apparel industry before immigration. Immigrants were able to learn the needed skills rapidly through their personal networks such as relatives, friends, and neighborhoods in their host country (Morokvasic et al., 1990).

In terms of the need for less capital, immigrants may find it difficult to enter industries seeking mass production and standardization due to scale economies, high absolute costs, and product differentiation. However, immigrants can start their own sewing factory with a small amount of seed money because even one or two sewing machines are enough to start a sewing factory. In addition, family members can provide free labor for cutting, sewing, trimming, and finishing to make a piece of clothing (Morokvasic et al., 1990).

In the U.S. fashion industry, there are noticeable features of immigrant movement. In the first stream, immigrants were employed to replace cheap labor in the garment factories. In the second stream, immigrants opened sewing factories themselves. In the current stream, immigrants tend to launch their own lines, and the role of Asian immigrants in the fashion industry is more noticeable (Bonacich & Appelbaum, 2000; Harper & Amrith, 2014; Waldinger, 1984; Wilson, 2010). For instance, Asian immigrants lead the fashion businesses in the U.S. the Council of Fashion Designers of America

(CFDA) gave the 2010 best new designer awards to three Asian immigrant designers, Jason Wu, Richard Chai, and Alexander Wang (Rivas, 2014; Wilson, 2010). In addition, Korean immigrants are leading to the U.S fast fashion (Moon, 2104).

### **The Fashion Industry in the Los Angeles Area**

The fashion industry is very important to the economy of two Los Angeles area counties (Los Angeles County and Orange County) in the state of California. In 2008, the fashion industry was the second largest source of revenue in Los Angeles County and the largest source of revenue in Orange County. Over one million jobs related to the fashion industry have been generated in Los Angeles and Orange Counties (California Fashion Association, n. d.). The Los Angeles area has a large concentration of small manufacturing companies.

Los Angeles County (including Hollywood and Beverly Hills areas) is a significant place for leading fashion trends, which is why the popular styles in Los Angeles are commonly called “LA style” (California Fashion Association, 2011). The world’s most famous celebrities, who are living in LA County, present the latest styles on many popular TV shows and movies made in Hollywood. What they wear in their daily life is photographed by paparazzi and transmitted almost instantly through the mass media and internet. Fashion consumers tend to follow the celebrities’ styles. The global fashion consumers and designers’ eyes often concentrate on the LA style to research current trends. The entertainment industry stimulates fashion companies to develop the recent fashion trends in a shorter time (Bailey-Todd, Eckman, & Tremblay, 2008).

Various fashion colleges/universities (e.g., the Fashion Institute of Design and Merchandising, Otis College of Art and Design, California Design College, Los Angeles Trade Technical College, American College of the Applied Arts, and Woodbury college system) are gathered in the Los Angeles area. The schools provide a variety of practical programs for design, merchandising, manufacturing management, sewing, pattern making, textiles, and so on. The schools have been continually producing many excellent students needed by the local and global fashion companies. The graduate students have driven the growth of Los Angeles fashion industry (Bonacich & Appelbaum, 2000).

In the LA fashion industry, immigrants' activities are dominant as Los Angeles has very diverse demographics. In 2006, 36% of the entire population were foreign-born: Mexico (42.7%), El Salvador (7.6 %), China (6.3%), the Philippines (6.1%), Guatemala (4.6%), Korea (4.4 %), Iran (3.0%), Vietnam (2.7 %), Taiwan (1.9%), and Armenia (1.6%) (Fix, McHugh, Terrazas, & Laglagaron, 2008). The various ethnicities are known as a driving force in the growth of LA fashion industry. In addition, there are examples of successful companies founded by immigrants. Guess? Inc. is owned by a French immigrant, and Forever 21, Inc is owned by a Korean immigrant couple. Many immigrants support the LA fashion industry as lowest-wage workers, retailers, manufacturers, wholesalers, managers, designers, etc. (Bonacich & Appelbaum, 2000).

Interestingly, there is a prominent feature that companies with the same ethnic origin are neighbored and tend to work together. For example, Korean contractors tend to locate close to Korean manufacturers. The companies owned by the immigrants with the same ethnicities (culture) share informal information and cooperate (Bonacich & Appelbaum, 2000). Efficient management is possible through ethnic network ties.

Los Angeles is a very attractive space for speedy production and sales because there are all facilities for manufacturing and sales such as fabric and material suppliers, manufacturers, contractors, and buying offices. In addition, the majority of garments made in Asia and Mexico are imported through the ports of Los Angeles and Long Beach (Bonacich & Appelbaum, 2000). Therefore, fashion companies can employ the domestic or global network efficiently and flexibly to manufacture and trade fashion products.

### *The Los Angeles Fashion District*

In Los Angeles, the LA Fashion District (LAFD) called “Jobber Market” or “Speed Market” is the hub of the LA fashion industry. The total scale of LAFD takes up an immense space of over 100 blocks as shown in Figure 2-1. All fashion businesses related to materials, design, production, and marketing are gathered in the LAFD. Because fashion-sensitive items demand design and production in a short time, outsourcing can be a challenge. With the local infrastructure, fashion companies in the LAFD can develop and supply hot trend fashion products at a lower price in a shorter time. Thus, the companies of LAFD have a competitive advantage over outsourcing companies (Bailey-Todd et al., 2008).

Based on CA EDD’s 2009 employment data about the LAFD, CAR/LA and Aecom (2011) reported that there are 1,928 fashion companies in the LAFD classified into wholesale (801), manufacture (472), retail (338), suppliers (178), services (112), and design (27). CAR/LA and Aecom (2011) stated that there are more functioning fashion companies than the officially reported because many of these “mom and pop” companies were operated by family members who were not registered with the state or the IRS.

According to CAR/LA and Aecom (2011), even though the fashion companies were classified into one category, in practice, many of them have been involved in various activities related to manufacturing, design, wholesale, and retail. Manufacturing refers to all activities (e.g., design, sample making, pattern making, sewing, cutting, and printing) utilized to develop new designs and produce new products. Wholesale is conducted in showrooms and stores to sell products in bulk quantities to buyers (e.g., wholesalers, department stores, and retailers). Retailing is selling products to the ultimate consumer. Some fashion companies are engaged in all activities, whereas others engage only in a single activity. Thus, this study labeled manufactures and wholesalers as fashion companies because it is difficult to distinguish between wholesaling and manufacturing activities. Moreover, in practice, the terms, wholesaler and manufacturer, are usually used interchangeably in the LAFD. Retailers were excluded because this study is aimed at business to business relationships.

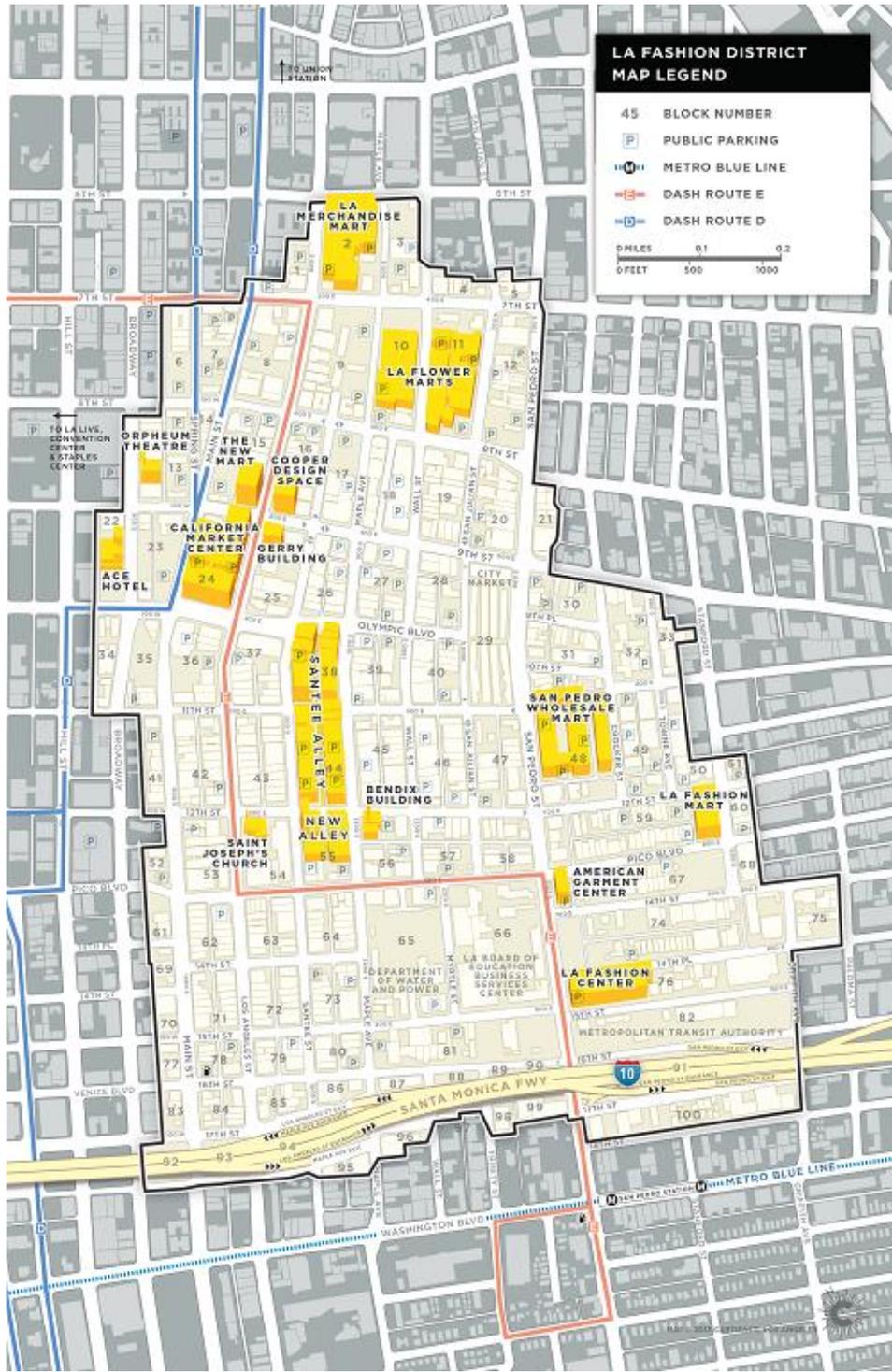


Figure 2-1 The Los Angeles Fashion District<sup>1</sup>

<sup>1</sup> From “Los Angeles Fashion District Map” in Los Angeles Fashion District, n. d. Retrieved May, 12, 2015, from <http://www.fashiondistrict.org/map/>

*Korean immigrants in the Los Angeles Fashion District.*

The Los Angeles Fashion District (LAFD) is a very meaningful place historically and economically. The immigrant resources and networks have enhanced the LA fashion industry's international competitiveness (Dickerson, 1999). Interestingly, the majority of Korean immigrants arriving in Los Angeles have been involved in labor-intensive small garment businesses in the area (R. Brown, 2008; Min, 1993; Sanders & Nee, 1996). Korean immigrants' businesses were concentrated mainly in the LAFD, whereas other ethnic immigrants, such as Chinese and Vietnamese garment factories, were more spread out across Southern California (Bonacich, 1993).

According to Korea Trade-Investment Promotion Agency (KOTRA), the LAFD began when two individuals from Jewish descent and one Korean immigrant opened the wholesale markets in the 1970s. The LAFD now consists of about 2,500 apparel wholesale operations. Currently, the LAFD generates US\$ 6 billion in annual sales volume. About 2,000 of the 2,500 apparel wholesale operations are owned by Korean immigrants. KOTRA estimated that over 4,000 Korean immigrants are working in the LAFD and 20,000 Korean immigrants participate in the fashion industry related to the LAFD. When indirect and direct businesses such as banks, restaurants, and properties, are taken into account, the number of Korean immigrants involved in the LAFD constitutes approximately 100,000 (Song, 2013).

Korean Immigrants-owned businesses are dominant in the certain area of the LAFD (from 9th street to 15th street and from San Pedro street to Stanford avenue). Historically, in the end of 1970, the three Korean immigrants started to sell left-over items at Santee Alley. Along with the buyers increases in the LAFD, Korean-immigrant-

owned businesses have increased and extended in the area (from 9th street to 15th street and from San Pedro street to Stanford avenue), called the New Jobber Market. According to a door to door survey conducted by a Korean church in 2013, about 84% (775 out of 924 firms) were found to be Korean immigrant-owned businesses (B. Kim, 2013). More than 20 buildings in the LAFD are owned by Korean immigrants (Park, 2014).

In February 2015, 130 – 150 KIOFCs in the LAFD attended Las Vegas Magic Show, one of the largest apparel and footwear trade shows in the United States. About 70% of overall junior (young contemporary line) booths were operated by KIOFCs. The attendance of new KIOFCs were increased compared to previous years (W. Lee, 2015). In addition, the fashion companies based on the Korean diaspora network of the LAFD are growing rapidly (e.g., Forever 21, Papaya Clothing, and miss me) (Kim, 2013). However, literature has not yet addressed how KIOFCs can operate strategically in the LAFD.

### **Social Capital Theory**

Much attention has been paid to the concept of social capital by scholars in a number of disciplines. Social capital theory was initially studied in relation to communities to better understand how the city and neighborhoods survived. The concept has been applied in a variety of disciplines (e.g. sociology, politics, education, economics, tourism, and business) (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998). In the business field, social capital is referred to as a fundamental theory to explain how new companies are established and sustained (De Carolis & Saporito, 2006; Gedajlovic,

Honig, Moore, Payne, & Wright, 2013). However, the application of social capital theory to management of fashion companies is limited.

Social capital has been studied at multiple levels such as individuals, groups, organizations, communities, industries, ethnicities, and nations. The levels are differently applied according to the discipline and research settings (Lee, Reiche, & Song, 2010; Payne, Moore, Griffis, & Autry, 2011; Zhao, Ritchie, & Echtner, 2011). In this study, the unit of analysis is the company level for the relationships between companies owned by Korean immigrants and their major business partners.

Social capital is defined in various ways in literature. For example, Coleman (1988) argued that “social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors-whether persons or corporate actors-within the structure” (p. S98). Putnam (1995) defined social capital as “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (p. 67). Nahapiet and Ghoshal (1998) “the sum of the actual and potential resources embedded within, available through, and derived from the network or relationships possessed by and individual or social unit” (p. 243). This study followed the definition offered by Nahapiet and Ghoshal (1998) because they integrated the features discussed in previous research.

Nahapiet and Ghoshal (1998) proposed three dimensions in terms of structural capital (e.g., network ties, network configuration, and appropriable organization), cognitive capital (e.g., shared narratives and shared codes and language), and relational capital (e.g., trust, norms, obligations, and identification). Structural social capital

represents the overall pattern of relationships among companies in the network.

Relational social capital refers to the level of relationships through the history of relationships among the companies. Lastly, cognitive social capital includes common values and cultures shared among the companies. These are recognized as well-developed basic dimensions to represent social capital in the business environment, and have been frequently employed in the literature (Inkpen & Tsang, 2005; Krause, Handfield, & Tyler, 2007; Liao & Welsch, 2005; Parra-Requena, Ruiz-Ortega, & Garcia-Villaverde, 2013; Tsai & Ghoshal, 1998; Zhao et al., 2011).

As shown in Table 2-1, the facets of social capital are differently constructed in previous research. Inkpen and Tsang (2005) showed that the dimensions of social capital reveal the features in the different social networks (e.g., intracorporate network, strategic alliance, and industrial district). Therefore, the social capital of KIOFCs in the LAFD can be characterized by applying the three dimensions of social capital: network ties, relational social capital, and cognitive social capital. Companies can not only obtain the higher quality and broader information but also reduce costs by new information obtained through social capital (Mu, Peng, & Love, 2008). Accordingly, social capital can explain how company capabilities can be improved.

Table 2-1 Construction of Social Capital

Literature	Research Method	Structural Dimension	Relational Dimension	Cognitive Dimension
Butler and Purchase (2008)	Interview	Centrality; Types of connections; Stability of connections	Trust and trustworthiness; Commitment; Expectation of reciprocation	Common interests; Shared vision; Learning
Carey, Lawson, and Krause (2011)	Survey	Social interaction ties	Trust, Obligation, Identification	Shared vision; Ambition; Values
Carr, Cole, Ring, and Blettner (2011)	Survey	Structural (no facets)	Relational (no facets)	Cognitive (no facets)
Chiu, Hsu, and Wang, (2006)	Survey	Social interaction ties	Trust; Norm of reciprocity, identification	Shared language; Shared vision
De Carolis and Saporito (2006)	Conceptual research	Structural holes	Trust, Strong ties	Shared coded and language
Inkpen and Tsang (2005)	Conceptual research	Network ties; Network configuration, Network stability	Trust	Shared goals; Shared culture
Li et al. (2013)	Survey	N/A <sup>2</sup>	Trust; Tie strength	Shared values; Shared language and interests
Liao and Welsch (2005)	Survey	Social interactions and ties	Trust and trustworthiness	Shared norms
Molina-Morales et al. (2013)	Survey	Density of the network	The strength of ties	N/A
Nahapiet and Ghoshal (1998)	Conceptual research	Network ties; Network configuration; Appropriable organization	Trust; Norms; Obligations; Identification	Shared codes and language; Shared narratives
Parra-Requena et al. (2013)	Survey	Network ties; Network configuration (network density)	Trust	Shared culture

<sup>2</sup> N/A: The dimension is not included in the study

Literature	Research Method	Structural Dimension	Relational Dimension	Cognitive Dimension
Uzzi (1997)	Ethnographic fieldwork	N/A	Tie strength (arms'-length ties, embedded ties); Trust	N/A
Wasko and Faraj (2005)	Survey	Centrality	Commitment; Reciprocity	Self-rated expertise; Tenure in the field
Wu (2008)	Survey	Repeated transactions; Network ties	Trust	N/A
Construction of social capital in this study		Network ties based inmak; business activities; social interaction	Trust; Commitment; The strength of ties	Shared vision; Shared language; Shared culture

### *Network ties*

A network tie is a basic element in the social capital framework. The term, network ties, refers to the concept that “what you know” is drawn by “who you know” (Nahapiet & Ghoshal, 1998) and specific ways of connection between actors (Inkpen & Tsang, 2005). Companies can access resources through network ties (Inkpen & Tsang, 2005; Nahapiet & Ghoshal, 1998). Network ties provide the opportunities to obtain market knowledge, information, and know-how (Abelmann & Lie, 1995; Adler & Kwon, 2002; Inkpen & Tsang, 2005). Network ties are categorized into informal ties, formal ties, and intermediary ties (Kontinen & Ojala, 2011). However, the attributes of network ties in this study are distinguished from previous studies in order to reflect the characteristics of KIOFCs. This study specifically focuses on network ties-based *inmaek*, business activity, and social interaction because the three facets are considered as more significant connections in a Korean immigrant business society.

**Network ties-based *inmaek*.** Network ties-based *inmaek* can be a component of the diaspora network in a Korean context because the same backgrounds are premised. In a Korean context, network ties can be explained by the terms *inmaek*, *yonjul*, or *yongo* (Horak, 2014). Among them, this study only focused on *inmaek* which describes social network ties in general. *Inmaek* refers to personal connections based on common background characteristics such as educational ties called *hackyoen* (e.g., high school and college), kinship ties called *hyulyoen* (e.g., last name and family’s origination), and regional ties called *jiyoen* (e.g., hometown, past residence, and current residence).

The *inmaek* built by the shared experiences is a significant factor for managing business efficiently in a Korean cultural context (Hitt, Lee, & Yucel, 2002; Horak, 2014).

For example, when people meet someone new in a business setting, one of the initial questions is what university they graduated from. When they attended the same school (*hackyoen*), they feel instant closeness (Steers, Sin, & Ungson, 1989). In addition, the majority of research on immigrants indicated that immigrant entrepreneurs tend to depend on their family members (*hyulyoen*) offer for free labor (Cobas & Deollos, 1989; Light & Bonacich, 1988). Family members provide labor if companies cannot hire employees due to the shortage of money (Morokvasic et al., 1990). Therefore, family ties (*hyulyeon*) may be important in the context of KIOFC. In addition to *hackyoen*, *jiyoen*, and *hyulyeon*, religious community-based ties were added because the role of Korean Churches was emphasized in Korean immigrant society (Abelmann & Lie, 1995; S. K. Lee, 2014; Mangiafico, 1988; P. G. Min, 1992; Park, 1997).

**Network ties-based business activities.** Network ties-based business activities refer to the connections of KIOFCs based on memberships in the business-related associations (e.g., Garment Contractors Association and Korean American-Apparel Manufactures Association) and based on various business-related events (e.g., trade shows, exhibits, and expos) to search for business partners or to establish business relationships.

Business associations provide various benefits to firms. Companies within a business association have chances to meet other companies, share information and resources, obtain various incentives, discuss significant issues, and transfer knowledge (Hartman, n. d.). When companies trade with other companies in the same groups, they tend to provide more favorable treatment to each other than non-member companies (Keister, 2001; Zhou, Li, Sheng, & Shao, 2014).

More companies recognized the importance of trade shows or exhibits. The primary purpose of a trade show is to connect selling companies and buying companies. The participant firms can efficiently and effectively collect various information about latest trends, competitors, technology, suppliers, buyers, new products and materials in a short time and at lower cost (L. Li, 2006; T. M. Smith, Kazuyo, & Smith, 2003). Firms are likely to trust and commit the relationships in order to continue the business relationships began through trade shows (L. Li, 2006). According to T. M. Smith et al. (2003), Japanese businesspeople conduct business based on the values: trust, confidence, and flexibility, traditionally had difficulty to build relationships in two - three days. However, commitment in trade shows was emphasized as Japanese business culture was moved toward Americanization. The business cultures between Japan and Korean are similar. In the same vein, Korean immigrants may make efforts to build-up relationships through business events such as trade shows to connect with more buyers or suppliers.

**Network ties-based social interaction.** Social interactions refer to relationships characterized by the number of times people interact in various social events (F. X. Molina-Morales & Martínez-Fernández, 2010). Boundaries between companies are broken down during the social events, and even employees or owners in different companies freely share information, knowledge, and ideas (F. X. Molina-Morales & Martínez-Fernández, 2010). Several studies supported that social interaction has contributed to the improvement of firm's competitiveness (F. X. Molina-Morales & Martínez-Fernández, 2010; Tsai & Ghoshal, 1998). If firms have more opportunities through social interactions, they may enhance their relationships.

### *Relational social capital*

Relational social capital is an important factor in becoming a successful company (Cousins, Handfield, Lawson, & Petersen, 2006; Inkpen & Tsang, 2005; Morgan & Hunt, 1994; Wasko & Faraj, 2005). Relational social capital is the level of interaction among companies (members or organizations). Different personal and emotional attachments affect the level of relationships between companies. Small companies tend to participate actively in developing relational social capital to complement the lack of resources compared to larger companies (Welbourne & Pardo-del-Val, 2009)

Relational social capital is described with facets such as trust, commitment, norms, obligations, expectations, and identification (Krause et al., 2007; Liao & Welsch, 2005; Morgan & Hunt, 1994; Nahapiet & Ghoshal, 1998; Wasko & Faraj, 2005). Among these facets, this study focuses on trust, commitment, and the strength of ties because they have been indicated as the most significant factors for knowledge transfer in inter-company relationships (Inkpen & Tsang, 2005; Morgan & Hunt, 1994; Uzzi, 1997; Wasko & Faraj, 2005).

**Trust.** Trust is a company's belief, confidence, and expectation that another company is willing to act to create positive outcomes (Dyer & Chu, 2011; Morgan & Hunt, 1994; Tsai & Ghoshal, 1998). Trust depends on strength of the relationships (Tsai & Ghoshal, 1998). Trust between trade partners can be developed when there are repeated exchanges and extra effort made (Uzzi, 1997). When trust is built between companies, they share their resources, information, and knowledge without any hesitation. The companies do not think that others may betray them by stealing their

competiveness (Tsai & Ghoshal, 1998). In addition, trusting relationships help to lessen the constraints in decision making (Li, Wang, Huang, & Bai, 2013).

**Commitment.** Morgan and Hunt (1994) defined commitment as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining” (p. 23). Commitment is considered as the feelings of duty and obligation to lead to repeat exchanges in a psychology aspect (Blonska, Storey, Rozemeijer, Wetzels, & Ruyter, 2013; Wasko & Faraj, 2005). Commitment can be a direct expectation to continue the relationship (Wasko & Faraj, 2005). In addition, commitment is a prerequisite for building and maintaining long term company-to-company relationships (Friman, Gärling, Millett, Mattsson, & Johnston, 2002; Morgan & Hunt, 1994). With commitment there is a responsibility to help other companies in a network (Wasko & Faraj, 2005). Frequent communication with the exchanging partners can enhance commitment because of the better information flow; on the other hand, unsatisfied communication can damage the relationship (Friman et al., 2002). Therefore, the degree of commitment in relationships can depend on the amount and quality of information.

**The strength of tie.** In the New York City apparel industry, Uzzi (1997) found two forms of the relationship closeness: “arm's-length ties” referred to as market relationships and “embedded ties” referred to as close or special relationships. An arm's-length relationship is the opposite of close relationships. A key feature of an arm's-length relationship is that it only focused on monetary issues dealing with product prices and production costs without consideration for social contents or human feelings. On the other hand, an embedded tie is based on trust. Companies with embedded-length ties are

relatively interested in private issues not related to business. They consider the partners like their family or friends. Arm's-length ties were dominant in inter-company network; however, embedded ties provide stronger benefits for companies. For example, secret information such as hot trends or top selling items are transferred within embedded ties. In addition, garment producers with the embedded ties are willing to take orders at smaller quantity (Uzzi, 1997). The strengths of tie such as a strong tie or a weak tie can be formed from the combination of the relational duration, emotional attachment, intimacy, and reciprocal services (Granovetter, 1973).

### *Cognitive social capital*

“Cognitive dimension refers to those resources providing shared representations, interpretations, and systems of meaning among parties” (Nahapiet & Ghoshal, 1998, p. 244). Cognitive dimension is indicated by norms, visions (goals), codes, languages, and narratives shared across networks or organizations (Inkpen & Tsang, 2005; Liao & Welsch, 2005). Shared language and narratives enable the creation of new ideas and knowledge (De Carolis & Saporito, 2006). Cognitive social capital has received much less attention from scholars compared to network-ties and relational social capital, but the importance of cognitive dimension in social capital research has been increased (Frankenberger, Weiblen, & Gassmann, 2013; Krause et al., 2007; R. Lee & Jones, 2008; Villena, Revilla, & Choi, 2011). This study focuses on shared language, shared vision, and shared culture as the facets of cognitive dimension.

**Shared language.** Shared language is “the means by which people discuss and exchange information, ask questions, and conduct business in society” (Nahapiet &

Ghoshal, 1998, p. 253). Nahapiet and Ghoshal (1998) stated the importance of using a common language in social relations. First, shared language affects their ability to access new information and knowledge. Second, shared language enables them to have a common conceptual perception that observes and interprets a phenomenon in the same paradigm. Third, shared language helps to combine information obtained from social relations and to create new idea.

Using different languages can be a major barrier in relations. Different languages make it hard to understand each other. Using common vocabularies reduce conflict and achieve better understanding (Lee & Jones, 2008). Business people who know jargons shared in the industry can communicate efficiently. Companies feel more comfortable with common language. Therefore, sharing language allows to efficient and effective business communication.

**Shared vision.** Shared vision refers to collective goals and aspirations between actors (Tsai & Ghoshal, 1998). Companies with similar belief and attitude are attractive to each other. A bond between companies can be formed by the same goals and interests. When companies recognize other companies with same vision in the network, their interaction increase to exchange information about resources and ideas. When companies share the same perceptions of their vision, they can reduce miscommunication and misunderstanding (De Carolis & Saporito, 2006; Inkpen & Tsang, 2005; Tsai & Ghoshal, 1998). If their goals and interests can be shared, companies can improve their capabilities by obtaining more resources.

**Shared culture.** Shared culture refers to a set of norms or rules which control behaviors in relationships (Inkpen & Tsang, 2005). A company is characterized by its

own culture which is a control system to assess whether behavior is appropriate or inappropriate (O'Reilly, 1989). The importance of culture in organization was emphasized in several research, but the role of culture in the inter-company relationship has received less attention. This study focused on shared culture which is similar systems or mechanisms between a company and their business partners.

When companies have similar culture, more knowledge or resources may be transferred (Inkpen & Tsang, 2005). Strong attachments can be occurred between similar cultures. On the other hand, different culture lead to confusion, misunderstanding, and conflict (O'Reilly, 1989). For example, if a company having a low-cost culture works with a business-partner that has a high-quality culture, the parties will face difficulties in conducting business. The company with a low-cost culture focuses on reducing price even though the product quality is lower. However, the business partner with a high-quality culture may pay attention to improving quality even though the cost is higher. Making a decision may not work well. Different culture leads to make difficulties in business processes and consequences.

### **The Resource-Based View Theory**

The resource-based view (RBV) theory has been broadly utilized to build theoretical framework in the discipline of supply chain management (Barratt & Oke, 2007; Gavronski, Klassen, Vachon, & Nascimento, 2011). Companies can have sustainable competitive advantages by utilizing the company's resources and capabilities (Su, Dyer, & Gargeya, 2009). If a resource does not give sustainable advantages to a company, companies can have temporary competitive advantages (Barney, 2012).

Resources include all assets, capabilities, organizational processes, company attributes, information, knowledge, and so on (Barney, 1991; Wernerfelt, 1984).

Researchers have added new components to extend RBV. Barney (1991) categorized resources into three aspects: 1) physical capital resources such as a company's facility, equipment, and raw materials; 2) human capital resources such as a company's insight, intelligence, know-how, skill, and knowledge; 3) organizational capital resources such as a company's working process, business structure, and relations among colleagues as well as other companies. However, the author mentioned that these three categories may not be a perfect reference because all resources are not included. This study adopts the term capability because Ray, Barney, and Muhanna (2004) mentioned that resources and capabilities are interchangeably used.

#### *Dimensions of capability*

Capability refers to business processes, tasks, and activities in unplanned environments to transform resources to competitive advantages (Hsu et al., 2009; Kaleka, 2012; Leong, Snyder, & Ward, 1990). Capability can provide an apparent competence that is distinguished from competitive companies, and the set of unique capabilities is a core indicator of market competitiveness (Leong et al., 1990). The improved products and services can be created with the distinct capabilities. Thus, companies with competent capability can obtain higher company performance.

In the previous research, the capability dimensions have been identified with several constructs such as quality, price, product, flexibility, technological, delivery, design, technology, production, distribution, procurement, service, and customer

relationship in order to fit the purpose of the study. Leong et al. (1990) defined capabilities as quality, delivery, cost, and flexibility in the conceptual study for manufacturing strategy. Hart (1995) defined capabilities in terms of technology, production, design, distribution, procurement, and service in the conceptual study for management strategy. In operation research, Tan et al. (2004) defined the contents of operation capability in terms of new product design and development, JIT, and quality. Hsu et al. (2009) used the same dimensions as Tan et al. (2004), and investigated empirically the relationship between capabilities and company performance.

Rangone (1999) focused on three capabilities (i.e., innovation, production, and market management) to analyze the competitive strategy of 14 small-medium sized companies in various industries (i.e. food, vehicles, voltage apparatus, steel tools, and trade fair services). The study showed that the level of three basic capabilities in each company was not the same. For example, the company operating by made-to-order as a subcontractor had only production capability, so the two other capabilities were absent in the company. Some companies paid attention more focusing on production and market management capabilities than the innovation capability. Therefore, fashion companies need to be studied through different capability dimensions that represent fashion companies' characteristics because the previous research has revealed that the components or levels of capability are different according to industry features.

### *Capabilities in the context of fashion industry*

To understand fashion companies' major capabilities, this study focused on the major business processes in the fashion industry market as shown in Figure 2-2. Based on

the business processes, this study focused on the four important capabilities: 1) new product design and development (NPDD), 2) sourcing and procurement, 3) logistics and distribution, and 4) buyer-linking capabilities.

NPDD capability depends on the ability of in-house designers to immediately design new styles understanding consumers' preferences. Sourcing and procurement capability is based on managing materials or products with suppliers, contractors, manufacturers, and import/export agencies. Logistics and distribution capability is based on close coordination with service providers such as forwarding companies and trucking companies. The buyer-linking capability depends on the effectiveness of salespeople because they represent the company to buyers. The critical role of salespeople is to retain good relationships with buyers (Boles, Barksdale, & Johnson, 1997). Salespeople who directly communicate with buyers rapidly know changing buyers' tastings and forward their requests to their affiliated company.

Typically, designing and selling is performed through in-house activities, but sourcing and logistics are based on contracting with other firms (Bonacich & Appelbaum, 2000; Waldinger, 1984). Based on this fundamental distinction, this study defined new product design and development and buyer-linking capabilities as 1) internal capabilities, company's competence managed and controlled by in-house activities related to design and sales; sourcing and procurement and logistics and distribution capabilities as 2) external capabilities, company's competence which manage information and materials/products flows from the business partners related to sourcing and logistics. The distinction will capture company capabilities from a complete and holistic approach.

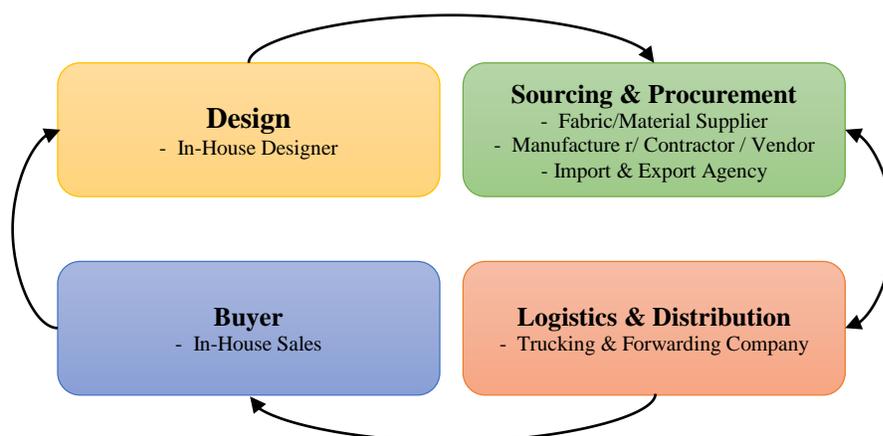


Figure 2-2 Typical design to selling business process in the fashion industry

### *New product design and development capability*

NPDD capability is operationalized as the ability to offer a variety of new products focusing on the recent trends in a limited time (Cachon & Swinney, 2011; Nath et al., 2010). The ability to develop a new product is important for the success of companies across the industry. However, because of the reduced product life cycle and heavy competition, NPDD is a challenge for companies (Tan et al., 2004). Surprisingly, few studies have focused on NPDD in the fashion industry despite the practical importance. Even in other industries, empirical evidence to demonstrate the linkage between NPDD and firm performance is also limited (Hsu et al., 2009).

In the fashion industry, it goes without saying that NPDD is the key for the fashion companies' success. There are a number of instances in which NPDD capabilities have been an important role for a company's success.

Brun et al. (2008) investigated one of the critical success factors of Italian luxury brands. One of the finding factors was the ability to develop more popular designs and

styles. Not only did in-house design teams independently develop new products, but they also collaborated with the external designers and stylists to generate better designs through idea collection. In addition, companies and their subcontractors constantly searched for and invented new materials, techniques, and solutions.

Uniqlo, the Japanese retail brand, developed the magical fabric Heattech along with a textile manufacturer Toray Industrials, Inc. Heattech is a light weight fabric that can keep heat in the skin because the body moisture is transferred to heat through the fibers. Since the item was introduced in 2003, Uniqlo showed the fabric improvement by adding new functions such as antibacterial and humidity-maintaining functions (Nakazawa & Miyoshi, 2009). New Heattech clothing lines meet customer's changing demands such as keeping warm with light fabric. Uniqlo reported that 100 million Heattech products were sold in the world in 2011 (Feitelberg, 2012).

Zara, the Spanish retail brand, became successfully as a global brand by implementing the fast fashion strategy releasing a variety of trendy items in a short period of time. 30,000 items are annually developed by over 200 designers, but one of the three are selected to be sold to customers (Tokatli, 2008). Their NPDD capability has driven a success in the fierce competition of the global fashion market. In the Los Angeles fashion industry, the various fashion schools located in Los Angeles continually foster the talented designers. The designers contributed to build-up an image of Los Angeles as a big design center (Bonacich & Appelbaum, 2000). KIOFCs may search and hire designers easily to improve their market competitiveness. In addition, Korean immigrant owner's children, who graduated from the fashion schools and joined to their parents' fashion businesses, are known as leading U.S fast fashion (Moon, 2014). Their roles were

important for boosting the NPDD capability of their parents businesses to build stronger market competitiveness.

### *Sourcing and procurement capability*

Higher-order construct of sourcing and procurement capability is external capability because sourcing and procurement activities highly depend on the relationship management with suppliers (e.g., importers, vendors, and subcontractors). Sourcing and procurement capability refers to the ability of supplier-linking for purchasing materials, components, products, or services demanded to produce a fashion item. Procurement activities include direct purchasing, and besides vendor selection, contract negotiation and management. Through these activities, companies can obtain high quality, cost savings, and quick delivery.

Firms can obtain a higher competitive position by better management in procurement activities. Efficient procurement activities can reduce costs and avoid waste, that results in lower cost and fast production. When materials are purchased on time, new products can be delivered on time by the smooth flow of manufacturing processes (Lambert & Cooper, 2000; Ordanini & Rubera, 2008). If materials are not purchased at the right time, losses in time and money could be incurred. In addition, when suppliers cooperate in purchasing activities during the stage of design development, better firm performance can be accomplished (Masson, Iosif, MacKerron, & Fernie, 2007)

20% to 50% of the production cost for a garment are driven by raw materials, and 20% to 40% by labor cost (D'Innocenzio, 2011). The minimum wages have been raised continually over 10 years in Los Angeles, but the wholesale prices have remained

consistent. Wholesalers could not reflect the raised wages because giant buyers tend to be more price consciousness and negotiate at lower price (Bonacich & Appelbaum, 2000). If materials are purchased at higher price, eventually the increase of a final ticket price may be inevitable. The price competitiveness of firms highly depends on purchasing costs (A. S. Carr & Pearson, 2002; Ordanini & Rubera, 2008). Therefore, in a high competition environment of the LAFD, the significance of sourcing and procurement capability has been increased.

#### *Logistics and distribution capability*

Logistics and distribution refers to the ability for planning, managing, and controlling the internal and external flows of materials, finished goods, services, and information within/between companies (Chen & Paulraj, 2004; Gundlach, Bolumole, Eltantawy, & Frankel, 2006). In the fashion industry, logistics and distribution activities are handled with the service providers such as forwarding companies and trucking companies. Therefore, logistics and distribution capability highly depends on cooperation with the service providers.

Logistics and distribution capability is one of the most important attributes to reduce cost and time-to-market for company performance. In the process of export and import, various problems can occur including custom delays, penalties, and fines if documentation including incorrect or missing information are written. Loss or damage of the finished products or materials occurred in the shipping processes may affect delays and cost. Regarding local delivery, unexpected waiting time of trucks are additional

charges. Fashion companies must deliver products on time because buyers can cancel an order even with only one day (Bonacich & Appelbaum, 2000).

Moreover, packaging activity are included in logistics and distribution capability. When buyers do not receive products in their requested packing specifications, suppliers have penalties. For instance, buyers argue charge-backs as much as 10% of wholesale price if wrong size boxes or hangers are used or tags are placed in wrong places even though buyers receive goods on time (Bonacich & Appelbaum, 2000).

If logistics and distribution capabilities are not supported, speed-to-market is impossible and additional costs and reduced payments may be occurred. When fashion companies can handle shipping processes with service providers in logistics and distribution, KIOFCs can expect for the improvement of their performance.

#### *Buyer-linking capability*

Buyer-linking capability has been discussed as a dimension of marketing capability. Buyer-linking capability refers to the ability to understand a buyers' demands and to reflect into the product or service in order to keep appropriate relationships with the buyers (Hooley et al., 2005; Rapp, Trainor, & Agnihotri, 2010). Buyer-linking capability, which is based on the interplay of other resources, is not established in a short time. Buyer-linking capability accumulated over time is difficult to duplicate by competitors. It is an important element in any organizations (Hooley et al., 2005). Despite the importance of buyer-linking capability, few empirical studies have focused on this concept (Rapp et al., 2010).

Higher buyer-linking capability may be a basic premise to produce fast fashion meeting consumer demand. The major source of fast fashion supply in the U.S. is known as the LAFD. For instance, well-known U.S. fast fashion retailers such as Forever 21, Urban Outfitter, Wet Seal, and T.J. Maxx purchase goods from KIOFCs in the LAFD (Moon, 2014; Park, 2015). Fast fashion is known as a customer-driven approach because the strategy was developed to meet customer demands for more variety of styles in a shorter time (Barnes & Lea-Greenwood, 2006). Hence, KIOFCs can enhance performance as rapidly grasping buyers' demands and providing goods or services. Buyer-linking capabilities not only influenced increased customer satisfaction but also contributed to higher firm performance (Hooley et al., 2005; Rapp et al., 2010).

### **Company Performance**

In an increasingly competitive business environment, companies continually seek to improve their performance. Anupindi, Chopra, Deshmukh, Mieghem, and Zemel (2006) suggested that quantifiable ways are required in order to evaluate the performance after implementing the new strategy. Determining the appropriate performance measures in complex business environment is not simple (Flynn, Huo, & Zhao, 2010; Wolff & Pett, 2006). As shown in Table 2-3, the term "company (firm) performance" is used interchangeably the terms "outcome", "business performance", and "financial performance". Financial performance such as "sales growth, profitability (reflected by ratios such as return on investment, return on sale, and return on equity), earnings per share, and so forth" (Venkatraman & Ramanujam, 1986, p. 803), was used for an independent measurement of company performance. However, financial performance has

frequently been used as a dimension consisting of company performance (Droge, Jayaram, & Vickery, 2004; Ramaswami et al., 2009).

Venkatraman and Ramanujam (1986) stated that the multi-dimensions can off-set errors occurred by a single dimension. Anupindi et al. (2006) categorized performance into three types: financial, external, and internal. Financial performance refers to the difference between input (cost) and output (value). External performance is related to customer satisfaction to improve financial performance. Internal performance is related to the effectiveness of the business process to improve financial and external performance. Financial performance may appear through internal and external performance.

Venkatraman and Ramanujam (1986) argued that company performance is measured not only in terms of financial performance but also in terms of non-financial performance. Based on several literature, the business performance of KIOFCs comprised of multi-dimensions with considering the aspects of both non-financial (i.e., buyer performance and market performance) and financial performance.

Overall, company performance in this study is explained on three aspects of buyer, market, and financial. In reality, objective financial data for small companies is difficult to obtain because they reluctant to open their financial information (Wolff & Pett, 2006). Accessing from subjective perceptions is a common way in general business research. In this study, financial performance reflects perceived profitability (Moorman & Rust, 1999). Market and buyer performance ultimately lead to financial performance (Venkatraman & Ramanujam, 1986).

Buyer performance reflects buyer satisfaction and loyalty as the outcome of relationships (Theoharakis, Sajtos, & Hooley, 2009). It has rarely been employed as a

dimension of the company performance (Rosenzweig, Roth, & Dean Jr, 2003), but now the importance is increasing. Buyers with high satisfaction or loyalty are likely to continue business relationships. In turn, the higher buyer retention rates are, the greater market performance, sales and market share (Theoharakis et al., 2009).

In this study, market performance was assessed with market share and sales volume. Market share, which is a competitive position in the market, has been employed widely as non-financial performance (Castro & Roldán, 2013). Market share is a reliable index to identify the past, current, and future competitive advantage (Venkatraman & Ramanujam, 1986).

Table 2-2 Construction of Company Performance

Literature	Performance Construct Label	Indicators
Anderson and Eshima (2013)	• Firm performance	• Firm growth (Sales growth rate; Market share growth; employee growth)
Carr et al.(2011)	• Outcomes	• Non-economic outcomes (Work satisfaction; family satisfaction) • Firm performance
Cillo, De Luca, and Troilo (2010)	• Firm performance	• Overall performance • ROS • ROI
Corbett and Claridge (2002)	• Business performance	• Return on assets
Droge et al. (2004)	• Financial performance	• Return on assets; return on investments; return on sales
	• Market share performance	• Market share
Hooley et al. (2005)	• Performance outcomes	• Customer performance • Market performance • Financial performance

Literature	Performance Construct Label	Indicators
Kristal, Huang, and Roth (2010)	• Business performance	• Market share • Profit level
Nath et al.(2010)	• Business performance	• Profitability
O'Cass and Sok (2013)	• Firm growth	• Sales growth; growth in profit; customer satisfaction; financial growth
Ramaswami et al. (2009)	• Business process performance  • Financial performance	• New product development performance; supply-chain performance; customer management performance  • Subjective financial performance (Sales; Profitability; market share; net operating margins; return on assets)
Rosenzweig et al.(2003)	• Business performance	• ROA • Sales growth • Customer satisfaction • % Revenues from new products
Wolff & Pett (2006)	• Firm performance	• Growth performance • Profitability performance

### Hypotheses Development

This study examined the relationships among social capital of KIOFC, company capabilities, and performance. The following hypotheses were proposed.

#### *Relationship between network ties and relational social capital*

Network ties, which refer to firms' aggregate ties with other firms, are closely related to competitive improvement (Wu, 2008). Waldinger (1984) showed that in the New York fashion industry immigrant entrepreneurs preferred to hire employees with the

same ethnic backgrounds, and trust them more than other employees. In a similar vein, when KIOFCs connect business partners on common backgrounds (*inmaek*), their relationships may be more trustful and committed.

Companies are likely to provide good deals to other companies affiliated with the same business associations (Keister, 2001; Zhou et al., 2014). These better deals can be a factor for building closer relationships. When business partners were connected through business activities (e.g., business membership and business events), companies may more actively endeavor to build stronger relationships to continue the business relationships.

Previous studies argued that frequent social interactions help to strengthen relationships (Carey et al., 2011; Tsai & Ghoshal, 1998). Companies can develop trustworthiness through frequent social interaction, which provides companies such opportunities to know each other, share their valuable information, and build similar views (Tsai & Ghoshal, 1998).

In sum, the network ties-based on *inmaek*, business activity, and social interaction will help to enhance relational social capital (i.e., trust, commitment, and tie strength). This study examines network ties and relational social capital as higher-order factors. The following hypotheses are proposed:

*H1: Network ties will be positively related to relational social capital.*

#### *Relationship between cognitive social capital and relational social capital*

Cognitive similarities can help strengthen relationships with business partners. Previous studies showed that cognitive social capital is positively related to relational social capital (Carey et al., 2011; Y. Li et al., 2013; Tsai & Ghoshal, 1998).

Common languages improve business efficiency (Chiu et al., 2006). In the real fashion industry, jargon such as greige, jobber, knock-off, and techpack for specifications to assemble a garment are commonly used. Korean immigrants with previous industry experience in Korea tend to communicate using jargon that was commonly used in the fashion industry in Korea, such as Sida (시다) means an assistant, QQ (큐큐) means a keyhole buttonhole, Waki (와끼) means a side seam, Obi (오비) means a waist band, Wura (우라) means lining, and so on. Even Koreans cannot understand the real meanings of jargon because the jargon is not commonly used in ordinary life and most of the jargon used in the Korean fashion industry was created through changing pronunciation from Japanese terms. If professionals cannot understand the jargon used frequently in the Korean-American fashion industry, the resulting miscommunication may be an obstacle to strengthening relationships.

Corporate culture is indicated as one of the most important factors for firm success (O'Reilly, 1989). In similar cultures, work processes can proceed smoothly as better understanding business mechanisms each other. On the other hand, different company cultures aggravate conflict. Companies with different business cultures may have difficulty in working together. In addition, same goals and interests between entrepreneurs strength their relationships (Y. Li et al., 2013). In similar vision and goals between companies, their business relationships can be strength.

Thus, cognitive similarities such as shared language, vison, culture will help to establish mutual intimacy. This study examines cognitive social capital and relational social capital as higher-order factors. The following hypothesis is proposed:

*H2: Cognitive social capital will be positively related to relational social capital.*

*Relationship between relational social capital and capabilities*

A firm's internal (i.e., NPDD and buyer-linking) and external (i.e., sourcing and procurement and logistics and distribution) capabilities may not exist without supporting stronger relationships with business partners.

The fashion industry can be characterized by relationships based on trust and personal ties rather than contractual relationships (Uzzi, 1997). Uzzi (1997) mentioned arm's length (weak) ties are more common in inter-firm networks, but high quality market information is exchanged in embedded (strong) ties. Fabric suppliers are likely to show exclusively unique fabrics to designers with whom they have close relationships (Rantisi, 2002b). A common way to develop new design is that fabrics in the market can inspire designers. With the special fabrics, KIOFCs can develop unique products distinguished from rival companies. Thus, high levels of relationships with business partners may help to improve NPDD capability.

In addition, Kemper, Engelen, and Brettel (2011) showed that better new product outcomes are accomplished by top management in trust relationships. Business partners in a trusting relationship contribute to the development of new products as valuable ideas and comments are discussed in this relationship (Kemper et al., 2011; Moran, 2005).

Firms may have difficulty in retaining their buyers without close relationships with business partners. Trusted and committed suppliers provide customized products or services because they are more support or cooperate (Chang, 2011; Moran, 2005; Uzzi, 1997). Products reflecting buyers' demands can be developed through frequent

interaction or communication with business partners. If companies are not able to provide services or products to satisfy buyers, buyers might not purchase products anymore.

In sum, high levels of relational social capital (i.e., trust, commitment, and tie strength) will be related to the improvement of internal capabilities (i.e. NPDD capability and buyer-linking capability). This study examines relational social capital and internal capability as higher-order factors. Accordingly, the following hypothesis is proposed:

*H3: Relational social capital will be positively related to internal capability.*

According to Uzzi (1997), trust-based relationships lead to quick decision making, production, and higher quality products. For instance, negotiations are often unnecessary in trust relationships. Fashion companies can decide on price after receiving the products. Product quality can be enhanced through close (embedded) relationships as compared to arm's length relationships. In addition, fashion companies do not need to monitor their contractors in these trust relationships. Thus, trust relationships with business partners can help companies to accomplish economies of time as implementing efficient management practices with close business partners.

A new design can be a main product depending on the availability of the selected fabrics or yarns (Rantisi, 2002a). If the selected fabrics are unavailable due to the situations such as minimum yardage requirements and insufficient inventory, a long lead time may actually occur to find alternative fabrics by sourcing teams and then get a confirm from design teams. However, in trust relationships, fabric suppliers are willing to sell products in even smaller quantities (Rantisi, 2002b). Thus, retaining close relationships with business partners may improve sourcing and procurement capability.

Fashion companies are responsible to coordinate information and flows for the whole processes of sourcing and logistics. Because fashion companies need to pre-book logistics to deliver materials or products in order to respond to volatile demands (Masson et al., 2007), obtaining correct information from the business partners may be important. Suppliers in trust-commitment based relationships are likely to release more correct information. Thus, business partners in close relationships can help to improve the distribution and logistics capability.

In sum, companies with high levels of relational social capital (i.e., trust, commitment, and tie strength) will enhance external capabilities (i.e., sourcing and procurement capability and logistics and distribution capability). This study examines relational social capital and external capability as higher-order factors. Accordingly, the following hypothesis is proposed:

*H4: Relational social capital will be positively related to external capability.*

#### *Relationship between capabilities and company performance*

Previous studies have empirically shown that company capabilities contribute to company performance (Corbett & Claridge, 2002; Hsiao & Chen, 2013; Kristal et al., 2010).

NPDD is an important factor for the creation of consumer loyalty (Luo, Fan, & Zhang, 2012). Forecasting new designs that appeal to consumers and deciding production quantities are important for increasing sales. Designs that get low responses from consumers are a financial burden to fashion firms. For instance, fashion firms must sell such products with discounted prices or move them to outlet shops or warehouses. To

avoid these problems, fashion companies should develop a variety of designs to meet customers' ever- changing demands. Fashion firms might not expect the growth of sales without NPDD.

Previous studies have supported empirically the relationship between buyer-linking capability and business performance (Hooley et al., 2005; Rapp et al., 2010). Companies with the better ability to identify buyer needs and demands, maintaining, and improving buyer relationships lead to higher buyer satisfaction and financial performance (Hooley et al., 2005). Hence, internal capability based on NPDD and buyer-linking can contribute to company performance.

In sum, high levels of internal capability (i.e., NPDD capability and buyer-linking capability) may be related to the improvement of company performance (i.e., buyer performance, market performance, and financial performance). This study examines internal capability and company performance as higher-order factors. Accordingly, the following hypothesis is proposed:

*H4: Internal capability will be positively related to company.*

Fashion businesses have very short business cycles compared to other industries. Juniors and young contemporary lines, which are targeted by the majority of KIOFCs, require tighter schedules from developing to sales because the new products should reflect more rapidly hot trends. Sourcing and procurement capabilities and logistics and distribution capabilities enable companies to obtain quick production, short lead time, and high quality to get company performance (Bonacich & Appelbaum, 2000; A. S. Carr & Pearson, 2002; Hsiao & Chen, 2013; Ordanini & Rubera, 2008).

For example, when companies purchase fabric and materials in exact quantities, extra expenses costs for exceeded materials, products, and employees can dramatically reduce. Small-scale KIOFCs are likely to order a variety of items in small quantities. In addition, different items requires not only different fabrics/materials but also different production techniques (e.g., cutting, marking, sewing, and embroidery). Contractors are likely to be reluctant to receive the complex orders required more time and cost compared to bulk production or simple designs. In addition, the specializations and capacity of contractors are different. Therefore, KIOFCs are able to place orders to right contractors at a right quantity, lower price, and shorter time.

In addition, when buyers do not receive products on time, they can cancel the orders or require chargebacks (Bonacich & Appelbaum, 2000). Delay in material delivery results in additional costs and reduced payments. Damaged products during shipments are not sold or need repair work (Masson et al., 2007). Eventually, when fashion companies can handle materials/products flows in high quality with logistics and distribution service providers, they can enhance their performance.

Because of the characteristics of a volatile and unpredictable market, in last minute fashion companies are likely change designs or materials to better meet the market demands (Masson et al., 2007). If sourcing and logistics capabilities are not supported, fashion companies may have difficulty in releasing a variety of new products to extend market share. In other words, without the external capability handing all complex processes in sourcing and distribution smoothly and agilely with their providers, companies may not expect higher performance.

In sum, high levels of external capability (i.e., sourcing and procurement capability and logistics and distribution capability) may be related to the improvement of company performance (i.e., buyer performance, market performance, and financial performance). This study examines external capability and company performance as higher-order factors. Thus, the following hypothesis is proposed:

*H5: External capability will be positively related to company performance.*

#### *Relationship between social capital and company performance*

In the following section, the three dimensions of social capital (i.e., network ties, relational social capital, and cognitive social capital) and company performance were addressed. Firstly, the relationships between relational social capital and company performance were discussed. Numerous empirical evidence has supported the relationships between relational social capital and business outcomes (Cousins et al., 2006; Dowell, Morrison, & Heffernan, 2015; Lawson, Tyler, & Cousins, 2008; Uzzi, 1997).

In a fashion business, inter-company cooperation is necessary to reduce lead-time and to increase sales (Doeringer & Crean, 2006; Ordanini & Rubera, 2008). Close relationships provide valuable information such as top sales products, which their target customers want exactly (Uzzi, 1997). Developing fast selling items can increase their revenue; while slow selling items can be not only burden in inventory costs but also sold at discount prices. Hsing's (1999) study on the Taiwan shoe industry showed, shoe manufactures obtained fabric or trims by credit in trust relationships. The material

suppliers waited for payment until shoe suppliers received payments from their buyers. A long payment terms or credits can improve financial efficiency.

In addition, when companies who conduct business together trading, encounter problems, those who already have a trust relationship are likely to cooperate to ultimately solve the problems. On the other hand, if no trust relationship exists, the companies may pay attention to financial issues or losses that may result from the problems (Uzzi, 1997). Therefore, fashion companies may avoid repeating the same kind of problems through a high level of relationships with business partners. The decreased number of problems may be ultimately related to the improvement of performance.

In sum, a high level of relational social capital (i.e., trust, commitment, and tie strength) will be related to the improvement of company performance (i.e., buyer performance, market performance, and financial performance). This study examines relational social capital and company capability as higher-order factors. Accordingly, the following hypothesis is proposed:

*H7: Relational social capital will be positively related to company.*

Moran (2005) found that direct and indirect ties of sales and production managers in a Fortune 100 pharmaceutical company affected higher sales outcomes. Through the network, knowledge, information, sources, and ideas can be shared (F. X. Molina-Morales & Martínez-Fernández, 2010). Immigrant-owned companies are likely to rely on interpersonal relationships to minimize cost for monitoring or searching suppliers to enhance company performance (Yang et al., 2012). *Guanxi* in a Chinese context showed a direct impact on performance in terms of firm growth (Park & Luo, 2001). Thus, network

ties-based on *inmaek* in a Korean context, similar to *guanxi*, may have a direct impact of company performance of KIOFCs. In addition, through network ties-based business activities and social interaction, companies can obtain various opportunities such as timely market information, new ideas, and cost improvement for enhancing market competitiveness (Carey et al., 2011; L. Li, 2006; F. X. Molina-Morales & Martínez-Fernández, 2010; Tsai & Ghoshal, 1998).

In sum, network ties-based *inmaek*, business activities, and social interaction will be related to the improvement of company performance (i.e. buyer performance, market performance, and financial performance). This study examines network ties and company performance as higher-order factors. Accordingly, the following hypothesis is proposed:

*H8: Network ties will be positively related to company performance.*

If goals and languages are shared between companies, conflicts may be reduced by efficient communication (Li, et al., 2013; Tse, Francis, & Walls, 1994). Previous studies mentioned having a variety of new products is a significant factor for the success of market (Doeringer & Crean, 2006; Masson et al., 2007). In the product development or production process, when techpacks with details are written by the shared language, contractors can fully understand designers' intentions easily and correctly then make exact samples intended by the designers. If KIOFCs reduce the failure rate of NPDD, they may have a greater chance to sell new products in their stores, which would increase the success rate of new products. In negotiation processes, similar values play a significant role for improving business outcomes in terms of profit and satisfaction (Campbell, Graham, Jolibert, & Meissner, 1988).

This study suggests that cognitive social capital in terms of similarity of visions, language, and cultures between KIOFCs and business partners will be a positive influence on company's performance (i.e., buyer performance, market performance, and financial performance). This study examines relational social capital and internal capability as higher-order factors. Accordingly, the following hypothesis is proposed:

*H9: Cognitive social capital will be positively related to company performance.*

*Mediating role of capabilities between relational social capital and company performance*

Previous studies have showed that the respective effect of social capital and capabilities on company performance. However, there is little inquiry about the mediating role of capabilities on the relationships between social capital and company performance. Hence, an investigation of whether company capabilities will mediate between social capital and company performance in an aggregate manner is in order.

Relational social capital leads not only to the increase of internal and external capabilities, but also to company performance (Cousins et al., 2006; Lawson et al., 2008). Company performance is influenced by company capabilities (Hooley et al., 2005; Hsiao & Chen, 2013; Kristal et al., 2010). The relationships between relational social capital and company performance will be explained better by the intervention of capabilities. Thus, the following hypothesis is proposed:

*H10a: The relationship between relational social capital and company performance will be mediated by internal capability.*

*H10b: The relationship between relational social capital and company performance will be mediated by external capability.*

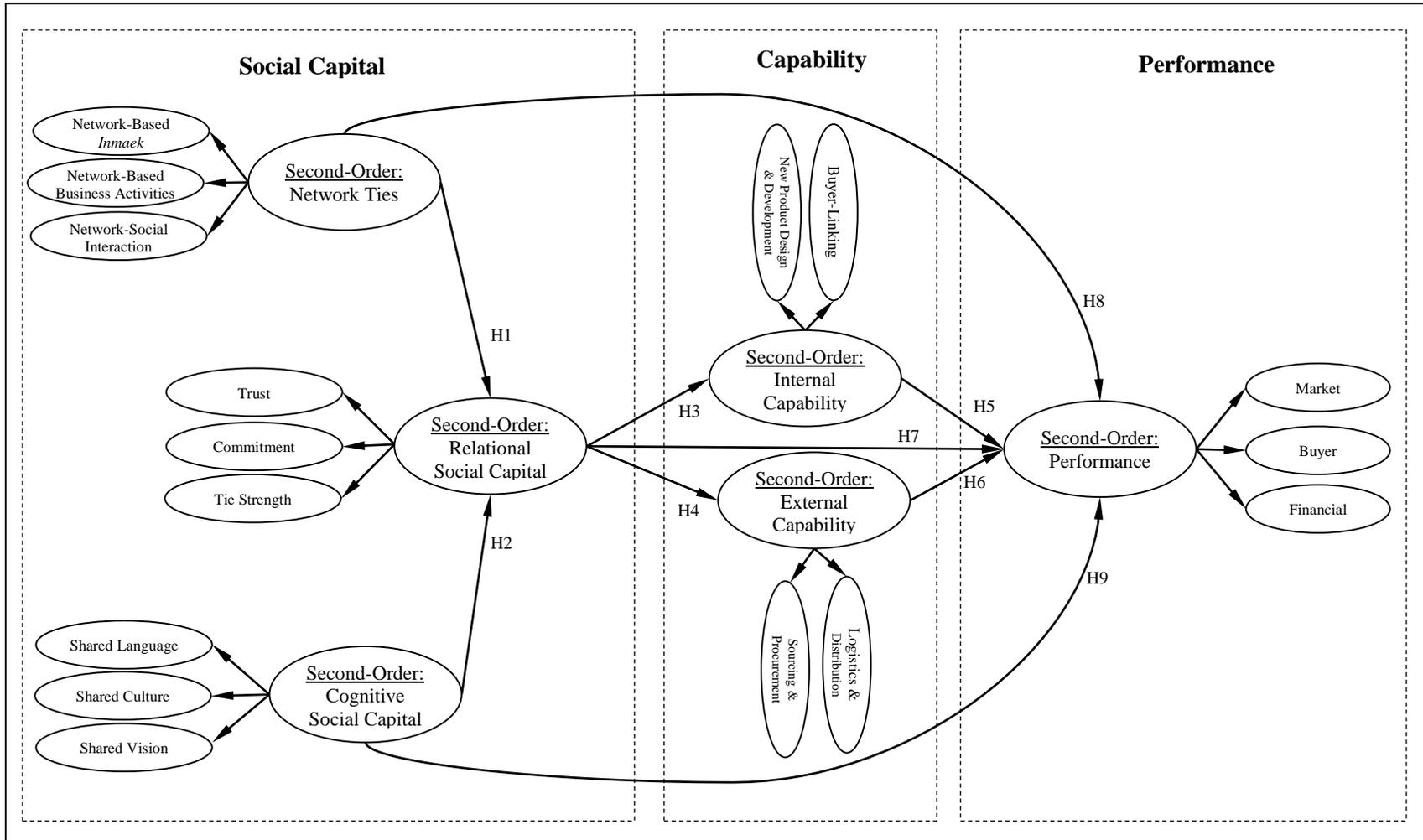


Figure 2-3 Conceptual model

## Summary

Chapter 2 provided an overview of significant features to predict a higher performance of Korean immigrants-owned fashion companies (KIOFCs). Specifically, it began by reviewing immigrants, the fashion industry, the Los Angeles area, and Korean immigrants in the Los Angeles fashion district. The following discussion included social capital theory and resource-based theory as applied to this study. Accordingly, in-depth discussions focusing on three dimensional aspects of social capital (i.e., network ties, relational social capital, and cognitive social capital), two dimensional aspects of capabilities (i.e., internal capability and external capability), and company performance were included. In addition to the higher-order constructs, the following discussions of lower-order constructs were included: a) *inmaeck*, b) business activity, c) social interaction for network ties; a) trust, b) commitment, c) tie strength for relational social capital; a) shared language, b) shared culture, and c) shared vision for cognitive social capital, a) new product design and development (NPDD) and b) buyer-linking capabilities for internal capabilities; a) sourcing and procurement and b) logistics and distribution capabilities for the external capabilities; and a) buyer, b) market, and c) financial for company performance. Finally, based on the literature review, the hypotheses were presented. The following chapter presents the research methodology employed in this study.

## Chapter 3

### Method

This chapter includes the following sections: 1) Measurement Development; 2) Questionnaire Design; 3) Data Collection; 4) Statistical Analyses; and 4) Summary.

#### Measurement Development

Table 3-1 presents the measurement items used in this study. All items were measured with seven-point Likert type scales, ranging from 1 (*strongly disagree*) to 7 (*strongly disagree*). The measurement items were adopted from those used in previous studies and modified to fit in the context of Korean immigrant-owned fashion company (KIOFC). The details are below.

**Social capital:** Previous studies used individual social capital dimensions (network tie, relational, or cognitive capital) formed by a first-order factor (Liao & Welsch, 2005; Tsai & Ghoshal, 1998; Wu, 2008) or a social capital formed by second-order factor (Parra-Requena et al., 2013). The present study used a second-order factor for each social capital dimension: network ties (i.e., *inmaek*, business activities, and social integrations), relational social capital (i.e., trust, commitment, and tie strength), and cognitive social capital (i.e., shared language, shared culture, and shared vision).

The network ties of KIOFC were operationalized in terms of *inmaek*, business activities, and social interaction. Based on the definition of *inmaek*, personal connections

based on common background by Horak (2014), the measures of *inmaek* were developed with the four items: 1) educational-based ties (*hackyoen*), 2) regional ties-based (*jiyoen*), 3) family ties (*hyulyoen*), and 4) religious community-based ties. Network ties-based business activities were captured by the developed two items: 1) business associations-based ties such as Garment Contractors Association and Korean American-Apparel Manufactures Association, and 2) business events-based ties such as trade shows, exhibits, and expos. Network ties-based social interaction was operationalized as informal social relationships characterized by the number of times that employees and owners in a company interact with people in social events. Three items were adopted from Molina-Morales and Martínez-Fernández (2010) and Tsai and Ghoshal (1998), and then modified.

Trust refers to the level of belief in fairness and honesty for business partners. The measure of trust consisted of two items used by Tsai and Ghoshal (1998) and two items used by Li et al (2013). Four items of trust included relying on business partners without any fear, keeping promises, being confident about business partners' abilities, and believing that business partners in good faith. Commitment was measured in terms of a belief for relationship continuity. Three items of commitment were adopted from Morgan and Hunt (1994). The measurement included the degree of commitment in the relationships, long term relationships' intention, and efforts to maintain the relationships. The strength of tie was captured by the degree of interactions with business partners. Three items adopted from Levin and Cross (2004) were modified.

Shared vision was measured with two items based on Tsai and Ghoshal (1998). The items focused on the same vision and goals of business partners. To measure shared

language, three items were adopted from Chiu et al. (2006). The items focused on common terms, communication patterns, and comprehensibility. Shared culture was captured in the degree of business cultural similarity for the business partners. Shared culture was measured with two items adopted from Simonin (1999).

**Company capability.** Company capability consist of two higher-order factors: internal capability and external capability. Internal capability, a KIOFC's ability which is built by division/department/employees, was operationalized with 1) new product design and development (NPDD) capability and 2) buyer-linking capability. NPDD, the ability to develop a variety of new products focusing the recent trends in a limited time, was measured with six items. The items adopted from Liu, Wang, Yuan, and Li (2012) and Ramaswami et al. (2009) were modified. Buyer-linking capability was for the KIOFC's ability to identify buyers' demands and maintain the relationships. The five items of buyer-linking capability was derived from Hooley et al. (2005) and modified.

External capability, KIOFC's ability which is built through their relationships with their business partners, was operationalized with 1) sourcing and procurement capability and 2) logistics and distribution capability. Sourcing and procurement capability was measured in the ability to manage suppliers/contractors/vendors for purchasing materials, components, products, or services at a right time. The five items were adapted from Ordanini and Rubera (2008). Logistics and distribution capability was captured in a KIOFC's ability to handle the internal and external flows of materials and goods with service providers. The six items were adopted from Cho, Ozment, and Sink (2008).

**Company performance.** To measure company performance, objective (secondary) data is difficult to obtain because small companies tend to reluctant provide their financial information (Wolff & Pett, 2006). Therefore, the present study employed respondents' subjective perceptions of performance in terms of buyer, market, and financial performance. The items for all three type performance were adopted from Hooley et al. (2005), and included self-reported evaluations as compared with KIOFC's major competitors. Buyer performance was measured with two items: 1) levels of our buyer loyalty and 2) levels of our buyer satisfaction. Market performance was measured with two items: 1) sales volume and 2) market share. Financial performance was measured with three items: 1) overall profit levels achieved, 2) profit margins, and 3) return on investment (ROI). A period of the previous three years was used to measure the company performance because previous studies argued that the period is sufficient amount of time to measure the recent company performance in Parra-Requena et al. (2013).

Table 3-1 Measurement Items

		Measurement items	Source
<b><i>Network ties</i></b>			
Based <i>inmaek</i>	IN1	Educational-based ties (Hackyoen) (e.g., graduated from the same university or schools)	Horak (2014); Developed
	IN2	Regional origin-based ties (Jiyoen) (e.g., hometown, etc.)	
	IN3	Family, blood-based ties (Hyulyoen) (e.g., family, relatives, etc.)	
	IN4	Religious community-based ties (e.g., church, temple, etc.)	
Based business activities	BN1	Business Associations-based ties (e.g., Garment Contractors Association, Korean American-Apparel Manufactures Association, etc.)	Developed
	BN2	Business events-based ties (e.g., trade shows, exhibits, expos, etc.)	
Based social interactions	SI1	Our company spends a considerable amount of social time (e.g., lunch, dinner, drinking, etc.) with other companies.	Molina-Morales and Martínez-Fernández (2010); Tsai & Ghoshal (1998); Modified
	SI2	Our company spend a considerable amount of time on social events (e.g., golf tournaments, school reunions, fund-raising events, etc.) organized by any associations.	
	SI3	Our company has informal social relationships with our buyers, suppliers and competitors.	
<b><i>Relational social capital</i></b>			
Trust	TR1	Our company relies on our business partners without any fear that they will take advantage of our company even if the opportunity arises.	Tsai and Ghoshal (1998); Li et al. (2013); Modified
	TR2	Our company keeps the promises it makes to our business partners.	
	TR3	Our company is fully confident about our business partners' business abilities.	
	TR4	Our company believes our business partners contribute to the business in good faith.	
Commitment	CM1	Our company is very committed to the relationships with our business partners.	Morgan and Hunt (1994); Modified
	CM2	Our company intends to keep the same business partners over a long period of time.	
	CM3	Our business partners deserve our company's maximum efforts to maintain the relationship.	
Tie strength	TS1	Our companies frequently communicate with our contacts.	Levin and Cross (2004); Modified
	TS2	Our company has very close relationships with our contacts.	
	TS3	Our company has spent a lot of time interacting with our business partners.	

	Measurement items	Source	
<b><i>Cognitive social capital</i></b>			
Shared language	SL1	Our company uses common business-related terms or jargon with our business partners.	Chiu et al. (2006); Modified
	SL2	Our company uses effective communication processes with our business partners.	
Shared culture	SC1	The business practices and operational mechanisms of our partners are similar to ours.	Simonin (1999); Modified
	SC2	The corporate culture and management styles of our partners are similar to ours.	
Shared vision	SV1	Our company shares the same ambitions and vision with our business partners at work.	Tsai and Ghoshal (1998); Modified
	SV2	Our company is enthusiastic about pursuing the collective goals and missions with our business partners.	
<b><i>Internal capabilities</i></b>			
New product design and development capability	ND1	Our company has better abilities in developing a number of products reflecting new trends.	Liu et al. (2012); Ramaswami et al. (2009); Modified
	ND2	Our company has better abilities in urgent development for new products.	
	ND3	Our company has better core competitiveness which is our design development team or employees.	
	ND4	Our products are unique and easily distinguished from our competitors.	
	ND5	Our company uses several data or information sources (e.g. exhibitions, fashion shows, magazines, trend analysis, sales history) to predict market trends better.	
	ND6	Our new products lead market fashion trends.	
Buyer-linking capability	BL1	Our company has better abilities in the levels of buyer service and support.	Hooley et al. (2005); Modified
	BL2	Our company has better abilities in building relationships with key target buyers.	
	BL3	Our company has better abilities in understanding what target buyers needs and requirements are.	
	BL4	Our company has better abilities in creating relationships with buyers.	
	BL5	Our company has better abilities in maintaining and enhancing relationships with buyers.	

	Measurement items	Source	
<b><i>External capabilities</i></b>			
Logistics and distribution capability	LD1	Our company has better abilities to deliver correct orders on time.	Cho et al. (2008); Modified
	LD2	Our company has better abilities to reduce delivery time.	
	LD3	Our company has better abilities to share shipping and delivery information with our suppliers and customers.	
	LD4	Our company has better abilities to handle widespread or intensive distribution coverage effectively.	
	LD5	Our company has better abilities to handle global distribution coverage effectively.	
	LD6	Our company has better abilities to minimize the total cost of logistics/distribution.	
Sourcing and procurement capabilities	SP1	Our company usually faces difficulties in managing the relationships with existing and potential suppliers/contractors/vendors.(R)	Ordanini and Rubera (2008); Modified
	SP2	Our company has better abilities in managing the activities complementary to purchasing (inventory, billing,...).	
	SP3	Our company has better abilities in sharing information with suppliers/contractors/vendors.	
	SP4	Our company has better abilities in adapting quickly to market changes and new product requirements.	
	SP5	Our company has better abilities to reduce lead times and speeding up to time-to market.	
<b><i>Company performance</i></b>			
Buyer performance	BP1	Levels of our buyer loyalty	Hooley et al. (2005); Modified
	BP2	Levels of our buyer satisfaction	
Market performance	MP1	Sales volume	Hooley et al. (2005); Modified
	MP2	Market share	
Financial performance	FP1	Overall profit levels achieved	Hooley et al. (2005); Modified
	FP2	Profit margins	
	FP3	Return on investment (ROI)	

**Firmographic information.** Firmographic information, a company's demographics, was asked. Firmographics included the following items: major business, product categories, major customers, the total number of employees including working owners and part-time employees, employment rate by ethnicity, the age of company, actual sales, headquarters' zip code, the existence of the showroom or stores operating in the LAFD, the extant of business partners, and sourcing countries.

**Screening questions:** Because the present study only focused on fashion firms owned by Korean immigrants, two questions about the owner's ethnicity and immigrant generations were included to screen for KIOFC. One question about knowledge-level was included to judge whether or not the respondents possessed enough information about the company to respond this questionnaire.

**Demographic information.** At the end of questionnaire, the respondents' demographic information including age, gender, the length of residence in the U.S., position title, a highest education level, and language proficiency were asked.

To increase reliability, decrease measurement error, and improve the validity of each construct measurement, all measures were pretested by academic professors and current employees of KIOFCs in the LAFD. Pre-test helped to identify potential problems of the initial measurement. Details are explained in *Pretest* (see p. 77).

## **Questionnaire Design**

### *Developing questionnaire in English and Korean*

For the convenience of the Korean immigrant respondents, the questionnaire was first developed in English, then translated into Korean. There are various translation

techniques. To improve validity, back-translation technic is frequently used in multi-cultural research. However, the technic has a weakness that errors are not detected when a poorly-worded items in the target language are successfully back-translated items (T. W. Smith, 2010). To compensate the weak point, this study employed both parallel-translation and committee-translation approaches.

The author and two translators who are fluent in both English and Korean, translated coincidently and syntagmatically the original version (English) questionnaire into Korean. Three translators translated each item individually into Korean, and then discussed their translated items. When the three translators had the same opinion, each item was translated into Korean. For the inconsistent translated items among three translators, the researcher explained enough the meaning of items, and then English version was modified and translated into Korean to have identical meanings between two versions. All items were translated until the three translators' agreements arrived. Lastly, each final version questionnaire was reviewed by a native American and Korean to detect errors by translation, but no problem was raised. Therefore, identical meanings were expressed in both Korean and English questionnaire versions.

### *Pretest*

To ensure face validity, the initial questionnaire was reviewed with academic researchers and graduate students. Before conducting the main survey, pre-tests were conducted with two industry professionals working in the Korean immigrant fashion companies. After completing the survey, they were asked to judge ambiguous or unsuitable questions to tap the status of KIOFC in the Los Angeles fashion industry.

Based on their opinions, the final version of questionnaire was developed by changing words and rearranging the order of questions.

## **Data Collection**

### *Sampling*

A list of KIOFC companies was extracted from the websites related to Korean community and Los Angeles fashion industry. This study did not restrict certain fashion business types (e.g., suppliers, manufacturing, and wholesaling) excluding retailing and product categories (e.g., clothing and accessories) because this study generally focuses on how Korean immigrant-owned companies connect their business partners. In addition, in order to increase response rate the respondents' positions were not restricted. According to Hitt et al. (2002) it is difficult to separate manager and employees' social capital from a firm's social capital because the firm's social capital is an extension of individual social capital. Respondents were restricted to only one per company for the survey because the present study focuses on the level of inter-company. Consequently, a respondent represented a company. Additionally, one question about knowledge-level was used to check whether or not the respondents had enough information about their companies to appropriately represent their companies.

### *Survey*

Before collecting data, approval by the Institutional Review Board (IRB) of Oregon State University was received. The data were collected via online and in-person surveys. Table 3-2 describes the construction of sample response.

First, an online survey website was developed with Qualtrics (online survey software). The online survey was designed that respondents can select their preference language (Korean or English). An invitation emails written in both Korean and English, including an explanation of this survey's purpose and a survey URL link, were sent to 1,229 individuals between January 13th, 2015 and February 13th, 2015. In one week after sending the initial emails, one reminder emails were sent out to the contact individuals. 28 out of 69 participants who agreed to take the survey completed the survey. 41 partially completed questionnaires were also included.

An in-person survey was also conducted in the LAFD. The researcher visited the stores and offices located in the area with the highest concentration of Korean immigrant owners in the LAFD (e.g., San Pedro Wholesale Mart, LA Face Mart, and Stanford Wholesale Mart) (see Figure 3-1).

While walking in such areas, the researcher looked in the stores and offices. If an employee or owner in the stores and offices looked like Korean, the stores and offices were approached. After explaining the purpose of this survey, the researcher asked an owner or employee in the visiting place to participate in the survey. If one was willing to participate in the survey, the researcher handed out a questionnaire in the participant's preferred language Korean or English with a thank you gift (mask pack) provided as an incentive for taking the survey. To avoid business interruption, the respondents, who

were not available to respond to the questionnaire once receiving it, filled out the questionnaire when they had their spare time. The researcher revisited the stores within three days after distributing the questionnaires. If the distributed questionnaire was not completed within three days, the researcher asked whether the completed questionnaires were sent back via regular mail. If the participants agreed to return the completed questionnaire by regular mail, a self-addressed stamped return envelope was provided.

31 English version questionnaires and 163 Korean version questionnaires were distributed between the Feb. 3th, 2015 and Feb.6th, 2015. 158 questionnaires (Korean version: 134, English version: 24) were collected via in-person survey. After Feb. 6th, 2015, the two completed questionnaires (Korean version: 1, English version: 1) were returned via regular mail. A total of 160 questionnaires were collected through this process.

Table 3-2 Construction of Survey Response

	Online		In-person survey	
	Korean	English	Korean	English
No. of distribution		1,229	163	31
No. of participant	67	2	134 + 1(mail)	24+ 1(mail)
Total participants		69	135	25
Total response rate		5.61%	82.82%	80.65%



Note. San Pedro Wholesale Mart (upper left), LA Face Mart (lower left), and Stanford Wholesale Mart (upper right and lower right)  
 Figure 3-1 Examples of survey locations

Collecting data was a challenge. Online survey repose rate was too low (5.61%). While distributing questionnaires through in-person survey, many contacts rejected when approached to complete the survey. When the contacts were asked to participate in the survey, some indicated concern about exposing their business secrets and responding to the questions asking sensitive information. To increase survey participation, opportunities to receive the results of this study and two \$50 cash prizes in a raffle were offered.

A total of 229 questionnaires were initially entered into data set. Inappropriate data including irrelevant or missing information (e.g., non-Korean owners, the generation of immigrants, and low knowledge levels) were removed. Finally, 171 questionnaires were used for the analysis of this study.

### *Statistical analysis*

Table 3-3 describes the overview for the statistical analysis used in this study. Descriptive statistics were used to assess the firmographic and demographic characteristics with SPSS. To confirm the location of participant company, a map was created using Excel. Before testing hypotheses, preliminary analyses were conducted with SPSS: *t*-test for the possibility of non-response bias, Skewness and Kurtosis for the data normality, and an exploratory factor analysis (EFA) for the dimensionality of constructs, and a reliability of factors extracted by the EFA. The main analysis of this study was Partial Least Squares (PLS)-SEM analysis using SMART PLS program. A post-hoc test was performed to assess the reliability of PLS model using G\*Power program. The procedures and details for statistical analysis are explained in the Chapter 4.

Table 3-3 Overview of Statistical Analysis

Test	Method	Statistical Program
Firmographics	Descriptive statics	SPSS
Demographics	Descriptive statics	SPSS
Map	Mapping	Power map (Excel)
Normality	Skewness & Kurtosis	SPSS
Common factor analysis	Factor analysis	SPSS
Non-response bias check	<i>t</i> -test	SPSS
Exploratory factor analysis	Factor analysis	SPSS
Reliability	Cronbach's alpha	SPSS
Confirmatory factor analysis (Measurement model)	PLS model analysis	SMARTPLS
Hypotheses test (Structure model)	PLS model analysis	SMARTPLS
Post-hoc test	Power analysis	G*Power

### Summary

Chapter 3 presented an overview for the method used in this study. The discussion included the measurement development, questionnaire design, sample selection, data collection, and data analysis. The following chapter presents the results of data analysis.

## Chapter 4

### Results

This chapter includes the following sections: 1) Sample Characteristics; 2) Preliminary Analysis; 3) Model Specification; and 4) Summary.

#### Sample Characteristics

##### Firmographic characteristics

Table 4-1 describes the demographic information of participant companies. First of all, to identify Korean immigrant-owned company (KIOFC) the owner's ethnic backgrounds and immigrant generations were asked. The owner's ethnic backgrounds of all participant companies were Koreans ( $n = 171$ ). The owner's generations of participant companies consisted of 1st generation immigrants (73.10%), 1.5 generation immigrants (19.30%), and 2nd generation immigrants (2.92%). 4.68 % of the respondents who did not know about the owner's ethnic background were included in this study because the owners were indicated as Korean immigrants in the previous question. The questionnaires were completed by owners (50.29%) and non-owners (49.71%).

Secondly, to confirm fashion companies were located in the Los Angeles area, headquarters' zip code was asked. The following questions were described: the existence of show rooms or sales stores in the Los Angeles Fashion District (LAFD), major business area, and main product categories. Most of the participant companies were heavily concentrated in two Los Angeles zip codes 90021 (48.73%) and 90015 (37.97%)

(see Appendix A). One participant company's headquarters which was indicated in New York (zip code: 11801) was also included in this study because a showroom or store was in the LAFD. Surveys with missing data for zip code ( $n = 13$ ) were not excluded because the contact list for fashion companies located in the Los Angeles area was used.

92.02% of the participant companies had a sales store or show room located in the LAFD. The major business of participant companies consisted of apparel wholesale manufacturer (80.95%), apparel manufacturing contractor (1.19%), importer (13.69%), fabric, manufacturer or supplier (2.38%), and subsidiary (material) manufacturer or supplier (1.79%). For the main product categories, more than 90% of respondent companies sold only women's clothing, 3.09% sold both women's clothing and children, and 1.23% sold both women's clothing and accessory. Others presented that only accessory ( $n = 6$ ), one fabric ( $n = 1$ ), and trim ( $n = 1$ ) companies.

The average business length of participant companies was about 9 years on average ( $M = 9.44$ ,  $SD = 7.81$ , range 1 - 40). The participant companies had 17 employees on average ( $M = 16.92$ ,  $SD = 23.98$ , range 2 - 150). The annual sales of participant companies was approximately \$6 million on average ( $M = \$5,913,837.21$ ,  $SD = \$6,684,017.49$ , range \$200,000 - \$40,000,000).

Table 4-1 Firmographic Characteristics

	<i>n</i>	%
<i>Owner's ethnicity</i>		
Korean	171	100
<i>Owner or non-owner of respondents</i>		
Owner	86	50.29
Non-owner	85	49.71

	<i>n</i>	<i>%</i>
<i>Owner's immigrant generation</i>		
1 <sup>st</sup> generation immigrant	125	73.10
1.5 generation immigrant	33	19.30
2nd generation immigrant	5	2.92
Don't know	8	4.68
<i>Headquarters' zip code</i>		
90015	60	37.97
90021	77	48.73
Other	21	13.29
<i>Sales stores or show rooms in the LAFD</i>		
Yes	150	92.02
No	13	7.98
<i>Major business</i>		
Apparel wholesale manufacturer	136	80.95
Apparel manufacturing contractor	2	1.19
Importer	23	13.69
Fabric manufacturer or supplier	4	2.38
Subsidiary (material) manufacturer or supplier	3	1.79
<i>Main product category</i>		
Women's clothing	147	90.74
Women's clothing & children	5	3.09
Women's clothing & accessory	2	1.23
Accessory	6	3.70
Other (e.g., fabric ( <i>n</i> = 1), trim ( <i>n</i> = 1))	2	1.23
<i>Ages of company (years)</i>		
< 6	65	42.21
6 – 10	33	21.43
11 – 15	25	16.23
15 – 20	18	11.69
21 – 25	6	3.90
> 25	7	4.55
<i>Number of employee</i>		
< 11	86	55.48
11- 20	41	26.45
21- 30	13	8.39
> 30	15	9.68
<i>Annual sales (\$)</i>		
< 1 million	13	15.12
1 – 5 million	44	51.16
6 – 10 million	18	20.93
> 10 million	11	12.79

Note. *N* = 171, Missing excluded

*Demographic characteristics of respondents*

Table 4-2 describes the demographic characteristics of respondents. The respondents consisted of males (63.41%) and females (36.59%). The respondents' ages were from 18 to 63 years ( $M = 41.27$  years,  $SD = 9.96$ ). Only 6.67% of the respondents were born in the U.S., and the rest of respondents were not born in the U.S. The length of respondents' residence in the U.S. was about 18 years ( $M = 18.43$ ,  $SD = 8.85$ , range 2 - 44). 74.53% of the respondents were married and 21.12% were single. Approximately 75% of the respondents achieved a 2 or 4 year college degree. About 32 % of the respondents had annual income of \$90,000 or above. The respondents were vice president or above (50.63%), general managers (24.05%), sales (15.19%), and other positions (10.13%).

Table 4-2 Demographic Characteristics of Respondents

	<i>n</i>	%
<i>Gender</i>		
Male	104	63.41
Female	60	36.59
<i>Age</i>		
< 26	9	5.73
26 – 35	37	23.57
36 – 45	57	36.31
46 – 55	40	25.48
> 55	14	8.92
<i>Born in US</i>		
Yes	11	6.67
No	154	93.33
<i>Residence years</i>		
< 11	36	22.50
11 – 20	59	36.88
21 – 30	51	31.88
> 30	14	8.75

	<i>n</i>	<i>%</i>
<i>Marital status</i>		
Single	34	21.12
Married	120	74.53
Divorced	5	3.11
Widowed	1	.62
Other	1	.62
<i>Highest education level</i>		
Less than high school	2	1.26
High school / GED	25	15.72
2-year college degree	30	18.87
4-year college degree	91	57.23
Graduate degree	11	6.92
<i>Job title</i>		
Vice president or above (e.g., owner, president, and CEO)	80	50.63
Designer, pattern maker, warehouse manager, or production manager	9	5.70
General manager	38	24.05
Sales manager, sales reps, or store owner	24	15.19
Other (e.g., accountant, controller, administrator, employee, and assistant)	7	4.43
<i>Annual income</i>		
< \$30,000	9	6.62
\$30,000 – \$49,999	33	24.26
\$50,000 – \$69,999	31	22.79
\$70,000 – \$89,999	19	13.97
≥ \$90,000	44	32.35

Note. *N* = 171, Missing excluded.

*The current status of Korean immigrant-owned fashion companies in the Los Angeles area*

Table 4-3 shows the existence of business partners and Korean immigrant business partners in the certain business section. The respondents responded whether or not they have business partners in the following business section: fiber, yarn, or fabric (80.26%), material or subsidiaries (79.05%), apparel developing such as sample or pattern making (70.34%), apparel manufacturing (88.89%), logistics and transportation (79.47%), and services such as advertising, bank, factoring, CPA, or law firm (86.36%). There were the following questions whether the participant companies have Korean

immigrant business partners in these business sections. The participant companies have Korean immigrant business partners in fiber, yarn, or fabric (77.52%), material or subsidiaries (80.31%), apparel developing such as sample or pattern making (77.31%), apparel manufacturing (83.57%), logistics and transportation (67.69%), and services such as advertising, bank, factoring, CPA, or law firm (88.49%).

Table 4-3 Overview of Business Partners and Korean Immigrant Business Partners

	Business partners			Korean business partners		
		<i>n</i>	%		<i>n</i>	%
<i>Fiber, yarn, or fabric supplier, manufacturer</i>	Yes	122	80.26	Yes	100	77.52
	No	22	14.47	No	22	17.05
	Don't know	8	5.26	Don't know	7	5.43
<i>Subsidiary (material) suppliers, manufacturer</i>	Yes	117	79.05	Yes	102	80.31
	No	23	15.54	No	18	14.17
	Don't know	8	5.41	Don't know	7	5.51
<i>Apparel developer (sample, pattern makers)</i>	Yes	102	70.34	Yes	92	77.31
	No	36	24.83	No	19	15.97
	Don't know	7	4.83	Don't know	8	6.72
<i>Apparel manufacturer, vendor, contractor</i>	Yes	144	88.89	Yes	117	83.57
	No	13	8.02	No	19	13.57
	Don't know	5	3.09	Don't know	4	2.86
<i>Transportation and logistics company</i>	Yes	120	79.47	Yes	88	67.69
	No	24	15.89	No	29	22.31
	Don't know	7	4.64	Don't know	13	10.00
<i>Service providers (advertising, bank, factoring, CPA, law firm)</i>	Yes	133	86.36	Yes	123	88.49
	No	14	9.09	No	8	5.76
	Don't know	7	4.55	Don't know	8	5.76

Note. *N* = 171, Missing excluded.

Table 4-4 describes what percentage of the business partners are Korean immigrant-owned companies. The rate of the Korean business partners ranged between 0% and 100%. An average rate of Korean business partners was 60.54% (*SD* = 27.40). Approximately 60% of the participant companies indicated that more than 50% of their

business partners are Korean immigrant-owned companies. The results revealed Korean immigrant-owned companies prefer other Korean immigrant-owned companies as a business partner.

Table 4-4 Percentage of KIOFCs with Korean Immigrant Business Partners

% of Korean business partners	<i>n</i>	%
0% – 25%	23	14.38
26% - 50%	39	24.38
51% - 75%	41	25.63
76% - 100%	57	35.63

Note. *N* = 171, Missing excluded.

Table 4-5 describes the sourcing countries of participant companies. To tap the sourcing countries of KIOFC, a question about top three suppliers' countries was asked. Sourcing in the U.S. (domestic) and China were the top suppliers for 44.44% and 46.20% of the participating companies. The U.S. and China were also noted as the 2<sup>nd</sup> and 3<sup>rd</sup> top suppliers for the majority of participating companies. This result can be interpreted that not only China is the top sourcing country but also domestic production is widely employed. Interestingly, South Korea was chosen for the 1<sup>st</sup> top supplier (5.85%), 2<sup>nd</sup> top supplier (12.50%), and 3<sup>rd</sup> top supplier (23.02%). The result indicated that Korea is not the number one selection for the sourcing country but South Korea (owner's home country) is preferred as an alternative sourcing country. Europe and South Asia were not selected for the 1<sup>st</sup> top supplier, but were chosen for the 2<sup>nd</sup> and 3<sup>rd</sup> top suppliers. Southeast Asia (e.g., Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, etc.) was selected for the 2<sup>nd</sup> top supplier (6.88%) and the 3<sup>rd</sup> supplier (10.79%).

Table 4-5 Sourcing Country of Top Three Suppliers

Sourcing country	1 <sup>st</sup> top supplier		2 <sup>nd</sup> top supplier		3 <sup>rd</sup> top supplier	
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Domestic (US)	76	44.44	44	27.50	34	24.46
China Mainland and Hong Kong	79	46.20	65	40.63	35	25.18
Canada	-	-	1	.63	2	1.44
Mexico	2	1.17	14	8.75	12	8.63
South Korea	10	5.85	20	12.50	32	23.02
Europe (e.g., UK, Italy, France, etc.)	-	-	2	1.25	3	2.16
Central American and Caribbean Bain Countries (e.g., Guatemala, Honduras, El Salvador, etc.)	1	.58	2	1.25	5	3.60
South Asia (e.g., India, Sri Lanka, Pakistan, Bangladesh, etc.)	-	-	1	.63	1	.72
Southeast Asia (e.g., Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, etc.)	3	1.75	11	6.88	15	10.79

Note. *N* = 171, Missing excluded

Table 4-6 describes the business categories of major buyers of the participant companies. The respondents checked all categories applied. Major buyers accounted for specialty store or retailer (63.74%), wholesalers (54.39%), online shopping mall (48.54%), boutique (42.11%), department store (30.41%), discount store (17.54%), and other (1.17%).

Table 4-6 Korean Immigrant-Owned Companies' Major Buyers

Major buyers	<i>n</i>	%
Specialty store or retailer	109	63.74
Wholesalers	93	54.39
Online shopping mall	83	48.54
Boutique	72	42.11
Department store	52	30.41
Discount store	30	17.54
Other (e.g., swap meet ( <i>n</i> = 1) and international market ( <i>n</i> = 1))	2	1.17

Note. *N* = 171, Check all that apply. % calculated by the number 171

Table 4-7 Language Level Proficiency of Respondents

Language level	<i>n</i>	%	Language level	<i>n</i>	%
<i>Korean (n = 144)</i>			<i>English (n = 148)</i>		
Excellent <sup>1</sup>	101	70.14	Excellent	27	18.24
Very good <sup>2</sup>	15	10.42	Very good	17	11.49
Good <sup>3</sup>	18	12.50	Good	18	12.16
Average <sup>4</sup>	6	4.17	Average	48	32.43
Poor <sup>5</sup>	4	2.78	Poor	21	14.19
Very poor <sup>6</sup>	-	-	Very poor	10	6.76
Extremely poor <sup>7</sup>	-	-	Extremely poor	6	4.05
Don't know <sup>8</sup>	-	-	Don't know	1	.68
<i>Spanish (n = 134)</i>			<i>Chinese (n = 106)</i>		
Excellent	13	9.70	Excellent	3	2.83
Very good	4	2.99	Very good	1	.94
Good	4	2.99	Good	-	-
Average	14	10.45	Average	3	2.83
Poor	15	11.19	Poor	2	1.89
Very poor	32	23.88	Very poor	9	8.49
Extremely poor	44	32.84	Extremely poor	55	51.89
Don't know	8	5.97	Don't know	33	31.13

Note. N= 171, Missing excluded; Scale: <sup>1</sup>= 7, <sup>2</sup>= 6, <sup>3</sup>= 5, <sup>4</sup>= 4, <sup>5</sup>= 3, <sup>6</sup>= 2, <sup>7</sup>= 1, <sup>8</sup>= 0

Table 4-7 describes the respondent's language level in Korean, English, Spanish, and Chinese used mainly in the working environment of KIOFC. The respondents evaluated themselves their level in each language. About 70% of the respondents indicated that their Korean level is excellent. Overall, Korean was evaluated at above good level ( $M = 6.41$ ,  $SD = 1.04$ , range 3 - 7). English level is above average ( $M = 4.47$ ,  $SD = 1.70$ , range 0 - 7). 94% of the respondents knew Spanish, but the level was poor ( $M = 2.57$ ,  $SD = 1.99$ , range 0 - 7). 68% of the respondents knew Chinese, but the level was very poor ( $M = 1.11$ ,  $SD = 1.41$ , range 0 - 7). The result showed that employees in working in the KIOFCs are using or knowing multiple languages. Fashion companies with bilingual or multi-lingual employees may have more opportunities to connect with

new buyers and suppliers and communicate effectively with them because they do business with a number of non-English speaking buyers and suppliers.

Table 4-8 describes the employee rate by the ethnicity. The participant companies consisted of Korean employee ( $M = 61.20$ ,  $SD = 24.65$ , range 0% - 100%), Asian excluding Korean ( $M = 2.57$ ,  $SD = 9.95$ , range 0% - 75%), Hispanic/Latino (range 0 - 100%,  $M = 33.54$ ,  $SD = 23.24$ ), White ( $M = 1.18$ ,  $SD = 4.97$ , range 0% - 10%), and Black ( $M = .12$ ,  $SD = 1.10$ , range 0% - 20%). Over 50% of KIOFC indicated that Korean employees makes up over 50% of employees. This can be an evidence that KIOFCs are largely homogeneous.

Table 4-8 Ethnicity of Employees

	Korean		Asian: Non-Korean		Hispanic//Latino		White		Black	
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
0% – 25%	14	8.59	157	97.52	65	39.88	161	98.8	163	100.0
26% - 50%	59	36.20	2	1.24	72	44.17	2	1.2	-	-
51% - 75%	46	28.22	2	1.24	21	12.88	-	-	-	-
76% - 100%	44	26.99	-	-	5	3.07	-	-	-	-

Note. N= 171, Missing excluded

### Preliminary Analysis

#### *Non-response bias check*

The non-response bias is the difference of responses between survey respondents and non-respondents (Lambert & Harrington, 1990). This study used the two survey modes: online and in-person. The characteristics of online and in-person survey groups were compared with firmographic information (number of employees and firm age) and demographic information (respondent age and the year of residence in the U.S). *t*-test

results indicated that there were no significant differences as shown in Table 4-9.

Therefore, non-response bias might not be a serious problem in this study.

Table 4-9 *t*-tests Result for Non-Response Bias

	<i>Online survey</i>	<i>In-person survey</i>	<i>t</i>	<i>p</i>
	<i>M (SD)</i>	<i>M (SD)</i>		
No. of employee	22.76 (24.82)	15.79 (23.75)	1.34	.25
Firm age	14.46 (9.39)	8.52 (7.15)	.89	.35
Respondent age	43.92 (8.88)	40.79 (10.09)	.63	.43
Residence year	21.76 (7.99)	17.84 (8.90)	.39	.53

#### *Common method bias check*

The concern about common method bias may be raised when independent and dependent variables are measured by the same respondents. Common method bias was performed by Harman's one-factor test with all 54 measurement items, with eigenvalues over than 1 and without rotation. Common method bias can be a concern if one single factor is extracted with a high variance. The result showed that 12 factors were extracted with the eigenvalue 1 criterion and the first factor explained 17.99% of total variance. Thus, common method bias might be a serious issue in this study.

#### *Tests for normality*

The normality of 54 measurement items were examined with Skewness and Kurtosis (see Table 4-10). Based on the criterion of the size-sample of over 100, absolute z-value is over 3.29 ( $p < .001$ ) (Mayers, 2013). 5 out of 54 items exceeded the absolute z-value 3.29 for both Skewness and Kurtosis. The result suggested the data were not deviated seriously from normality but the data might be slightly different from normal

distribution. As the concern about the deviation from normality was raised, a PLS analysis, which has no assumption about data distribution, was used in the main analysis.

Table 4-10 Skewness and Kurtosis

Item	<i>M</i>	<i>SD</i>	Skewness			Kurtosis		
			Statistic	SE	Z-score	Statistic	SE	Z-score
IN1	1.94	1.47	1.52	0.19	<b>7.97</b>	1.41	0.38	<b>3.72</b>
IN2	2.33	1.82	1.34	0.19	<b>7.06</b>	0.76	0.38	2.02
IN3	2.93	2.13	0.81	0.19	<b>4.26</b>	-0.71	0.38	-1.88
IN4	2.11	1.58	1.41	0.19	<b>7.33</b>	1.30	0.38	<b>3.39</b>
BN1	2.23	1.59	1.14	0.19	<b>6.02</b>	0.47	0.38	1.25
BN2	2.95	1.99	0.72	0.19	<b>3.80</b>	-0.63	0.38	-1.67
SI1	3.52	1.80	0.31	0.19	1.64	-0.75	0.38	-2.01
SI2	2.23	1.43	1.32	0.19	<b>6.94</b>	1.39	0.38	<b>3.70</b>
SI3	3.08	1.61	0.54	0.19	2.86	-0.29	0.38	-0.77
TR1	3.91	1.71	0.03	0.19	0.16	-0.64	0.37	-1.71
TR2	6.10	1.33	-1.82	0.19	<b>-9.76</b>	3.34	0.37	<b>9.02</b>
TR3	4.94	1.28	-0.13	0.19	-0.70	-0.24	0.37	-0.64
TR4	5.08	1.36	-0.51	0.19	-2.75	0.07	0.37	0.18
CM1	5.08	1.46	-0.40	0.19	-2.13	-0.44	0.37	-1.19
CM2	5.80	1.36	-1.32	0.19	<b>-7.09</b>	1.76	0.37	<b>4.78</b>
CM3	5.72	1.34	-0.96	0.19	<b>-5.18</b>	0.37	0.37	1.00
TS1	5.71	1.35	-0.95	0.19	<b>-5.12</b>	0.31	0.37	0.84
TS2	5.44	1.40	-0.78	0.19	<b>-4.16</b>	0.05	0.37	0.13
TS3	4.84	1.63	-0.37	0.19	-1.98	-0.61	0.37	-1.65
SL1	5.63	1.40	-1.00	0.19	<b>-5.36</b>	0.73	0.37	1.96
SL2	5.52	1.31	-0.76	0.19	<b>-4.06</b>	0.43	0.37	1.15
SC1	4.85	1.46	-0.26	0.19	-1.41	-0.21	0.37	-0.58
SC2	4.39	1.63	-0.19	0.19	-1.02	-0.40	0.37	-1.08
SV1	4.86	1.60	-0.31	0.19	-1.66	-0.62	0.37	-1.66
SV2	5.01	1.60	-0.45	0.19	-2.41	-0.56	0.37	-1.51
ND1	5.33	1.22	-0.47	0.19	-2.52	-0.29	0.37	-0.78
ND2	5.23	1.27	-0.52	0.19	-2.82	-0.08	0.37	-0.21
ND3	5.21	1.46	-0.59	0.19	-3.17	-0.25	0.37	-0.66
ND4	5.02	1.49	-0.41	0.19	-2.22	-0.54	0.37	-1.45
ND5	5.04	1.52	-0.51	0.19	-2.75	-0.27	0.37	-0.72
ND6	4.54	1.56	-0.24	0.19	-1.30	-0.60	0.37	-1.60
BL1	4.89	1.36	-0.36	0.19	-1.93	-0.21	0.37	-0.55
BL2	4.97	1.36	-0.34	0.19	-1.81	-0.18	0.37	-0.48
BL3	5.15	1.27	-0.37	0.19	-1.98	-0.01	0.37	-0.03
BL4	5.15	1.31	-0.34	0.19	-1.83	-0.24	0.37	-0.63
BL5	5.17	1.33	-0.37	0.19	-1.98	-0.34	0.37	-0.90
SP1	5.05	1.41	-0.61	0.19	-3.26	-0.04	0.37	-0.10
SP2	4.63	1.32	-0.06	0.19	-0.31	-0.42	0.37	-1.12

Item	<i>M</i>	<i>SD</i>	Skewness			Kurtosis		
			Statistic	SE	Z-score	Statistic	SE	Z-score
SP3	4.59	1.23	0.06	0.19	0.30	-0.28	0.37	-0.76
SP4	4.79	1.33	-0.08	0.19	-0.42	-0.70	0.37	-1.90
SP5	4.89	1.37	-0.18	0.19	-0.95	-0.79	0.37	-2.14
LD1	5.43	1.22	-0.55	0.19	-2.94	-0.19	0.37	-0.51
LD2	5.11	1.37	-0.52	0.19	-2.75	-0.23	0.37	-0.62
LD3	4.99	1.27	-0.33	0.19	-1.74	-0.09	0.37	-0.25
LD4	4.69	1.27	0.10	0.19	0.51	-0.77	0.37	-2.06
LD5	4.47	1.41	-0.14	0.19	-0.75	-0.46	0.38	-1.22
LD6	4.70	1.40	-0.16	0.19	-0.86	-0.81	0.38	-2.14
CP1	5.16	1.23	-0.47	0.19	-2.52	-0.01	0.38	-0.04
CP2	5.31	1.21	-0.72	0.19	<b>-3.84</b>	0.58	0.37	1.55
MP1	4.73	1.22	-0.20	0.19	-1.06	-0.28	0.38	-0.74
MP2	4.35	1.22	-0.09	0.19	-0.48	-0.20	0.38	-0.53
FP1	4.43	1.29	-0.07	0.19	-0.36	-0.25	0.38	-0.67
FP2	4.32	1.29	-0.10	0.19	-0.53	-0.14	0.38	-0.38
FP3	4.35	1.36	-0.19	0.19	-1.02	-0.39	0.38	-1.04

Note. Network ties-based *innaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Trust (TR), Commitment (CM), Tie strength (TS), Shared language (SL), Shared culture (SC), Shared vision (SV), New product design and development capability (ND), Sourcing and procurement capability (SP), Logistics and distribution capability (LD), Buyer-linking capability (BL), Buyer performance (BP), Market performance (MP), Financial performance (FP)

### *Missing values*

Data with serious missing values were initially removed, and the cases included some missing values were retained. There are various methods analyzing data with missing values (e.g., listwise deletion, pairwise deletion, mean replacement, multiple imputation (MI), and maximum likelihood (ML)). Listwise deletion was selected in this study. Listwise deletion is known as a traditional technique handling missing values. Cases with any missing value are simply excluded in analysis. Even though serious reduction of sample size occurred by listwise deletion, there are advantages for using in any statistical analysis and producing unbiased estimates (Allison, 2001). Therefore, listwise deletion was adopted as an appropriate technique for handling missing data because this study employed various statistical methods with SPSS and SmartPLS.

### *Exploratory factor analysis (EFA)*

Before testing the study's hypotheses, exploratory factor analysis (EFA) was conducted to assess the dimensionality of each construct: network ties-based *inmaek*, network ties-based business activities, social interaction, trust, commitment, tie strength, shared language, shared culture, shared vision, new product design and development (NPDD) capability, sourcing and procurement capability, logistics and distribution capability, buyer-linking capability, buyer performance, market performance, and financial performance.

Exploratory principal component analysis with Varimax orthogonal rotation was used separately for each construct (social capital, company capability, and company performance). Insufficient items were removed by the criterion: 1) lower eigenvalue value ( $< 1.0$ ), 2) lower factor loading ( $< .60$ ), 3) high cross loading items ( $> .40$ ), and 4) lower cumulative variance ( $< .60$ ). Table 4-11 and Table 4-12 describe the results of factor analysis for social capital and company capability respectively.

A factor analysis was run with 25 items for social capital. After removing five items having lower factor loadings, only five factors were extracted with 20 items even though the nine dimensions of social capital were designed initially. Three dimensions of network-ties (*inmaek*, business activities, and social interaction) were well retained as expected. However, three dimensions (trust, commitment, and tie strengths) of relational social capital were merged into one. As the extracted factor was maintained under the higher-order construct, the factor was named as *relational social capital*. Three dimensions (shared language, shared vision, and shared culture) of cognitive social capital were also merged into one after deleting all items for shared language and one

item for shared culture. The factor was named as *cognitive social capital* because the factor was also remained under the higher-order construct.

The extracted five factors explained 68.58% of total variance: *inmaek* (four items, with 25.59% of explained variance), business activities (two items, with 12.54%), social iteration (three items, with 12.05%), relational social capital (10.98%), and cognitive social capital (three items, with 7.42%). Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity were tested to proceed the factor analysis. KMO was large enough, .80 and Bartlett's Test of Sphericity was at a significant level; ( $p < .001$ ). The index supported that the factor analysis is reasonable.

A factor analysis was run with 22 items for company capabilities. After deleting two items with lower loadings, the four factors accounted for 76.20 % of total variance: NPDD capability (five items, with 20.85%), sourcing and purchase capability (four items, 20.73%), distribution and logistics capability (five items, 19.95%), and buyer-linking capability (six items, 14.67%). KMO (.93) and Bartlett's Test of Sphericity ( $p < .001$ ) indicated the factor analysis is at an excellent level.

Company performance was initially designed with three lower-factors (buyer performance, market performance, and financial performance). However, the two items of buyer performance, the two items of market performance, and the three items of financial performance were merged into one. The factor was placed under the higher-order construct, so the factor was labeled as company performance.

Table 4-11 Factor Analysis for Social Capital

Item	Factor loadings				
	IN	BN	SI	RS	CS
IN1	.79				
IN2	.80				
IN3	.64				
IN4	.73				
BN1		.69			
BN2		.86			
SI1			.78		
SI2			.82		
SI3			.84		
CM1				.70	
CM2				.82	
CM3				.77	
TR2				.69	
TR3				.75	
TS1				.86	
TS2				.88	
TS3				.73	
SC2					.82
SV1					.87
SV2					.76
Eigenvalues	6.28	3.03	1.89	1.36	1.15
% of variance	25.59	12.54	12.05	10.98	7.42

Note. Note. Network ties-based *innaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Trust (TR), Commitment (CM), Tie strength (TS), Shared culture (SC), Shared vision (SV), Relational social capital (RS), Cognitive social capital (CS)

Table 4-12 Factor Analysis for Company Capability

Item	Factor loadings			
	ND	SP	BL	LD
ND1	.736			
ND2	.796			
ND3	.806			
ND4	.778			
ND6.	.744			
SP2		.791		
SP3		.793		
SP4		.679		
SP5		.633		
BL1			.749	
BL2			.795	
BL3			.810	
BL4			.792	
BL5			.790	

Item	Factor loadings			
	ND	SP	BL	LD
LD1				.607
LD2				.777
LD3				.734
LD4				.737
LD5				.752
LD6				.731
Eigenvalues	11.18	1.70	1.22	1.14
% of variance	20.85	20.73	19.95	14.67

Note. Note. New product design and development capability (ND), Sourcing and procurement capability (SP), Logistics and distribution capability (LD), Buyer-linking capability (BL)

Lastly, Cronbach's  $\alpha$  was calculated to check the degree of internal consistency. The Cronbach's alphas ranged from .65 (network ties-based business activity) to .95 (logistics and distribution capability) as shown in Table 4-13. Based on the criterion excellent ( $\alpha > 0.9$ ), good ( $\alpha > 0.8$ ), acceptable ( $\alpha > 0.7$ ), and minimum level ( $\alpha > 0.6$ ), the reliability of each factor was obtained at the level of adequacy.

Table 4-13 Cronbach's  $\alpha$  for Factors Extracted by EFA

Measurement	Number of items	Cronbach's alpha
Network ties-based <i>inmaek</i>	4	.71
Network ties-based business activity	2	.65
Network ties-based social interaction	3	.76
Relational social capital	8	.92
Cognitive social capital	3	.87
NPDD capability	5	.90
Sourcing and procurement capability	4	.87
Logistics and distribution capability	6	.95
Buyer-linking capability	5	.92
Company performance	7	.93

## **Model Specification**

### *Statistical method*

Structure equation model (SEM) is a statistical method highly recommended for research testing causal relationships simultaneously with latent variables. There are two types: CB-SEM (commonly called SEM) and PLS-SEM (commonly called PLS). The key difference between SEM and PLS is that SEM uses a covariance-based approach (CB-SEM) and PLS uses a variance-based approach (Hair et al., 2014). The use of PLS, which is a relatively new way, is becoming more popular in modern business research (Henseler, Ringle, & Sinkovics, 2009).

PLS was considered as a more appropriate analytical method for this study. Compared to SEM, which requires larger samples (e.g., 5 - 20 cases per parameter estimates), PLS can be used with relatively small samples (e.g. 10 times the maximum paths at a latent variable in a structure model) (Hair et al., 2014). When applied the rule of 5:1 for the minimum sample size to the estimated parameter ratio to proceed with SEM analysis (Bowen & Guo, 2012; Kline, 2011), the required minimum sample size was over 750. This study did not obtain a large enough sample for the SEM analysis. However, for the PLS analysis, the sample size of 171 was large enough because the minimum sample size requirement was 90 firms by applying 10 times the maximum arrows (9) at a latent variable (Company Performance). As mentioned earlier, the non-normal distribution of data was a concern. SEM usually uses normal distribution data because of the assumption of normal distribution; however, PLS can be conducted with non-normal distribution data because PLS is a nonparametric statistical technique (Henseler et al., 2009). Based on the

Skewness and Kurtosis test, a few measurement items in this study were detected as deviating from normality (see Table 4-10). Therefore, because of the concerns about non-normality and the small sample size ( $n = 171$ ) the researcher employed PLS analysis using the SmartPLS program.

PLS consists of two parts: the outer model (measurement model) and the inner model (structure model). The outer model is for the relationships between a latent variable and the observed variables; the inner model is for the relationships between latent variables (Henseler et al., 2009). The outer models of PLS have two types: reflective measurement mode and confirmative measurement mode. In the reflective measurement mode, the indicators (observed items) are influenced by the latent construct (traditional approach), are constructed under the same theme, and are interchangeable; in the formative measurement mode the indicators (observed items) influence the latent construct. The indicators are not changeable because the indicators are not constructed within the common theme. Researchers can choose between reflective modes and formative modes by considering the measurement traits because a cut-off criterion does not exist yet (Hair et al., 2014). The reflective modes for all constructs in this study were considered as more appropriate modes because the indicators explained a construct in the same manner. Therefore, this study employed reflective (for first-order construct) - reflective (for second-order construct) approach.

#### *First-order confirmatory factor analysis*

**Convergent validity.** Convergent validity refers to the situation of multiple items being related to one construct (Neuman, 2006). Convergent validity was assessed with

both the outer loadings of indicators and the average variance extracted (AVE) (see Table 4-14). After removing IN 3 and IN 4 with unsatisfactory factor loadings ( $< .07$ ), the outer loadings of other indicators ranged from .71 (TR2) to .95 (SV1). All items exceeded the minimum requirement loading of .70. The AVEs of all constructs ranged from .64 (RS) to .85 (BL). The AVEs were above the required minimum level of .05. These results supported that the convergent validity for the measures of the 10 reflective constructs was well established.

Table 4-14 Results Summary for First-Order Measurement Model

Latent Variable	Indicators	Loadings	IR	CR	AVE
IN	IN1	.88	.77	.89	.79
	IN2	.90	.81		
BN	BN1	.86	.74	.86	.76
	BN2	.88	.77		
SI	SI1	.78	.61	.86	.68
	SI2	.78	.61		
	SI3	.90	.81		
RS	CM1	.80	.64	.93	.64
	CM2	.84	.71		
	CM3	.79	.62		
	TR2	.71	.50		
	TR3	.81	.66		
	TS1	.85	.72		
	TS2	.86	.74		
CS	TS3	.73	.53	.92	.80
	SC2	.82	.67		
	SV1	.95	.90		
ND	SV2	.90	.81	.93	.71
	ND1	.83	.69		
	ND2	.88	.77		
	ND3	.86	.74		
	ND4	.83	.69		
SP	ND6	.82	.67	.92	.75
	SP2	.85	.72		
	SP3	.89	.79		
	SP4	.83	.69		
	SP5	.88	.77		

Latent Variable	Indicators	Loadings	IR	CR	AVE
BL	BL1	.86	.74	.96	.85
	BL2	.93	.86		
	BL3	.94	.88		
	BL4	.93	.86		
	BL5	.93	.86		
LD	LD1	.77	.59	.94	.72
	LD2	.86	.74		
	LD3	.87	.76		
	LD4	.89	.79		
	LD5	.86	.74		
	LD6	.85	.72		
CP	BP1	.81	.66	.95	.71
	BP2	.79	.62		
	MP1	.87	.76		
	MP2	.85	.72		
	FP1	.89	.79		
	FP2	.84	.71		
	FP3	.84	.71		

Note. Network ties-based *innaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Trust (TR), Commitment (CM), Tie strength (TS), Shared culture (SC), Shared vision (SV), Relational social capital (RS), Cognitive social capital (CS), New product design and development capability (ND), Sourcing and procurement capability (SP), Logistics and distribution capability (LD), Buyer-linking capability (BL), Buyer performance (BP), Market performance (MP), Financial performance (FP), Company performance (CP), Average variance extracted (AVE), Indicator reliability (IR), Composite reliability (CR)

Table 4-15 Fornell-Lacker Criterion for the First-Order Factor Analysis

	BL	BN	CP	CS	IN	LD	ND	RS	SI	SP
BL	<b>.92</b>									
BN	.12	<b>.87</b>								
CP	.59	.16	<b>.84</b>							
CS	.28	.07	.43	<b>.89</b>						
IN	-.01	.32	.05	.09	<b>.89</b>					
LD	.71	.16	.58	.35	.04	<b>.85</b>				
ND	.58	.14	.57	.32	.10	.61	<b>.84</b>			
RS	.48	.11	.47	.52	.06	.51	.50	<b>.80</b>		
SI	.07	.22	.10	.33	.15	.14	.02	.20	<b>.82</b>	
SP	.64	.14	.65	.29	.08	.67	.53	.52	.17	<b>.86</b>

Note. Network ties-based *innaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Relational social capital (RS), Cognitive social capital (CS), New product design and development capability (ND), Sourcing and procurement capability (SP), Logistics and distribution capability (LD), Buyer-linking capability (BL), Company performance (CP), The square root of each construct's AVE is in bold along the diagonal, other values are the correlations between two constructs.

**Discriminant validity.** Discriminant validity refers to a construct which is distinguished from other constructs (Hair et al., 2014). The discriminant validity was

assessed with the Fornell and Lacker criterion. As shown in Table 4-15, the square root of each construct's AVE has the highest value than the correlation values with other constructs. The result supported that the discriminant validity was established well.

**Internal consistency reliability.** Internal consistency reliability refers to a measure that yields consistence outcomes. Cronbach's alpha is traditionally used to confirm internal consistency, but composite reliability (CR) is an index recommended in PLS (Hair et al., 2014). The higher CR value indicate the higher internal consistency reliability. The required minimum CR value is .70. As the CRs of all constructs were above .86 (see Table 4-14), the measurements of this study accomplished internal consistency reliability.

#### *Second-order confirmatory factor analysis*

A second-order factor analysis was conducted to reduce the measurement's dimensionality and to improve the interpretation of research results. When the correlation between the first-order latent factors is high, and the relationship is justified theoretically, a second-order factor analysis can be performed (T. A. Brown, 2015). The correlations between the 10 latent variables (IN, BN, SI, RS, CS, ND, BL, SP, LD, CP) confirmed by the first-order factor analysis were evaluated. The correlations between network ties-based *inmaek* (IN), network ties-based business activities (BN), and network ties-based social interaction (SI) were very weak ( $r = .15 \sim .32$ ). The three first-order latent factors (IN, BN, SI) of network ties were maintained respectively in the structure model analysis

because the second-order latent factor analysis expected in the conceptual model was not appropriate to produce empirically.

The correlation between NPDD and buyer-linking capability was moderate,  $r = .58$ . The correlation between sourcing and procurement capability and logistics and distribution capability was moderate,  $r = .67$ . The correlation was appropriate to proceed with the second-order latent factor analysis. A two-step approach was used to create the second-order factors: internal capability and external capability. The first-order latent factors that produced indicator items were saved, and then the second-order latent factors were created from the first-order latent factors. The two first-order latent factors, NPDD and buyer-linking capability, were merged into a single second-order latent factor, “internal capability”. The two first-order latent factors, sourcing and procurement capability and logistics and distribution capability, were combined into a single second-order latent factor, “external capability”.

The procedures to check the validity and reliability of the measurement structure using the second-order latent factors, internal capability and external capability, were the same as the first-order measurement structure (see Table 4-16 and Table 4-17). The loadings of ND and BL on IC were .89. The loadings of SP and LD on EX were .92 and .91 respectively. The second-order factors exceeded the minimum requirement loading of .70. The AVEs of IC (.79) and EC (.84) exceeded the required minimum AVE of .50. Based on the Fornell and Lacker criterion, the square roots of each construct’s AVE had a higher value than the correlation values with other constructs (see Table 4-17). The composite reliability (CR) values were IC (.88) and EC (.91). These results

supported that the validity and reliability for the measures of the second-order reflective constructs were well established.

Table 4-16 Results Summary for Second-Order Reflective Measurement Model

Latent Variable	Indicators	Loadings	IR	CR	AVE
IN <sup>1</sup>	IN1	.88	.77	.89	.79
	IN2	.90	.81		
BN <sup>1</sup>	BN1	.86	.74	.86	.76
	BN2	.88	.77		
SI <sup>1</sup>	SI1	.78	.61	.86	.68
	SI2	.78	.61		
	SI3	.90	.81		
RS <sup>1</sup>	CM1	.80	.64	.93	.64
	CM2	.84	.71		
	CM3	.80	.64		
	TR2	.71	.50		
	TR3	.81	.66		
	TS1	.84	.71		
	TS2	.86	.74		
	TS3	.73	.53		
CS <sup>1</sup>	SC2	.82	.67	.92	.80
	SV1	.95	.90		
	SV2	.90	.81		
<b>IC<sup>2</sup></b>	<b>ND<sup>1</sup></b>	<b>.89</b>	<b>.79</b>	<b>.88</b>	<b>.79</b>
	<b>BL<sup>1</sup></b>	<b>.89</b>	<b>.79</b>		
<b>EC<sup>2</sup></b>	<b>SP<sup>1</sup></b>	<b>.92</b>	<b>.85</b>	<b>.91</b>	<b>.84</b>
	<b>LD<sup>1</sup></b>	<b>.91</b>	<b>.83</b>		
CP <sup>1</sup>	BP1	.81	.66	.95	.71
	BP2	.79	.62		
	MP1	.87	.76		
	MP2	.86	.74		
	FP1	.89	.79		
	FP2	.84	.71		
	FP3	.84	.71		

Note. Network ties-based *inmaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Trust (TR), Commitment (CM), Tie strength (TS), Shared culture (SC), Shared vision (SV), Relational social capital (RS), Cognitive social capital (CS), New product design and development capability (ND), Sourcing and procurement capability (SP), Logistics and distribution capability (LD), Buyer-linking capability (BL), Internal capability (IC), External capability (EC), Buyer performance (BP), Market performance (MP), Financial performance (FP), Company performance (CP)  
Average variance extracted (AVE), Indicator reliability (IR), Composite reliability (CR)

1 = the first order factor 2 = second order factor

Table 4-17 Fornell-Lacker Criterion for the Second-Order Factors

	BN	CP	CS	EC	IN	IC	RS	SI
BN	<b>.87</b>							
CP	.16	<b>.84</b>						
CS	.07	.43	<b>.89</b>					
EC	.16	.67	.34	<b>.91</b>				
IN	.32	.05	.09	.06	<b>.89</b>			
IC	.15	.65	.34	.76	.05	<b>.89</b>		
RS	.11	.47	.52	.56	.06	.55	<b>.80</b>	
SI	.22	.10	.33	.17	.15	.05	.20	<b>.82</b>

Note. Network ties-based *inmaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Relational social capital (RS), Cognitive social capital (CS), Internal capability (IC), External capability (EC), Company performance (CP). The square root of each construct's AVE is in bold along the diagonal, other values are the correlations between two constructs.

### *Structure model*

A path analysis was performed with the first-order constructs (IN, BN, and SI) instead of using a second-order construct (network ties) which was suggested in the conceptual model. Modifying a structure model was inevitable. The revised structure model is shown in Figure 4-1.

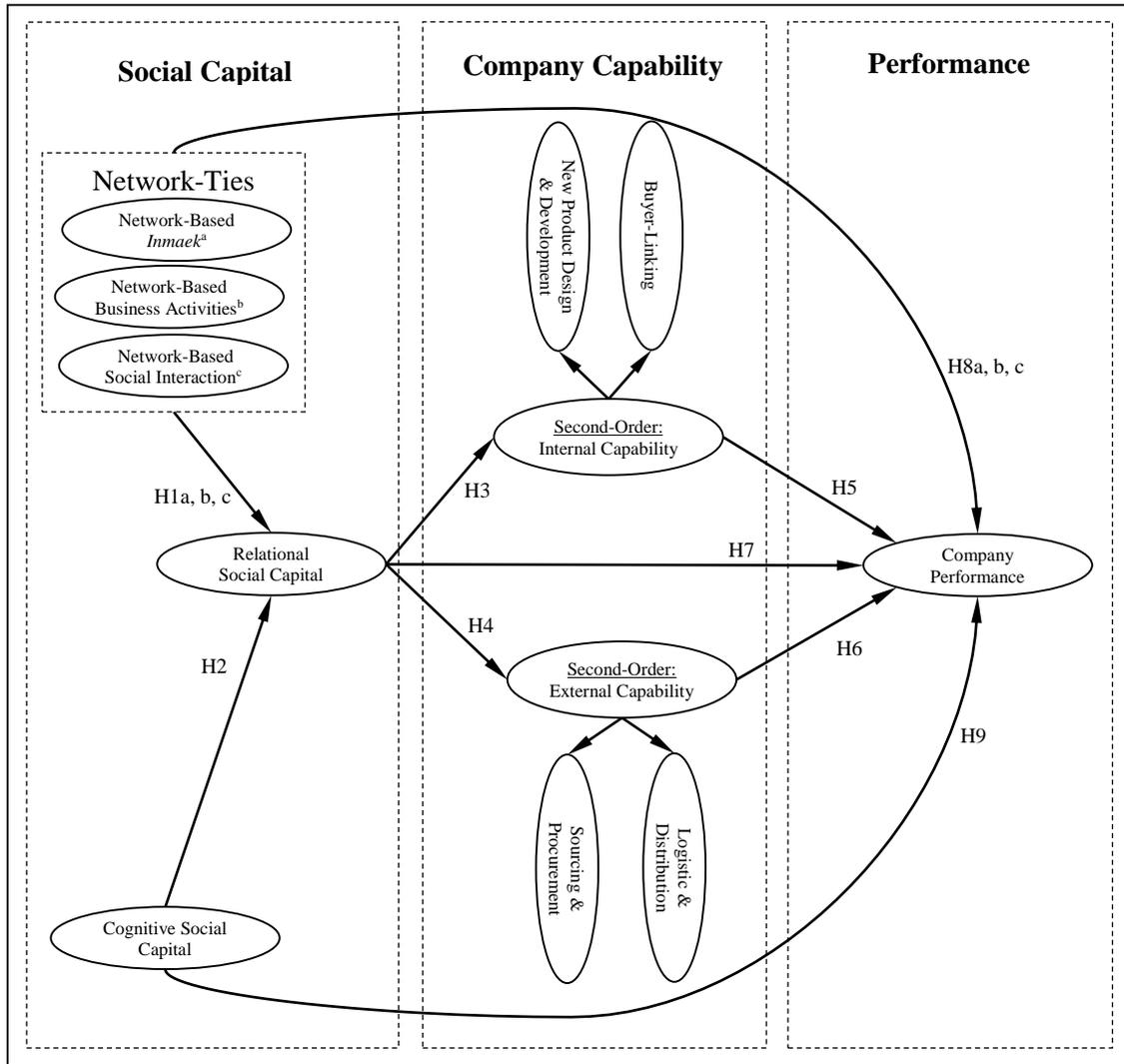


Figure 4-1 Modified structural model

Before testing the inner model paths, collinearity among the predictor constructs was diagnosed with the variance inflation factor (VIF) values. Table 4-18 describes the VIF values for 1) IN, BN, SI, and CS on RC, 2) RS on IC, 3) RS on EC, and 4) IN, BN, SI, CS, RS, IC, and EC on CP. All VIFs were less than a maximum allowed value of 5. Therefore, it was not necessary for any further analysis. An analysis for the inner model paths was proceeded as this structure model avoided collinearity issues.

Table 4-18 Collinearity Assessment (VIF)

1 <sup>st</sup> Set (RC)		2nd Set (IC)		3rd Set (EC)		4th Set (CP)	
Constructs	VIF	Constructs	VIF	Constructs	VIF	Constructs	VIF
IN	1.13	RS	1.00	RS	1.00	IN	1.13
BN	1.15					BN	1.18
SI	1.17					SI	1.22
CS	1.12					CS	1.50
						RS	1.84
						IC	2.62
						EC	2.64

Note. Network ties-based *inmaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Relational social capital (RS), Cognitive social capital (CS), Internal capability (IC), External capability (EC), Company performance (CP)

Table 4-19 Results of Hypotheses Testing

	Paths	$\beta$	<i>S.E</i>	<i>t</i>	<i>p</i>	<i>Result</i>
H1a	IN -> RS	-.01	.09	.08	.94	Rejected
H1b	BN -> RS	.07	.08	.83	.40	Rejected
H1c	SI -> RS	.02	.09	.20	.84	Rejected
H2	CS -> RS	<b>.51</b>	.09	<b>5.83***</b>	.00	Supported
H3	RS -> IC	<b>.55</b>	.08	<b>7.11***</b>	.00	Supported
H4	RS -> EC	<b>.56</b>	.06	<b>8.95***</b>	.00	Supported
H5	IC -> CP	<b>.28</b>	.10	<b>2.73**</b>	.01	Supported
H6	EC -> CP	<b>.38</b>	.09	<b>4.10***</b>	.00	Supported
H7	RS -> CP	-.00	.08	.05	.96	Rejected
H8a	IN -> CP	-.02	.07	.25	.80	Rejected
H8b	BN -> CP	.06	.06	1.04	.30	Rejected
H8c	SI -> CP	-.06	.07	.87	.39	Rejected
H9	CS -> CP	<b>.22</b>	.07	<b>2.96***</b>	.00	Supported

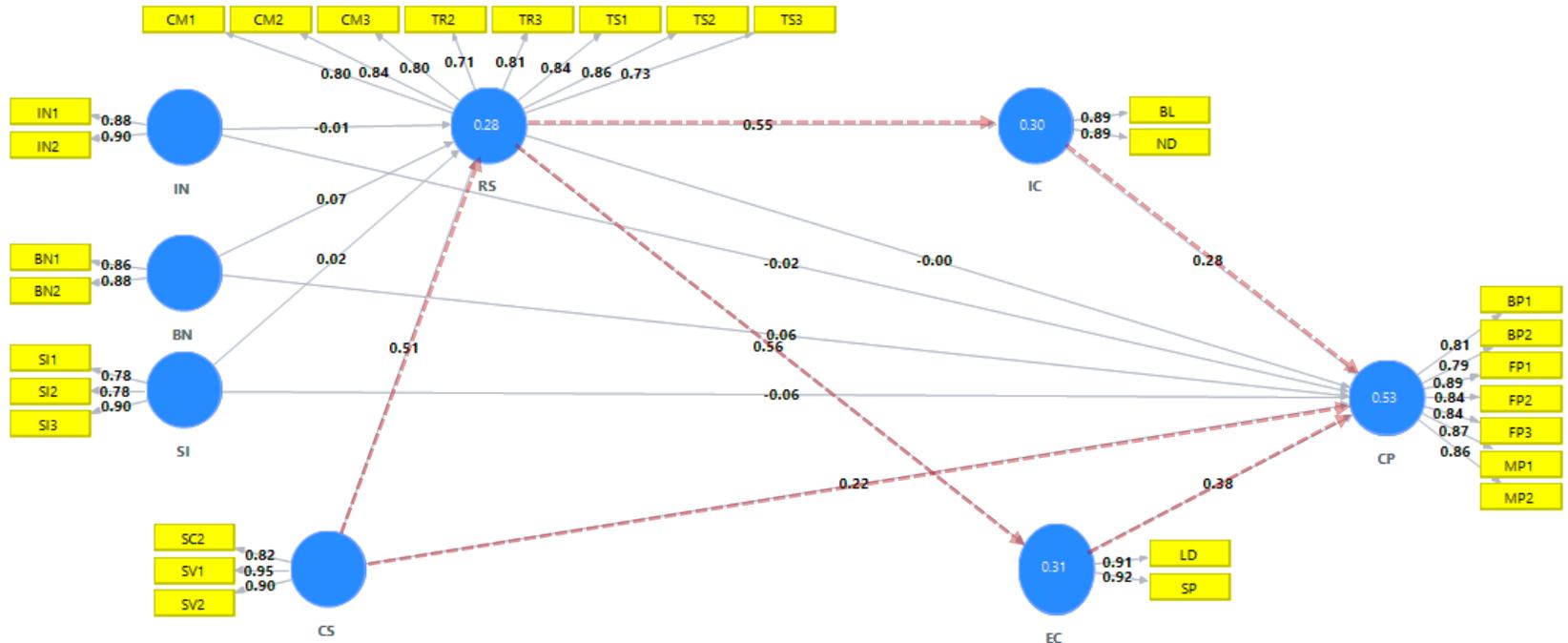
Note. Network ties-based *inmaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Relational social capital (RS), Cognitive social capital (CS), Internal capability (IC), External capability (EC), Company performance (CP)

Table 4-19 describes the results of PLS path analysis. In order to assess the significant levels and standard errors of paths, a bootstrapping method with 500 resamples was used. As a result, six out of the nine hypotheses were supported.

Specifically, cognitive social capital was positively related to relational social capital,  $\beta = .51$ ,  $t = 5.83$ ,  $p < .001$ . Thus, H2 was supported. The effect of relational social capital on internal capability ( $\beta = .55$ ,  $t = 7.11$ ,  $p < .001$ ) and external capability ( $\beta = .56$ ,

$t = 8.95, p < .001$ ) was significant. Thus, H3 and H4 were supported. Both internal and external capabilities significantly affected the company performance. The effect of external capability on the company performance ( $\beta = .38, t = 4.10, p < .001$ ) was stronger than internal capability ( $\beta = .28, t = 2.73, p < .01$ ). Both external and internal capabilities are supported for the improvement of company performance, but external capability can be considered as a more important factor to improve company performance. Thus, H5 and H6 were supported. Cognitive social capital had a high impact on the performance of KIOFC ( $\beta = .22, t = 2.96, p < .001$ ). H9 was supported.

Network ties-based *inmaek*, business activities, and social interaction did not significantly affect to relational social capital and company performance respectively. Thus, H1 and H8 were not supported. Relational social capital did not directly affect company performance, so H7 was rejected. However, the relationship between relational social capital and company performance was additionally tested by the mediation analysis of internal and external capability.



Note. ----- (significant path); R<sup>2</sup> (number in the circle);  
**First-order latent variable:** Network ties-based *inmaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Relational social capital (RS), Cognitive social capital (CS), Company performance (CP), New product design and development capability (ND), Sourcing and procurement capability (SP), Logistics and distribution capability (LD), Buyer-linking capability (BL),  
**Second-order latent variable:** Internal capability (IC), External capability (EC)

Figure 4-2 Final PLS model

### *Mediation analysis*

Further, the mediation analysis was performed. The effects of mediators (internal capability and external capability) were evaluated with the three stages following the guideline suggested by Baron and Kenny (1986): 1) relational social capital (independent variable) must affect internal and external capability (mediator variable) respectively, 2) relational social capital (independent variable) must affect company performance (dependent variable), and 3) internal and external capabilities (mediator variable) must affect company performance (dependent variable). If the effect of relational social capital on company performance is reduced when internal and external capabilities are included, the mediator effects of internal and external capabilities are significant. In addition, if the effect of relational social capital on company performance is not significant, internal and external capabilities can serve as perfect mediators.

Table 4-20 describes the results for the mediation analysis of internal and external capabilities between relational social capital and company performance. The direct effect of relational social capital on company performance was strongly significant ( $\beta = .34$ ,  $t = 3.79$ ,  $p < .001$ ) as shown in Model 1. After including the mediators (internal and external capability), the RS- CP relationship ( $\beta = -.00$ ,  $t = .05$ ,  $p > .05$ ) disappeared as shown in Model 3. The results supported that internal and external capabilities mediated between relational social capital and company performance. Thus, H10a and H10b were supported.

Table 4-20 Results of Mediation Analysis

Paths	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>
IN -> CP	-.03	-.02	-.02
BN -> CP	.13	.06	.06
SI -> CP	-.08	-.06	-.06
CS -> CP	.27***	.22***	.22***
IN -> RS	-.01	-.01	-.01
BN -> RS	.07	.07	.07
SI -> RS	.02	.02	.02
CS -> RS	.51***	.51***	.51***
RS -> CP	<b>.34***</b>		<b>-.00</b>
RS -> IC		.55***	.55***
RS -> EC		.56***	.56***
IC -> CP		.28***	.28**
EC -> CP		.38***	.38***
$R^2$	.29	.53	.53
Adj $R^2$	.27	.51	.51

Note.  $p < .001$ ,  $p < .01$

Network ties-based *innaek* (IN), Network ties-based business activities (BN), Network ties-based social interaction (SI), Relational social capital (RS), Cognitive social capital (CS), Internal capability (IC), External capability (EC), Company performance (CP)

In addition, the size of indirect effect can be evaluated by the variance accounted for (VAF): indirect effect / total effect. The VAF of internal capability accounted for 100% =  $(.55 \cdot .28) / (.55 \cdot .28 + .00)$ . The VAF of external capability accounted for 100% =  $(.56 \cdot .38) / (.56 \cdot .38 + .00)$ . 100% of relational social capability's effect on company performance was explained via internal and external capabilities. When internal capability and external capability were assessed as full mediators by applying the indices: full mediation:  $VAF > 80\%$ ; partial mediation:  $20\% \leq VAF \leq 80\%$ ; and no mediation  $< 20\%$  (Hair et al., 2014).

*Model assessment:  $R^2$  and  $Q^2$  values*

There is no global goodness of fit index to evaluate a PLS model. A PLS model can be evaluated with  $R^2$  and  $Q^2$  values (Hair et al., 2014). The final PLS model showed the satisfied model quality (see Table 4-21). Specifically, the  $R^2$  of endogenous latent variables were respectively relational social capital ( $R^2 = .25$ ), internal capability ( $R^2 = .29$ ), external capability ( $R^2 = .31$ ), and company performance ( $R^2 = .51$ ). The  $R^2$  values for the company performance indicated the predictive accuracy can be considered as moderate, based on the indices: good ( $> .75$ ), medium ( $> .50$ ), and weak ( $> .25$ ) (Hair et al., 2014). However, the acceptable  $R^2$  value depends on research discipline.

In addition,  $Q^2$  values were used as the PLS path model's predictive relevance. The blindfolding analysis with the omission distance of 7 was run. The  $Q^2$  of 0 or below indicate insufficient predictive relevance (Hair et al., 2014). All  $Q^2$  values of endogenous latent variables were obtained above the criterion of 0: relational social capital ( $Q^2 = .17$ ), internal capability ( $Q^2 = .23$ ), external capability ( $Q^2 = .25$ ), and company performance ( $Q^2 = .36$ ). The results indicated that the structure model had predictive relevance at medium ( $Q^2 > .15$ ) and large levels ( $Q^2 > .35$ ).

Table 4-21  $R^2$  and  $Q^2$  Values for Structural Model Evaluation

Endogenous Variable	$R^2$	$Q^2$
RS	.25	.17
IC	.29	.23
EC	.31	.25
CP	.51	.36

### A post-hoc power analysis

G\*Power program was run to estimate a statistical power of the PLS model. The result provides whether sample size was obtained to achieve enough statistical power and the precision of the estimated coefficients. A 1.00 power estimate was generated by  $f^2$  (1.13) transformed from the obtained  $R^2$  (.52), the sample size of 136 with listwise deletion, and 7 predictors on company performance. The output showed that the required sample size was 45 at the power level of 1.00 (see Figure 4-3 and Table 4-22). Thus, the result has supported that the model is powerful enough to detect significant effects.

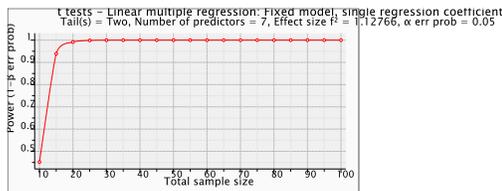


Figure 4-3 Sample size plot

Table 4-22 Sample Size Power

Total sample size	Power <sup>A</sup>
10	.451752
15	.938972
20	.991410
25	.998782
30	.999834
35	.999978
40	.999997
<b>45</b>	<b>1.00000</b>
50	1.00000

Note. <sup>A</sup>Power (1-  $\beta$  err prob)

## Summary

Chapter 4 presented the results of data analyses. The firmographic and demographic characteristics, the preliminary analyses, the hypotheses tests by using PLS analysis, and the post-hoc power test were described.

In sum, ten hypotheses were tested in this study. Cognitive social capital was positively related to relational social capital (H2) and company performance (H9). Relational social capital was positively related to internal capability (H3) and external capability (H4). Internal capability (H5) and external capability (H6) was positively related to company performance. Thus, H2 – H6, and H9 were supported. In addition, internal capability (H10a) and external capability (10b) fully mediated the relationship between relational social capital and company performance. Hens, H10a and H10b were supported.

On the other hand, network ties (a. *inmaek*, b. business activities, and c. social interaction) did not significantly affect relational social capital (H1) and company performance (H8) respectively. Relational social capital was not directly related to company performance (H7). Thus, H1, H7, and H8 were not supported.

In the following chapter, findings, contributions, limitations, and suggestions for future research are discussed.

## Chapter 5

### Discussion and Conclusion

This chapter consists of the following sections: 1) Discussion, 2) Theoretical Contributions, 3) Practical Business Contributions, 4) Limitations, and 5) Suggestions for Future Research.

#### *Discussion*

With the growth of Korean immigrant-owned fashion companies (KIOFCs), this study empirically explored KIOFCs in the Los Angeles's fashion industry. To identify the prominent characteristics of KIOFCs, this study investigated the rate of Korean employees working at and Korean immigrant businesses partnering with KIOFCs. The results supported that Korean immigrant entrepreneurs highly rely on members of the same ethnicity (Bonacich & Appelbaum, 2000). This study determined that KIOFCs are still operating in highly homogeneous culture as indicated in previous studies.

A strategic model was proposed to assess factors (i.e., social capital and capabilities) related to company performance of KIOFCs. Based on the review of literature related to immigrant-owned businesses, social capital, and capabilities, and performance, the following questions were raised: 1) how do the three dimensions of social capital interact? 2) how does social capital influence company capabilities and company performance? and 3) how do company capabilities influence company

performance? From the research questions, the ten hypotheses were established, then tested with PLS analysis, incorporating both measurement (outer) and structural (inner) models. All constructs and hypotheses were investigated at the company level. Seven out of ten hypotheses were supported.

Cognitive social capital has been found to be a significant antecedent for the improvement of relational social capital (Carey et al., 2011; Tsai & Ghoshal, 1998). The result in this study is consistent with previous studies. Companies having similar business mechanisms and cultures make it easier to establish trusting and committed relationships which are antecedents of company capabilities. In addition, this study confirmed that a higher level of cognitive social capital is positively related to a higher level of company performance. When companies have similar business cultures and the respective visions work together, the results may include buyer satisfaction, market share, and financial performance.

Internal and external capabilities appear to be important antecedents for the improvement of company performance. In other words, internal capabilities such as NPDD and buyer-linking, and external capabilities such as sourcing and procurement and logistics and distribution are positively related to company performance. Thus, improved internal and external capabilities may be key factors that contribute to the success of fashion companies in an extremely competitive environment.

The results did not show the direct relationships between relational social capital and company performance, but suggests that relational social capital may have an indirect relationship via internal and external capability. Whereas past research has

supported the direct positive impact of relational social capital on company performance (Castro & Roldán, 2013; Moran, 2005), this study implies that stronger relational social capital cannot guarantee higher company performance without capabilities. In other words, good business relationships with business partners may not be directly related to company performance. In sum, this study emphasize when companies can improve their internal and external capabilities through relationships with their business partners, the relationships may be valuable for companies' continuous success.

The results of this study did not show a relationship between network ties and company performance. This result is surprising. Being part of a diaspora network has been found to be the most important resource to stabilize immigrant companies in competing against non-immigrant companies (Waldinger, 1984; Yoo, 1998). The result of this study demonstrated that network ties-based *inmaek*, indicating a unit of diaspora network, is not necessarily related to the performance of immigrant-owned companies in their host countries. One plausible explanation for the findings is that diaspora networks may be an important resource at the set-up stage of business because it provides various information, know-hows, and human resource, in an unfamiliar host country (Saxenian, 2002). On the other hand, this study argues that relying on a diaspora network may not contribute to continued success at the growth stage of a business because limited networks may provide limited information, resources, and performance. Therefore, once established immigrant-owned firms may need to extend their networks. In turn, they may need to build various relationships regardless of ethnicity in order to compete with companies-owned by non-immigrants or immigrants of other ethnic groups.

In addition to network ties-based *inmaek*, this study did not demonstrate that network ties-based business activities and network ties-based social interaction are directly related to company performance. One plausible explanation is that the participant companies in this study rarely used these activities to connect with business partners in practice. Costs associated with business activities such as attending various exhibits or to purchase memberships from business associations can be high. In this study, the participant companies had 19 employees on average. The data indicated that relatively small size companies were dominant in this study. Considering the size of the companies, they may not have funds available for various business activities. In addition, because of the busy schedule of small fashion companies, entrepreneurs or employees may not have enough time to attend various social events.

#### *Theoretical contributions*

This research provided insights on integrating social capital theory with the theory of resource-based view. Specifically, this study presented a conceptual framework for integrating social capital and capabilities on the performance of KIOFCs. This study empirically supported that company performance is related to cognitive social capital and company capabilities. Further, this study demonstrated that the link between relational social capital and company performance was fully mediated by internal and external capabilities. The findings support that relational social capital alone is insufficient to predict company performance. Thus, this study uncovered company capabilities as an important mediator between social capital and company performance.

Moreover, this study tested how the three dimensions of social capital are related to company performance. Previous studies revealed that network ties and relational social capital have significant effects on company performance (Cousins et al., 2006; Lawson et al., 2008; F. X. Molina-Morales & Martínez-Fernández, 2010). However, this study did not support these linkages. The findings empirically supported the argument that the effect of the social capital dimension on company performance may not be the same (Koka & Prescott, 2002; Wu, 2008). In addition, the analysis level of this study extended to a company level which has been neglected relatively in social capital research.

Lastly, this study identified internal and external capabilities as the multidimensional constructs. Specifically, internal capability was confirmed with the lower-level constructs: new product design and development and buyer-linking capabilities; external capability with the lower-level constructs: sourcing and procurement and logistics and distribution capabilities. The measures for each construct were confirmed with reliability and validity using data collected in the fashion industry setting. Therefore, researchers who examine with a multidimensional or unidimensional approach for capability can employ the measures used in this study.

#### *Practical business contributions*

Fashion companies continually face the challenge of increased competition. The results of this study can provide ways to understand the nature of KIOFCs and to develop a matching business model to maintain or increase companies' competitiveness.

First, this study provides various characteristics of KIOFCs. For example, there is the extent to which KIOFCs work with business partners owned by Korean immigrants in various business activities, sourcing countries, the generations of owners, the number of employee, annual sales, the locations of headquarters, the level of language, company's age, etc. The fundamental data can be used by current or potential entrepreneurs or managers who want to understand the business system of KIOFCs. As well, companies, which wish to start business with KIOFCs, can benefit from obtaining the fundamental information of KIOFCs.

Second, company performance may be improved through internal and external capabilities. Specifically, when NPDD, buyer-linking, sourcing and procurement, and logistics and distribution capabilities are combined well, companies may see improvements in performance. To distinguish from rival companies, design teams should develop designs more rapidly. Sales teams should develop and create good relationships with buyers as not only understanding what their buyers want but also conveying the messages to their companies. Production teams, involving in sourcing and distributions activities, should handle orders at lower prices and right times when working closely with contractors or suppliers.

Third, external capability is more strongly associated with company performance compared to internal capability. Companies need to have their eyes on external capabilities such as sourcing and procurement capability and logistics and distribution capability which greatly depend on the relationships of business partners. Fashion

companies will need to invest more efforts to improve their external capability with business partners.

Fourth, having better relationships with major business partners, fashion companies may accomplish better performance through internal and external capabilities. This findings suggest that managers or entrepreneurs should not only actively make stronger relationships with their business partners, but also ensure that their capabilities are improving through these relationships. For example, if an entrepreneur or manager believes that maintaining a close relationship with a current business partner does not help to enhance their capabilities, finding a new business partner may be more effective rather than seeking to establish a stronger relationship with the current business partner.

Fifth, business partners with higher cognitive social capital can create a higher level of relational social capital and business performance. An implication for managers or entrepreneurs is that companies need to make efforts to build close inter-company relationships with their business partners. In addition, cognitive social capital is also one of the important antecedents for business performance. The practical suggestion of the finding is that ensuring processes for the business partners' business vision and culture, before establishing new business relationships, will help to concreate firms' performance.

In sum, fashion companies may want to ensure business partners' business vision and culture, actively develop trust and commitment relationships with business partners which enhance their capabilities, and invest in developing company capabilities themselves, in order to improve overall company performance.

*Limitations and suggestions for future research*

This study suggested practical guidance for fashion companies' efficient and effective management; however, there are areas for improvement in future research. First, the second-order constructs (i.e., relational social capital, cognitive social capital, and company performance) suggested in the conceptual model were not extracted in the exploratory factor analysis. A possible explanation is that distinguishing the first-order factors from the higher-order factors might be difficult within small samples. If large samples are used, each first-order construct might be clearly extracted as suggested in the conceptual model. In addition, another possible explanation is that the contents of items measuring each construct might be very similar to each other. Therefore, future research should pre-test to confirm whether or not measurement items are clearly distinguished among constructs. If there are not appropriate items, researchers need to develop new items for the first-order constructs of cognitive social capital and relational social capital.

The resource-based view emphasized that firms obtain sustainable competitive advantage, as companies develop some capabilities that other companies cannot copy (Jay B. Barney, 1991; A. S. Carr & Pearson, 2002). Identification of what firms' unique capabilities are, thus distinguishing them from other companies, is important. This study focused on only four capabilities in terms of NPDD, sourcing and procurement, logistics and distribution, and buyer-linking capabilities. Even though these four capabilities capture the unique attributes in the fashion business, they may be insufficient for providing more detailed explanations because the capabilities are broad level concepts. Therefore, future research may focus on identifying more detailed capabilities in the

fashion industry in order to provide better practical guidance on how firms can be distinguished from other companies.

Specifically, network ties-based *inmaek*, represented as a component of Korean diaspora network in this study, was an important resource in an immigrant business (P. G. Min, 1992; K. Park, 1997). Despite the importance, this study did not demonstrate positive relationships between network ties and company performance. As businesses grow and become more established over time, the significance of network ties of KIOFCs may change. In addition, recent immigrants may not depend as much on ethnicity-based networks as did previous immigrants because they can obtain useful information through online communications, and therefore the importance of *inmaek* may be less than in the past. Cross-sectional data used in this study, might make it difficult to compare the importance of *inmaek* between new and old immigrant generations, and to identify significant network ties for the improvement of business performance in the various stages of business growth. Thus, future research needs to employ longitudinal data to identify significant network ties in the various stages and new immigrant business entrepreneurs.

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## Appendices

**Appendix A**

**Location Map for the Respondents' Headquarters by Zip Codes**



**Appendix B**

**Consent Form: In-person Survey**

**Project Title:** The role of Social Capital for Success of Fashion Firms in the Los Angeles Area  
**Principal Investigator:** Leslie Davis Burns  
**Co-Investigator(s):** Min Jeong Seo

**Consent Form**  
Please read this page carefully and start to respond this survey if you understand your rights.

**Purpose:** You are being asked to take part in a research study. The purpose of this research study is to investigate characteristics contribute to the success of fashion firms in the Los Angeles Fashion area.

**Activities:** You will be asked to complete each question with answers that best describe your company situation. There are no correct or incorrect answers.

**Time:** Your participation in this study will last about 10 minutes.

**Compensation:** There is no compensation for participation in this study. However, you will have a chance to win one of two \$50 cash prizes when you complete this survey. In addition, you will be able to request a copy of the results at No Cost.

**Confidentiality:** Your participation in this study is anonymous. This survey does not contain any identifying information such as name, address, and phone number. The information you provide will be kept confidential to the extent permitted by law.

**Participation right:** Participation in this study is completely voluntary. If you decide at any point to stop participating in this surveying, you are free to withdraw at any time. You are also free to skip specific questions and continue participating with no penalty.

**Study contacts:** If you have any questions about this research project, please email the student researcher Min Jeong Seo at [seom@onid.oregonstate.edu](mailto:seom@onid.oregonstate.edu) or Principal Investigator, Dr. Leslie Davis at [Leslie.Burns@oregonstate.edu](mailto:Leslie.Burns@oregonstate.edu). If you have questions about your rights or welfare as a participant, please contact the Oregon State University Institutional Review Board (IRB) Office, at (541) 737-8008 or by email at [IRB@oregonstate.edu](mailto:IRB@oregonstate.edu)

**To participate in this study, you must be 18 years of age or older.**  
\*\*\*I read the above information.  
\*\*\*I agree to participate voluntarily.  
\*\*\*I am at least 18 years of age.

Do you agree to participate in this survey? Please indicate your participation in this research survey with a check mark (V).

Agree (I'd like to participate in the survey.)  
 Disagree (I do not want to participate in the survey.)

**\*\*By beginning the survey (not selected above), you acknowledge that you have read this information and agree to participate in this research.\*\***

1 | Page

English Version (Left)

**연구주제:** 로스앤젤레스 지역 패션기업의 성공에 대한 사회적 자본의 역할  
**연구 책임자:** Leslie Davis Burns  
**공동 책임자:** 서민정

**동의서**  
이 페이지를 읽으시고 귀하의 권리를 이해하는 경우 "동의함"을 V 표시하여 주십시오. 본 설문조사에 참여하기 위해서는 반드시 귀하는 만 18 세 이상이어야만 합니다.

**목적:** 본 연구의 목적은 로스앤젤레스 패션 지역에서 패션기업의 성공에 기여하는 특성을 탐구하는 것입니다.  
**참여:** 귀하의 기업상황을 가장 적절히 설명하는 답을 고르시면 됩니다. 정답은 없습니다.  
**예상 소요시간:** 설문에 참여하는데 걸리는 시간은 약 10 분이 소요될 것입니다.  
**보상:** 본 설문 참여에 대한 보상은 없습니다. 그러나 귀하가 설문을 완료한 후에는 **연구결과를 무료로 요청**할 수 있습니다. 또한 **추첨을 통해 \$50 현금** (2명)을 받을 수 있는 기회가 제공됩니다.  
**기밀성:** 이 연구에서 귀하의 참여는 익명입니다. 본 설문 조사는 이름, 주소, 전화 번호 등 식별 정보를 포함 하지 않습니다. 귀하가 제공 하는 정보는 법률에 근거하여 기밀이 유지 됩니다.  
**권리:** 본 연구의 참여는 자발적이므로 특정 질문에 대한 응답을 하고 싶지 않거나 중단하시고 싶을 때는 언제든지 중단하실 수 있습니다.

**연락처:** 설문에 관련하여 문의사항이 있으시다면, 아래 주소로 이메일을 보내시면 됩니다.  
- 연구자: 서민정 ([seom@onid.oregonstate.edu](mailto:seom@onid.oregonstate.edu))  
- 지도교수: Leslie Davis Burns ([Leslie.Burns@oregonstate.edu](mailto:Leslie.Burns@oregonstate.edu))  
귀하의 권리에 관련된 질문이 있으시면 Oregon State University 의 기관윤리위원회(IRB)로 연락하시면 됩니다.  
- 이메일: [IRB@oregonstate.edu](mailto:IRB@oregonstate.edu) / ☎ (541) -737-8008 로 문의하시기 바랍니다.

**동의:**  
\*\*\*위의 정보를 읽었습니다.  
\*\*\*자발적으로 참여하는데 동의합니다.  
\*\*\*나는 만 18 세 이상입니다.

위 내용을 숙지하신 이후에 동의 여부를 V 표시하여 주십시오.

**귀하는 본 설문조사 참여에 동의하십니까?**  
 예 (설문 조사에 참여하겠습니다.)  
 아니요 (설문 조사에 참여하지 않겠습니다.)

**\*\*위 항목에 체크 없이 귀하가 설문지 문항에 응답하시는 경우 본 설문조사 참여에 동의하는 것으로 간주됩니다.\*\***

Korean Version (Right)

**Appendix C**

**Approval of Institutional Review Board (IRB)**

 Institutional Review Board Office of Research Integrity   Oregon State University 8308 Kerr Administration Building, Corvallis, OR 97331-2140 Telephone (541) 737-8008 irb@oregonstate.edu   http://research.oregonstate.edu/irb				EXEMPT DETERMINATION	
Date of Notification	12/19/2014				
Study ID	6612				
Study Title	The Role of Social Capital for the Success of Fashion Firms in the Los Angeles Area				
Principal Investigator	Leslie Burns				
Study Team Members	Min Jeong Seo				
Submission Type	Initial Application	Date Acknowledged	12/18/2014		
Level	Exempt	Category(ies)	2		
Funding Source	None	Proposal #	N/A		
PI on Grant or Contract	N/A	Cayuse #	N/A		

The above referenced study was reviewed by the OSU Institutional Review Board (IRB) and determined to be exempt from full board review.

**EXPIRATION DATE: 12/17/2019**  
*The exemption is valid for 5 years from the date of approval.*

Annual renewals are not required. If the research extends beyond the expiration date, the investigator must request a **new** exemption. Investigators should submit a final report to the IRB if the project is completed prior to the 5 year term.

- Documents included in this review:
- |   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> Protocol      | <input checked="" type="checkbox"/> Recruiting tools | <input type="checkbox"/> External IRB approvals        |
| <input checked="" type="checkbox"/> Consent forms | <input checked="" type="checkbox"/> Test instruments | <input type="checkbox"/> Translated documents          |
| <input type="checkbox"/> Assent forms             | <input type="checkbox"/> Attachment A: Radiation     | <input type="checkbox"/> Attachment B: Human materials |
| <input type="checkbox"/> Alternative consent      | <input type="checkbox"/> Alternative assent          | <input type="checkbox"/> Grant/contract                |
| <input type="checkbox"/> Letters of support       | <input type="checkbox"/> Project revision(s)         | <input type="checkbox"/> Other:                        |

**Comments:**

**Principal Investigator responsibilities:**

- > Certain amendments to this study must be submitted to the IRB for review prior to initiating the change. These amendments may include, but are not limited to, changes in funding, , study population, study instruments, consent documents, recruitment material, sites of research, etc. For more information about the types of changes that require submission of a project revision to the IRB, please see: [http://oregonstate.edu/research/irb/sites/default/files/website\\_guidancedocuments.pdf](http://oregonstate.edu/research/irb/sites/default/files/website_guidancedocuments.pdf)
- > All study team members should be kept informed of the status of the research. The Principal Investigator is responsible for ensuring that all study team members have completed the online ethics training requirement, even if they do not need to be added to the study team via project revision.
- > Reports of unanticipated problems involving risks to participants or others must be submitted to the IRB within three calendar days.

Approval for the initial application (Left)

 Institutional Review Board Office of Research Integrity   Oregon State University 8308 Kerr Administration Building, Corvallis, OR 97331-2140 Telephone (541) 737-8008 irb@oregonstate.edu   http://research.oregonstate.edu/irb				EXEMPT DETERMINATION	
Date of Notification	02/02/2015				
Study ID	6612				
Study Title	The Role of Social Capital for the Success of Fasion Firms in the Los Angeles Area				
Principal Investigator	Leslie Burns				
Study Team Members	Min Jeong Seo				
Submission Type	Project Revision	Date Acknowledged	02/02/2015		
Level	Exempt	Category(ies)	2		
Funding Source	None	Proposal #	N/A		
PI on Grant or Contract	N/A	Cayuse #	N/A		

The above referenced study was reviewed by the OSU Institutional Review Board (IRB) and determined to be exempt from full board review.

**EXPIRATION DATE: 12/17/2019**  
*The exemption is valid for 5 years from the date of approval.*

Annual renewals are not required. If the research extends beyond the expiration date, the investigator must request a **new** exemption. Investigators should submit a final report to the IRB if the project is completed prior to the 5 year term.

- Documents included in this review:
- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Protocol | <input checked="" type="checkbox"/> Recruiting tools    | <input type="checkbox"/> External IRB approvals        |
| <input type="checkbox"/> Consent forms       | <input type="checkbox"/> Test instruments               | <input type="checkbox"/> Translated documents          |
| <input type="checkbox"/> Assent forms        | <input type="checkbox"/> Attachment A: Radiation        | <input type="checkbox"/> Attachment B: Human materials |
| <input type="checkbox"/> Alternative consent | <input type="checkbox"/> Alternative assent             | <input type="checkbox"/> Grant/contract                |
| <input type="checkbox"/> Letters of support  | <input checked="" type="checkbox"/> Project revision(s) | <input type="checkbox"/> Other:                        |

**Comments:** Distribution of surveys in person

**Principal Investigator responsibilities:**

- > Certain amendments to this study must be submitted to the IRB for review prior to initiating the change. These amendments may include, but are not limited to, changes in funding, , study population, study instruments, consent documents, recruitment material, sites of research, etc. For more information about the types of changes that require submission of a project revision to the IRB, please see: [http://oregonstate.edu/research/irb/sites/default/files/website\\_guidancedocuments.pdf](http://oregonstate.edu/research/irb/sites/default/files/website_guidancedocuments.pdf)
- > All study team members should be kept informed of the status of the research. The Principal Investigator is responsible for ensuring that all study team members have completed the online ethics training requirement, even if they do not need to be added to the study team via project revision.
- > Reports of unanticipated problems involving risks to participants or others must be submitted to the IRB within three calendar days.

Approval for the final application: the revision for the in-person survey (Right)

**Appendix D**

**Questionnaire: English Version**

**I. The next questions are about your company's owner. Please answer each question.**

1. Are you the owner of your company? ( )  
 ①. Yes  
 ②. No

Please read carefully the following terms before starting the survey.

Immigrant-owned company refers to a company operated by either the first generation immigrants (born outside the U.S.) or the second generation (their children born in the U.S.).  
 Korean immigrant-owned company refers to a company operated by either the first generation immigrants (born in Korea) or the second generation (their children born in the U.S.).

2. Is your company owned by a Korean immigrant? ( )  
 (If you are a business owner, are you a Korean immigrant?)  
 ①. Yes → Please go to No. 4  
 ②. No → Please go to No. 3  
 ③. Don't know → Please go to No. 3

3. What is your company owner's ethnic background? ( )  
 (If you are a business owner, what is your ethnic background?)  
 ①. White / Caucasian  
 ②. Black / African American  
 ③. Hispanic / Latino  
 ④. Korean  
 ⑤. Asian: Non-Korean  
 ⑥. Other (Please specify: \_\_\_\_\_)  
 ⑦. Don't know

4. What is your company owner's generation of immigrants? ( )  
 (If you are a business owner, what is your generation of immigrants?)  
 ①. 1st Generation Immigrant (Initiated the immigration)  
 ②. 1.5st Generation Immigrant (Followed their parents during their early teens)  
 ③. 2nd Generation Immigrant (Born in the U.S. and their parents born in another country)  
 ④. 3rd or older Generation Immigrant (The children of U.S.-born parents)  
 ⑤. Non-Immigrant  
 ⑥. Don't know

**II. The next questions are about your company's business partners who are engaged in either formal or informal business relationships with your company in order to achieve the goals of your company.**

In this survey, your company's **business partners** could include your suppliers, vendors, contractors, buyers, and/or companies in the same business category over the past three (3) years.

1. Please indicate (with a check mark V) whether or not your company's business partners are in each of the following types of businesses, and then indicate whether or not the business partners are a Korean immigrant-owned company.

	Do you have business partners in the business type?			Are they a Korean immigrant-owned company?		
	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know
Fiber, yarn, or fabric supplier / manufacture	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know
Subsidiary (material) suppliers / manufacture	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know
Apparel developer (sample, pattern makers)	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know
Apparel manufacture / vendor / contractor	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know
Transportation and logistics company	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know
Service providers (advertising, bank, factoring, CPA, law firm)	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know
Other (Please specify: _____)	①. Yes	②. No	③. Don't know	①. Yes	②. No	③. Don't know

2. Approximately, what percentage of your business partners are Korean immigrant-owned companies? \_\_\_\_\_ %

3. Please indicate (with a check mark V) the extent to which your company has established various business partnerships through the following network ties over the past three (3) years.

	Not at All						To a Very Great Extent
Educational-based ties (Hackyoen) (e.g., graduated from the same university or schools)	①.	②.	③.	④.	⑤.	⑥.	⑦.
Regional origin-based ties (Jiyoen) (e.g., hometown, and etc.)	①.	②.	③.	④.	⑤.	⑥.	⑦.
Family, blood-based ties (Hyulyoen) (e.g., family, relatives, and etc.)	①.	②.	③.	④.	⑤.	⑥.	⑦.
Religious community-based ties (e.g., church, temple, and etc.)	①.	②.	③.	④.	⑤.	⑥.	⑦.
Business Associations-based ties (e.g., Garment Contractors Association, Korean American-Apparel Manufacture Association, and etc.)	①.	②.	③.	④.	⑤.	⑥.	⑦.
Business events-based ties (e.g., trade shows, exhibits, expos, and etc.)	①.	②.	③.	④.	⑤.	⑥.	⑦.

4. Please indicate (with a check mark V) the level of agreement about the following statements that describe **your company's relationship with business partners** which you believe play the most important roles in your business performance over the past three (3) years.

	Strongly Disagree						Strongly Agree
Our company relies on our business partners without any fear that they will take advantage of our company even if the opportunity arises.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company keeps the promises it makes to our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company is fully confident about our business partners' business abilities.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company believes our business partners contribute to the business in good faith.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company is very committed to the relationships with our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company intends to keep the same business partners over a long period of time.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our business partners deserve our company's maximum efforts to maintain the relationship.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company frequently communicates with our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has very close relationships with our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company spends a lot of time interacting with our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ

5. Please indicate (with a check mark V) how strongly you agree or disagree with each of the following statement about **values shared between your company and the business partners** which you believe play the most important roles in your business performance over the past three (3) years.

	Strongly Disagree						Strongly Agree
Our company uses common business-related terms or jargon with our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company uses effective communication processes with our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
The business practices and operational mechanisms of our partners are similar to ours.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
The corporate culture and management styles of our partners are similar to ours.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company shares the same ambitions and vision with our business partners at work.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company is enthusiastic about pursuing the collective goals and missions with our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ

6. Please indicate (with a check mark V) how strongly you agree or disagree with each of the following statement about **your business partners' information abilities** which you believe play the most important roles in your business performance over the past three (3) years.

	Strongly Disagree						Strongly Agree
Our business partners always provide us with business information.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company rely on our business partners for market information.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Business partners should be willing to share market information with our company.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company always obtains timely information from our business partners.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ

**III. The next questions are about your company's capabilities. Please answer each question.**

1. The next questions are about **your company's design and new product development capability**. Please indicate (with a check mark V) how strongly you agree or disagree with each of the following statements relative to your primary competitors.

<b>Compared to our primary competitors,</b>	Strongly Disagree						Strongly Agree
Our company has better abilities in developing a number of products reflecting new trends.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in urgent development for new products.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better core competitiveness which is our design development team or employees.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our products are unique and easily distinguished from our competitors.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company uses several data or information sources (e.g. exhibitions, fashion shows, magazines, trend analysis, sales history) to predict market trends better.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our new products lead market fashion trends.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better technology systems for design development (e.g., computer, internet, CAD, design software, and etc.).	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ

The next questions are about sourcing and procurement capability.

In this survey, **sourcing and procurement activity** refers to your company's management of existing and potential suppliers/contractors/vendors for purchasing fabric/materials, products, or services to produce a finished fashion item.

2. Please choose the countries/world regions in which **your current top three sourcing/procurement suppliers** are located.

- a) 1<sup>st</sup> Top Supplier: (            )
- b) 2<sup>nd</sup> Top Supplier: (            )
- c) 3<sup>rd</sup> Top Supplier: (            )

- ①. Domestic (US)
- ②. China Mainland and Hong Kong
- ③. Canada
- ④. Mexico
- ⑤. South Korea
- ⑥. Europe (e.g., UK, Italy, France, and etc.)
- ⑦. Central American and Caribbean Bain Countries (e.g., Guatemala, Honduras, El Salvador, and etc.)
- ⑧. South Asia (e.g., India, Sri Lanka, Pakistan, Bangladesh, ant etc.)
- ⑨. Southeast Asia (e.g., Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, and etc.)
- ⑩. Oceania (e.g., Australia, New Zealand, and etc.)
- ⑪. Other area (Please specify: \_\_\_\_\_)

3. Please indicate (with a check mark V) how strongly you agree or disagree with each of the following statement about **your company's sourcing and procurement capability** with the product/service providers relative to your primary competitors.

Compared to our primary competitors,	Strongly Disagree						Strongly Agree
Our company usually faces difficulties in managing the relationships with existing and potential suppliers/contractors/vendors.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in managing the activities complementary to purchasing (inventory, billing,...).	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in sharing information with suppliers/contractors/vendors.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in adapting quickly to market changes and new product requirements.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities to reduce lead times and speeding up to time-to market.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better technology systems for sourcing and procurement (e.g., ERP, vendor management system, e-procure systems, and etc.).	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ

The next questions are about your company's logistics and distribution capability.

In the study, **logistics and distribution activities** refer to planning, managing, and controlling the internal and external flows and storage of materials, finished goods, and services from origin to destination with the service providers such as trucking companies, freight forwarders, shipping agents/brokers, and etc.

4. Please indicate (with a check mark V) how strongly you agree or disagree with each of the following statement about **your company's logistics and distribution capability** with the service providers relative to your primary/major competitors.

Compared to our primary competitors,	Strongly Disagree						Strongly Agree
Our company has better abilities to deliver correct orders on time.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities to reduce delivery time.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities to share shipping and delivery information with our suppliers and customers.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities to handle widespread or intensive distribution coverage effectively.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities to handle global distribution coverage effectively.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities to minimize the total cost of logistics/distribution.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better technology systems for logistics and distribution capability (e.g., warehouse management system, barcode printer/scanner, B/L (bill of landing) software, and etc.).	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ

5. The next questions are about **your company's buyer management capability**. Please indicate (with a check mark V) how strongly you agree or disagree with each of the following statement relative to your primary competitors.

Compared to our primary competitors,	Strongly Disagree						Strongly Agree
Our company has better abilities in the levels of buyer service and support.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in building relationships with key target buyers.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in understanding what target buyers needs and requirements are.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in creating relationships with buyers.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better abilities in maintaining and enhancing relationships with buyers.	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ
Our company has better technology systems for linking buyers (e.g., Homepage, CSS software, Social Networking Sites: Facebook, twitter, Pinterest, and etc.).	Ⓛ	Ⓜ	Ⓝ	Ⓞ	Ⓟ	Ⓠ	Ⓡ

**IV. The next questions are about your company's performance.**

1. Please indicate (with a check mark V) your company's performance over the past three (3) years in the following areas relative to your primary/major competitors.

Compared to our primary competitors,	Much Lower						Much Higher
Levels of our customer loyalty	<input type="radio"/>						
Levels of our customer satisfaction	<input type="radio"/>						
Sales volume	<input type="radio"/>						
Market share	<input type="radio"/>						
Overall profit levels achieved	<input type="radio"/>						
Profit margins	<input type="radio"/>						
Return on investment (ROI)	<input type="radio"/>						

**V. The following questions are about your company. Please answer each question**

- What category BEST describe your firm's MAJOR business? (Please check only one). ( )
  - Apparel wholesale manufacture
  - Apparel manufacturing contractor (e.g. sewing factory and etc.)
  - Importer  Fabric manufacture/supplier
  - Subsidiary (material) manufacture/supplier  Other (Please specify: \_\_\_\_\_)
- What are your company's main product categories? (Please check all that apply). ( )
  - Women clothing  Men clothing  Children & infant clothing
  - Shoes  Accessory  Other (Please specify: \_\_\_\_\_)
- Who are your company's major customers? (Please check all that apply). ( )
  - Wholesaler  Department store  Online shopping mall
  - Boutique  Specialty store / Retailer  Discount store
  - Other (Please specify: \_\_\_\_\_)

4. Please indicate (with a check mark V) the level of agreement about the following statements that describe your company's social relationships.

	Strongly Disagree						Strongly Agree
Our company spends a considerable amount of social time (e.g., lunch, dinner, drinking, and etc.) with other companies.	<input type="radio"/>						
Our company spend a considerable amount of time on social events (e.g., golf tournaments, school reunions, fund-raising events, and etc.) organized by any associations.	<input type="radio"/>						
Our company has informal social relationships with our buyers, suppliers and competitors.	<input type="radio"/>						

5. What year was your company established? \_\_\_\_\_

6. What is the approximate annual sales (\$) of your business over the past three (3) years?

US\$ \_\_\_\_\_

7. What is the Zip code of your company headquarters? ZIP Code: \_\_\_\_\_

8. Are your company's stores or showrooms located in the Los Angeles Fashion District? ( )  
 Yes  No

9. What is the total number of employees (including owners, full- and part-time) in your company?

The total number of employees: \_\_\_\_\_

10. Please estimate the percentage (%) of your company's employees (including full- and part-time) by race/ethnicity? (Total: 100%)

Korean: \_\_\_\_\_ (%) Asian: Non-Korean: \_\_\_\_\_ (%)

Hispanic/Latino (%): \_\_\_\_\_ (%) White: \_\_\_\_\_ (%)

Black: \_\_\_\_\_ (%) Other: \_\_\_\_\_ (%)

**VI. The following questions are about you. Please answer each question.**

- Were you born in the U.S.? ( )  
 Yes  No
- How long have you being lived in the U.S.? \_\_\_\_\_ Years \_\_\_\_\_ Months
- What is your gender? ( )  
 Male  Female
- What year were you born? \_\_\_\_\_
- What is your current marital status? ( )  
 Single  Married  Separated  Divorced  Widowed  Other
- Please provide your current job title: \_\_\_\_\_

7. Please indicate the levels of your fluency in the following languages, and then select your primary language in the last column?

	Extremely Poor	Very Poor	Poor	Average	Good	Very Good	Excellent	Don't Know	Primary Language
English	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>						
Korean	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>						
Spanish	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>						
Chinese	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>						
Others (Please specify: _____)	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>						

8. What is your highest education level? ( )  
 Less than High School       High School / GED       2-year College Degree  
 4-year College Degree       Master's Degree       Doctoral Degree  
 Other (Please specify) \_\_\_\_\_

9. What is your annual income? ( )  
 Less than \$30,000       \$30,000 – \$49,999       \$50,000 – \$69,999  
 \$70,000 – \$89,999       \$90,000 or more

10. Please indicate the extent to which your level of knowledge is related to your work to answer this survey. ( )  
 Extremely Poor       Very Poor       Poor       Average  
 Good       Very Good       Excellent

Comments:

If you want to be a winner in a drawing for one of two \$50 cash prizes, please provide your email address below. If you are selected as a winner, we will notify you by email. (The payment will be made by money order).

Email: \_\_\_\_\_

If you want to receive a copy of the study results at NO COST, please provide your email address below.

Email: \_\_\_\_\_

**\*\*\*To protect your confidentiality, your email address will not be associated with any answers provided for this survey.\*\*\***

Note. Some additional questions not associated with this dissertation were included in the survey.

**Appendix E**

**Questionnaire: Korean Version**

**I. 다음은 귀사의 오너에 대한 질문입니다. 각각의 질문에 답해주시시오.**

1. 귀하는 귀사의 오너입니까? ( )  
 ①. 네  
 ②. 아니오

설문에 응답하시기 전에 다음을 주의 깊게 읽어 주십시오.

**이민자 업체(기업)**는 1 세대 이민자(미국이 아닌 다른 나라에서 태어남) 또는 2 세대 이민자(1 세대 이민자가 미국에서 낳은 자녀)가 운영하는 회사입니다.  
**한인업체(기업)**는 1 세대 한인 이민자(한국에서 태어남) 또는 2 세대 한인 이민자(1 세대 이민자가 미국에서 낳은 자녀)가 운영하는 회사입니다.

2. 한인 이민자가 귀사의 오너입니까? ( )  
 (귀하가 오너이시라면 귀하는 한인 이민자입니까?)  
 ①. 네 → 4 번 문항으로 이동하십시오.  
 ②. 아니오 → 3 번 문항으로 이동하십시오.  
 ③. 모름 → 3 번 문항으로 이동하십시오.

3. 귀사 오너의 인종은 무엇입니까? ( )  
 (귀하가 오너이시라면 귀하의 인종은 무엇입니까?)  
 ①. 백인  
 ②. 흑인/아프리카계 미국인  
 ③. 히스패닉/라틴계  
 ④. 한국인  
 ⑤. 아시아인: 비한국인  
 ⑥. 기타 (구체적으로: \_\_\_\_\_)  
 ⑦. 모름

4. 귀사 오너의 이민자 세대는 무엇입니까? ( )  
 (귀하가 오너이시라면 귀하는 이민 몇 세대입니까?)  
 ①. 1 세대 이민자 (처음으로 이주를 시작한 사람)  
 ②. 1.5 세대 이민자 (부모님을 따라 청소년기 때 이민 온 사람)  
 ③. 2 세대 이민자 (1 세대 또는 2 세대 이민자에게서 태어난 사람)  
 ④. 3 세대 또는 이후 세대 이민자 (2 세대 또는 이후 이민자에게서 태어난 사람)  
 ⑤. 비이민자  
 ⑥. 모름

**II. 다음 질문은 귀사의 목표를 성취하기 위하여, 공식적 또는 비공식적 관계를 형성하고 있는 비즈니스 파트너에 관한 질문입니다.**

본 설문에서는 **비즈니스 파트너**란 지난 3 년간 귀사와 비즈니스 활동을 함께한 공급업체, 벤더, 하청업체, 구매업체 또는 귀사와 동일한 비즈니스 범주에 있는 업체입니다.

1. 다음 사업분야에 귀사의 비즈니스 파트너가 있는지 여부를 선택하신 후 한인업체가 포함되는지 여부를 선택하여 주십시오.

	다음 사업분야에 비즈니스 파트너가 있습니까?			한인업체가 포함되나요?		
선유, 원사, 또는 원단 공급/제조업체	①.네	②.아니오	③.모름	①.네	②.아니오	③.모름
부자재 공급/제조업체	①.네	②.아니오	③.모름	①.네	②.아니오	③.모름
상품 및 패턴 개발자	①.네	②.아니오	③.모름	①.네	②.아니오	③.모름
의류 제조업체/벤더/하청업체	①.네	②.아니오	③.모름	①.네	②.아니오	③.모름
운송 및 물류 회사	①.네	②.아니오	③.모름	①.네	②.아니오	③.모름
서비스 업체 (광고, 은행, 팩토링, 회계사사무소, 법률 사무소)	①.네	②.아니오	③.모름	①.네	②.아니오	③.모름
기타 (구체적으로)	①.네	②.아니오	③.모름	①.네	②.아니오	③.모름

2. 귀사의 비즈니스 파트너 중 대략 몇 퍼센트가 한인업체입니까? \_\_\_\_\_ %

3. 귀사가 지난 3 년간 비즈니스 파트너십을 형성하기 위하여, 다음 항목의 사회적 네트워크를 얼마나 활용하였는지 답해주시시오.

	전혀 아님	①	②	③	④	⑤	⑥	매우 높은편
학연 (예: 동문, 동창)	①	②	③	④	⑤	⑥	⑦	
지연 (예: 동향)	①	②	③	④	⑤	⑥	⑦	
가족 또는 혈연 (예: 가족, 친인척 등)	①	②	③	④	⑤	⑥	⑦	
종교 (예: 교회, 절 등)	①	②	③	④	⑤	⑥	⑦	
비즈니스 협회 (예: 한인봉제협회, 한인의류제조협회, 한인협회 등)	①	②	③	④	⑤	⑥	⑦	
비즈니스 이벤트 (예: 트레이드 쇼, 전시회, 박람회 등)	①	②	③	④	⑤	⑥	⑦	

4. 지난 3년 동안, 귀사의 성과를 위해 가장 중요한 역할을 한 **비즈니스 파트너들과의 관계**에 대한 다음 항목에 대해 어떻게 생각하는지 답해주세요. 귀하의 생각에 가장 가까운 곳에 v 표시 해주세요.

	전혀 그렇지 않다					매우 그렇다
우리 회사는 어떠한 상황에서도 비즈니스 파트너들이 자신들의 이익을 위한 거라는 두려움 없이 그들을 신뢰한다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들과의 약속을 지킨다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들의 업무 능력에 대하여 강하게 확신한다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들이 업무에 성실하게 임한다고 믿는다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들과의 관계에 매우 몰입한다.	①	②	③	④	⑤	⑥
우리 회사는 동일한 비즈니스 파트너들과 장기적인 관계를 유지하려고 노력한다.	①	②	③	④	⑤	⑥
비즈니스 파트너들은 우리회사가 파트너들과의 관계 유지를 위해 최선의 노력을 할만한 가치가 있다	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들과 빈번하게 의사소통을 한다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들과 매우 밀접한 관계이다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들과의 상호교류를 위하여 많은 시간을 할애한다.	①	②	③	④	⑤	⑥

5. 지난 3년 동안, 귀사가 귀사의 성과를 위해 가장 중요한 역할을 한 **비즈니스 파트너들과 공유하는 가치**에 대한 다음 항목에 대해 어떻게 생각하는지 답해주세요. 귀하의 생각에 가장 가까운 곳에 v 표시 해주세요.

	전혀 그렇지 않다					매우 그렇다
우리 회사와 비즈니스 파트너들과 공동된 비즈니스 용어들을 사용한다.	①	②	③	④	⑤	⑥
우리 회사와 비즈니스 파트너들은 효율적으로 의사소통 한다.	①	②	③	④	⑤	⑥
우리 회사와 비즈니스 파트너들의 관행과 운영 메커니즘은 유사하다.	①	②	③	④	⑤	⑥
우리 회사와 비즈니스 파트너들의 기업 문화와 경영 스타일은 유사하다.	①	②	③	④	⑤	⑥
우리 회사와 비즈니스 파트너들은 공동된 아함과 비전을 가지고 있다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들과의 공동 목표와 미션을 결정적으로 추구한다.	①	②	③	④	⑤	⑥

6. 지난 3년 동안, 귀사가 귀사의 성과를 위해 가장 중요한 역할을 한 **비즈니스 파트너들의 정보 능력**에 대한 다음 항목에 대해 어떻게 생각하는지 답해주세요. 귀하의 생각에 가장 가까운 곳에 v 표시 해주세요.

	전혀 그렇지 않다					매우 그렇다
비즈니스 파트너들은 우리회사에게 항상 사업과 관련된 정보를 제공한다.	①	②	③	④	⑤	⑥
우리 회사는 비즈니스 파트너들의 시장정보를 신뢰한다.	①	②	③	④	⑤	⑥
비즈니스 파트너들은 우리회사의 기꺼이 시장정보를 공유할 의사가 있어야 한다.	①	②	③	④	⑤	⑥
우리 회사는 항상 시의적절한 정보를 비즈니스 파트너들로부터 획득한다.	①	②	③	④	⑤	⑥

**III. 다음 질문은 귀사의 역량에 관한 질문입니다**

1. 다음은 **귀사의 디자인 및 제품개발역량**에 관한 질문입니다. 귀사의 주요 경쟁사와 비교하여 각각의 항목에 대해 어떻게 생각하는지 답해주세요. 귀하의 생각에 가장 가까운 곳에 v 표시 해주세요.

<b>우리의 주요 경쟁사와 비교하여.....</b>	전혀 그렇지 않다					매우 그렇다
우리 회사는 새로운 트렌드를 반영한 다양한 제품 개발에 더 나은 능력을 가지고 있다.	①	②	③	④	⑤	⑥
우리 회사는 더 신속한 신제품 개발능력을 가지고 있다.	①	②	③	④	⑤	⑥
우리의 디자인 팀 또는 디자인 인력들이 우리 회사의 더 나은 핵심 경쟁력이다.	①	②	③	④	⑤	⑥
우리 제품은 독특하고 쉽게 구별된다.	①	②	③	④	⑤	⑥
우리 회사는 더 정확하게 마켓 트렌드를 예측하기 위하여 다양한 데이터와 정보소스 (예: 전시회, 패션쇼, 잡지, 트렌드 분석, 판매 기록 등)를 이용한다.	①	②	③	④	⑤	⑥
우리 회사의 신제품은 시장의 패션 트렌드를 리드한다	①	②	③	④	⑤	⑥
우리 회사는 디자인 개발을 위한 테크놀로지 시스템이 잘 갖추어져 있다. (예: 컴퓨터, 인터넷, CAD, 디자인 소프트웨어 등)	①	②	③	④	⑤	⑥

다음은 귀사의 소싱/조달역량에 관한 질문입니다.

본 설문에서 **소싱/조달 활동**이란, 패션 완제품 생산에 필요한 원/부자재, 제품, 또는 서비스 구매를 위해 기존 및 잠재적인 공급업체/하청업체/벤더업체들을 관리하는 것을 의미합니다.

2. 아래목록에서 귀사의 소싱/조달을 위하여 **현재 주요한 상위 3개 공급 업체**가 위치하고 있는 국가 및 지역을 아래의 보기 중에서 선택하여 주십시오. (중복 선택 가능)

- a) 첫번째 주요업체: (            )
- b) 두번째 주요업체: (            )
- c) 세번째 주요업체: (            )

- ①. 미국
- ②. 중국 본토 및 홍콩
- ③. 캐나다
- ④. 멕시코
- ⑤. 한국
- ⑥. 유럽 (예: 영국, 이탈리아, 프랑스 등)
- ⑦. 중앙아메리카와 카리브해 (예: 과테말라, 혼도라, 엘살바도르 등)
- ⑧. 남아시아 (예: 들민, 인도, 스리랑카, 파키스탄, 방글라데시 등)
- ⑨. 동남아시아 (예: 인도네시아, 말레이시아, 필리핀, 싱가포르, 태국, 베트남 등)
- ⑩. 오세아니아 (예: 호주, 뉴질랜드 등)
- ⑪. 기타 (구체적으로: \_\_\_\_\_ )

3. 귀사의귀사의 주요 경쟁사와 비교하여 **귀사의 소싱과 조달역량**에 관한 각각의 항목에 대하여 어떻게 생각하시는지 답해주십시오. 귀하의 생각에 가장 가까운 곳에 v 표시 해주십시오.

우리의 주요 경쟁사와 비교하여.....	전혀 그렇지 않다						매우 그렇다
우리 회사는 기존 및 잠재적인 공급자/하청업체/벤더업체들을 관리하는데 어려움을 겪고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 재고관리 및 결제와 같은 구매 관련 활동을 보완하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 공급 업체/하청업체/벤더의 정보 공유에 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 시장 변화와 신제품 요구사항을 빠르게 수용하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 리드 타임 및 매장 입고까지의 시간을 줄이기 위한 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 소싱과 조달을 위한 더 나은 테크놀로지 시스템을 갖추고 있다. (예: ERP, 벤더관리시스템, e- 조달 시스템 등)	①.	②.	③.	④.	⑤.	⑥.	⑦.

다음은 귀사의 물류 및 유통 역량에 관한 질문입니다.

본 설문에서는 **물류 및 유통 활동**은 운송 업체 (화물업체, 선사, 선적 에이전트/브로커 등)와 유통업체, 완제품, 서비스를 출발전에서 도착지까지의 내·외부적인 흐름을 계획, 관리, 통제하는 것을 의미합니다.

4. 귀사의 주요 경쟁사와 비교하여 **귀사의 물류 및 유통 역량**에 관한 각각의 항목에 대하여 어떻게 생각하시는지 답해주십시오. 귀하의 생각에 가장 가까운 곳에 v 표시 해주십시오.

우리의 주요 경쟁사와 비교하여.....	전혀 그렇지 않다						매우 그렇다
우리 회사는 납기일에 정확한 제품을 배달하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 배달 시간을 단축하는 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 공급 업체 및 고객업체와의 운송 정보를 공유하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 광범위 또는 집중적 유통망을 효과적으로 관리하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 글로벌 유통망을 효과적으로 관리하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 물류 및 유통 총 비용을 최소화 하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 물류 및 유통역량을 위한 더 나은 테크놀로지 시스템을 갖추고 있다. (예: 창고관리시스템, 바코드 프린터/스캐너, B/L(선화증권) 소프트웨어 등)	①.	②.	③.	④.	⑤.	⑥.	⑦.

5. 다음은 귀사의 **구매(고객)업체 관리역량**에 관한 질문입니다. 귀사의 주요 경쟁사와 비교하여 각각의 항목에 대하여 어떻게 생각하시는지 답해주십시오. 귀하의 생각에 가장 가까운 곳에 v 표시 해주십시오.

우리의 주요 경쟁사와 비교하여.....	전혀 그렇지 않다						매우 그렇다
우리 회사는 구매업체 지원과 서비스에 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 주요 타겟 구매업체의 관계를 형성하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 구매업체의 니즈와 요구를 이해하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 구매업체와의 관계를 형성하는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 구매업체와의 관계를 유지하고 강화시키는데 더 나은 능력을 가지고 있다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 구매업체를 연결하기 위한 더 나은 테크놀로지 시스템을 갖추고 있다. (예: 홈페이지, CSS 소프트웨어, 소셜네트워킹 사이트: Facebook, Twitter, Pinterest 등)	①.	②.	③.	④.	⑤.	⑥.	⑦.

**IV. 다음 질문은, 귀사의 성과에 대한 질문입니다.**

1. 귀사의 주요 경쟁사와 비교하여, 다음 각각의 항목에 지난 3년간 귀사의 성과를 평가하여 주십시오. 귀하의 생각에 가장 가까운 곳에 v 표시 해 주십시오.

우리의 주요 경쟁사와 비교하여.....	매우 낮다						매우 높다					
	①.	②.	③.	④.	⑤.	⑥.	⑦.	⑧.	⑨.	⑩.	⑪.	⑫.
구매업체 충성도												
구매업체 만족도												
매출액												
시장 점유율												
성취된 이익수준												
이윤 (마진)												
투자 수익률 (ROI)												

**V. 다음은 귀사에 대한 질문입니다. 각각의 질문에 답해 주십시오.**

- 귀사의 주력하는 사업은 무엇입니까? (주요 사업 1개를 골라 주십시오.) ( )  
 ①. 의류 제조 도매업체    ②. 의류 제조 업력(하청)업체 (예: 봉제공장 등)  
 ③. 임포터 (수입업체)    ④. 원단업체  
 ⑤. 부자재 업체        ⑥. 기타 (구체적으로) \_\_\_\_\_
- 귀사에서 생산/판매하는 주요 제품은 무엇입니까? (해당되는 항목을 모두 골라 주십시오.) ( )  
 ①. 여성복    ②. 남성복    ③. 아동복/유아복    ④. 신발  
 ⑤. 악세서리    ⑥. 기타 (구체적으로) \_\_\_\_\_
- 귀하의 주요 구매(고객)업체는 무엇입니까? (해당되는 항목을 모두 골라 주십시오.) ( )  
 ①. 도매업체    ②. 백화점    ③. 온라인 쇼핑몰    ④. 부티크  
 ⑤. 소매 전문점    ⑥. 할인업체    ⑦. 기타 (구체적으로) \_\_\_\_\_
- 현재 귀사의 사회적 관계에 대한 각각의 항목에 답하여 주십시오. 귀하의 생각에 가장 가까운 곳에 v 표시 해 주십시오.

	현재 그렇지 않다						매우 그렇다
우리 회사의 직원들은 다른 업체의 직원들과 상당한 사교적 시간(예: 점심, 저녁, 음주 등)을 함께 보낸다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사 직원들은 다양한 업체에 의해 기획된 사교이벤트(예: 골프대회, 학교 동창회, 기금 모금행사 등)에서 상당한 시간을 보낸다.	①.	②.	③.	④.	⑤.	⑥.	⑦.
우리 회사는 우리의 공급업체, 구매업체, 경쟁업체들과 비공식적인 사회적 관계를 형성한다.	①.	②.	③.	④.	⑤.	⑥.	⑦.

- 귀사의 설립연도는 언제입니까? \_\_\_\_\_
- 지난 3년간 귀사의 연간 매출액(\$)은 얼마입니까? **US\$** \_\_\_\_\_
- 귀사의 본사 우편번호는 무엇입니까? ZIP Code \_\_\_\_\_
- 귀사의 매장 또는 쇼룸이 로스앤젤레스 패션구역(Los Angeles Fashion District)에 있습니까?  
 ①. 네                    ②. 아니오
- 귀사의 총 직원은 몇 명입니까? (오니, 풀타임 및 파트타임 직원 포함) \_\_\_\_\_ 명
- 귀사 직원들의 인종비율(%)이 어떻게 구성됩니까? (Total: 100%)  
 한국인: \_\_\_\_\_ (%)                    아시아인: 비한국인: \_\_\_\_\_ (%)  
 히스패닉/라틴계: \_\_\_\_\_ (%)    백인: \_\_\_\_\_ (%)  
 흑인: \_\_\_\_\_ (%)                    기타: \_\_\_\_\_ (%)

**VI. 다음은 귀하에 대한 질문입니다. 각각의 질문에 대답하십시오.**

- 귀하는 미국에서 태어났습니까? ( )  
 ①. 네                    ②. 아니오
- 귀하는 미국에서 얼마나 거주했습니까? \_\_\_\_\_ 년 \_\_\_\_\_ 개월
- 귀하의 성별은 무엇입니까? ( )  
 ①. 남성                ②. 여성
- 귀하는 언제 태어났습니까? \_\_\_\_\_ 년
- 귀하의 현재 혼인상태는 다음 중 어디에 해당됩니까? ( )  
 ①. 미혼                ②. 기혼                ③. 별거                ④. 이혼                ⑤. 사별                ⑥. 기타
- 귀하의 현재 직책은 무엇입니까? \_\_\_\_\_

7. 다음 각 언어에 대한 귀하의 수준을 평가하신 후 귀하의 주요언어가 무엇인지 다음 언어들 중 하나를 v 표시 해주십시오

	매우 부족	부족	조금 부족	보통	유창	조금 유창	매우 유창	모름	주요언어
영어	①.	②.	③.	④.	⑤.	⑥.	⑦.	<input type="checkbox"/>	<input type="checkbox"/>
한국어	①.	②.	③.	④.	⑤.	⑥.	⑦.	<input type="checkbox"/>	<input type="checkbox"/>
스페인어	①.	②.	③.	④.	⑤.	⑥.	⑦.	<input type="checkbox"/>	<input type="checkbox"/>
중국어	①.	②.	③.	④.	⑤.	⑥.	⑦.	<input type="checkbox"/>	<input type="checkbox"/>
기타 (구체적으로)	①.	②.	③.	④.	⑤.	⑥.	⑦.	<input type="checkbox"/>	<input type="checkbox"/>

8. 귀하의 최종 학력은 무엇입니까? ( )

- ①. 고등학교 졸업 이하    ②. 고등학교 졸업    ③. 2년제 대학 졸업  
 ④. 4년제 대학 졸업    ⑤. 석사    ⑥. 박사    ⑦. 기타 (구체적으로) \_\_\_\_\_

9. 귀하의 연소득은 얼마입니까? ( )

- ①. \$30,000 미만    ②. \$30,000 - \$49,999    ③. \$50,000 - \$69,999  
 ④. \$70,000 - \$89,999    ⑤. \$90,000 이상

10. 본 설문에 응답하기 위한 귀하의 업무직 수준은 어느 정도입니까? ( )

- ①. 매우 낮음    ②. 낮음    ③. 약간 낮음    ④. 보통    ⑤. 약간 높음    ⑥. 높음    ⑦. 매우 높음

코멘트:

\$50 현금 추첨에 응모하시려면 e-mail 주소를 적어주십시오. 당첨자에게 e-mail 로 개별 연락 드립니다. (\$50 은머니 모니터로 지급될 예정입니다.)

Email: \_\_\_\_\_

연구 결과를 무료로 받아 보시려면 e-mail 주소를 적어주십시오.

Email: \_\_\_\_\_

**\*\*\*귀하의 익명성을 보장하기 위해 e-mail 주소는 귀하의 설문대답과 별도로 처리됩니다.**

Note. Some additional questions not associated with this dissertation were included in the survey.

