The Development of Strategic Alliances and Business Performance of Sports Apparel Manufacturing and Distribution in Thailand

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The objectives of this study were: 1) to study the direct and indirect influence of the organisations’ resources on business performance; 2) to study the direct influence of corporate resources on the development of business alliances; 3) to study the direct influence of the business alliances development on the business performance; and 4) to develop the relationship model of the organisations’ resources and the development of business alliances with the business performance of the manufacturing and distribution of sports apparel in Thailand. A mixed method involving quantitative and qualitative research was applied. The quantitative research was applied to test the causal relationships and the result factors in terms of resources and business alliances development with the efficiency of the business performance of sports apparel manufacturing and distributing in Thailand. Questionnaires were used to collect the data with business owners, executives and managers of 341 companies that have been registered with Department of Business Development in 2018. Moreover, qualitative research was conducted through the use of the phenomenological approach. In-depth interviews were conducted with 3 people from the Committee of the Industrial Council Apparel Industry Group. Structural equation model and content analysis were applied for data analysis. The results illustrated that 1) organisational resource factors directly and indirectly influenced the efficiency of business operations through the development of business alliances. 2) Organisational resource factors had a direct influence on the development of business alliances. 3) The development of business alliances directly influenced the business performance of the sports apparel manufacturing and distribution business in Thailand.

Key words: Organisational Resources, Strategic Alliance, Business Performance.
Introduction

The number of imported sports apparel goods in 2018 increased by 39.28 percent from the previous year. However, it is noticeable that the increased number of the imported products was only for the distribution in Thailand. According to the mentioned number, new entrepreneurs in sports apparel have also been increasing. The establishment of the sports business was growing in 2018. From 2014 to 2018, the establishment of sports business increased with the average growth rate of 14 percent. Sports business has an impact on other related businesses such as both domestic and international transportation and logistics. In addition to this, it has an impact on other sports businesses such as fitness centres, clubs and many more. This resulted in the overall increase of employment. It can be said that the sports business is also significant to the survival of other sports related businesses. It has played an important part in driving the country's economy. The sports business has been expanding and raising its capital from 2017 until 2019. Additionally, the sports business has improved and developed their products and services to better serve the needs of their customers (Department of Business Development, 2018). The sports apparel business is another type of business that has been growing and fiercely competing.

There are many types of products that consumers can choose for their satisfaction. The products can be chosen depending on the styles of the products, colours, sizes and a wide range of prices. For this reason, each brand distributes their products to stores or agents in each province so that their products go into the hands of consumers or the consumers can easily find products. Thus, the distribution channels are vital because it is part of the process of bringing the products to the customers. The distribution process consists of many steps and requires cooperation from many sectors (Bovee, Houston and Thill, 1995). The business of producing and distributing sports apparel must therefore focus on creating and developing both the resources of the business and business alliances to promote marketing communication, product development, distribution and payment of goods (Tri et al., 2020). Under the fierce competitive environment, today's business must have the resources and business partners as these are essential to strengthen the business.

In terms of resources, it requires both skills and knowledge in various areas of business operations both for the customer and rivals. The differences will occur to the businesses in the same industry with different resources. It will enhance the capacity to compete and create the ability to cooperate with related businesses (Hsu and Wang, 2012). According to the importance of the sports apparel business mentioned previously, it can be seen that the sports apparel business has a consistent growth rate. There are many supporting factors including government policies encouraging exercise and healthy lifestyles as well as promoting a sport in the city. As a result, the competition has become more intense from Thai entrepreneurs and foreign investors turning to invest in sports business. The sports apparel business is also
associated with many other businesses. Therefore, the resources of the business and the formation of sports apparel business alliances are an important guideline that will help the sportswear business increase business performance, because each type of sports apparel business cannot expand into every process of the business supply chain. In that industry, creating a partnership that promotes and supports the core competencies of the sports business is what will allow the sports business to have a long-term competitive edge in terms of costs and the speed in responding to values (Independent News Network, 2018).

Research Objectives

1) To study both the direct and indirect influence of the organisation’s resources on the business performance of the manufacturing and distribution of sports apparel in Thailand
2) To study the direct influence of corporate resources on the development of business alliances of the sports apparel manufacturing and distribution business in Thailand.
3) To study the direct influence of the development of business alliances on the business performance of the manufacturing and distribution of sportswear in Thailand.
4) To develop the model of the relationship of the organisation's resources and the development of business alliances with the business performance of the manufacturing and distribution of sports apparel in Thailand.

Research Hypothesis

H1: Organisational resource factors directly and indirectly influence the efficiency of business operations through the development of business alliances of the manufacturing and distribution of sports apparel in Thailand.
H2: Organisational resource factors have a direct influence on the development of business alliances of the sports apparel manufacturing and distribution business in Thailand.
H3: The development of business alliances directly influences the business performance of the sports apparel manufacturing and distribution business in Thailand.

Literature Review

Establishing Business Alliances in Business Manufacturing and Distribution of Sports Apparel in Thailand

Creating a business network is a new technique and strategy which will empower business operations to create a variety of business networks by connecting marketing, price, and manufacturing. These networks will increase the potential to drive the country's economy. Nowadays, many countries use the power of business networking to cooperate and support one another in both vertical and horizontal networks. Therefore, studying the basic principles and guidelines for founding a network with the successful and complete model will bring
knowledge that can be synthesised together with analytical studies in each business context, resulting in ways to promote the creation of a Thai business network with increased competitiveness (Melika, 2006). Due to changes in business practices, most businesses are beginning to focus on creating value by creating partnerships and expanding partnerships. When considering the network of manufacturing and distribution of sports apparel in Thailand, it can be seen that the creation of business alliances has been done in various forms starting from expanding cooperation to covering the business from upstream, midstream and downstream. The driving mechanism to promote a business network for the manufacturing and distribution of sports apparel in Thailand is the Federation of Thai Textile Industries. This organisation works as the central link of the networks. The way to connect business networks is to organise various activities that are beneficial, supportive and are able to solve problems for business groups such as organising meetings for various associations of related business groups from upstream, middle and downstream. Moreover, international networking activities can be regularly organised. In addition to this, international business matching and coordinating the exhibition with fashion and leather groups can be arranged by focusing on activities covering all business groups and representing the development of the business potential at an international level in terms of manufacturing, human resource development, and expanding marketing channels (Pridikon and Laithrirat, 2018). The manufacturing and distribution of sports apparel in Thailand are also expanding the network of business groups to related sectors such as leather and jewellery business groups.

Network expansion can be promoted by giving these business groups the opportunity to participate in activities with the Federation of Thai Textile Industries in terms of collaborating in a trade show and promoting one another’s products in various forms. Furthermore, business alliances in the manufacturing and distribution of sports apparel encourages cooperation in managing materials and product development. Establishing cooperation in material management and product development among the networks will result in savings in manufacturing as well as organising product development activities that can be operated more economically (Pridikon and Laithrirat, 2018).

**Resources Factors Affecting Business Alliance Development and Business Performance**

Resource-based concepts have been criticised for their understanding of how they are used in a competitive and ever-changing competitive environment (Cetindamar, et al., 2009). Therefore, it is what makes the researchers want to study and explain the alliance and the improved performance in the rapidly changing environment. Teece et al. (1997) introduced the notion of creating business alliances as part of a resource-based perspective creating more value for the organisation. It explains why some businesses are able to maintain their competitive advantage despite the rapidly changing environment. Marketing changes have a significant impact on the sustainability of business operations. However, the ability to create business
alliances that promote value and efficiency with the organisation depends on the organisation's resources and capabilities to recognise and adapt the business resources to the suitability of the period and the market changes (Thiraphatsakun, 2011).

In the rapidly changing environment, businesses must develop the ability to form alliances in response to the opportunities that are created by business alliances, instead of choosing how to properly use resources. For this reason, businesses rely on resources and capabilities as part of the resource-based perspective that is adapted to rapidly changing market conditions (Hsu and Wang, 2012).

The Concept of Business Alliances in the Manufacturing and Distribution of Sportswear in Thailand

In this research, the characteristics of the resources and capabilities of the organisation obtained from the literature review are studied as follows: 1) knowledge and understanding about customers, which is the nature of knowledge and understanding about data, customer demand and the ability to meet customer needs, 2) knowledge and understanding about competitors, which is a kind of knowledge and understanding about competitors in the industry including an understanding of the changing competitive environment and monitoring the situation of competitors, 3) knowledge and understanding about trading partners, which is a kind of knowledge about business partners and the understanding of business operations of partners and monitoring of business partners, and 4) operational skills, which can be explained as the experience of employees that can be used in the operation like working skills and the ability to adapt to work according to the changing situations. Defining structure and performance demonstrates that the reason for establishing a business alliance for the manufacturing and distribution of sports apparel offers the potential to create value for the resources of the combined business (Das and Teng, 2000).

Strategic Alliance is an agreement between organisations aiming at achieving the success of each organisation based on goals and competitive advantages (Wilson, Perepelkin, Zhang and Vachon, 2014). It is also a source of important information such as knowledge and participation in business success (Chmielewski and Latteman, 2009). Business alliances can be formed due to a variety of reasons. The first reason is the incentives for cooperation that are the possibility of using various resources and bringing many different organisations together. For example, two businesses work together when each one has different strengths in the product or service value chain. Another example is when a business has expertise in manufacturing and another business controls distribution channels. The reason second is that businesses may have to cooperate in order to reduce costs and risk when businesses run costly projects. There are also suggestions that resources obtained through business alliances can help with their business competitive advantage including cooperation as a business alliance for mutual or for marketing
power (Stuart, 2000). Some scholars give the perspective of sports business collaboration from the perspective of working together in the supply chain. This can help members of the network compete more efficiently with supply than they can by themselves. Although working together will provide mutual benefits to network members, collaborative supply chains are considered to share information and motivation to share information together by using appropriate performance measures. Supply Chain Management is a collaborative strategy that tries to deliver value to customers. The main idea is to create collaborative supply chains with joint initiatives to ensure that each party participates in success. Sports product business partners in the value chain should consider information sharing and motivation. Appropriate initiatives help align partner goals in the network and the expected benefits of effective collaboration (Street and Cameron, 2007).

**The Concept of Business Performance**

Business performance is the achievement of the organisation's goals, which have different perspectives and dimensions that are important to that organisation, and may not be important in the context of other organisations (Mekhum, 2020; Leakpai, 2013). This also includes external factors on the economy and internal performance of the organisation (Saliow and Chai, 2015). Shehu and Mahmood (2014) described performance concepts as the ability to assess the success levels of small and large business organisations. It can be evaluated in terms of employment level, business size, the strength of working capital and profitability. It has been found that there are a variety of performance evaluations from financial and non-financial perspectives in the overall picture of the manufacturing and distribution of sports apparel. Hariandja (2011) described how the manufacturing and distribution of sports apparel and the performance measurement of the business can be divided into two categories, which are awareness and purpose. It is crucial to examine the perceptions of stakeholder industry regarding performance variables in the manufacturing and distribution of sports apparel. Haber and Reichel (2005), and Thaotrakool (2016) explained that in order to make business performance assessments more efficient, performance metrics include financial performance concepts such as return on assets (ROA), return on equity (ROE), cash flows and income, as well as non-financial performance concepts such as market share, customer satisfaction, sales growth and brand value.

This is supported by Ladipo's work, (2016), which divides the performance indicators of the business of producing and distributing sports apparel into two areas. The first area is financial performance through the indicators which are return on investment, profits, and sales turnover. The second area is non-financial performance through indicators, which are the level of customer satisfaction, customer loyalty, sales stability, and growth of customer base. This is in line with the work of Hsu and Wang (2012) who measured the performance of the business of producing and distributing sports apparel using two measures. Firstly, the performance
efficiency of customers is measured by customer loyalty, customer satisfaction, the value of the service that customers receive, and repeat purchases by customers. Secondly, the effectiveness of financial performance is measured by market share, sales growth, reduced cost of sales and return on investment.

Research Methodology

This research used mixed method research as a combination of quantitative research and qualitative research methodology. Quantitative research was applied as the main method and qualitative research was used to help explain and confirm quantitative research results more clearly (Creswell, 2013). The research was descriptive. Business organisations, manufacturers and distributors of sports apparel in Thailand were used as a unit of analysis.

The research was conducted as follows:

Quantitative research was applied to conduct a causal study by explaining the relationship between cause and effect variables to create a model for the causal study and the results of the development of business alliances with the business performance of the business, which was consistent with theoretical knowledge and empirical data.

Qualitative Research was applied through the use of the phenomenological approach, which is a method of seeking knowledge, the truth of the study and the experience of human life by mainly understanding the meaning of life experiences that a person experiences (Photisita, 2009). In-depth interviews were conducted with an Apparel Industry Council Committee who had experience in the industry of manufacturing and distribution of sports apparel in Thailand in order to obtain information. The data were used for analysis to reach the conclusion of the next study.

Population and Sample Group

The population used in this research was the business group of producing and distributing sports apparel, and consisted of 341 companies (Department of Business Development, 2018).

The sample group used in quantitative research was the business groups of manufacturing and distribution of sportswear that were registered with the Department of Business Development in 2018. The questionnaire was used to collect the data. It was sent by post. Hair, et al. (2010) determined a sample of not less than 10 samples per 1 variable observed. In this research, there were 11 observable variables; therefore, 110 samples needed to be examined. Thus, the population was used as a sample (Panayides, 2007). Therefore, the sample number was 341 samples. In this research, the total sample population used in data analysis was 341 samples.
Hence, the number of the sample groups in this research met the requirements. Business owners, executives and business managers in the manufacturing and distribution of sports apparel in Thailand registered with the Department of Business Development were asked to be respondents to the research questionnaire.

Key informants in qualitative research and theoretical sampling were selected by the purpose-sampling method. In-depth Interviews and Non-Participatory Observation were conducted with the key informants because the key informants have experience that can be used for the interpretation (Photisita, 2009). The key informants consisted of 3 out 15 people from the Committee of the Industrial Council Apparel Industry Group.

The 3 people were selected based on their position in the committee and their experience related to the manufacturing and distribution of sports apparel products. Thus, purposive sampling was applied. In addition, the researcher considered key informants who have experience in sports or related businesses and analysed them in order to obtain information in the conclusion of the research (Khare et al., 2015).

**Data Analysis** Structural Equation Model and Content Analysis

**Research Findings**

**Quantitative Research Results**

The results of the test of the influence of the causal variables and the results of the development of business alliances with the business performance of the manufacturing and distribution of sports apparel in Thailand was developed explain the research hypothesis. The analysis results are detailed in Table 1.

**Table 1:** Direct and Indirect Effect of Variable

<table>
<thead>
<tr>
<th>Dependent</th>
<th>RESOUR</th>
<th>ALLI</th>
<th>PERF</th>
</tr>
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<tbody>
<tr>
<td>DE</td>
<td>-</td>
<td>-</td>
<td>0.41*</td>
</tr>
<tr>
<td>IE</td>
<td>0.52*</td>
<td>0.26*</td>
<td>0.67*</td>
</tr>
<tr>
<td>TE</td>
<td>0.52*</td>
<td>0.67*</td>
<td>0.78*</td>
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<tr>
<td>DE</td>
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\[ R^2 = 0.61, 0.59 \]

Chi-Square = 66.90, df = 126, P-value = 0.09, RMSEA = 0.000, AGFI = 0.96, GFI=0.97
According to Table 1, it was found that casual variables of the development of the business alliances with the business performance of the sportswear manufacturing and distribution business in Thailand demonstrated direct influence, indirect influence and total influence. They were divided according to the research hypothesis as follows: The results of analysing the influence of variables according to the research hypothesis are described below:

**Hypothesis 1:** Organisational resource factors directly and indirectly influence the efficiency of business operations through the development of business alliances of the sports apparel manufacturing and distribution business in Thailand. It was found that resource (RESOUR) had a direct positive influence on business performance (PERF) with a direct influence of 0.41. The development of alliance (ALLI) was 0.26. Further, the total influence was 0.67 with the statistical significance of influence at the level of 0.05. This hypothesis was accepted.

**Hypothesis 2:** Organisational resource factors had a direct influence on the development of business alliances of the sports apparel manufacturing and distribution business in Thailand. It was found that the RESOUR factors had a direct positive influence on alliance development. It was discovered that Business (ALLI) with a direct influence value was 0.52, as well as a total influence of 0.52 with a statistical significance of influence at the level of 0.05. Therefore, this hypothesis was accepted.

**Hypothesis 3:** The development of business alliances directly influenced the business performance of the sports apparel manufacturing and distribution business in Thailand. It was found that the development of business alliances (ALLI) had a positive direct influence on the efficiency of (PERF) with the direct influence equal 0.78, the total influence equal to 0.78, and a statistical significance of influence at the level of 0.05. Therefore, this hypothesis was accepted. The analyses of the hypotheses are detailed in Figure 1.
Figure 1. The Model of Strategic Alliance and Business Performance of Sports Apparel Manufacturing and Distribution in Thailand

Qualitative Research Results

Resource Factors of the Manufacturing and Distribution of Sportswear in Thailand

In terms of the resources of businesses in the business of manufacturing and distributing sports apparel in Thailand, it requires knowledge in various fields in order to build the ability to drive business and compete with multinational businesses. Running a business without knowledge and understanding in various fields will make the business unable to create value that satisfies the market's needs. However, creating value requires knowledge by searching for information from customers, suppliers, competitors and work skills at various levels.

Factors for the Development of Business Alliances in the Manufacturing and Distribution of Sportswear in Thailand

The nature of the business alliance in the manufacturing and distribution of sports apparel in Thailand involves sharing resources and capabilities. On the other hand, allies are cooperative. It can be seen that the business of manufacturing and distributing sports apparel in Thailand
has created cooperation at both the national and international levels to share resources with one another and to promote public relations in terms of branding in order to penetrate international markets by joining with various sports clubs in foreign countries. The business of producing and distributing sportswear can create business alliances, which requires searching for diverse business partners to increase the opportunity for businesses to have the materials that can be compared and to have the customer groups that will help promote the business to grow. It also requires coordination between various channels at all times to achieve mutual learning and continuous benefit. However, the lack of business alliances will negatively impact every business, not just in the sportswear manufacturing and distribution sector. This is because the business world is rapidly changing. Business partners are therefore important for business development which requires knowledge and information to be exchanged with each other. It can be seen that the Federation of Thai Industries has the characteristics of creating business alliances in both the garment business group and other industrial groups in the Federation of Thai Industries.

**Developing Alliances for the Performance of Sportswear Manufacturing and Distribution Business in Thailand**

Both financial and non-financial business performance require business partner variables because the variables enable the manufacturing and distribution of sportswear business to create new knowledge based on new information. They also help to develop the knowledge and capabilities necessary in the business of manufacturing and distributing sportswear.

The nature of knowledge creation, capability and development is the result of finding new business partners from the same industry or different industries. Also, there is coordination between the partners. This coordination brings knowledge and ability to support and strengthen one another by learning from each other's experiences.

The results of alliance building make the various operations more effective both in the form of customer base and earnings because the knowledge, information and capabilities that the business of manufacturing and distributing sportswear has increased.

**Discussion and Conclusion**

Organisational resource factors directly and indirectly influence the efficiency of business operations through the development of business alliances of the manufacturing and distribution of sportswear in Thailand.

The above study demonstrated that the resources of the organisation had a direct influence on the results of operations. Developing the organisation's resources will make business
performance more efficient. This is in line with Isabelle and Danny (2015), who studied the family business group and found that increasing business performance depended on the development of resources in terms of knowledge and operational skills.

In addition, Li and Wu (2017) confirmed that having valuable resources affected the efficiency of the business's revenue generation. The study also found that the resources of the knowledgeable organisation can be transmitted through the new business partner, leading to the process of coordination between alliances and the exchange of knowledge and experience with each other. The research showed that there was a high influence on how the organisation's variable had a direct impact on business performance. This is consistent with the research by Linda et al. (2019) who stated that the increased ability of the organisation's resources will create new business partners more efficiently and will also increase business performance. Maciej et al. (2019) mentioned that the abilities and operational skills are considered organisational resources that will make the ability to create more effective alliances and affect the operational capabilities of businesses in the long run. Hence, it can be explained that the organisation's resources had both direct and indirect effects on the results of operations. The business of manufacturing and distributing sports apparel in Thailand has to create valuable resources so that it can strengthen business alliances, and the greater network involving various other areas. This will make the business run more efficiently. Organisational resource factors have a direct influence on the development of business alliances in the sports apparel manufacturing and distribution business in Thailand.

Developing a business alliance requires business resources and capabilities because the strength of the business or the competitiveness of the business is due to the resources and capabilities of the business as a base. Creating new alliances and exchanging knowledge among business partners depends on the strengths of the resources and capabilities of the organisation. According to the study, it was found that the resources of the organisation had a significant influence on the development of business alliances in which the organisation has the knowledge, understanding of customers, business partners, competitors and operational skills that will make the development of business partners even more effective. Doowon et al. (2019) studied the founding of an alliance in international business. The results of the study showed that the exchange of values between partners must have resources that can create the value that the partner wants. Jie et al. (2015) mentioned that business resources and capabilities are factors in creating business value. Value is what will make the development of cooperation to be valuable among business alliances. The development of business alliances directly influences the business performance of the sportswear manufacturing and distribution business in Thailand.

The alliance orientation had a significant positive effect on the organisation's performance. Fu and Peng (2012) stated that the more the organisations focus on alliances, the stronger the
relationship between partnerships is. The strength of the alliance makes it possible to avoid increasing business uncertainty. Business instability can hinder creativity and innovation in the organisation. (Kang, Kim and Hur, 2014). The results of the empirical data analysis both from quantitative and qualitative research showed consistency with the above literature. It illustrated that the influence of business alliance development resulted in an increase in efficiency in operations in terms of marketing efficiency and financial efficiency. The development of business alliances is to strengthen what the organisation lacks and increase competitiveness (Doowon et al., 2019). For this reason, it can be concluded according to hypothesis 3 that developing a business partner has a positive effect on business performance.

**Recommendations**

This research is a study of the organisation's resources and the development of business alliances with the business performance of the sports apparel manufacturing and distribution business in Thailand. The study emphasised analytical units at the organisational level. In future, studies should be conducted on a personal level, and focus on staff members or customer interviews. This is to examine the operational level as part of the organisation's resources as well, and also to provide a more comprehensive study. The study should undertake this with a multi-level model, involving the individual, group, and organisational levels, in order to see the composition of resources and the concept of business alliances at many levels.

This study used a cross-sectional study to collect data in only one time period. The environment of the study of business management is changing all the time. Further studies should be conducted as a longitudinal study to see the results of the business of manufacturing and distribution of sportswear in Thailand in each period of time.

In future research studies, this research concept framework can be brought to study the control variable groups that are clearly separated such as the size of the manufacturing and distribution of sportswear in Thailand in order to examine if there are any differences between resources, business alliance and business operations efficiency.
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