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Leveraging External Networks and Internal Capabilities: A Pathway to Innovation in an Export Economy

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Abstract

Objectives: This study examines the role of business network ties, financial resource accessibility, and export market-oriented capability in influencing product innovation intensity in Myanmar's transitional economy. Grounded in social network theory and resource-advantage theory, it explores how firms leverage external networks and internal capabilities to foster innovation despite economic and institutional constraints. *Methods/Analysis:* Survey data were collected from 161 Myanmar exporters representing various industries. Structural equation modeling (SEM) was employed to test the hypothesized relationships. *Findings:* The results confirm that business network ties significantly enhance financial resource accessibility, with quantity, proximity, and frequency all playing critical roles. Financial resource accessibility exerts a greater influence on innovation than market-oriented capability, highlighting their instrumental role. Exporters should prioritize strategic network development to enhance financial resource access. Policymakers should facilitate business networking, financial accessibility, and export support programs to promote sustainable innovation-driven growth. *Novelty/Improvement:* This study fills a critical literature gap by empirically linking business network ties, financial resource acquisition, market-orientation, and innovation in a transitional economy, offering rare insights for exporters striving in resource-constrained environments. Future research should explore network dynamics, resource access, market orientation, and innovation in various transitional economies to improve generalizability.

Keywords:

Business Networks;
Export Market Orientation;
Financial Access; Myanmar;
Product Innovation;
Resource-advantage Theory;
Social Network Theory;
Transitional Economy.

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1- Introduction

Innovation is a critical component in a firm's strategy, serving as a cornerstone for gaining a competitive advantage in an ever-changing global market. This is especially true in international business, where the ability to innovate not only distinguishes organizations, but also assures their survival and growth in the face of intense competition. The importance of innovation is heightened in transitional economies such as Myanmar, which has been heavily influenced by political instability, notably after the 2021 military coup that reversed a decade of economic progress and disrupted key sectors [1]. Despite these domestic hindrances, Myanmar maintains strong external trade ties, particularly with China, which accounted for 29.5% of Myanmar's exports and 29.0% of its imports in 2021. The adoption of the Chinese Renminbi as an official settlement currency in border commerce strengthened this relationship [2]. These business and government ties encompass both local and international levels through the support of the International Trade Centre (ITC), the Ministry of Commerce and the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) since 2013 and both types of networks are deemed crucial to the Myanmar export sector [3]. Through this collaborative initiative, exporters in Myanmar draw on both local (through UMFCCI) and international (through ITC) business connections in overcoming resource constraints and attempting to innovate [4, 5].

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Myanmar's economic growth is expected at a CAGR of 3.3% (2022 to 2027), which is below the Asia-Pacific average of 4.6% [2]. The manufacturing sector, representing 23.9% of gross value added, is a large contributor. However, tightened labor markets and economic slowdowns may marginally increase unemployment [6]. Myanmar remains export-dependent, mainly on gas, oil, and minerals, while importing machinery, transportation equipment, and consumer items. Foreign investment incentives, including special economic zones and sector liberalization, are jeopardized by political insecurity, corruption, and insufficient infrastructure [2].

Despite Myanmar's ambitious National Export Strategies and policy frameworks to foster sustainable economic growth, financial support for exporters remains hampered by political instability and economic disruptions. Sustained business growth depends largely on firms' ability to secure financial resources for product innovation, which is vital for global competitiveness. However, financing remains a major hurdle, often requiring business network ties to access resources and overcome institutional voids [6].

Although prior research demonstrates the importance of business ties in enabling firms to access resources that lead to capability building [7-10], there is still a gap in understanding how these ties specifically contribute to the cultivation of export market-oriented capability and its subsequent impact on product innovation. Furthermore, while Öberg's [11] qualitative study has introduced some relationships between business networks and various types of innovations, more empirical research in different contexts with quantitative evidence is still called for. Similarly, effective innovation management relies on internal capabilities and external networks for resource access and knowledge exchange [12]. For this reason, this study proposes to approach this phenomenon through the lenses of social network theory [13] and resource-advantage (R-A) theory [14]. While prior theory posits that strong business networks facilitate resource access, the latter provides a complementary explanatory view by postulating that access to resources leads to competitive advantage. Understanding these relationships is important in Myanmar's transitional economy, where economic and political constraints shape global competitiveness. Specifically, this study addresses this important gap by aiming to: (1) investigate whether business network ties improve financial resource accessibility; (2) examine the differential influence of business network quantity, proximity, and frequency on financial resource acquisition; (3) assess whether enhanced financial resource accessibility positively influences product innovation intensity; and (4) determine if export market-oriented capability strengthens product innovation intensity among Myanmar's exporters.

The significance of this research is twofold. Theoretically, it extends social network theory and R-A theory by providing empirical evidence of their applicability in transitional economy contexts, particularly regarding how different network dimensions contribute to resource acquisition and innovation outcomes. Practically, our findings will provide strategic guidance for export managers on optimizing network development for innovation and offer policymakers insights for creating supportive ecosystems that facilitate export competitiveness through network-driven innovation. By examining these relationships in Myanmar's challenging context, we provide rare empirical insights into innovation mechanisms that may benefit firms and policymakers in similar environments worldwide.

The remainder of this paper is organized as follows. Section 2 presents the literature review and theoretical perspectives underpinning the study. Section 3 introduces the research model and outlines the hypothesized relationships between the key constructs. Section 4 details the research design, including materials and methodologies. Section 5 reports and discusses the analysis and results. Finally, Section 6 concludes the paper by highlighting the research implications, acknowledging its limitations, and suggesting directions for future research. The process of conducting this study is shown in Figure 1.

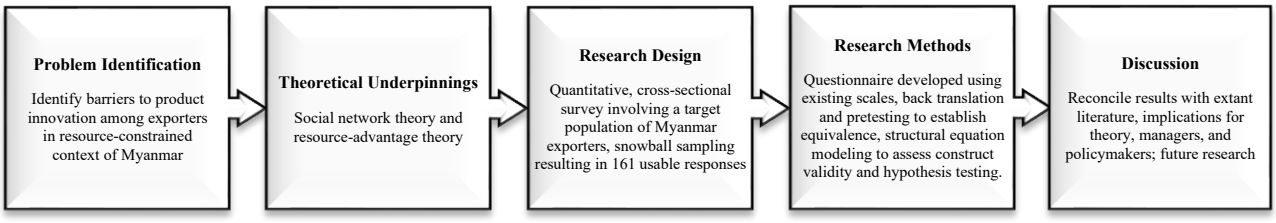

Figure 1. Process flowchart of the study

2- Literature Review

2-1- Business Ties

Business ties, encompassing formal and informal connections among various parties in business transactions, play a critical role in firm performance and structure [15-17]. According to Boso et al. [18], combining social network ties and business network ties with marketing and entrepreneurial orientations can improve firm performance. This synergy shows that the strategic exploitation of network linkages, particularly in the context of entrepreneurial initiatives, can be a substantial driver of success.

For small and medium-sized enterprises (SMEs), especially in emerging economies, networking is not just a strategic tool but an essential element for survival and growth. For instance, Le and Nguyen [19] emphasize the importance of various network ties in accessing bank financing in Vietnam, indicating that customer and government networking can

promote bank loans, while supplier and social network ties may decrease reliance on such financial sources. Zhang et al. [20] expanded on this knowledge by investigating how various network links (both corporate and political) benefit Chinese SMEs in internationalization, depending on their ownership structures.

The significance of business network relationships has been expanded further. Boso et al. [18] and Nasution et al. [21] investigate the function of these ties in accessing resources and information as well as the success of retail enterprises in Indonesia. Strong social network linkages along with proactive entrepreneurial initiatives considerably boost the likelihood of business success [20, 22]. This finding is echoed by Pollack et al. [23], who argue that while tie quantity predicts networking performance, tie quality is more closely linked to affective commitment and the valuable referrals it can generate.

Lungeanu & Contractor [24] examine the impact of networking in scientific cooperation to provide a broader viewpoint. They propose that promoting creativity requires a balance of homophile (reducing uncertainty through shared origins and past collaborations) and variety (bringing together diverse types of knowledge). This balance is crucial both in scientific domains and corporate settings where innovation and adaptability are critical.

In summary, the prior literature illustrates the complex importance of business network linkages in corporate operations, strategy, and performance. Whether it is to improve corporate performance, aid in financial strategies and internationalization in emerging countries, or nurture innovation and entrepreneurship, the strategic development and usage of network linkages have emerged as a critical component in the business environment.

2-2- Financial Resource Accessibility

Access to financial resources is undeniably crucial for business success, especially during the early phases of development. Businesses can invest in R&D, marketing, employing competent people, and obtaining critical equipment and technology when financial resources are available. This, in turn, can lead to greater corporate growth, productivity, and market competitiveness [25-27].

For exporters, especially for those in Asia-Pacific countries, access to financial resources is critical, as financial development and institutional quality benefit their export decisions [28]. Bellone et al. [29] and Turner [30] emphasize the importance of financial access and efficiency, including regional penetration of bank branches and business loan application processes. Better financial health is connected with a higher likelihood of exporting [29], and access to bank funding can significantly boost the possibility of exporting [31].

For Myanmar exporters specifically, financial resource accessibility is hampered by several unique challenges. The country's underdeveloped banking system, characterized by limited branch networks outside urban centers, creates geographical barriers to access formal financing [32]. Since the 2021 military coup, exporters initially benefited from the depreciating kyat, which boosted their competitiveness in global markets. However, over time, regime-imposed foreign exchange controls—such as forced conversion of export earnings at administratively set rates—have undermined these gains. The divergence between official and market exchange rates, along with increased interference in export markets, has made it more difficult for exporters to operate profitably. These challenges have intensified as the State Administration Council has expanded its control over foreign currency allocation and trade licensing, contributing to a more uncertain and constrained environment for export-oriented businesses [33].

2-3- Export Market Orientation

Cadogan et al. [34-37] lay the foundational understanding of export market-oriented (EMO) behaviors, defining it as a firm's market-oriented approach specifically tailored to export markets, which are distinctively different from domestic market strategies. This behavior involves generating, disseminating, and responding to market intelligence focused on export customers and markets. The distinction between domestic and export market orientations is crucial, as firms may exhibit different behaviors in these contexts, and the impact of market-oriented behavior on business success might vary [37]. Chi & Sun [38] extend this discussion to non-Western contexts, demonstrating that the effectiveness of EMO can vary across different cultural and business environments.

The antecedents and influencing factors of EMO have been explored by Cadogan et al. [34] and Chi & Sun [38]. Key drivers include organizational culture, managerial attitudes, market knowledge, export reward and training systems, and top management support. These studies collectively suggest that EMO behaviors are influenced by a complex interplay of internal organizational factors and external market conditions, highlighting the need for an in-depth understanding of these influences [37, 38].

Cadogan et al. [36, 37, 39, 40] consistently find a positive relationship between EMO and export performance, particularly in dynamic and internationalized markets. Olabode et al. [41] introduce the mediating role of export learning capability, suggesting that this capability enhances the positive impact of EMO on export performance. However, they note that increased export environmental turbulence can weaken this effect, indicating the contingent nature of these relationships.

2-4- Product Innovation Intensity

Product innovation intensity is a crucial aspect of a firm's competitive strategy and has been extensively studied across different contexts, revealing its multifaceted nature and its impact on firm performance. It is essentially described as a company's ability to offer new items relative to its competitors [42]. This concept encompasses the novelty and intensity of the company's new product offers [43].

The relationship between product innovation intensity and both business performance and internationalization is complex. While some studies suggest that high product innovation intensity can facilitate international expansion [44, 45], others suggest a more sophisticated interaction where product innovativeness can both aid and hinder a firm's internationalization efforts. This complexity is further highlighted by the finding that both low and high levels of product innovativeness can lead to superior performance over moderate levels, suggesting a curvilinear relationship [43].

Organizational characteristics play a significant role in determining the intensity of product innovation. For example, R&D spending and the proportion of educated staff boost product innovation intensity significantly [46]. Larger and older enterprises, on the other hand, may experience difficulties in maintaining a high level of product innovation intensity, indicating potential issues with agility and innovation in more established organizations [46].

While product innovation intensity is desirable, it is not without obstacles. For example, radical product innovation can be resource-intensive and may overstretch a company's capabilities [43, 47]. Firms must strike a balance between pursuing high product innovation intensity and avoiding over-innovation, which may limit other prospects [43]. This balance is critical for businesses in emerging markets, where resources and market conditions may differ dramatically from those in advanced economies [44].

Product innovation intensity develops as a dynamic and diverse concept, critical to a company's competitive strategy and performance, particularly in international markets. Its measurement, impact on firm performance, interaction with organizational factors, and the strategic balance required for optimal innovation intensity present rich areas for further research and practical application in the field of international marketing.

2-5- Underpinning Theoretical Perspectives

2-5-1- Social Network Theory

Social network theory is a robust framework extensively applied to understanding the dynamics within organizational and ecological contexts. The theory primarily focuses on the patterns of interactions and relationships that influence behaviors, attitudes, and outcomes among individuals, groups, and entities [48-50].

Social network theory has been useful in clarifying the impact of network structures on enterprise performance in the field of organizational behavior and management. Chen et al. [50] highlight the role of network relationships as a contingency factor affecting the relationship between niche characteristics and enterprise performance. The degree of embeddedness and centrality in these networks can impact business outcomes, with lower network centrality potentially improving financial success [51]. Similarly, Tucker [52] highlights the relevance of informal structures and interpersonal connections inside and between social groupings, noting how long-term network interrelationships can influence control-related information distribution within companies. The theory also emphasizes the importance of network prominence or centrality, which refers to an organization's position inside a network [53]. This is critical in understanding how relationships among network actors influence behavior and consequences.

Overall, social network theory provides a multidimensional lens for seeing and analyzing the intricate interplay of interactions and structures in various contexts, ranging from organizational dynamics to ecological behaviors. This theory has significant implications for understanding and leveraging social networks in marketing strategies, where the intricacies of relationships and network positions can influence consumer behavior and business outcomes.

2-5-2- Resource-Advantage (R-A) Theory

R-A theory, as an alternative to traditional Neoclassical Economic Theory, offers a dynamic, process-oriented view of market competition. It diverges from conventional theories by emphasizing the relational nature of a firm's resources and viewing competition predominantly as a behavioral construct, an alternative to cooperation [54]. This viewpoint is critical for understanding how organizations use tangible and intangible resources to gain a competitive advantage.

The idea of enterprises competing for resource-based advantages is central to R-A theory, as these advantages lead to stronger market positions and, as a result, improved financial performance [8, 55, 56]. Hunt & Arnett [56] suggest that R-A theory allows for company resource heterogeneity, acknowledging that some firms have a competitive advantage in efficiently and effectively providing market offerings that provide value for specific market segments. This competitive advantage in resources, including competencies connected to value-creating activities, explains why some firms outperform others in value-chain activities [57].

Furthermore, R-A theory is not restricted to a single form of resources to attain competitive advantage. It recognizes the significance of seven types of resources: financial, physical, legal, human, organizational, informational, and relational [58]. This broad picture of resources is consistent with the theory's dynamic nature and emphasis on the evolutionary process of competition.

3- Research Model and Hypotheses

The conceptual framework of this study integrates social network theory and R-A theory to explain innovation pathways for firms in transitional economies. While earlier research has looked at these theories independently, our model combines them to provide a more comprehensive consideration of how organizations overcome institutional gaps and resource restrictions to accomplish innovation. Social network theory lays the groundwork for understanding how business network linkages promote access to important resources on structural (quantity), relational (proximity), and interactional levels (frequency) [13, 59]. These network structures are especially important in transitional economy contexts when conventional institutional support is often inadequate. Simultaneously, R-A theory supplements this viewpoint by explaining how organizations convert acquired resources into capabilities and competitive advantages [14]. Our framework expands on these theories by proposing that in transitional economies: (1) different dimensions of network ties (quantity, proximity, frequency) have varying effects on resource acquisition; (2) financial resources function as both direct enablers of innovation and indirect facilitators through capability development; and (3) market-oriented capabilities serve as critical mediating mechanisms that convert resources into innovation outcomes. This integrated theoretical approach fills a significant knowledge gap by examining how external networks and internal capabilities interact to overcome the unique challenges of operating in transitional economies, where traditional innovation pathways may be hampered by institutional weaknesses and market volatility.

Understanding the dynamics of product innovation, particularly in transitional economies, is important to understanding global trade and investments today. Based on the frameworks of social network theory [13] and R-A theory [14], this study attempts to understand how exporters in Myanmar may improve product innovation in the face of persistent political upheaval. Our research model, depicted in Figure 2, is based on these two pivotal theories, providing a robust theoretical foundation for our investigation. Lin [13] introduced social network theory, which highlights the importance of relationships and networks in gaining access to valuable resources and information. This perspective is particularly relevant in the context of Myanmar, where political and economic transitions create a unique landscape for business operations. As illustrated in the research model, business networks are important in providing access to financial resources, which are then important in nurturing export market-oriented capabilities and, ultimately, product innovation.

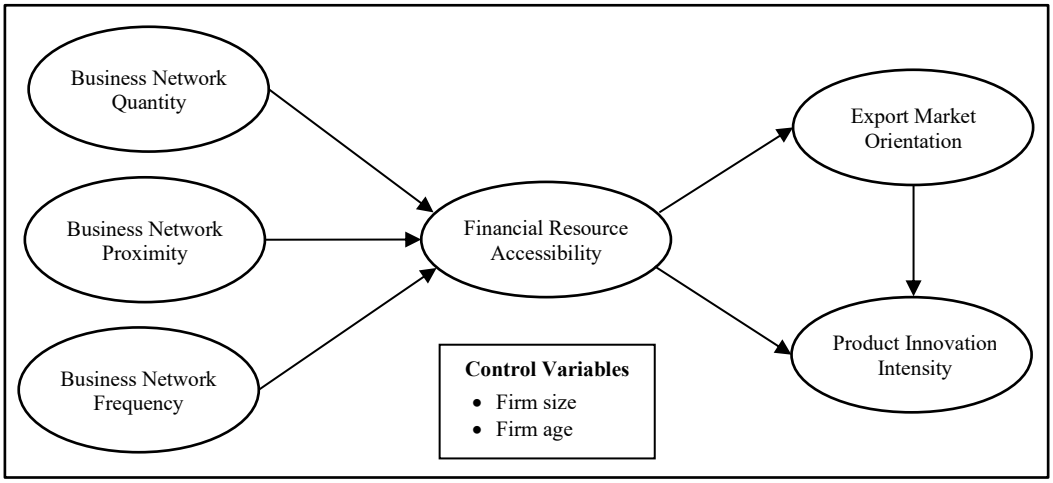

Figure 2. Pathway to innovation research model

-A theory provides a complementary viewpoint, focusing on how organizations leverage resources to gain competitive advantages [14]. Innovation, according to Hunt [60], is an essential component in this competitive struggle. From this perspective, our research reveals that enterprises gain not only access to, but also acquisition of critical resources through business network linkages. These resources are subsequently used to build capabilities, such as export market-oriented capability, which boosts product innovation.

Although previous research has revealed the importance of business links in helping enterprises to access resources and grow capacities [9-12], little is known about the connections between resource accessibility, capabilities, and innovation. Thus, this research aims to fill this gap by exploring the intricate relationships between business networks, financial resource accessibility, export market-oriented capability, and product innovation in the context of a transitional economy like Myanmar through the lens of social network and resource-advantage theories.

3-1- Business Network Ties and Financial Resource Accessibility

Extensive research has examined the relationship between business network ties and access to financial resources, revealing multifaceted insights into how these ties facilitate resource acquisition, particularly for SMEs, start-ups, and professional service firms. Several studies emphasize the importance of network ties in enabling firms, particularly

emerging entrepreneurial firms and SMEs, to access key resources that contribute to capability development and firm survival [9-12, 61, 62]. In the context of SMEs, Gunto & Alias [62] specifically highlighted the importance of developing relationships with government entities and agencies to access financial assistance, underscoring that strong network ties to relevant institutions significantly impact the ability to obtain financial resources in Malaysian institutions.

The importance of social network ties is well recognized, particularly in the context of business initiatives and crowdfunding. According to Shane & Cable [63], social links are important in providing entrepreneurs with access to financial resources, hence reducing information asymmetry in venture capital. Foster [64] applied this knowledge to crowdfunding, observing that entrepreneurs with vast online social networks, particularly those with weak relationships, are more likely to succeed, as these ties play an important role in drawing new backers.

The relevance of network ties is emphasized even more in the context of international new ventures (INVs) and university spin-offs. Laurell et al. [65] described how connections with local financial actors are critical during the startup period of INVs, assisting in the development of financial capacities. Rasmussen et al. [66], on the other hand, investigated the transformation of network ties in university spin-offs, stressing the relevance of strong network ties in facilitating access to public financing sources and early-stage product development. Professional service firms (PSFs), notably legal firms, recognize the importance of both strong and weak links. Suseno & Pinnington [67] examined how social capital as network ties and human capital as knowledge resources contribute to the effective internationalization of PSFs. Based on the aforementioned literature, it is evident that the nature and structure of business network ties play a pivotal role in accessing financial resources. The higher the number of linkages, the deeper the relationships within these ties, and the more frequent the contacts among network members, the more likely it is that firms, particularly exporters, will be able to access the financial resources required for their operations and growth. Thus, it is hypothesized that:

H1: *The quantity of business network connections positively contributes to the capacity of exporters to acquire financial resources.*

H2: *The proximity of business network connections positively contributes to the capacity of exporters to acquire financial resources.*

H3: *The frequency of business network connections positively contributes to the capacity of exporters to acquire financial resources.*

3-2- Financial Resource Accessibility and Export Market-Oriented Capability

The relationship between access to financial resources and export market-oriented capability has attracted significant scholarly attention. Some studies have highlighted the multidimensional nature of this relationship, particularly for SMEs. Boso et al. [68] and Boso et al. [69] provide foundational insights into this relationship. According to their findings, access to financial resources is not only a facilitator of operational activities but also a strategic enabler, helping enterprises to effectively balance entrepreneurial and market-oriented initiatives. This balance is especially important in volatile export markets where financial resources allow enterprises to maintain high levels of both entrepreneurial and market-oriented activity, hence improving export performance. The studies also show the importance of financial resources in creating a dynamic blend of export success techniques, particularly under competitive conditions [68-69].

In addition to these observations, Catanzaro & Teyssier [70] and Freixanet [71] highlight the significance of financial resources in developing export market-oriented competencies. They claim that financial resources are essential for funding costly product development and converting market intelligence into viable items for foreign markets. This viewpoint is critical for understanding how financial strength reinforces all stages of foreign market participation, from R&D to product introduction and market penetration [70, 71].

Kaleka [72] and Peng & York [73] further expand on this by emphasizing that while financial resources are essential, they must be complemented with market knowledge, product quality, and effective distribution channels. Kaleka [72] stresses the importance of firms investing in long-term customer relationships and cutting-edge product development processes, whereas Peng & York [73] argue that firms with limited financial resources can overcome constraints by partnering with export intermediaries.

Shamsuddoha et al. [74] provide a new dimension by connecting financial resources to the attitude and knowledge aspects of export market-oriented capabilities. They discover that SMEs with access to financial resources are more likely to have a good attitude toward exporting, to be more knowledgeable about export markets and procedures, and to be more committed to exporting. This study also highlights the indirect impact of financial and guarantee-related export assistance programs on export performance via export commitment [74].

Integrating these insights, it becomes evident that access to financial resources plays a critical role in enhancing a firm's export market-oriented capability. Financial resources offer strategic flexibility, knowledge acquisition, relationship-building in international markets, and support for operational tasks. This leads to the following hypothesis:

H4: *The ability of exporters to access financial resources positively impacts their export market-oriented capability.*

3-3- Financial Resource Accessibility and Product Innovation Intensity

The existing research sheds light on the importance of financial resources in advancing innovation and also on the multifaceted and frequently conflicting nature of this relationship. Several studies have found that financial resources have a positive impact on innovation. Agénor & Canuto [75], for example, believe that financial constraints considerably reduce R&D spending and impede innovation, implying a direct positive association between access to financing and innovative potential. Story et al. [43] discovered that access to financial resources in emerging economies improves the link between product innovativeness and performance. Skuras et al. [76], on the other hand, highlight the significance of financial resources in SMEs, emphasizing that financial constraints are major obstacles to innovation in European enterprises.

This link, however, is not always straightforward. According to Weiss et al. [77], there is no systematic association between financial resource restrictions and innovation project performance, implying that constraints may occasionally spur creativity. This point of view introduces the idea that constrained resources can stimulate creativity and resource efficiency. The role of financial resources appears to be dependent on other aspects as well. According to Antolín-López et al. [78], the effectiveness of public incentives in supporting innovation varies, with direct financial assistance for individual projects not necessarily positively correlated with product innovation. Gibbert et al. [79] complicate matters further by claiming that the perception of financial resources, which is impacted by characteristics such as team potency and workload, is just as essential as the real quantity.

As such, it becomes clear that while financial resources are important for innovation, their impact is moderated by market context, business size, innovation type, and organizational dynamics. This leads to the argument that, in the context of exporters who frequently confront distinct financial and market constraints, access to financial resources may be especially important. Here, we seek to explore if there is a link between financial resources and innovation intensity among Myanmar exporters, where the dynamics may be uniquely influenced by the distinct obstacles and opportunities of international trade. Therefore, we hypothesize that:

H5: *The accessibility of financial resources by exporters positively enhances the intensity of product innovation.*

3-4- Export Market-Oriented Capability and Product Innovation Intensity

The association between export market-oriented capabilities (EMO) and product innovation intensity has received increased attention in the literature. Several studies have investigated the role of EMO in fostering product innovation, particularly in the context of SMEs functioning in global marketplaces.

Abdul Talib & Abd Razak [80] investigate the complexities of EMO, distinguishing between proactive and reactive orientations. Proactive EMO is concerned with latent potential in market structures, whereas responsive EMO relates to expressed potential. Their study emphasizes the value of EMO in identifying both latent and expressed market potentials, implying its importance in stimulating industrial innovation, particularly in niche sectors such as the halal economy. From an EMO standpoint, their research provides a functional model for global halal market industrial innovation.

Falahat et al. [81] show that enterprises with high EMO are more likely to engage in product innovation, offering new items to foreign markets and therefore improving competitiveness and performance. Similarly, Osano [82] contends that organizations with higher EMO are more likely to conduct market research and better understand customers, resulting in more innovative and customer-focused product solutions.

Integrating these studies reveals that EMO is critical in increasing product innovation intensity among enterprises, particularly those operating in international markets. The consistent theme across these studies is the recognition that understanding and adapting to foreign market needs and preferences, facilitated by EMO, is critical for product innovation. This leads to the following hypothesis:

H6: *A positive relationship exists between export market-oriented capability and the intensity of product innovation among exporters.*

4- Materials and Methods

4-1- Survey Development and Data Collection

A survey instrument was developed to empirically investigate export managers' attitudes regarding the influence of diverse business and local community network ties on the development of financial resource access and the establishment of export market-oriented capabilities among exporters from Myanmar. The self-administered questionnaire was originally developed in English and was translated into Burmese by two bilinguals to ensure translation equivalence [83]. Both online and offline versions were deployed to collect data from export managers or top executives of exporting firms in Myanmar. Given the lack of a reliable compilation of exporters, a snowball sampling technique was used. The initial group of exporters was identified through personal connections, after which members were asked to refer other exporters that they knew.

4-2-Measurement of Constructs and Statistical Method

To measure the quantity (QUANT), proximity (PROX), and frequency (FREQ) of business ties, three 2-item 7-point semantic differential scales were used. The scale to measure financial resource accessibility (FINRA) and product innovation intensity (PINOVIN) were adapted from Boso et al.'s [69] and Story et al.'s [43] operationalization of financial capital accessibility while the items used to assess export market orientation capability (EMO) was adapted from Cadogan et al. [84]. Financial resource accessibility (FINRA), export market orientation capability (EMO), and product innovation intensity (PINOVIN) were measured using three-, four-, and three-item 7-point Likert scales (1 = strongly disagree and 7 = strongly agree), respectively.

Structural equation modeling (SEM) by means of maximum likelihood estimation (MLE) was used to analyze the data. Based on prior literature [85-87], MLE is a widely used method in SEM due to its statistical efficiency, robustness, and ability to provide reliable parameter estimates. Moreover, it ensures asymptotically unbiased and efficient estimates, facilitating hypothesis testing and confidence interval construction. It is versatile and can be adapted to various types of data and models, including those with latent variables, missing data, and complex error structures. This flexibility makes it a preferred choice in SEM applications.

5- Research Results and Discussion

5-1-Sample Characteristics

The final usable sample size is 161 exporters. Table 1 displays the distribution of our exporters based on various critical features. Our sample represents the target population well since most firms are relatively young, with ten years or less of international experience. The sample covers a wide range of businesses, with Trading (35.4%) being the largest, followed by Others (28.0%), Agriculture (16.1%), and Food & Beverage (11.8%). A majority of firms (54.0%) are small businesses with fewer than 50 employees, while 34.8% are medium-sized with 50-199 employees, and 11.2% are large businesses with more than 200 employees.

Table 1. Sample characteristics

Firm characteristic	Proportion (count); *n* = 161	
Firm age		
1-9 years	39.1%	(63)
10-19 years	46.6%	(75)
20-29 years	10.6%	(17)
≥ 30 years	3.7%	(6)
Firm international experience		
1-5 years	39.1%	(63)
6-10 years	46.6%	(75)
11-15 years	7.5%	(12)
16-20 years	3.1%	(5)
≥ 20 years	3.7%	(6)
Industry		
Agriculture	16.1%	(26)
Garment & Textile	3.7%	(6)
Technology & Pharmaceuticals	5.0%	(8)
Food & Beverage	11.8%	(19)
Trading	35.4%	(57)
Others	28.0%	(45)
Number of permanent employees		
< 50 (Small)	54.0%	(87)
50-199 (Medium)	34.8%	(56)
≥ 200 (Large)	11.2%	(18)

Survey data with a single informant can be susceptible to common-method variance (CMV) [88]. We checked the potential of CMV using Harman's one-factor approach. The results demonstrated that numerous factors, rather than a single factor, accounted for the variation. The first factor accounted for only 33.7% of the total variation, below the 50% threshold that indicates a substantial CMV problem. Furthermore, the confirmatory factor analysis (CFA) with a single factor revealed poor fit indices (chi-square (χ^2) = 861.37, df = 135, $p < 0.001$, Comparative Fit Index (CFI) = 0.43, Tucker-Lewis Index (TLI) = 0.37, Root Mean Square Error of Approximation (RMSEA) = 0.18, Standardized Root Mean Square Residual (SRMR) = 0.15), suggesting the absence of significant CMV in our data. We included company size and age as control variables since previous research reveals that this impact product innovation intensity [46].

5-2- Measurement Model Results

5-2-1- Item Analysis and Reliability Assessment

Before proceeding with the main analysis, we examined all measurement items. Table 2 provides detailed item statistics and scale assessments. The Cronbach's alpha coefficient (α) for each construct exceeds the recommended threshold of 0.70, ranging from 0.74 for FINRA to 0.87 for EMO, indicating satisfactory internal consistency reliability [89].

Table 2. Scale assessment

Constructs and items	Standardized loading	Item-to-total Correlation
Business Ties Quantity (QUANT): (C.R. = 0.64; AVE = 0.77; α = 0.86)		
Over the past 3 years, our managers have built relationships with local business people:		
• A few…… Many	0.831	0.758
• Limited……. Numerous	0.913	0.758
Business Ties Proximity (PROX): (C.R. = 0.62; AVE = 0.71; α = 0.79)		
Over the past 3 years, our relationships with business people are:		
• Deep…… Shallow	0.676	0.665
• Close…… Distant	0.985	0.665
Business Ties Frequency (FREQ): (C.R. = 0.62; AVE = 0.69; α = 0.80)		
Over the past 3 years, we interacted with our local business people contacts:		
• Rarely…… Frequently	0.721	0.668
• Seldom…….. Often	0.926	0.668
Financial Resource Accessibility (FINRA): (C.R. = 0.76; AVE = 0.41; α = 0.74)		
In this company, over the past 3 years:		
• The export unit had easy access to financial capital to support its export operations.	0.551	0.451
• Our export operations were better financed than our key competitors' operations.	0.758	0.598
• If we needed more financial assistance for our export operations, we could easily get it.	0.793	0.636
Export Market Orientation Capability (EMO): (C.R. = 0.76; AVE = 0.54; α = 0.87)		
Please indicate the extent to which your firm has displayed real competency on the following fronts over the past 3 years		
• Turning an understanding of export customers' needs into a strategy for competitive advantage	0.719	0.674
• Ensuring that business objectives are driven primarily by export customer satisfaction.	0.812	0.744
• Creating export customer value.	0.862	0.782
• Responding to changes in foreign customers' product or service needs.	0.786	0.707
Product Innovation Intensity (PINOVIN): (C.R. = 0.69; AVE = 0.45; α = 0.79)		
Compared to our key competitors, over the last 3 years…		
• Our company has produced more new products/services for our export countries	0.799	0.666
• On average, each year we have introduced more new products /services in our export countries	0.852	0.699
• Industry experts would say that we are more prolific when it comes to introducing new products/services	0.601	0.537

Note: 'C.R.' refers to composite reliability; 'AVE' refers to average variance extracted; 'α' refers to Cronbach's alpha.

Item-to-total correlations ranged from 0.451 to 0.782, all exceeding the minimum threshold of 0.40 recommended by Bettencourt [90]. The lowest item-to-total correlation (0.451) is observed for the first item of FINRA, which asks about easy access to financial capital. While this value is lower than other items, it still meets the minimum criterion and was retained to maintain the conceptual integrity of the construct. Composite reliability (CR) values ranged from 0.62 to 0.76, generally exceeding or approaching the conventional threshold of 0.70. For PROX and FREQ, the CR values were slightly lower at 0.62, but still within an acceptable range given the exploratory nature of this research in a transitional economy context.

5-2-2- Convergent and Discriminant Validity

To assess convergent validity, we examined factor loadings and average variance extracted (AVE) values. All items were significantly loaded onto their respective constructs ($p < 0.001$), with standardized loadings ranging from 0.551 to 0.985. The majority of loadings exceeded 0.70, indicating good indicator reliability. Three components have loadings less than 0.70: one from FINRA (0.551), and one from PINOVIN (0.601). While these loadings are below the ideal threshold, they exceed the minimum acceptable value of 0.50 and were retained based on their conceptual importance.

The AVE values for QUANT (0.77), PROX (0.71), FREQ (0.69), and EMO (0.54) exceed the recommended threshold of 0.50, demonstrating adequate convergent validity. However, FINRA (0.41) and PINOVIN (0.45) are marginally below this criterion. Following Bettencourt [90], we retained these constructs because their composite reliability exceeds 0.60, and all item-to-total correlations exceed 0.40, indicating sufficient reliability.

For discriminant validity, we compared the square root of the AVE for each construct with its correlations with other constructs (see Table 3). The square root of the AVE for each construct exceeds its correlations with all other constructs, confirming discriminant validity according to the Fornell-Larcker criterion [91].

Table 3. Model summary, discriminant validity, correlations, and descriptive statistics

	X^2	df	p-value	X^2/df	CFI	TLI	RMSEA	SRMR
	188.367	119	0.000	1.58	0.935	0.916	0.060	0.067
Constructs	**Mean**	**S.D.**	**1**	**2**	**3**	**4**	**5**	**6**
1. QUANT	4.26	0.93	**0.877**					
2. PROX	3.96	0.92	-0.418**	**0.842**				
3. FREQ	4.39	0.91	0.359**	-.189*	**0.827**			
4. PINOVIN	4.09	1.07	0.042	0.088	0.129	**0.673**		
5. EMO	4.67	1.03	0.175*	-0.072	0.138	0.286**	**0.738**	
6. FINRA	4.07	0.78	0.201*	0.049	0.153	0.381**	0.272**	**0.334**

Note: Numbers along the diagonal represent the square root of the average variance extracted (AVE) of the main constructs in this study; CFI refers to Comparative Fit Index; TLI refers to Tucker-Lewis coefficient; RMSEA refers to Root Mean Square Error of Approximation; SRMR refers to Standardized Root Mean Square Residual.
* if p<0.05; ** if p<0.01 (two-tailed).

5-3-Structural Model Assessment

To test the proposed relationships, SEM was used. The structural model exhibits good fit indices: $\chi^2 = 188.367$, df = 119, $p < 0.001$, $\chi^2/df = 1.58$, CFI = 0.935, TLI = 0.916, RMSEA = 0.060, and SRMR = 0.067, all of which represent a reasonable fit of data [86, 89]. Table 4 and Figure 3 report the results of our hypothesis testing.

Table 4. Structural model results of hypothesis testing

Hypothesis	Paths	Hypothesized Relationship	Standardized Structural Path Coefficients	Results
	Firm Size → PINOVIN (γ_{34})		0.03 (0.00)	
	Firm Age → PINOVIN (γ_{35})		-0.03 (0.01)	
H_1	QUANT → FINRA (γ_{11})	+	0.31* (0.09)	Supported
H_2	PROX → FINRA (γ_{12})	+	0.31** (0.10)	Supported
H_3	FREQ → FINRA (γ_{13})	+	0.23* (0.09)	Supported
H_4	FINRA → EMO (β_{21})	+	0.31** (0.14)	Supported
H_5	FINRA → PINOVIN (β_{31})	+	0.32** (0.17)	Supported
H_6	EMO → PINOVIN (β_{32})	+	0.24* (0.11)	Supported

* If p < 0.05; ** if p < 0.01 (two tailed); Standard errors are in parentheses; Chi-square (χ^2) =188.367 (119), CFI=0.935, TLI=0.916, RMSEA=0.06; SRMR=0.067.

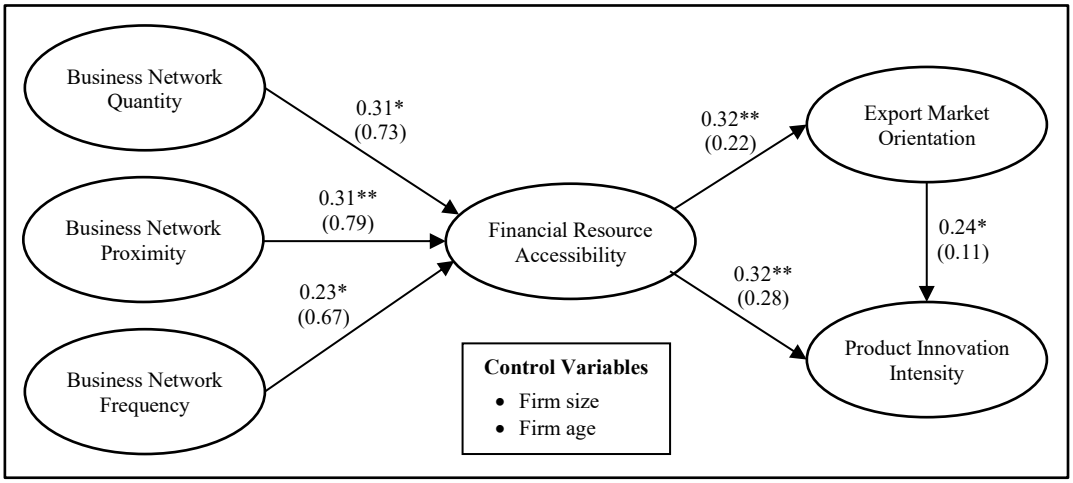

Figure 3. Standardized structural path coefficients for hypothesis testing

5-3-1-Control Variables and Their Effects

We first examined the effects of our control variables on PINOVIN. Contrary to findings in some previous studies [42], neither firm size (γ_{34} = 0.03, p > 0.10) nor firm age (γ_{35} = -0.03, p > 0.10) has a significant effect on PINOVIN in our sample of Myanmar exporters. This suggests that in this transitional economy context, a firm's ability to innovate may depend on its network ties, resources, and capabilities rather than on its structural characteristics such as size or age.

5-3-2-Business Network Ties and Financial Resource Accessibility

Hypotheses 1-3 proposed that the three dimensions of business network ties—quantity, proximity, and frequency—would positively influence financial resource accessibility. Our results provide strong support for all three hypotheses.

QUANT has a significant positive effect on FINRA (γ_{11} = 0.31, p < 0.05), supporting H1. This finding indicates that exporters with more business ties are more likely to access the financial resources necessary for their operations. The standardized coefficient of 0.31 suggests a moderate to strong effect, highlighting the importance of building an extensive network of business relationships.

Similarly, PROX has a significant positive effect on FINRA (γ_{12} = 0.31, p < 0.01), supporting H2. With a standardized coefficient equal to that of QUANT (0.31), this result emphasizes that the closeness and depth of business relationships are equally important as their number in facilitating access to financial resources. This suggests that Myanmar exporters benefit not only from having many business ties, but also from cultivating close relationships with their network partners.

Regarding FREQ, there is also a significant positive effect on FINRA (γ_{13} = 0.23, p < 0.05), supporting H3. While still significant, the relatively lower standardized coefficient (0.23) compared to that of QUANT and PROX (both 0.31) suggests that the frequency of interactions, while important, may be somewhat less influential than the number and closeness of business ties in enhancing financial resource accessibility.

5-3-3-Financial Resource Accessibility and Export Market-Oriented Capability

Hypothesis 4 proposes that FINRA positively influences EMO. Our results show a significant positive effect (β_{21} = 0.31, p < 0.01), providing strong support for H4. The standardized coefficient of 0.31 indicates a substantial impact, indicating that access to financial resources enables exporters to develop stronger market-oriented capabilities for their export operations. This finding highlights the role of financial resources as an enabler of strategic capabilities, allowing firms to invest in market intelligence gathering, dissemination, and responsiveness—key components of export market orientation.

5-3-4-Determinants of Product Innovation Intensity

Hypotheses 5 and 6 propose that both financial resource accessibility and export market-oriented capability would positively influence product innovation intensity. Our results provided strong support for both hypotheses. FINRA has a significant positive effect on PINOVIN (β_{31} = 0.32, p < 0.01), supporting H5. The standardized coefficient of 0.32 indicates that access to financial resources substantially enhances an exporter's ability to innovate in product offerings. This finding highlights the critical role of financial resources in supporting innovation activities, particularly in a resource-constrained environment like Myanmar.

EMO also has a significant positive effect on PINOVIN (β_{32} = 0.24, p < 0.05), supporting H6. While still substantial, the comparatively lower standardized coefficient (0.24 vs. 0.32 for financial resources) suggests that financial resource accessibility may be a more powerful driver of product innovation than export market-oriented capability among Myanmar exporters.

5-4- Discussion of Results

The empirical analysis of Myanmar exporters in this paper yields some important insights into the mechanisms driving product innovation in a transitional economy. The results show that there are complicated linkages between business network ties, access to financial resources, export market-oriented capability, and product innovation intensity.

First, our results reveal that all three dimensions of business network ties significantly enhance financial resource accessibility, with both the breadth and depth of network connections proving crucial. The quantity of business ties appears equally important as their proximity, suggesting that in transitional economies, having numerous connections is as valuable as maintaining close relationships. This study builds on recent research by Chung et al. [7] and Lee et al. [9], revealing that in transitional economies, the structural characteristics of business networks are just as significant as their relational qualities. While interaction frequency is important, it appears to have less influence than having a large number of close ties. This complicated view builds on Thoumrungroje & Kapasuwan's [10] findings by emphasizing the relative importance of various network dimensions in gaining financial resources.

Second, the strong positive relationship between financial resource accessibility and export market-oriented capability provides empirical support for theoretical arguments in the resource-advantage literature. This finding aligns with but also extends Boso et al.'s [68] work by demonstrating that financial resources not only enable operational activities but also contribute to building strategic capabilities. In transitional economies such as Myanmar, where institutional support may be lacking, financial resources are critical in establishing market-oriented capabilities that allow firms to better understand and respond to export market demands.

Third, our findings reveal that both financial resource accessibility and export market-oriented capability significantly enhance product innovation intensity, with financial resources exerting a stronger influence. This challenges the conventional view that market orientation is the primary driver of innovation. It extends Story et al.'s [43] research by demonstrating that in transitional economies, financial resource acquisition may be more critical for innovation than market-oriented capabilities alone. This finding should not diminish the importance of export market orientation but rather highlight a potential development area for Myanmar's exporters. While firms in transitional economies with institutional limitations often prioritize financial resources for immediate innovation outcomes, neglecting market intelligence capabilities may compromise long-term innovation sustainability. Market-oriented capabilities remain essential for ensuring that product innovations align with customer needs. Therefore, Myanmar exporters should pursue balanced approaches that strengthen both financial accessibility and export market orientation to build a sustainable foundation for innovation in challenging economic contexts.

The interconnected nature of these relationships suggests a complex pathway to innovation in transitional economies. While earlier research has frequently looked at these aspects separately, our findings show how they operate together, with business networks facilitating resource access, which in turn promotes both capability development and innovation outcomes. This integrated perspective offers a more comprehensive understanding of innovation drivers in transitional economies than prior research that focused solely on individual interactions. The findings emphasize how firms in transitional economies, such as Myanmar, can overcome institutional holes by strategically networking and acquiring resources to foster innovation. This aligns with broader research on innovation management, where firms in emerging economies overcome constraints by leveraging external networks for sustained innovation [13].

6- Implications, Limitations, and Suggestions for Future Research

In Myanmar, exporters face significant challenges in developing business networks for innovation, especially amid political instability. Poor infrastructure, including limited road connectivity and unreliable electricity, restricts market access and efficiency [92]. Additionally, a weak education system limits workforce skills, further hindering innovation [92]. Political unrest and unstable regulatory frameworks exacerbate these issues and complicate long-term planning [93]. While government export assistance programs can help sustain operations in volatile conditions [94], other actions can also be taken to develop and leverage business networks for innovation. Specifically, Myanmar exporters can invest in training programs to enhance productivity and resilience [95] and strengthen regional partnerships, particularly within ASEAN, to expand market opportunities and reduce reliance on domestic stability [96]. Therefore, this study illustrates and confirms that building both domestic and international business networks provides pathways for Myanmar exporters to overcome these challenges. Hence, the findings provide theoretical and managerial contributions for firms in transitional economies.

6-1- Theoretical Implications

This study extends social network theory and resource-advantage theory to Myanmar's transitional economy, verifying the links between business network ties, financial resource accessibility, export market-oriented capabilities, and product innovation. It highlights the role of internal capabilities and external networks in driving innovation in resource-constrained and politically unstable environments. Moreover, it addresses a key literature gap by providing quantitative evidence on how business ties foster export market orientation and product innovation in transitional economies.

6-2- Managerial Implications

For export managers in Myanmar's transitional economy, several key insights emerge. First, business network development should be a strategic objective, as the quantity, proximity, and frequency of ties improve financial access, export market orientation, and creativity. In practice, this entails actively developing varied business networks that can give alternative funding options, such as supplier credit arrangements, advance payments from trusted purchasers, and informal financing through business groups.

Second, managers should leverage network ties for both financial resources and market intelligence, enabling better responsiveness to international markets. Exporters should think about financial pooling solutions inside industry clusters, in which complementary enterprises can exchange financial resources for mutual gain. This holistic strategy establishes the foundation for long-term product innovation.

Third, network-driven product innovation supports sustainable business growth, helping firms adapt to market volatility. Building strong banking relationships through regular information sharing and transparency can help overcome institutional hesitancy in Myanmar's challenging financial environment.

Finally, financial resources serve as strategic enablers, facilitating market intelligence, international relationship building, and product development for sustainable growth. Exporters may look for international funding possibilities, such as export credit agencies, impact investors focused on emerging markets, and development finance organizations, which may offer better terms than domestic choices given Myanmar's constricted financial environment.

6-3- Policy Implications

From a policy-making perspective, this study informs the need for supportive ecosystems for transitional economy exporters. First, authorities should promote business networking through platforms, financial literacy programs, and funding linkages to improve financial access. Second, policies should take an integrated approach, recognizing the interconnectedness between networks, financial resources, and innovation. Third, export market-oriented capabilities can be strengthened through market intelligence services, export promotion, and trade facilitation to boost innovation. Finally, customized financial assistance for high-potential exporters ensures more efficient public investment, fostering sustainable economic growth through international trade and innovation.

6-4- Limitations and Future Research

This study has several limitations that warrant acknowledgment. First, a snowball sampling technique may introduce selection bias, affecting generalizability and resulting in a small sample size. Second, while the structural equation modeling approach provides robust analytical insights, the cross-sectional design limits the ability to establish causal relationships and temporal dynamics. Third, despite controlling for firm size and age, factors like industry characteristics, geographic location, and political disruptions may influence observed associations. Fourth, this study only investigated direct effects among major constructs without exploring potential interaction effects among them. For instance, there may exist interactions between export market orientation and business network ties, which may yield synergistic effects that can enhance innovation. Hence, future research may extend the model to incorporate not only direct, but also interaction effects among the constructs and adopt longitudinal designs and broader samples to improve robustness and generalizability in transitional economies. Moreover, future studies may replicate this research and compare results for robustness in similar contexts with similar operationalization of constructs.

7- Conclusion

This study highlights how Myanmar's exporters drive product innovation despite economic and political challenges. The interplay of business networks, financial access, and export market-oriented capabilities fosters a competitive innovation environment. Beyond theoretical contributions, the findings offer practical insights: developing business network ties enhances financial access, which, when channeled through market-oriented capabilities, enables product innovation. For exporters from transitional economies, leveraging social capital becomes crucial for transforming constraints into opportunities for growth and innovation. By empirically examining the relationships between business network ties, financial resource accessibility, and export market-oriented capability, this study contributes to the growing literature on innovation in transitional economies. Grounded in social network theory and resource-advantage theory, the findings reveal that business networks—both local and international—play a pivotal role in enhancing financial resource accessibility, which in turn significantly drives innovation. SEM analysis of survey data from 161 Myanmar exporters confirms that the frequency, proximity, and quantity of business network ties are instrumental in securing financial resources. Notably, financial resource accessibility has a stronger impact on product innovation than export market-oriented capability, indicating the importance of resource acquisition strategies for firms operating in resource-constrained environments.

From a managerial and policy perspective, firms should actively engage in network-building activities, such as industry collaborations and trade associations, to strengthen financial linkages. Policymakers should facilitate business networking opportunities, improve access to financial resources, and design export-support programs that foster an innovation-friendly ecosystem. Given the limited empirical research on innovation drivers in transitional economies, this study bridges a critical knowledge gap by demonstrating how firms navigate economic and institutional constraints to sustain competitive advantage through innovation. Future research should further explore the dynamic interactions between network structures, resource accessibility, export market orientation, and innovation across different transitional economies to enhance the generalizability of these findings.

8- Declarations

8-1- Author Contributions

Conceptualization, P.B. and A.T.; methodology, P.B, A.T., and O.C.R.; formal analysis, A.T.; investigation, P.B, A.T. and O.C.R.; data curation, P.B, A.T., and O.C.R.; writing—original draft preparation, P.B. and A.T.; writing—review and editing, P.B., A.T., and O.C.R.; visualization, P.B. and A.T. All authors have read and agreed to the published version of the manuscript.

8-2- Data Availability Statement

The data are not publicly available due to consent restrictions and confidentiality assurances given to Myanmar managers

8-3- Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

8-4- Institutional Review Board Statement

This study is approved by Assumption University Institutional Review Board, certification number 4/2020.

8-5- Informed Consent Statement

Not applicable.

8-6- Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies have been completely observed by the authors.

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