BUSINESS NETWORKING, CULTURAL ORIENTATION AND ORGANIZATIONAL EFFICACY AMONG SMALL AND MEDIUM ENTERPRISES IN THE MANUFACTURING INDUSTRY IN NAIROBI, KENYA

BY

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DECLARATION

Declaraton by Candidate

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DEDICATION

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ABSTRACT

Small and Medium Enterprises are heralded as the engine of economic growth, the incubator of innovation, and the solution to decades of persistent unemployment. The Micro and Small Enterprises Act of 2012, Kenya, protects and promotes the SMEs growth. However, many Kenyan SMEs face significant challenges, key among them being long term viability. Most SMEs collapse before they reach maturity. The reason why SMEs fail to exploit their full potential still remains unresolved. There is need therefore to put keen interest in this sector by conducting further research into ways that will make small firms more viable and competitive. The purpose of the study therefore, was to investigate the challenges faced by SMEs in Kenya and fill the gap left by scholar. This was done by examining the moderating role of cultural orientation on the effect of business networking on organizational efficacy among small and medium enterprises in the manufacturing industry in Nairobi, Kenya. The specific objectives were to investigate the effects of structural dimension of business networking on organizational efficacy of small and medium enterprises in Nairobi, Kenya; to determine the effect of economic dimension of business networking on organizational efficacy among small and medium enterprises in Nairobi, Kenya; to evaluate the effect of social dimension of business networking on organizational efficacy among small and medium enterprises in Nairobi, Kenya; to examine the moderating role of cultural orientation on the relationship between business networking and organizational efficacy among small and medium enterprises in Nairobi Kenya. The study was anchored on the Network Theories which includes the Structural holes theory, and the Strength of weak ties theory. The other theories were Resource Dependence Theory and Theory of Planned Behavior. The study utilized a positivist philosophy and an explanatory research design. The target population was 4,896 SMEs in manufacturing industry spread out in Nairobi City County. Simple Random Sampling method was utilized to derive the sample size from the population. Multiple regression was used to test the hypotheses. Regression results indicated that structural dimension (β =0.414, p=0.000); economic dimension (β =0.237, p=0.000) and social dimension (β =0.215, p=0.002) had a positive and significant relationship with organizational efficacy. Lastly, the moderation effect of cultural orientation was confirmed and supported by a calculated t-statistic of 3.309 that is larger than the critical t-statistic of 1.96. The R^2 before moderation was 55.5% but after moderation, the R^2 increased significantly by 15.2% to 70.7%. The null hypotheses for each objective was rejected, and alternative hypotheses were adopted. The study concluded that business networking, encompassing structural, economic, and social dimension has a significant positive effect on organizational efficacy of small and medium enterprises in Nairobi, Kenya. Cultural orientation served as a crucial positive moderator in the relationship. Therefore, managers should encourage their employees to participate in business networks, attend industry events, and join professional associations to build relationships and expand their networks. The study recommends that managers should promote cultural awareness and sensitivity within SMEs, given the significant moderating effect of cultural orientation among organisations. Furthermore, the Kenyan government should facilitate business networking through provision of financial incentives, establish resource sharing platforms, and create awareness programs that support Cultural orientation among SMEs in order to strive. These recommendations should be implemented through collaborative efforts between government ministries, industry associations, and SMEs, with the aim of creating an enabling environment for SMEs to thrive, potentially replicable across various organizations globally. Finally, future studies can incorporate other variables such as, diversity and inclusivity that influence organizational efficacy while taking a keener look on the limitations that the study observed.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS AND ACRONYMS

BN	-	Business Networking
CBD	-	Central Business District
COA	-	Orientations Approach
COM	-	Cultural Orientations Model
CSF	-	Critical Success Factors
GDP	-	Gross Domestic Product
KM	-	Knowledge Maagement
NT	-	Network Theory
OD	-	Organizational Development
OE	-	Organizational Efficacy
OECD	-	Organization for Economic Cooperation and Development
RDT	-	Resource Dependence Theory
ROK	-	Republic of Kenya
SHT	-	Structural Holes Theory
SMEs	-	Small and Medium Enterprises
TEC	-	Training and Enterprise Council
TPB	-	Theory of Planned Behavior
VIF	-	Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

Business networking: Building and maintaining professional contacts with other people or firms to promote the sharing of ideas, information, and opportunities is known as business networking (Jacobsen & Bøgh, 2017). This was used in this study as a multi-dimensional concept measured through structural, economic, and social dimensions among manufacturing SMEs in Nairobi.

Cultural Orientation: The spectrum between two opposing orientations within a cultural dimension (Tsai & Chentsova, 2002). This was used in this study as a moderating variable examining interaction styles, thinking styles, and sense of self among SME managers to determine how culture influences business relationship effectiveness.

Entrepreneurship: The creation of new business enterprises by individuals or small groups, with the entrepreneur assuming the role of society's major agent of change, initiating the industrial progress that leads to wider cultural shifts (Kent, Sexton, & Vesper, 1982). This was used in this study as the contextual background for understanding SME formation and development in Kenya's manufacturing sector.

Network theory: It refers to the mechanisms and processes that interact with network structures to yield certain outcomes for individuals and groups (Borgatti & Halgin, 2011). Brass, (2002) suggest that network theory is about the consequences of network

variables, such as having many ties or being centrally located. This was used in this study as the primary theoretical foundation for examining how business network structures affect organizational efficacy in Kenyan SMEs.

Organizational Efficacy: It is a generative capacity within an organization to cope effectively with the demands, challenges, stressors, and opportunities it encounters within the business environment (Bohn, 2002). This was used in this study as the dependent variable measured through collective capability, sense of purpose, and resilience among SMEs.

Small and Medium Enterprise: In Europe, they are defined as having manpower fewer than 250 employees, and United States define them with employees less than 500 (Natarajan & Wyrick, 2011). This was used in this study following the Kenyan definition from the MSE Act of 2012, where small enterprises have 10-49 employees and medium enterprises have 50-99 employees in the manufacturing sector in Nairobi.

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter presents the background, statement of the problem, objectives, hypotheses, significance of the study and ends with the scope. The background of the study touches on three variables which have been identified for the study. It starts with the dependent variable which is organizational efficacy, followed by the independent variable which is business networking, and the moderating role variable which is cultural orientation. Included is the background is the area of study which is, small and medium enterprises in the manufacturing industry in Nairobi, Kenya.

1.1 Background of the Study

Organizational efficacy is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. Organizational effectiveness is critical to success in any economy (Pan & Hsiang, 2018). Organizational effectiveness entails the ability of the organization to meet its set goals and objectives given the resources at its disposal (Günzel-Jensen, Jain & Kjeldsen, 2018). According to Shin and Choi (2015), organizational efficacy involves a generative capacity within an organization to cope effectively with the demands, challenges, stressors, and opportunities it encounters within the business environment. They further define organizational efficacy as a sense of persistence, a sense of can do that permeates the workplace.

Jacobsen and Andersen (2017) describes an organization as a consciously coordinated social entity, with a relatively identifiable boundary, that functions on a relatively continuous basis to achieve a common goal or set of goals. This definition reiterates the importance of people working together, dividing labor amongst them, and working

within clearly defined boundaries to achieve goals. The concept of organizational efficacy therefore cannot be underestimated in addressing those factors that make organizations succeed in their business endeavors. For any organization to succeed, its efficiency must be in tandem with the set goals of the organization (Yilmaz, 2016). Organizations therefore need to critically analyze those contextual factors that could be militating against free flow of information, employee motivation, and team work.

On business networking, Wang, Pauleen and Zhang (2016) asserts that people and organizations generally can absolutely network in almost anything. They point out that, as the term "social network" gains cache, it is increasingly being applied to everything from a trade association to social media website such as Facebook. Menzies (2017) posit that the term network has replaced hierarchy as the most prominent residual category, and that the term has gained so much resilience that it is even being used by some scholars to describe activities within a hierarchy.

There has been a paradigm shift from the one man show whereby corporations single handedly determined the success of their firms, as Macintosh and Krush (2017) states, "Strategic alliances have shifted the fundamental competitive paradigm in many domestic and international markets from traditional firm-to-firm competition to more alliance-based, network-vs.-network competition". The basic proposition in the network approach to strategic management is that by linking firm-addressable resources, capabilities and competencies in a network of co-operating companies, all companies in the network may increase their strategic flexibility to quickly configure new resource constellations to serve rapidly changing market opportunities (Gloor, Woerner, Schoder, Fischbach & Colladon, 2018).

The need to ally with other firms as been brought about by the realization that corporation lack adequate resources and the internal capabilities. Johannsson (2017) argue that "firms may also form competence alliances that link one firm's competences or resources to those of other firms in order to draw on a broader range of competences, to acquire desired competences more quickly, or to extend the reach of current competences into new competitive domains". He further states the need to benefit from the shared tacit knowledge and new technologies. The researcher therefore used the business network approach to try and understand the system of business relationships in entrepreneurial firms, and how these forms of relationships impacts on firm's efficiency and effectiveness. The business networking approach was used to study entrepreneurial firms in Kenya that perform different types of business activities in interaction with each other. The business key business newtwoking components that were adopted included; structural dimension, economic dimension and social dimension as posited by Wang, Pauleen and Zhang (2016); Menzies (2017); Macintosh and Krush (2017); Gloor, Woerner, Schoder, Fischbach & Colladon, 2018).

Cultural orientation in an organization was introduced as a moderator that may limit or enhance business relationships. Filipp (2018) posits culture as the meanings or aspects of the conceptual structure which people hold in common and which define the social or original 'reality'. The author suggests that a feature of culture, is that it is shared i.e. it refers to the ideas, meanings and values people hold in common, and to which they subscribe collectively. Morgan and Vorhies (2018) terms organizational culture as the coherent pattern of beliefs and values that represent acceptable solutions to major organizational problems. Resource Based View theory regards organizational culture as a strategic resource that generates a sustainable competitive advantage (Harrison & Bazzy, 2017).

Hofstede (2011) terms culture as the collective programming of the mind that distinguishes the members of one group or category of people from others. Schmitz (2012) finds culture as the complex pattern of ideas, emotions, and observable manifestations (behaviors and artifacts) that tend to be expected, reinforced, and rewarded by and within a particular group. As economies become more interconnected, it is critical to understand the influence of culture on all aspects of organizational behavior including bargaining and negotiations. Cultural orientation is the degree to which individuals are influenced by, and actively engaged in the traditions, norms and practices of a specific culture. Filipp (2018) suggests that organizational culture can act as an obstacle to change and problem solving. Cultural orientation was adopted as a moderating role on the relationship between strategic business alliances and organizational efficacy in SMEs in Kenya.

The term "Small and Medium Enterprises" encompasses a broad spectrum of definitions, and the definition varies from country to country (Corporation & Enterprises, 2011). For example, the Inter-American Development Bank defines SMEs as having a maximum of 100 employees and less than $3 million in revenue (Corporation & Enterprises, 2011). In Europe, they are defined as having manpower fewer than 250 employees and United States define them with employees less than 500. As general guidelines, the World Bank defines SMEs as those enterprises with a maximum of 300 employees, $15 million in annual revenue, and $15 million in assets.

Table 1.1: SME Definitions Used by Multilateral Institutions

Institution	Maximum no of Employees	Maximum Revenue or Turnover ($)	Maximum Assets ($)
World Bank	300	15,000,000	15,000,000
MIF-IADB	100	3,000,000	(none)
African Development Bank	50	(none)	(none)
	No official definition. Uses definitions of individual national governments		
UNDP	200	(none)	(none)

Source: Gibson and Vaart, (2008)

Characteristic of the disparities among these definitions is the substantial difference between how the World Bank and the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IADB), let alone the African Development Bank (AfDB), define an SME. As Table 1.1 shows, the World Bank's definition includes businesses three times larger by employees and five times larger by turnover or assets than the largest SME under the MIF definition. At the same time, the average gross national income per capita (PC-GNI) of the developing member countries of the World Bank Group is significantly *less* than the average PC-GNI for the countries of Latin America and the Caribbean served by the MIF.

Table 1.2: How Economists define SMEs

Classification / Sector	SMEs		
	Micro (number of employees)	**Small** (number of employees)	**Medium** (number of employees)
Industry and other sectors of production	5	50	100
Contruction and power engineering Sector	5	25	50
Science and education Sector	5	25	50
Transport, trade and service Sector	5	15	30

Source: Kushnir, 2010

The Micro and Small Enterprises Act of 2012 defines SMEs in Kenya, but their full potential remains unexploited. The MSE Act of 2012 uses employment and annual turnover to define micro and small enterprises as shown in Table 1.3

Table 1.3: Definition of MSEs in Kenya, as per MSE Act of 2012

Entity (Trade, Service, Industry or Business Activity)	No of Employees	Annual Turnover Limit
Micro Enterprise	1 - 9	Not exceeding KES 500,000
Small Enterprise	10 - 49	Between KES 500,000 and 5 million

Source: GOK, 2012

This Act does not define medium enterprises, which might be characterized as 50 – 99 employees' turnover between KES 5million and 800 million (Miller & Nyauncho, 2014). While definitions of this type are useful for understanding government interest and support to smaller businesses, financial institutions will create their own definitions of SMEs, which typically reflect their market interest, and a recent study showed that banks in eastern Africa use loan size, number of staff, turnover, and capital employed to define what they consider to be small and medium enterprises (Miller & Nyauncho, 2014). A Growth Finding study on trade and finance revealed common understanding of an SME as having a Yearly turnover ranging from KES 5-20 million to KES 100-150 million; Maximum number of employees 100-150. Financing needs do not exceed KES 50 million (Kaul & Gupta, (2019).

In 2016, the World Bank Group approved roughly $ 5.5 billion in support of Micro, Small and Medium Enterprises (World Bank, 2017). The small-firm sector plays a significant role in the world economy. Worldwide, SMEs account for 90% to 95% of

the businesses and generate between 60% and 90% of job opportunities in most countries (OECD, 2018). SMEs are generally known for their labor intensive activities and also for their use of local resources, and therefore support for SMEs is a common theme because it is recognized that SMEs contribute to the national and international economic growth (Corporation & Enterprises, 2011).

In Africa, Small and medium-sized enterprises (SMEs) are increasingly being recognized as productive drivers of economic growth and development for African countries. For instance, it is estimated that SMEs account for 70% of Ghana's gross domestic product (GDP) and 92% of its businesses (Ogunyomi & Bruning, 2016). He further states that SMEs make up 91% of formalized businesses in South Africa and 70% of the manufacturing sector in Nigeria.

In Kenya, The Kenya's Economic Survey 2017 released by the Ministry of Devolution and planning, indicated that the informal sector, which constitutes 89.7% of total employment, created an additional 591,400 jobs in 2016. The Economic Survey (RoK, 2018) indicates that the SME sector contributed 79.8% of new jobs created in the year 2016 in Kenya. Job creation in this sector went up by 5.1 percent in 2016.

1.2 Statement of the Problem

Ideally, Small and Medium Enterprises (SMEs) should thrive as vital economic engines, generating sustainable employment, fostering innovation, and contributing significantly to economic growth through effective business practices and strong organizational efficacy (OECD, 2018; Günzel-Jensen, Jain & Kjeldsen, 2018). In an optimal scenario, SMEs would leverage business networks to access resources, knowledge, and markets while navigating cultural nuances to enhance their operational effectiveness and long-term viability (Wang, Pauleen & Zhang, 2016; Lin & Lin, 2016).

Such networking capabilities would allow these enterprises to overcome their inherent resource limitations and achieve sustainable competitive advantage in increasingly globalized markets (Gloor, Woerner, Schoder, Fischbach & Colladon, 2018; Hassan, Abdullah, Noor, Din, Abdullah & Ismail, 2018).

The reality, however, presents a stark contrast in Kenya's manufacturing sector. Despite being recognized as the backbone of Kenya's economy, many Kenyan SMEs face significant challenges, key among them being long-term viability (RoK, 2018; Kaul & Gupta, 2019). As indicated by recent studies, these enterprises have high mortality rates with most not surviving beyond their third anniversaries (Kioko & Muthama, 2021; Mwangi & Namusonge, 2016). The Micro and Small Enterprises Act of 2012, while designed to protect and promote SME growth, has not adequately addressed the fundamental issues affecting their organizational efficacy (Yilmaz, 2016; Jacobsen & Andersen, 2017). Given the perceived importance of SMEs to the economy and employment, government efforts to facilitate supportive networks have been implemented, but industry competition continues to undermine strategic alliance formation and effectiveness (Bucktowar, Kocak & Padachi, 2015; Rasouli & Grefen, 2019).

The consequences of failing to address these challenges are profound and far-reaching. Continued high failure rates of SMEs will lead to increased unemployment, reduced economic growth, and wasted entrepreneurial potential in Kenya's manufacturing sector (Ogunyomi & Bruning, 2016; Ayyagari, Beck & Demirgüc-kunt, 2019). Without effective business networking strategies that account for cultural orientation factors, SMEs will remain vulnerable to market volatilities and competitive pressures, unable to access the resources and knowledge necessary for sustainability (Filipp, 2018; Charoen, 2016; Zakariyyah, Ameh & Idoro, 2017). The ripple effects extend beyond

individual businesses to impact entire supply chains, communities dependent on these enterprises for employment, and the broader national economy (Morgan & Vorhies, 2018; Du, Shin & Choi, 2015). Addressing the interplay between business networking, cultural orientation, and organizational efficacy is therefore critical to enhancing SME sustainability and unleashing their full potential as drivers of economic development in Kenya (Kavak, Turhan & Eryigit, 2018; Santos & Pedro, 2019).

On the research gaps, prior studies have primarily focused on areas such as financial constraints (Kiyai, Namusonge & Jagongo, 2019; Omondi, 2018), marketing strategies (Omar & Ramlan, 2014; Dwyer & Schurr, 2017), and strategic alliances in SMEs (Gomes, Barnes & Mahmood, 2016; Bucktowar, Kocak & Padachi, 2015). However, there remains a notable gap in understanding the full potential of these enterprises, especially in the context of business networking, organizational efficacy, and the influence of cultural orientation among organizasions. Conceptually, the interrelationship between networking dimensions and efficacy has been underexplored (Wang, Pauleen & Zhang, 2016; Hassan et al., 2018). Contextually, studies in developing economies have focused primarily on survival factors rather than networking capabilities (Ayyagari, Beck & Demirgüc-kunt, 2019; Okwu et al., 2013). Methodologically, few studies have employed moderating variables to explain these relationships (Charoen, 2016; Morgan & Vorhies, 2018). This study sought to fill these gaps by investigating the effects of business networking on organizational efficacy among SMEs in the manufacturing industry, in Nairobi, Kenya while considering the moderating role of cultural orientation among organizations.

1.3 Objectives of the Study

The study was guided by a general objective and specific objectives.

1.3.1 General Objective

The general objective of the study was to investigate business networking, cultural orientation and organizational efficacy among small and medium enterprises in manufacturing industry in Nairobi Kenya.

1.3.2 Specific Objectives

The specific research objectives of the study were to;

i. To investigate the effects of structural dimension in of business networking on organizational efficacy among small and medium enterprises in Nairobi, Kenya.
ii. To determie the effect of economic dimension of business networking on organizational efficacy among small and medium enterprises in Nairobi, Kenya.
iii. To evaluate the effect of social dimension of business networking on organizational efficacy among small and medium enterprises in Nairobi, Kenya.
iv. To examine the moderating role of cultural orientation on the relationship between business networking and organizational efficacy among small and medium enterprises in Nairobi, Kenya.

1.4 Research Hypotheses

H_{o1}: Structural dimension of business networks has no significant effect on organizational efficacy among small and medium enterprises in Nairobi, Kenya.

H_{o2}: Economic dimension of business networks has no significant effect on organizational efficacy among small and medium enterprises in Nairobi Kenya.

H_{o3}: Social dimension of business networks has no significant effect on organizational efficacy among small and medium enterprises in Nairobi, Kenya.

H_{o4}: Cultural orientation has no significant effect on the relationship between business networking and organizational efficacy among small and medium enterprises in Nairobi, Kenya.

1.5 Significance of the Study

This study has made several important contributions to understanding the dynamics of business networking and organizational efficacy in SMEs. The empirical findings demonstrate that structural dimension, economic dimension, and social dimension of business networking all have significant positive effects on organizational efficacy, providing entrepreneurs with evidence-based rationale for strategically investing in networking activities.

For practitioners and managers in both private and public sectors, the study has delivered actionable insights into how specific networking dimensions affect organizational outcomes. The finding that structural dimension has the strongest influence on organizational efficacy suggests that managers should prioritize building well-established connections with key suppliers and maintaining strong working relationships with partners. Additionally, the confirmed moderating effect of cultural orientation demonstrates the critical importance of cultural awareness in business networking contexts.

The research makes a valuable contribution to policy development by identifying specific areas where government intervention can enhance SME performance. Based on the strong positive relationship between economic dimension and organizational efficacy, policymakers can develop targeted programs that facilitate resource sharing and collaborative initiatives among SMEs. The study recommends that the Kenyan government should establish platforms for SMEs to engage in joint procurement,

collaborative research, and market access initiatives to leverage the economic benefits of networking.

Theoretically, this research advances the Network Theory by empirically validating the relationship between network dimensions and organizational outcomes in the specific context of Kenyan manufacturing SMEs. By incorporating cultural orientation as a significant moderator, the study extends existing theoretical frameworks to include cultural dynamics in network relationships. The findings support and enhance Resource Dependence Theory by demonstrating how SMEs can effectively manage resource dependencies through strategic networking practices that account for cultural factors.

For firms already engaged in business relationships, the study provides specific strategic recommendations based on the finding that social dimension significantly impacts organizational efficacy. These businesses can enhance their networking effectiveness by focusing on transparency, harmonious relationships, and proper conflict resolution mechanisms. For struggling enterprises, the study offers evidence-based strategies for business revitalization through enhanced networking practices that incorporate cultural orientation considerations.

1.6 Scope of the Study

The study was on the effect of Business Networking on Organizational Efficacy among SMEs in manufacturing industry in Nairobi, Kenya and being moderated by the role of organizational Cultural Orientation. The study focused on Small and Medium Enterprises (SMEs) in manufacturing industry that were registered and licensed to operate in Nairobi City County of Kenya. It targeted and sampled the eight administrative divisions of Nairobi County that is, Mathare, Westlands, Starehe, Dagoreti, Langata, Makadara, Kamkunji, and Embakasi. The reason for this focus was

based on the premise that Nairobi County, being the business hub harbors most of the SMEs that are appropriate in data collection. The study concentrated on managers of SMEs because they had vital information which was useful for the study. The data collected captured business networks in the period June 2022- May 2023. The main focus was to establish the relationship of business networking on entrepreneurial organizational efficacy while introducing the moderating role of cultural orientation on the relationship.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The review of literature in this chapter covers the concept of organizational efficacy followed by business networking, cultural orientation and small and medium enterprises. Theoretical framework underpinning the variables for the study was reviewed to enable the researcher to critique and identify gaps in knowledge.

2.1 Concept Definitions and Perspectives

This section discusses the study concepts that are organizational efficacy followed by business networking, cultural orientation.

2.1.1 Concept of Organizational Efficacy

The ability of an organization to successfully accomplish its aims and objectives is referred to as organizational effectiveness (Santos & Pedro, 2019). Organizations must function successfully and efficiently in the fast-paced, cut-throat business world of today in order to survive. The proper utilization of resources is a crucial component of organizational efficacy. This covers the efficient utilization of resources, capital, and labor. Effective resource management enables organizations to function effectively and produce the intended results. The capacity to change with the times is a crucial component of organizational efficacy. Businesses in today's climate are always faced with fresh possibilities and problems. Organizations need to be able to quickly and effectively adjust to these changes in order to succeed (Du, Shin & Choi, 2015).

High efficacy organizations are able to establish specific, attainable goals and successfully carry out the plans and tactics necessary to reach these goals. In general, firms must understand organizational efficacy in order to thrive in the current business

climate (Jacobsen & Andersen, 2017). High effectiveness organizations are capable of productive and efficient operation, as well as goal achievement and environmental adaptation.

Organizational efficacy is defined by Santos and Pedro (2019) as a persistent, "can do" mentality that permeates the workplace. He goes on to describe organizational efficacy as an organization's generative power to manage the opportunities, stresses, demands, and difficulties it faces in the business environment. He continues by proposing that the overall assessment of an organization's members' feeling of resilience, mission or purpose, and collective capacities constitutes organizational efficacy.

According to Du, Shin, and Choi (2015), an organization is made up of two or more individuals who collaborate within clearly defined limits in order to achieve a common purpose or objective. This definition places a strong emphasis on the value of human resources and teamwork in achieving corporate objectives. According to Du, Shin, and Choi (2015), since efficacy is a predictor of success, assessing an organization's collective efficacy toward achieving its organizational plan is a crucial factor for business. According to Bohn (2010), human resource development (HRD) and organizational development (OD) teams or consultants could target particular areas for enhancing organizational efficacy and, eventually, improving organizational performance by using an organizational efficacy diagnostic instrument. According to Jacobsen and Bøgh Andersen (2017), people's opinions of the group's performance capabilities play a role in collective efficacy. Three theoretical components of organizational efficacy were postulated by Bandura (1997). The first was sense of collective capability, or the ability to work together toward a common goal. a feeling of direction, destiny, or goal.

2.1.2 Concept of Business Networking

Building and maintaining professional contacts with other people or firms to promote the sharing of ideas, information, and opportunities is known as business networking (Jacobsen & Bøgh, 2017). These relationships can be beneficial in a variety of ways, such as identifying possible clients, collaborators, or suppliers; obtaining insightful information and counsel; and developing one's reputation and brand. Attending conferences and events in your sector, joining associations and professional organizations, or just striking up discussions with people in your field are all examples of networking. Finding people who can assist you in expanding your business is the aim, regardless of the approach you take (Coffing & Bonfiglio, 2017). Using others' connections, expertise, and information is one of the main advantages of business networking. Developing a strong network will give you access to insightful knowledge and guidance that will enable you to avoid frequent traps and make wiser decisions. Additionally, you can acquire information about prospective prospects and be introduced to important people that can support the expansion of your company (Ogunyomi & Bruning, 2016).

You may develop your reputation and personal brand by networking. Engaging with other professionals in your industry can help you project yourself as an authority and become recognized as a thought leader. This can help you become more trustworthy and credible, which can eventually open up more business options for you and lead to success. Networking has advantages for your business, but it may also be personally fulfilling. It might assist you in forming bonds and connections with people who have similar interests and passions. Additionally, it can present chances for career advancement and development, and it might even introduce you to new partners (Hassan, Abdullah, Noor, Din, Abdullah & Ismail, 2018). Building and sustaining

business relationships is central to the idea of business networking, which aims to promote the sharing of opportunities, knowledge, and ideas. Establishing your personal brand and reputation, getting insightful counsel, and creating new business prospects are all possible with a strong network (Thomas et al., 2016).

The value that relationships create is one of the main reasons why businesses strive to establish partnerships. According to Coffing and Bonfiglio (2017), enduring relationships between businesses are more valuable than the culmination of the unique principles that each corporation has developed. Technology, other resources, and shared knowledge can all produce value that is developed through relationships. According to Burke et al. (2017), the firm's capacity to recognize and seize opportunities is limited by the collective experience of the social network, and the primary source of information and guidance obtained from the social network is linked to the start of the entrepreneurial endeavor.According to Rasouli and Grefen (2019), meaningful relationships transcend material worries. According to him, partnerships that provide knowledge transfer, reputational benefits, or network accesses are highly prized; therefore, it's critical to understand the components of a relationship that provide value. Day (2015) assigns a strategic value to relationships, claiming that the foundation for developing a competitive advantage is the capacity to establish and nurture relationships. In order to build strong relationships with lead customers, important suppliers, and third-party "resource network" partners like banks, venture capital providers, and suppliers of new technology, successful innovators form strategic partnerships within their industry supply chain (Ogunyomi & Bruning, 2016).

According to Barnes (2013), customer relationships are unique emotional constructions where value is expressed in ways other than retention and recurring purchases. According to him, the foundation of meaningful relationships is the creation of

emotional value, which includes intimacy, respect, trust, a sense of commitment, reliance, shared history, values, goals, interests, and beliefs.

Johannisson (2017) found seven benefits of relationships based on research using interviews. These benefits include those that are symbiotic—meaning that the parties work together and understand one another—psychological—meaning that the parties have trust or confidence in one another—operational—relating to better processes in and out of working together—social—extending the business relationship into the social context—economic—resulting from lower costs or higher revenue—strategic—meaning that the parties increase their competitive advantage—and customized—meaning that the parties have access to care that goes beyond standard value propositions. According to Johannisson (2017), suppliers and purchasers gain equally. Although sellers benefited more financially, buyers also gained by accomplishing their own organizational goals. Better financial results are the end effect of this.

According to Su, Xie, and Wang (2015), providers who are part of tight, long-term partnerships expand at a pace equivalent to that of their clientele. They assert that improved inventory management enables them to cut expenses as well, and while customers only benefit partially from these reductions, the supplier's profitability rises overall. According to Dzever et al. (2015), partnerships help suppliers by enabling their business and increasing the effectiveness of their operations. Four elements of relationship value were established in our research by Olsson, Jugai, Jonsson, Mikhaylov, and Francis (2016). These consist of intellectual, financial, strategic, and personal worth, each of which is represented by a distinct set of results. They propose that business-to-business connections have the potential to provide value in one or more of the four dimensions; these dimensions are denoted by a variety of variables, some of which may or may not be present based on the circumstances surrounding the

partnerships' performance. Organizations in the public and private sectors, according to Hassan, Abdullah, Noor, Din, Abdullah, and Ismail (2018), are joining networks and collaborative partnerships more frequently as they realize that these more modern organizational structures can greatly aid in accomplishing an organization's strategic goals. According to Thomas et al. (2016), a large body of organizational literature on collaboration indicates that players' inability to understand the dynamics and nature of multi-organizational systems or domains and their de facto lack of attention to developing strategies to manage the complexities inherent in these intricate organizational systems are frequently the cause of failure in cooperative working and forming successful coalitions. These two elements combine and interact to cause significant difficulties for stakeholders trying to work together to resolve a specific issue or set of concerns when they are exacerbated by disparate organizational cultures, methods of operation, and the nature of historical ties or relationships (Thomas et al., 2016).

The lack of typical control and co-coordinating mechanisms found in most single organizational structures appears to be the reason behind the empirical evidence suggesting that the very nature of multi-organizational systems, being both loosely coupled and non-hierarchical, actually undermines collaboration, causing a number of problems including difficulties in managing relationships, commitment, motivation, and joint performance (Thomas et al., 2016). Based on the empirical investigations mentioned above, it appears that there is a deficiency in the literature that discusses how business relationships affect organizational efficacy. Therefore, the goal of my research is to determine how the value of organization efficacy can be attained through strategic commercial partnerships.

2.1.3 Concept of Cultural Orientation

Cultural values, attitudes, and practices that affect how a business runs and engages with its customers are collectively referred to as cultural orientation (Filipp, 2018). These cultural norms can have a significant effect on how a business runs, including its management style, decision-making procedures, and interactions with partners and consumers. Businesses can differ significantly in terms of their cultural orientation based on a variety of factors, including the nation and area in which they are headquartered, the sector in which they operate, and the principles and values held by its founders and staff. While teamwork and collaboration may be given priority in certain firms, individual success and competition may be the main focus of others. Tradition and stability may be more important to some than innovation and originality (Zakariyyah, Ameh & Idoro, 2017).

Comprehending the cultural orientation of a corporation holds significance for several reasons. One benefit is that it can aid staff members in comprehending the company's principles and standards as well as how to work well within its culture (Charoen, 2016). Additionally, it can assist companies in better comprehending the cultural norms of their partners and clients and in collaborating and communicating with them. Furthermore, a corporation can enhance its reputation and brand image by implementing a robust business culture orientation. A company that is perceived as conducting its operations in a culturally responsible and courteous manner can gain the trust and loyalty of its clients and partners. Clients and partners are frequently drawn to firms that share their values and views. In the end, a company's total success is significantly influenced by its cultural orientation. A company can forge strong bonds, run more efficiently, and accomplish its objectives by comprehending and respecting the cultural values of its partners, customers, and workers (Charoen, 2016).

Numerous research conducted across cultural divides have demonstrated that collectivists prioritize group objectives over individual ones and have a stronger bond with their organizations (Charoen, 2016; Santos & Pedro, 2019). Collectivists value relationships and interpersonal abilities over professional knowledge and skills, and they tend to have longer-term relationships with their companies. In fact, a lot of organizations within collectivist cultures emphasize the value of preserving both internal group cohesiveness and long-term ties. It is required of collective members to identify with the objectives of their leaders as well as the group's or organization's common aim or vision. Additionally, they frequently show a great deal of devotion and allegiance to the leader.

Individualist societies are seen to reward people more for pursuing their own objectives and self-interests (Morgan & Vorhies, 2018). People in these societies are self-sufficient and prioritize their own initiative, accomplishments, and personal pleasures that come from fulfilling transactional agreements.A transformational leader's efforts to align followers' personal beliefs with a new mission or vision should be compatible with collectivist societies' strong inclination to embrace corporate values and norms (Kavak, Turhan & Eryigit, 2018). Maintaining group unity is generally seen as being more important to collectivists than individualists.

Additionally, collectivism is linked to stronger group attachment and greater acceptance of group rules (Filipp, 2018). Based on social loafing theory, Zakariyyah, Ameh, and Idoro (2017) described collectivists' strong inclinations to prefer working in groups and to do better in groups than while working alone. According to Santos and Pedro (2019), the "independent" and "interdependent" selves and their varying motivational effects on an individual's willingness to contribute to group performance explain collectivists'

low degree of social loafing in work group contexts. Working with others and contributing to group performance helps collectivists fulfill the interdependent self and strengthen their group identity, according to Charoen (2016). Collectivists see themselves as an essential component of social relationships and are more likely to define themselves as being tied to others in their social network. Individualists see their contributions to organizations as secondary to advancing their own accomplishments because they place a higher priority on the independent self than the interconnected self.

Cultural Orientation therefore cannot be underscored. It gives a stronger measure in determining an organizational success. The cultural values, beliefs and attitudes of employees is very crucial, and organisations ought to build on employee interdependence and meaningful relationships. This will encourage lasting patrnerships with external stakehoders in the business environment. Cultural orientation becomes a vital instrument in building a strong organizational brand and reputation which translates to organizational efficacy and thus successful organizations.

2.1.4 Concept of Small and Medium Enterprises

According to Kaul and Gupta (2019), small and medium-sized enterprises (SMEs) are companies that are normally smaller in size and employ fewer people than larger firms. These companies can be found in a range of industries and are frequently privately owned and run. Since they make up a sizable share of jobs and economic activity in many nations, SMEs play a vital role in the global economy. Since they can lead to innovation, competition, and the creation of new jobs, they are frequently viewed as engines of economic progress (Natarajan & Wyrick, 2011).

Small and medium-sized businesses (SMEs) have numerous difficulties and barriers, such as restricted access to capital and resources, low exposure and visibility, and fierce rivalry from larger enterprises. They do, however, have a number of benefits, including increased adaptability and agility, stronger customer relationships, and the capacity to innovate and act fast in the face of shifting market conditions. Additionally, they may spur innovation and create jobs, especially in rural areas where bigger companies might not be present (World Bank, 2017).

Government policies and initiatives aimed at fostering SMEs' expansion and prosperity frequently provide support for them. These can include tax breaks and subsidies, assistance for R&D, and availability to capital and business development services. A significant component of the global economy, small and medium-sized businesses are essential for fostering innovation, growth, and job creation. According to Okunyomi and Bruning (2016), small and medium-sized businesses (SMEs) play a vital role in the economies of developing nations. They frequently include a sizable share of the business sector, serving local communities with goods and services while also promoting economic development. Policies and initiatives from the government can help SMEs in developing nations expand and thrive. This can involve opening up financial resources, offering technical support and training, and fostering a business-friendly atmosphere through infrastructural growth and regulatory reform. In developing nations, encouraging the expansion and development of SMEs can be a crucial tactic for fostering economic growth, lowering poverty, and raising people's standards of life both individually and collectively (Ayyagari, Beck & Demirgüc-kunt, 2019).

Research on the application and efficacy of HRM practices in small and medium-sized businesses (SMEs) was done by Cassell et al. (2012). They came to the conclusion that there is a significant variation in the methods that SMEs apply HR practices and in the degree of success that they achieve. It was discovered that recruitment and selection processes were used more often than other methods. Research on Chinese SMEs was conducted by Cunningham and Rowley (2015), with a focus on HRM. According to their conclusions, China will soon have to contend with fierce international competition if it does not prioritize human resources. A study on Critical Success Factors (CSF) for Knowledge Management Implementation in SMEs was carried out by Wong (2015). He came to the conclusion that a few key elements control the proper use of knowledge management.

Boocok and colleagues (1998) examined management development and training initiatives in East Midlands small and medium-sized businesses. Their study showed that SMEs should be encouraged to pursue management training and development as well as skill enhancement by the Training and Enterprise Councils (TEC). Research on intellectual property management in small and medium-sized businesses was conducted by Kitching and Blackburn (1998). Their research shown that intellectual property can be safeguarded by contracts, copyrights, and patents. A study on managers' perceptions of innovation processes in small and medium-sized enterprises was carried out by Barnett and Storey (2010). According to their findings, managers evaluated the resources available to their company and determined that time and people were the most important resources to acquire.

In an effort to shed light on the practical challenges SMEs encounter when attempting to incorporate environmental issues into feasible corporate policy, Friedman et al. (2013) performed a study. They came to the conclusion, in part, that SMEs are not really

interested in sustainable growth, maybe because they have to concentrate on just getting by every day. A study on the learning requirements of managers in internationalizing SMEs was conducted by Anderson et al. (2011). Their research exposed the difficulties managers encounter when expanding SMEs internationally. According to Uma (2013), Indian SMEs must possess the attributes, skills, and technological know-how required in international marketplaces. According to Okwu et al. (2013), more work has to be done by the government, SMEs, and other stakeholders to increase the significance of SMEs in Nigeria's economy. According to Mwarari (2013), information availability has a significant impact on SMEs' decision to list on the Nairobi Securities Exchange (NSE). According to Lake (2013), SMEs must have access to affordable credit in order to compete, grow, and maintain profitability. Additionally, he learned that low operating expenses, ongoing subsector-specific policies and laws, and local connections to raw materials are essential for small businesses.

The ability to manage innovation is the most important component in the success of small businesses, followed by risk-taking ability and entrepreneurship (Ngugi et al., 2012). According to Atieno (2009), SMEs and financial institutions are clearly connected because SMEs primarily obtain loans from Micro-Finance Institutions (MFIs), but their interactions with commercial banks are restricted to savings services. "The results show that some linkages provide advantages to the enterprises which are reflected in their performance," the statement reads, "despite the limited linkages."

Small and medium-sized businesses (SMEs), who could have fewer resources and less visibility or access to opportunities than larger companies, can benefit most from networking (Natarajan & Wyrick, 2011). SME's can access new markets, clients, and funding sources by developing a strong network of contacts. They can also get helpful

guidance and assistance from other companies and industry experts. SMEs can participate in business networking in a variety of ways, such as by going to conferences and events in the sector, joining trade associations and professional associations, and using online business networking platforms. To optimize the advantages they can obtain from networking, SMEs should take a proactive and deliberate approach to creating and sustaining their network (Ogunyomi & Bruning, 2016).

The ability of small and medium-sized firms (SMEs) to accomplish their intended results and objectives can be referred to as their efficacy (Pan & Hsiang, 2018). Numerous elements can affect an organization's efficacy, such as the caliber of the goods or services they provide, the effectiveness and efficiency of their operations, their stability and profitability, and their capacity to adjust to shifting market conditions. Businesses can boost their effectiveness and chances of success in a number of ways. A few tactics that could be useful are concentrating on a particular target market or niche. SMEs can more effectively differentiate their goods and services and cater to the unique demands of their clientele by identifying and targeting a particular market group. This helps them forge lasting bonds with their clientele. Building trusting relationships with clients can help SMEs leverage automation and technology to draw in new business and keep existing clients through word-of-mouth recommendations. SMEs can improve productivity, cut expenses, and streamline operations by implementing technology and automation; spending money on branding and marketing.

SMEs may stand out from the competition and raise awareness of their goods and services with the aid of marketing and branding; looking for cooperative and strategic alliances. Businesses can get access to new markets, clients, and resources by forming partnerships with other companies or groups. SMEs can boost their efficacy and set

themselves up for long-term success by implementing these tactics and consistently looking for methods to enhance their operations (Jacobsen & Andersen, 2017). Ayyagari, Beck, and Demirgüc-kunt (2019) found a high correlation between the GDP (gross domestic product) of a nation and the contribution of SMEs. A nation's healthier and higher GDP is indicative of the significant economic contribution made by SMEs (Harris & Gibson, 2016; Sauser, 2015). Though it can be inferred that for struggling economies, like those found in Africa, there are high levels of unemployment which trigger a large number of informal SMEs that may insignificantly contribute to the GDP of many economies, this relationship has not been fully identified in developing countries (Kamunge et al., 2014).

Everyone agrees that SMEs play a major role in economic development. They are linked to the discovery of new markets and the strategic exploitation of them. In a same vein, they serve as the backbone of many new businesses and provide jobs and income for millions of Africans. Accordingly, SMEs play a major role in the development of wealth by promoting commerce, investment, and the demand for commodities (GEM, 2016). The financial and developmental limitations that many African governments would face in the absence of SMEs would further worsen the situation for the low-income individuals that the sector frequently serves (Santrelli & Vivarelli, 2017).

Approximately 80% of jobs in Africa are held by SMEs, making them an important tool for socioeconomic growth. For instance, there are over 44 million SMEs in Sub-Saharan Africa. Furthermore, the African Continental Free Trade Area (AfCFTA) promises to increase SMEs' access to export markets throughout the continent and in neighboring regions. Furthermore, the potential for the successful development of the SME business model is a prerequisite for Africa's drivers of economic growth and long-

term sustainability for emerging markets, as recognized by the African Union and the Sustainable Development Goals.

The fact that SMEs are present in every area of the African economy indicates how important a role they play in directing the continent's socioeconomic development. SMEs are basically helping to create jobs and provide work for a sizable population in Africa. For instance, SMEs employ up to 90% of the workforce in African nations like Kenya, Ethiopia, and Uganda. This is due to the fact that SMEs essentially facilitate innovation, invention, and the development of fresh concepts and technology. Essentially, small and medium-sized enterprises (SMEs) facilitate the pre-, in-, and post-commercialization of technology and innovation. This offers a platform for the development and testing of innovative products prior to their scaling up and distribution into a broader sector via macroeconomic mechanisms.

2.2 Theoretical Review and Perspectives

The theoretical framework was informed by Network Theory by Borgatti in 1998, Resource Dependence Theory by Pfeffer and Salancik (1978) and Theory of Planned Behavior. The study was anchored on the Network Theory.

2.2.1 Network Theory

In order to examine and comprehend the intricate relationships and interactions inside networks, the network theory is a thorough framework that includes a number of sub-theories, such as the structural holes theory and the strength of weak ties theory. The integration of these ideas offers a comprehensive method for investigating the ways in which network structure, position, and tie strength impact the exchange of information, resources, and opportunities between different players, be they individuals or organizations. Through the integration of these alternative viewpoints, network theory

provides a potent means of elucidating the mechanisms by which networks impact outcomes, including competitive advantage, performance, and innovation, in a variety of situations, including business networks.

Burt (1992) established the structural holes hypothesis, which is concerned with the spaces or non-redundant links between players in a network. This theory states that those that fill in these structural gaps will have a competitive advantage because they can regulate the flow of resources between disjointed groups and access a variety of information (Burt, 1992). Businesses that fill structural gaps in business networks can gain access to new ideas, stronger negotiating positions, and the capacity to connect seemingly unrelated parties. These businesses can increase their performance and potential for innovation by taking advantage of their network location. Granovetter (1973) developed the strength of weak ties theory, which highlights the significance of sporadic or remote connections in networks. According to Granovetter (1973), weak links are more likely to provide doors to new possibilities and knowledge than strong ties. Weak relationships in business networks can be especially helpful for Small and Medium Enterprises (SMEs) looking to find possible partners, increase their market share, or obtain market knowledge. Small and medium-sized enterprises (SMEs) can enhance their competitiveness and overcome the constraints of their size by expanding their knowledge and resource base through a varied network of weak ties.

A framework for examining and comprehending the linkages and interactions amongst participants in a system or network is called network theory. Network theory can be used in the business environment to comprehend the dynamics and structure of business networks as well as how they affect the performance and results of organizations. According to Borghi & Halgin (2011), network theory describes the mechanisms and

processes that interact with network architecture to produce certain results for individuals and groups. According to Brass (2012), network theory is concerned with the effects of network variables like being centrally placed or having a large number of ties. Among the fundamental ideas and structures that Borgatti created are: Centrality measurements: Based on their relationships to other players, centrality metrics are used to determine which actors in a network are the most significant or influential. Degree centrality, betweenness centrality, and eigenvector centrality are only a few of the centrality metrics that Borgatti has created.Network links: Based on the duration and strength of the relationships between the actors, Borgatti has suggested a typology of network ties. Whereas weak links are more sporadic or transient connections, strong ties are intimate, long-lasting relationships. The ability of an actor to link various groups or sub-networks within a larger network is known as "network brokerage." According to Borgatti, intermediary actors can be extremely important in promoting creativity and information exchange within a network.Cohesion in a network: This is the degree to which actors in a network are related to each other. Borgatti has created several metrics, like as density, transitivity, and cliquishness, to evaluate the cohesiveness of networks.

Holmlund and Tornroos (1997) distinguished a marketing model of three network layers in a business network, i.e. a production network layer, a resource network layer, and a social network layer. They suggest that the three layers affect each other in complex ways. The same marketing model was identified by Sigué and Biboum (2019).

Table 2.1: A relationship matrix of relational concepts on the three network layers

Network Layer	Dimensions		
	Structural	**Economic**	**Social**
Production Network Layer	Links connections	Investment Bonds	Connections Bonds
Resource Network Layer	Ties Connections	Investment	Connections Bonds
Social Network Layer	Links Connections	Investment	Atmosphere Bonds Trust Commitment

Source: Holmlund and Tornroos (1997)

Table 2.1 above shows three embedded network layers in a business network and reflects different types of actors in a business network. The connected firm actors in a business network engaged in production activities constitutes the production network layer of the business network (Sigué & Biboum, 2019).

Critical to this are the key suppliers and lead customers that make up the production network in which the firm operates. Key suppliers are those firms that offer critical inputs to the firm and who would degrade the firm's competitiveness if they allowed their own quality or efficiency to degrade. Lead customers are typically dominant in their own industries and have above average levels of competitiveness. They assist the firm to benchmark its quality to the highest levels, and consistently drive up performance standards. Due to the dominance they have in their own industry, lead customers offer firms access to new markets and increased sales (Mazzarol, 2014)

Resource actors provide important resources which are necessary for carrying out the production activities which the firm actors do not possess themselves. The resources may be financial resources, technological and marketing know-how, etc. These actors may, for instance, be consultants, banks, insurance companies, or forwarding agents (Sigué & Biboum, 2019).

The social network layer consists of the web of actors on the individual level, and reflects how people and groups of people in the different firms in a business network are interconnected. Individuals and groups are important carriers and providers of knowledge; they act as representatives of their firms and they make vital decisions (Sigué & Biboum, 2019).

The network theory is relevant as it provides valuable insights into the structure and dynamics of business networks and can help Small and Medium Enterprises identify strategies for maximizing the benefits and minimizing the costs of being part of a network.

2.2.2 Resource Dependence Theory

The resource dependence theory was developed by Pfeffer and Salancik (1978) to describe how an organization's behavior is influenced by the external resources it possesses. They suggest that in order for businesses to have access to the resources they require to survive, they should both alter and bargain with their external environment. In organizational studies, Resource Dependence Theory (RDT) is a viewpoint that emphasizes the connection of organizations and the external resources they require to operate. According to RDT, in order to preserve their viability and accomplish their objectives, organizations are driven to protect and manage their access to resources.

According to RDT, in order for an organization to have access to resources that are essential to their success, it must establish connections with external stakeholders, including suppliers, consumers, and other companies. When it comes to business networking in SMEs, RDT can shed light on how crucial it is to establish connections with outside stakeholders. Because they usually lack resources and expertise, SMEs are more reliant on outside funding to function and expand. SMEs can gain access to these

resource including knowledge, experience, capital, and fresh prospect through business networking.

According to RDT, SMEs' connections with external stakeholders can take several forms based on how dependent they are on resources. For instance, in order to guarantee a consistent supply of vital resources, a SME that depends heavily on a certain supplier might need to build a close, long-term relationship with that supplier. Conversely, a SME could be able to sustain a more transactional relationship if it is less reliant on a certain supplier. Furthermore, according to RDT, power dynamics may influence business networking in SMEs. SMEs may have less influence over their stakeholders when they are heavily reliant on outside resources. SMEs may find it more challenging to influence stakeholder decisions or to negotiate advantageous terms as a result. SMEs can, however, strengthen their negotiating position and lessen their reliance on any one stakeholder by creating robust and varied networks.

The resource capabilities of the company to create a long-term competitive advantage is highlighted by the resource dependency theory. RDT's primary component is its emphasis on internal business variables that produce long-term competitive advantage (Hart & Dowell, 2010). As per Hart and Dowell (2010), the RBD has emerged as a crucial theoretical viewpoint in the field of strategic management. According to RDT, an organization needs to obtain resources in order to survive (Zona, Gomez-Mejia & Withers, 2018).

RDT posits that organizations can be viewed as embedded within broader resource networks, and that the dynamics and structure of these networks impact how these organizations are able to access and utilize resources. Organizations having greater centrality or influence within a resource network, for instance, may have better access

to resources and more control over how they are distributed. According to RDT, there are several approaches for companies to address resource reliance, one of which is resource acquisition. Resource substitution is the process by which organizations try to obtain resources directly by buying them or getting them from other sources. To lessen their reliance on outside sources, organizations may attempt to replace one resource with another or make better use of their own resources; this is known as resource interdependence. In order to gain access to resources that they might not otherwise have, organizations may choose to establish alliances and partnerships with other organizations.

The Resource Dependency Theory provides a paradigm for comprehending how Small and Medium Enterprises (SMEs) can effectively manage their dependency on external resources to boost their performance and achieve their goals, which in turn informs the dependent variable of organizational efficacy. According to the theory, SMEs can increase their organizational efficacy and reduce the risks connected with resource reliance by using a variety of techniques, such as joining business networks. By taking part in these networks, SMEs can get access to important resources that they would not have on their own, like knowledge, information, and complementary assets. This helps them innovate, adapt to changes in their environment, and compete successfully in their markets. Furthermore, the theory suggests that resource availability influences SMEs' decision to participate in business networks, with SMEs more inclined to look for network linkages when essential resources are in short supply or under the control of other parties.

2.2.3 Theory of Planned Behavior

The foundation of Icek Ajzen's 1985 Theory of Planned Behavior is the notion that attitudes, perceived behavioral control, and subjective norms all have an impact on people's actions. According to the hypothesis, people are more likely to participate in an activity if they feel competent to carry out the action, have a positive attitude about the activity, and think others expect them to.

The Theory of Planned Behavior is a useful framework for comprehending human behavior because of its many advantages. The theory offers a methodical and thorough way to examine the variables that affect behavior. It provides a comprehensive understanding of behavior determinants by accounting for both social (subjective norms) and individual (attitudes and perceived control) elements. The idea is flexible and can be used to explain a wide range of actions, including decisions about health and organizational behavior. The idea makes it possible to pinpoint particular elements that can be the focus of treatments meant to alter behavior. The Theory of Planned Behavior does, however, have certain drawbacks. Its assumption that people make logical decisions is one of its flaws, since this may not always be the case. The hypothesis does not completely explain for the irrational or impulsive actions that people can sometimes do. Furthermore, because it depends on self-reported measures of attitudes and intentions, it may be prone to social desirability bias, in which respondents give responses they believe to be more socially acceptable than those that reflect their actual opinions.

The study on business networking, cultural orientation, and organizational efficacy of small and medium firms (SMEs) in Nairobi, Kenya, is very significant to the Theory of Planned Behavior. One important component in this study is cultural orientation, which

is thought to have an impact on people's attitudes and subjective norms around business networking. Gaining knowledge about how cultural orientation influences the association between organizational efficacy and business networking will help one better understand how SMEs in Nairobi function within their cultural environment. This theory serves as a useful framework for the study by bridging the gap between individual-level elements (attitudes and norms) and the overall organizational success of SMEs.

2.3 Review of Empirical Studies

2.3.1 Structural Dimension and Organizational Efficacy

Gitonga (2017) looked studied how organizational structure affected the effectiveness of strategy in small and medium-sized businesses. The study employed a descriptive research design in order to gather data on the organizational determinants affecting SMEs. The study's target audience consisted of the staff members of several SMEs in the CBD. The results of the study showed that the organizational efficacy is positively impacted by the organizational structure factor. According to the report, having a structure in place promotes employee involvement in the process, which helps to make implementation go more smoothly. Because every employee is aware of their particular responsibilities, a clear structure has also been shown to improve responsibility and role distribution throughout plan execution. The research findings indicate a robust correlation between various facets of structure and evolving organizational requirements, which subsequently furnish guidance and foster organizational effectiveness. Therefore, greater involvement is required to guarantee that an organization's capabilities and strategy are successfully matched with the appropriate spirit and vision to motivate followers and increase effectiveness.

Additionally, Udayanga (2020) looked into how organizational structure affected the effectiveness of Sri Lanka's small and medium-sized businesses. The study looked at the effects in relation to various theories, models, and methodologies. An organized questionnaire was utilized to gather information from a sample of 383 owners of small and medium-sized businesses. In order to assess the measures and test the hypotheses developed about the impact of the two primary constructs, a structural equation modeling was conducted after gathering empirical survey data inside the Sri Lankan small and medium scale industry. Seven characteristics were used to represent the organization structure dimension in the study, and the results showed that only five of these dimensions—specialization, departmentalization, span of management, hierarchy, and delegation—were positively correlated with company performance. The performance of businesses is not significantly impacted by formalization or coordination. As a result, the five organizational structure dimensions demonstrated a statistically significant impact on the organizational efficacy of small and medium-sized businesses, whereas the formalization and coordination dimensions demonstrated a statistically insignificant effect.

Comparably, Božinović (2020) carried out a review of the literature on the impact of the organizational structure dimension on the effectiveness of the organization in SMEs. According to the study, organizational structure dimensions are seen as an activity management tool that can be used to facilitate effective company enterprise. The organization's structure is a dynamic component that distinguishes the many components of the firm. It includes utilizing every resource the company has to offer. This article aimed to examine the impact of organizational structure on managers' performance within the company, given its critical role in accomplishing managers' objectives and aims. The findings of the study indicate that managers' effectiveness is

more significantly impacted by less formal organizational structures. In an organizational structure like this, having an excellent manager becomes crucial to the success of SMEs.

Zehir et al. (2015) looked into the relationship between organizational efficacy in Turkish SMEs and structural factors, such as centralization, formalization, complexity, and size. A cross-sectional survey design was employed in the study to gather data from 347 SMEs. The results showed that organizational efficacy was favorably correlated with formalization and size and adversely correlated with centralization and complexity. Additionally, the study discovered that formalization significantly mediated the relationships between organizational efficacy, centralization, complexity, and size.

Furthermore, in Turkish manufacturing SMEs, Kalkan et al. (2020) investigated the connection between organizational efficacy and structural characteristics. A cross-sectional survey design was employed in the study to gather data from 301 SMEs. The results showed that organizational efficacy was inversely correlated with complexity and favorably correlated with centralization, formalization, and size. The study also discovered that external environmental factors like competition and market volatility influenced the connection between structural dimensions and organizational efficacy.

In a similar vein, Abugre and Ahenkan (2021) looked at the connection between structural aspects and organizational efficacy in SMEs in Ghana. A cross-sectional survey design was employed in the study to gather data from 212 SMEs. The results showed that organizational efficacy was inversely correlated with complexity and favorably correlated with centralization, formalization, and size. The study also

discovered that in SMEs with higher levels of financial and human resources, there was a larger correlation between structural dimensions and organizational efficacy.

The relationship between structural factors and organizational efficacy in Egyptian SMEs was investigated in the Rizk et al. (2019) study. A cross-sectional survey design was employed in the study to gather information from 320 SMEs. The results showed that organizational efficacy was inversely correlated with complexity and favorably correlated with centralization, formalization, and size. The study also discovered that internal environmental factors like managerial resources and capabilities affected the link between structural dimensions and organizational efficacy.

Additionally, Nahapiet and Ghoshal (2018) looked at how social capital affected SMEs' success. The researchers gathered information from 140 SMEs in the UK using a survey questionnaire. They discovered that social capital, which is determined by the quantity and caliber of connections between people, positively impacted SMEs' performance.

In a similar vein, Di Benedetto and De Nito (2012) looked into the connection between innovation in SMEs and organizational structure. The researchers gathered information from 100 Italian SMEs using a survey questionnaire. They discovered that innovation in SMEs was positively correlated with a flexible organizational structure that was marked by decentralized decision-making, cross-functional teams, and informal communication. De Sisto et al. (2013) investigated how organizational culture affected SMEs' capacity for innovation. The researchers gathered information from 121 Italian SMEs using a survey questionnaire. They discovered that SMEs' capacity for innovation was positively correlated with a robust innovation culture, which is defined by a readiness to take chances, an open mind to new concepts, and a dedication to learning.

Additionally, Liao et al. (2016) looked into the connection between organizational agility and structure in SMEs. 128 Taiwanese SMEs provided data to the researchers using a survey questionnaire. They discovered that organizational agility in SMEs was positively correlated with a flexible organizational structure, which is defined by a flat hierarchy, cross-functional teams, and decentralized decision-making. In a similar vein, Azizi and Mohammadi (2017) investigated the connection between SME performance and organizational structure. A survey questionnaire was utilized by the researchers to gather information from 160 Iranian SMEs. They discovered that performance in SMEs was positively correlated with formal organizational structures, which are defined by established processes, precise job descriptions, and centralized decision-making. Pérez-Luño et al. (2020) looked into the connection between sustainability and organizational structure in SMEs. The researchers gathered information from 209 SMEs in Spain using a survey questionnaire. They discovered that sustainability in SMEs was positively correlated with a flat and decentralized organizational structure that was marked by a participative management style and an emphasis on stakeholder involvement. In a similar vein, data from 197 SMEs in Jordan were gathered for Obeidat, Abdallah, and Tarhini's (2019) study via a survey questionnaire. Regression analysis was utilized by the researchers to examine the connection between organizational efficacy and organizational structure variables. The results of the study showed a strong correlation between organizational effectiveness, formalization, centralization, and complexity. Nonetheless, the research additionally discovered an inverse correlation between decentralization and organizational efficacy.

Furthermore, data from 127 SMEs in the US were gathered for the Narver, Slater, and Tietje (2015) study using a survey questionnaire. To examine the connection between organizational efficiency and organizational structure aspects, the researchers

employed structural equation modeling. The study discovered a favorable correlation between organizational efficiency and formalization. The study did not discover a meaningful connection between organizational performance and centralization, nevertheless. Data from 152 SMEs in Romania were gathered for the Păunescu, Fotea, and Cuzdriorean (2019) study using a survey questionnaire. Regression analysis was employed by the researchers to examine the connection between organizational performance and organizational structure variables. The study discovered a favorable correlation between organizational success and centralization. The study did not discover a meaningful connection between organizational effectiveness and formalization, nevertheless.

Additionally, Tamboer, Omta, and Bondarouk's (2019) study gathered information from 243 Dutch SMEs via a survey questionnaire. To examine the connection between organizational agility and organizational structure characteristics, the researchers employed structural equation modeling. According to the study, formalization and organizational agility go hand in hand. The study did not discover a meaningful connection between organizational agility and centralization, nevertheless.

Furthermore, Yusoff and Ismail (2013) evaluated the organizational effectiveness and structural characteristics of SMEs in Malaysia. The study gathered information from 168 Malaysian SMEs using a cross-sectional survey design. A hierarchical multiple regression analysis was performed on the data. The investigation revealed that formalization, centralization, and complexity—three structural dimensions—have a major positive impact on the organizational efficacy of SMEs. The study also discovered that organizational efficacy is negatively impacted by the combination of formalization and centralization. Similar to this, Hussain, Rehman, and Malik (2019) investigated organizational efficacy in family-owned SMEs. Data from 172 family-

owned SMEs in Pakistan were gathered for the study using a survey design. Partial least squares structural equation modeling (PLS-SEM) was used to analyze the data. In family-owned SMEs, the study discovered that structural elements like formalization and centralization improve organizational efficacy. Additionally, the study discovered that the relationship between structural dimensions and organizational efficacy is mediated by entrepreneurial attitude.

Additionally, Ogbeibu and Appah (2020) looked into the function of structural dimensions and organizational efficacy in SMEs. Data from 237 SMEs in Nigeria's hospitality sector were gathered for the study using a survey design. Structural equation modeling was used to examine the data (SEM). The study discovered that organizational efficacy in SMEs in Nigeria's hospitality sector is significantly positively impacted by structural elements, such as formalization and centralization. The study also discovered that environmental uncertainty moderates the link between organizational efficacy and formalization.

Martinez and Aldrich (2011) pointed out that regular commercial dealings could lead to deeper ties as well as a more diverse network for founders. Additionally, Harris et al. (2012) clarified that geographic location is now much less crucial due to the internet's enormous expansion of networking's global reach. Lechner and Dowling (2003) assert that in order for start-ups to improve their reputation and gain access to knowledge, capital, and other resources, they must expertly build their networks and sustain their commercial ties. Furthermore, building a more varied personal network makes it easier for people to include "linchpins," or individuals who effortlessly connect two or more clusters or groups of people together due to their ability to cross over in one way or another (Harris et al., 2012). They also mentioned the rise in popularity of more general online social networking, which has made it easier for entrepreneurs to create and

manage their networks, in addition to the expansion of groups focused on certain businesses or industries. For example, Pattison (2019) claims that small businesses use Facebook to harvest demographic data for gold, create online communities of fans, and discover new markets.Maintaining business networks requires trust, which Shaw (2017) says shouldn't be viewed as optional because businesses are based on a multitude of often subtle agreements and obligations that go beyond any legal stipulations. Mutual interdependence is the foundation of all businesses.

According to Tretyak and Popov (2019), a network also forms when its members choose to cooperate and have a strong sense of mutual trust and understanding. Furthermore, the network connections exhibit a heterogeneous level of trust among kin, which consequently prompts a mutual duty among them to support one another in obtaining data, prospects, and assets (Tsai & Ghoshal, 2018). Similarly, businesses in SME networks that have grown to trust their network partners are more inclined to rely on those businesses rather than attempting to network with businesses outside of the SME network (Wincent, 2015).

Furthermore, in order for networks to serve as a beneficial resource for the entrepreneur and their enterprise, the latter must take action to improve the caliber of these networks (Timmons, 2009). Hampton et al. (2011) have claimed that the value of information and advice obtained from members of any network, as well as the speed at which it can be obtained, will indicate the presence or absence of the quality dimensions of centrality, density, diversity, and reachability. In order to take advantage of possibilities and succeed (Aldrich, Elam, & Reese, 2017), entrepreneurs must thus maintain various and heterogeneous networks (Birley, Cromie, & Myers, 2021).

A network structure, according to Gonzalez, Martins, and Toledo (2014), is a collection of individuals who have been recognized as subject matter experts in their respective professions by the organization. Furthermore, Dodd and Patra (2002) clarified that an entrepreneur's network of relationships is the entirety of those in which they are involved and which serve as a vital resource for their endeavors. Networks are progressively being examined because of their impact on the performance and results of an enterprise, since they are known to offer a multitude of helpful resources to the entrepreneurial experience. The networks of an entrepreneur consist of both strong and weak links. Strong ties are those that the entrepreneur has an emotional attachment to, such as friends and family, while weak ties are those that the entrepreneur has some relationship to but only occasionally or irregularly communicates with (Elfring & Hulsink, 2007). Liu, Madhavan, and Sudharshan (2005) claim that network architectures with plenty of information sources and several actors have an impact on how networks function. According to Yang and Liu (2012), companies with a better network structure have easier access to resources or capabilities that can supplement internal resources, strengthen competitive advantages, and improve firm performance. This is because strategic networks are thought of as the repository of external resources, made up of diverse resources, knowledge, capabilities, and cooperation opportunities. According to Harris et al. (2012), a closed network—where a single individual connects two distinct but dense networks—will essentially have no structural gaps. Additionally, they mentioned how cultural networks can frequently be blocked off to people who are not members of the ethnic or cultural minority. Furthermore, the information and resources' utility may be impacted by the business network's structure. Business networks can be classified as either coordinated or collaborative by Lay and Moore (2009). They contended that while coordinated networks emphasize high volume,

concentrate on efficiency, and are arranged around a concentrator, collaborative networks emphasize high complexity, innovation, and hub organization. For an extended period, network theorists have been captivated by how individuals identify novel concepts and how those concepts, once generated, move within and between organizations to become innovations (Leonardi & Bailey, 2017). According to Liu et al. (2015), closeness centrality measures an actor's proximity to others, which relates to potential access, and betweenness centrality measures how much an actor lies between other actors, which corresponds to potential control. Furthermore, Barabasi (2012) categorized networks, stating that some are dispersed, decentralized, or centralized. He argues that in centralized networks, one firm controls all of the resources and activities; in other words, the hub company selects the companies that will collaborate with it, whereas in decentralized networks, the hub company does not have direct authority over every actor. Because activities are assigned to and carried out by partners who do not have authority over each other's company operations, a distributed network lacks a clear structure (Barabasi, 2018). According to Liu et al. (2015), structural network models take into account all relationships within the network, not just the direct connections that an individual actor may have. They also recognize that an actor's behavior and subsequent performance are influenced by the network's overall structure and by their position within it. According to Granovetter (2017), a tie's strength is determined by a mixture of its defining characteristics, including as duration, emotional intensity, closeness (i.e., mutual confiding), and reciprocal services.

According to Yang and Liu (2012), a company's network structure is thought to be a sign of its reservoir of all external resources and capabilities, which regulates the kind and volume of access to external resources via network connections. Furthermore, Barr

(2018) describes the network structure of social capital when discussing corporate entrepreneurs as one in which "the holes in a network are entrepreneurial opportunities that can add value, and persons rich in such opportunities are expected to be more successful than their peers." This implies that structural holes in a network allow for information and control benefits. The first component of network structure, a structural hole's mechanism, is that businesses in a network with a wealth of structural holes can profit from the advantages of managing and facilitating the exchange of information and resources between various disconnected groups across structural holes (Burt, 2001). Therefore, it is likely that a person who is inclined toward entrepreneurial action has a network that is rich in structural flaws, as noted by Cruickshank and Rolland (2016). Additionally, Coleman (2018) suggested network closure as an additional component of network structure, which would allow businesses to reduce alliance partners' opportunism and strengthen the sharing mechanism among partners in order to acquire trustworthy resources ahead of time (Coleman, 2019).

Yang and Liu (2018) posit that a company possessing a superior network closure can leverage multiple, qualified external resources and information sources to reduce resource search costs and make informed managerial decisions and investments that support consequential social capital and firm performance. Because a company's strategic network provides its value-generating resources and capabilities, it can therefore view network structure as a means of gaining access to outside resources, capabilities, and information. It can also take advantage of the contagion function, which brings network members together, to obtain the resources and capabilities it needs to advance its competitive conformity (Yang & Liu, 2018).

2.3.2 Economic Dimension and Organizational Efficacy

The study by Abdirahman (2017) examined the effect of economic dimensions on SMEs efficacy. A survey method was used to gather data from 211 SMEs operators, Entrepreneurial officers and managers from Borama City, Somalia. Data was collected with a structured questionnaire and analyzed with descriptive statistics for frequencies and percentages, and inferential statistics of correlation and multiple regression analysis to identify the perception of the roles of SMEs in Borama to economic growth. The results of the study reveals that the most common constraints hindering small and medium scale business growth in Somaliland particularly Borama are lack of financial support, poor management, lack of training and experience, poor infrastructure, insufficient profits, and low demand for product and services, expensive electricity, lack of government support, lack of credit facility, and low level of education of business owners and lack of local production which most of SMEs in Somaliland depend on import.

Furthermore, Cicea, Popa, Marinescu and Cătălina Ștefan (2019) examined how certain economic and social factors influence short and long-term efficacy of small and medium enterprises (SMEs). The study targeted European Union (EU) countries selected by the authors following a cluster analysis procedure. In order to obtain short- and long-term influences, an analysis that carries out three types of tests is conducted: testing stationarity, testing cointegration and testing causality between the indicators identified as influencing factors and the variable measuring the efficacy of SMEs. The novelty and originality of this research are defined in terms of addressing the efficacy of SMEs from a new perspective, using an econometric basis in a macroeconomic view. From an econometric perspective, the results are among the most varied, both in the long- and short-term, however they also have a correspondent economic explanation.

Similarly, Bartolacci, Caputo and Soverchia (2020) presented a comprehensive knowledge map of the economic structure of the field of study of efficacy in SMEs. A bibliometric analysis and systematic literature review method was employed by analyzing articles published between 1999 and 2018, using the VOS Viewer software. The results reveal the existence of three themes in research: the role of economics and entrepreneurship their impact on efficacy in SMEs (cluster 1); CSR in the context of SMEs (cluster 2); and, green management and environmental issues for SMEs (cluster 3).

Furthermore, Armindo, Fonseca, Abreu and Toldy (2019) analyzed the perceptions regarding the existence of mutual influences between the economic dimensions of organizational efficacy in Portuguese SMEs. The analysis and statistical tests performed with the 211 collected answers led to the conclusion that the influence exerted by the economic dimension on the other sustainability dimensions is perceived as dominant, both in present and future perspectives. The results also show the perception that the economic dimension is equally influenced by the environmental and social dimensions, and in a less extent, by the cultural dimension, and that all these mutual influences are perceived to increase in the future. The existence of organizational management systems has a positive effect on the perceptions regarding the existence of mutual influences between sustainability dimensions, but only for those companies with more than one certified management system. These results confirm that organizational management systems are connected to higher degrees of awareness regarding sustainability issues. Given that the great majority of the sampled industries are SMEs, the results obtained in this research demonstrate that the existence of mutual influences between sustainability dimensions is recognized even in small-sized industries.

Relationships among network actors are a means to enable the deployment of economic activities (Ceci & Iubatti, 2018). Economic activities are divided into three types namely: innovative activites; strategic activities and operational activities. Innovative activities refer to the concept of innovation which is explained as new blends of pre-existent resources and knowledge as well as new organizational and institutional structures that facilitate economic development of firms. Innovative activities are operationalized into three categories namely: product and process innovation; organization innovations and innovations related to technology introduction.

The operative activities are the continuing activities such as: budgeting and planning; design and engineering; purchasing and sales. Day to day exchanges are generally maintained by associations that do not necessitate solid shared obligation, they are iterative relationships that render operative activities effective (Ceci & Iubatti, 2018). The strategic activities are second type of economic activities and they relate to firm strategy. From this viewpoint, networked firms are involved in an extensive range of strategic activities which may constitute the central driver of their development (Dittrich & Duysters, 2017). The strategic dimension of firm activities is assessed by considering the environmental perspective where those activities takes place and three subcategories identified namely: growth related activities; marketing activities and activities that facilitate the growth of a shared culture.

Growth related and marketing activities have a fundamental role of assisting firms in the network to achieve a competitive advantage, being in a network increases firm activities as internal relationships contribute considerably to their development and economic success (Swaminathan & Moorman, 2019). The growth of a shared culture is a strategic network asset since mutual obligation and reciprocal trust enforce the firm’s

participation in network goals, helping other members' success in terms of performance and growth (Ceci & Iubatti, 2017).

A study was conducted by Slater and Narver (2020), to help determine the relationship between market orientation and business profitability. For this purpose, data were collected from 53 single-business corporations of small business units of multi-business corporations in three Western cities. Despite the relatively small sample, they conducted a stepwise regression analysis and found market orientation and business profitability positively and significantly related. Pulendran et al (2020), using the scales of Jaworski and Kohli (2018), checked the moderating effect of market turbulence, competitive intensity, and technological turbulence and identified the relationship between market orientation and profitability arguing that superior profitability can be achieved by undertaking market-oriented activity. In this connection, they suggested further research to determine how market orientation relates to aspects of performance such as self-assessment performance measures, quantitative performance measures, job satisfaction, organizational satisfaction, organizational commitment, role clarity, and self-esteem measures. Pelham (2020), conducted another study among 160 small and medium sized manufacturing firms. The findings of the study suggested that total market orientation was significantly correlated with marketing/sales effectiveness, growth/share and profitability.

The study by Appiah-Adu (2017), conducted a market orientation and performance study in the United Kingdom that examined whether the market orientation-performance link established in large firm studies also holds for firms in the small business sector. The possible effects of market growth, competitive industry, and market and technological turbulence on any identified relationship were investigated. Regression analysis was conducted in order to identify the market orientation-

performance link. Findings suggested a positive and significant impact of market orientation upon small business performance. There was a significant and positive impact of market orientation on new product success in the study. Appiah-Adu et al (2018), conducted another study among manufacturing and service firms in the UK where they identified a customer orientation and performance relationship. They used regression analysis in order to identify the customer orientation's relationships with new product success, sales growth, and return on investment. The study identified a positive and significant relationship between customer orientation and all the three performance measures.

Furthermore, Dawes (2020) conducted a study that examined the association between market orientation and company profitability. In the study two methodological approaches that have generally not been used in previous research were used. First, the author used company and environmental control variables in the data analysis in order to better discern their effects on profitability and to clarify any relationship between market orientation and performance. Secondly, he separately analyzed the individual components of market orientation and their relationships with business profitability. It was found that competitor orientation, as a component of market orientation, had the strongest association with performance. They argued that, while customer orientation is vital, competitor intelligence activities constitute a key factor in ensuring high performance. Further, it was claimed that each component of market orientation should not necessarily be assumed to have equally strong associations with profitability. Thus, the researcher suggested further research in the absence of a significant association between market information sharing and reported performance.

According to Grinstein (2018), a strong market orientation is critical for firm success while innovation performance, innovation degree, and business performance are all

linked together. Raaij and Stoelhorst (2018) suggest that the performance of a new product is related to the degree of innovation of a firm. Consequently, firms that attempt to bring out more innovations may be more likely to succeed. Grawe, et al., (2019) suggest that superior firm performance is associated with increased levels of innovation. The more market oriented firms are, there will be an increased innovation performance, a higher innovation degree which will ultimately lead to the firms economic success. As a result of market orientation, there will be higher customer loyalty and product/service quality which will lead to economic success.

From the perspective of a business network, the more successful each of the parties is, the better for the firm. The more an enterprise can assist its partners develop and be successful, the greater the likelihood that it will become successful itself (Jin & Jung, 2016). That is not the way an enterprise has conventionally been advised to look at its counterparts. They carry on writing that relationships between industrial firms, institutions and organizations have for a long time been greatly avoided by management and economic scholars (Massaro, Moro, Aschauer, & Fink, 2019). There is evidence of research on how business is conducted among firms and institutions but there is less focus on complexity and continuity of interaction between firms, however, this has drastically changed in the last twenty years or so (Massaro et al., 2019).

The relationship between two firms can affect the manner in which the two firms undertake their activities, that is, their structure of activity. In comparison to people, firms are much more complicated as to the different and amount of actions that are undertaken. Each firm thus takes the intricate form of coordinated activity structure. When two companies strike a relationship that is based on their varied commercial, administrative, and technical activities, they can become associated to each other (Leick & Gretzinger, 2020). Business relationships grow as a there is a flow of exchange

phases where some actions are performed by each of the partners (Jiang, Liu, Fey & Jiang, 2018). Resource ties are another one where a relationship among two enterprises has an impact on the way the firms were using resources. In this relationship, varying resource elements of the partners can be associated together (Jiang et al., 2018). Actor bonds are also observed where an association between two firms can affect the two partners in a way that is alike to that of two people (Jiang et al., 2018).

The bond among two actors can change their way of interpreting and seeing situations as well as their identities between each other and to others. According to Aggarwal (2020), strategic alliances are critical for leaders in settings that are knowledge intensive as this allows the organization to evaluate diverse information and know-how that can be useful as an input to the process of innovation. The relationship-based business networks are simply described with the assistance of network theories. Networks are growing in popularity owing to the increase in intricacies of modern business operations greatly connected via information and data flows among network ties (Schoenherr, Griffith, & Chandra, 2015).

These networks are also connected based on joint decision-making, satisfaction, and trust that lead to environmental practices. These networks have a significant part in moderating the access to important resources thus enabling firms to innovate and foster organizational change that assists in creating knowledge associated with environmental sustainability (Schoenherr et al., 2015). The liquidity of these companies means that they can remain solvent for more than 27 days as opposed to half of SMEs which cannot operate for more than twenty-seven days with just the cash on hand. The multinational companies have reserves and resources to survive crises because of their access to both international and local lending options that are beyond the reach of SMEs. Most of these large companies prefer to outperform SMEs and edge them out of the market but the

visionary companies prefer to make partnerships with the SMEs to increase their access to a wider repertoire of clientele (Schoenherr et al., 2015).

The large businesses that choose to be competitive employ the Darwinian principle of survival of the fittest. This principle during a pandemic disrupts the supply chain and increases the cost of inputs to businesses. The increased mortality of SMEs reduces the purchasing power of the customers who directly or indirectly depend on SMEs for survival. In summary, partnerships, business networks and alliances are key for Small and Medium Size Enterprises where the entrepreneur has to carefully analyze the opportunities available for them to form networks. They should be networks where there is potential for growth, advancement and sustainability (Rezaei et al., 2015).

Rezaeia et al. (2015) study on ways in which SMEs may benefit from supply chain partnerships indicated that it is only in the area of research and development (R&D) that partnerships have a positive and significant impact on general performance of the firm suggesting that SMEs can primarily benefit from specific forms of supply chain partnerships, that is, R&D partnerships. Fitriasari (2020) study on how SMEs survive the COVID-19 outbreak asserts that important partnerships define the network of partners and suppliers that make business models work well. Small and Medium Size Enterprises create alliances to take full advantage of their model of business, obtain resources, and reduce risks.

Furthermore, Kariuki and Iravo (2016) examined effects of entrepreneur's personal characteristics (age and gender) in entrepreneurial networking on growth of Small and Medium Enterprises in Garissa Kenya. The study found that entrepreneur's personal characteristics (age and gender) in entrepreneurial networking had no effect on utilization of networking resources and growth of SMEs in Kenya.

In addition, Burt and Burznska (2017) examined effects of small and medium enterprises (age, growth oriented, employees, business resources and objectives) in entrepreneurial networking on growth of small and medium enterprises in China. The study adopted descriptive survey design. The study found that small and medium enterprises characteristics (age, growth oriented, employees, business resources and objectives) determined absorption of networking and growth of SMEs. The study was done in developed economies and the findings may not be applicable in developing countries like Kenya. Secondly, the study only used quantitative data that probably answered why SMEs' characteristics in entrepreneurial networking adopted networking resources.

Furthermore, Kim and Lee (2018) evaluated effects of small and medium enterprises (entrepreneurial orientation, employees and business resources) in entrepreneurial networking on growth of small and medium enterprises in Italy. The study adopted descriptive survey design. The study found that small and medium enterprises characteristics (entrepreneurial orientation, employees and business resources) determined detection and utilization of networking resources and growth of SMEs. The study was done in developed economies and the findings may not be applicable in developing countries like Kenya.

Similarly, Mwangi and Namusonge (2016) examined effects of small and medium characteristics (age, financial base and objectives) in entrepreneurial networking on growth of SMEs in Kirinyaga Kenya. The study adopted descriptive survey design. The study found that small and medium enterprises characteristics (age, financial base and objectives) in entrepreneurial networking had insignificant effects on growth of SMEs. The study considered SMEs' (age, financial base and objectives) which are not entrepreneurial characteristics.

Furthermore, Katambo and Okatch (2016) analyzed effects of small and medium enterprises characteristics (risk taking propensity) in entrepreneurial networking on growth of small and medium enterprises among auditing firms in Nairobi Kenya. The study found that small and medium enterprises characteristics (risk taking propensity) in entrepreneurial networking had positive effects on utilization of networking resources on growth of small and medium enterprises. The study was only considered on small and medium enterprises characteristics (risk taking propensity) and industry.

Studies done in developed economies on entrepreneurial networking structural dimensions for instance Kim and Lee, 2018 and Stam et al., 2014) found that entrepreneurial networking (diversity, intensity and range) influenced where a networking member reached for assistance to enhance entrepreneurial outcomes. The studies established that entrepreneurial networking structural dimensions determined access to networking resources and information and growth of Small and medium enterprises. In Kenya, many empirical studies considered one or two components of entrepreneurial networking structural dimensions. Katambo and Okatch (2016) examined influence of entrepreneurial networking structural dimensions (range and density) on growth of small and medium enterprises offering auditing services in Nairobi Kenya. The study found that entrepreneurial networking structural dimensions had insignificant influence on growth of SMEs. The study only considered one industry and the findings may not be application to other industries. Sifuna et al. (2017) examined influence of entrepreneurial networking structural dimensions (range) on growth of SMEs in Agribusiness industry in Nairobi Kenya. The study found that range distance between networking members affected generation of innovative resources to complement SMEs' resources. The study only considered one component of

entrepreneurial networking structural dimensions and industry, thus findings may not be applicable in other industries.

Ha Hoang and An Yi (2016) examined effects of entrepreneurial networking on growth of Small and Medium enterprises in USA. The study employed quantitative approach. The study found that entrepreneurial networking resources complemented SMEs', provided innovations, created peer learning and use of patents enhanced growth of small and medium enterprises. The findings of the study may not be applicable in Kenya as Kenyan SMEs experience different conditions. Abbas et al. (2019) examined effects of entrepreneurial networking resources on growth of small and medium enterprises in manufacturing industry Pakistan and USA. The study found that networking provided learning forum for members to compare entrepreneurial practices. The study findings may not be applicable in other industries in different countries.

Kinyua (2016) examined impacts of business networking on growth of small and medium enterprises in EPZ in Nairobi Kenya. The study adopted descriptive survey design. The study found that small and medium enterprises accessed tangible resources. The study further established that access to tangible resources had insignificant impact on entrepreneurial outcomes of small and medium enterprises. The findings of the study may not be applicable in other industries in Kenya.

Furthermore, Njeri, Namusonge and Nambuswa (2017) examined effects of entrepreneurial networking resources on growth of small and medium enterprises in Textile industry in Eldoret Kenya. The study employed descriptive survey design, and found that networking machineries and equipment had no influence on growth of small and medium enterprises. The study assumed that small and medium enterprises only

lacked tangible resources. Secondly, the study only considered textile industry thus the findings of the study may not be applicable in other industries in Kenya.

Effective networks are organized and structured to include everyone who has a contribution to make toward the organization goals, objectives and performance (Leithwood & Azah, 2016). A network size is the number of enterprises embraced in the network (Thorgren, Wincent, and Ortqvist, 2019). In the research study of Joudaki, Salehi, Jalili, and Knyazeva (2012), larger networks had higher efficiency, and lower modularity than those with smaller sizes and similar density. In the firms' innovation process, the larger their network sizes are, the more innovative its partners and the broader the links among firms are, thus fastens the knowledge flow within the network (Choe, 2018). As a result, the network size is an important factor for the growth of firms, which will impact on their innovative performance (Baum, Calabrese, and Silverman, 2018; Lechner and Leyronas, 2017). Dodd and Patra (2020) pointed out that it is not simply the size of entrepreneurs' total social networks that is important in the process of founding new organizations and that the more appropriate measure is the size of the subset of people who are somehow involved with the entrepreneurs in founding the new organizations. Furthermore, McAdam and Marlow (2019) explained that the potential network partners are other individual persons, e.g. family members, friends, business partners, other founders, but also contact persons at institutions such as universities, large companies, and authorities.

In addition, Zaheer and Bell (2015) stated that some empirical studies shows that a superior network structure has significant implications for the enhancement of a firm's performance, attributed to the context in which firms could acquire access to external resources through their network relationships and so integrate them with internal resources to generate additional benefits. In their study of networks, Provan and

Milward (2019) described the changing impact of network size on network effects as follows: “Once a network becomes established, effectiveness is not contingent on simply attracting more and more members. Large networks have obvious political advantages, but they may not be particularly efficient mechanisms for service delivery. While newly established networks should be gaining members, mature networks may have a rate of network entry that only modestly exceeds the rate of exit, as peripheral agencies drop out as part of the process of network refinement, particularly as core members work to enhance service quality and become more efficient.” Moreover, it is likely that the size of an entrepreneur’s network early in venture development may contribute to changes in entrepreneurs’ networks during later venture development phases and may assist entrepreneurs accumulate knowledge and other resources (Sullivan, 2015).

Furthermore, Jenssen and Greve (2020) also indicated that diversity is defined by the background of the entrepreneurs, their education, occupation, or experiences, and by their ability to provide resources or other contacts. Accordingly, Burt (2018) argues that the diversity of an individual’s network allows for a more meaningful prediction of his or her social capital than the actual network size. In accordance with Grant and Baden-Fuller (2014), network diversity allows a company to rely on multiple different sources to access various skills and mobilize heterogeneous competences as well as to learn new knowledge. Indeed, highly effective networks are structured to include every member who has a contribution to make to network goals (Bell, Cordingley & Mitchell, 2016). Furthermore, Burt (2020) suggests that greater value is derived from a network with non-redundant contacts, and so an entrepreneur is better to expend energy cultivating contacts in virgin territory.

Cruickshank and Rolland (2016) explained that entrepreneurs, especially those lacking business expertise or experience, use a supportive network of people, mainly family and friends, to offer affirmation and moral support, practical help and advice and they frequently provide finance to enable the enterprise to start-up and become established. Nonetheless, in accordance with them, it is essential to call on more expert advice for a start-up to be sustainable and grow, often through networks, learn to operate the business effectively, comply with government regulations, and maintain a cash flow while planning for tax and other contingencies. Additionally, social network diversity refers to the diversity among a social member's network neighbors in aspects such as gender, age, education, and work experience.

According to Kylver and Foley (2012), it is the composition of the social networks that to a certain degree determines which resources entrepreneurs can obtain from it. Simoni and Caiazza (2012) stated that interlocking directorates are social network generated by interpersonal ties between individuals that serve on multiple corporate boards and interact on a regular basis, able to generate inter organizational ties. Therefore, the influence of networks on entrepreneurship stems from the resource base networks provide for exploiting business opportunities (Strobl and Kronenberg, 2016).

The study by Cromie (2020) stated that self-efficacy affects a person's beliefs regarding whether or not certain goals may be attained. The attitude provides the foundation for human motivation and personal accomplishment. According to (Pajares, 2020), unless people believe that their actions can produce desirable outcomes, they will have little incentive to act or persevere when faced with adversities. Bandura (1977) pointed out that people's level of motivation, effective status, and actions are based on their perceptions than what is objectively true How individual perceive self-efficacy has a strong influence on his/her action and how the available knowledge will be utilized.

Consequently, people behave according to beliefs about their capabilities rather than on real facts based on their level of competence and capacity. In their study among Norwegian and Indonesian students, Kriatinsen and Indarti (2014) found a substantial correlation between self-efficacy and entrepreneurial intention. In their study of Internet café entrepreneurs in Indonesia, Kristiansen, Furuholt, and Wahid (2013) also found that entrepreneurial readiness was substantially linked to business success.

A study conducted by Kiraithe (2015) revealed the existence of a strong relationship between stringent loan conditions and access to finance. The study revealed that stringent loan conditions had inhibited SMEs access to financing particularly from the banking sector and major financial institutions. According to Wangui *et al*., (2014) many SMEs are not able to access loans from financial institutions due to the stringent conditions that loanees have to fulfil. Thus, financial institutions hold back from lending to SMEs since most of them do not have acceptable levels of collateral. Collateral is defined as a form of assets that is offered as security to financial institutions, and it is deemed important in this case by banks since most banks do not trust that SMEs have the capacity to repay should they go into default (Mbonyane & Ladzani, 2017). Consequentially, without adequate collateral, banks have limited mechanisms to protect the loan assets, and in this regard, the stringent collateral conditions are imposed to cushion and mitigate risks associated with SME loans (Kiraithe, 2015).

According to Wanjohi (2018), in so much as SMEs complain difficulties in access to credit from banks and financial institutions, financial institutions have to protect their bottom line. If a bank feels that a given SME offers high risk of default, they are obligated to deny them financing. This is not just a wise idea, but one that is also geared at protecting banks and financial institutions bottom lines (Bert *et al*., 2015). Niskanen

(2018) argues that cost of credit refers to the amount of money the entrepreneur has to pay in the process of accessing or borrowing a loan from a bank or financial institution. Vuvor and Ackah (2019) posits that key indicators for cost of credit include loan processing fees, interest rates, loan negotiation fees, loan insurance fees, legal fees and traveling fees that an entrepreneur has to incur to acquire a loan. The other significant area singled out by Obura and Matuvo (2020) is the fixed cost associated with acquisition of information concerning the SME by the lending bank. Any cost incurred by the financial institution in doing credit appraisal is transferred as cost of credit to the borrower, thus, making borrowing expensive for SMEs.

According to Van AardtSmit and Olawale (2020), high transaction costs do not only increase the cost of borrowing, but restrict access to external borrowing by SMEs. While it is the case that high transaction costs are restraining for all borrowers, there are also arguments that high costs impact SMEs negatively, adversely affecting their ventures. In this regard, unlike other credit categories such as mortgage lending or customer credit, SMEs lending are still considered to be high cost products for financial institutions as they are prohibitive in access, and high risk in repayment terms.

According to Aabii (2014), banks have often been criticized for considering their super normal profits more than the plight of SMEs seeking financing. Banks usually argue that high cost credit is beyond their control as the base interest rates are set by central banks, however, in reality, the interest rates that banks offer to SMEs are far higher compared to the base rate offered by central banks (Charbonneau & Menon, 2013). In Kenya, over the last five years (which period??), the central bank base rate has been 8%, however, banks have been charging SMEs up to 24% to access credit facilities. This is 16 points above the base rate (Wanjohi, 2010). Whichever way one looks at it,

the exploitative nature of banks towards SMEs seeking loans pushes costs of credit high, and thus, unaffordable for most SMEs.

A study by Mwangi and Bwisa (2017) on challenges SMEs face in access to credit in Makuyu Kenya, found a significant relationship between access to loan facilities by SMEs and high cost of credit. The findings revealed that high loan processing fees, high legal fees make loans accessibility expensive for local SMEs. The study recommended that financial institutions should look at mechanisms for enhancing credit products for SMEs as a way of attracting new clients, and in the process enhancing credit accessibility. Cheluget (2018) argues for the need to have banks and financial institutions lower interest rates as a way of enhancing access to financial credit. Lower cost of credit does enable SMEs particularly startups ventures in getting financial input especially when pivoting new business ideas.

The economic benefits of ICT, particularly for developing countries, include poverty alleviation, job creation, revenue generation, and creating an environment for economic growth (Lin & Hsu, 2017). An increase in SMEs has resulted in an increase in economic activities in rural areas and serves as a source of growth for these regions. Small to medium-size enterprises are vital in economic development, particularly for developing countries and leaders of SMEs who adopt ICT provide growth opportunities for the SMEs which in turn provides economic benefits within the developing countries (Lin & Hsu, 2017).

Zindiye (2018) did an empirical investigation into the factors affecting the performance of small and medium enterprises in the manufacturing sector of Harare, Zimbabwe. The findings indicated that high rate of inflation and other economic factors such as foreign currency shortage, interest rate and exchange rate affected SMEs‟ performance

negatively. Kinyangi (2014) investigated factors influencing the adoption of agricultural technology among smallholder farmers in Kakamega North Sub- County, Kenya. It was indicated that a lot of farmers are not able to adopt the use of technology due to high cost. However, studies have shown that ICT adoption increases profitability.

Furthermore, Mwangi and Kariuki (2015) conducted a research on factors determining adoption of new agricultural technology by smallholder farmers in developing countries. The findings showed that the adoption of new technology was affected by economic, institutional factors and human specific factors. A study carried out in Japan revealed that SMEs that invested in ICT were more profitable than those that did not invest in ICT, 30% of firms that use ICT equipment were found to be more profitable, whereas 15% of firms not employing ICT were only profitable, indicating that firms with technological capabilities are more flexible and capable to maintain their competitive position (Morikawa, 2016).

Misra and Mondal, (2019) argued that high-tech industry has the characteristics of rapid changes, firms face pressure and become increasingly aware of and follow their competitors „adoption of new technologies. Organizations use technology to increase efficiency, reduce cost and boost customer satisfaction (Harrison & van Hoek, 2018). Benefits that SME‟s get due to globalization has influence the use of information technology thus, increase survival in the industry (Olise, Anigbogu, Edoko and Okoli, 2014). Kariuki (2015) stated that organizations should start using IT tools and services thus, increase their competitive advantage in the industry and increase service delivery to their target customers.

Similarly, Albogast (2012) conducted a study on the determinants of ICT adoption and usage among SME‟s: The case of the Tourism Sector in Tanzania. It was revealed that

compatibility, organizational e-resources and competitive pressure are factors that affect the adoption of e-mail and web technologies among SME‟s. Kit, Sina, Abdullah, Shahrul, Safizal, Yi and Choon (2016) studied relative advantage and competitive pressure towards implementation of E-commerce: Overview of small and medium enterprises (SMEs). It was revealed that relative advantage and competitive pressure affects implementation of E-commerce. However, a study done by Mahendra (2014) on the impact of government support and competitor pressure on the readiness of SMEs in Indonesia in adopting the information technology established that government support and competitor pressure does not affect adoption of technology.

Furthermore, Ritchie and Brindley (2018) in their study on ICT adoption by MSEs: Implications for relationships and management. New Technology indicated that challenges affecting SME‟s adoption of technology includes external factors such as competition in the industry, organizational readiness and perceived benefits of the technology. Taghizadeh-Hesary, Yoshino, Mohammad and Farboudmanesh (2016) proposed increase in competition is a major challenge that SME‟s are facing in the industry and this inhibits adoption of changes such as market demand and technological changes that are taking place. Meutia (2015) investigated the influence of competitive pressure on innovative creativity. It was concluded that competitive pressure will push SME‟s to be more creative in developing their product and to improve SME‟s competitiveness

A study done by Latham and Sassen, (2018) advocate that much of the time, fundamental business ability preparing ought to go with the provision of small-scale advances to improve the limit of the poor to utilize funds. The investigation findings showed that Micro enterprises speculation preparing fundamentally addresses capital venture choices, general business the board and hazard the board. Capital investment

decisions are firmly connected to assignment of the microenterprise restricted capital finances most viably so as to guarantee the most ideal return. In this manner, an off-base choice can have dependable impact on the benefits as well as on very survival of the enterprise.

As per an investigation done in United Kingdom, Gaines (2018) show that SMEs beneficiaries will in general get planning aptitudes identified with business making arrangements for benefit, financing and income. The modestly low degree of planning abilities suggests that, despite the fact that the aptitudes are stressed during the preparation, the substance may not be adequate in taking care of the arranging angles in SMEs, or the emphasis was more on close to home planning as opposed to business. Budgeting skills assume a key job in upgrading the exhibition of SMEs. The budgeting skills procured help the business visionaries to build their deals, and business gainfulness by giving a premise of setting up execution targets.

As indicated by an investigation done in Nigeria, Winston (2017) claims, that a significant obstruction to fast growth of the small and medium enterprises is a deficiency of both debt and value financing. Getting funds has been recognized as a key component for little and medium endeavors to prevail in their drive to assemble profitable limit, to contend, to make occupations and to add to destitution alleviation in developing nations. Independent venture particularly in Africa overall can once in a while meet the conditions set by money related organizations, which consider little to be medium endeavors as a hazard in view of poor guarantees and absence of data about their capacity to reimburse credits (Winston, 2017). Without fund, little and medium undertakings can't secure or retain new advances nor would they be able to extend to contend in worldwide markets or even hit business linkages with bigger firms (Winston, 2017).

A research conducted by Fatoki and Odeyemi, (2017) on organizations in Rwanda, the investigation results showed that poor administration and bookkeeping rehearses hamper the capacity of smaller enterprises to raise money. This is combined with the way that small 22 businesses are for the most part possessed by people whose individual way of life may have extensive impacts on the activities and manageability of such organizations. Given the myriad of challenges undertaken by SMEs and the focal pretended by their chiefs, (who are regularly the proprietors of the business), having sound credit the board aptitudes can't be over underscored.

Haron *et al.,* (2019) argued that having effective saving and borrowing skills are necessary in any business. This is for the most part a result of the personalized services that most clients foresee when managing entrepreneurs or chiefs. Financial related administration information is likewise considered as key. Studies by Schumann and Tittmann (2015) demonstrated that salary impacts savings in a positive manner. Thus, low investment funds level is because of low pay levels. An improvement in credit get to is relied upon to negatively affect sparing. SMEs can profit by business warning administrations once they work investment account or uses credit offices with money related establishments.

In Japan as indicated by the study conducted by Shaw (2017) there is a probability of savings expanding with an expansion in credit access because of a move of sparing from money and close fluid advantages for store accounts. Out of 50 SMEs, 60% had the option to save in this way tying down their entrance to credit. This is because of the way that administration charge likely compares to the security of the sparing by the sparing establishment. This agreed with Mueller (2018) in that expansion in administration charge infers improved security of the sparing and subsequently expanded sparing. The examinations inferred that individual investment funds appear

to be the most significant wellspring of account accessible to business visionaries in making new pursuits. Inferable from the incredibly high obligation proportions of shoppers, investment funds have been abandoned and nearly overlooked. A few basic ideas lie at the base of sparing and venture choices as demonstrated in the existence cycle. Three such ideas are: numeracy and ability to do figuring identified with financing costs, for example, accruing funds; comprehension of swelling; and comprehension of hazard enhancement.

Latham and Sassen (2018) found out that financing approach, capital structure and firm possession are on the whole emphatically connected. In any case, little increment in the volume of deals and business gainfulness may not be critical without the business administrators procuring the information and aptitudes in budgetary administration. Little organizations regularly experience the ill effects of a specific monetary issue because of absence of a capital base. Private ventures are typically overseen by their proprietors and accessible capital is restricted to access to value markets, and in the beginning times of their reality proprietors think that its troublesome in working up income holds if the proprietor chiefs are to endure.

A study directed by Varuban, (2019) analyzed small scale enterprises and its budgetary issues in Sri Lanka. He underscored that SMEs of little scope businesses in Sri Lanka discovers it incredibly hard to get outside credit on the grounds that the money inflow and investment funds of the SMEs in the little scope division is altogether low. Thus, bank and non-bank monetary establishments don't underline much using a loan loaning for the improvement of the SMEs in the little scope segment in Sri Lanka. Because of the key significance of preparing SMEs business visionaries so as to decrease moneylenders hazard, a few banks together with SMEs associations and the legislature have built up a progression of instructional classes, for instance, NatWest, in

participation with the Federation of Small Business and nearby training Authorities offered preparing to business visionaries and the individuals who finished the course were qualified to bring down loan fees.

Katerega (2015) study underscored that financing is the most troublesome issues of the SMEs in South Africa. Outer fund is costlier than inward money. The investigation found that because of absence of access to outside account (private situations and introductory open contributions of changing sizes), SMEs depend on bank advances when contrasted with their bigger partners who can without much of a stretch depend on reserve funds when need be. Now banks might be demotivated to loan SMEs.

As indicated by a study done in Turkey, by Denner and Röglinger, (2018) demonstrate that Turkish government has decreased the believability of the protection business and the interest for protection in serving SMEs. During these years the protection area has been compelled to battle with issues of expert morals. Be that as it may, the year 2007 was a defining moment for the Turkish protection framework. Protection Law came into power so as to make sure about the entire framework format and controls. This law enhanced with protection and reinsurance organizations of exercises of benefits, its auxiliaries, receivables, value, obligations, recognize the entirety of the variables influencing monetary conditions and regulatory structures and new guidelines for the examination have been actualized.

Furthermore, Armindo, Fonseca, Abreu and Toldy (2019) analyzed the perceptions regarding the existence of mutual influences between the economic dimensions of organizational efficacy in Portuguese SMEs. The analysis and statistical tests performed with the 211 collected answers led to the conclusion that the influence exerted by the economic dimension on the other sustainability dimensions is perceived

as dominant, both in present and future perspectives. The results also show the perception that the economic dimension is equally influenced by the environmental and social dimensions, and in a less extent, by the cultural dimension, and that all these mutual influences are perceived to increase in the future. The existence of organizational management systems has a positive effect on the perceptions regarding the existence of mutual influences between sustainability dimensions, but only for those companies with more than one certified management system. These results confirm that organizational management systems are connected to higher degrees of awareness regarding sustainability issues. Given that the great majority of the sampled industries are SMEs, the results obtained in this research demonstrate that the existence of mutual influences between sustainability dimensions is recognized even in small-sized industries.

According to Saghana (2019) a business connection among SMEs and insurance agencies is conceivable even inside an African context. In Nigeria, the breakdown of a few promising SMEs and different organizations in the business scene over the most recent four decades has been credited to absence of mindfulness by the entrepreneurs primarily on the need to fortify their hazard taking capacity and long-haul sustenance of their ventures through satisfactory and appropriate insurance coverage for their investment.

Furthermore, Hallberg (2015) opined that advancement is a solid experimental proof for quickly developing SMEs, rivalry greatly affects SMEs industry and credit stays an incredible test to the development of SMEs. Other than that, insurance agencies alleviate dangers and upgrade credit agreeableness by SMEs part with banks. Anyway, low salary earned by SMEs, high premium expense and administrative work and experience and convictions restrain the acquisition of protection spread by SMEs.

Nevertheless, there is a solid positive connection between insurance agencies and the development of SMEs at Spearman Correlation Coefficient. It was inferred that improvement in business abilities expands the presentation of SMEs. Be that as it may, insurance agencies don't bring down protection rates and offer assurance to SMEs salary proclamations. In addition, SMEs being little in size and their failure to completely comprehend as far as possible them to get protection spread. It was prescribed that administration of Insurance organizations need to fabricate an extraordinary relationship with SMEs as their clients in requests to create and develop them in trust and furthermore bring down the superior rates to SMEs so as to enhance their performance.

2.3.3 Social Dimension and Organizational Efficacy

The study by Armindo, Fonseca, Abreu and Toldy (2019) analyzed the social dimension in organizational structures, as it represents a significant organizational efficacy for the SMEs. In order to know the actual structure of any organization, the study analyzed social dimensions of differentiation and integration mechanisms, as well as to assess the de facto structure, operating within the actual context under examination. This focused on how an organization really functions in a daily dimension, in the implementation of social dimension and in the performance of activities, where we have the opportunity to identify real and specific criteria of differentiation and integration. The social dimension was found to have a positive effect on the organizational efficacy of the SME and represents a significant organizational efficacy for the SMEs.

Furthermore, Andrews (2020) explored the independent and combined effects of organizational social capital and structure on the efficacy of over 100 SMEs between 2012 and 2015, using panel data. The statistical results suggest that cognitive and

relational dimensions of social capital are positively related to efficacy, but that the structural dimension of social capital is unrelated to service outcomes. Further analysis revealed that organizational structure has complex and contradictory effects on the impact of each dimension of social capital. In addition, organizational structures may strengthen or weaken the effects of social capital, by furnishing greater or fewer opportunities for its growth.

Similarly, Ozgun, Tarim, Delen and Zaim (2022) conducted a study on social capital dimension and organizational efficacy of SMEs while moderating with intellectual capital. The paper aimed to contribute to the literature by investigating the influence of innovation activities on the depth of intellectual capital and the role they play in the relationship of social capital dimension and organizational efficacy, using Turkish SMEs as an exemplary application case. The study argued that the activities carried out in these institutions during the innovation implementation process contribute to intellectual capital internally, with positive impacts on organizational performance. The study hypothesized that social capital plays a vital role in this relationship by enhancing social interaction while fostering trust and cooperation. The study formalized these ideas in a structural equation modeling framework in which innovation activities and intellectual capital serially mediate the relationship between social capital and performance and show that the implications of our model are supported by data from Turkish SMEs. The study found no evidence of a direct link between social capital and performance or between innovation activities and performance and determine that intellectual capital is the crucial link between social capital and organizational performance.

The study by Milana and Maldaon (2020) posits that social capital inheres in personal connections and interpersonal interactions, together with the shared sets of values that

are associated with these contacts and relationships. The major composition of network is size (the number of ties that a person has in his personal network) and heterogeneity (the tendency toward similar or diverse actors within a network). The structure of a network entails to the relative density of links among people within it that facilitate the flow of information and the provision of social support to the social structure in which a person or a tie is embedded.

According to Monnickendam-Givon, Schwartz and Gidron (2018) network structure is represented by the number of strong and weak ties of the social network in the entrepreneur business framework. Strong ties are close links to the entrepreneur, signified by the entrepreneur strong connection to others in the network, such as close family members. Weak ties are weak relations to the entrepreneur, enabled by a weak association between the entrepreneur and others in her network, such as friends from work or extended family. Studies show that a loftier network structure has noteworthy effects for the heightening of a business success, ascribed to the environment in which firms could gain access to external resources through their network associations and so incorporate them with internal resources to produce added benefits (Zaheer & Bell, 2005). The structure of a social network is largely comprised of size of the network, density of the network and network centrality (Hanneman & Riddle, 2005). These three elements will be the focus on this study adding a fourth element of structural holes.

Network size according to Lechner, Dowling and Welpe (2016) is the number of all active inter-firm relationships that are crucial for the enterprise. Hanneman and Riddle (2015) describes network size as the total number of contacts for an entrepreneur. The grander the number of contacts the entrepreneur establishes, the greater is the probability of the entrepreneur having access to information and diverse types of resources. The study by Li and Zhang (2007) established that entrepreneurial network

size was considerably and positively related to a firm's sales growth. Study by Shuai and Chmura (2018) concluded that network relations are valuable for firm employment growth.

The results are comparable to Watson (2017) who found that network size exhibit an inverse U-shaped effect and there is optimal size of social networks for business progress. The study reveals when firms commence to build a network, the first few connections may afford fundamental knowledge or resources to help them develop, such chances to respond to requests for proposals and to partner with firms to create new products and services. As connections are increasingly added to the network, a substantial amount of energy for business owners and executives will be dedicated to pursuing new ventures as well as retaining the network through meetings and communications. These activities are time consuming and take energy away from actions that bring in speedy revenue. Additionally, with bigger networks, these connections may deliver redundant, inconsistent, or conflicting information and may result in prospects that are not followed after dedicating substantial time to the potential firm.

According to Yang and Liu (2020), firms linking structural holes could get additional opportunities to enjoy a sparse network or have contact with varied information or resource content, they afford themselves extensive resource access and a superior advantage to improve their performance. Consequently, these firms are more probable to have extra benefits than others, since they have greater resource volume, non-redundant resources sources and varied content. Firms get entrepreneurial advantages or extra benefits from the brokering of disconnected groups. The linking point offers firms with opportunities to reconfigure various extant resources and information which

belong to disconnected firms across structural holes into novel blends for their products and markets.

Enterprise success is likely to be impacted by the network structure, studies on the network structures show the relationship of the network measures explained in this study (Rivera, Soderstrom & Uzzi, 2019). Network size impacts the development of the network as enterprises start by referencing their current network as they contemplate the necessity to add or subtract members (Demirkan, Deeds & Demirkan, 2017). A firm's degree centrality reveals the collection of prospective clients who can be impacted by networking activities. Additionally, centrality degree can specify the firm's acceptance to consumers outside the network thus further driving success (Salganik, Dodds & Watts, 2016). When numerous direct relations exist among actors, density is high and actors devote a significant amount of time networking with each other, which can divert the attention of the firm, but in low density actors are likely to focus on the firm or on exchanges that take place (Ansari et al, 2018).

Firm owner's social links and business networks are central in network research (Hsueh & Gomez-Solorzano, 2019). One of the crucial features is recognized in the kinds of connections amongst all actors that cause knowledge exchanges. Furthermore, the various kinds of associations impact knowledge sharing in countless ways (Padgett & Powell, 2017). Networks are composed of multidimensional links. The relations contribute not just to the social and economic growth of networks, but also to knowledge sharing, expansion of new relationship among players in particular, social and personal relationships increase information flows within networks and knowledge sharing is enhanced because of trust (Padgett & Powell, 2017).

Furthermore, Ceci and Iubatti (2018) categorized personal connections as: familiar and friendship; geographical and other trust-based relationship. According to Padgett and Powell (2011) family and friendships are categorized by pre-developed and close relationship between persons that work in the firms of a network. Moreover, friendship relationship certainly affects the process of communication in creating uniformity of attitudes, opinions and behaviour. The expansion of personal relations is facilitated not only by spartial nearness but also by: knowledge proximity, which affords prospects and sets restrictions for more development and social embedded relationships which include trust and tacit knowledge exchange (Boschma, 2015). Geographical proximity, constitutes an essential variable for the growth of personal relationship.

Personal relationship is also defined based on the presence of personal trust and obligation. Between other trust centered connections, political relationships is recognized as an essential grouping, Political relationships are trust centered relations that go past formal and codified rules and heighten the speed and quality of knowledge sharing amongst actors of a network (Ceci & Iubatti, 2018). Furthermore, the existence of stable relations with local public authorities constitute an imperative basis for any dealings, economic as well as social. Personal contacts with local institution members support the creation of new network dimension (Padgett & Powell, 2011).

Social links can express various relational content, with the positive affect of trust, the neutral effect of influential connections, and the negative affect. The association among group participants in a family or community group can take varied qualities that could potentially change the group behavior (Discua Cruz, Howorth, & Hamilton, 2017). The changes in relational content can cause networking strategies in a social group. Positive or negative affective content can be the principal assessment standards for evaluating a network (Hsueh & Gomez-Solorzano, 2019). Study by Casciaro and Lobo (2018)

observed how affective content shapes the growth of person's task networks found that, if an individual has associations that create negative affective content, they would evade networking with others on the team.

Relational content could change with time and transform how persons grow their networks. Non positive relational content can lead people to seek networks outside the group. Nonetheless, positive affective content with mutual trust tends to end in locked in relationships in a particular network, additionally, neutral affective content in an influential connection for resource exchange can inhibit actors from fostering long term relations (Hsueh & Gomez-Solorzano, 2019). Although it should be noted too much proximity, be it geographical, cognitive or social may create lock in phenomena in embedded relationships, limiting firm competitiveness.

Businesses can also get new customers through the use of social media platforms where their current clients are able to refer other people to the enterprise's site (Pollack, Rutherford, Seers, Coy, & Hanson, 2016). These referrals are now able to view the enterprise's products and get any other information they might require in making the purchase decision (Pollack et al., 2016). For a client to refer other people to the organization's products, there has to be a level of trust and a healthy relationship between them and the enterprise as a whole. In addition to that, they have to also be satisfied with the products and services they purchase from the Enterprise (Tóth, Nieroda, & Koles, 2020). Referrals for SMEs are important especially in the agricultural sector. Customers rely on referrals to know where to get the best farm produce and their preferred food items.

The implementation of the exemption was however faced with challenges due to the multiple checkpoints and delays in being cleared (Noor, 2020). The delays made

availability of fresh produce difficult and customers had to rely on referrals on where to find the fresh food items of their choice. The business referrals could also be in the form of vouching for SMEs during this pandemic to get affordable loans to enable them to survive. The Kenyan government through its vision 2030 decided to support SMEs through microfinance institutions and firms such as Rafiki Deposit taking microfinance, Faulu Kenya, K- rep Bank and Kenya Women Finance Trust (Maengwe & Otuya, 2016). These institutions could use their database of SMEs to link up business owners with similar interests or complementary services to facilitate a healthier interactive business environment.

The business environment created by SMEs is also known as grey economies and sustains 41.43% of the Nigerian gross domestic product. This is through a robust informal sector that employs 48 million Nigerians (Akintimehin, Eniola, Alabi, Eluyela, Okere, & Ozordi, 2019). In Nigeria, social capital of the business owners of SMEs is the pillar that supports the success of SMEs. The social capital is what drives the number of referrals an SME business owner receives. Social capital is defined as the connections that owners of SMEs use to acquire tangible and intangible assets for the business. These connections enable them to identify new clientele niches (Akintimehin et al., 2019). Social capital for owners of SMEs is divided into two main categories; external and internal social capital (Pieper et al., 2018).

The external social capital is the relationship of the SME owner with the suppliers, loyal customers, banks and microfinance institutions. The internal social capital of the SMEs is the relationship of the SME owner with friends, colleagues and employees. These two categories of social capital provide intangible assets such as trust, loyalty, support, strategic advice and most importantly business referrals (Akintimehin et al., 2019). Business referrals for SME owners are the main intangible asset that they acquire from

social capital networks (Garnefeld & Helm, 2016). The social capital networks are divided into a tripartite scaffold for analysis. The scaffold includes; cognitive, relational and structural forms of social capital. The cognitive dimension of social capital is based on shared values, beliefs and norms (Akintimehin et al., 2019).

The mirroring of a client's values, beliefs and norms is important in attracting them to the SME. This mirror effect helps to reduce cultural or religious insensitivities, such as, opening a pork center in Eastleigh business community in Kenya which is dominated by Muslims. Islam as a religion prohibits the consumption of pork and its sale in a predominantly Muslim community can be taken as an insult to the faith.The faith, norms and values of suppliers and trade partners helps to create a milieu of trust and presents the owner of the SME in the package of trustworthiness. This allows creation of alliances that fortify against competition. The competitors' information can also be acquired through social networks. The networks need to be strong and this strength can be measured using the relational dimension of social capital. Social capital is also analyzed based on the level of the relationships that the business owners forge. This is the structural dimension of social capital, where the level of relationships is analyzed (Rezaei et al., 2015).

Social capital is important to owners of SMEs due to the influence it has on employees. The owners who invest in team social capital, have experienced an increase in the performance of the business in terms of sales and marketing (Zhu, Wang, Wang, & Nastos, 2020). This is a form of internal social capital that works hand in hand with the strength of relationships between the business owners and their close family and friends (Zhu et al., 2020). The friends, colleagues and family members of an owner of an SME business most often provide the startup capital. This form of financing is necessitated

by the lack of trust from banks and major venture capitalists who doubt the legitimacy of startups (Akintimehin et al., 2019).

The startup SMEs receives loans from friends and family members at 0% interest. This allows them to survive during the initial period when sales are usually low. The family and friends also offer linkage to affordable suppliers who will provide cheap raw materials. In addition to that, they also provide intellectual resources such as where to set up the business for access to customers. Customers provide referrals as well which enables the business to expand as well. Once customers become loyal to the SME then they purchase the product or service at a higher price or try not to haggle the price downwards. The loyal customers do not mind giving tips and information on competitors due to the strong relationship formed (Akintimehin et al., 2019).

Family owned SMEs rely a lot on internal social capital for product development and marketing in a volatile environment that is price sensitive and labile. The labile nature of market fluctuation of prices requires the use of observation and studying of market desires (Marticotte, Arcand, & Baudry, 2016). Desires of the market require the ambitious use of generous time dedicated to learning the seasonal capriciousness of the markets for SME owners. The initial use of information from trade associations and market partners is best acquired through the process of creating rapport (Marticotte et al., 2016). Rapport amongst trade associations and business regulators allows the SMEs to get licenses and not be subjected to constant harassment by the regulators and licensing bodies (Rezaei et al., 2015).

There is mutual interest between SMEs and trade associations which is borne out of give and take relationships that allows them to survive in a market that is far from ideal. Adaptation is important in surviving the government regulations and policies. The

government and big businesses form an alliance that may work against the SMEs and therefore strategic foresight dictates that trade associations need to bolster their numbers for strength in adaptation to changing ideations in turbulent marketplaces. Trade associations also help SMEs by providing patronage and referrals from courteous tradeoffs (Rezaei et al., 2015).

According to Akintimehin et al. (2019) in their analysis of 650 business owners in the informal sector in Nigeria, the use of social capital was found to be positively correlated to financial performance of the businesses. They analyzed internal and external forms of social capital and the impact on financial and non-financial performance of businesses. At the end of their research, they found that both internal and external form of social capital were integral in the success of business and were complementary in nature. The two forms of social capital were synergistic in nature in the survey conducted and showed that the individual forms cumulatively influence the performance of the business.

The flexibility of the informal sector in Nigeria allows people in the formal sector to dabble in small businesses also known as side hustles. The dabbling of the formally employed in either corporate Nigeria or the government use these “side hustles” to make more money (Akintimehin, et al., 2019). Owners of SMEs also get financing from the formally employed who invest in the business for a return on the investment. In Nigeria, the informal sector is defined by having less than 10 employees. The Kenya’s official definition of SME is with respect to employment size: Micro enterprises (1-9 employees), Small Enterprise (10-49 employees), Medium Enterprise (50-99 employees).

The study by Akintimehin et al. (2019) can be extrapolated to micro-enterprises in Kenya since the definition by number of employees matches the definition of the informal sector. There is paucity of data in the study of the use of social capital amongst SMEs in Kenya. Nigerian study by Akintimehin et al. (2019) showed that external social capital had no statistically significant impact on financial and non-financial performance of the businesses in the informal sector in Lagos, Nigeria. Internal social capital had statistically significant impact on the non-financial performance of the businesses in the informal sector but had no statistically significant impact on the financial performance of the businesses in the informal sector. Chollet, Géraudel, Khedhaouria, and Mothe (2018) study on how SMEs chief executive officers' (CEOs) social capital can help them bring business to their firms through the spread of positive referrals from a sample of 408 French SME CEOs. This study found that CEOs' social ties facilitated the distortion of information, thereby leading personal contacts to give referrals to and endorse a focal CEO which resulted in improved performance of the business.

Faroque, Morrish and Ferdous (2017) further indicated that building and utilizing networking is considered one of the key success factors for entrepreneurs or founders of international new ventures to compete in international markets. Additionally, Dodd and Patra (2017) explained that it is difficult to see how venture creation is possible without access to an effective set of network relationships. Hence, it is argued that new networks perform four important roles, which are the provision of access to new ideas and resources that underpin entrepreneurial activity, the achievement of credibility through the formation of alliances with established and reputable partners, the exchange of knowledge and the generation of collective learning as well as the achievement of entrepreneurial goals and enterprise growth.

Networking is seen as an essential mechanism for encouraging cooperative behavior, improving the efficiency of society by generating coordinated actions, and meeting common goals (Turkina and Thai, 2013). Moreover, Aldrich and Reese (1993) stated that networking allows founding entrepreneurs to enlarge their span of action, save time, and gain access to resources and opportunities otherwise unavailable. Dhanaraj and Parkhe (2016) also noted that hub firms coordinate network activities to guarantee the creation and extraction of value, without the benefit of hierarchical authority.

According to Witt (2017), a central person, for instance, within an information network, has many direct connections to other persons ('connectedness'), can reach other members of the network quickly, i.e. needs to use few or no intermediate persons ('closeness'), or is located on the information paths between other persons of the network frequently ('betweenness'). Entrepreneurs obtain access to resources, otherwise unavailable to them, by developing, maintaining and extending their personal networks (Baron & Markman, 2020).

Furthermore, Harris, Rae, and Misner (2018) pointed out that networking permits businesses to access resources that might otherwise not be available to them and business owners rarely have all the skills and know-how needed to develop the firm, and finding people with the missing skills, and persuading them to contribute, is a critical aspect of their networking. Foley (2018) stated that it has enabled the participants to develop and make use of relationships with suppliers and other organizations. Accordingly, Witt (2014) also specified that networking aid the development of a firm's credibility, expand the customer base and supplier contacts, highlight access to resources and available funding, encourage innovation and help develop strategic partnerships.

The study by Neergaard, Shaw and Carter (2020) demonstrated that networks contribute to marketing effectiveness in entrepreneurial organizations because networking is the entrepreneur's innate preference; entrepreneurs view the network as the best "fit" for the desired purpose; and a network provides the lowest cost option to market a service or product when there are limited resources available. Using networked relationships to do business, and maintaining and developing a dynamic network of contacts both within and outside the firm to support strategic growth is essential.

Sohail and Jayant (2018) investigated the causal relationship between social capital and microfinance and their Implications for rural development. The participation in local organizations, heterogeneity of associations and level of both generalized and institutional trust were identified as the key dimensions of structural and cognitive social capital to influence households' access to credit. On the other hand, when these dimensions were combined in a single social capital index, the result indicated that social capital index has no significant effect on microfinance participation. This result provided support to the argument that grouping all the dimensions of social capital into one index may run the risk of losing the explanatory power of social capital.

Furthermore, Pinho (2018) conducted a study on the role of relational social capital in examining exporter-intermediary relationships. The objective of the paper aimed to rely on a conceptual model that builds on, and synthesizes, the theoretical foundations of social capital and cooperation. It assumed that the network of relationships and the set of resources embedded within it strongly influenced the extent to which exporter-intermediary cooperation occurs. The findings revealed that among the six relationships examined, five were positively supported. Specifically, the study found a positive and a significant impact of the two dimensions of social capital: cognitive (shared values)

and relational (trust) on both commitment and cooperation. However, it did not support the impact of cognitive social capital on relational social capital.

Another research conducted by Pinho (2018) on Social capital and dynamic capabilities in international performance of SMEs found out that in order to build new dynamic capabilities to cope with turbulent and unpredictable markets, small to medium-sized enterprises (SMEs) needed to leverage their network relationships that provide access to novel sources of information. These dynamic capabilities may in turn positively influence international performance.

Similarly, Paul et al (2019) carried out a research on the measurement of social capital in the entrepreneurial context. The research sought to examine the depth and richness of social capital for new venture creation and thereby identifying the impact of social capital in new venture creation. The paper's examination of the social capital literature thus far, although not exhaustive, noted that the emergence of several common themes associated the issues of measurement with lack of empirical consensus on an accepted definition of social capital.

According to Boysana and Ladzani (2017) the slow growth of SMEs can be partly attributed to the lack of support that they receive from institutions offer them credit facilities, other government institutions that should be mentoring them or regulations that have negative impact on SMEs. The challenges for small businesses in Nigeria are lack of access to credit and finances, bribery and corruption, lack of government and regulatory support, poor road infrastructure, low profits, and the lack of demand of the products produced.

Abor and Quartey (2019) findings in their study on issues in SME development in Ghana and South Africa concluded that the growth and development of SMEs are

largely inhibited, amongst others, by lack appropriate technology, limited access to global markets, the existence of government laws, regulations and rules that impede the growth and development of the SME sector, weak capacity by institutions supporting SMEs, inability to access business information, lack of management skills and training and most importantly insufficient finances and credit facilities.

Furthermore, Nabintu (2019) found a positive relationship between education and the success of small businesses. The probability that a business will fail was found to be linked with the owner/manager education and work experience before the business launch. Human capital is mostly the critical agent of SME performance hence recruitment of academically qualified employees is a necessary start for sustainable human capital development in all organizations. Human capacity has become a critical index of competition in the business environment to the degree that the development of such capacities through training has become top priority in designing the strategic plan of business organizations.

Similarly, Ozgun, Tarim, Delen and Zaim (2022) conducted a study on social capital dimension and organizational efficacy of SMEs while moderating with intellectual capital. The paper aimed to contribute to the literature by investigating the influence of innovation activities on the depth of intellectual capital and the role they play in the relationship of social capital dimension and organizational efficacy, using Turkish SMEs as an exemplary application case. The study argued that the activities carried out in these institutions during the innovation implementation process contribute to intellectual capital internally, with positive impacts on organizational performance. The study hypothesized that social capital plays a vital role in this relationship by enhancing social interaction while fostering trust and cooperation. The study formalized these ideas in a structural equation modeling framework in which innovation activities and

intellectual capital serially mediate the relationship between social capital and performance and show that the implications of our model are supported by data from Turkish SMEs. The study found no evidence of a direct link between social capital and performance or between innovation activities and performance and determine that intellectual capital is the crucial link between social capital and organizational performance.

Network size according to Lechner, Dowling and Welpe (2016) is the number of all active inter-firm relationships that are crucial for the enterprise. Hanneman and Riddle (2015) describes network size as the total number of contacts for an entrepreneur. The grander the number of contacts the entrepreneur establishes, the greater is the probability of the entrepreneur having access to information and diverse types of resources. The study by Li and Zhang (2007) established that entrepreneurial network size was considerably and positively related to a firm's sales growth. Study by Shuai and Chmura (2018) concluded that network relations are valuable for firm employment growth.

According to Shane, Locke and Collins (2017) a person still could not perform if they don't have the confidence that their business will be successful although they have all other relevant capabilities. This is because; an entrepreneur will face a lot of obstacles and receive negative feedback along the way that may impede their business growth. However, a person with high self-efficacy is able to regard a negative feedback in a positive manner. It is supported by Oyugi (2016) who concluded that self-efficacy will make an entrepreneur even stronger even under a high uncertainty. According to his study, self-efficacy will increase a person's effort in accomplishing a difficult task because of the beliefs inside themselves that tailor with their capability.

Another study done by Shane *et al.* (2020) stated that it is impossible to investigate the relationship between self-efficacy and performance because the relationship is considered weak. Hence, the study recommended that in order for the researcher to study this relationship, the other factors such as cognitive factor should be studied in concert. Besides that, the study done by Mohd *et al.* (2014) stated that self-efficacy helps people to understand why some business still fail although they employ the sufficient capabilities. A low in self-efficacy may result to low performance. A person with high self-efficacy is able to utilize their skills that they have to achieve their targeted goals. A person with high self-efficacy possesses a belief in their mind that tailor with their skills to keep a cool head and perform well.

2.3.4 Business Networking, Cultural Orientation and Organizational Efficacy

The study by Rasouli and Grefen (2019) confirm that valued relationships go beyond financial concerns. The author states that knowledge transfer, reputational gains, or network accesses are characteristics of relationships that are highly valued and thus it is important to know the elements of a relationship that create value. Day (2015) allocates a strategic value to relationships, asserting that the ability to create and maintain relationships provides the basis for building competitive advantage. Successful innovators establish strategic partnerships within their industry supply chain, developing close relationships with lead customers and key suppliers, as well as third-party "resource network**"** partners such as banks, venture capital suppliers and providers of new technology (Ogunyomi & Bruning, 2016).

An observation is made by Barnes (2013) that customer relationships are special emotional constructs, in which value is reflected in forms that extend beyond retention and repeated buying. The author suggests that meaningful relationships are founded on creating emotional value which includes shared history, values, goals, interests, and

beliefs, sense of commitment, reliance, social support, intimacy, interest, respect, and trust.

The study by Johannisson (2017) drawing on interview-based research identified seven relationship benefits. These are symbiotic benefits, denoting collaboration and understanding between the parties, psychological benefits, denoting 'trust or confidence in the other party, operational benefits, related to improved processes in, and from, working together, social benefits, an extension of the business relationship to the social context, economic benefits, derived from reduced costs or increased business, strategic benefits, from which the parties improve their competitive advantage, and customization benefits, signifying that parties have access to treatment that goes beyond standardized value propositions. Johannisson (2017) conclude that both buyers and sellers benefit equally. Economic benefits were more evident for sellers but buyers also benefit by achieving their own organizational objectives. This ultimately results in better financial outcomes.

Similarly, Su, Xie and Wang (2015) report that suppliers embedded in close long-term relationships grow at the same rate as their customers. They claim that they can also reduce costs as a result of better management of their inventory and although customers experience part of the savings, overall, the supplier's profitability increases. Dzever *et al*. (2015) found that relationships deliver value to suppliers not only by improving the efficiency of their operations but also by making their business possible.

The study by Olsson, Jugai, Jonsson, Mikhaylov and Francis (2016) identified four dimensions of relationship value in our research. These include personal, financial, knowledge and strategic value, each of which is indicated in different outcomes. They suggest that Business-to-Business relationships can deliver value in one or more of the

four dimensions, each of which is indicated by a number of variables that may or may not be present depending on the context in which the relationships have been performed.

Similarly, Hassan, Abdullah, Noor, Din, Abdullah and Ismail (2018) claim that organizations in both the public and private sectors are increasingly entering into networks and in collaborative partnerships recognizing that these newer organizational forms offer considerable benefits in achieving an organization's strategic objectives. Thomas *et al*.,(2016) posit that much of the organizational literature on collaboration suggests that failure in joint working and building successful coalitions is often a result of an insufficient understanding by players of the nature and dynamics associated with multi-organizational systems or domains, and de facto minimal attention paid to devising strategies to manage the complications inherent to these complex organizational systems. These two factors, when amplified by differing organizational cultures, modus operandi, and the nature of historical ties or relationships, combine and interact in such a way as to create major problems for stake- holders attempting to collaborate to resolve a particular issue or set of concerns (Thomas et al., 2016).

In addition, Friedman et al, (2013), conducted a research to highlight the practical issues SMEs face when trying to implement environmental issues as workable company policies. A part of their conclusion was that SMEs have a limited interest in sustainable development, perhaps because of the need to focus on daily survival. Anderson et al., (2011), did a research on an investigation into the learning needs of managers in internationalizing SMEs. Their findings revealed challenges faced by managers in internationalizing SMEs.

Similarly, Uma, (2013) posit that the SMEs in India have to meet the standards, qualities, technological know-how needed in the global markets. Okwu, *et al.,* (2013) reveals that more needs to be done by the government, SMEs and other stakeholder's in order to enhance the relevance of SMEs in the economy of Nigeria. Mwarari (2013) claim that access to information influence the listing of SMEs in the Nairobi Securities Exchange (NSE) to a great extent. Lake, (2013) posit that credit availability and affordability is essential for SMEs competitive performance, growth and continued profitability. The author also found out that local linkages of raw materials, constant sub sector specific policy and regulations, and reduced operational costs are critical for small firms.

Furthermore, Lee, Sameen, and Cowling (2015). In the wake of the 2008 financial crisis, there has been increased focus on access to finance for small firms. Research from before the crisis suggested that it was harder for innovative firms to access finance. Yet no research has considered the differential effect of the crisis on innovative firms. This paper addresses this gap. We find that women enterprises are more likely to be turned down for finance than other enterprises, and this worsened significantly in the crisis. However, regressions controlling for a host of enterprise characteristics show that the worsening in general credit conditions has been more pronounced for women enterprises with the exception of absolute credit rationing which still remains more severe for women enterprises. The results suggest that there are two issues in the financial system. The first is a structural problem which restricts access to finance women enterprises. The second is a cyclical problem has been caused by the financial crisis and has impacted relatively more severely on enterprises.

In addition, De Vita, Mari, and Poggesi, (2014) found that entrepreneurship has a leading role in economic development worldwide and, although it has usually been

considered as a male dominated activity, recent studies emphasize how significant the contribution of women today is: in 2010, almost 42% of entrepreneurs in the world were indeed women. The role of the gender factor emerged in the academic literature on entrepreneurship in the late 1970s. Over the years, attention has been mainly devoted to the analysis of women entrepreneurs' characteristics in developed countries. Due to the relevance of these two issues for economic development and the still existing gap in the systematization of both theoretical and empirical findings, the authors of this work aim to fill this gap with a systematic literature review based on rigorous criteria.

Similarly, Samila, and Sorenson, (2020), argued that the venture capital has a complementary relationship in fostering innovation and the creation of new enterprises. Using panel data on metropolitan areas in the United States, the analyses reveal that the positive relationships between government research grants to universities and research institutes and the rates of patenting and firm formation in a region become more pronounced as the supply of venture capital in that region increases. The results remain robust to estimation with an instrumental variable to address potential endogeneity in the provision of venture capital. Consistent with perspectives that emphasize the importance of an innovation ecosystem, the findings point to a strong interaction between private financial intermediation and public research funding in promoting entrepreneurship and innovation.

According to Bunyasi et al., (2014), several determinants of firm growth have been suggested and researchers have been unable to achieve a consensus regarding the factors leading to firm growth. The commonly used measures of firm growth include but not limited to sales growth, profit, return on equity, return on assets, and entrepreneurs' perceived growth relative to their competitors in terms of increase in company's value. Business growth can be measured in terms of sales, number of

employees, value added, and complexity of the product line, production technology or the number of business units (branches) in different locations.

According to Phillips (2020), growth of women micro business has great importance for local and regional economies and bring stability and permanence to their regions. The owners' commitment is strong and therefore the domicile of the business often remains the same. Women micro business has a unique position in the local community, which is both personal and commercial. They usually act as engines for regional economic development, since they have a positive attitude towards growth, and their own growth is usually more profitable than that of other companies. The owners of business as persons are committed to the development and continuity of their firms. Phillips (2020) showed that firms have exhibited unprecedented growth across the world. Women business growth is both socially and economically important to grow revenue on a short-term basis to satisfy shareholders and to pursue their own personal gains. These firms reported higher sales growth and greater improvement in net margins for women business compared with men business. The women proprietors thus have greater incentive to maximize firm value in order to enhance their interest in the firm.

Entrepreneurs in the early stages of their activity develop their networks, to tackle resource dependencies in later stages (Sullivan & Ford, 2014). Network formation is itself a multi-stage process of gradual integration, tie routinization, durable integration and normal functioning of a network. Being in contact with a diverse set of individuals from the business community is important for entrepreneurs because it gives them access to information and other resources (Stephens, 2019).

Furthermore, McAdam and Marlow (2018) stated that each person with whom the entrepreneur is connected has their own personal networks, so for each encounter there

is a range of contacts that can provide further opportunities. A personal network consists of actors with whom an entrepreneur has direct and/or indirect associations and may include partners, suppliers, customers, venture capitalists, bankers, distributors, trade associations and family members whom the entrepreneur meets on a regular basis, and from whom services, advice and moral support are received.

Additionally, the informal personal network is centered round the focal entrepreneur, and includes those with whom they have strong and direct ties while formal networking activity reveals a more deliberate and controlled approach to managing relationship building (Hampton, McGowan and Cooper, 2018). As written by Harris et al. (2022), personal contact is still preferred by most small businesses but there is a growing interest in ICT-mediated communication to obtain information.

Furthermore, Harris et al. (2022) noted that smaller, tighter networks can be that they are less useful to their members as external contacts and opportunities are hard to access. Moreover, Martinez and Aldrich (2019) indicated that networks and alliances with other organizations provide entrepreneurs with a myriad of advantages and they further mentioned that transnational entrepreneurs create firms that engage in regular contact with entities in foreign countries, making those firms dependent on these contacts for success. In accordance with Martinez and Aldrich (2018), contacts created through voluntary associations, such as industry organizations, civic clubs, networking events, breakfast clubs and chambers of commerce, help owners overcome the limitations of their original more identity-based networks. Furthermore, Wincent (2005) indicated that it can be valuable for the firm to pursue networking both in terms of width and depth with other firms in the SME network when engaging in corporate entrepreneurship to gain firm performance benefits.

According to McAdam and Marlow (2018), effective information networks enhance the entrepreneur's environment thereby, improving the other networks and processes in which they engage. Formal entrepreneurial networks are socialization systems designed to create favorable social interaction conditions for helping entrepreneurs to become better practitioners (Kakavelakis, 2020). In accordance with Dodd and Patra (2020), entrepreneurial networks may be articulated through the mechanism of membership in formal organizations, through the links an entrepreneur develops with suppliers, distributors and customers, or through the utilization of social contacts, including acquaintances, friends, family and kin.

Nevertheless, Harris et al. (2021) pointed out that studies of networking have demonstrated that the most useful network member in helping a business owner is rarely a close friend or even a friend at all, but more likely to be the acquaintance of a friend, or the friend of an acquaintance. They further described that for many small businesses, the nature of their personal contact with customers represents their unique selling point, and they stress the importance of personal relationships in developing a customer base. Hence, according to Martinez and Aldrich (2021), the relationship between entrepreneurs and their customers is, in the end, a market transaction: goods or services exchanged for monetary compensation.

Additionally, the information seeking behavior undertaken by the entrepreneur initially is primarily a personal and social encounter where informal contacts dominate and at this stage, the information seeking behavior of the firm will be influenced by the particular personality, traits and attitudes of the entrepreneur (Johannisson, 2020). Harris et al. (2019) stated that generally, there is a consensus in networking research that a business owner who has a more open network with diverse connections (i.e. many weak ties and social connections) will have greater opportunities to develop a

successful business than an individual with many connections within a single or closed network (highly interconnected networks). Entrepreneurs who use their diverse ties to discuss abstract ideas tend to generate and adopt radical innovations, whereas those who still have diverse ties but only monitor their behavior tend to imitate others, just like their counterparts with less diverse ties.

In Korea, a study was undertaken on 401 SMEs to determine the dimensional effects of entrepreneurial orientations on performance in small and medium sized enterprises (Jin & Cho, 2018). A resource-based approach and an integrative theoretical framework built on international entrepreneurship was tested for Korean SMEs. Managers of these firms were contacted and out of all the surveyed respondents 401 were valid for analysis. Respondents rated each statement on a 7-point Likert scale, this was also used to measure the financial indicator. Financial performance assessed the extent of the firm's performance with regard to market share, sales growth, and profitability in foreign markets for the previous three years. The results showed that pro-activeness is a key driver in enhancing a business enterprise performance. Pro-activeness is closely related to innovativeness through its support of creativity and experimentation for new leadership.

Two hundred and three Malaysian internationalized SMEs were studied to determine whether entrepreneurial orientation can be associated with the performance of the firms (Chew, 2018). The study used a quantitative research method and undertook a large-scale, self-administered questionnaire survey in Malaysia. The dependent variable was performance and was measured in terms of sales, growth and profitability. A 9-item scale was used to measure the independent variables. The findings showed that very innovative firms with proactive stance over their competitors, and who take risks in pursuit of opportunities are more likely to perform better in markets and they are major

components inducing internationalized SMEs to enhanced international performance (Chew, 2018).

Nine countries namely, Australia, Costa Rica, Finland, Greece, Indonesia, Mexico, the Netherlands, Norway, and Sweden were studied to find out how the performance of businesses is affected when entrepreneurial orientation undertakings are applied (Kreiser et al., 2019). The study sampled 1668 small to medium sized enterprises in 13 different industries. These specific countries were chosen for the study since they address the call to foster generalizability and theoretical robustness in entrepreneurship by having multiple countries with a range of institutional frameworks. Three independent variables (dimensions of entrepreneurial orientation) were assessed using eight of the items from the original Covin & Slevin measure (1989). The items were measured using a five-point scale. Three items were used to measure innovativeness (a = 0.64). The results of the study indicated that there is a positive relationship between pro-activeness and a business enterprise performance (Kreiser et al., 2019).

A study was conducted in Greece on entrepreneurial orientation dimensions of innovativeness, pro-activeness and risk taking and their relationship to SME performance (Thanos, Dimitratos & Sapouna, 2016). Nine hundred and forty-five firms were surveyed. A five item scale was used to measure the dependent variable of performance (alpha = 0.89), where 1=much inferior and 5=much superior. This was to assess the performance of the SME in the market as compared with that of competitors with regard to sales level, return on investment, profitability, market share, and overall satisfaction with international performance relative to the objectives set. A nine item scale from the original Covin & Slevin measure (1989) was used to measure the independent variables. The hierarchical moderated regression analysis was used for

testing. The findings showed a significant positive relationship existing between SME performance and the pro-activeness EO dimension (Thanos et al., 2016).

Furthermore, Sahoo and Yadav (2017) undertook a study to determine the relationship between performance of manufacturing SMEs and EO in 121 firms in India. Respondents were chosen using the snowball sampling technique. Direct interviews were done on the respondents. Reliability and validity tests on the data collected were done. A five-point Likert Scale was used to measure the items of the independent variables. The SPSS tool was used for the data analysis and hypotheses were tested using AMOS software. From the study the findings showed that firms with higher levels of proactive activities achieve better performance since they are able to seek new opportunities and continuously improve on their manufacturing processes to remain competitive and are able to balance between cost, quality and delivery (Sahoo & Yadav, 2017).

In addition, Adomako, Howard Quartey and Narteh (2016) explored a study on entrepreneurial orientation and a business enterprise performance in an economy that is developing. The study was to show how managers' passion for work and the external environment within which firms operate interactively impact on entrepreneurial orientation and a business enterprise performance relationship. The survey conducted in Ghana collected data from two hundred and fifty small and medium sized enterprises. A 7-point rating scale was used to measure the extent of their agreement with the statements about the independent variables. The pro-activeness (α=0.93), and the reliability of innovativeness (α=0.94) were well above the recommended threshold. The results showed that there is a positive relationship between pro-activeness as a dimension of entrepreneurial orientation and performance

The study by Duru, Ehidiamhen and Chijioke (2018) investigated the part entrepreneurial orientation dimensions play on performance of SMEs in Abuja, Nigeria. Out of the 348 sample size calculated, 58 SMEs from each local council were selected proportionally and surveyed. Three hundred questionnaires were filled. Linear regression model, descriptive statistics and Principal Components Analysis (PCA) were used in analyzing the data collected. To ensure validity, items across the scale were subjected to a principal component factor analysis with oblique rotation which assumed the existence of the relationship among extracted factors. The validity and reliability of the data was tested and complemented by two methods. The results showed that proactiveness, innovativeness, and risk-taking in the firms in Abuja had a significant relationship with performance. Only innovation as a dimension showed a positive relationship with SMEs performance. Proactiveness and risk-taking entrepreneurial dimensions demonstrated insignificant relationship with SMEs performance (Duru et al., 2018).

A firm that is proactive in anticipating changes in the market environment is more likely to survive the dynamic markets. A proactive firm is able to identify opportunities easily which ultimately guarantees success and growth. This is evident from a study conducted by (Al Mamun & Fazal, 2018) on 403 SMEs in Malaysia where the findings showed that in the low income enterprises, proactiveness is incorporated in the business processes through trainings and application of policies that make them perform better in the socio-economic conditions (Al Mamun & Fazal, 2018). A study undertaken by Zhai, Sun, Tsai, Wang, Zhao & Chen, Q. (2018) also agrees with these statements. Three hundred and twenty-four SMEs in China were studied and from the findings it was established that proactive enterprises take advantage of opportunities ahead of their competitors to gain market advantage. Proactive activities in this context include high

absorptive capacity of new technology, anticipating market needs and scanning the business opportunities faster than other companies. It was also confirmed that firms that engage proactive activities bring innovative performance to their firms (Zhai et al., 2018).

The relationship between proactive actions and business performance was also investigated in a study conducted by Amankwah-Amoah, Danso and Adomako (2018) on two hundred and forty-two entrepreneurs and CEOs in Ghana. Data was collected using questionnaires with telephone follow ups to ensure that the data collected was accurate and true reflection of these manufacturing SMEs. Likert Scale was used to measure the items on a seven-point scale capturing how they agreed or disagreed with each statement. From the validity test Harman's one-factor test was used. From the data analyzed it was found that proactive activities that include making available skills to equip the firm to be able to use its current resources while exploiting other resources contributes to competitive advantage as they are able to easily identify opportunities fast. With these skills firms are able to innovatively integrate new policies in their strategy to achieve greater levels of performance (Amankwah-Amoah, Danso & Adomako, 2018).

Similarly, Zhu, Liu and Chen (2018) contributed to the study of the effect of entrepreneurial orientation on performance. The study was conducted in China since it is perceived as a lab for scholars studying the evolution of firms and the strategies employed by these firms over the years. The CEOs, presidents and other executives in the manufacturing and service firms were randomly selected and surveyed from 134 firms. The surveys were translated from English to Chinese and back to avoid vagueness. A total of 212 responses were collected out of which 176 responses were valid. Reliability and stability was measured using Cronbach's alpha analysis. ANOVA

analysis was done to test for biases between the final sample and the missing-value cases. The items were measured using a 5-point scale. The results showed that entrepreneurial orientation wields beneficial effects on a business enterprise performance up to a certain level, beyond which further increments in entrepreneurial orientation items actually interfere with or reduce a business enterprise performance (Zhu et al., 2018).

Another study conducted by Rua, França and Ortiz (2018) in Portugal's small- and medium-sized enterprises (SMEs) explored the contribution of entrepreneurial orientation on export performance. The sample was drawn using non-probabilistic and convenient sampling from 247 Portuguese textile industry firms. The study used Okpara's measurement instrument that comprises profitability indicators like sales growth, profit, operations and activities in addition to performance generally, was used to measure the performance measure (dependent variable). Covin and Slevin's (1989) measurement was adopted for the three entrepreneurial orientation dimensions of proactiveness, innovativeness and risk-taking (Independent variables). The measurement provides a nine-item scale (three items for each dimension). The mean rating on items determines the entrepreneurial-conservative orientation of the firm. The results showed that entrepreneurial orientation, particularly innovation, has a positive and significant effect on performance. Therefore, the study concluded that innovative businesses realize superior export performance (Rua et. al., 2018).

The study by Herlinawati, Suryana, Ahman and Machmud, (2019) studied the effect of entrepreneurial orientation on business performance. The entrepreneurial orientation independent variables for the study were proactiveness, innovativeness and risk-taking. Performance measure items were finances, customers, firm processes and company growth. The data was analyzed using a Likert scale system, descriptive syllogism

analysis and Structural Equation Modeling (SEM). The findings showed that performance is positively affected by innovative activities. This indicates that the more innovative a business is, the greater the performance of the SME businesses in Indonesia

In addition, Hoque and Awang (2019) undertook a study on 150 SMEs in Bangladesh to determine the role of entrepreneurial orientation on SME performance The independent variables (proactiveness, risk taking and innovativeness) were measured using a nine item scale where the respondents would state their level of agreement with each item statement. Performance (dependent variable) was measured using two dimensions namely strategic and financial performance. Data was collected using questionnaires and analyzed using IBM-SPSS-AMOS package. From the findings it was established that these firms in Bangladesh have adopted EO however their levels are low as they lack proper marketing, sufficient finance, and appropriate entrepreneurial behavior which has limited their performance. The findings also revealed that innovativeness positively and significantly affects performance (Hoque & Awang, 2019).

A study on 171 SME managers in Ethiopian manufacturing SMEs examined the difference in the performance of small businesses using entrepreneurial orientation (Buli, 2017). Growth and financial measures were used to measure the dependent variable. All dimensions of entrepreneurial orientation that were the independent variables, were measured on a seven-point scale. A linear multiple regression was performed to check the effect of innovativeness. When entrepreneurial orientation is implemented and incorporated in a business, its performance tends to significantly improve and helps them survive market changes and technological disruptions (Buli, 2017).

In addition, Adomako, Quartey and Narteh (2016) conducted a study to examine EO in emerging economy and business performance in Ghana. The study sample consisted of 250 small and medium sized enterprises with less than 250 employees. Respondents provided the data through questionnaires. A hypothesis was established to test the EO dimension of innovativeness amongst others to see how they affect performance of a firm while observing tendencies of these firms while trying to achieve competitive advantage. Each scale was measured on a 7-point rating scale with anchors measuring their extremes on each statement. Four of the items measured the innovativeness. The results showed innovativeness impacts performance significantly.

To maintain competitive advantage and long-term survival, firms need to adopt EO activities, especially innovation. This is confirmed by a study conducted on 213 manufacturing SMEs in Pakistan (Hussain, Abbas & Khan, 2021). The study showed that when innovative activities are incorporated in the manufacturing processes, performance is improved significantly. Performance in this case was measured by the customer satisfaction rates, employee satisfaction and growth. The findings also showed that if a firm does not take initiatives to venture into new markets or new ways of processing with the latest technology, they are less innovative and are bound to be overtaken by competitors and cannot sustain themselves in the business environment for long (Hussain, Abbas & Khan, 2021).

Another study undertaken on six-hundred and eighty SMEs in Iraq by Almuslamani, Zeebaree and Siron (2018) showed that firms that are innovative explore new business opportunities and combine resources to invest in such opportunities achieve higher performance. Questionnaires were administered to the respondents. The items were measured on a five-point Likert scale measuring how the respondent agreed with each statement in the questionnaire. The data was tested for reliability and validity using

convergent validity. The findings concluded that the more entrepreneurial activities are applied in the firm the greater the performance and the easier it is to get into new markets (Almuslamani, Zeebaree & Siron, 2018).

According to Hongbo and Koffi (2019), when a firm lacks innovation in its product development, it is bound to offer products that are less competitive in the dynamic markets and is outperformed by innovative ones. This is evident from a study undertaken on one hundred and fifty SMEs in Côte d'Ivoire. The study used questionnaires to collect respondents' views. Analysis was done using the structural equation model. The findings showed that SMEs in Côte d'Ivoire are underperforming as they have not fully incorporated innovation in their product development. Consequently, their growth, competitiveness and sustainability falls behind their competitors in the region (Hongbo & Koffi, 2019).

In order to beat the challenge of being small in the market, SMEs need to increase their levels of EO, specifically innovation, in order to survive in the business market. They need to find new creative ways of finding critical resources, improving the technologies in their manufacturing processes and keeping up with new market trends. This is supported by a study conducted by Roxas, Ashill and Chadee (2016) where one-hundred and ninety-seven SMEs in the Philippines were studied to find out how entrepreneurial orientation levels determine the performance of a firm. The data was collected from owners and managers of these SMEs. The EO activities were measured using a seven-point scale. From the findings it was observed that innovation plays a key role in the performance of an SME in a developing country indicated by the positive and significant relationship found in the correlation (Roxas, Ashill & Chadee, 2016).

A study sampled 1668 small to medium sized enterprises in Australia, Costa Rica, Finland, Greece, Indonesia, Mexico, the Netherlands, Norway, and Sweden with 13 different industries. These specific countries were used since they address the call to foster generalizability and theoretical robustness in entrepreneurship (Kreiser, Marino,Kuratko & Weaver, 2020). The size of responding firms in each country was in the range between 35 and 99 employees with the average firm size for the total sample of 57 employees. SME performance which was the dependent variable which was measured using a two-item five-point scale. The weighted measure was calculated by asking respondents to indicate the level of importance against current levels of satisfaction with the firm's perceptual measures of sales growth and then multiplying the importance and satisfaction scores together. Three independent variables (dimensions of entrepreneurial orientation) were assessed using eight of the items from the original Covin & Slevin measure (1989). The items were measured using a five-point scale. Three items were used to measure innovativeness (a = 0.64). The results indicated that there is predominantly a negative U-shaped relationship. Risk-taking has an inverted U-shaped curvilinear relationship with a business enterprise performance in SMEs. In this case where moderate-to-high levels of risk-taking result in decreased levels of performance (Marino et. al., 2012).

In addition, Roux and Bengesi (2014) explored the dimensions of entrepreneurial orientation and small and medium sized enterprises performance in Tanzania. Tanzania was selected for the study as they have also been affected by the movements from closed to open market economies by the removal of trade barriers. Responses were collected and used for data. To ensure validity, items across the scale were subjected to a principal component factor analysis with oblique rotation which assumed the existence of the relationship among extracted factors. The dependent variable

performance was measured with measures of growth and financial measures. The independent variable risk-taking dimension used the four measurement items, which focused on how far the firm is willing to venture into the unknown. The questionnaire used a five point Likert scale to measure different variables relating to a specific dimension of entrepreneurial orientation. Factor analysis was used for the data analysis. Pearson's correlation and multiple regressions was used on the extracted factors. The results showed a significant negative correlation with risk-taking (r ¼ –0.676∗∗). While risk-taking may not certainly lead directly to higher performance in developing economies, its positive association with pro-activeness behavior has incredible benefits for firms attaining performance (Roux & Bengesi, 2014).

Similarly, Buli (2017) examined the difference in the performance of small business using entrepreneurial orientation in the manufacturing industry in Ethiopian enterprises. 171 SME managers were surveyed for the research. Hypothesis was tested using linear regression. Likert scale was used for measurement. Growth and financial measures were used to measure the dependent variable. All dimensions of entrepreneurial orientation that are the independent variables, were measured on a seven-point scale. Respondents rated each dimension based on how they agreed or disagreed with each item statement. Factor analysis was used in analysis. A linear multiple regression was performed to check the effect of innovation and aggressiveness. The results showed that risk taking as a dimension of entrepreneurial orientation positively influences the performance of a firm significantly (Buli, 2017).

Another study was conducted in Ghana to examine entrepreneurial orientation, passion for work, perceived environmental dynamism and a business enterprise performance in an emerging economy. The findings were expected to show how managers' passion for

work and the external environment within which firms operate interactively impact on entrepreneurial orientation and a business enterprise performance relationship (Adomoko et al., 2016) The surveys were conducted on 250 small and medium sized enterprises operating in Ghana. This study explored the tendencies of these firms in their various environments and how they competitively edged their competitors while applying EO dimensions in their processes, services and products. A seven-point rating scale (1=not at all; and 7=to an extreme extent) was used to measure each scale. The dependent variable was performance measured by growth in sales. The results confirmed risk taking and performance relate positively and significantly (Adomoko et al., 2016).

In addition, Shirokova, Bogatyreva, Beliava and Puffer (2016) took a study to explore the effect on performance by applying entrepreneurial orientation under hostile environments. The data for study was collected from a survey conducted in Finland and Russia. The sales growth rate and profitability measures were used to measure the dependent variable performance. For the independent variables, the 9-item scale measured entrepreneurial orientation dimensions of innovativeness, proactiveness and risk taking. Post hoc analysis of the differences in regression slopes complemented the analysis. The results from the study showed that risk taking affects performance in various market and business environments. Additionally, it was observed that risk taking as a dimension of entrepreneurial orientation is directly and positively associated with a business enterprise performance. Firms that have incorporated EO in their processes, services or products in the dynamic market environment with unknown uncertainties tend to achieve superior performance (Shirokova et al, 2016).

Malaysian national economy has shown that the SMEs in that region are major industry players in the country’s economic growth. A study was conducted to investigate how

entrepreneurial orientation influences a firms' performance in Malaysian SMEs (Rahman & Ramli, 2015). The Resource-Based View (RBV) theory was used for the development of the framework to study the factors that influence SME performance within the craft industry. The business enterprise performance was the dependent variable, and it was measured in relation to financial and nonfinancial perspectives, and the independent variables consisted of entrepreneurial orientation amongst others. The findings showed that innovative, proactive, and risk-taking in entrepreneurial orientation and a business enterprise performance have a strong relationship, showing positive implications in entrepreneurial processes on firm growth and performance. Entrepreneurial orientation needs to be considered by firms which wish to move into a more competitive business environment (Rahman & Ramli, 2015). This is evident in a study conducted by Al Mamun & Fazal (2018) on 403 micro-entrepreneurs in Malaysia. The respondents were from low income firms and the data collection method was through questionnaires. A seven-point Linkert scale was used to measure how each respondent agreed or disagreed with each question presented. The findings showed that firms with little resources are not willing to take high risks and therefore their performance is affected negatively as compared to competitors that take risks by investing significant resources in new ventures (Al Mamun & Fazal, 2018).

Scholars have recognized business network ties in the context of entrepreneurship as very important strategy for SMEs because both the start-ups and those in growth phases require serious attention due to the high business failure rate especially in developing economies (Zhou and Li, 2011; Lawal et al., 2018; Anwar et al., 2018; Sami et al., 2019). Network collaborations could positively influence the survival and the success of SMEs for both start-ups and existing firms in developing countries.

Business network ties provide business firms with useful market resources (Abbas et al., 2019). For instance, they offer crucial business secrets that are not obtainable in the public market domain (Poppo and Zenger, 2002, Sami et al., 2019). Again, they facilitate new knowledge transfer through learning in business meetings, workshops, and trainings (Sheng et al., 2011; Abbas et al., 2019). Another benefit is that business network ties in the form of good relationships with suppliers, competitors and customers create business benefits such as reduced business transaction costs, easy access to trade credits, and timely knowledge on the customer changing demands (Anwar et al., 2018; Sheng et al., 2011). Finally, because a firm good reputation is reflected on its past behaviours and activities, socio-business network ties with reputable multinationals can help SMEs to retain network legitimacy within the business community (Rao et al., 2008). Network legitimacy is a unique resource that could quickly expand business operation by attracting new business partners, facilitating business transactions, and offering several other economic benefits (Dacin et al., 2007).

The study by Sreckovic (2018) used questionnaire survey of 176 sampled firms to investigate the performance effect of networks and managerial capabilities of entrepreneurial firms. From their results they explain that networks are very important in creating competitive advantage in entrepreneurial firms. Their study confirms a direct positive influence of network capability on firm performance. Tretiakor et al. (2019) used questionnaire survey data sample of 285 respondents (128 from firms in New Zealand and 157 from firms in Scotland) to examine the effect of perceived importance of external network ties on firm performance. The results found that owner-managed firms considered external ties to be very important in enhancing performance specifically sales growth.

Furthermore, Lawal, et al. (2018) concentrated on the effect of informal business networking and risk-taking on small and medium scale enterprises (SMEs) in Nigeria using descriptive research design with a sample size of 381 covering owner/managers. After, employing structural equation modelling to test the hypotheses. The research shows the existence of positive effect of informal network ties on the performance of small and medium scale enterprise (SMEs) in Nigeria. Anwar et al. (2019) investigated 319 firms in Pakistan by carrying out a quantitative analysis with SEM using Amos 21 software package to analyze structured questionnaire data. Their results confirm a positively significant influence of business network ties on firm performance. Sami et al. (2019) investigated 267 manufacturing firms in Iran and found that business network ties significantly and positively affect firm performance. Lee (2019) also examined the impact of political and business network ties on firm performance in Taiwan between the period 2013-2015. After applying data from 175 firms to carry out multigroup analysis, the results show stronger significance on the positive impact of business network ties on the performance of family-owned firms compared to non-family-owned firms. Sheng et al. (2011) found a positive relationship between business network ties and firm performance after applying data from 241 firms in China.

However, some past studies evaluated the effect of business network ties on firm performance and reported mixed results. A study by Abbas et al. (2019) used questionnaire survey data sample of 296 firms in Pakistan to evaluate the impact of entrepreneurial business network ties on firm performance. The findings reveal that the effect of business network ties on firm performance is not significant. Other earlier studies also confirm the no significant effect of business network ties on business performance (Aldrich, 1994; Kregar, 2014).

According to Schein (2019), organizational culture exists in three levels, distinguished by visibility to, or accessibility by individuals. The first level is the surface manifestation of the organizational culture. It represents the visible or observable things that a culture produces. It constitutes both physical and behavior patterns that can be seen, heard or felt. This level is the most visible to the outside world of employees, suppliers and customers. It consists of elements such as; artefacts, ceremonials, language, heroes, myths, norms, slogans, stories, mottos, etc. The second level of culture is the organizational values. Adler and Gundersen (2017) state that organizational values are accumulated beliefs on how work should get done, and situations dealt with. This can be conscious or subconscious. They can be summarized in words such as honesty, respect, innovation, teamwork, excellence, world-class among others. Organizational values are almost always driven and instilled from the top by senior management. Buchanan and Huczynski (2019), argue that an alternation of the organizations structures and processes can change the culture, by changing the organizations values.

In a study on family owned SMEs in United Kingdom, (Laforet, 2016) established that outwardly focused culture had a positive effect on family firm innovation performance whereas on the other hand inwardly focus did not have an effect. Bwisa and Ndolo (2018) posited that Hofstede's classical dimensions of culture affected entrepreneurship and innovation in differing ways. Most of the extant research reviewed focused on the impact of static culture on innovation. Narrowly related to culture, are ongoing and varying discourses on how different regions and locations affect innovativeness in SMEs (Heimonen, 2018).

The study by Chang et al., (2018) on 1,000 Scottish SMEs, sought to determine internal and external antecedents of SME innovation outcomes. The study showed that internal

organisational structures in a highly dynamic environment motivated choices of additional innovation. Chang et al., further showed that the relationship between organisational and environmental forces and firm performance was partially mediated by innovativeness. The study was deemed to have some methodological weaknesses. These ranged from response validity to reliability of measurement instruments.

On the basis of a study on 164 SMEs in the Netherlands, Kraus, Coen Rigtering, Hughes, and Hosman (2020), sought to establish the impact of entrepreneurship on SMEs under environmental turbulence. Kraus et al., (2022) opined that different external circumstances affected firms' performances. In the study, it showed that whereas proactiveness and innovativeness firm behaviour positively affected SME performance during the dynamic times, innovative SMEs performed better in turbulent environments. Krause et al., posited that during dynamic time, the innovative firms however took measured risk. Kraus et al., also showed that there was a negative influence of firm's age on the EO. Kraus et al., established that the moderating effect of environmental turbulence on innovativeness was significant. Some of the weaknesses identified with the study included response biases due to low response rates. In addition to this, the findings lacked a universal validity as they were limited in their context. Finally, the entrepreneurial orientation and environmental measurement scales utilized, required further empirical testing and development.

Further, Ruiz-Ortega, et al., (2017) studied how external and internal factors independently and jointly influenced EO on the basis of a study on 253 Spanish SMEs in information technology. The study demonstrated that ED and TC significantly affected EO. Furthermore, the study indicated that access to and control of superior technological capabilities drove firms to be more proactive and innovative thereby accepting the risk involved. The study had several limitations, which included the fact

that being cross- sectional, causal relationships were not explored. Finally, the study focused only on the ICT sector and may thus not be universally applicable.

A study by Okeyo (2019) sampled 150 lower-tiered SMEs in Kenya and sought to establish the relationship between environmental turbulence and the firms' performance. The study confirmed that environmental dynamism has an effect on the performance of SMEs. It further established that environmental dynamism, complexity and munificence had a moderating influence on entrepreneurial orientation in Kenyan SMEs. The limitations are derived from operational definition of the sample SMEs, thereby affecting the universal validity of the results. Finally, the study also did not focus on the antecedents of innovativeness as a dimension of EO.

2.4 Research Gaps

The review of existing literature reveals several significant gaps in our understanding of business networking, cultural orientation, and organizational efficacy in SMEs. From a conceptual perspective, numerous studies have examined individual aspects of business networking (Wang, Pauleen & Zhang, 2016; Gloor et al., 2018; Menzies, 2017), but few have comprehensively explored the interrelationship between structural, economic, and social dimensions as they collectively impact organizational efficacy. Scholars like Hassan et al. (2018) and Johannisson (2017) have noted this fragmentation in networking research, emphasizing the need for an integrated conceptual framework that captures the multidimensional nature of business networking and its varied effects on organizational performance outcomes. Furthermore, while cultural orientation has been studied independently by researchers such as Hofstede (2011), Charoen (2016), and Morgan and Vorhies (2018), its moderating role in the relationship between networking practices and efficacy remains underexplored, creating a significant conceptual gap in understanding the cultural contingencies of networking benefits.

Contextually, there is a notable imbalance in the geographical distribution of existing research, with a disproportionate focus on developed economies. While studies in countries like the United States (Adomako, Howard Quartey & Narteh, 2016), United Kingdom (Nahapiet & Ghoshal, 2018), and other Western contexts have examined networking and organizational performance, comparable studies in developing economies, particularly in Africa, remain scarce. Ayyagari, Beck & Demirgüc-kunt (2019) and Okwu et al. (2013) have highlighted that SMEs in developing economies face unique challenges and operate in distinctly different institutional environments, suggesting that findings from developed economies may not be directly applicable. Specifically, research on the manufacturing sector in Kenya has primarily focused on survival factors rather than strategic networking capabilities (Kioko & Muthama, 2021; Mwangi & Namusonge, 2016), creating a contextual gap that this study seeks to address.

From a methodological standpoint, prior research exhibits several limitations. Many studies have employed mono-method approaches, primarily relying on either qualitative case studies (Bucktowar, Kocak & Padachi, 2015) or limited quantitative metrics (Gomes, Barnes & Mahmood, 2016). Few have adopted comprehensive mixed-methods designs that can capture both the depth and breadth of business networking phenomena. Additionally, methodological gaps exist in the measurement of cultural orientation, with many studies using generic cultural dimensions without adapting them to specific business networking contexts (Zakariyyah, Ameh & Idoro, 2017; Filipp, 2018). Furthermore, as noted by Charoen (2016) and Morgan and Vorhies (2018), relatively few studies have employed moderating variables to explain the contingent nature of business networking relationships, representing a methodological gap in

modeling complex interaction effects between networking strategies, cultural contexts, and organizational outcomes.

Temporal gaps are also evident in the literature, with many studies providing static snapshots rather than examining the evolutionary nature of business networks and their impact over time. Rasouli and Grefen (2019) and Kavak, Turhan and Eryigit (2018) have emphasized the need for longitudinal approaches to better understand how business networking dynamics evolve and how their effects on organizational efficacy may change as SMEs mature. Additionally, sectoral gaps exist, with manufacturing SMEs receiving less attention compared to service and technology sectors, despite their critical contribution to economic development (Hillary, 2017; Du, Shin & Choi, 2015). Santos and Pedro (2019) further highlight a theoretical gap in connecting networking behaviors to specific dimensions of organizational efficacy, such as collective capability, sense of mission, and resilience. This study therefore aimed to address these multifaceted gaps by examining the moderating effect of cultural orientation on the relationship between comprehensive business networking dimensions and organizational efficacy within the specific context of manufacturing SMEs in Kenya.

2.5 Conceptual Framework

The conceptual framework is guided by the relationship between Business Networking and Organizational Efficacy, and the moderating role of Cultural Orientation on the relationship. Business Networking variables include structural dimension, economic dimension and social dimension. The business networking dimensions (structural, economic, and social) are derived from Sigué and Biboum's (2019) relational matrix model and Wang et al.'s (2016) business networking framework. Cultural orientation dimensions was adopted from Hofstede's (2011) cultural dimensions theory and Schmitz's (2012) cultural orientation model. Organizational efficacy measures was

attributed to Bohn's (2010) organizational efficacy framework. The conceptual framework for the relationships delineated above is constructed as shown in figure 2.

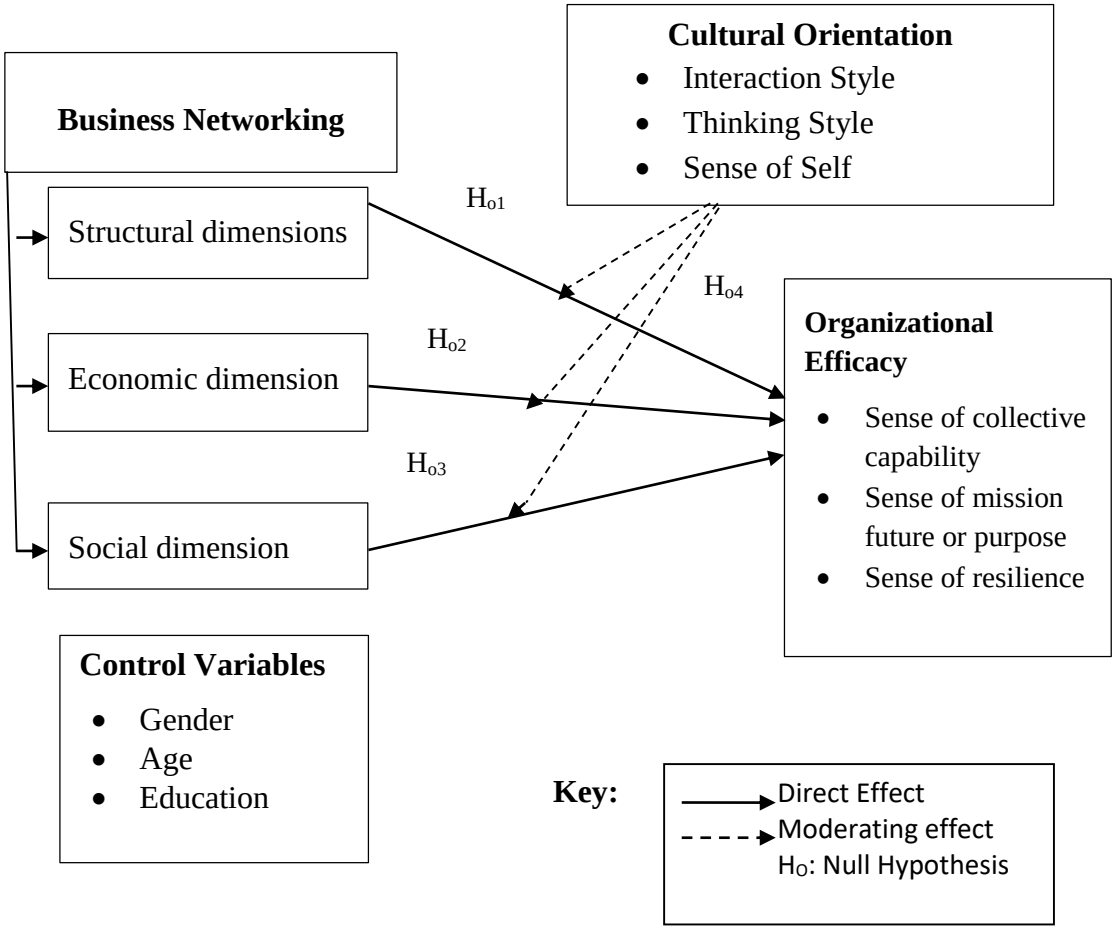

Figure 2.1: Conceptual Framework

Source: Adapted from Hayes moderation model 1 and modified for study.

The aspects of structural dimension include links, ties, connections, and institutions. The economic aspects include investment and economic bonds while the social aspects include commitment, trust, atmosphere and attraction. These aspects may affect organizational efficacy while the moderating variable, cultural orientation may act as the antecedent to focus on as affecting the relationship between strategic business networking and organizational efficacy, and thus making it hard for networks to be successful. Organizational efficacy is expected to be enhanced to lead to the survival and longevity of the Enterprise.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Overview

This chapter presents a comprehensive methodological framework. The chapter begins by establishing the philosophical foundation that guides the research approach, followed by a detailed explanation of the research design employed to test the hypothesized relationships in the conceptual model. Subsequently, the chapter describes the study area, target population, sampling procedures, and measurement of variables. The chapter then outlines data collection instruments, validity and reliability assessment methods, statistical techniques for hypothesis testing, and ethical considerations that governed the research process. This systematic approach ensures methodological rigor in examining how business networking influences organizational efficacy and how cultural orientation moderates this relationship among manufacturing SMEs.

3.1 Research Philosophy

The study focuses on organizational efficacy and the moderating effect of cultural orientation on business networking, grounding itself in key philosophical concepts such as ontology, epistemology, methodology, methods, and paradigms. Ontology examines the nature of reality, distinguishing between objectivism, which views reality as independent of human perception, and subjectivism, which sees reality as socially constructed (Creswell & Clark, 2017). Epistemology determines how knowledge is produced and structured, incorporating perspectives such as empiricism, positivism, interpretivism, and critical realism (Danermark et al., 2012). While positivism emphasizes observable facts and measurable data, interpretivism focuses on understanding human experiences, and critical realism integrates elements of both

perspectives to enhance causal analyses (Johnson & Duberley, 2010). Methodology provides the framework for research design, and methods dictate data collection and analysis techniques, such as interviews and thematic analysis (Silverman, 2015). Research paradigms, including positivism, realism, and phenomenology, offer distinct ways to interpret social phenomena (Padilla-Díaz, 2015; Scotland, 2012; McLachlan & Garcia, 2015).

This study adopted the positivist philosophy, which prioritizes objective, empirical data over subjective interpretations. Positivism asserts that knowledge is derived from observable facts, making it well-suited for a study involving quantifiable variables like business networking practices, cultural orientation, and organizational efficacy (Singh, 2015). By using a positivist approach, the study ensures that its findings are based on measurable and replicable data, thereby enhancing reliability and credibility (Ryan, 2018). This philosophy aligns with prior research emphasizing the importance of structured methodologies in deriving verifiable conclusions (Alakwe, 2017). The approach allows for a systematic investigation, ensuring that the research remains grounded in empirical evidence and statistical validation, which is essential for making informed inferences regarding the relationships examined in the study.

3.2 Research Design

The study adopted a survey research design, which provided a structured framework for investigating the moderating role of cultural orientation on the relationship between business networking and organizational efficacy among Small and Medium Enterprises (SMEs) in Kenya. A survey research design was appropriate as it facilitated the collection of quantitative data from a large sample of SMEs, allowing for statistical analysis and generalization of findings to the broader SME sector.

To implement this design, the study employed an explanatory research approach, which sought to establish causal relationships between business networking and organizational efficacy, and the moderating role of cultural orientation among Small and Medium Enterprises (SMEs) in the Manufacturing industry in Kenya. The explanatory approach was essential in determining how cultural factors influence the strength and direction of the relationship between business networking and organizational outcomes. The study utilized structured questionnaires as the primary data collection method to ensure consistency and objectivity. This approach enabled the gathering of empirical data that could be systematically analyzed to test the formulated hypotheses (Creswell & Clark, 2017). Furthermore, the study relied on deductive reasoning, where hypotheses were developed based on existing theories related to business networking, organizational efficacy, and cultural orientation. The collected data was then analyzed to validate or refute these hypotheses, ensuring a logical and structured examination of the study's research objectives.

3.3 Study Area and Target Population

This subsection elaborates on the study area and the target population from which a representative sample was drawn.

3.3.1 Study Area

The study area for this research was Nairobi City County, the capital and largest city of Kenya. Nairobi is a major economic hub in East Africa, with a diverse and vibrant business environment that includes a significant number of Small and Medium Enterprises (SMEs). Geographically, Nairobi is located at an altitude of approximately 1,795 meters (5,889 feet) above sea level, with a moderate climate characterized by two rainy seasons and relatively stable temperatures throughout the year. It is situated in the South – Central highlands, near Eastern edge of the Great Rift Valley. It is known for

its unique blend of urban and natural landscape. It lies on a plain making it ideal for expansion of buildings and overall infrastructure. The strategic location therefore gives Nairobi City County an advantagoius position for commerce and industry, contributing significantly to Kenya's GDP.

The target population for the study comprised 4,896 SMEs in the manufacturing industry, registered and licensed to operate in Nairobi City County in 2022, according to the Nairobi City County Report (2022). The manufacturing industry was chosen as the focus of the study due to its substantial contribution to Kenya's economy and its potential for growth and development. Nairobi's high population density and diverse economic activities, including trade, finance, and industrial production, provide a dynamic business environment that influences organizational efficacy. Manufacturing SMEs in Nairobi face various challenges, including limited access to resources, intense competition, and a rapidly changing business environment, making them an ideal subject for investigating the impact of business networking and cultural orientation on organizational efficacy.

3.3.2 Target Population

The study area for this research was Nairobi City County, the capital and largest city of Kenya, with a target population of 4,896 Small and Medium Enterprises (SMEs) in the manufacturing industry, registered and licensed to operate in the county in 2022. The population was classified as Small (3,307 SMEs) and Medium (1,589 SMEs). The unit of analysis was the SMEs, while the unit of observation and respondents were the managers of these SMEs. The population was distributed across the eight administrative divisions of Nairobi City County; Mathare, Westlands, Starehe, Dagoreti, Langata, Makadara, Kamkunji, and Embakasi as shown in Table 3.1.

Table 3.1: Target Population

Division	Total SMEs
Mathare	318
Westlands	539
Starehe	441
Dagoreti	416
Langata	490
Makadara	1,102
Kamkunji	734
Embakasi	856
Total	4,896

3.4 Sample Size and Sampling Design

This section entails how the sample was determined and how it was derived from the study population. Due to the large population of the target group and its distribution across eight divisions in Nairobi City County, the study employed random sampling technique. The eight divisions (Mathare, Westlands, Starehe, Dagoreti, Langata, Makadara, Kamkunji, and Embakasi) served as the study area, ensuring representation from each division in the sample. Within each division, simple random sampling was utilized to select the SMEs. This approach ensured that every SME within each division had an equal chance of being selected, thus eliminating bias and promoting objectivity in the sampling process. Using Yamane, (1967) formula for sample size determination, a sample size of 369 was realized.

$$n = \frac{N}{1 + N(e)^2}$$

Here n is the sample size, N is the population size 100, and e is the level of precision at .05. At 95 percent confident level and P=.5 are assumed for the equation. When this formula is applied to the above sample, we obtained the following Equations; The sample of 369 SMEs was proportionally allocated to each division based on the number of SMEs in each location, as shown in the table below:

$$n = \frac{4896}{1 + 4896(0.05)^2}$$

The sample of 369 SMEs was proportionally allocated to each division based on the number of SMEs in each location, as shown in the Table 3.2.

Table 3.2: Sample Size

Division	Total SMEs	Sample Size
Mathare	318	24
Westlands	539	41
Starehe	441	33
Dagoreti	416	31
Langata	490	37
Makadara	1,102	83
Kamkunji	734	55
Embakasi	856	65
Total	4,896	369

After the proportional allocation, simple random sampling was used to select the respondents within each division. This process involved assigning a unique number to each SME within a division and then using a random number generator to select the required number of SMEs from that division. This approach ensured that every SME had an equal chance of being selected, resulting in an unbiased and representative sample for the study. The methodological procedure of simple random sampling was done as follows;

i. Firstly, the study focused on small and medium enterprises (SMEs) in the manufacturing industry, registered and licensed to operate in Nairobi City County in the year 2022, as per the Nairobi City County Report (2021).

ii. The population of SMEs was randomly selected based on the eight divisions of Nairobi City County: Mathare, Westlands, Starehe, Dagoreti, Langata, Makadara, Kamkunji, and Embakasi.

iii. Within each division, SMEs were arranged in an alphabetical order and assigned a unique number as a code, following the guidance of Coviello and Jones (2004).

iv. A proportionate sample size was determined for each division using Yamane's (1967) formula, and the MS Excel simple random number generator function (=RANDBETWEEN(1, N)) was used to randomly select the required number of SMEs from each division, as suggested by Black (2010), McCullough and Wilson (1999), and Quirk, Quirk, and Horton (2014).

v. Within each randomly selected SME, the researcher purposively selected the manager as the respondent, ensuring that the manager had worked with the SME for at least three years as a proxy indicator for firm-management experience, following the guidance of Jain and Moreno (2015) and Vihari et al. (2018).

The inclusion criteria focused on SMEs in the manufacturing industry in Nairobi City County, registered and licensed to operate in 2022, with active business operations. Only managers or business owners who had been in operation for at least one year were included in the study to ensure they had adequate experience with business networking and organizational practices. The exclusion criteria eliminated startups with less than a year of operation, businesses outside the manufacturing sector, and firms that were not registered or operating informally, as they did not meet the study’s eligibility requirements.

3.5 Data Sources

The research purely relied on primary sources. Here, data were collected directly from respondents using a self-administered questionnaire. Participants were identified in their SMEs. They were given plenty of time to complete the questionnaire to guarantee that the data collection procedure was as accurate as possible.

3.6 Measurement of Variables

Variables in the conceptual framework were measured using constructs developed from theories and models underpinning this study. The three variables identified for the study include organizational efficacy, business networking, and cultural orientation. The study utilized a Likert scale to collect data, where respondents rated their perceptions on a scale ranging from 1 to 5. Since Likert scale data is typically ordinal, the study computed averages for each construct, thereby transforming the data into an interval scale. These averaged values were then used to run correlation and regression analyses, ensuring that the statistical assumptions required for these tests were met. This conversion process allowed for the application of parametric statistical techniques, facilitating a more rigorous analysis of relationships between the study variables..

Table 3.3: Operationalization of Variables

Variables	Questionnaire Item (Appendix B)	Types of Data	Type(s) of Scales & Index Construction
Organizational Efficacy			
Sense of Collective Capability	1 - 7	6-Point Likert Scale	Summated interval Scale Factor Analysis
Sense of Mission, Future, or Purpose	8 - 11	6-Point Likert Scale	Summated interval Scale Factor Analysis
Sense of Resilience	12 - 14	6-Point Likert Scale	Summated interval Scale Factor Analysis
Business Networking			
Structural Dimension	1 - 9	6-Point Likert Scale	Summated interval Scale Factor Analysis
Economic Dimension	10 - 17	6-Point Likert Scale	Summated interval Scale Factor Analysis
Social Dimension	18 - 22	6-Point Likert Scale	Summated interval Scale Factor Analysis
Cultural Orientation			
Interaction Style	1 - 8	6-Point Likert Scale	Summated interval Scale Factor Analysis
Thinking Style	9 - 17	6-Point Likert Scale	Summated interval Scale Factor Analysis
Sense of Self	18 - 24	6-Point Likert Scale	Summated interval Scale Factor Analysis

Source: Researcher, 2015

3.6.1 Measurement of Organizational Efficacy

Organizational Efficacy which is the Dependent Variable in the study was measured using constructs developed by Bohn (2010), who came up with three theoretical factors of organizational efficacy which were hypothesized as: Sense of collective capability, Sense of mission, future, or purpose, and Sense of resilience. These categories are consistent with Bandura's (1997) analysis of efficacy. A classic Harvard Business Review article states, "Coordination or teamwork is especially important if an organization is to discover and act on cost, quality, and product development opportunities" (Beer, Eisenstat, and Spector, 1990).

In a study of corporate culture, Denison (1990) wrote, "A mission provides purpose and meaning, as well as a host of non-economic reasons why the work of the organization is important. Second, a sense of mission provides clear direction and goals that serve to define the appropriate course of action for the organization and its members". Bandura, (1997) posit that at an individual level, a sense of resilience is a sense of being able to overcome difficulties and stay the course when things go wrong. He further states that if a person senses imminent doom when things go wrong, they most likely do not have high levels of efficacy to persist and go forward.

3.6.2 Measures of Business Networking

Business networking which is the independent variable in the study was measured using constructs which consists of three dimensions of business relationships. These were structural dimension, economic dimension, and social dimension. Adopted from Holmlund and Tornroos (1997), and Sigué & Biboum, (2019), who categorized strategic business relationships into three dimensions which are structural dimension, economic dimension and social dimension which they claim are connected to the change processes shaping business networks over time. They posits that relationships

in a business network are connected to institutional actors, and this is reflected in institutional bonds. The concepts relating to the structural dimension of relationships, are activity links, resource ties, connections, and institutional bonds (Holmlund and Tornroos, 1997).

The relational terms referring to the economic dimension of relationships, contain investments and financial adjustments that the partners make. The investment concept is many sided and complex in network settings. Investments are connected to value creation and especially to profit expectations and mutual gains. The independent variable to be examined is investments in terms of monetary and technological form, (Holmlund and Tornroos, 1997).

The relational concepts related to social aspects of relationships are based on how people in firms interact with each other. Relational concepts within this dimension are, for example, commitment, trust, atmosphere, attraction and social bonds. These reflect the behavior and perceptions of the people involved in the relationship (Holmlund and Tornroos, 1997).

3.6.3 Measures of Cultural Orientation

Cultural Orientation which is the moderating variable in the study was measured using cultural orientation model. The three dimensions of cultural orientation underpinning the study include, Interaction Style, Thinking Style and Sense of Self. This was adopted from Tsai and Chentsova (2002). Cultural Orientation can be analyzed using the Cultural Orientations Model (COM) which according to Tsai and Chentsova (2002) forms the basic building block of the Cultural Orientations Approach (COA). The Three Dimensions of Culture are explained as follows;

- Interaction Style: How people tend to communicate and engage with others in work situations
- Thinking Style: How people tend to process information in work situations
- Sense of Self: How people tend to view identity and motivation in work situations

3.7 Data Collection

The primary tool used for data collection in this study was a questionnaire. A six-point Likert scale questionnaire was administered to collect data from the respondents. The decision to use a six-point Likert scale was made to force respondents to make a choice, eliminating the neutral category that is often present in odd-numbered Likert scales. This approach is consistent with the scale used by Lindlof and Taylor (2017), who argue that removing the neutral option reduces respondent bias and encourages more thoughtful responses. Furthermore, Bandura (1997) suggests that a larger scale is more sensitive to different judgments of the construct being measured. The six-point Likert scale used in this research was as follows: 6 = strongly agree, 5 = agree, 4 = agree somewhat, 3 = disagree somewhat, 2 = disagree, and 1 = strongly disagree. By employing this six-point Likert scale, the study aimed to reduce respondent bias and obtain more accurate and reliable data from the SME managers.

Primary data was collected from SMEs located in different divisions in Nairobi County. Nairobi County was the most preferred given that it is a business hub housing a number of businesses. Other considerations were based on proximity and cost involved. Survey design was applied as a blueprint that would guide the research process, and was the most suitable way of collecting primary data. The researcher first sought the letter of authorization from the university with which the researcher used to obtain authority to conduct data collection from the sampled SMEs in Nairobi, Kenya.

Data for the study was collected using Likert scale questionnaires such that the data yielded an interval scale of measurement amenable to parametric statistics. The questionnaire mainly contained structured closed-ended questions that were administered to sampled respondents to collect primary data. Instrument reliability was tested using the split-half method from the pilot data collected before the main study. Instrument validity and reliability was assured through discussions with University Supervisors and other experts in the entrepreneurship field.

Some of the questionnaires were administered by the researcher aided by research assistants directly to selected respondents. This was necessary considering that some of the respondents may not have been fully conversant with the way questions were formatted. The method also acted as a safeguard of questionnaires being lost or not responded to. The researcher, however, dropped some of the questionnaires to the selected respondents and collected them after two weeks. The researcher made follow-ups by use of emails and telephone calls to the respondents so as to enhance the maximum response rate..

3.8 Validity and Reliability

To ensure the validity and reliability of the research instruments, a pilot test was conducted before the main study. The pilot test aimed to assess the clarity, consistency, and effectiveness of the questionnaire in capturing the intended data. A sample of 10% respondents, drawn from the target population but not included in the final study, participated in the pilot test. The feedback obtained helped refine the questionnaire, ensuring that all items were well-structured and comprehensible. The results from the pilot test were used to determine the reliability of the instrument through Cronbach's Alpha, while validity was assessed through expert review and content validity

techniques. This process ensured that the research instruments were appropriately structured to produce accurate and reliable data for the study.

3.8.1 Validity

Validity is the degree to which a variable is accurately measured in a quantitative investigation. (Heale & Twycross, 2015). Validity refers to how well the information gathered is relevant to the investigation (Scott & Bruce, 1995). Validity means that the instrument measures what is intended to be measured. Validity is the degree to which a tool measures what it claims or is intended to measure (Kimberlin & Winterstein, 2008; Tavakol & Dennick, 2011). This was obtained by developing the scales with the help of experts and using measures that were used in the previous studies. The pilot study was carried out in Nairobi City County, Pumwani sub-division.

3.8.1.1 Face Validity

This is a subjective assessment of a construct's operationalization (Taherdoost, 2016). Face validity is the degree to which a measure appears to be related to a given construct in the eyes of non-experts (Chabrol et al., 2005). Face validity is a simple assessment of the instrument by focusing on feasibility, ease of reading, style and formatting uniformity, and the clarity of words employed. Face validity, in other words, refers to researchers' subjective judgments of the measuring instrument's presentation and relevance, such as whether the items in the instrument appear to be relevant, rational, clear, and unambiguous (Taherdoost, 2016). This was attained through the use of expert evaluations and a pilot study to validate the instrument as recommended by Lam, Hassan, Sulaiman, and Kamarudin (2018).

3.8.1.2 Content validity

Content validity is the extent to which items in a questionnaire reflect the content universe to which it will be generalized (Taherdoost, 2016). In research, it is highly advised to test for content validity, especially while developing an instrument. Content validity is the process of evaluating a new survey instrument to ensure that it contains all of the necessary items while excluding those that are not relevant to a given construct domain (Kimberlin & Winterstein, 2008). Content validity is primarily established through the judgmental approach (Taherdoost, 2016). Here, the researcher exhaustively reviewed the literature to extract the items, and thereafter, the instrument was made available to seven experts in this area for evaluation. The test involved giving the questionnaire to seven different experts to determine the appropriateness of the items to capture study variables on a scale starting from relevant to irrelevant. From the scores, the following formula was used to calculate the Content Validity Index (CVI). Results indicate that all study variables are valid since their CVI scores are above the recommended cut-off of 0.70 (Field, 2010); as shown in table 3.4.

Table 3.4: Content Validity Index

Variable	CVI
Structural Dimension	0.88
Economic Dimension	0.81
Social Dimension	0.76
Cultural Orientation	0.84

3.8.1.3 Construct Validity

Construct validity is the extent to which a research tool assesses the targeted construct (Heale & Twycross, 2015). The operationalization of a construct is determined by how well the researcher translates it into a working and operating reality (Taherdoost, 2016). Construct validity is established by gathering data in six forms of validity: face validity,

content validity, concurrent and predictive validity, and convergent and discriminant validity (Trochim, 2006). To test for construct validity, factor analysis was employed for all items of the study variables.

3.8.1.4 Criterion or Concrete Validity

A criterion is any other instrument that assesses the same variable (Heale & Twycross, 2015). A measure's criterion validity is how well it predicts the outcome of another measure (Taherdoost, 2016). Criterion validity was assessed in three ways: (1) Convergent validity indicates that an instrument's performance is significantly correlated with that of other instruments measuring similar variables. (2) Divergent validity denotes a lack of correlation between an instrument and other instruments that measure different variables. The extent to which the multiple instruments measure the same variable was determined through correlations. (3) Predictive validity—means that the instrument should have high correlations with future criteria (Heale & Twycross, 2015). Predictive validity was determined by performing a regression analysis.

3.8.2 Reliability

In this study internal consistency reliability of the research instruments was measured (Taherdoost, 2016). To put it another way, the degree to which a research instrument consistently produces the same results when employed in the same circumstances over and over again (Heale & Twycross, 2015). Reliability is the degree to which measurements of a concept produce stable and consistent results (Gliem & Gliem, 2003). The term "reliability" also refers to the ability to repeat anything. For example, a scale or test is said to be dependable if it produces consistent findings when measured repeatedly under the same conditions (Taherdoost, 2016). When the items on a scale "hang together" and measure the same construct, it is considered to have high internal consistency and is therefore dependable (Tavakol & Dennick, 2011). When carrying

out research, it's critical to think about the validity and reliability of the data collection tools.

Cronbach's alpha coefficient is the most objective and widely used internal consistency statistic (Tavakol & Dennick, 2011). When using the Likert scale, is regarded as the most accepted measure of dependability (Mohajan, 2017). However, there are no definitive rules for internal consistency. For example, Zikmund et al. (2013) posit that alpha coefficients ranging from 0.80 to 0.95 suggest extremely good reliability, 0.70 to 0.80 indicate high reliability, 0.60 to 0.70 suggest acceptable reliability, and less than 0.60 suggest poor reliability. According to Nunnally (1978), alphas of.60 or higher are appropriate for newly constructed scales. The majority of researchers, however, agree on a minimal internal consistency coefficient of 0.70 (Taherdoost, 2016b). It's worth noting that an instrument's validity is inextricably linked to its reliability. A tool can't be valid without being reliable; nevertheless, an instrument's reliability is independent of its validity (Tavakol & Dennick, 2011). Reliability is vital for research, but it is not sufficient until it's accompanied by validity. To put it another way, for a test to be dependable, it must also be legitimate (Varni, Limbers, Bryant, & Wilson, 2010). This study adopted the internal consistency reliability and was measured using Cronbach Alpha.

3.9 Assumptions of Multiple Regression

Testing for regression assumptions was done before running regression analysis, and it was done again to ensure that, before subjecting data to parametric tests, the following assumptions were met: If the assumptions for regression were not met, the results would have been invalid. These assumptions include normality, linearity, homoscedasticity, and multicollinearity. According to Casson and Farmer (2014), if all the assumptions are met, estimates of the beta parameters will be good.

3.9.1 Normality test

The normal distribution is a major assumption in regression models. According to Tabachnick and Fidell (2001), correlations can be distorted when variables are non-normal. The tests for normality was done using a histogram. Normality holds that the distribution of the test is bell-shaped with a zero mean and one standard deviation (Casson & Farmer, 2014). This assumption of normality was checked by determining whether the residuals of variables are normally distributed. Histograms and scatter plots of residuals versus anticipated values were used to test for normality. Even with small data sets, if the errors are from a normal distribution with a zero mean and constant variance, the coefficient estimates are guaranteed to have a normal distribution and will behave well in statistical hypothesis testing.

Correlations and significance tests can be distorted by non-normally distributed variables (highly skewed or kurtotic variables, or variables with significant outliers). The researcher can test this assumption using a variety of methods, including visual inspection of the histograms, plots, kurtosis, and skewness, which provide inferential statistics on normality. Outliers can be identified by looking at histograms or looking at frequency distributions (Tabachnick & Fidell, 2001). Outliers increase the likelihood of Type I and Type II errors as well as the precision of estimates (Osborne & Waters, 2002). The assumption that error terms are normally distributed is useful because it allows us to infer regression parameters of a sample on the population (Williams, Grajales, & Kurkiewicz, 2013).

3.9.2 Transforming from non-normal to normal data

Rarely do researchers attain a statistically normal distribution of the data; to make matters worse, it's very difficult, if not impossible, to achieve perfect normality (Casson

& Farmer, 2014; Templeton, 2011). In this study, the research established that the distribution was skewed to the left (negatively skewed), meaning most scores were at the left end. In the case of non-normal data, many parametric statistical tests assume normally distributed scores, and researchers have two options: the first is to avoid parametric statistics like Pearson correlation and Analysis of Variance in favor of non-parametric alternatives like Spearman's rho and Kruskal-Wallis tests (Tabachnick & Fidell, 2001). However, Tabachnick and Fidell (2001) argue that non-parametric techniques are less robust. This indicates that even where differences or correlations exist, one may not be in a position to detect them (Mertler & Reinhart, 2016).

The other option is to transform the study variables from a non-normal distribution to a normal distribution. According to Osborne and Waters (2002), this is a try-and-error approach since different transformation types exist (logarithm, square root, inverse, and fractional rank method). The fractional rank method was found appropriate for the study distribution, as recommended for negatively skewed distributions (Pallant, 2011; Templeton, 2011). This is a two-step approach that provides the best standard for attaining statistically acceptable skewness, kurtosis, and a bell-shaped histogram and uses observed variables (Hair, Anderson, Tatham, & Black, 2006; Templeton, 2011).

The first stage is to calculate the percentile or fractional rank of each score to statistically uniform the original variable. This is done by utilizing the fraction rank option under the transform function, and a new variable will appear under the variable view whose scores should range between 0 and 1 for the data to be uniform.

This step follows the formulas below:

$$\text{Percentile Rank} = 1 - [\text{Rank}(X_i) / n]$$

Where,

Rank (X_i) = rank of value

Xn = sample size

Source**:** (Templeton, 2011)

The next step involves transforming a uniform distribution into a normal distribution using an inverse normal distribution function. To do so, three arguments are required for the normal-inverse function under the numerical function. These include: (1) a probability (the variable created in step 1), the mean (μ) of the resultant variable, and the standard deviation. The formula behind these computations in SPSS is presented below:

Where,

$$p = \mu + \sqrt{2}\ \sigma\ erf^{-1}(-1 + 2Pr)$$

P =Z-score resulting from Step2

μ= Mean

σ =Standard deviation

erf^{-1}= Inverse error function

Pr = Probability that is the result of Step1

Source: (Templeton, 2011)

3.9.3 Linearity test

Multiple regressions assume that a linear relationship must exist if one is to correctly determine the correlation between the predicted and predictor variables (Osborne & Waters, 2002). The model that connects the predicted Y (Organizational Efficacy) to the predictors X1 (Structural Dimension), X2 (Economic Dimension), and X3 (Social Dimension) is assumed to be linear in nature (Williams *et al*., 2013). The outcome variable is supposed to be a linear function of the parameters (Osborne & Waters, 2002).

When tests reveal a linear relationship between the predictor and the explained variables, this assumption is met.

It was noted that the non-linear correlation between the predictor variable and the outcome variable increases the risk of a type 11 error with the regression output because the true association will be underestimated. This assumption will be tested using correlations among variables and P-P plots (Osborne & Waters, 2002). These are the most common methods for detecting nonlinear patterns in the data (Hair *et al*., 2006). It's critical to accurately specify the correlation because if the correlation is wrongly specified as linear yet non-linear, the regression analysis results will not fit the data as well as they could (Ernst & Albers, 2017).

3.9.4 Homoscedasticity tests

This regression assumption presumes that the error term variance is the same for any combination of the predictor variable values (Ernst & Albers, 2017). That is a constant variance, or the relationship is constant for the entire range of the independent variables. According to Osborne and Waters (2002), heteroscedasticity is reported when the variance for the errors varies across predictor variable values. This means that the homoscedasticity assumption is violated. Violation of this assumption is referred to as "heteroscedasticity," which can lead to misleading results and also increases the likelihood of type 1 error occurring (Ernst & Albers, 2017). Therefore, the inference process will be untrustworthy. To check for heteroscedasticity, several methods may be used. The methods are both graphical and non-graphical, and this study adopted Leven's statistical test (Mertler & Reinhart, 2016). The decision rule was based on the level of significance of Leven's statistical values (Ernst & Albers, 2017). Where the p-values are greater than 0.05 (non-significant), homogeneity of variance is reported, and where the p-values are less than 0.05, the heteroscedasticity problem is reported

(Williams *et al*., 2013). According to Osborne and Waters (2002), in such circumstances, data would not be subjected to further analysis like hypothesis testing before being treated.

3.9.5 Multicollinearity

Collinearity simply means the correlation between two predictor variables or Multicollinearity refers to the presence of high correlations between the predictors, that is, strong associations between two or more predictors (Williams *et al*., 2013). When two or more predictor variables in a multiple regression model are strongly related, this is known as multi-collinearity. Multicollinearity results in shaky coefficient estimates for the individual predictors. That is, the coefficient estimates' standard errors and confidence intervals will be inflated (Ernst & Albers, 2017).

The degree to which multi-collinearity is a concern, is dependent on the analysis goals. Where prediction of the response variable is the purpose of the research, multi-collinearity is not a significant impediment. Multi-collinearity is more problematic in this study because it is aimed at making inferences about population parameters. Although several other diagnostic methods are available, the variance inflation factor and tolerance are more popular measures of multicollinearity (Williams *et al*., 2013). In this regard, multi-collinearity will be tested using tolerance and the variance inflation factor. The acceptable tolerance values are that they should be greater than 0.20, while the values for the variance inflation factor (VIF) should not be more than 5 (Stevens, 2002).

3.10 Common Method Biases

Common method bias means the variance explained by the method of measurement other than the constructs, are the measures they represent (Chang, Van Witteloostuijn,

& Eden, 2010). These variances represent a serious challenge to research since they are a major source of measurement error, thus threatening the accuracy of determining the correlations between constructs. By artificially inflating or deflating correlations, common method variance introduces systematic bias into a study, potentially invalidating the conclusions drawn about construct inter-correlation. Inflated correlations as a result of CMV may cause regression estimates to converge at a higher value than their true population value, potentially leading to a type I error. Furthermore, deflation makes it difficult to detect a relationship if it exists and would lead the study into committing type II errors.

The challenges posed by common method bias necessitate that researchers be aware of how their data collection procedures and research designs can contribute to CMV, as well as the potential solutions to the problem. According to Podsakoff, MacKenzie, Lee, and Podsakoff (2003), among the possible causes of common method bias are self-reported impacts, inconsistencies, leniency biases, context-induced moods, social desirability, common scale factors, and item ambiguity.

The study controlled for common method variance both before and during data collection. Before data collection, the study followed the recommendation by Conway and Lance (2010) that researchers can rule out significant methodological biases by ensuring that the measures used demonstrate high construct validity. This was considered in this study, and it was attained by carrying out an extensive literature review to ensure that adequate items relating to the constructs were captured.

3.11 Data Analysis and Presentation

Before proceeding to inferential analysis, demographic data and descriptive statistics were analyzed to provide an overview of the study sample. Descriptive statistics such

as frequencies, percentages, means, and standard deviations were used to summarize the demographic characteristics of respondents, including age, gender, business size, and years of operation. These statistics helped establish the representativeness of the sample and provided context for interpreting the inferential results. Additionally, descriptive analysis was conducted on key study variables to assess their distribution, central tendency, and variability, ensuring that the data met the assumptions required for further statistical analysis.

Hypotheses from Ho_1 to Ho_3 were tested using a linear regression model. Hypothesis Ho4 was tested following the works of Baron and Kenny (1986), Preacher, Rucker, and Hayes (2007), and Hayes (2012, 2015, 2018), among other related scholars. Linear and multiple regression equations were constructed and tested following the hypotheses as elaborated below:

3.11.1 Model 1: Testing for the direct effects

Multiple regression analysis was used in hypotheses testing of the constructs. The Multiple Regression Model that was used to predict organizational efficacy was expressed as;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon,$$

Where Y represents Organizational Efficacy, α and β represents regression coefficients and ε represents the residuals while X_1, X_2, and X_3 represent the independent variables of the study.

X_1 = Structural Dimension of Business Networking independent variable,

X_2 = Economic Dimension of Business Networking independent variable,

X_3 = Social Dimension of Business Networking independent variable

3.11.2 Model 2: Testing for the moderating effect

The Baron and Kenny (1986) model that was used to predict the moderating role of cultural orientation on the relationship between business networking and organizational efficacy was expressed as;

$Y = i + aX + bM + cX*M + \varepsilon,$

Where Y represents Organizational efficacy,

X represents business networking

M represents cultural orientation.

XM represents the interaction business networking and cultural orientation, a represents the main effect of X on Y, b represents the main effect of M on Y, and c represents the moderating effect on Y.

Hypotheses testing was carried out for the variables in the conceptual model. The significance of variables was determined by R square change at a .05 significance level. The null Hypotheses was rejected if $p<.05$.

3.12 Hypotheses Testing

Hypotheses from H_{01} to H_{03} were tested using a linear regression model. Hypotheses from H_{04} was tested following the works of Baron and Kenny (1986). The decision to reject a hypothesis or not was guided by two test statistics: t-statistics (t) and levels of significance (p-values). A hypothesis is deemed significant where t-values are greater than ±1.96 and where p-values are less than 0.05 (Hair *et al*., 2006). In such circumstances, the null hypothesis was rejected, and where t-values were less than ±1.96 and p-values greater than 0.05, the null hypothesis was not rejected.

Table 3.5: Hypotheses Testing

	Hypotheses	Tool	Conclusion
H_{01}	Structural dimension of business networks has no significant effect on organizational efficacy	t, p-values	Reject H_{01} if t ≥ ±1.96 andP-v ≤ 0.05 and don't reject if P-v> 0.05and t <±1.96
H_{02}	Economic dimension of business networks has no significant effect on organizational efficacy	t, p-values	Reject H_{02} if t ≥ ±1.96 andP-v ≤ 0.05 and don't reject if P-v> 0.05and t <±1.96
H_{03}	Social dimension of business networks has no significant effect on organizational efficacy	t, p-values	Reject H_{03} if t ≥ ±1.96 andP-v ≤ 0.05 and don't reject if P-v> 0.05and t <±1.96
H_{04}	Cultural orientation has no significant effect on the relationship between business networking and organizational efficacy	t, p-values, R-square change	Reject H_{04} if t ≥ ±1.96 andP-v ≤ 0.05 and don't reject if P-v> 0.05and t <±1.96 Significant change in R-square

3.13 Ethical Considerations

Ethical issues in social science inquiry was considered during the study. This ensured that the rights of participants and respondents was respected throughout the process of collecting, analyzing, and interpreting data. Details of the purpose of the study and confidentiality was included in the letter addressed to the respondents, and all research assistants was required to show the letter to all potential respondents so as to assure them that the study is absolutely for academic purposes and not for circulation to other parties.

The study ensured that that the respondents rights to privacy was guaranteed. This means that the freedom of an individual to determine their convenient time to respond, and the circumstances that the private information was not shared.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the main findings of the research, structured according to key themes. The results are presented using descriptive and inferential statistics to provide meaningful insights. The chapter begins with response rate, followed by data processing and screening, participants' demographic profiles, and descriptive statistics. The next sections cover factor analysis, correlation analysis, regression analysis, and moderation analysis, aligned with the study objectives. The findings are then discussed in relation to the research hypotheses and existing literature, ensuring a comprehensive interpretation of the results.

4.1 Response Rate

In analyzing the results, it was important to understand the response rate of the research. Response rate is one of the most important indicators of survey quality because it shows the demographic representativeness within the range examined. The researcher administered 369 questionnaires to concentrate on Small and Medium Enterprises (SMEs) in the manufacturing industry that were registered and licensed to operate in Nairobi City County. The findings of response rate presented in table 4.1 indicate that 321 questionnaires were completely filled, which is 86.99% response rate. Wu, Zhao and Fils-Aime (2022) content that when 50% of sampled target population participate in a study, it is a satisfactory representation. On the same note, Holtom, Baruch, Aguinis and Ballinger (2022) contends that a response rate of 70% is appropriate for data analysis. Therefore, the response rate in this study was a sufficient representation of the target population that can be reliable for data analysis.

Table 4.1: Response Rate

Questionnaire	Frequency	Percentage
Returned	321	86.99
Not returned	48	13.01
Total	**369**	**100**

4.2 Data Preparation and Screening

After data collection, all the questionnaires were screened to detect all possible errors like missing values, unanswered questionnaires, and partly answered questionnaires. This was done following the guidelines of Tabachnick & Fidell, (2013). Thereafter, the completed questionnaires were coded with numbers to ensure systematic data entry. This also ensured that all the questionnaires were catered for and following the recommendation by Enders (2010). Only questionnaires with large missing data over 10 percent were not included in the analysis. After data entry, the researcher also checked for errors that would have been made during the process of data entry. This was done by running descriptive statistics to determine the minimum and maximum scores for each item. For responses where scores were outside the range of 1 to 6, the questionnaire was revisited for error rectification.

4.2.1 Missing data

Missing values were identified by running frequencies for all questionnaire items and control variables. Results in table 4.2 below reveal that 11 missing cases were detected. This leaves a total of 310 (84 percent) questionnaires that were fully answered. Thus, only 2.98 percent of the questionnaires had missing values. It was also found that the missing values occurred randomly since missing data was not systematic. This low rate of missing cases is attributed to the ample time given to respondents and after answering

the questionnaire,participants were requested to proofread to ensure that all items were answered.

Table 4.2: Distribution of the Number of Missing Values on Cases

Number of missing values	Number of cases	Percentage
0	321	86.99
1	11	2.98
Total	**310**	**84.01**

Source: *Research Data (2023)*

Subsequently, missing values were further assessed concerning study variables and the data had 2 missing values. These missing values were treated following the recommendations of Tabachnick & Fidell, (2013) that is replacing them using the mean value computation method.

4.2.2 Outliers

The statistical analyzes utilized in this study are sensitive to extreme values. Outliers are cases with values that are significantly higher or lower than the majority of the cases (Gravetter & Wallnau, 2000; Stevens, 2002). Outliers can have a dramatic effect on any statistical tests as they make results higher than they would be, and in some situations, they result in an underestimation of the true results (Hair et al., 2006). To be specific, outliers distort results and make generalizability to the study population difficult (Hair et al., 2006; Tabachnick & Fidell, 2013). Therefore, outliers are worth checking to determine whether they were data entry errors or true outliers. These were checked and corrected, for example, 55 was entered instead of 5 for item D309.

This study employed the Mahalanobis distance measure to identify and deal with multivariate outliers (Tabachnick & Fidell, 2013). Handling multivariate outliers, also took care of the problem of univariate outliers, and treating univariate outliers would

not take care of multivariate outliers (Gonzalez, 2003). Outliers were checked by looking at the Mahalanobis distances that the multiple regression programs generated. This appeared as an extra variable at the end of the data file (Mah 1). A critical chi-square value was calculated using the number of independent variables (3) as the degrees of freedom to determine which cases were outliers. An alpha level of .001 was adopted as recommended by Tabachnick & Fidell, (2013). Therefore, cases with probability Mahalanobis D^2 values of below 0.001 were multivariate outliers and were eliminated from the data file. Further, Tabachnick and Fidell (2001) suggest that multivariate outliers can be identified by inspecting Mahalanobis distance values and for a study with three predictor variables.

4.3 Respondent's Demographic Profile

The demographic data was necessary for this study because it allows the researcher to effectively capture respondent's general characteristics such as background and expertise that are relevant in discussing research findings as regards of sample size composition. They include gender, age, education, business type, duration of business and turnover as shown in table 4.3.

Table 4.3: Demographic profile

	Category	Frequency	Percentage (%)
Gender	Male	180	58
	Female	130	42
Age	Under 25	3	1
	26-35	9	3
	36-45	71	23
	46-55	167	54
	Above 56	59	19
Level of Education	Primary	3	1
	Secondary	3	1
	Masters	16	5
	Diploma	71	23
	Bachelor	180	58
	Others	37	12
Business Type	Sole Proprietorship	34	11
	Partnership	31	10
	Limited Company	211	68
	Family Owned	16	5
	Others	19	6
Duration	Below 10 years	242	78
	10-20 years	53	17
	21-30 years	12	4
	31-40 years	3	1
	Above 40 years	0	0
Turnover	Not Exceeding Ksh 500,000	133	43
	Between Ksh 500,000 and 5million	93	30
	Over 5 million	84	27

Source: *Research Data (2023)*

4.3.1 Respondents' Gender

The results show that most of the respondents were male with 58% with a majority of age of between 46 -55 years. Given more men than women are involved in small and medium-sized enterprises (SMEs) has significant implications for the economy and society as a whole. On one hand, it suggests that there are systemic barriers and biases that prevent women from entering and succeeding in entrepreneurship. This is a problem because women's contributions to the economy and society are undervalued and underutilized when they are excluded from entrepreneurship.

4.3.2 Respondents' Age

The results indicated that the vast majority of those who responded 54 percent were in the age bracket of 46-55 years, followed by 36-45 who were 23 percent, then above 56 years at 19 percent. The implication is that individuals in this age range have acquired significant professional experience and knowledge, and are likely to possess valuable skills and expertise. This can give them a competitive edge in SMEs, where there is often a need for employees who can multitask and take on a variety of responsibilities. Additionally, they may have established networks of contacts and clients that can help them in their work. However, there are also some challenges that individuals in this age group may face in SMEs. For example, they may find it difficult to adapt to new technologies and changes in the industry, as younger employees may have a greater familiarity with these tools. Additionally, they may encounter age discrimination from employers who may perceive them as less productive or less capable of learning new skills.

4.3.3 Level of Education

Most of the respondents in the SMEs had the highest education qualification at the Bachelors level (58%) and followed by Diploma level (23%). This may suggest a potential skills gap in the SME sector. If the majority of individuals with bachelor's degrees in SMEs are in the field of prose, there may be a need for more individuals with specialized skills in other areas to support the growth and success of SMEs.

4.3.4 Business Type

Majority of the respondents represented with a rate of 68% are under a limited company. One of the main advantages of being a limited company is that it offers limited liability protection to its owners. This means that the shareholders' personal assets are separate from the business's assets, and they are not liable for the company's

debts beyond the amount of their investment. This is a significant advantage, as it can protect the owners' personal wealth in case the business fails or incurs significant debts. Being a limited company can also increase the business's credibility in the eyes of customers, suppliers, and investors. This is because it is subject to more stringent legal and financial regulations than other types of businesses, which can provide reassurance to stakeholders.

4.3.5 Duration of Business

Most of the SMEs have been operational for less than 10 years (78%) followed by 10-20 years at 17%. Younger SMEs may lack experience in running a business, which can make it difficult for them to navigate challenges and make informed decisions. Newer SMEs may have limited financial and human resources, which can make it harder for them to compete with more established companies. In addition, younger SMEs may be at a higher risk of failure due to the challenges associated with starting a new business, such as finding customers, establishing a brand, and developing a strong market position.

4.3.6 Turnover

The SMEs have operated with a turnover of less than Ksh 500,000 and majority are service providers represented by 43%. This was followed by between Ksh 500,000 and 5 million at 30% and over 5 million at 27%.

4.4 Study Variable Descriptive Statistics

Descriptive statistical analysis was employed to explain the nature of the data under the study, which consisted of respondent responses to the variables under investigation. Descriptive involves minimum, maximum, mean, standard deviations, skewness, and kurtosis. Minimum was used to measure the lowest score while maximum measured

the highest score on a 6-point Likert scale. Mean was utilized to measure the average score by the entire sample on a particular variable while the standard deviation was used as a measure of dispersion to determine how far the responses varied from the mean. Skewness and Kurtosis were then used to determine normality (Tabachnich & Fidell, 2007).

This section contains descriptive analysis for structural dimension, economic dimension, social dimension, cultural orientation and organizational efficacy. A Likert scale of 1 to 6 (Where 1= Strongly Disagree, 2 = Disagree, 3 = disagree somewhat, 4 = Agree Somewhat, 5 = Agree and 6 =Strongly Agree) was were presented for answering by respondents.

4.4.1 Descriptive statistics for Structural Dimension

On a six-point Likert scale, participants were asked to rate their degree of agreementwith statements describing Structural Dimension. Descriptive statistics in table 4.4indicate that majority statements had a minimum of 1 and 2 with a maximum of 6. The study findings demonstrated that respondents generally agreed with all statements concerning Structural Dimension since the mean was approximately 5 for all items and the standard deviation ranged between 0.72 and 1.05.

Table 4.4: Descriptive statistics for Structural Dimension

Item	Min	Max	Mean	S. D	Skewness	Kurtosis
We interact with the customers of our business partners	2	6	4.72	0.95	0.04	-0.65
We work closely with organizations who have business relationships with our lead customers to stimulate demand	1	6	5.00	0.72	-0.21	-0.51
We often approach the customers of our competitors when it is appropriate.	1	6	5.11	0.86	-0.67	0.68
Having good relationship with both suppliers and customers has enabled us to adapt to changes in the market.	1	6	5.72	0.87	-0.10	0.08
We continuously look forward to working with new partners who may bring new opportunities	2	6	4.97	0.72	-0.48	0.60
We use agents or representatives to penetrate a new market by utilizing their network of relationships.	2	6	5.19	0.91	-0.82	-0.25
We have well established connections with key suppliers	1	6	5.75	0.86	0.12	-1.02
We have been in a strong working relationship with key partners for more than five years.	1	6	4.95	0.87	-0.81	1.86
We have been in a strong working relationship with key partners for less than five years.	1	6	4.94	1.05	-1.08	1.66

Source: *Research Data (2023)*

4.4.2 Descriptive statistics for Economic Dimension

On a six-point Likert scale, participants were asked to rate their degree of agreementwith statements describing Economic Dimension. Descriptive statistics in table 4.5 indicate that majority statements had a minimum of 1 and 2 with a maximum of 6. The study

findings demonstrated that respondents generally agreed with all statements concerning Economic Dimension since the mean was approximately 5 for all items and the standard deviation ranged between 0.77 and 0.90.

Table 4.5: Descriptive statistics for Economic Dimension

Item	Min	Max	Mean	S. D	Skewness	Kurtosis
We have invested huge capital in business relationships and we will stand to lose if we leave.	2	6	4.89	0.89	-0.04	-0.86
We share profits with our partners according to the business agreements amicably.	1	6	4.97	0.78	-0.82	2.05
We always share business burdens with partners whenever they occur.	2	6	5.07	0.90	-0.55	-0.58
We share business premises with our key partners.	2	6	4.75	0.81	0.50	-0.32
Having business partners has increased our market share thus translating to more profits.	2	6	4.94	0.77	-0.19	-0.64
We usually invest in new technologies with our key partners.	2	6	4.97	0.86	-0.25	-0.98

Source: *Research Data (2023)*

4.4.3 Descriptive Analysis for Social Dimension

On a six-point Likert scale, participants were asked to rate their degree of agreementwith statements describing Social Dimension. Descriptive statistics in table 4.6 indicate that majority statements had a minimum of 1 with a maximum of 6. The study findings also demonstrated that respondents generally agreed with all statements concerning Social

Dimension since the mean was approximately 5 for all items and the standard deviation ranged between 0.88 and 1.68.

Table 4.6: Descriptive Statistics for Social Dimension

Item	Min	Max	Mean	S. D	Skewness	Kurtosis
We usually involve our partners in the creation of new business startups for value addition and cost reduction	1	6	4.75	0.91	-0.51	1.02
The business relationship with our key partners has been economically viable.	1	6	4.94	1.03	-0.89	0.98
We do not wish to continue business relationships with partners because they don't keep their promises	1	6	2.5	1.68	0.60	-1.08
The business ventures with our partners are carried out in a transparent and accountable manner.	1	6	4.68	0.88	-0.27	0.52
The business relationship with our partners has fully met our expectations.	1	6	4.81	0.89	-1.16	3.77
We are always in a harmonious relationship with partners.	1	6	4.99	0.88	-0.76	1.46
Conflicts with partners are always resolved amicably when they occur.	1	6	4.97	0.90	-0.32	-0.83

Source: *Research Data (2023)*

4.4.4 Descriptive Analysis for Cultural Orientation

On a six-point Likert scale, participants were asked to rate their degree of agreement with statements describing Cultural Dimension. Descriptive statistics in table 4.7 indicate that majority statements had a minimum of 1 and 2 with a maximum of 6. The study findings demonstrated that respondents generally agreed with all statements concerning Cultural Dimension since the mean was approximately 5 for all items and the standard deviation ranged between 0.73 and 1.03.

Table 4.7: Descriptive Statistics for Cultural Orientation

Item	Min	Max	Mean	S. D	Skewness	Kurtosis
We find it important to spend more time understanding business partners than rushing into forming business relationships.	1	6	4.83	0.92	-0.03	-0.60
We believe in building strong and trusting relationships with business partners.	1	6	4.99	0.75	-0.69	1.95
We hardly share information with business partners.	1	6	5.09	1.03	-1.33	2.74
We always avoid direct confrontation with business partners.	1	6	4.82	0.84	-0.30	0.66
We values accurate, controlled, and disciplined interaction.	2	6	5.05	0.74	-0.71	1.31
We prefer raising concerns openly whenever we are offended by our business partners.	2	6	5.15	0.86	-0.70	-0.06
We always follow the rules or procedures governing business standards when entering into business partnerships.	2	6	4.89	0.85	-0.05	-0.97
We prefer to maintain our identity in business even in the face of entering into business relationships.	2	6	4.91	0.76	-0.21	-0.24
We prefer business relationships that are based on a number of products and services	1	6	5.06	0.86	-0.31	-1.13
We place more emphasize on continuity of past traditions when conducting business.	1	6	4.81	0.83	0.12	-1.07
We are visionary and prefer change to status quo.	1	6	5.03	0.80	-0.40	-0.47
We prefer open communication based on mutual trust before business is conducted.	1	6	5.08	0.92	-0.32	-1.43
We rely so much on business experiences than business based on theoretical assumptions.	1	6	4.71	0.84	0.32	-1.03

Item	Min	Max	Mean	S. D	Skewness	Kurtosis
We put emphasis on detail and facts when in a business relationship.	1	6	4.97	0.77	-0.65	1.62
We rely on holistic inter-relatedness and integration of issues and ideas with business partners.	1	6	5.03	0.89	-0.57	0.12
We believe in empowering others who are in business.	2	6	4.79	0.83	0.04	-0.73
We always lay down proper strategies before entering into business partnerships.	1	6	5.02	0.73	-0.23	-0.57
We prefer to conduct business privately.	2	6	5.11	0.86	-0.41	-0.77
We consider others equal partners in business activities.	2	6	4.83	0.87	-0.18	-0.39
We believe we can achieve success in business ventures without business partners.	1	6	4.94	0.81	-0.59	1.19
We believe that the welfare of our business partners is important for our survival.	3	6	5.04	0.86	-0.33	-0.98
We find it important to respect the decisions made by other business groups.	2	6	4.79	0.86	-0.09	-0.52
We believe that competition is the law of nature therefore business networking is not our priority.	2	6	4.95	0.78	-0.28	-0.30
We always ensure flexibility in order to accommodate the opinions of business partners.	1	6	5.11	0.90	-0.44	-1.14

Source: *Research Data (2023)*

4.4.5 Descriptive Analysis for Organizational Efficacy

On a six-point Likert scale, participants were asked to rate their degree of agreementwith statements describing Structural Dimension. Descriptive statistics in table 4.8 indicate that majority statements had a minimum of 1, 2 and 3 and a maximum of 6. The study findings demonstrated that respondents generally agreed with all statements concerning Structural Dimension since the mean was approximately 5 for all items and the standard deviation ranged between 0.72 and 1.36.

Table 4.8: Descriptive Statistics for Organizational Efficacy

Item	Min	Max	Mean	S. D	Skewness	Kurtosis
We can take on any challenge	2	6	4.76	0.94	0.14	-1.18
We can beat our competition	3	6	5.01	0.69	-0.25	-0.22
We are far more innovative than most organizations.	2	6	5.18	0.89	-0.74	-0.21
We coordinate our efforts to complete difficult projects.	2	6	4.75	0.85	0.21	-0.93
We work together to accomplish a goal.	2	6	5.02	0.72	-0.50	0.93
We mobilize efforts to accomplish difficult and complex tasks.	2	6	5.28	0.83	-0.77	-0.37
We work together effectively to meet customer requirements.	3	6	4.76	0.79	0.20	-0.93
We have a sense of purpose.	3	6	5.00	0.75	-0.24	-0.54
We have a strong vision of the future.	3	6	5.09	0.84	-0.43	-0.84
We are confident about our future.	2	6	4.67	0.83	0.23	-0.69
Our organization will double in size in the next 10 years.	1	6	4.91	0.98	-1.10	1.65
Our organization will come out strong in an economic downturn	1	6	4.69	1.36	-1.19	0.99
Our organization is likely to fall apart in a few years.	1	6	4.95	1.03	1.56	1.17
Our organization has no hope of surviving more than a year or two.	1	6	4.98	1.00	1.58	1.05

Source: *Research Data (2023)*

4.5 Reliability Test

Blischke and Murthy (2011) define reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. It is verified by the consistency of the observation of an outcome. In this study, reliability was calculated using Cronbach‘s alpha formula with the aid of SPSS. The alpha measures the internal consistency of a test and it is expressed as a number between 0 (no internal consistency) and 1 (complete internal consistency) (Tavakol & Dennick , 2011). The higher the reliability coefficiency, the lesser the errors attributable to the test score. According to Mugenda (2010), an alpha of 0.6 and below is poor. Therefore, Cronbach’s alpha coefficient of 0.7 and above is interpreted to be reliable. The results in Table 4.9 shows that cronbach’s alpha for all the items were all above 0.7 implying that the instrument was sufficiently reliable for measurement. Since all the variables measured had a cronbach’s alpha of above 0.7, they were all accepted. The data collected can thus be generalised to reflect the opinion of the respondents in the target population.

Table 4.9: Reliability Analysis

Variable	Number of items	Cronbach alpha	Comments
Structural Dimension	8	0.848	Reliable
Economic Dimension	6	0.871	Reliable
Social Dimension	8	0.821	Reliable
Cultural Orientation	24	0.755	Reliable
Organizational Efficacy	14	0.855	Reliable

Source: *Research Data (2023)*

4.6 Transformed Variables before factor Analysis

After checking the treatment for missing values, data was transformed by obtaining the mean for each study variable. This was done with the help of SPSS under compute variable, where items relating to a particular variable were summed up and divided by the number of items to create a new variable in the data file. This was followed by running the descriptive statistics for the study variables.

Results indicate that cultural orientation had the highest mean of 5.02 and lowest standard deviation of 0.84, skewness of -0.35 and kurtosis of 0.12. This implies that respondents highly agreed in demonstrating a positive evaluation of cultural orientation. This was followed by social dimension with a mean score of 4.98, a standard deviation of 1.000 skewness of -0.47 and kurtosis of 0.83. These results suggest that respondents demonstrated readiness to engage in social orientation. Structural dimension had a mean score of 4.92, a standard deviation of 0.87. The skewness was -0.22 and kurtosis of 0.25. This implies that respondents highly agreed in demonstrating a positive evaluation of structural dimension. Economic dimension had a mean score of 4.91, a standard deviation of 0.83. The skewness was -0.44 and kurtosis of 0.27. This implies that respondents highly agreed in demonstrating a positive evaluation of structural dimension. On the other hand, organizational efficacy had a mean of 4.93, standard deviations of 0.97, skewness of -0.09 and kurtosis of 0.13. The purpose of this statistical analysis was to understand how respondents responded to the overall variableas it was measured before condensing it to lesser items through factor analysis.

Table 4.10: Transformed variables before factor analysis

Variable	No. of Items	Min	Max	Mean	S.D	Skewness	Kurtsosis
Structural Dimension	8	2	6	4.92	0.87	-0.22	0.25
Economic Dimension	6	2	6	4.91	0.83	-0.44	0.27
Social Dimension	8	2	6	4.98	1.00	-0.47	0.83
Cultural Orientation	24	2	6	5.02	0.84	-0.35	0.12
Organizational Efficacy	14	2	6	4.93	0.10	-0.09	0.13

Source: *Research Data (2023)*

4.7 Categorical Data

Using categorical data, one-way ANOVA was performed to compare whether the four study variables had statistically significant differences for the different groups which are gender, age, education and duration of business.

4.7.1 Respondent's Gender against Study Variables

This sub-section highlights the statistical differences between the gender of the participants and the study variables. The study results reveal that there is a statistically significant difference between the gender of the respondents and Structural Dimension ($F = 13.267$, $p = 0.000$). These results suggest that male respondents have high Structural Dimension with (mean= 5.02, SD=0.48) as compared to female participants who report a mean of 4.79 and a standard deviation of 0.63.

The study results reveal that there is a statistically significant difference between the gender of the respondents and Economic Dimension ($F = 6.541$, $p = 0.011$). These results suggest that male respondents have high Economic Dimension with (mean=

4.99, SD=0.46) as compared to female participants who report a mean of 4.83 and a standard deviation of 0.63.

Further, there is a statistically significant difference between the gender of the respondents and Social Dimension (F = 6.714, p = 0.010). These results suggest that male respondents have high Social Dimension with (mean= 5.49, SD=0.34) as compared to female participants who report a mean of 4.48 and a standard deviation of 0.43.

The study results reveal that there is a statistically significant difference between the gender of the respondents and Cultural Orientation (F = 14.251, p = 0.000). These results suggest that male respondents have high Cultural Orientation with (mean= 5.05, SD=0.43) as compared to female participants who report a mean of 4.84 and a standard deviation of 0.42.

Further, there is a statistically significant difference between the gender of the respondents and Organizational Efficacy (F = 11.767, p = 0.001). These results suggest that male respondents have high Organizational Efficacy with (mean= 4.62, SD=0.50) as compared to female participants who report a mean of 4.41 and a standard deviation of 0.58. This implies that gender does influence structural dimension, economic dimension, social dimension, cultural orientation and organizational efficacy.

Table 4.11: Respondent's Gender against Study

		Mean	Std. Deviation	F	Sig.
Structural Dimension	Male	5.02	0.48	13.267	0.000
	Female	4.79	0.63		
	Total	4.93	0.56		
Economic Dimension	Male	4.99	0.46	6.541	0.011
	Female	4.83	0.63		
	Total	4.92	0.54		
Social Dimension	Male	5.49	0.34	6.714	0.010
	Female	4.48	0.42		
	Total	4.54	0.38		
Cultural Orientation	Male	5.05	0.43	14.251	0.000
	Female	4.84	0.55		
	Total	4.96	0.49		
Organizational Efficacy	Male	4.62	0.50	11.767	0.001
	Female	4.41	0.58		
	Total	4.53	0.54		

Source: *Research Data (2023)*

4.7.2 Respondent's age against study variables

Results reveal that no statistically significant difference exists between the age of the respondent and all the study variables. For instance, age and Structural Dimension (F=9.67, P=.710), Age and Structural Dimension (F=7.23, P=.083), age and Social Dimension (F=5.26, P=.560), and entrepreneurial self-efficacy (F=1.761, P=.154). These results imply that someone's age does not influence their structural dimension, economic dimension, social dimension, cultural orientation and organizational efficacy. Different age brackets have no impact on the study variables.

Table 4.12: Respondent's age against Study

		Mean	Std. Deviation	F	Sig.
Structural Dimension	Under 25	3.50	0.24	9.67	0.710
	26-35	4.19	0.67		
	36-45	4.81	0.62		
	46-55	5.02	0.44		
	Above 56	4.95	0.61		
	Total	4.93	0.55		
Economic Dimension	Under 25	3.62	1.11	7.23	0.083
	26-35	4.31	0.65		
	36-45	4.84	0.62		
	46-55	5.00	0.44		
	Above 56	4.91	0.57		
	Total	4.92	0.54		
Social Dimension	Under 25	3.89	0.35	5.26	0.560
	26-35	4.24	0.42		
	36-45	4.45	0.40		
	46-55	4.60	0.33		
	Above 56	4.53	0.43		
	Total	4.54	0.38		
Cultural Orientation	Under 25	4.17	0.47	6.90	0.0619
	26-35	4.32	0.54		
	36-45	4.88	0.53		
	46-55	5.04	0.43		
	Above 56	4.91	0.52		
	Total	4.96	0.49		
Organizational Efficacy	Under 25	3.12	0.27	10.95	0.058
	26-35	3.81	0.62		
	36-45	4.39	0.61		
	46-55	4.64	0.42		
	Above 56	4.54	0.59		
	Total	4.53	0.54		

Source: *Research Data (2023)*

4.7.3 Respondent's level of education against study variables

Results reveal that a statistically significant difference exists between level of education and Economic Dimension (F=14.285, P=.000). These results imply that someone's level of education does influence their Economic Dimension but not for structural dimension, social dimension, cultural orientation and organizational efficacy.

Table 4.13: Respondent's level of education against study variables

		Mean	Std. D	F	Sig.
Structural Dimension	Primary	3.67	1.571	14.852	0.082
	Secondary	4.50	0.236		
	Diploma	4.21	0.653		
	Bachelor	4.71	0.561		
	Masters	5.07	0.427		
	Others	5.02	0.588		
	Total	4.93	0.555		
Economic Dimension	Primary	4.33	0.236	14.285	0.000
	Secondary	4.58	0.589		
	Diploma	4.05	0.685		
	Bachelor	4.76	0.552		
	Masters	5.04	0.438		
	Others	5.06	0.539		
	Total	4.92	0.544		
Social Dimension	Primary	4.07	0.404	14.095	0.074
	Secondary	4.57	0.808		
	Diploma	4.03	0.397		
	Bachelor	4.42	0.386		
	Masters	4.62	0.303		
	Others	4.60	0.454		
	Total	4.54	0.379		
Cultural Orientation	Primary	4.48	0.029	14.095	0.064
	Secondary	4.95	0.483		
	Diploma	4.26	0.524		
	Bachelor	4.75	0.559		
	Masters	5.09	0.388		
	Others	5.03	0.453		
	Total	4.96	0.493		
Organizational Efficacy	Primary	4.21	0.505	9.013	0.436
	Secondary	4.46	0.253		
	Diploma	3.98	0.753		
	Bachelor	4.31	0.605		
	Masters	4.67	0.441		
	Others	4.56	0.529		
	Total	4.53	0.544		

Source: *Research Data (2023)*

4.8 Data Diagnostic Tests

Diagnostic tests were conducted to ensure that, before subjecting data to parametric tests, the assumptions are met. Where the conditions of regression analysis are not met,

the findings are invalid. According to Casson and Farmer (2014), if all the assumptions are met, estimates of the beta parameters will be good. Therefore, the following assumptions were tested:

4.8.1 Sample Adequacy

Sample size affects the statistical power, which determines the generalizability of results. Small sample sizes may not yield results that can be repeated with other samples, and non-normality is less harmful when sample numbers are bigger. Various writers have varied recommendations for the number of cases necessary for multiple regressions. According to Crothers et al. (2009); Hair et al. (2006), in hierarchical multiple regression analysis, the minimum valid case-to-independent-variable ratio must be at least 5 to 1. On the other hand, a ratio of 40 to 1 is recommended by Tabachnick & Fidell (2001); Tabachnick et al., (2007). The 310 valid cases in this study against three independent variables gave a ratio of 310 to 3, which meets the above recommendations.

4.8.2 Test for Linearity

Linearity assumes a straight-line relationship between the predictor variables and the criterion variable. This was assessed by examination of a scatter plot of all the independent variables against the dependent variable to measure if there is a straight-line relationship. All the independent variables depicted a straight-line relationship with the dependent variable as shown in Figure 4.1

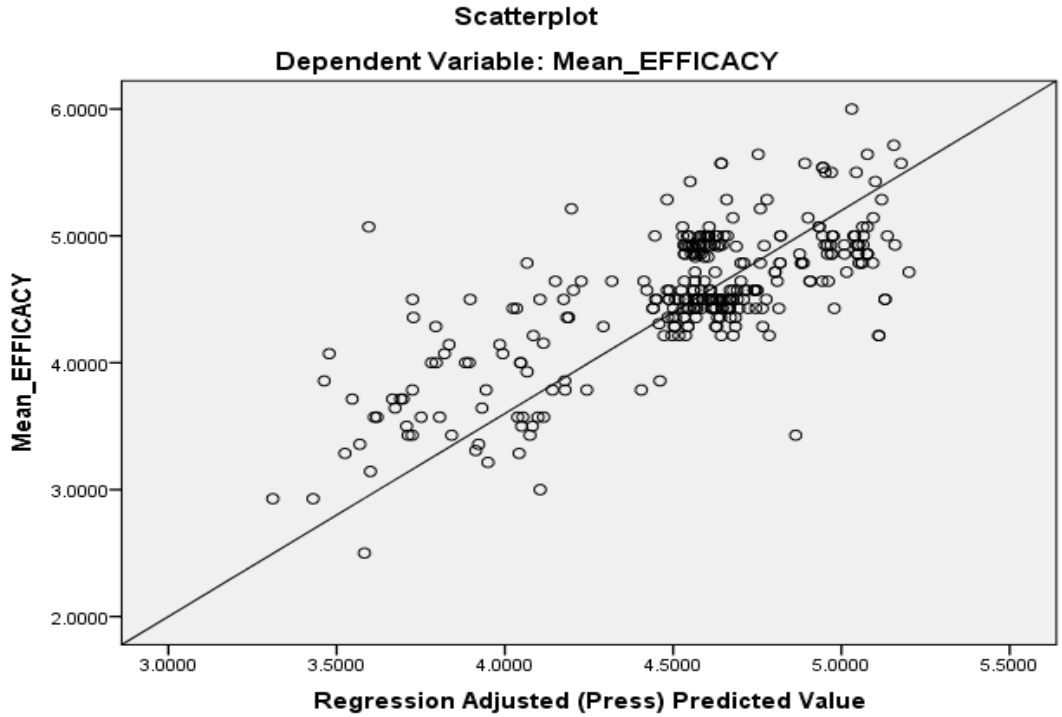

Figure 4.1: Scatter Diagram for Linearity

4.8.3 Normality test

The normal distribution is among the main assumptions of regression models. According to Tabachnick and Fidell (2001), non-normally distributed variables result in distorted correlations. Normality holds that the distribution of the test is asymmetrical with more scores around the mean, and fewer towards the extremes (Casson & Farmer, 2014; Gravetter & Wallnau, 2000). The tests for normality was done using a histogram. Data were normally distributed at the multivariate level because the histogram for the dependent variable against the regression standardized residuals was bell-shaped.

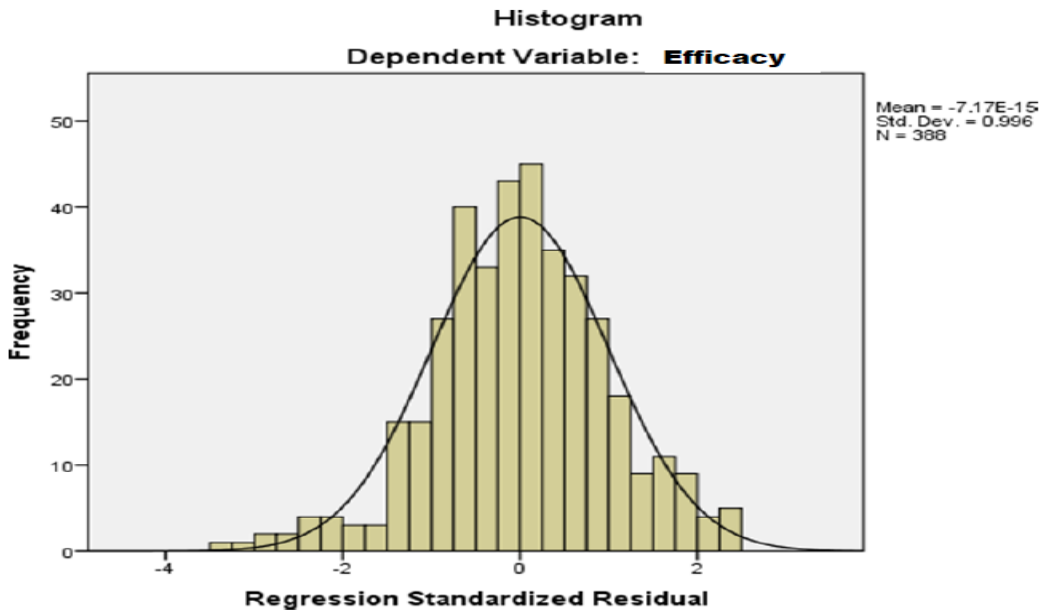

Figure 4.2: Normality Test Histogram

4.8.4 Homoscedasticity tests

This is a regression assumption, which states that the variance of the errors remains constant for every combination of independent variable values (Ernst & Albers, 2017). That is a constant variance, or the relationship is constant for the entire range of the dependent variable. According to Osborne and Waters (2002), the homoscedasticity assumption does not hold if the variance of errors is different at various values of the independent variables. The violation of this assumption is referred to as "heteroscedasticity," and this can lead to misleading results and also increase the likelihood of type 1 error (Ernst & Albers, 2017). Therefore, the inference process becomes untrustworthy. To check for homoscedasticity, Levene's test for equality of variances was utilized. When Levene's test statistic is negligible, this test asserts that homoscedasticity of variance is proven (Osborne & Waters, 2002; Williams et al., 2013). Following this decision rule, it was found that Levene's statistics were not significant, thus the homoscedasticity assumption was met, as shown in Table 4.14;

Table 4.14: Levene's Test for Homoscedasticity

Variable	Levene's Statistic	Sig.
Structural Dimension	.356	.785
Economic Dimension	.405	.750
Social Dimension	1.265	.286
Cultural Orientation	.870	.456

Source: *Research Data (2023)*

4.8.5 Testing for Independence of Errors

One of the fundamental assumptions of the regressions is that the random error disturbances are distributed uniformly and independently. Where this assumption is compromised, i.e., when the variance of the disturbance term does not remain constant, the heteroscedasticity problem develops (Osborne & Waters, 2002). When the variance of a disturbance term is constant but the subsequent disturbance terms are correlated, this is known as the auto-correlation problem. The Durbin-Watson test was used to determine the error terms' independence. The decision rule is that the Durbin-Watson statistic should be between 1.5 and 2.5 to conclude that the error terms are independent (Tabachnick & Fidell, 2007). Thus, there was no problem with autocorrelation since the Durbin-Watson statistic was 1.836, as shown in Table 4.15.

Table 4.15: Durbin Watson test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1.00	.745 a	0.555	0.549	0.3634418	1.836

Source: *Research Data (2023)*

4.8.6 Test for Multicollinearity

Multicollinearity is a statistical phenomenon in which two or more predictor variables in a multiple regression model are highly correlated. It is the undesirable situation where the correlations among the independent variables are strong. A set of variables is perfectly multicollinear if there exists one or more exact linear relationship among some of the variables. Tolerance of the variable and the VIF value were used where values more than 0.2 for Tolerance and values less than 5 for VIF means that there is no multicollinearity.

For multiple regressions to be applicable there should not be collinearity among variables. Statistics used to measure multicollinearity include tolerance and variance inflation factor. From the findings, all the variables had a tolerance values >0.2 and VIF values <5 as shown in Table 4.16. Indicating that there is no multicollinearity among the independent variables (structural dimension, economic dimension, social dimension, cultural orientation and organizational efficacy).

Table 4.16: Multicollinearity Test Using Tolerance and VIF

	Collinearity Statistics	
Variable	**Tolerance**	**VIF**
Structural Dimension	0.252	3.961
Economic Dimension	0.308	3.249
Social Dimension	0.562	1.781
Cultural Orientation	0.256	3.900

Source: *Research Data (2023)*

4.9 Factor Analysis

Factor analysis is an approach that involves condensing information contained in a number of variables into a smaller set of dimensions (factors) with a minimum loss of information (Baets, 2002). Factor analysis was conducted to assess the convergent

validity of the hypothetical constructs (Mugenda & Mugenda, 2003). Factor analysis establishes threshold of variables to be considered for interpretation. Mabert *et.al* (2003) stated that factor loading with Eigen values (total variance) greater than 0.5 should be extracted and coefficients below 0.49 deleted from matrix since they are not importance. It is conducted in order to reduce the data to a meaningful and manageable set of factors (Sekeran, 2006). It also helps to analyze the structure of the interrelationships (correlations) by defining the factors.

Fit statistics are evaluated to determine which predetermined model(s) best explain the relationships between the observed and the latent variables. Hair *et al.,* (2010) described this as a primary statistical problem optimally estimating the parameters of the model and determining the goodness of fit of the model to sample data on measureable variables.

Before executing exploratory factor analysis, principal component factor analysis was first conducted to check on the adequacy of the sample data. The Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity were performed to determine the suitability of the research data for factorability. A KMO value that ranges between 0 and 1, a minimum of 0.60, should be met for the sample to be appropriate for good factor analysis (Tabachnick & Fidell, 2001). It is further argued that different ranges of the KMO index explain different degrees of common variance among the variables that are to be factored in. For instance, KMO 0.00 to 0.49 should not be factored, 0.50 to 0.59 is miserable, 0.60 to 0.69 is mediocre, 0.70 to 0.79 is middling, 0.80 to 0.89 is meritorious, and 0.90 to 1.00 is deemed marvelous. On the other hand, Bartlett's test of sphericity should be statistically significant at $\rho < 0.05$.

Following that, factor extraction was carried out by calculating the minimum number of factors that might be utilized to best depict the interrelationships between the variables. Factors with Eigenvalues 1 and above were extracted using principal component analysis (PCA). Though there are multiple methods like principal factoring, image factoring, and alpha factoring, because the original variables are transformed into a smaller set of linear combinations, PCA was chosen. Tabachnick and Fidell (2001) claim that PCA is psychometrically robust, mathematically simpler, and eliminates some of the potential difficulties associated with factor analysis, such as factor indeterminacy.

Finally, after determining the number of components, the next step was to interpret them. To do so, this process was supported by performing factor rotation. This procedure does not alter the underlying solution; rather, it simplifies the interpretation of the loading pattern. The Orthogonal approach with the Varimax method was utilized because it reduced the number of items that had high loadings on each component. While the orthogonal approach was chosen because its results are easier to interpret and report as compared to oblique approaches (Tabachnick & Fidell, 2001).

4.9.1 Structural Dimension

Factor analysis was conducted on statements structural dimension. After checking and treatment for missing values, data was transformed by obtaining the mean for each study variable. The results show the set of sub variables under the variable structural dimension, which according to Mabert *et al.*, (2003), factors loading with Eigen values greater than 0.6 should be extracted and below 0.60 not considered. The highest value was 0.94, that we continuously look forward to working with new partners who may bring new opportunities. Results from exploratory factor analysis for the outcome

variable (Structural Dimension) provide a KMO of 0.665. This implies that the degree of common variance among the variables was middling. All the sub variables had values more than 0.6 and therefore they were accepted, and thus no sub variable was dropped.

Table 4.17: Factor Loading for Structural Dimension

Items	Component
We interact with the customers of our business partners	0.60
We work closely with organizations who have business relationships with our lead customers to stimulate demand	0.67
We often approach the customers of our competitors when it is appropriate.	0.71
Having good relationship with both suppliers and customers has enabled us to adapt to changes in the market.	0.68
We continuously look forward to working with new partners who may bring new opportunities	0.94
We use agents or representatives to penetrate a new market by utilizing their network of relationships.	0.66
We have well established connections with key suppliers	0.65
We have been in a strong working relationship with key partners for more than five years.	0.71
We have been in a strong working relationship with key partners for less than five years.	0.70
Total Variance Explained: Rotation Sums of Squared Loadings	
Initial Eigen values	2.2563
% of Variance	56.52
Cumulative variance %	56.52
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.665
Bartlett's Test of Sphericity, Approx. Chi-Square	424.467
Sig.	0.000

Source: *Research Data (2023)*

4.9.2 Economic Dimension

Factor analysis was conducted on statements Economic Dimension. After checking and treatment for missing values, data was transformed by obtaining the mean for each

study variable. The results show the set of sub variables under the variable Economic Dimension, which according to Mabert *et al.*, (2003), factors loading with Eigen values greater than 0.6 should be extracted and below 0.60 not considered. The highest value was 0.75, that having business partners has increased our market share thus translating to more profits.. Results from exploratory factor analysis for the outcome variable (Economic Dimension) provide a KMO of 0.688. This implies that the degree of common variance among the variables was middling. All the sub variables had values more than 0.6 and therefore they were accepted and thus no sub variable was dropped.

Table 4.18: Factor Loading for Economic Dimension

Items	**Component**
We have invested huge capital in business relationships and we will stand to lose if we leave.	0.65
We share profits with our partners according to the business agreements amicably.	0.65
We always share business burdens with partners whenever they occur.	0.69
We share business premises with our key partners.	0.68
Having business partners has increased our market share thus translating to more profits.	0.75
We usually invest in new technologies with our key partners.	0.71
Total Variance Explained: Rotation Sums of Squared Loadings	
Initial Eigen values	3.45
% of Variance	58.35
Cumulative variance %	58.35
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.671
Bartlett's Test of Sphericity, Approx. Chi-Square	432.35
Sig.	0.000

Source: *Research Data (2023)*

4.9.3 Social Dimension

Factor analysis was conducted on statements Social Dimension. After checking and treatment for missing values, data was transformed by obtaining the mean for each study variable. The results show the set of sub variables under the variable Social Dimension, which according to Mabert et al., (2003), factors loading with Eigen values greater than 0.6 should be extracted and below 0.60 not considered. The highest value was 0.84, that we are always in a harmonious relationship with partners. Results from exploratory factor analysis for the outcome variable (Social Dimension) provide a KMO of 0.75. This implies that the degree of common variance among the variables was meritorious. All the sub variables had values more than 0.6 and therefore they were accepted, and thus no sub variable was dropped.

Table 4.19: Factor Loading for Social Dimension

Items	Component
We usually involve our partners in the creation of new business startups for value addition and cost reduction	0.74
The business relationship with our key partners has been economically viable.	0.65
We do not wish to continue business relationships with partners because they don't keep their promises	0.73
The business ventures with our partners are carried out in a transparent and accountable manner.	0.83
The business relationship with our partners has fully met our expectations.	0.73
We are always in a harmonious relationship with partners.	0.84
Conflicts with partners are always resolved amicably when they occur.	0.75
Total Variance Explained: Rotation Sums of Squared Loadings	
Initial Eigen values	4.51
% of Variance	59.31
Cumulative variance %	59.31
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.84
Bartlett's Test of Sphericity, Approx. Chi-Square	514.24
Sig.	0.000

Source: *Research Data (2023)*

4.9.4 Cultural Orientation

Factor analysis was conducted on statements Cultural Orientation. After checking and treatment for missing values, data was transformed by obtaining the mean for each study variable. The results show the set of sub variables under the variable Cultural Orientation, which according to Mabert et al., (2003), factors loading with Eigen values greater than 0.6 should be extracted and below 0.60 not considered. The highest value was 0.74, that we prefer to maintain our identity in business even in the face of entering into business relationships. Results from exploratory factor analysis for the outcome variable (Cultural Orientation) provide a KMO of 0.66. This implies that the degree of common variance among the variables was meritorious. All the sub variables had values more than 0.6 and therefore they were accepted and thus no sub variable was dropped.

Table 4.20: Factor Loading for Cultural Orientation

Items	Component
We find it important to spend more time understanding business partners than rushing into forming business relationships.	0.68
We believe in building strong and trusting relationships with business partners.	0.66
We hardly share information with business partners.	0.68
We always avoid direct confrontation with business partners.	0.66
We values accurate, controlled, and disciplined interaction.	0.67
We prefer raising concerns openly whenever we are offended by our business partners.	0.65
We always follow the rules or procedures governing business standards when entering into business partnerships.	0.64
We prefer to maintain our identity in business even in the face of entering into business relationships.	0.74
We prefer business relationships that are based on a number of products and services	0.65
We place more emphasize on continuity of past traditions when conducting business.	0.67
We are visionary and prefer change to status quo.	0.67
We prefer open communication based on mutual trust before business is conducted.	0.68
We rely so much on business experiences than business based on theoretical assumptions.	0.64
We put emphasis on detail and facts when in a business relationship.	0.63
We rely on holistic inter-relatedness and integration of issues and ideas with business partners.	0.67
We believe in empowering others who are in business.	0.67
We always lay down proper strategies before entering into business partnerships.	0.64
We prefer to conduct business privately.	0.68
We consider others equal partners in business activities.	0.65
We believe we can achieve success in business ventures without business partners.	0.69
We believe that the welfare of our business partners is important for our survival.	0.67
We find it important to respect the decisions made by other business groups.	0.68
We believe that competition is the law of nature therefore business networking is not our priority.	0.64
We always ensure flexibility in order to accommodate the opinions of business partners.	0.69
Total Variance Explained: Rotation Sums of Squared Loadings	
Initial Eigen values	4.27
% of Variance	58.82
Cumulative variance %	58.82
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.66
Bartlett's Test of Sphericity, Approx. Chi-Square	483.39
Sig.	0.000

Source: *Research Data (2023)*

4.9.5 Organizational Efficacy

Factor analysis was conducted on statements Organizational Efficacy. After checking and treatment for missing values, data was transformed by obtaining the mean for each study variable. The results show the set of sub variables under the variable Organizational Efficacy, which according to Mabert et al., (2003), factors loading with Eigen values greater than 0.6 should be extracted and below 0.60 not considered. The highest value was 0.95, that our organization is likely to fall apart in a few years. Results from exploratory factor analysis for the outcome variable (Organizational Efficacy) provide a KMO of 0.75. This implies that the degree of common variance among the variables was meritorious. All the sub variables had values more than 0.6 and therefore they were accepted and thus no sub variable was dropped.

Table 4.21: Factor Loading for Organizational Efficacy

Statement	Factor Loading
We can take on any challenge.	0.62
We can beat our competition.	0.75
We are far more innovative than most organizations.	0.85
We coordinate our efforts to complete difficult projects.	0.68
We work together to accomplish a goal.	0.74
We mobilize efforts to accomplish difficult and complex tasks.	0.69
We work together effectively to meet customer requirements.	0.62
We have a sense of purpose.	0.74
We have a strong vision of the future.	0.70
We are confident about our future.	0.73
Our organization will double in size in the next 10 years.	0.77
Our organization will come out strong in an economic downturn	0.73
Our organization is likely to fall apart in a few years.	0.95
Our organization has no hope of surviving more than a year or two.	0.94
Total Variance Explained: Rotation Sums of Squared Loadings	
Initial Eigen values	4.01
% of Variance	59.28
Cumulative variance %	59.28
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.75
Bartlett's Test of Sphericity, Approx. Chi-Square	518.39
Sig.	0.000

Source: *Research Data (2023)*

4.10 Transformed Variables after Factor Analysis

After factor analysis, no variables were eliminated for further analysis in line with Zikmund et al. (2013). The mean was obtained by summing up the factor scores (loadings) that loaded under each variable, then dividing them by the number of items that loaded. A single variable was obtained to explain multiple variables that were factored in. As a result, the descriptive statistics utilized in the subsequent study are listed in Table 4.22.

Table 4.22: Transformed Variables after Factor Analysis

Variable	No. of Items	Min	Max	Mean	S.D	Skewness	Kurtsosis
Structural Dimension	8	2	6	4.92	0.87	-0.22	0.25
Economic Dimension	6	2	6	4.91	0.83	-0.44	0.27
Social Dimension	8	2	6	4.98	1.00	-0.47	0.83
Cultural Orientation	24	2	6	5.02	0.84	-0.35	0.12
Organizational Efficacy	14	2	6	4.93	0.10	-0.09	0.13

Source: *Research Data (2023)*

4.11 Correlation Analysis

Correlation analysis was carried out to detect the association between the dependent variable, organizational efficacy and the independent variables of structural dimension, economic dimension, social dimension and the moderating effect of cultural orientation. The mean score for each of the independent variables was calculated and the Pearson's correlation obtained using SPSS. Pearson correlation coefficient was computed to assess the relationship between each independent variable with the

dependent variable. Pearson's correlation coefficient (r) is a measure of the strength of the association between two variables (Sahu, Pal, & Das, 2015). The Pearson correlation coefficient, r, can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A -1 means there is a strong negative correlation and +1 means that there is a strong positive correlation. The nearer to zero a value is the weaker the relationship between the two variables.

Positive correlation means that as one variable increases, the other variable has a tendency to also increase. Negative correlation means as one variable increases the other variable has a tendency to decrease. While no correlation means as one variable increases the other variable does not either, increase or decrease. The correlations can be done at 0.05 significance level with one asterisk (*) or a 0.01 significance level with two asterisks. To determine whether the correlation between variables is significant, one needs to compare the p-value to the significance level used. Usually, a significance level (denoted as α or alpha) of 0.05 works well. An α of 0.05 indicates that the risk of concluding that a correlation exists when, actually, no correlation exists is 5%. The p-value indicate whether the correlation coefficient is significantly different from 0 or not. When the p-value is less than or equal to 0.05 the correlation is statistically significant. However, if the p-value is greater than 0.05 or the significant level then correlation is not statistically significant (Statistics Solution , 2018).

Table 4.23: Overall Correlation Analysis

Variables		Organizational Efficacy	Structural Dimension	Economic Dimension	Social Dimension	Cultural orientation
Organizational Efficacy	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Structural Dimension	Pearson Correlation	.704**	1.000			
	Sig. (2-tailed)	0.000				
Economic Dimension	Pearson Correlation	.660**	.805**	1.000		
	Sig. (2-tailed)	0.000	0.000			
Social Dimension	Pearson Correlation	.535**	.603**	.547**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000		
Cultural orientation	Pearson Correlation	.702**	.821**	.781**	.651**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

** Correlation is significant at the 0.01 level (2-tailed).

Source: *Research Data (2023)*

The results in table 4.23 indicated that structural dimension was positively and significantly associated to organizational efficacy (r=0.704, p=0.00<0.05). Economic dimension was positively and significantly associated to organizational efficacy (r=0.660, p=0.00<0.05) while social dimension was positively and significantly associated to organizational efficacy (r=0.535, p=0.000<0.05). The moderating effect of cultural orientation was positively and significantly associated to organizational efficacy (r=0.702, p=0.000<0.05).

4.12 Hypotheses Testing

The study sought to carry out regression analysis to establish the statistical significance relationship between the independent variables notably structural dimension, economic dimension and social dimension on the dependent variable that was organizational efficacy. According to Rencher and Schaalje (2009) regression analysis is a statistical

process of estimating the relationship among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent and one or more independent variables. More specifically, regression analysis helps one to understand how the typical value of the dependent variable changes when any one of the independent variable is varied, while the other independent variables are held fixed (Mugenda & Mugenda, 2010). On the same note, Wan (2013) contends that regression analysis helps in generating an equation that describes the statistical relationship between one or more predictor variables and the response variable.

When dealing with more than two independent variables, multiple regression analysis is used because it attempts to determine whether a group of variables together predicts a given dependent variable (Mugenda & Mugenda, 2010). Therefore, in this study, multiple regressions were done since the study had three independent variables. In understanding the result of multiple regression analysis, the R squared was used to check how well the model fitted the data.

The coefficient of determination, R^2 was used in this study as a useful tool because it gives the proportion of the variance (fluctuation) of one variable that is predictable from the other variable. It is a measure that allowed one to determine how certain it can be in making predictions from a certain model. The coefficient of determination is the ratio of the explained variation to the total variation. The coefficient of determination is such that $0<r^2< 1$, and denotes the strength of the linear association between x and y. The regression analysis results were presented using regression model summary tables, analysis of Variance (ANOVA) table and beta coefficients tables.

4.12.1 Test for Direct Effect

An overall regression analysis was conducted between all the independent variables structural dimension, economic dimension and social dimension on the dependent variable that was organizational efficacy. According to Rencher and Schaalje (2009) regression analysis is a statistical process of estimating the relationship among variables. It includes many techniques for modeling and analyzing several variables when the focus is on the relationship between a dependent and one or more independent variables. More specifically, regression analysis helps one to understand how the typical value of the dependent variable changes when any one of the independent variable is varied, while the other independent variables are held fixed (Mugenda & Mugenda, 2010). On the same line, Wan (2013) contends that regression analysis helps in generating an equation that describes the statistical relationship between one or more predictor variables and the response variable.

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variations in the dependent variable that is organizational efficacy as shown in table 4.24.

Table 4.24: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745	0.555	0.549	0.3634418

Source: *Research Data (2023)*

Table 4.25 provides the results on the overall analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the structural dimension, economic dimension and social dimension are good predictors of organizational efficacy. This was supported by an F statistic of 95.022 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 4.25: Analysis of Variance (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	50.206	4	12.551	95.022	.000
Residual	40.287	305	0.132		
Total	90.493	309			

Source: *Research Data (2023)*

Regression coefficients in Table 4.26 revealed that there was a positive and significant relationship between structural Dimension and organizational efficacy (β =0.414, p=0.000). This was supported by a calculated t-statistic of 6.076 that is larger than the critical t-statistic of 1.96. There was a positive and significant relationship between Economic Dimension and organizational efficacy (β =0.237, p=0.000). This was supported by a calculated t-statistic of 3.575 that is larger than the critical t-statistic of

1.96. Lastly, there was a positive and significant relationship between Social Dimension and organizational efficacy (β =0.215, p=0.002). This was supported by a calculated t-statistic of 3.054 that is larger than the critical t-statistic of 1.96. However, the results indicate that none of these control variables were statistically significant in predicting Organizational Efficacy. Specifically, the coefficients for Gender (B = 0.4017, p = 0.083), Age (B = 0.2247, p = 0.071), and Education (B = 0.2027, p = 0.580) did not reach the conventional level of statistical significance, suggesting that within the context of this study, these demographic factors did not have a significant impact on the outcome variable, organizational efficacy. This lack of significance suggests that the variations in organizational efficacy observed can be more directly attributed to the dimensions of business networking and cultural orientation that were the primary focus of the study.

Table 4.26: Regression Model

	Unstandardized Coefficients		Standardized Coefficients		
Variable	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.350	0.262		1.336	0.183
Structural Dimension	0.414	0.068	0.423	6.076	0.000
Economic Dimension	0.237	0.066	0.247	3.575	0.000
Social Dimension	0.215	0.070	0.151	3.054	0.002
Gender	0.401	0.291	0.300	1.380	0.083
Age	0.224	0.289	0.114	0.778	0.071
Education	0.202	0.293	0.028	0.692	0.580

Source: *Research Data (2023)*

The fitted regression modes was;

$Y= 0.350+0.414X_1+0.237X_2+0.215X_3+0.4017X_4+0.2247X_5+0.2027X_6$

Where:

Y= Organizational Efficacy
X_1= Structural Dimension
X2= Economic Dimension
X_3= Social Dimension
X_4= Gender
X_5= Age
X_6= Education

4.12.2 Test for Moderation Effect

The fourth objective was to investigate the moderating role of cultural orientation on the relationship between business networking and organizational efficacy among small and medium enterprises in Kenya. The independent variables were moderated by the variable cultral orientation to give a composite. The coefficient of determination also known as the R square was 0.707. This means that the moderating modle explains 70.7% of the variations in the dependent variable that is organizational efficacy as shown in table 4.27.

Table 4.27: Model Fitness for the Moderation Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841a	0.707	0.701	0.296

Source: *Research Data (2023)*

Table 4.28 provides the results on the overall analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the Moderation Model was a good predictor of organizational efficacy. This was supported by an F statistic of 104.281 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 4.28: Analysis of Variance (ANOVA) for the Moderation Model

	Sum of Squares	df	Mean Square	F	Sig.
Regression	64.011	7	9.144	104.281	.000
Residual	26.482	302	0.088		
Total	90.493	309			

Source: *Research Data (2023)*

Regression coefficients in Table 4.29 revealed that there was a positive and significant relationship between the interaction term of structural dimension*cultural orientation and organizational efficacy (β =0.092, p=0.000). This was supported by a calculated t-statistic of 5.606 that is larger than the critical t-statistic of 1.96. There was a positive and significant relationship between the interaction term of economic dimension*cultural orientation (β =0.053, p=0.004). This was supported by a calculated t-statistic of 2.871 that is larger than the critical t-statistic of 1.96. Lastly, there was a positive and significant relationship between the interaction term of social dimension*cultural orientation and organizational efficacy (β =0.060, p=0.001). This was supported by a calculated t-statistic of 3.309 that is larger than the critical t-statistic of 1.96. The R^2 before moderation was 55.5% but after moderation, the R^2 increased significantly by 15.2% to 70.7%. Further, the relationship was significance with P values that were below 0.05. This implies that cultural orientation moderates the relationship between business networking and organizational efficacy. The control variables in this analysis—Gender (B = 0.413, p = 0.094), Age (B = 0.236, p = 0.082), and Education (B = 0.214, p = 0.591)—were not found to be significant. This suggests that these demographic factors do not significantly alter the impact of the business networking dimensions and Cultural Orientation on Organizational Efficacy. The nonsignificant results for these control variables imply that their influence does not

meaningfully contribute to variations in Organizational Efficacy in the context of this study.

Table 4.29: Regression of Coefficients Moderation Model

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	1.709	0.259		6.595	0.000
Structural Dimension	0.122	0.062	0.125	1.959	0.051
Economic Dimension	0.114	0.056	0.114	2.025	0.044
Social Dimension	0.066	0.06	0.046	1.099	0.273
Cultural Orientation	0.253	0.068	0.229	3.706	0.000
Gender	0.413	0.302	0.311	1.367	0.094
Age	0.236	0.300	0.125	0.786	0.082
Education	0.214	0.304	0.039	0.703	0.591
Structural Dimension*Cultural Orientation	0.092	0.016	0.237	5.606	0.000
Economic Dimension*Cultural Orientation	0.053	0.018	0.142	2.871	0.004
Social Dimension*Cultural Orientation	0.060	0.018	0.169	3.309	0.001

Source: *Research Data (2023)*

The fitted model was;

$$Y=1.709+0.122X_1+0.114X_2+0.066X_3+0.253M+0.413X_5+0.236X_6+0.214X_7$$

$$+0.092(X1\times M)+0.053(X_2\times M)+0.060(X_3\times M)$$

Where:

Y= is the dependent variable, Organizational Efficacy.

X_1=Structural Dimension.

X_2=Economic Dimension.

X_3=Social Dimension.

M= Cultural Orientation.

X_5= Gender.

X_6=Age.

X_7=Education.

$X_1 \times MX_1 \times M$, $X_2 \times MX_2 \times M$, and $X_3 \times MX_3 \times M$ are the interaction terms between the respective business networking dimensions and Cultural Orientation.

Table 4.30: Hypothesis Testing

	Hypotheses	Beta	P-value	T	Decision
H_{01}	Structural dimension of business networks has no significant effect on organizational efficacy	0.414	.000	6.076	Rejected
H_{02}	Economic dimension of business networks has no significant effect on organizational efficacy	0.237	.000	3.575	Rejected
H_{03}	Social dimension of business networks has no significant effect on organizational efficacy	0.215	.002	3.054	Rejected
H_{04}	Cultural orientation has no significant effect on the relationship between business networking and organizational efficacy	R-squared change by 15.2%	.000	-	Rejected

Source: *Research Data (2023)*

4.13 Discussion of Research Findings

To test the study hypotheses, several statistical analyzes were carried out. The direct and moderation effects were performed and presented above. The study hypotheses were assessed using p-values, t-tests, and confidence intervals at a 5% level of significance. The magnitude of an independent or set of predictor variables' influence on the outcome variable is indicated by the size of the beta coefficient. These provide explanations for why the hypotheses are rejected or not rejected.

4.13.1 Impact of Structural Dimension on Organizational Efficacy

The first objective was to investigate the effects of structural dimension of business networking on organizational efficacy among small and medium enterprises in Kenya. The hypothesis was tested by using multiple linear regression and determined using p-value. The acceptance/rejection criteria was that, if the p value is less than 0.05, we reject the $H_0$1 but if it is more than 0.05, the $H0_1$ is not rejected. Therefore, the alternative hypothesis is structural dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in Kenya. Results showed that the p-value was 0.000. This was supported by a calculated t-statistic of 6.076 that is larger than the critical t-statistic of 1.96. The study rejected the null hypothesis and therefore adopted the alternative hypothesis that: structural dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in Kenya.

In a study by Abdul-Rahman and Haque (2014), the authors explored the impact of organizational structure on the effectiveness of SMEs. The study found that organizational structure had a positive relationship with organizational efficacy. Specifically, a centralized structure was found to be more effective in achieving organizational goals. Another study by Damanpour and Schneider (2016) investigated the relationship between structural dimensions and innovation in SMEs. The study found that a higher degree of decentralization and formalization was positively related to innovation. In a study by Boonsiritomachai and Pugdee (2014), the authors investigated the relationship between structural dimensions and the performance of SMEs. The study found that a higher degree of formalization and decentralization was positively related to performance.

Gitonga (2017) examined the effect of organizational structure dimension on the efficacy of strategy in small and medium enterprises and posited that when a structure is in place, it encourages employee participation within the process and thereby making implementation relatively smooth. A clear structure was also seen to enhance responsibility and roles distribution effectively during strategy implementation by virtue of all employees knowing exactly what responsibility lies of their shoulders. Udayanga (2020) found a statistically significant impact was shown by the five dimensions of the organizational structure on organizational efficacy of small and medium enterprises while statistically insignificant effect was illustrated by the dimensions of formalization and coordination.

Božinović (2020) study established that organizational structure dimensions are viewed as an activity management and is well positioned to enable efficient business enterprise. Setup organization covers a range of methods that enable troubleshooting and contribute the development of enterprises. The structure is a dynamic element of the organization makes it a unique set of all parts of the enterprise and incorporates the use of all available resources in the enterprise. Zehir et al. (2015) findings revealed that centralization and complexity were negatively related to organizational efficacy, while formalization and size were positively related. The study also found that formalization was a significant mediator between centralization, complexity, size, and organizational efficacy.

Kalkan et al. (2020) findings revealed that centralization, formalization, and size were positively related to organizational efficacy, while complexity was negatively related. The study also found that the relationship between structural dimensions and organizational efficacy was moderated by external environmental factors such as market turbulence and competition. Abugre and Ahenkan (2021) findings revealed that

centralization, formalization, and size were positively related to organizational efficacy, while complexity was negatively related. The study also found that the relationship between organizational efficacy and structural dimensions was stronger in SMEs that had higher levels of human capital and financial capital.

Rizk et al. (2019) findings revealed that centralization, formalization, and size were positively related to organizational efficacy, while complexity was negatively related. The study also found that the relationship between structural dimensions and organizational efficacy was moderated by internal environmental factors such as managerial capabilities and resources. Nahapiet and Ghoshal (2018) found that social capital, measured by the density of ties among individuals and the quality of the relationships, had a positive impact on the performance of SMEs. Di Benedetto and De Nito (2012) found that a flexible organizational structure, characterized by decentralized decision-making, cross-functional teams, and informal communication, was positively associated with innovation in SMEs.

4.13.2 Impact of Economic Dimension on Organizational Efficacy

The second objective was to investigate the effect of economic dimension of business networking on organizational efficacy among small and medium enterprises in Kenya. The hypothesis was tested by using multiple linear regression and determined using p-value. The acceptance/rejection criteria was that, if the p value is less than 0.05, we reject the H_{o2} but if it is more than 0.05, the Ho2 is not rejected. Therefore, the alternative hypothesis is economic dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in Kenya. Results indicated that the p-value was 0.000. This was supported by a calculated t-statistic of 3.575 that is larger than the critical t-statistic of 1.96. The study rejected null hypothesis and therefore adopted the alternative hypothesis that: Economic dimension

of business networks has a significant effect on organizational efficacy among small and medium enterprises in Kenya.

The findings are in line with Bartolacci, Caputo and Soverchia (2020) whose results revealed that the existence of three themes in research: the role of economics and entrepreneurship their impact on efficacy in SMEs (cluster 1); CSR in the context of SMEs (cluster 2); and, green management and environmental issues for SMEs (cluster 3). Armindo, Fonseca, Abreu and Toldy (2019) results also show the perception that the economic dimension is equally influenced by the environmental and social dimensions, and in a less extent, by the cultural dimension, and that all these mutual influences are perceived to increase in the future. The existence of organizational management systems has a positive effect on the perceptions regarding the existence of mutual influences between sustainability dimensions, but only for those companies with more than one certified management system.

Dawes (2020) found that competitor orientation, as a component of economic orientation, had the strongest association with performance. They argued that, while customer orientation is vital, competitor intelligence activities constitute a key factor in ensuring high performance. Further, it was claimed that each component of economic orientation should not necessarily be assumed to have equally strong associations with profitability. According to Grinstein (2018), a strong market orientation is critical for firm success while innovation performance, innovation degree, and business performance are all linked together. Raaij and Stoelhorst (2018) suggest that the performance of a new product is related to the degree of innovation of a firm.

4.13.3 Impact of Social Dimension on Organizational Efficacy

The third objective was to investigate the effect of social dimension of business networking on organizational efficacy among small and medium enterprises in Kenya. The hypothesis was tested by using multiple linear regression and determined using p-value. The acceptance/rejection criteria was that, if the p value is less than 0.05, we reject the H_{o3} but if it is more than 0.05, the Ho3 is not rejected. Therefore, the alternative hypothesis is social dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in Kenya. Results indicated that the p-value was 0.002. This was supported by a calculated t-statistic of 3.054 that is larger than the critical t-statistic of 1.96. The study rejected the null hypothesis and therefore adopted the alternative hypothesis: Social dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in Kenya.

The findings agree with Armindo, Fonseca, Abreu and Toldy (2019) who found that the social dimension have a positive effect on the organizational efficacy of the SME and represents a significant organizational efficacy for the SMEs. Andrews (2020) results suggested that cognitive and relational dimensions of social capital are positively related to efficacy, but that the structural dimension of social capital is unrelated to service outcomes. Further analysis revealed that organizational structure has complex and contradictory effects on the impact of each dimension of social capital. In addition, organizational structures may strengthen or weaken the effects of social capital, by furnishing greater or fewer opportunities for its growth.

According to Monnickendam-Givon, Schwartz and Gidron (2018) the social structure is represented by the number of strong and weak ties of the social network in the enrepreneur business framework. Strong ties are close links to the entrepreneur,

signified by the entrepreneur strong connection to others in the network, such as close family members. Weak ties are weak relations to the entrepreneur, enabled by a weak association between the entrepreneur and others in her network, such as friends from work or extended family. Social links can express various relational content, with the positive effect of trust, the neutral effect of influential connections, and the negative effect. The association among group participants in a family or community group can take varied qualities that could potentially change the group behavior (Discua Cruz, Howorth, & Hamilton, 2013).

According to Zhu, Wang, Wang, and Nastos (2020), social capital is important to owners of SMEs due to the influence it has on employees. The owners who invest in team social capital, have experienced an increase in the performance of the business in terms of sales and marketing This is a form of internal social capital that works hand in hand with the strength of relationships between the business owners and their close family and friends (Zhu et al., 2020). The friends, colleagues and family members of an owner of an SME business most often provide the startup capital. This form of financing is necessitated by the lack of trust from banks and major venture capitalists who doubt the legitimacy of startups (Akintimehin et al., 2019). However, Ozgun, Tarim, Delen and Zaim (2022) study found no evidence of a direct link between social dimension and efficacy or between innovation activities and performance and determine that intellectual capital is the crucial link between social capital and organizational performance.

4.13.4 Impact of Cultural Orientation on the relationship between Business Networking and Organizational Efficacy

The fourth objective was to investigate the moderating role of cultural orientation on the relationship between business networking and organizational efficacy among small and medium enterprises in Kenya. The hypothesis was tested by using multiple linear regression and determined using p-value. The acceptance/rejection criteria was that, if the p value is less than 0.05, we reject the Ho_4 but if it is more than 0.05, the Ho_4 is not rejected. Cultural orientation was a positive and significant moderating variable for structural dimension 0.000<0.05, economic dimension at 0.00<0.05 and social dimension 0.000<0.05. The study rejected the null hypothesis and therefore adopted the alternative hypothesis that: Cultural orientation has a significant modertating effect on the relationship between business networking and organizational efficacy among small and medium enterprises in Nairobi Kenya.

The findings are consistent with Sahoo and Yadav (2017) who found that there is a strong correlation between business networking, cultural orientation, and organizational efficacy in SMEs. SMEs that have strong business networks tend to have a better cultural orientation and higher levels of organizational efficacy. Similarly, SMEs that have a strong cultural orientation tend to be more effective at networking and achieving their goals (Adomako, Howard Quartey & Narteh, 2016). One reason for this correlation is that business networking and cultural orientation can help SMEs build trust with other businesses and stakeholders. Trust is a key component of effective networking and can help SMEs establish long-term relationships with customers, suppliers, and other partners. Trust can also help SMEs navigate cultural differences and build relationships with businesses in other countries. Another reason for the correlation is that cultural orientation and organizational efficacy can help SMEs adapt

to changing circumstances. SMEs that have a strong cultural orientation and high levels of organizational efficacy are more likely to be able to adapt to changes in the market, such as new technologies, changing consumer preferences, or new regulations (Duru, Ehidiamhen & Chijioke, 2018).

Johannisson (2017) conclude that both buyers and sellers benefit equally. Economic benefits were more evident for sellers but buyers also benefit by achieving their own organizational objectives. This ultimately results in better financial outcomes. Dzever *et al*. (2015) found that relationships deliver value to suppliers not only by improving the efficiency of their operations but also by making their business possible. Olsson, Jugai, Jonsson, Mikhaylov and Francis (2016) identified four dimensions of relationship value in our research. These include personal, financial, knowledge and strategic value, each of which is indicated in different outcomes. Hassan, Abdullah, Noor, Din, Abdullah and Ismail (2018) claim that organizations in both the public and private sectors are increasingly entering into networks and in collaborative partnerships recognizing that these newer organizational forms offer considerable benefits in achieving an organization's strategic objectives. Thomas et al., (2016) posit that much of the organizational literature on collaboration suggests that failure in joint working and building successful coalitions is often a result of an insufficient understanding by players of the nature and dynamics associated with multi-organizational systems or domains, and de facto minimal attention paid to devising strategies to manage the complications inherent to these complex organizational systems.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter presents research finding, conclusions, limitations, and recommendations. The summary covers what the study sought to do and the main findings of the study based on the quantitative analysis centered on both objectives of the study and tested hypothesis. The summary of results, limitations, conclusion and recommendations are presented in line with the objectives of the study.

5.1 Summary of Research Findings

5.1.1 Structural Dimension and Organizational Efficacy

The first objective was to investigate the effects of structural dimension of business networking on organizational efficacy among Small and Medium Enterprises in the manufacturing industry in Nairobi Kenya. Descriptive statistics indicated that majority statements had a minimum of 1 and 2 with a maximum of 6. The study findings also demonstrated that respondents generally agreed with all statements concerning structural dimension since the mean was approximately 5 for all items and the standard deviation ranged between 0.72 and 1.05. Correlation analysis revealed that structural dimension was positively and significantly associated to organizational efficacy (r=0.704, 0.000). Regression of coefficient revealed that there was a positive and significant relationship between structural dimension and organizational efficacy (r= 0.414, 0.000). This was supported by a calculated t-statistic of 6.076 that is larger than the critical t-statistic of 1.96. This means that a unitary improvement in structural dimension leads to an improvement in organizational efficacy by 0.414 units holding other factors constant. The study adopted the alternative hypothesis that structural

dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in Nairobi Kenya.

5.1.2 Economic Dimension and Organizational Efficacy

The second objective was to investigate the effects of economic dimension of business networking on organizational efficacy among Small and Medium Enterprises in Nairobi Kenya. Descriptive statistics indicated that majority statements had a minimum of 1 and 2 with a maximum of 6. The study findings also demonstrated that respondents generally agreed with all statements concerning Economic Dimension since the mean was approximately 5 for all items and the standard deviation ranged between 0.78 and 0.90. Correlation analysis revealed that economic dimension was positively and significantly associated to organizational efficacy (r=0.660, 0.000). Regression of coefficient revealed that there was a positive and significant relationship between economic dimension and organizational efficacy (r= 0.237, 0.000). This was supported by a calculated t-statistic of 3.575 that is larger than the critical t-statistic of 1.96. This means that a unitary improvement in economic dimension leads to an improvement in organizational efficacy by 0.237 units holding other factors constant. The study adopted the alternative hypothesis that economic dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in the manufacturing industry in Nairobi, Kenya.

5.1.3 Social Dimension and Organizational Efficacy

The third objective was to investigate the effects of social dimension of business networking on organizational efficacy among Small and Medium Enterprises in Nairobi Kenya. Descriptive statistics indicated that majority statements had a minimum of 1 with a maximum of 6. The study findings also demonstrated that respondents generally agreed with all statements concerning Social Dimension since the mean was

approximately 5 for all items and the standard deviation ranged between 0.88 and 1.68. Correlation analysis revealed that social dimension was positively and significantly associated to organizational efficacy (r=0.535, 0.000). Regression of coefficient revealed that there was a positive and significant relationship between social dimension and organizational efficacy (r= 0.215, 0.000). This was supported by a calculated t-statistic of 3.054 that is larger than the critical t-statistic of 1.96. This means that a unitary improvement in social dimension leads to an improvement in organizational efficacy by 0.215 units holding other factors constant. The study adopted the alternative hypothesis that social dimension of business networks has a significant effect on organizational efficacy among small and medium enterprises in the manufacturing industry in Nairobi, Kenya.

5.1.4 Cultural Orientation, Business Networks and Organizational Efficacy

The fourth objective was to investigate the moderating role of cultural orientation on the relationship between business networking and organizational efficacy among small and medium enterprises in Nairobi Kenya. Descriptive statistics indicated that majority statements had a minimum of 1 and 2 with a maximum of 6. The study findings also demonstrated that respondents generally agreed with all statements concerning Cultural Orientation since the mean was approximately 5 for all items and the standard deviation ranged between 0.78 and 0.90. The R^2 before moderation was 55.5% but after moderation, the R^2 increased significantly by 15.2% to 70.7%. Further, the relationship was significant with P values that were below 0.05. This indicated that cultural orientation positively and significantly moderated the relationship between business networking and organizational efficacy among small and medium enterprises in the manufacturing industry in Nairobi, Kenya.

5.2 Conclusion

The study concludes that the structural dimension of business networking plays a fundamental role in enhancing organizational efficacy among SMEs in the manufacturing industry in Nairobi, Kenya. SMEs that develop and maintain well-established connections with key suppliers, cultivate strong working relationships with partners over time, and strategically utilize representatives to penetrate new markets achieve superior organizational outcomes. The formal architecture of these business relationships provides small enterprises with vital access to resources, information, and market opportunities they could not access independently. When manufacturing SMEs effectively navigate their network structures, they gain substantial competitive advantages through enhanced knowledge transfer, improved market positioning, and greater resilience in Kenya's dynamic business environment.

The study concludes that the economic dimension of business networking significantly contributes to organizational efficacy in manufacturing SMEs. Profit-sharing arrangements, joint technology investments, burden-sharing mechanisms, and collaborative market expansion efforts create tangible benefits that directly enhance organizational performance. These economic relationships enable cost reduction, resource pooling, and increased market reach, allowing SMEs to overcome the resource limitations that typically constrain their operations. For Kenyan manufacturing enterprises operating under considerable financial pressures, these economic networking dimensions offer practical pathways to achieve scale economies, distribute risk, and build financial stability in competitive markets where individual firms might otherwise struggle.

The study concludes that the social dimension of business networking establishes essential foundations for organizational efficacy among manufacturing SMEs.

Harmonious relationships, transparent business practices, effective conflict resolution mechanisms, and trust-based interactions create an environment where successful collaboration can flourish. These social elements facilitate knowledge sharing, reduce opportunistic behaviors, and enhance commitment to shared goals among network partners. For manufacturing enterprises in Nairobi, where business relationships are frequently embedded in broader social contexts, the cultivation of strong social ties provides both a critical safety net during market fluctuations and creates channels for informal resource mobilization that complement formal business arrangements.

The study concludes that cultural orientation substantially moderates the relationship between business networking and organizational efficacy in manufacturing SMEs. Firms that emphasize trust-building, practice open communication, demonstrate mutual respect, and exhibit cultural adaptability are significantly better positioned to extract value from their business networks. This cultural dimension is particularly influential in determining how effectively SMEs navigate and leverage their network structures across all business dimensions. For Kenyan manufacturing enterprises operating in a culturally diverse business environment, sensitivity to cultural nuances emerges as a critical success factor that can either amplify or diminish the benefits derived from networking initiatives. The findings underscore the importance of cultural considerations in developing effective business network strategies within Kenya's manufacturing sector.

5.3 Limitations to the Study

The study focused on SMEs in the manufacturing industry in Nairobi City County in Kenya, limiting its geographical scope despite the presence of SMEs across Kenya. While the findings provide valuable insights, they may not fully capture the diverse

cultural and economic conditions of SMEs in other regions. The applicability of these results to a national context is, therefore, constrained.

The sample size used in this study, while meeting technical standards and international benchmarks, was relatively restrictive. A larger and more diverse sample could provide greater statistical power, improving the generalizability of findings and capturing potential variations that a smaller sample might overlook.

Additionally, the study relied on subjective perceptions gathered from SME managers, which may introduce bias in evaluating organizational efficacy and cultural orientation. Managers' assessments might be influenced by personal biases or emotional connections to their firms, potentially affecting objectivity.

Lastly, while the study offers valuable insights into the relationship between business networking, cultural orientation, and organizational efficacy, it may not fully capture the complexity of the research problem across different business environments.

5.4 Recommendation of the Study

5.4.1 Recommendation for policy makers

To enhance the structural dimension of business networking and its impact on organizational efficacy, policy makers should create platforms and initiatives that facilitate business networking among SMEs in the manufacturing industry. This can be achieved through organizing industry-specific trade fairs, conferences, and workshops that allow SMEs to showcase their products, services, and capabilities, as well as interact with potential partners, suppliers, and customers. Government agencies should also provide resources and support to help SMEs build and maintain strong business networks, such as access to industry databases, networking events, and mentorship programs. These initiatives will enable SMEs to establish and strengthen their structural

ties within the industry, leading to improved organizational efficacy through increased access to information, resources, and opportunities.

To strengthen the economic dimension of business networking and its effect on organizational efficacy, policy makers should develop policies and programs that encourage economic cooperation and resource sharing among SMEs in the manufacturing industry. This can be achieved through promoting joint procurement initiatives, where SMEs can pool their resources to negotiate better prices and terms with suppliers, as well as collaborative research and development projects that allow SMEs to share the costs and risks of innovation. Government agencies should also provide financial incentives and support to SMEs that engage in business networking activities, such as grants, tax breaks or waivers, and low-interest loans. These measures will help SMEs to leverage their business networks for economic benefits, such as cost savings, increased bargaining power, and access to new markets, ultimately enhancing their organizational efficacy.

To enhance the social dimension of business networking and its impact on organizational efficacy, policy makers should promote the importance of social capital and trust-building among SMEs in the manufacturing industry. This can be done through awareness campaigns that highlight the benefits of social networking, such as increased collaboration, knowledge-sharing, and mutual support, as well as training programs that teach SMEs how to build and maintain strong social relationships within their business networks. Government agencies should also create social networking platforms and events specifically tailored to SMEs in the manufacturing industry, such as online forums, networking breakfasts, and industry-specific social clubs, to foster relationships and knowledge-sharing among business owners and managers. By

strengthening the social fabric of their business networks, SMEs can improve their organizational efficacy through increased trust, cooperation, and collective action.

To address the moderating role of cultural orientation on the relationship between business networking and organizational efficacy, policy makers should develop cultural competency training programs and resources for SMEs in the manufacturing industry. These initiatives should aim to help SMEs navigate and leverage cultural differences within their business networks, by promoting cross-cultural communication, understanding, and adaptation. Government agencies should also promote cultural diversity and inclusivity in the manufacturing industry, through policies that encourage the participation and representation of various cultural groups in business networks and decision-making processes. This can be achieved through diversity and inclusion training, affirmative action programs, and cultural sensitivity audits. By fostering a culture of mutual respect, understanding, and collaboration among SMEs from different cultural backgrounds, policy makers can help to create a more cohesive and effective business networking environment that enhances organizational efficacy.

5.4.2 Recommendation for SMEs practicationers

Small and medium-sized enterprises (SMEs) can significantly benefit from improving their business networking across the economic, social, and structural dimensions. By actively engaging in networking activities and establishing strong relationships with key stakeholders, such as customers, suppliers, competitors, and support institutions, SMEs can access valuable resources, knowledge, and opportunities that can enhance their organizational efficacy. For example, by participating in industry associations, trade fairs, and business forums, SMEs can gain exposure to new markets, technologies, and best practices, as well as forge partnerships and collaborations that can help them overcome challenges and seize growth opportunities. SMEs should also invest in

developing the networking skills and capabilities of their managers and employees, through training, mentoring, and experiential learning, to enable them to effectively build and leverage business relationships.

Moreover, SMEs should pay attention to the cultural aspects of business networking, by developing a strong organizational culture that values and supports networking behaviors, such as trust, reciprocity, and knowledge sharing. They should also foster a global mindset and cultural intelligence among their staff, to enable them to navigate and adapt to diverse cultural contexts and build relationships with partners from different backgrounds. This can be achieved through cross-cultural training, exposure to international markets, and inclusive hiring and promotion practices. By creating a culture that embraces networking and diversity, SMEs can enhance their ability to learn, innovate, and compete in an increasingly interconnected and globalized business environment.

Improving business networking can lead to increased productivity, competitiveness, and growth potential for SMEs. By leveraging the resources and capabilities of their networks, SMEs can streamline their operations, reduce costs, and improve the quality and speed of their products and services. They can also gain a competitive edge by accessing new technologies, markets, and talent pools, and by co-creating value with their partners and customers. Moreover, by building a strong reputation and brand identity through networking, SMEs can attract more customers, investors, and employees, and enhance their visibility and credibility in the marketplace. This can help them to scale up their operations, enter new markets, and achieve sustainable growth over time.

To realize these benefits, SMEs should adopt a strategic and proactive approach to business networking, by setting clear goals, identifying key partners and platforms, and measuring the impact of their networking activities on their organizational performance. They should also continuously monitor and adapt their networking strategies to changing market conditions, technological trends, and stakeholder expectations. By doing so, SMEs can build a strong and resilient network that can support their long-term success and competitiveness, while also contributing to the development of their industry and community.

5.4.3 Recommendation for theoretical framework

The Resource Dependence Theory, which emphasizes the importance of external resources and relationships in shaping organizational behavior and performance, provides a valuable lens through which to examine the role of business networking in enhancing organizational efficacy among SMEs. The findings of this study suggest that SMEs that actively engage in business networking and establish strong ties with diverse stakeholders, such as customers, suppliers, competitors, and support institutions, are better positioned to access critical resources, knowledge, and opportunities that can improve their performance and competitiveness.

The Theory of Planned Behavior, which focuses on the role of individual attitudes, norms, and perceived control in determining behavior, offers important insights into the cultural and psychological factors that influence SMEs' engagement in business networking. The study's findings highlight the significance of cultural orientation, including cultural intelligence, intercultural competence, and cultural adaptability, in shaping managers' and employees' attitudes and behaviors towards networking.

The Network Theory, which emphasizes the importance of network structure, ties, and position in facilitating or constraining access to resources and information, provides a useful framework for understanding how the configuration and dynamics of business networks influence organizational efficacy among SMEs. The findings of this study suggest that SMEs that occupy central positions in their networks, have diverse and strong ties with other actors, and bridge structural holes between disconnected groups, are more likely to benefit from business networking in terms of enhanced learning, innovation, and performance.

5.4.4 Recommendation for future research

This study focused on SMEs in the manufacturing industry in Nairobi City County, in Kenya, limiting its applicability to a national context. Future research should explore SMEs in other counties or regions to assess whether similar relationships exist in different economic and cultural environments.

The study was limited to SMEs in the manufacturing industry. Future research can explore other sectors of SMEs which include Trade (wholesale and retail), Communication and Technology , Agricultur and Construction.

The study relied on subjective perceptions from SME managers, which may introduce bias in evaluating organizational efficacy. Future studies should integrate objective financial and operational performance indicators to complement subjective assessments.

This study employed a cross-sectional design, capturing data at a single point in time. Future research should adopt a longitudinal approach to track changes in business networking practices, cultural orientation, and organizational efficacy over time, providing deeper insights into causal relationships.

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APPENDICES

Appendix I: Introduction Letter

January, 2022

Dear Sir/Madam,

RE: **A RESEARCH ON BUSINESS NETWORKING, CULTURAL ORIENTATION AND ORGANIZATIONAL EFFICACY OF SMALL AND MEDIUM ENTERPRISES IN THE MANUFACTURING INDUSTRY IN KENYA**

I am a PhD student at Moi University- Nairobi Satellite Campus. I wish to conduct a research that is aimed at developing a strategy model that can predict the role of Cultural Orientation on the effect of Business Networking on organizational efficacy of Small and Medium Enterprises (SME) in the Manufacturing industry Kenya. The study is being conducted under the supervision of Prof. Thomas Cheruiyot, the Dean in the Department of Marketing and Management Science at Moi University, and Ass. Prof. Michael Korir, also in the Department of Marketing and Management Science at Moi University

We are therefore kindly requesting you to give your views, and also provide additional information that will meet our objectives by filling the attached questionnaire. Your organization has been chosen for this study because we believe that you have a thorough understanding of entrepreneurial factors and prevailing business circumstances in Kenya. You are assured that the information you will provide will be treated in strict confidence and will be used for academic purposes only.

The completed questionnaire will be collected by the undersigned PHD student or her research assistant at your earliest convenience. If you have any queries or would like further information on this, please contact the undersigned PHD student on 0721890211 or email address dorcassum14@gmail.com. Thank you in advance for your cooperation and understanding.

Yours Sincerely,

Dorcas Sum
PHD Student

Appendix II: Questionnaire

You are kindly requested to respond to the following statements or questions asked. Please tick where it is appropriate. Information provided was strictly used for the purpose of this study and was treated with confidentiality.

Section A: Organizational Efficacy

The following is a set of organizational Efficacy Measures or indicators. Kindly evaluate how well or poorly you believe this organization performs on these indicators. Please use the following response scale by ticking where appropriate.

Where 1= Strongly Disagree, 2 = Disagree, 3 = disagree somewhat, 4 = Agree Somewhat, 5 = Agree and 6 =Strongly Agree

No	Measurement Scales	1	2	3	4	5	6
1	We can take on any challenge.						
2	We can beat our competition.						
3	We are far more innovative than most organizations.						
4	We coordinate our efforts to complete difficult projects.						
5	We work together to accomplish a goal.						
6	We mobilize efforts to accomplish difficult and complex tasks.						
7	We work together effectively to meet customer requirements.						
8	We have a sense of purpose.						
9	We have a strong vision of the future.						
10	We are confident about our future.						
11	Our organization will double in size in the next 10 years.						
12	Our organization will come out strong in an economic downturn						
13	Our organization is likely to fall apart in a few years.						
14	Our organization has no hope of surviving more than a year or two.						

Section B: Dimensions of Business Networking

The following is a set of possible business networking measurement scales. Kindly evaluate how well or poorly you believe this organization performs on these indicators. Please use the following response scale by ticking where appropriate.

Where 1= Strongly Disagree, 2 = Disagree, 3 = disagree Somewhat, 4 = Agree Somewhat, 5 = Agree and 6 =Strongly Agree

No	Measurement Scales	1	2	3	4	5	6
	Structural Dimension						
1	We interact with the customers of our business partners						
2	We work closely with organizations who have business relationships with our lead customers to stimulate demand						
3	We often approach the customers of our competitors when it is appropriate.						
4	Having good relationship with both suppliers and customers has enabled us to adapt to changes in the market.						
5	We continuously look forward to working with new partners who may bring new opportunities						
6	We use agents or representatives to penetrate a new market by utilizing their network of relationships.						
7	We have well established connections with key suppliers						
8	We have been in a strong working relationship with key partners for more than five years.						
	Economic Dimension						
9	We have been in a strong working relationship with key partners for less than five years.						
10	We have invested huge capital in business relationships and we will stand to lose if we leave.						
11	We share profits with our partners according to the business agreements amicably.						
12	We always share business burdens with partners whenever they occur.						
13	We share business premises with our key partners.						
14	Having business partners has increased our market share thus translating to more profits.						
	Social Dimension						
15	We usually invest in new technologies with our key partners.						
16	We usually involve our partners in the creation of new business startups for value addition and cost reduction						
17	The business relationship with our key partners has been economically viable.						
18	We do not wish to continue business relationships with partners because they don’t keep their promises						
19	The business ventures with our partners are carried out in a transparent and accountable manner.						
20	The business relationship with our partners has fully met our expectations.						
21	We are always in a harmonious relationship with partners.						
22	Conflicts with partners are always resolved amicably when they occur.						

Section C: Dimensions of Cultural Orientation

The following statements describe cultural orientation characteristics. Using the following response scale, kindly tick the statement that best describes cultural orientation in your company relative to the relationship between strategic business networking and organizational efficacy.

Where 1= Strongly Disagree, 2 = Disagree, 3 = Disagree Somewhat, 4 = Agree Somewhat, 5 = Agree and 6 =Strongly Agree

No	Measurement scales	1	2	3	4	5	6
1	We find it important to spend more time understanding business partners than rushing into forming business relationships.						
2	We believe in building strong and trusting relationships with business partners.						
3	We hardly share information with business partners.						
4	We always avoid direct confrontation with business partners.						
5	We values accurate, controlled, and disciplined interaction.						
6	We prefer raising concerns openly whenever we are offended by our business partners.						
7	We always follow the rules or procedures governing business standards when entering into business partnerships.						
8	We prefer to maintain our identity in business even in the face of entering into business relationships.						
9	We prefer business relationships that are based on a number of products and services						
10	We place more emphasize on continuity of past traditions when conducting business.						
11	We are visionary and prefer change to status quo.						
12	We prefer open communication based on mutual trust before business is conducted.						
13	We rely so much on business experiences than business based on theoretical assumptions.						
14	We put emphasis on detail and facts when in a business relationship.						
15	We rely on holistic inter-relatedness and integration of issues and ideas with business partners.						
16	We believe in empowering others who are in business.						
17	We always lay down proper strategies before entering into business partnerships.						
18	We prefer to conduct business privately.						
19	We consider others equal partners in business activities.						
20	We believe we can achieve success in business ventures without business partners.						
21	We believe that the welfare of our business partners is important for our survival.						
22	We find it important to respect the decisions made by other business groups.						
23	We believe that competition is the law of nature therefore business networking is not our priority.						
24	We always ensure flexibility in order to accommodate the opinions of business partners.						

Section D: Profile of Entrepreneur

Please respond to the following questions by ticking where it is appropriate.

1. What is your gender? ☐ Male ☐ Female

2. What is your age bracket? ☐ Under 25 ☐ 26 – 35 ☐ 36 – 45 ☐ 46 – 55 ☐ Above 56 Years

3. Under what category do you fall into in regards to this business? ☐ Owner ☐ Manager

4. What is your highest academic qualification? ☐ Primary ☐ Secondary ☐ Diploma ☐ Bachelor Masters ☐ Other (s)

5. Under which category, does your business fall under? ☐ Sole Proprietorship ☐ Partnership ☐ Limited Company ☐ Family Owned ☐ Other (s)

6. Have you owned a business before? ☐ Yes ☐ No

7. Indicate if any of the following influenced you to start your business.
   ☐ Family members ☐ Relative ☐ Friends ☐ Neighbors ☐ None

8. For how long has your business been in operation? Specify ☐
   <10years ☐ 10-20years 21-30 years 31-40years <40years ☐
9. How many employees does your business employ? ☐ 1 – 9 ☐ 10 – 49 ☐ Over 50

10. What is your Annual Turnover in this business? ☐ Not exceeding KES 500,000 ☐ Between KES 500,000 and 5 million ☐ Over 5 million

11. Are you in a business relationship with other enterprise(s)?
    ☐ Yes ☐ No
    If yes indicate how many below

12. Please check from the following list which Business Network you are involved in.
    ☐ Trade Associations
    ☐ Chamber of Commerce
    ☐ Service providers

Thank You for Your Response and Time

Appendix III: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 359584

Date of Issue: 11/December/2023

RESEARCH LICENSE

This is to Certify that Ms.. DORCAS CHELAGAT of Moi University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: BUSINESS NETWORKING, CULTURAL ORIENTATION AND ORGANIZATIONAL EFFICACY AMONG SMALL AND MEDIUM ENTERPRISES IN THE MANUFACTURING INDUSTRY IN NAIROBI KENYA for the period ending : 11/December/2024.

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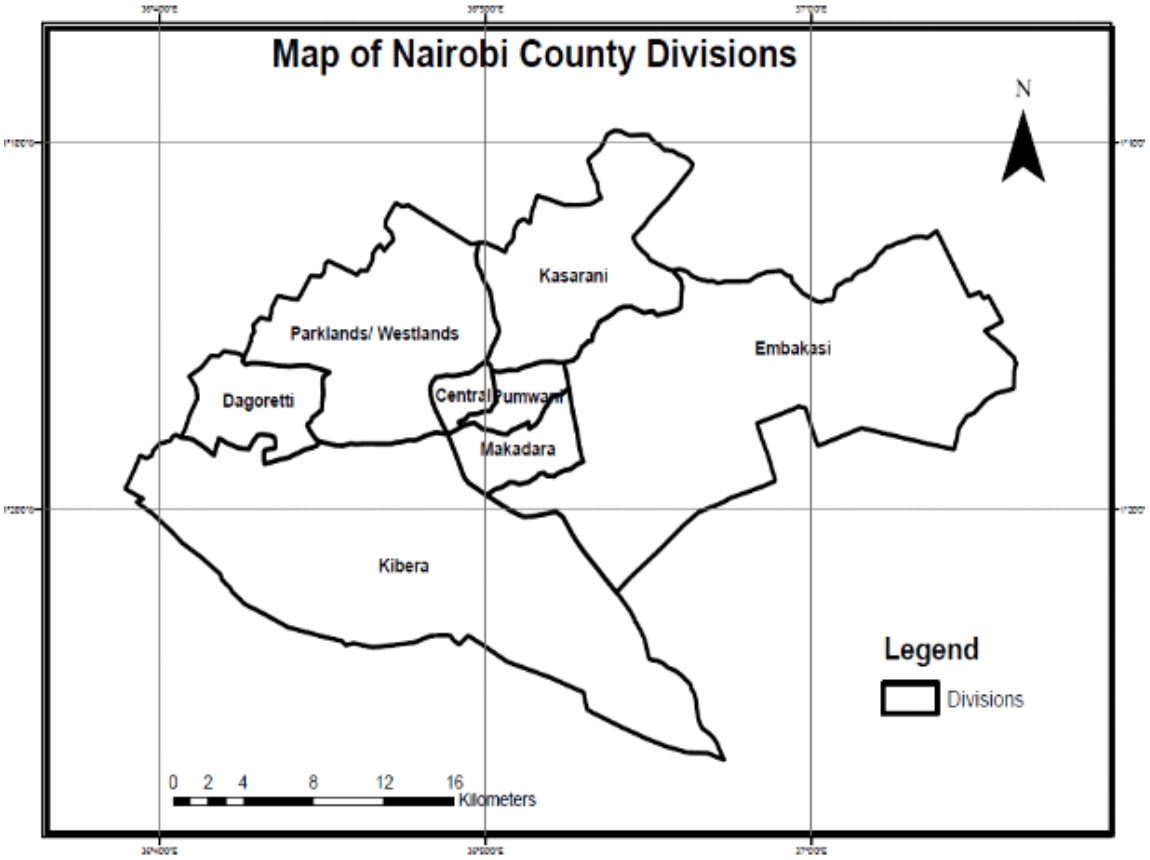
Appendix IV: Map of Study Area



NB: Kibera was part of Langata

The administrative units have revised over time to reflect the sub-counties

Appendix V: Plagiarism Certificate

SR559

ISO 9001:2019 Certified Institution

THESIS WRITING COURSE

PLAGIARISM AWARENESS CERTIFICATE

This certificate is awarded to

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In recognition for passing the University's plagiarism
Awareness test for Thesis entitled: **BUSINESS NETWORKING, CULTURAL ORIENTATION AND ORGANIZATIONAL EFFICACY AMONG SMALL AND MEDIUM ENTERPRISES IN THE MANUFACTURING INDUSTRY IN NAIROBI KENYA with** similarity index of 13% and striving to maintain academic integrity.

Word count: 53,000

Awarded by

rof. Anne Syomwene Kisilu
'ERM-ESA Project Leader

Date: 04/07/2024