

Influence of Managerial Networking on Competitive Advantage in Medium and Large Garment Companies in Kenya

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Abstract: *The aim of this study was to determine the influence of managerial networking on competitive advantage in medium and large garment companies in Kenya. Using across-sectional survey approach, 83 garment companies were sampled from a total population of 170. Out of the 83 closed ended questionnaires that were administered, 72 were appropriately filled and returned for analysis representing a response rate of 86.7%. Correlation tests and analysis of variance were subsequently conducted with the results indicating a positive but weak linear relationship at statistically significance levels ($R=0.241$, Adjusted $R^2= 0.045$, $p=0.041$). It was therefore concluded that managerial networking is a predictor of competitive advantage in medium and large garment companies in Kenya. Yet, in view of the weak nature of the managerial networking-competitive advantage relationship; this study recommends the proper evaluation of the various types of networks, in order to determine the most beneficial collaborations to invest in.*

Keywords: Managerial Networking, Institutional Theory, Competitive Advantage

1. Introduction

The garment and textile industries were the prime drivers of early industrialization in both developed and less developed countries (Natsuda, Goto, Thoburn, 2010). Owing to its low fixed costs and labor-intensive operations, the sector still remains the main catapult for national development, and often is the standard starter industry for nations engaged in export-oriented industrialization (Gereffi & Frederick, 2010). In as far as Kenya is concerned; supporting her own garment sector has remained a key focus of her economic policy for nearly six decades of existence as a sovereign state (Onyango & Ikiara, 2011). Myriads of industry-related challenges notwithstanding, the sector is still regarded by stakeholders, policy makers and scholars as a viable path to economic prosperity and a possible source of livelihood for thousands of Kenyans (Rael & Beatrice, 2012). Yet since mid-1990's when Kenya abandoned government protectionism under world trade organization's (WTO) push for free trade among nations globally, Kenya's garment industry has recorded a steady decline to 50% of its peak period (Fukunishi, 2013; World Bank; 2015; Chemengich, 2013). As Kenya's apparel sector struggles to remain afloat within the competitive world of free trade, rival industries in Asia, Central America and Europe (all operating under free-trade conditions as well) are currently controlling a significant proportion of the global market and significantly contributing to their national GDPs' (Gereffi & Frederick, 2010). For Kenya to regain her market share in the global apparel trade there is therefore, a need to examine those factors that drives competitiveness in the country's garment sector to aid in crafting the appropriate action plan.

Yet while there is a vast literature on critical determinants of competitive advantage, a careful review indicates that the bulk of it is rather general in scope, with limited reference to

specific industries and fields. Even far much fewer are studies that focuses generally on garment sector, with evidence suggesting the possibility of there being none on Kenya's apparel industry. Harasim and Dziwulski (2012) for instance conducted a study in which organizational culture and intellectual capital were identified as cardinal predictors of competitive advantage. Notably however, the study lacks a precise description regarding the types of organizations that took part in the study. A research by Camisón's and Villar-López's (2011) highlights the centrality of organizational learning in an organization's levels of competitiveness, but similarly without a clear elaboration pertaining the scope upon which the inferences were drawn. Prahalad and Hamel (1990) hypothesizes about the criticality of knowledge management while Haibin (2014), Nazlina (2016), Liedong and Rajwani (2017) argues for managerial networking. Hill and Gareth (2012) proposes a framework of competitive advantage determinants which consists of four critical factors namely, efficiency, quality, innovation and customer responsiveness.

Whereas there is sufficient proof that the foregoing hypotheses (i.e. Prahalad and Hamel, 1990; Haibin, 2014; Liedong and Rajwani (2017; Nazlina, 2016) have been tested in several empirically works, it is also evident that none has been examined within the garment manufacturing context. In view of the foregoing knowledge gaps and competing views, this study sought to examine within the Kenya's garment industry context, one of the factors which is recurrently identified as a determinant of competitive advantage (i.e. managerial networking).

The overall objective of this study was therefore to establish the influence of managerial networking on competitive advantage in medium and large garment companies in Kenya.

1.2 Theoretical Framework

This study was anchored on the institutional theory owing to its elaborate exploration of the theoretical basis for networking in organizations. In addition to helping make sense of specific beliefs and attitudes that underlies organizations' motivation to network, the theory further examines the downstream consequences of the contemporary types of networks that organizations often invest in.

1.2.1 Institutional Theory

According to institutional theory, institutions support the effective functioning of the market mechanism (Puffer & McCarthy, 2011), and when formal institutions fail, informal governance mechanisms, such as social ties, act as substitutes to facilitate economic activities (Knoke, 2018). Institutional theory also predicts that social ties serve as a key form of governance during early transition phases in emerging economies in which market-supporting institutions are lacking; when emerging economies are more market oriented and market-supporting institutions are better developed, firms rely less on social ties to coordinate exchanges (Yang & Konrad, 2011; Webb, et al., 2011). This contingent view suggests that the effects of social ties depend on institutional contexts. Institutional theory identifies political and business networks as the most vital forms of social ties in forward thinking firms.

Political ties, according to institutional theory, provide an alternative enforcement mechanism through enhanced political legitimacy and status (Hillebrand, Nijholt & Nijssen, 2011). With strong political ties, managers can turn to government officials to enforce business contracts or stop unlawful behaviors. Thus, when legal enforcements are ineffective, firms with close political connections can exploit the power of their government connections, and government involvement in these incidents may work more effectively than the legal process (Liedong & Rajwani, 2017). Moreover, since inefficient enforcement significantly increases the costs of legal actions against unlawful behaviors (Adomako & Danso, 2014), political ties can be critical in executing transactions and preventing unlawful competition. In contrast, when legal enforcement is efficient, the importance of political legitimacy declines because firms can protect their interests through the courts at relatively lower costs (Dieleman & Boddewyn, 2012).

The theory further argues that, when legal institutional frameworks fail to impose effective punishments, unlawful or unfair competitive behaviors (e.g., piracy, contract violations, counterfeiting) prevail in the market and disrupt economic order (Puffer & McCarthy, 2011). With inadequate legal institutions, firms find it difficult or expensive to follow normal legal processes to gain protection against such behaviors (Knoke, 2018). In such situations, business ties, in addition to facilitating resource sharing, can proxy for the legal framework to prevent unlawful or unethical behaviors through a legitimate mechanism (Webb, et al., 2011); thus if courts fail, a strong reputation within a business network can facilitate transactions because companies seek out only trustworthy partners (Yang & Konrad, 2011), which deters unlawful or

unethical behaviors between firms connected by business ties.

According to institutional theory, firms with high network legitimacy are further more desirable in the eyes of partner firms and important stakeholders such as suppliers, buyers and investors (Hillebrand, Nijholt & Nijssen, 2011). A favorable reputation is likely to amplify the perceived quality of products offered by a firm and facilitate efficient access to financial resources thereby increasing a firm's competitiveness (Su, Xie & Wang, 2015). Currently, Kenya belongs among African nations that are ranked as "emerging markets" by IMF (Africa Business Pages, 2019), implying that formal systems of governance are most likely supplemented with informal governance in coordinating exchanges and accessing resources. On this basis, institutional theory helped make sense of this study's descriptive results on managerial networking in Kenya. The theory also guided the interpretation of correlation results on managerial networking and competitive advantage.

2. Literature Review

2.1 Managerial Networking (MN)

In recent years, managerial networking has received significant attention as a focus of strategic management research (Shu, et al., 2012; Ismail, et al., 2013). Naqshbandi and Kaur (2014) defines managerial networks as the executives' boundary-spanning activities and their associated interactions with external entities. While previous research on the subject largely emphasized strategic value or strategic choice of external networks (Chung, 2012; Torenlvied, et al., 2013), recent studies have shifted attention to the structure, pattern, and contingencies of these networks (e.g., Bekerom, Torenlvied & Akkerman, 2016; Boso, Story & Cadogan, 2013; Zhou, et al., 2014; Su, Xie & Wang, 2015). Kotabe, Jiang and Murray (2011) argues that, since the redistributive mechanism (the allocation of resources mainly by government agencies) and the market mechanism (the allocation of resources mainly by market forces) coexist, firms can acquire resources from both the government and financial institutions. Thus, both political networking (cultivating relationships with government agencies) and financial networking (cultivating relationships with financial institutions) are emphasized as important managerial networking initiatives (Su, Xie, & Wang, 2015; Wang & Chung, 2013). In addition, business networking (cultivating relationships with suppliers, competitors and non-competitor firms) can facilitate inter-firm resource exchanges.

2.1.1 Ties with Government Agencies

Government (political) ties are a firm's informal social connections with government agencies and officials in various levels of administration, including central and local governments, and officials in regulation agencies (Sheng, Zhou & Li, 2011; Guo, Xu & Jacobs, 2014). Accordingly, political ties eases the process of obtaining key regulatory resources (Liedong & Rajwani, 2017). Reaffirming the foregoing, Li, et al. (2013) and Pan, Wei and Yang (2014) states that, political connections indeed provides firms with crucial access to policy and aggregate industrial information,

more so in emerging economies where governments are known to guide economic activities by devising industry development plans and setting regulatory policies. Noting that many governments in transition economies still controls a significant portion of scarce resources, such as land, bank loans, subsidies, and tax breaks Ismail, et al. (2013) and Zhu and Johansen (2013) argues that a firm's connections with government agencies can offer efficient access to such resources. Political ties further improve a firm's political legitimacy or the extent to which government agencies assume that a firm's actions are desirable and proper (Adomako & Danso, 2014).

Boubakri, et al. (2012), Su, Xie and Wang (2015) however cautions that these ties often lack effective mechanism of ensuring long-term cooperation. From these scholars' point of view, the top priority of government agencies and official's center on developing personal political careers and realigning one's objectives with the interests of incumbent governments whereas, business organizations are engrossed in attaining consistent economic returns. This goal divergence according to Pan, Wei and Yang (2014) creates relationship conflict that constrains long-term cooperation. Further considering that a limited time horizon tend to exist in firm-government relationships, Dieleman and Boddewyn (2012) argues that the exchange parties are more likely to engage in opportunistic behaviors. Government officials, for instance, are likely to engage in rent seeking behaviors in order to obtain personal benefits at the expense of an enterprise's interests (Sheng, et al., 2011).

Adomako and Danso (2014) on this note, have asserted that the benefits presented by political networking ought not get overshadowed by the few challenges that are associated with such ties. To effectively exploit the benefits that are inherent in political ties, Adomako and Danso (2014) advises organizations to adjust their use of political networks to reflect their industry's uncertainty. For instance, when a sector is characterized by low levels of technological turbulence, the resources obtained from political ties, such as tax subsidies, licenses and project approvals can be utilized to build sustainable competitive advantage (Guo, Xu & Jacobs, 2014; Adomako & Danso, 2014).

2.1.2 Ties with Financial Institutions

Many an organization's new ventures involve large financial resource commitments (Machirori & Fatoki, 2013; Senik, et al., 2011). Because of the high risks of new ventures, information asymmetries between new ventures and financial institutions, and the weak financial market infrastructure (Stewart, 2013; Semrau & Sigmund, 2012), it is often difficult for firms in developing economies to acquire adequate funds from financial institutions for capital intensive projects. By providing fast mechanism for accessing private information, financial networking eases the process of acquiring monetary resources while reducing the tendency by firms to behave opportunistically (Su, Xie & Wang, 2015). Bekerom, Torenvlied and Akkerman (2016) similarly argues that, financial networking enables the transfer of information which reduces financial institutions' doubts about a firm's new ventures and instills greater confidence. Various researchers (e.g. Zhu & Johansen, 2013; Stewart, 2013; Semrau & Sigmund, 2012; Machirori &

Fatoki, 2013; Kotabe, Jiang & Murray, 2011) have presented empirical evidence showing that financial networking has a significant impact on lending decisions made by financial institutions. Senik, et al. (2011), Gunto and Alias (2014) acknowledges the importance of financial networking but goes on to caution that there is an optimal level of returns that can be attained from financial networking.

2.1.3 Ties with Business Entities

Sheng, Zhou and Li (2011) defines business ties as a firm's informal social connections with business organizations, such as buyers, suppliers, competitors and other market collaborators. Acquaaah (2012) adds that in business ties, firms have common interests in maximizing their economic returns. Parties in business ties therefore work together to coordinate exchanges (Andrews & Beynon, 2017). Ongoing interactions and collaborations as per Shu, et al. (2012) and Zhong, Yang and Wang (2013), aids in cultivating trust, commitment and mutual dependence between firms. Such relational norms in Boubakri's, et al's. (2012) view, helps minimize opportunistic behavior, reduce perceived risks of transactional costs while encouraging long term cooperation.

Existing studies provides ample evidence that business networking aids in acquiring resources, valuable information, and knowledge (e.g., Konsti-Laakso, Pihkala & Kraus, 2012; Otto, Lee & Caballero, 2011). Ties with customers and suppliers helps facilitate the creation, acquisition, and exploitation of knowledge (Sharafizad, 2011; Mitrega, et al., 2012). Further, close contacts with suppliers are vital in acquiring quality materials, superior services, and timely and reliable deliveries (Rasouli, et al., 2016). Ties with buyers create customer loyalty, sales volume, and reliable payments (Ebbbers, 2014). Good relations with competitors, on the other hand, facilitate information and resource sharing (Kasemsap, 2016) while allowing for implicit collusion to deal with environmental uncertainties (Schoonjans, Van Cauwenberge & Vander Bauwhede, 2013). Noting that a firm's past and current networks are indicative of its reputation, Sheng, Zhou and Li (2011) have asserted that social ties with reputable business entities can help a firm enhance its image and obtain legitimacy within business communities. Such legitimacy can be a strategic resource that attracts business partners, facilitate transactions, and offers economic benefits (Shu, et al., 2012)

2.2 Competitive Advantage (CA)

Extant literature has shown that, there is hardly a consensus on a single definition of competitive advantage, even though it is an integral concept in the strategic management field. In Amini's et. al. (2012) view, a firm has competitive advantage when it executes a unique value proposition model which is difficult for rival firms to imitate. Porter (2011) describes competitive advantage as the productivity gains that are realized through lower costs or differentiated products for which firms can charge premium prices. According to Hill and Jones (2014), building competencies in the areas of efficiency, innovation, superior quality and customer responsiveness leads to sustainable competitive advantage, in that these competencies enables firms to lower their costs structure or to differentiate their products. Celep,

Zerenler and Sahin (2013) defines competitive advantage as the sum of definite differences among firms which gives some superiority over others. Besides its brevity and conciseness, Celep's, Zerenler's and Sahin's (2013) definition is seemingly comprehensive in a manner that captures the meaning of competitive advantage as envisaged in the fore-stated definitions. This definition therefore, reflects the meaning of competitive advantage as applied in this study.

Competitive advantage in this research was measured along the dimensions of market share, sales turnover and profit growth. Adopted in many previous studies (e.g. Allred et al., 2011; Wang, Lin & Chu, 2011; Li & Liu, 2014; Santos-Vijande, López-Sánchez & Trespalacios, 2012), these set of indicators have been commended for their quantifiable nature which allows for easy operationalization of competitive advantage in survey studies.

3. Methodology

Using a cross-sectional survey approach and closed ended questionnaires, data was collected from a sample of 83 garment companies from an aggregate population of 170 companies. Out of a total of 83 questionnaires that were administered, 72 were correctly filled and returned representing a response rate of 86.7%. Descriptive analysis was conducted to convert qualitative data (respondents' opinions) into statistical form. Regression tests were subsequently run in order to establish the relationship between managerial networking and competitive advantage.

4. Results

4.1 Descriptive Results for Managerial Networking (MN)

Pertaining descriptive data that were subjected to descriptive tests, the questionnaires had asked respondents to rate the extent to which their firms executed nine (9) practices which are highly associated with managerial networking. The nine initiatives (presented in the form of statement) were derived from the managerial networking indicators adopted in this study which comprised of the extent of ties with government agencies, the extent of ties with financial institutions and the extent of ties with business entities. The researcher used a 5 point likert scale to assess the views of the respondents on each statement. A score of 1 represented never, 2 represented rarely, 3 represented sometimes, 4 represented frequently and 5 represented always.

Results of the study as presented in table 4.1 shows that in relation to managerial networking; the garment firms frequently expended resources to strengthen ties with government agencies (as reflected by a mean of 3.81), sometimes invited government officials to company facilities and activities (3.21) and frequently took measures to mitigate potential conflicts between the firm and government agencies (4.00). The study also established that the garment companies sometimes created joint initiatives with financial institutions with the aim of realizing joint success (3.31), frequently maintained a climate of trust with financial institutions (4.01) and that they sometimes communicated their own financial progress and future goals

to relevant financial institutions (3.31). The research further revealed that the firms were frequently keen on cultivating strong social ties with suppliers (4.04), were frequently keen on cultivating strong social relations with customer firms (4.11) and that they frequently emphasized strong ties with competitor firms for joint action against the industry's uncertainties (3.81).

A summary of the results along the three managerial networking indicators (table 4.2) reveals that, the firms were frequently keen on cultivating and maintaining ties with relevant government agencies (3.67), were frequently keen on initiating and maintaining ties with financial institutions (3.54) and also that they frequently fostered strong ties with other business entities (3.99). Overall, the managerial networking aspect was frequently emphasized in garment firms as evident from the mean of 3.73 for the nine statements in the construct.

The above results affirms what has been documented in a great deal of extant literature which indicates that, networking can be a valuable business strategy to firm owners and managers, more so in developing countries such as Kenya; Surin, Edward, Hussin and AbWahab (2016) for instance avers that, managerial networking performs an important role in acquiring various resources, both tangible and intangible and are helpful in leveraging business performance. Stam, Arzlanian and Elfring (2014) suggests that strategic business networking is needed at different points in time and in different industries and countries; Mwangi and Shem (2012) for example observes that, enterprise owners and managers in developing countries have evolved networking as a mechanism to circumvent credit constraints. Thus borrowers, who are poor in collateral assets and for whom lenders have poor information about their creditworthiness have resorted to the use of social capital to improve accessibility to credit (Amwayi, Omete & Asakania, 2014).

Shamsuzzoha, Kankaanpaa, Carneiro, Almeida, Chiodi and Fornasiero (2013) and Fafchamps and Quinn (2016) contends that, in many developing and emerging economies such as Kenya, Botswana and Ghana, new market-supporting institutions remain underdeveloped often leading to higher transaction costs; top executives in such scenarios thus use connections with government officials and business partners to navigate around institutional void (Zhou, Li, Sheng & Shao, 2014). According to Tallam, Maru and Lagat (2015), small and medium firms often resorts to networking as a unique way of overcoming their size and age related challenges; in order to stay competitive and avoid being cannibalized by large companies, such firms establishes and manages dynamic and non-hierarchical networks to respond to market opportunities and for agile response to industry uncertainties (Schoonjans, Van Cauwenberge & Vander Bauwhede, 2013; Camagni, Capello, 2017). This logic renders some relevance to the above results, considering that medium sized enterprises constituted the larger proportion of this study's population.

4.2 Descriptive Results for Competitive Advantage (CA)

The respondents were asked to rate their organizations' performance along three parameters highly associated with a firm's levels of competitiveness (i.e. sales turnover, market share and profit). Each response was measured along a 5 point likert scale where a score of 1 represented "has decreased greatly" (DG), 2 represented "has decreased slightly" (DS), 3 represented "has not changed (NC), 4 represented "has increased slightly" (IS), and 5 represented "has increased greatly" (IG). The results were as depicted in table 4.3.

Results in table 4.3 shows that majority of firms (70.8%) had posted a slight or great decrease in sales turnover, and that sales growth had stagnated in 25% of the firms with only 4.2% posting partial or high growth in sales. In regard to market share growth the findings shows that, a large proportion of the firms (77.7%) reported either a slight or great decrease, 16.7% had not posted any growth, and that slight growth was attained by just 5.6% of the garment firms under study. The results further revealed that 83.3% of the firms had recorded partial or great decline in profit margins, and that profit growth had stagnated in 11.1% of the firms with only 5.6% of the companies posting either small or great growth in profits. The overall mean of 2.07 implied that the degree of competitiveness had declined in the participating firms in the past five years.

4.3 Test for the hypothesis

Linear regression analysis was conducted to determine if managerial networking had a significant influence on competitive advantage in medium and large garment companies in Kenya. The study hypothesized (H₀) that Managerial networking (X_1) does not have a significant influence on competitive advantage in medium and large garment companies in Kenya. For test of the hypothesis, the model; $Y = \beta_0 + \beta_1 X_1 + e$, was fitted (where Y =Competitive advantage, β_0 =Constant, β_1 =Regression coefficient for Managerial Networking, X_1 =Managerial Networking, e =Error term). The test was done at 0.05 level of significance. Results of the analysis were as shown in table 4.4.

The coefficient (R) of 0.241 as shown in table 4.4 suggests a weak but positive relationship between managerial networking and competitive advantage in medium and large garment companies in Kenya. The R^2 of 0.058 mean that 5.8% of the variation in competitive advantage can be explained by a unit change in managerial networking. The adjusted R Square of 0.045 indicates that managerial networking accounts for only 4.5% of the variation in competitive advantage, while 95.5% is explained by other factors not included in the model.

Subsequently, an analysis of variance (ANOVA) was conducted to test for the significance of the relationship between managerial networking and competitive advantage. As shown in table 4.5, the overall regression model achieved a high degree of fit, as reflected by an R^2 of 0.058, $F = 4.322$, $p=0.041$. This result implies that managerial networking is statistically significant in explaining the

variation in competitive advantage in medium and large garment companies in Kenya.

Further, a beta coefficient test of the model was run to establish the expected change in competitive advantage variable for each unit change in the managerial networking. The beta coefficient value ($\beta = 0.109$) as shown in table 4.6 implies that, a unit change in managerial networking led to a corresponding change in competitive advantage at the rate of 0.109. The p value = 0.041 indicates that the change in competitive advantage resulting from a change in managerial networking was significant. Since the p value for the constant $\alpha = 0.156$ was greater than $p=0.05$, the effect of the constant on the model was not significant. This implies that much of the variation in competitive advantage was influenced by managerial networking and not the constant. Substituting the coefficients in the model (table 4.6), resulted in the equation; $Y = 2.551 + 0.109X_1$.

The hypothesis (H₀) had suggested that managerial networking does not have a significant influence on competitive advantage in medium and large garment companies in Kenya. Results in table 4.4, however indicates a positive but weak relationship between managerial networking and competitive advantage. Further, results of the (ANOVA) as shown in table 4.5 indicate that the relationship between managerial networking and competitive advantage is highly significant at 95% confidence. The null hypothesis (H₀) was therefore rejected and the alternative hypothesis that, managerial networking has a significant influence on competitive advantage was accepted.

A great deal of research has dissected the role of managerial ties on organizational growth and performance, especially in emerging economies such as Iran (Heirati & O' Cass, 2016), Malaysia (Surin & Wahab, 2013), China (Li, et. al, 2013; Guo, Zhao & Tang, 2013) and Ghana (Boso, Story & Cadogan, 2013). But a careful literature review suggests that this line of research has produced mixed empirical findings, particularly, in relation to the strength and direction of this relationship.

For instance, contrary to the findings of this study, various studies have documented a strong and positive relationship between managerial networking (MN) dimensions and competitive advantage (CA). Some studies for instance indicates that managers' ties with customers enhances loyalty and provides valuable market demand information (Boso, Story, & Cadogan, 2013), that close connections with competitor executives facilitates information exchange (Schoonjans, Van Cauwenberge & Vander Bauwhede, 2013; Kasemsap, 2016) and provides information about competitors' behaviors and actions. Moreover, it has been demonstrated that networks generate mutual trust, gives firms external legitimacy (Li, et. al, 2013), endows them with a good reputation, prestige, and reliability (Batjargal, et al., 2013; Surin, et al, 2016) which encourages network members to exchange key resources while gaining goodwill from customers and potential investors (Heavey, Simsek & Fox, 2015). Further, it has been shown that close ties with government officials' helps firms to overcome institutional

barriers and obtain a variety of privileges such as preferential access to valuable market information controlled by governments without encountering many bureaucratic delays (Wang & Chung, 2013). These processes of acquiring and exchanging information and resources among network partners effectively and efficiently, drives organizational performance thereby enhancing competitive advantage (Boso, Story, & Cadogan, 2013; Guo, Zhao & Tang, 2013; Kasemsap, 2016; Surin, et al, 2016).

On the other hand, there are studies advancing the contrary position that MN has a negative influence on CA; Arnoldi and Villadsen (2015), Hung, Wong and Zhang (2015) and Liedong and Rajwani (2017) for instance, found that the process of cultivating business and political ties is often time-consuming and involves large amount of resources. By devoting a large amount of investment to the development of ties, firms are left with less resources for long-term strategic planning (White, Fainshmidt & Rajwani, 2018; Trinugroho, 2017). According to Sallai and Schnyder (2019), members in political ties network often have differing interest agendas; whereas the government officials' primary interest is focused on developing their political career, the firms in the business communities seek to secure a desirable economic return (Karabag, Lau & Suvankulov, 2014).

Further, there are other empirical works whose findings echoes the findings of this study that the relationship between MN and CA is indeed positive, but weak. Such works offers clues on how the results of this study may be interpreted. For example, following their survey on the evolving role of managerial ties and firm capabilities in China, Zhou, Li, Sheng and Shao (2014) inferred that, the significant commitment associated with ties with existing business partners prevents firms from recognizing alternative information sources or switching to new, better partners. This over embeddedness according to Zhou, Li, Sheng and Shao (2014), Karhunen, Kosonen, McCarthy and Puffer (2018), and Minh and Hjortsø (2015) creates collective blindness, reduces the flow of new information, inhibits innovative ideas thereby leading to lower performance. Findings by Berger, Herstein, Silbiger and Barnes (2017), and Horak, Klein and Svirina (2018) indicates that the value of managerial ties is conditional on other factors such as organizational characteristics (e.g., firm size and ownership types), market-level variables (e.g., market competition), and industry-level factors (e.g., business sectors and industry growth rates). Stephan, Uhlaner and Stride (2015) contends that the positive relationship between networking and firm's competitiveness tends to decline over time. This is reaffirmed by the institutional theory which posits that, when an emerging economy transitions toward a market-based one (i.e. when national markets and economy develops to higher levels) the role of ties declines, and market-based capabilities come to dominate (Horak, Klein, 2016; Danso, et al, 2016). Thus, ties especially politically related ties, are rendered less critical, because firms simply resort to the market for their factor resources (Estrin, Mickiewicz & Stephan, 2013), turn to legal systems to safeguard their transactions (Horak, 2014), and refer to external auditing firms to obtain legitimacy (Knoke, 2018).

5. Conclusions, Recommendations and Suggestions for Further Research

5.1 Conclusion

On the basis of foregoing findings, this study concludes that managerial networking has a positive but weak influence on competitive advantage in medium and large garment companies in Kenya ($R=0.241$, Adjusted $R^2 = 0.045$, $p=0.041$). This finding probably, reflects the dual nature of managerial networks in that, on the one hand networks can indeed create superior levels of performance by availing key information about markets, demand and competitors (Boso, Story & Cadogan, 2013; Schoonjans, Van Cauwenberge & Vander Bauwhede, 2013; Kasemsap, 2016). On the other hand however, networks have the capability to dilute and even fully erase a firm's distinct competencies if such network requires large amounts of resources to create and maintain. Networks can further, create "collective blindness" by preventing its members from accessing alternative information and other better partners (Karhunen, Kosonen, McCarthy & Puffer, 2018; Minh & Hjortsø, 2015). In this regard, medium and large garment manufacturing firms in Kenya should carefully evaluate the nature of benefits they are after in networks, the range of existing networks through which such benefits can be gained, and the costs associated with joining each viable network.

5.2 Recommendations

Noting that the study revealed a positive but weak relationship between managerial networking and competitive advantage in Kenya's garment firms, caution needs to be taken when joining networks to ensure that a firm reaps optimal benefits while avoiding the pitfalls that are associated with networking; ties with financial institutions will help avail credit for entities' growth, strengthening relationships with market agents (suppliers and customers) will extend a firm's technological and commercial capabilities whereas, political ties will aid in overcoming legal and institutional barriers. But efforts need to be expended towards avoiding "collective blindness" and "lock-in effect" which often creeps-in in business networks and external interferences that accompanies ties with political entities. Importantly, Kenya's garment firms' needs to evaluate the type of networks they should maintain, consolidate, or invest in to obtain the resources and capabilities which they require for superior performance.

5.3 Suggestions for Further Research

Firstly, it needs to be noted that the managerial networking construct was examined merely along three dimensions (i.e. political, financial and business ties). These are by no means the only critical parameter which defines the variable. Future studies therefore, ought to incorporate a wider range of indicators in order to provide a broader view of this concept and enhance reliability of study results involving managerial networking. Secondly, this study was specifically confined to Kenya's garment sector. In this regard, there is a need to test the managerial networking-competitive advantage relationship under different industries, regions, economic and political regimes, in order to establish how the

relationship responds to intervening factors that are presented by different environments.

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Appendices

Table 4.1: Descriptive Results for Managerial Networking (MN)

MN Indicators		Statements	N	Minimum	Maximum	Mean	SD
Extent of ties with government agencies	1	Investing organizational resources on ties with government agencies	72	1	5	3.81	1.161
	2	Inviting government officials to company facilities/activities	72	1	5	3.21	0.873
	3	Mitigating potential conflicts between the firm and government agencies	72	2	5	4.00	0.062
Extent of ties with financial institutions	4	Initiating joint initiatives between the firm and financial institutions to create opportunities for joint success	72	1	5	3.31	0.439
	5	Maintaining a climate of trust between the firm and financial institutions	72	1	5	4.01	1.266
	6	Communicating firm's financial progress and future goals to relevant financial institutions	72	1	5	3.31	0.368
Extent of ties with business entities	7	Cultivating strong social ties with suppliers	72	2	5	4.04	0.674
	8	Cultivating strong social relations with customer firms	72	1	5	4.11	0.848
	9	Forging connections with competitor firms for joint action against industry uncertainties	72	1	5	3.81	0.594

Key: Ranked on a scale as; Never (1.0-1.7), Rarely (1.8-2.5), Sometimes (2.6-3.3), Frequently (3.4 - 4.1) and Always (4.2-5.0).

Table 4.2: Summary of Descriptive Results for Managerial Networking

Indicator	N	Minimum	Maximum	Mean	Std. Deviation
Extent of ties with government agencies	72	1	5	3.67	0.698
Extent of ties with financial institutions	72	1	5	3.54	0.691
Extent of ties with business entities	72	1	5	3.99	0.705
			Total	11.2	2.094
			Average	3.73	0.698

Key: Ranked on a scale as; Never (1.0-1.7), Rarely (1.8-2.5), Sometimes (2.6-3.3), Frequently (3.4 - 4.1) and Always (4.2-5.0).

Table 4.6: Coefficients for Managerial Networking

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	2.551	1.780	1.433	.156
	MN	.109	.052	.241	2.079

a. Dependent Variable: Competitive Advantage

Table 4.3: Descriptive Results for Competitive Advantage

Statements	%					Mean	SD
	DG	DS	NC	IS	IG		
Sales turnover	19.4	51.4	25.0	2.8	1.4	2.15	.816
Market Share	20.8	56.9	16.7	5.6		2.07	.775
Profit	25.0	58.3	11.1	4.2	1.4	1.99	.813
Total						6.21	2.404
Average						2.07	0.801

n=72

Key: DG = has decreased greatly, DS=has decreased slightly, NC=has not changed, IS=has increased slightly, IG=has increased greatly

Scale for mean (M) scores: 1.0-1.7=has decreased greatly, 1.8-2.5= has decreased slightly, 2.6-3.3= has not changed, 3.4 - 4.1= has increased slightly and 4.2-5.0= has increased greatly

Table 4.4: Model Summary for Managerial Networking

Model	R	R Square	Adjusted R	Std. Error of the Estimate
1	.241	.058	.045	0.82973

a. Predictors: (Constant), Managerial Networking

Table 4.5: ANOVA for Managerial Networking

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	22.323	1	22.323	4.322	.041
	Residual	361.552	70	5.165		
	Total	383.875	71			

a. Dependent Variable: Competitive Advantage
b. Predictors: (Constant), Managerial Networking