

SUBTHEME 8: Business Management and Finance

71. Managerial networking and competitive advantage: the moderating influence of competitive intensity

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Abstract

Because economic action is embedded in networks of inter-personal relations, many scholars have highlighted the importance of social ties in resource exchange for competitive advantage. Thus, through their networking activities and personal interactions, firm executives build social ties not only with business players but also with political entities. Conversely, at the centre of every industry's environment is the concept of competitive intensity defined by Barnett (1997) as the "effect that an organization has on other's survival, regardless of tactics involved". Taking into consideration that managerial networking is widely viewed as far more common, relevant and effective in emerging markets such as Kenya, and further noting that market turbulences in Kenya are generally attributed to competitive pressure brought about by trade liberalization, this study sought to first establish the influence of managerial networking on competitive advantage in medium and large garment companies in Kenya. Subsequently, the study sought to determine the moderating influence of competitive intensity on the managerial networking-competitive advantage relationship in the forestated companies. A cross-sectional survey design was adopted with a sample of 83 firms being drawn from a population of 170 firms. Data was collected through questionnaires where a response rate of 86.7% was attained. Descriptive analysis was undertaken to establish the characteristics of the industry in relation to levels of managerial networking, competitive intensity and competitive advantage. Inferential analysis thereafter, aided in establishing relationships between the variables. The study had hypothesised that competitive intensity negatively moderates the managerial networking - competitive advantage relationship. The findings, however showed that competitive intensity positively moderated the relationship. Consequently, this study recommends that under intense competitive pressure, firms need to identify redundant networks to abandon and strategic networks to retain and join. Further, organizations need to focus on utilizing network resources more effectively for greater ability to adapt and thrive.