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The Moderating Role of Cultural Orientation on the Relationship between Business Networking and Organizational Efficacy among Small and Medium Enterprises in Nairobi Kenya

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Abstract

The importance of SMEs to the economy and employment makes it essential for the state to facilitate supportive networks. However, the understanding of why SMEs fail to fully exploit their potential, especially in the context of business networking and organizational efficacy, remains limited. This study sought 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. The study was informed by Theory of Planned Behavior. This study utilized Positivist philosophy. The research utilized explanatory research design. The research design collected quantitative data. The study utilized deductive reasoning when conducting the research. The study area was Nairobi City County. The target population for the study was 4,896 SMEs in the manufacturing industry, registered and licensed to operate in Nairobi City County in the year 2022. The population was classified as Small – 3,307, and Medium – 1,589. The unit of observation and the respondents were the owners/managers of the SMEs in Nairobi, Kenya. Because of the large population of the target group, the study employed Multistage Area Sampling technique in selecting the respondents using Makadara Sub-county. After clustering, simple random sampling was utilized to derive the units. A sample size determination, a sample size of 369 was realized. The research purely relied on primary data that was collected using a questionnaire. The results indicated that cultural orientation was a positive and significant moderating variable for structural dimension $0.000 < 0.05$, structural dimension at $0.00 < 0.05$ and social dimension $0.000 < 0.05$. The study concludes that cultural orientation plays a significant moderating role in the relationship between business networking and organizational efficacy among small and medium enterprises in Kenya. The study recommends that small and medium enterprises (SMEs) integrate a strong understanding and application of cultural orientation in their business networking strategies to enhance organizational efficacy. SMEs should invest in

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understanding the cultural dynamics of their business environments and networks, recognizing that different cultural orientations can significantly influence how business relationships are formed and maintained.

Keywords: *Cultural Orientation, Business Networking, Organizational Efficacy & Small and Medium Enterprises*

1.1 Introduction

Cultural orientation refers to the collective values, beliefs, and behaviors that shape the way these businesses operate and interact within their social and business networks (Zakariyyah, Ameh & Idoro, 2017). It encompasses understanding and adapting to diverse cultural norms, communication styles, and business practices that are prevalent in the different markets they serve or collaborate with. For SMEs, especially those operating in multicultural environments or engaging in international business, being attuned to cultural orientation is crucial (Charoen, 2016). It impacts decision-making, customer relations, negotiation strategies, and partnership building. Recognizing and respecting cultural differences can lead to more effective communication, stronger relationships, and increased trust among business partners and customers (Morgan & Vorhies, 2018). For SMEs to thrive, particularly in a globalized market, a keen understanding and strategic incorporation of cultural orientation in their business practices is essential for fostering sustainable growth and competitive advantage (Kavak, Turhan & Eryigit, 2018).

Cultural orientation among organizations 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 & Bazy, 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 (Valenzuela, Strvastava & Lee, 2015). Cultural orientation is the degree to which individuals are influenced by, and actively engaged in the traditions, norms and practices of a specific culture. Charoens (2016) 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.

Small and Medium Enterprises (SMEs) are being heralded as the engine of economic growth, the incubator of innovation, and the solution to decades of persistent unemployment (Hillary, 2017). 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 (Walsh, Lipinski & Walsh, 2012). Worldwide, SMEs account for 90% to 95% of the businesses and generate between 60% and 90% of job opportunities in most countries (OECD,

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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 (Gatt, 2010). 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

Despite being crucial to Kenya's economy, many Kenyan Small and Medium Enterprises (SMEs) struggle with long-term viability. A significant issue in Kenya, as well as in many developing countries, is the high mortality rate of SMEs, with many not surviving beyond their third year, as noted by the Government of Kenya (2015). The importance of SMEs to the economy and employment makes it essential for the state to facilitate supportive networks (Storey et al., 2018). Yet, as Bucktowar, Kocak, and Padachi (2015) highlight, industry competition often undermines the potential for strategic alliances, impacting the survival of these ventures. Previous research has extensively explored SME performance globally, focusing on areas like financial constraints, marketing, and strategic alliances. For instance, studies by Kiyai, Namusonge, and Jagongo (2019), and Omondi (2018) have identified limited access to financial services as a major challenge for Kenyan MSEs. However, the understanding of why SMEs fail to fully exploit their potential, especially in the context of business networking and organizational efficacy, remains limited.

This research intends to address this gap by investigating the effect of business networking on organizational efficacy, with a specific focus on the moderating role of cultural orientation among SMEs in Nairobi, Kenya. While previous studies have shed light on the relationship between strategic business alliances and organizational efficacy, the influence of cultural orientation in this dynamic is less explored. The study examines business networking in Nairobi's SMEs, including the ties, linkages, and shared values within these networks. It aims to understand how business networks impact entrepreneurial organizational efficacy, particularly in the manufacturing industry. This approach seeks to capture the nature of networking and the benefits it brings to SMEs.

While prior studies have primarily concentrated on financial constraints, marketing strategies, and strategic alliances, this study aims to fill the research gap by exploring the effects of business networking on organizational efficacy in Nairobi's SMEs, with an emphasis on the influence of cultural orientation. By understanding the causal effect of cultural orientation on the relationship between business networking and organizational efficacy, this study aims to contribute to enhanced firm performance and growth, not just in Kenya but potentially globally.

1.3 Objective of the Study

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.

1.4 Research Hypotheses

H₀: Cultural orientation has no significant effect on the relationship between business networking and organizational efficacy among small and medium enterprises in Nairobi Kenya.

2.1 Literature Review

2.1.1 Theory of Planned Behavior

The Theory of Planned Behavior, developed by Icek Ajzen in 1985, is based on the idea that individuals' behavior is influenced by their attitudes, subjective norms, and perceived behavioral control. The theory suggests that people are more likely to engage in a behavior if they have a positive attitude towards it, perceive that others expect them to do it, and believe they have the ability to perform the behavior. The Theory of Planned Behavior has several strengths that make it a valuable framework for understanding human behavior. The theory provides a structured and comprehensive approach to analyzing the factors that influence behavior. It takes into account both individual factors (attitudes and perceived control) and social factors (subjective norms), providing a holistic view of behavior determinants. The theory is applicable to a wide range of behaviors, from health-related decisions to organizational behavior, making it versatile. The theory allows for the identification of specific factors that can be targeted for interventions to change behavior.

However, the Theory of Planned Behavior also has its limitations. One of its weaknesses is that it assumes individuals are rational decision-makers, which may not always be the case. People can sometimes act irrationally or impulsively, which the theory does not fully account for. Additionally, it relies on self-reported measures of attitudes and intentions, which can be subject to social desirability bias, where individuals may provide answers they think are socially acceptable rather than their true beliefs.

The Theory of Planned Behavior is highly relevant to the study on business networking, cultural orientation, and organizational efficacy among small and medium enterprises (SMEs) in Nairobi, Kenya. Cultural orientation, as a key variable in this study, can be seen as influencing individuals' attitudes and subjective norms towards business networking. Understanding how cultural orientation moderates the relationship between business networking and organizational efficacy can provide valuable insights into how SMEs in Nairobi operate within their cultural context. This theory helps bridge the gap between individual-level factors (attitudes and norms) and the overall organizational effectiveness of SMEs, making it a valuable framework for the study.

2.1.2 Concept of Organizational Efficacy

The concept of organizational efficacy refers to the ability of an organization to effectively achieve its goals and objectives (Santos & Pedro, 2019). In today's fast-paced and competitive business environment, it is crucial for organizations to operate efficiently and effectively in order to succeed. One key aspect of organizational efficacy is the ability to use resources effectively. This includes the effective use of employees, technology, and capital. Organizations that are able to use their resources effectively are able to operate efficiently and achieve their desired outcomes. Another important aspect of organizational efficacy is the ability to adapt to changing circumstances. In today's business environment, organizations are constantly facing new

challenges and opportunities. In order to be successful, organizations must be able to adapt and respond to these changes in a timely and effective manner (Du, Shin & Choi, 2015).

Organizational efficacy is also related to the ability to achieve goals and objectives. Organizations that have high levels of efficacy are able to set clear and achievable goals, and are able to effectively implement strategies and plans to achieve these goals. Overall, the concept of organizational efficacy is crucial for organizations to succeed in today's business environment (Jacobsen & Andersen, 2017). Organizations that have high levels of efficacy are able to operate efficiently and effectively, and are able to adapt to changing circumstances and achieve their goals.

Santos and Pedro (2019) defines organizational efficacy as a sense of persistence, a sense of “can do” that permeates the workplace. He further defines organizational efficacy as a generative capacity within an organization to cope effectively with the demands, challenges, stressors, and opportunities it encounters within the business environment. He goes on to posit that organizational efficacy exists as an aggregated judgment of an organization’s individual members’ assessment of their collective capacities, mission or purpose, and sense of resilience.

Du, Shin and Choi (2015) defines an organization as two or more people working together cooperatively within identifiable boundaries to accomplish a common goal or objective. This definition emphasizes the importance of human resources and the ability to work together in the pursuit of organizational goals. Du, Shin and Choi (2015) posit that measuring an organization’s collective efficacy toward achievement of organizational strategy is an important consideration for business because efficacy predicts performance. Bohn, (2010) suggests that with an organizational efficacy diagnostic tool, human resource development (HRD) and organizational development (OD) teams or consultants could target specific areas for improving organizational efficacy and ultimately improve organizational performance.

Organizational efficacy is a subcategory of collective efficacy, which has an established research base. Jacobsen and Bøgh Andersen (2017) claims that collective efficacy is a part of the perceptions individuals hold of the group’s performance capabilities. Bandura (1997) hypothesized three theoretical factors of organizational efficacy as; Sense of collective capability- Can we work together to accomplish the goal? Sense of mission, future, or purpose.

2.1.3 Concept of Cultural Orientation

Cultural orientation entails to the cultural values, beliefs, and practices that influence the way a business operates and interacts with others (Filipp, 2018). These cultural values can have a profound impact on the way a business operates, from its management style and decision-making processes, to its relationships with customers and partners. Cultural orientation can vary greatly from one business to another, depending on factors such as the country and region where the business is based, the industry it operates in, and the values and beliefs of its founders and employees. Some businesses may have a strong focus on individual achievement and competition, while others may prioritize collaboration and teamwork. Some may place a high value on innovation and creativity, while others may prioritize tradition and stability (Zakariyyah, Ameh & Idoro, 2017)

Understanding a business's cultural orientation is important for a number of reasons. For one, it can help employees better understand the values and expectations of the business, and how to effectively operate within its culture (Charoen, 2016). It can also help businesses better understand the cultural values of their customers and partners, and how to effectively communicate and work

with them. In addition, a strong business cultural orientation can help a business build a positive reputation and brand image. Customers and partners are often drawn to businesses that align with their own values and beliefs, and a business that is seen as operating in a culturally responsible and respectful way can build trust and loyalty. Ultimately, a business's cultural orientation is an important aspect of its overall success. By understanding and aligning with the cultural values of its employees, customers, and partners, a business can build strong relationships, operate more effectively, and achieve its goals (Charoen, 2016).

A number of cross-cultural studies have shown that collectivists tend to have a stronger attachment to their organizations and tend to subordinate their individual goals to group goals (Charoen, 2016; Santos & Pedro, 2019). Collectivists maintain longer-term relationships with their organizations and view interpersonal skills and relationships as being more valuable than specific job knowledge and skills. Indeed, many organizations in collectivist cultures highlight the importance of maintaining long-term relationships as well as in-group solidarity. Collectivists are expected to identify with their leaders' goals and the common purpose or shared vision of the group and organization. They also typically exhibit high levels of loyalty and commitment to the leader.

People in individualist cultures are expected to be more motivated to satisfy their own self-interests and personal goals (Morgan & Vorhies, 2018). In such cultures, individuals take care of themselves, and they tend to place higher priority on individual initiative and achievement, as well as on personal rewards based on satisfying transactional agreements. In collectivist cultures, the strong tendency to support organizational values and norms should fit with a transformational leader's efforts to align followers' personal values with a new mission or vision (Kavak, Turhan & Eryigit, 2018). Generally, collectivists are considered to be more concerned than individualists with maintaining solidarity in their groups.

2.2 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 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. The conceptual framework for the relationships delineated above is constructed as shown in Figure 1.

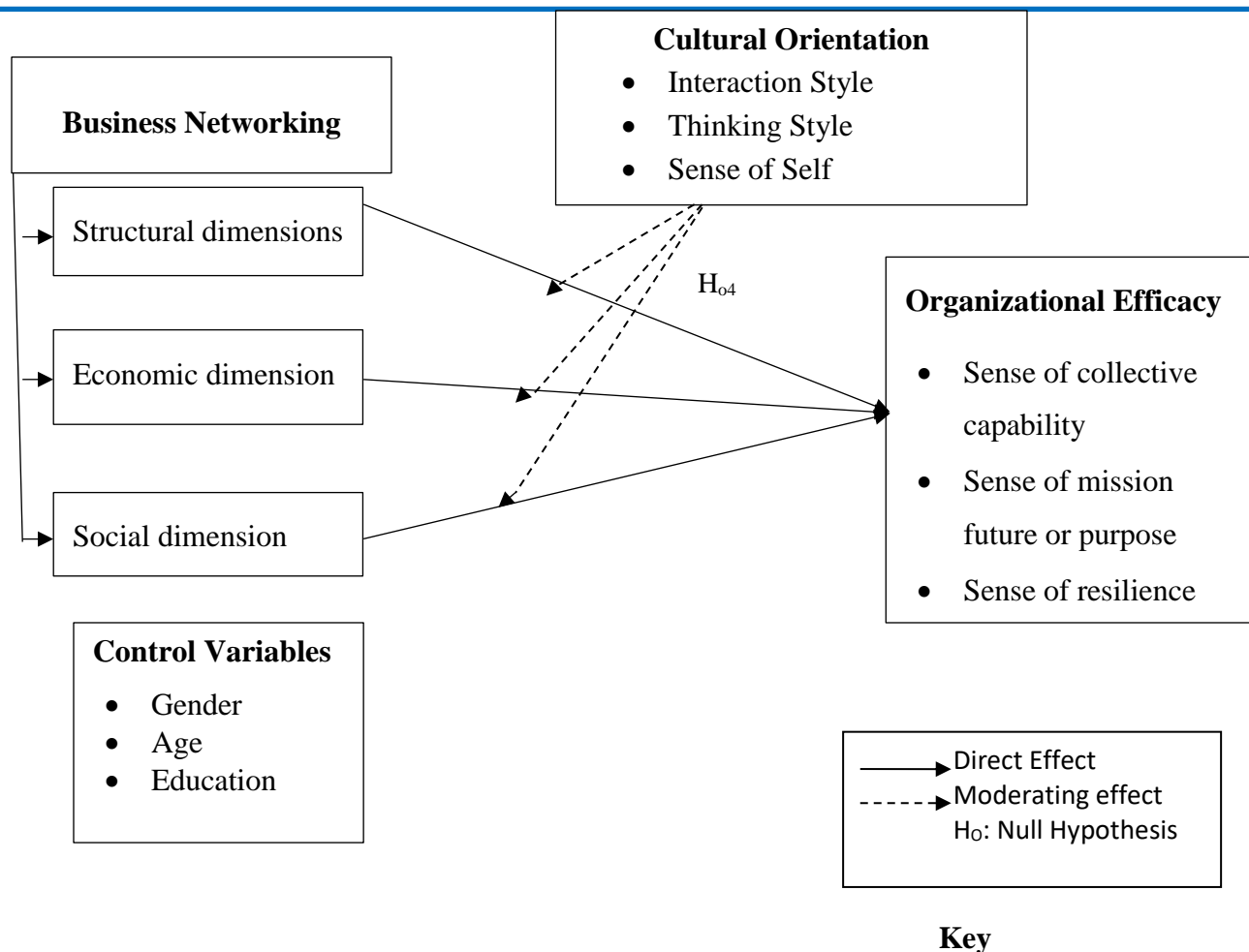


Figure 1: Conceptual Framework

Source: Borrowed from Holmlund and Tornroos (2007).

3.1 Research Methodology

This study utilized the key concepts of philosophical science which include ontology, epistemology, methodology, methods, and paradigm. This study utilized Positivist philosophy. This philosophy reveals that knowledge is based on facts and that no abstractions or subjective status of individuals are considered (Singh, 2015). The reason for the use of this approach is that Positivism emphasizes the importance of objective and empirical data collection and analysis. This study dealt with quantifiable variables like structural dimension and organizational efficacy indicators. A positivist approach ensures that the research is grounded in observable and measurable data, enhancing the credibility and reliability of the findings. The research utilized explanatory research design. The research design collected quantitative data. The study utilized deductive reasoning when conducting the research.

The study area was Nairobi City County. The target population for the study was 4,896 Small and Medium Enterprises (SMEs) in the manufacturing industry, registered and licensed to operate in Nairobi City County in the year 2022 (Nairobi City County Report, 2021). The population was classified as Small – 3,307, and Medium – 1,589. The unit of observation and the respondents

were the owners/managers of the SMEs in Nairobi, Kenya. Because of the large population of the target group, the study employed Multistage Area Sampling technique in selecting the respondents using Makadara Sub-county. After clustering, simple random sampling was utilized to derive the units. Using Yamane (1967) formula for sample size determination, a sample size of 369 was realized. The research purely relied on primary data that was collected using a questionnaire.

The Multiple Regression Model that was used to predict the moderating role of cultural orientation on the relationship between business networking and organizational efficacy was expressed as;

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

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 $p < .05$.

4.1 Results and Findings

The researcher administered 369 questionnaires to concentrate on SMEs that 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. Lynn, Roel, Johanna and Martin (2010) content that when 50% of sampled target population participate in a study, it is a satisfactory representation. On the same note, Kothari (2006) 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.

4.1.1 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 1 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 0.78 and 0.90.

Table 1: 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
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

Item	Min	Max	Mean	S. D	Skewness	Kurtosis
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)

4.1.2 Descriptive Analysis for Organizational Efficacy

On a six-point Likert scale, participants were asked to rate their degree of agreement with statements describing structural dimension. Descriptive statistics in table 2 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 1 and 1.36.

Table 2: 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)

4.1.3 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 3: 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 3 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 ($r=0.702$, $p=0.000<0.05$).

4.1.4 Test for Moderation Effect

The 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 cultural orientation to give a composite.

Table 4: 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)

The coefficient of determination also known as the R square was 0.707. This means that the moderating model explains 70.7% of the variations in the dependent variable that is organizational efficacy as shown in table 5.

Table 5: 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)

Table 5 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 6: 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
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)

Regression coefficients in Table 6 revealed that there was a positive and significant relationship between the interaction term of structural dimension*cultural orientation and organizational efficacy ($\beta = 0.092$, $p = 0.000$). 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 ($\beta = 0.053$, $p = 0.004$). 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 ($\beta = 0.060$, $p = 0.001$). 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.

4.2 Discussion of findings

The 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 H_0 but if it is more than 0.05, the H_0 is not rejected. Cultural orientation was a positive and significant moderating variable for structural dimension $0.000 < 0.05$, structural dimension at $0.00 < 0.05$ and social dimension $0.000 < 0.05$.

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, Ehidiemhen & 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.

5.1 Conclusion

The study concludes that cultural orientation plays a significant moderating role in the relationship between business networking and organizational efficacy among small and medium enterprises in Kenya. This conclusion is drawn from a comprehensive analysis using multiple linear regression, which revealed that cultural orientation positively influences the efficacy of business networking in these enterprises. Specifically, the study found that cultural orientation significantly moderates various dimensions of business networking, including both structural and social aspects. These findings highlight the critical importance of considering cultural factors when assessing the impact of business networking on organizational performance. In the context of Kenyan SMEs, it underscores the need for a deeper understanding of cultural dynamics and their influence on business practices, suggesting that the integration of cultural considerations into business strategies could enhance the effectiveness of networking activities and, consequently, the overall efficacy of the organization.

6.1 Recommendations

Based on the study's findings, it is recommended that small and medium enterprises (SMEs) in Kenya integrate a strong understanding and application of cultural orientation in their business networking strategies to enhance organizational efficacy. SMEs should invest in understanding the cultural dynamics of their business environments and networks, recognizing that different cultural orientations can significantly influence how business relationships are formed and maintained. Training programs and workshops focused on cultural competence and sensitivity could be beneficial in helping businesses navigate diverse cultural landscapes effectively. Additionally, SMEs should consider adapting their networking strategies to align with the cultural contexts of their stakeholders, which may involve customizing communication styles, negotiation tactics, and partnership approaches. By doing so, SMEs can build more robust and effective networks, fostering relationships that are not only strategically advantageous but also culturally coherent. This approach is likely to result in improved collaboration, stronger business alliances, and ultimately, greater organizational efficacy in the dynamic and culturally diverse business environment of Kenya.

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