

**ROLE OF STRATEGIC BUSINESS NETWORKING FOR  
COMPETITIVE ADVANTAGE IN THE FLORICULTURE FIRMS IN  
LOWER EASTERN REGION, KENYA**

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## DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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This research project has been submitted for examination with my approval as University supervisor.

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## **DEDICATION**

To Joyce, Njeri, Mrs. J. Kamau and Sarah for being there for me with their tremendous support through prayer and belief in me , without them I would not have been able to complete my studies.

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My foremost gratitude goes to God Almighty who renewed my strength at every single stage of doing this project. Going through this research project required a lot of determination and hard work.

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## **ABSTRACT**

The present day business environment is characterized with ever - accelerating developments and their direct impact on productivity improvements, making many floriculture firms to radically re-thinking their strategies and how to implement them. Many floriculture firms have adopted various strategies such as strategic business alliances, diversification, mergers and acquisitions. Globalization has made it strategically important for floriculture firms to be able to work closely with other floriculture firms across corporate and geographic borders. The objective of the study was to determine the role of strategic business network for competitive advantage in the floriculture firms in lower eastern region; Kenya. The study adopted a cross sectional survey research design. The population of the study all the seven floriculture firms with their operations in the Lower Eastern Region, Kenya. The study used primary data collected through self-administered questionnaire. Data was analyzed using the Statistical Package for Social Sciences (SPSS) software and presented using percentages, tables and graphs. The findings of the study were that all the floriculture firms use strategic business networking. The success of strategic business networking among the firms was as a result of planning, clearly understood roles, clearly defined, shared goals and objectives, communication between partners: maintaining relationships, senior management are committed, frequent performance feedback, maintaining broad strategic vision and managers create an environment of trust. The benefits of floriculture firms pursuing strategic business networking was found to be increased access to markets, better resource utilization, synergy and competitive advantage, improve organizational learning, flexibility development, financial risks sharing, firm's innovation process contribution and shortening of development cycles. The study found out that strategic business networking enables floriculture firms to achieve competitive advantage through unique resources, superior quality of services, unique corporate culture, speed of offering services, flexibility, added value, products and service diversity, strategic alliances that enables the floriculture firms to access complementary resources and skills that reside in other floriculture firms, creation and sustaining fruitful collaborations and managing strategic business alliances more than competitors.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In the present day business environment that is characterized with its ever - accelerating developments and their direct impact on productivity improvements, companies are radically re-thinking their strategies and the available choices to implement those strategies (Wiebner, 2003). Today's business environment requires firms to be embedded in relationships with other actors in order to gain access to resources needed. Hakansson and Snehota (2007, p. 17) argue that "no business is an island" indicating that companies are involved in long-term relationship and that the atomistic company does not exist. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers.

Organizations can only remain competitive if they maintain a careful balance between all the dimensions affecting their competitiveness, however if customers are to be provided with good product support, companies need to select and effectively manage their distribution channels. According to Smarta (2004), the new wave of liberalization and competitive business environment has forced organizations to awaken from the slumber, overhaul their thinking and wear new caps to re-assess the external and internal environment. Organizations need to acquire new skills to develop a strategic vision for the future course of their business. Many organizations have adopted various strategies such as strategic alliances, diversification, mergers and acquisitions. Furthermore, globalization has made it strategically important for companies to be able to work closely

with other companies across corporate and geographic borders. With an entire world of consumers now available to them, businesses are discovering untapped high-growth markets that demand new partnerships. Networking technologies open the door to these new markets by enabling partners to transfer work in real time across the globe. Businesses no longer need to innovate, manufacture, market, or sell singlehandedly. They can work in concert with partners in their network—designers, suppliers, vendors, co-innovators, customers, and even competitors—to leverage other companies' core competencies.

### **1.1.1 Concept of Strategy**

Strategy is a fundamental framework through which an organization can simultaneously assert its vital continuity and facilitate its adaptation to a changing environment. It is the direction and scope of an organization over a long term; which gives advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets to fulfill owners' expectation (Hax and Majluf, 2006). Mintzberg (1994) points out that people use “strategy” in several different ways, the most common being these four; Strategy is a plan, a “how”, a means of getting from here to there; Strategy is a pattern in actions over time; for example, a company that regularly markets very expensive products is using a “high end” strategy; Strategy is position i.e. it reflects decisions to offer particular products or services in particular markets; Strategy is perspective, that is, vision and direction.

A company's strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. These strategies provide opportunities for the organization to respond to the various challenges within its operating environment. Firms also develop strategies to enable them seize strategic initiatives and maintain a competitive edge in the market (Porter, 1985). The competitive aim is to do a significantly better job to its customers. The success of every organization is determined by its responsiveness to the customer needs. The competitive aim is to do a significantly better job of providing what

customers are looking for, thereby enabling the company to earn a competitive advantage and outsmart rivals in the market place. The core of a company's marketing strategy consists of its internal initiatives to deliver satisfaction to customers but also includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions. Assuming that there are a number of providers, customers will choose which offering to accept on their perception of value-for-money.

### **1.1.2 Strategic Business Networking**

Strategic business network is defined as a set of two or more connected business relationships in which exchange in one relationship is contingent upon exchange (or non-exchange) in another (Anderson, Hakansson and Johansson 2004). Wheelen and Hunger (2002) stated that the network organisation allows a company to concentrate on its distinctive competencies, while gathering efficiencies from other firms who are concentrating their efforts in their areas of expertise. Jarillo (1988) defined strategic networks as long-term, purposeful arrangements among distinct but related for-profit organizations that allow firms in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network. These networks are "strategic" because they are conceptualized as a mode of organisation that can be used by managers or entrepreneurs to position their firms in a stronger competitive stance. Jarillo (1988) argued that competitive strength of strategic networks is based on sound economic foundation by not only allowing firms to reap economies of scale, but also benefits of internal focus, plus the flexibility to switch suppliers whenever technological or market developments.

In a broad sense, the concept of strategic network includes a variety of different coalitions among distinct firms (or business units), such as strategic alliances, joint ventures, long-term supplier-buyer agreements, trade associations, industrial districts, franchising and other similar agreements or contracts (Zineldin, 2002). In general, being part of a strategic network gives the firm access to information, resources, markets and

technologies and facilitates the acquisition of advantages from economies of scale, learning and scope. Moreover it allows firms to share risk and to outsource some activities of their value chain or organizational functions. These are all advantages to which the firm, standing alone, would not have access.

### **1.1.3 Competitive Advantage**

Competitive advantage is the ability of the firm to occupy a superior position in an industry and outperform its rivals on the primary performance goal- profitability. A company's superior competitive position allows it to achieve higher profitability than the industry's average (Porter, 1985). Firms strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns or has the potential to earn a persistently higher rate of profit (Hill *et. al*, 2001). Barney (2008) defines competitive advantage as being sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering. Barney (2008) distinguishes between two types of competitive advantage: temporary and sustainable competitive advantage. Competitive advantage typically results in high profits, but these profits attract competition, and competition limits the duration of competitive advantage in most cases, therefore most competitive advantage is temporary (Barney, 2008). On the other hand, some competitive advantages are sustainable if competitors are unable to imitate the source of advantage or if no one conceives of a better offering (Barney, 2008). Therefore, competitive advantage must reside in a firm's value chain.

Competitive advantage can arise from various sources. According to Porter (1985), a firm can achieve a higher rate of profit (or potential profit) over a rival in one of two ways: either it supplies an identical product or service at a lower cost, in which case the firm possesses a cost advantage; or it can supply a product or service that is differentiated in such a way that the customer is being able to pay a price premium that exceeds the additional cost of the differentiation advantage. Differentiation by a firm from its competitors is achieved when it provides something unique that is valuable to buyers

beyond simply offering a lower price. Emphasizing the importance of innovation, Grant (1997) points out that innovation not only creates competitive advantage, it also provides a basis for overturning the competitive advantage of other firms. A firm with a distinctive competence can differentiate its products- provide something unique that is valuable to buyers, or achieve substantially lower cost than its rivals. Consequently, the firm creates more value than its rivals and earns a profit rate substantially above the industry average.

#### **1.1.4 Floriculture Firms in Lower Eastern Region Kenya**

Kenya is the largest supplier of cut flowers to the European Markets (Whitaker and Kolavalli, 2004) and in Africa, it is one of the most prominent fresh flower exporting countries. Floriculture industry accounts for about 40% of all horticulture exports. The flower firms in the lower eastern region in Kenya are dominant around Athi river and Kitengela areas. The firms in the industry provides direct employment to about 10,000 Kenyans with a further 30,000 employed in related industries

Flower firms in Kenya have been the leader in cut flower production and exports from sub-Saharan Africa, providing for about 30% of the overall produce with about 60% of African flower trade originating in Kenya. Kenya's success has had a significant spillover effect, serving as a model for development of flower firms in other countries, including firms in Ethiopia, Zimbabwe, Uganda, and Tanzania and not withstanding stiff competition from firms in Colombia, Ecuador and Israel. (Flora Culture International, 2009). The floriculture industry is expanding with roses dominating the export market, the major flower varieties grown and exported from Kenya are roses, carnations, statice, cut foliage, carthamus, solidaster/solidago, chysanthemtus, arabicum, rudbeckia, gypsophilia, lilies, molucella, erylningium and tuber roses (Flora Culture International 2010)

## **1.2 Research Problem**

Strategic alliances, business collaborations and networks are becoming popular among the companies due to the competitive advantage and ability to share resources and

capabilities with other firms by gaining economies of scale through joint purchase, bundling of lot size to serve large customers, joint market activities, joint product development and help in research, reduced lead time for deliver, built joint information system and reduced stocks (Johnson and Scholes, 2005). Besides, the internationalization of economy, globalization of trade, growth of internet and information technology created many changes among every company in the world and competition became rampant for gaining sustainable growth in the world (Prasad 2004). If an organization can network with its suppliers, buyers and competitors, it will become a crucial ingredient to avoid competition and achieve the advantage. Through these network relationships, companies can identify their opportunities and try to raise their resources, competitive advantage, efficiency and profits by avoiding competition among them (Stokes 2003).

The competition in the flower industry has led to several multinational companies to relocate to other countries due to high operating costs locally. It has become a challenge for individual firms to operate through sourcing of markets and purchase of input cost at the individually level compared to the other firms that have developed symbiotic relationship. The Kenyan flower firms have been facing restrictive and non tariff barriers especially in Europe and small firms such as the ones found in the lower eastern region are faced with more challenges due to their smaller bargaining power. If these smaller firms engage in strategic networking, they have been able to negotiate favourable terms with consumers as well as suppliers and this move also helps in eliminating unnecessary competition among them. Hence there is need of strategic business networking among the firms in order to be able to move beyond corporate borders to leverage the collective competencies in people, processes, and information.

There are various studies that have been done on business networking. Nyaga (2010) researched on the business benefits of social networking in gaining leverage among media houses in Kenya and established that it helps the media houses to build social capital and enable them to obtain the critical resources in the form of information, knowledge acquisition and exploitation, financial capital, human capital, and marketing and technological opportunities. Thrikawala (2011) studied on the Impact of Strategic

Networks for the Success of SMEs in Sri Lanka and found out that there was a strong impact of network relationships for the success of SMEs in Sri Lanka. Velez (2006) worked on the role of strategic alliances as a source of competitive advantage in the airline cargo business - evaluation of SkyTeam cargo and WOW alliance and established that strategic business alliances was on routes, code sharing; block spacing; shareholdings; and franchising and these resulted in them achieving competitive advantage over its competitors. On the basis of the aforesaid, this study will seek to establish role of strategic business network for competitive advantage among the flower firms. The study will therefore answer the question; what role does strategic business network plays in flower firms as a source of competitive advantage?

### **1.3 Research Objective**

To establish the role of strategic business network for competitive advantage among the flower firms in Lower Eastern Region, Kenya

### **1.4 Value of the Study**

The study will be of value to the management of the flower firms as they will be able to know the importance of strategic business networking to firm's competitiveness and thus put in place mechanisms that would allow the firms to form formidable alliances with other companies as a response to multiple challenges present in a highly competitive industry. The need for competitiveness as individual organizations and as a group of companies involved in a strategic alliance is a key element for their future success and survival. The findings of the study will also be useful to other flower firms operating in the country as they will understand the importance of strategic business networking to the firms' competitiveness.

The study will be of value to both local and international investors who wants to establish a business in the flower industry since they will be able to understand what to do right to succeed and what if done wrong will bring the business down. The study will also create a monograph which could be replicated in other sectors which are facing high competition.



The policy makers will obtain knowledge of the flower industry dynamics and the appropriate strategies; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector.

Future scholars may use the results of this study as a source of reference. The findings of this study can be compared with strategic business networking in other sectors to draw conclusions on various ways an institution can respond to competitive forces in the environment. It will also benefit consultants who endeavor to provide assistance to successful running of organizations in developing and sustaining a competitive edge in their environment.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Theoretical Framework on Strategic Business Networking**

The resource-based view (RBV) regards firms as collections of resources that include tangible assets and capabilities (or intangible assets—usually semi-permanently attached to the firm) Grant (2001) and that this collection of resources must be simultaneously valuable, rare, imperfectly imitable, and non-substitutable and are also the firm's source of sustainable competitive advantage. Firms will engage in strategic business networking when there is a need for additional resources (specifically involving technology) that are expensive and difficult to replicate in a certain time frame and can enhance the value of their existing resources (Nelsen, 2007). From this perspective therefore, firms adopt alliances as a means to extend their collection of value-creating resources, which are otherwise unattainable independently.

Results have shown that organisations are constantly seeking complementary resources when forming alliances (Jamali, 2004). He points out that forming alliances with firms possessing different yet complementary resources will enable greater performance compared with alliances formed with firms that have similar resources though; firms may also form alliances to broaden their range of unique resources through learning and knowledge acquisition. Learning and knowledge acquisition through alliances enable firms to internalise their partner's knowledge and combine it with their own in developing their own technological competencies. Therefore, it is concluded that firms lacking complementary resources have a higher inclination to form strategic trading alliances in order to access the resources they desire.

In an expanding global economy, firms are finding it increasingly difficult to remain autonomous if they want to stay competitive. While many industry structures are now defined by networks of relationships in which firms are increasingly interdependent, few

“networks” reinforce a firm’s long-term competitive advantages-even fewer develop into a system of relationships which create a sustainable advantage. One reason for this is that most managers still view their firms as discrete entities and believe that advantage can be gained through adversarial behavior or through forward or backward integration. At best, managerial attention is focused on identifying individual dyadic alliances which create strategic advantage. Firms integrate their buyer-seller relationships or form strategic alliances with a partner to develop new products or markets. Such relationships are often piecemeal and unconnected to the rest of the firm’s core capabilities. Yet there is a clear evolution toward entirely new forms of organization for conducting business affairs. The traditional distinction between firms and markets, between the company and its external environment, has disappeared (Badaracco 2001).

In transaction costs theory, the reason for inter organisational cooperation is found in potential for transaction costs reduction for the firms involved (Frey 2002). On the other hand, the game theory explores the problems of strategic interdependence of firms and using the famous prisoner's dilemma demonstrates the terms in which cooperation leads to better results compared to individual action (Axelrod 1984) and emphasises trust as an important element upon which cooperative arrangements are based. In the strategic management literature, firms’ networks are seen as a potential source of competitive advantages for the firms involved. As such, they are defined as "long term purposeful agreements among distinct but related for-profit organizations that allow those firms in them to gain or sustain competitive advantages *vis-à-vis* their competitors outside the network” (Jarillo 2008, p 32).

## **2.2 Strategic Business Networking**

The entire set of existing and potential relationships among firms in a particular industry can be called a “network organisation” (Miles and Snow, 2002). They observe that a network organisation allows a company to concentrate on its distinctive competencies, while gathering efficiencies from other firms who are concentrating their efforts in their areas of expertise and thus can termed them as a “modular corporations” made up of

multiple specialist companies as their key building blocks. On their part, Wheelen and Hunger (2002) define the network structure as one where many activities are outsourced and the organisation is composed of a series of project groups or collaborations linked by constantly changing non-hierarchical, cobweb-like networks.

Jarillo (2008) defined strategic networks as long-term, purposeful arrangements among distinct but related for-profit organisations that allow firms in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network. These networks are “strategic” because they are conceptualized as a mode of organisation that can be used by managers or entrepreneurs to position their firms in a stronger competitive stance. He observed that competitive strength of strategic networks is based on sound economic foundation by not only allowing firms to reap economies of scale, but also benefits of internal focus, plus the flexibility to switch suppliers whenever technological or market developments. By marrying the concept of strategic networking with that of value chain Jarillo (2008) note that firms are not monolithic entities, that the activities necessary to the production of a given good or service can be carried out either by an integrated firm or by a “network” of firms. If a firm is able to obtain an arrangement whereby it farms out activities to the most efficient supplier, keeping for itself that activity in which it has a comparative advantage, a superior mode a strategic network organisation emerges.

Jennings and Beaver (2007) propose that a small firm and its owner-manager or entrepreneur is engaged in network of stakeholders with whom the firm must interact in order to secure its future. Within the firm are employees seeking a variety of benefits or outcomes from the owner-manager including job security, job satisfaction, and career development. Surrounding the firm is a range of other stakeholders including financial institutions, customers, suppliers, local government authorities, and the government. The successful entrepreneur can leverage on this network to secure support, finance, and gain market access and market intelligence. Partnering with customers, employees, suppliers, financial institutions and government agencies is a hallmark of successful small firms (Hall, 1992). A key benefit of networks for the small firm entrepreneurial process is the

access to information and advice. For example, ties with capitalists and professional service organisations are a means for tapping into key talent and market information (Freeman, 1999). Beyond the start-up stage, entrepreneurs continue to rely on networks for business information, advice, and problem solving, with some contacts providing multiple resources (Johannisson et al., 2004). Similarly, relationships with distributors, suppliers, competitors, or customers are important conduits of information and know-how

Van Aken and Weggeman (2000) argue that the exchange of knowledge between lead firms and their suppliers, and between universities and technological companies, are all examples of highly informal innovation networks. Effective networking is especially important for SMEs since it helps overcome the financial and human resource limitations that prevent them from accessing new technologies that are required for new product innovations (Jones et al, 2007). The process of innovation may involve collaborative relationships with different partners, each offering significant resources such as complementary know-how, subsidies, new technologies, research and training (Gemunden et al, 1992).

### **2.3 Competitive Advantage**

Real competitive advantage implies companies are able to satisfy customer needs more effectively than their competitors and it is achieved if and when real value is added for customers. A business must add value if it is to be successful. According to Kathuria *et al.*, 2007, the important elements in adding value by a firm will include understanding and being close to customers - in particular understanding their perception of value; a commitment to quality; a high level of all-round service and speedy reaction to competitive opportunities and threats. Small organizations which understand their customers can create competitive advantage and so benefit from higher prices and loyalty of customers. Higher capacity utilization can then help to reduce costs. While it is important to use all resources efficiently and properly; it is also critical to ensure that the potential value of the outputs is maximized by ensuring they fully meet the needs of the customers for whom they are intended. An organization achieves this when it sees its

customers' objectives as its own objectives and enables its customers to easily add more value or, in the case of final consumers, feel they are gaining true value for money (Ross, 2008).

The overall objectives of an organization is to create value for customers, competitive advantage and improved profitability for the financial institutions, the dimensions of value that may be important to customers and the mechanisms whereby competitive advantage and improved profitability can be achieved. Within an organization, customer value is created through collaboration and cooperation to improve efficiency or market effectiveness in ways that are most valuable to key customers. Value is not inherent in products or services, but rather is perceived or experienced by the customer. Therefore, in order to compete through creating customer value, a firm must understand, and deliver the value perceived as important by its customers (Stiles and Kulvisaechana, 2004). It is an advantage an organization has over competitors, gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices

An organization's competitive advantage is built upon a well-planned and executed strategy that is sustainable. Competitive advantage belong to those organizations that can activate concurrent business processes and core competences that merge infrastructures, share risks and costs, leverage the shortness of today's product life-cycle, reduce time to market, and gain and anticipate new vistas for competitive leadership (Ross,2008.) In the competitive context, successful organizations either have a productivity advantage or value advantage, or ideally, a combination of these two. According to Porter (1985), competitive advantage is the ability to earn returns on investment consistently above the average for the industry. This therefore means that competitive advantage can be achieved if the firm implements a value-creating strategy that is not simultaneously being implemented by any current or potential competitors. This can be interpreted to mean that sustained competitive advantage results from strategic assets; which Barney (1991) regards as those that are internally controlled and permit the firm to formulate and implement strategies that expand its efficiency and effectiveness. Competitive advantage

is thus dependent not, as traditionally assumed, on such bases as natural resources, technology or economies of scale, since these are increasingly easy to imitate. Rather, competitive advantage is, according to the resource base view, dependent on the valuable, rare, and hard-to-imitate resources that reside within an organization (Stiles and Kulvisaechana, 2004).

## **2.4 Role of Strategic Business Networking on Organizational Competitive Advantage**

The enterprises enter strategic alliances with other enterprises in order to improve their own competitive position using the resources that others possess and/or which can be developed in cooperation with other business subjects. The cooperation between the enterprises creates the new outlook towards the world because it substitutes the enterprise as the basic source of the economic strength. Strategic networking is based on the reciprocity: the partners take over, change or integrate the specific business resources for their own benefit (Cauley de la Sierra, 2004. P 4). According to Soares (2007), there are four potential benefits that international business may realize from strategic networking and include ease of market entry, shared risks, shared knowledge and expertise and improved synergy.

Advances in telecommunications, computer technology and transportation have made entry into foreign markets by international firms easier. Entering foreign markets further confers benefits such as economies of scale and scope in marketing and distribution (Huggins, 2008). The cost of entering an international market may be beyond the capabilities of a single firm but, by entering into a strategic alliance with an international firm, it will achieve the benefit of rapid entry while keeping the cost down. Choosing a strategic partnership as the entry mode may overcome the remaining obstacles, which could include entrenched competition and hostile government regulations.

Risk sharing is another common rationale for undertaking a cooperative arrangement (Winer, 2004). When a market has just opened up, or when there is much uncertainty and

instability in a particular market, sharing risks becomes particularly important since competitive nature of business makes it difficult for business entering a new market or launching a new product, and forming a strategic alliance is one way to reduce or control a firm's risks. According to Box and Miller (2011) most firms are competent in some areas and lack expertise in other areas; as such, forming a strategic alliance can allow ready access to knowledge and expertise in an area that a company lacks. The information, knowledge and expertise that a firm gains can be used, not just in the joint venture project, but for other projects and purposes. The expertise and knowledge can range from learning to deal with government regulations, production knowledge, or learning how to acquire resources. Thus a learning organization is a growing organization.

Synergy and competitive advantage is yet another advantage that strategic business networking process will yield to the business partners (Timmons, 2004). As compared to entering a market alone, forming a strategic alliance becomes a way to decrease the risk of market entry, international expansion, research and development etc. Competition becomes more effective when partners leverage off each other's strengths, bringing synergy into the process that would be hard to achieve if attempting to enter a new market or industry alone. In retail, entering a new market is an expensive and time consuming process. Forming strategic alliances with an established company with a good reputation can help create favourable brand image and efficient distribution networks. Even established reputable companies need to introduce new brands to market. In most of the times, smaller companies can achieve speed to market quicker than bigger, more established companies (Timmons, 2004). Leveraging off the alliance will help to capture the shelf space which is vital for the success of any brand.

Strategic networks are characterized by distinctiveness of its membership such that there is a clear set of members and a distinct boundary. A limited number of participants enable frequent meetings among the members firms, of a formal or informal character. Most activities among the strategic networks thus have a dual purpose. Joint actions, like



common participation in trade shows or in training programs, render possible economies of scale. At the same time they constitute arenas for personal interactions that may lay a foundation for relationship development and knowledge exchange (Powel, 2002).

According to Potter (2000), the term 'Strategic' under strategic network has time dimension and to the importance and impact on members. With regard to time, strategic networks are generally designed with a long time perspective. The analysis of cluster conditions indicates that the membership composition chosen for a strategic network will have a decisive impact on potential relationship types. When resources are complementary, the bringing together of firms with no or weak previous ties may result in forming supplier-buyer relationship and extended network horizons. In strategic networks made up of firms with similar resources the member firms will rather already have overlapping network horizon the member firms will already have overlapping network horizons and only through observations and comparing that competence development may take place.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter describes the proposed research design, the target population, sampling design, data collection instruments and procedures, and the techniques for data analysis.

#### **3.2 Research design**

The study adopted a cross sectional survey research design. The survey was of floriculture firms in lower eastern region, Kenya. According to Emory (2005), a survey is feasible when the population is small and variable and hence the researcher was able to cover all the elements of the population. Therefore a survey is considered to be more efficient and economical than observation. In addition, the researcher adopted this research design because the study was concerned about a univariate questions in which the researcher asked questions about the size, form distribution and existence of strategic business networking as a source of competitive advantage. This method facilitated the drawing of inferences and help in maintaining the continuity of the research process.

#### **3.3 Population of the Study**

The population of the study was of floriculture firms with their operations in the Lower Eastern region, Kenya. At present, there are seven floriculture firms (Appendix II). The selection of the industry players was necessitated by presents level of competition being experienced in the sector as well as restrictions faced in the international market. In addition all the firms have their headquarters in Athi River and Kitengela and its environs and thus it was easy to collect adequate data by the researcher. Because of the number of the population targeted in the study, the same target population formed the sample size of the study.

### **3.4 Data Collection**

The study used primary data collected through a self-administered questionnaire that consisted of structured questions made up of both open and closed ended questions that was designed to elicit specific responses for qualitative analysis. The questionnaires were administered in the organizations offices whereby the researcher targeted respondents in the managerial level specifically in sales, production, finance and post harvest departments. The researcher with prior arrangement visited the targeted firms' offices and seeks to administer the questionnaires to staff in the respective departments. The questionnaire was made up of three sections namely: introduction, business networking practices and the role of business networking practices as a source of competitive advantage.

### **3.5 Data Analysis and Presentation**

The data was analyzed by the use of descriptive statistics to summarize and relate variables which were attained from the administered questionnaires. The data was classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables while tables and graphs were used for presentation of the findings. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. In accomplishing all analysis details with efficiency and effectiveness, the researcher utilized the Statistical Package for Social Sciences (SPSS) software.

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

The research objective was to establish the role of strategic business networking for competitive advantage in the floriculture firms in Lower Eastern Region; Kenya. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 7 questionnaires were issued out and all the 7 questionnaires issued were returned. This represented a response rate of 100%.

#### 4.2 Demographic Information

The demographic information considered in the study was the length of service, number of employees in the floriculture firm, duration of floriculture firm operation and the ownership of the floriculture firm.

##### 4.2.1 Length of service in the Floriculture firms

The respondents were requested to indicate what their length of service in the floriculture firms was, this was to find out the role that length of service played in strategic business networking and how it gave the floriculture firm competitive advantage. The results are presented in table 4.1.

**Table 4.1: Length of service with Floriculture firm**

<b>Years</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Less than 5	2	28.6	28.6
5 – 10	1	14.3	42.9
Over 10	4	57.1	100.0
<b>Total</b>	<b>7</b>	<b>100.0</b>	

The results above from the respondents on the length of service was that 57.1% of the respondents had worked in the floriculture firm for over 10 years, 28.6% of the respondents indicated that they have worked for less than 5 years while 14.3% of the respondents said that they have worked for 5 to 10 years. The results indicate that majority of the respondents have worked in the floriculture firms for a longer duration of time and thus they understand the role played by strategic business networking to the firm competitive advantage.

#### 4.2.2 Number of employees in the floriculture firms

The respondents were asked to indicate the extend to which the firms used the number of employees in their respective floriculture firms to gain strategic business networks for competitive advantage and the results are presented in Table 4.2.

**Table 4.2: Number of employees in the Floriculture firms**

<b>Number of employees</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Less than 100	1	14.3	14.3
100 – 499	3	42.9	57.1
500 – 999	3	42.9	100.0
<b>Total</b>	<b>7</b>	<b>100.0</b>	

The results from the respondents as above on the number of employees in the floriculture firms was that, 42.9% of the companies had employees between 500 to 999, another 42.9% of the firms had employees ranging between 100 and 499 while 14.3% of the firms employees were less than 100. The results indicate that the number of employees varied with the company and therefore the extent to which the firms use strategic networking influence the number of employees.

#### 4.2.3 Duration of floriculture firm operation in lower eastern region,kenya

The respondents were asked to indicate the role of strategic business networking on a firms competitive and the duration in which the floriculture firms had been in operation in kenya and the findings are indicated in Table 4.3.

**Table 4.3: Duration of floriculture firm operation in Lower Eastern Region, Kenya**

Years	Frequency	Percent	Cumulative Percent
Under 5 years	1	14.3	14.3
6-10 years	2	28.6	42.9
11-15 years	1	14.3	57.3
Over 20 years	3	42.9	100.0
<b>Total</b>	<b>7</b>	<b>100.0</b>	

The table above, indicates that 42.9% of the respondents in the floriculture firms have been in operation for over 20 years, 28.6% of the firms have been in operation for 6 to 10 years, 14.3% of the firms were indicated to have been in operation for 11 to 15 years while another 14.3% of the firm have been in operation for less than 5 years. The results show that the firm operation varied and thus they understand the role of strategic business networking on firm competitive advantage.

#### 4.2.4 Floriculture firm in Lower eastern region, ownership

The respondents were requested to indicate how ownership of their firm played a role in strategic business networking for competitive advantage and the results are presented in table 4.4.

**Table 4.4: Floriculture firm ownership in Lower Eastern Region, Kenya**

<b>Company Ownership</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Local	1	14.3	14.3
Foreign	2	28.6	42.9
Both local and foreign	4	57.1	100.0
<b>Total</b>	<b>7</b>	<b>100.0</b>	

The findings above indicate that 57.1% of the floriculture firms are owned by both the locals and foreigners, 28.6% of the floriculture firms are foreign owned while 14.3% of the firms are locally owned. The results indicate that the firms' ownership is diverse and therefore they need strategic business networking in order to serve both local and international markets.

### **4.3 Strategic Business Networking**

Strategic networks are long-term, purposeful arrangements among distinct but related for-profit organizations that allow firms in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network. All the firms indicated that they practice strategic business networking and this will ensure that the firms concentrate on its distinctive competencies, while gathering efficiencies from other firms who are concentrating their efforts in their areas of expertise.

#### **4.3.1 Strategic Business Networking Adopted by Floriculture firms in Lower Eastern Region**

The respondents were requested to indicate the type of strategic business networking the firms enter into with others for competitive advantage in the floriculture industry in lower eastern kenya

**Table 4.5: Business Networking Strategies Used By the Floriculture firms**

<b>Business Networking</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Social networking	2	28.6	28.6
Market based transactions	3	42.9	71.4
Vertical integration	2	28.6	100.0
<b>Total</b>	<b>7</b>	<b>100.0</b>	

The findings from the respondents as above indicate that 42.9% of the firms uses market based transactions, 28.6% of the firms indicated that they use social networking while another 28.6% of the firms use vertical integration. The results indicate the floriculture firms use different business networking strategies that suit their business.

#### **4.3.2 Factors that ensure strategic business networking success in floriculture firms in lower eastern region**

The respondents were requested to indicate the factors that ensure strategic business networking success in the floriculture firms in a five point Likert scale. The range was 'not at all (1)' to 'very great extent' (5). The scores of not at all have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; ( $0 \leq S.E < 2.4$ ). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ( $2.5 \leq M.E. < 3.4$ ) and the score of both great extent and very great extent have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ( $3.5 \leq L.E. < 5.0$ ). A standard deviation of  $>0.7$  implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.6



**Table 4.6: Factors that ensure strategic business networking success in the floriculture firms**

<b>Factors that ensure strategic business networking success</b>	<b>Mean</b>	<b>Std. Deviation</b>
Managers create an environment of trust	3.5257	.7801
Maintaining broad strategic vision	3.7143	.4960
Feel genuine empathy for others, even those who are still competitors in other areas	2.3714	.6972
Senior management are committed	3.8571	.5735
Frequent performance feedback	3.7742	.7559
Communication between partners: maintaining relationships	4.0628	.8547
Clearly understood roles	4.2857	.7467
Thorough planning	4.5714	.5345
Clearly defined, shared goals and objectives	4.1735	.7559

The results indicate that the factors that enhance success of the floriculture firms strategic business networking, was to a very great extend as a result of planning (mean 4.5714), clearly understood roles (mean 4.2857), clearly defined, shared goals and objectives (mean 4.1735), communication between partners: maintaining relationships (mean 4.0628), senior management are committed (mean 3.8571), frequent performance feedback (mean 3.7742), maintaining broad strategic vision (mean 3.7143) and managers create an environment of trust (mean 3.5257). However the results indicate that the floriculture firms to no extend at all use empathy for others even those who are still competitors in other areas (mean 3.3714). The low variation of standard deviation indicates that the respondents were unanimous on the factors that ensure strategic business networking success. The results are in line with Bengtsson and Kock (2000) findings that mutual objectives, complementary needs, shared risk and trust as relevant factors that can be set out in a formal and documented contract or an informal contract aimed at achieving common goals.

#### **4.4 Role of Strategic business networking on organizational competitive advantage**

The floriculture firms enter strategic business networking with other firms in order to improve their own competitive position using the resources that others possess and/or which can be developed in cooperation with other business subjects.

##### **4.4.1 Benefits of Strategic Business Networking for floriculture firms**

The respondents were requested to indicate the benefits of strategic business networking in competitive advantage in the floriculture industry and the results are presented in table 4.7.

**Table 4.7: Benefits of Strategic Business Networking for competitive advantage in the floriculture firms**

<b>Benefits of Strategic Business Networking</b>	<b>Mean</b>	<b>Std. Deviation</b>
Increase their access to markets	4.4673	.5070
Shortening of development cycles	3.5714	.6583
Improve their organizational learning	3.9333	.8338
Flexibility development	3.8649	.8280
Better resource use	4.1284	.8280
Shared risks	3.8016	.7746
Networks contribute to the firm's innovation process	3.7483	.8280
Synergy and competitive advantage	3.9667	.8997

From the table above, the benefits of using strategic business networking to the floriculture firms was to a very great extent increased access to markets (mean 4.4673), better resource utilization (mean 4.1284), synergy and competitive advantage (mean 3.9667), improve organizational learning (mean 3.9333), flexibility development (mean 3.8649), financial risks sharing (mean 3.8016), firm's innovation process contribution (mean 3.7483) and shortening of development cycles (mean 3.5714). The results indicate that the strategic business networking enables floriculture firms to achieve competitive

advantage over its competitors. The respondent's results are consistent with Soares (2007) consideration that a business may realize several benefits from strategic business networking which include ease of market entry, improved organizational learning, flexibility development, shared risks, shared knowledge and expertise and improved synergy.

#### 4.4.2 Ways of achieving competitive advantage for floriculture firms

The respondents were asked to indicate the extent to which they achieve competitive advantage as a result of strategic business networking adoption in the floriculture industry

**Table 4.8: Ways of achieving competitive advantage for floriculture firms**

<b>Ways of achieving competitive advantage</b>	<b>Mean</b>	<b>Std. Deviation</b>
The firm create and sustain fruitful collaborations thus giving it a significant competitive advantage	3.6769	.8972
The firm manages its strategic alliances more effectively than competitors thus achieving source of competitive advantage	3.5648	.7246
The firm uses strategic alliances that enables the company to access complementary resources and skills that reside in other companies	3.6857	.7559
Our firm has a competitive advantage over its rivals due to its flexibility	4.1068	.8462
The firm unique corporate culture enables the firm to achieve competitive advantage over its rivals	4.1429	.8997
Speed of offering the service is one factor that led to achieving competitive advantage	4.1392	.8165
Unique resources are a source of sustained competitive advantage in the firm	4.5714	.5345
The added value is a source of competitive advantage	4.0268	.8016
The superior quality of services is a source of competitive advantage	4.4286	.7868
The company's product and service diversity is a source of competitive advantage	3.7143	1.2535

The analysis above, show that the floriculture firms achieved to a great extend competitive advantage through unique resources (mean 4.5714), superior quality of services (mean 4.4286), unique corporate culture (mean 4.1429), speed of offering services (mean 4.1392), flexibility (mean 4.1068), added value (mean 4.0268), firm products and service diversity (mean 3.7143), strategic alliances that enables the company to access complementary resources and skills that reside in other companies (mean 3.6857), creation and sustaining fruitful collaborations (mean 3.6769) and managing strategic alliances more than competitors (mean 3.5648). The results indicate that the firm competitive advantage is dependent on strategic assets that are internally controlled and permit the firm to formulate and implement strategies that expand its efficiency and effectiveness. The respondents results are in line with Ross (2008) findings that competitive advantage belong to those organizations that can activate concurrent business processes and core competences that merge infrastructures, share risks and costs, leverage the shortness of today's product life-cycle, reduce time to market, and gain and anticipate new vistas for competitive leadership. Dyer and Singh (1998) also explain the sources of competitive advantage through inter organizational relationships such as strategic business networking and can be obtained through relation specific assets, knowledge sharing routines, complementary resources and effective governance as firms enter into strategic business networking so they can leverage the resources provided by the partner firm.

#### **4.4.3 Potential intensive cooperation activities for floriculture firms**

The respondents were asked to indicate the potential intensive cooperation activities in their firm and the role of strategic business networking for competitive advantage in the floriculture industry and results are presented in table 4.9

**Table 4.9: Potential intensive cooperation activities**

<b>Potential intensive cooperation activities</b>	<b>Mean</b>	<b>Std. Deviation</b>
Information offensive	3.6138	.7868
Workshops	4.1242	.8165
Mentorship and coaching	3.1649	1.5275
Professional and financial help in the process of cooperation founding	2.8571	1.5735
Help in the area of information and communication technology	3.8571	1.2149
Professional and financial help during capital investments	3.5286	1.7182
Professional and financial help in the area of quality management	3.7143	1.2535

The results above indicate that the floriculture firms potential intensive cooperation activities was achieved to a great extend through workshops (mean 4.1242), help in the area of information and communication technology (mean 3.8571), professional and financial help in the area of quality management (mean 3.7143), information offensive (mean 3.6138) and professional and financial help during capital investments (mean 3.5286). The firms cooperation activities was found on mentoring and coaching (mean 3.1649) and professional and financial help in the process of cooperation founding (mean 2.8571) to a moderate extent. The respondents' results indicate that firms' cooperation was achieved through different forms. Effective strategic business network is a crucial challenge for businesses to survive and achieve common goals. Shreiner et al., (2009) established that strategic business networking impact firms' performance and therefore their ability to manage them effectively can be a source of competitive advantage. It is therefore necessary that strategic business networking is carried out effectively so as to ensure the success of the businesses in the long run.

## **4.5 Discussion**

In the present day business environment, organizations are confronted with substantial increases in both competition and uncertainty and consequently, they have realized the need to look outside the organization for networking that will bring about an operational synergy. The findings from the study was that the firms competitiveness is a decisive

factor for survival in the business world, and more so in an industry such as the floriculture industry that the industries operates in. The study found that floriculture firms had established strategic networking with a number of firms both locally and internationally and have been able to leverage their position in critical capabilities and respond better to market and technological changes more flexibly. The strategic move taken by the floriculture firms strengthens the case of a firm focusing on its core competences while obtaining additional competences and resources from the business partners. This findings supports Porters (1985) position that a firms competitiveness will be sourced in cases where it focuses in an area where it is better placed to offer the product or service much cheaply than competitors.

The findings of the study also point to the need for a strategic fit to be present between the partners in the business network. The choice of business partner is based on factors such as strategic fit and partner resources (Douma et al, 2000; Nielsen 2010). Strategic fit can be seen in their goal of focusing on a similar customer bracket, especially the upper segment market end, and having similar goals in terms of the network formed. The results indicate that the benefits of firms pursuing strategic business networking was found to be increased access to markets, better resource utilization, synergy and competitive advantage, improve organizational learning, flexibility development, financial risks sharing, firm's innovation process contribution and shortening of development cycles. The overall objectives of an organization is to create value for customers, competitive advantage and improved profitability for the institutions, the dimensions of value that may be important to customers and the mechanisms whereby competitive advantage and improved profitability can be achieved. The increased benefits due to the business networking support the assertion by Osarenkhoe, (2010) who argued that greater value and benefits, risk reduction by obtaining complementary resources, and increased market share as reasons for considering business networking by a firm. Furthermore, it strengthens the case of focusing on core competences by a firm while obtaining additional competences and resources from the alliance partners. The alternative option of developing similar resources as the alliance partner could lead to undesirable results as

it would involve acquisition of several new competences which if not successful could lead to a waste of time and resources

Achieving long-term competitive advantage involves the design and operationalization of appropriate business strategies that take into account both the mutations registered in the business environment and the development stage of the organization. The study established that firms potential intensive cooperation activities was achieved through workshops, help in the area of information and communication technology, professional and financial help in the area of quality management, information offensive and professional and financial help during capital investments. By marrying the concept of strategic networking with that of value chain Jarillo (2008) note that firms are not monolithic entities, that the activities necessary to the production of a given good or service can be carried out either by an integrated firm or by a “network” of firms. If a firm is able to obtain an arrangement whereby it farms out activities to the most efficient supplier, keeping for itself that activity in which it has a comparative advantage, a superior mode a strategic network organisation emerges

## **CHAPTER FIVE:**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter gives the summary, conclusion, recommendations of the study and suggestion for further research.

#### **5.2 Summary of Findings**

The study shows that the floriculture firms have been in existence for a longer duration of time and thus they understand the role played by strategic business networking to the floriculture firm's competitive advantage. The number of employees in the floriculture firms differed and this can be attributed to the size of the floriculture firm and this affects the extent to which they use strategic business networking. The results show that majority of the floriculture firms have been in operation for more than five years and thus they understand the dynamic of the industry which necessitates the use of strategic business networking. The study established that the companies' ownership ranges from local to foreign though majority of the companies were both local and foreign and since the cost of setting up a new assembly plant by the foreign companies is high, they then enter into strategic business networking with the local companies and this leads to the companies concentrating on its distinctive competencies, while gathering efficiencies from other firms who are concentrating their efforts in their areas of expertise.

The study found out that all the floriculture firms use strategic business networking that allow firms in them to gain or sustain competitive advantage vis-à-vis their competitors outside the network. All kinds of strategic business networking are created in order to improve a firm's competitive advantage. There are different factors which have an impact on motivation to collaborate, however all of them are directly or indirectly connected with competitive behaviour of companies. Therefore, successful strategic business networking improve competitive advantage of companies which are involved in such



type of partnership. The type of business network adopted by the floriculture firms differs though majority of the firms indicated that they use market based transactions. The success of strategic business networking among the floriculture firms was to a great extent as a result of planning, clearly understood roles, clearly defined, shared goals and objectives, communication between partners: maintaining relationships, senior management are committed, frequent performance feedback, maintaining broad strategic vision and managers create an environment of trust. Strategic business networking tend to maintain and improve competitive advantage by making strategic decisions, which are primarily focused on development of new products, services, and processes.

The respondents results indicate that to a great extent the benefits of floriculture firms pursuing strategic business networking was found to be increased access to markets, better resource utilization, synergy and competitive advantage, improve organizational learning, flexibility development, financial risks sharing, firm's innovation process contribution and shortening of development cycles. The overall objectives of an organization is to create value for customers, competitive advantage and improved profitability for the institutions, the dimensions of value that may be important to customers and the mechanisms whereby competitive advantage and improved profitability can be achieved. The study found out that strategic business networking enables floriculture firms to achieve to a great extent, competitive advantage through unique resources, superior quality of services, unique corporate culture, speed of offering services, flexibility, added value, firm products and service diversity, strategic alliances that enables the company to access complementary resources and skills that reside in other companies, creation and sustaining fruitful collaborations and managing strategic business networks more than competitors.

Achieving long-term competitive advantage involves to a great extent the design and operationalization of appropriate business strategies that take into account both the mutations registered in the business environment and the development stage of the organization. The study established that floriculture firms potential intensive cooperation activities was achieved to a great extent through workshops, help in the area of

information and communication technology, professional and financial help in the area of quality management, information offensive and professional and financial help during capital investments.

### **5.3 Conclusion**

The competitive market has lead to many floriculture firms being unable to operate alone without partnering with others. The main agenda is bringing together the resources available from both floriculture firms that enhance synergy for better operation in the volatile business environment. Technological changes coupled with increased in demand for better services at a cheaper cost by customers has generated more competition. Strategic business networking is no longer a strategic option but a necessity in many markets and industries. Dynamic markets for products and technologies, coupled with the increasing costs of doing business, have resulted in a significant increase in the use of strategic business networking. Strategic business networking has continued to grow globally but as the same time reports are on the increase on failed strategic business relationships. This highlights the need for considering some key factors like planning, clearly understood roles, clearly defined, shared goals and objectives, communication between partners: maintaining relationships, senior management are committed, frequent performance feedback, maintaining broad strategic vision and managers create an environment of trust before embarking on strategic business networking. The utilization of strategic business networking for competitive advantage in the floriculture firms is a reality. No matter the size of the floriculture firm in which it participates, most floriculture firms see in a strategic business network an interesting opportunity of growth, knowledge, efficiency and profitability.

The sources of competitive advantage through strategic business network can be obtained through unique resources, superior quality of services, unique corporate culture, speed of offering services, flexibility, added value, firm products and service diversity, strategic alliances that enables the company to access complementary resources and skills that reside in other companies, creation and sustaining fruitful collaborations and managing

strategic alliances more than competitors and so as floriculture firms enter into strategic business networks so they can leverage the resources provided by the floriculture firm. Therefore in order to manage in a competitive environment floriculture firms can utilize strategic business networking to strengthen their own core competences, to access complementary resources and tacit knowledge and strength market position in a certain industry while reducing costs and risks that would occur had they decided to work alone. Strategic partnership provides opportunities for participants to tap into the resources, knowledge, and skills of their immediate partners in a portfolio of inter-firm agreements. When strategic business networkings are effectively managed, the participating floriculture firms can gain several benefits that ultimately bring profitability. In a partnership, when mutual trust exist floriculture firms can use the opportunities of maximum utilization of resources. On the other hand, in a formal contractual relationship if there is no trust, extensive monitoring systems are used to controlling purposes. It increases the cost of operations that ultimately hamper the competitiveness of the alliances.

#### **5.4 Limitation of Study**

This study was limited by challenges like confidentiality. Not all the interviewed respondents were willing to open up and say into details how their organisations work for fear of losing virtual business information to outsiders and especially in their industry which is very competitive.

#### **5.5. Recommendation**

This study makes several recommendations for policy implementation and also suggest for further research.

Foremost, the study established that all the floriculture firms engage in different strategic business networking, it is recommended that in order to improve the chances of success, firms must follow a careful, organized process from start to finish; from strategic conception to partnership termination. It is important to take the time to properly set the

strategy for the business networking, to create the optimum structure for the business networking to flourish, to set clear rules of governance, and to monitor the results on a timely basis.

Secondly, the study established that the floriculture firms derives competitive advantage as a result of engaging in strategic business networking, it is recommended that the floriculture firms considers their partners carefully as business networking can create indirect costs by blocking the possibility of cooperating with competing companies, thus possibly even denying the floriculture firms various financing options.

Lastly, the study found out that the floriculture firms derive several benefits from strategic business networking, however business networking expose the floriculture firms to its partners, and the unique technologies that it has are sometimes revealed to its floriculture partner company, which could later become a competitor or could utilize the fruits of the venture or the know-how better than the startup itself. In addition, strategic partners may often lead the floriculture firm in directions that serve the partner floriculture firm better than they do the floriculture firm itself. It is therefore recommended that the floriculture firm should not expose all its competitive resources to other floriculture partners as this can work against the firms in the long run.

## **5.6 Recommendations for further research**

One of the areas that may be interesting to look into is the different forms of management in cross industry strategic business networking. It could highlight whether different forms of management in terms of whether a combined management team is created, or whether separate organizational teams are used to manage the network or perhaps a combination of both. It would be interesting to see the advantages and drawbacks of different methods, as well as which method has been most effective in strategic business networking management.

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## APPENDIX I: QUESTIONNAIRE

Please give answers in the spaces provided and tick in the box that matches your response to the questions where applicable

### Part A: Demographic and Respondents Profile

1. Name of the flower firm.....
2. Length of continuous service with the flower firm?
  - a) Less than five years ( )
  - b) 5-10 years ( )
  - c) Over 10 years ( )
3. How many employees are there in your flower firm?
  - a) Less than 100 ( )    b) 100 – 499 ( )
  - c) 300 – 999 ( )    d) Above 1000 ( )
4. For how long has your flower firm been in operation in Kenya?
  - a) Under 5 years ( )    b) 6 – 10 years ( )
  - c) 11 – 15 years ( )    d) 16 – 20 years ( )
  - e) Over 20 years ( )
5. What is the ownership of the flower firm?
  - a) Local ( )
  - b) Foreign ( )
  - c) Both local and foreign ( )



## Part B: Strategic Business Networking

6. Does your firm practice business networking?

Yes ( ) No ( )

7. What type of strategic business network does your firm enter into with others?

Social network (firms act for the benefit of each other due to loyalty and involvement developed through friendship)	
Market based transactions	
Vertical integration (Firms attach considerable importance to preserving their own firm's independence)	
Value creating networks(cooperation between independent firms to create strategic advantage for the entire group)	
Horizontal networks	

8.To what extent does your firm considers the following in order to ensure that its networking succeeds? Use 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Statement	1	2	3	4	5
Managers create an environment of trust					
Maintaining broad strategic vision					
Feel genuine empathy for others, even those who are still competitors in other areas					
Senior management are committed					
Frequent performance feedback					
Communication between partners: maintaining relationships					
Clearly understood roles					
Thorough planning					
Clearly defined, shared goals and objectives					

## Part C: Role of strategic business networking on Organizational Competitive Advantage

9. To what extent does your firm achieve the following as a result of using strategic business networking? Use 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Benefits of strategic networking	1	2	3	4	5
Increase their access to markets					
Shortening of development cycles					
Share financial risks					
Improve their organizational learning					
Flexibility development					
Better resource use					
Shared risks					
Networks contribute to the firm's innovation process					
Synergy and competitive advantage					

10. To what extent does your firm adopts the following statements in order to achieve competitive advantage? Use 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Ways of achieving competitive advantage	1	2	3	4	5
The firm create and sustain fruitful collaborations thus giving it a significant competitive advantage					
The firm manages its strategic alliances more effectively than competitors thus achieving source of competitive advantage					
The firm uses strategic alliances that enables the company to access complementary resources and skills that reside in other companies					
Our firm has a competitive advantage over its rivals due to its flexibility					

The firm unique corporate culture enables the firm to achieve competitive advantage over its rivals					
Speed of offering the service is one factor that led to achieving competitive advantage					
Unique resources are a source of sustained competitive advantage in the firm					
The added value is a source of competitive advantage					
The superior quality of services is a source of competitive advantage					
Our company's product and service diversity is a source of competitive Advantage					

11.To what extent do you consider the following as the potential incentive cooperation activities? Use 1-Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Incentive cooperation activities	1	2	3	4	5
Information offensive					
Workshops					
Mentorship and coaching					
Professional and financial help in the process of cooperation founding					
Help in the area of information and communication technology					
Professional and financial help during capital investments					
Professional and financial help in the area of quality management					

**APPENDIX II: LIST OF FLORICULTURE FIRMS IN LOWER  
EASTERN REGION, KENYA**

<b>No</b>	<b>Farm Name</b>
1	Isinya Roses
2	PJ Dave
3	Primarosa
4	Sian - Masaai Flowers
5	Waridi
6	Evergreen Flora
7	Harvest Ltd

(Source: Floriculture International 2010)