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## Article

### The influence of network configurations in enhancing SMEs' competitiveness : evidences from building materials retailers in Tanzania

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## THE INFLUENCE OF NETWORK CONFIGURATIONS IN ENHANCING SMES' COMPETITIVENESS: EVIDENCES FROM BUILDING MATERIALS RETAILERS IN TANZANIA

Romed Kavenuke<sup>1</sup>, Lucy Mboma<sup>2</sup> and Ulingeta Mbamba<sup>3</sup>

### ABSTRACT

*This paper aimed at investigating the influence of network configurations on the competitiveness of SMEs retailing building materials in Tanzania. The study used quantitative approach where a sample of 314 of SMEs selling building materials in Mbeya, Iringa and Njombe was used in collecting data. Using regression analysis results showed that network configuration is significant in enhancing the competitiveness of SMEs in Tanzania. This implies that network configurations are especially beneficial because they allow firms to access technical or commercial resources that they would otherwise lack. The study recommends that, the government's role is to create enabling regulatory framework so that the networked SMEs can improve their competitiveness. In addition, the national SMEs policy has to include network configuration as a way toward strong organizational performance.*

**Key words:** Network configuration, Building Materials, Organizational Performance, enabling environment and competitiveness

### INTRODUCTION

Small and medium enterprises (SMEs) engaging in the retailing of building materials are increasingly recognized as important drivers of economic growth, productivity, innovation and employment, and are widely accepted as key aspects of economic dynamism (Lichtenthaler, 2009). However, these SMEs particularly those selling building materials operate in a modern economic environment which is characterized by rapid changes in market demand, accelerated by population growth and urbanization which require strongly competitiveness for them to survival (ibid.). Sale of building materials supposedly done by business owners in Tanzania is a process where firms continue to supply and buyers continue to depend on them (Kagira, *et al.*, 2012). The relationship between suppliers and buyers in the sector does go on for several days, unlike what literature shows business to business and business to customer relationships. Buyers who are single individuals purchase relatively small quantities of building materials which created a need to study this sector in order to establish the relationship of retailers of building materials and other stakeholders through networking (Hatala, 2007). These SMEs need to find

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invariably modern ways and abilities to adapt in order to survive in such competitive surroundings. In such dynamic environment, SMEs face difficulties in resource acquisition from networks (Roy, et al., 2017). That is why business firms effectively make use of networks for accessing resources in order to gain their competitive advantage.

Researchers have recently begun to highlight potential significance of networking involvement where network configurations allow firms to access technical or commercial resources that they would otherwise lack (Watson, 2007). The relevance of network configuration has been acknowledged in facilitating business performance in the past few decades. For example, Roberta, (2013) recognized network configuration as widely applied for leveraging competitiveness and thus increasing survivability of enterprise in turbulent market conditions. He (ibid.) further advocates that, having effective network configuration facility in the newest economy help in the achievement of a sustained competitive advantage. Likewise, Scott (2012) indicates that, through different network configuration models, organizations nowadays are capitalizing on individual strengths by sharing risks and resources, and joining complementary skills and capacities, in order to gain new competitive advantages (Simaškienė and Dromantaitė-Stancikienė, 2014). Hence, network configurations are evidenced as an enabler for SMEs selling building materials to enhance their competitiveness in Sub-saharan Africa as evidenced by Fjose et al. (2010).

In recognizing the importance of the emerging SMEs in construction sector particularly in creating a vibrant and dynamic economy for the nation, most governments in least developing countries have put a lot of initiatives and have been actively promoting retailers of building materials towards realizing their 2020 Country Vision. For example, the government of Ghana recognizes the empowerment of SMEs engaging in selling of the building materials as a key factor for the attainment of social and economic development (GoG, 2005). One of the initiatives in Ghana was the creation of the facilitating environment for SMEs selling building materials from which small contractors who buy in smaller quantities could purchase (Ofori, 1990). In recognizing SMEs empowerment as a tool for socio-economic and political development, Tanzania has taken a number of measures to empower SMEs in the country. Some of the undertaken measures include formulation of different policies and enactment of legislations and laws as well as introduction of administrative and affirmative action, which have altogether, enabled Tanzania to record remarkable achievements in this sectors (URT, 2012).

Despite the noted achievements, still, Tanzania like many other countries in Africa is still faced by fundamental challenge, of ineffectiveness network engagements which is evidenced to provide concrete outcomes (URT, 2012). In the same perspective, these network configurations rarely address day to day market challenges faced by SMEs in operating their enterprises. These constraints are, singularly and collectively, a serious impediment to the promotion of SMEs selling building materials through network engagements. For example, due to inefficient implementation of policies and enactment of legislations, Msanjila and Kamuzora (2012) argued that there is still a large gap towards realizing configurations of networks in Tanzania particularly related to availability of required technologies and lack of proper customized business models, among others, which justify that SMEs selling building materials are not realizing benefits of their enterprises. Further, Tanzania through national strategy for SMEs development still recognizes that poor performance by SMEs is one of the major obstacles to

socio-economic development of its peoples (URT, 2012). Some studies (for example Mboma et al., 2011; Tung, 2012; Tresca, 2013) have shown ineffective of network configurations to be one of the underlying causes of SMEs' poor performance. Given this situation, this study was designed to assess the influence of network configurations as a way of enhancing competitiveness of the SMEs selling building materials in Tanzania.

## **THEORETICAL BACKGROUND AND REVIEW OF LITERATURE**

### *Resource-Based Theory*

The concept of network configuration is constructed on the concepts from strategic management literature, beginning with the resource-based view of the firm. Barney et al. (2011) provides that RBV re-asserts the view of firms as bundles of resources. In the same perspective, Arora, (2015) used resource base view (RBV) of the firm to define SMEs as bundles of resources which are valuable, rare, inimitable and no-substitutionable (VRIN) and therefore provide a basis for competitive advantage. In this view, firms continually aim to create and develop a resource base which constitutes physical, conceptual and human resources. Therefore, firms can then leverage that resource base to achieve sustainable competitive advantage, since different resource configurations offer different competitive advantages in relation to one's competitors (Barney 1991).

Consequently, the firm can continue to succeed through finding the optimal balance between resource development and resource exploitation (Wernerfelt, 1984). This view is based on the work of Gulati et al. (2000), who emphasize networked resources as enablers of strategic opportunities, performance and overall competitiveness of firms, leading to "*strategic network configurations*". Access to these kinds of networks may lead to realigning the entire network strategy of the firm and result to sustainable competitive advantage (Gulati et al., 2000). In this view, Lavie (2006) extended the view of RBV to include the resources gained from business networks, i.e. the network resources of interconnected firms which form network configuration. RBV is mainly criticized for ignoring organizational differences to develop and maintain those resources while viewing specific resources controlled by a firm to lead to sustainable competitive advantage. The argument that organizational resources, such as expertise of employees can erode and innovative ways of manufacturing, implies the dynamic nature of these resources (Evers, 2010). This can thus be argued to be in need of strategic development and maintenance through strategic intent; they are managed through application organizational routines that can be conceptualized as networked resources in a network configuration perspective (Teece, 2007).

In this study, resource-based approach was used to state that SME as a whole consists of resources and skills whose competitive advantage depends on the rare (imitated) resource management. Resources in this context are perceived as a combination of tangible and intangible assets and skills in developing and configuring networked resources. This view is based on the work of Gao et al., (2017) who emphasize networked resources as enablers of strategic opportunities, performance and overall competitiveness of firms, leading to strategic networks. Thus, firms aim at creating and developing a resource base which consists of physical, conceptual and human resources in achieving sustainable competitive advantage through the support of government and other agencies.

Therefore, resource-based approach supports the management of the enterprise in accordance with the strategic decisions, which create or formulate ways to use the enterprise's most important strategic resources in order to increase economic returns. In this study, network configuration is considered as a bundle of configured resources which tend to improve the competitive advantages of enterprise participating in the selling of building materials. These enterprises which are in the network tend to benefit from a pool of resources which in turn improve their competitiveness or increase their competitive intensity to participate fully in economic development.

*Empirical Literature Review: Relationship between Regulatory Framework and Enterprises' Competitiveness*

Parida and colleagues (2009) on their empirical study on the impact of networking practices on small firm innovativeness and performance in Sweden, using hierarchical regression analysis, revealed a positive influences of regulatory framework on a firm's innovativeness and performance. On the other hand, Sher and Lin (2006) conducted a study that examined network structure and its influence on SMEs' performance in China. Empirical results from structural equation modeling showed a strong support for effects of network structure on SMEs' performance (ibid.). The study (ibid.) recommended that additional factors (such as regulatory framework) may play an important role in configuring network relationships. Alrawabdeh 's (2014) study of environmental factors affecting SMEs' performance in Jordan, using Stepwise Regressions revealed that competitive pressure, regulatory environment, social influence, support industries, customer pressure, and government support were important factors that significantly affected SMEs' development of business relationship with new partners in Jordan. In addition, suitable tax laws, clear regulatory frameworks, and improving infrastructure by the government were considered essential issues that affected SMEs entering into new business relationships (ibid.). Further, Tung (2012) carried a study on firm social networks perspective. Findings indicated that social networks have been instrumental in establishing new network partners and have been constantly helping in fostering business performance. Similarly, Ciriani and Lebourges (2016) conducted a study on the role of network development and management on SMEs' performance. Finding indicated that network management system is necessary in accelerating SMEs' performance.

These empirical evidence results to hypothesis which states that: regulatory framework influence SMEs retailing building materials in Tanzania.

H1: There is positive relationship between regulatory framework and SMEs' competitiveness

*Relationship between Customers' Pressure and SMEs' Competitiveness*

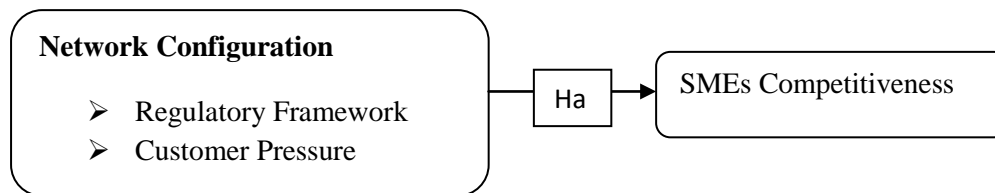
Alrawabdeh (2014) revealed a positive influence of customer's pressure while studying environmental factors affecting SMEs' performance in Jordan. In a related perspective, Josiah et al. (2016) conducted a study on customer pressure and firms' performance among manufacturing SMEs in Kenya. Data for the study (ibid.) were collected using self-administered questionnaires from a sample of 132 manufacturing SMEs operating in Kenya registered by Kenya Association of Manufactures (KAM). The theory that informed the study (ibid.) was social capital theory and data were analyzed quantitatively using descriptive statistics as well as inferential statistics using Statistical Package for Social Sciences (SPSS) version 21. Results from the study (ibid.) revealed

that pressure from customers has positive and significant influence on firm's performance. Additionally, Watson (2007) on his study of modeling the relationship between networking and firm performance, findings indicated a significant positive relationship between networking particularly with loyal customers with firm survival. In related perspective, Maina, et al. (2016) conducted a study on network dimensions and firm performance among manufacturing SMEs, finding indicated that enterprises' networking environment is a significant vital element for enhancing competitiveness among SMEs.

These empirical evidence results to hypothesis which states that: pressure of business customers influence competitiveness of the SMEs in Tanzania.

H1: There is positive relationship between customers' pressure and SMEs' competitiveness

**Figure 1: Conceptual Frame work**



## METHODOLOGY

### *Research Approach*

The study employed a mixed approach where both quantitative and qualitative approaches were used. Quantitative approach was conducted in order to identify the extent and nature of cause-and-effect relationships between the variables Goretti (2008). In this study, quantitative approach was used in order to assess relational impacts of network configuration on enterprises participating in selling building materials in enhancing their competitiveness. Qualitative approach on the other hand attempt to lay the groundwork that lead to future studies or to determine if what is being observed might be explained by a currently existing theory (Gray, 2009). As in this research project, exploratory design provided in-depth information of real life operation of network configurations on SMEs' competitiveness. This would help to capture contextual issues and better understanding of the current network configurations among retailers of building materials that exist. Thus, the study used a pragmatic philosophical stance and used mixed research design focusing on the qualitative and quantitative approaches.

### *Study Area*

The study was conducted in Mbeya, Iringa and Njombe regions of Tanzania. This area has been selected because of the population growth which has resulted into high need of residential, commercial and office buildings where network configurations by building materials in pertinent. Moreover, the three regions have number of established network configurations among sellers of building materials entrepreneurs who are owner of these enterprises as recommended by Creswell, (2012). Therefore collecting data from these regions helped in providing adequate information to solve the problem by developing stable network configuration to enhance SMEs' competitiveness.

### *Study Population*

The study has targeted 706 respondents who are owners' of enterprises selling building materials in the three regions. Building materials sellers are selected in this study because they are the ones who are suffering from ineffective network configurations which result into; lack of stable market, the scarcity of resources, short delivery time requirement, frequent emergence of new technologies, demand for wide variety of competencies, and limited availability of up-to-date experts. On the other hand, the targeted population has experienced poor performance issues in their business in the existing network configurations; hence they saved as information sources in the current study.

### *Sampling Procedure*

The study used stratified sampling technique, simple random sampling and purposively sampling at different stages of the research based on the research approach selected. The study started by using stratification sampling technique based on the areas of study. The main objective of starting with stratified sampling was to ensure sample representative from the three regions and enabled easy to administer data collection tools which led to more reliable results. From the total population the sample size of three regions namely Mbeya, Iringa, and Njombe was identified separately as a stratum. After stratification of the sample, a simple random sampling was used to select respondents for explanatory research and this enabled each respondent in the three strata to have an equal chance of being selected. On the other hand, in qualitative research purposive sampling was used to select key informative respondents among SMEs. Hence this approach served the purpose of this study in sampling.

### *Data Collection Techniques*

During data collection, interview, questionnaire and documentary review method was used as a data collection technique in this study.

### *Interview*

The use of interview is considered important in this study at the preliminary stage as it is flexible to accommodate additional information and allow the researcher to capture more contextual variables which provide in-depth insight of the natural setting understudy. As it is evidenced in Gray (2009), that interview can generally be used to gather information of greater depth and can be more sensitive to contextual variations in meaning. In this project, interview was conducted at the beginning of the study to better analyze the current practices of network configurations and explain the existing model in the context of retailers in Tanzania.

### *Structured Questionnaire*

On the other hand, a structured questionnaire was used in this study to collect quantitative data suitable for hypothesis testing and model validation. As argued by Gray (2009), that structured questionnaire is mostly used to capture measurable data for statistical testing of the hypothesis of the study. Within this context, a questionnaire was suitable in quantitative research situations of this study as it offer a standardized system of question to collect measurable and factual data to classify network configurations of enterprises and their circumstances in statistical characterization.

### *Documentary Review*

Documentation was used in providing data interpretation, support and give evidence of field data. As it is evidenced by Gray (2009) that social scientists use documentary research methods to supplement and confirm on the information collected through social surveys and in-depth interviews. In this study, the documentary review saved the same purpose.

### *Data Analysis and Interpretation of the Findings*

Thematic data analysis technique was used in qualitative phase. Thematic analysis is more appropriate for analyzing data when the researchers' aim is to extract information to determine the relationship between variables and to compare different sets of evidences that pertain to different situations in the same study (Goretti ,2008; Colombo and Grilli, 2005; Etzkowitz and Leydesdorff, 2008). In this study, the researcher needed to confirm variables borrowed from the literature review to see if they align with those from the context and establish new variables using sets of evidences pertaining to the verbal responses of the respondents in the interview. Further, thematic analysis was used to provide description of the variables (theme) during discussion. This means that thematic analysis helped to search for themes that emerge as being important to the description of the phenomenon and use verbal responses for theme clarification and elaboration (Byrne, 2010; Fisher and Buglear, 2007). In this study, hypothesis testing and examination of the significant effect of predictor variable was done using regression analysis. As argued Goretti (2008) that, regression analysis is used to study the strength of a relationship between two or numerically measured continuous variables. In this study, regression saved in analyzing the strength and direction of relationship.

## **DISCUSSION**

### *The Relationship between Regulatory Framework and SMEs' Competitiveness*

A linear regression analysis was run to determine the strength and direction of relationship between network configurations against competitiveness of the SMEs selling building materials as described in a model summary as presented in Table1. Results obtained from regression model help to further confirm the notion that being embedded in network help SMEs to successfully perform.

**Table1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.583 <sup>a</sup>	.340	.336	.687

Predictors: (Constant), Regulatory Framework, Customer's Pressure

The results provided showed that dependent variable "SMEs' competitiveness" is explained by independent variable network configuration which is explained by two predictor variables regulatory framework and customer pressure to a small extent as demonstrated by  $R^2$  of 34.0 percent. This suggests that, retailers of building materials need fair and good regulatory system that facilitates the network engagements along with pressure from customers. As argued by Albers (2013) that SMEs need network alliances which are cooperative entities formed by more than two firms in order to generate competitive advantages for each member. These findings are in line with Ricciardi (2014) who found and concluded that good regulatory system in



networking allows enterprise to take advantage of ideas, competences and external resources which build and increase their competitiveness in dynamic market. Majava, et al. (2013) supported the idea that availability of support institutions increase the chance of competitive advantages among network members. They explain that enterprise within network tend to increase interaction with various external stakeholders to enhance innovation, opportunities and access to important resources which build their competitiveness (ibid.).

This finding was supported in the interview when one of the SMEs' owner explained that "network alliances open SMEs' gaps in technology, finance, human capital, and extension of market, which when all the gaps are opened, tend to help them to achieve competitive advantage". This interview concur with the argument made by Osarenkhoe (2010) who argued, that network configurations has a sensitive information that enable individual enterprises to successfully acquire more profit, expand the market network, perform better than its rivals in the market and increase its business competitive advantage. These findings imply that the opportunities offered by network configurations tend to help SMEs to gain competitive advantages over rivals.

Further analysis of the relationship between network configuration and SMEs' performance was performance as presented in Table 2. Results show that the model applied in this study statistically and significantly predicted the outcome variable of relationship between dependent variable "SMEs' competitiveness" and independent variable "network configuration" to a large extent as demonstrated by p-value less than 0.000. This indicates that the overall hypothesis which state that network configuration is strongly significant in influencing SMEs' competitiveness was accepted. These finding aligns with the theory of resource base view of the firm by (Wernerfelt, 1984).

**Table2: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75.559	2	37.780	80.150	.000 <sup>b</sup>
	Residual	146.593	311	.471		
	Total	222.153	313			

Dependent Variable: SMEs' competitiveness

Predictors: (Constant), Regulatory Framework, Customers' Pressure

The findings above are in the perspective of Albers (2013)'s findings supported the influence of network configurations on firm's competitiveness. He further advocated that network configurations play an eminent role and even engage in competitive practices in many industries, and therefore are relevant to regulators, Customers, policy makers and competitive lawyers. This assertion is more found in Tresca (2013) who explain that, network configurations make it possible to overcome the limitations of individual enterprise size, granting access to resources (tangible and intangible ) at a low cost in-turn increasing their competitiveness. Moreover, Ou, et al. (2015) supported the findings by advocating that the social capital of network configurations build network relationships with a firm's partners emerges as essential in achieving competitive advantage. These imply that network configuration has fueled the continued search for a greater understanding of what is needed to manage business in complex market constellations. Based on

this implication, Osarenkhoe (2010) concluded that the use of network strategy enhances the internal resources and market shares of competing actors. Thus, relationships in the network offer the advantage of a combination of the need to innovate in new areas as a result of competition while accessing new resources as a consequence of cooperation which enhance the value of an organization with well-established and promising business relationships (Ricciardi, 2014). Further analysis of the significant of each indicator variables is depicted in table 3.

**Table 3: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.424	.250		5.706	.000
Regulatory Framework	.557	.046	.557	12.083	.000
Customer Pressure	.139	.039	.162	3.514	.001

Dependent Variable: SMEs' Competitiveness

The results provided in Table 3 showed that all the two indicators known as Regulatory Framework and customers' pressure were accepted at a significant level of less than 0.005. These results support the view that exposure to networked business partners promotes network configuration which in turn induces firm competitiveness. The impact of SMEs participation in economic growth through network involvement is confirmed by a number of other studies, many of which were based on industry or firm level and panel data for individual countries. These studies found that high degrees of market concentration and market share have an adverse effect on the level of total business competitiveness. The findings from the current study also corroborate with the findings by Culpan (2008) who found network configuration to induce more innovation, and consequently raises chances for SMEs to perform well. These support the argument made by Buccirossi, et al., (2011) who advocated that, the degree of involvement in a particular network in any sector is often considered to be among the most important for SMEs' performance. They further content that lack of network configuration reduces pressure of firms to incorporate better technology, remove organizational slack and reduce investment in productive capacity. These findings imply that, lack of network configurations may put insufficient pressure on management of networks in order to improve firm performance. This means that, allowing inefficiencies to persist, weak network arrangements may affect SMEs' growth particularly SMEs selling building materials.

## CONCLUSION AND IMPLICATION

The main objective of this study was to examine whether the firm competitiveness is influenced by the network configuration. Its framework was developed based on the empirical literature reviewed and the theory of resource base of the firm. Findings indicated that network configuration has a significant value in explaining the competitiveness of SMEs selling building materials in the regions of Mbeya, Iringa and Njombe in Tanzania. In this regard it is noted that the competitiveness of SMEs selling building materials can be defined in terms network configuration as explained by regulatory framework and customer pressure that facilitate in making resources available for their performance. These resources form an appropriate strategy of a firm which are potential to differentiate it from others through its competitiveness. The model developed from this study integrates and combines the competitive advantages of

regulatory framework and customer pressure as a way of enhancing firm competitiveness. It is thus important for SMEs selling building materials to consider the need of aligning their performance with regulatory frameworks and matching their operations with pressures from customers which are confirmed to influence SMEs' competitiveness. Nevertheless, the review presented in this study provides a significant starting point for debating the relevance of regulatory framework and pressure from customers in facilitating firm performance.

Therefore, this makes this study to conclude that regulator frameworks and pressure from customers adopted from empirical literature review and the theory of resource base view of the firm strongly influence the competitiveness of SMEs in Tanzania. Based on this conclusion the study justifies that the theory of resource base view of the firm is applicable in studying the influence of resource sharing among retailing SMEs in Tanzania. This can be interpreted to mean that network configuration is influential in accelerating small businesses competitiveness in Tanzanian context.

The implication of this study is of interest to both the government and practitioners. Network configuration was found to be significant in promoting competitiveness among SMEs selling building materials. This calls for a special regulatory framework, which could facilitate smooth network configuration with strong trust and alignment among members who are building materials customers for enhancing SMEs' competitiveness. This suggests that, regulators should be universal in formulating regulations for the growth and sustainability of small firms rather they should consider other parameters including their framework and how do they align with customer pressures. The established facts for Tanzanian small businesses show that the formulated regulations are not in favor of small businesses as they cut across big businesses. Thus since network configuration was found to have positive effect on SMEs competitiveness, it is a strong reason for governments to promote network configuration as a way of ensuring an efficient economic development. This calls for new competition policy which can accommodate network configuration boosting SMEs selling building materials. Moreover, network engagement calls for trust among members which as a long run solution instead of relying heavily on personal mutual agreements. This will serve the firm especially when it comes to enter into a relationship with completely new business customer of the network engagement.

A company's critical resources are not the only factors of its competitiveness. In the network economy, increasing attention must be paid to a company's ability to interact with its environment particularly its flexibility in the network involvement. Failure of this will lead to the company's strategic flexibility limited to its in-house resources. This inefficient will increase a pace of change in market and the complexity of network engagements. It has been shown that network configuration enables a firm to establish and use network-oriented inter-organizational configurations with partners who possess critical resources. In this perspective, a resources endowment of the firm is mainly a subject that is defined by managers. In this case, it is implied that owners are to strive to understand the specific business activities they run and manage and thus align the resource acquisitions and deployment to meet and the activities the firm performs. More importantly, they should strive to gain knowledge that gives them the ability to coordinate and influence cost effectiveness. In a situation where the owners lack the necessary industry knowledge and experience, the best option is to develop capacity by training or hiring people with such skills.

Additionally, they are to understand various networking options and once sourcing options are in order, managers could differentiate through strong networks and contacts which influence the availability of the resources and support from the partner firms. This implies that, the SMEs in southern part of Tanzania should focus and pay attention to the competences of their human resource in the operations so that, their business exists and increase their performance and finally compete with better regionally and globally. As for the retailers of building material themselves in general, findings from this study could be used by individuals to compare their current operation status relative to others. Owners/managers of businesses retailing building materials could use the framework in this study to assess the conditions under which network can be developed and managed; this should yield greater benefits that can facilitate effective performance to a particular firm. The findings could also serve as point of reference for other SMEs in other sectors that plan to develop new business relationships. Most importantly, the results of this study could be translated into a formal and coherent business strategy by the SMEs.

The study recommends that, the government's role is to create enabling regulatory framework so that the networked SMEs can improve their competitiveness through network configuration. In addition, the national SMEs policy has to include network configuration as a way toward strong organizational competitiveness. This study suggests that, these two aspects that describe the network configuration i.e. regulatory framework and customer pressure have to be enhanced so that the competitiveness of SMEs selling building materials can also be increased. Also Since this study employed both quantitative and qualitative approaches, this study recommends a qualitative study that employ longitudinal and case studies in the future studies since, the behavior intention constructs of the owners/managers reside within owners/managers and a longitudinal study could give more insights on the effect of the network competence towards SMEs performance.

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