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THE NEXUS BETWEEN MANAGERIAL CAPABILITIES, SPONSORSHIP AND PERFORMANCE OF PRIVATE CHARTERED UNIVERSITIES IN KENYA

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ABSTRACT

The changing higher education space has created the need for universities to align themselves in order to record improved performance and also be able to compete globally with other universities. Universities are considered as institutions as well us organisations and therefore they need to have managers with the relevant capabilities in order to drive the university forward. Unlike public universities that are sponsored by the government private universities have different sponsors who influence their ability and capability to performance. A triangulation of both quantitative and qualitative designs was used. This study therefore sought to investigate the nexus between managerial capabilities, sponsorship and performance of private chartered universities in Kenya. This study targeted all the registered private chartered universities and was pegged on the dynamic capabilities theory and the agency theory. Data was collected using questionnaires and analysed using SPSS version 25. The study findings indicated that sponsorship influenced managerial capabilities and performance of private chartered universities in Kenya.

KEYWORDS: *Managerial Capabilities, Performance, Private Chartered Universities, Sponsorship*

INTRODUCTION

Managerial Capabilities entails the harnessing of all other resources by the management of organizations, depicting the capacity of the management to run, coordinate and operate the organizations based on rational decision making process. The impact of management capability on the business atmosphere is clear since it provides channels for bilateral communication, encourages employee participation, and allows for comments and criticism (Gatama & Kavindah, 2022).

Sponsorship affects firm performance in a divergent manner. On the other hand, structure of ownership has a pivotal function in establishing eventual success of a firm. Ownership structure of the firm consequently becomes pivotal in measuring its fair valuation in the market (Haija & Alrabba, 2017). Increasing human resource capacity, which is needed for the purpose of economic development and growth of countries, is anchored on higher education (Jalaliyoon & Taherdoost, 2012). However, the higher education sector, has been facing aggressive competition with regard to education globalization. As a result, Hinton (2012) noted that the competitive arena has occasioned new frameworks that supplement strategies in management or consolidation of vision, mission and goals as crucial components informing the focus of an organization. According to Marjanova & Fotov (2014), vision, mission and objectives determine strategic intent, which in turn becomes crucial in organizational resource allocation, shaping direction and attaining increased performance. Meanwhile, organizational sponsorship arbitrates the linkage between surroundings and emerging organizations by building a resource-endowed setting aimed at raising survival rates for such emerging organizations (Alejandro et al 2013). The same was similarly echoed by Abdahir et al., (2021) who concluded that survival rates among new organizations can potentially rise or reduce on account of sponsorship. To meet financial obligations in the midst of low enrollment, university leaders have no choice but to replenish cash. It is imperative that universities' management comprise strong leaders who have financial competency since gearing and cash flow are recurrent challenges faced by institutions of higher learning (Gelter & Puaschunder, 2021).

Kenyan universities are rapidly changing and they are steadily becoming more competitive and therefore they must incorporate blueprints that allow them to address matters in their macro-environment decisively. Globalization trends and market economies depict fierce competition that has led to business entities adopting dynamic models and exploring new horizons that will enhance their creativity and ability to assimilate changes for purposes of thriving, growth and development (Nguyen, 2015). Performance plays a crucial role in as far as activities of any firm are concerned (Shutibhinyo and Wongkaew, 2018). Further, as argued by Wang (2010), deliberations targeting

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measurement of performance should be premised on the knowledge of organizational performance. Scholes (2013) notes that in a dynamic universal economy, organizations have no choice but to come up with unprecedented expertise to enable them remain operational amidst diminishing competences and other aged benefits as a result of environmental readjustments.

Performance

Performance is associated with the main function of the organization. The indexes used in its measurement are financial and non-financial in nature and they constitute financial performance, business performance and organizational effectiveness. Subsequent days of organizations are determined by their capability in the context of maintaining a good performance even into the future. Every manager is concerned with the performance of their organizational (Dzinekou & Arasa, 2018). It encompasses repetitive activities that form the organizational aims, keep a track on the headway made towards the aims and carry out necessary readjustments with respect to meeting those goals more effectively (Okenda et al.,2017).

Managerial Capability

Any organization's top management seeks to maximize operational efficiency by all means possible so as to guarantee sustainability in their competitive advantage and thrive within the market (Okenda et al., 2017). Kirugumi et al, (2021) conducted research on internationalization status of public universities in Kenya how this affects managerial capability. A descriptive research design was employed among thirty one public chartered universities in Kenya. A cross-sectional survey containing descriptive and analytical techniques to address the objectives was employed. The research was able to establish that there was a direct and significant effect between managerial capability and internationalization status. Based on the study findings, the conclusion made was that managerial capability can be broken down into three different capacities; decision making capacity, shared vision capacity and strategic thinking capacity. It was recommended that internationalization processes in institutions ought to be backed up with solid leadership support from management.

Sponsorship

Organizational sponsorship has a mediatory role in the interconnection between new organizations and their surrounding by coming up with a setting characterized by resources that are meant to raise the rates of survival among the emerging organizations (Alejandro et al 2013). Sponsorship has the potential to lower or accelerate survival rates among new organizations. One definition of corporate sponsorship is that companies regularly provide financial support to non-profit organisations to achieve their goals. The organisation then acknowledges that the company has funded their activities, programmes, and/or major events (Lee, 2021). Another definition is that, as compared to corporate donations, corporate sponsorship comprises of money and in-kind gifts in response for recognition and appreciation with a certain cause or event (Ali, Abidin, Haron, & Ghani, 2017). The key difference is that sponsorships always include some kind of material benefit for the sponsor in terms of marketing communication rights and recognition, whereas corporate donations are altruistic activities with the primary goal of knowing that good is being done (Ali et al., 2017)

RESEARCH HYPOTHESIS

This study was guided by the following hypothesis

H_1: Sponsorship does not moderate relationship between Managerial capability and performance of private chartered universities in Kenya.

LITERATURE REVIEW

This paper is anchored on the Dynamic Capabilities Theory and the agency theory. These theories were selected to guide this study because of the perspectives that are tied to the focus of the study and the variables under investigation. The theories adequately provide the theoretical explanation of the study variables.

Dynamic Capabilities Theory

Dynamic capabilities are as routines which enable a firm to readjust its resources such as research and development, new product development and acquisition skills as described by (Teece (2018), hence in consideration to this study to help enhance state corporation performance. Dynamic capabilities are considered as by (Girod and Whittington (2017) to be superior-level processes which allow critical day to-day routines to be re-aligned to suit demands of new contexts and developments to sustain organization performance. Similarly, the study agrees with Hong, et al. (2018) who associated dynamic capabilities with constant change to make them more flexible and adaptable to changing and uncertain business environment to performance.

It is worth noting that dynamic capabilities are non-ordinary, critical to success, strategic, higher-level capabilities applied by top echelons of management (Williamson, 1999). In essence, they are the consequence of not only collaborative but also time-intensive learning (Eisenhardt & Martin, 2000) responding to noticeable changes within the operations (Brown & Eisenhardt, 1997; Teece et al., 1997). A critical insertion inherent in this set up is the fact that dynamic capabilities aren't particularly innate to firms; they earn them through continued scanning of the operating environment and consequently making the necessary adjustments (Kogut & Zander, 1992; Pisano, 1994; Grant, 1996). Winter (2003) came up with two groups of dynamic capabilities: first order and second order capabilities. First order capabilities entail those which make a daily contribution to the firm's day to day activities, that is, the kind that a firm 'earns a living' from. Teece et al. (1997) state that dynamic capacities form the basis for a competitive edge. As an example, should entities possess, build and incorporate dynamic capacities in their practices, then they stand a chance to surpass the performance of their rivals.

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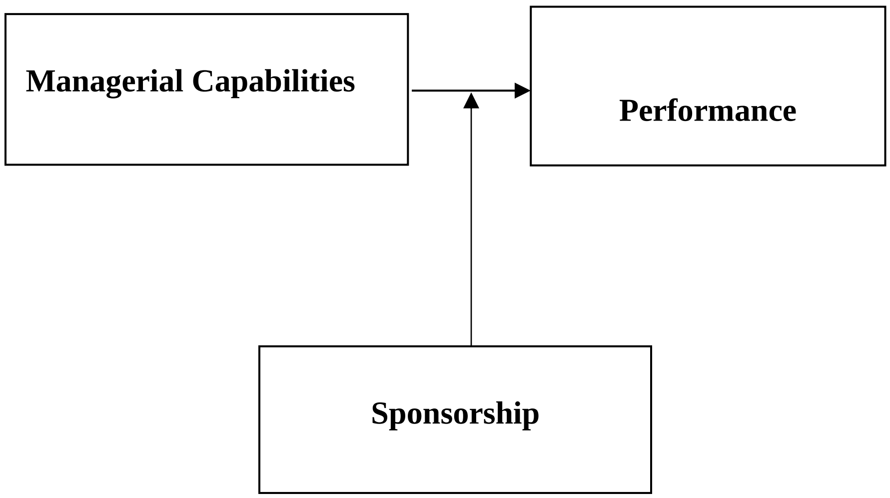
Agency Theory

The agency was proposed by Jensen and Meckling (1976) and Fama & Jensen (1983). They indicated that agency problems were increased due to the asymmetry of information among owners and managers. This theory is a management perspective in which case one individual (the agent) represents another (the principal) and is mandated to carry out the principal's goals. Managers have an incentive to behave in an opportunist way to serve their interests, but this may abuse shareholders' interests. This behavior may induce firms to be less informative in terms of accounting for their earnings. The theory lays emphasis on the distinction between ownership and firm management. It was created as a consequence of conflict of interest between agents (shareholders and managers) and also as a result of not separating ownership and firm management. The agent has the responsibility of advancing the principal's interests as well as his own within the specific organization. Agency theory postulates that it is necessary to have appropriate synergy between the management and its stakeholders so as to work towards an attainable mutual interest. The theory is also been defined as the focal approach to managerial behavior. It advocates for the establishment of regulations and impetus capable of aligning managerial behavior to the owners' preferences (Hawley & Williams, 1997).

Conceptual Framework

The study adopted the conceptual framework below



Independent Variables Moderating Variable Dependent Variable

RESEARCH METHODOLOGY

This research made use of mixed methods research which were anchored on cross-sectional survey design. Research design directs the researcher so as to pay attention to the study objectives in the realization of reality (Donald & Delno, 2006)

Target Population

This research targeted all the registered private chartered universities in Kenya, twenty-five in total. From the population a sample size of 230 respondents were identified.

Data Collection and Analysis

Data was collected using self-administered questionnaires. 230 questionnaires were distributed and 205 questionnaires were collected thus representing a response rate of 89.1%. From the data findings 58% of the private chartered universities in Kenya were sponsored by faith based institutions.

Descriptive Statistics on Managerial Capabilities

Statement	Mean	Std. dev
Management is proactive in decision making	3.72	1.008
The Management benefits from past experience to make decisions	3.01	.917
Management involves employees in decision making	2.78	1.106
Management considers the external environment in during decision making	3.81	1.093
Decisions in the University take a lot of time to be made	3.58	.975
The management exhibit a lot of commitment	3.76	1.066

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Management motivates members of the University towards achievement of change	4.03	1.045
Management is committed to reduce risk	3.5	1.003
Management is trained on a regularly basis on the current market developments	3.64	1.094
The University hires highly qualified managers	2.39	.779
Management performance is reviewed periodically	4.05	.797

The field data shows that majority of the respondents agreed that managers were capable of making proactive decisions. However, the outcomes point that management in private chartered universities did not benefit from past experience to make decisions and that employees in private chartered universities were not involved in decision making. Most of the respondents agreed that management in the private chartered universities did actually consider the external environment when making decisions in the universities as shown in the table above and as indicated by the mean score of 3.81. The findings also revealed that decisions took a lot of time to be made and this is collaborated by the mean score of 3.58. The findings also show that majority of the respondents agreed that management in the private chartered universities exhibited a lot of commitment and that they motivated members of the university towards achievement of change and that they were also committed to reduce risk within the universities. The study findings also revealed that managers in private universities were regularly trained on the current market developments which was crucial since the environment in which they operate in was dynamic and ever changing (mean score 3.64). However, majority of the respondents felt that universities did not hire qualified managers and thus they disagreed with the statement 'The University hires highly qualified managers'. This is clearly established by the statement having a mean score of 2.39. The respondents agreed that management performance is periodically reviewed (mean score 4.05 and standard deviation 0.797).

Kirungumi et al (2021) agree with the study findings in that management decision making abilities was significant to higher education institutions. Management should be able to control decisions and have to be able to communicate effectively within organisations. Dzinekou & Arasa (2018) study findings agree that universities need to adjust and align themselves to the changes in the external environment and that managers must have the ability to understand the trends in the external environment and this aids managers to be proactive to make decisions in order to contribute to the growth and survival of universities. The study consequently concluded that Managers needed the capability and skills to make the necessary decisions while at the same time look at the dynamic environment

Descriptive Statistics on Sponsorship

Statement	Mean	Std. dev
The University operates as a separate entity from its sponsors	1.99	.837
There is a clear structure of the University governance issues	3.33	.828
University decisions are influenced by external parties	4.14	.744
The governance organs interfere with the internal affairs of the university	4.09	.861
The University has secure and uninterrupted funding options	2.71	1.024
There is capacity for the revenue sources to generate sufficient revenue	4.14	.793
Lack of resources affects employees performance in carrying out their day to day activities	3.99	.897

From the outcomes majority of the respondents disagreed that their universities operated and separate entities from its sponsors and that the private universities had clear structures of the governance organs. The statement 'University decisions are influenced by external parties 'has a mean score of 4.14 and standard deviation of 0.744 implying majority of the respondents agreed that university decisions were influenced by external parties. The findings further indicate that majority of the respondents agreed that governance organs interfered with the internal affairs of the university. The statement has a mean score of 4.09 and a standard deviation of 0.861. The respondents also disagreed that private universities had secure and an interrupted funding options as indicated by the statement having a mean score of 2.71 and standard deviation of 1.024. Majority of the responded agreed that the university has capacity for revenue sources to generate sufficient revenue. This is shown by the mean of 4.14 and standard deviation of 0.793. The respondents further agreed that the lack of resources affected employee performance. This is shown by the mean score of 3.99. Further the study results also agree with the findings of Okeibunor et al., (2022) whose study established that corporate sponsorship influences the performance of the organisation. hence the sponsors of private universities indeed influence the performance of the private universities through financial support and interference with its day to day operations.

Binary Logistic Regression Analysis

Hosmer and Lemeshow Statistic

The Hosmer and Lemeshow Test is another measure of binary logistic model which help to establish whether the model is fit for prediction. The null hypothesis tested is that the model is appropriate against the alternative that the model is not fit. As per the results presented in Table 30, the chi-square results, were $\chi2 = 12.062$, $p=0.164$. Thus, we failed to reject the null hypothesis. This implies that the model is fit for this study and possess significant predictive ability. It was concluded that the model is appropriate for this study.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	12.062	1	0.164

Binary Logistic Model

Binary logistic model was fitted so as to establish the cause-and-effect relationship existing among the study variables. Binary logistic model is utilized when the response variable is dichotomous in nature. The study conducted Binary logistic regression and the odds ratio are discussed below:

Hypothesis One

H_1: Sponsorship does not moderate relationship between Managerial capabilities and performance of private chartered universities in Kenya.

Model without moderator

Variable	**B**	**S.E**	**Wald**	**P Value**	**odds ratio**
Managerial Capabilities					
Not Capable (RC)					1.000
Capable	0.330	0.228	2.093	0.013	1.391

From the table above the odds ratio is 1.391. and the P-value was 0.013. This indicated that private universities that had capable managers were 1.391 times more likely to register improved performance in comparison to those whose managers lacked some capabilities.

When sponsorship was introduced and the hypothesis tested the odds ratio are shown below:

Variable	**B**	**S.E**	**Wald**	**P Value**	**odds ratio**
Managerial Capabilities					
Not capable (RC)					1.000
Capable	0.395	0.231	2.927	0.010	1.371

The results show that with the introduction of the moderator a marginal increase in Managerial Capabilities increases the logit of performance of private chartered universities by 1.371. This implies that when the sponsorship was introduced for universities with capable managers they were 1.371 times more likely to register improved performance. This however indicates a reduction in the odds ratio from 1.391 to 1.371 which indicates that there is a reduction. When the moderator was introduced the P value change from 0.013 to 0.010 which is also less than 0.005 and therefore the null hypothesis was rejected and the study concluded that sponsorship significantly influenced managerial capabilities and performance of private chartered universities in Kenya. This can be collaborated further by the research findings that indicated that University decisions were influenced by external parties where the statement had a mean score of 4.14.

CONCLUSION AND RECOMMENDATION

The study recommended that private universities need to hire managers with the right skills and therefore utilize the managers' capabilities to create unique competencies within the organisation that will enable the universities to compete and register superior performance in their industry.

The findings revealed that despite universities hiring qualified managers, decisions in the universities took a lot of time to be made which could also be linked to the sponsors effect and hence Private universities need to also develop structures to help reduce the interferences from the sponsors since their frequent interferences lead to a decline in performance.

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