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Effect of Management Competence on Financial Sustainability of Community Conservancies in Northern Kenya

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Abstract

The survival and expansion of organizations all over the world depend on their capacity to maintain their financial viability. Community conservancies in Kenya struggle to survive and grow financially. This paper sought to assess the effect of management competence on the financial sustainability of community conservancies in Northern Kenya. The study was anchored on the agency theory. It adopted the explanatory research design and a cross-sectional approach. Primary data was collected using a semi-structured questionnaire. Data was analyzed using descriptive and inferential statistics. The findings indicated that management competence had a positive and significant effect on the financial sustainability of community conservancies in Kenya. The study concluded that management competence positively contributes to enhanced financial sustainability. The study recommended that community conservancies management should strengthen aspects related to management competence. There should be a proper delegation of duties aimed at empowering employees. Managers should demonstrate the right attitude, skills, and knowledge.

Keywords*: Management competence, Financial sustainability, Community conservancies*

1.0 Introduction

In the United Kingdom, many of the public conservation activities identified as success stories result in little change in existing local land and resource use practices, represent only modest additions to local livelihoods, and remain out of the way for long, if not dependent support. without limit (Blackburn et al., 2016). In Japan, public conservation organizations are working with the French government to increase their resilience. As a result, the government has invested some funds in cultural heritage buildings, which have facilitated staff training (Wang, 2020).

In Botswana, public conservation activities help promote conservation and sustainable empowerment and generate economic benefits for local communities. Community conservation has been successful in Botswana, in part due to the abundance and diversity of wildlife species found in this tropical semi-arid region, which belongs to the 'Big Five. The top five animals are elephants, buffalo, white/black rhino, lion, and leopard and most tourists in South Africa come to see or hunt these animals. However, there are concerns that public conservation activities are more focused on exploiting resources for short-term financial gains rather than investing in sustainable conservation (Masunga & Thebe, 2015).

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In East Africa, about 70% of the wildlife population is spread outside protected areas on common land. The way of life of the breeders makes a significant contribution to the development of wildlife. However, animal husbandry is slowly moving towards more sedentary forms of ranching. The future of wildlife populations in the region now depends heavily on habitat conservation and migration corridors on private and communal lands with competitive land uses. Community wildlife protection is one approach to decentralizing wildlife management and limiting biodiversity and habitat loss at the wildlife interface. Moreover, protected areas are a way to restore degraded grazing lands and improve grazing livelihoods (Mureithi et al., 2020).

Problem Statement

Financial sustainability is critical to the survival and growth of organizations worldwide. According to the Conservancy's Financial Sustainability Report (2015), a conservation community's annual budget needs are typically around $100,000. The report also states that wages are increasing 10% per year and it is difficult to predict movements in fuel prices, which in turn have an impact on fuel costs, which vary with inflation and the number of vehicles used for maintenance. In addition, each ranger receives a new uniform each year, which is about $100 per ranger, and there is no evidence that the price of uniforms should exceed inflation in the long run (Conservancy Financial Sustainability Report, 2015). All these requirements give rise to the need for community conservancies to be financially sustainable. The majority of the community conservancies in Northern Kenya have not experienced this. Among the 23 organizations assessed for Opio and Kamande (2015) study on the sustainability of community protection in Kenya, 18% claimed to be quite robust, while 82% claimed they would struggle to survive or enter a crisis. These organizations place a high premium on sustainability. The serious sustainability issues that Kenyan society is facing are highlighted by this disclosure. This paper sought to assess the effect of management competence on the financial sustainability of community conservancies in Northern Kenya.

Research Hypothesis

H_0: Management competence does not have a significant effect on the financial sustainability of community conservancies in Northern Kenya.

2.0 Literature Review

The dynamic capabilities theory underpins the paper. This theory aims to explain how organizations integrate, construct and reconfigure internal and external competencies that are distinctive to a firm into new competencies that are more compatible with their dynamic environment (Pisano & Shuen, 2010). Organizations having stronger dynamic capabilities, according to the notion, can outperform companies with less dynamic capabilities. The theory's major goal is to explain how corporations employ dynamic skills to establish and maintain other companies' operational performance, which is accomplished by simply reacting to and producing changes in the environment (Teece, 2007).

Several criticisms have been leveled against the theory, such as the nature of the term itself and the difficulty in determining the usefulness of the theoretical results (Zahra, Sapienza, & Davidson, 2006). Difficulties in understanding the dynamic nature of capabilities and the lack of clear models to measure these capabilities and how they affect organizational performance (Zott, 2003). This theory has also been criticized for being iterative and ineffective in providing a complete answer in terms of dynamic capabilities. Dynamic probability theory also lacks clarity about what its basic concepts are (Ambrosini & Bowman, 2009).

Capability is viewed as a learned, high-level, modeled, and iterative set of behaviors that helps an organization outperform its competitors. Organizational opportunities are referred to as zero or zero because they allude to how businesses make money by selling the same things, utilizing the same scope, and targeting the same consumer groups (Wright, 2013). The concept of dynamic talents arises from a key flaw in the company's resource-based approach.

Dynamic capabilities attempt to seal these gaps through the adoption of a process approach: as a result of acting as a buffer between changing business environment and firm resources, dynamic resources make it possible for a firm to adjust its mix of resources, and at the end of it maintain the operational performance of the firm's sustainability which would have been eroded (Teece, 2007). Organizational capabilities can be enhanced through competence and capacity building. In this study, management competence and staff capacity are used as possible determinants of financial sustainability.

Empirical Review

Muriithi (2014) found that firm resilience was positively affected by various management skills and factors. They consist of an appropriate management structure, management that knows the goals of the organization and takes the lead in achieving the goals, management that includes all the necessary qualifications, competencies, skills, and experience, and management that has introduced motivating and consistent personnel policies. Retain employees in the company. According to the author, the leadership approach also plays a role in achieving organizational goals.

Ndambiri, Kiragu, and Riro (2018) focused on the managerial skills and financial performance of a small road construction company in Bomet County, Kenya. The design used in this research is descriptive research. This study is for a small road construction company in Bomet County. It is a company that works within the Kenya Road Administration namely the National Highway Administration of Kenya, the Kenya City Road Administration, and the Kenya County Rural Road Administration. The target group was 102 small road construction companies in Bomet County. The results showed that management ability affected the financial performance of construction companies. This is because management capabilities have been hampered by incompetence, poor managerial skills, ineffective communication and reluctance to make decisions, and inadequate planning and budgeting arrangements. The study recommends executives attend seminars and workshops to enhance their managerial and project management skills in a fast-growing economy. In addition, project owners, contractors, and consultants must fulfill their responsibilities to avoid unnecessary delays or costs. The study only focused on one determinant of financial sustainability.

Hassan (2020) focused on the managerial competencies needed to achieve sustainable development projects: a proposed model for managers. A comparative literature review was conducted to summarize critical management competencies in general. These are then narrowed down to find managerial competencies that lead to the proper implementation of sustainable development projects. Against this background, this study aims to demonstrate the importance of management skills for the realization of sustainable development projects. The results show that communication, leadership, development orientation, achievement orientation, motivation, teamwork, innovation, and decision-making are the most critical managerial competencies that can improve the performance of managers to achieve sustainable development projects. In this way, this article also demonstrates a model for managers to link established management skills to the implementation of sustainable development projects. The

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study focused on only one determinant of the financial sustainability of community conservation.

Popescu et al. (2020) focused on the role of managerial skills in the sustainable development of SMEs in Mehedinti County, Romania. The research method is by distributing anonymous questionnaires to a representative sample of entrepreneurs in Mehedinţi District, Romania. The collected data is centered, processed, and evaluated. The results of this analysis show low self-esteem in addition to emotional intelligence and interpersonal skills that have reached the appropriate level. Therefore, it is considered a potential obstacle to the sustainable development of SMEs in the analyzed area. However, a high level of emotional intelligence, accompanied by a growing trend towards interpersonal skills with increasing managerial experience in dealing with people, is a strong argument for the sustainable development of SMEs. This study aims to support public policy toward small and medium enterprises by using a managerial skill-testing model for applicants. This ensures increased transparency of financing decisions and the effectiveness of financial support. The study focused on only one determinant of the financial sustainability of community conservation.

3.0 Methodology

The paper adopted the explanatory research design and a cross-sectional approach. Northern Kenya has 31 community conservancies. The respondents comprised 199 managers. A census of all the community conservancies was conducted. Primary data was collected using a semi-structured questionnaire. Descriptive statistics such as percentages, means, and standard deviation were used to examine the data. Regression analysis was used to assess the effect of the predictor variable on the outcome variable.

4.0 Results and Discussion

Descriptive Statistics on Management Competence

The study investigated the effect of management competence on the financial sustainability of community conservancies in Kenya. The respondents were asked to state their agreement or disagreement with aspects measuring management competence. The scale used is; (1- strongly disagree, 2-disagree, 3-neutral, 4- agree, and 5- strongly agree). The descriptive results are shown in Table 1.

Table 1: Descriptive statistics on management competence

Statement	Mean	Std. Dev
The management has the adequate experience that greatly contributes to firm sustainability	4.02	0.98
Top management support is essential to firm sustainability	4.54	0.68
Leadership approaches adopted such as delegation of duties help the organization to meet its objectives.	4.29	0.97
Managers empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives.	4.17	1.00
Managers have the right attitude which is critical to firm sustainability	4.37	0.70
Managers have the necessary skills and knowledge that is paramount to firm sustainability.	4.44	0.77

The findings in Table 1 reveal that majority of the respondents agreed with the following aspects: The management has the adequate experience that greatly contributes to firm sustainability (M=4.02, SD=0.98), top management support is essential to firm sustainability

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(M=4.54, SD=0.68), and leadership approaches adopted such as delegation of duties help the organization to meet its objectives (M=4.29, SD=0.97).

Further, most of the respondents agreed that managers empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives (M=4.17, SD=1.0), managers have the right attitude that is critical to firm sustainability (M=4.37, SD=0.70), managers have the necessary skills and knowledge that is paramount to firm sustainability (M=4.44, SD=0.77). The findings implied that the respondents acknowledged the importance of management competence in enhancing the financial sustainability of the community conservancies.

The findings agreed with Ikupolati et al. (2017) assertion that the technical skills of entrepreneurs contribute to the managerial skills of entrepreneurs which lead to the growth of SMEs. The findings also concurred with Mahmud and Sanusi (2021) observation that the higher the managerial ability of the principal, the higher the quality of the principal's performance which in turn increases the percentage of schools.

The respondents were further asked to give their opinion on how management competence contributes to the financial sustainability of the organization. Majority of the respondents noted that management competence helps to achieve management goals, helps an organization focus on further plans, helps one to understand, contribute and plan well, helps managers to carry the organization's vision/mission to the intended area, and it helps in lobbying resources from other sources. Furthermore, they observed that management competence helps to be transparent to the use of conservancy financial and also to be free and fair to finance usage, makes sure that any allocation of money is used wisely, helps in proposal writing skills, financial records keeping, and links the organization with the outside world. This suggested that the respondents regard management competence as essential in realizing financial sustainability.

Descriptive Statistics on Financial Sustainability of Community Conservancies

The dependent variable in this study is the financial sustainability of community conservancies. The respondents were asked to state their agreement or disagreement with aspects measuring financial sustainability. The scale used is; (1- strongly disagree, 2-disagree, 3-neutral, 4- agree, and 5- strongly agree). The descriptive results are shown in Table 2.

Table 2: Descriptive statistics on financial sustainability

Statement	Mean	Std. Dev
The organization can cover cash expenses and still retain sufficient funds.	2.41	1.36
The organization has the available cash flow to pay current debt obligations.	2.35	1.27
There is available cash to fund capital and recurrent expenditure.	2.43	1.15
The management can source funding, especially from donor agencies and alternative sources of revenue.	4.03	0.84
The organization's total current assets exceed the total current liabilities.	2.73	1.16
The organization's asset value decreases due to depreciation and this poses financial risks.	2.99	1.11

The findings in Table 2 indicate that majority of the respondents disagreed with the following aspects: The organization can cover cash expenses and still retain sufficient funds (M=2.41, SD=1.36), the organization has the available cash flow to pay current debt obligations (M=2.35, SD=1.27), and there is available cash to fund capital and recurrent expenditure (M=2.43,

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SD=1.15). Further, most of the respondents agreed with the assertion that the management can source funding, especially from donor agencies and alternative sources of revenue (M=4.03, SD=0.84). The findings suggested that the financial sustainability of community conservancies is a serious challenge that needs attention.

Factor Analysis for Management Competence

To establish sample adequacy for factor analysis, the Kaiser Meyer-Olkin measure of sampling adequacy-KMO was used. Table 3 indicates the findings.

Table 3: KMO and Bartlett's Test for Management Competence

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.746
Bartlett's Test of Sphericity	Approx. Chi-Square	268.233
	df	15
	Sig.	.000

The findings in Table 3 show the KMO score of 0.746, which was appropriate for use with Bartlett's Test of Sphericity (Sig = .000<.05). This suggested that the management competence variable could be subjected to factor analysis.

The study measured management competence using six factors. Kaiser retention criterion was used to determine the number of components to retain. With this criterion, the eigenvalues for the components obtained should be greater than 1.

Table 4: Total Variance Explained results of Management Competence

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.914	48.567	48.567	2.914	48.567	48.567
2	1.146	19.108	67.675	1.146	19.108	67.675
3	0.65	10.827	78.502			
4	0.599	9.986	88.488			
5	0.379	6.325	94.813			
6	0.311	5.187	100			

Extraction Method: Principal Component Analysis.

Results in Table 4 show that two components were extracted. The two components accounted for 67.675 % of the data matrix's variants.

Varimax rotation was applied to the factors after factor extraction. The rotated factor loadings are indicated by the rotated component matrix. A factor loading of 0.3 or more is considered sufficient (Cohen et al., 2014). The factor loadings for the management competence items that correspond to components 1 and 2 and meet the minimum recommended criteria of 0.3 were selected for analysis. To choose which factors to include in each component, the factors with the highest value in each row is selected as part of that factor.

Table 5: Factor Rotation for Management Competence

	Component	
	1	2
The management has the adequate experience that greatly contributes to firm sustainability.	**0.824**	0.014
Top management support is essential to firm sustainability.	0.339	**0.671**
Leadership approaches adopted such as delegation of duties help the organization to meet its objectives.	0.029	**0.837**
Managers empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives.	0.191	**0.785**
Managers have the right attitude which is critical to firm sustainability.	**0.801**	0.223
Managers have the necessary skills and knowledge that is paramount to firm sustainability.	**0.801**	0.359

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 3 iterations.

The findings in Table 5 show that three items were loaded on component 1 and three items were loaded on component 2. In this study, the pattern matrix loading for management competence after factor analysis ranged from 0.671 to 0.824 indicating that the sub-variables were well related to a factor pattern and hence were all adopted for further analysis.

Regression Analysis

The study sought to investigate the effect of management competence on the financial sustainability of community conservancies in Northern Kenya. Regression results are shown in Table 6.

Table 6: Regression Results; Management competence and financial sustainability

Model		**Unstandardized Coefficients**		**Standardized Coefficients**		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	-.924	.395		-2.336	.021
	Management competence	.876	.091	.622	9.572	.000
	R Square	.387				
	Adjusted R Square	.383				
	F statistic	91.617				
	P value	.000				

a Dependent Financial sustainability

Model;

Financial Sustainability = -0.924+ *0*.876 *Management competence*

The regressions result in Table 6 indicate that management competence explains 38.7% (R2= .387) of the total variations in the financial sustainability of community conservancies. Results also reveal an F statistic of 91.617 and a reported P value of 0.000. The *P* value being less than the critical value (P < .05); the proposed model is therefore statistically significant (good fit) in predicting the dependent variable.

The findings further indicate that management competence had a positive and significant effect on the financial sustainability of community conservancies (β=.876, P < .000). This implied that an increase in management competence by one unit would result in to increase in the financial sustainability of community conservancies by 0.876 units. The findings are consistent with those of Okorley and Nkrumah (2012) who found out that competence in management is the main factor that determines financial sustainability. Similarly, Njoroge (2013) established that a positive relationship exists between competence in management and sustainability firms. However, the findings were contrary to Mehralian et al. (2020) conclusion that there was no significant relationship between management competence and performance. Further, the study refuted results by Isfahani et al. (2015) that there was no significant relationship between managerial skills and performance.

The null hypothesis (H_0) predicted that management competence does not have a significant effect on the financial sustainability of community conservancies in Northern Kenya. The computed P-value was 0.000<0.05. This means that the null hypothesis was rejected. Therefore, management competence does have a significant effect on the financial sustainability of community conservancies in Northern Kenya.

5.0 Conclusion

The study concluded that management competence had a positive and statistically significant effect on the financial sustainability of community conservancies in Northern Kenya. The implication is that management competence positively contributes to enhanced financial sustainability. The study identified adequate experience, management support, delegation of duties, employee empowerment, the right attitude, and skills and knowledge as key aspects of management competence.

6.0 Recommendations

The study established that management competence had a positive and statistically significant effect on the financial sustainability of community conservancies in Northern Kenya. The study recommended that community conservancies management should strengthen aspects related to management competence. There should be a proper delegation of duties aimed at empowering employees. Managers should demonstrate the right attitude, skills, and knowledge.

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