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Managerial capability and competitive advantage of event management ventures in selected counties in Kenya

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Abstract

This paper sought to determine the influence of managerial capabilities on the competitive advantage of Event Management Ventures (EMVs) in selected counties in Kenya. The events sector is one of the fastest-growing areas of the tourism industry. Despite its great potential and the positive impacts events have on a country's economy, the sector faces challenges like all other industries. With rising competition within the events management industry, competitive strategies help focus on assessing organisations' strengths, growth opportunities, and competitive threats. Traditional competitive advantage models may not be exclusively applicable to smaller firms because they assume the existence of scale economies. Yet, small firms cannot compete with larger organisations in economies of scale. Managerial capabilities were discussed under four categories: leadership, strategic thinking, people relationships, and problem-solving. The sample size comprised 230 managers selected through stratified and simple random sampling techniques, respectively, and 15 entrepreneurs who were selected using purposive sampling. The regression analysis revealed that managerial capabilities ($\beta=0.334$, $p=0.000$) significantly influenced the competitive advantage of EMVs. Based on these results, the study concluded that managerial capabilities influence the competitive advantage of EMVs. The study recommends that managers should develop further structures and systems to solve problems in their enterprises. Additionally, managers should use their core resources to seize business opportunities in the competitive business environment.

Key words: Competitive advantage, event management ventures, Kenya, managerial capability.



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INTRODUCTION

The events sector is one of the fastest-growing areas of the tourism industry. The global event management industry is valued in billions of dollars as more than 500 billion US dollars is spent annually on planned events around the world (Wanjiru, 2012). For instance, in the United Kingdom, the employment estimates for the industry stand at approximately 530,000, with 15,500 working in business events such as exhibitions, conferences and events (Abson, 2017). In Africa, the event management industry has witnessed rapid growth, whereby in some countries, such as South Africa, it is a multi-million-rand industry that is gaining international recognition (Kimani, 2014). Similarly, Wanjiru (2012) notes that events management companies have also been increasing in Kenya. The event management business has and continues to gain more attention among authors owing to the rapid growth witnessed in the events industry in the recent past (Korir, 2018). Despite its great potential and the positive impacts events have on a country's economy, the sector faces challenges like all other industries.

Small and Medium Enterprises or firms such as EMVs face various challenges in their business operating environment (both internal and external). Their success pegged on beating stiff competition from larger-sized firms, among other challenges, is a consequence of embracing a mix of strategies, appropriate strategic leadership, and proper utilisation of available resources to achieve competitive advantage. According to Kourosch et al. (2015), the success of a company is closely related to its competitive advantage, and therefore, the goals of the organisation should be aligned in a manner that promotes its success. This can be attained through the organisation developing entrepreneurial competencies. Entrepreneurial competencies are a set of higher-level features involving personality traits, skills, and knowledge. They can be perceived as the possibility of the entrepreneur to perform identified roles successfully (Almeida & Buzady, 2019). Entrepreneurial competencies comprise managerial capability, marketing capability, networking capability, and innovation capability, among others.

Several studies have been done on entrepreneurial capabilities and competitive advantage. Mehta and Ali (2020) observed that marketing capabilities can enable firms to obtain a competitive advantage. Glyptis et al. (2021), in their study of competitive advantage, managerial innovative capabilities, and performance of the healthcare sector, observed that dynamic managerial innovative practices positively impact the competitive advantage and performance of the health sector. A more recent study was done by Somwethee et al. (2023) on entrepreneurial capability and innovation capability on sustainable organisational performance. The findings indicated that entrepreneurial capability had a positive influence on the entrepreneurial capability and performance of organisations. Yet, no studies have been done in Kenya to conceptualise the effect of managerial capability on competitive advantage. Therefore, the competitive advantage of EMVs in Kenya can be better understood by exploring the managerial competencies that they possess.

LITERATURE REVIEW

Competitive advantage can be defined as a set of unique features of a firm and its products that are viewed by the target market as significant and superior to the competition. Competitive advantage is also defined as the increased rate of attractiveness a company offers compared to competitors from customers' viewpoints (Keegan, 2020). According to Ismail (2020), competitive advantage is defined as the presentable values of a firm for customers so that these values outweigh the price paid by the customer. Grupe (2020) defines competitive advantage as the ability of a firm to improve the quality of its products, reduce the product's costs, or enlarge market share or profit. A firm attains a competitive advantage when its profit rate is higher than the average rate of the related industry.

The main goal of an organisation in the creation of competitive advantage, based on its resources and abilities, is to gain competitive advantage and achieve a distinctive position regarding performance in the business market. In the real business world, products and services sold by different sellers are not of the same quality. Firms try to create distinctiveness, however slight, in their products and

services in this tight competition and offer them a higher price; however, achieving profitability this way is not very easy. Competitive advantage is achieved when the company is able to develop new products or provide services superior to those of competitors, or alternatively, if they can provide the same products and services at a lower price or higher quality (Albrecht, 2020).

Managerial Capabilities and Competitive Advantage

Managerial capability is defined as the human capability underpinning the competitive advantage of the firm (Barney, 2009). Managerial capability comprises search mechanisms through which the manager seeks to optimise a firm's resource endowments within a framework of bounded rationality (Gavetti & Rivkin, 2005). Over time, managers within an industry develop experientially based capabilities, which enable them to focus attention on strategically important challenges, maximising their own potential. In changing environments, such as in a recovering economy, dynamic managerial capabilities are capabilities through which managers build, integrate, and reconfigure organisational competencies and resources (Adner & Helfat, 2017, p. 1020).

Reflecting the significance of the owner/manager in the EMVs setting, the nature of managerial capability is investigated with the argument made for the emergence of four categories of EMV's managerial capability, which are leadership, strategic thinking, people relationships, and problem-solving. EMVs possess characteristics including low levels of formality, a high degree of personal influence of the owner/manager on communication, limited ability to influence their business environment, and limited organisational capability for specialisation (Barnes et al., 2012). The level of owner dominance is greater than in other firms as the owner plays a key operational role in the day-to-day work of the firm, actively influencing employees (Kelliher & Reinl, 2016) and directly interacting with stakeholders (Phillipson et al., 2004).

When leading their business, EMVs owners approach human resource management in a primarily

informal manner. Matlay (2014) describes informal recruitment mechanisms and a lack of formality in the management of human resources in an EMVs context. Similarly, Phillipson et al. (2018) argue that employees have close relationships with the owner/manager in the EMVs as the nature of the relationships emerges from a common social history rooted in a local community with a socialised understanding of the common challenges facing the EMVs. While on the surface, an EMV's structure is simple (Devins et al., 2005), there may be divergent owner and employee interests (Matlay, 1999), although it is also argued the simpler structure offers EMVs a greater ability to develop communication (Walsh et al., 2009).

The informality discussed above is also manifest in a lack of formal planning structures (Greenbank, 2016) and a lack of interest in engaging with management development that may mask relatively sophisticated managerial capabilities that are context-specific (Devins et al., 2019). In context, this informality is often perfectly rational behaviour given that the costs of developing new marketing and management systems are both risky and expensive (Cyr et al., 2017) and often unsuitable for the EMVs context (O'Dwyer & Ryan, 2016). Leadership enables the owner/manager to shape the ways in which organisational members construct meaning (Kruse, 2016, cited in Devins et al., 2005). EMVs leadership is paternalistic in nature as the owner/manager's close social and physical proximity enables a profound degree of influence to be enacted. However, there are challenges in the face of personal responsibility (Oughton et al., 2017) and a sense of stakeholder responsibility (Phillipson et al., 2018).

Leadership can be enhanced when the owner/manager can delegate, releasing the pressures on the owner/manager and simultaneously empowering employees (Kelliher & Reinl, 2016). Further, the process of delegation may enable the cultivation of business responsibility taken by all organisational members. However, owners/managers are challenged by tendencies to hoard power, leading to potential neglect of delegation, and the cultivation of a leadership style premised on fear and dominance. Strategic thinking manifests as the

ability of the owner/manager to reflect on the firm's performance (Lieberman-Yaconi et al., 2020). Through temporary disengagement from the operational work of the firm, the owner/manager is able to inject an imagination degree into the planning of the firm (Beaver, 2020). Strategic thinking emerges in a social context and depends on the owner/manager's social identity as a businessman' (O'Dwyer & Ryan, 2016, p. 346), an identity motivating and sometimes circumscribing strategic activity.

Owner/managers' day-to-day work in the firm enables the evolution of experientially-based problem-solving capabilities (Greenbank, 2016). The nature of problem-solving comprises a market-sensing capability arising from the close proximity and deep level of owner/manager customer interaction (Grissemann et al., 2017; O'Dwyer & Ryan, 2016). Market information is sieved in a unique way in micro firms due to the juxtaposition of the strategic and operational work in one person (Greenbank, 2016). Moreover, problem-solving is based on deeply embedded intuitive patterns (Cyr et al., 2011), rendering it potentially difficult to imitate competitive advantage sources.

The nature of the relationships between the owner/manager and people enables the development of a people management capability category. Effective dialogue is enabled with employees, leading to the smoothing of conflict (Matlay, 2014). Further, it becomes possible to leverage relationships with business advisors through the process of improving owner/manager people skills (Devins et al., 2019). Where the EMVs are embedded in a family context, relationships between the owner/manager and family members may be improved, potentially leveraging the family as a support for the business.

METHODOLOGY

The study was undertaken in major towns within selected counties in Kenya with the main justification that most EMVs in the hospitality sector, specifically Event Planning and management companies, are established in the cities and towns in the counties selected. Descriptive and sequential

explanatory research designs were employed for the study. The main target unit for the study comprised entrepreneurs and managers of 310 Event management companies within Nairobi (205), Nakuru (40), Kisumu (25), and Uasin Gishu (40) counties in Kenya. EMVs offer services such as social and corporate event planning, floral design and décor styling, entertainment and arts, tents and chairs hiring, consultancy services, event furniture, flower supply and arrangement, venue hire, outside catering, and cake baking.

Purposive sampling was used to select Event Management companies in the four counties based on their products and services. A stratified sampling technique was then used on the event management companies listed. Simple random sampling was finally used to obtain the respondents for the study, whereby all owners and managers of the selected companies were nominated. Entrepreneurs were selected purposively based on the length of existence of their EMVs, with a preference for the old ventures. Both primary and secondary data sources were utilised for the study, while questionnaires and interview schedules were used for data collection. Data was collected between the months of August and October 2022. The research instruments were pre-tested in Nakuru County among 25 managers and entrepreneurs who formed part of the actual sample of the study. Reliability was measured using Cronbach's Alpha at a level of 0.7. Data analysis was done using Factor analysis and Multiple Regression.

RESULTS AND DISCUSSIONS

Multiple Regressions

The multiple regressions model summary presented in Table 1 revealed that the coefficient of correlation (R) was positive at 0.732 for Managerial Capabilities, an indication that Managerial capabilities explained 53.6% of the variance in the competitive advantage of event management ventures. The actual variance accounted for was 53.3% (Adjusted R² = 0.533). This indicates that 53.3% of the competitive advantage of event management ventures in Kenya can be influenced by Managerial capabilities, leaving 46.7% to be influenced by other factors not captured in this study.

Table 1: Model Summary for Managerial Capabilities and Competitive Advantage of Event Management Ventures

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732 ^a	.536	.533	.24906

a. Predictors: (Constant), Managerial Capability

Analysis of Variance (ANOVA)

The p-value is 0.000, which is < 0.05, showing that the model is statistically significant in predicting how Managerial Capabilities affect the competitive

advantage of event management ventures in Kenya. The results also show that the independent variables are predictors of the dependent variable, as shown in Table 2

Table 2: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.090	1	12.090	194.907	.000 ^b
	Residual	10.483	169	.062		
	Total	22.573	170			

a. Dependent Variable: Managerial Capability

b. Predictors: (Constant), Competitive Advantage

Regression Coefficients

From the Coefficients table (Table 3), the regression model can be derived as follows:

$$Y = 1.591 + .658X_2$$

The results in Table 3 indicate that the Managerial capabilities variable has a significant positive effect

on the competitive advantage of event management ventures in Kenya. Managerial Capability was an influential variable with a regression coefficient of 0.658 (p-value = 0.000. According to this model, when the values of the independent variable are zero, the competitive advantage of event management ventures in Kenya will have a score of 1.591.

Table 3: Regression Coefficients

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.591	.218		7.281	.000
	Competitive Advantage	.658	.047	.732	13.961	.000

a. Dependent Variable: Managerial Capability

From Table 3 above, Competitive Advantage ($\beta = 0.658$) was found to be positively related to the competitive advantage of event management ventures in Kenya. From the analysis of the t-test, the value was found to be 13.961, and the p -value was 0.000. Statistically, this null hypothesis was rejected because $p < 0.05$. Thus, the alternative hypothesis was accepted, and it deduced that Managerial Capability

affects the competitive advantage of event management ventures (EMVs) in Kenya.

RESULTS AND DISCUSSION

The results of the descriptive analysis show that with respect to leadership, there is a strong desire for self-achievement, passion for entrepreneurship, influence to perform, openness to diverse views and



perspectives, as well as transformational leadership. Regarding problem-solving, there are structures and systems to solve problems; managers endeavour to solve problems in the shortest possible time, resolve any complications that may arise, and adapt to uncertain environments. On strategic thinking, most firms have core resources to seize business opportunities; they pay close attention to the latest cutting-edge technology, encourage the development of new ideas and solutions, invest time and effort in generating ideas, and execute these ideas to success. On people relationships, most firms value teamwork and team-oriented leadership, manage conflicts as they arise, identify team dynamics, and make reasonable relationships with people or organisations that possess core resources.

The implication of these findings is that managers should provide leadership in EMVs. Competitive EMVs are those that embrace transformative leadership styles in that managers are influencers rather than bosses of their teams. They seek to push their subordinates to deliver results all the time. Studies by Phillipson et al. (2018) argue that employees have close relationships with the owner/manager in the EMVs as the nature of the relationships emerges from a common social background rooted in a local community with a socialised understanding of the common challenges facing the EMVs. This, therefore, calls for managers to be deliberate, strategic, team players, and problem solvers when managing an EMV.

Exploratory factor analysis extracted only eighteen items clustered in four factors, namely leadership, problem-solving, strategic thinking, and people relationships. These findings support previous studies that emphasise the important role a manager plays in the competitive operations of an EMV. For example, Jimah et al. (2015) observed that management skills are prerequisites to the success of entrepreneurship enterprises and, therefore, they should be developed. Wiley et al. (2015) noted that entrepreneurs seeking success must possess management skills, a good personality, technical

knowledge, decision-making abilities, leadership and communication skills, patience, and experience in their respective businesses. The study thus lays emphasis on the importance of managerial competencies in entrepreneurship.

Multiple regression analysis examining the influence of managerial capability on the competitive advantage of Event Management Ventures revealed that managerial capability had a positive and significant influence on the EMVs competitive advantage in Kenya ($B=0.334$, $p<0.05$). The regression results confirmed that managerial capability is essential in the survival and growth of an EMV as it is about offering leadership to people who share a common goal. In other words, managers possess competencies that, if nurtured tactfully, can be a valuable source of competitive advantage.

CONCLUSIONS

Following the findings enumerated above, the following conclusions were arrived at regarding managerial capabilities and competitive advantage of EMVs in Kenya. Managerial capabilities are a source of competitive advantage in EMVs if cultivated and enhanced well in organisations. Managerial capability is about providing leadership and influencing others to deliver results in an enterprise. From the regression test done on managerial capability against the competitive advantage of EMVs, the managerial capability was found to have a positive influence on the competitive advantage of EMVs. In other words, EMVs should possess and utilise managerial capabilities tactfully in order to have a competitive advantage in the Events market. The results also underscored the importance of investing in training the employees and development programs to improve managerial skills and capabilities, which can ultimately translate into a competitive advantage for the business. More studies should be done on the competitive advantage of SMEs in the Hospitality Industry as there is scarce literature, particularly on SMEs in the Event Management Ventures.

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