Managerial Capabilities and Private University Performance in Kenya

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***Abstract:*-In the recent past, the dynamic capability framework has been intensively used to explicate the capabilities required by firms to adapt to a changing environment. However, the framework is rarely discussed in the context of academic institutions. Managerial capabilities have been discussed as crucial for organisational performance. This study analyses the effects of managerial capabilities in the performance of private universities in Kenya. Using a survey research design, the study is based on quantitative data. A random sampling method was used to sample 329 respondents that are stratified into academic and non-academic staff. The structural equation model was employed to analyse the relationship between managerial capabilities and university performance. The result shows that managerial capabilities have a positive influence on private universities performance. The finding provides more insights on how managerial capabilities can be deployed in the university changing environment to influence performance.**

Keywords: **Dynamic capabilities, managerial capability, university performance**

I. BACKGROUND

Organisation adaptation to the rapidly changing external environment has been of high interest to the management scholars (Birkinshaw, Zimmermann, & Riasch, 2016) and constant challenges for the organisation managers. It is an uphill task for managers to continually align their organisation strategy with the forces of changes that shape the organisations environment. Lately, in the 1990s, the concept of dynamic capability was advanced to explain firms' adaptation of the changing environment (Barreto, 2010; Eisenhardt & Martin, 2000; Teece, 1999). According to Teece and Leih (2016),dynamic capability framework is helpful in underlying the action and decisions of firms in a complex environment.

The university environment has become increasingly complex and subject to the global changes. The forces of globalization have exerted pressure and increased competition amongst universities (Wildavsky, 2012).The advent of technology has also disrupted education forcing universities to move from their traditional approach and rethink their education model(Christensen & Eyring, 2011). Consequently, managing university effectively has been complex and challenging for university leadership. Although dynamic capabilities framework has been intensively applied to various industries, itsapplication to university sector is at its infancy stage.

The role of managerial capability has been emphasized as critical for firm performance (Zahra, Sapienza, & Davidsson, 2006). The managerial capability is a key capability that enables the development and deployment of dynamic capabilities. Teece (2009) argued that dynamic environment demands a continual changing and revamping of what firms do in order to match with the changing environment. The continual alignment of universities capabilities to the competitive environment requires university managers to have the managerial capability that will enable them to understand the threats of the university environments and make decisions that should help universities create competitive advantage.

Scholars have argued that excellent management of universities has become difficult all over the world (Leih & Teece, 2016). Universities lack the ability to apply business-like thinking that propels them into the future(Elena-Pérez, Saritas, Pook, & Warden, 2011). There is greater need for the managerial capabilities to enable university cope with the high competition and rapid changes that are taking place in the higher education sector. The managerial capability is a key determinant in the performance of the university. It takes excellent management to excel in university performance. Leih and Teece (2016) argued that the dynamic capability framework is useful in understanding critical management issues facing universities managers.

The context of Kenya's universities environment is changing with a growing number of new entrants getting into direct competition with existing universities. In the last decades the universities environment has gone through major changes Odhiambo (2014). The university sector has experienced a remarkable increase in the number of universities. The increase in universities is coupled with the introduction of parallel programmes in public universities which provide students options. In reference to the growth of universities, Wangenge-Ouma and Langa(2010) asserted that the Kenyan university environment is overcrowded. The numerical growth of public and private universities has significantly changed the university landscape and created a dynamic and competitive university environment. The competition is around attracting students, for qualified staff

and financial resources. Universities cannot remain indifferent to the increase of competition and changing environment if they are to thrive(Ngome, 2007). Odhiambo(2014) argued that demographic, social, technological and economic pressures on Kenyan universities require new approaches to leadership. The managerial capability is imperative to the development of dynamic capabilities and the improved performance of the university. There is high pressure on the private universities that do not benefit from government financial support. They are likely to face major financial constraint which will affect their performance.

The main argument in this study is that the university environment globally and particularly in Kenya has become complex and highly competitive. Therefore, a strong managerial capability is required to lead and manage universities.

II. LITERATURE REVIEW

Dynamic Capabilities Concept

The emerging the concept of dynamic capabilities opens a new era in the management on how firms compete and gain a competitive advantage in a rapidly changing environment. Since the 1990s, when Teece introduced the concept of dynamic capabilities, there have been intensive scholarly debates and researches about its meaning, role, scope and the outcomes. Teece(1999) referred to dynamic capabilities as the firm's abilities to build, integrate, and reconfigure the firm's resource base in response to the rapidly changing environment. This definition provoked some disagreements leading to different understanding and definition of dynamic capabilities, how they come about and what they do to firms. Some scholars considered the definition of dynamic capability as vague (Zollo & Winter, 2002). Di Stefano, Peteraf, and Verona (2014) observed that the difficult issue that is central to the discussion of dynamic capabilities is the definition. Several authors have focused on the outcome of the dynamic capabilities which widened the perspectives of the concept and creating more misunderstanding(Helfat & Peteraf, 2009). There is a plethora of definitions that have been proposed to explain dynamic capabilities. Hence there is lack of consensus on the definitions (Barreto, 2010). However, there has been progress in harmonising the divergence (Helfat & Peteraf, 2009). Nevertheless, the lack of consensus does not put into question the importance of dynamic capabilities in understanding firms' competitiveness in a changing environment. The converging point is that dynamic capabilities are fundamentally about renewing the firm's resources so that they may increase their competitive advantage(Ambrosini & Bowman, 2009). Lately, adaption to change and innovation have been emphasized as core to dynamic capabilities. Teece, Peteraf, and Leih(2016) explained dynamic capability as a firm's ability to innovate, adapt to change as well as to cause change.In conclusion, the core of the dynamic capabilities view is the renewal of the firm's tangible and intangible resources and aligned them with the changing environment. The alignment of the firm's resources to the changing environment requires management understanding of the dynamic environment and foresight.

Managerial Role and Dynamic Capabilities

The role of managers on dynamic capabilities is discussed extensively, which might give the impression that dynamic capabilities are manager-centered. Augier and Teece (2009) argued that in the dynamic framework, the managerplays a crucial role in influencing the firms routines, investment decision, and asset orchestration. Similarly, Helfat and Peteraf(2015) rightly pointed out that the role of managers has started gaining importance in the micro-foundation of dynamic capabilities. Helfat et al. (2009)posited that to grasp how firms adapt to a changing environment requires an understanding of organisational and managerial processes. Further, Arndt (2011)argued that dynamic capabilities enable the manager to adapt the resources to the changing environment. Therefore, the role of the top management is essential in the firm's commitment to dynamic capabilities. Some scholars stress the role of managers as the initiators of the process of dynamic capabilities. According to Easterby-Smith, Lyles, and Peteraf(2009), the top management creates the vision and initiates the process that creates dynamic capabilities. Furthermore, Teece(2014) asserted that from the dynamic capabilities perspective, managers are required to focus on both the internal and external environment of the organisation. As much as dynamic capabilities are oriented towards the changes in the external environment, the dynamic and forces within the firm determine how best firms are able to align themselves with the external environment.

Scholars suggest that literature contains sufficient evidence that the managerial effectiveness positively affects performance (Anzengruber, Goetz, Nold, & Woelfle, 2017). Similarly, Helfat and Martin (2015)asserted that literature provides support to the influence of managerial capabilities on the performance of firms under conditions of changes. Insisting on the centrality of the role of the manager in dynamic capabilities, Castellaneta(2016)argued that regardless of the number of capabilities firms possess, it will not contribute to competitive advantage without the support of the manager.

Dynamic capabilities are created by people within the firm. Hence, human capital has a central role in the building of dynamic capabilities. This implies that the important role of managers is to develop the human capital within the firm. The commitment of the managers to the development of dynamic capabilities is of paramount importance for firms. According to Ambrosini et al. (2009), the perception of the managers of the environment impacts the decision they make regarding dynamic capabilities. Similarly, Barrales-Molina, Bustinza, and Gutiérrez-Gutiérrez, (2013) asserted that the firm will decide to create dynamic capabilities if the managers sense high dynamism in the external environment. Thus managerial

capability to grasp environmental changes that affect the firm is significant for successful development and deployment of dynamic capabilities.

Casillas and Moreno (2010) analysed the managerial capability in terms of managerial skills and human capital. Other scholars underscore cognitive managerial skills, social capital and human capital as essential components of managerial capability and their influence on performance (Helfat & Martin, 2015; Kor & Mesko, 2013). In the same vein, Helfat and Martin (2015) asserted that the managerial cognitive capabilities determine the extent to which the managers are able to sense opportunities and threats then seize the opportunity and reconfigure resources to fit the changes in the environment. The cognitive skills refer to the manager's ability to exert many mental activities, processing information, reasoning and decision making. Scholars have identified sensing, seizing and reconfiguration as cognitive capabilities that underpin managerial capability (Helfat & Peteraf, 2015; Teece, 2018). This implies that the managers should be able to spot opportunities in the changing environment and have the capacity to exploit them. The reconfiguration suggests the capacity of the manager to align the resources with the changing environment. Managerial capability influences the performance of the organisation through sensing, seizing and reconfiguration. Hence it can be deduced that sensing, seizing, and reconfiguration are important managerial roles. This managerial capabilities implies that managers embrace entrepreneurial behaviour, which is important for the development of the dynamic capabilities. The human capital is concerned with the experience and knowledge and education of manager while the social capital focuses on the relational aspects (Helfat& Martin, 2015).

University Performance

The future of organisations depends if they are able to sustain a good performance over time. Organisational performance is the focus and the concern of every manager. Lee, Tseng, and Lee (2014)argued that the primary concern of every manager is to enhance the performance of the organisation. Performance measurement is an essential tool to improve management (Zangoueinezhad & Moshabaki, 2011). Similarly, Chen, Wang, and Yang (2009) argued that to ensure the quality of education, there is need for performance measurement indicators that encourage the university to build a competitive advantage.

The performance is related to the core business of the organisation. The performance indexes that are generally used are both financial and non-financial, that include financial performance, business performance and organisational effectiveness (Lee et al., 2014). Zangoueinezhad and Moshabaki (2011) argued that the measurement of universities performance should consider in addition to finance, the teaching, and research. It is also observed that the university perforamnce is diversly measured (Zangoueinezhad & Moshabaki, 2011). The university performance considers the financial and non-financial aspect. The financial aspect looks at the ability of the university to generate enough revenue to sustain its operations. To achieve this, the university should have multiple revenue streams such as fee, research grants, and consultancies. The non-financial aspect of the performance is concerned with the quality of service delivery, the ability to attract students, attract and retain quality staff. The financial and non-financial metric of the performance are related and cannot be looked into in isolation. Universities need resources to attract and retain its quality staff, who can provide quality teaching that is important for the university image and reputation. Similarly, attracting more students will contribute to financial viability. The performance measurement indicators should touch on the operations and assist universities to improve on their weaknesses(Chen et al., 2009).

Managerial Capability in the University

Strategic Thinking

Managerial capability requires strategic thinking that engage the cognitive ability of the manager. For firms to compete and gain competitive advantages require that managers make strategic decisions. Managers should have the ability to formulate a long-term strategy that can contribute to the performance and the growth of the university. The strategic thinking shapes the ways managers relate to the internal and external environment and contribute to the managerial capability(Kearney, Harrington, & Kelliher, 2017).In the case of universities, it is essential that the strategic decisions and choices that universities' managers make should contribute to the growth of the universities (Anzengruber et al., 2017; Kay, 2010). The strategic thinking ability of the managers is what enables the manager to formulate long-term plan for the universities.

H1. Strategic thinking is positively related to the managerial capability

Sensing

For universities to align themselves to the changes in the external environment require that managers have the ability to sense the changes in the external environment. It is crucial that managers understand the trends in the environment (Teece, 2007).The changes in the external environment come with threats and opportunities for firms. The managerial sensing is essential for managers ability to identify opportunities that will enhance their firm's growth(Roberts, Campbell, & Vijayasarathy, 2016). It refers to the managers' propensity to seek and pursue opportunities (Pavlou & Sawy, 2011; Teece et al., 2007).The managerial sensing ability enables managers to attune themselves to the threats and develop the capability to seize opportunities that can contribute to the growth of the universities. The managers should be able to sense opportunities before rivals are crucial managerial capability (Teece et al., 2016).

H2: Sensing ability positively influence managerial capability

Shared Vision

The managerial capability also requiresmanagers to create and share their vision with their team. García-Morales, Jiménez-Barrionuevo, and Mihi-Ramírez (2011) argued that shared vision capability is a crucial capability in today's knowledge-driven society. It is essential that employees buy into the strategic vision of the university so that they can commit themselves to the vision. The university leadership should have a clear vision of where they are taking the university. The university managershave a great responsibility to create and share their vision that will enable the university to face and adapt to the rapid changes. The managers want to see people committed to working towards achieving their vision. Hence the managers' responsibility is to ensure that there is a clear understanding of the common vision of the organisation vision amongst the employees. The shared vision within the organisation prevent fragmentation and create synergy amongst teams(Van Doorn, Jansen, Van Den Bosch, & Volberda, 2013).

H3. Shared vision positively related to the managerial capability

Managerial Capability and Firm Performance

Kearney et al.(2017) explained that managerial capability is the accepted belief of issues that managers can solve. The managerial capability is considered non-imitable organisational capability that can create a competitive advantage (Srećković, 2018). The sensing ability, decision making, coordination strength of a manager cannot easily be imitated by competing firms.

There is a consensus among scholars that managers play a central role in the development of dynamic capabilities. Scholars have emphasised the importance of the managerial capability on firm strategy and performance (Constance, Helfat & Martin, 2015). Literature provides evidence on the central role of managers tocreate competitive advantage (Anzengruber et al., 2017). The managers play a critical role in resources allocation and orchestration (Augier & Teece, 2009). Wang, Senaratne, and Rafiq(2015) relying on empirical studies argued that the absorptive and transformative capabilities of managers have an influence on the firm's performance. They suggested it is imperative that managers develop the absorptive and transformative capabilities to assist them in improving the performance of their firms. These capabilities should be developed at the managerial and organisational level. Firms benefit greatly if these capabilities are developed across the different managerial levels.

García-Morales et al. (2011) analysed the data from 400 Spanish firms and found that transformational leadership capabilities share vision capabilities, and team cohesion capabilities are the critical capabilities that enable firms to reconfigure their dynamic capabilities. The data was analysed using the structure equation model. They found a positive relationship between these three capabilities and organisational performance and innovativeness. Hence, the organisational performance and innovativeness depend on leadership, shared vision, and team cohesion capabilities. Another study was carried out by Barrales-Molina, Benitez-Amado,and Perez-Arostegui(2010) on the managers' influence on dynamic capabilities development, of Spanish firms. Analysing 200 firms, the study employed the regression analysis. The study found out that the managers' perception of the changes in the environment influence the development of dynamic capabilities. Hence, the sensing capability of the managers influences the development of dynamic capabilities.

H4: Managerial capability positively influence university performance

III. RESEARCH METHODOLOGY

Research design

This study has adopted that quantitative approach. The quantitative approach is dominant in the research of the dynamic capabilities (Eriksson, 2013).The research design is a cross-sectional survey design. The cross-sectional survey is appropriate for the study interested in cases of variation, and the relationship between variables in the quantitative or qualitative study (Bryman, 2008). The use of the cross-sectional survey design was to capture the managerial capability and its influence on university performance. The quantitative data was used to measure the effects of the managerial capability on private universities performance. The data collection tools was questionnaires.

Study Population and Sampling

The study adopted a multi-stage sampling technique in choosing the respondents. The first stage was the choice of the unit of analysis and the second stage of the respondents. The focus of the study is private universities in Nairobi County which is characterised by a high concentration of universities. In 2016, Kenya had 30 chartered public universities with 5 constituent colleges, 18 chartered private universities with 5 private constituent colleges, 13 universities with a letter of interim authority, and 1 private institution (CUE, 2017). The study included chartered private universities that have been in operation for more than 5years, have their main campuses in Nairobi and have a student population of above 3000. There were four universities that met the set criteria namely; The Catholic University of Eastern Africa, Strathmore University, Daystar University and the United Stated International University.

The target respondents of this study were the academic and non-academic staff within the private chartered universities in Kenya. The academic staff included full-time and part-time lectures, deans of faculties and heads of departments; while non-academic staff included, registrars, human resource managers, and administrators. The staff

population was 2,575. A total of 345 respondents were included in the study. The respondents stratified into academic staff and non-academic staff. Stratified random sampling has the advantage of ensuring that the sample is distributed in the same way as the population is (Bryman & Bell, 2007).

Validity and Reliability

The confidence in the research finding depends on the reliability and validity of the instrument. In this study, the validity of the data collection instrument was carried out on the dimensions of managerial capability and performance. The validity is essential because it enhances the accuracy and confidence in the research findings (Marczyk, DeMatteo, & Festinger, 2010). The construct validity of the instrument was established. The construct validity was achieved through convergent validity and discriminant validity. The convergent validity assesses how closely related are observed variables, which measure the same construct. On the contrary, the discriminant validity is the degree to which observed variables do not measure another construct they are not meant to measure(Bhattacherjee, 2012).

Reliability

The internal reliability can be tested using Cronbach's Alpha where the value of 0.8 is an acceptable level of reliability (Bryman, 2008). Therefore, this study tested internal reliability using Cronbach's Alpha. Additionally, the Composite Reliability (CR) was assessed. CR value of .7 or greater shows good reliability (Hair, Black, Babin, & Anderson, 2014).

Convergent and Discriminant Validity

In this study, exploratory factor analysis was used to assess the convergent and discriminant validity. In the confirmatory factor analysis, the strength of the loading of the indicators on each factor demonstrated the convergent validity. Any value equal or greater than .7 indicated good construct validity (Hair, Hult, Ringle, & Sarstedt, 2014).The Average Variance Extracted (AVE) was used to confirm the construct validity. AVE measures the convergence of indicators on the same factor, and the value of .5 or higher shows a good construct validity (Hair et al., 2014).

Convergent validity looks at the degree to which each indicator loads on the construct. A higher loading indicates a convergent validity. This means that all the indicators measure the same construct (O'Rourke & Hatcher, 2013). The AVEis used to determine the existence of convergent validity (Hair, et al., 2014). The value of AVE of .5 or greater indicates convergent validity (Hair et al., 2014). As shown in Table1 all the AVE values are greater than 0.5. Hence there is convergent validity.

Discriminant Validity

The discriminant validity is realised when measurements belonging to different construct are not correlated. The discriminant validity suggests that a measure of a construct is unique and does not measure another construct in the same model (Hair et al., 2014). The low correlation between the measurement variables of two distinct constructs is an indication of discriminant validity (Hair et al., 2014; O'Rourke & Hatcher, 2013). The discriminant validity of managerial capability, organisational learning capability, innovation capability, entrepreneurial capability,and performance were assessed by comparing the AVE value with the cross-loadings or the squared correlation estimates. The AVE values should be greater than the squared correlation estimates to achieve discriminant validity (Hair et al., 2014). As evidenced in Table: 1, AVE values are greater than the squared correlation.

Table 1. Summary of the value of AVE and MSV.

Factors	CR	AVE	MSV
Sensing	0.858	0.604	0.558
Strategic thinking	0.866	0.566	0.529
Shared vision	0.897	0.684	0.558
Finance	0.730	0.575	0.558
Research	0.888	0.725	0.507
Staff retention	0.894	0.679	0.558

Multicollinearity

In using SEM the assumption of multicollinearity should be checked and ensured that the variables are not highly correlated. There is a problem of multicollinearity when variables are highly correlated (Tabachnick, & Fidell, 2007). When the value of the correlation is .9, then there is a problem of multicollinearity (Hair, 2014). The multicollinearity can be assessed using VIF values (Ho, 2014). A tolerance value less than .1 and a VIF value greater than 10 indicates a problem with multicollinearity. The result shows that tolerance values between 0.15 and 0.68 while the VIF values ranged between 1.46 and 6.64. Considering that none of the tolerance value was< 0.1 and none of the VIF was> 10, it was concluded that the data was free from any problem of multicollinearity.

Confirmatory Factor Analysis

The three factors: sensing, shared vision and strategic thinkingare considered first order factor and they are measured by indicators. The factors loading estimation was performed to assess how the observed variables load on the three factors. The loadings range from .62 to .85. While most of the predictors of sensing, shared-vision have high factor loadings greater than .7, only two predictors moderately load on the factors *sensing1= .62* and *Strategic thinking 5 = .64*. These loadings are acceptable taking into account that all the other loadings are higher than .7. Hair et al. (2014) suggest that a loading below .7 is still acceptable when other indicators in the measurement model load highly on the construct. All the loadings are significant with $p < .001$. The

data indicate that sensing, shared vision,and strategic thinking are well explained by their indicators.

IV. FINDINGS AND DISCUSSION

The first measurement model hypothesized that managerial capability is an outcome of three factors: sensing, strategic thinking, and shared vision. It further suggested that there is a correlation between these three factors. The initial model goodness of fit result yielded a χ^2 = 169.11, df = 62, CFI = .951, RMSEA = .078. The values of CFI is above .90, and RMSEA slightly below .08, suggesting an acceptable model fit. McDonald and Ho (2002) asserted that in multivariate data there is always more than one structural model. Hence, the need for a model modification. In order to improve the χ^2 value, the standardized residual covariance and modification indices (MI) were checked. The modification of the model resulted in an improvement of χ^2 =135.52, df = 60, χ^2 /df = 2.25, CFI = .965 and RMSEA = .067. In this case, the focus was on other indices such as CFI, and RMSEA. The CFI, RMSEA, met the recommended cut-off values; therefore this modified three-factor model is considered having a good fit. It is concluded that the data be used to fit the proposed model.

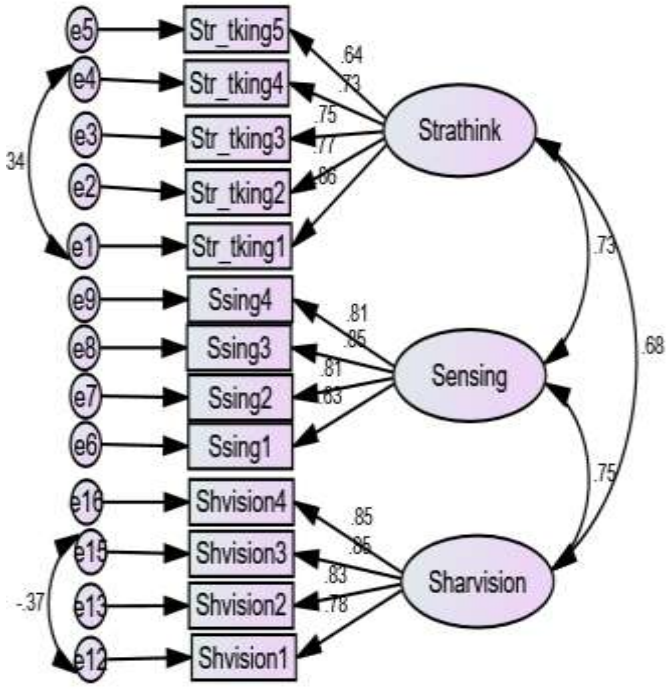

Figure 1: Modified measurement model of managerial capability

The managerial capability is considered a second order and it is measured by three first-order factors. The assessment of the relationship between managerial capability and its three factors namely strategic thinking, sensing, and shared-vision shows that all have strong positive loadings with β values between .81 and .89. The shared-vision and sensing have the strongest loading with β = .84 and β = .89 respectively. All the factor loadings are significant with p < .001. Figure 2. The result confirmed the three factors are different dimensions that explain managerial capability. Prior studies measured managerial capability withhigher-order capabilities with different dimensions (Augier &Teece, 2009, Helfat & Martin, 2015, Ruiz-Jiménez, & Fuentes-Fuentes, 2016).

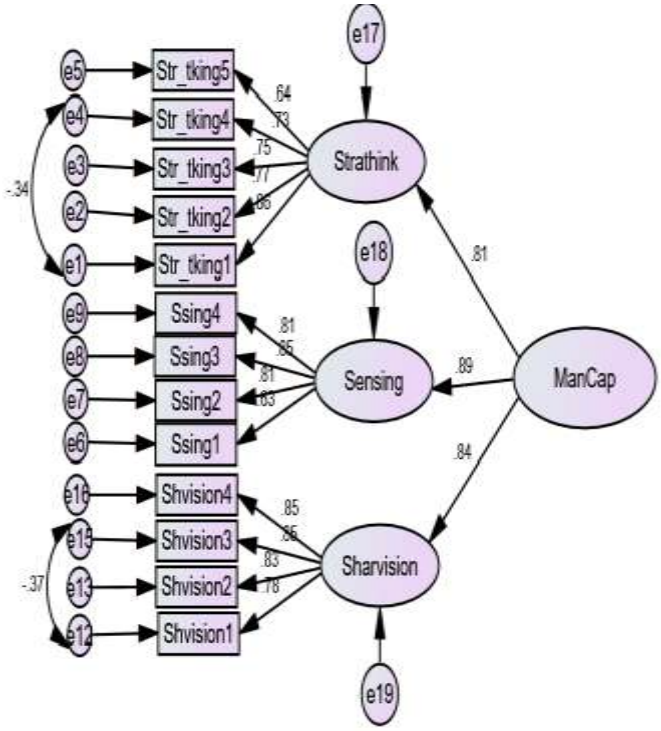

Figure 2: Managerial capability- Second-Order Model.

The study hypothesized that there is a positive relationship between managerial capability and performance. The assessment of the relationship between managerial capability and performance resulted in a path coefficient β = .80, and R^2 = .64, which is statistically significant with p < .001. The results indicate that there is a strong positive relationship between managerial capability and performance. The result concurs with prior studies that found a positive influence of managerial capability on firms' performance (Srećković, 2018). Furthermore, the model shows that managerial capability accounts for 64% variance in performance. The assessment of the model fit shows a χ^2 = 351.98, df = 198, CFI = .961 and RMSEA = .052 with p < .001. The two fit indices, CFI and RMSEA, meet the condition for a good model fit. It is concluded that the model has an adequate goodness of fit. Therefore the hypothesis that managerial capability affects performance is supported by the data. The strong and positive loadings of the predictors confirmed that strategic thinking, sensing, and shared-vision are sufficiently measured by these indicators. Therefore managerial capability is driven by sensing capability, strategic thinking, and shared-vision.

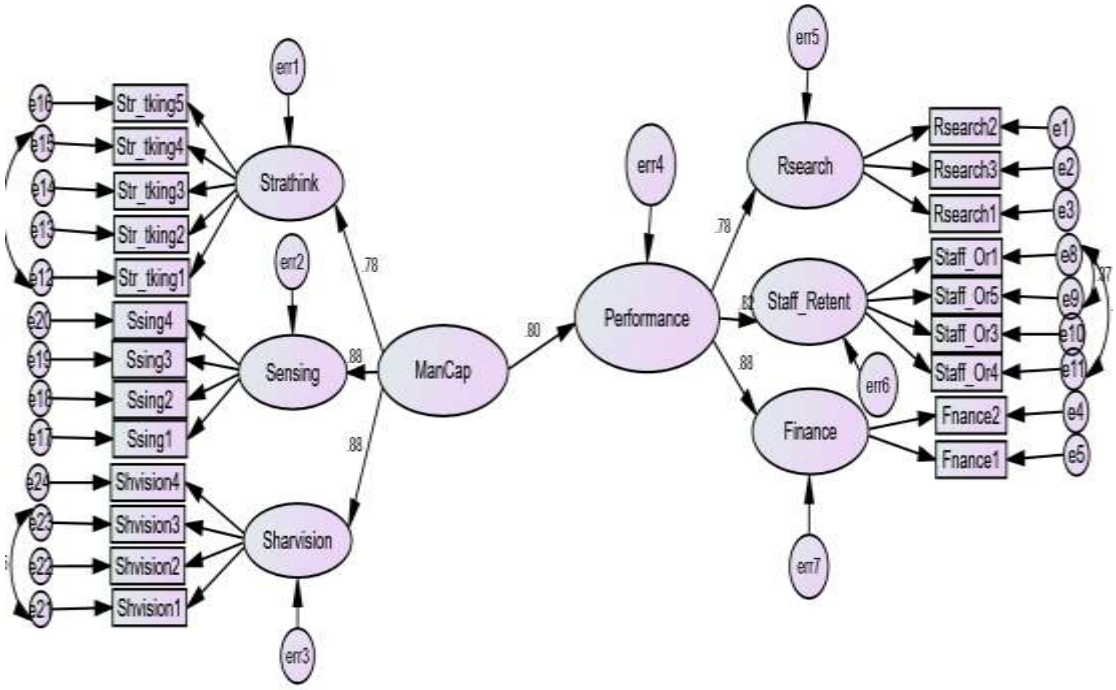

Figure 3: Relationship between managerial capability and performance

This result concurs with other studies that assumed sensing (Augier & Teece, 2009), strategic thinking (O'Regan, Hughes, Collins, & Tucker, 2010) shared vision (García-Morales et al., 2011) as important elements of managerial capability. Together these three factors enhance managerial capability and positively influence performance. The combination of the sensing, strategic thinking and shared-vision are necessary for managers to be able to understand and adapt to changes in the internal and external environments.

Based on the results it can be argued in this context of the university that the managerial capability can be unbundled into strategic thinking, shared- vision and sensing. This indicates that the sensing abilities of managers creating and sharing their strategic vision with the rest as well as the capacity to think strategically, to solve problems are important managerial capability required in universities.

There are studies that have ascertained the positive relationship between managerial capability and firm performance (Ruiz-Jiménez & Fuentes-Fuentes, 2016). In this study, the assessment of the path between managerial capability and performance yielded $\beta = .80$, $p < .001$, which supports the hypothesis that managerial capability positively influences performance. These results agree with other studies that have proved that managerial capability has contributed to the firm's change of strategic and influence performance(Helfat & Martin, 2015). Hence, the managerial capability is essential in understanding the changing environment, in order to support the process of adaptation, and influence the organisation performance.

V. MANAGERIAL IMPLICATIONS

The first premise of the study is that the university environment is rapidly changing and becoming ever more competitive, and the survival of universities depends on their ability to adapt to the changing environment and thrive. Universities can adapt to the dynamic environment if they possess some dynamic capabilities that enable them to cope with the changes.

This provides insights in understanding the relation between managerial capability and university performance, hence contributing to the discussion on university management. Hence the dynamic capabilities framework can be used to assess universities performance. Universities stand to gain in performance if they invest in the development of some dynamic capabilities.

The study provides an answer for the managerial capability required for the university. The university managers will positively influence the performance of their universities if they have a great sensing ability, strategic thinking and the capacity to create and share their vision.

Another important implication of this study is that universities' leadership should invest resources to reinforce the capabilities they deploy. Dynamic capabilities do not automatically come into existence in organisations. Dynamic capabilities are shaped by organisational decisions (Ambrosini et al., 2009) and universities will have to make a strategic decision to invest resources to develop and deploy specific dynamic capabilities. This is an important strategic choice for universities.

VI. LIMITATIONS OF THE STUDY

The first limitation of the study is that the analysis used a combined data from the four different universities and assumed that the four universities have the same characteristics and use similar dynamic capabilities which might not be the case. The other limitation is that the study focused only on private universities that are present in Nairobi County. Finally, the study used primary data that were collected through questionnaires. Although the data collection tool has a very good internal reliability, there are possibilities for some biases in the responses.

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