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OPERATIONAL PROCESSES AND PERFORMANCE OF PRIVATE CHARTERED UNIVERSITIES IN KENYA

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ABSTRACT

In today's world managers play a very important role in ensuring organisations achieve their objectives and private universities are not any different for theme survive the turbulent and dynamic environment they need to align their internal operational processes in order to improve performance. This study sought to investigate the influence of operational capabilities on the performance of private chartered universities in Kenya. The study was anchored on the resource based view theory and the dynamic capabilities theory. The study was pegged on a positivist research philosophy while the research method employed was a mix of both qualitative and quantitative techniques. The research collection tool was subjected to validity tests where the lowest acceptable Cronbach alpha threshold was 0.7. Data was collected from all the twenty five private chartered universities in Kenya. The sample size was 230 respondents from all the private chartered universities in Kenya using self-administered questionnaires. The data was then cleaned, coded and analysed using SPSS software. The study used binary logistic regression to carry out the inferential statistics. Binary logistic model was fitted so as to establish the cause-and-effect relationship existing among the study variables. From the research findings private universities that had strong processes were 1.640 times more likely to increase their log odds of recording improved performance. The study also conducted diagnostic tests which were recommended for logistic regression models. The study therefore recommended that private universities need to invest in technology that would enable them to automate their processes and ease the flow of processes from one department to another. The study also recommended that universities need to integrate all their university processes in order to ensure seamless transactions for students.

Key Words: *Operational Processes, Performance, Private Chartered Universities*

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INTRODUCTION

Kirugumi et al. (2021) observed that universities are increasingly being interrogated on the basis of their ability to contend with the dynamic changes happening in the societal, technical and commercial arena with researchers emphasizing the need to understand micro-environment abilities as a powerful factor responsible for successful performance. Uncertainties interrupts plans and courses actions; and this has become a major source of concern for organizations and other decision makers (Ebegbetale & Okon, 2022). Hartini et al (2023) posit that institutions of higher learning are presently dealing with a constantly changing environment when looked at from an academic angle and the quality standards that they must attain as a prerequisite for efficient management. Additionally, a good number of the institutions for higher learning are lacking in terms of adequate strategic solutions to emerging situations. Just like any other business, the business environment in the institutions of higher learning is characterized by stiff competition triggered by changes in both the internal and external environment. Universities in the ever changing environment must be willing to change. Universities need to be flexible, quick, and on the lookout for opportunities created by the changing environment (Aidi, 2020).

A firm's set of operational processe is made up of the organizational processes and routines formed and shaped by organizational learning mechanisms. The updating and adaptation of operational routines is therefore the result of the direct effect of the learning generated by firms, and is established as a process of evolution of the firm's dynamic capabilities (Bustinanza et al 2018). operational flexibility is a capability that is related to the explicit resources and competences of companies. In general terms, operational flexibility reduces the vulnerability of companies to the uncertainty of the environment in both the short and the long-term. This strengthening of the firm through increased flexibility over different time-spans is directly related to its improved performance. Long-term operational flexibility enables the firm to adapt better to variations in customer needs or technological changes that accelerate the obsolescence of its processes Changes in the firm‟s environment can create temporary fluctuations in operational levels of activity. In these cases, flexibility becomes a competitive tool that enables firms to respond quickly to variations in external demand (Bustinanza et al 2018).

Statement of the Problem

Globally**,** universities have been regarded as moral and cultural indicators but currently they are heavily tasked with social and economic functions (Benajiru, 2017). As a result of the ever changing environment, universities experience enormous transformation procedures. Based on this, Goddard (2017) notes that in the adaptation process, these organizations mainly draw their attention to their traditional role of teaching, learning and research.

The Kenya government has made some improvement in universities through University Fund Board, Commission for University Education and Salaries and Remuneration Commission to revitalize and improve remuneration of university staff across the board and their work environment. Nonetheless, many of these institutions still perform below the bar (CUE, 2022). In Kenya, establishment of universities has risen by over 50% and this has led to increased competition between both private universities and public universities to increase their student numbers and survive in the turbulent times. Because of this universities have witnessed reduced finances due to limited government capitation and the reducing student numbers. Since 2016 most private Universities have relied on government for students' allocation through KUCCPS.

Universities remain the epicenter of innovations and knowledge generation. They, however, face an environment that is characterized by complexities and dynamism thereby calling for rudimentary changes in their management so as to conform to current trends (Mwangi & Waithaka, 2018). In Kenya, universities have come under criticism by various stakeholders including parents, the public, opinion leaders as well as the

press, for a myriad of reasons. These criticisms, as noted by Munene (2019) include failure by the universities to attain their aims with regard to bringing forth graduates that are well equipped for the purpose of fast tracking national development agenda. This study therefore sought to investigate the influence of operational processes on the performance of private universities in Kenya.

Research Hypothesis

H_0: Operational processes have no significant effect on performance of private chartered universities in Kenya.

LITERATURE REVIEW

This study drew upon the resource based view and the dynamic capabilities theories to expound how operational processes can influence performance.

Resource Based View Theory

Resource Base View Theory emerged during in the early 1950s through the works of Penrose (1959). The RBV is a theory of performance and competitive advantage based on valuable, rarity, inimitable and organized resources of a firm (Baia et al., 2020). Thus, performance in any aspect of an organization is dependent on the resources and capability of the firm that it possesses. In 1959, Penrose developed Resource Based View (RBV) of the firm. The theory asserts that higher-ranking performance of a business entity is attained at the point where the firm gets to have total jurisdiction over its resources and particularly based on how it will control its key resources (Wernerfelt, 1984). RBV's major focus is on the characteristics of resources and the ability from the point of origin the resources are obtained from to clarify a firm's diversity, sustainability and performance.

RBV further holds that a viable competitive advantage of a firm is modelled on the foundation of its distinctive interplay of its inherent capacities and its peculiar resources within its micro environment (Wernerfelt, 1984; Barney, 1991). These capacities and peculiar resources can be of two kinds: non-physical (intangible resources like intellectual property and knowledge) or physical (tangible resources, the likes of assets and equipment) ones (Barney, 1991). Of essence, these resources have to be of such high value to customers, rarely found, very hard to imitate and non-substitutable ("VRIN" attributes). They also have to be efficiently organized and allocated by the firm. RBV perceives a firm as resource bundles deployed across the firm heterogeneously and that the resource have spatial differentiation (Wernerfelt, 1984). The theory puts emphasis on the fact organizations become more competitive sustainably by making use of their valuable resources and capacities whose supply is inelastic (Wernerfelt, 1984; Barney, 1986, 1991; Peteraf, 2018). RBV theory of the firm is meant to avail competitive advantage to a firm over its competitors by ensuring that the firms' resources act as inputs which are necessary for the process of production and they can take a physical or non-physical form. Physical resources can easily be identified and evaluated and they are also solid. They comprise financial and tangible assets which are recognized in the statement of financial position of a firm. They include resources such as land, machinery, raw materials, factories and capital. Conversely, non-physical resources are quite cumbersome with regard to measurement, evaluation and transfer. They comprise technology, culture, motivation, relationships, knowledge, skills and competencies. Therefore, it rests upon management to orchestrate to foster a profitable allocation of the resources they control. Collis and Montgomery (2008) state that RBT intricately combines a company‘s micro capabilities and its macro environment with the prospects of attaining unparalleled firm performance. The resource type does not really matter but rather, the usage of the resource (Peteraf and Bergen 2003).

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. . In contrast to Eisenhardt & Martin (2000), 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. Teece et al. (1997) further put it that dynamic capacities display two idiosyncratic elements: firstly, 'dynamism' provides a solution to the challenge of re-establishing competencies; and secondly, the concept of 'capabilities' underscores the need for top management teams to spearhead their pivotal responsibility of modelling and establishing the expertise of organizations. Dynamic capacities carry the potential to revitalize firms' competencies and ameliorate performance, particularly in the face of diverse and high-velocity environments.

METHODOLOGY

This research took a positivist approach. Positivists hypothesize that reality is well anchored and it can be looked at and recounted from an objective point of view while not interfering with the phenomena under study (Mkansi & Acheampong, 2012). Data was collected using questionnaires. Questionnaires were distributed to 230 respondents across all the 25 private chartered universities in Kenya. The response rate was 89.1% and was satisfactory. According to Goldfarb and King (2016), a response rate of 60% is effective to represent the study population and make conclusion and recommendations in a research study. The study made use of qualitative and quantitative study designs as it allowed for the exploration of different aspects of the investigation through both quantitative and qualitative approaches.

RESULTS

The study sought to examine the influence of Operational Processes on the performance of private chartered universities in Kenya. To achieve this, the respondents were required to give their rating on a five point Likert scale. The results were summarized as shown in following table.

Table 1: Descriptive Statistics on Operational Processes

Statement	N	Min	Max	Mean	Std. Dev
Management has invested in automation of university operations and activities	205	1	5	3.32	1.029
Each work process has well defined inputs and outputs	205	1	5	4.00	.937
All work processes are integrated in the University ERP system	205	1	5	2.53	.952
Registration of exams is done online without hiccups	205	1	5	2.83	.907
Students can access learning resources out of campus	205	1	5	4.08	.959
The University has different modes of fees payment	205	1	5	3.96	.917
E- documents are available for use	205	1	5	3.90	.982
The University has an elaborate Strategic Plan	205	1	5	3.91	.808
The University has a well-defined catalogue of programs	205	1	5	4.07	.869
The University has updated database of learning resources	205	1	5	4.01	.849
The University has well-kept financial records for easy referencing	205	1	5	3.91	.800

Source: Survey Data

The study investigated operational processes and its influence on performance of private chartered universities in Kenya. The respondents agreed that the university had invested in automation of university operations and activities. The statement had a mean of 3.86 and standard deviation of 1.029 which implies that majority of the private chartered universities had automated university operations and activities. The statements 'All work processes are integrated in the University ERP system' and 'Registration of exams is done online without hiccups' had mean scores of 2.53 and 2.83 respectively which indicated the respondents disagreed with these statements which implies that majority of the private universities had not fully integrated all university work processes in the university ERP systems and that registration of exams online was sometimes faced with some hiccups.

The results further indicate majority of the respondents agreed that the university had different modes of fees payment. The statement had a mean score of 3.96 and a standard deviation of 0.917 that implied majority of the respondents agreed with the statement. In addition majority of the respondents agreed that the university has an elaborate plan (Mean score = 3.91 and standard deviation = 0.808) and that the university has well defined catalogue if programs (mean score= 4.07 and Standard deviation = 0.869). The respondents further agreed that the university has an updated database of learning resources and that the university had well-kept financial record for easy of referencing as shown by the mean score 4.07 and 3.91 respectively. The study results concur with Singers et al (2022) who reported that institutions of higher learning that invested in university systems and allowed online examinations helped universities in recording better performance. The study also concurred that e-learning and e-documents use helped students to achieve their academic journey. The study findings further agree with Kering et al (2020) whose study established that operational processes were partly responsible for performance.

Hypothesis Testing

Chi square tests were carried out to test the hypothesis formulated. Chi square is a good model to establish if two categorical variables are related or not. For this study cross tabulations in SPSS version 25 were used to test the relationship. It's prudent to note that the presence of correlation doesn't always mean there is causality and therefore the logistic regression was made use to test the cause and effect relationship among the study variables. The chi square test is indicated as discussed below.

Cross tabulation was carried out to determine if there was an association between information technology use and performance of private chartered universities in Kenya. The findings indicated that there was an association between information technology use and performance. The Pearson chi-square outcome was as follows $\chi 2 = 17.959$, df = 25, and p = 0.001. This indicated that the relationship was statistically

significant and therefore since the p-value was less than 0.05 the null hypothesis was rejected. The study thus concluded that a significant and substantial association between information technology use and performance exists.

Model Fitting

For the model to be fit the P value has to be less than 0.05 P<0.05. If the significance is less than 0.05 we reject the null hypothesis. Based on the results presented in Table, the obtained P-value is 0.019, which is lower than the predetermined significance level (alpha) of 0.05. As a result, the null hypothesis, which suggests no significant difference between the baseline model and the final model, is rejected.

Table 2: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	642.578			
Final	605.978	36.600	21	.019

Goodness of Fit

The Pearson Chi-square goodness-of-fit test was used in determining whether a model exhibited a good fit of the data; that is, it tests whether the observed data has goodness-of-fit with the fitted model. The decision rule is to reject the underlying null hypothesis if the P value is less than 0.05. The null hypothesis state that the observed data is having goodness-of-fit with the fitted model as shown below. The findings in Table 3 show $\chi 2$ (df 504) = 5282.947; p= 0.056 In this case, therefore, the study failed to reject the null hypothesis and concluded that the observed data had goodness-of-fit with the fitted model; meaning the model fits the data very well. This implied that the data on the identified study variables were reliable and fit for predicting the performance of private chartered universities in Kenya.

Table 3: Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	697.640	504	.056
Deviance	380.148	504	1.000

Test of Parallel Lines

From the table below the P-Value is 1.000 which is greater than 0.005 P>0.005. This led to the rejection of the underlying null hypothesis. The test of parallel lines was important in confirming the assumptions on proportional odds.

Table 4: Test of Parallel Lines[a]

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	1058.778			
General	.000[b]	1058.778	2328	1.000

The null hypothesis states that the location parameters (slope coefficients) are the same across response categories.

Binary Logistic Regression

To test the research hypothesis binary logistic regression was employed

- $Li = \ell(P\ 1-P) = \boldsymbol{\beta}0 + \boldsymbol{\beta}1\ X1$ Where
  - Pi / (1 − Pi) is simply the odds ratio -the ratio of the probability that operational proceses (i = 1, will influence University performance
  - $\boldsymbol{\beta}0$ - Constant

- X1- Managerial Capabilities
- P probability that the university records good performance
- β1, represent units change in the log of odds ratio as a result of a unit change in the respective independent variable and it is the proportion of positive effect

The odds ratio for the variable is shown in the table below

Table 5: Odds Ratio

Variable	B	S.E	Wald	P Value	odds ratio
Operational Processes					
Not Strong (RC)					1.000
Strong	0.495	0.256	3.739	0.024	1.640

The study results that show a marginal increase in operational processes increases the logit of performance of private universities by 1.640 while maintain the other factors constant. This shows that universities that had good operational processes were 1.640 times likely to report increased performance than those had weak processes. The findings of the study are in agreement with the findings of Gituro et al., (2022) who conducted a study on operational processes as moderating the association between performances of chartered Universities in Kenya. The study used Descriptive analysis and multiple regression and found that operational positively influenced performance of chartered universities. Study findings showed strong link between operational processes and performance of private Chartered universities in Kenya. The study therefore rejected the null hypothesis and concluded that operational processes positively and statistically influence performance of private chartered universities in Kenya.

CONCLUSIONS AND RECOMMENDATIONS

The descriptive statistic results revealed that majority of the respondents were in agreement with the statements regarding the operational processes and performance in private chartered Universities. The findings revealed that majority of the private universities had an elaborate plan in place but disagreed that their universities had not fully integrated all university work processes in the university ERP systems The study thus recommends that private universities need to invest in technology that will enable them to automate their processes and ease the flow of processes from one department to another. The study also recommended that universities need to integrate all their university processes in order to ensure seamless transactions for students.

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