Journal of Business and Management Sciences, 2024, Vol. 12, No. 6, 244-254
Available online at http://pubs.sciepub.com/jbms/12/6/1
Published by Science and Education Publishing
DOI:10.12691/jbms-12-6-1

Declining University Performance: Kenyans Demand More Restructuring Strategies and Government Regulatory Attention

Sabbena Nthenya Kivindo[1,*], Stephen M. A. Muathe[2], Anne W. Muchemi[3]

School of Business, Economics and Tourism, Kenyatta University
*Corresponding author: nkivindo@gmail.com

Received October 15, 2024; Revised November 17, 2024; Accepted November 24, 2024

Abstract Since education has the transformative power to advance a nation through increased opportunities, social cohesion, and sustainable economic growth, public universities are essential in every nation. These institutions are instrumental in advancing the Sustainable Development Goals through the generation of knowledge and the initiation of research that results in innovative breakthroughs. This investigation sought to determine the effect of restructuring strategies and regulatory framework on performance of selected public universities in Kenya. It was specifically concerned with determining how the performance of a few Kenyan public universities was affected by restructurings related to operations, downsizing, and governance reform; and as well examine how government regulations moderate the relationship between restructuring strategies and performance of selected public universities in Kenya. The research utilized dynamic capability theory, institution theory and balanced scorecard model. A semi-structured questionnaire was administered to 341 public university management team members. A multiple linear regression model was employed to evaluate the study hypothesis, utilizing a 95% level of significance for hypothesis testing. According to the study's findings, the performance of the chosen public universities was considerably improved by operations redesign and downsizing restructuring while governance reform restructuring negatively affected the university performance. On the other hand, regulatory framework played a significant moderating role between restructuring strategies and performance of the selected public universities in Kenya. The results provide empirical validation of the robustness of restructuring strategies and regulatory framework in explaining the moderating effect of regulatory framework on the relationship between restructuring strategies and organization performance. The study adds a new dimension to the existing body of knowledge, emphasizing the critical role of external regulatory environments in shaping the effectiveness of internal organizational strategies. The study recommends that university management members must adopt and maintain high standards of quality education and assurance as outlined by the Commission of University Education, performing regular quality checks of academic programs and ensuring that teaching facilities meet recommended standards.

Keywords: *Regulatory framework, restructuring strategies, operations redesign restructuring, downsizing restructuring, governance reform restructuring, organization performance*

Cite This Article: Sabbena Nthenya Kivindo, Stephen M.A. Muathe, and Anne W. Muchemi, "Declining University Performance: Kenyans Demand More Restructuring Strategies and Government Regulatory Attention." *Journal of Business and Management Sciences*, vol. 12, no. 6 (2024): 244-254. doi: 10.12691/jbms-12-6-1.

1. Introduction

The country's economic growth and the accomplishment of the Sustainable Development Goals are greatly aided by Kenya's education system [1]. Higher education is an effective way to contribute to the creation of a more sustainable future because of its primary function as a knowledge producer. In order to supply relevant human capital for the labor market, Kenya's education sector works to increase the relevance and quality of training, education, and research [2]. Indeed, as the world grows more interconnected and globalized, higher education's contribution to building a sustainable future is expected to become more significant.

Even though the higher education sector in Kenya plays a significant role, a report by the Salary and Remuneration Commission (SRC) noted that public universities face a number of difficulties, such as the affordability and fiscal sustainability of the wage bill, transparency, equity, fairness, and accountability, as well as insufficient government funding that has a negative impact on the university's quality standards [3]. The government must change how the university education sector operates in order to improve the performance of Kenya's education system [4]. Public universities have implemented various restructuring strategies, which include; operations redesign, downsizing, and governance reform, with an aim to improve their performance.

The university education system offers a platform for introducing new technologies and developing human capital, both of which are critical for economic development [5]. As a result, higher education is a key component of the nation's empowerment and technological advancement. In the face of many obstacles, reforming public universities has been seen as vitally important. According to [6], public universities face a number of difficulties, including a drop in the number of students enrolled and competition from other universities in the country or out of the country. [7] claim that because of this uncertainty, management has had to reconsider what steps to take to increase performance and efficiency in order to endure in the unstable environment.

Regulatory frame work is the legal mechanism put in place to regulate the operations in the business environment and ensure compliance both on national and international level [8]. According to [9], regulatory framework is a model which organizations embark on and practice so as to ensure they enact regulations effectively and logically. [10] denote, regulatory framework are policies that government and industry regulator put in place to regulate operations of players within a certain sector. According to [11] operation of the organization is usually affected by the external environment which regulatory framework is part.

The 2016 University Act, give guidelines to the university activities in Kenya, which lay down guidelines on how to provide university education. Further, in 2012, parliament set up Universities Act No 42 with the view of regulating functions in public universities and protecting the university education’s quality in ensuring that necessary standards are set and the necessary measures are put in place to monitor compliance. Furthermore, CUE's directives emphasize the importance of regulating educational programs, among other things, so as to promote public university goals [12]. The Council for CUE (Commission for University Education) in Kenya is internationally recognized as an agency that regulates and assures its university’s quality education [13].

Universities are governed by regulatory framework which offer them the appropriate flexibility required to rapidly respond to1the changes confronting them in the1market1environment while ensuring quality education and academic standards are upheld [9]. As part of its academic standards framework, CUE has implemented measures to ensure universities maintain and improve the required minimum standards at all times [12]. Regulatory framework has a significant role in business performance since government regulations determine the extent to which organizations are burdened by the prevailing legislation, regulations, as well as other government regulatory guidelines [21].

[15] argue that organizations need to observe the laid down regulations at all times in order for them to be able to pursue their mission. According to [16], regulations present the framework to be followed by the universities as it stipulate guidelines on how higher education institutions conduct operations in the university. According to [17] the regulatory framework is designed to give guidelines to outline institutional capabilities to enable the institution to adjust to, respond to and remain flexible in the turbulent environment. [18] denoted that supportive framework in public universities guarantee quality education in that university.

Public universities as they endeavor to improve performance so as to achieve the expectations of the public, are faced by multiple conditions which may enhance or diminish the universities’ capabilities to respond flexibly in unstable environment. [19] denoted, regulatory framework reviews the universities’ history in order for one to understand the university’s main purpose and its policy development. Established guidelines and policies are founded on certain statutory documents which were established during independence and which are recognized to establish the country’s education system’s legal framework (Republic of Kenya, 1964).

The study's contribution is that it broadens the current body of knowledge by highlighting the crucial influence of the external regulatory environment on the efficacy of internal organizational strategies. It contributes to institutional theory by illustrating how regulatory compliance and governance standards can influence the success of restructuring efforts. Policymakers and regulatory bodies can use these insights to design supportive policies and guidelines that facilitate successful restructuring in public universities, ensuring that these institutions remain competitive and capable of fulfilling their educational mandates.

1.2. Research Objectives

i. To establish the effect of operations redesign restructuring on the performance of selected public universities in Kenya.
ii. To determine the effect of downsizing restructuring on the performance of selected public universities in Kenya.
iii. To establish the effect of governance reform restructuring on the performance of selected public universities in Kenya.
iv. To determine the moderating effect of regulatory framework on the relationship between restructuring strategies and performance of selected public universities in Kenya.

2. Literature Review

The relevant theoretical literature was critically reviewed to provide the theories underpinning the study. Specifically, balanced scorecard model, dynamic capabilities theory and institutional theory were reviewed.

2.1. Theoretical Literature Review

This section critically evaluates theoretical explanations for the relationships among the variables under investigation.

2.1.1. Balance Scorecard Model

The balanced scorecard model was based on a 1992 Harvard Business Review paper by Kaplan and Norton on the financial and non-financial aspects of an organization's performance. This model was designed to address a number of issues with measuring organizational performance solely through financial metrics [20]. Because of their laser-like focus on antiquated facts and lack of awareness of the organization's current and future operating conditions in the current business environment, financial measures alone are unable to provide incentives for an organization's success [21]. Financial measures by themselves became outdated over time, so a mix of nonfinancial and financial measures was thought to be required for an organization's survival and success.

According to [22], financial indicators cannot account for management actions in the organization yet in today's modern business, the action of the management as part of intangible resources, account to performance. A balanced scorecard model is recognized widely as being a powerful way of linking organizational goals to performance measures [23]. Organizational performance was assessed using a balanced scorecard, which incorporates financial and nonfinancial measures. An organization's performance, as measured by its customer and financial metrics, its internal metrics, and its learning metrics is evaluated using a balanced scorecard [24].

According to [25], the balance scorecard model would give the company feedback from both inside and outside, enabling it to perform better. In contrast to organizations that use both monetary and non-monetary metrics to appraise performance now and, in the future, [26,27] and [28] conclude that organizations that solely use financial metrics to evaluate their performance do not evaluate the organization's performance in the fullest sense. One of the limitations of the balanced scorecard model is that it places a greater emphasis on internal factors and a lesser emphasis on external factors. Student enrollment, university academic performance, and academic audits (missing marks, completion rate, and education quality), and number of new academic programs are examples of nonfinancial aspects while the financial aspects included financial viability, that were measured using the balanced scorecard model in the current study.

2.1.2. Institutional Theory

As of 1983, Powell and DiMaggio developed the Institutional theory. Organizations are correlated not only with their internal participants but also with those outside their organization such as customers, participants, regulators, trade union, government, and professional organizations are all components of the business environment [29]. [30] argued, institutional environment is best described by standards and ethics from stakeholders who are investors, customers, cooperating organizations and government. In institution field, organization strategies may thrive or diminish depending on the impact of the regulations put in place [31].

The institutional framework denoted that, organization strategies need to be aligned with the regulatory environment which has a set of norms, values and principles to inform its legitimacy to its stakeholders [32]. As such, organizations should invest in enhancing their perceived legitimacy as well as their actual legitimacy in certain environments, both internally and externally. It is through the congruence between an organization and its context that organizations endure and thrive [33]. A critical aspect of organization performance lies in the link between organizational strategies and the institutional field for the strategies put in place in the organization must be in tandem with the existing rules and regulations stipulated by the institution [34].

According to [6], public universities are regulated by the government through Commission of University Education (CUE) rules, standards and regulations which stipulate how those institutions should operate and be governed. In Commission of University Education, you will find information about university regulations as well as university standards and guidelines. Regulations contains guidelines which are directives outlining how the universities will conduct its business [35]. In this view, institutional theory was used to ground moderating variable (regulatory framework) in this study.

2.1.3. Dynamic Capabilities Theory

Teece, Pisano, and Shuen developed the dynamic capability theory in 1997. They claimed that dynamic capabilities were seen as a means of enhancing the resource-based perspective. The Dynamic Capability Theory was put forth as a theory that addresses the shortcomings of RBV theory in order to counteract the ever-changing market environment [36]. Integration of resources, organizational procedures, and pathways may have an impact on dynamic capability[37]; [38]. If unique, assets like organizational proficiency and technical know-how put the company in a sustainable position going forward [39].

According to [40], businesses should be able to acquire and adjust to new information that can be added to their knowledge base and used to guide their actions in order to survive in a constantly shifting business environment. [41] denoted that, understanding which strategy to restructure and when to do so is therefore a key dynamic capability that helps the organization gain and maintain a competitive edge and, as a result, improve organizational performance. According to [42], restructuring strategies are an organization's ability to effectively group resources in a distinctive manner in order to achieve performance.

Dynamic capabilities, according to [43], help organizational dimensions intentionally reorganize their structures in the concept of strategy restructuring, shape, and integrate their internal and external resources to quickly and effectively respond to changes in the business environment. Similar to this, restructuring strategies enable the organization to identify, incorporate, and apply new knowledge, which effectively and efficiently shapes the organization in the ever-changing business environment, as noted by [44]. Because the theory is abstract and the underlying operational processes make it difficult to measure empirically, it lacks operational legitimacy [45].

The study's theoretical concepts of operations redesign restructuring, downsizing restructuring, and governance reform restructuring strategies were based on dynamic capabilities theory. These strategies were used as an independent variable to indicate the following: automating services, streamlining processes, eliminating redundant procedures, restructuring jobs, and decentralizing functions in the university; reducing the number of employees and departments; combining roles, minimizing employee benefits; redesigning the top management team; and altering the composition, appointment criteria, compensation, decision-making, and resource allocation criteria. Additionally, resources should be regularly rearranged to better suit the current environment and raise the standard of services provided by the university. Organizations operating in a constantly shifting environment must have restructuring strategies that can adapt to the turbulent environment, according to [46].

2.2. Empirical Literature Review

Based on how the chosen research variables interact, this section reviews the body of existing empirical literature.

2.2.1. Operations Redesign Strategy and Performance of Selected Public Universities

A study by [47] on demerger strategy as an operation redesign restructuring on performance of state department for trade and enterprise development in Kenya. Data was collected from 146 employees in the study area. The study used descriptive survey. According to the results of the linear regression study, the operation redesign restructuring did have a substantial and positive link with performance. The study used a trade department and the findings may not be used to represent the education sector whose environment is distinct.

Another study by [48] using information from the audited financial statements of 30 Vietnamese commercial banks from 2007 to 2019, investigated the effect of operations redesign restructuring on the financial performance of commercial banks trading on HOSE and HNX in Vietnam. The estimated techniques utilized to improve the study's regression coefficient's accuracy include pooled least squares, fixed effects model, random effects model, and system generalized moment regression model. The study's findings indicate that operations redesign restructuring impacted financial performance positively. The study used secondary data recorded from 2007 – 2019 whose findings may not relate to the current trend in the education sector. Current study used primary data which reflect the current trend in the universities.

[49] carried out a study to determine how redesigning operations in the accounting systems would affect the performance of the organization. The study collected information from the management teams of fifty businesses in the Republic of Ecuador's industrial sector. The partial least squares method of data analysis revealed that organizational performance is positively impacted by operations redesign restructuring. Aside from the inherent contextual gap, the researcher neglected to verify important hypotheses of the empirical model that was applied to the statistical analysis in this investigation.

[50] study looked in to operation redesign as a restructuring strategy on the performance of Kenya National Audit Office. RBV, diffusion of innovation, dynamic capability, and expectation theories served as the study's pillars. The study resulted to descriptive research design. A stratified random sample of 157 employees at the headquarters, structured questionnaires were used to collect data. Process redesign restructuring strategies and performance were significantly correlated, according to the study findings. The study focused on a single restructuring strategy but this study focused on a number of restructuring strategies, including redesigning operations, downsizing, and governance reform making it difficult to generalize the finds with the university performance.

[51] carried out a study on operation redesign restructuring on the performances of 24 Nigerian consolidated deposit money banks between 2002 and 2017. The aim of the study was to evaluate the potential impact of merger and acquisition strategies on the corporate survival of banks and investigate the potential for profit enhancement. data was gathered from the bank's published financial statements, between 2005 and 2017. Secondary data was analyzed using the ordinary least squares approach, and the results revealed, there is a statistically significant association between merger and acquisition and the performance of the chosen variables. The study used ordinary least squares where outliers and significant observations might cause t to become skewed and lose accuracy in its estimations. The current study used descriptive and inferential statistics.

Research Hypothesis:

***H_{01}**: Operations redesign restructuring strategy has no significant effect on performance of selected public universities in Kenya.*

2.2.2. Downsizing Restructuring and Performance of Selected Public Universities

A study by [52] on the effect of downsizing strategy in an organization reviewed 44 empirical articles and employed thematic analysis with an aim of finding out how organizations can implement the downsizing restructuring strategy while applying the best fit practice. The study concluded, restructuring techniques that involve downsizing had a positive impact on the performance of the organizations under study in the chosen context yet the downsizing strategies had a comparatively greater impact on performance than revenue-generating strategies. The study used empirical literature whereby it used conclusions from other researchers to draw inferences but current study collected and analyzed its own data in order to draw conclusions.

[53] examined downsizing strategies in Kenya media industry performance. 131 managers from Royal Media Services, Nation Media Group and Standard Group Limited were randomly selected to complete a questionnaire for data collection. The study used Pearson's correlation analysis to analyze data. The outcome indicated, process centralization, cost restructuring, downsizing and governance reformation had significant effect on the performances of media firms. Researchers used Pearson correlation, a method lacking statistical rigor, to assess restructuring strategies' effects on performance lacking the adequacy to explain the effect of restructuring strategies assumed in the study. The current study used descriptive and inferential statistics to analyze data so as to adequately explain the effect of downsizing restructuring strategy on performance.

A study by [54] on downsizing restructuring effect on performance of medical research centers in Kenya. Descriptive research design was espoused. During the study, 272 staff members of the centers participated. Observable logical survey was conducted when collecting the study data. Observations as well as assumptions gathered from the research of earlier researchers were used when gathering information on the organization's performance. Study findings showed that downsizing strategy improves performance of the medical research centers in the long run. Data collected through observable survey methods may be biased because it's subjective and the findings may not be used to draw inferences in studies on performance of public universities. Current study used semi-structured questionnaire to collect data and analyzed the data to get objective results.

[55] carried out a study aiming at finding out the effect of downsizing strategies on selected Kenyan cooperative societies. The study espoused on descriptive research design. Questionnaire which was structured was run on 35 manager employees who were randomly selected to be the respondents. Using the financial statements of the cooperative saving and credit society, secondary data was collected. The data was analyzed by descriptive statistics and correlations. A positive effect was found on performance from applying downsizing strategies. The study did not incorporate merging of roles and eliminating programs in the downsizing restructuring which the current study sought to address.

Research Hypothesis:

H_{02}*: Downsizing restructuring strategy has no significant effect on performance of selected public universities in Kenya*.

2.2.3. Governance Reform Restructuring and Performance of Selected Public Universities

[56] investigated on the effect governance restructuring has on reforms in the health system in Ireland. The case study was on all the five new health regions, in Ireland, in the period between 2018–2023. Qualitative data was utilized in the study. Thematic analysis methodology was employed to analyze the interviews. The findings reported CEO duality and board independence were found not to favour firms' performance however, size of the board favored performance in the organization. The study resulted into qualitative data which has the tendency of being biased and subjective but the current study resulted into quantitative data so as to provide objective results.

[57] investigated on how governance reform strategy affect performance of listed manufacturing organizations based in Ghana during the period 2009-2013. The study used panel data analysis and the findings revealed both board independence and gender diversity negatively influenced the returns of the firm's assets as well as return on equity, whereas the size of the board had no significant impact on the organization. The study portray contextual gap in that, current study looked into Kenya's higher education sector as opposed to Ghana manufacturing sector.

[58] intended to find out governance reform strategy effect on value of organizations in 41 selected countries. Resulted to difference-in-differences research design so as to compare outcomes overtime. Firm value is increased by governance reforms, according to the findings. Valuation increases are driven by reforms involving the independence of board of directors of an organization as well as the audit committee, but not by reforms that separate the officer positions of chairman and chief executive officer. The study used difference-in-differences research design while current study applied quantitative research design.

[59] study on how selected Nigerian banks' performance was impacted by governance reforms between 2003 and 2014. A total of 7 banks were selected for the study using judgmental sampling technique. The study used secondary data. Data was analyzed using ordinary least squares regression analysis. By measuring return on capital employed by banks, the findings found that board composition did not influence their financial performance. Researcher focused on a single governance reform aspect of restructuring strategies and in addition the study focused entirely on financial performance without incorporating nonfinancial aspects but the current study incorporated several aspects of governance reform restructuring such as reviewing compensation and effective resource allocation.

Research Hypothesis:

H_{03}*: Governance reform restructuring strategy has no significant effect on performance of selected public universities in Kenya.*

2.2.4. Restructuring Strategies, Regulatory framework and Performance of Selected Public Universities

A sampling of regulatory framework literature provides a foundation from which this study has been developed. Among the contributors are a study by [60] who sought to determine how government policies and regulations moderate the link between organization strategies and performance. Primary data was gathered from 419 managers from 36 selected star rated hotels in the Kenyan coast. A descriptive cross-sectional survey design was used in the investigation. Descriptive and inferential analysis were both used to analyze the data. The study revealed that, there existed an association between related diversification tactics and the performance of star-rated hotels signifying they were improved by government rules and regulations.

[61] sought to find out how regulatory quality interlinks with and financial development with economic growth as well as volatility in both developing and developed economies. The study used secondary data and resulted into the Generalized approach of Moments to verify the robustness of the Panel Corrected Standard Error estimate approach. The study revealed that regulatory quality does not moderate the relationship between financial development and economic volatility in developing nations while it moderates in developed ones.

[62] study investigated on the legislative framework's moderating effect on the efficiency of Kenya's energy development agencies' global supplier chains and procurement procedures. The top and middle level managers from 6 agencies of Kenya energy development were purposely sampled. A cross-sectional survey research design was used in the study. The investigation revealed that there was significant moderating effect between the government regulations and performance.

In [63], both experimental and descriptive methods were used to assess how Kenya's legislative framework affected public-private partnerships on roads. There were 111 road-related institutions included in the investigation, and the entire population was subjected to a survey. It was revealed that, government policy which was a moderating factor, moderated the relationship between oversight frameworks and performance.

[64], carried out a case study by conducting an analysis to find out how procurement processes are linked to policies which served as the regulatory framework in Nairobi city council. A structured questionnaire was administered on 87 procurement workers who were randomly chosen to participate in the study. Use of descriptive statistics was desirable in the data analysis. The study denoted, there was a moderating effect of the regulatory framework in which organizational performance was observed to be significantly affected by procurement processes.

Research Hypothesis:

***H_{04}*: Regulatory framework has no moderating effect on the relationship between restructuring strategies and performance of selected public universities in Kenya.*

3. Research Methodology

The current study was motivated by positivist research philosophy, which assumes that there will be no inference of the research through subjective perspectives and events under investigation will not be manipulated to suit a certain narrative [65]. [66] implied that knowledge is useful only if it is grounded on evidence obtained from direct observations and experiences and then empirically tested. In order to make sure that the empirical data gathered during the research process adequately addressed the research problem by testing the proposed relationships, the study used an explanatory research design as proposed by [67].

Thirty-one Kenya public universities received charters between 2013 and 2017, according to [6]. Only 22 of them were granted charters in 2013, and since they had all undergone restructuring and had operated in the same setting for the same amount of time, they were selected to take part in this study. The public's outcry over public universities' performance led to their selection for this study. University vice chancellors, two deputy chancellors, two registrars, and the chief financial officer were among the study's respondents. Deans, directors, and chairpersons represented middle and lower-level management, respectively. A semi-structured questionnaire was used to gather data, and its validity and reliability were guaranteed.

The following research question was addressed by the study; Do restructuring strategies and regulatory framework affect the performance of selected public universities in Kenya? This was resolved by involving two steps. Step one; regressed restructuring strategies on performance of selected public universities in Kenya which hypothesized 'Restructuring strategies (operations redesign, downsizing, and governance reform) have no significant effect on the performance on selected public universities in Kenya'. Step two; regressed regulatory framework on the relationship between restructuring strategies and performance of selected public universities in Kenya which hypothesized 'Regulatory framework have no significant moderating effect on the relationship between restructuring strategies and performance of selected public universities in Kenya'.

4. Results and Discussion

This section presents the study's conclusions.

4.2. Test of Hypotheses

The hypotheses developed for this study were empirically tested using multiple regression model analysis. The objectives of the study were; to establish the effect of operations redesign restructuring, to determine the effect of downsizing restructuring, and to establish the effect of governance reform restructuring on the performance of selected public universities in Kenya; and as well to determine the moderating effect of regulatory framework on the relationship between restructuring strategies and performance of selected public universities in Kenya while the null hypotheses were H_{01}: *Operations redesign restructuring has no significant effect on performance of selected public universities in Kenya.* H_{02}: *Downsizing restructuring has no significant effect on performance of selected public universities in Kenya.* H_{03}: *Governance reform restructuring has no significant effect on performance of selected public universities in Kenya.* The results for direct relationship were summarized in Table 1.

Table 1. Multiple Regression Results for Direct Relationship

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
`	.863[a]	0.744	0.742	0.09534		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.925	3	2.975	327.291	.000[b]
	Residual	3.063	337	0.009		
	Total	11.988	340			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.566	0.086		18.286	0.000
	Operations Redesign Restructuring	0.156	0.027	0.196	5.798	0.000
	Downsizing Restructuring	1.54	0.102	1.576	15.088	0.000
	Governance Reform Restructuring	-0.888	0.095	-0.928	-9.355	0.000

a Dependent Variable: University Performance
b. Predictors: (constant), Operations Redesign Restructuring, Downsizing Restructuring, Governance Reform Restructuring

Table 1 indicates that the adjusted R Square was 0.742. This means that the independent variables (operations redesign restructuring, downsizing restructuring, and governance reform restructuring) jointly explain 74.2% of the changes in the performance of selected public universities. Conversely, variables outside the purview of this study account for 25.8% of performance of selected public universities in Kenya.

The F-statistic was F (3, 337) = 327.291 with a p-value of 0.000, which means that the regression model was statistically significant at the 0.05 level of significance. This indicates that the model provides a good fit for the data and that the independent variables are significant predictors of performance of selected public universities.

The estimated regression model for the direct relationship was:

University Performance = 1.566 + 0.156(Operation Redesign Restructuring) +1.540(Downsizing Restructuring) − 0.888(Governance Reform Restructuring) ... Model 1

These results suggest that operations redesign restructuring and downsizing restructuring have a positive and significant effect on performance of the selected public universities, while governance reform restructuring has a negative and significant effect on performance of the selected public universities.

The first objective of this investigation was to find out the effect of operations redesign restructuring on performance of selected public universities in Kenya and the null hypothesis was H_{01}: Operations redesign restructuring has no significant effect on performance of selected public universities in Kenya. The regression model in Table 1 demonstrates that the effect of operations redesign restructuring is statistically significant, with a coefficient (β) of 0.156, a t-value of 5.798, and a p-value of 0.000 which is below 0.05. The conclusion therefore follows, reject the null hypothesis and thus, it may be concluded that, with a 95% degree of confidence, operations redesign restructuring improves the performance of selected public universities in Kenya. Remarkably, a 0.156 improvement in performance is obtained with every unit increase in operations redesign restructuring.

The second objective was to determine the effect of downsizing restructuring on the performance of the selected public universities in Kenya, whose hypothesis was H_{02}; Downsizing restructuring has no significant effect on performance of selected public universities in Kenya. The study found that downsizing restructuring significantly improves the performance of selected Kenyan public universities. A unit increase in downsizing result in a 1.540 increase in performance, as indicated by the statistically significant regression results (β = 1.540, p = 0.000).

The results indicate p- value is 0.000 which is below 0.05, replying lack of sufficient statistical evidence to fail to reject the null hypothesis, downsizing restructuring has no significant effect on performance of selected public universities in Kenya, and therefore its concluded, with a 95% degree of confidence, downsizing restructuring improves the performance of selected public universities in Kenya.

The third specific objective was to establish the effect of governance reform restructuring on performance of selected public universities in Kenya whose Hypothesis was H_{03}; Governance reform restructuring has no significant effect on performance of selected public universities in Kenya. The study found that governance reform restructuring negatively affects the performance of selected public universities in Kenya. A unit change in governance reform result in a 0.888 decrease in performance, as shown by the statistically significant regression results (β = -0.888, p = 0.000).

The p values of 0.000 which is less than 0.05 denotes lack of sufficient statistical evidence to fail to reject the null hypothesis, Governance reform restructuring has no significant effect on performance of selected public universities in Kenya and therefore conclude that governance reform restructuring negatively affect performance of selected public universities.

H_{04}: Regulatory framework has no moderating effect on the relationship between restructuring strategies and performance of selected public universities in Kenya. The hypothesis was assessed by utilizing a two-step regression model as suggested by [68]. The model suggests that if there is a general effect to be moderated, testing for moderation would entail checking if the coefficient for the interaction term is statistically significantly different from zero. The first step involved regressing restructuring strategies on performance of selected public universities to determine if there was a significant relationship to be moderated. The results were summarized in Table 2.

Table 2. Regression Results for Restructuring Strategies on University Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.806[a]	0.649	0.647	0.11151

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.785	2	3.893	313.027	.000[b]
	Residual	4.203	338	0.012		
	Total	11.988	340			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.488	0.101		14.78	0.000
	Restructuring Strategies	0.679	0.044	0.659	15.492	0.000

a. Dependent Variable: University Performance
b. Predictors: (constant), Restructuring Strategies

Table 2 indicates that the adjusted R squared was 0.647, implying that restructuring strategies explain 64.7% of the variation in university performance at the 95% significance level. The model was statistically significant with an F (2, 338) = 313.027 and a calculated probability of 0.000. The summary for model 4.5 was:

University Performance = 1.488 + 0.679 Restructuring Strategies ………………… Model 2

The model indicates that restructuring strategies was statistically significant with β=0.679; t = 15.492; p = 0.000 and β=0.153; t = 4.762; p = 0.000. This suggests that there was a significant relationship between restructuring strategies and performance on selected public universities. The performance of selected public universities can be improved by 0.679 units with an increase of one unit in restructuring strategies. Considering that the statistical significance of the beta coefficient for restructuring strategies was revealed at the 0.05 margin of error. The second step involved regressing restructuring strategies, regulatory framework, and the interaction term on performance of selected public universities. The results were summarized in Table 3.

Table 3 indicates that the adjusted R squared was 0.698, implying that both restructuring strategies, the regulatory framework, and their interaction explain 69.8% of the variation in performance of selected public universities at the 95% significance level. The model was statistically significant with an F (3, 337) = 262.788 and a calculated probability of 0.000. This statistical test, which was statistically significant at the 95% confidence level and 0.05 margin of error, verifies that the estimated model offers the best fit for the observed data. The summary for model 3 was:

University Performance = -1.012 + 1.504 Restructuring Strategies + 1.005 Regulatory Framework - 0.280 (RF*RS) ………………………………. Model 3

The model demonstrated that the regulatory framework, restructuring strategies, and moderator (RF*RS) were statistically significant at β=1.504; t = 12.964; p = 0.000, β=1.005; t = 8.648; p = 0.000, and β= -0.280; t = -7.587; p = 0.000, respectively, due to the fact that the p-value was less than the threshold of 0.05. At the five percent significance level, it is also noteworthy that the parameters for the interaction term and restructuring strategies are statistically significant. The fact that the regulatory framework is a moderating variable was confirmed by the statistical significance of the interaction term in Model 3.

Consequently, the null hypothesis, that the regulatory framework has no moderating effect on the relationship between restructuring strategies and the performance of selected public universities in Kenya, was not sufficiently supported by statistical evidence therefore it was rejected. The strength and direction of the moderation were indicated by the action term in this equation implying, a unit increase in the regulatory framework causes a 0.280 decrease on performance of selected public universities in Kenya.

Table 3. Regression Results for Moderation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.837[a]	0.701	0.698	0.10321

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.398	3	2.799	262.788	.000[b]
	Residual	3.59	337	0.011		
	Total	11.988	340			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.012	0.342		-2.956	0.003
	Regulatory Framework	1.005	0.116	1.334	8.648	0.000
	Restructuring Strategies	1.504	0.116	1.458	12.964	0.000
	(RF*RS) (Moderator)	-0.28	0.037	-1.776	-7.587	0.000

a. Dependent Variable: University Performance

b. Predictors: (Constant), (Regulatory Framework (RF)*Restructuring Strategies (RS)), Restructuring Strategies, Regulatory Framework

Table 4. Decision Criteria for Moderation

Model	R Square	β1	p	Conclusion
Model 2	0.649	0.679	0.000	There was an overall relationship to be moderated
Model 3	0.701	$\beta_1 = 1.504$	0.000	$\beta_2 = 1.005$ (p = 0.000)
Test		$\beta_1 - \beta_2 = 0.679 - 1.504 = -0.825$	β_1 in model 3 is greater than β_1 in model 2	
Conclusion				There was significant moderation

Table 4 indicated that the regulatory framework significantly moderates the relationship between restructuring strategies and performance of selected public universities. It was noted that for each unit increase in regulatory framework, the performance of selected public universities increased by 1.005. However, the interaction term between regulatory framework and restructuring strategies had a significant impact on the relationship, as indicated by the negative coefficient (-0.825) difference between the beta coefficients in Model 2 and Model 3. This implies that while regulatory frameworks independently enhance performance, their interaction with restructuring strategies offsets some of these positive effects. Therefore, at a 95 percent confidence level, it was concluded that the regulatory framework significantly moderates the relationship between restructuring strategies and performance of selected public universities in Kenya.

[64] demonstrated that regulatory frameworks play a crucial role in moderating organizational performance, particularly in the procurement processes in Nairobi County. However, these findings contrast with those of [61], who found no significant moderating effect of regulatory frameworks on the financial performance of selected developing economies. The differences in findings could be attributed to variations in the operationalization of regulatory frameworks across different sectors and countries.

In alignment with the institutional theory, which emphasizes the alignment of organizational operations with external regulations and norms to achieve legitimacy and performance [29], the study underscores the importance of public universities in Kenya navigating and harmonizing restructuring strategies within established regulatory frameworks to optimize performance outcomes.

5. Conclusion

This study examined the moderating effect of regulatory framework, which included commission of university education quality standards on aspects such as quality education, quality assurance, and the quality of learning facilities, on the relationship between restructuring strategies and performance of public universities in Kenya, and found it to significantly moderate this relationship. The results indicated that a supportive regulatory framework enhances the positive effects of restructuring strategies on university performance. This highlights the critical role of regulatory policies and standards in ensuring that restructuring efforts lead to sustainable improvements in performance of the university.

6. Recommendations

The results of this study have significant policy and practice ramifications that can be used to improve performance in Kenya's public universities. While carefully reevaluating the approach to governance reform restructuring to lessen its negative effects, this study advises policymakers to concentrate on bolstering operations redesign strategies and downsizing strategies to improve performance in the chosen public universities. Also, policy makers in public universities should strive to adopt and maintain high standards of quality education and assurance as outlined by the Commission of University Education, performing regular quality checks of academic programs and ensuring that teaching facilities meet recommended standards.

7. Limitations and Future Research

The study only looked at a few public universities in Kenya, so even though the findings are insightful for the field, private universities should proceed with caution when extrapolating from them. Also, the study was limited to regulatory framework as the moderating variable between restructuring strategies and performance of public universities, yet there are many other moderating factors advanced by different scholars. The coefficient of determination indicated there exist factors other than combination of restructuring strategies and regulatory framework, that play an important role in explaining the variation in performance of selected public universities in Kenya. Therefore, future studies could focus on identifying these additional elements to enhance the empirical literature on the idea of performance.

References

[1] Rubera, D. (2022). Moderating Role of Regulatory Framework on the Relationship between Leadership Practices and Performance of Chartered Universities in Kenya. *African Journal of Emerging Issues*, *4*(13), 26 - 44.

[2] Ahmad, S., & Ahmed, A. (2023). The role of leadership in effective implementation of quality assurance mechanisms in higher education: an exploratory case study from Pakistan. *Quality Assurance in Education*, *31*(2), 230-246.

[3] Salaries & Remuneration Commission. (2023). *Annual Report and Financial Statements for the Financial Year Ended 30 June 2022*.

[4] Priyadarshini, A. (2021). Learning Outcomes based Curriculum Framework for Distance Learning Programmes for Achieving Quality Education. *Indian Journal of Adult Education*, *82*(1), 3-13.

[5] Sila, C. M., Kerogo, H. O., & Njagi, E. (2024). Organizational Innovations and Performance of Public Universities in Kenya. *International Journal of Research and Innovation in Social Science*, *8*(2), 1025-1038.

[6] Commission for University Education (2022). State of University Education in Kenya. *Government Printers.*

[7] Githui, F. K., & Nafula, F. J. (2023). Influence of Market Development Strategies on Organizational Performance of Kenyan Public Universities. *International Journal of Science and Business*, *26*(1), 187-195.

[8] Feng, C. (2017). The NGO law in China and its impact on overseas funded NGOs. *Cosmopolitan Civil Societies: An Interdisciplinary Journal*, *9*(3), 95-105.

[9] Chokaa, V., 2023. Regulatory Framework and Financial Corporate Compliance in Public Universities in Kenya. *Journal of Finance and Accounting*, *3*(1), pp.9-16.

[10] Heiss, A., & Kelley, J. (2017). Between a rock and a hard place: International NGOs and the dual pressures of donors and host governments. *The Journal of Politics*, 79(2), 732-741.

[11] Baxt, R. (2018). Thinking about the regulatory mix: Companies and securities and trade practices. *The Future of Australian Business Regulation, Australian Institute of Criminology, Canberra.*

[12] Commission for University Education (2018). Summary Report of the Quality Audit Inspection of Universities Authorized to Operate in Kenya. *Government Printers.*

[13] Commission for University Education (2017). State of University Education in Kenya. *Commission for University Education, Nairobi*, Kenya.

[14] Oluoch, F. O. (2021). *Strategic Leadership and Financial Sustainability of Non-Governmental Organizations in Kenya* (Doctoral dissertation, United States International University-Africa).

[15] Yousafzai, M. T., Nawaz, M., & Khan, S. (2022). Assessing Governance and Regulatory Reforms: A Public Policy Analysis of Universities in KPK. *Journal of Managerial Sciences*, *16*(2), 16-29.

[16] Ezzat, R. A., & Aboushady, N. (2018). Do restrictive regulatory policies matter for telecom performance? Evidence from MENA countries. *Utilities Policy*, *53*, 60-72.

[17] Kaplin, W., & Lee, B. (2018). The law of higher education (5th ed.). San Francisco, CA: *Jossey Bass Publishers*.

[18] Segismundo, M.C.D. (2017). Measuring Accreditation Experience: Impacton the Quality of Education of Selected ASAS Member-Schools In Luzon and the NCR. *International Journal of Education and Research, 5(7), 289-300. Students (6th ed.).* Pearson Education Limited.

[19] Ahmad, R., Bin Mohammad, H., & Nordin, S. B. (2019). Moderating effect of board characteristics in the relationship of structural capital and business performance: Evidence on Pakistan textile sector. *Journal of Studies in Social Sciences and Humanities*, *5*(3), 89-99.

[20] Kaplan, R. S. & Norton, D. P. (2008). The Execution Premium: Linking Strategy to Operations for Competitive Advantage. *Harvard Business School Publishing: Boston, United State of America*.

[21] Kaplan, R. S. & Norton, D. P. (2007). Using the Balanced Scorecard as a Strategic Management System. *Harvard Business Review, July-August:* 150–161.

[22] Wiersma, E. (2008). An Exploratory Study of Relative and Incremental Information Content of Two Non-Financial Performance Measures: Field Study Evidence on Absence Frequency and On-Time Delivery. *Accounting, Organizations and Society*, 33:249–265.

[23] Banker, R. D., Chang, H., & Pizzini, M. J. (2004). The balanced scorecard: Judgmental effects of performance measures linked to strategy. *The Accounting Review*, *79*(1), 1-23.

[24] Kaplan, R. S. & Norton, D. P. (1996). The Balanced Scorecard: Translating Strategy into Action. *Harvard Business School Publishing: Boston, United State of America*.

[25] Margarita, I. (2008). The Balanced Scorecard Method: From Theory to Practice. *Intellectual Economics,* 1(3):18–28.

[26] Kaplan, R. S. & Norton, D. P. (2004). Strategy Maps: Converting Intangible Assets into Tangible Outcomes. *Harvard Business Press, Boston, MA, United State of America*

[27] Kotane, I. & Kuzmina-merlino, I. (2015). Analysis of Small and Medium Sized Enterprises' Business Performance Evaluation Practice at Transportation and Storage Services Sector in Latvia. *Procedia Engineering* 178:182-191.

[28] Lueg, R. & Vu, L. (2015). Success Factors in Balanced Scorecard Implementations – A Literature Review. Management Revue. *Socio-economic Studies*, 2015, 26(4), 306-327.

[29] DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 147-160.

[30] Mbindyo, R., Kioko, J., Siyoi, F., Cheruiyot, S., Wangai, M., Onsongo, J., ... & Miriti, K. (2020). Legal and institutional foundations for universal health coverage, Kenya. *Bulletin of the World Health Organization*, *98*(10), 706.

[31] Pallotti, F., & Lomi, A. (2011). Network Influence and Organizational Performance: The Effects of Tie Strength and Structural Equivalence. *European Management Journal*, 29(5), 389-403.

[32] Porter, M. E. (1980) Extracts from Competitive Strategy: Techniques for Analyzing Industries and Competitors: With a New Introduction (ix-xxviii; 1-48). New York, NY: *The Free Press USA*.

[33] Daft, R. L., & Samson, D. (2014). Fundamentals of Management*: Asia Pacific Edition PDF*.

[34] Husted, B. W., & Allen, D. B. (2006). Corporate Social Responsibility in the Multinational Enterprise: Strategic and Institutional Approaches. *Journal of International Business Studies,* 37(6), 838-849.

[35] Madanji, O. G. (2014). Determinants of the trend of demand for and supply of university education in Kenya. *Unpublished PHD Thesis. Kenyatta University*.

[36] Galvin, P., Rice, J., & Liao, T. (2014). Applying a Darwinian Model to the Dynamic Capabilities View: Insights and Issues. *Journal of Management & Organization*.

[37] Teece, D., & Pisano, G. (1994). The Dynamic Capabilities of Firms: an Introduction. *Strategic management journal,* 3(3), 537–556.

[38] Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18(7):509-53.

[39] Pisano, G. P. (2017). Toward a prescriptive theory of dynamic capabilities: connecting strategic choice, learning, and competition. *Industrial and Corporate Change*, 26(5), 747-762.

[40] Harvey, G., Skelcher, C., Spencer, E., Jas, P. & Walshe, K. (2010). Absorptive Capacity in a Non-Market Environment. *Public Management Review* 12(1):77-97.

[41] Helfat, C. E. & Winter, S. G. (2011). Untangling Dynamic and Operational Capabilities: Strategy for the (N) Everchanging World. *Strategic Management Journal,* 32:1243-1250.

[42] Maphalla, R. E. (2020). *Exploring the role of dynamic capabilities as a core competency on sustainable innovation in the mining industry*. University of Pretoria (South Africa).

[43] Al Dhaheri, M., Ahmad, S. Z., Abu Bakar, A. R., & Papastathopoulos, A. (2023). Dynamic capabilities and SMEs competitiveness: the moderating effect of market turbulence. *Journal of Asia Business Studies*.

[44] Haarhaus, T., & Liening, A. (2020). Building dynamic capabilities to cope with environmental uncertainty: The role of strategic foresight. *Technological Forecasting and Social Change*, *155*, 120033.

[45] Bleady, A., Ali, A. H., & Ibrahim, S. B. (2018). Dynamic capabilities theory: pinning down a shifting concept. *Academy of Accounting and Financial Studies Journal*, *22*(2), 1-16.

[46] Dias, Á. L., Santos, J. M. B. D., & Pereira, R. T. D. F. B. (2020). The role of entrepreneurship on the foundations of dynamic capabilities. *International Journal of Entrepreneurial Venturing*, *12*(2), 208-227.

[47] Chege, P., Gachuru, G., & Njan, J. (2022). The effect of demerger strategy on organizational performance: A case study of State Department for Trade and Enterprise Development, Kenya. *African Multidisciplinary Journal of Research*, 7(1), 450-462.

[48] Duong, T. T. N., & Nguyen, H. Q. (2021). Bank restructuring and financial performance: A case study of commercial banks in Vietnam. *The Journal of Asian Finance, Economics and Business*, *8*(10), 327-339.

[49] Ugalde Vasquez, A. F., & Naranjo-Gil, D. (2020). Management accounting systems, top management teams, and sustainable knowledge acquisition: Effects on performance. *Sustainability*, *12*(5), 2132.

[50] Akumu, L. & Nzulwa, J. (2018). The relationship between restructuring strategies and performance: a case of Kenya National Audit Office. *International Academic Journal of Human Resource and Business Administration,* 3(3), 289-310.

[51] Emmanuel, K. A., Ayuba, B., & Tanimu, A. (2018). Impact of merger and acquisition on the performance of Deposit Money Banks in Nigeria. *Nigerian Journal of Management Sciences*, 6(2), 87–97.

[52] McLachlan, C. J. (2022). Developing a framework for responsible downsizing through best fit: the importance of regulatory, procedural, communication and employment responsibilities. *The International Journal of Human Resource Management,* 33:1, 16-44.

[53] Kinyua, F., & Kihara, A. (2021). Influence of organization restructuring on performance of selected media firms in Kenya. *Journal of Business and Strategic Management*.

[54] Saisi, M. M. & Kariuki P. (2020). Influence of Downsizing on the Performance of Medical Research Centers in Kenya. *International Journal of Management and Commerce Innovations* 8 (1), (103-109).

[55] Ingow, A. U., & Opuodho, G. (2019). Effect of corporate restructuring on financial performance of SACCOS in Kenya. *International Journal of Recent Research in Commerce, Economics and Management, 6*(4), 199-204.

[56] Schulmann, K., Bruen, C., Parker, S., Siersbaek, R., Conghail, L. M., & Burke, S. (2024). The role of governance in shaping health system reform: a case study of the design and implementation of new health regions in Ireland, 2018–2023. *BMC Health Services Research, 24*(1), 578.

[57] Sarpong-Danquah, B., Gyimah, P., Afriyie, R. O. & Asiama, A. (2018). Corporate Governance and Firm Performance: An Empirical Analysis of Manufacturing Listed Firms in Ghana. *Accounting and Finance Research* 7 (3).

[58] Fauver, L., Hung, M., Li, X., & Taboada, A. G. (2017). Board reforms and firm value: Worldwide evidence. *Journal of Financial Economics*, *125*(1), 120-142.

[59] Udeh, F. N. & Abiahu, M. C., Tambou, L. E. (2017): Impact of Corporate Governance on Firms Financial Performance: A Study of Quoted Banks in Nigeria. *Published in: The Nigerian Accountant,* 2 (50), 54-62.

[60] Owenga, J., Mutinda, R., & Mapelu, I. (2024). Moderating Effect of Government Policies and Regulations on the Relationship between Diversification Strategies and Organizational Performance among Star Rated Hotels in the Kenyan Coast. *International Journal of Research and Innovation in Social Science, 8*(1), 866-880.

[61] Ullah, W., Zubir, A. S. M., & Ariff, A. M. (2024). Exploring the moderating effect of regulatory quality on the relationship between

financial development and economic growth/economic volatility for developed and developing countries. *Borsa Istanbul Review*.

[62] Mutangili, S. K., Awuor, E. & Cheluget, J. (2020). Moderating Effect of Regulatory Framework in the Relationship Between International Procurement Practices and Supply Chain Performance of Energy Development Agencies in Kenya. *African Journal of Emerging Issues* 2 (3).

[63] Pedo, M. O., Kabare, K., & Makori, M. (2018). Effect of regulatory framework on performance of public private partnerships road projects in Kenya. *The Strategic Journal of Business & Change Management*, 5(2), 850 – 868.

[64] Karungani, W. P., & Ochiri, G. (2017). Effect of Policy and Regulatory Framework on Organization Performance. A Case Study of Nairobi County, Kenya. *International Journal of Economics, Commerce and Management*, 5(6).

[65] Cooper, R. D. & Schindler, S. P. (2014). *Business Research Methods*. McGraw-Hill.

[66] Saunders, M., Lewis, P., & Thornhill, A. (2007). Research Methods for Business Students.4th Edition. Harlow: *Prentice Hall, Pearson Education Limited*.

[67] Grey, T. M. (2014). *The effects of age and long-term endurance training on VO2 kinetics*. The University of Western Ontario (Canada).

[68] Whisman, M. A. & McClelland, G. H. (2005). Designing, Testing, and Interpreting Interactions and Moderator Effects in Family Research. Journal of Family Psychology, 19(1), 111-120.