

Mediating Effect of Organisational Capabilities on Relational Contract and Performance of Academic Staff at Selected Public Universities in Kenya

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Abstract Academic staff performance in higher education institutions globally, is seen as a fundamental driver of economic growth achieved through the dispersion of knowledge towards manpower development. The complexity of academic staff performance in Kenyan universities has drawn criticism. Relational contract is thought to have an impact on employee attitudes and performance. The objective of the study envisaged examining how organizational capabilities mediated the relationship between academic staff performance and relational contract at selected Kenyan public universities. This study was conducted using descriptive and explanatory research design. This study targeted six public universities whose student populations were above 15,000 and a minimum of 4 similar schools across the universities. The target population was 6 selected public universities with a population size of 6,271 academic staff. The sample size was 362 academic staff of the selected schools in the selected public universities. Primary data was collected using a questionnaire, bearing both structured and semi-structured questions. The findings established that organisational capabilities partially mediated association between academic staff performance and relational contract in selected Kenyan public universities. The study concluded that institutional capabilities such as organizational leadership, organizational communication and organizational culture are necessary ingredients that universities need to

implement sustainable relational contract which can result in not only high performance of staff but also sustainable performance. The study recommends that management of public universities in their pursuit of increased staff performance should invest in modern, working and reliable organisational capabilities which will create a conducive environment for effective management of relational contract between the universities' management and staff.

Keywords Organizational, Capabilities, Relational Contract, Staff, Performance, Universities

1. Introduction

In its Vision 2030 development programme, the Kenyan government stresses a globally competitive education accompanied by significant training and research. According to Wanjala Genevieve, Musungu Eric Achieno [1] there was reduced research activity in public universities in Kenya to an extent that research publications had dropped to about 0.11 per full-time faculty member. Kenya continues to suffer a widening disparity between student enrollment and the availability of qualified lecturers, according to a World Bank report [2] with student-teacher ratios in public universities reaching about 70:1 over time.

Frequent occurrences of strikes in universities affect teaching, research projects and administrative work of the teaching staff. Almost every year, salary disputes between academic staff unions and the government cause public universities to shut down for a few days to several months [2]. A 54-day lecturer strike, for example, led university students to miss nearly an entire semester in 2017. At the end of that year, the academics went on strike for another 38 days, and the trend continued in 2018 from March until around June. The numerous strikes have over the years caused delay in student progression in learning and graduation as well as interfered with university administrative work [2].

According to a survey conducted by the Webometrics in January 2020, Kenyan universities continue to be ranked low internationally based on their performance across all the core objectives which include teaching, research, knowledge exchange, and global perspective. Only University of Nairobi (UoN) and Kenyatta University (KU) were ranked among the top 2000 world ranking coming in at position 1019 for UoN and position 1675 for KU, while in Africa, out of 1701 institutions, only 3 universities were ranked in top 50, UoN at position 11, KU at position 23 and Moi University at position 46 [3]. Mwangi [4] noted that the poor performance in Kenyan universities has been associated with social emotional needs of the workers within these institutions, further stating that workers of various universities had strong dissatisfaction with their work hence were not productive enough.

Relational psychological contract is characterized by loyalty and stability. Employees with a relational psychological contract with their employer build bonds with their employers unlike those with a financially oriented contract [5]. A relational psychological contract is strengthened by socio-emotional and non-economic activities, based on level of trust and organizational obligations on the inside. A contract based on interpersonal or interactive agreement has no set boundaries, is broad-based, dynamic and long term.

Employees with relational contract are usually ready to work overtime hours even when the extra hours are not attached to any extra pay. They do so to assist the organization to achieve its intended objectives [6]. Employees with relational contract are productive leading to better organizational performance. However, according to [7] employees possessing relational psychological contract tend to be more likely distressed whenever there is a violation of the contract, but the devotion entrenched in these contracts mostly cause employees to pursue solutions which uphold their association with the organization. Handy, Gardner, and Davy [8] define such type of contract as a deal between managers and employees which results in a long-term job stability, training opportunities, professional advancement, and support with personal issues in exchange for high performance.

Many scholars have described different categories of

organizational capabilities. Some have divided these capabilities into two categories of operational capabilities and dynamic capabilities. Essentially, operational capabilities are said to enable organizations to perform their everyday activities such as continuous improvement activities [9]. Dynamic capabilities on the other hand, enable organizations to adopt and bring change to the marketplace for instance in research and development activities [10]. While others have categorized organizational capabilities as leadership, learning, customer connectivity, structure, collaboration and accountability.

Waswa [11] noted that organizational capabilities are the collective expertise, skills and abilities the organization possess, which are the outcome of investments in human resource areas of staffing, training, compensation and communication among others. They reflect the process by which resources and people are combined in order to do work. In this study, organizational capabilities are defined as organizational leadership, organizational communication, and organizational culture. They clearly define what the organization is good at accomplishing and, ultimately, what it actually is.

Minimal research has analyzed the mediating effect of organisational capabilities on relational contract and performance of academic staff. Kamau, Maranga, and Mugambi [12] conducted a comparative study of catering employees' psychological contracts and affective commitment at the universities based within Nairobi County. The research considered employee well-being initiatives to moderate the relationship, the current research used human resource policies as the moderating variable. Odhiambo, Mande Wycliffe [13] investigated the psychological contract as a structural explanation for breach among Kenyan secondary school teachers. The current research is focused on Kenyan public universities. In contrast to a study by [14] that concentrated on research, this study examined the performance of the academic staff at a few selected Kenyan public universities and the relational psychological contract between them.

2. Theoretical Review

This study is anchored on social exchange theory. The works of [15] are where the social exchange theory (SET) was first developed. The theory sees interactions and transactions between people as a type of social behavior focused on achieving goals. Cost and reward comparisons are the central idea of the SET, which means that they influence human behavior and decision-making. [16] asserts that social exchange is a two-sided, mutual, and satisfying process as opposed to solely a commercial one. SET has been one of the few significant conceptual models for explaining workplace conducts where workers not only desire a reciprocally valuable but also a fair affiliation with

their employer [17]. The sharing of reciprocal favors with the prospect of future rewards is known as social trade ([18]. This organized organizational endeavor for the betterment of workers is reciprocated back by employees in the form of positive outlook, attitude and behaviour.

The social exchange theory is applied in the organization on the basis that there are appealing company actions that are intended for the employees. The lexicon of the social exchange model encompasses compensation, worth, resource, utility, reinforcement, comparison level, cost, transaction, income, and result [19]. Bentein and Guerrero [20] also positioned social exchange theory in a way that explains the workplace from the perspective of the employees. The theory also serves to institute the reciprocal obligations of the workers. In addition, the attitudes at work can have a negative response to treatment that is unfavorable [21]. The SET is an important concept in psychological contracts to help explain the mindset of an employee prior to entering into an employment relationship with an employer, where they analyse the costs and benefits attached to the job to enable them to comprehend the risks involved versus the rewards brought by the relationship.

2.1. Empirical Literature Review

In evaluating the impact of psychological contract violation on turnover intention, with focus on perception of employee loneliness, a study conducted by Aykan [22] in the manufacturing industry business in Turkey, found a positive association between relational contract and turnover intentions. The findings agreed with Paillé, Pascal, and Nicolas Raineri [23]. Those relational agreements exhibited a major influence on the workforce retention. Although focus of the aforementioned study was on intentions to leave as the dependent variable, performance of academic staff is the dependent variable for this study. Kamau, et al. [12] identified a significant relation between psychological contract and institutional obligation in a study on catering personnel's psychological contract and emotional commitment at private and public universities in Nairobi City County, Kenya.

Nwokocha's [24] research on the relationship between psychological contracts and employee performance, productivity, and retention in Nigerian firms found that employees become vulnerable to the healthy association with their management in situations of void interpersonal affiliations. In another similar study, Rouwhorst [25] discovered that non-fulfilment of the relational psychological contract causes high worker turnover intentions. Rouwhorst [25] focused on intermediary influence of organizational support as well as on the link between psychological contract violation and employee avowing resignation. Inconsistent with Rouwhorst's argument, Nwokocha's [24] study applied theoretical inquiry by making reference to secondary resource

materials, hence presenting a methodological gap which the current study sought to address through primary data collection. Nosiri, et al. [26] established that, relational contract had a significant effect on employment relation. Relational and transactional contracts, employer commitment and obligation to employees, employee commitment and obligation to employer, and employer and employee relationships were all assessed. The study found that the psychological contract's strength determines an organization's capacity to get the best out of its personnel. In another similar study, of social support programs and performance of academic staff of primary schools in Bomet county by Omariba and Bula [27], findings indicate that social support programs have a positive and a significant effect on teacher's performance of academic staff. Additionally, survey showed financial assistance, emotions support and guidance and counseling affect teacher's performance in private primary schools within Bomet County. This is evident that relational support has a big bearing on the performance of academic staff at any level.

3. Methodology

This study was conducted using descriptive and explanatory research design. This study targeted six public universities whose student population are above 15,000 and a minimum of 4 similar schools across the universities. The target population was 6 selected public universities with a population size of 6,271 academic staff. The sample size was 362 academic staff of the selected schools, in the selected public universities. Primary data was collected using a questionnaire, bearing a 5 monadic scale technique of 5= Strongly Agree, 4= Agree, 3= Disagree, 2= Strongly Disagree 1= Not Sure. To analyze quantitative data, descriptive statistics were used in describing the variables whereas inferential statistics established the association in the independent and dependent variable, outcomes are displayed through tables, charts, diagrams and numerical values. The study inferential statistics were tested at 95% confidence level. The relationships were tested from the regression model output and presented by way of;

$$Y = \beta_0 + \beta_1 X_1 + \dots + \epsilon \dots 3.1$$

Where;

Y = dependent variable (Performance of Academic Staff)

β_0 = Regression Constant (the value of Y when $X_1 = 0$)

β_1 = Change in Y with respect to a unit change in X_1

X_1 = relational contract

The Baron and Kenny [28] mediation approach was employed. Baron and Kenny [28] stipulate that the test as of step 1 up to step 3 normally illustrates the existing relationships between variables when the coefficient is not

zero. In case of an insignificant relationship, the conclusion shall be that mediation is not likely. If significant relationships are found in steps 1 to 3, a decision shall be made to move on to step 4. In the case that organizational capabilities show insignificance when relational psychological contract is controlled, then mediation is said to exist. Accordingly, if relational psychological contract and organizational capabilities predict performance of academic staff significantly, then partial mediation is said to exist.

Association strength between the predictor and outcome variable was measured using correlation while multiple regression checked the link between the outcome and predictor variables.

4. Results

This section presents the response rate which indicates the number of the questionnaires administered, those that were dully filled and those that were unreturned. The Results are shown in Table 1.

Table 1. Response Rate

Response Rate	Frequency	Percent (%)
Dully filled questionnaires	274	76%
Unreturned Questionnaires	88	24%
Total	362	100

The results show out of 362 questionnaires that were administered, a total of 274 were dully filled and returned. This represented a response rate of 76% which was considered adequate basing on the argument by Babbie, E. [34], who indicated that a response rate of above 50% for first survey is adequate for analysis. This study adopted google forms and sent an online survey to respondents whose contacts were from the universities HR departments and further relied on snowballing techniques to reach the selected respondents.

4.1. Relational Contract

The first objective of the study was to determine whether there existed relational contract among academic staff of the public universities in Kenya and how these contracts affected the academic staff performance. Table 2 shows descriptive statistics on relational contract.

The study sought to find out whether the working relationship between academic staff with the institution was satisfactory. The statement according to the results in

table 2 had mean response of 3.60 which indicated that majority of the sampled respondent agreed and strongly agreed. The standard deviation of 1.40 indicates that some responses significantly varied from the mean response implying that some staff in universities had an unsatisfactory relationship with the institutions.

There was intent to determine whether academic staff at Kenyan universities, participated in decision making and whether their personal welfare was well taken care of by their institutions. These statements had mean response of 3.57, 3.60 and 3.64 implying that majority agreed and strongly agreed however, standard deviation of above 1.44, 1.36 and 1.31 implied that some of the respondents disagreed. The finding implied that respondents felt a great sense of belonging within their institutions, participated in decision making and their personal welfare was well taken care of by their institutions even though a small proportion felt otherwise.

The results also show that respondents agreed with aspects of relational contract such as their universities having exceptional meanings to them, expressing loyalty, were comfortable working in the institution and also accomplished assigned duties and exercised team work through helping others within the institutions. The results also show that respondents agreed with the working conditions being favourable, working overtime hours, having job security, safeguarding the reputation of the institution, marketing the universities and finally expressed no intention of leaving their jobs.

The overall aggregate score for relational contract was 3.59 which implied that academic staff in the selected public universities in Kenya had a moderate relational contract with their institutions which impacted significantly on their performance. The findings agreed with Paillé, Pascal, and Nicolas Raineri [23] who also found that relational agreements exhibited a major influence on the workforce retention. Similarly, the study findings supported that of Nwokocha [24] who found out that employees become vulnerable to the healthy association with their management in situations to void interpersonal affiliations. The finding concurred with Patrick [29] whose finding indicated that a relation contract was found to substantially influence job relationship.

4.2. Organizational Capabilities

The study further sought to analyse the role organizational capabilities had in moderating the relationship between academic staff performance and the relational psychological contract at a few Kenyan public universities. To assess the organisational capabilities of universities, the study used the statements in Table 3.

Table 2. Descriptive Statistics for Relational Contract

Descriptive Statistics	N	Min	Max	Mean	Std. Dev
My working relationship with the institution is satisfactory	274	1	5	3.60	1.40
I hold a great sense of belonging to my current organization	274	1	5	3.57	1.44
I participate in decision making in the university	274	1	5	3.60	1.36
My employer is concerned with my personal welfare	274	1	5	3.64	1.31
My organization has exceptional meaning to me	274	1	5	3.62	1.31
This university deserves my loyalty due to the way it has treated me	274	1	5	3.61	1.27
I am comfortable working in the university with or without adequate tools and equipment	274	1	5	3.59	1.34
I strive to accomplish my assigned duties despite the working conditions	274	1	5	3.59	1.39
I always help my colleagues whenever required to without expecting reward	274	1	5	3.58	1.40
I feel my working conditions are favourable	274	1	5	3.59	1.41
I have a strong emotional attachment with my job	274	1	5	3.62	1.35
I do not mind working overtime hours even without payment	274	1	5	3.58	1.35
I am content with my job security	274	1	5	3.58	1.44
I safeguard the reputation of the university like my own	274	1	5	3.61	1.39
In my workplace, I feel part of "the family"	274	1	5	3.59	1.31
I have no plans to leave my current job anytime soon	274	1	5	3.58	1.41
I market the university without expecting any reward	274	1	5	3.53	1.40
Aggregate score	274			3.59	1.37

Table 3. Descriptive Statistics for Organizational Capabilities

Descriptive Statistics	N	Min	Max	Mean	Std. Dev
University management recognizes and rewards employees	274	1	5	1.96	1.17
I am effectively assisted in carrying out the work that is expected of me at the university	274	1	5	4.25	0.87
Employees are treated with respect by management	274	1	5	4.29	0.78
University management ensures employees are provided with materials and equipment required to enable them do their job to expectation	274	1	5	2.19	1.35
There is timely allocation of the resources required in our university	274	1	5	2.23	1.35
University management regularly review and discusses challenged faced by staff in performance of their duties	274	1	5	2.22	1.36
Communication is the driving force towards achievement of objectives in our university	274	1	5	4.34	0.78
There is continuous exchange of information between management and employees	274	1	5	4.27	0.87
We have a reliable communication system in our university	274	1	5	2.20	1.33
There is constant review of our communication system	274	1	5	2.18	1.37
Employee performance set targets are well communicated to all	274	1	5	4.36	0.81
I rarely have to repeat a task because it was not properly explained/communicated to me by my supervisor	274	1	5	4.38	0.80
I receive enormous support from the university towards performance of my duties	274	1	5	1.59	0.76
The university culture impacts my performance	274	1	5	4.30	0.90
The university culture is in line with the vision and mission of the university	274	1	5	4.28	0.85
Aggregate Score	274			3.27	1.02

The participants were asked whether the university management recognizes and rewards employees. The results reported in Table 3 showed that most respondents disagreed, as demonstrated by the mean score of 1.96, which suggests that academic staff in public universities were acknowledged and rewarded by management. The result demonstrates that respondents on the other hand, agreed that they are effectively assisted in carrying out the work ($m= 4.25$), treated with respect by management ($m= 4.29$), and that university management ensures employees are provided with materials and equipment required to enable them to do their job to expectation.

Other organisational capabilities that respondents disagreed existed in their universities including whether the university management ensured employees were provided with materials and equipment required to enable them to do their job to expectation, timely allocation of the resources, whether the university management regularly reviews and discusses challenges faced by staff in performance of their duties, existence of a reliable communication system and whether constant review of communication system was carried out. The finding in this section shows that respondents indicated that although their universities had some capabilities, more critical organisational capabilities were lacking as shown by the aggregate mean score of 3.27. Universities lacked majority of the organisational capabilities that would enable the academic staff to perform their duties and responsibilities without much difficulties.

The findings support those of López-Cabarcos, M. Ángeles, Sérgio Göttling-Oliveira-Monteiro, Paula Vazquez-Rodriguez [30] whose study was founded on resource-based view theory. Study findings showed a strong link between organizational competencies and profitability. In the same line, the finding agreed with Pham and Hoang [31] whose findings revealed that organizational learning capabilities improved corporate performance. Furthermore, the study found a link between management commitment, knowledge transfer, integration and business performance. The study also corroborated with Otuoma [32] results which showed that recruitment policies that encourage diversity in staff had an influence on organizational culture. Leadership was also found to influence relations among employees and eventual performance of the organization. The study showed how important it is for businesses to understand their core competencies and how to effectively use these assets to further their objectives.

4.3. Correlation Analysis

Correlation analysis was conducted to test the existing association between independent variable and the

dependent variable.

The results show that relational contract and performance of academic staff had a correlation of $r=0.663$ ($p\text{-value}=0.000$). On the other hand, organisational capabilities had a strong and positive association with performance of academic staff ($r=0.768$, $p\text{-value}=0.000$). The results suggested a substantial positive linear association between relational contract and academic staff performance in Kenyan universities. The results suggested that an improvement in relational contract might lead to improved academic staff performance in Kenyan universities. As a result, there was a positive linear association between academic staff performance and relational contract in Kenyan universities. Hence linearity assumption between relational contract and performance of academic staff in universities in Kenya was achieved. The findings agreed with Paille [23] who also found that relational agreements exhibited a major influence on the workforce retention. Similarly, the study findings supported that of Nwokocha [24] who found that employees become vulnerable to the healthy association with their management in situations of void interpersonal affiliations. The finding concurred with Patrick [29] whose finding indicated that a relation contract was found to substantially influence job relationship. This study finding further supported the finding of a study conducted by Aykan [22] in the manufacturing industry business in Turkey. The study found a positive association between relational contract and turnover intentions. According to the study, employee loneliness perceptions played a mediating function in linking relational contract and employee turnover intentions.

4.4. Test for Mediating Effect of Organisational Capabilities on Relational Contract and Performance of Academic Staff

The study used Baron and Kenny (1986) methods to examine the mediating effect. The four models listed below were utilized in the study;

Step one: $PAS = \beta_0 + \beta_1 RC + \varepsilon$

Step Two: $OC = \beta_0 + \beta_1 RC + \varepsilon$

Step Three: $PAS = \beta_0 + \beta_1 OC + \varepsilon$

Step four: $PAS = \beta_0 + \beta_1 RC + \beta_2 OC + \varepsilon$

4.4.1. Step One: Relational Contract Predicting Performance of Academic Staff

In the first step, a regression model $PAS = \beta_0 + \beta_1 RC + \varepsilon$ was used to determine whether a relational contract composite strongly predicted academic staff performance. The results are presented in Table 5.

Table 4. Correlation Matrix

		Relational Contract	Organisational Capabilities	Academic Staff Performance
Relational Contract	Pearson Correlation	1		
	Sig. (2-tailed)			
Organisational Capabilities	Pearson Correlation	.496**	1	
	Sig. (2-tailed)	0		
Academic Staff Performance Score	Pearson Correlation	.663**	.768**	1
	Sig. (2-tailed)	0	0	
	N	274	274	274

** Correlation is significant at the 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

Table 5. Step One Test for Mediation

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate		
	.654a	0.428	0.426	0.45367		
ANOVA		Sum of Squares	df	Mean Square	F	Sig.
	Regression	41.896	1	41.896	203.561	.000b
	Residual	55.982	272	0.206		
	Total	97.877	273			
Coefficients		B	Std. Error	Beta	t	Sig.
	(Constant)	3.049	0.085		35.802	0.000
	RC	0.32	0.022	0.654	14.267	0.000

a Dependent Variable: Academic Staff Perf Score

b Predictors: (Constant), RC

Table 6. Step Two Test for Mediation

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate		
	.477a	0.228	0.225	0.47473	.477a	
ANOVA		Sum of Squares	df	Mean Square	F	Sig.
	Regression	18.095	1	18.095	80.292	.000b
	Residual	61.3	272	0.225		
	Total	79.395	273			
Coefficients		B	Std. Error	Beta	t	Sig.
	(Constant)	3.541	0.089		39.73	0.000
	RC	0.21	0.023	0.477	8.961	0.000

a Dependent Variable: Organisational Capabilities Score

b Predictors: (Constant), RC

The findings indicate that the model fit had an R-square of 0.428, indicating that the composite of relational contract accounted for 42.8% of the variation in the academic staff's performance at a subset of Kenya's public universities. The model exhibited a strong fit and was

statistically significant, as indicated by its f-statistics of 203.561 and p-value of 0.000. The relational contract coefficient (RC) was 0.32, with a p-value of 0.000 and a statistical significance level of 5%. These results suggested that a major relationship needed to be managed. The first

requirement for full mediation was fulfilled.

4.4.2. Step Two: Organisational Capabilities (OC) Predicting Relational contract (RC)

The $OC = \beta_0 + \beta_1 RC + \varepsilon$ test was fitted to see whether organizational capacities (the mediating variable) substantially predicted relational contract (independent variable) in the second phase. Organizational capabilities (the mediating variable) and relational contract (independent variable) should have a considerable relationship for the mediation to be successful. Table 6 displays the outcomes of the model fit.

According to the findings, the organization's capacities (the mediating variable) explained 22.8% of the variation in the relational contract in the model that was fitted, which had an R-square of 0.228. F-statistics = 80.292, p-value = 0.000, which indicated the model used to link

organizational capabilities and relational contract had a goodness of fit, demonstrated the model's statistical significance. Organizational capabilities had a coefficient of =0.21, p-value=0.000, which was statistically significant at 5%. These results suggested that the relational contract and organizational capabilities had a strong relationship. The second requirement for full mediation was also met.

4.4.3. Step Three: Organisational Capabilities (OC) Predicting Performance of Academic Staff

The third phase involved testing the $PAS = \beta_0 + \beta_1 OC + \varepsilon$ regression model to see if organizational capabilities (the mediating variable) could also be used as a predictor of academic staff performance at a selected Kenyan public universities. Although it is predicted that this model will not be relevant for complete mediation, partial mediation will occur if it is.

Table 7. Step Three Test for Mediation

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate		
	.768a	0.589	0.588	0.41604		
ANOVA		Sum of Squares	df	Mean Square	F	Sig.
	Regression	76.488	1	76.488	441.898	.000b
	Residual	53.312	272	0.173		
	Total	129.799	273			
Coefficients		B	Std. Error	Beta	t	Sig.
	(Constant)	0.735	0.164		4.489	0.000
	Organisational Capabilities Score	0.805	0.038	0.768	21.021	0.000

a Dependent Variable: Academic Staff Performance Score

b Predictors: (Constant), Organisational Capabilities Score

Table 8. Step Four Test for Mediation

Model Summary	R	R Square	Adjusted R Square	Std. Error of the Estimate		
	.788a	0.622	0.619	0.36969	.788a	
ANOVA		Sum of Squares	df	Mean Square	F	Sig.
	Regression	60.84	2	30.42	222.581	.000b
	Residual	37.037	271	0.137		
	Total	97.877	273			
Coefficients		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.081	0.181		5.97	0.000
	RC	0.203	0.021	0.415	9.764	0.000
	Organisational Capabilities Score	0.556	0.047	0.501	11.773	0.000

a Dependent Variable: Academic Staff Performance Score

b Predictors: (Constant), Organisational Capabilities Score, RC

The findings indicate that the model fit had an R-square of 0.589, indicating that organizational capabilities (the mediating variable) explained 58.9% of the variation in the academic staff's performance at a subset of Kenyan public universities. The model showed a goodness of fit, as indicated by the statistical significance of the f-statistics =441.898, p-value=0.000, which linked organizational capabilities with academic staff performance at public universities in Kenya. The organizational capability coefficient $\beta=0.805$, had a p-value of 0.000 and a statistical significance of 5%. These results suggested that organizational capabilities (the mediating variable) and academic staff performance at selected Kenyan public universities were significantly correlated. The study moved on to step four to test for the occurrence of partial mediation because the third requirement for complete mediation was not met.

4.4.4. Step Four: Organisational Capabilities (OC) Predicting Performance of Academic Staff

This step was carried out to test for partial mediation because the need for complete mediation was not met in step three. To ascertain if relational contracts predicted academic staff performance at Kenyan universities in the context of organizational capabilities (the mediating variable), the regression model $PAS = \beta_0 + \beta_1 RC + \beta_2 OC + \epsilon$ was fitted. Both the coefficient of organizational skills and the relationship contract must be significant for partial mediation to be seen to exist.

The findings indicate that the model fit had an R-square of 0.622, which meant that the relationship contract (an independent variable) and organizational capacities (mediating variable) together accounted for 62.2% of the variation in the performance of academic staff in Kenyan universities. F-statistics = 222.581, p-value = 0.000, which indicated the model's statistical significance, implied that the model used to link a composite of relational contract (independent variable), organizational capabilities (the mediating variable), and academic staff performance in Kenyan universities had a good fit. The coefficient of relational contract (independent variable), which was similarly statistically significant at 5%, was =0.203, p-value=0.000. Organizational capabilities were the mediating variable, and its coefficient was =0.556, p-value=0.000, which was also statistically significant at 5%.

These results suggested that there was a substantial association between academic staff performance in Kenyan universities and relational contract (independent variable), organizational capacities (mediating variable). Thus, the fourth requirement for partial mediation was met. Due to the occurrence of partial mediation, the study failed to reject the hypothesis H04 that organizational capabilities had no mediating influence on the link between relational contract and performance of academic staff at selected public universities in Kenya.

The findings support those of López, et al. [30] whose study was founded on resource-based view theory. Study findings showed a strong link between organizational competencies and profitability. In the same line, the finding agreed with Pham and Hoang [31] whose findings revealed that organizational learning capabilities improved corporate performance. Furthermore, the study found a link between management commitment, knowledge transfer, and integration and business performance. The study also agreed with Rehman, et al. [33] revealing a strong link between cybernetics, pay as well as the executive controls on organizational performance. Further, cybernetic, cultural, compensation and return, planning and administrative controls were found to have a significant association with organizational capabilities. Organizational capabilities mediated the association between organizational performance factors with organizational performance respectively. The finding supported López, et al. [30] who studied firm capabilities and performance in Portugal, emphasizing on the function of business strategy as a mediator. The study was founded on resource-based view theory. Study finds showed a strong link between organizational competencies and profitability. Furthermore, the choice of company strategy was discovered to be critical in increasing firm profitability. The findings also showed that business strategy selection partially mediated organizational capabilities and profitability.

5. Conclusions

The goal of the study was to determine whether organizational capabilities had a mediating role in the relationship between relational contracts and academic staff performance at a few Kenyan public universities. The results of the study demonstrated that organizational capabilities partially mediated the association between relational contracts and academic staff performance in selected Kenyan public universities. The study also concluded that institutional capabilities such as organizational leadership, organizational communication and organizational culture are necessary ingredients that universities need to implement sustainable relational contracts which can result in not only high performance of staff but also sustainable performance.

6. Recommendations

The study further recommends that management of public universities in their pursuit of increased staff performance should invest in modern, working and reliable organisational capabilities which will create a conducive environment for effective relational contracts management between universities and staff.

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