

Contextual Ambidexterity, Dynamic Capabilities and Performance Amongst Chartered Private Universities in Kenya

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Abstract

The purpose of this article is to examine how dynamic capabilities moderate the relationship between contextual ambidexterity and performance in Kenya's chartered private universities. Private universities in Kenya face intense financial and competitive pressure, yet little is known about whether contextual ambidexterity predicts institutional performance, or whether dynamic capabilities strengthen this relationship. The study targeted all 243 senior managers across 27 chartered private universities in Kenya, using a census approach at both institutional and respondent levels, of whom 195 responded. Partial Least Squares Structural Equation Modelling (PLS-SEM) was employed to analyse the data. The findings revealed that contextual ambidexterity positively and significantly influenced organisational performance ($\beta = 0.357, p < .001$). Likewise, dynamic capabilities exerted a significant positive effect on performance ($\beta = 0.346, p < .001$). Furthermore, dynamic capabilities significantly enhanced the relationship between contextual ambidexterity and performance ($\beta = 0.168, p = .007$). The study concludes that contextual ambidexterity and dynamic capabilities are complementary, rather than competing, predictors of performance among private universities in Kenya, with dynamic capabilities significantly strengthening the contextual ambidexterity-performance relationship. The study recommends that university management cultivate an organisational context of discipline, stretch, support, and trust to sustain ambidextrous behaviour, while strengthening their capacity to sense, seize, and reconfigure resources to convert that behaviour into improved performance.

Key terms: Contextual ambidexterity, dynamic capabilities, university performance, private universities, Kenya.

INTRODUCTION

Private universities in Kenya operate in an increasingly constrained environment, facing declining public funding relative to their public-sector counterparts, intensifying competition for a limited pool of fee-paying students, and rising pressure to adapt quickly to technological disruption in teaching and administration, all while needing to sustain the academic quality and administrative efficiency on which their accreditation and reputation depend. To remain viable, these institutions must simultaneously exploit their existing academic strengths, consolidating established programs, refining teaching quality, and optimising administrative routines, while also exploring new opportunities such as interdisciplinary research, digital learning platforms, and novel funding streams. This dual requirement mirrors a tension long theorised in the management literature as organisational ambidexterity, first articulated by March (1991), who argued that the returns from exploitation are more certain and immediate. In contrast, the returns from exploration are more distant and uncertain, making the balance between the two a central determinant of an organisation's long-term viability.

Subsequent scholarship extended this insight beyond manufacturing and technology firms, showing that ambidextrous behaviour the simultaneous pursuit of exploratory and exploitative activities is associated with superior firm performance across a wide range of organisational contexts (O'Reilly & Tushman, 2013). Within these studies, ambidexterity has been treated variously as a structural arrangement, a contextual capability, and a leadership outcome, with several works demonstrating that senior team composition and transformational leadership shape the degree to which an organisation can sustain both modes of activity simultaneously (Jansen et al., 2008). Kenyan private universities, as knowledge-intensive institutions confronting this same explore-exploit trade-off, are a particularly compelling setting in which to examine this tension, since their survival increasingly depends on managing pressures that have preoccupied corporate strategists for three decades.

Within this broader ambidexterity literature, one conceptualisation is particularly well suited to how universities actually operate. Ambidexterity can

instead be embedded in the everyday behaviour of individuals within a single organisational unit, a form termed contextual ambidexterity (Gibson & Birkinshaw, 2004). On this view, alignment, the coherent pursuit of existing goals, and adaptability are achieved simultaneously by the same people in the same roles, supported by an organisational context that gives them the latitude to judge for themselves how to divide their attention between the two. This distinction matters for universities in a way it may not for firms with the option of creating separate exploratory divisions. Academic and administrative staff in a university typically may not be neatly divided into an "exploitation" unit protecting existing programs, and an "exploration" unit pursuing new ones; the same faculty member refining an established course may also be expected to develop new digital delivery methods, and the same administrator maintaining routine processes may also be asked to respond to emerging funding opportunities. Universities are, in this sense, closer to the knowledge-intensive service organisations in which a contextual, rather than structural, approach to ambidexterity has proven most relevant than they are to the manufacturing settings in which structural ambidexterity was first theorised. It is this behavioural, context-dependent form of ambidexterity, rather than ambidexterity achieved through structural separation, that the current study takes as its central construct.

Parallel to the ambidexterity literature, the dynamic capabilities framework offers a complementary lens for understanding how organisations adapt to volatile environments. Teece et al. (1997) defined dynamic capabilities as the firm's capacity to integrate, build, and reconfigure internal and external competencies in order to address rapidly changing conditions. This definition was later refined into three interdependent micro-foundational clusters: sensing opportunities and threats, seizing them through decisive resource mobilisation, and transforming the organisation through continuous renewal of its assets and routines (Teece, 2007). Because these capabilities are inherently oriented toward reconfiguration rather than the mere possession of resources, they have been proposed as the mechanism through which ambidextrous intentions are translated into realised performance outcomes rather than remaining an unresolved structural tension (Kump et al., 2019).

Recent applications of this framework to the higher education sector reinforce its relevance: universities that develop strong sensing, seizing, and transforming routines are better positioned to reallocate resources, set strategic priorities, and execute organisational transformation in what has been described as an increasingly volatile, uncertain, complex, and ambiguous operating environment for higher education (Teece & Heaton, 2026). Taken together, these two literatures suggest that ambidexterity and dynamic capabilities are not competing explanations of organisational adaptability but potentially interacting ones, since an institution's capacity to reconfigure its resource base may determine whether the pursuit of both exploration and exploitation actually converts into improved institutional performance.

Most existing tests of the contextual ambidexterity–performance relationship have been conducted in manufacturing, technology, and service firms, where the relationship's strength depends on internal conditions such as informational fairness and resource competition rather than holding uniformly across settings (De Clercq et al., 2013; Möller et al., 2022). Extensions beyond the corporate firms in which the construct originated, chiefly to public organisations and museums, have confirmed that contextual ambidexterity continues to predict performance, but these extensions remain recent, sparse, and located outside higher education specifically. What remains unknown is whether this relationship holds among private universities in Kenya, whose governance structures, resource dependence, and mission complexity differ from the corporate and public-sector contexts in which the construct has so far been validated. A second, related gap is that few, if any, studies appear to have tested whether dynamic capabilities strengthen or weaken the contextual ambidexterity–performance relationship.

The purpose of this study was to examine the relationship between contextual ambidexterity and the performance of private universities in Kenya, and to determine whether dynamic capabilities moderate this relationship. Specifically, the study sought to establish whether the simultaneous pursuit of alignment and adaptability by staff within the same organisational units predicts institutional performance

and whether an institution's capacity to sense, seize, and reconfigure resources strengthens or weakens this relationship.

LITERATURE REVIEW

Theoretical Review

This study is anchored in three related theories that together explain why dynamic capabilities might moderate the relationship between ambidexterity and university performance. The starting point is the resource-based view (RBV), developed by Barney (1991), which holds that a firm gains and sustains a competitive advantage through resources that are valuable, rare, hard to imitate, and well organised within the firm. Applied to universities, this means that qualities such as reputation, faculty expertise, and institutional knowledge can be sources of advantage if they are difficult for rival institutions to copy. The RBV is useful because it shifts attention inward, toward what an institution already has, rather than only outward toward market position. However, it only explains why some organisations hold valuable resources at a given point in time but says little about how organisations build, renew, or reconfigure those resources as their environment changes (Kump et al., 2019). This limitation matters for universities, which operate in conditions of shifting student demand, funding cycles, and technology that require continuous adjustment rather than a one-time resource advantage.

Dynamic capabilities theory complements RBV by addressing this gap. Teece et al. (1997) proposed that firms need more than valuable resources; they need the capacity to integrate, build, and reconfigure those resources as conditions change. Teece (2007) later broke this capacity into three parts: sensing new opportunities and threats, seizing them through timely decisions and resource commitments, and transforming the organisation by renewing its structures and routines. Where the RBV treats resources as a relatively fixed foundation for advantage, dynamic capabilities theory treats them as something that must be actively managed and renewed. This makes it a fitting theory for the moderating role proposed in this study: a university's performance may depend not simply on whether it pursues both exploration and exploitation, but on whether it has the sensing, seizing, and transforming

routines needed to convert that pursuit into results. Recent work applying the theory directly to universities supports this reasoning, showing that institutions with stronger dynamic capabilities are better able to reallocate resources and follow through on strategic priorities in a fast-changing higher education environment (Teece & Heaton, 2026).

Organisational learning theory (OLT) complements the two theories by explaining the process through which a private university develops and uses knowledge to improve contextual ambidexterity and performance. The core ideas of OLT are that learning occurs at multiple levels and through specific knowledge processes. OLT views learning as occurring at individual, team, and organisational levels, and it treats learning as both cognitive and behavioural change rather than simple information accumulation (Tadesse & Kenea, 2022; Elkjaer, 2021). Its central mechanisms include knowledge acquisition, information distribution, interpretation, and organisational memory, which together help organisations create, transfer, retain, and use knowledge for adaptation and long-term performance (Tadesse & Kenea, 2022; Chen & Zheng, 2022; Schönherr et al., 2023; Cui, 2025).

Unlike RBV, which emphasises valuable internal resources, and dynamic capability theory, which explains how resources are reconfigured under change, OLT explains how knowledge is acquired, shared, interpreted, retained, and applied across the organisation over time (Smith et al., 1996; Kero & Bogale, 2023). This makes OLT relevant to the current study because contextual ambidexterity depends on whether university actors can learn continuously, combine exploratory and exploitative activities, and convert dispersed individual knowledge into coordinated institutional action and stronger performance (Tadesse & Kenea, 2022; Mensah et al., 2025). This integrated framing is well supported in the literature, which shows that learning helps build capabilities, capabilities evolve over time, and knowledge processes connect micro-level routines to broader organisational adaptation and performance (Helfat & Peteraf, 2003; Takahashi & Alexandre Sander, 2017; Khin Khin Oo & Rakthin, 2022; Ayoub & Sopuru, 2026).

Contextual Ambidexterity and Performance

Contextual ambidexterity is the capacity of individuals within a single organisational unit to simultaneously pursue alignment, coherence in existing work, and adaptability and responsiveness to change, rather than assigning these to separate structures (Gibson & Birkinshaw, 2004). This capacity is generated by an organisational context built on discipline and stretch, which sustain alignment, and support and trust, which enable adaptability. Unlike structural ambidexterity, which separates exploration and exploitation into different units, contextual ambidexterity describes a single organisational context that allows individuals to divide their own time between exploiting current strengths and exploring new opportunities. Gibson and Birkinshaw (2004) found that this supportive context was positively related to ambidexterity, and that ambidexterity, in turn, was positively related to business-unit performance. This study is the foundation for the present research because it is the origin of the specific "contextual ambidexterity" construct used here, rather than the broader idea of ambidexterity as a whole.

The empirical literature is consistent in direction but not in strength: contextual ambidexterity is positively related to performance across firm-level studies, yet the size and stability of this relationship vary considerably depending on how "performance" is operationalised and which population is sampled. Direct tests report positive coefficients that differ by roughly an order of magnitude depending on context, from $\beta = 0.35$ in Malaysian SMEs using single-informant survey data (Ramdan et al., 2022) to SEM-based estimates in listed Austrian, German, and Swiss firms with multi-item performance indices (Möller et al., 2022) and qualitative-survey evidence across 41 business units in 10 multinationals (Birkinshaw & Gibson, 2004). The consistency of direction across such different samples and methods is itself notable, but it also means the "positive relationship" claim rests on studies that are not directly comparable: SME self-reported performance, listed-firm financial metrics, and multinational business-unit ratings are not measuring the same construct of performance, which limits how confidently the magnitude is rather than the direction of the relationship can be generalised to a new setting such as universities.

This inconsistency becomes sharper once boundary conditions are considered, since two of the largest moderating studies point in different directions on what actually strengthens the relationship. De Clercq et al. (2013) find the ambidexterity–performance link strengthens under informational justice and reward interdependence but weakens under task conflict and resource competition — internal, relational conditions specific to how staff interact. Khan and Mir (2019), by contrast, find the ambidexterity–innovation link strengthens under environmental munificence and weakens under environmental dynamism — external, market-level conditions unrelated to internal staff dynamics. Taken together, these studies suggest that what conditions the ambidexterity–outcome relationship depends heavily on which outcome is measured and which level of context (internal-relational vs external-environmental) the researcher chooses to model, rather than pointing to a single unified boundary condition.

Balboni et al. (2019) add a further complication: in high-tech start-ups, the relationship is not merely conditional but reverses sign over time, with initial ambidexterity reducing growth before later increases improve it — a finding the cross-sectional designs used elsewhere in this literature are not equipped to detect, since a single-wave survey cannot distinguish an early negative effect from a later positive one. This raises a methodological limitation relevant to the present study: most of the evidence above is cross-sectional and single-country, so claims about a stable, generalizable positive effect of contextual ambidexterity on performance are better read as context-bound findings than as an established universal relationship reinforcing why testing the construct in a new institutional setting, such as Kenyan chartered private universities, is warranted rather than merely confirmatory. Based on these empirical findings, it is hypothesised that:

H1: Contextual ambidexterity has a positive, significant relationship with the performance of chartered private universities in Kenya.

Dynamic Capabilities as a Moderator of Ambidexterity and Performance Relation

Prior studies examining dynamic capabilities as a moderator of the ambidexterity–performance link remain limited. Studies specifically examining this

moderation effect on the contextual ambidexterity–performance link are scarcer still. Most available related studies instead examine contextual ambidexterity as a direct predictor of performance, a mediator, or a dynamic capability itself, while moderation is usually tested with other contextual variables such as market orientation, environmental dynamism, justice, or internal competition (Junni et al., 2013; Ramdan et al., 2022; Gibson, 2004; Gibson & Birkinshaw, 2004). These closest available studies agree that contextual ambidexterity is positively related to performance, but they often disagree implicitly on what role dynamic capability plays in that relationship. Ramdan et al. (2022) and Úbeda-García et al. (2020) treat ambidexterity as produced by dynamic capability, positioning DC upstream as an antecedent or mediating mechanism rather than a variable that conditions an existing ambidexterity–performance path. This is a conceptually different claim from a moderation hypothesis: an antecedent model implies DC explains why ambidexterity arises, while a moderator model implies DC explains when ambidexterity translates into performance. Because none of these studies tests a DC × CA interaction term, none can be read as indirect support for moderation; they are evidence for a related but distinct causal structure, and citing them as if they narrow the moderation gap would overstate what they show.

This conceptual placement is not incidental to two of the field's specific empirical designs. Ramdan et al.'s (2022) Malaysian SME study models contextual ambidexterity as a dynamic capability mediating the culture–performance link, so DC and ambidexterity are treated as substitutable labels for the same underlying construct rather than separable variables that could interact. Úbeda-García et al.'s (2020) Spanish hotel-firm study follows a similar logic, modelling ambidexterity under a dynamic-capabilities lens and reporting performance effects without an interaction test. The shared limitation across both is not merely that moderation wasn't tested, but that the underlying conceptual model of DC as a source of ambidexterity, not a condition on its effects, makes a moderation test structurally awkward to specify within their own frameworks, which may explain why this moderation gap has persisted rather than simply being an oversight.

The higher education literature does not resolve this gap, and the limited direct evidence available is inconsistent rather than merely sparse. Forte et al. (2024) confirm ambidexterity matters for university outcomes, but operationalise it unevenly across studies, limiting direct comparison. Where private-university evidence does test a moderator, the results diverge in substance, not just significance: Forte et al. (2024), in Brazilian private HEIs, model ambidexterity as a mediator between entrepreneurial/learning orientation and academic performance and find market turbulence — an external environmental condition — produces only a modest moderating effect. Yang et al. (2023), in Indonesian private HEIs, model ambidexterity under dynamic capability theory directly and find no significant ambidexterity–performance effect at all, which is a materially different result from the positive relationship reported throughout the firm-level literature above. This null finding is difficult to reconcile with the otherwise consistent positive firm-level evidence and may reflect

genuine institutional differences between universities and firms, or may reflect methodological differences. Yang et al. (2023) use dynamic capability theory as a direct framing rather than testing dynamic capabilities as a distinct interacting variable, similar to the conceptual conflation seen in Ramdan et al. (2022) and Úbeda-García et al. (2020). The study calls for broader institutional contexts and longitudinal research designs rather than proposing a moderation test of dynamic capabilities. The current study responds to that call by directly testing the moderation effect of dynamic capability on the contextual ambidexterity–performance relationship in a higher education setting a test that, unlike the antecedent and mediation models above, treats dynamic capability as a distinct variable capable of strengthening or weakening an already-established effect. Based on this literature, the study proposes that:

H2: Dynamic capabilities strengthen the relationship between contextual ambidexterity and performance

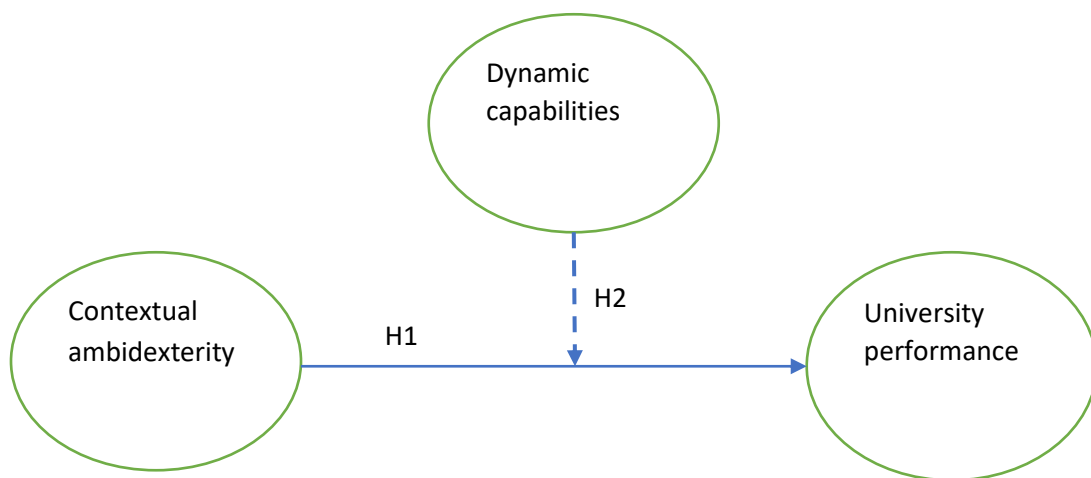


Figure 1: Conceptual Framework
(Source: Author)

METHODOLOGY

A cross-sectional survey design was utilised in this study to explore contextual ambidexterity, dynamic capabilities, and performance. The study population comprised all 30 chartered private universities in Kenya, identified from the official list published by the Commission for University Education (CUE). Of these, 3 were used for piloting, leaving 27 universities as the target population. Given the small, fully enumerable

population, the study adopted a census at both the institutional and respondent levels, targeting all 243 senior managers across the 27 universities. These managers comprised Registrars for Academic Affairs and for Planning and Administration, Deans of Schools, Directors of Quality Assurance, and Directors of Research and Extension. Senior managers were selected because they occupy strategic roles in policy

formulation, implementation, and institutional performance monitoring, and are therefore well positioned to provide informed responses on both the ambidexterity practices and performance outcomes of their respective institutions (Ambos et al., 2008).

The study targeted all 243 senior managers across the 27 institutions. The unit of analysis was the institution itself, while the unit of observation was the individual respondent. Data were collected using a structured questionnaire with a 5-point Likert scale. The items for the contextual ambidexterity construct were adapted from Gibson and Birkinshaw (2004), and dynamic capabilities items were adapted from Kump et al. (2019), operationalising the sensing, seizing, and transforming dimensions originally conceptualised by Teece (2007).

University Performance was measured using items developed by the researcher, informed by the institutional performance indicators relevant to chartered private universities in Kenya. Data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM), chosen for its suitability to small institutional samples and complex moderation models. The measurement model was assessed for indicator reliability (loadings > 0.70), internal consistency (Cronbach's alpha and composite reliability > 0.70), convergent validity (AVE > 0.50), and discriminant validity via both HTMT (< 0.85) and the Fornell-Larcker (1981) criterion. All three first-order constructs were modelled as reflective, consistent with their conceptualisation as constructs whose indicators are manifestations of the underlying latent variable rather than its causes. The structural model was then assessed for collinearity (VIF < 5), path significance via bootstrapping (5,000 resamples), and explanatory and predictive power (R^2 and f^2). The moderating effect of dynamic capabilities was tested using the two-stage approach, whereby latent variable

scores for contextual ambidexterity and dynamic capabilities were multiplied to form an interaction term, whose significance indicated whether dynamic capabilities strengthened the ambidexterity–performance relationship. Ethical approval was obtained from the accredited institutional scientific ethics review committee and a research permit from the National Commission for Science, Technology and Innovation (NACOSTI). All participants consented to participate before the study commenced and were informed that their responses would remain confidential and anonymous, with the freedom to withdraw from the study at any time without penalty.

FINDINGS AND DISCUSSION

Out of the 243 questionnaires distributed to the senior managers, 195 were retained, representing 83.7 per cent. As shown in the results in Table 1, the respondents were predominantly male (59.5%), while females accounted for 40.5 per cent, reflecting a relatively balanced but male-dominated representation. Most respondents were aged between 31 and 50 years (67.7%), suggesting that the sample largely comprised mid-career academic and administrative staff with substantial professional exposure. Regarding educational attainment, the majority held a Master's degree (50.8%), followed by PhD holders (37.4%), indicating a highly qualified respondent pool capable of providing informed assessments of university practices and outcomes. In terms of professional experience, over half of the respondents had more than seven years of university work experience (57.0%), with 34.4 per cent having worked for more than 10 years. This suggests that the respondents possessed considerable institutional knowledge and experience relevant to evaluating contextual ambidexterity, dynamic capabilities, and organisational outcomes. Regarding institutional size, most respondents were drawn from universities enrolling between 1,000 and 12,000 students.

Table 1: Demographic Characteristics of Respondents

Variable	Category	Frequency	Percent
Gender of the Respondent	Male	116	59.5
	Female	79	40.5
Age of the Respondent	0–30 years	25	12.8
	31–50 years	132	67.7
	Above 50 years	38	19.5
Highest Education Level	Bachelor's degree	23	11.8
	Master's degree	99	50.8
	PhD	73	37.4
Years of university work Experience	Less than 1 year	2	1.0
	1–3 years	29	14.9
	4–6 years	53	27.2
	7–10 years	44	22.6
	More than 10 years	67	34.4
Student enrolment	Less than 1000	10	5.1
	1000–4000 students	57	29.2
	4001–8000 students	56	28.7
	8001–12000 students	36	18.5
	12001–16000 students	27	13.8
	Above 16000 students	9	4.6

The descriptive results reported in Table 2 show that all study constructs recorded moderate levels of agreement among respondents. Dynamic capabilities had the highest mean score, closely followed by contextual ambidexterity, indicating that universities demonstrated a relatively similar capacity for

adapting, learning, and balancing competing demands. Institutional performance recorded a slightly lower mean, suggesting moderate perceptions of institutional outcomes including *student graduation rate, employee engagement, and research outputs*.

Table 2: Descriptive Results of Study Variables

Study constructs	Mean	Std. Dev	Skewness	Kurtosis
Institutional performance	3.24	0.84	.104	.364
Dynamic Capabilities	3.31	0.86	.089	-.353
Contextual Ambidexterity	3.30	0.89	.135	-.630

Measurement Model Assessment

The reliability of the indicators was determined by evaluating their outer loadings on the intended constructs. Indicators with loadings greater than 0.70 met the recommended threshold, whereas those falling between 0.40 and 0.70 were retained when their exclusion failed to improve composite reliability or AVE (Hair et al., 2019). As shown in Table 3, indicator reliability was satisfactory across the three constructs. Contextual ambidexterity (CONT) had all items

exceeding the 0.70 threshold. Loadings. However, for dynamic capabilities, two items (DYN5 = 0.548 and DYN6 = 0.673) fell below 0.70 but were retained, as their removal did not meaningfully improve the construct's composite reliability or AVE. Loadings for performance (PFM) ranged from 0.622 to 0.783 across its eight indicators, with two items (PFM2 = 0.622 and PFM5 = 0.623) similarly falling below 0.70 but retained for the same reason.

Table 3: Outer Loading for Assessing Indicator Reliability of Measurement Model

Indicator	DC	CONT	PFM	CONT * DC
CONT * DC				1.0000
CONT1		0.8062		
CONT2		0.7265		
CONT3		0.7975		
CONT4		0.7118		
CONT5		0.7179		
CONT6		0.7142		
CONT7		0.7128		
CONT8		0.8248		
CONT9		0.8878		
DYN1	0.7533			
DYN2	0.8527			
DYN3	0.7266			
DYN4	0.8021			
DYN5	0.5480			
DYN6	0.6731			
DYN7	0.8113			
PFM1			0.7672	
PFM2			0.6221	
PFM3			0.7145	
PFM4			0.7303	
PFM5			0.6231	
PFM6			0.7406	
PFM7			0.7833	
PFM8			0.7773	

For Construct reliability, all three substantive constructs returned Cronbach's alpha, Jöreskog's rho (ρ_c), and Dijkstra-Henseler's rho (ρ_A) values above the recommended 0.70 threshold (Table 4). The values range from 0.898 to 0.931 across the three

coefficients. This is an indication that each construct was measured with strong internal consistency (Hair et al., 2019). The interaction term (CONT x DC), being a single-indicator construct, returned a reliability of 1.000, as expected for such terms.

Table 4: Construct Reliability Test Results

Construct	Dijkstra-Henseler's rho (ρ_A)	Jöreskog's rho (ρ_c)	Cronbach's alpha (α)
DC	0.9035	0.8953	0.8976
CONT	0.9312	0.9283	0.9293
PFM	0.8998	0.8965	0.8979
CONT x DC	1.0000	1.0000	—

Convergent validity, assessed using the average variance extracted (AVE) reported on the diagonal of Table 5, exceeded the 0.50 threshold for all constructs, demonstrating that each construct explained more variance in its indicators than it left to measurement error (Fornell & Larcker, 1981). The assessment of discriminant validity was carried out using the Fornell–

Larcker criterion together with the HTMT ratio. Under Fornell-Larcker, each construct's AVE should exceed its squared correlations with all other constructs (Fornell & Larcker, 1981). As shown in Table 6, this held throughout: DC's AVE of 0.554 exceeded its squared correlations with contextual ambidexterity and

Performance (0.400). According to the HTMT criterion, discriminant validity is established when values remain below the recommended threshold of 0.90, or the more stringent cut-off of 0.85 (Henseler et al., 2015). As presented in Table 6, all HTMT values were below 0.85.

Table 5: Discriminant Validity: Fornell-Larcker Criterion

Construct	DC	CONT	PFM
DC	0.5539		
CONT	0.3457	0.5914	
PFM	0.3518	0.4001	0.5217

Note. Values on the diagonal are AVE; off-diagonal values are squared correlations between constructs.

Table 6: Discriminant Validity: Heterotrait-Monotrait Ratio of Correlations (HTMT)

Construct	DC	CONT	PFM
DC			
CONT	0.5855		
PFM	0.5855	0.6249	
CONT x DC	0.2174	0.4282	0.3951

Results in Table 7 are the inner VIF values for the structural model predictors for assessment of multicollinearity. The values ranged from 1.247 to 1.628, which are well below the recommended threshold of 3.0 (and the conservative threshold of 5.0) (Hair 2019). Collinearity among the predictor constructs was therefore not a concern, supporting stable and interpretable path coefficients (Hair et al., 2023).

Table 7: Collinearity test using inner VIF

Endogenous Construct	Predictor Construct	Inner VIF
Institutional Performance (PFM)	Dynamic Capabilities (DC)	1.574
Institutional Performance (PFM)	Contextual Ambidexterity (CONT)	1.628
Institutional Performance (PFM)	CONT x DC	1.247

Structural Model Assessment

The effect size (f^2) of each predictor is assessed to determine its individual contribution to explaining the predicted variable using Cohen's (1988) benchmarks of 0.02 (small), 0.15 (medium), and 0.35 (large). As shown in Table 8, dynamic capabilities ($f^2 = 0.156$) and contextual ambidexterity ($f^2 = 0.143$) each had a medium effect on performance, while the interaction term representing the moderating effect of dynamic capabilities ($f^2 = 0.046$) had a small effect, indicating

that although the moderation is modest in magnitude, it makes a distinct and non-trivial contribution to explaining performance beyond the two direct effects. The model explained a moderate to substantial proportion of variance in performance, with an R^2 of 0.498 and an adjusted R^2 of 0.490 (Table 45), indicating that contextual ambidexterity, dynamic capabilities, and their interaction jointly accounted for approximately 49.8 per cent of the variance in university performance (Chin, 1998).

Table 8: Path Coefficients and Effect Sizes

Effect	Beta	Total effect	Cohen's f^2
DC -> PFM	0.3459	0.3459	0.1556
CONT -> PFM	0.3572	0.3572	0.1426
CONT x DC -> PFM	0.1683	0.1683	0.0460
$R^2: 0.498,$			Adjusted $R^2: 0.4901$

The significance of these path coefficients is tested using a bootstrapping procedure with 5,000 resamples, generating standard errors, p-values, and 95 per cent confidence intervals for each effect. The results in Table 9 indicate that contextual ambidexterity had a positive and significant effect on performance ($\beta = 0.357$, $SE = 0.082$, $p < .001$, 95% CI [0.198, 0.521]). This is an indication that universities exhibiting greater contextual ambidexterity report higher performance. Dynamic capabilities also had a positive and significant association with performance ($\beta = 0.346$, $SE = 0.076$, $p < .001$, 95% CI [0.187, 0.488]). This means that dynamic capability has a direct positive association with performance.

Most importantly for this study, the interaction term (CONT x DC) had a positive and statistically significant association with performance ($\beta = 0.168$, $SE = 0.063$, $p = .0072$, 95% CI [0.040, 0.286]), with the confidence interval not crossing zero. This result reveals that dynamic capabilities significantly strengthen the relationship between contextual ambidexterity and performance: Thus, the results imply that private universities with stronger dynamic capabilities convert contextual ambidexterity into performance gains more effectively than those with weaker dynamic capabilities.

Table 9: Direct Effects: Bootstrapped Path Coefficients

Effect	Original beta	Mean value	Standard error	p-value	2.5% CI	97.5% CI
DC -> PFM	0.3459	0.3457	0.0760	0.0000	0.1874	0.4879
CONT -> PFM	0.3572	0.3632	0.0823	0.0000	0.1983	0.5207
CONT x DC -> PFM	0.1683	0.1680	0.0626	0.0072	0.0402	0.2855

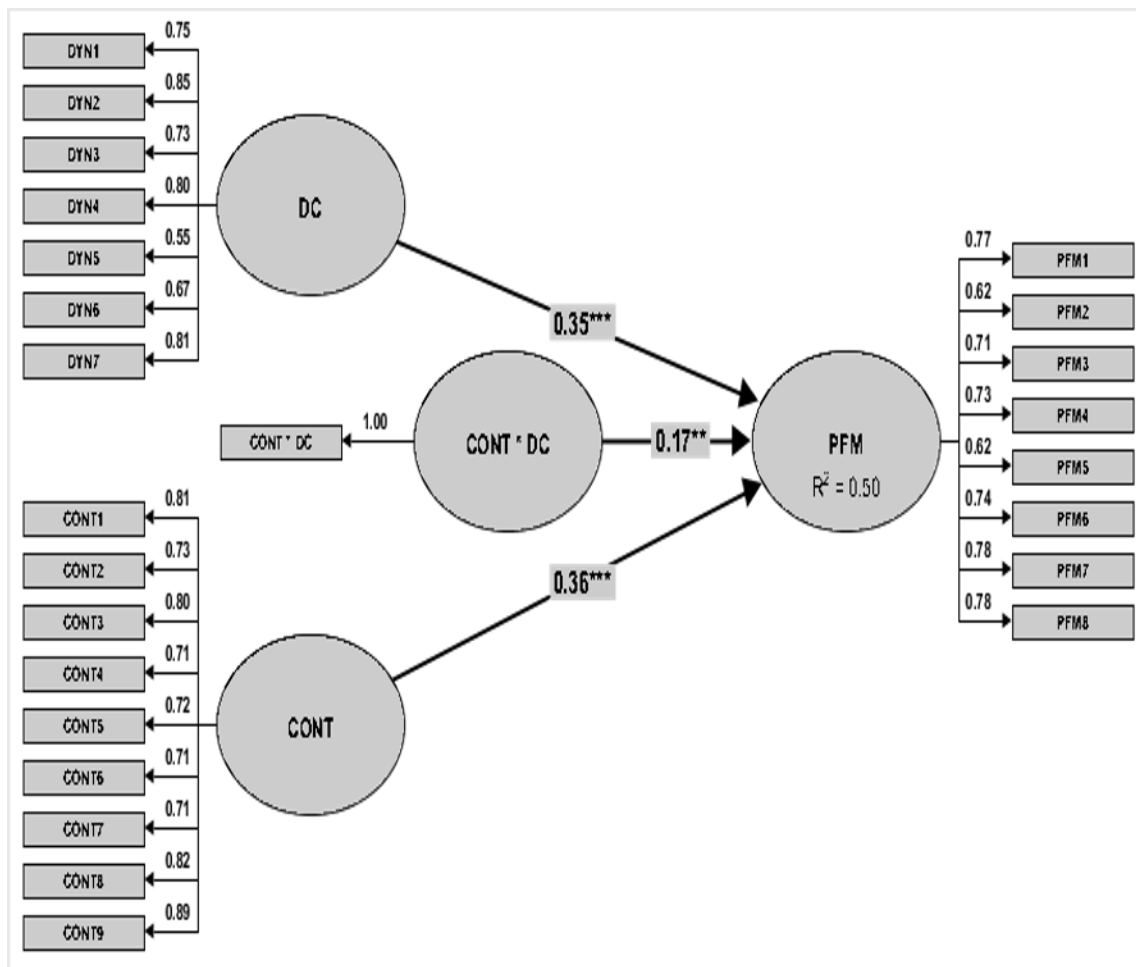


Figure 2; Structural Model for Testing the Direct and Moderating Effects of Contextual Ambidexterity and Dynamic Capabilities on Institutional Performance

Note. CONT = Contextual Ambidexterity (9 indicators); DC = Dynamic Capabilities (7 indicators); CONT $\times$ DC = interaction term representing the moderating effect of dynamic capabilities on the contextual ambidexterity-performance relationship; PFM = Institutional Performance (8 indicators). Values on indicator paths are outer loadings; values on structural paths are standardised path coefficients (β). R^2 = variance in performance explained by the model. ** $p < .01$, *** $p < .001$.

Discussion

Contextual ambidexterity had a positive and significant association with the performance of private universities, confirming that institutions in which academic and administrative staff succeed in simultaneously maintaining alignment, coherence in how established teaching and research activities are organised and executed, and adaptability, the capacity to reconfigure those activities in response to new demands, do, in fact, perform better. This finding aligns with Gibson and Birkinshaw (2004), whose original conceptualisation of contextual ambidexterity found the same positive link between a supportive organisational context and business-unit performance,

and it extends that finding from commercial firms into the university setting, where sustaining alignment and adaptability within the same academic and administrative roles carries similarly high stakes. Dynamic capabilities also had a positive and significant direct effect on performance, consistent with dynamic capabilities theory's central claim that the capacity to sense, seize, and reconfigure resources is what allows an organisation to remain competitive under changing conditions (Teece, 2007). This finding aligns with the results reported by Peng et al. (2019), who found that among Taiwanese high-tech firms, stronger explorative and exploitative capabilities reduced the organisational tension that would otherwise harm

performance, and it reinforces the view that dynamic capabilities matter for institutional performance in their own right, not only as a condition for other variables.

The key findings of this study, however, lie in the significant positive interaction between contextual ambidexterity and dynamic capabilities. This finding suggests that dynamic capabilities do not merely contribute independently to organisational outcomes alongside contextual ambidexterity; rather, they strengthen the relationship between contextual ambidexterity and institutional outcomes. Universities with stronger sensing, seizing, and transforming capabilities are better able to translate ambidextrous behaviours in collaboration, flexibility and continuous learning into tangible benefits, including improved student outcomes through enhanced teaching and learning experiences, increased research productivity and innovation, and higher levels of employee engagement characterised by greater staff commitment, motivation, and collaboration. Consequently, the synergistic interaction between contextual ambidexterity and dynamic capabilities provides a critical mechanism through which universities can simultaneously advance their educational, research, and workforce objectives. This finding is consistent with the logic set out in the theoretical review, where dynamic capabilities theory was positioned as filling the gap left by a static RBV: it is not enough for a university to hold ambidextrous behaviour as a resource-like quality; it must also actively manage and reconfigure (contextualise) that behaviour for it to pay off. The finding also echoes Zhou et al. (2021) result that orientation strengthened the ambidexterity-performance relationship among Taiwanese SMEs. The moderating effect was modest ($f^2 = 0.046$) compared to the medium-sized direct effects of contextual ambidexterity and dynamic capabilities ($f^2 = 0.143$ and 0.156 , respectively), suggesting that dynamic capabilities act as an incremental amplifier of the contextual ambidexterity-performance relationship rather than the dominant reason some universities outperform others. Practically, this means that investing in dynamic capabilities alone is unlikely to substitute for weak contextual ambidexterity, nor will strong ambidexterity alone maximise performance gains; rather, universities are likely to see the largest

performance returns from strengthening both simultaneously, with dynamic capability development functioning as a supporting lever rather than a standalone performance driver.

This study makes a theoretical contribution by extending contextual ambidexterity, a construct developed and validated almost entirely in manufacturing, technology, and public-sector settings, into private university management, an environment in which the construct had not previously been tested empirically. In doing so, it responds directly to Fourné et al.'s (2019) observation that avoiding structural separation in favour of a contextual approach to ambidexterity is most beneficial in-service organisations, by providing empirical evidence from a knowledge-intensive service setting, the private university, in which academic and administrative staff cannot readily be divided into separate exploratory and exploitative units. The finding that contextual ambidexterity predicts institutional performance in this setting also lends support to Gibson and Birkinshaw's (2004) original claim that alignment and adaptability, jointly enacted by the same individuals within a single organisational unit, generalise as a performance mechanism beyond the corporate contexts in which the construct originated, a generalisation that had so far been demonstrated only in public organisations and museums.

Practically, the study gives private university leaders in Kenya a rationale for cultivating contextual ambidexterity. Instead of creating separate units to protect existing strengths while others pursue new programs or revenue streams, performance is better served by building alignment and adaptability conditions such as stretch, discipline, support, and trust that let the same staff do both. This has direct implications for how leadership designs staff roles, incentives, and decision latitude. Elsewhere, the strength of the contextual ambidexterity-performance relationship has depended on internal conditions such as informational fairness and resource competition (De Clercq et al., 2013). Kenyan private university managers should therefore not assume the benefits of ambidexterity will materialise automatically but must actively manage the conditions under which staff balance alignment and adaptability.

Limitations

The cross-sectional design captured contextual ambidexterity and performance at one point in time, so causality cannot be established; better-performing universities may simply find it easier to build the stretch, discipline, support, and trust behind contextual ambidexterity. A longitudinal design would help trace this relationship over time.

The sample was drawn from private universities registered with the Kenya Private Sector Alliance, limiting generalizability to public universities and to private higher education outside Kenya. Future research could test the model in public universities or other countries.

Because contextual ambidexterity was applied here to universities for the first time, the measure, developed for corporate settings, may not fully capture how staff experience alignment and adaptability, echoing concerns raised about the construct in public organisations. Future studies could develop a higher-education-specific measure.

Finally, since the contextual ambidexterity-performance relationship has depended elsewhere on conditions like informational fairness and resource competition, future research could test similar conditions in universities, alongside dynamic capabilities, to clarify when contextual ambidexterity pays off.

CONCLUSION AND RECOMMENDATIONS

Conclusion: The findings confirm that contextual ambidexterity and dynamic capabilities, as perceived by senior academic and administrative officers, are both significantly and positively associated with perceived performance among private universities in Kenya, and that perceived dynamic capabilities significantly strengthen the association between perceived contextual ambidexterity and perceived performance. Private universities whose academic and administrative leadership perceive staff as simultaneously maintaining alignment in existing academic and administrative activities while adapting to new demands are associated with better

performance, and that this association is stronger where institutions are also associated with a high ability to sense, seize, and reconfigure resources effectively.

Recommendations: First, private university management should cultivate an organisational context that supports ambidexterity, one built on clear performance discipline, room for individual initiative, mutual support across departments, and trust between management and staff, so that faculty and administrators are able to balance the delivery of established academic programs with the pursuit of new academic and administrative opportunities. Second, university leadership should invest specifically in building dynamic capabilities by strengthening structures for environmental scanning and market intelligence that improve sensing, by shortening decision-making cycles so that promising opportunities can be seized before competitors act, and by building the internal flexibility needed to reconfigure staffing, programs, and resources as circumstances change.

Third, because the two capabilities were found to reinforce rather than substitute for one another, university management should pursue them jointly rather than treating investment in dynamic capabilities as a replacement for building an ambidextrous context, or vice versa. Fourth, given the resource constraints facing Kenya's private university sector, institutional planners should prioritise dynamic capability development in the specific processes shown to matter most to performance, such as academic program review and resource reallocation, rather than spreading limited resources thinly across unrelated initiatives. Finally, the Commission for University Education and other sector regulators may wish to consider how their own review, funding, and quality assurance processes can be designed to reward rather than penalise the kind of adaptive, ambidextrous behaviour this study finds to be beneficial, so that regulatory pressure does not inadvertently discourage the contextual ambidextrous behaviours.

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