

INFLUENCE OF CUSTOMER PROCESSES ON PERFORMANCE OF PRIVATE UNIVERSITIES IN KENYA

Veronica Wambui Thiongó¹, Antony Sije²

¹ College of Human Resource and Development

² College of Agriculture and Natural Resources

Jomo Kenyatta University of Agriculture and Technology

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Abstract: This study sought to determine the influence of customer processes on the performance of private universities in Kenya. The study was informed by Resource Based Theory and Stakeholders Theory. The study adopted a descriptive research design. The target population is the 30 private universities in Kenya. Stratified random sampling was used to select the 190 respondents from the 30 the private universities in Kenya. Correlation and regression analysis was used to show the relationship between the independent and dependent variable. The regression of results showed that customer processes and performance of private universities is positively and significantly related. The study recommends that the private universities should focus on meeting the needs and expectations of their customers, including students, alumni, and donors. This can be achieved through metrics such as student retention rates, alumni satisfaction, and donation amounts.

Keywords: Customer Processes, Performance, Private Universities.

1. INTRODUCTION

As the numbers of private universities continue to grow, competition gets stiffer in the market as Universities fight for survival intensifies (Mahdi, Nassar&Almsafir, 2019). Universities and other firms generally require a strategy that will help them gain competitive advantages. According to Sousa and Rocha, (2019), the adoption of a good strategy is one of the factors that will help them gain competitive advantage and therefore affect the performance of these organizations positively. With the rise in globalization many countries have had to review their institutions of higher learning and the entire education system (Kibuku, Ochieng&Wausi, 2020). There is also rise in virtual learning, distance learning and joint programs, exchange programs and an increased investment in research and innovation activities in Institutions of higher learning. With the collaborations with International Universities, there is a higher level of cooperation among universities (Rehber, 2019).

Studies conducted over the past years, show that public universities in Kenya have faced many challenges (Poddar, Gadhawe, Pearce & Robinson, 2018). Among these challenges are: high enrollment numbers which are not well planned for in terms of infrastructure, finances, human resources, changes in the external environment and more so in legislation, decline in quality of teaching and learning, political interference and weak management practices. To help solve some of these problems, private universities have increasingly emerged and gained ground in the country as an alternative to higher education provision (Bryson & George, 2020). Major management theories such as those of Chandler (1962) and Child (1972), both cited in Meier, O'Toole, Boyne and Walker (2018) emphasized that private firm can exercise strategic

choice, even in the face of external constraints. The strategy that they choose for the organization will determine how they address any challenges that they encounter in the course of their operations.

The growth of private Universities has been brought about by many factors including; the increase in the number of qualified secondary school leavers seeking higher education which creates a demand that cannot be filled by public Universities alone. The private universities have arisen due to the inability of the public universities to absorb all university-qualifying students. There is also the need for improved quality of education and emerging global trends which create a market Private Universities(King'oo, Kimencu&Kinyua, 2020). The Private Universities therefore serve as a strategic partner to the government to ensure that the demand for higher education is matched with supply in service providers. To fulfil this goal effectively, private universities needs to adapt to the ever-changing demands in the education sector and the changing political, economic, socio-cultural, technological and legal environment so as to remain competitive.

2. STATEMENT OF THE PROBLEM

Private universities play a key complementary role in provision of knowledge and relevant skills which are critical in fostering sustainable economic and social development of a country (Nair & Munusami, 2020). The huge proliferation of the universities across the globe is therefore critical to propel nations towards becoming knowledge-based industrialized economies. However, despite the unprecedented boom in growth of higher education, private universities, like any other higher education institution face a number of challenges which deter their success (Mwiria et al., 2017; Onsongo, 2017) and consequently fail to contribute towards fostering economic and social development of a country at large.

Yusof (2020) notes that the most salient trends and challenges facing private universities in the 21st century include changing demands of the external and internal governance forces; globalization; necessity of responding to stakeholders' diverse needs; rapid pace at which new knowledge is created and utilized; pressure to adapt to the new age of information and technology and phenomenal increase in the number of universities. The immense pressure at worst has led to closure of some universities due to low student enrolment and lack of sufficient funding to sustain their operations. Such dismal performance has previously been attributed to lack of strategic oversight and poor management practices (Mwalili, 2018).

Dixon (2014), conducted a cross-sectional survey in 100 private universities in the United Kingdom and the findings revealed that at the initial stages of balanced scorecard perspectives are well executed but when it comes to the evaluation stage fewer universities were involved. Lack of knowledge on balanced scorecard perspectives in private universities is one of the factors that affect the performance of these organizations (Henry, 2014). In USA, Muogbo (2017) studied on the impact of balanced scorecard perspectives on organizational growth and development and the results indicated that lack of resources was a major drawback for successful balanced scorecard perspectives. Hunger (2013) conducted an empirical study focusing on healthcare professions in South Africa and found a significant correlation between positioning strategies and financial performance. Some of the local studies done on balanced scorecard perspectives include a study conducted by Kande (2017) the role of balanced scorecard perspectives on growth of private universities in Kenya and strategy implementation practices and the performance of higher education loans board in Kenya.

Universities are service industries and therefore are required to make different planning in their strategic planning from business enterprises. According to Lerner (2019), business-oriented strategic planning models show differences in terms of time frame, consensus, value system, customers, conditions and organizational structure when compared to university-based strategic planning models (Luhanga et al., 2017). Strategic planning enables the organization to take full advantage of the opportunities for the future of the universities and establish a more appropriate relationship with its important stakeholders out of university (Rowley & Sherman, 2017). Thus, the studies do not focus on how customer processes, internal business process and strategic employee growth influence the performance of private universities in Kenya. Further, studies were carried out before the recent disruption which has brought about new ideas on higher education institutions can use technology to ensure the continuity of education.

While the rapid dynamism and changes in the environment are a major force to reckon, problems with growth and performance of universities have been closely linked with the way institutional balanced scorecard perspectives are carried out (Quazi, 2019). The long established view of strategic development and management in universities is reflected in Mintzberg and Rose (2003) which tracks the realized strategies of a prominent university over a century, bringing forward that there was remarkable stability in the aggregate, however nothing revolutionary change in strategy ever

occurred. Further, universities are expected to play a leading role in the production and dissemination of information, conduct researches and trainings on the issues that will meet social demands and needs and provide community outreach programs. Therefore, this study sought to determine the influence of customer processes on the performance of private universities in Kenya.

3. LITERATURE REVIEW

Customer processes is a strategy where an organization formulates a strategy to acquire and retain customers by creating superior value for the company and the customer (Andereson, Fornell & Lehmann, 2020). According to Doyle and Roth (2013), customer processes management enables any organization to work in a competitive environment and manage to take the place of its competitors by ensuring that their strategy focus on the customer satisfaction. Andereson (2020), emphasize on the need to monitor customer processes through the balanced scorecard in order to understand their customers' perceived value, service quality, delivery time and costs, and customers' satisfaction. They will be able to align their strategy to offer higher customer satisfaction, superior quality, and operational excellence.

A study conducted by Fornell (2015), found that the financially, the balanced scorecard is an excellent tool to be used by private universities as it captures all areas of operation and would be the best toll to gather data and information about their efficiencies in resource utilization. Information obtained from this perspective improves university accountability towards the public and enhances its fund raising potential. Consequently, makes mission achievement much imminent (Fornell, 2013). Moreover, a study by Lehmann (2013), observed that in public and private universities, the customer perspective gains a greater weight because their satisfaction justifies mission achievement. Further results showed that universities have a diverse customer base including donors who provide organizations with funds, beneficiaries who receive services without normally paying for them and the general public. Thus, the customer perspective of the balanced scorecard has to incorporate performance effectiveness as perceived by various customer segments.

Similarly, Aluko (2018), noted that based on assessment information gained from the customer perspective, the university can easily identify critical performance measures in the other four perspectives (internal business processes, employees' learning and growth, financial processes, and volunteers' development). According to Kaplan and Norton (1992), monitoring customer processes through the balanced scorecard helps nonprofit institutions collect information about customers' perceived value, service quality, delivery time and costs, and customers' satisfaction. Thus, they will be able to align their strategic plans to the achievement of higher customer intimacy, superior service quality perception, and operational Excellency.

Jossiah (2014), emphasized that non-financial perspective of the balanced scorecard is imperative for nonprofit organizations because it captures information about how efficiently they are using scarce resources and public/donor funds to offer quality services. A study conducted by Wiley (2013), showed that often customer service takes place while performing a transaction for the customer, such as making a sale or returning an item. According to the author, customer service can take the form of an in-person interaction, a phone call, self-service systems, or by other means.

Similarly, Duke (2014), contend that customer service is an extremely important part of maintaining ongoing client relationships that are key to continuing revenue. For this reason, many private universities have worked hard to increase their customer satisfaction levels. Often there are many more people working behind the scenes at a university than there are customer service representatives, yet it is primarily the personnel that interact directly with customers that form customers' perceptions of the university as a whole. Moreover, Kang (2013), argues that customer processes are pre-trial beliefs about a product or service. Expectations of customers are formed with the aid of sources of information, which include prior exposure to service, word of mouth, expert opinion, publicity and communications controlled by the firm or institution as well as prior exposure to competitive services.

According to Davies (2018), service culture is built on elements of leadership principles, norms, work habits and vision, mission and values. The author argues that culture is the set of overriding principles according to which management controls, maintains and develops the social process that manifests itself as delivery of service and gives value to customers. Once a superior service delivery system and a realistic service concept have been established, there is no other component as fundamental to the long-term success of a service organization as its culture.

According to Bokor, (2015), the performance of an organization is determined by the balanced scorecard perspectives it adopts. Balanced scorecard perspectives which result in high performance are identified with activities that generally lead to success in the industry; that is key success factors. These activities are associated with initiatives in industry (Miller & Friesen, 2013). Researchers have identified such initiatives to include emphasis on product quality, product and service innovations, development of new operating technologies, and discovery of new markets (Robinson & Pearce, 2014). Activities associated with high performing strategies also include emphasis on customer service and support, extensive advertising, and use of external finance. Further, because high performing strategies involve initiative-taking, they are often referred to as proactive strategies (Steiner, 2013).

Organisations which perform below average tend to follow others in the industry and to react to events in their environment. Such organisations are characterized by strategies which emphasize risk avoidance and involve little innovation. Strategies of low performing organisations include limitations of more successful firms in the industry, but usually fall short in some important respect. The activities that comprise these strategies are often not well integrated and are mismatched with the demands of the environment. Balanced scorecard perspectives consist of the analyses, decisions, and actions an organization undertakes in order to perform exceptionally well (Dess, Lumpkin, & Eisner, 2013). This means that strategy implementation managers must focus on building competitive advantages that are unique, valuable in the market place and also difficult for competitors to copy or substitute.

According to James and Robert (2014), university management should undertake a comprehensive study and adoption of balanced scorecard perspectives in all and every aspect and areas of its concern so as to synergies, restructure, re-engineer and reposition its operations and thus enhancing the quality of its product/service within the dynamics of a fluid market and thereby bring about an improvement of its revenue base, its profitability, performance and effectiveness. Barney (2014) notes that competitive performance is sustained when other firms are not able to duplicate the firm's strategy. Thus sustained organizational performance exists only after efforts to replicate that advantage have failed (Adeleke, 2018). It is for this reason that organizations are focusing on methods and strategies that are difficult to imitate (Adeleke, 2018). According to Robert (2014), for an organisation to accomplish its mission and objectives in the light of growth and profitability, management need to have a positive rethink towards the use of balanced scorecard perspectives. Robert argues that the success of an organisation strategy depends primarily on the value judgment, energy and skill of its top managers and the strategic implementation within the context and parameter of the uncertainty and ambiguity of the environment subjected to volatility. Strategic training should be given to all employees in the organisation in order to enhance their performance.

According to Porter (1985), the choice of a competitive strategy will be based upon the attractiveness of the industry for long term success and also on the competitive position of the firm in the industry. Moreover, according to Mintzberg (2014), not all industries offer equal opportunities for sustained profitability and the inherent profitability of an industry is one essential ingredient in determining the performance of the firm. A firm in a very attractive industry may not earn attractive profits if it has chosen poor balanced scorecard perspectives.

Similarly, Reneta (2013), an excellent strategic management practice may not result to high profits if it is in a poor industry. According to Reneta (2013), an organisation will have many sources of strategies and it will adopt the one that yields it the highest advantage. But most organisations have failed to recognize the need for increase in balanced scorecard perspectives through improvement on the level of motivation of their workers through incentives, training and development (Reneta, 2013).

4. METHODOLOGY

The study adopted a descriptive research design. The target population is the 30 private universities in Kenya. Stratified random sampling was used to select the 190 respondents from the 30 the private universities in Kenya. Correlation and regression analysis was used to show the relationship between the independent and dependent variable.

5. FINDINGS

The study was to determine the influence of customer processes on performance of private universities in Kenya. The study evaluated the respondents' level of agreement with the various statements on the customer processes using a scale of 1 – 5. The findings are as illustrated in Table 1.

Table 1: Descriptive Statistics outputs for Customer processes

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std. D
The university has a well-functioning customer feedback system	11.3%	14.9%	7.1%	30.5%	36.2%	3.65	1.39
The university has aligned its activities and work-plan to the strategic plan	14.9%	8.5%	11.3%	27.0%	38.3%	3.65	1.44
The strategic plan is relevant to the university vision statement.	12.1%	5.7%	13.5%	34.8%	34.0%	3.73	1.31
The university has a robust customer relationship management policy	10.6%	7.1%	13.5%	37.6%	31.2%	3.72	1.27
Customers are satisfied with university products	8.5%	6.4%	12.8%	33.3%	39.0%	3.88	1.24
Average						3.73	1.33

Under customer processes, the respondents were asked if the university has a well-functioning customer feedback system and 66.7% while 26.2% disagreed with the statement. When asked if the university has aligned its activities and work-plan to the strategic plan, 65.3% agreed while 23.4% disagreed. The respondents were asked if the strategic plan is relevant to the university vision statement and 68.8% agreed while 17.8% disagreed with the statement. When asked if the university has a robust customer relationship management policy, 68.8% agreed when 17.7% disagreed. Lastly, the respondents were asked if customers are satisfied with university products and 72.3% agreed while 14.9% disagreed with the statements. The overall mean was 3.73 that showed that majority agreed to the statements on customer processes with variations of 1.33.

Correlation analysis was conducted to establish the relationship between the independent and dependent variables. The correlation matrix is presented in Table 2.

Table 2: Correlation Outputs

		Performance	Customer Processes	Internal Business Process	Innovation	Strategic Employee Growth
Performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Customer processes	Pearson Correlation	.737**	1.000			

This implies that an increase in customer processes leads to an increase on performance of private universities since the coefficient is positively related. The results revealed that customer processes and performance of private universities is positively and significantly related ($r = 0.737^{**}$, $p = 0.000$).

6. CONCLUSION AND RECOMMENDATION

The study concluded that customer processes significantly influences performance of private universities. By focusing on customer processes, private universities can improve their overall performance in several areas. This can lead to a positive and significant influence on the university's success and long-term viability. By focusing on the student experience and providing students with the necessary support and resources, private universities can increase retention rates. This can result in a stable and engaged student population, which can improve the university's reputation and attract future students. On customer perspective the private universities should focus on meeting the needs and expectations of their customers, including students, alumni, and donors. This can be achieved through metrics such as student retention rates, alumni satisfaction, and donation amounts.

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