The Importance of Customer Focus on the Institutional Performance of Private Universities in Kenya

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ABSTRACT

Institutions of higher learning (universities) have gradually adopted the total quality management (TQM) system to ensure quality product offerings and achieve competitive advantage. Universities in sub-Saharan Africa are vehicles of economic and human development through the provision of a trained labour force and research output. These organisations face elevated environmental dynamism in the provision of quality education. Due to conceptual gaps in the application of TQM in universities in SSA, the study assessed the critical importance of customer focus on the institutional performance of private universities in Kenya. The study employed a descriptive research design and targeted seventeen (17) privately chartered universities founded by religious-based institutions in Kenya. The study used a census sampling technique and randomly sampled 17 heads of administrative sections, functional departments and academic sections. Questionnaires were used as a primary tool for data collection, with the instrument being piloted at Carlile College, Kenya. Cronbach’s Alpha reliability testing indicated that the instrument achieved scale reliability. The study employed both descriptive and inferential analysis. Institutional performance significantly and positively correlates with the customer focus (r = 0.580, p < 0.05) and explains 33.61 % of variations in institutional performance with an effect size of β1 = 0.5132 (t = 10.04, p< 0.05). The findings showed that customer focus as an element of TQM significantly influences the institutional performance of these universities. The study recommends that these universities inculcate and institutionalise customer-focused practices during the implementation of quality assurance. This study is of significance to the stakeholders in privately – chartered universities in Kenya and related contexts, as it will offer more enriching information on total quality management.

APA CITATION

CHICAGO CITATION

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INTRODUCTION

Organisational performance denotes the outcomes of various organisational processes that occur during the course of daily operations (Hussein et al., 2014). For instance, organisational performance in academic institutions refers to the outcomes of various educational-related processes in relation to their daily operations (Norashikin et al., 2013). Due to the need for competitive quality education, indicators of organisational performance in academic institutions represent various dimensions such as school reputation, student quality, research results, curriculum planning, and community involvement (Hussein et al., 2016).

The market conditions for university education are quite dynamic and evolving, and so are customer expectations. Thus, meeting customer expectations efficiently represents the best value (Mulay & Khanna, 2017). The increasing customer demand for quality products has necessitated the development of quality management as an approach to competitive advantage (Kaur & Sharma, 2014). Therefore, effective implementation of TQM improves financial and operational performance in service organisations and leads to the improvement of customer satisfaction and overall organisational performance (Abou-El-Sood & Ghoniem, 2017).

The competitive global environment has raised awareness of the importance of quality (Al-Dhaafri et al., 2016). In different contexts, quality improvements in the higher education sector take unique approaches, such as management practices, behavioural approaches, problem-solving methods, and statistical control techniques (Mohammadi et al., 2017). Thus, the disparities in the performance of academic institutions have a consequent effect on the academic results of the students trained in these institutions (Alam et al., 2021).

The majority of institutions of higher learning have created quality management systems based on several quality assurance techniques, such as international quality standards and the European Foundation for Quality Management (Paliulis & Labanauskis, 2015). Other important quality aspects include the institutionalisation of the TQM, which has enhanced the quality of the courses offered, the realignment of the resource management practises, the improvement of teaching-learning processes, student support services and industrial linkages (Mohammadi et al., 2017).

Several TQM practices, such as quality management, quality goal-setting process management, employee involvement, empowerment and teamwork, customer satisfaction management, and quality tools, have a significant effect on the adoption of TQM (Talib, Rahman and Qureshi, 2013). Customer focus, employee involvement, top management commitment, employee empowerment, and leadership quality culture, among others, are vital for the achievement of total quality management (Kaur & Sharma, 2014). Quality education impacts an organisation's performance, efficiency, customer satisfaction, customer loyalty, and profitability (Abou-El-Sood & Ghoniem, 2017).

Effective TQM implementation will lead to better products and services, extra contented staff and customers, lower costs, and a rise in the organisation's financial performance (Kavutai...
Garca-Bernal and Ramirez-Alesón (2015) observed a positive relationship between practical quality management approaches and the performance of the firm in both service and manufacturing companies. An effective quality management system positively impacts the bottom line of business organisations irrespective of the industry, and the quality procedures improve operating efficiency, which results in higher profits and client and stakeholder satisfaction (Sharabi, 2013).

Customer focus is one of the main pillars of Total Quality Management (TQM), and in a highly competitive environment, customer–centric organisations are able to outcompete their rivals by focusing on the customers’ needs (Ibrahim et al., 2016). The level of quality produced by a company is ultimately determined by the customer; thus, customer focus is a long-term strategic interest that may yield outcomes in the short term (Pan et al., 2017). However, the long-term focus of customer strategy can cause managerial conflict in terms of achieving economic targets of profitability. Since organisations depend on customers for their needs, they ought to find effective ways of meeting their needs. Customer focus is as significant in the achievement of organisational performance (Pambreni et al., 2019).

However, there are obstacles such as competitive industries, obligation inerrancy, ineffective top leadership, and an absence of cultural dynamism may preclude the implementation of TQM (Sharabi, 2013). Others include insufficient resources for TQM, an absence of customer focus, an absence of efficient performance, poor planning, an absence of management dedication, workforce opposition, and an absence of adequate training (Ustadh, 2016). Irrespective of these challenges, the implementation of TQM has been advocated for across the world as an approach that can help improve organisational performance (Aletaiby, 2018).

The institutions of higher learning have embraced the principles of total quality management (TQM) in an attempt to remain competitive and survive in the long run (Sangeeta, 2016). According to Pucciarelli and Kaplan (2016), universities have three basic missions: teach, research, and serve the public. However, the missions are conflicting as the environment in which universities find themselves is increasingly marketised. On the one hand, universities have to prioritise revenue generation objectives, while on the other hand, they must prioritise the public good and serve as contributors of knowledge and a path for educational development.

The higher education sector in Kenya, as regulated by the Commission of University Education (CUE), has 32 publicly chartered universities, 21 privately chartered universities, and 12 institutions with letters of interim authority. Of the 21 privately chartered universities, 17 were founded by religious-based organisations (KNBS, 2022). These universities include Adventist University of Africa, African International University, African Nazarene University, The Catholic University of Eastern Africa, Daystar University, International Leadership University, KAG East University, Presbyterian University of East Africa, Scott Christian University, Strathmore University, St. Paul's University, Umma University, University of Eastern Africa- Baraton, Uzima University.

**Problem Statement**

Institutions of higher learning play an important role in the economic development of their countries, more so in regions such as Sub-Saharan Africa. Universities provide skilled labour and relevant research that is instrumental to the county’s developmental agenda in the African region (Cloete et al., 2015), thus, there is growing pressure for higher education institutions in Africa to deliver at optimal levels (Fomunyam, 2018). The number of registered institutions in Kenya is huge and these indicate sectoral competitiveness, and this would portend conflicting missions, as observed by Pucciarelli and Kaplan (2016). Essentially, the competitiveness would result in
an increasingly marketised environment, which might compromise the prioritisation of the public good to the detriment of the organisation as well as the public welfare. Universities face various challenges that include internationalisation, decentralisation and the provision of quality education (Mohammadi et al., 2017). This calls for the examination of the principles of total quality management at the privately chartered universities in Kenya. Thus, the study evaluates the importance of customer focus on the organisational performance of privately chartered universities in Kenya.

**THEORETICAL REVIEW**

The dynamic capability theory was first advanced by Teece & Pisano (1994), who posit that competitive advantage is largely drawn from distinctive organisational processes shaped by the unique organisational asset positions and their complementary adopted or inherited evolutionary path(s) (Eisenhardt & Martin, 2000). The dynamic capability theory emphasises the development of management capabilities and combinations of distinctively organisational, functional and technological capabilities (Teece et al., 1997) or strategic organisational routines that enhance the existing resource configurations (Eisenhardt & Martin, 2000). Dynamic capabilities also comprise the potential organisational capabilities for taking advantage of environmental opportunities and threats and efficiently changing a firm’s future direction where necessary (Li & Liu, 2014).

Dynamic capabilities also include managerial capabilities, which are intangible sources of competitive advantage and comprise four types of capacities: normative, positional functional, and cultural capacities. Normative capabilities are those that are legally protected; positional capabilities are not legally protected but allow an organisation to have a differential position based on past actions or decisions; functional capabilities are capabilities to perform specific activities and stem from the knowledge and experience of the employees and other members of the value chain; while cultural capabilities are derived from the beliefs, values, attitudes, habits, etc., shared by all the individuals and groups that belong to the organisation and allow them to commit themselves with the enterprise (Ruiz-Carrillo & Fernández-Ortiz, 2005).

Total quality management can be understood as a dynamic and positional capability because TQM is based on learning, change, and improvement, thus allowing firms to achieve competitive advantages (Gutierrez-Gutierrez & Antony, 2020). In particular, continuous improvement initiatives tend to enhance the organisational abilities to make quick and progressive changes that are geared towards performance improvement and, as such, become a competitive advantage. Dynamic capabilities are stable and learned patterns of collective organisational processes through which an organisation methodically transforms its operational routines to improve effectiveness (Gutierrez-Gutierrez & Antony, 2020).

The implementation of TQM initiatives enables an organisation to maintain a competitive advantage by increasing efficiency through cost reduction and enhancing customer satisfaction (Firman & Thabrani, 2018). Total quality management initiatives unify the organisational purpose and function through their pursuit of customer satisfaction by optimising the role of employees in the management and business process (Bon & Mustafa, 2013). Further, orientation and process improvement initiatives in TQM enable and promote organisational adaptation to environmental dynamism. Corporate innovation is the result of a continuous learning process that generates new products, processes, and systems that generate profits for the company (Breznik & Hisrich, 2014).

**EMPIRICAL REVIEW**

The empirical studies on TQM have been captured from several perspectives and in different context. For instance, Paliulis and Labanauskis (2015) focused on the quality assurance mechanisms of institutions in Lithuania, Borkach, (2014) highlighted the importance of the legislative framework to support quality assurance
mechanism in Ukraine, Camilleri (2021) and Abou-El-Sood and Ghoniem (2017) elucidated the impact of TQM on performance of higher learning institutions in Middle Eastern Countries. Sahney (2016) evaluated the various TQM techniques employed by educational institutions in India, while Ibrahim et al. (2016) focused on one TQM element, that is, the customer focus in educational institutions in Malaysia.

The notable highlight of these empirical review is the focus of these studies, the quality assurance mechanisms that encompasses TQM without the detailing the individuals TQM elements as elucidated by Ibrahim et al. (2016). Furthermore, these studies have been conitracted in Eastern Europe and Asia (including middle east) with relatively few studies evaluating TQM elements in higher learning institutions in Sub – saharan Africa and in particular Kenya.

In a study, Paliulis and Labanauskis (2015) examined quality assurance in institutions of higher learning in Lithuania and observed that these institutions are obligated to implement internal systems for quality management. In Ukraine, a legislative framework has been implemented; however, the quality assurance system in higher education systems is inefficient (Borkach, 2014). In a study, Camilleri (2021) examined the impact of the TQM on the performance of the University Of Samarra, Iraq. The study observed that TQM impacts the performance of educational institutions. Abou-El-Sood and Ghoniem (2017) explored the effectiveness of the application of the TQM principles in higher education institutions in Egypt. The study surveyed several stakeholders, including staff and students, and the findings indicated deficiencies in the application of the TQM.

Sahney (2016) examined the application of various TQM approaches in the field of higher education in India. The study randomly sampled the respondents using a questionnaire, and the findings indicated a great deal of dissatisfaction among the various internal and external customers of the educational system and that an integrated model of TQM in higher education helps improve customer satisfaction within these universities. Ibrahim et al. (2016) examined customer-focus practices with a focus on organisational performance in higher learning institutions in Malaysia. The study used a questionnaire, and based on regression analysis, the findings indicated that customer-focus practices significantly affect institutional performance.

The aforementioned review highlights the contribution and limitation of TQM in institutions of higher learning and its effects on institutional performance. Camilleri (2021) highlighted the positive impact of TQM on performance, Paliulis and Labanauskis (2015) and Borkach (2014) observed inadequacies in the implementation of TQM, while Sahney (2016) and Ibrahim et al. (2016) elucidated the impacts of customer focus strategies on institutional performance of universities. Based on the foregoing reviews, the study hypothesised that H3: Customer focus practises have no significant effect on the performance of private universities in Kenya.

**METHODOLOGY**

A descriptive design was employed because the study sought to evaluate the nature of the customer-focused practices used by the private universities in Kenya. The design was appropriate as quality management is a ubiquitous activity, and thus, its description was centred on the details of the institutional practices. The study targeted 18 privately chartered universities which are founded on religious backgrounds (CUE, 2023) and targeted head or their deputies from administrative functions (deputy vice chancellor and registrars), 10 functional departments (Supplies and Procurement, Human Resources, Marketing, Customer Service, Library Services, Quality Assurance, Finance and accounting, Student Welfare Unit and Information, communication and technology) and four common schools (Business, Theology, Social Science and Applied Sciences) with a population of 289 individuals. Due to the manageability of the study population, the study employed a census technique to select a sample size of 289 individuals.
individuals. The study utilised a questionnaire as the main data collection tool, which was validated in Carlile College, Kenya.

Table 1: Reliability analysis for the study

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation performance</td>
<td>12</td>
<td>0.885</td>
</tr>
<tr>
<td>Customer focus</td>
<td>8</td>
<td>0.905</td>
</tr>
</tbody>
</table>

Data Analysis

Data was verified, prepared, and coded into numerical formats before being entered into the Statistical Package for Social Science (SPSS) version 20. Data was analysed descriptively using means and standard deviation (SD) and inferentially using linear regression. Preceding the regression analysis was the examination of the assumptions of the linear regression model.

RESULTS

Descriptive Statistics

To ensure the validity of the instrument, the study adopted the measures from Ibrahim et al. (2016), which focused on student-focused practice that included the identification of customer needs and expectations, providing a conducive atmosphere and facilities to support learning, good rapport with students and student feedback management.

The study then measured the instrument using a five-point Likert Scale (1 - Strongly Disagree (SD); 2 - Disagree (D); 3 - Neutral (N); 4 - Agree (A), and 5 - Strong agree (SA)).

Table 2: Descriptive analysis for the customer focus indicators

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The university uses institutional mechanisms such as quality surveys to meet needs and expectations of the customers(students)</td>
<td>4.1294</td>
<td>1.060</td>
</tr>
<tr>
<td>The university management prioritises quality in its academic programmes through regular quality assessments and audits</td>
<td>4.1393</td>
<td>0.843</td>
</tr>
<tr>
<td>The academic programmes offered by the university are dynamic and aligned with the market demands</td>
<td>4.0697</td>
<td>1.017</td>
</tr>
<tr>
<td>The university evaluates student satisfaction with the academic programme at least once a semester</td>
<td>4.0149</td>
<td>0.914</td>
</tr>
<tr>
<td>The university provides an effective feedback programme about our programmes and services</td>
<td>4.1393</td>
<td>0.970</td>
</tr>
<tr>
<td>The university is strongly committed to ensuring that its customers(students) are satisfied</td>
<td>3.7312</td>
<td>1.096</td>
</tr>
<tr>
<td>The university cultivates active and ongoing positive relationships with students</td>
<td>3.5854</td>
<td>0.974</td>
</tr>
<tr>
<td>The university provides an effective student placement service</td>
<td>3.0732</td>
<td>1.233</td>
</tr>
</tbody>
</table>

The indications from the descriptive statistics in Table 2 show that the university administration always takes steps to identify the student's needs and academic requirements and ensure customer feedback. As indicated by Pambreni et al. (2019), customer focus ranges from organisational customer orientation, customer relationship practices and customer satisfaction. Essentially, the institutions are focusing on the use of institutional mechanisms such as quality surveys to meet student expectations, there is a lot of emphasis in quality audits, feedback programmes, customer satisfaction but rarely undertake student placement services.
Table 3: Descriptive analysis of the Organisational performance indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of privately – sponsored students currently enrolled has increased in the last three years</td>
<td>3.6716</td>
<td>1.2456</td>
</tr>
<tr>
<td>The number of government-sponsored students currently enrolled has increased in the last three years</td>
<td>3.8458</td>
<td>1.2574</td>
</tr>
<tr>
<td>The number of international students currently enrolled has increased in the last three years</td>
<td>3.5274</td>
<td>1.1792</td>
</tr>
<tr>
<td>Over the years, our university has increased the number of academic programmes</td>
<td>3.8159</td>
<td>1.2652</td>
</tr>
<tr>
<td>More departments have been created owing to the increase in the number of academic programmes offered</td>
<td>3.6567</td>
<td>1.1029</td>
</tr>
<tr>
<td>The number of academic programmes has prompted the creation of more schools in the university</td>
<td>3.5174</td>
<td>1.2251</td>
</tr>
<tr>
<td>The number of academic staff has increased in the last three years</td>
<td>3.6567</td>
<td>1.1120</td>
</tr>
<tr>
<td>The number of academic staff matches the work demands of the university</td>
<td>3.5174</td>
<td>1.0775</td>
</tr>
<tr>
<td>The number of academic staff qualified with master's and doctoral degrees has increased in the last three years</td>
<td>4.0249</td>
<td>0.9666</td>
</tr>
<tr>
<td>The number of students graduating with degrees and diplomas has increased in the last three years</td>
<td>3.8905</td>
<td>1.1524</td>
</tr>
<tr>
<td>The number of students graduating with master's and doctoral degrees has increased in the last three years</td>
<td>3.4179</td>
<td>1.2102</td>
</tr>
<tr>
<td>The general completion rate of students has increased in the last three years</td>
<td>3.7164</td>
<td>1.0070</td>
</tr>
<tr>
<td>The university has increased the number of research publications by the academic staff over the last three years</td>
<td>3.5572</td>
<td>1.0237</td>
</tr>
<tr>
<td>The number of research grants and programmes in the university has increased over the last three years</td>
<td>3.3184</td>
<td>1.1739</td>
</tr>
<tr>
<td>The university has increased the number of research publications by students over the last three years</td>
<td>3.2886</td>
<td>1.3290</td>
</tr>
</tbody>
</table>

The indications in descriptive statistics in Table 3 shows that these universities have seen increases in the number of students over the three years, and this has resulted in an increase in the academic programmes being offered and growth in the number of departments as well as schools. The university also seek to grow their products offering while improving and developing academic staffing requirements but fall short in the numbers of researches, research grants and publications. These institutions tend to rely more on the enrolment of publicly – sponsored students as opposed to privately – sponsored students thus impeding their growth.

Hypothesis Testing

Linear regression was carried out to determine the influence of the customer on firm performance, as shown in Table 4 below.

Table 4: Regression analysis results

<table>
<thead>
<tr>
<th>Variable</th>
<th>r</th>
<th>R²</th>
<th>F</th>
<th>Stn β</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer focus practises</td>
<td>0.580</td>
<td>0.3361</td>
<td>100.74*</td>
<td>0.5797</td>
<td>-10.04*</td>
</tr>
</tbody>
</table>

*Significance at 0.05

The results shown in Table 4 indicate that the regression model is statistically significant (p<0.05) in explaining the variations in the performance of institutions of higher learning. The model indicated that customer focus practices affects about 33.61% of variations in institutional performance with an effect size of 0.5797. The results show that customer focus practises have a statistically significant effect on the institutional performance of private universities in Kenya.

Based on this result, the study rejected the null hypothesis that customer focus practises have no
significant effect on the institutional performance of private universities in Kenya and concludes that the element of customer focus, as applied in the TQM, significantly influences the institutional performance of private universities in Kenya.

**DISCUSSION**

The findings of the study indicated a statistically significant and positive effect of customer-focus practices on the institutional performance of private universities in Kenya. This finding is supported by empirical and theoretical literature linking the element of customer focus practices in the application of TQM to the performance of higher learning institutions. First, Pambreni *et al.* (2019) observed the positive effect of customer focus on organisational performance in the service sector, which occurs through the determination of customer expectations and needs and customer satisfaction, among other related aspects. Customer focus helps organisations discern customer requirements and expectations and provides an overarching goal of customer satisfaction (Homaid *et al.*, 2015).

Empirical studies show that customer focus correlates with operational performance (Alamri *et al.*, 2014). Customer focus constitutes key factors that accrue benefits like cost-cutting measures, management control, improved quality products and services, greater customer satisfaction, and enhanced productivity, among others (Attakora-Amaniampong *et al.*, 2014). Customer satisfaction is positively linked to a TQM strategy (Kaur & Sharma, 2014). Customer focus drives every process change project since any process improvement usually aims to satisfy customer requirements (Chountalas & Lagodimos, 2018).

Customer focus enables an organisation to deliver services that meet customer expectations. Thus, understanding customer focus helps an organisation improve its service delivery (Abdullahi *et al.*, 2020). Customer focus is a starting point of any quality initiative and significantly contributes to both operational and financial performance (Pambreni *et al.*, 2019). The success of an organisation depends on its capability to define and understand its customers' needs (Attakora-Amaniampong *et al.*, 2014). TQM is considered a valuable resource that enhances performance and promotes sustainable competitive advantage (Homaid *et al.*, 2017). TQM creates an excellent organisational environment where organisations commit to customer satisfaction, which results in superior performance (Munizu, 2013).

Theoretically, the dynamic capability theory conceptualises TQM as an intangible resource and capability that aids the firm in achieving competitive advantages (Al-Dhaafri *et al.*, 2016). The internal capacities are largely managerial capacities that allow firms to enjoy superior competitive positions through the processes of learning, change management, resource allocative and coordinative mechanisms and other issues like quality, attitude and managerial abilities (Ruiz-Carrillo & Fernández-Ortiz, 2005). TQM practices explain improved organisational performance through competitive advantage dimensions such as price or cost, delivery, innovation and time to market (Munizu, 2013).

**CONCLUSION**

The study concludes that the element of customer focus, as applied in TQM, significantly affects the institutional performance of private universities in Kenya. The positive effect is drawn from the identification of customer needs, customer responsiveness and customer satisfaction.

**Recommendation**

The study recommends these institutions of higher learning should inculcate and institutionalise customer-focused practices during the implementation of quality assurance to optimise customer satisfaction and improve competitiveness. Through such initiatives, the universities would attract potential clients to the university and gain a competitive advantage in the marketplace, and this would improve the future fortunes of the organisation.
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