



The Strategic
JOURNAL of Business & Change
MANAGEMENT

ISSN 2312-9492 (Online), ISSN 2414-8970 (Print)



www.strategicjournals.com

Volume 10, Issue 3, Article 019

**INFLUENCE CUSTOMER ACQUISITION ON ORGANIZATIONAL PERFORMANCE AMONG PRIVATE
UNIVERSITIES IN KENYA**

Purity Kuria, Dr. Stephen K. Maore & Jane Munga

INFLUENCE CUSTOMER ACQUISITION ON ORGANIZATIONAL PERFORMANCE AMONG PRIVATE UNIVERSITIES IN KENYA

¹ Kuria, P., ² Maore, S. K., & ³ Munga, J.

¹ Master Student (Marketing Management), School of Business and Economics, Kenya Methodist University, Kenya

^{2,3} Lecturers, School of Business and Economics, Kenya Methodist University, Kenya

Accepted: August 3, 2023

ABSTRACT

This study determined the influence customer acquisition on organizational performance of private universities in Kenya. The study was guided by customer relationship management theory. The research used descriptive cross sectional design. The target population was 172 respondents from the targeted private universities in Kenya. Stratified random sampling approach was used to determine the sample of 124 participants. Data was collected using questionnaires. For the determination of reliability, Cronbach alpha was adopted. For the analysis of data, quantitative approaches using Statistical Package for Social Sciences (SPSS version 23.0) was adopted to generate inferential and descriptive statistics results. Upon the analysis of data, data presentation was done by use of frequency tables. The study outcome revealed an existing positive and significant correlation between customer acquisition and organization performance in private universities in Kenya. This proves that, when customer acquisition is enhance, the organization performance in private universities in Kenya also greatly improves. The study therefore recommended that, Universities leadership should start implementing customer acquisition to spearhead positive results. The recommendations were that improved university communication to possible clients and increased attention on customer feedback was critical for institutional success and customer retention.

Key Words: *Customer Acquisition, Organization Performance, Customer Service*

CITATION: Kuria, P., Maore, S. K., & Munga, J. (2023). Influence customer acquisition on organizational performance among private universities in Kenya. *The Strategic Journal of Business & Change Management*, 10 (3), 227 – 235.

INTRODUCTION

The study aimed at determining the influence customer acquisition on organizational performance of Kenyan private universities in Kenya. Organizational performance is the extent to which the firm realizes its goals within a given period of time. The present world views customer service as the central area in an organization. Most organizations are considering customer service as key in their processes, and especially those organizations in the higher learning sector (Gopal & Aggarwal, 2021).

Farquhar (2004) argues that positive customer retention numbers means that the organization has the ability of expanding in the market because the acquisition of new buyers will always be capital demanding. This argument is further supported by Reinchheld and Schefter (2000), who maintain that any likelihood of increasing the customer percentage by 5% to 20% is likely to lead to a 90% jump in profit. Also, the addition of more buyers is likely to be highly costly in comparison to retention of the existing base an organization has. Thus, (Sim, Mak & Jones, 2006) advances that an improvement of the customer pool will have positive outcomes on an organization's turnover and success.

Customer acquisition refers to gaining new clients. Acquiring new clients involves persuading consumers to purchase a company's products and/or services. Companies and organizations consider the cost of customer acquisition as an important measure in evaluating organizational performance, You and Joshi (2020).

There is some recognition worldwide of the role customer service plays in reducing the gap existing among the ever changing customer priorities and the intention to cut on production costs. Positive customer service events assure the attainment of a business edge over competitors. It is through this that customer care has recognition as an element enabling competition ability. Gopal and Aggarwal, (2021).

In most cases, organizational performance comprises the operational events by an institution and the results reached at the end denoting either failure or success. It is the extent to which the firm realizes its goals within a given period of time. Key performance indicators are essential for efficient corporate administration (Andrews, Boyne & Walker, 2014). Measuring performance is crucial to the process of enhancing a business. The term firm performance is used to describe the level of success a company has had in realizing its stated vision and goal (Tavassoli & Bengtsson, 2018). Both monetary and qualitative metrics are used to evaluate success. Market share, client retention, and a company's reputation are examples of non-financial indicators, whereas profitability, ROA, ROE, and sales revenue are examples of economic indicators (Khalid, Islam & Ahmed, 2019).

The University Act of 1985 (CAP 210B) the Commission of Higher Education in Kenya is tasked with the role of monitoring whether the institutions adhere to the set regulations and standards. There are 16 private universities in the country with full status. Other private universities are operational on an interim basis as full status awaits. There are universities operating as constituent colleges. Kenya is leading in the number of private universities in the EAC region. This because Kenya recognizes the role the private institutions play in the growth of a nation, (Oketch, 2003)

Statement of the Problem

The private university industry in Kenya is highly competitive, and customer service strategies play a key role in the success of the universities. The higher education sector in Kenya has been characterized by increased competition among universities, both public and private. As a result, organizations in the sector have had to pay more attention to customer service strategies as a means of enhancing organizational performance (King'oo, Kimencu, & Kinyua, 2020). Customer service strategies are important for ensuring that customers are satisfied and that their needs are met. However, due to financial constraints and

other challenges, many private universities in Kenya have not been able to effectively implement customer service strategies. According to Odero and Makori (2018), most Kenya private universities lack of proper customer service training for staff, inadequate customer service policies, lack of customer service technology, poor customer service processes, and lack of customer feedback systems. All these factors have led to poor customer service, resulting in reduced organizational performance.

Several studies have been done customer service strategies for instance a study by Subuola and Oluwole (2017) found that there is a positive relationship between customer service strategies and organizational performance in private universities in Kenya. However, the study did not provide an in-depth analysis of the types of customer service strategies adopted by universities and how they impact the performance. Owuor et al. (2019) explored the impact of customer service strategies on student satisfaction in private universities in Kenya. The study concluded that customer service strategies have a significant impact on student satisfaction. However, the study did not investigate the effect of customer service strategies on other aspects of organizational performance such as financial performance, staff performance, and market share. Mwaura (2018) sought to investigate the impact of customer service strategies on customer loyalty in private universities in Kenya. The study found that customer service strategies have a significant impact on customer loyalty. However, the study did not address the effect of customer service strategies on staff performance and financial performance. Waithera (2016) examined the effect of customer service strategies on customer retention in private universities in Kenya. The study found that customer service strategies have a significant impact on customer retention. However, the study did not consider the effect of customer service strategies on other aspects of organizational performance such as financial performance, staff performance, and market share. It is on this

background that this study intended to create new knowledge so as to bridge the existing gap. This is why this study assessed the influence of customer acquisition on organizational performance among private universities in Kenya.

Objective of the Study

The objective of the Study was to find out influence customer acquisition on organizational performance among private universities in Kenya. The study tested the following hypothesis;

- **H₀:** There is no significant influence on customer acquisition and organization performance in private universities in Kenya.

LITERATURE REVIEW

Theoretical Review

Customer Relationship Management (CRM) Theory

The concept of Customer Relationship Management (CRM) Theory was first introduced by Berry (1983). The theory supported the influence of customer acquisition on organizational performance among private universities by outlining the need for organizations to develop and maintain customer relationships. Berry argued that organizations should focus on building relationships with customers in order to increase customer loyalty and satisfaction. He suggested that organizations should focus on customer service, marketing, and communication in order to create strong customer relationships. The theory further supported the influence of customer acquisition on organizational performance by emphasizing the importance of creating a customer-centric environment. Berry argued that customer-centric organizations have the potential to increase customer loyalty and satisfaction, resulting in increased revenues and profits. This, in turn, would lead to increased organizational performance among private universities.

This theory states that customer acquisition is essential to organizational success and that the quality of customer relationships can have a profound impact on the performance of the

organization (Guerola-Navarro, Oltra-Badenes, Gil-Gomez, & Gil-Gomez, 2021). According to the theory, organizations should strive to create and maintain positive customer relationships in order to increase customer loyalty and drive organizational performance. The CRM theory suggests that private universities in Kenya should focus on leveraging customer acquisition strategies such as personalization, segmentation, and targeting to acquire and retain customers and ultimately improve organizational performance.

Empirical Literature Review

Customer Acquisition and Organization Performance

Acquiring new clients ought to be the goal of any business aiming for real growth, Commerce CRM (2021). Easy as it may sound, this new customer acquisition has always proven to be cost intensive especially with regards to the creation of new publications, increased mailing activities, and the creation of targeted advertisements. Also, there is the issue of every lead guaranteeing the end of an engagement. Those clients reaching the tail end and closing the purchase do so the first and second time, then look for engagements some other place. The challenge remains that the position of the institutions may not be so good to make their intervention in acquiring them worthy. It is at this point that customer retention becomes important. You and Joshi (2020).

An identification of the right client pool and a further provision of determined positive outcomes is the basis for customer acquisition (Kotler & Keller, 2012). It will always be a critical area for young firms intending to grow into the market, those intending to expand among others. In the acquisition of new customers, the goal for any firm is to scout for the right customer for the delivery of service before a determination on the most suitable approach manner. This is an important factor as it is common that firms won't engage in a singular approach with all clients. In the present day, firms prefer identifying their customers, then concentration on the possible targets, ensuring

their satisfaction and achievement of desirable outcomes (Palmer, 2011).

There was a study by Todd, Fang and Palmatier (2011) looking at the effect of a firm's strategic plans for customer acquisition and retention. Upon the collection and analysis of data from major investment firms numbering 225, the determination was that a firm's intervention towards new customer's acquisition significantly boosts its survival ability; whereas an institution's strategic plans towards customer retention produces opposing outcomes. The outcomes effects are determined by the consumer's knowledge on a product, as well as the firm's resource use arrangements. Also, researchers have presented the impact by management determinations along the implementation of customer interaction strategies. Based on the findings, it was obvious of the influence by customer acquisition and retention on customer awareness and management choices on institutional results is enhanced whenever an organization consistently adopts a solid engagement structure.

Based on Min et al., (2016), whenever there is failure by a firm to evaluate their competitive ability, it is easy to undertake poor evaluations of the benefits of customer acquisition or retention plans, finally reaching negative choices. There was a review by Min et al. (2016) indicating that a firm's market coverage, market penetration level, and competitive position has influence on their customer acquisition and retention expenditure. Another analysis in the Telecom industry in Pakistan by Shafique, Ahmad, Abass and Hussain (2015) explored the influencing effect by rivalry levels in the link among institutional outcomes and customer relationship management. It was determined that customer acquisition influences institutional outcomes.

In the present world, the tourism sector continues to face increased globalization, high customer migrations, and more competition across. Further, increments on cost around customer acquisition as well as enhancing customer expectation continues

to push key players in the sector to depend on their ability to ensure their clients are satisfied (Adam et al., 2010). There continues to be lack of transparency, common practices and analysis of the important data in the tourism industry (Adam et al., 2010). CRM continues to be successful tool players within the tourism apply in separating them from their competitors. It therefore important that Jordanian hotels embrace CRM activities to ensure business survival in the long run.

Free and quick information flow has come to symbolize fluidity and brittle commercial ties in today's business world. Managers of businesses must deal with a knowledgeable and empowered client base whose brand loyalty is dwindling (Nwankwo & Ajemunigbohun, 2013). This generates a lot of dynamism and poses strategic difficulties for the majority of firms. In these circumstances, a thorough comprehension of consumer dynamics and wants is essential to developing solutions that keep clients happy and engaged with the business (Lombard, 2011). It has been demonstrated that good customer relationship management increases client satisfaction, loyalty, and retention. Through the efficient use of personal information for improved customer engagement and service delivery, customer relationship management enables a business to give great real-time customer service (Khedkar 2015). Consequently, a company's success is largely dependent on how well it manages its client relationships (Mehta, Sharma & Mehta, 2010).

In their 2011 study, Arnord, Fang, and Robert shed light on how managerial choice trade-offs affect the implementation of consumer engagement techniques. The findings imply that when a company regularly employs a particular engagement strategy, the impact undermining resource configuration decisions by having to concentrate on both obtaining and maintaining consumers has a variety of implications on innovations radically and incrementally based.

A concept paper by Swati Vashishtha et al. (2016) examines how retailers acquire more clients. The

difficulty in attracting customers is growing along with the Indian retail market. The buyer has countless shopping possibilities to browse and choose the item he wants to buy. Gaining a new client or potential buyer is undoubtedly crucial to increasing profitability. Therefore, it is important to comprehend the strategies used by the shop to draw in new clients. Through a secondary data evaluation of prior research work, this manuscript was prepared with the intention of understanding the retailer's efforts towards new customer acquisition. Numerous factors have been shown to predict how a business will perceive acquiring new customers based on the review. More thought and investigation are required to determine how these notions will affect the acquisition of new customers. The study suggests a model to bridge the gap between the retailer's perspective of new customer acquisition and the consumer's view of shop choice through empirical analysis. Future study must, however, validate the model, discover how consumers will respond to the merchants' efforts, and judge the effectiveness of such efforts from the retailer's perspective.

Mukami (2017) wanted to know how customer relationship management techniques at Chase Bank (Kenya) Limited-In Receivership affected customer satisfaction. The research design for the study was survey-based. 214 Chase Bank (Kenya) Limited-In Receivership employees who were working in the bank's branches in Nairobi City County made up the population. Primary data were gathered using a questionnaire. To determine the existence and strength of links between customer relationship management techniques and customer satisfaction, regression analysis was used. The study revealed that Chase Bank (Kenya) Limited-In Receivership uses needs assessment, provision of personalized services, continual communication, and employee empowerment as major customer focus techniques to increase customer satisfaction.

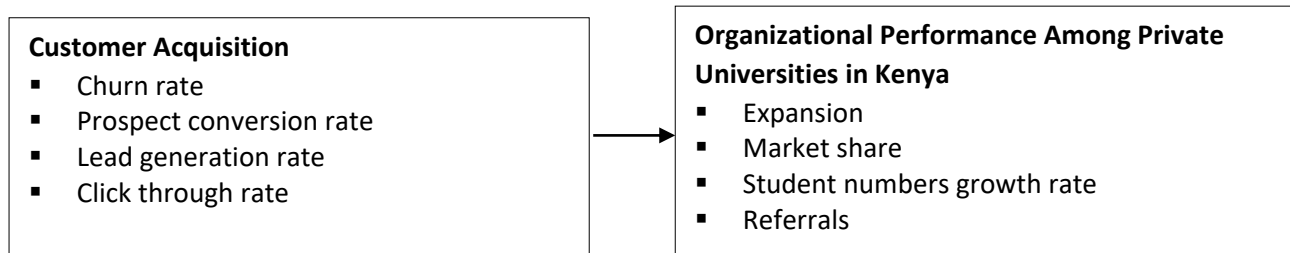
Customer acquisition has become an important part of the success of private universities in Kenya. The ability to acquire new customers and retain existing

customers is essential for private universities to improve their performance and remain competitive in the marketplace. One-way customer acquisition has enhanced organizational performance among private universities in Kenya is through creating a strong marketing strategy. With a well-crafted and targeted marketing strategy, private universities have been able to reach their target audience and build relationships with potential students (Anyango, Walter, & Muya, 2018). This has enabled private universities to increase their enrollment and student retention rates. Additionally, private universities have been able to strengthen their brand recognition and loyalty by creating a strong online presence and using digital marketing tactics such as social media advertising.

Another way customer acquisition has enhanced organizational performance among private universities in Kenya is by providing better

customer service. Private universities have been able to improve their customer service by implementing customer-focused solutions such as live chat and online customer support (Gatuyu, & Kinyua, 2020). This has enabled private universities to provide timely and effective solutions to their customers, which has resulted in higher customer satisfaction and loyalty. Finally, customer acquisition has enhanced organizational performance among private universities in Kenya by increasing their revenue. Private universities have been able to increase their revenue by leveraging their customer data to gain insights into their customers' needs and preferences. By understanding their customers' needs, private universities have been able to better tailor their products and services to meet those needs, resulting in increased sales and higher profits (Lyn Chan, & Muthuveloo, 2021).

Conceptual Framework



Independent Variables

Figure 1: Conceptual Framework

Source: Author (2021)

Dependent Variable

METHODOLOGY

The study settled on a descriptive cross-sectional research approach. In this study, the population comprised of managers in 25 private universities in Kenya. In the determination of the study's sample unit, Yamane's formula was applied. The study applied a questionnaire for data collection. The researcher selected a pilot group of 3 private universities from the target population to test the reliability of the research instrument. After the collection of data, there were checks for completeness. Sorting followed and later coding

before analysis by the statistical software (SPSS version 23.0).

RESULTS

Descriptive Results

Presentation includes the descriptive findings of the independent parameter and dependent parameter.

Organization Performance

Here, the participation was called to state personal levels of agreement or dissatisfaction with the statements pertaining to organization performance. Below is table 1 presenting the findings.

Table 1: Descriptive Statistics for Organization Performance

	N	Mean	Std. Deviation
Sale increase has been reported by the institution in the past five years	97	3.46	1.16
There has been expansion by the institution in the past five years translating to better sale numbers.	97	4.36	.48
An increase in referrals has been reported by the institution in the past five years	97	4.20	1.31
The institution's market share objectives have been met in the past five years.	97	3.46	1.17
Valid N (list wise)	97	3.87	1.03

Source: Research Data (2021)

Results from the above table 1 point to those scoring top mean (4.36) and standard deviation (0.48) confirming there has been expansion by the institution in the past five years translating to better sale numbers. It is followed by the group confirming that an increase in referrals has been reported by the institution in the past five years scoring a mean (4.20) and standard deviation (1.31). Sale increase has been reported by the institution in the past five years was the next with mean (3.46) and a (1.16) standard deviation; which was similar to the group

confirming the institution's market share objectives have been met in the past five years with 3.46 mean and a (1.17) standard deviation.

Influence of Customer Acquisition on Organization Performance.

Here, the participation was called to state personal levels of agreement or dissatisfaction with the statements pertaining to the impact by customer acquisition on institutional success. Below is table 2 presenting the findings.

Table 2: Influence of Customer Acquisition on Organization Performance

	N	Mean	Standard Deviation
The institution's intended conversion score is adequate towards the acquisition of increased clients	97	3.31	.68
The institution's leading generation rate shows consistency towards the acquisition customers	97	2.10	1.17
There is a reduced number of learners opting to deregister from the institution	97	3.45	1.08
The institution's prospectus aligns with market competition on sustaining advantage over others	97	4.45	.90
In the institution's marketing unit is adequately educated when it comes to client acquisition	97	4.01	.94
Aggregate Mean		3.46	0.95

Source: Research Data (2021)

Customer acquisition always has received recognition as a dimension affecting organizational outcomes within the private universities. The study intended to substantiate this position. Results from the above table 2 point to most participants confirming that the institution's prospectus aligns with market competition on sustaining advantage over others with mean and standard deviation 4.45 and 0.90 respectively; next was the group

confirming that the institution's marketing unit is adequately educated when it comes to client acquisition with a mean and standard deviation of 4.01 and 0.94 respectively. The group confirming that there is a reduced number of learners opting to deregister from the institution scored a mean and standard deviation of 3.45&1.08 respectively. The final group affirmed that the institution's intended conversion score is adequate towards the

acquisition of increased clients at a mean and standard deviation of 3.31 & 0.68 respectively. The institution's leading generation rate shows consistency towards the acquisition customers scored a mean and standard deviation of 2.10 & 1.17 respectively.

There is some similarity of the determinations with that by (Min et al., (2016, presenting that whenever institutions fail in the evaluation of the competitive factor, they are likely undertake ineffective assessments of the effects of acquisitions, eventually reaching negative resolutions. Min et al. (2016) undertook analysis that pointed to a firm's market share, market reach, and competitive position has some significant effects towards acquisition of clients as well as retention costs. An analysis by Shafique, Ahmad, Abass and Hussain (2015) in Pakistan's communication industry looked at the moderation role of competitive ability in the association among organizational outcomes and client relationship management. The study's determination was that client acquisition influences organizational outcomes. Further, bigger companies with better acquisition and retention levels doesn't imply bigger profit margins because customer rivalry has the ability of lowering (Min et al., 2016).

Mukami (2017) wanted to know how customer relationship management techniques at Chase Bank (Kenya) Limited-In Receivership affected customer satisfaction. The research design for the study was survey-based. 214 Chase Bank (Kenya) Limited-In Receivership employees who were working in the bank's branches in Nairobi City County made up the population. Primary data were gathered using a questionnaire. To determine the existence and strength of links between customer relationship management techniques and customer satisfaction, regression analysis was used. The study revealed that Chase Bank (Kenya) Limited-In Receivership uses needs assessment, provision of personalized services, continual communication, and employee empowerment as major customer focus techniques to increase customer satisfaction.

CONCLUSIONS AND RECOMMENDATIONS

The study's initial goal was to determine how customer acquisition impacted private universities in Kenya's performance. Both the organization's performance ($M=3.87$, $SD=1.03$) and the acquisition of customers were deemed to be satisfactory ($M=2.15$, $SD=1.02$). At the 5% level of significance, it was discovered to have a positive but significant ($p > 0.5$) association with performance ($r = 0.089$, $p = 0.394 > 0.05$). Additionally, performance was positively impacted by client acquisition ($t = 0.301$, $p > 0.05$). According to this finding, private colleges in Kenya client acquisition has a favorable, considerable impact on organization performance. Mukami (2017) revealed that Chase Bank (Kenya) Limited-In Receivership uses needs assessment, provision of personalized services, continual communication, and employee empowerment as major customer focus techniques to increase customer satisfaction. The study found that acquiring new customers significantly influences an organization's performance, leading to the conclusion that customer acquisition is an important element in that success.

A significant aspect impacting people's view when it comes to tertiary institutions continues to be the communication of accurate and articulate information. It ensures that an institution's stakeholders that there are well catered for. Communication is critical in the passage of information to learners and other people. Thus, the communication ought to have clarity, reliability and accuracy as this enables positive results.

Suggestion for Further Studies

Grounded on the results of this research, the summary and after suggestion there is need for a more research on over variables other than Customer acquisition that aren't comprised in this research to validate the actual issues that influence work of confidential campuses in Kenya, wherein the research ought to give more enlightenments on the recent research results and actualize outcomes.

REFERENCES

- Adam, A. S., Stalcup, L. D., & Lee, A. (2010). Customer Relationship Management for Hotels in Hong Kong, *International Journal of Contemporary Hospitality Management*, 22(2), 139-159.
- Anyango, E., Walter, O. B., & Muya, J. (2018). Effects of recruitment and selection criteria on organizational performance at Kisii University, Kenya. *International Journal of Social Sciences and Information Technology*, 4(10), 271-282.
- Gopal, R., Singh, V. & Aggarwal, A. (2021) Impact of online classes on the satisfaction and performance of students during the pandemic period of COVID 19. *Educ Inf Technol* 26, 6923–6947 (2021). <https://doi.org/10.1007/s10639-021-10523-1>
- Guerola-Navarro, V., Oltra-Badenes, R., Gil-Gomez, H., & Gil-Gomez, J. A. (2021). Research model for measuring the impact of customer relationship management (CRM) on performance indicators. *Economic research-ekonomska istraživanja*, 34(1), 2669-2691.
- King'oo, R. N., Kimencu, L., & Kinyua, G. (2020). The role of networking capability on organization performance: A perspective of private universities in Kenya. *Journal of Business and Economic Development*, 5(3), 178-186.
- Odero, J. A., & Makori, M. E. (2018). Employee involvement and employee performance: The case of part time lecturers in public universities in Kenya. *International Journal of Management and Commerce Innovations*, 5(2), 1169-1178.
- Palmer, A., (2011). *Principles of Service Marketing*. (6th ed.). London: McGraw-Hill-Education
- Todd J. A., Fang, E. & Palmatier, R.W. (2011). The effects of customer acquisition and retention orientations on a firm's radical and incremental innovation performance, *Journal of the Academic Marketing Science*. 39(3), 234–251. DOI 10.1007/s11747-010-0203-8