

# Customer Strategic Orientation and Organizational Performance of Kenya Airports Authority

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**Abstract:** *Customer strategic orientation usually reflects the strategic directions which are implemented by the organization to improve customer service and performance. They enable organizations to respond to the changing customer needs in a dynamic environment. The ability of Kenya airports authority to provide and maintain facilities necessary for efficient operations of aircrafts determine the effectiveness of customer services and the organizational performance. The current study examined the influence of customer strategic orientation on organizational performance of Kenya Airports Authority. The study was guided goal systems theory and adopted descriptive research design. The target population of the study was the 76 managers and supervisors of Kenya Airports Authority at Jomo Kenyatta International Airport. Census technique was employed where all the managers and supervisors of Kenya Airports Authority were involved in the study. Data was collected through questionnaires. Both descriptive and inferential data analysis methods were employed. Descriptive findings showed that customer strategic orientation influence Kenya Airports Authority's organizational performance. Correlation analysis results indicated that customer orientation had correlation coefficient  $r=0.796^{**}$ . This means that the relationship between customer strategic orientation and organizational performance was significant. Regression analysis results showed that the coefficient of determination was  $R^2=0.634$ , implying that customer strategic orientation explained 63.4% of variation in Kenya Airports Authority's organizational performance. The study concludes that customer strategic orientation creates value for customers, hence determine the effectiveness in service delivery. The researcher recommends that Kenya Airports Authority should put customer centrality as the focal-point for all decision-making processes. The study will be useful to the managers of Kenya Airports Authority by helping them to make sound strategic decisions and policies to improve organizational performance.*

**Key Words:** *Customer Strategic Orientation, Organizational Performance, Kenya Airports Authority*

## 1. Introduction

Strategic orientation indicates the strategic direction for a company in the long run and the plans for ensuring that effective performance and sustainability is attained and maintained (Chakraborty, Ghosh, Sarker, & Chakraborty, 2020). Organizations operate in highly dynamic and uncertain environments which significantly affects the performance. Therefore, it is imperative to keep track of changing needs of the customers and other stakeholders while re-assessing both external and internal environment. Customer strategic orientation enable the organization to focus the product development processes on satisfying the customer needs. Brambila-Loza, Wellens, and Pérez Juárez (2019) asserted that Airports authorities achieve improved performance through adoption of customer-driven innovative activities as well as clear direction for continuity and growth. Organizational performance determines the ability of the organization to achieve results in accordance to its goal. As such, the ability of Kenya airports authority to provide and maintain facilities necessary for efficient operations of aircrafts is informed by its organizational performance. However, there has been a decline in performance in terms of passenger throughput. According to Kenya Airports Authority performance report (KAA, 2021), the passenger throughput at Jomo Kenya International Airport reduced by 58.1% between year 2020 and 2021. Additionally, the aircraft movement declined by 43.4% in the same period. The previous researchers are yet to address the issue of customer strategic orientation and performance in respect to Kenya Airports Authority. Ng'ang'a (2017) conducted a research on the influence of strategic orientation on performance of telecommunication firms in Kenya. The findings established that strategic orientations indeed do influence the performance of organizations in the telecommunication sector in Kenya. Mwaura and K'Obonyo (2018) examined the strategy orientation on performance of

medium manufacturing firms in Kenya. Findings showed that customer and technology orientations influence performance. The current study assessed the influence of customer strategic orientation on organizational performance of Kenya Airports Authority.

## 2. Objective of the Study

The objective of the study was to examine the influence of customer strategic orientation on organizational performance of Kenya Airports Authority.

## 3. Literature Review

Customer orientation enables organizations to understand customers in order to create superior value for them consistently (Pamucar, Yazdani, Montero-Simo, Araque-Padilla, & Mohammed, 2021). Customer orientation thus focuses on understanding target customers, by analyzing the needs and priorities. Setiawan, Surjokusumo, Ma'Soem, Johan, Hasyim, Kurniasih, and Wajdi (2018) opined that Airports which are able to develop and maintain close relationships with customers and get fast feedback from them attains better organizational performance. Customer orientation determine the performance by improving and maintaining customer loyalty. Airports increase customer loyalty by improving quality and providing innovative services. Airport authorities usually provide amenities and facilities to promote customer care and performance (Özsoy & Örkücü, 2021).

Effective customer service contribute to increase in revenue since it builds a sense of trust between the airport and the passengers. This makes customers to keep preferring using the airport and its revenue keeps on increasing (Setiawan et al, 2018). As such, customer centrality and focus aspects of customer orientation enhances performance. Goal systems theory posits that organizational goals are structurally linked to each other and the strategies to achieve them. According to Hilton, Hajjhashemi, Henderson, and Palmatier (2020) the effort to pursuit of the goal needs the connection to the positive feedback and presence of consistent linked concepts. Effective customer services is a lasting tool for success of any organization. Good customer service results into client satisfaction which contributes to positive attitude towards the organization and good reputation in the market for the organization (Hilton et al, 2020). Therefore, organizations strive to develop a framework for the positive feedback of the customers. They initiate performance goals that are align to service delivery to the strategies for meeting customer needs and demands.

Goal system theory also suggest that customer orientation enables the organizations to shape the cognitive representation of customer goals to reside at the level at which they are providing services. Moreover, goal system postulates that customer orientation links the lower level goals and goal-means to higher level goal achievement and help the organization to keep on increasing their performance levels. Figure 1 illustrates the relationship between customer strategic orientation as indicated by customer centrality, customer satisfaction and quality of services and the organizational performance.

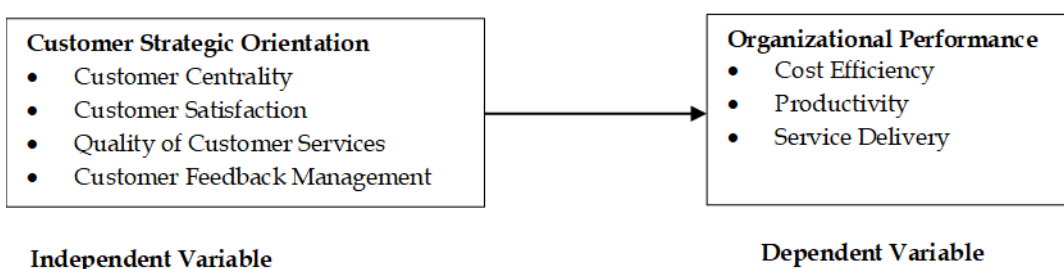


Figure 1: Conceptual Framework

Empirical review outlines the past studies related to customer strategic orientation and organizational performance. Koros (2018) carried out a study on the effect of strategic management drivers on performance of Airports in Kenya. Results revealed that there was a moderate positive linear relationship between strategic management drivers and organizational performance. Based on the findings, it was found that strategic information and communication technology, strategic human capital and strategic customer focus have a strong relationship with performance of Airports. However there was a weak significant relationship between Strategic Security and Safety and performance of Airports.

Chepchirchir, Omillo, and Munyua (2018) researched on the effect of cost leadership strategy on organizational performance of logistics firms at Jomo Kenyatta international airport. Findings showed that cost leadership had a significant positive effect ( $p < 0.05$ ) on logistics firms performance. Cost leadership strategy contributed to increased sales

volume and profits among logistics firms at Jomo Kenyatta International Airport. Results further revealed reduction of costs associated with operations that resulted to increased profit margin. Based on the study, the cost leadership strategy helps in cost management and reduction hence affects the firms' performance.

Mutunga and Ondara (2021) assessed the effect risk management practices on project performance at Kenya Airports Authority. Findings established that risk identification had significant effect on project performance at Kenya Airport Authority. Risk reporting significantly affects project performance at Kenya Airport Authority. Moreover, risk analysis and control significantly contributes to project performance at Kenya Airport Authority. Bonnyventure, Cheluget, and Ngala (2022) analyzed the mediating role of strategy implementation on the relationship between integrative leadership and performance of airfields in Kenya. The study findings revealed that there was a significant relationship between integrative leadership and the performance of Airfields in Kenya. The findings also indicated that there was a significant mediating effect of strategy implementation on the relationship between integrative leadership and the performance of airfields in Kenya.

Research gaps were identified from the empirical review. The research by Koros (2018) did not indicate how airports respond to the changes in the environment in which they operate. The current study adopt customer orientation to explain how organization responds to the changes in the environment and its effect on organization performance of Kenya Airports Authority. Mutunga and Ondara (2021) examined the effect of risk management practices on project performance at Kenya Airports Authority. The current study includes different parameters from Mutunga and Ondara. The key parameters in the study were risk identification, risk analysis and risk control while this study employs customer centrality, customer satisfaction and quality of services. The study by chechichir et al (2018) focused on the firms at Jomo Kenyatta international airport while the current study was undertaken at Kenya Airports Authority. He used cost leadership as the independent variable as opposed to customer orientation. The study by Bonnyventure et al (2022) did not reveal the link between strategy implementation and firm's response to environmental changes. The current study establishes how Kenya Airports Authority could respond to environmental dynamism through adoption of appropriate customer strategic orientation and its influence on organizational performance.

#### 4. Methodology

The present research applied descriptive research design. Descriptive research design helped the researcher to describe existing conditions regarding strategic orientations and organizational performance and also aided collection of detailed information for the study. The target population of the study was the managers and supervisors in Kenya Airports Authority at Jomo Kenyatta International Airport (JKIA). There are 76 managers and supervisors at KAA departments comprising operations and safety, marketing and business development, projects and engineering services, security services, finance, human resource management, planning and strategy, procurement and logistics, ICT, risk management and audit. Managers are strategic decision makers hence were deemed to possess information concerning strategic orientations and organizational performance of Kenya Airports Authority. Due to the small size of the total population of managers at JKIA, the researcher applied census technique. All the 76 managers and supervisors were involved in the study. The study used primary data which was collected through Questionnaires. Both descriptive and inferential data analysis methods were employed. Under descriptive analysis, means, standard deviations and percentages were used to describe the influence of customer strategic orientation on organizational performance. In Inferential analysis, Pearson's correlation and regression analysis were employed to establish the association between the predictor variable and the response variable. Data analysis was aided by Statistical Packages for Social Sciences (SPSS). The following model was used in regression analysis:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where;

Y = Organizational Performance

$\beta_0$  = Constant

$\beta_1$  = Beta Coefficient

$X_1$  = Customer Strategic Orientation

$\varepsilon$  = Error of Margin

5. Findings and Discussions

This section outlines the descriptive and inferential findings and discussions on the customer strategic orientation and its influence on organizational performance of Kenya Airports Authority. The researcher issued 76 questions and 55 of them were fully filled and returned. Therefore, the response rate was 72.4%.

5.1 Descriptive Findings and Discussions

The researcher aimed at establishing the influence of customer strategic orientation on organizational performance of Kenya airports authority. Descriptive findings are presented on Table 1.

Table 1: Influence of Customer Strategic Orientation on Organizational Performance of Kenya Airports Authority

Customer Orientation	N	SA 5	A 4	I 3	D 2	SD 1	Mean	Std. Dev.
Adoption of customer orientation improve customer loyalty.	55	25.5%	50.9%	20%	3.6%	0%	3.98	0.782
Customer focus enhance customer interactions.	55	54.5%	20%	18.2%	7.3%	0%	4.22	0.994
The quality of our services has improved over the past five years.	55	34.5%	27.3%	18.2%	12.7%	7.3%	3.69	1.275
Feedback management enhance communication and customer engagement.	55	16.4%	27.3%	20%	20%	16.4%	3.07	1.375

Findings in Table 1 shows that organizational performance of Kenya Airports Authority depend on customer orientation. 25.5% of the respondents strongly agreed, 50.9% agreed hence 76.4% at least agreed (Mean≈4.00; Std.Dev=0.782) that adoption of customer orientation improve customer loyalty and performance. 54.5% of the managers strongly agreed (Mean=4.22; Std.Dev=0.994) that customer focus enhance customer interactions with the organization. Moreover, 34.5% of the managers strongly agreed that quality of services by Kenya Airports Authority has improved over the past five years. However, 18.2% were indifferent on the improvement in quality of services provided. Moreover, 20% of the managers had differing opinions (Mean=3.07; Std.Dev.=1.375) pertaining to the role of feedback management in enhancing communication and customer engagement. Findings shows that customer orientation enhance customer centrality and satisfaction, which lead to operational efficiency. As such, customer orientation is key in promoting the organizational performance of Kenya Airports Authority. The quality of services plays a significant role in improving service delivery and this determines the overall performance.

Table 2: Descriptive Statistics for Organizational Performance

Organizational Performance	N	SA 5	A 4	I 3	D 2	SD 1	Mean	Std. Dev.
Our revenues have been on upward trends for the past five years.	55	34.6%	60%	3.6%	0%	0%	4.33	0.546
We have effective cost control mechanisms that reduce costs.	55	29.1%	50.9%	18.2%	1.8%	0%	4.07	0.742
Our service delivery has consistently met the customer needs.	55	20%	40%	29.1%	5.5%	5.5%	3.64	1.043
Strategic orientations enhance organizational performance.	55	41.8%	41.8%	14.5%	1.8%	0%	4.24	0.769

Descriptive findings in Table 2 shows that organizational performance of Kenya Airports Authority is indicated by cost effectiveness, revenue generation, efficiency, and service delivery. 94.6% of the managers agreed (Mean=4.33; Std. Dev=0.546) that the revenue of Kenya Airports Authority (KAA) has been on upward trends for the past five years. Majority of the respondents (50.9%) concurred (Mean=4.07; Std.Dev=0.742) that KAA maintains effective cost control mechanisms that reduce costs. Further, 40% of the respondents agreed that service delivery by Kenya Airports Authority has consistently met the customer needs. 83.6% of the managers agreed (Mean=4.24; Std. Dev= 0.769) that strategic orientations; market, technology, learning and customer orientations enhance organizational performance. The findings concurs with Mwaura and K'Obonyo (2018) who evaluated the effect of strategy orientation on performance of medium

manufacturing firms in Kenya. Their findings indicated that performance is dependent on effectiveness of strategic orientations. However, the study was conducted on manufacturing firms while the current study was carried out at Kenya Airports Authority.

**5.2 Inferential Findings and Discussions**

Inferential analysis incorporates correlation and regression analysis. They were undertaken to establish the relationship between customer strategic orientation and organizational performance of Kenya Airports Authority.

**5.2.1 Correlation Analysis**

Correlation analysis was carried out to establish the relationship between the customer strategic orientation and organizational performance of Kenya Airports Authority. Findings are shown in Table 3.

**Table 3: Correlation between the Customer Strategic Orientation and Organizational Performance of Kenya Airports Authority**

		Organizational Performance
Customer Strategic Orientation	Pearson Correlation	.796**
	Sig. (2-tailed)	.000
	N	55

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

Correlation analysis results on Table 3 shows that the correlation coefficient for customer orientation and organizational performance was strong, positive and significant ( $r = .796^{**}$ ;  $p = 0.000$ ) at 1% significance level. This implies that the relationship between customer orientation and organizational performance was significant. Therefore, organizational performance is dependent on customer centrality, customer satisfaction, and quality of customer services.

**5.2.2 Regression Analysis**

Regression analysis was undertaken to establish the relationship between the independent variable and dependent variable by predicting organizational performance from changes in the customer strategic orientation. The findings are shown in Tables 4, 5 and 6.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 <sup>a</sup>	.634	.627	.31572

a. Predictors: (Constant), Customer Strategic Orientation

Table 4 shows that the correlation coefficient was  $R = 0.796$ , which implies that there was a strong relationship between customer strategic orientation and organizational performance of Kenya Airports Authority. The coefficient of determination was 0.634 hence 63.4% of variation in organizational performance was explained by changes in customer strategic orientation.

**Table 5: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.149	1	9.149	91.785	.000 <sup>b</sup>
	Residual	5.283	53	.100		
	Total	14.432	54			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Customer Strategic Orientation

The Analysis of Variance (ANOVA) shows that the F-value was 91.785 with  $p\text{-value} = 0.000$ . The result implies that the overall model was significant. Therefore, customer strategic orientation influence organizational performance of Kenya Airports Authority.



**Table 6: Regression Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.272	.192		11.815	.000
	Customer Strategic Orientation	.481	.050	.796	9.580	.000

a. Dependent Variable: Organizational Performance

The following regression model was applied:  $Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where;

Y = Organizational Performance

$\beta_0$  = Constant

$\beta_1$  = Beta Coefficient

$X_1$  = Customer Strategic Orientation

$\varepsilon$  = Error of Margin

The model was interpreted as;  $Y = 2.272 + 0.481X_1 + 0.192$ . The beta coefficients shows that one unit change in customer strategic orientation led to 0.481 unit change in organizational performance. Therefore, organizational performance of Kenya Airports Authority is predictable from variation in customer strategic orientation.

## 6. Conclusion

The study concludes that customer orientation creates value for customers, hence determine the effectiveness in service delivery and influence organizational performance. Customer orientation helps to put the needs of the customer over the needs of the organization. Therefore, customer-oriented organization thrives by consistently improving customer centrality and satisfaction. Research findings indicated that customer orientation provide insights into the expectations and satisfaction of customers. Service quality as part of customer orientation influence service delivery and performance Kenya Airports Authority.

## 7. Recommendation

First, the researcher recommends that Kenya Airports Authority should focus more on customer strategic orientation by putting customer centrality as the focal-point for all decision-making processes within the organization. This will improve customer service delivery and the organizational performance.

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