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**CHALLENGES INFLUENCING OPERATIONAL EXCELLENCE IN STATE CORPORATIONS: A CASE OF POSTAL CORPORATION OF KENYA**

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**CHALLENGES INFLUENCING OPERATIONAL EXCELLENCE IN STATE CORPORATIONS: A CASE OF POSTAL CORPORATION OF KENYA**

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**ABSTRACT**

*Operational excellence today is a key management theme for each and every organization. Operational excellence has its genesis in manufacturing dating back to the pre-Industrial revolution. The Postal history in Kenya dates from the early years of the 17th century. This study aimed to establish challenges influencing operational excellence at Postal Corporation of Kenya. The study had a sharp focus on Postal Headquarters in Nairobi. Data was collected from the top management that is composed of general managers in charge of departments. This research used a descriptive research design. The target population constituted of 132 senior managers heading different departments and sections at the corporation. Questionnaires were administered to selected employees of PCK. An introductory letter enabling the researcher to collect data was obtained from JKUAT Nairobi campus. Data was processed before analyzing, for checking completeness of the questionnaire, sorting and coding appropriately. Information was then fed in a computer software programme the SPSS, a data base was created then data entry followed. Qualitative data was analyzed using both descriptive and inferential statistics. Data was presented in tables only. The study findings established that there is a significant positive relationship between organizational structure, organizational culture and operational excellence. The findings also indicated that organizational structure followed by organizational culture influences operational excellence in Postal Corporation. The study noted that organizational structure to be the major contributor towards realization of increased operational excellence in Postal Corporation. Organizational structure determined the uniqueness and competitiveness of organization products in the market and this played a key role in determining the state of operational excellence.*

**Key Words:** *Organizational Structures, Organizational Culture, Operational Excellence, Postal Corporation of Kenya*

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## Background of the Study

Operational excellence today is a key management theme for both profit and non-profit organizations (Duggan, 2012). The objective of this practice is to maximize operating profit, whilst this means keeping costs as low as possible, it also means adding as much value as possible and offering added value to the client in order to boost revenue. The customer is at the center of operational excellence thus the relevance of organizational changes on the morale and attitude of its human resources and according to hidden value is not enough for human resource to simply adapt to the new situation by changing the way in which it is structured and organized; value (O'Reilly & Pfeiffer, 2000). With organizations trying to achieve operational excellence, human resource has to question and change the way it thinks about how it operates and the kind of contributions it needs to either retain or regain its credibility and status with key organizational stakeholders (O'Reilly & Pfeiffer, 2000).

Operational excellence has its genesis in manufacturing dating back to the pre-Industrial Revolution. In his 1776 magnum opus, *The Wealth of Nations*, economist and philosopher Adam Smith was among the first great thinkers to define this now widely used concept (Spear, 2009). Smith famously described a small pin factory where 10 workers, each specializing in a different aspect of the job, could produce over 48,000 pins a day. Left to make a pin on his own, each of these workers might not have manufactured a single one in a day. The division of labor immensely increased the productivity of each worker. It's still true today that assigning different roles and responsibilities across an enterprise enables scale, lowers costs and leads to greater operational efficiencies (Schwientek & Schmidt, 2008). Delivering continuous improvement in the marketplace among competitors and

customers requires enterprises to identify, understand and create the capabilities, behaviors and focuses necessary for repeatable, continuous and measurable operational improvement. Thus globally operational excellence has been achieved due to its increased productivity and efficiency at work place (Schwientek & Schmidt, 2008).

Africa too has not been left behind in its efforts towards attaining operational excellence, this is usually done through human resource that is responsible in staffing and is expected to be translated as an output inform of customer satisfaction. Being operationally excellent requires a focus on management capabilities to develop and promulgate standards, coordinate decision-making, optimize service delivery and to manage the workforce (Allen & Kutnick, 2001). According to Wight (2000) orchestrating these capabilities requires a unification of cross-functional management disciplines. These capabilities can be organized around characteristics such as visualizing key Operational Processes, Designing a workflow and predefined responses, development of metrics and gauges and finally driving continuous improvement.

Benchmarking can be applied to any part of the business that is measurable (Duggan, 2012). The equipment to be used must be comparable; this helps confirm the view and arguments of those who emphasizes the importance of the quality and characteristic of the people who occupy key roles within the organization.

In Kenya, Operational excellence is exemplified through the selection of 'best in class' benchmarks that are global in nature. For example, an organization might be able to demonstrate 'best in class' performance within its industry in Kenya, while an operationally excellent organization at the world class level would be able to demonstrate

superior performance against organizations that extend beyond its industry and country of operation. Most organizations are content with surpassing the industry average within their country of operation which is mostly not world class excellence.

The Postal history in Kenya dates from the early years of the 17th century. A Portuguese governor was installed in Mombasa in 1592 and official correspondence between the town and the outside world has been recorded from 1610 onwards, carried by ship to Arabia and India and transmitted to Europe by the overland route. According to the PCK strategic plan (2008-2012) regular postal service in British East Africa was introduced in May 1890 and post offices opened in Mombasa and the island of Lamu. Two years later offices were opened at Malindi and Wasini and by 1897 an office was to open at Kilindini. Kenya's increasing democratisation, rising political consciousness and with the advent of devolved governments has led to raised awareness and high expectations of effective and efficient public service delivery.

Postal Corporation of Kenya (PCK) is mandated to offer postal services which include mail, financial, agency and courier services in the domestic and international market. Postal mail revenues have been declining in the recent past mainly due to increased competition as a result of liberalization of the market, in addition to sophisticated customers exposed to variety of choices corporate strategic plan (2013). Therefore PCK has come up with strategies to improve the performance of its workforce, such as enhancing job satisfaction through training, aligning job cadres, employee incentive policies; this is expected to improve efficiency and effectiveness in service delivery to all stakeholders. Increase in global competition with other new entrants offering similar services that the PCK does, necessitating innovation and

improvement in operational excellence. In 1998, the Kenya government split Kenya Posts & Telkom Corporation into three separate entities namely Postal Corporation of Kenya, Telkom Kenya & Communication Commission of Kenya to provide postal services, Telkom communication services, prepare for liberalization of telecommunication and mobile telephony sector and create an independent entity.

### **Problem of the statement**

According to Martin, (2008) the end user demands has taken an upward toll in the Postal Corporation of Kenya, as customers are becoming conscious of the quality of services they acquire from their service providers, innovation thus becomes an important concept while addressing the issues of quality of services in organizations, this requires more than independent efforts by the service providers. Operation excellence in every area of business that contributes to end user satisfaction is of importance. Operational excellence enables an organization to achieve significant measurable performance improvement by focusing on the levers that enhance flexibility and speed to market, quality and reliability.

Postal Corporation of Kenya is mandated to offer postal services which include mail, financial, agency and courier services in the domestic and international market. Postal mail revenues have been declining in the recent past mainly due to increased competition as a result of liberalization of the market, emergence of mobile telephony and usage of electronic mail and electronic commerce as dominant means of communication in addition to sophisticated customers exposed to variety of choices, hence demanding high quality service (corporate strategic plan 2013).

Therefore PCK has come up with strategies to improve its service delivery, to increase its profitability and curb client complaints, and some of the strategies include the introduction of operational excellence that is expected to improve efficiency, enhance cost cutting measures and effectiveness in service delivery in the organization.

Based on this background the study aimed to establish challenges influencing operational excellence at Postal Corporation of Kenya.

### **Research Objectives**

The main objective of the study was to establish challenges influencing operational excellence in state corporations with reference to Postal Corporation of Kenya. The specific objectives were:

- To determine how the organizational structure influences operational excellence at Postal Corporation of Kenya.
- To establish effects of organizational culture towards operational excellence at Postal Corporation of Kenya.

### **LITERATURE REVIEW**

This chapter contained a review of past research studies and publications conducted regarding operational excellence. The literature was subdivided according to objectives of the study, these include: influence of organizational structure and organizational culture towards achievement of operational excellence, it further contains a theoretical and conceptual framework of the study.

#### **Theoretical Framework**

According Kothari (2004) a theory is a coherent group of tested propositions commonly regarded as correct that can be used as principles of explanation and prediction for class of phenomena. In line with

this definition, the study will use four theories that help explain the arguments advanced in this study. The theoretical framework of the study is a structure that can hold or support a theory of a research work. It presents the theory which explains why the problem under study exists. Thus, the theoretical framework is but a theory that serves as a basis for conducting research.

#### **Scientific Management Theory**

This study will use Frederic Taylor scientific management theory. The main objective of this theory is to improve economic efficiency especially labor productivity. In this theory science is applied to the engineering process and to management. This theory studies how work is performed and looks at how this work affects the workers' productivity.

Yavuz (2009) asserts that making people work as hard as they could was not only as efficient as optimizing the work. He thus comes up with the scientific management principles that propose optimization and simplification of jobs towards increased productivity. Taylor advanced that workers and managers cooperate with one another; he also believed that all workers were motivated by good returns; he focused on efficiency and believed certain people could work more efficiently than others.

According to Yavuz (2009) advanced principles of scientific management that can be used to further understand the theory. The first principle was the performance standards, to Parlak (2004) no one knew exactly how much work should be done in an hour or a day, to him people work using simple habit and common sense thus he advocated for a scientific method to study work and determine the most efficient way to perform specific tasks. He thus introduced time and motion study to fix performance standards, these were on time, cost and quality of work, and this led to uniformity of

work hence the efficiency of work could be compared with each other.

The second principle was to differentiate piece rate system (Spender & Kijne, 1996). Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency. Parlak (2004) observed that workers did as little work as possible thus under an existing wage an efficient worker does not gain anything extra thus he come up with the differential piece rate system for wages.

Thirdly Taylor advocated for functional foremanship, this entailed a supervisor who would monitor workers performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working (Khurana, 2009). Further he advocated on study time where time for doing each part of work would be recorded. The full job would be observed and analyzed, it would then be divided into different parts then time taken would be recorded, this would help the management to know exactly how much time a particular job takes thus standard outputs of work for a certain period could be fixed. Time study according to Taylor (2010) would prevent the workers from passing time, working slowly and doing less work. Time study helps to increase the productivity of the organization it would also help the managers spend their time planning and training, allowing the workers to perform their tasks efficiently.

Taylor's last principle was on mental revolution, he said that the management and workers should have a positive attitude towards each other. This will result in close cooperation between them. This will increase productivity and profits. For operational excellence to be achieved at state corporations and in particular at PCK then Fredrick Taylors theory becomes very applicable, Operational excellence

mostly touches on management and staff in an organizations since they are the ones in charge with daily execution of work (Coffey, 2010). If efficiency and productivity is to be achieved which will translate into customer satisfaction then the principles of scientific management have to be operationalized, a motivated worker will perform optimally easing the work of managers thus they are able to further plan in regard to achieve operational excellence.

### **Process-based Organization Design Model theory**

Currently, most organizational structures are based either on function or product, with little or no process orientation. Functionally organized companies have difficulty meeting customer needs seamlessly across different functions because no one "owns" the issue of how long it takes or how much it costs to fulfill customer requests (Davenport, 1995). The same works for divisionally organized companies, which are mostly oriented toward their products building market demand for those products they are able to produce, neglecting customer needs and their business relationships. Inefficiencies of the two most commonly present structures, in addition to emerging business trends, place the emphasis on a process-based organization as one of the possible solutions. The process-based organization is lead by the process paradigm, which is focused on the horizontal view of business activities and alignment of organizational systems toward business processes. The process paradigm or process orientation represents a broader term than process-based organization. While the former is a whole new way of thinking and new approach to doing business, the latter stands for applicative way of introducing higher levels of process maturity and process practice into companies.

However, the idea of the process-based organization as a new organizational form, with the "business processes" as the basic organizational

construct (Seltsikas, 2001) is gaining strong momentum. Even more, according to Levi (2002), it is becoming a mandatory requirement. The idea of a process-based structuring is not new at all.

Although some initiatives focusing on organizing work around business processes have been addressed earlier (Nordsieck, Henning, Chapple, Sayles) the increasing attention toward business processes was given by Quality movements (Total Quality Management, Lean Thinking, Six Sigma, etc.), and especially with Business Process Reengineering (BPR). Along with Hammer & Champy (1993), Bryne (1993) among the first popularized the term “horizontal organization” and provided a prescriptive definition of a business process-oriented model (McCormack & Johnson, 2001). Afterwards, many authors have studied the idea of organizing around business processes in a certain manner (Crosetto & Macazaga, 2005; Davenport, 1993; Dutta & Manzoni, 1999; Galbraith, 2002; Gardner, 2004; Groth, 1999; Harrington, 1991; Ostroff, 1999; Stalk & Black, 1994).

### **Institutional theory**

Institutions theory is composed of cultural-cognitive and regulative elements that, together with associated activities and resources give meaning to life. Institutionalized myths are central to explanation. Formal structures which should be understood as composed of myths and ceremonies (Meyer and Rowan, 1977), influencing the conduct of public administrators not only by influencing what they have to do, but also by shaping the imagination of the actors about alternatives and solutions. Society or culture as a whole determines the acts and non-acts, the structures and the values of the state cooperation. Many organizations, whether public or private, adopt formal structures, procedures and symbols that appear identical. Diffusion processes are characterized by institutional isomorphic change (DiMaggio and

Powell, 1983). Mechanisms such as coercive isomorphism –change results from pressures exerted by political influence or by outside organizations considered as legitimate –mimetic isomorphism –uncertainty and ambiguity

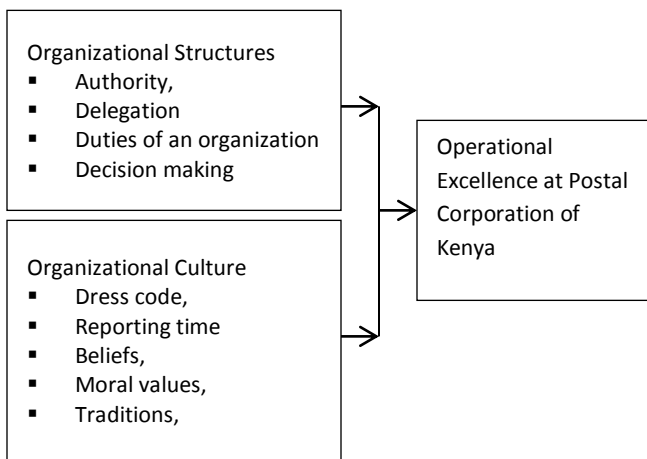
About goals or technology increases the adoption of imitation conducts –and normative isomorphism – the influence of individuals belonging to the same profession or having followed the same educational processes-accelerate similarities (Russel, 2003). Designing institutions that are radically different from the existing ones becomes an illusion in a world that constrains autonomy of choice and limits action-oriented imagination. Public organizations such as constituencies therefore prefer not to be innovative because conformity reinforces their political legitimacy or improves the social image of their members. Values recognized by their environment drive transformation more than instrumental rationalities increasing efficiency or effectiveness. In the long term, more diversity or competition between alternative organizational models is possible. (Kondra and Hinings, 1998).

### **Adaptive Structuration Theory**

Adaptive Structuration theory was first proposed by Anthony Giddens in his Constitution of Society in 1984, which was an attempt to reconcile social systems and the micro/macro perspectives of organizational structure. Desanctis and Poole (1994) borrowed from Giddens in order to propose AST and the rise of group decision support systems. AST provides the model whereby the interaction between advancing information technologies, social structures, and human interaction is described, and which focuses on the social structures, rules, and resources provided by technologies as the basis for human activity. AST is a viable approach in studying how technology influence operational excellence at state corporations in the state cooperation because it examines the change from distinct perspectives.

Adaptive Structuration Theory (AST) is relevant to today's operational excellence practice due to the expanding influence that advancing technologies have had with regard to the human-computer interaction aspect of AST and its implications on socio-biologically inspired Structuration in security software applications (Ramakrishna 2005). AST theory presents specific advances in technology that are driving organizational changes in the areas of business alignment, IT planning, and development that show how AST is being used to as a driving force of effective management within organizations. The study will use the theory to investigate how complexity of the operations excellence is influenced by Technology (Ramakrishna 2005). According to DeSanctis and Poole (1994), AST is a viable approach for studying the role of advanced technologies in effective operational excellence.

**Conceptual Frame Work**



Independent Variable

Dependent Variable

**Figure 1: Conceptual Framework**

**Empirical Review**

Goodwin (2005) notes that empirical review is the authors review of information and theories currently available concerning the topic under study

in order to demonstrate the author's thorough understanding of the topic which he/she is conducting research. Further, it shows that the problem being studied had not been done before or has not been done before in the way proposed by the researcher.

**Introduction to Operational Excellence**

Operational excellence is the designing and performance of integrated systems and processes that create superior strategic, competitive and operational value through speed, flexibility and cross-purpose adaptability (Wight, 2000). It can further be looked at as providing customers with reliable products or services at competitive prices and delivered with minimal difficulty or inconvenience (Treacy & Wiersema, 2003). The objective of operational excellence is to maximize operating profit by keeping costs low and adding value to the products and services in order to boost revenue. This management practice emphasizes on the importance of the customer as the end user thus operational excellence looks at aspects such as optimizing and achieving excellent operational management that consistently produces efficient and effective products and services that customers are looking for, Operational excellence also concerns itself with quality, speed, reliable delivery and innovation (Wallace, 2008). According to Thompson & Carr (2006) Operational excellence is about sustained improvement over time, improvement in all areas of importance (both performance areas and segments within each area), and performance at any level.

**Organizational Structure and Operational Excellence**

Establishing right organizational structures and building on their executional prowess helps organization's to stay operationally excellent during



good and bad times. The right mix of these two aspects (structure and executional prowess) should be identified and the necessary changes to be undertaken in order to ensure the organization stay ahead of its competitors even in the face of daunting markets (Takahara & Mesarović, 2003). Constant review of this should be undertaken. Organizational excellence is usually affected by the organizational structure and execution. (Baligh, H. 2006). Maguire (2003) reasons that organizational structures have to do with “what” “who” and “where” of a business operating model and assets. Execution on the other hand is “how” of an operating business model.

Organizational structure is mostly concerned with capabilities and assets needed. This further shows how the business has organized its capabilities to execute its strategies (Parker, 2004). Organizational structure will depend on the external and internal priorities of an organization. In most organizations, these are built through strategic decisions about customers, products and how one intends to deliver these capabilities. Baligh, (2006) asserts that a good organizational structure enables an organization to take advantage of opportunities presented by market discontinuities such as accelerated growth openings in emerging economies which can lead to operational excellence (Martin, 2008).

Organizational structure further positions an organization to benefit from global scale while remaining locally responsive hence leading to growth in new markets. Decision making in an organized organization is quick and exchange of ideas between the different levels lead to better operational decision that can drive growth and maximize capacity (Rao, 2004).

Structure in organizations has ensured there is business process management in regard to achievement of process excellence as a core strategic capability with the opportunity of

providing organizations with a strong basis for competitive differentiation. Such businesses consider their core processes to be strategic assets. Allen & Kutnick (2003) reasons that aligning organizational structure to the direct management of core processes throughout the business, irrespective of other functional or departmental hierarchies and matrices helps in achieving excellence. This allows management a holistic view and complete transparency across the business, giving them the ability to make more informed decisions in the ongoing management of service, cost and risk.

Organization structure looks at capabilities and skills of the different human personnel. Businesses aiming to achieve operational excellence in a sustainable and cost-efficient manner need to invest in the long-term capability and skills of their people (Collins, 2004). Leading companies are continually investing in their employees to ensure that they can not only execute best practice operational management, but can also deliver change and process improvement within and across their businesses.

### **Organizational Culture and Operational Excellence**

Organizational culture ensures that organizations know what to provide to customers. Thus they figure out what they must do, organizational culture that ensures services are provided for in the most convenient way consequently is adopted. Organizational Culture is the collective programming of the mind that distinguishes the members of one organization from others (Black, 2004). Organizational culture includes organizational expectations, experiences, philosophy and values that it holds together. Organizational culture is reflected in the ways organizations conduct its business (Coffey, 2010), treats its employees (Martin, 2003), customers

(Coffey, 2010) and the wider community (Pareek, 2006). Parker (2004) is of the opinion that the extent to which freedom is allowed in decision making, developing new ideas and personal expressions further is a point to an organizational culture. The ways in which power and information flows and through its hierarchy can dictate whether the organization's culture values operational excellence. Excellence is further revealed by how committed employees are towards collective objectives.

Strategy and planning are important aspects in organization's that aim to achieve operational excellence (Black, 2004). These businesses will ensure that this focus is consistently demonstrated in both strategic intent and tactical execution. The primary operational objective for the business is to achieve best execution of service, at optimal cost, with warrantable levels of risk. Many businesses will focus on one or more of these for a period of time, but will then shift attention as circumstances dictate. This often leads to a lack of balance across the three challenges (Schneider, 2003). These strategic priorities will be cascaded throughout the organization so that individuals have clear and measurable objectives for each of these imperatives, with specifically targeted operating plans by which they are directly managed and rewarded. The business achieves a balance between infrequent major transformational change and regular continuous activity to improve the business' performance, without "initiative overload" and with the active and direct support of the business' leadership.

Service differentiation is yet an organizational culture that defines operational excellence and promotes best execution as its principal delivery objective (Wallace, 2008). Such a business will have a clear definition of which service challenges differentiate it in its market and these will be clearly

understood and embodied by all constituencies within the company. Treacy & Wiersema (2003) are of the view that the best businesses exhibit an unerring focus on the customer. They recognize that retention of the customers they serve well is better for their business than a constant need for new customer acquisition. Further recognition that the capability to deliver consistency and predictability in service performance is greatly enhanced by process standardization rather than complexity or multiplicity of offering (Treacy & Wiersema, 2003).

Organization's need to have a culture of cost optimization (Pareek, 2006) this is an underlying rule when it comes to operational excellence. Pareigis, Echeverri & Edvardsson (2012) reasons that majority of companies operating in the financial services sector regard their management of costs as active, but this is not always representative of the true situation. In operationally excellent companies, cost reduction is an ongoing business-as-usual activity and not a one-off programme, with an operational strategy that is singularly focused on the creation and maintenance of operating leverage across the business, thus achieving "more for less". An operationally excellent business constantly assesses what is contributing value or representing non-value-added activity in its operations and processes (Johnston & Clark, 2008). In addition to the increased efficiency and capacity created by reducing waste in operational units and processes, the business will exhibit rigorous financial discipline across all units. Leading organizations will also make best use of opportunities to rationalize, centralize and share operational services to maximize economies of scale, and to relocate or outsource operations for maximum economic benefit (Meyer & Schwager, 2007).

Organizational culture will ensure there is a risk mitigation strategy for better operational

excellence. Prahalad & Ramaswamy (2004) suggests that financial businesses must attempt to secure the right balance between reward generation and risk assumption in constantly changing markets. Ongoing success ultimately depends on continuously being able to determine and manage warrantable levels of risk across diverse regulatory environments and complex operational requirements. Ostrom, Bitner, Brown, Burkhard, Goul and Smith-Daniels, (2010) to achieve this, full transparency and clear accountability across all operational processes in the organization are required. The best exponents demonstrate complete oversight end-to-end, without any gaps or duplication in coverage. The resultant control environment mitigates and prevents breaches and losses, rather than reacting after the fact, and is fully effective without negatively impacting service delivery or cost performance.

Organizational culture will ensure there is a sound measurement and management of information. Business cannot function without effective measures of performance. Excellent companies ensure that every process is measured and monitored specifically in relation to "critical to quality" requirements (Prahalad & Ramaswamy, 2004). This means that all key performance indicators are relevant, and should be directly aligned to the specific needs of the customers or stakeholders, whether external or internal, and are thus measuring only those elements which are critical to the recipients' evaluation of the outcome. Tangen (2005) asserts that the best performing businesses in this area will have re-designed their portfolio of measures and other key performance indicators to ensure that they are all customer centric and are regularly reviewed against clearly defined specifications, addressing both service and compliance requirements.

There should be an ability to improve a business on a continuous basis as part of organizational culture towards operational excellence. This enables a business to differentiate itself competitively on an ongoing basis (Sahay, 2005). Success in this area requires an aspiration to achieve self-sufficiency, with the capability to execute effective and sustainable change without the need for external support. According to Allen & Kutnick (2003) by reaching such an objective, operationally excellent companies are able to refinance their ongoing operations through continuously improved performance and productivity.

## **RESEARCH METHODOLOGY**

This research used descriptive research design, this was appropriate as it helped answer the questions of who, what, when, where and how associated with a particular research problem (Kombo & Tromp, 2006). The target population of this study was employees of the postal corporation of Kenya. There were 4,000 (corporate strategic plan 2013). But the proportion of the target population that had the characteristics to be measured constituted 132 senior managers heading different departments and sections at the corporation. Self-administered questionnaires were used for this study. Reliability and validity of the research instruments was computed after pilot study was conducted. The content validity of the instrument was determined through piloting, where the responses of the subjects were checked against the research objectives. A total of 132 questionnaires were given to the respondent for them to fill. Analysis of data was done in two forms, qualitative and quantitative. Data was processed before analyzing, for checking completeness of the questionnaire, sorting and coding appropriately. The information was then fed in a computer software programme the SPSS, a data

base was created then data entry followed. Qualitative data was analyzed using both descriptive and inferential statistics. The multiple regression analysis and Anova analysis was used to determine whether the group of factors proposed together predict or influence operational excellence in state corporations with reference to Postal Corporation of Kenya. Analysis was done using SPSS Version 20 software.

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

This chapter describes the processes, techniques and procedures applied to analyze, present and interpret data gathered using the questionnaires. To establish the actual number of the respondents who submitted back the questionnaires for data analysis, analysis of the response rate was conducted. The response rate was 91% of the total sample size and the non-response was 9%. According to the analysis it was evident that majority of the respondents were male which represented 57.89% while 41.13% were female. The study sought to establish the age of the respondents in order to determine if the age corresponded with their working experience and job description in the organization. Based on the age, majority (40%) of the respondents were in the age category of 26-36 years, 24% were in the age category of 18-25 years, 18% were in the age category of 36- 45 years, 8% were in the age category of 46-55 and 10% were in the age category of above 56 years. The study sought to establish the Academic Qualifications level held by the respondents in order to ascertain if they were equipped with relevant knowledge and skills to understand the challenges influencing operational excellence in state cooperation. From the findings, majority (38%) were of masters level while 31% of the respondents indicated that they had attained

university degree in their respective areas of specialization. This high number of respondents with at least college education may be attributed to the fact that the studies targeted the senior managers heading different departments and sections at the corporation. The study further indicated that 26% of the respondents were Diploma level holders while minority (5%) had attained PhD Level qualifications. The study further found out it was important to determine how long the respondents had been working in the Postal Corporation in order to ascertain to what extent their responses could be relied upon to make conclusions for the study, based on their working experience. From the study findings, majority (43%) of the respondents had a working experience of 6-10 years, 26% had a working experience of 11-15years, 24% of the respondents had a working experience of less than 5 years and finally 7% of the respondents had a working experience of 15 years and above. These findings were in tandem with findings by Braxton (2008) who found out that respondent with a high working experience assist in providing reliable data on the problem in hand since they have experience on the study problem. Inferences can therefore be made that over 50% of the respondents had worked in the postal corporation for a long time and thus understood challenges influencing operational excellence in state cooperation.

### **Organizational structure**

The first objective of the study was to find out how organization structure influences operational excellence in Postal Corporation. The respondents were therefore presented with questions and statements aimed at answering the resultant research question. The findings of the study are discussed below as explored by the research questionnaire.

The respondents were asked whether organization structure influenced operational excellence in Postal Corporation. The majority (85%) of the respondents indicated that organization structure influenced operational excellence in Postal Corporation while 15% disagreed.

#### **Extent to Which Factors of Organization structure influence operational excellence in Postal Corporation**

The study sought to determine the extent to which factors of Organization structure notably; Manager's authority, Resources availability, Control of operational budget and Organization management administrative staff. A scale of 1-5 was used where 5= Strongly Agree; 4 Agree; 3= Somehow agree; 2= Disagree and 1=Strongly Disagree. A mean of 4.357 was scored on Manager's authority, a mean of 4.333 was scored on Resources availability, a mean of 4.357 was scored on Control of operational budget and a mean of 4.309 was scored on organization management administrative staff. This demonstrated that all the factors of Organization structure influence operational excellence in Postal Corporation. These findings were validated by Baligh, (2006) assets that a good organizational structure enables an organization to take advantage of opportunities presented by market discontinuities such as accelerated growth openings in emerging economies which can lead to operational excellence (Martin, 2008).

#### **Organization Culture**

The second objective of the study was to find out how organization culture influences operational excellence in Postal Corporation. The respondents were therefore presented with questions and statements aimed at answering the resultant research question. The findings of the study were

discussed below as explored by the research questionnaire.

The respondents were asked whether organization culture influenced operational excellence in Postal Corporation. The majority (87%) of the respondents indicated that organization culture influenced operational excellence in Postal Corporation while 13% disagreed.

#### **Extent to Which Factors of Organization culture influence operational excellence in Postal Corporation**

The study sought to determine the extent to which factors of Organization culture notably; Consistency of Core Values, Coordination and Integration, Adaptability Creating Change and Customer Focus . A scale of 1-5 was used where 5= Strongly Agree; 4 Agree; 3= Somehow agree; 2= Disagree and 1=Strongly Disagree. A mean of 4.333 was scored on Consistency of Core Values, a mean of 4.476 was scored Coordination and Integration, a mean of 4.191 was scored on Adaptability Creating Change and a mean of 4.190 was scored on Customer Focus . This demonstrated that all the factors of Organization culture influence operational excellence in Postal Corporation. These findings correlates with Treacy & Wiersema (2003) who are of the view that the best businesses exhibit an unerring focus on the customer. They recognize that retention of the customers they serve well is better for their business than a constant need for new customer acquisition.

#### **Operational excellence in state cooperation**

The study aimed to establish the key indicators used to measure operational excellence in Postal Corporation. These indicators included, Quality improvements, Flexibility improvement, Delivery improvement, Productivity improvement and Cost and waste reduction.

The study sought to determine the extent to which key factors notably Quality improvements, Flexibility improvement, Delivery improvement, Productivity improvement and Cost and waste reduction influence Operational excellence in state cooperation. From the findings, Quality improvements had a mean score of 4.621, Flexibility improvement had a mean score of 4.523, Delivery improvement had a mean score of 4.309, Productivity improvement had a mean score of 4.642 and Cost and waste reduction had a mean score of 4.305. These findings were in line with those of Druncker (2010) who found out that Operational excellence of many Corporation is determined by Quality improvements, Flexibility improvement, Delivery improvement, Productivity improvement and Cost and waste reduction.

## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

This chapter gave a summary of the major findings on the challenges influencing operational excellence in State Corporation. The chapter drew the study conclusions and discussed major recommendations and gave suggestion for further studies.

### **Summary of the Findings**

The study established that the major factors that influenced operational excellence included; organization structure and organization Culture.

### **How organization structure influenced operational excellence in Postal Corporation**

The findings of the study revealed that organization structure influence operational excellence in Postal Corporation to a large extent since it enables an organization to take advantage of opportunities presented by market discontinuities such as accelerated growth openings in emerging economies. These echoed findings by Baligh, (2006)

asserts that a good organizational structure enables an organization to take advantage of opportunities presented by market discontinuities such as accelerated growth openings in emerging economies which can lead to operational excellence (Martin, 2008). Parker, (2004) argues that Organizational structure will depend on the external and internal priorities of an organization in most organizations, these is built through strategic decisions about customers, products and how one intends to deliver these capabilities.

### **How organization culture influenced operational excellence in Postal Corporation**

The study found out that organization culture influenced operational excellence in Postal Corporation to a large extent due to Consistency of Core Values, Coordination and Integration, Adaptability Creating Change and Customer. These findings were in line with others (Black, 2004). Organizational culture includes organizational expectations, experiences, philosophy and values that it holds together. Organizational culture was reflected in the ways organizations conducted its business. This demonstrates that all the factors of Organization culture influenced operational excellence in Postal Corporation. These findings were correlates with Treacy & Wiersema (2003) are of the view that the best businesses exhibit an unerring focus on the customer. They recognize that retention of the customers they serve well is better for their business than a constant need for new customer acquisition.

### **Overall Effect of the Variables**

The study findings showed that there is a great influence of the two variables notably; organizational structure and organizational culture on operational excellence in Postal Corporation. The study finally found out that the key factors that determined the state of operational excellence in

Postal Corporation included; Quality improvements, Flexibility improvement, Service improvement, Productivity improvement and Cost and waste reduction influenced operational excellence in Postal Corporation. This was in line with Druncker (2010) who pointed out that operational excellence in many Corporations is determined by increases in Quality improvements, Flexibility improvement, Delivery improvement, Productivity improvement and Cost and waste reduction.

### **Conclusion**

The study drew conclusion that organization structure strategy had a great contribution towards realization of increased operational excellence in Postal Corporation. The study findings established that there is a significant positive relationship between organizational structure and organizational culture. The findings also indicated that organizational structure followed organizational culture influenced operational excellence in Postal Corporation.

The study noted that organizational structure to be the major contributor towards realization of

increased operational excellence in Postal Corporation. Organizational structure determines the uniqueness and competitiveness of organization products in the market and this played a key role in determining the state of operational excellence. This determined how fast decisions were made- which in turn determines how fast we respond to customer demands/needs.

### **Recommendations**

The Postal Corporation should also venture into new market and re-engineer business processes through business process outsourcing.

### **Suggestions for Further Studies**

The study established that there are challenges influencing operational excellence in state cooperation with reference to Postal Corporation of Kenya. The study narrowed its research undertaking into organizational structure, organizational culture and operational excellence. Since the study was carried out in Postal Corporation of Kenya, it is important to undertake similar study in other state Corporations and also to establish other factors that influence the operational excellence in state cooperation.

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