

**THE INFLUENCE OF OPERATIONAL EXCELLENCE ON
THE PERFORMANCE OF KENOL KOBIL GROUP IN THE
RWANDAN MARKET**

BY

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DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This study is dedicated to my family for their constant encouragement and patience throughout my academic struggle thus realizing my long cherished dream.

ABSTRACT

During the global downturn of 2009, many businesses cut costs and boosted efficiencies to survive. They however, needed to increase profitability using the money liberated through the cost-cutting measures employed and the efficiency strategies undertaken. A number of these companies adopted operational excellence by making savvy business choices such as streamlining operating structures to enhance future success. Operational Excellence is a strategy highly used by companies venturing into foreign markets to gain a competitive edge. However, not many firms have successfully implemented it owing to lack of skilled personnel to guide the strategy implementation. The study sought answers to the following research questions: what are the operational excellence (OE) initiatives employed by the KenolKobil Group in the Rwandan market? What are the effects of those initiatives on the oil marketer's performance in that market? The study used a case study research design. The target population was the management employees of KenolKobil both at the Head Office and in Rwanda. The study used purposive sampling technique to select seven employees in the top management cadre. The primary data was collected using an on-line questionnaire. Content analysis was used to analyse qualitative data while the quantitative data was analysed using descriptive statistics using SPSS Version 18.0. The data was presented through percentages, means, standard deviations and frequencies. From the findings, the study concludes that Kenol Kobil Group has adopted operational excellence (OE) initiatives to a great extent to spur the company's performance and profitability. Kenol Kobil Group has adopted the Lean Six Sigma approach as one of its operational excellence (OE) initiatives. The company faces challenges in its implementation of OE such as lack of clarity in linking strategy to execution and limited focus on process excellence. The adoption of operational excellence has contributed significantly towards the company performance through continuous improvement in decision-making, on-going investment, profitability, customer service and human resources capabilities. The study recommends that the management of Kenol Kobil Group should address the major challenges facing the implementation of OE strategy by continuously evaluating its implementation and by undertaking the necessary correctional measures whenever there are deviations. The company should conduct research on the different national markets where it operates to ensure that the OE initiatives implemented suits the subsidiary in that specific market.

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ABBREVIATIONS AND ACRONYMS

IB	International Business
DFSS	Design for Six Sigma
EFQM	European Foundation for Quality Management
ERC	Energy Regulatory Commission
GMEA	General Motors East Africa
KPRL	Kenya Petroleum Refineries Ltd
LPG	Low Pressure Gas
MNE	Multi-National Enterprise
OE	Operational Excellence
TPS	Toyota Production System
TQM	Total Quality Management
KPIs	Key Performance Indicators

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

International Business is the field that is concerned with all issues that face international companies and governments in dealing with all types of cross-border transactions. IB consists of those transactions that are devised and carried out across national boundaries including the movement of goods, services, resources, knowledge or skills to satisfy the objectives of both private and public enterprise.

As the knowledge economy expands and global interconnectedness increase, complexity grows exponentially. Business leaders and operation managers increasingly feel the pressure to proactively manage complexity by constructing control systems that not only function in complex environments, but also adapt and evolve along with them. Today, operational excellence is the number one concern for many executives in order to ensure long-term profitability and consistency. Operational excellence has proved critical to not only industrial companies, but to all organizations that create products and/or provide services (Edgeman, 1999).

Several multinational companies have implemented operational excellence in their strategy. For instance Pharmacia's Corporate Services Organization adopted operational excellence in 2010 throughout all functional areas which greatly improved both financial and operational results of the company. OE initiatives have also helped to minimize disparity, drive process optimization and ensure enterprise-wide alignment with

organizational objectives (Kantabutra, 2010).

1.1.1 Concept of International Business

International Business (IB) is generally business operations of any nature by a given firm which take place within or between two or more independent countries. A more recent definition of IB is that it consists of transactions and activities that occur between people or organizations from different countries, which take on various forms (Arpan, 1993). All in all, international business is usually defined as the transfer of factors of production owned by organizations across national borders, or the transfer of parts of that organization across national borders (Agmon, 1989).

1.1.2 Concept of Operational Excellence

Operational Excellence (OE) has been defined as an integrated management system that drives business productivity by applying proven practices and procedures. Operational Excellence is the philosophy of organizational leadership that stresses the application of a variety of principles, systems, and tools toward the sustainable improvement of key performance metrics. Much of this philosophy is based on earlier continuous improvement methodologies, such as Lean Manufacturing, Six Sigma, and Scientific Management. The focus of Operational Excellence however, goes beyond the traditional event-based model of improvement towards a long-term change in organizational culture (Antony, 2003).

The OE management system gives a company the benefits of lower costs, increased efficiencies, fewer injuries, maximum sustainable returns on operating assets, and an

enhanced competitive position (Buckler, 1996). According to Tennant (2002) OE stresses on promotion of stronger teamwork atmosphere among employees. OE is no longer limited to manufacturing operations but it is more and more being used in industrial companies who are working to implement an integrated approach to operational excellence. By understanding the inherent challenges associated with operational excellence and more importantly, the critical success factors and skills needed to overcome the inherent challenges, organizations will be better positioned to create a culture of continuous improvement, one that is never satisfied with the status quo (Tennant, 2002).

Operational Excellence basically aims at the maximization of operating profit through the continuous operation of an excellent production and/or delivery system that offers customers the right value (Van Assen et al. 2008). Companies poised to “out-excel” the competition have adopted operational excellence strategies such as lean manufacturing or six- sigma in order to gain cost efficiency, service delivery and quality advantages through the Six Sigma and total quality management aimed at increasing profitability or through the elimination of waste. However, when integrated under the umbrella of operational excellence and applied across the organisation, there emerges a new way of doing business. This entails production of higher yields, reduction of waste and improvement of quality which leads to high customer satisfaction (Lareau, 2003). 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. Orchestrating these capabilities requires a unification of cross-

functional management disciplines (Duggan, 2009). The General Motors East Africa Company has executed OE in its retail service workshop processes aimed at increasing service quality, customer satisfaction and service performance. Through this process, the company has retained its market share in the highly competitive motor industry in Kenya, (Muthoni 2010).

Operational excellence has been critical in helping firms the world over to identify organizational strengths, weaknesses and areas for improvement for the purpose of strengthening organizational efficiency, effectiveness and competitive position. OE is the overall way of working that balances stakeholder concerns and increases the probability of long-term organizational success through operational, customer related, financial, and marketplace performance excellence (Edgeman *et al.*, 1999). Globalization has created immense pressures of competition and survival on organizations in developing countries. In order to remain competitive, organizations in these countries need to redesign themselves towards operational excellence using tools of creativity and innovation (Khandwalla and Mehta, 2004).

1.1.3 The Oil Industry in Kenya

The energy sector in Kenya is highly dynamic and competitive with both local and international players. Currently there are three international oil companies and four local oil companies. The international oil companies in Kenya include; Shell Kenya Limited, Oil Libya Kenya Limited, Total Kenya Limited, while the local companies include; Kenol Kobil, Hashi Energy, National Oil Corporation of Kenya and Galana Oil. There

has been an influx of smaller; local oil companies in the market that, though lacking nation-wide presence nonetheless, make the industry highly competitive. Oil companies in Kenya are presently involved in oil marketing only, since Kenya has not yet commenced drilling oil. The sector is regulated by the energy regulatory commission (ERC). Petroleum fuels constitute the main source of commercial energy in Kenya. (Energy Regulatory Commission, 2012) Kenya is a net importer of petroleum products and has a refinery owned and managed by the Kenya Petroleum Refineries Ltd (KPRL).

1.1.4 The Oil Industry in Rwanda

Rwanda is a land-locked country in East Central Africa bordered by the Democratic Republic of Congo, Burundi, Tanzania and Uganda. Serious political turmoil during the mid-1990's devastated the country's infrastructure which is slowly being rebuilt. Its main energy resources are hydro-electric power and methane gas found along the borders with Tanzania and the Democratic Republic of Congo. Although there are plans to build an inland methane gas plant, bilateral agreements are yet to be negotiated with the neighbouring countries (Kenol Kobil, 2010).

Rwanda has no upstream oil industry or refinery activities. On the downstream side, the country imports all its commercial energy in the form of refined petroleum products from Kenya and Tanzania. The industry is regulated by the Ministry of Public Works, Energy and Water. The petroleum division is controlled by the Ministry of Commerce and Consumption which is responsible for setting the pricing policy of petroleum products (Government of Rwanda, 2013). Gasoline and diesel are the main products consumed.

Traditional fuels, however, account for 90% of the country's energy requirements because of the low income levels and the unpredictable supply of petroleum products. The oil industry in Rwanda has both international and national players. Multinational oil companies in Rwanda include BP Fina Rwanda SARL, Societe Generale De Petrole , Engen Petroleum Rwanda SA and Kobil Petroleum Rwanda SARL. The local oil companies include Electrogaz, Enterprise Rwandaise de Petrole, Petro Rwanda (bought out by Shell in June 1999), and Rwanda Petrolgaz (Government of Rwanda, 2013).

1.1.5 The KenolKobil Group

The KenolKobil Group is one of Africa's fastest growing indigenous oil marketing conglomerates with an expansive investment portfolio spanning the entire East, Central and Southern parts of the African continent. The Group has subsidiaries in nine African countries outside Kenya (Head Office) including; Uganda, Tanzania, Rwanda, Zambia, Ethiopia, Burundi, Zimbabwe, Mozambique and the Democratic Republic of Congo. The company trades in both crude and refined petroleum products which include motor fuels, industrial oils, LPG, aviation fuels, lubricants and various other specialist oils (KenolKobil, 2012). As the KenolKobil Group expands into new territories its guiding principle is the provision of reliable and high quality products and services, achieved through adoption of strategies such as operational excellence (OE), a robust quality assurance system which is ISO 9001:2008 certified and a strict corporate governance regime (KenolKobil, 2012).

1.1.6 Kobil Petroleum Rwanda -SARL

Kobil Petroleum Rwanda SARL commenced its operations in 2006 after the acquisition of the entire assets of Shell Rwanda SARL which comprised seventeen service stations and the largest fuel terminal in the country. This was followed in 2007 by the acquisition of a further twenty service stations belonging to KLSS a local company. Kobil Petroleum Rwanda is the country's leading petroleum marketer and commands the biggest market share with the most expansive retail network in the country. Kobil Petroleum Rwanda SARL continues to grow its asset base through acquisitions. Recently, the company acquired all the service stations of Stippag, a local petroleum company. The company has also been able to consolidate its presence in Rwanda by offering innovative products. Rwanda is currently experiencing an economic boom due to a sound economic management by the current Government. KenolKobil Group is therefore positioning itself to take advantage of the improving business environment (KenolKobil, 2012).

1.2 Research Problem

Duggan (2009) indicated that during the global downturn of 2009, many businesses cut costs and boosted efficiencies to survive. However, they required to increase their profitability using the money liberated by cost-cutting and efficiency strategies. Therefore a number of them adopted operational excellence by making savvy business choices about operating structures as well as about execution to enhance their future success. OE is a strategy highly used by companies venturing into foreign markets to gain a competitive edge (Duggan, 2009). However, not many firms have successfully implemented it owing to lack of skilled personnel to guide the strategy implementation.

This means that any firm intending to adopt and implement OE has to invest in human resource skilled in this concept. The fact that only few companies have implemented OE infers that there is lack of firms to serve as models to those that would wish to implement OE (Tennant, 2002).

Shores (2002) investigated on total quality management, an area of OE. According to Shores (2002), while total quality management (TQM) in the West lacks theoretical basis, knowledge of TQM in developing economics is almost totally lacking. Most of the studies on TQM are focused on the manufacturing sector with inadequate studies focused on the oil sector. Therefore, it is crucial that a study is carried out to make sure that the implementation of TQM is a sensible initiative. Muthoni (2010) established that General Motors East Africa has been able to retain its competitive edge in the highly dynamic and competitive motor industry. Through operational excellence, GMEA has increased service quality, customer satisfaction and service performance in its retail service workshop processes. However the firm faced serious challenges in the deployment of the right talent to implement the process as there are very few personnel trained in OE in the market. The implementation was also hindered by internal resistance in changing its core business objectives towards operational excellence (Muthoni, 2010). The study was carried out in the motor industry and no study has been done in the oil industry. This is what this study intends to find out.

Several studies have been conducted on operational excellence; Tennant, (2002) investigated design for six sigma; Shores (2002) investigated on total quality

management in the manufacturing sector; Duggan, (2009) did a study on achieving operational excellence in the financial Sector, Ngware et al, (2006) surveyed total quality management in secondary schools in Kenya; while Muthoni (2010) studied enhancement of operational excellence in the retail service workshop processes in General Motors East Africa Limited. However, none of the studies done on operational excellence in Kenya focussed on the oil industry. Informed by this knowledge gap, the study sought to find out the influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market. The study sought answers to the following research question: what are the operational excellence (OE) initiatives in Kenol Kobil Group and what are their effects on the Group's performance?

1.3 Research Objective

The objective of the study was to establish the influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market.

1.4 Value of the study

The findings of this study may help the regulators and policy makers in the oil industry in coming up with regulatory framework that embraces best practices in implementation of OE. The study may identify ways of implementing the OE processes to increase organizations competitiveness while still ensuring fair competition in the sector. The study may act as a guide on how companies and management should handle and implement operational excellence. The study findings may assist management in planning for any requisite improvements in service quality in order to attract new

customers and also retain existing ones. The findings may also be useful to researchers and scholars since it may form a basis for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents review of empirical literature on operational excellence and its implementation processes. The chapter will further focus on the effect of operational excellence on the organization performance.

2.2 The Concept of International Business

International business (IB) consists of transactions and activities that occur between people or organizations from different countries, which take on various forms (Johnston and Clark, 2008). IB involves transfer of factors of production owned by organizations across national borders or the transfer of parts of that organization across national borders (Hayler *et al*, 2007). The government plays an important role in international business. Loasby (2001) states that IB is based on four principles the first holding that the primary focus of IB should not be on the specific attributes or policies of particular firms but on a general systems view.

The second principle is that the primary determinants of the organizational structure of multinational enterprise are the volatility of the environment and the costs of acquiring the information needed for high-quality decisions. The third is to link the MNE and entrepreneurship, in particular by locating entrepreneurship within information networks. Finally the study of international business should be embedded within a broader psychological and social context, recognizing the importance of non-pecuniary objectives

and social structures, which support high-trust relationships rather than opportunistic behaviour. International business activity is predicted to increase at an even faster rate in the future (Farmer and Richman, 1966).

Farmer and Richman (1966) stated that this type of international business involves a management dimension in a foreign environment, and as such is one of the most complex and interesting types of international business studies. Firms cannot assume in this case that management problems will be identical to those faced at home. Farmer and Richman (1966) stressed that this area of study has long been of interest to economists, since the flows of international trade have considerable impact on the development and operations of the local economy. The comparative economic system is important in order for a firm to decide strategically on the different economic environments of each country. The different environments such as the policies of a communist state in economics as compared to the policies of a democratic state, the different economic and political-legal constraints (Farmer and Richman, 1966).

2.3 The Concept of Operational Excellence (OE)

The concept of operational excellence as a topic of academic research and debate originated with Peters and Waterman (1999). During the last twenty years, both the definition and sustainability of excellence evaluations have undergone repeated changes (Hermal and Pujol, 2003). According to Hillman (1994), assessment of excellence is the process of evaluating an organization against a model for continuous improvement in order to highlight what has been achieved and what needs improving. The European

Foundation for Quality Management (EFQM, 1999) defines operational excellence as “outstanding practice in managing the organization and achieving results based on a set of nine fundamental concepts, namely, results orientation, customer focus, leadership and constancy of purpose, management by process and facts, people development and involvement, continuous learning, innovation and improvement, partnership development and public responsibility.” Operational Excellence (OE) is an all-embracing approach for optimising every day operations, in configuration with the organisation’s strategic objectives and customer expectations. It is a philosophy of leadership, teamwork and problem solving ensuing into constant improvement throughout the organisation by looking at the wishes of the customer, empowering employees, and maximizing on the existing activities in the process (Duggan 2009).

In firms implementing OE, the staff know how to deliver consistently the products and services desired by the customers on time, on specification and at the minimum cost. Comparing a company with others within their own and across other industries, only by reaching a level of comparable competence represents operational excellence (Hermal and Pujol, 2003). Most companies aim to achieve operational excellence, whereby they continually improve their revenues, reduce costs, simplify their operations and create better environments for their staff to work in. However, few of them successfully achieve operational excellence at all, while those that do struggle to maintain the gains. In order to achieve and sustain operational excellence, organisations must understand and master both the culture and behavioural aspects alongside the application of methods such as lean and six sigma in combination with the correct application of continuous

improvement tools and techniques.

According to Livingstone & Brett (2002) successful implementation of OE, require companies to hire expertise that would assist them to focus around creating a sustainable foundation. Setting a good foundation for the eventual implementation of OE involves designing and implementing a model for operational excellence that aligns with and enables delivery of the organization's strategy. The organization should align and engage its top management around the cause for change and the journey required to ensure OE is led in a top-down approach. The organization should then build leadership effectiveness, managerial capability and behaviors to deliver the strategy as well as coach and train others in the organization (Livingstone & Brett, 2002).

The firm should create strong performance management systems required to underpin the changes and to measure, reward and celebrate accomplishments. OE further requires the firm to create leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs. This helps to ensure a continuous and sustainable improvement in the firm's productivity that is bottom-up driven (Edgeman et al, 1999).

James (2007) argues that firms' managements need to focus on implementing appropriate tools, techniques, and capabilities at the front line, and importantly develop new capabilities at both the leadership team and middle-management level. This second focus area is vital to sustain operational excellence. A good development programme should ensure that the leadership team actively promotes a mutually agreed vision and strategy,

demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching. At the same time a programme for middle managers should ensure that they lead and coach the operational improvements, set priorities, set standards, reinforce the approach and live the vision and values (Kantabutra, 2007).

2.4 Operational Excellence and Lean Six Sigma Approach

The implementation of operational excellence involves execution of the Six-Sigma concept. The Six Sigma at its core is simply a measure of process variation. In an operational or process excellence world, process variation is both known and minimized as much as possible through the use of effective waste stream identification, root cause analysis, and project driven systems-change. The Six-Sigma concept is a data-driven approach that measures, analyzes, improves, controls and utilizes tools, training and measurements to enable the organization to design products and processes that meet customer expectations (Treichler et al., 2002). The Six-Sigma approach seeks to minimize defect rates and maximize positive impact during the development stage of the products. The elimination of all non-value-adding activities within the production process is the long-term philosophy of the Six-Sigma. Six-Sigma is a data-driven methodology for improving business processes and quality consequently enhancing the customer focus by making employees look at business processes from an outside-in perspective. The three major components of Six Sigma includes; the culture of an organization; improvement tools and support systems for the tools, which enables an organization to generate sustained success demonstrated by sustained profitability and strong market share. Not surprisingly, operational excellence is frequently cited with lean management

principles and the six-sigma methodology. After all, the simplest and most powerful principle of six sigma, is that the outcomes of any process are the result of what goes into that process.

Stated simply, the goal of any lean initiative should be to minimize waste while maximizing customer value. In an operationally excellent organization, lean practices are applied to all key processes, not just those of an operational nature. Additionally, value is defined from the perspective of both the external and internal customer in a measurable manner – it is not just what management thinks the customer wants. Lean tools are just that - a set of tools that can be used on a regular basis to help a company pursue operational and process excellence.

According to Womack and Jones, (1996) there are seven types of process waste namely, rework, overproduction, excess inventories, non-value added process steps, excess people movement, excess material transportation, waiting, and non-value added goods or services. Common examples of process waste incidents in organizations include accidents, rework, downtime, material waste, absenteeism, equipment damage, product damage, customer complaints, and lost customers. A variety of lean tools are used to reduce and minimize these common causes of waste across the organization's value stream (from supplier to end customer). Waste is strongly linked to lean management, but waste elimination is a means to achieving the lean ideal; it is not an end in itself (Bicheno, 2008).

According to Mader (2002), Design for Six Sigma (DFSS) is a methodology that utilizes tools, training and measurements to enable the organization to design products and processes that meet customer expectations and can be produced at Six-Sigma quality levels. DFSS has two main goals which include minimizing defect rates for reaching to the Six-Sigma level and maximizing positive impact during the development stage of the products/service. Six-Sigma makes significant contributions in major areas of an organisation such as process design, variable investigation, analysis and reasoning, focus and process improvement, broad participation in problem solving, knowledge sharing, goal setting, suppliers and data base decision making (Basu, 2001).

Lean as a process improvement methodology focuses on speed, efficiency and reduction of waste while Six Sigma is closely linked to improvement of quality. Lean endeavours to accelerate cycle times and reduce the cost of any process by doing away with waste and eliminating non-value-add cost. Operational excellence as a philosophy of leadership, teamwork and problem solving that results in continuous improvement throughout the organisation, must be focused on the needs of the customer, empowering employees and optimising existing activities in the process. The challenges with implementation of operational excellence methodologies include; unsupportive culture and climate in the organisation; lack of clarity in linking strategy to execution; limited focus on process excellence; little engagement or no engagement of top management (Antony, 2003).

2.5 Operational Excellence and Performance

Operational excellence enables an enterprise and its leadership to continuously improve

all areas of performance, including decision-making, on-going investment, profitability, customer and partner services and human resources capabilities. Operationally excellent enterprises possess the processes and structures -or the “intangible assets”--that give them the visibility, control, tools, and management practices necessary to drive greater operational effectiveness and efficiency. The alignment of people, processes, and technology helps the organization optimize resources, opportunities, and performance (Drucker, 2000). Operational excellence is a way to foster continuous improvement. Achieving this benefit level, however, requires a fact-based understanding of operational performance. OE helps firms to address their today’s challenges and capitalize on tomorrow’s opportunities. The key operations executives must be able to define, monitor, and adjust actions aligned with the operational strategy and objectives (through, for example, the use of metrics and key performance indicators, or KPIs) and, when necessary, change the organization’s processes and performance objectives (Fleming, 2005).

Porter (1996) claims that operational effectiveness is necessary but not sufficient for competitive advantage since any number of practices for operational excellence (that allow a company to better utilize its inputs) can be adopted and copied; as rivals imitate one another’s improvements in quality, cycle times, or supplier partnerships, strategies converge and competition becomes a series of races down identical paths that no one can win. Spear and Bowen (1999), however, show that many organizations have tried to adopt the lean TPS system of Toyota, but only few have managed to imitate Toyota successfully. Therefore OE still provides these few organizations some competitive

advantage. In addition, Heskett, *et al* (1994) links the service delivery process and the interaction between service employees and customers to productivity, loyalty and sustainable profitability. Employee engagement and customer engagement are intimately connected and taken together, they have an outsized effect on financial performance (Fleming, 2005).

2.6 Theoretical Framework

The study will be based on the benchmarking model. Benchmarking is related to target setting and treated as a component of the formal planning process (Camp, 1989b). Fitz-enz, (1993) modelled the benchmarking process on the basis of the Deming cycle. The Deming cycle is a continuous looping model which is composed of four functional elements: plan, do, check, and act. Various models may have a different number of phases from four steps to even 30 (Fitz-enz, 1993). Some representative examples are: Camp (1989b) suggested a ten-step generic process for benchmarking; Kaiser's seven-step benchmarking process is created for the public sector; Allio and Allio (1994) proposed a six-step process for the field of water and wastewater utilities; the Aluminium Company of America adopted another six step to benchmark giant organizations, such as Hewlett-Packard, TriNova, Xerox, and Motorola (Biesada, 1991); Fitz-enz (1993) has worked out a four-phase model for adding value to human resource practices.

In essence, benchmarking involves a judgement process of which functions or firms are to be benchmarked, and the continuous search for best practice information for setting new performance goals in achieving performance superiority/operational excellence

(Lema and Price, 1995). Among these models, many corporations, including Xerox, Du Pont, and National Cash Register adopted the one that was described by Camp (1989). However, this model did not comprise a path concerning customer satisfaction. Thus, Vaziri's (1992) model is highly recommended as it includes a needs assessment team which produces inputs to culminate in feeding information to the original benchmarking team. A modified model adapted from the model of Vaziri (1992) and Camp (1989) has several implications.

First, it indicates that benchmarking is a systematic approach to performance improvement in order to satisfy customers' needs and requirements. Such a systematic approach involves stages of planning, analysis, integration, action, and maturity. Second, it has a cyclical or repetitive nature. Camp (1989) refers to it as an on-going management process that initiates periodical collection of the information regarding the best practices in order to update the current management practices and business functions. Third, it involves a goal-setting process. It not only projects new operational performance attainment levels, but also provides the organization with a general direction to be pursued. It navigates the organization by transforming the long-term targets into operational actions.

Finally, the model raises the importance of communication and commitment. Benchmarking findings must be communicated to all staff to gain support, commitment, and ownership. One of the key communications is to translate benchmarking findings into a statement of operational principles which act as the rules to indicate actions for

change in order to meet customer needs and eventually to obtain superior performance. Findings must be accepted by both operational and management personnel (Lema and Price, 1995). The management must be committed to benchmarking in terms of providing adequate resources and supports for implementing benchmarking programmes. Employee commitment from an operational level will facilitate benchmarking since they are the ones who carry out the benchmarking practices. To gain support, the findings must be able to convince others. The benchmarking team should put efforts in to collecting data from different reliable sources and analysing them correctly, and subsequent findings must be clear and presentable (Vaziri, 1992).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. Specifically the following subsections are included; research design, target population, sample design, instrumentation, data collection and data analysis.

3.2 Research Paradigm

According to Taylor, Kermode, and Roberts (2007, p. 5), a paradigm is “a broad view or perspective of something”. Additionally, Weaver and Olson’s (2006, p. 460) definition of paradigm reveals how research could be affected and guided by a certain paradigm by stating, “paradigms are patterns of beliefs and practices that regulate inquiry within a discipline by providing lenses, frames and processes through which investigation is accomplished”. Therefore, to clarify the researcher’s structure of inquiry and methodological choices, an exploration of the paradigm adopted for this study was to be discussed prior to any discussion about the specific methodologies utilized in this study.

3.3 Research Design

This study used a case study research design. A case study research design attempts to describe or define a subject, often by creating a profile of a group of problems, people, or events, through the collection of data and tabulation of the frequencies on research variables or their interaction, (Schindler, 2003). This approach was appropriate for the

study as it helped to describe the state of affairs as they exist without manipulation of variables which was the aim of the study.

The respondents in statistics are the specific population about which information is desired. The population of interest in this study was the management employees of Kenol Kobil Group-Rwanda. Currently, there are 70 employees working in various management levels, that is 10 employees in the top management, 25 in middle level management and 35 in the lower level management (KenolKobil Group HR, 2013). However, the study used purposive sampling technique to select seven employees in the top management cadre.

3.4 Data Measurement

The qualitative methodology shares its philosophical foundation with the interpretive paradigm which supports the view that there are many truths and multiple realities. This type of paradigm focuses on the holistic perspective of the person and environment which is more congruent with the international business.

In order for the researcher to gain different perspectives and draw attention to the influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market, descriptive research methods were employed in this study.

3.5 Data Collection

The study made use of a questionnaire to collect the primary data. The questionnaire consisted of both open and close-ended questions. The close-ended questions provided

structured responses to facilitate tangible recommendations and help in testing the rating of various attributes hence reduce the number of related responses. The open-ended questions provided additional information that may not be captured in the close-ended questions. The questionnaires were administered to the respondents by use of a monkey survey. This is an online software used to collect data from respondents who are not readily accessible physically.

3.6 Data Analysis

Before processing the responses, the completed questionnaires were edited for consistency and completeness. The study involved collection of both qualitative and quantitative primary data. Content analysis was used to analyse qualitative data from the open ended questions. This was done by developing a thematic framework from the key issues, concepts and themes emanating from the open ended questions. The information generated was then be interpreted and explained.

The quantitative data collected was analysed by the use of descriptive statistics using Statistical Package for Social Sciences (SPSS V 18.0). The data was presented through percentages, means, standard deviations and frequencies. This was done by tallying up responses, computing percentages of variations in the responses as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis.

3.7 Reliability and validity

Instrument validity is the degree to which research results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda & Mugenda, 2008). To ensure instrument validity, content validity was tested. Content validity refers to a measure of the degree to which data collected using a particular instrument represent a specific domain of indicators or content of a particular concept.

Instrument reliability of measurement concerns the degree to which a particular measuring procedure gives similar results over a number of repeated trials (Orodho, 2008). This was achieved through test-retest reliability where the tools were administered twice to the same group of five respondents working in Kenya Kenol Kobil in a span of two weeks. Spearman rank order correlation (r) was used to compute the correlation coefficient to establish the degree to which there is consistency in eliciting similar response every time the instrument is administered.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results were presented on the influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market. The study sought answers to the following research questions: what are the operational excellence (OE) initiatives in Kenol Kobil Group and what are their effects on the Group's performance? The study targeted 7 management employees from Kenol Kobil Group out of which 7 management employees responded and returned their questionnaires contributing to a response rate of 100%. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good while a response rate of 70% and over is excellent. This commendable response rate was due to extra efforts that were made via follow-up e-mails to remind the respondents to fill-in and return the questionnaires. The chapter covers the demographic information, and the findings based on the objectives. The findings were then presented in tables, graphs and charts as appropriate with explanations being given in prose thereafter.

4.2 General information

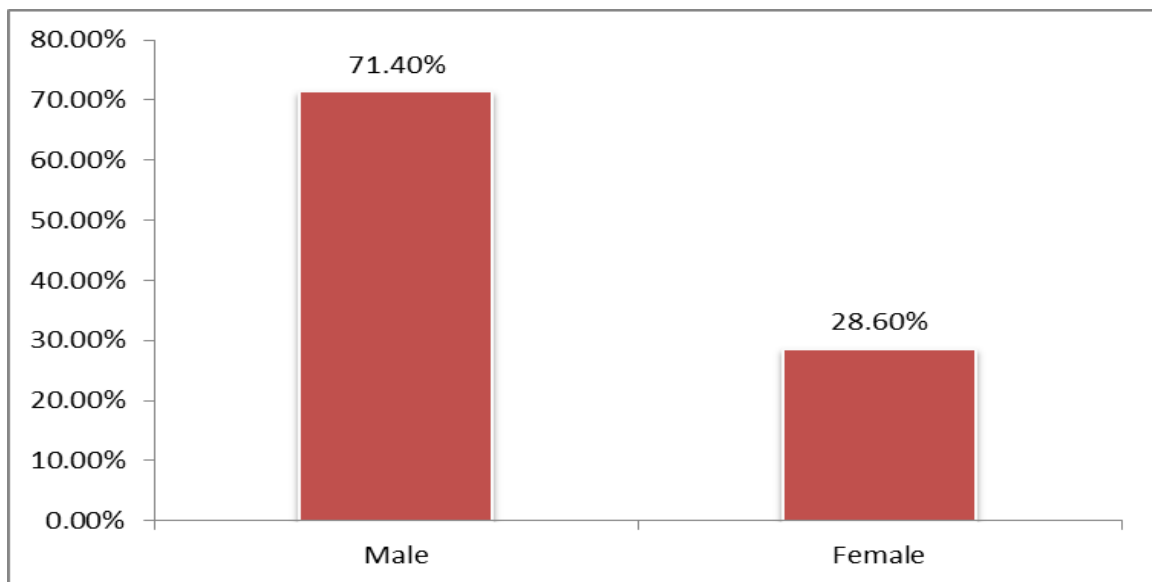
The study initially sought to ascertain the general information on the respondents involved in the study with regards to the gender, age, highest level of education, duration of working, and employee's level of management. The demographic information points

at the respondents' suitability in answering the questions on the influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market.

4.2.1 Gender distribution of the respondents

The study sought to establish the gender of the respondents and the findings are as shown in Figure 4.1 below.

Figure 4.1 Gender distribution of the respondents



Source: Field Data

From the findings, majority (71.4%) of the respondents were male while 28.6% were female. This implied that Kenol Kobil Group Rwanda (head office) has more males than females in the various levels of management and consequently, most of the responses emanated from the males.

4.2.2 Distribution of the respondents by age bracket

The respondents were asked to indicate their age bracket. The study findings are illustrated in Table 4.1 below.

Table 4.1 Distribution of the respondents by age bracket

Age bracket	Frequency	Percentage
25-35 years	5	71.4
36-45 years	2	28.6
Total	7	100.0

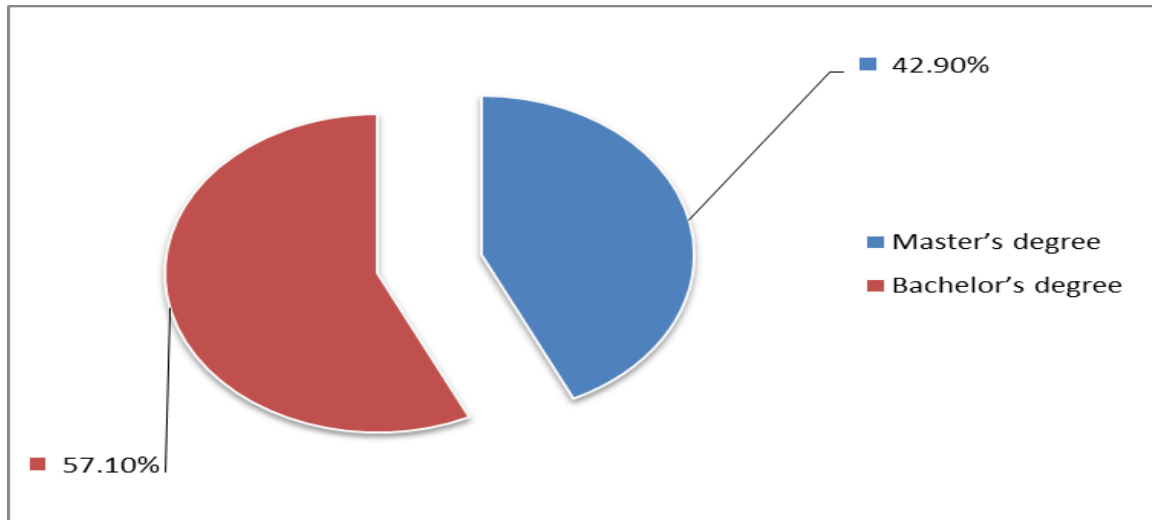
Source: Field Data

From the findings, majority of the respondents (71.4%) were between 25-35 years old while 28.6% were 36-45 years old. The findings indicate that majority of the managers in Kenol Kobil Group (head office) are aged 25-35 years.

4.2.3 Highest level of education of the respondents

The study sought to establish the highest level of education for the respondents. The results are as tabulated in the Figure 4.2 below.

Figure 4.2 Highest level of education of the respondents



Source: Field Data

From the findings the majority (57.1%) of the respondents had a Bachelor's degree as their highest level of education while 42.9% had Master's degree as their highest level of education. This shows that most of the managers at Kenol Kobil Group Rwanda have attained university education and thus had rich information and knowledge on influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market.

4.2.4 Years while working in Kenol Kobil group

The respondents were asked to indicate the number of years they had worked in Kenol Kobil Group. Table 4.2 illustrates the study findings.

Table 4.2 Years while working in Kenol Kobil group

	Frequency	Percent
1-5 years	2	28.6
6-10 years	3	42.9
Over 10 years	2	28.6
Total	7	100.0

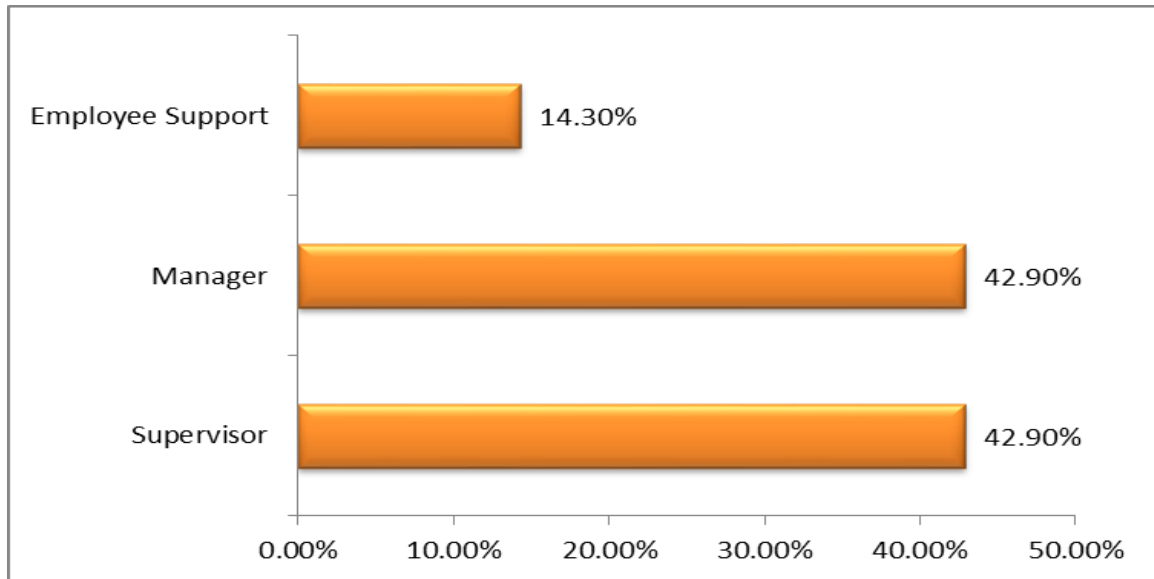
Source: Field Data

From the findings, most of the respondent (42.9%) had worked in Kenol Kobil Group for 6-10 years while 28.6% had worked in Kenol Kobil Group for either over 10 years or 1-5 years. These findings mean that most of the managers in Kenol Kobil Group were highly experienced as they had worked for a long duration of more than 6 years, and hence they had rich information on influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market.

4.2.5 Respondents' level of management

The respondents were asked to indicate their level of management in the company. The study findings are indicated in Figure 4.3.

Figure 4.3 Respondents' level of management



Source: Field Data

According to the findings, 42.9% of the respondents contacted for the study were either supervisors or manager while 14.3% were support staff. Therefore the study successfully targeted and sampled the respondents. The majority of the respondents played managerial roles in Kenol Kobil and therefore gave credible information on the influence of OE on the performance.

4.3 The Operational Excellence (OE) Initiatives

The first objective of the study was to identify the operational excellence (OE) initiatives in Kenol Kobil Group. The findings are as shown in the subsequent sections.

4.3.1 Adopting a strategy to ensure continuous improvement of the company

The respondents were asked to indicate to what extent the company had adopted a

strategy to ensure continuous improvement of the company. The study findings are indicated in Table 4.3.

Table 4.3 Adopting a strategy to ensure continuous improvement of the company

	Frequency	Percent
To a very great extent	1	14.3
To a great extent	4	57.1
To a moderate extent	2	28.6
Total	7	100.0

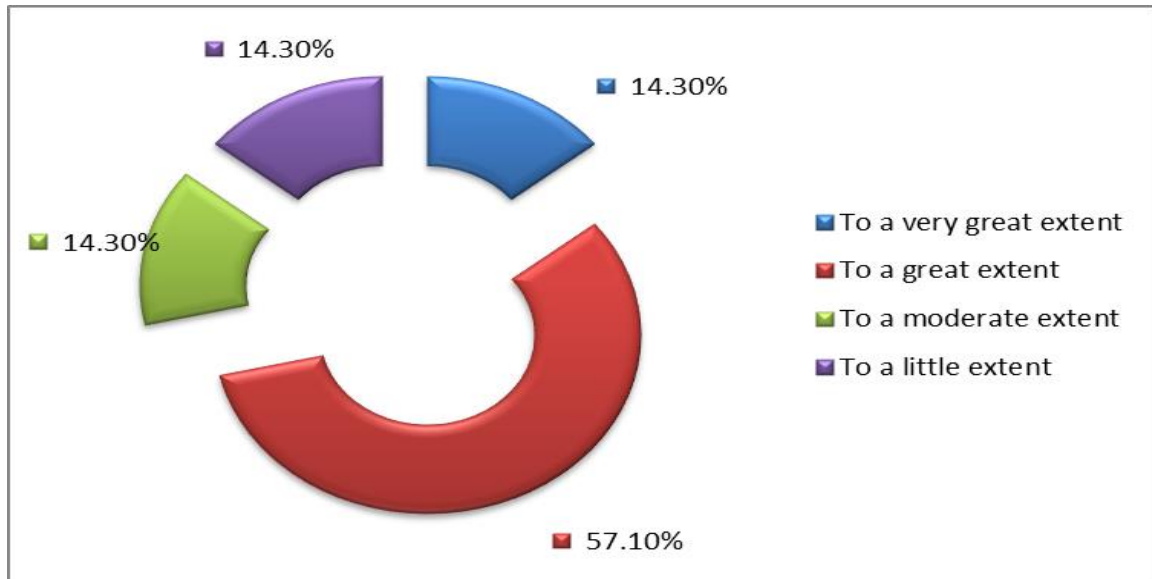
Source: Field Data

The study findings in Figure 4.3 shows that majority of the respondents (57.1%) indicated that the company had adopted a strategy to ensure continuous improvement of the company to a great extent, 28.6% to a moderate extent while 14.3% indicated that the company had adopted a strategy to ensure continuous improvement of the company to a very great extent. This depicts that Kenol Kobil Group had adopted operational excellence (OE) initiatives to a great extent to spur the company's profitability in the highly volatile global and local oil industry.

4.3.2 Hiring expertise to assist in focusing around creating a sustainable foundation for operational excellence

The respondents were also asked to indicate the extent that the company had hired expertise that would assist it to focus around creating a sustainable foundation for operational excellence. Figure 4.4 below illustrates the study findings.

Figure 4.4 Hiring expertise to create sustainable foundation for OE



Source: Field Data

The study findings revealed that according to the majority of the respondents (57.1%) the company had hired expertise that would assist it to focus around creating a sustainable foundation for operational excellence to a great extent, while 14.3% indicated that the company had hired expertise that would assist it to focus around creating a sustainable foundation for operational excellence to either a very great extent, moderate extent or to a little extent. This implies that for the operational excellence (OE) initiatives in Kenol Kobil Group to be a success, the company embarked on hiring personnel highly trained in operational excellence OE to guide the implementation of the operational excellence strategy.

4.3.3 Operational excellence aspects

In order to further identify the operational excellence (OE) initiatives in Kenol Kobil Group, the respondents were requested to indicate their level of agreement on the extent to which various operational excellence aspects were reflected in their company. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

Table 4.4 Operational excellence aspects

Operational excellence aspects	Mean	Std. Dev
The company has a way of evaluating against a model for continuous improvement in order to highlight what has been achieved and what needs improving.	3.714 3	0.4879 5
The company has an all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations.	4.153 9	0.5141 1
The company has a philosophy of leadership, teamwork and problem solving ensuing into constant improvement throughout the organization by looking at the wishes of the customer, empowering employees, and maximizing on the existing activities.	4.012 4	0.0152 1
The company has continually improved its revenues, reduced costs, simplified its operations and created a better environments for its staff to work in.	3.714 3	0.4879 5
The firm has created a strong performance management systems required to underpin the changes and to measure, reward and celebrate accomplishments	3.714 3	0.4879 5
The firm has created leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs.	4.000 0	0.5773 5
A good development programme should ensure that the leadership team actively promotes a mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching.	4.142 9	0.6900 7

Source: Field Data

From the study findings, the majority of the respondents agreed that; the company has an

all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations (Mean=4.1539); a good development programme should ensure that the leadership team actively promotes a mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching (Mean=4.1429); the company has a philosophy of leadership, teamwork and problem solving ensuing into constant improvement throughout the organization by looking at the wishes of the customer, empowering employees, and maximizing on the existing activities (Mean=4.0124); the firm has created leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs (Mean=4.0000); the company has a way of evaluating against a model for continuous improvement in order to highlight what has been achieved and what needs improving (Mean=3.7143); the company has continually improved its revenues, reduced costs, simplified its operations and created a better environments for its staff to work in (Mean=3.7143); and that the firm has created a strong performance management systems required to underpin the changes and to measure, reward and celebrate accomplishments (Mean=3.7143) respectively.

This implies that Kenol Kobil Group had adopted the operational excellence strategy in its operations as reflected by the various initiatives being implemented in the company. The most significant operational excellence initiatives being usage of an all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations, leadership team that actively promotes a

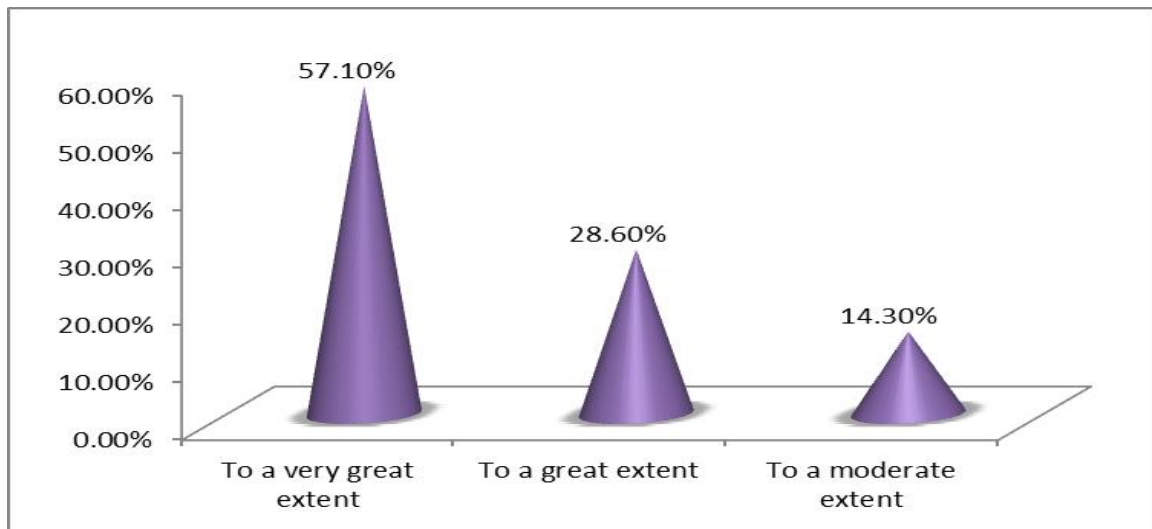
mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching, adhering to a philosophy of leadership, teamwork and problem solving and hiring of leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs.

4.4 Operational Excellence and Lean Six Sigma Approach

4.4.1 Application of cost reduction strategy

The respondents were requested to indicate the extent to which the strategy to ensure reduction of cost by the elimination of waste had been applied in the company. The findings are presented in Figure 4.5 below.

Figure 4.5 Application of cost reduction strategy



Source: Field Data

According to the findings, 57.1% of the respondents attested that the strategy to ensure reduction of cost by the elimination of waste had been applied in the company to a very great extent, 28.6% to a great extent while 14.3% posited that it had been applied to a moderate extent.

This depicts that Kenol Kobil Group had adopted Lean Six Sigma Approach as one of the operational excellence (OE) initiatives to a great extent to spur the company's profitability through increased efficiency of the company processes coupled with cost reduction through elimination of waste.

4.4.2 Operational excellence initiatives

In order to further identify the operational excellence (OE) initiatives in Kenol Kobil Group, the respondents were requested to indicate their level of agreement on the extent to which various operational excellence initiatives were reflected in their company. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.5 below.

Table 4.5 Operational excellence initiatives

Operational excellence initiatives	Mean	Std. Dev
The company has a philosophy aimed at reducing cost by the elimination of waste.	4.7143	0.48795
The company has a set of tools that assist in the identification of waste in order to improve quality and reduce production time and costs.	3.7143	0.75593
The company has a methodology that utilizes tools, training and measurements to enable the organization to design products and processes that meet customer expectation.	3.5714	0.78680
The company's methodology focuses on speed, efficiency and reduction of waste.	4.2857	0.48795
The company systems are closely linked to improvement of quality.	4.0211	0.57735
The company systems facilitate the removal of obstacles by creating an organizational climate in which innovation is instinctive.	4.0000	0.81650

Source: Field Data

From the study findings, the majority of the respondents agreed that; the company has a philosophy aimed at reducing cost by the elimination of waste (Mean=4.7143); the company's methodology focuses on speed, efficiency and reduction of waste (Mean=4.2857); the company systems are closely linked to improvement of quality (Mean=4.0211); the company systems facilitate the removal of obstacles by creating an organizational climate in which innovation is instinctive (Mean=4.0000); the company has a set of tools that assist in the identification of waste in order to improve quality and reduce production time and costs (Mean=3.7143) and that the company has a

methodology that utilizes tools, training and measurements to enable the organization to design products and processes that meet customer expectation (Mean=3.5714) respectively.

This illustrates that Lean Six Sigma Approach was a significant operational excellence (OE) initiative that Kenol Kobil Group had adopted in its operations to spur its performance. Through Lean Six Sigma Approach the company reduced operational cost by the elimination of waste, had a methodology that focused on speed, efficiency and reduction of waste and that the company systems were closely linked to improvement of quality. Therefore Lean Six Sigma Approach was critical in improving the company's performance.

4.4.3 Challenges with implementation of operational excellence methodologies

In order to further assess the operational excellence (OE) initiatives in Kenol Kobil Group, the respondents were requested to indicate their level of agreement on various challenges with implementation of operational excellence methodologies. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.6 below.

Table 4.6 Challenges with implementation of operational excellence methodologies

Challenges in implementation of OE	Mean	Std. Dev
Unsupportive culture and climate in the organization.	1.8571	0.69007
Lack of clarity in linking strategy to execution.	2.1429	0.89974
Limited focus on process excellence.	2.1213	1.21499
Little engagement or no engagement by top management.	1.4286	0.53452

Source: Field Data

From the study findings, the majority of the respondents agreed that; lack of clarity in linking strategy to execution (Mean=2.1429), limited focus on process excellence (Mean=2.1213), unsupportive culture and climate in the organization (Mean=1.8571) and little engagement or no engagement by top management (Mean=1.4286) respectively. This depicts that the most significant challenge facing the implementation of operational excellence in Kenol Kobil Group were lack of clarity in linking strategy to execution, limited focus on process excellence, unsupportive culture and climate in the organization and little engagement or no engagement by top management respectively.

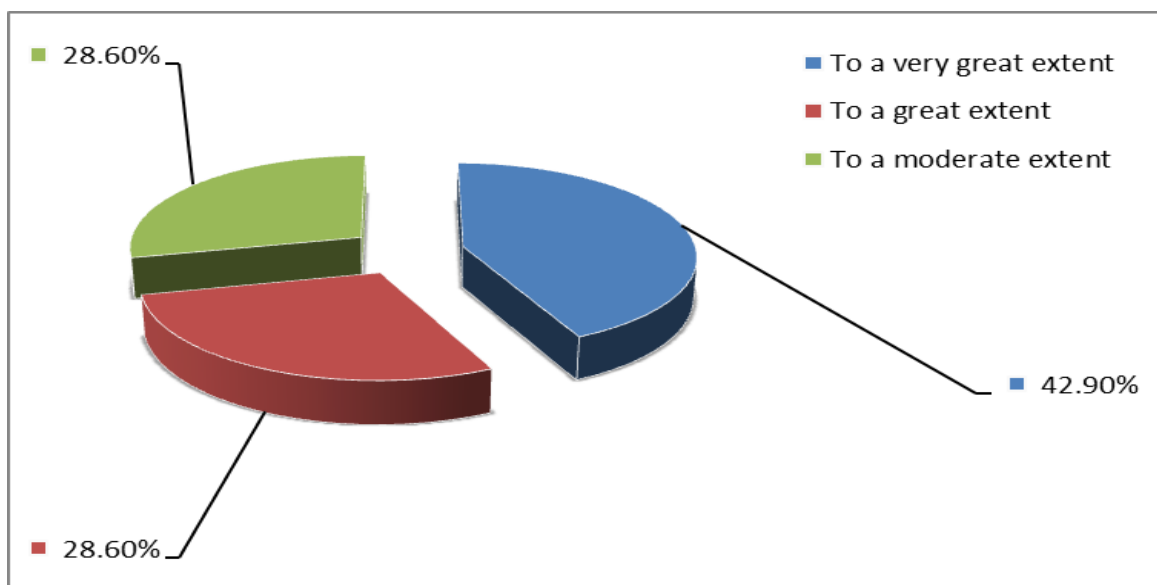
4.5 Operational excellence and performance

The second objective of the study was to establish the effect of operational excellence (OE) initiatives on the Kenol Kobil Group's performance. The findings are as shown in the subsequent sections.

4.5.1 Extent to which strategies adopted has helped achieve continuous improvement

The respondents were also asked to indicate the extent to which the strategies adopted by the company had helped to achieve continuous improvement of the company. Figure 4.6 below illustrates the study findings.

Figure 4.6 Extent to which strategies have achieved continuous improvement



Source: Field Data

From the findings, 42.9% of the respondents attested that the strategies adopted by the company had helped to achieve continuous improvement of the company to a very great extent while 28.6% said it helped to achieve continuous improvement to a great extent or moderate extent. This depicts that operational excellence initiatives adopted by Kenol Kobil Group's Rwanda enhanced the company's performance to a very great extent.

4.5.2 Effects of operational excellence on company's performance

In order to further assess the effect of operational excellence (OE) initiatives on the Kenol Kobil Group's performance, the respondents were requested to indicate their level of agreement on relevant statements on effects of operational excellence on a company's performance. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.7 below.

Table 4.7 Effects of operational excellence on company's performance

Operational excellence and performance	Mean	Std Dev
Operational excellence has enabled the company and its leadership to continuously improve all areas of performance, including decision-making, on-going investment, profitability, customer and partner services and human resources capabilities.	4.5714	1.16470
OE has enabled alignment of people, processes, and technology that helps the organization optimize resources, opportunities, and performance.	3.8571	0.69007
OE provides organizational competitive advantage.	4.00	0.81650
OE links the service delivery process and the interaction between service, employees and customers to productivity, loyalty and sustainable profitability.	4.5714	1.42384

Source: Field Data

From the study findings, the majority of the respondents agreed that; operational excellence has enabled the company and its leadership to continuously improve all areas of performance, including decision-making, on-going investment, profitability, customer and partner services and human resources capabilities (Mean=4.5714); OE links the

service delivery process and the interaction between service, employees and customers to productivity, loyalty and sustainable profitability (Mean=4.5714); OE provides organizational competitive advantage (Mean=4.0000) and that OE has enabled alignment of people, processes, and technology that helps the organization optimize resources, opportunities, and performance (Mean=3.8571) respectively.

This illustrates that the adoption of operational excellence (OE) strategy by Kenol Kobil Group's had contributed significantly towards the company performance. Through the adoption of operational excellence (OE) strategy the company had achieved continuous improvement in decision-making, on-going investment, profitability, customer and partner services and human resources capabilities. The service delivery to the customers was smoothened with better interaction between service, employees and customers to productivity, loyalty and sustainable profitability.

4.6 Discussion of findings

The study concludes that Kenol Kobil Group has adopted a strategy to ensure continuous improvement of the company to a great extent. Therefore, Kenol Kobil Group has adopted operational excellence (OE) initiatives to a great extent to spur the company's profitability in the highly volatile global and local oil industry. The company has hired expertise that would assist it to focus around creating a sustainable foundation for operational excellence to a great extent. Thus to ensure the success of the operational excellence (OE) initiatives in Kenol Kobil Group, the company embarked on hiring personnel highly trained in operational excellence OE to guide the implementation of the operational

excellence strategy.

The findings concurs with Muthoni, (2010) who established that through operational excellence, GMEA has increased service quality, customer satisfaction and service performance in its retail service workshop processes. The findings corroborate earlier findings by Livingstone & Brett (2002) who indicated that successful implementation of OE, require companies to hire expertise that would assist them to focus around creating a sustainable foundation.

The study concludes that Kenol Kobil Group has adopted the operational excellence strategy in its operations as reflected by the various initiatives being implemented in the company. The most significant operational excellence initiatives being usage of an all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations, leadership team that actively promotes a mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching, adhering to a philosophy of leadership, teamwork and problem solving and hiring of leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs.

According to Duggan (2009) adoption of operational excellence initiatives entails usage of an all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations, leadership team that actively promotes a mutually agreed vision and strategy, demonstrates visible

commitment, provides resources, and undertakes appropriate performance coaching, adhering to a philosophy of leadership, teamwork and problem solving and hiring of leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs (Duggan, 2009).

The study concludes that Kenol Kobil Group has adopted Lean Six Sigma Approach as one of the operational excellence (OE) initiatives to a great extent to spur the company's profitability through increased efficiency of the company processes coupled with cost reduction through elimination of waste. The Lean Six Sigma Approach was a significant operational excellence (OE) initiative that Kenol Kobil Group had adopted in its operations to spur its performance. Through Lean Six Sigma Approach the company reduced operational cost by the elimination of waste, had a methodology that focused on speed, efficiency and reduction of waste and that the company systems were closely linked to improvement of quality. Therefore Lean Six Sigma Approach was critical in improving the company's performance.

The findings are similar to Treichler et al., (2002) who established that through Lean Six Sigma Approach the company reduced operational cost by the elimination of waste, had a methodology that focused on speed, efficiency and reduction of waste and that the company systems were closely linked to improvement of quality. Therefore Lean Six Sigma Approach was critical in improving the company's performance (Treichler et al., 2002).

The study concludes that the most significant challenge facing the implementation of

operational excellence in Kenol Kobil Group were; lack of clarity in linking strategy to execution, limited focus on process excellence, unsupportive culture and climate in the organization and little engagement or no engagement by top management respectively.

According to Womack and Jones, (1996) and Kantabutra, (2007) the challenge facing the implementation of operational excellence in Kenol Kobil Group were; lack of clarity in linking strategy to execution, limited focus on process excellence, unsupportive culture and climate in the organization and little engagement or no engagement by top management.

The study further concludes that the adoption of operational excellence (OE) strategy by Kenol Kobil Group's has contributed significantly towards the company performance. Through the adoption of operational excellence (OE) strategy the company had achieved continuous improvement in decision-making, on-going investment, profitability, customer and partner services and human resources capabilities. The service delivery to the customers was smoothened with better interaction between service, employees and customers to productivity, loyalty and sustainable profitability.

The findings augment earlier findings by Drucker (2000) and Fleming (2005) who indicated that through the adoption of operational excellence (OE) strategy the company ensures continuous improvement in decision-making, on-going investment, profitability, customer and partner services and human resources capabilities. Therefore OE still provides these few organizations some competitive advantage. Similarly Heskett, *et al* (1994) indicated that OE links the service delivery process and the interaction between

service employees and customers to productivity, loyalty and sustainable profitability. Employee engagement and customer engagement are intimately connected and taken together, they have an outsized effect on financial performance (Fleming, 2005).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 Introduction

This chapter presents summary of findings, conclusion and recommendations of the study in line with the objectives of the study. The research sought to establish the influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market.

5.2 Summary

From the findings, it was established that Kenol Kobil Group had adopted a strategy to ensure continuous improvement of the company to a great extent. Therefore, Kenol Kobil Group had adopted operational excellence (OE) initiatives to a great extent to spur the company's profitability in the highly volatile global and local oil industry. The company had hired expertise that would assist it to focus around creating a sustainable foundation for operational excellence to a great extent. Thus to ensure the success of the operational excellence (OE) initiatives in Kenol Kobil Group, the company embarked on hiring personnel highly trained in operational excellence OE to guide the implementation of the operational excellence strategy.

The study found out that the operational excellence (OE) initiatives adopted by Kenol Kobil Group were; an all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations (Mean=4.1539); a good development programme ensuring that the leadership team

actively promoted a mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching (Mean=4.1429); a philosophy of leadership, teamwork and problem solving ensuing into constant improvement throughout the organization by looking at the wishes of the customer, empowering employees, and maximizing on the existing activities (Mean=4.0124); creation of leaders who had the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs (Mean=4.0000); having a way of evaluating against a model for continuous improvement in order to highlight what has been achieved and what needs improving (Mean=3.7143); creation of a better environments for its staff to work in (Mean=3.7143); and creation of a strong performance management systems to underpin the changes and to measure, reward and celebrate accomplishments (Mean=3.7143) respectively.

Therefore, Kenol Kobil Group had adopted the operational excellence strategy in its operations as reflected by the various initiatives being implemented in the company. The most significant operational excellence initiatives being usage of an all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations, leadership team that actively promotes a mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching, adhering to a philosophy of leadership, teamwork and problem solving and hiring of leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs.

The study revealed that Kenol Kobil Group had adopted Lean Six Sigma Approach as one of the operational excellence (OE) initiatives to a great extent to spur the company's profitability through increased efficiency of the company processes coupled with cost reduction through elimination of waste.

From the study findings, it was established that through the Lean Six Sigma Approach; the company's philosophy aimed at reducing cost by the elimination of waste (Mean=4.7143); the company's methodology focused on speed, efficiency and reduction of waste (Mean=4.2857); the company systems were closely linked to improvement of quality (Mean=4.0211); the company systems facilitate the removal of obstacles by creating an organizational climate in which innovation is instinctive (Mean=4.0000); the company has a set of tools that assist in the identification of waste in order to improve quality and reduce production time and costs (Mean=3.7143) and that the company has a methodology that utilizes tools, training and measurements to enable the organization to design products and processes that meet customer expectation (Mean=3.5714) respectively. Thus the Lean Six Sigma Approach was a significant operational excellence (OE) initiative that Kenol Kobil Group had adopted in its operations to spur its performance. Through Lean Six Sigma Approach the company reduced operational cost by the elimination of waste, had a methodology that focused on speed, efficiency and reduction of waste and that the company systems were closely linked to improvement of quality. Therefore Lean Six Sigma Approach was critical in improving the company's performance.

The study established that the challenges facing implementation of operational excellence (OE) included; lack of clarity in linking strategy to execution (Mean=2.1429), limited focus on process excellence (Mean=2.1213), unsupportive culture and climate in the organization (Mean=1.8571) and little engagement or no engagement by top management (Mean=1.4286) respectively. Therefore, the most significant challenge facing the implementation of operational excellence in Kenol Kobil Group were; lack of clarity in linking strategy to execution, limited focus on process excellence, unsupportive culture and climate in the organization and little engagement or no engagement by top management respectively.

The study also established that according to 42.9% of the respondents, the strategies adopted by the company had helped to achieve continuous improvement of the company to a very great extent.

The study further revealed that; operational excellence has enabled the company and its leadership to continuously improve all areas of performance, including decision-making, on-going investment, profitability, customer and partner services and human resources capabilities (Mean=4.5714); OE links the service delivery process and the interaction between service, employees and customers to productivity, loyalty and sustainable profitability (Mean=4.5714); OE provides organizational competitive advantage (Mean=4.0000) and that OE has enabled alignment of people, processes, and technology that helps the organization optimize resources, opportunities, and performance (Mean=3.8571) respectively.

Therefore, the adoption of operational excellence (OE) strategy by Kenol Kobil Group's had contributed significantly towards the company performance. Through the adoption of operational excellence (OE) strategy the company had achieved continuous improvement in decision-making, on-going investment, profitability, customer and partner services and human resources capabilities. The service delivery to the customers was smoothened with better interaction between service, employees and customers to productivity, loyalty and sustainable profitability.

5.3 Conclusion

The study concludes that Kenol Kobil Group has adopted a strategy to ensure continuous improvement of the company to a great extent. Therefore, Kenol Kobil Group has adopted operational excellence (OE) initiatives to a great extent to spur the company's profitability in the highly volatile global and local oil industry. The company has hired expertise that would assist it to focus around creating a sustainable foundation for operational excellence to a great extent. Thus to ensure the success of the operational excellence (OE) initiatives in Kenol Kobil Group, the company embarked on hiring personnel highly trained in operational excellence OE to guide the implementation of the operational excellence strategy.

The study concludes that Kenol Kobil Group has adopted the operational excellence strategy in its operations as reflected by the various initiatives being implemented in the company. The most significant operational excellence initiatives being usage of an all-embracing approach for optimizing every day operations, in configuration with the organization's

strategic objectives and customer expectations, leadership team that actively promotes a mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching, adhering to a philosophy of leadership, teamwork and problem solving and hiring of leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs.

The study concludes that Kenol Kobil Group has adopted Lean Six Sigma Approach as one of the operational excellence (OE) initiatives to a great extent to spur the company's profitability through increased efficiency of the company processes coupled with cost reduction through elimination of waste. The Lean Six Sigma Approach was a significant operational excellence (OE) initiative that Kenol Kobil Group had adopted in its operations to spur its performance. Through Lean Six Sigma Approach the company reduced operational cost by the elimination of waste, had a methodology that focused on speed, efficiency and reduction of waste and that the company systems were closely linked to improvement of quality. Therefore Lean Six Sigma Approach was critical in improving the company's performance.

The study concludes that the most significant challenge facing the implementation of operational excellence in Kenol Kobil Group were; lack of clarity in linking strategy to execution, limited focus on process excellence, unsupportive culture and climate in the organization and little engagement or no engagement by top management respectively.

The study further concludes that the adoption of operational excellence (OE) strategy by

Kenol Kobil Group's has contributed significantly towards the company performance. Through the adoption of operational excellence (OE) strategy the company had achieved continuous improvement in decision-making, on-going investment, profitability, customer and partner services and human resources capabilities. The service delivery to the customers was smoothened with better interaction between service, employees and customers to productivity, loyalty and sustainable profitability.

5.3.1 Implications of results

The oil industry both locally and globally is highly volatile and competitive. This requires the companies in the oil industry to adopt certain strategies to remain profitable and increase their market share. The adoption of operational excellence has proved to be one of the key strategies that spur a company's growth and profitability as shown by Kenol Kobil Group-Rwanda. Through the application of operational excellence initiatives, the players in the oil industry will ensure continuous improvement; remain focused around creating a sustainable foundation for operational excellence; have an all-embracing approach for optimizing every day operations and will be based on a philosophy of leadership and teamwork. Through the Lean Six Sigma Approach under the OE, the players will also realize increased efficiency of the company processes coupled with cost reduction through elimination of waste which will positively impact on the companies' performance.

5.4 Recommendations

- i. The study recommends that the management of Kenol Kobil Group should address the major challenges facing the implementation of operational excellence (OE) strategy to ensure the success of the operational excellence (OE) strategy implementation.
- ii. The study recommends that the management of Kenol Kobil Group should continuously evaluate the implementation of operational excellence (OE) strategy to undertake the necessary correctional measures. This will help to avert any weakness of the operational excellence (OE) strategy implementation.
- iii. The study further recommends that the management of Kenol Kobil Group should conduct a research on the different markets in the countries it operates to ensure that the operational excellence (OE) initiatives being implemented suits the subsidiary in that particular country. This is because there exists different contextual realities between different countries. where Kenol Kobil Group operates.

5.5 Areas of further studies

Since this study explored the influence of operational excellence on the performance of Kenol Kobil Group in the Rwandan Market, the study recommends that; Similar study should be done in other countries where Kenol Kobil Group has subsidiaries for comparison purposes and to allow for generalization of findings on the influence of operational excellence on the performance of Kenol Kobil Group.

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APPENDICES:
APPENDIX I: INTRODUCTION LETTER

Nzoka Margaret
PO BOX 12985-00400
Nairobi.

The Operations Manager KenolKobil Group
PO BOX 44202-00100,
Kenya

Dear sir/Madam,

RE: LETTER OF INTRODUCCION

I am a master of business administration student at the University of Nairobi and in my final year of study. As part of the requirements for the award of the degree of Master of Business Administration, I am undertaking a research on “**THE INFLUENCE OF OPERATIONAL EXCELLENCE ON THE PERFORMANCE OF KENOL KOBIL GROUP IN THE RWANDAN MARKET**”.

In this regard, I am kindly requesting for your support in terms of time, and by responding to the attached questionnaire. Your accuracy and candid response will be critical in ensuring objective research. This is an academic research and confidentiality is emphasized, your name will not appear anywhere in the report. Kindly spare some time to complete the attached questionnaire.

Thank you in advance

Yours Sincerely,

Margaret Nzoka

APPENDIX II: QUESTIONNAIRE

Instructions: *(Please read the instructions given and answer the questions as appropriately as possible).* It is advisable that you answer or fill in each section as provided. Make an attempt to answer every question fully and honestly.

SECTOR A: General Information

1. What is your designation?

.....

2. Gender Male [] Female []

3. What is your age bracket?

Below 25 years [] 25-35 years []

36-45 years [] Over 45 Years []

4. What is your highest level of education?

Master's degree [] Bachelor's degree []

Diploma [] Certificate []

Others (specify).....

5. How many years have you worked in this company?

Less than 1 year [] 1-5 years [] 6-10 years []

Over 10 years []

6. What is your level of management in the company?

Supervisor [] Manager [] Employee Support []

Section B: The Operational Excellence (OE) Initiatives

7. To what extent has your company adopted a strategy to ensure continuous improvement of the company?

To a very great extent [] To a great extent [] To a moderate extent []

To a little extent [] To no extent []

What strategy is the company using?

.....

8. To what extent has the company hired expertise that would assist it to focus around creating a sustainable foundation for operational excellence?

To a very great extent [] To a great extent [] To a moderate extent []

To a little extent [] To no extent []

9. To what extent are the following operational excellence aspects reflected in your company? Use a scale of 1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

	1	2	3	4	5
The company has a way of evaluating against a model for continuous improvement in order to highlight what has been achieved and what needs improving.					
The company has an all-embracing approach for optimizing every day operations, in configuration with the organization's strategic objectives and customer expectations.					
The company has a philosophy of leadership, teamwork and problem solving ensuing into constant improvement throughout the organization by looking at the wishes of the customer, empowering employees, and maximizing on the existing activities.					
The company has continually improved its revenues, reduced costs, simplified its operations and created a better environments for its staff to work in.					

The firm has created a strong performance management systems required to underpin the changes and to measure, reward and celebrate accomplishments					
The firm has created leaders who have the skills and capabilities to train and develop their teams in applying continuous improvement tools and techniques in their daily jobs.					
A good development programme should ensure that the leadership team actively promotes a mutually agreed vision and strategy, demonstrates visible commitment, provides resources, and undertakes appropriate performance coaching.					

Section C: Operational Excellence and Lean Six Sigma Approach

10. To what extent does the strategy to ensure reduction of cost by the elimination of waste been applied in the company?

To a very great extent [] To a great extent [] To a moderate extent []

To a little extent [] To no extent []

11. To what extent are the following operational excellence initiatives reflected in your company? Use a scale of 1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

	1	2	3	4	5
The company has a philosophy aimed at reducing cost by the elimination of waste.					
The company has a set of tools that assist in the identification of waste in order to improve quality and reduce production time and costs.					
The company has a methodology that utilizes tools, training and measurements to enable the organization to design products and processes that meet customer expectation.					
The company's methodology focuses on speed, efficiency and reduction of waste.					
The company systems are closely linked to improvement of quality.					
The company systems facilitate the removal of obstacles by creating an organizational climate in which innovation is instinctive.					

12. The following are challenges with implementation of operational excellence methodologies. To what extent are they experienced in your organization? Use a scale of

1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

	1	2	3	4	5
Unsupportive culture and climate in the organization.					
Lack of clarity in linking strategy to execution.					
Limited focus on process excellence.					
Little engagement or no engagement by top management.					

Section D: Operational Excellence and Performance

13. To what extent has the strategies adopted by the company helped to achieve continuous improvement of the company?

To a very great extent [] To a great extent []
 To a moderate extent [] To a little extent []
 To no extent []

14. The following statements are the effects of operational excellence on a company's performance. To what extent is each of them reflected in your organization? Use a scale of 1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

	1	2	3	4	5
Operational excellence has enabled the company and its leadership to continuously improve all areas of performance, including decision-making, on-going investment, profitability, customer and partner services and human resources capabilities.					
OE has enabled alignment of people, processes, and technology that helps the organization optimize resources, opportunities, and performance.					
OE provides organizational competitive advantage.					
OE links the service delivery process and the interaction between service, employees and customers to productivity, loyalty and sustainable profitability.					

Thank you for your time and participation

APPENDIX III: LIST OF OIL COMPANIES IN KENYA

International Oil Companies in Kenya
Shell Kenya Limited
Oil Libya Kenya Limited
Total Kenya Limited
Local Oil Companies in Kenya (Nation-wide)
Kenol Kobil
Hashi Energy
National Oil Corporation of Kenya
Galana Oil
Others