

**CHALLENGES OF IMPLEMENTATION OF
TURNAROUND STRATEGIES AND PERFORMANCE
OF POSTAL CORPORATION OF KENYA**

BY

ESTHER W. MBURU

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD
OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI**

2016

DECLARATION

The research project is my own work and has never been submitted for examination to any other University.

Signature..... Date.....

ESTHER W. MBURU

D61/67429/2013

This project has been submitted with my authority as the university supervisor.

Signature..... Date.....

PROF. ZACHARY B. AWINO

School of Business

University of Nairobi

ACKNOWLEDGEMENT

My recognition goes to my supervisor, Prof. Zachary B. Awino for his guidance and efforts to improve the research project. Postal Corporation of Kenya, because of the opportunity they gave me to collect data. Department of Business Management, School of Business, for the assistance that they accorded. To my kinfolks and friends, thank you for the love that you have always showed me.

DEDICATION

This project is devoted first to my God for seeing me through in doing it, to my caring family and my two loving daughters for their absolute love and sacrifices every time I was out to write the project at their expense.

TABLES OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
ABBREVIATIONS AND ACRONYMS.....	vii
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background	1
1.1.1 Strategy Implementation.....	2
1.1.2 Turnaround Strategy	3
1.1.3 Organizational Performance	4
1.1.4 Challenges of Turnaround Strategy in Organizations	4
1.1.5 Global Context of Postal Industry.....	6
1.1.6 Postal Corporation of Kenya.....	7
1.2 Research Problem	8
1.3 Research Objective	11
1.4 Value of the Study	11
CHAPTER TWO: LITERATURE REVIEW	13
2.1 Introduction	13
2.2 Theoretical Foundation	13
2.2.1 Institutional Theory	13
2.2.2 Resource Dependency Theory	14
2.3 Turnaround Strategy in Organizations.....	15
2.4 Challenges of Implementation of Turnaround Strategy and Organizational Performance.....	16
2.5 Organizational Performance Measurements	17
2.6 Empirical Studies and Knowledge Gaps.....	19

CHAPTER THREE: RESEARCH METHODOLOGY	22
3.1 Introduction	22
3.2 Research Design	22
3.3 Data Collection.....	23
3.4 Data Analysis	24
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	26
4.1 Introduction	26
4.2 Demographic Information.....	26
4.3 Challenges of implementation of Turnaround strategies by PCK.....	26
4.4 Discussion	42
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	
.....	45
5.1 Introduction	45
5.2 Summary	45
5.3 Conclusion.....	47
5.4 Recommendations and Implications of the Study and Practice	48
5.5 Limitations for the Study	50
5.6 Areas for Further Research	51
REFERENCES.....	52
APPENDIX : INTERVIEW GUIDE	58

ABBREVIATIONS AND ACRONYMS

BSC	:	Balance Score Card
KPI	:	Key Performance Indicators
PC	:	Postal Corporation
PC& TC	:	Postal Corporation and Telecommunication
PCK	:	Postal Corporation of Kenya
ROA	:	Return on Assets
ROCE	:	Return on Capital Employed
ROSC	:	Return on Shareholders' Capital
ERP	:	Enterprise Resource Planning

ABSTRACT

Postal and Telecommunication industry has undergone through immense changes emanating from both external and internal factors. To manage these changes, Postal Corporation of Kenya has been forced to devise survival tactics to re-claim its performance, cope with competition and continue providing value adding services to customers. This research was guided by one robust objective which was to determine the challenges of the implementation of Turnaround Strategy and Performance of Postal Corporation of Kenya. The study implemented a case study research design. The study utilized a qualitative form of research whereby data was collected using an interview guide and data was analyzed using content analysis. It was found that PCK needs to implement turnaround strategies to respond to the changing customer needs and environmental dynamics. With the increasing use of modern technologies, it would be important for corporation to invest widely in implementation of these technologies and innovation to cope up with the technological changes in the environment. It would be important for the organisation to align its organisational culture and leadership styles to support implementation of strategic changes. This will provide an enabling environment for the top management and the employees' to work together towards the realization of corporate goals and set targets. A two-way communication approach should be adopted to allow top management and the employees to effectively communicate and agree on important issues, the employees can be able to present their grievances to the management for consideration. Successful implementation of turnaround strategies can be attributed to the capability of the top management to influence the employees towards set goals and involving all the stakeholders in making key decisions. It is recommended that the government should enhance its budgetary allocation and ensure a 100% absorption rate to increase utilization of funds that is set aside to support implementation of strategic plans. This will aid the top management to create an environment that is conducive for the entire organisation to focus their skills and energy towards achieving set goals and targets. This will develop a positive attitude and motivate the employees to work hard in achieving these goals. The major limitation for this study was time and cost constraints that limited the scope of the study resulting into a case study. Therefore, the findings obtained in this study can only be applicable to Postal Corporation of Kenya and not to make generalization of government parastatals in Kenya. This implied that Government parastatals face distinctive challenges that affect their performance and the strategies they adopt to regain their performance are not similar. It would be essential to do a replica of this study in the context of government parastatals that previously performed well but are now performing poorly and are now considering adopting turnaround strategies to improve their performances. A good example is National Bank of Kenya. Researchers can make a comparison of findings by identifying similar implementation challenges that face these institutions and make relevant recommendations on how to handle these challenges.

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations are constantly trying to adapt, survive and attain their core duties per their vision and mission statements. However, they are not always successful. To better understand what they can or should change to improve their ability to perform, organizations can conduct organizational assessments. Balance score card (BSC) tool help organizations obtain useful data on their performance identify important factors that aid or impede their achievement of results, and situate themselves with respect to competitors ((Norton and Kaplan, 2001).

This study is informed by two theories; Institutional theory and resource dependency theory: Institutional theory focuses on the need for the organization to abide with the rules and regulations in the environment for it to survive. Pfeffer and Salancik (2003) indicate that resource dependency theory maintains that firms are resource-insufficient; they strive to acquire and sustain resources from the external environment.

Due to current demands, Postal Corporation of Kenya (PCK) has been forced to implement turnaround strategies to adequately respond to the changes in the environment. In this attempt, Postal Corporation of Kenya board and its management have implemented a well-defined turnaround approach in its five-year strategic plan. The turn-around approach will allow postal corporation of Kenya to articulate key challenges for example poor performance and therefore the need to study the organization.

Previously, the global telecoms industry experienced significant losses from technological changes and change of customer needs. Presently, Telecoms industry is one of the fastest growing industries around the world economy. Its growth can be attributed to the turnaround strategies adopted by the Telecoms industry that led to performance: the revenues of telecoms services and equipment at the global level were estimated at US\$1,710 billion in 2008 and US\$3,425 billion in 2010, equivalent to around 4 percent of the world's gross domestic product (World Employment Report, 2012).

1.1.1 Strategy Implementation

Pearce and Robinson (2004) characterize strategy execution as process or ways that an organization takes with a specific end goal to be or achieve where it sees itself later on. It's the procedure or way that prompts to where the organization sees itself later on. Thompson (2005) contends that strategy implementation is to a great extent an internal administrative action. It includes working through others, organizing, motivating and making solid links between strategy and how the firm works.

Strategy implementation entails a process of converting the formulated strategies into viable operations that will yield the organization's targeted results. It is worth noting that delicate and sensitive issues are involved in strategy implementation for example resource mobilization, restructuring, cultural changes, technological changes, process changes, policy and leadership changes. If implementation of strategy is not effectively managed, the strategic plan might not be fruitful. Visionary kind of leadership motivates and inspires through enabling the organization to undertake the necessary changes (Okumus, 2001).

1.1.2 Turnaround Strategy

Pandit (2000) defines turnaround strategy as a time of poor performance or decrease stage preceded by a recuperation in the execution and further stressed that turnaround candidates are firms whose exceptionally presence is undermined unless radical move is made and effective recovery cases show enhanced and maintainable environment adjustment. Turnaround might be the aftereffect of years of steady low down or months of sharp decline. In either case the recuperation period of the turnaround procedure is probably going to be more fruitful in accomplishing turnaround when it is preceded by planned retrenchment that outcomes in the accomplishment of near – term financial related adjustment. Pettigrew (2001) a turnaround situation represents absolute and relative-to-industry declining performance of a sufficient magnitude to warrant explicit turnaround actions

As indicated by Pearce and Robinson (2007) turnaround strategy intends to change over, transform or convert a loss making organization into a profit making organization. It intends to make the organization productive once more. The primary reason for actualizing a turnaround strategy is to turn the organization from a negative indicate a positive one. In the event that a turnaround technique is not connected to a sick organization, it will shut down.

It is a solution for curing industrial disorder. Turnaround is a rebuilding strategy. Here, a loss bearing organization is changed into a profit making organization, by trying precise efforts. It tries to remove all shortcomings to help a sick organization at the end of the day get to be solid, stable and a profit making foundation.

1.1.3 Organizational Performance

As indicated by Kaplan and Norton (2001) firm performance alludes to how well a firm is getting along to achieve its vision, mission, and objectives. Evaluating firm performance is a fundamental part of key management. Administrators must know how well their organizations are performing to make sense of what key changes, assuming any, to make. performance is an extremely complex idea, nonetheless, and a considerable measure of consideration should be paid to how it is assessed.

The fundamental measure of organization viability for a business will for the most part be expressed regarding how well its net profitability compares and its objective profitability. Extra measures may incorporate development information and the results of consumer loyalty surveys. The key indicator of a performing organization is productivity with which an organization can meet its targets. The primary measure of organizational effectiveness for a business will by and large be communicated regarding how well its net profitability contrasts and its objective benefit. Extra measures may incorporate development information and the consequences of consumer loyalty reviews. One of the devices used to gauge organization performance is the adjust score card (Kaplan and Norton, 2001).

1.1.4 Challenges of Turnaround Strategy in Organizations

There are various challenges that hinder successful strategy implementation in an organisation namely; lack of a clear and realistic strategic plan, inadequate organisational resources, resistance to change, cultural setting, leadership style. These challenges impact negatively on organisational performance, they interfere with the efficiency and effectiveness of the organisation.

Hrebiniak (2006) pointed out that most organizations fail in strategy implementation due to lack of a clear and realistic strategic plan when implementing strategy. This leads to loss of direction by the top management and the employees'. This leads to loss of focus and hence increased costs of implementing strategy due to delays. This might affect organizational performance especially when the employees fail to meet set targets. The management should allocate adequate and sufficient resources for strategy implementation. They do this in the hope that the strategy will be successful and yield positively to the organization failure to which might be expose the firm to financial losses since a lot of money and resources is invested (Thompson and Strickland, 2002).

The cultural beliefs, norms and way of doing things might impact negatively on strategy implementation. The employees fear unknown and thus they are more likely to resist any of change in the organization. Change is meant to help the organization to cope with the environment to effectively meet the changing needs of its customers. Resistance to change might negatively affect the performance of the organization since the organization fails to meet customer's satisfaction. This might paint a bad reputation about the organization leading to loss of popularity and customers. This might negatively organizational performance in the long-run (Mintzberg, 2005). White (2005) indicates that communication is an important tool in strategy implementation. Top management and lower level employees should communicate and agree in key issues that affect strategy. The top management should communicate to their subjects about their expectations and actively involve employees in decision making processes. Mintzberg (2005) argued that the employees should be actively involved in decision making to make them feel as part of the organization.

1.1.5 Global Context of Postal Industry.

In the global arena, Telecommunication and Postal services are mostly carried out by public corporations; these include transport main and small packages to destinations. The telecommunications industry around the world has faced an increase in the privatization of postal operators in the past 20 years; this has eased the government restrictions on private services. Postal authorities are often involved in Telecommunications, logistics, financial services among other areas of business. Postal operations entail offering domestic and international postal services, receipt, transport and delivery of mail, specialized mailing services, operation of postal facilities and sale of postal, philatelic and mailing suppliers.

The global postal network in 2009 had an estimated 650,000 postal offices and 5.5 million postal employees (this is an equivalent of one-third women and 20 percent part-time) who provide postal services around the world (World Employment Report, 2012). Globally, there is an estimated 8 million postal workers that include private and informal services, and parts of courier services. In the international market telecommunication services involves the use of telephones, radio and microwave communications as well as fiber optics, satellites and the Internet. These services play an important role in the world economy. The global telecommunication services revenues of the industry is estimated at around \$1.8 trillion in 2010. The workforce in the Telecommunication services is approximately 6 million, of whom 20 per cent are women, about 4.5 million employees working in the postal and telecommunication services sector are affiliates of global union federations (Employment and other statistics for the postal sector, 2014).

1.1.6 Postal Corporation of Kenya

Postal Corporation of Kenya (PCK) is a commercial government business enterprise that operates under the Postal Corporation of Kenya act 1998. As a result of emerging market, technology and economic trends attempts to separate postal services from Telecommunications dates back in 1980. By July 1999, there was a tremendous improvement following the split of KP and TC. The postal Corporation of Kenya is charged with the responsibility of providing and operating postal services, postal financial services and other functions that might be accorded by the minister of communications (PCK, 2013).

PCK is a self-funding business that utilizes its assets and resources to earn profits, the profits can be re-invested in the business or returned as dividends to its major shareholder The Kenya Government. The products and services offered by the Kenya postal corporation are as follows: letter post; parcel and post cargo; (EMS) courier; philatelic materials; postal financial services; deposit and payment agency services. In pursuit of its mandate, PCK operates 768 post offices across the country with more than 5,000 Stamp Vendor Licensees across the country. PCK also provides community service duty and universal services obligations in order to provide accessible, affordable and reliable postal services to Kenyan citizens.

PCK has a board of directors that are appointed by the government of Kenya. The chairman is one of the key pillars of decision making and fostering changes in a bid to achieve the mission and the vision of the organization. In the hierarchy of authority, the chief executive officer under the title 'Postmaster General' heads the corporation and reports to the board.

The core activities of the organization includes; Mail service, financial services, and courier services. The structure of the organization is aligned as follows; finance and strategy, human resource management and development, information communication and technology, logistics and facilities management research and development, marketing and customer service, audit and investigation, legal services, procurement. Change management, and corporate communication (Kioko, 2014).

1.2 Research Problem

Strategy implementation is challenging; most managers favor strategy defining than actualizing. For an organization to be effective it must guarantee that the strategies set up are in accordance with the vision and the mission of the organization. For organization to accomplish their key goals, they ought to ensure that strategies executed are effective. Strickland and Gamble (2008) showed that strategy implementation is interpretation of strategy into an action through organizational structure and outline, resource planning and the administration of strategic change. Thompson and Strickland (1999) clarified that strategy implementation involves changing over the organizations strategic plan into action.

Globally, Postal and Telecommunication industry has faced significant changes that include rapid technological advancements, deregulation, privatization and the proliferation of new and high-value services, to cope with these changes, the Telecommunication industry is considering developing strategies with social partners such as communication firms to improve quality and efficiency of services with a universal goal of increasing access to Postal and Telecommunication services (World Employment Report, 2012).

The current market demands Postal Corporation of Kenya has created a need for the strategic plan that focuses mainly on their core activities; financial services, courier services and mail services. The organization aims at achieving its strategic initiative by providing services that meet the changing needs of its customers. However, this is not easy to achieve, the top management of PCK has to counter challenges to achieve this goal. The ultimate vision is to facilitate the creation of dynamic and market oriented postal service provider, with ability to generate wealth and employment of Kenyans (Kioko, 2014).

Broad research has been done on challenges facing strategy implementation: Francis and Desai (2005) examined the ability of situational variables, manageable pre-decline assets and particular reactions to decline in order to classify performance outcomes in declining firms. The study found that logical components, for example, urgency and severity of decline, firm profitability and the accessibility of slack assets and firm retrenchment determine the capacity of firms to turnaround.

They concluded that overall, factors under control of managers contributed more to successful turnarounds than situational characteristics. Maheshwari (2000) recommended that decisions accessible for turnaround, which would guarantee enhanced performance, were administration change, dormain change, retrenchment of both resources and individuals, technology upgradation, cost reduction and HR interventions. Bruton, Ahlstrom and Wan (2001) found that in the west, a firm in decay needed to retrench or decrease its costs before it would start the turnaround procedure, which was the same for East Asian firms

Kimutai (2010) did a study on the challenges of implementation of turn-around strategies at Telkom Kenya limited. It was found that the organization faced a number of challenges which are: organizational structure, lack of management support, culture and attitude. Kiveu (2013) investigated the challenges of implementation of turnaround strategy at the new Kenya Cooperative Creameries. The study concluded that the main challenges of strategy implementation were leadership, cash flow problems, resistance to change and poor planning especially on milk processing.

Kioko (2014) examined corporate turn-around strategy in postal corporation of Kenya. The results showed that the turnaround strategies employed by PCK were highly ineffective in meeting organizational goals due to challenges that were encountered in their implementation. Mutunga (2013) studied the implementation of turnaround strategies At Kenya Broadcasting Corporation. The study found that the turnaround strategies employed by KBC were highly ineffective in meeting organizational goals due to challenges that were encountered in their implementation and other areas also need to be further addressed in order to make the organization more efficient and effective in their delivery of service. From the above studies, little concentration was given on the challenges of implementation of turnaround strategies by Postal Corporation of Kenya. The study intended to find an answer to the question: What are the challenges facing the implementation of turnaround strategy and performance of Postal Corporation of Kenya?

1.3 Research Objective

To determine the challenges of implementation of Turnaround Strategy and Performance of Postal Corporation of Kenya.

1.4 Value of the Study

Postal Corporation of Kenya shall be able to identify challenges facing it in its implementation of turnaround strategy and its performance. The study findings act as a guide in determining the priority area to address to counter challenges of turnaround strategy implementation and the performance.

The empirical findings of this study might be useful to policy makers in setting policies that create an enabling environment for the execution of postal services. In addition, the government has to put priority on areas and ways of solving these challenges. For example: provision of resources and facilities to improve efficiency and the quality of services delivery, the study contributes to the existing body of knowledge. It informs students on the challenges facing implementation of turnaround strategies by Postal Corporation of Kenya and ways of dealing with these challenges. Researchers with an interest in this field of research might use the findings of this study for further research.

The reader understands the relevance and applicability of the theories (institution and resource dependency) and how they relate to the challenges of implementation of turnaround strategy and performance. Students can increase their knowledge concerning the relationship between the theories and the empirical studies and improve their skills on theory selection and significance in their research work.

The chapter gave a comprehensive review of how organizations adopted in the environment in an attempt to deal with poor performance. The background provided a hypothetical situation about the environmental dynamism that drove organizations to adopt strategies. The chapter introduced the two theories that anchored the study; these included resource-based theory and institutional theory.

The chapter discussed several concepts in details: strategy implementation, turnaround strategy, organizational performance, challenges of turnaround strategy and organizational performance. A situational analysis of Postal Corporation of Kenya was provided and its organizational structure. The research problem clearly showed that most studies dwelt on the challenges that faced implementation of turnaround strategy by organizations; little focus was laid on the link between implementation of turnaround strategy and performance. The broad objective of the study was to determine the challenges of the implementation of Turnaround Strategy and Performance of Postal Corporation of Kenya and the various stakeholders that the study hopes will benefit from this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the theoretical foundation, the challenges facing implementation of turnaround strategy and organizational performance, organizational performance, empirical review and the summary of the literature review and knowledge gaps.

2.2 Theoretical Foundation

This study is anchored by two theories that support challenges facing turnaround strategy implementation and performance. These theories include: institutional theory and resource dependency theory: Below is the discussion:

2.2.1 Institutional Theory

This theory posits that the organization equips itself with the resources to cope the dynamics of the external environment. Stinchcombe (1965) argue that each and every organization depends on the resources from the organization. This theory considers the impact of the firms' environment and the cognitive, normative and regulative structures that surround the firms (Meyer and Rowan, 1998).

DiMaggio and Powell (2003) advances that institutional theory endeavors to clarify how hierarchical structures have consequences for the activities and limits of the firm. These structures give dependability to activities, schedules and societies; characterize authenticity and oblige activity. The theory concentrates on how institutions are made, how they affect social orders as industries change from time to time. While all accepted, it has given more theory as opposed to empirical contributions to key management. Organizations are social structures that have accomplished a high level resilient.

They are comprised of cultural-cognitive normative and regulative elements that, together with associated functions and resources, offer stability and meaning to social life. Scott (1995) points out that in order to survive, organizations must adapt to the rules and belief systems that prevail themselves in the external environment (DiMaggio and Powell, 2003). These includes both structural and procedural in order to earn the organizational legitimacy to effectively conduct business with minimal disruptions.

2.2.2 Resource Dependency Theory

Pfeffer and Salami (1978) posit that resource dependence theory (RDT) is the study of how external organizational resources affect the behavior of the firm. The procurement of external resources is an essential tenet of both strategic and tactical management of an organization. Organizations depend on resources; these resources originate from the environment. The environment, to a considerable extent, contains other organizations. Resource dependence concerns more than the external organizations that provide, distribute, finance, and compete with a firm. Although executive decisions have more individual weight than non-executive decisions, in aggregate the latter have greater organizational impact. Managers in the organizations understand that their success is tied to the customer demand. Customers are the essential resources that the organization depends on (Pfeffer and Salami, 2003).

Stern and Stalk (2001) asserts that organizations might attempt to alter their dependence relationships by minimizing their own dependence and increasing the dependence of other firms on them. This makes organizations to be viewed as coalitions alerting their structure and patterns of behavior to acquire and sustain the required external resources.

The theory assumes that organizations comprise of internal and external coalitions that emanate from social changes formed to influence and control behavior. The other assumption held by this theory is that the resources are scarce and essential for the survival of an organization however the environment poses the problem of firms facing uncertainty in resource acquisition.

2.3 Turnaround Strategy in Organizations

Scherrer (2003) advances that turnaround strategy is a corporate practice that is outlined and wanted to protect a firm from making losses and change it into a benefit making firm. It is basic for managers to comprehend and distinguish the pitfalls and difficulties that can happen in the process to enhance the powerful implementation. Strategic management believes a firm can survive and eventually recover if a concerted effort is made over a time of a period of years to brace its unmistakable competencies. The amazing technique is known as turnaround (Mahoney and Pandian, 2002).

Turnaround strategy typically starts through forms of retrenchment, employed singly or in combination: cost reduction examples include decreasing the work force through employees attrition, leasing and not purchasing equipment, extending the life of machinery, eliminating elaborate promotional activities, laying off employees, dropping items from a production line and discounting low margin customers (Hambrick and Schechter, 2002).

2.4 Challenges of Implementation of Turnaround Strategy and Organizational Performance

There are various challenges facing implementation of turnaround strategies by organizations, they are resistance to change, culture, leadership, inadequate funds and political interference. Slater (2006) contends that resistance to change is when an organizational change introduces formulas of departure from the historical behavior, culture, and power structure in their opinion, resistance to change is a major problem of strategic management that requires as much attention as the formulation of a strategy itself.

Some of the key issues, to which an organization could draw attention to include the size of the change, the time over which it is introduced, its impact on organizational capability, the strength of its threat to individuals' power, and its congruence with the present organizational culture. Pearce and Robinson (2007) culture is also a turnaround challenge that hinders effective implementation of strategy. To succeed in strategy implementation, the top management should cultivate a culture of innovation and positive change by ensuring that new employees at all levels in the organization are compatible with the new ways of doing things.

These employees should be undertaken through a proper training and development program to understand the business processes and ways of handling issues. The managers and supervisors should put more emphasis in cultural norms in the course of everyday tasks (Okumus, 2001).Meyer and Rowan (1998) contends that the organization that aspires to recover from decline should have leaders who are competent and knowledgeable to overcome strategy implementation challenges. Competent leaders contribute greatly towards the success of a business especially on the way they make decisions and the strategies that they choose.

Slater (2006) indicates that some firms lack adequate funds to invest in modern technologies for example information communication technology (ICT) is a major challenge that impact negatively on the performance of an organization. Failure to adopt modern to technologies may lead to reduced efficiency, poor quality services, and increased costs of operation this might expose the organization to poor performance (Prahalad and Hamel, 2001).

Political interference is a turnaround challenge facing organizations. Macmillan (2000) explains that when the organization is faced with unexpected changes in government regulations such as taxation, new legislation, incentives and environmental protection policies and education polices, this might affect its operations and create a hindrance towards effective strategy implementation. It affects the smooth flow of the business, inefficiency and inconsistencies that might impact negatively on the organizational performance (Hambrick and Schecter, 2002).

2.5 Organizational Performance Measurements

Kaplan and Norton (1992) put forward Balanced Score Card (BSC) is a tool used to measure organizational performance using four different perspectives which include: financial, internal business process, the customer, and learning and growth. The aim of the BSC is to keep score of a set of items that brings about a balance between short-term and long-term objectives, between financial and non-financial measures, between lagging and leading indicators, and between internal and external performance perspectives (Kleijnen and Smits, 2003). After designing proper tools

and measuring performance, performance should be evaluated to assess whether the firm is achieving its set goals over time or not.

It is important to note that how well the management of an organization utilizes the human, physical and financial resources at their disposal contributes to efficiency. Key Performance Indicators (KPI) are used to measure organizational performance on execution of its strategy and achievement of its purpose. The management should consider the Non-financial performance indicators that are used in the organizations circumstance for example the activities undertaken and the indicators should be chosen for measurement purposes. It is important for the management to ensure the metrics adopted are capable of being measured and understood (Kaplan et al., 2005).

Financial measures are entity's performance measures that are expressed in monetary terms. All organizations have financial measures as part of their performance management measures, although there is debate as to the relative importance of financial and non-financial indicators. The primary objective of a profit making organization is maximization of the shareholders wealth. This is based on the argument that shareholders are the legal owners of a company and so their interests should be prioritized. Non-financial indicators are individual or entity's performance that is not expressed in monetary terms. The measures of organizational performance are significant in ensuring the success of the firm. Some of the non-financial indicators that are highly considered for measuring organizational performance include: the management of human resources, product and service quality, brand awareness and the management of human resources (Kaplan and Norton, 2005).

2.6 Empirical Studies and Knowledge Gaps

Bruton, Ahlstrom and Wan (2001) did a study on difficulties confronting turnaround strategies in the west, the study found that a firm needed to decrease its costs before it would start the turnaround procedure; this was the same for East Asian firms. The outcomes revealed that in the west more noteworthy achievement happened when the association's turnaround concentrates on the absolute most reason for the association's decay (working or key issues), while in East Asia it was, accounted for that issues confronting most firms was with working issues identified with cost in the company's center business. In the West, the CEO of a firm must be replaced in a turnaround efforts while in East Asia because of high level of stock proprietorship by the owner and chief by and large at more than half CEO substitution in turnaround would not be required. By and large both in the west and East Asia the faster the turnaround efforts started the more it was successful

Maheshwari (2003) investigated the turnaround challenges and how the impact on performance. It was found that choices available for turnaround were; leadership change, domain change, retrenchment of assets and people, technology up gradation, cost reduction and HR interventions. The results further concluded that implementation of turnaround strategies led to improved organizational performance. Scherrer (2003) stressed the requirement for an management turnaround in the first place the identification of a state of decline to be followed by an immediate turnaround although of the fact that he attributed a successful turnaround to the strong management team and sound business core, he clarified that any successful business turnaround were from the most elevated need: sound core business took after by; leadership of competed management followed by; capital for use all through the process

Finally, it was concluded that the frame of the turnaround will vary depending on the above elements and on the severity of the decline. Howard (2005) studied the influence of turnaround strategies on performance of small businesses in Dar es Salaam, Tanzania. The study used a descriptive survey to examine the relationship between the study variables. Primary and secondary sources of data were utilized. Primary data was collated using a questionnaire while secondary sources of data were obtained from records of small businesses. The study found a positive relationship between turnaround strategies and performance.

Slatter, Lovett, and Barlow (2006) built up an approach for accomplishing an effective business turnaround or recovering plan for whose seven vital components were as per the following: new leadership, partner management, emergency stabilization, strategic focus, process improvement, organizational change and money related structuring. The findings encourage that the key pillar to success with regards to acknowledging basic process upgrades amid turnaround of associations was required concentrate on cost, quality, and time.

From the above review most studies have revealed that that some of the main challenges facing organizations during implementation of turnaround strategy are poor management, resistance to change, organizational structure, and organizational culture and inadequate finances to invest in modern technologies. Further, the studies depicts that organizations that are determined to ‘turnaround the tables’ and recover from a decline might find a way to counter these challenges by having new leaders, crisis stabilization, strategic focus, process improvements, organizational change and financial restructuring, most studies have however failed to investigate the link between the challenges of implementation of turnaround strategy and performance in the context of parastatals in Kenya.

The chapter gives a comprehensive coverage of the theories that support this study; institutional theory and resource dependency theory. The literature provides a discussion of the Turnaround strategy used by the organization to prevent it from losses. The most notable challenges of implementing turnaround strategy are as follows: lack of adequate resources and facilities, organizational structure, policies and procedures, poor leadership styles, resistance to change among others.

The literature indicates that the common tool for measuring organizational performance is the Balanced Score Card that uses four perspectives namely: learning and growth, financial perspective and customer perspectives. The common indicator to measure performance is Return on Assets. The empirical studies reviewed above depict the link between turnaround challenges and their impact on the organizational performance in both the private and the public sectors.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology used to achieve the objective of the study. It included the research design, data collection and data analysis.

3.2 Research Design

The research outline was a case study. Creswell (1997) a case study is characterized as a definite analysis of an individual case assuming that one can gain knowledge of the phenomenon from the intensive investigation of a solitary case. A case study utilized as a part of this research work was aimed at delivering an expansive comprehension of the event under study yet in the same time to develop more broad theoretical explanations about regularities in the observed phenomena.

The decision of a case study was on account of it prepared the interviewer in dealing with unexpected findings and henceforth it obliged him to reorient his study in the light of such developments. It forced him to consider, however roughly, the numerous interrelations of the specific phenomena he observes. It spared him from making assumptions that may have ended up being incorrect concerning matters that were significant, however extraneous, to his essential concerns.

Denzin and Lincoln (2000) maintained that the shortcoming of case studies is that they can't assert reliability in the generally acknowledged sense since they can't be repeated under steady conditions: the observer records events as they happen. In spite of the fact that events that recur might be observed again, the conditions under which they recur are never the same.

3.3 Data Collection

The study utilized a qualitative type of data collection. Creswell (2009) explains that qualitative research techniques are ceaselessly advancing, as patterns and styles of human interaction and communication change. Current research included: Face-to-face, phone, or online exchange. Interviews were conducted in offices, at a respondent's home or business, or at an open area. Real-time correspondence and "time-lapse" strategies these included diaries and electronic bulletin boards may be used.

Notwithstanding venue or medium, qualitative research depended on open-ended queries; it utilized in-depth probing to reveal the considerations and sentiments behind initial responses, and it connected bits of knowledge and learning to the research process in real time. Typical qualitative methods involved meeting with a solitary person that endured between 30 to a hour and a half, contingent upon the topic and setting. In-depth interviews might be conducted at the respondent's home or working environment or an open area, or by phone (Denzin and Lincoln, 2000).

An interview guide was used for data collection processes and procedures. Primary data was gathered by interviewing all the four departmental heads at Kenya Postal Corporation this comprised: the general manager in charge of Human Resource Development, Marketing, Research and Development, Finance and Strategy.

The interview guide covered four sections: Section A consisted of questions on the bio-data of the interviewees and the organization. Section B comprised of questions on the causes of decline of Postal Corporation in Kenya. Section C elicited questions on the turnaround strategies utilized by Postal Corporation of Kenya and section D the implementation challenges and how they affected performance of PCK.

3.4 Data Analysis

The information examined was broke down utilizing content analysis. Neundorf (2002) places that content anaalysis is a strategy for breaking down, written, verbal or visual correspondence messages. This approach was initially utilized for investigating hymns, daily newspapers, and magazine. The content analysis permitted the researcher to test theoretical issues to upgrade comprehension of the information. Through content analysis, it was conceivable to distil words into fewer content related classifications. It was accepted that when ordered into similar classes, words, phrases and so forth have a similar importance.

Content analysis was a technique for making replicable and legitimate deductions from information to their unique situation, with the end goal of giving learning, new insights of knowledge, a representation of certainties and a viable manual for activity. Its goal was to achieve a dense and wide depiction of the phenomenon, and the result of the investigation. This method was easy and reliable to adapt it was also taken to be easy in replicating and hence could be made available for others to use. Neundorf (2002) contended that the major shortcoming of this approach is that it was purely descriptive.

It describes what is there, but may not reveal the underlying motives for the observed pattern, the research methodology implemented herein was to achieve the study objective which was determining challenges that faced implementation of turnaround strategy and whether it related to performance of Postal Corporation of Kenya. This study opted to use a case study research design of Kenya Postal Corporation of Kenya that was used by the researcher to carry-out an in-depth analysis of issues concerning challenges of the implementation of Turnaround Strategy of PCK.

A case study research design was applicable for the study because it allowed the researcher to perform an in-depth examination. Primary data was collected through interviewing four heads of department PCK these are: the general manager in charge of Human Resource Development, Marketing, Research and Development, Finance and Strategy. Data analysis was executed using content analysis which involved making replicable and valid inferences from data for their context, with the purpose of providing knowledge, new insights, a representation of facts and a practical guide to action.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The chapter describes the data analysis which was done in accordance to the objective of the study which was to determine the challenges of the implementation of turnaround strategy and performance of Postal Corporation of Kenya.

4.2 Demographic Information

The researcher interviewed four interviewees who were the assistant manager, accountant, assistant management and assistant manager marketing. This group of interviewees was directly involved in turnaround strategy implementation at PCK. Interviewees worked in the following departments namely, Human Resource, Marketing Research and Development and Finance. These departments were largely involved in issues to do with implementation of strategies and challenges.

The results showed that majority of the interviewees served in the organisation for a duration that exceeded five years. This period was long enough to increase the interviewees' understanding of the organization's business processes and procedures. This signaled that the interviewees' were grounded on issues that concerned challenges of implementing turnaround strategies.

4.3 Challenges of Implementation of Turnaround Strategies by PCK

The findings revealed that advanced technology was among the primary challenges that faced PCK, leading to a decline in its operations. It was revealed that most of the official and social communication in the past decades was made via letters sent through the corporation but the trend changed due to advances in technology.

The findings indicated that the emergence of alternative methods of communication such as e-mails reduced the demand for PCK services. The findings further indicated that the reduced number of customers was among the primary factors that showed deterioration in business. Majority of the interviewees cited low productivity by the corporation as a sign that indicated poor business in the corporation. Further, the interviewees reported that low morale by the workforce and reduced mail traffic were other indicators of reduced operations by PCK as a result of changes in technology.

It was revealed that the type of management adopted by an organization played a significant role in determining the efficiency and pace at which the set objectives are achieved. The interviewees reported that the type of management structure in PCK was open system, characterized by exchange of information across the organization with an aim of enhancing renewal in the company's operations. The findings further revealed that open systems management structure enhanced organizational efficiency by improving understanding of the root causes of problems and the most efficient ways to address the situation. However, it was revealed that organizations that rely on open system management structure risk reduced operational efficiency due to overemphasis on the external environment. The failure to consider the internal environment in decision-making leads to inefficiency in the organization.

The nature of leadership and management styles adopted by the PCK were effective, based on the response of the interviewees. It was revealed that the management and leadership structure in the company was good, thus unlikely to have adverse effect on organizational success. The findings identified a strong relationship between the management and the employees, leading to increased motivation of the employees. Further, the interviewees reported reduced conflicts as an indication of good management and leadership structure in the corporation.

The findings identified organizational culture as a crucial factor that determines the ability of a company to meet the set objectives efficiently within the desired time frame. It was revealed that organizational culture promotes productivity of the workforce as the employees commit their skills for the benefit of the company. The other benefit of organizational culture as indicated by the interviewees was the promotion of healthy competition among the employees, which led to the discovery of new and efficient methods of production.

The efficiency of organizational culture is highly dependent on its effectiveness. Based on the response by the interviewees, the challenges faced by PCK emanated from the rigid organizational culture. The interviewees reported that the corporation had an organization culture that was attached to status quo, thus hindering the ability of the corporate to change. In an era where information technology is advancing at a fast pace, an organization whose culture does not encourage change is bound to fail.

The other factor that influences the success of an organization is the relationship that exists between the management and the employees. It was revealed that a strong employee-manager relationship helps improve the productivity of the organization due to the pleasant working environment that enhances employee motivation. The other benefit of strong employee-manager relationship as revealed by the findings was increased employee loyalty that reduces employee turnover. In PCK, the relationship between the employees and the management contributes least to the challenges faced. The interviewees reported that PCK employees relate well with the managers, describing the relationship as good. It was revealed that the relationship between the employees and the managers in the corporation was good, as indicated by the presence of functional teams.

The findings linked company shareholding to organizational success because shareholders provide funds to the organization thus allowing it to expand its operations and Consequently the increased operations increase the organization's profitability. Based on the response by majority of the interviewees, the composition of shareholding was adequate to run the organization thus unlikely to affect the company's success negatively.

It was revealed that organizational challenges may also result from financial distress which makes it difficult for the company to fulfill its obligation to increase the return on investment. The findings further indicated that financial distress does not only limit the ability of a company to meet its responsibilities to the shareholders, but also other stakeholders including the employees and creditors. In PCK, financial distress was reported to be among the primary challenges that affected the efficiency of the organization. Majority of the interviewees cited that the immediate impact of the financial distress in the company was decline in company returns, mainly due to low morale of employees. The other immediate impact of financial distress as expressed by the interviewees was staff indiscipline that leads to slow progress in the organization.

The findings also revealed that financial distress increased the risk of decline in the level of confidence that the stakeholders have in the organization. Eventually, this may lead to withdrawal of funds by the shareholders and increased employee turnover. To increase the sales volume in the organization, PCK formulated a strategy of aggressive marketing using freelance sales people as indicated by the interviewees. It was revealed that the marketing strategy was effective in increasing the market share.

Turnaround strategies are implemented after the present strategies prove inefficient, as indicated by persistence of challenges. The findings identified digitalization as one of the turnaround strategies adopted by PCK. The findings further revealed that the strategy was implemented in response to the changes in communication methods due to advanced information technology. It was revealed that through the digitalized services, the PCK could conduct its operations more conveniently by integrating various technologies such as remote access of postal services through the internet services.

Another turnaround strategy implemented by the PCK as reported by the interviewees is introduction of new products in the market. One of the products that have been introduced by the corporation was reported to be *Mpost*, which allows consumers to access postal services from their mobile phones. The interviewees also cited structural reforms as another turnaround strategy implemented by the PCK. Among the factors the corporations considered when restructuring included the global demand for postal services, market development and competition. The reforms that were structured according to the interviewees related to the accessibility and affordability of postal services.

The findings revealed that PCK was determined to operate competitively in the market by implementing turnaround strategies. Based on the responses by a majority of the interviewees, PCK has invested greatly in employee development to equip the workers with skills necessary to operate the digitalized operations. Further findings indicated that the corporation had acquired new equipment necessary for the adoption of technology such as computers to ensure uninterrupted service delivery.

The technical staff in the organization was reported to play a crucial role in enhancing the implementation of the turnaround strategies. It was revealed that for the turnaround strategies to be effective, the management had to ensure the participation of employees at all levels of the corporation. The findings indicated that an organization is a system comprised of different departments, and the input of a single unit affects the success of the whole organization. It is thus crucial to involve employees at all levels and units in implementation of strategies. Findings revealed that the management of PCK acknowledged the need to involve employees at all levels in the implementation process and avoid use of senior management only in formulation stage.

Employees feel more satisfied when they are involved in company decisions and they develop positive attitude towards work, as revealed in the findings. The interviewees indicated that PCK employees perceived the turnaround strategies positively, mainly due to the fact that they were actively involved in the implementation process. However, one of the interviewees indicated that the perception of the employees on the turnaround strategies was negative at first. It was revealed that for the employees to support the implementation of company strategies, they need to be involved at all stages of the process. The findings further indicated that involving the employees in the implementation process only may trigger their resistance to change and consequently frustrate the success efforts. The resistance to change by the PCK employees at first was mainly because the formulation of turnaround strategies involved the senior management only. The organization involved employees in other levels during the implementation phase, thus leading to the opposition.

The findings revealed that the stakeholders had a positive perception towards the turnaround strategies. The basis of the positive perceptions was the strong belief by the stakeholders that the turnaround strategies were effective in addressing the challenges facing the corporation. The employees play an active role in the implementation of turnaround strategies, thus their perception on the process is crucial to achieving organizational success. However, the implementation of the strategies involves the participation of all the stakeholders including the creditors, shareholders and the consumers.

This implies that it is important for organizations to ensure that the strategies are positively perceived by all the stakeholders through effective communication. It was revealed that the role played by the stakeholders depends on their conviction that the company has high chances of success, the turnaround strategies may succeed or fail, depending on the internal and external business environments. The external factors are variables such as competition that the company has little control over, while the internal factors are the variables that can be manipulated to enhance organizational success. One of the internal factors that can be altered to enhance organizational success is company size, as indicated by the findings.

The implementation of turnaround strategies is mainly effective when the company size matches the human and financial resources of the organization. The interviewees indicated that the PCK was too large to implement the turnaround strategies. They explained that the number of employees in the corporation was higher than required, a fact that reduced optimal utilization of human resources. Additionally, the interviewees cited that the introduction of technology in the corporation threatened justified a reduction in the company size in relation to the number of employees.

The turnaround strategies play a crucial role in re-establishing the viability of an organization, but may have positive or adverse effect on its financial stability. In organizations where the extent of financial instability is high, the implementation of turnaround strategies may not have positive impacts on its finances immediately. Some of the strategies adopted by companies may take time before showing any financial benefit. An example of such turnaround strategies is the introduction of new products as it may be a while before the consumers accept the products.

Other turnaround strategies such as the adoption of new technologies may have immediate financial implications. In the case of PCK, the turnaround strategies have positive financial implications. Majority of the interviewees indicated that the turnaround strategies had positive financial implications corporation as indicated by an increase in the rate of return reported since the adoption of the strategies. However, a significant number of the interviewees believed that the positive financial impact was below the optimal level.

Following the adoption of the turnaround strategies, the findings revealed that the perception of the stakeholders on organizational culture was more positive. The interviewees pointed out that the new perceptions on organizational culture impacted the morale of employees positively. The improved morale was indicated by factors such as reduced cases of absenteeism as well as conflicts. It was revealed that the perception of the shareholders towards the corporation changed positively after the adoption of the turnaround strategies. The interviewees explained that some of the shareholders threatened to withdraw their investment in the corporation due to its financial distress, but instead they increased their shares when the PCK adopted the turnaround strategies.

The findings indicated that the shareholders believed that the new organizational culture would impact the corporation's success positively. It was revealed that the public also had positive perception towards the culture of PCK. The interviewees revealed that the public was hopeful that the corporation would be involved in development initiatives through its corporate social responsibility. The interviewees also indicated that PCK consumers developed a positive perception towards the organizational culture after the adoption of turnaround strategies.

To determine the efficiency of turnaround strategies adopted by PCK, the study evaluated the relationship between the senior management and the Board of Directors. The findings revealed that the Board of Directors and the managers had a strong relationship. The good relationship between the two parties was indicated by quick pace at which decisions were made in the corporation.

The interviewees reported that issues pertaining to the operations of the organization were solved amicably due to limited conflicts between the Board of Directors and the management. The current management had a good relationship with the other staff. One of the factors that indicated good relationship between the managers and the rest of the staff was effective communication. The interviewees explained that there was an open communication system in the organization that was used by the two parties to pass messages. Reduced error in the workplace is the other factor that was reported to indicate good employee-manager relationship. The interviewees also reported that the conflicts between the employees and the management were fewer, compared to the situation before the adoption of the turnaround strategies.

The findings revealed that PCK has high chances of succeeding in its operations with the implementation of turnaround strategies due to inherent strengths. One of the strengths identified in the study was good management, as indicated by the experience and knowledge of the management team. The skills possessed by the management team were crucial to influencing the employees to work hard towards meeting the goals identified by the turnaround strategies. Additionally, the interviewees cited that the corporation had high chances of success due to the training provided to the employees. One of the strategies that PCK adopted to ensure that it was able to embrace change is investment in human resources.

The employees were trained on information technology, cultural competence and change management to equip with the necessary skills required to perform their duties diligently. Some of the interviewees also explained that PCK had a strong brand name, which made it easier for the consumers to recognize it among the competing firms. There are also weaknesses that threaten the efficiency of PCK, as revealed by the findings. One of the weaknesses is poor infrastructure, which makes it difficult for the corporation to provide its services to some regions. The interviewees explained that PCK cannot provide its services to some regions because of poor internet connectivity. The other weakness that was reported by the interviewees is poor technology, implying that the corporation requires huge investment in technology to be at par with the competing firms.

The perception of PCK in the market presently is positive. The findings revealed that most consumers perceive the corporation more positively compared to the situation before adoption of turnaround strategies. Among the factors that were reported to have contributed significantly to the improved perception is the adoption of technology.

The interviewees cited that consumers were more concerned about the convenience of services, which was guaranteed by the corporation. The findings indicated that the efficiency of the employees also promoted the positive perception of PCK in the market. The nature of training offered to the employees as indicated by the findings enhances their ability to offer exceptional services to the clients.

The findings revealed that the employees were not only trained on technical skills, but also have skills on cultural competence. The findings further revealed that the quality of services offered by the employees enhanced the perception of the corporation in the market. Regarding the response of the company to the stiff competition, interviewees were required to indicate their views on the corporation's competitive position. The findings revealed that PCK had a very good competitive position, mainly due to its adoption of technology in its operations. Further, it was revealed that the introduction of new products in the market enhanced the appeal of the corporation to the consumers.

The strong brand name was also reported to be a factor that enhanced the competitive position of the corporation because most of the customers already knew about the PCK. The findings further revealed that the skills possessed by employees played a significant role in enhancing the corporation's competitive position. The interviewees reported that the employees were more motivated by work because they had the skills required to accomplish their work. The findings also revealed that employees reported low absenteeism rate and were able to complete their tasks on time. This increased the productivity of the employees, leading to better competitive position by the corporation.

Although the internal process of the company was reported to be good, majority of the interviewees explained that there was still room for improvement. There were inefficiencies that still affected the efficiency of the system. The findings revealed that the internal processes on operations management were inefficient in improving asset utilization. The interviewees reported that some of the assets owned by the corporation were underutilized, indicating ineffective internal processes.

The findings also revealed that the corporation had not established a strong relationship with external stakeholders such as the public. The interviewees expressed their concern about the lack of corporate social responsibility initiatives in the corporation based on the quality of the turnaround strategies adopted by PCK, it was revealed that the organization had a promising future. The interviewees pointed out that the digitization of operations was among the crucial factors that indicated future success of the company. It was revealed that the decision to invest in empowering human resources enhanced future success of the corporation. The new skills would enable the employees to cope with the changes in the market and enable them to offer exceptional services.

Further, the skilled manpower was has higher chances of innovating more efficient methods of operations and in turn enhancing future success of the corporation. In readiness for future success, it was revealed that PCK has implemented various strategies. One of the strategies that the corporation has implemented is investment in information and communication technology. The interviewees reported that the decision by the corporation to integrate modern technology in its operations aimed at enhancing future success.

It was revealed that the new products introduced in the market were meant to attract the modern consumers. The adoption of aggressive marketing strategies by the corporation was also reported to enhance its future success, evaluate the efficiency of the PCK turnaround strategies, the interviewees were asked to indicate the attributes that would indicate success. The findings revealed that success of turnaround strategies would be indicated by increased rate of return. A high rate of return results from increased sales volume and efficiency, the high traffic of mail would also indicate the success of turnaround strategies because it would imply increase market share.

The interviewees also pointed out that the success of turnaround strategies would be indicated by the nature of customer feedback received. The findings indicated that positive customer feedback would be indicative of successful implementation of turnaround strategies. Due to increased demand for postal services, it is likely that the PCK will expand its operations to the rural areas. It was revealed that the number of new branches opened by the corporation in response to increased demand for its services would also indicate successful implementation of turnaround strategies.

PCK encountered several challenges in efforts to implement the turnaround strategy. One of the challenges identified by close to all interviewees was inadequate resources. It was revealed that the corporation lacked the capacity to embrace new technology at fast pace due to inadequate human and financial resources. It was further revealed that the company lacked funds to support employee training, therefore, frustrating the turnaround strategy of adopting technology. The interviewees reported that the employees were resistant to change, a fact that affected the efforts of the corporation to effect any reforms.

The findings also linked ineffective organizational culture to reduced efficiency in the implementation of the turnaround strategy. Effective organizational culture was linked to loss morale for employees and this affected the ability of the managers to influence the employees to implement the strategies. Poor infrastructure was also reported to be a major barrier to the implementation of the turnaround strategy. It was revealed that the corporation was unable to provide its services to the underdeveloped parts of the country due to poor road network and internet connectivity.

The persistence of the challenges encountered in turnaround strategy implementation threatens the success of the corporation. To ensure that organizational success was not hindered by the challenges, PCK adopted several solutions such as reduction of operational costs. The findings indicated that a reduction in operational costs would increase the amount of funds available for other activities such as acquisition of computers. The interviewees also reported that the corporation also increased the amount of funds allocated for implementation of turnaround strategy to ensure that activities such as employee development were conducted effectively.

To address the issue of employee resistance to change, the interviewers revealed that PCK sensitized the workforce on the need to adopt new technology and other organizational changes, training of employees on technical skills also is aimed at reducing the resistance to change. The challenges experienced in implementing the turnaround strategy affected the performance of the corporation negatively, the average performance of the corporation was low, as indicated by reduced productivity during the implementation period. It was revealed that employees were unwilling to embrace the new changes in the corporation because they were not adequately prepared for change.

The interviewees explained that employee resistance to change did not only affect the level of productivity, but also increased the employee turnover rate. High rate of employee turnover has a negative impact on organizational performance, however, the level of efficiency in the corporation has increased since the implementation of the turnaround strategy. The interviewees reported that the reduced level of resource wastage in the corporation indicates increased efficiency. Prior to the implementation of the turnaround strategy, the findings reveal that there was a lot of wastage in relation to human and physical resources.

Further findings indicated that the increased pace of service delivery at PCK is an indication of the efficiency as a result of implementation of the turnaround strategy. It was revealed that the rate of returns in the organization increased after the implementation of the turnaround strategy, a trend that was linked to increased efficiency. One of the indicators of the successful implementation of turnaround strategies is the nature of feedback provided by the stakeholders. It was revealed that customers now have positive feedback for the company, mainly relating to the quality of services provided.

The interviewees indicated that consumers report more positive feedback and reduced complaints regarding the quality of services provided. The findings reveal that mail delivery and other customer services are offered effectively, leading to customer satisfaction. Prior to the implementation of the strategy, there were many complaints about late delivery of mails but findings reveal that the negative feedback has declined by 30%. This is an indication that the turnaround strategy was fully implemented.

The primary benefit of implementing the turnaround strategy was reduction in the costs of operations, as indicated by the interviewees. It was revealed that high costs of operations before the implementation of the turnaround strategy emanated from wastage of resources. The corporation incurred high costs of maintaining facilities that were unprofitable. The findings further revealed that the amount of money spent on expenses such as salaries after the implementation of the turnaround strategy were justified because of optimal utility of human resources.

Among the factors that have contributed significantly to reduced costs of operation is automation. The interviewees reported that the tedious process of service delivery when the corporation operated manually was reduced, leading to reduced cost. Further, the interviewees explained that the use of technology in the company's operations reduces the demand for staff thus reducing the operational costs incurred in the form of salaries it revealed that the corporation needed fewer employees because of the efficiency of the ERP program adopted.

4.5 Discussion

Technology advancement was one of the major challenges facing the PCK as more efficient and fast methods of communication emerged KPC still relied on the old methods. These results agree with the conclusions made by Francis and Desai (2005) who observed that communication is a critical component in coordination of activities and execution of employees' duties and responsibilities. Effective communication saves costs and improves speed in decision making and sharing of information within the organisation which impacts positively on the reporting relationships between employees and aligning organisational activities to corporate goals.

The decline in demand of PCK service was due to the emergence of the new ways of communication such as the e-mails which proved to be more efficient than the letters sent through the corporation. The findings also concluded that low productivity; low morale of the human resource and reduced mail traffic was a consequence of not embracing changes in technology. In support of these findings, Maheshwari et al (2003) observe that reduced productivity, demotivated employees' are critical signs of decline in performance of an organisation. This signs are common in cases of competition, mismanagement of funds, poor leadership or inability to cope with customer needs.

The type of management structure in the PCK played a major role in its efficiency in delivering services as a corporation. Those interviewed revealed that PCK had an open system structure that ensures exchange of information across the whole organization. Kleijnen et al. (2003). argued the open system tends to emphasis more on the external environment and gives less or no consideration to the internal environment this was shown to be a deficiency in decision making.

Leadership structure that PCK had adopted was good as there is a strong relationship between the employees and the management. Leadership is the face of an organisation and a leader plays an important role in effecting change and influencing the employees to work in the right direction. A leader is mandate to lead the people in implementing change and set good examples. Contrary to this, PCK faced leadership challenges because they lacked a two-way communication approach between the employees' and top management. Processes and procedures of making decisions were bureaucratic and complicated making leading to delays and inconsistencies that impacted negatively on the implementation of strategic change. These findings are related to the arguments raised by Francis et al. (2005) who maintained that most organisations performed poorly because of poor leadership in particular, failing to involve employees in decisions and lack of unity.

A supportive organizational culture is one of the ingredients of an effective organization. PCK was found to have a rigid organizational culture that was attached to status quo slowing the process of change. The findings further revealed that a rigid organizational culture is bound to fail especially in this era where technology is fast advancing. These observations match the findings by Mutunga (2013) noted that organisational culture provided a supportive environment in the implementation of strategic change.

Shortage of operational finances in PCK was reported to be a major challenge not only to the corporation but also to the shareholders, employees, and the creditors. The findings showed that financial distress leads to low level of confidence to the stakeholders which might expose the firm to financial losses since a lot of money and resources is invested (Thompson and Strickland, 2002).this might lead to employee turnover and shareholders to withdrawal their funds.

PCK operations could be conducted more efficiently after it had embraced technological changes by introduction of digitalized services such as remote access to its postal services through the internet. Introduction of new postal services and products was also revealed to be turnaround strategy. New products such as *Mpost* which integrated PCK services to customer's mobile phones was a great milestone.

The findings revealed that PCK had adopted a structural system that has considered competition, market development and the global demand for postal services. It was also revealed that PCK had taken great interest in human resource training and development where it has provided its staff with the necessary knowledge and skills to work in the new technology era. In line with this, Pearce and Robinson (2007) observe that training employees improves their skills and motivates them to contribute positively towards implementation of change.

PCK management had acknowledged the need to use the stakeholders in their strategies implementation process. Involvement of creditors, shareholders and the consumers in the implementation processes perceived a positive image to the PCK according to the findings. PCK adoption of the turnaround strategies leads to a more positive perception by the stakeholders on the organizational culture. This was greatly attributed to the high morale of the employees and reduced cases of absenteeism and conflicts in the corporation. It was reported that employees were highly motivated as they had been equipped by the necessary skills to accomplish their work. These findings tally with the White (2006) who asserts that the organisation should prioritize the interests of all the stakeholders by serving their interests and enhancing transparency and integrity in decisions, processes and procedures.

CHAPTER FIVE

SUMMARY , CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Summarized in this chapter are the outcomes, the conclusion, the strategies that the organisation should implement to improved performance of PCK, study limitations and areas that researchers might consider investigating in future.

5.2 Summary

The challenges by PCK leading to decline in its operations included failure to adopt information technology, management style, mechanistic organisational structure, organisational culture and financial distress. The organisation utilized traditional approaches to communicate such as sending letters through the corporation. This made it difficult for the organisation to meet the evolving needs of the customers due to competition from Mobile Telecommunication firms and increased use of social media platforms as a result of emergence and use of information communication technologies. An example is sending letters through the corporation instead of embracing the change in technology and move to new ways like use of e-mails.

The findings also revealed that PCK ignoring technology advancement led to low productivity as there was reduced mail traffic and low morale of the employees. These results are supported by a study Lohrke (2004) who found that service institutions failed due to failure to embrace modern technologies and cope with the changing needs of the customer and the market trends. It was revealed that efficiency in service delivery was greatly dependent on the management structure of the cooperation. The findings further revealed that although PCK adopted the open system structure it seemed not to be working.

Open system structure was shown not to be effective in decision making as it did not consider the internal environment. Open system structure put more emphasis on external environment leaving the internal environment while making decisions. Findings revealed that not considering internal environment led to inefficiency in decision-making hence failure.

A rigid organizational culture gives less or no room for changes in an organization. The findings revealed PCK to have a rigid culture which was slowing the process of change. This was seen as a recipe for failure as the technology was fast advancing and the PCK was not keeping up the pace. The results are in concurrence with Howard (2005) who insisted that a rigid organisational culture was a major hindrance in strategy implementation. Financial crises was one of the challenges that PCK was facing .increase on return on investments proved hard as the corporation had little funds to fulfill its duties. Financial distress was shown as a major factor that promotes a low level of confidence to the stakeholders which might lead to employee turnover and withdrawal of funds by shareholders. Along this line, Kleijnen et al. (2003) argued that investors and customers easily lost confidence in firms that performed poorly. This is attributed by lack of morale and demotivation of the employees resulting into poor performance.

The turnaround strategies implemented by the organisation to deal with challenges of implementation included adoption of new technologies by making their services digital and introducing new products to its market. New services products such as Mpost and digitalization of services such as remote access of postal services through the internet were revealed as a successful strategy by the organization.

The organization was determined to operate competitively in the market by considering competition, global demand for postal services and the general market development when restructuring. PCK employees have been provided with the necessary skills through training and development programs required to provide digitalized service to its consumers. In view of this, Mutunga (2013) insists on the importance of training employees to equip them with the necessary skills and knowledge in participating in change implementation.

The organization's top management ensures participation of employees, shareholders, consumers and creditors in all levels of the corporation. The study further revealed that involving all the parties had a positive impact on the corporation image. Turnaround strategies were seen to play a vital role in cutting the cost of operations in the organization leading to financial stability. Funds saved were used to buy modern equipment such computers to enhance digitalization of its services.

5.3 Conclusion

PCK must implement all the turnaround strategies effectively in response to the changes in the environment. In an era where information technology is advancing rapidly, the corporation must be able to keep up with the technological developments. The managerial and leadership structures in the corporation only need a little improvement, but the main concern is the technological changes. The findings revealed that the perception of the stakeholders on organizational was greatly influenced by organizational culture. Before the adoption of the turnaround strategies, the findings revealed that PCK had an organizational culture that did not accommodate changes.

The culture was a great barrier to the success of the corporation in overcoming the challenges. However, the change in organizational culture transformed the performance of the employees and created a positive perception to the other stakeholders, the turnaround strategies adopted by the institution were effectively implemented despite the challenges that were experienced.

The success of the implementation process can be linked to the ability of the management to inspire and influence the workers to support the turnaround strategies. The strong relationship between the management, Board of Directors and the employees also played a significant role in enhancing the success of the implementation process. It was revealed that the management did not involve the employees in all levels during the formulation phase of the turnaround strategies and this resulted in their resistance to change. The management learnt the importance of involving employees at all levels in decision-making. It is clear that although the adoption of turnaround strategies was faced with limitations, the corporation was able to transform its operations.

5.4 Recommendations and Implementations of the Study.

The government must increase its budgetary allocate and ensure a hundred percent rate of absorption. This will improve the level of utilization of finances which is set aside to facilitate implementation of strategies. This will assist the executive management to effectively support employees in the implementation of turnaround strategies. Training and capacity development programs should be held regularly to give employees an opportunity to improve their skills, increase their understanding and widen their knowledge concerning strategic change.

This will develop a positive attitude and motivate them to perform and participate in the implementation of turnaround strategies the top management should be the agents of change by leading the organisation in implementation of turnaround strategies. They should explain to the employees the significance of implementing turnaround strategies and why the organisation ought to cope to changes in the environment to continuous offer quality and value adding services to its customers.

The organisation in collaboration with the government should work towards setting policies that encourage public institutions that perform poorly to adopt turnaround strategies. This will enable organisations to develop a formula which they can use to regain their performance and improve efficiency and service quality.

More finances should be assigned to invest in advanced technologies for example integration of systems to improve speed of sharing important information. This will boost efficiency in decision making and improve coordination of employees' functions and activities within the organisation. This will minimize communication and supervision costs and impact positively on performance. The theoretical findings in this have concluded that turnaround strategies contribute positively to improved performance.

The findings obtained in this study was important to policy makers such as the government in setting policies that encourage the public sector to embrace changes such as adoption and use of modern technologies to offer value adding services that address customer needs. In theory, the study provided more knowledge to researchers and academicians on the appropriate turnaround strategies to adopt to improve performance.

Due to the dynamic nature of the business environment, the study recommended that the Telecommunication firms should adopt turnaround strategies to meet public expectations. This can be realized through assessing customer needs based on their priorities, tastes and preferences and market trends.

5.5 Limitations for the Study

Constraints of time and cost limited the scope of the study leading into a case study. Therefore, the findings attained in this research can only be applied in the context of Postal Corporation of Kenya and not to make generalization of government parastatals in Kenya. This means that Government parastatals face distinct challenges that affect their performance and the strategies they adopt to regain their performance are not similar.

One of the interviewees had traveled out of the country; this made it very difficult for the researcher to get the interviewees at one go and had to severally go back to book for his appointment this was not easy; the researcher used a lot of time trying to make follow-ups and to organize for the interview sessions, eventually he come and was interviewed.

The data collection tool (interview guide) consisted of open-ended questions only that limited responses for the study. The researcher relied mostly on first-hand information from the interviewees that might be biased, inaccurate and inconsistent. A questionnaire could have allowed the researcher to implement deductive reasoning and test hypothesis for the study by attempting to establish if any relation exists between implementation challenges of turnaround strategy and performance.

5.6 Areas for Further Research

It would be essential to do a replica of this study in the context of government parastatals that previously performed well but are now performing poorly and are now considering adopting turnaround strategies to improve their performances. A good example is National Bank of Kenya. Researchers can make a comparison of findings by identifying similar implementation challenges that face these institutions and make relevant recommendations on how to handle these challenges.

In future researchers can conduct a related research of all government parastatals in Kenya with the help of a cross-sectional research design. Researchers can identify the most popular challenges that face these institutions in the implementation of turnaround strategies and whether any nexus exists between turnaround implementation challenges and performance.

The environment keeps on changing particularly because of external factors such as technology, competition and customer needs, It would therefore be advisable for the for future researchers to do an investigation of this study after a period of time for instance ten years, then the results realized can be compared and a conclusion reached.

A study can be carried out using similar variables to examine the hypothetical link that exists between implementation challenges of turnaround strategies and performance. Then, dependent variable (performance) can be measured using financial measures such as return on assets and sales growth. The outcome can be compared and a plausible conclusion made.

REFERENCES

- Barker, V. L. & Duhaime, L. M. (2001). Strategic change in the turnaround process: Theory and empirical evidence, *Strategic Management Journal*, 18, 13-38.
- Bruton, G. D., Ahlstrom, D., & Wan, J. C. (2001). Turnaround success of large and midsize Chinese owned firms: evidence from Hong Kong and Thailand, *Journal of World Business*, 36 (2), 146-165
- Chowdhury, S. D. (2002). Turnarounds: A stage theory perspective, *Canadian Journal of Administrative Sciences*, 23(8), 467-76.
- Chowdhury, S.D. & Lang, J.R. (2006). Turnaround in small firms in USA: An assessment of efficiency strategies, *Journal of Business Research*, 36(2), 169-78
- Creswell, J. W. (2009). *Qualitative inquiry and research designs: choosing among five traditions*, Thousand Oaks, CA: Sage.
- Denzin, N.K. & Lincoln, Y.S. (2000). *The handbook of qualitative research*, Thousand Oaks, CA: Sage Publications, Ltd.
- DiMaggio, P. J. & Powell, W. W. (2003). The iron cage revisited: institutional isomorphism and collective rationality in organizational fields, *American Sociological Review*, 48: 147-160.
- Francis, J. D., & Desai, A. B. (2005). Situational and organizational determinants of turnarounds, *Management Decision*, 43(9), 1203-1224
- Hambrick, D.C. & Schecter, S.M. (2002). Turnaround strategies for mature industrial-product business units, *Academy of Management Journal*, 26, 231

- Howard S. R. (2005). Turnaround strategies for declining small business: the effects of performance of SMEs in Tanzania, *Journal of Development Entrepreneurship*, 10, 3, 1-5
- Johnson, G. (1987). *Strategic change and the management process*, Blackwell Oxford.
- Kaplan, R. S., & Norton, D. P. (2000). *The balanced scorecard: Translating strategy into action*. Boston, Mass: Harvard Business School Press.
- Kaplan, R. S., & Norton, D. P. (2005). *The strategy-focused organization: How balanced scorecard companies thrive in the new business environment*. Boston, Mass: Harvard Business School Press.
- Kaplan, S. & P. Norton (2001). The Balance Score Card: Translating Strategy into action, *Harvard Business School Press*, Boston, Massachusetts.
- Kioko, C. K. (2014). Corporate turn-around strategy in postal corporation of Kenya, *Unpublished MBA Project*, University of Nairobi
- Kleijnen, J.P. & Smits, M.T. (2003). Performance metrics in supply chain management, *Journal of the Operational Research Society*, 54. 5, 507-14.
- Lohrke, F., Bedeian, A. C., & Palmer, T. (2004). The role of top management teams in formulating and implementing business turnaround strategies: A review and research agenda, *International Journal of Management Reviews*, 5
- Macmillan, I.C. (2000). Strategy implementation versus middle management self-interest, *Strategic Management Journal*, 7,313-327

- Maheshwari, S. K. (2000). Organizational decline and turnaround management: A contingency framework. *Vikalpa*, 25(4)
- Maheshwari, S. K., & Ahlstrom, D. (2003). Turning around a state owned enterprise: The case of scooters in India Limited, *Asia Pacific Journal of Management Conference on Corporate Turnaround*, 75-101
- Mahoney, J. T., & Pandian, J. R. (2002). The resource-based view within the conversation of strategic management, *Strategic Management Journal*, 13, pp. 363-380.
- Meyer, J., & Rowan, B. (1977). institutionalized organizations: formal structure as myth and ceremony, *American Journal of Sociology*, 83: 333-363.
- Meyer, J., & Rowan, B. (1998). institutionalized organizations: formal structure as myth and ceremony, *American Journal of Sociology*, 83: 333-363.
- Mutunga, C. M. (2013). Implementation of turnaround strategies at kenya broadcasting corporation, *Unpublished MBA project*, School of Business, University of Nairobi
- Neundorf, K. (2002). *The content analysis guidebook*. Sage Publications Inc., Thousand Oaks, CA
- Noble, C. H. (1999). The eclectic roots of strategy implementation research, *Journal of Business Research*, 45: 2

- Noble, C. H., & Mokwa, M.P. (1999). Implementing marketing strategies: developing and testing a managerial theory, *Journal of Marketing*, 63, 57-73.
- North, D. (1990). *Institutions, Institutional Change and Economic Performance*, Cambridge: Cambridge University Press
- Okumus, F. (2001). Towards a strategy implementation framework, *International Journal of Contemporary Hospitality Management*, 13, 327-338.
- Pandit, N. (2000). Some recommendations for improved research on corporate business turnaround, *Academy of Management Review*, 3, 1-3
- Pearce, J.A. & Robinson, R.B. (2004), *Strategic management: formulation, implementation, and control*, Irwin, Burr Ridge, IL.
- PearceII, J. A. & Robinson, R. B. Jnr (1998). *Formulation, implementation and control competitive strategy 5th edition*, New York: Richard D Irwin Inc. Press New York, USA.
- PearceII, J. A. & Robinson, R. B. Jnr. (2007). *Strategic management formulation, implementation and control, 10th Edition*, New York USA McGraw-Hill/Irwin.
- Pettigrew, A.M. (2001). Context and action in the transformation of the firm, *Journal of Management Studies*, 24 6, 649-70.
- Pfeffer J, Salancik G (2003). *The External Control of Organizations: A Resource Dependence Perspective*, New York: NY. Haper and Row Publishers

- Porter, M. (2000). *Competitive strategy techniques for analyzing industries and competitors*, Free Press, New York, NY.
- Postal sector statistics (2013).
www.upu.int/pls/ap/ssp_report.main?p_language=AN&p_choice=AGGREG
- Prahalad, C. K. & Hamel, G. (2001). The core competence of the corporation, *Harvard Business Review*, 79-91.
- Scherrer, P.S. (2003). *Management business turnaround: diagnosing business ailments*. *Corporate Governance*, 3
- Slater, R. (2006). *Saving Big Blue: Leadership lessons and business turnaround tactics of IBM's Lou Gerstner*, McGraw-Hill
- Stern, C. W. & Stalk, G. (2001). *Perspectives on Strategy from the Boston Consulting Group*. Boston Massachusetts: John & Wiley & Sons
- Stinchcombe, M. (1965). *Social Structure and Organizations*. *Handbook of Organizations*, J.G. March, Chicago, Rand McNally, 142-169.
- Strickland, A. J., Gamble, J. E. & Jain, A. K. (2008). *Crafting and executing strategy*. Sixteen Edition, Tata McGraw Hill, New Delhi.
- Thompson, A.A. & Strickland, A.J. (2002). *Strategic Management: Concepts and Cases*, Business Publications, Plano, TX.

White, R.E. (2006). Strategy implementation; challenges and successes among Chinese corporations, an empirical investigation, *Strategic Management Journal*.7, 217-231.

World Employment Report (2012). – <http://www.ilo.org/global/publications/lang-en/index.htm>, Business and Social Initiatives Database (BASI) - <http://www.ilo.org/dyn/basi/VpiSearch.Main> from the postal and other communications

APPENDIX : INTERVIEW GUIDE

SECTION A: GENERAL INFORMATION

Position held in the company.....

Department

Number of years with the company.....

SECTION B: CHALLENGES FACED BY OF PCK

- i. Due to change in technology, has PCK faced challenges that has caused a decline in its operations?

- ii. What signals did you notice that the business is deteriorating?

- iii. What management structures did the company have during the period?

- iv. How would you describe the leadership and management styles during the period?

- v. How would you describe the organization's culture during the period?

- vi. How would you describe the relationships between the management and the entire employees during period?

- vii. What was the composition of shareholding during the period?
- viii. What was the immediate impact of the financial distress during the period?
- ix. Describe the strategies, if any, implemented by the company before 2010.

SECTION C: TURNAROUND STRATEGIES ADOPTED BY PCK

- i. What turnaround strategies have been implemented by the PCK?
- ii. How has the company implemented these strategies?
- iii. At what level/point were the other cadres of employees involved in the turnaround strategies?
- iv. How did the Employees perceive the turnaround strategies?
- v. What as the response of the stakeholders to the turnaround?
- vi. What is the perceived relationship between the size of the company and the turnaround strategies
- vii. What financial implications has the turnaround had on the company?

- viii. What is the current perception on organizational culture?

- ix. Describe the relationship between the current Board of Directors and the management?

- x. Describe the relationship between the current management and the other staff?

- xi. What are the company's strengths and weakness currently?

- xii. What is the perception of the company in the market presently?

- xiii. What is the competitive position of the company currently?

- xiv. How would describe the company's internal process presently?

- xv. How would you describe the future of PCK?

- xvi. Describe the strategies PCK is implementing for the future performance?

- xvii. What indicators can you attribute to the success of the Turnaround strategies?

**SECTION D: CHALLENGES OF THE IMPLEMENTATION OF
TURNAROUND STRATEGY AND PERFORMANCE OF PCK**

i).What challenges did the company encounter when implementing the turnaround strategies?

ii).How were these challenges resolved?

iii).How did the challenges of implementing of the turnaround strategy affect organizational performance? Please explain

.....
.....
.....

iii).Has the organization improved its level of efficiency after implementation of the turnaround strategy? Please explain

.....
.....
.....

iv). Is the organization more effective after the implementation of turnaround strategy? Please explain

.....
.....
.....

v). Has customer complaints reduced after the implementation of turnaround strategy?

Please explain

.....
.....
.....

vi). Has the organization minimized its costs of operation after the implementation of turnaround strategy? Please explain

.....
.....
.....

Thank you for participating