

# Impact of Operational Excellence on Organisational Performance: A Case Study of First National Bank Zambia

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**Abstract:** Operational excellence and innovation have been found to be key factors for proper performance and growth of an organization. This study looked at the performance of the operational model at First National Bank – Zambia (FNBZ) and how the operations model impacted on the performance of the bank. The aim of the research was to create an innovative strategic operational excellence framework that will enable, based on defined organisational performance dimensions, to be applied in order to improve and sustain organisational performance. The model used in this study was developed from existing literature on organizational diagnostic models and from a broad literature that identified the factors influencing the performance of an organization based on operations. The results of this study also provide key information on the relationship between the performance measurement process and organizational performance and uncovers the close relation between operational excellence and innovation both key to strategy development and management. The specific objectives of the study included describing the dominant characteristics of the operations; establishing the barriers of implementing a strategic operational excellence model; and evaluating the impact of the current operations model on organization performance at FNBZ. The research process followed a pragmatic philosophical approach and was informed by a cross-sectional case study. A mixed-method research design was applied. The study population included employees as well as customers of the bank with random sampling of 32 customers and 100 employees and purposive sampling of targeted employees for interview sessions.

**Keywords:** Organisational Performance, Operational Excellence, Performance Measurement Process, Operations Performance, Operations Strategy.

## I. Introduction

Organisational performance is such an important aspect for the bank as it spells out the bank's likelihood to continue to serve its customers profitably. To serve customers means the bank must have well-defined operations built on processes that work effectively. There is however good reason to believe that the current operation needs improvement and innovation for the bank to remain competitive and profitable as a result of the dynamic business environment and to capture new business opportunities.

### 1.2 Statement of the Problem

At First National Bank Zambia Ltd (FNBZ), it is noted that the bank relies on its various business services to constantly improve on its profitability. This is achieved by constantly focusing on various quintessential dimensions, including i) revenue growth and cost management, ii) client retention and acquisitions, iii) process improvement and optimisation and iv) the development of its human capital. These effectively form the four broad pillars that measure its organisational performance.

The key challenge for the bank is improving and sustaining organisational performance. This requirement in the past 2 years from 2015- 2017 has not been successfully met largely owing to strong competitor manoeuvres, gaps in key operations of the bank and negative macroeconomic factors in Zambia. Further, FNBZ has been impacted with skyrocketing cost-to-income ratios mainly caused by operating expenses that have contributed to the resultant stunted growth for the organisation. In some instances, reporting huge financial losses. The question why has operational excellence not been achieved for FNBZ and yet it continues to impact on the bank's performance and the growth? Amongst the major factors, the operations factors are intrinsically within the bank's control and thus constitute a

plausible means of attaining the set out goals of organisational performance improvement. However, the situation is unclear regarding measurement metrics for operational excellence to deliver on organisational performance though the impact is clear as financial operational losses have been on the increase; operations compliance related incidents have become more prevalent whilst overall productivity has reduced in recent times. Furthermore, there is not a clearly and /or fully defined operations excellence assessment for FNBZ. This represents gaps in the bank’s growth strategy. The evidence is that despite some management resource think tanks talking occasionally about it, a deliberate program to foster in operational excellence is non-existent at FNBZ. With this at hand, it is clearly evident that operational excellence is a key strategic capability needed for FNBZ to achieve organisational performance improvement and if the situation is not addressed the unjustifiable and yet controllable costs to operate the bank will accelerate to levels that may cripple the bank or worse, culminating into greater risk of an existential threat occurring.

### 1.3 Research Objective

The research objective was to describe the dominant characteristics of the operations at First National Bank Zambia and to assess the impact of operations on the organization’s performance.

## II. Literature Review

The study conducted necessitated a review of literature from a number of previous works on organisational performance and strategies of formulating and implementing operational excellence. The subject matter was discussed based on empirical studies, the theoretical models and supporting information with emphasis on strategies developed, implemented and the corresponding outcomes. The definitions of key terms such as organisational performance, operational excellence, strategy and strategic management were also discussed.

The literature reviewed also includes different schools of thought with emphasis on influential authors and researchers in the subject of organisational performance improvement, operational excellence and strategy. It was also established that the literature on operational excellence for service sectors such as the financial services is still relatively scarce as compared to manufacturing firms. Most published empirical research studies on operational excellence were mainly conducted in the manufacturing sector. However, the researcher has made considerable effort to describe and explain empirical evidence on operations research relating to customer satisfaction and service delivery for service firms.

As a resultant of the status quo, this study attempted to address the gaps in the literature by contributing literature concerning the factors of operational excellence that lead to organisational performance improvement and how a strategic operational excellence model can be applied effectively in financial service firms with special reference to Zambia.

Below is an empirical studies matrix outlining a summative review of the different studies previously done by other researchers.

**Table 1: Empirical Studies Matrix**

Author (s)	Article/Research Paper	Methods	Findings and Gaps
Ifeanyichukwu, (2010)	Organizational Performance Improvement in an Oil Producing Facility in Nigeria through Operational Excellence	A cross-sectional case study. Exploratory approach sample size: 60 respondents Data collection tool: questionnaire	The research proved the hypothesis: “Successful implementation of Operational Excellence philosophy as a continuous improvement culture, irrespective of the business environment, leads to improved organizational performance and competitiveness”
Nzoka, (2013)	The Influence of Operational Excellence on the Performance of KenolKobil Group in the Rwandan Market	The study used a case study research design. The target population was the management employees of KenolKobil both at the Head Office and in Rwanda. Data collection: survey questionnaire and interviews	From the findings, the study concludes that KenolKobil Group has adopted operational excellence (OE) initiatives to a great extent to spur the company’s performance and profitability. It applied the Lean Six-Sigma model.

		with 7 top level management Sampling: purposive sampling; Data Analysis applied descriptive statistics and content analysis	
Murugiah and Akgam (2015)	Study of Customer Satisfaction in the Banking Sector in Libya	Study's aim was to evaluate customer satisfaction levels in the banking sector in Libya. A sample size of 150 respondents was used. Based on three independent variables service quality, customer loyalty and security.	Findings state that there is a strong negative correlation between security and customer satisfaction whilst a strong positive correlation between customer satisfaction and service quality levels.
Vershinina, (2017)	Customer Satisfaction in the Banking Sector: A Study of Russian Bank PAO.	The thesis employed SERVQUAL dimensions, Profit-chain model and International Standards Organization (ISO) standards that are a basis for an empirical research on consumer satisfaction. A priority questionnaire was chosen as a form of a quantitative method. 100 customers of the bank answered the questionnaire.	According to the results, the overall customer satisfaction was above average but not excellent. Further, the main recommendation was that the bank should emphasize the importance of customer satisfaction among its employees and take further actions on improving operations in order to enhance the quality of service delivered to the customer
Machayi and Ahmed (2016).	Finance Bank Zambia Plc Retail Customers' Perceptions of Service Quality	Study was based in Zambia focusing on fiancé bank Zambia ltd. The study took an analytical approach with mainly primary data collected. The researcher applied the SERVQUAL scale. <sup>357</sup> survey questionnaire was administered to the respondents. Analysis using T-Test to identify significance of differences in means between retail customers and branch staff on customer service quality.	The alternative hypothesis was accepted that there is significant difference in customer service quality for the following factors: Tangibility, i) responsiveness, iii) empathy, iv) assurance, v) image, vi) convenience reliability, and vii) access to ATMs
Sichisambwe and Sikombe, (2017)	Examining Factors Influencing E-Banking Adoption: Evidence from Bank Customers in Zambia	The paper utilized a quantitative survey design and the five dimensions of service quality tangibility, reliability, responsiveness, empathy and assurance were considered as variables for this study. Sample size of 13 banks. Structured questionnaire was used. Application of t-test was used	Result of the study shows that the mean expectations of the five dimensions of service quality are higher than the mean perception thereby indicating that in general customers of both local and foreign banks are not satisfied with the service being offered by the banks. Recommendations was that a model to address this gap be developed.

		to analyze data and was applied to all five dimensions.	
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**4.2 2.1 Organizational Performance**

According to Richard, Devinney, Yip and Johnson (2009), organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment); (b) product and market share performance (sales, market share and customer satisfaction); and (c) shareholder return (total shareholder return and economic value added).

Organisational performance is in this regard, the organization's ability to meet economic standards of profitability, market share (customers) and efficiency (processes) whilst enhancing shareholder value. The research therefore adopts this approach of the definition.

**4.3 2.2 Operational Excellence**

According to Breyfogle (2008), Operational Excellence (OE) strategy describes an operations model that creates a business management methodology that encourages process improvement and innovation. Operational Excellence is a component of organizational leadership and stresses usage of principles, systems, and tools that result in the sustainable improvement of Key Performance Metrics (KPMs).

Further, Rusev and Salonitis (2017) have defined Operational Excellence as a consequence of an enterprise-wide practice of ideal behaviours based on the correct principles and the right cultural adaptation focused on customer value addition or simply as a state where each and every employee can see and contributes to the flow of value to the customer, and fix that flow before it breaks down as a consequence of applying the right principles and behaviours.

There are many factors that can lead to operational excellence, including i) Leadership, ii) Management; iii) Human resource management practices; iv) Operations strategy, v) Organisational culture and vi) Organisational learning.

**i) Leadership** - There has been a volume of literature defining and describing leadership. The definition has evolved over time and is applied specifically in context. However, a general definition as defined by Silva (2016) states that leadership is an process of interactive influence that occurs when people accept someone as their learder within a given context.

**ii) Management** - According to an authority on management theory, Henri Fayol states that, management is to forecast and plan, to organise, to command, to co-ordinate and to control (Parker and Ritson 2005).

**iii) Human Resource Management Practices-** Human Resource Management (HRM) is defined as a system of activities and strategies that focus on successfully managing employees at all levels of an organization to achieve organizational goals (Byars& Rue, 2006). Operational excellence cannot occur without human interactions, effectiveness and capabilities. Essentially, the purpose of HRM is to maximize the productivity of an organization by optimizing the effectiveness of its employees. Therefore, successful implementation of these activities or practices is an important aspect for achieving operational excellence.

**iv) Operations Strategy** - an operations strategy is a deliberate plan of action based on a pattern of decisions which shape the long-term capabilities of any type of operation and their contribution to the organisation-wide strategy, through the reconciliation of market requirements with operations resources (Slack and Lewis, 2011). Therefore, an operations strategy is implemented by a firm to dictate what and how they will employ their resources in the production of products or services. An operations strategy is a necessary element for a business to achieve operational excellence as it is the overarching framework that operational excellence is built on. It also supports and aligns to the overall firm's corporate strategy. Strategy in a business organization is essentially about how the organization seeks to survive and prosper within its environment over the long-term (Slack, Chambers & Johnson, 2004). Thus it deals directly with organisational performance. Therefore, the operations strategy has a direct impact on the basis on which an organization is able to sustain itself in the long run. Further, the way in which an organization secures, deploys and utilizes its resources will determine the extent to which it can successfully pursue specific performance objectives. Slack et al. (2004) argue that there are five operations performance objectives:

- a) **Cost:** The ability to produce at low cost.
- b) **Quality:** The ability to produce in accordance with specification and without error.
- c) **Speed:** The ability to do things quickly in response to customer demands and thereby offer short lead times between when a customer orders a product or service and when they receive it.
- d) **Dependability:** The ability to deliver products and services in accordance with promises made to customers (e.g. in a quotation or other published information).
- e) **Flexibility:** The ability to change and alter operations as required to meet demand. Flexibility can comprise up to four aspects:
  - The ability to change the volume of production.
  - The ability to change the time taken to produce.
  - The ability to change the mix of different products or services produced.
  - The ability to innovate and introduce new products and services.

Excelling at one or more of these operations performance objectives can enable an organization to pursue a business strategy based on a corresponding competitive factor (Slack and Lewis, 2011). The operations performance objective and its corresponding competitive factor are illustrated in Table 2 below - Operations Excellence and Competitive Factors.

**Table 2: Operations Excellence and Competitive Factors.**

Operations Performance Objective	Competitive Factor
Cost	Low price
Quality	High quality
Speed	Fast delivery
Dependability	Reliable delivery
Flexibility	Frequent new products/services Wide range of products/services Changing the volume of product/service deliveries Changing the timing of product/service deliveries

Source: [http://cws.cengage.co.uk/barnes/students/sample\\_ch/ch2.pdf](http://cws.cengage.co.uk/barnes/students/sample_ch/ch2.pdf)

Slack et al (2011) further states that it is important to note that the success of any particular business strategy depends not only on the ability of operations to achieve excellence in the appropriate performance objectives, but crucially on customers valuing the chosen competitive factors on which the business strategy is based. Therefore, there needs to be a clear correlated approach to matching operations excellence to customer requirements and this must be at the core of any operations-based strategy.

**v) Organisational Culture**

According to Schein (2004), culture involves three basic human activities; what people think, what people do, and what people create. Schein (2004) further states that, several common properties of organisational culture arise; i.e., culture is shared, learned, transmitted cross-generationally, symbolic, adaptive, and integrated.

Furthermore, Peters and Waterman (2006) espouse the theory of organizational excellence. Their theory maintains that the culture that an organization adopts is directly linked to its success. Therefore, successful companies are characterized by cultural practices which put emphasis on action, customer-centricity, innovation, productivity, value-based effort, simplicity in what they do, and economic and efficient utilization of resources. This implies that organizations are likely to stay in businesses if their cultural values provide for a platform to continuously strive for operational excellence.

**vi) Organisational Learning -** Organisational Learning is the gaining of new knowledge, and the ability to apply that new knowledge in order to improve performance. Furthermore, Organisational Learning is described as a process of developing, retaining, and transferring knowledge within an organization. Knowledge is acquired through experience, training and continuous assessment, monitoring and control (Argyris & Schon, 1978).

Therefore, it can be stated that organisational learning is key to achieving operational excellence through the process of continual detective and corrective measures that result in performance improvement. In addition, it can be considered a

competitive weapon for firms. It is therefore imperative that firms carefully contemplate on their operations strategy decisions regarding learning due to the high impact that results may have on organisational performance.

**4.4 2.3. Relationship between Operational Excellence and Innovation**

It is apparent that innovation is a key component to achieving and sustaining operational excellence. Neely and Hii (1998), assert three dimensions of innovation. These dimensions are:

- i. **Product** – innovations focused on product performance enhancement, quality and features or new product design and development process.
- ii. **Process** – process reengineering and optimisation; new process development and production methods for products and services.
- iii. **Organisational** – Organisational change in operational model. It is innovation that introduces changes in management, work organisation, and the working conditions and skills of the workforce.

Generally, there are two types of innovation in operations excellence that are applicable to the three dimensions stated above namely; i) Radical – which follows a breakthrough radical change approach and ii) Incremental – which is a progressive elaboration and improvement approach. These are complementary in an operational excellence strategy implementation whereby it provides the platform for both to be achieved effectively. Table 3 below illustrates the type and dimension of innovation in operational excellence.

**Table 3: Types and Dimensions of Innovation in Operational Excellence**

Innovation Dimensions	Innovation Types	
	Incremental	Radical
<b>Product</b>	32-bit chips to replace 16-bit chips	Launch of an iPod
<b>Process</b>	Upgrading quality inspection system	Product prototyping on a computer
<b>Organisation</b>	Implementation of quality circles	Videoconference meeting

*Source: (Neely and Hii 1998, p.9)*

**2.4 Innovation Capacity**

The term innovative capacity postulates the ability of the organisation to generate innovations. It is the intrinsic ability of a firm to recognise and learn the value of new internal and external information, assimilate it and apply it to commercial ends.

**4.5 2.5 Barriers to Operational Excellence**

Given the significance of operational excellence, the literature reviewed from a report by the OECD (1992:38) suggests there are many barriers and that these are both internal and external to an organisation. According to the report, the external barriers include the i) lack of infrastructure, ii) inadequate technologies, iii) deficiencies in education and training systems and iv) inappropriate or lack of government policy. Internal barriers include; i) rigid organisational arrangements and procedures, ii) hierarchical and formal communication structures, iii) conservatism and conformity, iv) lack of vision, v) resistance to change, vi) lack of motivation, vii) risk-avoiding attitudes and viii) overall neglect and misuse of talents within the organisation.

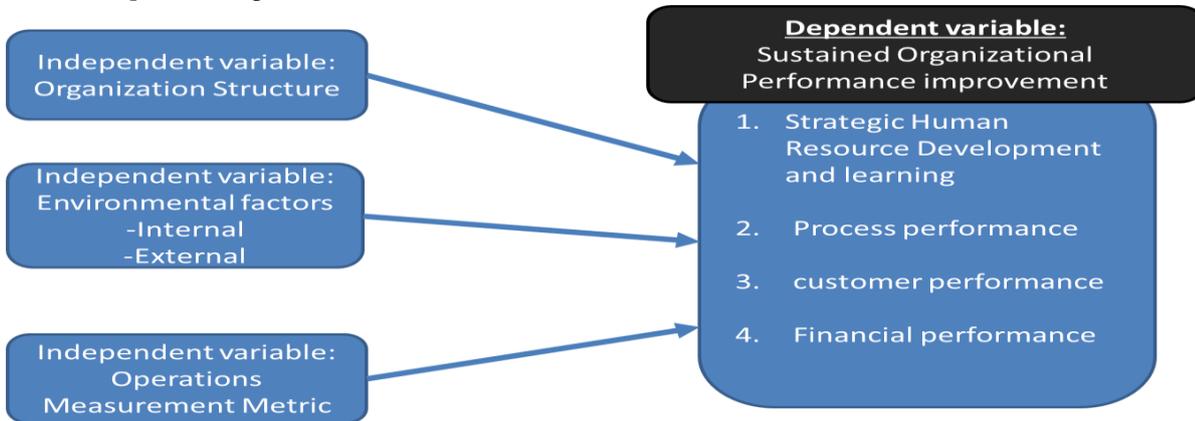
Factors perceived as restrictive to product/process innovation include; i) fear of imitation, ii) high costs of innovation, iii) insufficient government support, iv) lack of information, v) lack of qualified personnel, vi) no market or insufficient knowledge about markets, and vii) shortage of support/infrastructure in the region.

**III. Conceptual Framework**

The aim of the research was to create a model of operational excellence that will be used to ultimately improve organizational performance for FNBZ. The model proposed in this study is not an exhaustive one as it can be further extended by adding other variables that have not been made reference to.

The model was drawn from a detailed literature review in order to identify the factors of operational excellence that have an impact on the performance of an organization. The key elements of the model are:

1. Structural elements - issues relating to company size (number of employees), age (years in business) and purpose (consumer/wholesale financial services) and Human capital (job placement and skills level).
2. The internal and external environmental variables used to analyse FNBZ:
  - External environment reflected by the following variables: competition, customers and suppliers;
  - Internal environment reflected through the following variables: strategy, leadership, performance measurement process, innovation and development, information technology and corporate governance.
3. The performance of the operations quantified on the bases of its results as scored on key metrics. The conceptual model is depicted in Fig. 1 below.



**Figure 1: FNBZ Innovative Strategic Operational Excellence Conceptual Model**

#### **IV. Research Methodology**

##### **4.1 Research Philosophy**

According to the research onion theory of Saunders (2012) there are four research philosophies. These are i) pragmatism, ii) positivism, iii) interpretivism and iv) Realism.

The philosophy that was followed in this study was pragmatism. As a philosophical standpoint, pragmatism recognizes that there are many different ways of interpreting the world and undertaking research, that no single point of view can ever give the entire picture and that there may be multiple realities. That is why in this study both qualitative and quantitative methods were employed in the process of data collection and analysis.

Further, Pragmatists adhere to the view that only “factual” knowledge gained through measurement, is trustworthy.

##### **4.2 Research Design and Methodology**

Research methodology is a well-defined systematic way of solving a research problem. The research design for this study was based on the research onion (Saunders, Lewis and Thornhill, 2012), illustrated in Fig. 2 below.

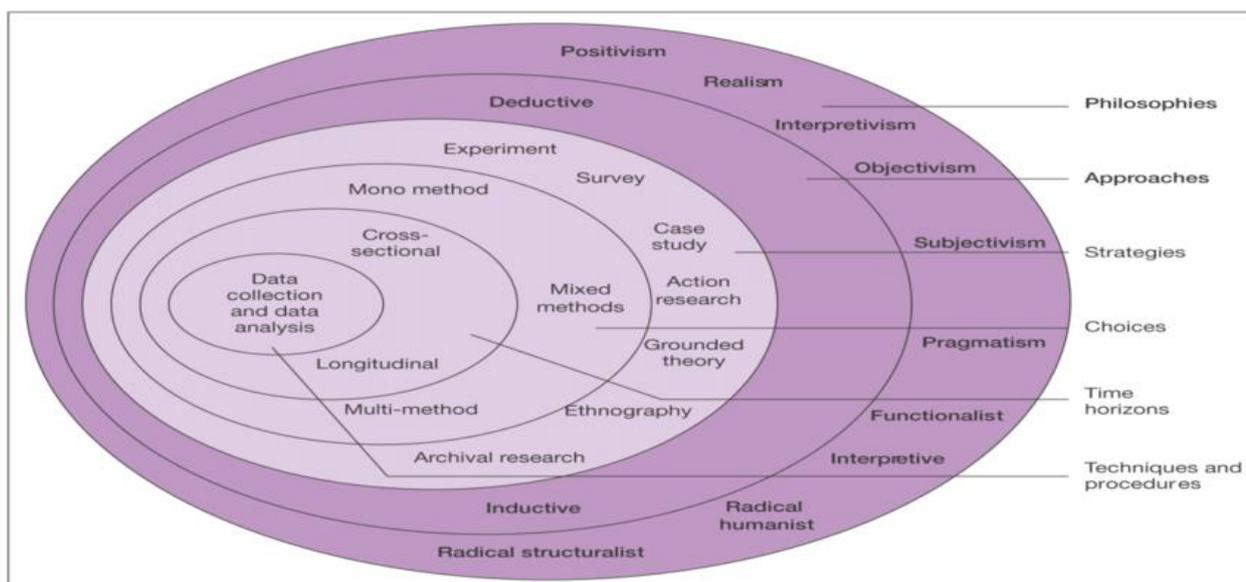


Figure 2: Research Onion of Saunders (2012) Source: Saunders et al (2012, p. 15) Research Onion.

### 4.3 Methodological Choice and Research Design Strategy

The study thus, adopted the mixed method-simple, where quantitative and qualitative data collection and analysis procedure were used to answer research questions. The case study was the design strategy for the research with a time horizon of approximately 7 month period.

### 4.4 Target Population

The study population of this research was made up of the employees and customers of FNBZ. A review of the defined target population revealed that the bank had over 170,000 customers. The Bank also had nearly 600 employs who are involved in core areas of operations and services from end-to-end (Business, Operations, Finance, Human Resources and Credit).

### 4.5 Sampling and Sampling Techniques

For the research carried out, the sample was extracted from the study population of employees and management. The sampling techniques applied were random and purposive sampling. Based on Yamane (1967:886), the formula for calculating the random sample size was:

$$n = \frac{N}{1 + N(e^2)}$$

Where:

n= the sample size

N=the population size of bank staff

e= the acceptable sampling error

\*95% confidence level and p=0.5 is assumed

Therefore, given that

N=638 (employees); N=170,000 (customers), and

e= 7%

Then it follows that our sample size (n) for our respondents from the banking staff and customers is given as:

n=152 (employees); n=203 (customers).

The other sampling technique was to select specific management and non-management employees for interview sessions. The researcher employed purposive or targeted sampling for this data collection approach participants were selected based on their role and work relating to the operations of the bank.

### 4.6 Data Collection Procedures

The researcher used triangulation as a means to establish data validity as the basis of the data collection strategy. The quantitative closed ended questionnaire was self-administered while the interviews were one-on-one in-depth. The

advantages of using the self-administered questionnaire are that it is fast. It can cover many people at once. Interviews have an advantage of generating in-depth data, which would not be generated by a closed ended questionnaire. The questionnaires used for this study are attached as appendix I and appendix II of this document. The guided interview questions are also documented in appendix III of this document.

**4.7 Data Analysis and Presentation**

The data analysis, involved a Mean Scores and Standard deviation methods to determine the magnitude and direction of the relationships among variables. Further, chi-square and independent T-test analyses were adopted. The mean score and standard deviation helps in ranking some factors responsible for influencing an outcome, but they are not detailed enough to settle an argument. The employment of independent T-test and the Analysis of Variance (ANOVA) side by side with the mean score and standard deviation was aimed at strengthening the validity of the findings. To analyse qualitative data, the researcher employed content analysis. The full summary of the research design matrix is outlined below in Table 4.

**Table 4: Research Design Matrix**

<b>Research Objective</b>	<b>Research Question</b>	<b>Philosophical Assumptions</b>	<b>Population and Sampling of unit of Analysis</b>	<b>Data Collection Method</b>	<b>Data Analysis Method</b>
To describe the dominant characteristics of the operations at First National Bank Zambia.	What operations factors are considered dominant at First National Bank Zambia?	Philosophy: Pragmatism Epistemology: Pragmatic Logic: Pragmatic	Random sampling of the population of all bank employees enlisted	Survey Questionnaire	Multivariate Analysis
To evaluate the impact of the current operations model on organization performance at First National Bank Zambia	How does the operational model impact on organizational performance at First National Bank Zambia?	Philosophy: Pragmatism Epistemology: Pragmatic Logic: Pragmatic	Random sampling of the population of all bank employees enlisted  Stratified random sample of Population of all bank customers enlisted	Survey Questionnaire  Guided Interview Sessions	Multivariate Analysis Content Analysis

Source: Author (2018)

**V. Results and Analysis**

**5.1 Respondent Profile**

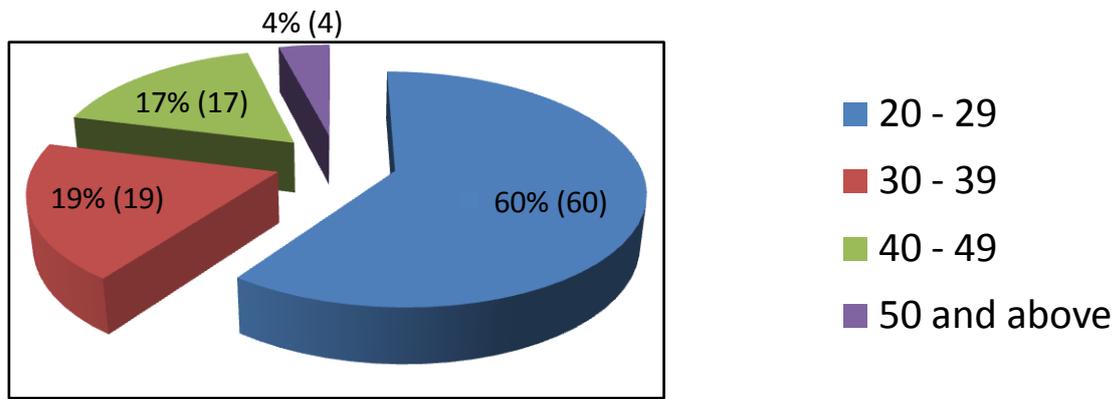


Figure 3: Age Categories of the Respondents *Source: (Author (2018))*

Fig.3 above shows that the majority of the respondents were in the age range 20 – 29 (60 respondents) representing 60% followed by those who were in the age range 30 – 39 (19 respondents) representing 19% and then those who were in the age range 40 – 49 (17 respondents) representing 17%. The least age group was those in age range 50 years constituting 4% and representing only 4 respondents.

Table 5: Sex of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	43	43.0	43.0	43.0
Female	57	57.0	57.0	100.0
Total	100	100.0	100.0	

Table 5 indicates that 57 respondents representing 57% were women while 43 respondents representing 43% were men.

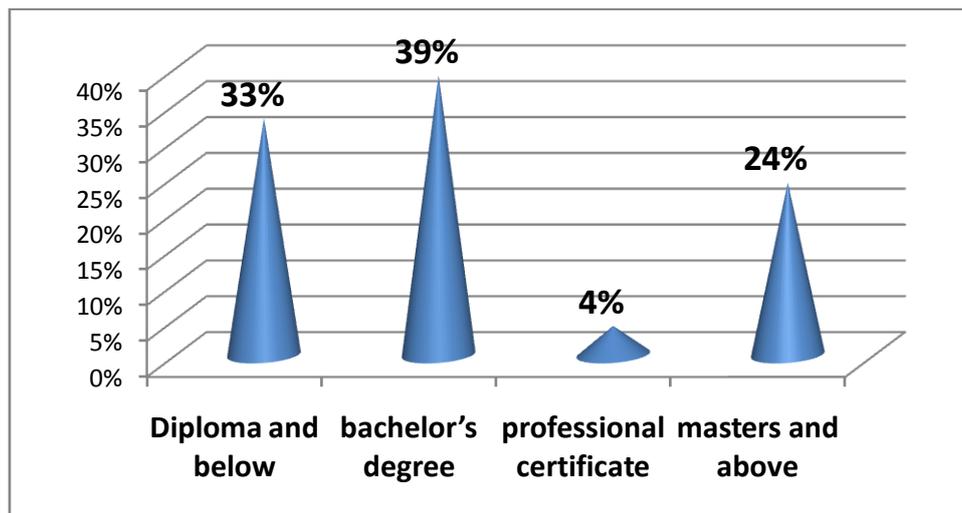
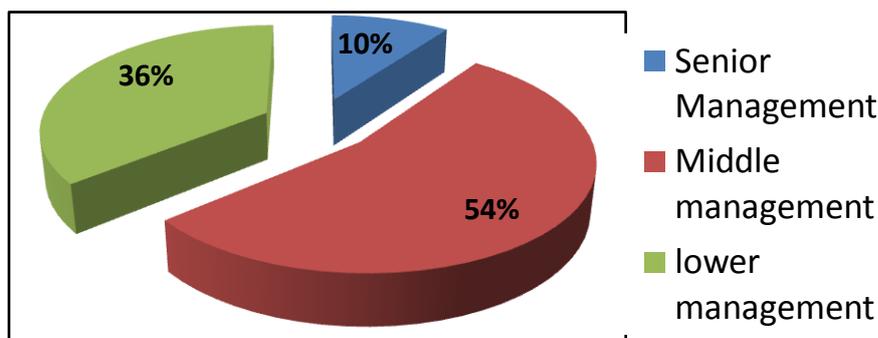


Figure 4: Level of Education of the Respondents

The sample size was dominated by those who had bachelor’s degree who were 39 in the sample representing 39%. This was followed by those who had diplomas who were 33 representing 33%. Those who had masters and above were 24 representing 24% while those with professional qualifications were 4 representing 4% as shown in Fig. 4 above.



**Figure 5: Employment Category of the Respondents** Source: Author (2018)

From the finding, as illustrated in Fig. 5 above, most of the respondents were in middle management 54, representing 54% followed by those in lower management 36 representing 36% and finally top management were 10 representing 10% as shown in figure 4.3.

### 5.2 Objective 1: To Describe the Dominant Characteristics of Operations

The researcher adopted the factors from the operations model for financial institutions as espoused by Noble (2008) this identified a number of factors including: i) Vision, ii) Ownership, iii) Implementation Plan, iv) Architecture, v) Measurement, vi) Capabilities, vii) Culture, viii) Governance and ix) Transformation and Improvement. The study adopted this approach to identify and describe the dominant factors of the operations at FNBZ.

The statistics in table 4.7 indicates clearly the significant factors that are part of a working operational excellence model for FNBZ. Using the mean scores and the standard deviations, a model could be formed that can be employed by FNBZ. The factors with the mean score of less than 2.5 are irrelevant in forming a working model for operations. Factors with mean score above 2.5 are relevant to be part of the model. The factors with the higher mean above 4, could be considered as key factors that FNBZ need to focus on when implementing operational excellence. The factors are results listed in the Table 6 below:

**Table 6: Characteristics of the Operations at FNBZ**

Factor	Mean	Std. Dev.	Degree of Importance
Vision	2.29	0.456	Not Important
Ownership	3.14	0.636	Important
Implementation plan	1.52	0.643	Not Important
Architecture	1.62	0.814	Not Important
Measurement	1.66	0.728	Not Important
Capability	4.01	0.835	Very Important
Culture	1.58	0.901	Not Important
Governance	2.99	0.611	Important
Transformation and Improvement	1.76	1.173	Not Important

### 5.3 Objective 2: To Evaluate the Impact of the Current Operational Model on Organization Performance

The evaluation of the impact of operational excellence on organisational performance was done based on the Kobayashi and Lean Six-Sigma models. The study reviewed these models in relation to their usability and suitability and thus the main areas the models are focused on can be divided into five groups; Lowering of costs, ii) Production of high-quality products and services, iii) Accuracy and speed of execution, iv) Dependability and v) flexibility. To test the impact of the operational model on the organisational performance, the one-way Analysis of variance (ANOVA) was used as shown in table 7 below.

The study found significant statistical evidence that the operational model of FNBZ had significant effect on flexibility of operations towards providing a service to the customers, with the significance level =0.000 where  $P < 0.05$ . The study also

found that the operational model employed by FNBZ had statistical significant effect on dependability of the service provided by the organisation as well as the systems of the organisation with the significance level =0.001, where  $p < 0.05$ . Similarly, there was significant statistical evidence that the operational model at FNBZ affected the speed with which the services were being provided by the organisation to the customers, with Significance level =0.000, where,  $p < 0.05$ . Table 6 also shows that there is statistical significant evidence the operational model at FNBZ influence the cost of doing business at the bank, Significance level=0.002, where  $P < 0.05$ . However, it was found out that there was no significant statistical evidence that the operational model employed by FNBZ influenced the quality of the services, with significance level =0.217, where  $p > 0.05$  as shown in table 7 below.

Table 7: One-way Analysis of Variance - ANOVA

OE Factors		Sum of Squares	df	Mean Square	F	Sig.
Lowers Costs	Between Groups	6.321	1	6.321	9.985	.002
	Within Groups	62.039	98	.633		
	Total	68.360	99			
Produce high quality products	Between Groups	.416	1	.416	1.547	.217
	Within Groups	26.334	98	.269		
	Total	26.750	99			
Faster and accurate-Speed	Between Groups	22.757	1	22.757	64.827	.000
	Within Groups	34.403	98	.351		
	Total	57.160	99			
Dependability	Between Groups	1.500	1	1.500	11.088	.001
	Within Groups	13.260	98	.135		
	Total	14.760	99			
Flexibility	Between Groups	3.556	1	3.556	15.778	.000
	Within Groups	22.084	98	.225		
	Total	25.640	99			

Source: Author (2018)

### VI. Conclusion and Recommendations

Resultant from the data collection and statistical analysis, the operational model for FNBZ attributed great importance to maintaining a capability as well as governance and ownership. It lacked the necessary

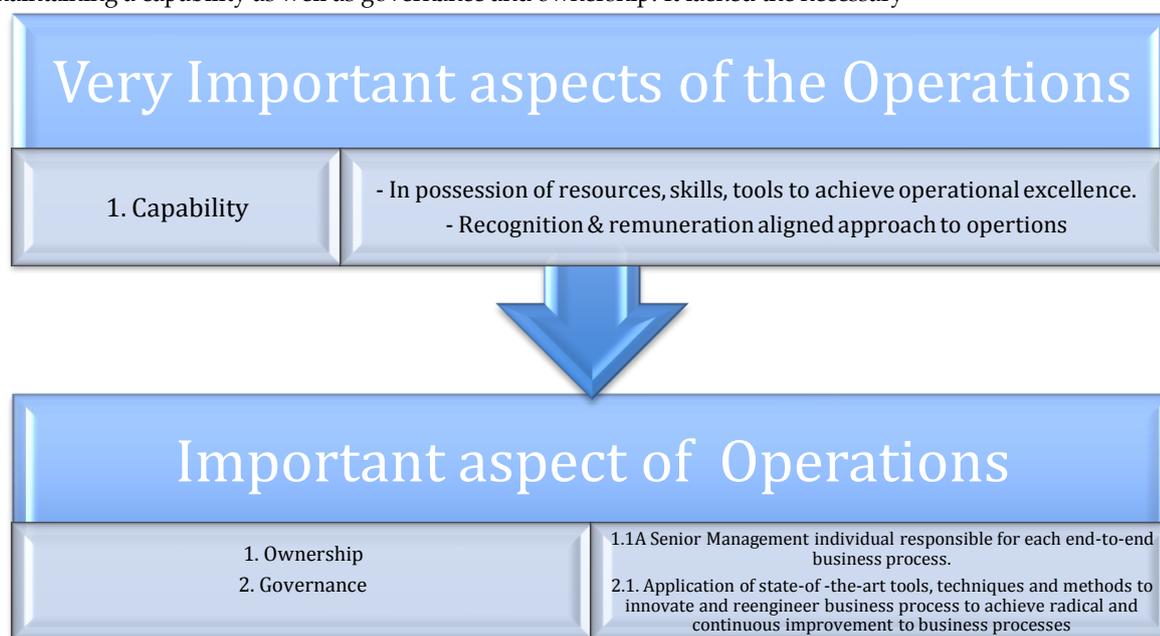


Figure 6:

Suggested Operational Model for FNBZ Source: Author (2018)

The limitation of the model is that not all factors that would be considered to form a working operational model were exhausted. There could be other factors that can be included in the study that would form part of the working and innovative operational excellence model for FNBZ. Despite this limitation, the model developed can still be considered for boosting innovative operational excellence at FNBZ. The study also established the correlation and significant impact of operational excellence on sustainable organisational performance.

### Recommendations

- Build the institutional capacity of compliance and business intelligence support functions at FNBZ to carry out self-assessments of the development and management of the operational excellence framework;
- Deliberate investment in the automation and/or digitalisation of business processes with specific application of Artificial Intelligence (AI) and Big Data analytics to understand customer needs, design products and service customer more efficiently and effectively.

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