HRVATSKA POŠTA – OBJECTIVES AND STRATEGIES IN DESIGNING ORGANISATIONAL STRUCTURE

1. Introduction

Based on the organisational analysis and synthesis as well as other methods, especially the analysis of previous models of organisational structure, analysis of the production process, relations between the needs for management organisation and influence of factors on the production, traffic and sales of services at local and global market, position of people in the production process, model of determining strategy objectives and goals, it has been determined that the postal system is in a period of crisis and that it needs to be fully redesigned by setting new organisational structure and by making it capable of satisfying the requirements of a modern market.

The deformed management, authoritarian leadership, centralised control and decision-making, lack of participation of the employed personnel in decision-making, deformed corporate culture, neglected training of managerial staff, bureaucratisation production process, “hybrid” (drawn) organisational structure, unrecognisable managerial levels and poor throughput of the “information system” – all these are the main barriers to complete commercialisation of this huge traffic company, extremely important for the state and its citizens. This can be eliminated by restructuring the organisation.

Hrvatska pošta d.d. is part of the global postal system, a member of the Universal Postal Union (UPU), an association which introduces new quantitative and qualitative changes in the following directions: liberalisation, new strategies, users’ needs, gradual commercialisation, service quality, management decentralisation, intensive network optimisation and development of new, technically sophisticated capacities, that may satisfy the most demanding challenges of the modern market.

The priority orientation of the activities towards clear defining of objectives, establishing of human-oriented strategies, independent development of services and price forming, create new possibilities in the global postal system. Therefore, the adaptation to the new trends needs to be initiated, by full transformation of the Croatian postal system, by abandoning monopoly, de-politicisation, de-stateism, decentralisation and de-bureaucratisation of the overall relations in the function of gaining profit, increasing salaries, social security of the employees, growth and development based on the new modern organisational structure the construction of which should be the beginning of the process.

2. Basic Characteristics of a Postal System

2.1. Size and Location

With operation covering the whole inhabited area of the Republic of Croatia, with 1,144 post offices, 2,838 delivery areas organised in 20 post centres within administrative borders of the counties, with 12.5 thousand employees, 1.3 billion Kuna of annual revenue, 900 billion Kuna of estimated capital, 450 million postal and other services (5% in international traffic), modest investments and 200 million Kuna of loss in 1998, the post has the characteristics of a company whose size has a specific influence on the modelling of the organisational structure, while measured also by other indicators: management structure, applied technology, level of automation, introduction of information technology and computers, management concept, concentration of financial means, level of investments in development and research, variety of organisational forms, designed workplaces, scope of work, level of co-ordination of activities, communication links, elasticity of adapting to changes, specialisation of people and means, “critical mass” of capital, people and equipment.

2.2. Tasks and Technology

According to the provisions contained in the Act on Post (N.N. 53/94) and other sublegal acts (regulations, instructions, decisions, circulars) of legal and technological nature, and in the interest of the government (GOVERNMENT INTEREST), Pošta has to ensure proper functioning of the postal traffic and handling of postal services in the national and international traffic, to maintain and use the facilities and equipment according to the Croatian standards, international recommendations of the Universal Post Union, European Conference of Post and Telecommunications (CEPT) in the way, within deadlines, under conditions, and according to procedures determined by the postal technology. This is the overall task of the Pošta that needs to be done with the hope of realising the set corporate objectives, by defining the realisation carriers, time necessary to act and costs of doing the task with a strategy adapted to the complexity of the task. Pošta must determine how the areas will be divided, where the collection and delivery of postal items will be organised, with scales to divide the areas to narrow, wider and the widest, which influences the frequency of mail delivery, one of the criteria for determining the quality of postal services.

Postal technology has the characteristic of service technologies considering the servicing process through a form of simultaneous production and consumption, with customer-oriented outputs in the production process, intangible output and technology operating intensity.
Pošta with its “ambitious” plans but low investments, high level of “live work”, more and more “obsolete” information equipment and without an information system, is seriously lagging behind in the technological sense and is losing its competitiveness on the global service market.

2.3. Objectives and Strategy

By correlation, several internal society factors (objectives and strategy, technology and tasks, scope, personnel, product, location), have intense influence on one another, and in a different way on the organisational structure of the society. The objectives and strategy are extremely interdependent since the objectives define what is to be achieved, and the strategy, as the dominant value, includes: objectives setting, distribution of production resources, defining the tasks, selection of technology and people and the influence on the environment.

The basic development objectives of Hrvatske poštne are set in the Plan of Long-term Development of Post, Telecommunications in the Republic of Croatia by the year 2000 with Mid-term Plan of Development from 1991 to 1995 in the form of figures, obtained by the methodology from the times of plan industry, rather than on planning the expansion of product range, modern technical serving achievements, transformation of postal activities, information support, application of electronic and computer technology, selection of services, due to the absence of strategic objectives and strategies according to single business functions with the way and measurements of realisation, control mechanisms so as to monitor the operation, corrective approach to methods of monitoring the realisation, and defining of strategy, so that it is not possible to set new tasks, select technology nor people in accordance with tasks, and thus have influence on the environment in which Hrvatska pošta realises its business activities.

The Strategy of Traffic Development of the Republic of Croatia developed by the Croatian Government has not determined the strategic objectives of the development of Pošta, as done for other traffic systems, in spite of the overall significance Pošta has for the government and the fact that in its development Pošta will rely on all the other systems and their strategies, by using traffic corridors, capacities, infrastructure, people and capital in urban, suburban, interurban and international traffic.

2.4. Human Resources

During the period of transition, the chaotic approach under various, especially external political influences in almost all the organisational parts, lacking personnel management and strategic concepts, has resulted in the absence of activities which are characteristic for modern companies oriented towards customers buying mass but also high-quality services in order to maintain a positive balance between the employees’ results and costs.
The approach needs to be and can be changed by full analysis of operation, redesigning of many workplaces, especially the managerial ones, and eliminating “artiﬁcially” created leading positions, in the hope of optimising the efficiency of the employees by planning personnel requirements, development and recruitment of personnel from internal and external sources, education, training and developing careers by motivation and communication, guiding and directing with continuous operation of the management.

Great personnel potential of Pošta (12.5 thousand employees) makes 90% of the employed in the production process (4-12% in administration), out of which 87% are under 50 years of age, 92% under 30 years of years of service, 58% with secondary, 20% with lower qualiﬁcations, and 4% with higher education and only some dozen people with a scientiﬁc degree (and none of them in the company Management), who are mainly involved only with operative tasks and executive activities, which is an extremely expensive solution for a company of this type. The personnel function of the company - society is reduced to statistical and routine businesses lacking orientation towards company operation, and not giving any answers to key issues. The personnel in personnel function is outside the business activities, not competent for complex business problems; more often just making the situation worse rather than contributing to the solution. Therefore, it is necessary to transform the classical personnel functions (sectors, services) into the strategy of the personnel function with the top management of the post composed of the most educated (most professional) people, though working for the Pošta, but not at those places where they should be.

2.5. Service Production

Pošta produces services for the national and international market, with a “long life cycle” which remains the same only because of the monopoly of Pošta in the production, provision of postal services (and special services regarding post). The production is based on the principles of availability, customer satisfaction, urgency, reliability, safety, responsibility and correctness with continuous monitoring and comparing with the obtained results, due to the relation with the customers in the absence of other forms of communication. The limited production of postal services (relatively small number of services per type) is supplemented by mediator’s services for other manufacturers, often under very unfavourable economic conditions.

The lack of marketing concept, strategy, classical production and the falling demand for certain services (packages, money) requires urgent change of attitude with orientation to services for special markets, systemic research of the postal market, speciﬁc methods and techniques directed towards reaching a level which would prove capable of facing the more and more respectable competitors.
2.6. Management

The concentration of people and capital at Pošta forces the managers of multi-level management in the decision-making process to set and control the objectives with various tasks of certain levels, to learn how to manage the objectives, risks, organisational changes in the structure, the people and their interrelations, conflicts, changes in technology, marketing, finances and information, taking into consideration the fact that a modern company is based on information and low organisational structure with fast flow of information and reactions to the expected changes in the environment. Therefore, the decision-making process should be adapted to types of decisions to be made, where strategic or operative, i.e. routine decision-making is distinguished. This has been suspended from the current practice for various reasons, and especially because of the presence of the image of a “traditional manager” at the Pošta. Here, the main characteristics are relying on the authority and compulsion, formal dependence on correctness, using personal pronouns “I”, “You”, self-importance, avoiding help from others, people who make mistakes, frequency of reprimanding, enjoying allegiance from the subordinates, claiming success achieved by others, interfering with other’s competencies and believing in one’s own infallibility. The essential characteristic of the philosophy and an important instrument of the modern management in raising the quality of decision-making, motivation, full use and development of human potential, increase of the overall flexibility and the speed of reacting to the changes in the environment, as well as direct pragmatic participation is the target-oriented management i.e. “participation management” based on the process of tasks and self-control. This is precisely what postal system is meant to be and what needs to be achieved.
3. Post-office Environment

3.1. Institutional Conditions

The creation of the Republic of Croatia and the huge changes in the structure of the country, war circumstances, erosion of the traffic system, constant changes in the economic, legal, cultural, technological, and social fields on the basis of many legal, sublegal and other acts, as well as changes in the administrative structure of the country based on these acts, all this has strongly influenced the overall attitude of management. All the business functions and companies in general. Constant changes in the organisational structure, moving of people and assets through organisational sections has had a destructive influence on the human potential, especially by the changes of managers under the influence of "official politics" and unnatural selection of staff. The influence of politics on investments into irrational capacities, electing of incompetent persons to positions of responsibility and the "destroying" of competitive staff, have shown the full seriousness of mixing politics and economic activities of this big technical and technological entity.

3.2. Integration Processes

Pošta is not inclined to these processes due to the dominant position on the market by the acknowledged monopoly, stable operating conditions, and the semi-integration processes with other monopolists (HZ, Croatia Airlines, Narodne novine) are only symbolic relations.

Integration as a factor of organisation affects in any case the rationalisation of business transactions in general, non-production functions in particular, and the models and levels of integration result in various modalities of locating and performing production functions.

3.3. Market

Postal engineering market should be regarded as the market with non-existent competition due to the monopoly and partly oligopoly in the method of behaving in the local, regional, national and global space. Since market is a mechanism where customers and suppliers interact in order to determine the prices, the postal market, which is yet to open up to competition, can be considered as a market where these laws and economics do not count.

3.4. Since

Pošta buys a lot of products from other suppliers, we may certainly speak about the postal purchasing market, extremely important in forming the organisational structure of a company. This should be especially taken into consideration in the designing phase and in establishing business functions.

4. Organisational Structure of Hrvatske pošte d.d.

4.1. The 1990 Structure of HPT

The organisational structure of HPT (Figure 1) originated as a copy of the structure prior to the year 1990, by the division into two technological units (Direkcija pošta - Directorate of Post, Direkcija telekomunikacija - Directorate of Telecommunications) with joint operating functions of "personnel" and "the economy" and central functions (services) of internal control and public relations services. The "hybrid" structure of unrecognisable levels, with centralised connections, unnaturally structured organisational sections between the middle and operative organisational level (the main postal centre), the position of central functions, deformed commanding chain in the form of a linear structure with unique handling and receiving of orders, does not represent an efficient solution since a line is an official way for orders, invitation, complaints and information and the method of delegating, without any specialisation in the management function with the tendency of creating lateral connections. The tendency to integrate centres and boards are no special disadvantages, but there are also some advantages of such a structure such as: reduced distribution of orders, organised decision-making and communication processes, clear distinction of authorities, clear communication lines, easier control and unique management which guarantees unique decisions directed towards a clear objective, provided the blocked points between the levels are eliminated.

Four roughly developed "operating" functions, two of them being from the field of production processes (postal and financial services) do not provide the basis for complete harmony in relations within the organisation. They may be acknowledged only as a transitional solution until the division of HPT into two independent economic entities.

4.2. The 1999 Structure of Hrvatske pošte

Hrvatska pošta d.d. was founded on 1 January 1999 as an independent stock company owned by the state.

Two-level organisational structure with ten operative functions, imprecisely defined tasks with differences in the operation intensity both "horizontally" and "vertically" (sectors and services at the same level), with a completely different division of operative functions per levels, has the characteristics of a bureaucratic structure with closely defined tasks, necessary technological knowledge, undefined and indirect contribution of individuals to the corporate objective, poor flexibility of tasks, certain specification of rules, obligations and rights, high level of hierarchical control, vertical communication, autocratic style of management and great emphasis on respecting hierarchy and dedication.

The position of the Management Board members, their authorities and responsibilities as well as communication channels within the system can be subject of special consideration in the structure analysis of the current organisation since this is a solution little known in the existing theory and practice of building the organisational structure of a company.

It may therefore concluded that the existing, actual structure does not guarantee fast flow of information along the "vertical", significantly slowing down the company management in all the operative activities, and it is necessary to look for an economically better solution than the one presented in Figure 2.

5. Objectives and Strategies of Sustainable Development of Pošta

5.1. Basics of the Objectives and the Strategy Aim

Every company exists in order to achieve objectives which always require joint, collective action and determine the purpose
of management and its direction and assume the measurement of management success. They are the crucial elements in planning the future of Hrvatske pošte on the postal market in the field of marketing activities, full introduction of information technologies, unique corporate culture, investment support to business functions and control of the purchase market with the end-effect in the volume of the realised profit based on strategic orientation to company commercialisation.

Strategy is the starting value in the development of a company which is the basis for setting up the organisational structure for implementing decisions about the company development, so that Pošta can become a successful company only when it develops its strategy based on strategic planning, i.e. on a comprehensive plan to achieve long-term objectives, since the aim of the strategy is to determine the situation in the future by means of the main objectives.

5.2. Objectives of Organisational Levels in Postal Traffic

The possible approach to planning the future of Pošta is presented in Table 1, which shows the interconnections of objectives per individual planning levels.

<table>
<thead>
<tr>
<th>OPERATIVE LEVEL</th>
<th>MID-LEVEL</th>
<th>STRATEGIC LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>market research, service selection, new markets, direct marketing services, competition analysis, prices, standards</td>
<td>leaving monopolies</td>
<td>TECHNOLOGICAL MARKETING “7 P”</td>
</tr>
<tr>
<td>- T -</td>
<td>market research</td>
<td></td>
</tr>
<tr>
<td>- M -</td>
<td>MRS</td>
<td></td>
</tr>
<tr>
<td>automation, computerisation, operative info-systems, (LETTERS, PACKETS, MONEY), sophisticated equipment, applications, mobile communications</td>
<td>Information centre</td>
<td>INFORMATION ORGANISATION</td>
</tr>
<tr>
<td>- S -</td>
<td>Management info-system</td>
<td></td>
</tr>
<tr>
<td>- E -</td>
<td>Expert info-system</td>
<td></td>
</tr>
<tr>
<td>personnel specialisation, education, career, selection, salaries, participation, rewards, affirmation, creativity</td>
<td>Education centre</td>
<td>UNIQUE CORPORATE CULTURE</td>
</tr>
<tr>
<td>- E -</td>
<td>System of values</td>
<td></td>
</tr>
<tr>
<td>- P -</td>
<td>Union (co-operation)</td>
<td></td>
</tr>
<tr>
<td>network optimisation, standardisation, self-control, customer info-system, codification, safety, customer and employee satisfaction</td>
<td>profit centres (5)</td>
<td>COMPLETE SERVICE QUALITY</td>
</tr>
<tr>
<td>- P -</td>
<td>self-organisation</td>
<td></td>
</tr>
<tr>
<td>- S -</td>
<td>monitoring of services</td>
<td></td>
</tr>
</tbody>
</table>
| - C - |%
| complete financial discipline, control of financial flows, quality of investments, compliance with the rules | priority of costs | INVESTMENT SUPPORT OF FUNCTIONS |
| - F - | accountability control |
| - C - | capital investments |
| computer-assisted linking of purchase activities, supply, stock management, transport, etc. | purchase market research | CONTROL OF PURCHASING MARKET |
| - P - | suppliers’ analyses |
| - C - | collection of offers |
| COMPLETE COMMERCIALISATION | STRATEGIC OBJECTIVE |

There are also other ways towards company prosperity.

5.3. Strategies and Strategic Planning

Setting the company objectives belongs among the most significant tasks of the company top management that should be constantly included in setting the objectives and formulating the strategy with a strategic vision for every job.

Complete commercialisation of Pošta requires necessarily more aggressive strategy than the previous “strategy of retreat” and “strategy of minimal costs”.

Pošta needs a LONG-TERM STRATEGY OF MARKET ORIENTATION WITH OPTIMISTIC APPROACH, which results from the strategic objectives per individual operating functions and the other possibility is less likely, naturally provided Pošta, with its numerous activities, reaches the starting position for implementation of this “development strategy”, “restructuring strategy” and “crisis survival strategy”.

6. The basic Models of Organisational Structures

6.1. The types of organisational structures in their most rational form have been classified by P. Sikavica and M. Novak (Psołvna organizacija – Business Organisation), and the best known are: functional – with labour division according to business functions; processing – which bases the formation of organisational parts on the flow of the operating process, divisional — as consequence of growth and development of companies through expansion to new markets, project – in the form of a temporary solution for the realisation of one task, matrix – new, modern structure in which weaknesses are minimised and advantages of functional and production structure are maximised, hybrid – with functional and multidimensional components at the same level and combined – with a combination of customer- and product-oriented division units.

Modern trends in designing an organisation are also known: T-form, vertical, network, inverted, team front/back, amoeba, cluster, heterarchy, hypertext, and spider web organisation.

6.2. Matrix Organisational Structure – Basic Characteristics

The matrix structure can be presented in the shortest form with the following characteristics:
- it is an advanced structure;
- it tries to use only the advantages of other structures;
- it optimises two dimensions of the organisation;
- it is purposefully adapted project organisation;
- it is a theoretical compromise of centralisation of realisation and the object;
- it is used in the condition of maximising several dimensions simultaneously;
- it is suitable for a company with several concurrent projects;
- one side is the design side and the other is functional;
- the functional is the primary side and design is secondary;
- authorities and responsibilities are realised “vertically”;
- management and control are realised horizontally;
- the members of the design team have dual responsibility.
The advantages may be expressed as: pronounced flexibility, stronger co-ordination, improved communication, higher motivation of the employees and greater corporate dedication.

The weaknesses are usually in the form of: greater possibility of conflicts due to the dual responsibility of the members and the conflict of interests of the line and design-program-production management, slower decision-making, and greater costs because of the dual management.

The problems of dual responsibility may be solved by introducing a “corrector” in the function of the “executive manager” with a number of other positive properties in the organisation management.

6.3. New Organisational Structure of Hrvatske pošte

Based on the knowledge about the recent changes in the organisational structure of Pošte and the influence on the overall economic activities of the society, it has been noticed that previous solutions have left many questions regarding survival as well as further development of the company unanswered, so that a solution is searched for in the new organisational structure whose model is presented in the form of matrix organisational structure with only six functional fields, as circumstances require organised in teams at the third, operative level.

Five profit centres: Osijek, Rijeka, Split, Varaždin, and Zagreb, organised in economic, cultural, financial and tourist centres, are carriers of all activities of the mid and operative level, each composed of four operative centres and responsible for profitable operation of the whole company.

The business function managers and the profit centre managers form the collective management of Hrvatske pošte whose work is coordinated by an “executive manager” of the company responsible to the President of the management board, whereas profit centre manager, heads of the functional centre services of the profit centres (mid-level) and managers of the operative centres form the collective management of the mid-level management.

The operative level management is composed of the operative centre manager and the head of the post-offices within the operative centre.

By testing the functioning of the matrix structure model at Hrvatske pošte (Pošte) in practice (by experiment), it is possible to prove all the advantages over the previously implemented solutions, with the tendency of constant company development. The designed (possible) model presented in Figure 3 guarantees overall success in the transformation of the company from the classical into an advanced field of postal engineering.

Carefully selected number of business functions and their distribution in the structure result unambiguously from the set strategic objectives: marketing → technological marketing “7P”, development → information organisation, personnel → unique corporate culture, transport (production) → complete quality of services, finances and accountancy → investment support to functions, purchase → control of the purchase market and finally complete commercialisation of the company as a strategic goal.

Independent business unit as a separate business function is outside the matrix structure and should have a special purpose. It is planned as a possibility of simple denial or joining of new parts of organisational structure. The business function “transport” (production) at lower levels will function as derived, business function with sub-functions “letters”, “packages”, and “money” according to the strategic orientation of the basic activity development in three separate directions.

7. Conclusion

Modelling, i.e. designing of the organisational structure of Pošte since it was founded until today, has been carried out regardless of the behaviour of factors in the production process and the environmental impact, usually according to the model of “drawing boxes”, especially in the area of lower organisational forms, which may be seen by comparison of organisational models from 1990 to 1999 and disorganised approach to the changes from case to case. Therefore, it was necessary to stress the importance and mutual dependence of the objectives and the strategy (as well as other factors) in the construction i.e. designing of the organisational structure of the company, and the significance of the structure for the survival and development of a company, which are bound to be found in practice as a reality.

A deeper analysis would certainly provide even better relation of elements, which is not of crucial importance in the concrete case.

LITERATURE

Zlatko Kadić
Hrvatska pošta - Objectives and Strategy in the Function of Organisational Structure Designing

Hrvatska pošta d.d. is facing great challenges as an independent economic factor on a more and more liberal market. It is of utmost importance to include all potentials in the system development behaving respectfully at the market upon which objectives and strategies should be established in the function of the organisational structure redesigning as a starting point for many problem solving.

Key words: Hrvatska pošta, Strategy, Designing, Organisational structure

Zlatko Kadić
Hrvatska pošta - ciljevi i strategije u funkciji dizajniranja organizacijske strukture

Hrvatska pošta d.d. pred velikim je izazovima kao samostalni gospodarski čimbenik na sve liberalnijem tržištu. Stoga je neophodno uključiti sve potencijale u izgradnju sustava koji će se respektabilno ponašati na tržištu pri čemu valja postaviti ciljeve i strategije u funkciji redizajniranja organizacijske strukture kao polazne točke rješenja većine problema.

Ključne riječi: Hrvatska pošta, strategija, dizajniranje; organizacijska struktura