EFFECT OF MANAGER’S STRATEGIES IN TURNING AROUND ORGANIZATIONS

(A Case of Uchumi Supermarket-Kenya)

BY

KABII LYDIA KELLEN KAINYu

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Kabii Lydia
Effect of manager’s

April, 2012
DECLARATION

I declare that this research project is my original work and has not been submitted in any other university or institution for examination.

Signature: ........................................... Date: 21/5/12

D53/PT/CTY/13816/2009

KABII LYDIA KELLEN KAINYU

This is to confirm that the work in this project was done by the candidate under my supervision and has been submitted with my approval as the university supervisor.

Signature: ........................................... Date: 21/5/12

Mr. Obere Eliud

This project has been submitted for the examination with my approval as chairman of department.

Signature: ........................................... Date: 25/5/12

Bett, S.K

Business Administration Department,
School of Business,
Kenyatta University
DEDICATION
This project is dedicated to my son Chris and my Husband Nicholas for their patience and understanding throughout the duration of the course.
ACKNOWLEDGEMENT

I would like to thank my supervisor Mr. Obere Eliud for his tirelessness in directing me towards attaining the best in my research. I would also like to thank my husband Nicholas, my MBA class-mates Michelle and Catherine for keeping me in the right direction of my research project.

I greatly appreciate role played by every lecturer and the entire administration at Kenyatta University.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>i</td>
</tr>
<tr>
<td>Dedication</td>
<td>ii</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>iii</td>
</tr>
<tr>
<td>Table of contents</td>
<td>iv</td>
</tr>
<tr>
<td>Operational definition terms</td>
<td>viii</td>
</tr>
<tr>
<td>List of abbreviations and acronyms</td>
<td>ix</td>
</tr>
<tr>
<td>List of figures</td>
<td>x</td>
</tr>
<tr>
<td>List of tables</td>
<td>xi</td>
</tr>
<tr>
<td>Abstract</td>
<td>xii</td>
</tr>
</tbody>
</table>

## CHAPTER ONE: INTRODUCTION

1.1 Background of Study

1.1.1 Uchumi Supermarket

1.2 Problem statement

1.3 Objectives of the Study

1.3.1 General objective

1.3.2 Specific objectives

1.4 Research questions

1.5 Significance of the Research

1.6 Scope of the Study

1.7 Limitations of the Study

## CHAPTER: TWO LITERATURE REVIEW

2.1 Introduction

2.2 Theoretical Review

2.2.1 Theories of managers' strategy
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction........................................................................................................... 31

3.2 Research Design .................................................................................................... 31

3.3 Target population ..................................................................................................... 32

3.4 Sampling design ...................................................................................................... 33

3.5 Data Collection Methods ......................................................................................... 34

3.5.1 Reliability ............................................................................................................. 34

3.5.2 Validity .................................................................................................................. 35

3.6 Data Collection procedures ...................................................................................... 35

3.7 Data Analysis ......................................................................................................... 36

3.8 Ethical considerations ............................................................................................. 36
OPERATIONAL DEFINITION TERMS

**Turn around**: This term refers to reversal of a situation. The overall goal of turnaround is to return an underperforming or distressed company to normal in terms of acceptable levels of profitability, solvency, liquidity and cash flow.

**Strategy**: Strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions, and expectations that provides general guidance for specific actions in pursuit of particular ends. It is a bridge between policy goals on the one hand and tactics or concrete actions on the other in pursuit of certain goals.

**Performance**: Refers to the act of doing something effectively and arrives at good results that are profitable.

**Organisation**: An organization is a compartment for a particular job which distributes tasks for a collective goal. Organizations are systematically structured and managed to meet to pursue collective goals on a continuing basis.
LIST OF ABBREVIATIONS AND ACRONYMYS

CMA-Capital Markets Authority

NSE-Nairobi Stock Exchange

SPSS -Statistical Package for Social Sciences

EPS- Earnings per share
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Conceptual Framework</td>
<td>29</td>
</tr>
<tr>
<td>4.1</td>
<td>Department of respondents</td>
<td>38</td>
</tr>
<tr>
<td>4.2</td>
<td>Respondent Level of education</td>
<td>39</td>
</tr>
<tr>
<td>4.3</td>
<td>Respondents period with the company</td>
<td>39</td>
</tr>
<tr>
<td>4.4</td>
<td>Change in adjusted basic earnings per share during decline</td>
<td>40</td>
</tr>
<tr>
<td>4.5</td>
<td>Customer’s response during the transition</td>
<td>41</td>
</tr>
<tr>
<td>4.6</td>
<td>Strategies made by transitional managers</td>
<td>43</td>
</tr>
<tr>
<td>4.7</td>
<td>Managers practice during decline</td>
<td>44</td>
</tr>
<tr>
<td>4.8</td>
<td>Process elimination during decline</td>
<td>46</td>
</tr>
<tr>
<td>4.9</td>
<td>Waste reduction strategy</td>
<td>47</td>
</tr>
<tr>
<td>4.10</td>
<td>Quality of human capital during decline</td>
<td>48</td>
</tr>
<tr>
<td>4.11</td>
<td>Dependency on resources</td>
<td>49</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 3.1 Target Population ................................................................. 32
Table 3.2 Sample Size ............................................................................ 33
Table 4.1: Age of the respondents ............................................................ 38
Table 4.2: Experience of total shareholding return during the transition .......... 41
Table 4.3: If the company engaged employees during the decline ...................... 42
Table 4.4: Stakeholders interest in their strategic decisions .............................. 43
Table 4.5: How managers’ strategic decisions affected the company ................. 44
Table 4.6: Invested in technology in terms of machine and processes ................. 45
Table 4.7: Company’s productivity during turn around ..................................... 46
Table 4.8: If asset reduction enhanced company’s image ................................... 48
Table 4.9: Need for managers to get advice from specialist about resource conservation... 50
Table 4.10: Model Summary ..................................................................... 51
Table 4.11: ANOVA ................................................................................. 52
Table 4.12: Model Summary: Coefficient of determination ............................. 52
This study sought to investigate the process employed in implementing Turnaround strategy in the Uchumi supermarket, an organisation that had positioned itself as a market leader since 1976 until 2000 when it started experiencing difficulties. The problem is that when Uchumi got into decline in year 2000 the former managers could not save it from its woes despite employing various strategies, however with appointment of new managers there is a new lease of life. An organisation is said to be in decline when it experiences a resource loss sufficient to compromise its viability. Turnaround is said to have occurred when an organisation recovers adequately to resume normal operations. The objectives were to determine the effect of shareholder repositioning in turning around uchumi supermarkets, to determine influence of top management re-organisation in the supermarket, to determine effects of cost reduction strategy in Uchumi supermarket and to establish whether asset reduction resulted to Uchumi’s turnaround. The objectives are guided by independent and dependant variables. The study used a case study approach in order to get an in-depth insight of what happened in implementation of strategies. The target population is three hundred eleven staff members of uchumi supermarket comprising of top level and middle level managers. Stratified sampling was used to get the sample size out of the target population which comprised of ninety managers. Sample random was then used to get actual individuals. Data to be collected was primary and questionnaires were used. Data was analysed using descriptive statistics for quantitative data and content analysis for qualitative data. The study concludes that adjusted basic earnings per share decreased during decline. New management highly considered stakeholders interest in their strategic decisions and Process elimination was considered during decline. Company’s productivity during turn around increased. This study concludes that human capital in the areas of specialisation during decline
was moderately skilled. The study recommends the management to engage employees during the turnaround. The organisation needs to hire skilled human capital in the areas of specialisation. Managers need to get advice from specialists about resource conservation decisions.
CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Turnaround occurs when the firm recovers from decline to achieve pre-downturn levels of performance. This process begins after recognition of the need to reverse the adverse effects of environmental pressures or internal weaknesses. Unless corrected, the severity of decline worsens to the point of financial distress where the firm is unable to satisfy its monetary obligations. At this stage, managers must negotiate with creditors to realign anticipated cash flows with debt payment schedules. Typically, this is accomplished through debt restructuring via either private workouts or bankruptcy petition (Lawrence & Jones, 2001). However, although this action helps to avert business it does not reverse decline. For recovery, firms must have a suitable strategy and efficient operations. Turnaround is described as components of managing, stabilising, funding and fixing an underperforming or distressed company. The overall goal of turnaround strategy is to return a distressed company to normal in terms of acceptable levels of profitability, solvency, liquidity and cash flow.

To achieve its objectives, Managers should put up strict measures to reverse causes of distress, resolve the financial crisis, achieve a rapid improvement in financial performance, regain shareholder support, and overcome internal constraints and unfavourable industry characteristics. Research conducted by Hambrick and Schecter (1983) found that diverse turnaround strategies
were possible and that they depended partly on contingency factors. Hofer (1980) argued that two types of turnaround exists, strategic turnaround and operating turn around and that their appropriateness depended on the firm's strategic and operating health. The cycles of decline and recovery are influenced by the strategies put in place by the management.

With the rapid changes in environment and industry competition managers have to think fast and put in place relevant strategies that were drive the company to fruitful gain and have a sustainable competitive advantage. Strategy is the direction and scope an organisation takes over the long-term, to achieve advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil shareholder expectations; one of the most prominent factors affecting strategic choice of an organization is the severity of the deterioration. According to Boyne (2004), there are three major Turnaround Management Strategies named the 3Rs: Retrenchment, Repositioning, and Reorganization.

Retrenchment strategy seeks to reduce the size of organization or diversify organization's operations by reducing sales so that an organization retains a few product lines that are profitable and retrenches the non profitable lines. Strategic repositioning main focus is to generate revenue with new innovations and change in product portfolio and market position. This includes the development of new products, entering new markets, extrapolating alternative sources of revenue and modifying the image or the mission of a company to meet market demands. In doing so it
changes the revenue and cost structure of the business, yielding improved profitability and return on capital employed. Reorganization strategy involves changes to the value chain, which in turn requires changes in the organisational structure and leadership team of the underperforming or distressed business. Change in leadership provides a surety in change of direction hopefully towards success.

These strategies are very important to managers since they aim at retaining and regaining shareholder support, aligning the management, improving on product or service quality, overcoming internal weaknesses, revenue enhancement, asset and cost reduction. Managers’ strategic responses are often contingent on internal and external factors that are historical and anticipated.

1.1.1 Uchumi Supermarket in Kenya

Uchumi supermarket is a public limited company, with the main objective of having an enterprise for equitable distribution of essential commodities at affordable prices and creating an outlet for the local manufacturers. Since 1976 Uchumi set a trend in low pricing to the advantage of all consumers, while at the same time maintaining high standards in quality of goods and services. In early 2000s Uchumi started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems. This resulted in a marked diminution of the Company’s resources which culminated in its inability to meet its obligations on an ongoing basis. Initial restructuring of Uchumi did not
forestall the deteriorating performance of the Company. As a result, on 31st May 2006, the Board of Directors resolved that the Company ceases operations and on 2nd June 2006, the Debenture Holders placed the Company under receivership. Simultaneously, the Capital Markets Authority (CMA) suspended the Company’s listing on the Nairobi Stock Exchange (NSE).

Following a framework agreement between the Government of Kenya, suppliers and debenture holders, the company revived and commenced operations from 15th July, 2006 under Specialized Receiver Manager (SRM) Jonathan Ciano and an interim management. The new management applied reorganisation and repositioning strategies which increased the organisations revenue and provided strong internal controls therefore turning around the company towards a successful turnaround.

1.2 Problem Statement

Turnaround strategy is an important tool to arrest and reverse the sources of competitive and financial weakness of an organisation as quickly as possible. A company could be transformed into learning organization while adopting turnaround strategy so that they could increase the operation efficiency of company and develop a competitive advantage of a company. Turnaround in any business organization results ineffective service delivery skilled, responsible and accountable workers, co-operative Governance and an improved business transformation with the objective of avoiding the need for stake holder’s intervention and liquidation.

Hofer (2002), states that most organizations face a major decline in performance at some time in their existence. The response to such situations is almost always a major effort to “turn the
company around.” It is the opinion of that what is needed most in a turnaround situation is some clear-cut strategy for guiding all organizational actions so that scarce resources are not used in unproductive ways. These strategies must be based on information gathered through the assessment of the current operating and strategic health of the organization. The primary contribution from the research studies done by Schendel and Patton (1976), were the recognition of a relationship between cause and response among turnaround organizations. Uchumi started to experience financial and operational difficulties in 2000 occasioned by a sub-optimal expansion strategy coupled with weak internal control systems. This resulted in a marked diminution of the Company’s resources which culminated in its inability to meet its obligations on an ongoing basis. It is thus imperative for the survival and turnaround situation of organizations like Uchumi to develop a strategic management model to enable the organization to perform a systematic strategic review of performance inadequacies and declines that contributed to the poor performance of the resort over the last three financial years. As Slatter (1984) argued, only one out of four troubled companies managed to successfully turnaround itself. The lack of explanation provided by survival-based theory, open up possibilities for other theory of strategic management to lend itself in explaining the behavior of turnaround companies.

The gap in turnaround research leading to the researchers ‘problem is process, the researchers, problem is that issues in turnaround aspects are not equally researched. Past research highlights research of turnaround in western countries and those that have been carried out locally are in banking industry and not in the supermarkets.
From the literature above it is clear that Uchumi supermarket went into receivership and the former management could not save it from the financial and operational difficulties despite employing various management strategies, however with the appointment of new managers the supermarket is starting a new lease of life. This study were find out whether the turnaround Uchumi supermarket is experiencing is as a result of process model in management strategies of the new directors.

1.3 Objectives of the Study

1.3.1 General objective

The general objective of this study was to find out the Effect of turnaround strategies on performance of organisations.

1.3.2 Specific Objectives

The purpose of this study was to:

i. To determine the effect of shareholder repositioning in turning around Uchumi Supermarkets.

ii. To determine influence of top management reorganisation in turnaround Uchumi Supermarkets.

iii. To determine effects of cost reduction strategy in turning around Uchumi Supermarkets.

iv. To establish whether asset reduction results to organizational turn around
1.4 Research Questions

In order to carry out the research effectively, the researcher was guided by the following questions:

i. What is the effect of shareholder repositioning in a turnaround situation?
ii. What is the influence of top management reorganisation to Uchumi supermarkets?
iii. How does cost reduction strategy solely lead to organizational turnaround?
iv. What is the consequence of asset reduction assist in turning around Uchumi supermarket?

1.5 Significance of the Research

The study is relevant because it addressed a current problem facing many firms today. The study would be relevant to the following groups of persons:

A Profitable company is a prerequisite for economic growth (Fischer and Merton, 1985) to Investors. This is because it avails capital that is essential for businesses. Investors provide capital to companies by investing in successful firms. For investors to provide the capital, loan, and employment they consider not only the ability of the firm to pay back the principal but also the return they would get from the firm in the form of interest and dividends. This implies that firm performance is a key consideration of investors (Brown and Reilly, 2009). In Kenya there have been few corporate failures e.g. Uchumi Supermarket (a quoted company), and the subject...
of executive pay concerns investors. The study provides an important framework for investor’s to consider the performance of an organisation.

Firms are concerned about longterm success and the study aims at contributing to existing knowledge on roles, challenges managers face during turnaround strategies, with major emphasis of Uchumi Supermarkets. It highlights the current situation on turnaround strategy for local companies and establishes which strategic moves are associated with successful turnaround. In addition to local regulators and other professional bodies can use the findings as a reference for policy guidelines on the manager’s qualities and resourcefulness. The study provides a good foundation for making comparisons between firm performance and influence of managers in enforcing good corporate practices.

Turnaround strategy is a major area of discussion and research for academicians and researchers and the study contributes by providing additional dimensions about importance of managers in failing organisations in Kenya and an area to develop a model for turnaround strategy.

1.6 Scope of the Study

The study were be carried out in Uchumi supermarket that is the twenty one Uchumi supermarket branches namely Sarit Hyper, Ngong Hyper, Langata Hyper, Mombasa Rd Hyper, Mombasa, City Square, Westlands, Koinange, Buruburu , Nairobi west, Ngong rd, Jogoo road, Ongata rongai, outering rd and Jipange within Nairobi, other branches were be Meru Branch in Meru county ,Eldoret Branch in Eldoret count, Karatina Branch in Karatina ,Kericho Branch in
Kericho, Embu Branch in Embu town and Nakuru Bravo Branch, Kisumu branch and Kisii branch. The study were be limited to management staff of the supermarkets. The supermarket has a total number of 21 branches with over 1,000 employees in all levels.

1.7 Limitations of the Study

The information about corporate strategies of Uchumi supermarket is highly confidential and all information required for the study may not be within the public domain. Assessment of the exact strategies applied to turnaround the organisation were be difficult because strategies are the greatest asset in fighting competitors.

The researcher intends to overcome the limitations by contacting the officers of Uchumi supermarkets directly and making it clear that the information is intended for sole purpose study and not for market competition.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter explains past relevant literature from accredited scholars and researchers who have conducted research in the same field. This section reviews literature that is related to turnaround. In this chapter theories available on turnaround were reviewed. An empirical review on Managers turnaround strategy was studied i.e. facts, proofs, truths, other studies done on turnaround organizations and the sources of the reading or reference materials. The researcher shall identify the research gaps and how they were filled. By the end of this literature review, more insight on manager's strategy towards turning around declining organization were learnt and the ideal solutions to the research questions identified. This enabled managers to drive companies towards sustaining competitive position in the market. Literature for review were obtained from books, journals, magazine and teaching manuals.

2.2 Theoretical Review

A number of theories have dominated the management literature on organization failure. A deterministic perspective in organization ecology literature suggests that managers are constrained by exogenous industrial and environmental constraints and therefore their strategic choices have limited Effect. From the ecological perspective Cameron, Sutton, and Whetten (1988) described organizational decline as a two stage phenomenon. The first stage of decline occurs when an organization's adaptation to its domain deteriorates. The second stage occurs when the organization's financial and human resources begin to diminish. Both stages of decline
indicate that the organization has become less adapted to its micro-niche and is less successful at exchanging its outputs for new inputs.

According to population ecologists, strategic decisions differ as the company evolves through the stages of the organizational life cycle (Hanks, 1990). Hanks found out that entrepreneurs focus on survival during the start-up phase, and their strategy is limited to making their product or service innovation successful. During the growth phase entrepreneurs adopt competitive strategies that can require retrenchment. In the decline stage growth is negative, products are obsolete or have limited potential, and the organization is inefficient or bureaucratic. Decline is often preceded by ineffective or short-lived attempts at revival where entrepreneurs focus on internal changes that can be made by reallocating limited resources (Holt, 1992).

Tan and See (2004) identified two main strategies taken in a declining Asian manufacturing industry: offensive strategic realignment and defensive strategic shift. They found that firms adopting defensive strategic shift attributed decline to uncontrollable factors, are under greater severity of decline, have a lower level of slack and are smaller in size (Tan & See, 2004). Mone, McKinley, & Barker (1998) offered a contingency framework that predicted a firm responds either innovatively or conservatively to decline, based on constraints on an organization's capacity.

### 2.2.1 Theories of Manager’s strategy

There are many theories that have been advanced to strategic turnaround. However, in this study, the researcher limited herself to three fundamental theories i.e. theory of constrains, resource
based theory and disequilibrium and chaos theory. They explicitly try to closely analyze or interpret manager’s behavior towards a regaining and maintaining competitive advantage.

2.2.2 Theory of Constraints

According to this Theory, the key to maximizing profit is to produce and sell goods and services that provide the most throughputs per unit of the constraining factor (Goldratt, 1997). Every productive system has a constraint that inhibits the ability of the firm to make money now and in the future. This bottleneck can be internal, such as inability to fulfill customer orders, or external as in weak demand. When the constraint is inside the company, managers should begin by setting the pace of the entire productive system at the speed of the constraint. This technique, referred to as “Drum-Buffer-Rope,” ensures that the bottleneck operates at its capacity with no idle time or rework. Then ways are explored to increase throughput at this constraint by co-opting resources from non-bottleneck areas or making additional investment to expand capacity. Once a constraint is broken, a new bottleneck arises and the approach is repeated in a process of ongoing improvement. This approach exploits sales growth to improve profitability in the short term.

Goldratt (1997) argued that there is no acceptable compromise between the principles of cost control and those of throughput improvement. For example, the Theory of Constraints set prices based on market conditions and not product costs. Also, product mix is selected based on throughput at the constraint and not contribution margins. However, this does not preclude sequencing cutbacks with throughput improvement. Indeed, Chowdhury and Lang (1996:177) stated that entrepreneurial moves such as sales growth “might be a viable turnaround strategy
only after the immediate emergency has been overcome through actions [such as cutbacks] that realize faster results.” Therefore, a combination strategy is likely to begin with cutbacks to stem decline followed by throughput improvement to maximize the money generated from sales. Several attempts can be made if time and resources permit. This model shows three pathways to achieve turnaround based on the life cycle stage of the industry. The firm may adopt cutback and throughput improvement separately or in combination. The use of a cutback strategy for declining industries and a combined strategy for mature industries is consistent with the observations of prior research (Chowdhury & Lang, 1996; Pearce & Robbins, 1994). However, this article is the first to incorporate the principles of the Theory of Constraints in a model of the turnaround process.

2.2.3 Resource-Based Theory

This theory has received a great deal of attention recently as a perspective for understanding firm growth. Penrose (1959) established the conceptual foundation of the resource-based theory of the firm, maintaining that resource constraints are a limitation to growth created by the need to balance goodwill, excess capacity and organizational slack. The growth of the firm is limited only in the long run by its internal management resources (Penrose, 1959). Total managerial services that a firm requires at a point in time are partly constrained by the necessity to run the firm at its current size. Additionally, it is partly constrained by the requirements for expansionary ventures (Mahoney & Pandian, 1992). Although new managerial recruits increase the growth potential of a firm, training new managers and their integration into the work force occupies the time and effort of existing managers and thus temporarily reduces the managerial services available for expansion.
Resource availability has been suggested as a predictor of strategy choice, particularly in regards to diversification (Penrose, 1959; Ackoff, 1970; Hofer & Schendel, 1978; Hitt & Ireland, 1985; and Wernerfelt, 1984). The traditional concept of strategy suggests organizations establish competitive advantage by effectively evaluating their resources and focusing those resources on the generation of rent (Andrews, 1971 & Ansoff, 1965). Therefore, it is the resources of the firm that limit market choice and profit expectations (Wernerfelt, 1989).

As Grover et al. (1998) explain, “the essence of a resource-based theory is that given resource heterogeneity and resource immobility and satisfaction of the requirement of value, rareness, imperfect immitability, and non substitutability, firms’ resources can be a source of sustained competitive advantage” (p.84). One of the objectives of the theory is to help managers to appreciate why competences can be perceived as a firms’ most valuable asset and, at the same time, to understand how those assets can be used to improve business performance. A resource-based view of the firm accepts that attributes related to past experiences, organizational culture and competences are critical for the success of the firm (Campbell and Luchs, 1997; Hamel and Prahalad, 1996). Conner (1991: p.140) suggests that “an in-house team is likely to produce technical knowledge, skill, or routine that fits better with the firm’s current activities”.

The RBV, which has benefited from the rigour of its economic origins, greatly enhances our understanding of the nature and determinants of sustainable competitive advantage (SCA). It helps to explain why some resources are more advantage-generating than others and also why resource asymmetries and consequent competitive advantages persist even in conditions of open competition. However, as Fahy (2000) noted, the vast majority of contributions within the RBV have been of a conceptual rather than an empirical nature, with the result that many of its
fundamental tenets still remain to be validated in the field. In addition, there were some debates regarding both the nature and the determinants of competitive advantage and the relevancy of the resource-based view.

2.2.4 Disequilibrium and Chaos Theory

According to this theory entrepreneurs periodically introduce innovation, thereby creating disequilibrium (Stevenson & Harmeling, 1990). In the decline stage, they often have difficulty transitioning from the visionary and aggressive competitor Effect of founder to the Effect of professional turnaround managers. When faced with the reality that the failure may be attributable to their poor management, they may resort to the more familiar aggressive Effect of innovator (Bruno & Leidecker, 1988). If they fail to make the transformation, either the venture suffocates or the entrepreneur does not survive the organizational evolution (Holt, 1992). A more recent study (McCarthy, 2003) suggested that the experience of crisis gave rise to a more rational, planned approach to the strategy-making process.

2.3 Empirical Review

Literature of corporate turnaround have shown that certain strategies such as retrenchment, cost reduction or downsizing were among popular strategies adopted by these troubled firms. One of the reasons that these strategies were widely adopted by ailing business was perhaps better explained by survival-based theory. This theory argued that in order to survive, organization had to deploy strategies that should be focused on running very efficient operation and can respond
rapidly to the ever-changing environment (Lynch, 2003). However, in reality, not all of these troubled companies which adopted this kind of strategies managed to successfully turnaround. Literature in the field of corporate turnaround in regards to strategy has been quite well developed for the last three to four decades. Since the earliest publication on the subject by Schendel & Patton (1976), literature has been well developed to argue that turnaround companies would resort to certain types of turnaround strategies, namely: debt restructuring, operating-turnaround strategy, strategic portfolio restructuring strategy, and product-market refocusing strategy. Although different scholar provided different technical term to these strategies, and sometimes found conflicting results, these terms are basically presents more or less the same meaning. Aside from strategy, there are other non-strategy factors which influence performance of turnaround companies, or somewhat influence strategy performance relationship of turnaround companies (Hofer, et al 1980).

2.3.1 Shareholder Repositioning

Maximizing shareholder value is a management principle, also known under value based management; it states that management should first and foremost consider the interests of shareholders in its business decisions. Shareholder value depends on the future stream of income and is affected by information on any factor that may affect the income stream. Such information may involve economic predictions, substitute technologies, movements in currency exchange rates, legal disputes, competitor’s moves, strategic investments, and so on. However, as long as such information affects all firms with similar risk to the same extent, the beta excess returns were not change but remain negligible. But, if the information affects one firm more adversely than the rest, the beta excess returns of such a firm were become negative. During decline,
unanticipated changes coupled with inappropriate strategic conduct result in a decline in performance.

Rappaport (1987, 1998) suggested that shareholder value should be measured as a product of the stock price and the number of shares outstanding. Since the number of shares outstanding rarely changes, shareholder value is directly related to the price of a stock. Since stock price movement is approximately a random walk, it is difficult even to imagine that there could be a link between strategy and such a measure of shareholder value. The random movement of stock prices confirms that the financial market is efficient. Cootner (1964) suggested that the random movements in stock price were around an "intrinsic value" (Graham et al., 1962). Graham et al. (1962) defined the "intrinsic value" of a firm as the net present value of the future stream of income. This is called the fundamental analysis model. Financial analysts who value stocks track a firm, its competition, the economy and other related factors which affect the future stream of income and then estimate its "intrinsic value". If the price of a stock is beyond a given level above its "intrinsic value", then the analyst would recommend a "sell" decision and vice versa. According to Cootner (1964), such profit-taking behavior combined with intense competition ensured that the random walk observed stays within a narrow band around the "intrinsic value".

The fundamental analysis model suggests that shareholder value is the net present value of the future stream of income (Rappaport, 1987, 1998). This implies that a drop in income in the near future were be valued, and weighted, higher than similar drops in a more distant future. Hence, firms facing a decline in their income stream were have a sharp drop in shareholder value and this in turn were result in negative beta excess returns. In a perfect financial market, this revaluation would occur in the first year of decline. But, according to previous research findings
(for example Fama et al., 1969), it appears that as new information on the continued decline reaches the market, firm value (i.e. its stock price) would be adjusted to account for this continued drop in income. Therefore, if one measures beta excess returns every year during decline, it would be negative for turnaround firms. Since, non-declining firms continue to grow and since the corporate strategy of these firms would normally not be changed, their beta excess returns were be negligibly small.

The concept of maximizing shareholder value is usually highlighted in opposition to alleged examples of CEO's and other management actions which enrich themselves at the expense of shareholders. Examples of this include acquisitions which are dilutive to shareholders, that is, they may cause the combined company to have twice the profits but these might have to be split amongst three times the shareholders. As shareholder value is difficult to influence directly by any manager, it is usually broken down in components called value drivers. A widely used model were comprise of 7 drivers of shareholder value, giving some guidance to managers: Revenue, Operating Margin, Cash Tax Rate, Incremental Capital Expenditure, Investment in Working Capital, Cost of Capital and Competitive Advantage Period. While a focus on shareholder value can benefit the owners of a corporation financially, it does not provide a clear measure of social issues like employment, environmental issues, or ethical business practices. A management decision can maximize shareholder value while lowering the welfare of third parties. It can also disadvantage other shareholders such as customers. For example, a company may, in the interests of enhancing shareholder value, cease to provide support for old, or even relatively new, products.
2.3.2 Top Management Reorganisation

The human resources have to actively partner with the business leadership and develop strategies to create capabilities within the organization to speed up the execution of corporate turnaround (Prasad 2006). Literature on human resources strategies has a lot written on downsizing efforts, especially those adopting a top-down approach, simply focus on reducing the number of employees (Cameron 1994, Cascio 2003). Firms experiencing negative trends of performance typically resort to retrenchment as their most prominent turnaround strategy (O’Neill 1986, Pant 1991, Smith, et.al. 1995). According to Mishra and Mishra (1994), the downsizing, strategy commonly adopted by troubled organizations in the early 1980s was mainly an effort to reduce the number of employees in order to stay competitive. That trend continued into the 1990s with firms attempting to cut costs through staff-reduction to remain competitive in the global marketplace (Appelbaum et al., 1987a; Cameron et al., 1991). However, in the context of successful turnarounds, Manimala (1991) observed that the more effective and long-lasting employee management strategies for troubled organizations were based on employee engagement and culture building.

Change in top management is another well identified human resource strategy. Leaders are often a contributing source of decline (Arogyaswamy et al., 1995). Executives either directly caused the problems at the heart of crisis or failed to recognize the problems early enough (Bibeault, 1982). The first step or the first priority in a turnaround situation is the recognition that new management can make the difference (Barker and Mone 1994, Jacoby 2004, Murphy and Meyers 2008). Top management change is widely recognized as a precondition for successful turnarounds (Bibeault 1982, Hofer 1980, Schendel, Patton and Riggs 1976, Slater 1999). The
nature of the top management team in a company is of greater significance for success or failure than any of the company’s products, skills or physical assets (Murphy 2008). It is the top management who sets the style and tone of management in the organization and therefore can involve and empower their employees. Empowered employees are energetic, passionate and experience a feeling of ownership over jobs, which were encourage and motivate the employees to offer their innovative best for the company with a customer service mindset (Prasad 2006). Under such conditions performance management becomes voluntary and leads to better results as compared to management-initiated performance appraisal and monitoring.

A human resource design is a blueprint for processes of human discharge and appointment. It is a detailed plan for what to do, why you were be doing it, and the best ways to reach discharging management staff and appointing others. The three management mandates for a successful Re-Organization is about Making morale a top priority, Establish clear systems of power and to build credibility for the new organization. Building morale is at the top of this list because we find it is often the most deficient and yet most crucial aspect of skilled leadership in organization transitions. In other papers we were present discussions of power and credibility. What follows in this paper is a short field manual, an architectural blueprint, for building organizational morale. Our goal is to help managers who are responsible for reorganization efforts: first, to recognize important issues that they may not immediately think about; second, to clarify their own role and responsibilities; and, third, to identify opportunities to be more effective in building the morale of their organization.

The First Mandate: Make morale a priority: Carl von Clausewitz, the great nineteenth century Prussian philosopher of war, states that morale is the most important element of military strategy,
and that when all other factors are approximately equal, morale were be the decisive factor in determining the victor.

During times of reorganization, human emotions come to the forefront. The process of reorganization unleashes fears and anxieties, as well and excitement and hope. It raises frustrations, shortens tempers, leads to loss, grief and guilt, and it may disrupt long-standing friendships and alliances. Even the people who are generally calm and rational in the face of conflict act in unusual ways during a reorganization. The dictionary defines morale as "the moral or mental condition with respect to courage, discipline, confidence, enthusiasm, wereingness to endure hardship, etc." Everyone's morale is precarious when a large entity reorganizes. Whoever is in charge needs to assess the subtle shifts in morale from the very earliest stages of the reorganization, keeping track of all the players and how they are responding to the ripples of change as they occur. A first step in tracking morale is keeping the "reorganization scorecard." winners and losers. Building a resilient emotional framework is a step to encourage managers who take charge of the emotional parameters of their newly formed organizations, to address key tasks like Selecting key managers rationally, dealing with the losers and building morale.Morale is an immediate requirement. Building morale must be a top priority, reflected in the leader's daily calendar, public behaviours, and private reflections. Morale is built by innumerable small decisions and acts, all of which must be true for those undergoing reorganization. It requires a level of mastery that unfortunately is not often discussed or promoted among managers. This mastery is "the moral or mental condition with respect to courage, discipline, confidence, enthusiasm and wereingness to endure hardship. Each member of the leadership team is chosen, 21
that member must offer input into the selection of the rest of the leadership team still to be chosen.

The second Mandate: Establish clear systems of power: When selecting the Leadership Team: Everyone already on board, who is at the same level and who must communicate and coordinate with the position, ought to participate. Participation should include interviewing top candidates. It might include checking references. Input should include both communicating recommendations to the decision maker, before the decision is made, and being told about the decision before it is implemented. The secret to building blocks of expert leadership is by walking the talk, cultivate exemplary characteristics, attending carefully to communication, track morale and its implications. Top management inevitably sets the moral tone for the organization by personally embodying the values by which all were be held accountable. No matter how eloquent and pervasive the official rhetoric is, the new organization were reflect the leader's walk, rather than the leader's talk. Behaviours always speak louder than words, and the behaviours of the top leadership are open to scrutiny from all directions. Leadership must cultivate exemplary characteristics, the leadership behaviours that most Effect morale relate directly to the fibre and strength of the leader's inner character Integrity, which is the congruence between the vision and direction expressed in a leader's expressed intentions as compared to the vision and direction expressed in a leader's observable actions walking the talk.

The third mandate: Build credibility of the organisation: The most effective way to address the substantive, practical concerns which Effect the success the firm is to communicate and discuss thoroughly repeatedly the future direction, including opportunities and risks inherent in that direction, expectations that must be satisfied to exploit the opportunities, Dependencies that must
be satisfied among various functional organizations. What is most likely to go wrong, and what should be done when those things go wrong and the most important issues to manage well and how they were be managed. Place standards and structures of communication and how processes should be carried out.

2.3.3 Cost Reduction Strategy

In today’s competitive world, corporate and businesses are struggling to maintain profits and healthy bottom lines. Cost of production, fuel, raw material and human resources is rising each year. These developments have prompted people to look for Cost reduction ideas and methods. Those who have opted for focused cost reduction strategies should survive the times. In recent economic down turn it becomes more important to make cost reduction program a major initiative in industry. Companies are finding it difficult to retain people and are laying off people which is unprecedented in recent history of industrial recession, Companies have to develop its own cost reduction program for savings without cutting jobs.

Multiple researchers in the field of turnaround management emphasize the importance of cost retrenchment for achieving turnaround success (for example Hofer, 1980; Bibeault, 1999; Robbins and Pearce, 1992). Correctly identifying the cause of decline allows the turnaround response to be tailored to the specific problem. An early perspective on turnaround strategies dichotomized the cause of a firm’s decline into internal and external sources of decline (Schendel and Patton, 1976; Schendel, Patton and Riggs, 1976). Correspondingly, two types of turnaround strategies are distinguished: operating versus strategic turnaround strategies (Hofer, 1980). Strategic turnaround strategies should be used to solve external problems, while operating
strategies should be applied in the case of internal problems. Operating strategies focus on improvement of firm efficiency and therefore are closely related to retrenchment of non-performing assets and overly high cost factors. Both types of turnaround responses, however, may include asset and cost-cutting elements, which are assumed to positively influence performance if closely tied to the assessment of current operating and strategic health of the firm (Hofer, 1980).

Research on turnaround suggests that the performance outcomes of asset and cost reduction are contingent on industry dynamics as well (Chowdhury and Lang 1996, Morrow et al., 2004). Turnarounds cannot be sensibly analyzed without taking into account the context of the financial obligations and related governance arrangements (Igor and Toms 2006, Kumar 2003). Hofer (1980) and Robbins and Pearce (1992) argue that companies under severe financial distress need to make aggressive cost and asset reductions in order to survive. Slashing labor costs, production costs, selling and administrative expenses, R&D expenditure, and financing costs is a common strategy used in the early stages of corporate turnarounds (Denis and Kruse 2000, Beixin et al 2008). However, as pointed out by Slater (1999), the aggressive reduction of costs and assets is no easy task because of the possible organizational resistance to such action. Asset-reduction strategies have been recommended for failing companies in order to improve cash inflows (Hofer 1980, Taylor 1982, Hambrick and Schecter 1983, Robbins and Pearce 1992), which would help in meeting the immediate cash obligations as well as for creating more productive assets.
2.3.4 Asset Reduction

The second type of retrenchment that has received substantial attention in the literature is asset retrenchment (Barker & Mone, 1994; Robbins & Pearce, 1992). The logic with an asset retrenchment strategy is that by reducing underperforming assets, a firm can halt its downward slide and hopefully improve performance (DeWitt, 1993; Hoskisson & Johnson, 1992). If the strategic factor market for a given industry is perfectly competitive, the cost of a resource were approximate its economic value. Firms that utilize the markets to acquire the resources needed for implementing a given strategy were generally be unable to earn greater than a normal return from the use of those resources (Barney, 1986; Peteraf, 1993). Selling assets that are specific to a growth industry are likely to be highly valued by those seeking assets, and thus, bring a premium price in the strategic factor markets (Barney, 1986). For the retrenching firm, selling unproductive assets enables them to focus on those assets that it can utilize most efficiently. Harrigan (1988) argued that a resilient resale market for a firm’s assets is normally present in mature industries. DeWitt (1998) also suggested that firms in mature industries may feel pressure to increase efficiencies, which can increase economies of scale.

Resources in mature industries are most valuable if they can be sold to other firms in the industry, which should lead to an active resale market for firm assets that can be readily redeployed. In a dynamic market for its factors of production, poorly performing firms in mature industries may engage in extensive asset retrenchment to decrease fixed costs associated with excess capacity and improve efficiency. Consistent with these theoretical arguments and past empirical research on asset retrenchment in mature industries (Hambrick & Schecter, 1983;
Robbins & Pearce, 1992), firms in mature industries that engage in asset retrenchment should realize improved performance.

Strategic factor markets also offer important insights for asset retrenchment in declining industries. While firms in declining industries should focus on efforts to increase efficiency (for example cost retrenchment), the efficacy of an asset retrenchment strategy for increasing firm performance may be hampered if the firm’s resources have limited value outside the firm (DeWitt, 1998). The aforementioned problems may be exacerbated if industry demand is declining, because industry-specific assets held by a firm are unlikely to be sought by other firms either inside or outside of the industry. These industry-specific assets, by definition, were have very little value outside the industry. Furthermore, if these assets are firm-specific, they are likely to attract an even lower price in the strategic factor markets. The concept of barriers to exit from an unattractive industry suggests that if a firm’s assets are durable, firm-specific and unattractive to potential buyers; they may serve as a barrier to exit and become a source of competitive disadvantage (DeWitt, 1998). The resulting thin resale market for the assets of the business may make successful sales of these assets particularly difficult (Harrigan, 1981). Given the poor resale market for assets that are specific to a declining industry, we argue that these assets are likely to already be deployed in their highest and best use. Thus, the sale price for most of these assets is likely to be less than the discounted present value of the future cash flows that could be generated by the assets in their current use. The sale of such assets would likely further decrease firm performance (Donaldson, 1990). In fact, research has found that firms forced into selling assets quickly due to poor firm performance resort to “fire sales” (Donaldson, 1990). Fire sales generally result in losses from the sale of the assets and drive firm performance lower.
Shleifer and Vishny (1992) found that firms operating in industries that have declined and have low levels of liquidity. These low levels of liquidity require firms to offer a significant discount to sell assets quickly. They also report that assets are often sold for less than their market value. In this scenario, buyers might bid so cautiously that sellers were find it worthwhile to retain the assets (Ravenscraft & Scherer, 1987). Furthermore, if the sale involves firm-specific investments, profitably exiting a business in a declining industry becomes highly improbable. These assets usually have specialized and on-going functions (Dyer, 1996), which are not easy to redeploy (Kochhar, 1996). Given the nature of human-specific investments that are often linked to these assets, scale economies associated with their acquisition are likely to be very difficult to transfer (DeWitt, 1998). Therefore, the sale of highly specific assets may limit their applicability to other firms (Kochhar, 1996), thereby reducing the number of potential bidders and simultaneously lowering the potential asset resale value in the market (Sicherman & Pettway, 1992). Because of a poor resale market due to asset specificity, problems with redeploying assets, and the short-time frame managers must operate within, it is expect asset retrenchment to be negatively related to performance improvement in firms operating in declining industries.

2.4 Summary of Literature review and research gaps

A point to note is that various studies have been undertaken regarding turn around strategies among failing organizations however due to rapid changes in the environment beg for defined strategies by managers, earlier studies have therefore not exhausted this area.
The theories and conceptual framework have been of use in the findings. Theory of constraints has been useful in this research because it is a base to examine in cost reduction particularly in increasing productivity of the firm. Resource based theory had influence in implementation of asset reduction strategy, while the chaos theory informed manager’s on the timing during introduction of innovations. A study by Miller and LeBreton-Miller (2005) on why family businesses fail concluded that these businesses fail due to over confidence and deviation from company objectives that is the disequilibrium and chaos theory. On the other hand a study by Lohrke et al., (2004) investigated role of top management in formulating and implementing turnaround strategies, the study looked at factors such as the backgrounds of the top management teams as well as their cognitive complexity. The study concluded that non-financial measures such as customer satisfaction and shareholder opinions should be applied in order to correct financial distress. The researcher in this study endeavours to address these gaps and give her recommendation on what the organization needs to do as far as manager’s strategy to turn around is concerned to ensure sustainable competitive advantage, shareholder confidence and customer satisfaction. The literature on firms’ decline and turnaround management seeks to address several questions such as social, economic consequences of firm’s decline (Harris and Sutton, 1986) and how firms respond to a decline, etc. The problem of decline, though widespread to all industries, sectors of economy and in all parts of the world, has been viewed and tackled differently in different industries, and in different countries. There have been varied responses to the problem. The literature available on the subject was reviewed to draw guidance for the study, to find answers to research questions and to conceptualize and organize ideas to suggest an appropriate strategy to meet the challenge.
2.5 Conceptual framework

The figure below presents the relation between the dependent variable and the independent variables.

**Shareholder value**
- Adjusted basic earnings per share
- Total shareholder return
- Customer satisfaction
- Employee engagement

**Top Management Reorganisation**
- Strength of market position
- Transparency & commitment
- Strategic decisions
- Stakeholder engagement

**Cost Reduction**
- Technology
- Processes
- Waste reduction
- Increased productivity

**Asset Reduction**
- Quality of management
- Image enhancement
- Dependency
- Resource conservation

**Turned Around organisation**
- Firms competitive advantage
- Profitability
- Employee satisfaction

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**Independent Variables**
**Dependent Variable**

**Figure 2.1 Conceptual Framework**

Source: Author (2012)
Shareholder value was directly affected by the strategic choice managers made; shareholder value analysis when implemented at the operational level were aligning the interests of managers with those of the stockholders. Moreover, there was a feeling that the financial markets react strongly to changes in income and hence managers are more concerned about increasing short-term profits than increasing long-term performance.

Top management communicated the strategic purpose for reorganizing changing markets, pressure from competitors and new product lines can make change necessary if the business is to survive. Top managers ensured that everyone came through the transition successfully In terms of change management; management of change in an organisation is directly linked to the role of a strategic leader. The leader plays a vital role in this process.

Cost reduction had a relationship with manager’s planning in all competitive markets. An established company in a maturing market is likely to see the best return from investments in cost cutting has to be balanced with investments that were grow the top line, consolidation which is a cost reduction measure improving cash flows can be used to invest in building profitable sales in existing markets.

There was a relationship between manager’s strategy and driving out needless costs that continue to be the challenge for determining the long-term financial success for organizations. Decisions on equipment asset management was key to effective cost control therefore managers’ focused attention on lifecycle costs, from acquisition through maintaining and replacing capital equipment, can assure significant financial and operational results.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the researcher design, target population, sampling design and size. The researcher also explains how data was collected i.e. the data collection instrument and tools. Since the respondents was required to describe Effect of manager’s strategies during turnaround and share problems related to decline, the researcher used descriptive research design.

3.2 Research Design

The following study adopted the case study approach. This is where a study is conducted in a company in its natural setting, with minimal research interface in the normal flow of work Mugenda and Mugenda (2003). A case study is form of descriptive research defined as a process of gathering data in order to test hypothesis or to answer a question concerning the current status of the element of the study because the research was carried out on a number of staff in various department and section. This is because their perception is considered to be important and of value since they would give the research a real picture of the problem area and it were allow the researcher to establish the effect of turnaround strategies on performance of organisations.
3.3 Target Population

Borget al (1989) defines target population as, ‘all members of a real or hypothetical set of people, events or objects to which a researcher wishes to generalize the results of the research study. The target population was drawn from Uchumi supermarkets Branches in Nairobi. The researcher were target 21 branch managers, 21 assistant managers, 34 finance mangers, 24 human resource managers, 165 sales manages and 46 customer care managers bring a total of 311 people.

Target population was distributed as shown in the table below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Branch manager</th>
<th>Assistant managers</th>
<th>Finance managers</th>
<th>Human resource managers</th>
<th>Sales representatives</th>
<th>Customer care representatives</th>
<th>Total</th>
</tr>
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<td>18</td>
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<td>11</td>
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<td>34</td>
<td>24</td>
<td>165</td>
<td>46</td>
<td>311</td>
</tr>
</tbody>
</table>

Table 3.1 Target Population Table

Source Uchumi-Head office 2012
3.4 Sampling Design and Procedures

Sampling is a systematic selection of representative cases from the larger population. The purpose of sampling was to get accurate empirical data at a fraction of the cost of examining all possible cases. Fowler (2002) explains that stratification means that specific characteristics of individuals are represented in the sample and the sample reflects the true proportion in the population of individuals with certain characteristics.

The Sample size in the study comprised of 90 managers. The researcher used purposive sampling for the number of supermarkets to be researched on, and then stratified sampling since it was not be feasible to cover all the 311 managers. The sample consisted of 90 managers from 15 branches, purposive sampling is supported by argument from Fraenkel and Wallen (1993) who notes that purposive sampling allowed the researcher to select a sample or use cases that the researcher believes provided the data needed. Creswell 2009 suggests, ‘indicate the number of people in the sample and the procedures used to compute the numbers. The researchers chose supermarkets within Nairobi and randomly select 40% of the population of managers in each stratum as shown in the table below.

<table>
<thead>
<tr>
<th>Stratum</th>
<th>Manager's Population</th>
<th>Sample size 40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch managers</td>
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<td>6</td>
</tr>
<tr>
<td>Assistant managers</td>
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<td>6</td>
</tr>
<tr>
<td>Finance managers</td>
<td>28</td>
<td>11</td>
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<tr>
<td>Human resource managers</td>
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<td>7</td>
</tr>
<tr>
<td>Sales representatives</td>
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<td>46</td>
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<tr>
<td>Customer care representatives</td>
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<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>225</strong></td>
<td><strong>90</strong></td>
</tr>
</tbody>
</table>

Table 3.2 Sample size table

Source: HR (2012)
3.5 Data Collection Methods

Primary data was collected through the use of questionnaire that involves administration questionnaire to the respondents on their work station. The researcher sought to collect responses from various respondents about the subject at hand. The selection of questionnaire as the instrument is guided by the nature of data to be collected, time available as well as the objective of the study. Questionnaire was administered to all the sample population in the strataums. There were three set of questions that depended on the variable. The questions in each questionnaire were unique to each of the variables as they sought to establish Effect of turnaround strategies on performance of organisations. Gay (1992) maintains that questionnaires give respondents freedom to express their views or opinion and also to make suggestion. Besides, it is anonymous and anonymity helps to produce more candid answers than is possible in an interview.

3.5.1 Reliability

According to Borg et al (1989) validity is the degree to which a test measures what it purports to measure. All assessments of validity are subjective opinions based on the judgment of the researcher Wiersma (1995). Creswell (2009) suggests that, to use an existing instrument, describe the established validity and reliability of scores obtained from past use of the instrument. The pre-test study helped to improve face validity and content of the questionnaire. Questionnaires were distributed to 10% sample size to carry out a Pre-test. Questionnaires were administered to nine members of staff. It should be noted that the procedures that were used in the pilot study were identical to those used during the actual study. Pre-testing was important to the researcher because it tested whether the questionnaire elicited responses required to achieve the research objectives, whether the content of the instrument was relevant and adequate.
Confirmation of clear wording of questions suited to the understanding of the respondents, to test the other qualitative aspects of the instrument like question structure and question sequence, and to develop appropriate procedure for administering the Questionnaire.

3.5.2 Validity

According to Mugenda and Mugenda, (2003), validity is the accuracy and meaningfulness of inferences, based on the research results. Content validity drew an inference from test scores to a large domain of items similar to those on the test. Content validity was concerned with sample-population representativeness which the 90 questionnaires were issued by the researcher to uchumi employees at random for purpose of confirming the reliability of data. Literature review of the research done by other people and the journals demonstrated reliability for the authors quoted as the report measures consistency with topic to be studied.

3.6 Data Collection Procedures

The researcher obtained a research permit from the Uchumi head office to visit branches within Nairobi for the purpose of collecting data. The researcher personally administered the questionnaires to some branches and used two research assistants to administer to other branches. The researcher visited the Branch managers of the selected supermarkets to explain the purpose of the research and sought permission to administer the questionnaire to the departmental managers and then the respondents were given the questionnaire with an assurance that strict confidentiality was maintained as far as the responses are concerned. The respondents were given one and a half weeks to respond and thereafter the filled-in questionnaires were collected.
3.7 Data Analysis

All completed questionnaires were thoroughly checked in the office for Completeness, accuracy and Uniformity, they were then coded. The researcher’s codebook identified a specific item of variable and the code number assigned to each category of that item then posted into Statistical Package for Social Sciences (SPSS version 17) and an analysis run. The data was analyzed using descriptive statistics for quantitative data including regression analysis and content analysis for the qualitative data use of content analysis in organization studies had been useful in the course of the past 25 years (Erdener & Dunn, 1990; Jauch, Osborn, & Martin 1980). Descriptive statistics involved use of frequencies, percentage, mean and standard deviation. Data interpretation was done using frequency tables, bar and line graphs, and pie charts.

3.8 Ethical Considerations

The researcher was dealing with information professionals and therefore gave attention to ethical issues associated with carrying out research. Some of these issues included confidentiality. Respondent’s confidentiality and privacy was of utmost importance to the researcher and that their consent was sought before divulging any sort of information that they provided. The researcher was anonymous about the respondents. If the respondents wished to find out about the findings of the research the researcher was wereing to disseminate any findings on the research to them and even the institution. Concealing the research findings after completion of the research was unethical. Also it is important to note that this research was not for personal gain and did not aim at Effecting a negative effect on any institution or individual. All works of individual were acknowledged by the researcher in the reference section to avoid cases of plagiarism.
4.1 Introduction

This chapter presents the findings of the study on effect of turnaround strategies on performance of organisations. Qualitative data was analyzed through quantitative analysis. Graphs, pie charts and tables were used to present the data. The questionnaires were given to randomly selected branches and collected after seven days to allow the respondents to fill the questionnaires at their own time. Once the questionnaires were collected, data was then coded and analyzed using SPSS. The study targeted 90 respondents in collecting data with regard to effect of turnaround strategies on performance of organisations. From the study, 80 respondents out of the 90 sample respondents filled-in and returned the questionnaires making a response rate of 88.9%. This reasonable response rate was achieved after the researcher made personal calls and physical visits to remind the respondent to fill-in and return the questionnaires.

4.2 Demographic Characteristics of Respondents

The demographic characteristics covered by the study were Department, age, level of education, length of time at the company.
4.2.1 Department of respondent

The researcher asked the staff to indicated department of work to determine the inclusion of all staff as respondents; from the findings, 30% of the respondents were in customer care department, 28% were in finance department, 25% were in sales, 9% in management and 8% in human resource. The responses gathered are as shown in figure 4.1.

![Department of respondents](image)

Figure 4.1: Department of respondents

4.2.2 Age of the respondents

The respondents were asked to indicate their ages in order to understand the age of manpower body the organisation had. The response showed that majority of the managers are aged between years 25-40 at 79%, 15% were aged below 25 years and 6% above 40 years. See table 4.1

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25 yrs</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>25-40 yrs</td>
<td>63</td>
<td>79</td>
</tr>
<tr>
<td>Above 40 yrs</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.1: Age of the respondents
4. 1.3: Level of education

The respondents had attained different levels of education. The figure illustrates at 87% majority of the respondents had attained college education, 8% university and 5% secondary level.

![Level of education of the respondents]

4. 1.4: Years with the company

The study sought to find out the period the respondents had been working in the company. According to the findings, 74% of the respondents had been working in the company for 11-20 years, 23% had worked for less than 10 years and 3% for more than 20 years.

![Period the respondents had been working in the company]
4.3 Effect of Shareholder Repositioning

To measure the effect of shareholder repositioning the respondents were asked about basic earnings per share, change in total shareholding, customers response and employee engagement.

4.3.1: How the adjusted basic earnings per share changed during decline

The study sought to find out how the adjusted basic earnings per share changed during decline. According to the findings, 63% of the respondents indicated that adjusted basic earnings per share decreased during decline, 25% indicated that adjusted basic earnings per share remained constant during decline and 12% indicated that adjusted basic earnings per share increased during decline.

![Figure 4.4: How the adjusted basic earnings per share changed during decline](image-url)
4.3.2: Experience of total shareholding return during the transition

The study sought to find out the experience of total shareholding return during the transition. From the findings, 56% of the respondents indicated that total shareholding return were low during the transition, 31% of the respondents indicated that total shareholding return were high during the transition and 13% of the respondents indicated that total shareholding return were very high during the transition.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high returns</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>High returns</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>Low returns</td>
<td>45</td>
<td>56</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.2: Experience of total shareholding return during the transition

4.3.3: Customer’s response during the transition

The study sought to find out the customer’s response during the transition. From the findings, 63% of the respondents indicated that customer’s response during the transition was negative, 25% indicated that customer’s response during the transition was positive and 12% indicated that there was no customer’s response during the transition.

Figure 4.5: Customer’s response during the transition
4.3.4: If the company engaged employees during the decline

The study sought to find out if the company engaged employees during the decline. According to the findings, 62% of the respondents indicated that the company engaged employees during the decline through strategic planning and 33% indicated that the company engaged them through remuneration and 5% indicated that the organisation did not engage employees during the decline. Engagement was through being involved in strategic planning, share purchase and remuneration.

<table>
<thead>
<tr>
<th>Engagement Type</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement in strategic planning</td>
<td>56</td>
<td>62</td>
</tr>
<tr>
<td>Remuneration</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>No engagement</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.3: If the company engaged employees during the decline

4.4 Influence of Top Management Reorganisation

The study sought to find out if strategies made by transitional managers influenced strength of the company's market position.

4.4.1: If strategies made by transitional managers influenced strength of the company's market position

From the findings, 50% of the respondents indicated that strategies made by transitional managers influenced strength of the company's market position largely, 38% of the respondents indicated that strategies made by transitional managers influenced strength of the company's
market position moderately and 12% indicated that strategies made by transitional managers did not at all influence strength of the company’s market position.

Figure 4.6: If strategies made by transitional managers influenced strength of the company’s market position

4.4.2 Stakeholders interest in their strategic decisions

The study sought to find out whether new management considered stakeholders interest in their strategic decisions. According to the findings, 87% of the respondents indicated that new management considered stakeholders interest in their strategic decisions highly, 9% indicated that new management considered stakeholders interest in their strategic decisions rarely and 4% indicated that management never considered stakeholders interest in their strategic decisions.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly</td>
<td>70</td>
<td>87</td>
</tr>
<tr>
<td>Rarely</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Never</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.4: Whether new management considered stakeholders interest in their strategic decisions
4.4.3: Effect of managers’ strategic decisions to the organisation

The study sought to find out how managers’ strategic decisions affected the company. From the findings, 81% of the respondents indicated that managers’ strategic decisions affected the company positively, 13% indicated that managers’ strategic decisions affected the company in no way and 6% indicated that managers’ strategic decisions affected the company negatively.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively</td>
<td>65</td>
<td>81</td>
</tr>
<tr>
<td>Negatively</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>No way</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.5: How managers’ strategic decisions affected the company

4.4.4: Managers practice of transparency and commitment

The study sought to find out if the managers had a practice of transparency and commitment during decline. From the findings, 88% of the respondents indicated that the managers had a practice of transparency and commitment during decline and 12% indicated that the managers did not have a practice of transparency and commitment during decline.

Figure 4.7: If the managers had a practice of transparency and commitment during decline
4.5: Effects of Cost Reduction Strategy

The study sought to find out whether the company invested in technology in terms of machine and processes.

4.5.1: Whether the company invested in technology in terms of machine and processes

According to the findings, 63% of the respondents indicated that the company invested in technology in terms of machine and processes highly, 31% indicated that the company invested in technology in terms of machine and processes rarely and 6% indicated that the company never invested in technology in terms of machine and processes.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly</td>
<td>50</td>
<td>63</td>
</tr>
<tr>
<td>Rarely</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>Never</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.6: Whether the company invested in technology in terms of machine and processes

4.5.2: Process elimination as a cost reduction strategy

The study sought to find out if strategy of process elimination was considered during decline.

According to the findings, 88% of the respondents indicated that process elimination was considered during decline moderately and 12% indicated that process elimination was largely considered during decline.
4.5.3: Company’s productivity during turn around

The study sought to find out the company’s productivity during turn around. According to the findings, 91% of the respondents indicated that company’s productivity during turn around increased and 9% indicated that company’s productivity during turn around remained constant.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased</td>
<td>73</td>
<td>91</td>
</tr>
<tr>
<td>Constant</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.7: Company’s productivity during turn around

4.5.4: Waste reduction strategy implementation

The study sought to find out the company’s waste reduction tactics during turn around. According to the findings, 80% of the respondents indicated that the company reduced wastes through staff training and awareness creation while 20% were not aware of any cost reduction strategy.
4.6 Consequence of Asset Reduction Results

The study sought to find out the quality of human capital in the areas of specialisation during decline.

4.6.1: Quality of human capital in the areas of specialisation during decline

From the findings, 75% of the respondents indicated that human capital in the areas of specialisation during decline was moderately skilled, 19% indicated that human capital in the areas of specialisation during decline was highly skilled and 6% indicated had no skills.
4.6.2: Asset reduction enhanced company’s image

The study sought to find out if asset reduction enhanced company’s image. From the findings, 93% of the respondents indicated that asset reduction enhanced company’s image highly and 8% indicated that asset reduction enhanced company’s image rarely.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly</td>
<td>74</td>
<td>93</td>
</tr>
<tr>
<td>Rarely</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.8: If asset reduction enhanced company’s image

4.6.3: Effect of dependency on a certain resource

The study sought to find out if the company was affected by dependency on a certain resource. From the findings, 75% of the respondents indicated that the company was affected by dependency on a certain resource moderately, 19% indicated that the company was not at all
affected by dependency on a certain resource and 6% indicated that the company was largely affected by dependency on a certain resource.

![Figure 4.11: If the company was affected by dependency on a certain resource]

4.6.4: If there was need for managers to get advice from specialist about resource conservation decisions

The study sought to find out if there was need for managers to get advice from specialist about resource conservation decisions. From the findings, 98% of the respondents indicated that there was high need for managers to get advice from specialist about resource conservation decisions and 3% indicated that there was rare need for managers to get advice from specialist about resource conservation decisions.
<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly</td>
<td>78</td>
<td>98</td>
</tr>
<tr>
<td>Rarely</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.9: If there was need for managers to get advice from specialist about resource conservation decisions
4.7 Regression Analysis

In addition, the researcher conducted a linear regression analysis so as to test relationship among variables (independent) on the performance of organisations. The researcher applied R to code, enter and compute the measurements of the multiple regressions for the study.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.867(^a)</td>
<td>.752</td>
<td>.643</td>
<td>.4311</td>
</tr>
</tbody>
</table>

Table 4.10 Model Summary

Source: Author (2012)

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance of organisations) that is explained by all the four independent variables (shareholder repositioning, top management reorganisation, cost reduction strategy and asset reduction).

The four independent variables that were studied, explain only 75.2% of the (performance of organisations as represented by the R\(^2\). This therefore means that other factors not studied in this research contribute 24.8% of the (performance of organisations. Therefore, further research should be conducted to investigate the other factors (24.8%) that affect (performance of organisations).
The significance value is 0.003 which is less than 0.05 thus the model is statistically significant in performance of organisations. The F critical at 5% level of significance was 2.43. Since F calculated is greater than the F critical (value = 51.455), this shows that the overall model was significant.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.434</td>
<td>6</td>
<td>1.103</td>
<td>51.455</td>
<td>.003</td>
</tr>
<tr>
<td>Residual</td>
<td>7.307</td>
<td>74</td>
<td>2.452</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.326</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 4.11 ANOVA**

Source: Author (2012)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.804</td>
<td>1.013</td>
<td>0.842</td>
<td>0.021</td>
</tr>
<tr>
<td>Shareholder repositioning</td>
<td>0.523</td>
<td>0.062</td>
<td>0.218</td>
<td>0.32</td>
</tr>
<tr>
<td>Top management reorganisation</td>
<td>0.742</td>
<td>0.034</td>
<td>0.413</td>
<td>0.23</td>
</tr>
<tr>
<td>Cost reduction strategy</td>
<td>0.821</td>
<td>0.013</td>
<td>0.654</td>
<td>0.12</td>
</tr>
<tr>
<td>Asset reduction</td>
<td>0.631</td>
<td>0.052</td>
<td>0.325</td>
<td>0.28</td>
</tr>
</tbody>
</table>

**Table 4.12 Model Summary: Coefficient of determination**

Source: Author (2012)
The researcher conducted a linear regression analysis so as to determine the effect of the independent variables (shareholder repositioning, top management reorganisation, cost reduction strategy and asset reduction) on the dependent variable (performance of the organisation). As per the R generated table above, the equation \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \) becomes:

\[
Y = 0.523X_1 + 0.742X_2 + 0.821X_3 + 0.631X_4 + 1.804
\]

Where \( Y \) is the dependent variable (performance of the organisation), \( X_1 \) is the Shareholder repositioning variable, \( X_2 \) is top management reorganisation variable, \( X_3 \) is Cost reduction strategy and \( X_4 \) is Asset reduction.

According to the regression equation established, taking all factors into account (shareholder repositioning, top management reorganisation, cost reduction strategy and asset reduction) constant at zero, performance of the organisation were be 1.804. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in Shareholder repositioning were lead to a 0.523 increase in performance of the organisation; a unit increase in top management reorganisation were lead to a 0.742 increase in performance of the organisation, a unit increase in cost reduction strategy were lead to a 0.821 increase in performance of the organisation and a unit increase in asset reduction were lead to a 0.631 increase in performance of the organisation. This infers that cost reduction strategy contributes more to performance of the organisation.

At 5% level of significance and 95% level of confidence, cost reduction strategy had a 0.001 level of significance and Shareholder repositioning showed a 0.014 level of significance.
CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to investigate the effect of turnaround strategies on performance of organisations.

5.2 Summary of the Findings

The study aimed at establishing the effect of turnaround strategies on performance of organisations. Shareholder repositioning, top management reorganisation, cost reduction strategy and asset reduction affected performance of organisations.

5.2.1 Department of respondent

The study found out that majority of the implementation managers were in customer care, finance department and sales department. These are the departments that are at core of ensuring that the strategies set are realised and in this case then having a successful turnaround.

5.2.2 Age

From the study it was noted that in turning around an organisation the age of managers that is most viable to work towards a successful turnaround is in the age of twenty five to forty years.
5.3.3 Level of education

The study showed that implementation managers who have attained college education were active in turning around the organisation.

5.3.4 Years with the company

The study found out that it was easier to turnaround an organisation with a team that had been with the company for a period of ten to twenty years.

5.3.5 Shareholder repositioning

The study found that 63% of the respondents indicated that adjusted basic earnings per share decreased during decline. 56% of the respondents indicated that total shareholding return were low during the transition. 63% of the respondents indicated that customer’s response during the transition was negative. 62% of the respondents indicated that the company engaged employees during the decline. It was found that shareholder reposting is affected by an organisations decline however the support of stakeholders was paramount during turn around.

5.2.6 Top Management Reorganisation

The study found that 50% of the respondents indicated that strategies made by transitional managers influenced strength of the company’s market position largely. 87% of the respondents indicated that new management considered stakeholders interest in their strategic decisions highly. 81% of the respondents indicated that managers’ strategic decisions affected the
company positively. 88% of the respondents indicated that the managers had a practice of transparency and commitment during decline. The study found that the reorganisation of top management was inevitable during decline and that transitional managers have a great influence in the positive growth of the organisation.

5.2.7 Cost Reduction Strategy

The study found that to turnaround an organisation 63% of the respondents indicated that the company invested in technology in terms of machine and processes highly that helped a great deal in waste reduction and quality production. 88% of the respondents indicated that process elimination was considered during decline moderately. 91% of the respondents indicated that company's productivity during turn around increased.

5.2.8 Asset Reduction

The study found that 75% of the respondents indicated that human capital in the areas of specialisation during decline was moderately skilled. 93% of the respondents indicated that asset reduction enhanced company's image highly. 75% of the respondents indicated that the company was affected by dependency on a certain resource moderately. 98% of the respondents indicated that there was high need for managers to get advice from specialist about resource conservation decisions. The quality and dependability on assets enhances company's image.
5.3 Conclusions

The study concludes that adjusted basic earnings per share decreased during decline. Total shareholding return was low during the transition. Customer’s response during the transition was negative. The company engaged employees during the decline.

The study concludes that strategies made by transitional managers influenced strength of the company’s market position largely. New management considered stakeholders interest in their strategic decisions highly. Managers’ strategic decisions affected the company positively. The managers had a practice of transparency and commitment during decline.

The study concludes that the company invested in technology in terms of machine and processes highly. Process elimination was considered during decline moderately. Company’s productivity during turn around increased.

The study concludes that human capital in the areas of specialisation during decline was moderately skilled. Asset reduction enhanced company’s image highly. The company was affected by dependency on a certain resource moderately. There was high need for managers to get advice from specialist about resource conservation decisions.

5.5 Recommendations

The study recommends the management at organisation engage employees during the turnaround decline. They should consider stakeholders interest in their strategic decisions. They need to have a practice of transparency and commitment during the turnaround.
The company need to invest in technology in terms of machine and processes. This will help to increase productivity. The organisation needs to hire skilled human capital in the areas of specialisation. Managers need to get advice from specialists about resource conservation decisions.

5.6 Suggestions for Further Research

A similar study could be carried out in other organisations to see whether the same results were obtained. The study focused on retail enterprise thus another study should be carried out to find out in other industries to find out if the same results were obtained.
REFERENCES


http://www.uchumi.com/index

http://en.wikipedia.org/wiki/Uchumi_Supermarkets
APPENDICES

APPENDIX 1: Letter of Correspondence

26\textsuperscript{th} March 2012

Dear Respondent,

REF: RESEARCH QUESTIONNAIRE

I am a second year student in the Faculty of Business at Kenyatta University, pursuing Masters Degree in Business Administration conducting a study under the supervision of Dr. E Obere. Looking at Effect of manager’s strategies in turning around organizations, your firm is my case study.

Attached are the Questionnaires for the employees of Uchumi, from all levels of management to help me achieve the stated project objective. Filling up the form is voluntary and note that any information given shall be treated confidential.

If after receiving this letter, you have any questions about this study, or would like additional information to assist you in reaching a decision about participation, please feel free to contact the researcher. Thank you in advance for your interest in this study.

Yours sincerely,

Kellen Kabii


Mobile number: 0721 447444

Email: Kellenkabii@yahoo.com
EFFECT OF MANAGER'S STRATEGIES IN TURNING AROUND ORGANIZATIONS

QUESTIONNAIRE FOR UCHUMI SUPERMARKETS STAFF MEMBERS

Appendix 2: QUESTIONNAIRE

SECTION A - PERSONAL DETAILS

Please tick where appropriate

1. Department

Management [ ]
Human resource [ ]
Finance [ ]
Sales [ ]
Customer care [ ]

2. Age

Under 25 yrs [ ]
25-40 yrs [ ]
Above 40 yrs [ ]

3. Level of education

Secondary [ ]
College [ ]
University [ ]
Others...

4. How long have you been in this company?

Below 10 years [ ]
Between 11-20 Years [ ]
Between 20-40 Years [ ]
Over 40 years [ ]

63
SECTION B - STRUCTURED QUESTIONS

SECTION B1: Below are factors affecting Shareholder value indicate on the change experienced by placing a tick [√] where appropriate.

5. How did the adjusted basic earnings per share change during decline?
   - Increased [ ]
   - Constant [ ]
   - Decreased [ ]

6. Any experience of total shareholding return during the transition?
   - Very high returns [ ]
   - High returns [ ]
   - Low returns [ ]

7. How is customer’s response during the transition?
   - Positively [ ]
   - Negatively [ ]
   - None [ ]

8. In your opinion did the company engage employees during the decline? If yes, how?
SECTION B2: The following are factors affecting top management reorganisation tick [✓] your observation where appropriate

9. Were the strategies made by transitional managers influence strength of the company’s market position?
   - Largely [  ]
   - Moderately [  ]
   - Not at all [  ]

10. Did the new management consider stakeholders interest in their strategic decisions?
    - Highly [  ]
    - Rarely [  ]
    - Never [  ]

11. How did the managers’ strategic decisions affect the company?
    - Positively [  ]
    - Negatively [  ]
    - No way [  ]

12. Did the managers have a practice of transparency and commitment during decline? If yes, how? .................................................................................................................................................................................
**SECTION B3:** Below are factors affecting Cost reduction strategies. Tick your observation on the schedule provided.

13. Did the company invest in technology in terms of machine and processes?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Highly</td>
<td>[ ]</td>
</tr>
<tr>
<td>Rarely</td>
<td>[ ]</td>
</tr>
<tr>
<td>Never</td>
<td>[ ]</td>
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</tbody>
</table>

14. Was the strategy of process elimination considered during decline?

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Largely</td>
<td>[ ]</td>
</tr>
<tr>
<td>Moderately</td>
<td>[ ]</td>
</tr>
<tr>
<td>Not at all</td>
<td>[ ]</td>
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</tbody>
</table>

15. How was the company’s productivity during turn around?

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Increased</td>
<td>[ ]</td>
</tr>
<tr>
<td>Constant</td>
<td>[ ]</td>
</tr>
<tr>
<td>Decreased</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

16. How was waste reduction strategy implemented during turnaround?
SECTION B4: The following are factors affecting asset reduction tick [✓] your observation in the options provided.

17. How was the quality of human capital in the areas of specialisation during decline?
   - Highly skilled [ ]
   - Moderately skilled [ ]
   - No skill [ ]

18. Did asset reduction enhance company’s image?
   - Highly [ ]
   - Rarely [ ]
   - Never [ ]

19. Was the company affected by dependency on a certain resource?
   - Largely [ ]
   - Moderately [ ]
   - Not at all [ ]

20. Is there need for managers to get advice from specialist about resource conservation decisions? If yes, why?

..................................................................................................................................................
## Appendix 3: Time Frame

<table>
<thead>
<tr>
<th>Activity</th>
<th>March</th>
<th>April</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instrument design</td>
<td>xxxx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instrument revision</td>
<td>xxx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Questionnaire Administration</td>
<td>xx</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Collection</td>
<td>x</td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td>Data processing</td>
<td></td>
<td>xx</td>
<td>xxxx</td>
</tr>
<tr>
<td>Data analysis</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Report writing: Final draft</td>
<td></td>
<td></td>
<td>xxxx</td>
</tr>
</tbody>
</table>
Appendix 4: Budget

<table>
<thead>
<tr>
<th>Activity / Item</th>
<th>Cost per unit</th>
<th>No. of units</th>
<th>Total (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Stationery</td>
<td>-</td>
<td>-</td>
<td>2,500</td>
</tr>
<tr>
<td>2  Printing/Photocopying</td>
<td>20</td>
<td>150</td>
<td>3,000</td>
</tr>
<tr>
<td>3  Binding expenses</td>
<td>120</td>
<td>4 pieces</td>
<td>480</td>
</tr>
<tr>
<td>4  Labour</td>
<td>300 (2 person)</td>
<td>5 days</td>
<td>3,000</td>
</tr>
<tr>
<td>5  Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>6  Travelling&amp; subsistence</td>
<td>100 (1 person)</td>
<td>2 days</td>
<td>2,000</td>
</tr>
<tr>
<td>7  Courier services</td>
<td>300</td>
<td>6 times</td>
<td>1,800</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>17,780</td>
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</table>