CORPORATE RESTRUCTURING AND ITS EFFECTS ON KENYA COMMERCIAL BANK PERFORMANCE

BY

ITHIRI MWENDA DICKSON

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DECLARATION

This project is my original work and has not been presented for a degree in any other university or any other award.

Signature……………………………. Date…………………

ITHIRI DICKSON MWENDA **D53/OL/15276/2008**

This project was done by the candidate under my supervision as the appointed University Supervisor

Signature …………………………. Date …………………….

Dr Muathe SMA (PhD)

Department of Business Administration

School of Business

Kenyatta University

Chairman

Department of Business Administration

School of Business

Kenyatta University

Signature …………………………. Date …………………….

DEDICATION

I dedicate this work to my family for bearing with me the many times I have not been able to give them attention while studying. I appreciate the financial and moral support from my wife Anna Karimi and encouragement and prayers from my daughters Shekinah and Jemimah. May God bless them in a special way.

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I acknowledge the contribution, support and guidance of my supervisor Dr Muathe particularly for the time he spent checking on the progress of this research paper, which gave me a lot of encouragement to continue even when the going seemed rough. May Almighty God bless him abundantly.

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LIST OF ABBREVIATIONS

GoK	Government of Kenya
IT	Information Technology
KCB	Kenya Commercial Bank
NSE	Nairobi Securities Exchange
PWC	Pricewaterhouse Coopers
TP	Transformation Programme
SPSS	Statistical Package for Social Scientists

OPERATIONAL DEFINATION OF TERMS

Management: In all businesses and organizational activities, this is the act of-getting people together to accomplish desired goals and objectives efficiently and effectively.

Operational costs: These are the ongoing costs/ expenses for running a product line, business, or system in a day to day basis and may also be referred to as operating expenses.

Organization Culture: This is the collective behavior of humans that are part of an organization, it is also formed by the organization values, visions, norms, working language, systems, and symbols, it includes beliefs and habits.

Restructuring: It is the corporate management term for the act of reorganizing the legal, ownership, operational, or other structures of a company for the purpose of making it more profitable, or better organized for its present needs .

Transformation: Transformation is the huge/ major change in programs or systems by an organization or body aimed at improving performance, building capabilities, and strengthening the behavior of employees and operations within the organization over time.

ABSTRACT

Organizational restructuring is inevitable for any organization that is focused on dealing with competition and day to day organizational challenges. It is critical that organizations implement restructuring carefully if they are to survive. The researcher has reviewed a broad literature base on restructuring clearly examining the theories and perceptions related to the process and further, through a conceptual framework, the study outlined how the objectives, of operational costs, organization structure, management style and size of work force affect restructuring in an organization. The study adopted a descriptive survey since it was seeking to ascertain respondent's perceptions and experiences on organization restructuring in a structured manner. Data for the survey was collected from 100 randomly sampled respondents using a questionnaire. Data collected was analyzed using descriptive statistic such as mean, frequencies, percent and standard deviation and findings presented using tables, charts and graphs. The study found that the main the main drivers for restructuring were competition, new company strategy, budgetary cuts, public pressure and change in government policy. The study found that there were change in the organization's mission and goals statement before or after the restructuring process which was as results the new company objectives and core values. On management style and organization restructuring the study found that employees are given leadership opportunities through delegation. From the findings on the size of work force, the study revealed that the staffs in the organization are adequate, that organization provides the necessary facilities to all employees for effective delivery, job functions and responsibilities of staff overlap, there is a policy on staff levels and the organization supports staff with welfare activities.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The Kenyan economy has over the last five years, suffered major shocks including post-election disturbances, high oil and fertilizer prices, the global economic and financial crisis, exchange rate volatility, high inflation rates and severe drought that affected most parts of the country (CBK, 2010). However despite the unfavorable business environment, the banking sector's growth has been on an upwards trend posting double digit growth in profitability during the period. The sector posted a profit of 48 billion in 2009 which was 14.3% growth from 2008. This result jumped by 28.4% in 2010 and 35.1% in 2011 (CBK, 2011). Would successful corporate restructuring be the source of this impressive performance?

Research by the Kenya Bankers Association found that as much as 37% of the potential value of a corporate restructuring in commercial banks in Kenya is lost during strategy Implementation (KBA, 2012). (Raps and Kauffman, 2005) concluded that success of corporate restructuring implementation has been a 10 to 30 %. Commercial banks play a very key role in the economic growth of any country. The sector contributed 5.4% of the GDP in 2010 with a potential to contribute 8% to 15% (CBK, 2011) compared to 22% in South Africa and Ghana at 28%. In addition, they hold assets worth 63% of the GDP.

In January 2011, KCB commissioned McKinsey & Company a global renowned strategy consultancy firm to work with the bank to design and implement a transformation agenda to accelerate growth and move its business from a good to a great business. The project took six months in the diagnostics and design phase. Implementation is ongoing and is expected to be completed by July 2013. The consultant was tasked with reviewing the current group corporate and governance structures, reviewing the current business model, reviewing of job roles and people placement, recommending operational changes that would increase efficiency, reviewing existing performance management and reward framework, looking into IT, regional and innovation strategies, recommending ways to grow the banks market share and reviewing the risk mitigation mechanisms, (KCB, 2010).

At the end of design period, the consultants came up with 21 strategies. The strategies aimed at streamlining the following areas; Retails and Operations, Corporate, Credit and Risk, Procurement, Finance, Human Resources and Culture, Information Technology and Marketing. The roll out of the initiatives began in July 2011. In just 5 months, KCB Group recorded pre-tax profits of KShs.15.1 billion, representing a robust 54% growth over the 2010 pre-tax profits of KShs.9.8 billion. The stellar performance was predominantly driven by the Group's total operating income that rose to KShs.36.9 billion from KShs.29.6 billion, translating to a 25% improvement. The assets increased by an impressive 32% to KShs.331 billion. The International Business pre-tax profits jumped by 100% from a loss of KShs.221 million in 2010, to KShs.1 billion in 2011. Customer deposits equally registered a growth of 32% from KShs.197 billion in 2010 to KShs259.3 billion. Customer numbers grew from 1.3 million to 1.8 million. KCB Group Chairman said that the transformation agenda of moving the Bank from good to great played a significant role in boosting business revenues, annexing a greater market share and improving efficiency in the Bank's spend (KCB, 2011).

1.1.1 Banking Sector in Kenya

In recent years, banking has increasingly gained popularity in Kenya due to various changes in the market (Ashcraft, 2005). According to a report by Pricewaterhouse Coopers (PWC, 2011), banking industry in Kenya is divided into three categories: banks, micro-finance institutions, foreign exchange bureaus and non-banks financial institutions. There are forty-six (46) banks and non-bank financial institutions, fifteen (15) micro-finance institutions and forty-eight (48) foreign exchange bureaus. Thirty-five (35) of the banks, most of which are small to medium sized, are locally owned. A few large banks most of which are foreign-owned dominate the industry with six (6) of the major banks being listed on the Nairobi Stock Exchange (PWC, 2007). Kenyan Banks have realized tremendous growth in the last five years and have expanded to other East African countries. Banks have massively automated and are moving from the traditional banking to meet the growing complex needs of their customers and globalization challenges (PWC, 2012).

Banking is a commodity service and the effects of changes within the institutions are experienced by most of the consumers of financial services (Llewellyn, 1992). In the last four years there has been increased competition from new entrants into the banking industry, forcing banks to cut costs and improve efficiency through automation, price rationalization and restructuring (Lee & Teo, 2005). According to Lee and Teo (2005), due to the competitiveness of the banking industry, some banks have begun incorporating organizational restructuring in their operations.

1.1.2 Corporate Restructuring

According to Cascio, (2001), corporate restructuring is broadly used to denote significant changes in the structural components of organizations by management. He adds that restructuring is aimed at achieving personal, financial, strategic and/or operational objectives and categorized corporate restructuring into portfolio restructuring, financial restructuring and organizational restructuring. On his part, Hayes (2001) differentiates restructuring into external (asset-based/portfolio restructuring) and internal (closure/ sale for cost reduction restructuring).

According to Johnson (2004), organizational restructuring could be by way of changing the vision of the future, and others by changing competitive strategies or human resource strategies. As companies evolve through various life cycles, its leaders and employees must be able to successfully align with organizational changes so that they can evolve as well (Cascio, 2001).

Johnson (2004) notes that any change introduced to an organization must be aligned with the ever-changing, dynamic and culturally diverse workplace, and the relationship between organization restructuring and its employees should be understood. This, according to Hayes (2001) is key to improving organization's ability to move through change effectively. Thus, organization restructuring often means making critical decisions about how to deploy or re-deploy talent and requires insight into where to best utilize talent and find the best fit between existing employees and the jobs that await them. Cascio (2001) points out that understanding the needs of individuals in the organization can be difficult but it helps in analyses which are useful in developing effective solutions for the entire workforce. Organization restructuring happens when the reporting hierarchy of a company changes.

1.1.3 Kenya Commercial Bank Ltd

KCB dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa, the Bank extended its operations to Nairobi in 1904 (KCB, 2012). In 1958, Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank in which upon independence the Government of Kenya (GoK) acquired 60% shareholding and in 1970 acquired 100% shares in an effort to bring banking closer to majority of Kenyans and renamed Kenya Commercial Bank, a fully-fledged commercial bank offering savings and lending services to all types of clients.

KCB has the largest network in East Africa and enjoys dominance as the bank with the largest balance sheet and capital base in the region (PWC, 2012). It is a publicly quoted and its shares trade at the Nairobi Securities Exchange (NSE), Uganda Securities Exchange, Dare-Es-Salaam Stock Exchange, and in Rwanda, Over the Counter Market (KCB, 2012).

In the year 2011, KCB engaged global consultants, McKinsey and Company, to carry out a transformation program which sought to cut its operational costs by 20%, it resulted to reduction of executive committee from 22 to 7. Staff costs had risen from Sh4 billion in 2006 to Sh9.3 billion in 2011thus stifling profits (KIPPRA, 2012)

Exit packages were approved to the bank's staff as part of the ongoing restructuring which saw the bank review its corporate and governance structures, business model, jobs roles and employee placement, among others as well as Information Technology (IT) infrastructure and subsidiary businesses (KCB, 2012). To meet its mission and vision, the bank launched a Transformation Programme (TP) to accelerate growth. This review of KCB’s business model as well as operating structures and processes is useful in finding solutions that will make KCB more efficient and productive.

1.2 Statement of the Problem

Organizational environments are everything beyond the boundaries of organizations that can directly or indirectly affect performance and outcomes. Currently business environment is perceived to have been rarely exceeded in complexity, turbulence and in rapid change. Considering that performance is a crucial objective of an organization, it is generally accepted that the structure and decision making in an organization is influenced by environment complexity and volatility (May et al., 2000).

Organization restructuring strategies help an organization to get the most from its workforce when the business significantly changes by developing a plan for corporate restructuring, layoffs and mergers (McKinley, Zhao & Rust, 2000). There has been growing need for mastery of the latest information technology in addition to a high level of competence in taking on board changes in the local and global industry trends toward efficiency and qualified human resources to reduce costs while increasing profitability (Levine, 2004), which calls for restructuring. Ikhide and Alawode (2010) pointed out that with proper restructuring, banks would be able to stage a remarkable growth and revitalize their management efficiently.

Ikhide and Alawode (2010) point out those banks must restructure to improve efficiency and sharpen their competitive edge if they hope to prosper in the fiercely competitive banking industry. According to Asika (2012), for banks to compete and profitably survive in the local banking industry, they need to evaluate their performance and where possible restructure their organizations to minimize costs and increase efficiency. There is need to understand the factors influencing restructuring so that banks which have not restructured can adopt the right ones to become successful. KCB has been restructuring successfully over the last 5 years. They attribute their steady growth in profits to the restructuring where profits have shot from 6 billion in 2007 to 15 billion in the year 2011 (KCB, 2012), and since many banks are adopting restructuring, some with failure.

Empirical studies done in kenya include , Chesang (20020 who did a study on merger restructuring and financial performance of commercial banks in kenya, Kiyai (2003), did a study on bad debts restructuring techniques and non-performing loans of commercial banks in kenya, Omondi (2005) did a study on perception of KPLC company employees towards business process management as implemented by the company during restructuring and Namatsi (2010) did a study on implementation of restructuring strategy at kenya airways, to the research knowledge there is scanty of research on effects of corporate restructuring on organizations performance. This study seek to fill the existing research gap by conducting a study to investigate the effects of corporate restructuring on organizations performance with a special reference to the case of Kenya Commercial Bank, to help improve the overall performance of the bank.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to investigate the effects of corporate restructuring on organizations performance with specific interest on of Kenya Commercial Bank.

1.3.2 Specific Objectives

The stduy was guided by the following specific research objective

i. To determine the effects of operational costs on performance of Kenya Commercial Bank

ii. To establish the effects of organizational structure on performance of Kenya Commercial Bank

iii. To establish the effects of management style on performance of Kenya Commercial Bank

iv. To determine the effects workforce size on performance of Kenya Commercial Bank

1.4 Research Questions

The study sought answer the following research question

i. What are the effects of operational costs on performance of Kenya Commercial Bank?

ii. To what extent does organizational structure affect the performance of Kenya Commercial Bank?

iii. What are the effects of management style on performance of Kenya Commercial Bank?

iv. What is the effects workforce size on performance of Kenya Commercial Bank?

1.5 Significance of the Study

The study will be of great importance to the management of Kenya Commercial Bank as they will understand the effects of corporate restructuring on organizations performance. This will help the management in designing effective strategies on corporate restructuring on organizations performance. This research will be useful to bank managers and other key players in deciding what factors to consider when deciding on restructuring plans and processes.

The study will inform the policy makers in the banking industry as they will be able to design strategies that will enhance effective corporate restructuring in their organizations which will enhance performance of commercial banks in Kenya.

The study results will be of value to scholars and other researchers in the same or related field, as it will provide relevant material for future research and also provide basis for future research.

1.6 Scope of the Study

The study sought to investigate the impact of corporate restructuring on organizations performance in Kenya Commercial Bank and was conducted at the bank's head office which houses and sanctions all management functions and policies. The study was based in Nairobi since it is the headquarters of KCB as well as most other banks, and all management functions and policies are determined at the head office. Nairobi would thus be a suitable scope since it also serves diverse clients from the high class to the most noble based on the city's urban structure. The staff was considered the respondents in this study.

1.7 Limitation of the Study

According to Mugenda and Mugenda (2008), limitation has to do with process-related factors that may have an impact on the results of the study but which have not been taken into account. KCB, being the biggest retail bank in Kenya has very many customers and functions hence it is very expansive. This limited the researcher in terms of finances to conduct the research in such an expansive organization since the researcher has to hire research assistants. To curb this, the researcher sought financial assistance from the employer. Due to stiff competition, banks rarely release their information to the public a factor which may affect data and information gathering by the researcher. However, the researcher used observation and questionnaire to obtain information.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter highlights the relevant literature, information and other studies carried out in the field of organizational restructuring by various institutions, scholars and researchers and provide detailed discussion on theoretical review, empirical review, research gaps and conceptual framework as.

2.2 Theoretical Review

Organizational restructuring is usually influenced by various theories which were developed by different scholars and authors. Although all the theories are necessary, they may or may not apply (be considered) jointly during a restructuring process. Outlined below are key theories considered in this study which are seen to greatly influence organizational restructuring by various organizations.

2.2.1 Kaplan Theory

According to Kaplan (2002) balanced scorecard transforms an organization's strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies. The balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. The balanced scorecard is a management system not only a measurement system that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise

Kaplan and Norton described the innovation of the balanced scorecard as follows: The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation (Norton, 2002).

This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements. These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants (Kaplan, 2002). Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good (Norton, 2002).

In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups. Kaplan and Norton (2002) did not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category.

2.2.2 Stakeholders Theory

Ackermann and Eden, (2001) urged that allowing stakeholders to take part in strategy development has proven useful in implementation of balanced score card. They found that two assessments of stakeholders were important in the strategy development process. The first assessment centered on identifying key stakeholders and determining the relative power of relevant stakeholders. The second and often neglected assessment aimed at mapping the stakeholders' perception of their power relative to other groups. Both assessments added to a good understanding of the stakeholders negotiating postures and provided a good basis aligning the new strategy with the needs of the key stakeholders.

Stakeholder theory is primarily a management instrument. The attributes power, urgency and legitimacy of claims define an organization's stakeholders. Power and urgency must be attended to if managers are to serve the legal and moral interests of legitimate stakeholders. Stakeholder theory thus contains methods for identifying and managing stakeholders (Freeman, 2004).

Stakeholder theory is the managerial in the broad sense of that term. It does not simply describe existing situations or predict cause-effect relationships; it also recommends attitudes, structures and practices that, taken together, constitute stakeholder management. Stakeholder management requires, as its key attribute, simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organizational structures and general policies and in case-by-case decision making (Freeman, 2004).

2.2.3 Weick's Model Theory of Organizing

One of the sophisticated theories of organizational structure is Weick's model theory of organizing. It takes into account the high-stressed, fast-paced nature of today's business and reduces equivocality (Patching, 2000). Equivocality boils down to any lack of productivity due to an employee, on any level, having to check with superiors which is brought about by bureaucracy and unaligned organizational structure which greatly affect the management style of the organization (Ashcraft, 2005). In the Weick's model, there is an information system, which includes frequently and sometimes previously tackled issues (Harenstam, Bejerot, Leijon, Scheele & Waldenstrom, 2004). Employees have access to this information and use it to combat any ambivalence or inertia that might hinder making business decisions (Borjas, 2012). The decisiveness gained by using the information system leads to higher productivity due to easy with which structures can be modified to suit the prevailing or anticipated needs. Thus, it strengthens every employee and manager's ability to function more autonomously.

2.2.2 Traditional Organizational Theory

This theory was developed in 19th century, taken from a bureaucratic-style structure, where there was one bureaucratic head managing over many bureaucracies (Borjas, 2012). The head of the organization is in the central authoritative role and below him are all the various managers he presides over (Armstrong, 2010). Operational costs of an organization are greatly influenced by its functions and the people tasked each executing each function (Lee & Teo, 2005). Although managerial duties serve, planning, organizing, staffing and controlling, unfortunately, this type of organizational structure gives little credit to the human skills and motivations to be productive in the workforce (Armstrong, 2009). Employees are not looked upon as people, with the ability to self-govern, nor do they have managerial input. The structure is rigid, the business direction and strategy are dictated from the top, and the manager's function is to carry them out.

2.3 Empirical Review

2.3.1 Operational Costs

Proposed changes to the structure of an organization need to be costed not only for approval by senior management but also to determine the operational costs accruing (Hellgren and Sverke, 2003). The implementation which is part of the operational costs also has to be projected and a new grade and pay structure developed, although this can easily result in an increase to the payroll. New contingent pay schemes and policies may also cost more although the aim should be to make them self-financing.

The common benefits of restructuring frequently cited in studies include improved accuracy, and the provision of timely and quick access to information, and the saving of costs (Cascio, 2002). Although it may be possible to identify many of the relevant organizational restructuring costs, according to Cascio (2002) it is more difficult to quantify the intangible benefits to be derived from the re-structured organization. Beyond cost reductions and productivity improvements, restructuring potentially and fundamentally affects revenue channels.

There is normally inevitable transition costs associated with moving from one (traditional) structure to another including slowdowns, mistakes, other consequences associated with restructuring, and the costs of maintaining (sustaining) the new status (Brown, 2002). According to Jones and Arnold (2003), while the link between restructuring and Return on Investment (ROI) attributable to reducing operating costs is normally expected, then turnover reduction associated with the restructuring. They add that screening process need to be checked and addressed. In order to mitigate moral hazards, senior managers assist functional managers to carry out restructuring through instilling culture of change within the organization and propagating it to be adopted. This effort reduces costs, enables the institution to recapitalize by itself and ensures that capital of existing shareholders is noted (Kripalani and Einhorn, 2004). This helps maintain financial soundness acceptable levels of operational costs.

2.3.2 Organizational Structure

All organizations have some form of more or less formalized structure which has been defined by Borjas (2012) as comprising all the tangible and regularly occurring features which help to shape their members behaviour. The organizational structures incorporate a network of roles and relationships and usually help in the process of ensuring that collective effort is explicitly organized to achieve specified ends. Rose (2008), argue that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy. They further explained that there is a HR cycle which consists of four generic processes or functions that are performed in all organizations (Lewis & Cooper, 2005). These include slimmer and flatter organization structures in which cross-functional operations and team-working have become more important, more flexible working patterns, total quality and lean production initiatives, and the decentralization and devolvement of decision-making.

According to Hellgren and Sverke, (2003), there are no absolute standards against which an organization structure can be judged. There is never one right way of organizing anything and there are no absolute principles that govern organizational choice. The fashion for delayering organizations has much to commend it, but it can go too far, leaving units and individuals adrift without any clear guidance on where they fit into the structure and how they should work with one another, and making the management task of coordinating activities more difficult (Jones and Arnold, 2003). Traditional organization structures consist of a range of functions operating semi-independently and each with its own, usually extended, management hierarchy (Hellgren and Sverke, 2003). The organization structure should be flexible enough to respond quickly to change, challenge and uncertainty. This flexibility should be enhanced by the creation of core groups and by using part-time, temporary and contract workers to handle extra demands.

2.3.3 Management Style

According to Craig (2009), management in all business and organizational activities is the act of-getting people together to accomplish desired goals and objectives efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technology resources, and natural resources (Armstrong, 2009). Craig (2009) point out that since organizations can be viewed as systems, management can also be defined as human action, including design to facilitate the production of useful outcomes from a system, a view that opens the opportunity to manage oneself which is a pre-requisite to attempting to manage others.

Craig (2009) states that in for-profit work, management has as its primary function the satisfaction of a range of stakeholders while Sagimo (2000) points out that the same satisfactions apply to non-profit management although importance of keeping the faith of donors is necessary. Sagimo (2000) further states that management operates through various functions, often classified as planning, organizing, staffing, leading or directing and controlling or monitoring: Planning is deciding what needs to happen in the future and generating plans for action; Organizing is implementing or making optimum use of the resources required to enable the successful execution of plans; Staffing is job analysis, recruitment, and hiring individuals for appropriate jobs; Leading or Directing is determining what needs to be done in a situation and getting people to do it; while Controlling or Monitoring involves checking progress against plans. According to Blyton, Bacon, Fiorito and Heery (2008), motivation is also a kind of basic function of management because without motivation, employees cannot work effectively.

2.3.4 Size of Workforce

The competitiveness of an organization in an industry is fundamentally based on the size and effectiveness of the workforce which is the labour pool in employment (all those available for work) and, although generally used to describe those working for a single company or industry, it can also apply to a geographic region like a city, country or state (Beck, Demigurc-Kunt, & Martinez, 2005). The term workforce generally excludes the employers or management and implies those involved in manual labour or actual production. According to Beck, Demigurc-Kunt, & Martinez (2005), workers may be unionised, whereby the union conducts negotiations regarding pay and conditions of employment. According to Craig (2009), these negotiations have the ability to affect the functioning of an organization depending on the power of the union and the terms projected. In the event of industrial unrest, unions provide a coordinating role in organizing ballots of the workforce, and are also instrumental in calling for work boycotts and strike actions (Bewley, 2004).

Armstrong (2010) notes that due to collective bargaining power and the power of numbers; organizations with huge employee base (workforce) find it difficult to effect changes which affect employees. This is necessitated by the fact that employees (people) generally resist change and the greater the number the higher the level of resistance.

According to Armstrong (2006), organizational emphasis is usually on creating a compelling employment offer. Bewley (2004) argues that this focus is individually focused, tailored to employees' needs and interests, and more in tune with the expectations of a diverse workforce. Armstrong (20101) further adds that the concept of effort bargain states that the task of management is to assess what level and type of inducements the organization has to offer in return for the contribution it requires from its workforce. Armstrong (2009) points out that increasingly, organizations are finding that success depends on a competent workforce and paying for competence means that an organization is looking forward, not back.

2.4 Research Gap

Organizational restructuring requires much more time than is normally allowed in some structural adjustment programmes advanced by many financial and banking institutions (Beck, Demigurc-Kunt, and Martinez, 2005). For a great number of banking institutions, no amount of toying with reforms can turn any bank around to sustained growth without restructuring owing to the endemic focus on short term profitability; since restructuring of an ailing institution is also an expensive affair, Hellgren and Sverke, (2003) found that even in troubled organizations, structural change is intermittent and can take long periods of time and changes with little or no tangible results. Sagimo (2000) argue that finding satisfactory systems of roles and relationships to implement during restructuring process is usually an ongoing universal struggle. Craig (2009) on his part notes that managers and supervisors rarely face well defined problems which have clear cut solutions, instead, they confront enduring restructuring quandary without easy answers. Researchers have focused on issues to ascertain the effect of restructuring on employee human resource management functions. Literature reviewed does not explore the impact of corporate restructuring on organizations performance especially in banking institutions. This study seeks to investigate the impact of corporate restructuring on organizations performance with special reference to Kenya Commercial Bank.

2.3 Conceptual Framework

Conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. Armstrong (2006) explains that the conceptual framework aims to update and refine the existing concepts to reflect the changes. According to Rose (2008), conceptual framework is an intermediate theory that attempts to connect all the aspects of inquiry (statement of the problem, significance of the study, literature review, methodology, data collection and analysis). According to Rose (2008), conceptual framework acts like a map that gives coherence to empirical inquiry and is used to outline possible causes of action or present preferred approach to an idea; hence it is a structure of assumptions and principles that hold together the ideas comprising a broad concept. She further points out that conceptual framework synthesize ideas for the purpose of organized thinking and providing study direction, and comprise the independent and dependent variables and an examination into their relationship.

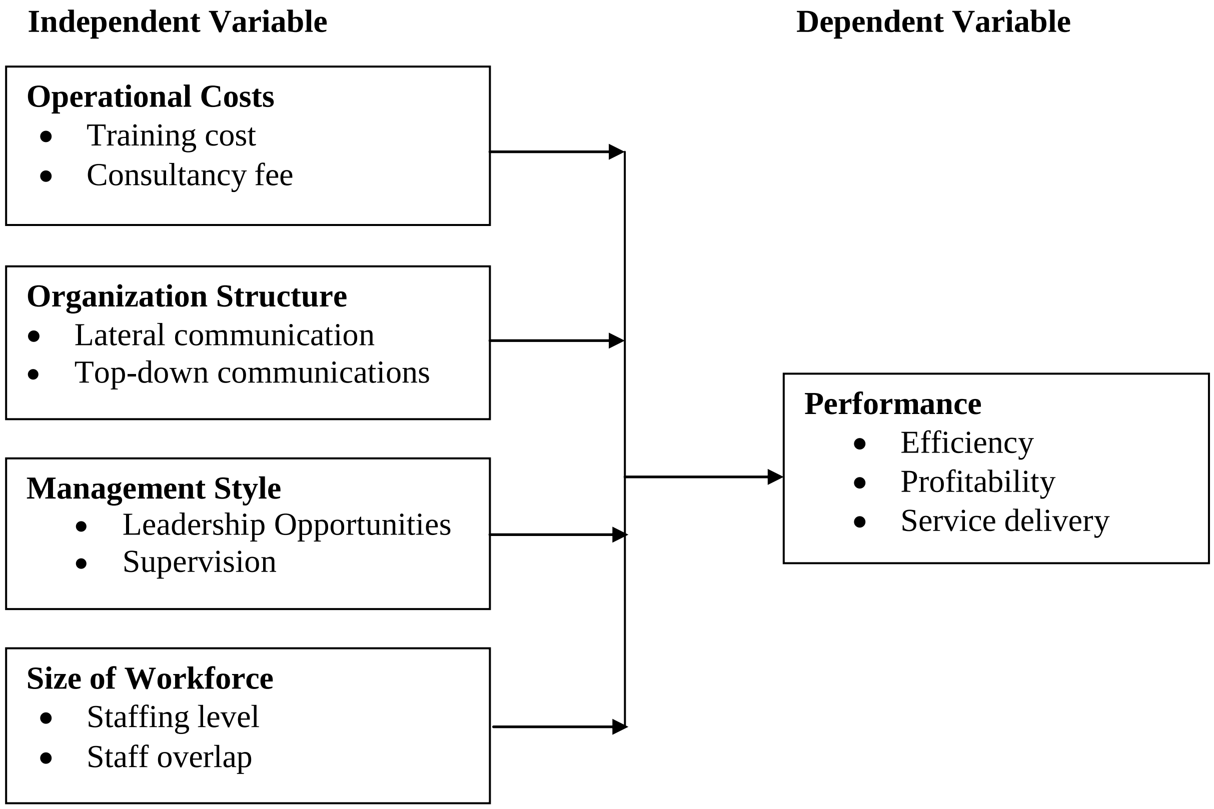

Figure 2.1: Conceptual Framework

Proposed changes to the structure of an organization need to be coasted not only for approval by senior management but also to determine the operational costs accruing. The implementation which is part of the operational costs also has to be projected and a new grade and pay structure developed, although this can easily result in an increase to the payroll. New contingent pay schemes and policies may also cost more although the aim should be to make them self-financing.

All organizations have some form of more or less formalized structure which comprise of all the tangible and regularly occurring features which help to shape their members behaviour. The organizational structures incorporate a network of roles and relationships and usually help in the process of ensuring that collective effort is explicitly organized to achieve specified ends.

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CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section outlined the methodology that was used in carrying out the study. It comprises of research design, population, sample size and sampling procedure, data collection method and data analysis and presentation.

3.2 Research Design

This study adopted a descriptive design. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way (Bryman, 2001). It is designed to gain more information about variables within a particular field of study. Its purpose is to provide a picture of a situation as it naturally happens (Burns and Grove, 2007). This descriptive research design will be adopted because the study is seeking to describe a one variable (performance) in a population (KCB employees at headquarters). The objective was stated clearly and a clear definition of the population is given. The instrument for data collection was tested for validity and reliability which is necessary for descriptive studies (Kothari, 2004).

3.3 Population

The population of the study was KCB’s 4,000 employees based in all its branches in the region. The bank’s headquarters has 800 employees who formed the target population for this study. The study was based at the KCB bank’s headquarters hence the staff here was used for the purpose of this study. KCB was purposively been chosen because of its success in restructuring while its headquarters was considered for being the managerial hub. A sample was drawn from the targeted 800 employees at the headquarters.

3.4 Sample and Sampling Method

Stratified random sampling was employed in carrying out the study. Kothari (2004) notes that stratified random sampling is a process of selecting respondents using well defined strata. In this study, the departments formed the strata. Simple random sampling was used to select individuals from the strata. Mugenda and Mugenda (2003) defines simple random sampling as a process of selecting respondents without any particular sequence where all subjects in the study population have an equal chance of being selected. According to Kombo and Tromp (2010), an effective sample should possess diversity, representativeness, reliability, accessibility and knowledge. This process was applied in this study because the study population is large (800 employees). Mugenda and Mugenda (2003) advises that 10% of the accessible population would suffice for descriptive study if the population units are more than 30. Thus, a sample of 80 employees, representing 10% of the population, was used which satisfies the above conditions as shown in table 3.1.

Table 3.1: Sampling frame

Department	Population	Proportion	Sample
Administration	260	10%	26
Accounting	98	10%	10
Business Development	132	10%	13
ICT	20	10%	2
Finance and Insurance	70	10%	7
Sales and Marketing	220	10%	22
Total	800	10%	80

Source, HR Department KCB (2013)

3.5 Data Collection Procedure

Data collection is the process of acquiring subjects and gathering information needed for a study; methods of collection varied depending on the study design, (Kothari, 2004).Primary data was collected for this study. Primary data was collected by administering a semi-structured questionnaire. This type of questionnaire used both closed and open-ended questions. Closed questions have predetermined answers and usually collect quantitative data while open-ended questions give the respondents free was answered and usually collect qualitative data. The use of questionnaire ensured collection of data from many respondents within a short time and respondents are free to give relevant information because they are assured of their anonymity (Mugenda and Mugenda, 2003). Secondary data on the other hand was collected through review of both empirical and theoretical data from books, journals, dissertations, magazines and the internet.

3.6 Pilot Study

A pilot study is a small scale preliminary study conducted before the main research in order to measure the validity and reliability of the data collection instrument (Burns & Grove, 2007). It was conducted to measure the validity and reliability. According Kombo & Tromp (2010), validity is the ability of an instrument to measure what it is expected to measure while reliability is the ability of the instrument to give consisted results. This pilot study included multiple Likert's measurement scales. A sample size of five was chosen, using triangulation, to form the pilot study.

In order to check reliability of the results, study used Cronbach's alpha methodology, which is based on internal consistency. Cronbach's alpha measures the average of measurable items and its correlation. The current and desirable situation was tested for the effects of corporate restructuring on organizations performance with specific interest on Kenya Commercial Bank. SPSS software was used to verify the reliability of collected data. Overall scales' reliability of the present situation and the desirable situation was tested by Cronbach's alpha, which should above the acceptable level of 0.70 (Hair et al., 1998).

3.7 Data Analysis and Presentation

Before processing the responses, the completed questionnaires was edited for completeness and consistency. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version 21) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form. This wasdone by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS (Version 21) to communicate research findings. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions. This study was interested in investigating effects of corporate restructuring on organizations performance with specific interest on Kenya Commercial Bank. The study used ANOVA to test the level of significant of the variables on the dependent variable at 95% level of significance. In addition, the study conducted a multiple regression analysis.

The regression equation will be :

$$\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon}$$

Whereby Y = Performance, X_1= operation cost, X_2= organizational structure, X_3= management style and X_4= size of work force, while β_1, β_2, β_3 and X_4 are coefficients of determination and ε is the error term. This generated quantitative reports through tabulations, percentages, and measures of central tendency.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

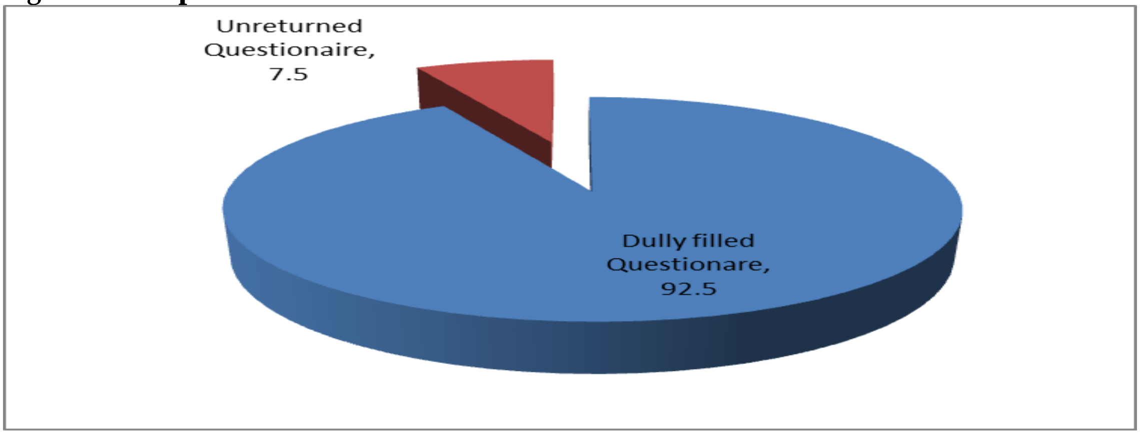
4.1 Introduction

This chapter presents the analysis of data findings on corporate restructuring and its effects on Kenya commercial bank performance. The research targeted employees of Kenya Commercial Bank at the head office.

4.2 Response Rate

To determine the actual number of response who actively participated in the study analysis of the response rate was conducted as shown in the figure 4.2 below. The data collection instrument, which was the questionnaires, was sent to 80 employees. The study targeted a sample size of 80 respondents from which 74 filled in and returned the questionnaires making a response rate of 92.5%, this is in agreement with what was indicated by Cooper and Schindler (2003) who indicated that a response rate of between 30 to 80% of the total sample size cab ne generalized to represent the opinion of the entire population.

Figure4.2: Response rate



4.3 Reliability Analysis

Table 4.2: Reliability Coefficients

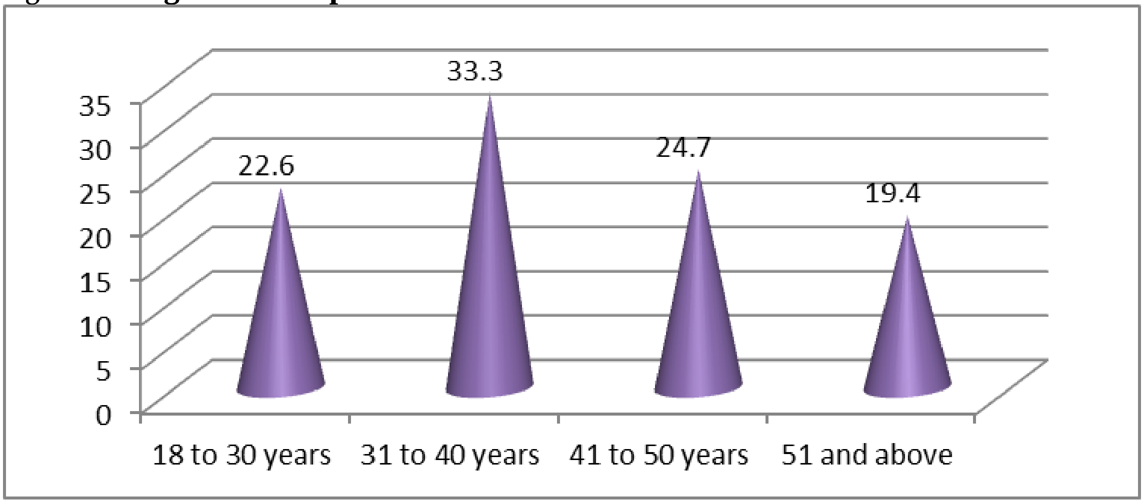
Scale	Cronbach's Alpha	Number of Items

Leadership Style	0.821	4
Organization Politics	0.797	3
Employee Involvement	0.848	16
Employee Motivation	0.713	6

Reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. Cronbach's alpha was calculated by application of SPSS for reliability analysis. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. A higher value shows a more reliable generated scale. Cooper & Schindler (2008) has indicated 0.7 to be an acceptable reliability coefficient. Table 4.1 shows that employee empowerment had the highest reliability (α=0.848) followed by leadership style (α=0.821), then organization politics (α = 0.783) and employee motivation (α=0.713). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7.

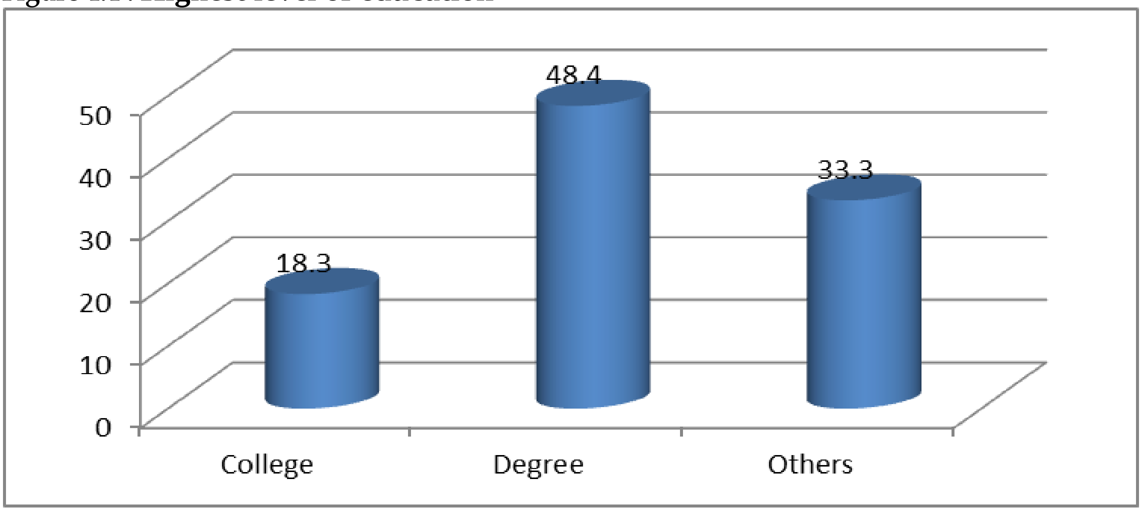
4.4 General information

Figure 4.3 : Age of the respondent



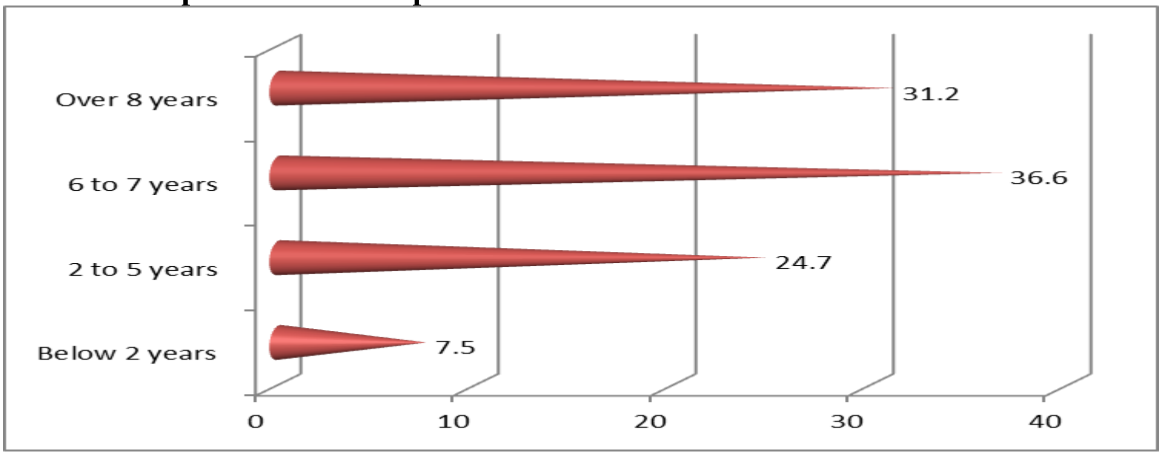
From the finding on the age of the respondent the study found that most of the respondent as shown by 33.3% indicated that they were aged between 31 to 40 years, 24.7% of the respondent indicated that they were aged between 41 to 50 years, 22.6% of the respondent indicated that they were aged between 18 to 30 years whereas 19.4% of the respondent indicated that they were aged 51 years and above, this is an indication that respondent were well distributed in terms of the age.

Figure 4.4 : Highest level of education



On the respondent highest level of education the study found that 48.4% of the respondent indicated that they had attained degree, 33.3% of the respondent indicated that they had attained other level of education which included masters level of education , CPA and higher diploma , 18.3% of the respondent indicated that they had attained college level of education . This is an indication that respondent were well educated.

Table 4.3 : Respondent work experience



From the findings on the respondent work experience, the study found that 36.6% of the respondent indicated 6 to 7 years, 24.7% of the respondent indicated 2 to 5 years, 31.2% of the respondent indicated that they had worked for over 8 years whereas 7.5% of the respondent indicated that they had been working for less than 2 years, this is a clear indication that majority of the respondent had been working for over 5 years.

4.5 Operational Costs

From the findings on whether the organization set aside a budget for restructuring, the study found that the entire respondent indicated that their organization sets aside budget for restructuring as shown by 100% of the respondent who indicated yes. From the findings on whether restructuring cost is increasing or reducing, the study found that the organizations restructuring costs was increasing due to unprecedented cost during the process of restructuring.

Table 4.4: Main drivers for restructuring

Main drivers	Percent
new company strategy	83.9
change in government policy	57.0
public pressure	65.6
budgetary cuts	72.0
Competition	87.1

From the findings on the main drivers for restructuring, the study revealed that these were competition as shown by 87.1% , new company strategy as shown by 83.9% , budgetary cuts as shown by 72% , public pressure as shown by 65.6% and change in government policy as shown by 57% . According to Cascio (2002) it is more difficult to quantify the intangible benefits to be derived from the re-structured organization. Beyond cost reductions and productivity improvements, restructuring potentially and fundamentally affects revenue channels.

The study revealed that increase in competition in the industry forced the organization to restructure itself in order to remain competitive in the market , government policy were affecting the operation of the organization thus forcing the organization to restructure itself and increased customer demand for new service within the industry forced the organization to restructure itself. Cascio, (2002) indicated that the common benefits of restructuring frequently cited in studies include improved accuracy, and the provision of timely and quick access to information, and the saving of costs. According to Jones and Arnold (2003), while the link between restructuring and Return on Investment (ROI) attributable to reducing operating costs is normally expected, then turnover reduction associated with the restructuring.

On whether there was consultation process which involved stakeholders prior to the implementation of the restructuring plan and did it cost the company, the study found that there was consultation process which involved stakeholders prior to the implementation of the restructuring plan and did it cost the company as shown by 100% of the respondent who indicated yes.

4.6 Organizational Structure

From the findings on the numbers of times the organizational structure had changed, the study revealed that the organization structure had change for 2 times which was a result of competition in the market, regulation by the government, changes in the companies policies. Borjas (2012) indicates that all organizations have some form of more or less formalized structure which has been defined as comprising all the tangible and regularly occurring features which help to shape their members behaviour.

Table 4.5: Level of agreement on various aspects of organizational structure

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std deviation
The organization structure is tall	25	34	13	2	0	1.8817	.76399
Employees are allowed to contribute ideas	24	33	17	0	0	1.9355	.74901
There is top-down communications	20	37	17	0	0	1.9892	.71467
There is lateral communication in the organization	33	38	3	0	0	1.6344	.60406

From the findings on the respondent level of agreement on various statements relating to organizational structure and restructuring, the study found that majority of the respondent agreed that there is lateral communication in the organization as shown by mean 1.6344, the organization structure is tall as shown by mean 1.8817, employees are allowed to contribute ideas as shown by mean of 1.9355 and there is top-down communications as shown by mean of 1.9892. This information was supported by low standard deviation an indication that respondent held similar opinion. The study also revealed that restructuring was measured by employee output, employee performance, organizational performance and achievement of the organization objectives. The study also revealed that there were change in the organization's mission and goals statement before or after the restructuring process which was as results to include the new company objectives and core values. Rose (2008), argue that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy. They further explained that there is a HR cycle which consists of four generic processes or functions that are performed in all organizations (Lewis & Cooper, 2005). Hellgren and Sverke, (2003) argues the organization structure should be flexible enough to respond quickly to change, challenge and uncertainty. This flexibility should be enhanced by the creation of core groups and by using part-time, temporary and contract workers to handle extra demands

4.7 Management Style

Table 4.6: Management style and organization restructuring

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std deviation
Management recognizes the various departmental responsibilities	28	44	2	0	0	1.6559	.54163
Workers are recognized for initiative and creativity	37	36	2	0	0	1.5269	.54357
Employees are given leadership opportunities through delegation	45	24	5	0	0	1.4516	.61708
Employees are meant to undertake non-work related duties	41	22	11	0	0	1.6559	.86596
Employees freely interact with management	31	33	5	6	0	1.7957	.86677
Management helps employees in career development	28	18	14	14	0	2.5161	3.38992
There is too much power vested on supervisors	20	21	18	12	2	2.7204	1.12642
I consider my union to be successful	14	26	21	13	0	2.4301	.99343

On the respondent level of agreement on various statement relating to management style and organization restructuring the study found that majority of the respondent strongly agreed that employees are given leadership opportunities through delegation as shown by mean 1.4516, respondent agreed that workers are recognized for initiative and creativity as shown by mean of 1.5269, employees are meant to undertake non-work related duties and management recognizes the various departmental responsibilities as shown by mean of 1.6559 in each case, employees freely interact with management as shown by mean 1.7957 and they consider their union to be successful as shown by mean of 2.4301. Respondent were neutral on that management helps employees in career development as shown by mean 2.5161 and there is too much power vested on supervisors as shown by mean 2.7204. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technology resources, and natural resources (Armstrong, 2009). Sagimo (2000) further states that management operates through various functions, often classified as planning, organizing, staffing, leading or directing and controlling or monitoring. Blyton, Bacon, Fiorito and Heery (2008) argues motivation is also a kind of basic function of management because without motivation, employees cannot work effectively.

4.8 Size of Workforce

Table 4.7: Level of agreement on various aspects of management style

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std deviation
The staff in my organization are adequate	52	16	6	0	0	1.3871	.64323
There is a policy on staff levels	27	43	4	0	0	1.7419	.72086
Job functions and responsibilities of staff overlap	34	29	10	0	0	1.6774	.70958
Organization provides the necessary facilities to all employees for effective delivery	43	23	3	5	0	1.5914	.85002
The organization supports staff with welfare activities	23	33	18	0	0	1.9355	.74901

The study sought to determine the respondent level of agreement on various statements relating to size of work force and organizational restructuring, the study found that majority of the respondent strongly agreed the staffs in the organization are adequate as shown by mean of 1.3871, respondent agreed that organization provides the necessary facilities to all employees for effective delivery as shown by mean of 1.5914, job functions and responsibilities of staff overlap as shown by 1.6774, there is a policy on staff levels as shown by mean 1.7419 and the organization supports staff with welfare activities as shown by mean 1.9355. The study revealed that most critical success factors for the implementation were top management support, communication within the organization, finances, employee involvement and support, enough employees in the organization, good desirable leadership style and supportive organization culture. Martinez (2005) argues that workers may be unionized, whereby the union conducts negotiations regarding pay and conditions of employment. Craig (2009) indicates that these negotiations have the ability to affect the functioning of an organization depending on the power of the union and the terms projected.

4.9 Organization performance

Extent to which various aspect of organization restructuring affect organization performance

	No extent at all	Low extent	Moderate extent	Great extent	Very great extent	Mean	Std deviation
Operational cost	0	3	2	48	21	4.18	0.28
Size of the work force	1	2	4	44	23	4.16	0.25
Management style	0	4	3	41	26	4.20	0.24
Organization structure	2	3	4	40	25	4.12	0.23

The study sought to determine the extent to which the above aspect of organization restructuring affected organization performance at Kenya Commercial Bank from the findings the study established that the following factors affected the organizational performance to a great extent. Management style as shown by mean of 4.20, Operational cost as shown by mean of 4.18 Size of the work force as shown by mean of 4.16 and finally the Organization structure as shown by mean of 4.12

The study revealed that the other aspect of corporate restructuring that affects organization performance were increase in the restructuring budget , employee resistance to change , lack of top management support , lack of top management commitment , lack of employee involvement , lack of communication and lack of clear defined role during restructuring .

4.10 Statistical modeling Multiple Regression Analysis

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928[a]	.861	.836	.70617

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.836 an indication that there was variation of 83.6% on the organizational restructuring due to changes in operational costs, organization structure, management style and size of workforce at 95% confidence interval . This shows that 83.6% changes in organizational restructuring could be accounted for by operational costs, organization structure, management style and size of workforce. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.928.

Table 4.9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.232	6	0.372	3.131	.048[b]
	Residual	28.294	86	0.329		
	Total	30.526	92			

From the ANOVA statics in table above, the processed data, which is the population parameters, had a significance level of 0% which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The calculated was greater than the critical value (3.131>1.9861) an indication that there were significant difference between organizational restructuring and operational costs, organization structure, management style and size of workforce. The significance value was less than 0.05 an indication that the model was significant.

Table 4.10: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.270	.271		.9940	.000
	Operational Costs	.350	.107	.327	3.276	.002
	Organization Structure	.093	.154	.075	.603	.548
	Management Style	.192	.108	.218	1.788	.077
	Size of Workforce	.116	.094	.132	1.228	.223

From the data in the above table the established regression equation was

$Y = 0.274 + 0.350 X_1 + 0.093 X_2 + 0.192 X_3 + 0.116 X_4$

From the above regression equation it was revealed that holding operational costs, organization structure, management style and size of workforce to a constant zero , organizational restructuring be at 0.274 , a unit increase in operational cost would lead to increase in the in organizational restructuring by a factors of 0.350, unit increase in organizational structure would lead to increase in organizational restructuring by factors of 0.093 , a unit increase in management style would lead to increase in organizational restructuring by a factor of 0.192 and unit increase in size of work force would lead to increase in organizational restructuring by a factors of 0.116. All the p-values for all the variable were found to be less than 0.05 an indication that operational costs, organization structure, management style and size of workforce were statistically significant to influence organizational restructuring in the company.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis of data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine the effects of operational costs on performance of Kenya Commercial Bank, to establish the effects of organizational structure on performance of Kenya Commercial Bank, to establish the effects of management style on performance of Kenya Commercial Bank and to determine the effects workforce size on performance of Kenya Commercial Bank.

5.2 Summary of Finding

From the findings on whether the organization set aside a budget for restructuring, the study found the organization sets aside budget for restructuring. From the findings on whether restructuring cost is increasing or reducing, the study found that the organizations restructuring costs was increasing due to unprecedented cost during the process of restructuring. The study revealed that the main drivers for restructuring were competition, new company strategy, budgetary cuts, public pressure and change in government policy.

The study revealed that increase in competition in the industry forced the organization to restructure itself in order to remain competitive in the market , government policy were affecting the operation of the organization thus forcing the organization to restructure itself and increased customer demand for new service within the industry forced the organization to restructure itself. The study also found there was consultation process which involved stakeholders prior to the implementation of the restructuring plan and did it cost the company.

On the numbers of times the organizational structure had changed, the study revealed that the organization structure had change for 2 times which was a result of completion in the market, regulation by the government, changes in the companies policies. From the findings on organizational structure and restructuring, the study found that there is lateral communication in the organization, the organization structure is tall, employees are allowed to contribute ideas and there is top-down communications. The study also revealed that restructuring was measured by employee output, employee performance, organizational performance and achievement of the organization objectives. The study also revealed that there were change in the organization's mission and goals statement before or after the restructuring process which was as results to include the new company objectives and core values.

From the findings on management style and organization restructuring the study found that employees are given leadership opportunities through delegation, workers are recognized for initiative and creativity, employees are meant to undertake non-work related duties, management recognizes the various departmental responsibilities, employees freely interact with management and they consider their union to be successful.

From the findings on statements relating to size of work force and organizational restructuring, the study found that the staffs in the organization are adequate, that organization provides the necessary facilities to all employees for effective delivery, job functions and responsibilities of staff overlap, there is a policy on staff levels and the organization supports staff with welfare activities. The study revealed that most critical success factors for the implementation were top management support, communication within the organization, finances, employee involvement and support, enough employees in the organization, good desirable leadership style and supportive organization culture.

The coefficient of determination tells us the variation in the dependent variable due to changes in the independent variable, the stduy found that there was variation of 83.6% on the organizational restructuring due to changes in operational costs, organization structure, management style and size of workforce at 95% confidence interval . This shows that 83.6% changes in organizational restructuring could be accounted for by operational costs, organization structure, management style and size of workforce. R is the correlation coefficient which shows the relationship between the study variables, there was a strong positive relationship between the study variables as shown by 0.928. The established regression equation was

$$Y = 0.274 + 0.350 X_1 + 0.093 X_2 + 0.192 X_3 + 0.116 X_4$$

From the regression equation it was revealed that holding operational costs, organization structure, management style and size of workforce to a constant zero , organizational restructuring be at 0.274 , a unit increase in operational cost would lead to increase in the in organizational restructuring by a factors of 0.350, unit increase in organizational structure would lead to increase in organizational restructuring by factors of 0.093 , a unit increase in management style would lead to increase in organizational restructuring by a factor of 0.192 and unit increase in size of work force would lead to increase in organizational restructuring by a factors of 0.116.

5.3 Conclusion

The study found that the organization set aside a budget for restructuring, it was also revealed that the organizations restructuring costs was increasing due to unprecedented cost during the process of restructuring. The study also found that the main the main drivers for restructuring were competition, new company strategy, budgetary cuts, public pressure and change in government policy. The study revealed that increase in competition in the industry, government policy, increase in customer demands forced the organization to restructure itself in order to remain competitive in the market.

The study revealed that the organization structure had change for 2 times which was a result of completion in the market, regulation by the government, changes in the companies policies. The study established that there is lateral communication in the organization, the organization structure is tall, employees are allowed to contribute ideas and there is top-down communications. The study found that there were change in the organization's mission and goals statement before or after the restructuring process which was as results to include the new company objectives and core values.

On management style and organization restructuring the study found that employees are given leadership opportunities through delegation, workers are recognized for initiative and creativity, employees are meant to undertake non-work related duties, management recognizes the various departmental responsibilities, employees freely interact with management and they consider their union to be successful.

From the findings on the size of work force, the study revealed that the staffs in the organization are adequate, that organization provides the necessary facilities to all employees for effective delivery, job functions and responsibilities of staff overlap, there is a policy on staff levels and the organization supports staff with welfare activities.

5.4 Recommendation

The study recommends that there is need to enhance leadership style in the organization as this will help in the organizational restructuring. The study also recommends that there is need to ensure there was top management support, better communication within the organization, finances, employee involvement and support, enough employees in the organization, good desirable leadership style and supportive organization culture as this will support organizational restructuring .

5.5 Areas for Further Research

The study sought to investigate the effects of corporate restructuring on organizations performance with specific interest on of Kenya Commercial Bank. This study recommended an in-depth study to be done on challenges affecting organizational restructuring in the banking industry in Kenya.

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APPENDICES

Appendix I: Research Questionnaire

Section A: Bio Information

1. Age:

    □ 18-30yrs □ 31- 40 yrs □ 41-50 yrs □ 51 and above

2. Highest Education Level

    □ Secondary □ College □ Degree □ Others (please specify) ……………

3. Working Experience

    □ Below 2 years □ 2 - 5 Years □ 6 -7years □ over 8 years

Section B . Operational Costs

4. Does your organization set aside a budget for restructuring?

……………………………………………………………………………………………
……………………………………………………………………………………………..…

5. Is the organizations restructuring costs increasing or reducing?

Please explain

……………………………………………………………………………………………
…………………………………………………………………………………………….

6. Which do you consider the main drivers for restructuring?

    □new company strategy □budgetary cuts □competition

    □change in government policy □public pressure

Please explain

………………………………………………………………………………………………
…………………………………………………………………………………………….

7. Was there a consultation process with involved stakeholders prior to the implementation of the restructuring plan and did it cost the company?

    ……………………………………………………………………………………
    ………………………………………………………………….................................

Section C. Organizational Structure

8. How many times has your organizational structure changed?

……………………………………………………………………………………………
……………………………………………………………...

9. Please state and explain how

……………………………………………………..…………………………………

…………………………………………………………………………………..……

10. Using a scale of 1-5, please indicate your agreement/ disagreement levels with the following statements. The rating scale indicates agreement levels as follows: 1- Strongly Agree, 2 – Agree, 3- Neither Agree nor Disagree, 4 – Disagree, 5 – Strongly Disagree

	1	**2**	**3**	**4**	**5**
The organization structure is tall					
Employees are allowed to contribute ideas					
There is top-down communications					
There is lateral communication in the organization					

11. How is the restructuring measured?

…………………………………………………………………………………………..…

……………………………………………………………………………………………

12. Was there a change in the organization's mission and goals statement before or after the restructuring process? Please explain

……………………………………………………………..……………….……………

…………………………………………………………………………………………….

Section D. Management Style

13. Using a scale of 1-5, please indicate your agreement/ disagreement levels with the following statements. The rating scale indicates agreement levels as follows: 1- Strongly Agree, 2 – Agree, 3- Neither Agree nor Disagree, 4 – Disagree, 5 – Strongly Disagree

	1	**2**	**3**	**4**	**5**
Management recognizes the various departmental responsibilities					
Workers are recognized for initiative and creativity					
Employees are given leadership opportunities through delegation					
Employees are meant to undertake non-work related duties					
Employees freely interact with management					
Management helps employees in career development					
There is too much power vested on supervisors					
I consider my union to be successful					

Section E. Size of Workforce

14. Using a scale of 1-5, please indicate your agreement/ disagreement levels with the following statements. The rating scale indicates agreement levels as follows: 1- Strongly Agree, 2 – Agree, 3- Neither Agree nor Disagree, 4 – Disagree, 5 – Strongly Disagree

	1	**2**	**3**	**4**	**5**
The staff in my organization are adequate					
There is a policy on staff levels					
Job functions and responsibilities of staff overlap					
Organization provides the necessary facilities to all employees for effective delivery					
The organization supports staff with welfare activities					

15. What do you consider the critical success factors for the implementation?

……………………………………………………………………………………………

……………………………………………………………………………………………

Section F: Organization performance

16. To what extent does the following aspect of organization restructuring affect organization performance at Kenya Commercial Bank?

	1	**2**	**3**	**4**	**5**
Operational cost					
Size of the work force					
Management style					
Organization structure					

17. What other aspect of corporate restructuring affects organization performance other than the one mentioned above?

……………………………………………………………………………………………

…………………………………………………………………………………..….

THANK YOU FOR TAKING YOUR TIME TO FILL THIS QUESTIONAIRE