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**THE EFFECTS OF RIGHTSIZING ON SERVICE DELIVERY
(THE CASE OF TELKOM KENYA)**

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**A PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTERS OF BUSINESS ADMINISTRATION OF
KENYATTA UNIVERSITY**

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*The effects of
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DECLARATION

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

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DEDICATION

To my husband Kanabu, daughters, Kananu and Karwitha, and son, Munene, for their love, prayers and encouragement.

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Thanks go to the Heavenly Father for giving me the ideas, opportunity, passion, enthusiasm, energy, support and resources to write this project.

I wish to thank Kenyatta University for giving me the opportunity to undertake the course and for facilitating supervision for my work.

I wish to acknowledge the support given to me by the Department of Business Administration. Specifically, I wish to thank my supervisor Mr. D.K. Ngaba for the invaluable support and encouragement that has seen me make tremendous progress in my work.

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Lastly, my acknowledgment goes to my family for the support and encouragement.

ABSTRACT

Rightsizing has costs to the company, its employees (current and former), and society as a whole. This study examined how rightsizing affects service delivery with reference to Telkom Kenya. The objectives of this study were to assess the relevance of rightsizing as a human resource strategy in an organization's turnaround; appraise the finer details involved in the implementation of this strategy; review the challenges involved and viability of such a strategy in an organization's turnaround; and determine the benefit realized on implementation of this strategy. This study is significant because the findings might be helpful to various stakeholders in the labour industry including COTU and FKE, government policy on rightsizing and all cadres of Telkom employees.

The research was carried out using the exploratory research design. The target population for this study were the senior management and general staff of Telkom Kenya. Four (4) departments were randomly selected for the study. Sub-departments were selected using cluster sampling. Four (4) managers and 200 general staff were then randomly selected to participate in the study.

The proposed study used a questionnaire and face to face interviews to collect data. Data analysis was done using the Statistical Package for Social Sciences (SPSS). Data presentation is in the form of frequency tables, percentage frequencies, pie charts and bar graphs. The study hopes to make a contribution in knowledge on rightsizing and its effects on organizational performance. The study's findings indicate that the rightsizing process handed Telkom Kenya a permanent lifeline to re-engineer itself in order to begin playing its critical role in Kenya's economy. Based on the findings, a number of recommendations were made including the need for a study on how to motivate staff at Telkom Kenya Ltd; a study on further training (refresher courses) for workers at Telkom Kenya Ltd; and a study on cost-cutting measures that could be implemented at Telkom Kenya Ltd.

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ABBREVIATIONS AND ACRONYMS

MDGs- Millennium Development Goals

IMF- International Monetary Fund

WB – World Bank

SAP – Structural Adjustment Programmes

PRSP – Poverty Reduction Strategy Papers

UNDP – United Nations Development Programme

OAU – Organization of African Unity renamed African Union

AU - African Union

OPEC – Organization of Petroleum Exporting Countries

ILO – International Labour Organization

DPM – Directorate of Personnel Management

VSAT – Very Small Aperture Terminal

DEFINITION OF KEY TERMS

Rightsizing – Refers to reducing a company's workforce to the level where those remaining are deemed necessary for the company's current conditions.

Downsizing– Refers to rightsizing

Nepotism – Practice of giving ones relatives unfair advantage when one is in power especially good jobs.

Redundancy – No longer employed because there is not enough work or your skills are not necessary anymore in a particular work set up

Outsourcing – The practice of sourcing for services from other firms specializing in the same as opposed to employing someone to carry out the same service within the organization

Privatization - Converting ownership of a government organization or industry into private ownership through shares

Capital Flight – The practice of divesting from a location to another due to reasons that make business unviable or exposed to extreme risk

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter contains general subtopics which include the background to the study, the statement of the problem, objective of the study/research objectives; it also highlights the significance of the study together with the scope of the study and the limitations.

1.1 Background of the study

Employees are the greatest single asset available to an organization. They are the essential instruments of any organization. According to Cole (1997) an organization is people personnel management. Staff rightsizing affect service delivery. Staff downsizing leads to lay-offs, retrenchments or redundancies that affect human motivation, morale and employees' personal lives within and outside the organization. Waweru (1984) observes that the anxiety that grips the staff following the announcement of an impending downsizing affects their performance.

Rightsizing is corporate restructuring, or rationalization strategy, with the goal of reducing costs and improving efficiency and effectiveness. This strategy involves the reduction of a company's workforce to the point where the number of employees that remain is deemed to be right for the company's current condition. Rightsizing can also be used to describe increasing the size of an organization, perhaps as an attempt to correct a previous downsizing, or delayering, exercise (Srass and Sayless, 1972).

Throughout history, organizations have had to be restructured by means of merging labour force, cut backs, or selling out in order to cope with trends in the environment. In the 20th century and 21st century, the need to right size has been highlighted by the pressures of global competition (Cole, 1997). The drive for more competitive edge has forced organizations to reduce costs tremendously and enhance efficiency and effectiveness. In a capitalist society, the driving motive for business is profit making, therefore when costs begin to supersede profit, the essence of business is lost.

In developed countries, the private sector is larger than the public sector. In less developed countries, the converse is true; the public sector is the single largest employer and provider of essential services (Falahunsi, 1996). Service industry has increasingly taken centre stage while manufacturing industries have matured with increased technology. Leaner staff is currently required at the work places since machines are available to perform the bulk of manual tasks. The issue is now to offer quality services as organizations compete for the customer.

Rightsizing as a strategy adopted in developing countries such as Kenya is closely associated with Structural Adjustment Programs (SAPs) championed by the Bretton Wood institutions (the World Bank and IMF) in the eighties. SAP macroeconomic and structural reform policies originated due to a series of global economic disasters during the late 70s, particularly the oil crisis, debt crisis, multiple economic depressions, and stagflation and so on. These policies required reduction in public spending on health, education, among others; reduction of tax on high earners, drop in inflation, wage

suppression, promotion of market competition, lowering of tariffs on imports, devaluation of local currencies, tighter monetary policy, opening the economy to foreign competition, privatization of state owned resources, retrenchment, among others (Gok, 1996).

A key component of the SAPs was the implementation of a major service reform programme aimed at reducing the overall size of the civil service and achieving cost containment, and rendering the civil service more efficient by improving working conditions. To this end, the civil service was trimmed by over 33,000 employees between July 1993 and 1997 through natural attrition, voluntary retirement and position rationalization. During this period, the Government limited new hires to a maximum of 3,000 per year maximum. Before the introduction of SAPs, the public sector in Kenya had become bloated due to over employment resulting to high wage bills and budget difficulties where expenditures far exceeded revenue with the government consuming almost 10% of the GDP. Therefore, the advent of SAPs was designed to create efficiency, effectiveness, and decrease public spending, among other reasons.

Some writers have reviewed the impact of Structural Adjustment Programs (SAPs) on the performance of the Kenyan economy concluding that the macroeconomic emphasis of SAPs was inconsistent with Kenya's longterm interests (Elbadawi, 1992; Mosley, 1994; Lipumba, 1994; 1995). Cornia *et al.*, (1987) extensively dwelt on the negative impact of these policy measures on the poor and vulnerable sections of the population. This study

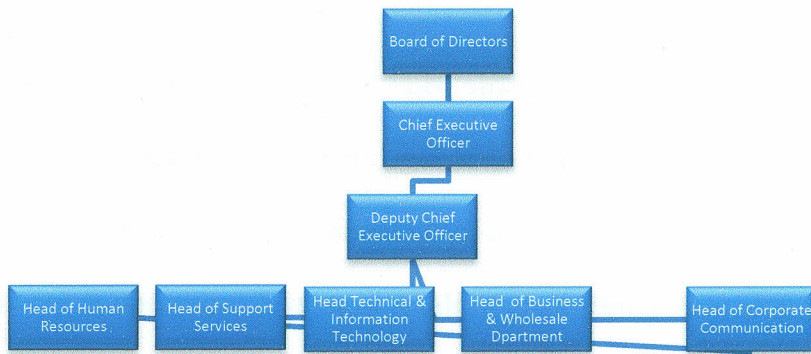
probed the effect of staff down sizing on workers' performance with reference to Telkom Kenya.

Telkom Kenya as a Firm

Telkom Kenya was established under the Kenya Commissions Act of 1998 as a telecommunications operator under the Companies Act Cap 486 in April 1999. Telkom Kenya replaced the defunct Kenya Posts and Telecommunication Corporation that was established by an Act of Parliament Cap 411 of 1997. This was after the collapse of the East African Community (<http://www.telkom.co.ke/>). The mandate at the time was two fold to exclusively provide postal and telecommunication services and perform regulatory functions on behalf of the Kenya government.

In the late 90s, the Government of Kenya together with the World Bank and the IMF decided to perform a comprehensive overhaul of key utility sectors, including postal, telecommunications, energy, water and transport. The accomplishment of this objective required attracting private investment and participation in these key sectors (RoK, 2000). Through appropriate legislation, the Kenya Posts and Telecommunications Corporation (KPTC) was split into three separate entities: the postal authority (Posta), telecommunications (Telkom), and a licensing and regulatory authority (Communication Commission of Kenya – CCK). Moreover, a license was provided to a second cellular telephone operator to increase competition in the sector. In this context, the government offered for sale 49 percent of the government's share in TELKOM.

Fig. 1.1: Organization Structure Telkom Kenya Ltd



Source: Researcher (2010)

Telkom has a board of directors which consists of a Chairman, two Permanent Secretaries from the Ministry of Finance And Planning and Ministry of Transport and Communication. The managing director and members from the private sector appointed in accordance with the articles of association of the company. The management team consists of the managing director, nine chief operating officers and the company secretary (<http://www.telkom.co.ke/>).

The communication industry is very competitive. Telkom Kenya has put in place lean, efficient and proactive workforce to strengthen its internal capacity thus ensuring quality services are offered, delivery time is improved and other marketing strategies and plan required to win customer confidence are undertaken while simultaneously guaranteeing quality in provision of service and delivery systems to customers.

Telkom as a firm faces various challenges due to the growth of the telecommunication industry in Kenya which has been quite impressive. These challenges have constrained its ability to compete effectively in the liberalized Information and Communications Technology (ICT) market. These challenges include potential competition from entrants arising from liberalization of the communication sector; increasing costs of inputs and service delivery at operations level as a result of challenging technologies; low levels of productivity in utilizing of institutional resources especially human and financial resources and the equipment installed capacity; institutional structures and processes that do not adequately address the need for focus on high quality service to customers; excess staff with low skill which has contributed to high cost of employment; high level of indebtedness; declining revenues adversely impacting on the cash flow; cable vandalism of copper; and keeping pace with technological advancement of competitors.

The Kenya Government recognized that Telkom required an accelerated restructuring program to ensure that the company continues to play a leading role in effective and efficient delivery of service; cope with demands of a rapidly changing and dynamic communication sector; and ensure its long term sustainability in a highly competitive environment. PKE Consulting was engaged in March 2005 to carry out a detailed assessment of Telkom's operations and give recommendations on how to return it to profitability (PKE Consulting Ltd, 2005). The consultant's recommendations included staff restructuring, this is already underway; financial restructuring; network upgrade and

computerization; exemption from provision of state corporations Acts and public procurement regulations; and divestiture from the loss making subsidiaries.

The cabinet on the other hand made some recommendations which include retrenchment of 11,873 members of staff; and financial restructuring and Telkom Kenya privatization among others.

Telkom boasted of 17,480 staff members distributed within its large and bloated organizational structure. Most of these employees were not competitively selected, lacked the requisite skills and were idle. Political patronage had a significant influence in the bloated workforce and the subsequent poor performance of the organization. The rationalization process recommended the downsizing of the workforce to 5,800 well skilled staff to take care of organizations needs (PKE Consulting Ltd, 2005). The board approved the implementation of the staff retrenchment which was done in phases. Phase I commenced on 12th May 2006, Phase II on 31st May 2007 and Phase III end of September 2007. The staff numbers currently stand at approximately 3,100 employees. It is, therefore, proper and necessary that this study examines the effect of staff down sizing on workers' performance with reference to Telkom Kenya (<http://www.telkom.co.ke/>).

1.2 Statement of the Problem

Rightsizing has emerged as a critical process in this present era of shrinking space, shrinking time and disappearing borders in the context of employee engagement and human capital. Rightsizing is often adopted by most organizations to help them become

more agile and flexible and thereby cater for the competitive demands (Dougherty, 1995; Graham and Bennett, 1998). Staff rightsizing programs have been embraced by most organizations yet little research has been done to analyze the effects such programs have on service delivery. This is so when there has been a lot of outcry regarding staff rightsizing. Therefore, in an age where quality service provision is at the top of the corporate agenda, it is inspiring to seek to find out whether staff rightsizing affects the quality of services offered with reference to Telkom Kenya.

Telkom, like most Kenyan parastatals, has faced a lot of public scrutiny and constant prodding on the low quality services being offered thus reducing their credibility and public image. In the eyes of stakeholders, Telkom Kenya is a monolithic organization that is too expensive to maintain and very poor in service delivery due to a bloated workforce resulting from haphazard recruitment, a total disregard of relevant skills and experience.

This study examined staff downsizing, reasons for downsizing, procedure for handling downsizing, consequences on those affected by the cut-down, the remaining work force and their capability to cope with measures to reduce or avoid downsizing eventuality by establishing options that can be adopted to help alleviate job-cut-down occurrences, support offered to those affected and coping mechanisms for the remaining employees with reference to Telkom Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

To examine the effects of rightsizing on service delivery of Telkom Kenya.

1.3.2 Specific Objectives

The specific objectives of the study were:

1. To find out how rightsizing has led to cost reduction at Telkom Kenya Ltd.
2. To find out how rightsizing has led to staff reduction at Telkom Kenya Ltd.
3. To find out how rightsizing has led to improved ICT use by staff at Telkom Kenya Ltd.
4. To find out how rightsizing has affected the filling of vacancies and manpower planning at Telkom Kenya Ltd.
5. To find out how rightsizing has affected service delivery at Telkom Kenya Ltd.

1.4 Research Questions

1. How has rightsizing led to cost reduction at Telkom Kenya Ltd?
2. How has rightsizing led to staff reduction at Telkom Kenya Ltd?
3. How has rightsizing led to improved ICT use by staff at Telkom Kenya Ltd?
4. How has rightsizing affected the filling of vacancies and manpower planning at Telkom Kenya Ltd?
5. How has rightsizing affected service delivery at Telkom Kenya Ltd?

1.5 Significance of the Study

Most organizations have adopted rightsizing because it helps them to become more agile and flexible and therefore remain competitive in a volatile environment. The key challenge in rightsizing concerns the fairness aspect of the entire process considering the fact that in most cases rightsizing results in gains for some people and loss for others. Recommendations arising from this study may be helpful to various stakeholders. The findings of this study may be helpful to the Ministry of Labour in terms of policy formulations. The findings may also be of benefit to the Central Organization of Trade Unions (COTU) and the Federation of Kenya Employers (FKE) because it is expected that with the completion of rightsizing the retained staff were awarded better terms and conditions thus lessening work-related grievances. Finally, the different cadres of employees might benefit if the findings of the research project will be used to improve their work environment and relations.

1.6 Scope of the Study

The study was carried out at Telkom Kenya headquarters and within the Central Business District (CBD).

1.7 Limitations of the Study

The study limited itself to only one organization in the country; Telkom Kenya Ltd. Telkom Kenya limited was selected because it is one of the organizations that have adopted the rightsizing program. For more conclusive results, all the organizations that have adopted the rightsizing strategy should have been studied. However, this was not

possible due to financial and other logistical constraints such as time and duration of the study. The time was limited because the author who is a graduate school student is also working full time as a teacher.

The study was also limited to satisfying the demands of the master's programme. The time needed to gather data, distribute questionnaires, do interviews etc is inadequate considering all the other commitments of the researcher. Other limitations in this study include: fear of victimization among lower level cadres might lead to biased feedback; senior managers may not be ready to give their position as regards downsizing to protect the corporate image; and the stigma attached to downsizing through retrenchments, lay offs, cut backs, redundancies may affect responses to questions.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, a review of related literature is attempted to shed light on the concept of rightsizing under the following subtopics namely: what is rightsizing?; benefits of rightsizing; effects of staff rightsizing; responding to rightsizing; service delivery and research gaps.

2.1 Rightsizing

Downsizing is currently one of the most popular strategies used lately for firm's restructuring. It is a radical, discontinuities change, with significant influence on organizations, employees, and society. Although there existed different types of downsizing in the 70s, this strategy became extremely popular in the 90s. It primarily affected blue-collar workers, but nowadays this strategy is spreading to all industries, regions, companies, and employees at all levels of skill and education and has, therefore, become a global phenomenon (Ian, 2001). Downsizing could be realized through several forms, but all of them include reducing the number of personnel. This has caused downsizing to become a painful experience in the life of corporations and their employees. The main reasons for the adoption of this strategy is that the companies reported increased global competition, overstaff, increased costs, new technologies, preparation for privatization or strategic issues such as mergers, acquisitions, outsourcing, and so on.

Rightsizing involves a variety of practices that have served many organizations as an alternative to job cuts (Mirabal, 2005). Some common examples of rightsizing options include furloughs – voluntary and/or mandatory, time off without pay taken as occasional days or in chunks of time; reduced work weeks – voluntary and/or mandatory reduction in work hours and salary which may include temporary reduction in benefits, such as 401(k) matching funds; sabbaticals – voluntary and/or mandatory unpaid or partially paid leaves of absence or time off, usually for a specified period of weeks or months; telework – working some or all of one's standard hours from an off-site location (often at home), which is associated with increased productivity, job satisfaction, reduced utility and real estate costs; and pay cuts – voluntary or mandatory pay reductions for some or all of the workforce (often more significant contribution at the top ranks).

For any organization to achieve its aims in the current economic times there has to be a great deal of structural adjustments to have and maintain the right size of the workforce. These adjustments try to change the organizations from their current state to a better developed state. Thus the author appreciates the contributions of the various writers on this issue of downsizing. For instance (Waigucho and Mwaura, 1999) observe that public institutions have weighed a significant burden on government in terms of indirect support. The problem has been widespread in African countries and change was required in order to save on the scarce resources. This change would come through the program of downsizing in institutions.

Since 1993 the Government has been pursuing an ambitious program of macroeconomic and structural reform. The key features of this program are a reduction in the fiscal deficit and enhanced monetary discipline; liberalization of external and internal markets; initiation of parastatal reform based upon restructuring of strategic parastatals and divestiture of non-strategic enterprises; and improved government management through reduction of the size of the civil service and reorganizing key ministries.

2.2 Benefits of Rightsizing

Many studies (Cole, 1997; Ian, 2001; Mirabal, 2005) highlight the ambivalence in results with regard to the outcome of rightsizing and attribute them to the rightsizing processes, the relationship of the rightsizing processes and the outcome has emerged as an area of interest. Most of the empirical evidence fails to support the thesis that downsizing improves organizational performance. Some studies have investigated the impact of downsizing on the intangible firm's assets. They have found that downsizing had negative influence on many intangible assets, for example, social capital, organizational learning capacity, employee commitment, and so on.

Rightsizing enables talent planners to enact adaptable workforce planning. This way a business organization is able to tap on available talent to improve competitiveness, sustainability and the bottom line. Rightsizing, therefore, helps an organization to strike the right balance between cutting jobs and retaining critical talent, ensuring the right skills are preserved to execute future business goals; take inventory of the workforce. Rightsizing enables an organization to retain the right talent while also letting go of the

wrong talent. This is because having too many low performers can make an organization less productive; focus on retaining and developing key talent. Shifting mindset from recruiting talent to retaining talent can help organizations save on costs and become more competitive; and determine the best course of action for organizational success. Rightsizing make organizations leaner and more competitive in a difficult economy so they can reap stronger rewards and be in an advantageous position after the recession ends. By creating a results-focused talent plan, organizations sharpen their employee skills for greater strategic impact. Putting the right people in the right roles at the right time will enable companies to improve the quality and effectiveness of their workforce - a major competitive differentiator.

2.3 Effects of Staff Rightsizing

Employees are often the casualty of rightsizing. Staffs who become victims of rightsizing experience one of the most stressful events one can encounter – possibly life changing in countries where the economy doesn't grow fast or remains stagnant. Perhaps, the most devastating is the emotional impact, especially if one derives too much worth from their career vocation (Djordjevic, 2008). For many people, what they do also gives them status and worth. Besides, when one or both providers of a family lose their source of income, many corporate benefits previously taken for granted may also fall away and suddenly become liabilities. Without a steady income one no longer qualify for loans and credit facilities.

Rightsizing also brings uncertainty. How long will this period last and what do we do next (Leung *et al.*, 1999). Unfortunately, no one can predict the length of time, and for every person for whom rightsizing provided an opportunity to successfully pursue a lifelong passion, there are some who lost all their savings in the wrong venture or through prolonged unemployment. Rightsizing, therefore, hits from all sides. If not managed it can result in depression and damage your most important relationships.

Rightsizing poses the immediate managerial problems of dismissing a large number of employees in a dignified manner in order to help minimize the trauma associated with downsizing. Employees who are laid off tend to suffer from depression, anxiety, insomnia, high blood pressure, marital discord and a host of other problems. Thus, when companies decide that downsizing is the best course of action managers should do so in a way that does the least harm to employees and their families. This includes taking the time to allow dismissed employees to air their thoughts instead of laying off quickly and impersonally and providing assistance to find new jobs.

Because of the negative effects that occur after downsizing, managers may have to implement measures to counteract employee apathy, improve customer service and restore employee's trust (Leung *et al.*, 1999). Analysts of downsized companies argue that managers should take steps immediately after workforce reduction to provide the remaining workers with the support and guidance they need. This involves providing employees with clear indications of what is expected of them and how they can meet increased productivity goals. Managers should confer with the employees regularly to

discuss performance and strategies of meeting goals. In addition managers should encourage employees initiative and communication and provide employees with rewards for excellent work. By promoting employees initiative and even involvement in decision making, managers can help restore employees trust and commitment and help increase employees motivation.

The aftermath of downsizing also places greater demands on managers to make do with less. In other words managers must strive to maintain or increase productivity and quality levels despite having a smaller workforce. Since downsizing often brings a flatter corporate structure the flow of information in communication no longer requires the effort needed prior to restructuring. Therefore, reports used for communication between layers of the old corporate hierarchy, for example, can be eliminated. If redundant but nonessential work cannot be completely eliminated, it perhaps is reduced. By studying particular tasks and determining their essential components managers can get rid of unnecessary tasks and eliminate unnecessary jobs altogether or better still outsource that kind of service.

This study addresses rightsizing from the perspective of social justice by taking into consideration the assessments of the processes by the affected actors namely, the implementers who drive the rightsizing processes; the separated who leave the organization as a result of rightsizing; and the stayers who remain in the organization and have observed the process. It also aims at understanding the various rightsizing processes

from an empirical perspective and examines the causal relatedness of the rightsizing processes and outcome across some of the Indian organizations and the actors.

Hickok (1998) contends that though most downsizing is done to save cost, the largest effect comes from the culture change. He mentions a shift from employee well-being to company health, from family to competition, and from stable to contingent. Those considering downsizing need to think about the long-term effect. The author suggests reviewing how the process is announced, opening up lines of communication, understanding the full consequences to the employee, being prepared to answer questions and accusations, and know that the future will be better once the process is complete.

Djordjević and Djukić (2008) examined the impact of downsizing on the corporate reputation. The study observed that the corporate reputation as one of the most important firm's intangible assets. This kind of resources could be a significant source of the firm's competitive advantage. The study suggested that downsizing influences the eight dimensions that determine corporate reputation index.

Leung, *et al.* (1999) examined the downsizing and restructuring that arose from the Asian financial crisis and its psychological effects on the well-being of Hong Kong's labor force.

Winkler (2003) took a look beyond the downsizing process to those who remain employed and the relationships they have with each other, both those who remained and

those who left. It discusses the employees' perception of justice and conflicts during and after the downsizing occurs and how they handle those emotions. The author studied data gathered from interviews of a downsized telecom company.

Rightsizing appears to be ongoing practice for the foreseeable future. Top managers with responsibilities for making downsizing decisions are in a difficult predicament. Failure to downsize may result inefficiencies, while downsizing clearly has a number of potentially negative effects on individuals and communities. Finding the balance between these outcomes is the primary challenge facing these managers.

2.4 Responding to Rightsizing

Leung et al., (1999) observes that each one probably copes with rightsizing differently, but here are some lessons that made the transition easier.

Tell the truth. Denial can only prolong recovery and also exclude you from much needed support from family and friends. It is also important to remember that you did nothing wrong.

Do not withdraw. The question on what you do for a living, the loss of status at work, your own fears and uncertainties, and progressive unease as the period of being unemployed drags out, all lead to a tendency to withdraw. This option denies you one of the most important means to recovery, namely networking. It is well known that traditional ways of seeking employment (e.g., applying on adverts and sending out your

resume) has very limited success, and that the most effective way of finding work is through networking and referrals. Maintaining a neat appearance while actually seeking opportunities to meet others, exchange ideas, and explore opportunities is a far better response. Many opportunities (employment or business) are not published or advertised; many people prefer to appoint a person based on personal recommendation.

Seize the opportunity. Use this time to reassess your real interests, talents and gifts. Studies show that many people do not enjoy their work and believe that they may be in the wrong job. If you are one of these people, you may just be able to pursue a real interest.

Money matters. There are many “advisors” who will gladly help you part with your severance package and other savings. Too many people invest their earnings in “opportunities” that fail, thereby losing literally everything. It is important to seek careful advice from more than one prudent source. For as long as possible, do not use money set aside for retirement. Consider it inaccessible; rather reinvest it. Do not make any hasty decisions. Be especially careful of “opportunities” to “act quickly” or the “opportunity is only available for a short while” type offers. Think, seek advice and wait until you have peace and confirmation before acting. Scale down immediately. Get the co-operation of your family in the implementation and careful monitoring of an expense budget. You may be forced to stretch your funds for longer than anticipated. What can you do without? Immediately discontinue any credit facilities.

Negative vs. positive energy. Do not waste time and energy on negative thinking such as “why me?” Life consists of challenges and opportunities for growth. Being helped out of a comfort zone will force you to consider a host of alternatives. The trend whereby big organizations reduce costs and reduce jobs is bound to continue. The new opportunities lie in entrepreneurship and with medium sized growth companies, started by the champions of tomorrow.

2.5 Service Delivery

Burrus *et al.* (2009) observe that right sizing is a lot less risky. It involves reducing the organization by a small percentage thereby keeping the organization trim and in better condition. Rightsizing can be achieved by a number of painless means such as: Freezing recruitment, releasing the long term sick, allowing early retirement and releasing poor performers. The ultimate question however, is: Will reducing the organizational numbers improve productivity figures. The trick with right sizing the organization is to watch and track the link between reducing numbers and productivity and stop the reduction as soon as the productivity improvement graph plateaus out.

In an organizational context, downsizing is seen as a process which brings change in the organization (Hammer & Champy, 1993). As many studies highlight the ambivalence in results with regard to the outcome of rightsizing and attribute them to the rightsizing processes, the relationship of the rightsizing processes and the outcome has emerged as an area of interest. Positive consequences involve increase in efficiency as well as decrease in personnel cost whereas negative consequences include but are not limited to

personal loss, burnout, anxiety (Kets De Vries & Balazs, 1997), reduced commitment to the organization (Brockner, *et al.*, 1994) and reduced self-esteem of the survivors (Wiesenfeld *et al.*, 2001). Hence, downsizing interventions almost inevitably face stiff resistance from the employees, which manifest through absenteeism and lowering of motivation and productivity (Paterson & Cary, 2002).

The critical first question to ask before any layoff is: Is the need for this layoff driven by having too many employees or too little profit? If it's too little profit, this is the first warning sign that the company isn't ready for a layoff. Using a layoff solely as a cost cutting measure is utterly foolish: throwing away valuable talent and organizational learning by dumping employees only makes a bad situation worse. If the answer is too many employees, then downsizing is the strategy for change. Even then, unless there is a clearly defined, shared vision of the new company among the entire management team, the past will be likely to sabotage the future and create a cycle of repeated layoffs with little improvement in organizational efficiency (Burrus *et al.*, 2009).

According to Hammer & Champy (1993) and Bleakley (1996) the goal for downsizing is to increase productivity, quality, customer care, and profitability, and to reduce costs and waste. This is every organization's dream during a downsizing. With fewer employees, consider eliminating unproductive meetings, initiatives that don't put the organization closer to its customer, and employee requirements that don't add value to the product or your service. Look especially to eliminate steps that are redundant, repetitive, time

adding or permission requiring. Additionally, create measures of success, and provide constant feedback, so people know how they are doing within the new organization.

Hammer & Champy (1993); Greising (1994); Bleakley (1996) noted that the overall results for most organizations that had joined the downsizing bandwagon were less than spectacular. By some estimates, over 50% of all reengineering efforts resulted in operating results that did not meet expectations. What went wrong? The primary benefit from reengineering was the short-term reduction in operating costs. The emphasis on reducing all costs failed to make a critical distinction between those costs that support customer value creating activities and those that do not. Unfortunately, much of this cost reduction came from personnel layoffs and not from product or process improvements. The deeper problem is the virtual abandonment of strategies that could grow the company. For instance, functions that are critical to the customer value creation process such as customer service, market research, and marketing communications are often cut first. If an organization is to grow, more focus is needed on increasing value to the customer that will enable a firm to grow by penetrating existing segments, developing new markets, and creating new products and services.

2.6 Research Gaps

In the Kenyan context, only Telkom Kenya Ltd and Kenya Railways have undergone rightsizing. This effectively means that few studies have been conducted on rightsizing. Therefore, this study is definitely going to fill a major gap in relation to this topic of study in the country.

2.7 Conceptual Framework

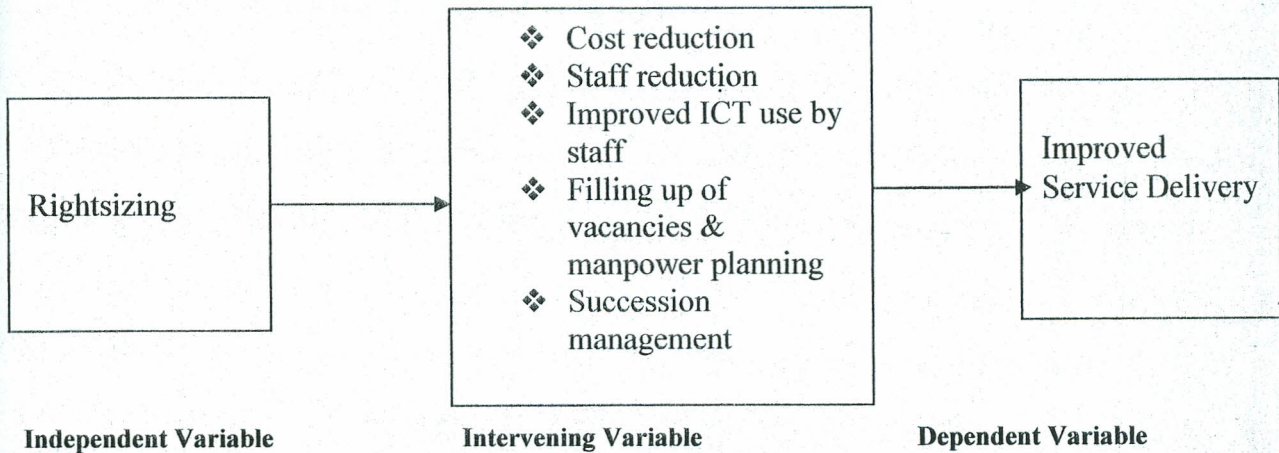


Fig. 2.1: Conceptual Framework

Source: Researcher

In order to provide quality services to clients thereby achieve competitive advantage over others, organizations are moving towards cost reduction. Also, as the work-place is changing at a fast pace due to technological advancements and other such factors, more and more personnel are getting redundant. Figure 2.1 is a model of the relationship between perceived customer value and the strategic activities that a firm undertakes to create that value (i.e. rightsizing). The sequence begins with the assessment of the client's value expectations about the service or product. These value expectations evolve into customer value drivers as the potential client processes information concerning alternative product or service providers. Therefore, the downsizing strategy has to be linked with customer value and then identify the rightsizing processes that contribute towards positive outcome for the organization and the clients. This requires knowledge of the product and services on offer, the products and services that are likely to be profitable

and the talent that will be needed to run the new organization. Proper tackling of these issues will enable a quick turnaround from the inevitably negative effects of downsizing to positive growth in value and efficiency in the post-layoff future.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter presents a discussion on research methodology that was employed in the study. The following are discussed: research design, research locale, population and sampling, research instruments, data collection methods and data analysis.

3.1 Research Design

The researcher used exploratory research design. This is also known as formulative research study. Its main purpose is that of formulating a problem of more precise investigation or of developing a working hypothesis from an operational point of view. Major emphasis on such studies is on discovery of ideas and insights and must therefore be flexible enough to provide opportunity for considering different aspects of the problem under study. This study used this research design due to the nature of subject under study. The concept of rightsizing was applied for some time since the seventies with varied results and therefore the researchers' quest was to investigate or explore the topic.

3.2 Study Site

Telkom Kenya Ltd has offices situated in various locations within the city of Nairobi and all over the country. However, the headquarters from where the survey was carried out is located at Teleposta Building along Kenyatta Avenue in the city centre. The study also benefited from customers of Telkom Kenya within the Central Business District (CBD) of Nairobi.

3.3 Target Population.

The universe was the senior management staff and the general staff which totals to about 2,400.

3.4 Population and Sample

Random sampling was used to select departments within the organization by giving numbers to all departments then picking four for the study. Cluster sampling Hickey (1986) was used to identify specific sub-departments from the department within the organization to participate in the study. Finally, random sampling was used to identify 200 general staff and 4 managers to participate in the study using random numbers. Random sampling was appropriate because it gives data which can be generalized to a larger population from where it is chosen within margin of errors. The selected respondents were given a questionnaire. Mugenda and Mugenda (1999) noted that ten percent of accessible population is adequate for a sample in a descriptive research.

Table 3.1: Sampled Respondents

Category of Respondents	Target Population	Sample Population
Managers	5	4
General Staff	2395	200
	2400	204

3.5 Data Collection Instruments and Procedures

Data was collected using a questionnaire. The questionnaire is the most suitable research instrument for exploratory research design. Two separate questionnaires consisting of open-ended and closed-ended questions were used to gather data from senior management staff (managers/supervisors) and the general staff at Telkom Kenya

respectively. The face-to-face questionnaire administration approach was adopted where the interviewer presented the items orally and then record the respective responses provided by the informants.

3.6. Reliability of the Research Instruments

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 1999). The questionnaires were pre-tested using the spilt half method. Each of the sets was treated separately and scored accordingly. The two sets were then correlated and the correlation coefficient obtained was adjusted by the Spearman-Brown prophecy formula.

3.7. Data Analysis Techniques

Raw data obtained from the field was cleaned, coded, and key-punched into a computer and analyzed using the Statistical Package for Social Sciences (SPSS). It is from the results of this analysis that the researcher was able to make a sense of the data. Data presentation is in the form of frequency tables, percentage frequencies, cross-tabulations, means, pie charts and bar graphs.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

This study examined the effects of rightsizing on service delivery of Telkom Kenya. The study assessed reasons for downsizing, procedure for handling downsizing, consequences on those affected by the cut-down, the remaining work force and their capability to cope, support offered to those affected and coping mechanisms for the remaining employees.

4.1 Biodata

The respondents for this study comprised Telkom Kenya Ltd senior managers and general staff. In this section, the respondents' characteristics at the time of the research are presented. These characteristics include age, gender, highest level of education and position held in the organization. The results are shown in tables 4.1, 4.2, 4.4 and 4.5 below respectively.

Table 4.1: Age of Respondents

Age	General staff		Senior managers	
	<i>f</i>	%	<i>f</i>	%
18-25	2	1.4		
26-35	44	31.4		
36-45	70	50.0	1	25.0
46-55	22	15.7	2	50.0
55 and above	2	1.4	1	25.0
Total	140	100	4	100

Half of the general staff respondents 70 (50%) were of the ages 36-45 years while 2 (50%) of the senior staff were of the ages 46-55. Forty-four (31.4%) of the general staff were of the ages 26-35 years. Very few respondents were of the ages 55 and above. The respondents who were of the ages 55 and above were 2 (1.4%) general staff and 1 (25%) senior managers.

Table 4.2: Gender of the Respondents

Gender	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
Male	77	55.0	3	75.0
Female	63	45.0	1	25.0
Total	140	100	4	100

In terms of gender, both sexes were fairly represented among the general staff cadre. Female representation was for general staff 63 (45%). However, the male gender was predominant at the senior staff level at 3 (75%).

Table 4.3: Highest Level of Education

Highest Level of Education	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
Primary	5	3.6		
Secondary	12	8.6		
College	48	34.3		
University	75	53.6	4	100
Total	140	100	4	100

All senior staff 4 (100%) at Telkom Kenya Ltd had university level academic qualifications. More than fifty per cent 75 (53.6%) of the general staff had attained university level academic qualifications while 48 (34.3%) had completed college, 12 (8.6%) had secondary level qualifications and 5 (3.6%) had completed primary schooling.

Table 4.4: Position in the Organization

Position in the organization	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
Top/senior management			4	100
Middle management	17	12.1		
Junior management	26	18.6		
Supervisory	57	40.7		
Technical	40	28.6		
Total	140	100	4	100

Most of the general staff 57 (40.7%) said their position in the organization was supervisory, 40 (28.6%) said technical, 26 (18.6%) were in junior management and 17 (12.1%) were in middle management. The entire senior staff 4 (100%) were part of the top senior management.

Table 4.5: Years Worked for Telkom Kenya Ltd

Years worked for Telkom Kenya Ltd	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
Less than 5 years	89	63.6	1	25.0
Between 5 and 10 years	31	22.1	2	50.0
Above 10 years	20	14.3	1	25.0
Total	140	100	4	100

The respondents had served for diverse number of years as top/senior management, middle management, junior management, supervisory and technical personnel at Telkom Kenya Ltd. Most of the general staff 89 (63.6%) had worked for less than five years, 31 (22.1%) had worked for between 5 and 10 years and 20 (14.3%) had worked for above 10 years.

4.2 Rightsizing and Cost Reduction at Telkom Kenya Ltd

The first objective of the study was to find out how rightsizing has led to cost reduction at Telkom Kenya Ltd. The findings are presented below.

Table 4.6 below presents the findings from the general staff and senior staff on who took the decision to rightsize.

Table 4.6: Who took the Decision to Rightsize

Who took the Decision to Rightsize	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
The government	91	65.0	4	100
CEO	7	5.0		
Top management	2	1.4		
Top management in consultation with others	19	13.6		
Don't know	21	15.0		
Total	140	100	4	100

Most of the general staff 91 (65%) said the decision to rightsize was made by the government, 7 (5%) said the CEO, 2 (1.4%) said top management, 19 (13.6%) said top management with consultation with others and 21 (15%) did not comment. The entire senior staff said the decision to rightsize was made by the government.

Table 4.7 below presents the findings from the general staff and senior staff on whether the government was directly involved in the rightsizing process.

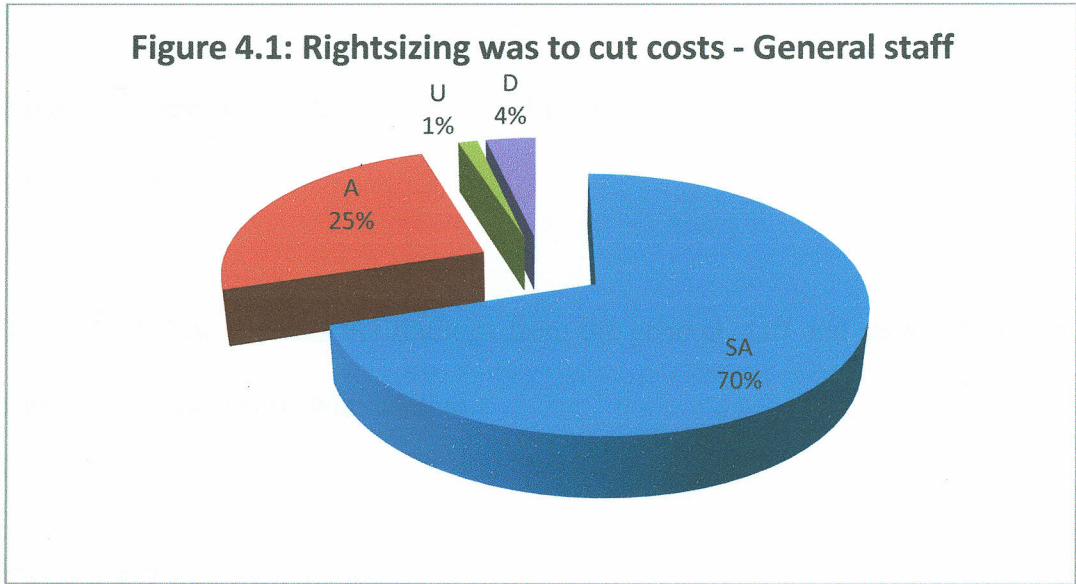
Table 4.7: The government was directly involved in the rightsizing process

The government was directly involved in the rightsizing process	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	80	57.1	1	25.0
A	35	25.0	2	50.0
U	4	2.9		
D	10	7.1	1	25.0
SD	11	7.9		
Total	140	100	4	100

The study's findings indicate that more than fifty per cent 80 (57.1%) of the general staff strongly agree that the government was directly involved in the rightsizing process, 35 (25%) agree, 10 (7.1%) disagree, 11 (7.9%) strongly disagree and 4 (2.9%) were not sure.

Half of the senior staff 2 (50%) agree that the government was directly involved in the rightsizing process, 1 (25%) strongly agree and 1 (25%) disagree.

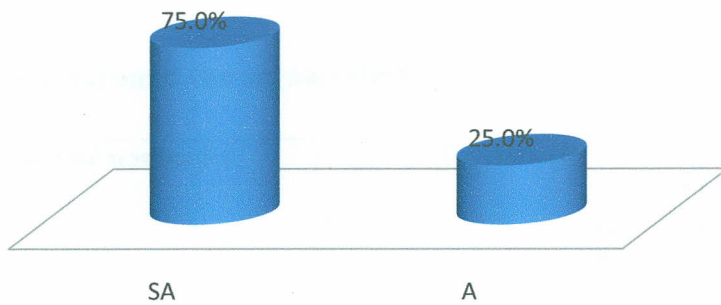
Figure 4.1 below presents the findings from the general staff on whether rightsizing was to cut costs.



Most of the general staff 98 (70%) said they strongly agree that the rightsizing process was to cut costs, 35 (25%) agree, 5 (3.6%) disagree and 2 (1.4%) were not sure.

Figure 4.2 below presents the findings from the senior staff on whether rightsizing was to cut costs.

Figure 4.2: Rightsizing was to cut costs - Senior staff



Majority of the senior staff 3 (75%) said the rightsizing process was to cut costs while 1 (25%) agree.

Table 4.8 below presents the findings from the general staff and senior staff on whether rightsizing was to cope with decline.

Table 4.8: Cope with decline

Cope with decline	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	99	70.7	2	50.0
A	30	21.4	2	50.0
U	7	5.0		
D	4	2.9		
SD				
Total	140	100	4	100

Most of the general staff 99 (70.7%) strongly agree that rightsizing was meant to cope with decline, 30 (21.4%) agree, 4 (2.9%) disagree and 7 (5%) were not sure. Half the senior staff 2 (50%) strongly agree that rightsizing to was to cope with decline while the other half 2 (50%) agree.

Table 4.9 below presents the findings from the general staff and senior staff on whether the rightsizing process was to turnaround the organization.

Table 4.9: Turnaround the organization

Turnaround the organization	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	96	68.6	3	75.0
A	38	27.1	1	25.0
U	4	2.9		
D	2	1.4		
SD				
Total	140	100	4	100

Most of the general staff 96 (68.6%) strongly agree that rightsizing was meant to turnaround the organization, 38 (27.1%) agree, 2 (1.4%) disagree and 4 (2.9%) were not sure. Most of the senior staff 3 (75%) strongly agree that rightsizing to was turnaround the organization while 1 (25.0%) agree.

4.3 Rightsizing and Staff Reduction at Telkom Kenya Ltd

The second objective was to establish how rightsizing has led to staff reduction at Telkom Kenya Ltd.

Table 4.10 below presents the views of general and senior staff if rightsizing targeted to replace redundant employees with new talent.

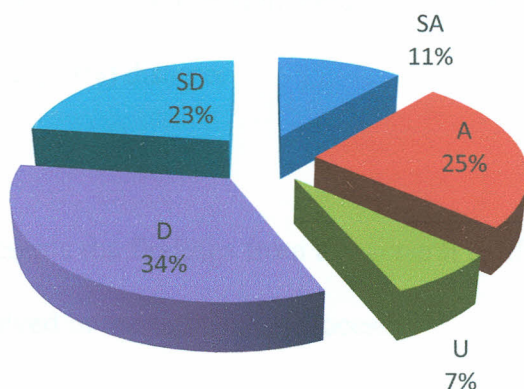
Table 4.10: Replace redundant employees with new talent

Replace redundant employees with new talent	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	23	16.4	1	25.0
A	25	17.9	1	25.0
U	16	11.4		
D	69	49.3	2	50.0
SD	7	5.0		
Total	140	100	4	100

Majority of the general staff 69 (49.3%) disagree with the notion that rightsizing was geared at replacing redundant employees with new talent, 7 (5%) strongly disagree, 25 (17.9%) agree, 23 (16.4%) strongly agree and 16 (11.4%) were not sure. Half of the senior staff 2 (50%) disagree with the suggestion that the rightsizing exercise was meant to replace redundant employees with new talent, 1 (25%) agree and 1 (25%) strongly agree.

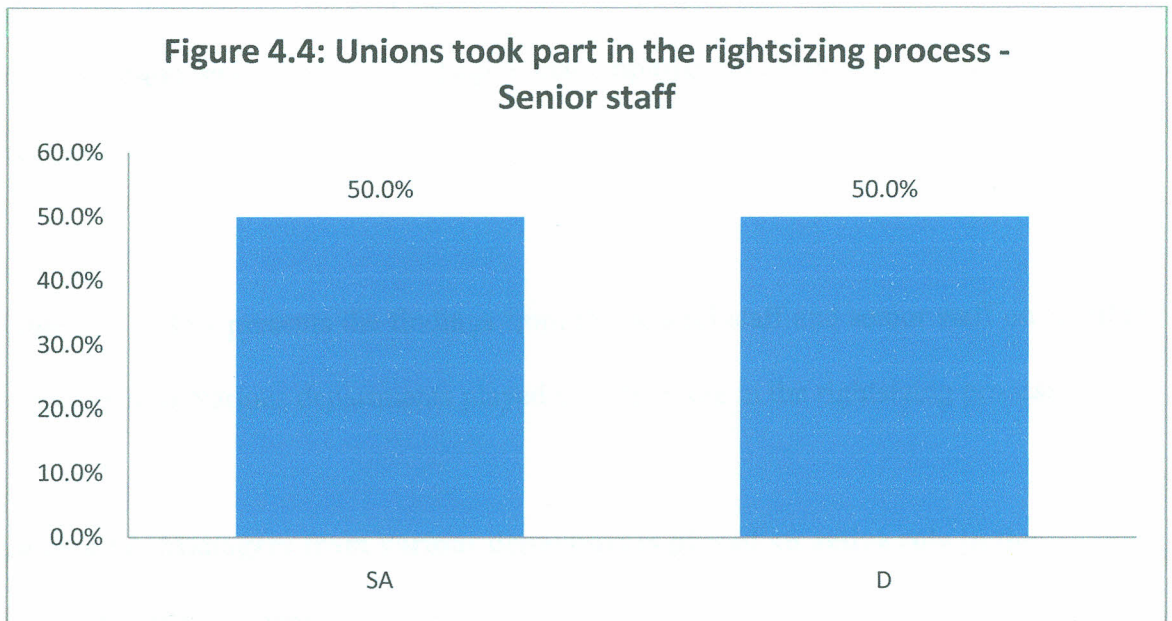
Figure 4.3 presents findings on the views of general staff on if unions took part in the rightsizing process.

Figure 4.3: Unions took part in the rightsizing process - General staff



It emerged from the study's findings that 16 (11.4%) strongly agree that unions took part in the rightsizing process, 35 (25%) agree, 47 (33.6%) disagree, 32 (22.9%) strongly disagree and 10 (7.1%) were not sure.

Figure 4.4 presents findings on the views of senior staff on if unions took part in the rightsizing process.



Fifty per cent 2 (50%) of the senior staff agree that unions took part in the rightsizing process and the other 2 (50%) disagree.

Table 4.11 below presents the findings from the general staff and senior staff on whether employees were involved in the rightsizing process.

Table 4.11: Employees were involved in the rightsizing process

Employees were involved in the rightsizing process	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	76	54.3	1	25.0
A	40	28.6	3	75.0
U	6	4.3		
D	18	12.9		
SD				
Total	140	100	4	100

More than fifty per cent 76 (54.3%) strongly agree that employees were involved in the rightsizing process, 40 (28.6%) agree, 18 (12.9%) disagree and 6 (4.3%) were not sure. Majority of the senior staff 3 (75%) agree that employees were involved in the rightsizing process while 1 (25%) strongly agree.

Table 4.12 below presents the findings from the general staff and senior staff on whether managers from various departments played an active role in the rightsizing process.

Table 4.12: Managers from various departments played an active role in the rightsizing process

Managers from various departments played an active role in the rightsizing process	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	40	28.6	1	25.0
A	46	32.9	3	75.0
U	22	15.7		
D	27	19.3		
SD	5	3.6		
Total	140	100	4	100

The study's findings indicate that 40 (28.6%) strongly agree that managers from various departments played an active role in the rightsizing process, 46 (32.9%) agree, 27

(19.3%) disagree, 5 (3.6%) strongly disagree and 22 (15.7%) were not sure. Majority of the senior managers agree that managers from various departments played an active role in the rightsizing process and 1 (25%) strongly agree.

Table 4.13 below presents the findings from the general staff and senior staff on whether local governments and communities were consulted during the rightsizing process.

Table 4.13: Local governments and communities were consulted during the rightsizing process

Local governments and communities were consulted during the rightsizing process	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	9	6.4		
A	22	15.7		
U	14	10.0		
D	75	53.6	3	75.0
SD	20	14.3	1	25.0
Total	140	100	4	100

More than half of the general staff 75 (53.6%) disagree with the notion that local governments and communities were consulted during the rightsizing process, 20 (14.3%) strongly disagree, 22 (15.7%) agree, 9 (6.4%) strongly agree and 14 (10%) were not sure. It emerged that most senior staff 3 (75%) disagree that local governments and communities were consulted during the rightsizing process and 1 (25%) strongly disagree.

Table 4.14 below presents the findings from the general staff and senior staff on whether the organization monitored the progress of rightsizing continuously.

Table 4.14: The organization monitored the progress of rightsizing continuously

The organization monitored the progress of rightsizing continuously	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	18	12.9	1	25.0
A	26	18.6	3	75.0
U	17	12.1		
D	70	50.0		
SD	9	6.4		
Total	140	100	4	100

Half of the general staff 70 (50%) said that they disagree with the idea that the organization monitored the progress of rightsizing continuously, 9 (6.4%) strongly disagree, 26 (18.6%) agree, 18 (12.9%) strongly agree and 17 (12.1%) were not sure. Most of the senior staff 3 (75%) agree that the organization monitored the progress of rightsizing continuously and 1 (25%) strongly agree.

Table 4.15 below presents the findings from the general staff and senior staff on whether the organization communicated the results of rightsizing to the rest of the stakeholders from time to time.

Table 4.15: The organization communicated the results of rightsizing to the rest of the stakeholders from time to time

The organization communicated the results or rightsizing to the rest of the stakeholders from time to time	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	18	12.9	1	25.0
A	43	30.7	3	75.0
U	25	17.9		
D	43	30.7		
SD	11	7.9		
Total	140	100	4	100

The study established that 18 (12.9%) strongly agree that the organization communicated the results of rightsizing to the rest of the stakeholders from time to time, 43 (30.7%) agree, 43 (30.7%) disagree, 11 (7.9%) strongly disagree and 25 (17.9%) were not sure. Most of the senior agree that the organization communicated the results of rightsizing to the rest of the stakeholders from time to time and 1 (25%) strongly agree.

4.4 Rightsizing and ICT use by Staff at Telkom Kenya Ltd

The third objective was to establish how rightsizing has led to ICT use by at Telkom Kenya Ltd.

Table 4.16 below presents the findings from the general staff and senior staff on whether rightsizing targeted to replace manpower with technological innovations.

Table 4.16: Replace manpower with technological innovations

Replace manpower with technological innovations	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	27	19.3	1	25.0
A	17	12.1	1	25.0
U	16	11.4		
D	70	50.0	2	50.0
SD	10	7.1		
Total	140	100	4	100

Half of the general staff 70 (50%) disagree with the notion that rightsizing was to replace manpower with technological innovations, 10 (7.1%) strongly disagree, 17 (12.1%) agree, 27 (19.3%) strongly agree and 16 (11.4%) were not sure. It emerged that 2 (50%)

of the senior staff disagree with the idea that rightsizing was to replace manpower with technological innovations, 1 (25%) agree and 1 (25%) strongly agree.

4.5 Rightsizing and Staff Recruitment and Manpower Planning at Telkom Kenya

Ltd

The fourth objective was to establish how rightsizing has affected the filling of vacancies and manpower planning at Telkom Kenya Ltd.

Table 4.17 below presents the findings from the general staff and senior staff on whether the organization evaluated the effectiveness of the rightsizing strategies.

Table 4.17: The organization evaluated the effectiveness of the rightsizing strategies

The organization evaluated the effectiveness of the rightsizing strategies	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	7	5.0		
A	17	12.1	2	50.0
U	6	4.3	1	25.0
D	93	66.4	1	25.0
SD	17	12.1		
Total	140	100	4	100

Most of the general staff 93 (66.4%) disagree that the organization evaluated the effectiveness of the rightsizing strategies, 17 (12.1%) strongly disagree, 17 (12.1%) agree, 7 (5%) strongly agree and 6 (4.3%) were unaware. Fifty per cent of the senior staff agree that the organization evaluated the effectiveness of the rightsizing strategies, 1 (25%) disagree and 1 (25%) were undecided.

Table 4.18 below presents the findings from the general staff and senior staff on whether the organization implemented changes as when required.

Table 4.18: The organization implemented changes as when required

The organization implemented changes as when required	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	19	13.6	1	25.0
A	41	29.3	2	50.0
U	33	23.6		
D	35	25.0	1	25.0
SD	12	8.6		
Total	140	100	4	100

The study's findings indicate that 19 (13.6%) strongly agree that the organization implemented changes as when required, 41 (29.3%) agree, 35 (25%) disagree, 12 (8.6%) strongly disagree and 33 (23.6%) were undecided. Fifty per cent of the senior staff agree that the organization implemented changes as when required, 1 (25%) strongly agree and 1 (25%) disagree.

Table 4.19 below presents the findings from the general staff and senior staff on whether the organization documented practices that were effective.

Table 4.19: The organization documented practices that were effective

The organization documented practices that were effective	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	11	7.9	1	25.0
A	30	21.4	2	50.0
U	61	43.6		
D	28	20.0	1	25.0
SD	10	7.1		
Total	140	100	4	100

It emerged from the study that 11 (7.9%) strongly agree that the organization documented practices that were effective, 30 (21.4%) agree, 28 (20%) disagree, 10 (7.1%) strongly disagree while 61 (43.6%) were not sure. For the senior staff 1 (25%) strongly agree that the organization documented practices that were effective, 2 (50%) agree and 1 (25%) disagree.

Table 4.20 below presents the findings from the general staff and senior staff on whether the organization monitored the progress of rightsizing came up with programs to improve morale and build trust.

Table 4.20: The organization came up with programs to improve morale and build trust

The organization came up with programs to improve morale and build trust	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	50	35.7	3	75.0
A	71	50.7	1	25.0
U	7	5.0		
D	12	8.6		
SD				
Total	140	100	4	100

The study established that 50 (35.7%) strongly agree that the organization came up with programs to improve morale and build trust, 71 (50.7%) agree, 12 (8.6%) disagree while 7 (5%) were not sure. Most of the senior staff 3 (75%) strongly agree that the organization came up with programs to improve moral and build trust and 1 (25%) agree.

Table 4.21 below presents the findings from the general staff and senior staff on whether the organization introduced stress management activities.

Table 4.21: The organization introduced stress management activities

The organization introduced stress management activities	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	33	23.6	2	50.0
A	87	62.1	2	50.0
U	9	6.4		
D	11	7.9		
SD				
Total	140	100	4	100

Most of the general staff 87 (62.1%) agree that the organization introduced stress management activities, 33 (23.6%) strongly agree, 11 (7.9%) disagree and 9 (6.4%) were not sure. Half of the senior staff 2 (50%) strongly agree that the organization introduced stress management activities while the other half 2 (50%) agree.

Table 4.22 below presents the findings from the general staff and senior staff on whether the organization has improved the terms and conditions of service for the worker thus better services.

Table 4.22: The organization has improved the terms and conditions of service for the worker thus better services

The organization has improved the terms and conditions of services for the worker thus better services	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	56	40.0	1	25.0
A	73	52.1	3	75.0
U	5	3.6		
D	6	4.3		
Total	140	100	4	100

Rightsizing was to allow the remaining employees earn a pay increase for the organization to hold on to the best brains. Table shows that 56 (40%) of the general staff strongly agree that the organization has improved the terms and conditions of services for

the worker thus better services, 73 (52.1%) agree, 6 (4.3%) disagree and 5 (3.6%) were not sure. Most of the senior staff 3 (75%) agree that the organization has improved the terms and conditions of services for the worker thus better services while 1 (25%) strongly agree.

Table 4.23 below presents the findings from the general staff and senior staff on whether the organization introduced training to handle changes in the nature of work.

Table 4.23: The organization introduced training to handle changes in the nature of work

The organization introduced training to handle changes in the nature of work	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	34	24.3	1	25.0
A	81	57.9	3	75.0
U	8	5.7		
D	16	11.4		
SD	1	0.7		
Total	140	100	4	100

Most of the general staff 81 (57.9%) agree that the organization introduced training to handle changes in the nature of work, 34 (24.3%) strongly agree, 16 (11.4%) disagree, 1 (0.7%) strongly disagree and 8 (5.7%) were not sure. Most of the senior staff 3 (75%) agree that the organization introduced training to handle changes in the nature of work while 1 (25%) strongly agree.

4.6 Rightsizing and Service Delivery at Telkom Kenya Ltd

The fifth objective was to establish how rightsizing has affected service delivery at Telkom Kenya Ltd.

Table 4.24 below presents the findings from the general staff and senior staff on whether the organization has met the benchmarks set by the government.

Table 4.24: The organization has met the benchmarks set by the government

The organization has met the benchmarks set by the government	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	50	35.7	1	25.0
A	59	42.1	3	75.0
U	11	7.9		
D	20	14.3		
Total	140	100	4	100

Majority of the general staff 59 (42.1%) agree that the organization has met the benchmarks set by the government, 47 (33.6%) strongly agree, 20 (14.3%) disagree and 11 (7.9%) were not sure. Majority of the senior staff 3 (75%) agree that the organization has met the benchmarks set by the government and 1 (25%) strongly agree.

Table 4.25 below presents the findings from the general staff and senior staff on whether customers were consulted before the rightsizing process.

Table 4.25: Customers were consulted before the rightsizing process

Customers were consulted before the rightsizing process	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	6	4.3		
A	12	8.6	1	25.0
U	7	5.0		
D	64	45.7	3	75.0
SD	51	36.4		
Total	140	100	4	100

Majority of the general staff 64 (45.7%) disagree with the idea that customers were consulted before the rightsizing process, 51 (36.4%) strongly disagree, 12 (8.6%) agree, 6 (4.3%) strongly agree and 7 (5%) were not sure. It also emerged that most of the senior staff 3 (75%) disagree with the notion that customers were consulted before the rightsizing process while 1 (25%) agree.

The fact that customers were not consulted during the rightsizing process, it can be deduced that service delivery was not the main driver of the rightsizing process at Telkom Kenya Ltd.

Table 4.26 below presents the findings from the general staff and senior staff on whether the organization has been effective and efficient in service delivery to its customers.

Table 4.26: The organization has been effective and efficient in service delivery to its customers

The organization has been effective and efficient in service delivery to its customers	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	47	33.6	3	75.0
A	75	53.6	1	25.0
U	5	3.6		
D	13	9.3		
Total	140	100	4	100

More than fifty per cent 75 (53.6%) agree that the organization has been effective and efficient in service delivery to its customers, 47 (33.6%) strongly agree, 13 (9.3%) disagree and 5 (3.6%) were not sure. Most of the senior staff 3 (75%) strongly agree that the organization has been effective and efficient in service delivery to its customers and 1 (25%) agree.

Table 4.27 below presents the findings from the general staff and senior staff on whether the organization has scaled its corporate social responsibility activities in the community.

Table 4.27: The organization has scaled its corporate social responsibility activities in the community

The organization has scaled its corporate social responsibility activities in the community	General staff		Senior staff	
	<i>f</i>	%	<i>f</i>	%
SA	30	21.4	1	25.0
A	72	51.4	3	75.0
U	10	7.1		
D	23	16.4		
SD	5	3.6		
Total	140	100	4	100

More than fifty per cent 72 (51.4%) agree that the organization has scaled its corporate social responsibility activities in the community, 30 (21.4%) strongly agree, 23 (16.4%) disagree, 5 (3.6%) strongly disagree and 10 (7.1%) were not sure. Most of the senior staff 3 (75%) agree that the organization has scaled its corporate social responsibility activities in the community and 1 (25%) strongly agree.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusion and recommendations on the effects of rightsizing on service delivery of Telkom Kenya.

5.1 Summary

The study's findings indicate that the decision to rightsize was made by the government under a Parastatal Reform Project financed by the World Bank as a means to reduce the Government's role in the economy. It emerged that the government was directly involved in the rightsizing process. Indeed, the Kenya Government endorsed the plan before implementation and monitored continuously the progress of the implementation.

According to the study's findings the rightsizing process was to cut costs, help the organization to cope with decline and ultimately turnaround the organization. The rightsizing process was meant to make the phone company more profitable.

It emerged from the study most of the general staff argued that the union did not take part in the rightsizing process. Nevertheless, half of the senior staff said that the union took part in the rightsizing process. At that time the union was against mass retrenchment and had fears that the organization renege on the compensation terms agreed earlier. Even

then, there was near consensus that among the general and senior staff that most employees participated in the rightsizing process. It emerged that managers from various departments played an active role in the rightsizing process. The study's findings also indicate that local governments and communities were never consulted during the rightsizing process.

It emerged that those targeted for rightsizing were mostly semi-skilled and non-core staff such as security personnel, telegraphists, cleaners and clerical assistants. However, a number of management positions including top managers were also affected. Indeed, the organization recruited new blood to fill most top level positions at the company. Even then, there was near consensus that the rightsizing process did not seek to replace redundant employees with new talent or replace manpower with technological innovations. It also emerged that customers were not consulted before the rightsizing process an indication that service delivery was not a priority.

The study's findings indicate that most of the general staff, on the one hand, felt the organization did not evaluate the effectiveness of the rightsizing strategies. They indicated that the organization did not monitor the progress of rightsizing continuously and the organization did not communicate the results of rightsizing to the rest of the stakeholders from time to time. The senior staff, on the other hand, said the organization evaluated the rightsizing strategy arguing that some of the employees were released from their duties as part of efforts to create a workforce that is more in line with the organization's processes. It emerged that besides reducing staffing costs, the layoffs

sought to boost efficiency by having the appropriate human resource skills. The senior staff also argued that the organization monitored the progress of rightsizing continuously and communicated the results of rightsizing to the rest of the stakeholders from time to time.

There was mixed reaction on whether the organization implemented changes as when required but most respondents seemed to side with the organization. Indeed, it emerged that the organization documented practices that were effective, came up with programs to improve morale and build trust, introduced stress management activities, introduced training to handle changes in the nature of work and increased the pay for the staff that remained behind. In fact, the findings indicate that the organization has largely met the benchmarks set by the government. Besides, according to the study's findings the organization has been effective and efficient in service delivery to its customers and scaled its corporate social responsibility activities in the community.

5.2 Conclusion

Huge state governments and proliferation of parastatals are a consistent drain on the exchequer. In today's time the role of the state has changed with the private sector and civil society organizations taking the lead in providing for the society. The state has limited its role to essential functions thanks to rightsizing. Rightsizing is necessary to reduce the wage bill and pension payouts. The rightsizing process at Telkom Kenya, an inappropriately staffed organization, had three main components: (i) enhance the efficiency of the organization; (ii) reduce the financial burden of the organization on the public sector budget; and (iii) enable the organization to operate on the basis of market

principles, promoting operational autonomy, and enhancing accountability. Therefore, rightsizing handed Telkom Kenya a permanent lifeline to re-engineer itself in order to begin playing its critical role in Kenya's economy.

5.3 Recommendations

Based on the findings, the researcher recommends the following:

- i) There is need for a study on how to motivate staff at Telkom Kenya Ltd;
- ii) There is need for a study on further training (refresher courses) for workers at Telkom Kenya Ltd; and
- iii) There is need for a study on cost-cutting measures that could be implemented at Telkom Kenya Ltd.

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APPENDICES

Introduction Letter

Kenyatta University
Department of Business Administration
P.o. Box 43844-00100,
Nairobi, Kenya.
December, 2009

Research Questionnaire

Dear Respondent,

I am an MBA student at the Department of Business Administration, Kenyatta University, Kenya. This questionnaire is designed to study "*The Effects of Rightsizing on Service Delivery: The Case of Telkom Kenya*". Your contribution to this study would be immeasurable to this area. The data obtained will be kept confidential and strictly used only for academic purposes.

Thank you for your kind cooperation.

Rhoda K. Kirimi

Questionnaire for Telkom Senior Management Staff

1. What is your age bracket (Optional)?

18-25 []

26-35 []

36-45 []

46-55 []

55 and above []

2. Gender:

Male []

Female []

3. Highest level of Education:

None []

Primary []

Secondary []

College []

University []

Other Specify _____

4. Position in the organization:

Top/Senior Management []

Middle Management []

Junior Management []

Supervisory []

Technical []

5. How many years have you worked for Telkom Kenya?

Less than 5 years []

Between 5 and 10 years []

Above 10 years []

6. Number of employees actually separated from the organization by the rightsizing programme _____

7. Approximate amount of money aimed to be saved by the rightsizing programme _____ per annum

8. The decision to rightsize was taken by the:

The Government []

The CEO []

Top Management []

Top Management in Consultation with others []

Don't know []

9. What was your role in the rightsizing programme?

Took decision to rightsize []

Supported decision to rightsize []

Communicated decision to rightsize []

Formulated strategies/policies to rightsize []

Identified people who needed to be separated []

10. The following statements are an expression on the function rightsizing was expected to address. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Key

Strongly Agree	SA
Agree	A
Undecided	U
Disagree	D
Strongly Disagree	SD

Statement	1	2	3	4	5
(a) Cope with decline					
(b) Turnaround the organization					
(c) Comply with decision from above					
(d) Cut costs					
(e) Replace manpower with technological innovations					
(f) Replace redundant employees with new talent					

11. The following statements are an expression on the categories of stakeholders that were involved in the process of rightsizing. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The government directly involved in the rightsizing process.					
(b) Customers were consulted before the rightsizing process.					
(c) Unions took part in the rightsizing process.					
(d) Employees were involved in the rightsizing process.					
(e) Managers from various departments played an active role in the rightsizing process.					
(f) Local governments and communities were consulted during the rightsizing process.					

12. The following statements are an expression on the attempts made by Telkom Kenya during the process of rightsizing. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The organization monitored the progress of rightsizing continuously.					
(b) The organization evaluated the effectiveness of the rightsizing strategies.					
(c) The organization implemented changes as when required.					
(d) The organization documented practices that were effective.					
(e) The organization communicated the results of rightsizing to the rest of the stakeholders from time to time.					
(f) Local governments and communities were consulted during the rightsizing process.					

13. The following statements are an expression on the interventions made by Telkom Kenya with those who stayed back in the organization after the process of rightsizing. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The organization came up with programs to improve morale and build trust.					
(b) The organization introduced stress management activities.					
(c) The organization introduced training to handle changes in the nature of work.					

14. Are there other interventions or procedures that were adopted by Telkom Kenya with those who stayed back in the organization after the process of rightsizing?

Anything that you would have wished to do better

15. The following statements are an expression on the success of the implementation of the rightsizing strategy in terms of service delivery by Telkom Kenya. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The organization has met the benchmarks set by the government.					
(b) The organization has been effective and efficient in service delivery to its customers.					
(c) The organization has improved the terms and conditions of service for the workers thus better services.					
(d) The organization has scaled its corporate social responsibility activities in the community					

Questionnaire for Telkom General Staff

1. What is your age bracket (Optional)?

18-25 []

26-35 []

36-45 []

46-55 []

55 and above []

2. Gender:

Male []

Female []

3. Highest level of Education:

None []

Primary []

Secondary []

College []

University []

Other Specify _____

4. Position in the organization:

Top/Senior Management []

Middle Management []

Junior Management []

Supervisory []

Technical []

5. How many years have you worked for Telkom Kenya?

Less than 5 years []

Between 5 and 10 years []

Above 10 years []

6. The decision to rightsize was taken by the:

The Government []

The CEO []

Top Management []

Top Management in Consultation with others []

Don't know []

7. The following statements are an expression on the function rightsizing was expected to address. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Key

Strongly Agree	SA
Agree	A
Undecided	U
Disagree	D
Strongly Disagree	SD

Statement	1	1	3	4	5
(a) Cope with decline					
(b) Turnaround the organization					
(c) Comply with decision from above					
(d) Cut costs					
(e) Replace manpower with technological innovations					
(f) Replace redundant employees with new talent					

8. The following statements are an expression on the categories of stakeholders that were involved in the process of rightsizing. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The government directly involved in the rightsizing process.					
(b) Customers were consulted before the rightsizing process.					
(c) Unions took part in the rightsizing process.					
(d) Employees were involved in the rightsizing process.					
(e) Managers from various departments played an active role in the rightsizing process.					
(f) Local governments and communities were consulted during the rightsizing process.					

9. The following statements are an expression on the attempts made by Telkom Kenya during the process of rightsizing. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The organization monitored the progress of rightsizing continuously.					
(b) The organization evaluated the effectiveness of the rightsizing strategies.					
(c) The organization implemented changes as when required.					
(d) The organization documented practices that were effective.					
(e) The organization communicated the results of rightsizing to the rest of the stakeholders from time to time.					
(f) Local governments and communities were consulted during the rightsizing process.					

10. The following statements are an expression on the interventions made by Telkom Kenya with those who stayed back in the organization after the process of rightsizing. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The organization came up with programs to improve morale and build trust.					
(b) The organization introduced stress management activities.					
(c) The organization introduced training to handle changes in the nature of work.					

11. Are there other interventions or procedures that were adopted by Telkom Kenya with those who stayed back in the organization after the process of rightsizing?

Anything that you would have wished to do better

12. The following statements are an expression on the success of the implementation of the rightsizing strategy in terms of service delivery by Telkom Kenya. Each statement is a five-point scale from which you are requested to select your most appropriate feeling to the statement.

Statement	1	2	3	4	5
(a) The organization has met the benchmarks set by the government.					
(b) The organization has been effective and efficient in service delivery to its customers.					
(c) The organization has improved the terms and conditions of service for the workers thus better services.					
(d) The organization has scaled its corporate social responsibility activities in the community					