

**INFLUENCE OF CORPORATE RESTRUCTURING ON ORGANIZATIONS
PERFORMANCE. A CASE OF KENYA COMMERCIAL BANK**

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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.

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This research project has been submitted for examination with my approval as university supervisor

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DEDICATION

I dedicate this work to my late grandfather, George Mbugua whom since my tender age inspired me to read. I sincerely appreciate the many mornings he woke me up to study as well as his financial and moral support.

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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
PBT	Profit Before Tax

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 general objective of the study was to investigate the influence of corporate restructuring on organizations performance with specific focus on Kenya Commercial Bank. The study was guided by the following specific research objective; to determine the influence of operational costs, organizational structure, and management style and workforce size on performance of Kenya Commercial Bank. The study was hinged on the following theories; Kaplan theory; stakeholder's theory; Weick's model theory of organizing; traditional organizational theory. This study adopted a descriptive design. A sample was drawn from the targeted employees at the Kenya Commercial Bank headquarters Nairobi. A sample population of 261 is arrived at by calculating the target population of 813 with a 95% confidence level and an error of 0.05 using the below formula taken from Kothari (2004). Primary data was collected by administering a semi-structured questionnaire. Data collected was analyzed using descriptive statistic such as mean, frequencies, percent and standard deviation and findings presented using tables. The study results revealed that restructuring of consultancy fees enhances efficiency and that institution maximization on information technology expenses boosts customer satisfaction. As per the results, it has been revealed that an efficient knowledge management system enhances bank stability and growth and that, employees that are given leadership opportunities through delegation enhances their service delivery. Further, the finding showed that recognition of various departmental responsibilities improves internal operations as indicated. However, the finding showed that rarely organization workers are recognized for initiative and creativity hindering staff development. From the finding, it was revealed that if staff in organization is adequate it highly enhances quality service delivery. The findings from this research showed that infrastructure development has highly contributed to customer service quality and that top-down communications in the bank has greatly improved their business operations efficiency. However, the finding showed that customer focus orientation of the bank has improved the level of satisfaction of customers. Management in the bank should adopt corporate restructuring in order to improve the employee's motivation through appointing senior managers to head a number of merged departments and offer better packages such as improved salaries and human resources training as well as research and development on how to improve financial deliver)' services and implement restructuring. The study also recommends that the same study should be done based on other commercial banks in Kenya to establish the effect corporate restructuring on organizations performance of registered commercial bank in Kenya.

CHAPTER ONE: INTRODUCTION

This chapter seeks to explore on the background of the study, statement of the problem, study objectives, specific objectives, and research questions, significance of the study and scope limitation of the study.

1.1 Background of the Study

Corporate restructuring is one of the strategies that can help companies deal with poor performance, adopt new strategic opportunities, and achieve credibility in the capital market. It can also have an enormous impact on a company's market value, often in terms of billions of dollars (Bowman & Singh, 2013). Rising competition, swift advances in technology, more demanding shareholders and increasing difficulty of the business conditions have increased the burden on managers to deliver superior performance and value for their shareholders. Corporate restructuring has increasingly become a staple of business and a common occurrence around the world. Unprecedented number of companies across the world have reorganized their divisions, restructured their assets and updated their operations in a bid to stimulate the company's performance. It has facilitated copious organizations to react rapidly and more effectively to new opportunities and unanticipated pressure (Hane, 2012).

An organization is successful if it accomplishes its goals (effectiveness) using a minimum of resources (efficiency). Thus, the study defines organizational performance as an organization's ability to achieve its performance objectives effectively and efficiently, based on the constraints imposed by the limited resources. Norley, Swanson and Marshall (2012) defines restructuring as the act of reorganizing the legal, ownership, operational or other structures of a company for the purpose of making it more profitable and better organized for its present needs. Alternate reasons for restructuring include a change of ownership or ownership structure, demerger, a response to a crisis or major change in the business such as bankruptcy, repositioning or buyout. A company that has been restructured effectively will theoretically be leaner, more efficient, better organized and focused on its core business with a revised strategic and financial plan. Restructuring has been adapted by managers in several industries so as to streamline cost, increase productivity and revenues, improve employees' welfare, increase shareholders wealth, enhance efficiency and improve performance among other reasons (Lal, Pitt & Beloucif, 2013).

Globally, organizational restructuring emanate with the changes in human resources policies (Bowman & Singh, 2013). The current human resources policies of the organization may need to be changed in accordance with the changing scenario. The human resources department needs to enable change management. Rationalization of the present pay structure should be accomplished in order to maintain the internal and external equity among the employees, as well as motivate them to become more productive. There are symptoms that may indicate the need for organizational restructuring. Such symptoms include: parts of the organization are significantly over or under staffed; organizational communications are inconsistent, fragmented, and inefficient; technology and/or innovation are creating changes in workflow and production processes; significant staffing increases or decreases are contemplated; new skills and capabilities are needed to meet current or expected operational requirements; accountability for results are not clearly communicated and measurable resulting in subjective and biased performance appraisals; personnel retention and turnover becomes a significant problem; and stagnant workforce productivity or deteriorating morale (Hane, 2012).

In recent years, in developing countries especially in Africa, corporate restructuring has become a common practice undertaken by banks for surviving an increasingly fierce business environment. In the present time, corporations found in Addis Ababa undertake restructuring without full understanding of the strategies. A radical structural re-organization of the company's operations, involving downsizing, organizational restructuring and other cost-cutting measures are employed by the companies. Restructuring has impacted positively and negatively on the employees who were not affected by the downsizing exercise; corporate restructuring has a rippling effect on performance and overall operations (Hasseno, 2013).

The Kenyan economy has over the last five years, suffered major shocks including 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 PBT of 24.6 billion in 2009 which was 2.9% growth from 2008. This result jumped by 41.9% in 2010, where the sector posted a PBT of Ksh.34.9 billion. In 2011 PBT posted was Ksh.40.8 billion reflecting 16.9% growth. The trend continued in 2012 and the sector posted a PBT of 53.2 billion which was 30.4% growth. In 2013

financial year, the sector posted a record PBT of Ksh.61.5 billion which was 15.6% increase (CBK, 2013).

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 & 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 bank 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. Then implementation continued until it was completed in 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 KShs.261.3 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 Price water house Coopers (PWC, 2011), banking industry in Kenya is divided into three categories: banks, micro-finance institutions, and 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 influence 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 2011 thus 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. They attribute their steady growth in profits to the restructuring where profits have shot from 6 billion in 2007 to 21 billion in the year 2013 (KCB, 2014), and since many banks are adopting restructuring, some with failure.

Empirical studies done in Kenya include , Chesang (2002) 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 influence of corporate restructuring on organizations performance. This study seeks to fill the existing research gap by conducting a study to establish the influence 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 establish the influence of corporate restructuring on organizations performance of Kenya Commercial Bank.

1.3.2 Specific Objectives

The study was guided by the following specific research objective

- i. To determine the influence of operational costs on performance of Kenya Commercial Bank
- ii. To establish the influence of organizational structure on performance of Kenya Commercial Bank
- iii. To establish the influence of management style on performance of Kenya Commercial Bank
- iv. To determine the influence of workforce size on performance of Kenya Commercial Bank

1.4 Research Questions

The study sought answer the following research question

- i. How does operational costs influence performance of Kenya Commercial Bank?
- ii. To what extent does organizational structure influence the performance of Kenya Commercial Bank?
- iii. How does management style influence performance of Kenya Commercial Bank?
- iv. To what extent does workforce sizes influence performance of Kenya Commercial Bank?

1.5 Significance of the Study

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

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

The study results would be of value to scholars and other researchers in the same or related field, as it would 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 influence of corporate restructuring on organizations performance in Kenya Commercial Bank and would be conducted at the bank's head office which houses and sanctions all management functions and policies. The study would be 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 would be 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 would limit 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 would seek 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 would use observation and questionnaire to obtain information.

1.8 Basic Assumptions of the Study

The researcher made the assumption that the respondents were cooperative enough to give the required information of the study. The researcher also assumed that all information that was collected from respondents was true to give a clear and true picture. The researcher further assumed that external factors like strike did not arise as this would affect the process of data collection and hence the completion of the project. The researcher also assumed that the cited respondents have adequate knowledge on the topic under investigation.

1.9 Operational Definition 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.

1.10 Organization of the study

The study is organized into five chapters. Chapter one contains the introduction to the study. It presents background of the study, statement of the problem, purpose of the study,

objectives of the study, research questions, significance of the Study, delimitations of the study, limitations of the Study and the definition of significant terms. On the other hand, chapter two reviews the literature based on the objectives of the study. It further looked at the conceptual framework and finally the summary. Chapter three covers the research methodology of the study. The chapter describes the research design, target population, sampling procedure, tools and techniques of data collection, pre-testing, data analysis, ethical considerations and finally the operational definition of variables. Chapter four presents analysis and findings of the study as set out in the research methodology. The study closes with chapter five which presents the discussion, conclusion, and recommendations for action and further research.

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 Organizations Performance

Organizations, depending on the nature of their businesses, structure, and size employ different strategies in order to achieve their desired level of output. The organization therefore must implement the right strategies that they have formulated if the desired performance level is to be achieved. Some of the strategies include; corporate restructuring, cost cutting, mergers and acquisitions, diversification, divestitures among others. Therefore, those organizations that actively manage their business portfolios through acquisitions and divestitures create a substantially more shareholder value than those kept in a fixed business line up (Thompson & Strickland, 2008). According to Johnson and Scholes (2002), a restructuring organization requires a restructurer who identifies and maximizes the restructuring opportunities in business. This means that they are able to identify the problem and its root causes, and are capable of formulating the best approach to counter the problem and any other issue arising out of the problems.

Bowman and Singh (2013) state that corporate restructuring strategies consists of three modes; portfolio, financial and organizational restructuring. Portfolio restructuring is changing the configuration of a portfolio by selling off unwanted assets or asset types, and replacing them with preferred assets (Maria, Angel & Javier, 2015). It may involve the sale of assets no longer needed or wanted and the purchase of different ones. It could include re-composition of a portfolio's asset mix by selling off undesired asset types (equities, debt, or cash) or specific securities within that class, while simultaneously buying desired types or securities (Wu & Delios, 2009). Maria, Angel and Javier (2015) note that it is important to use fundamental, technical, and/or macroeconomic analysis in determining when and how to change the securities within the portfolio.

2.3 Operational Costs and Organizations Performance

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 & 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 & Einhorn, 2004). This helps maintain financial soundness acceptable levels of operational costs.

In an organization of any size or complexity, employees' responsibilities typically are defined by what they do, who they report to, and for managers, who reports to them. Over time these definitions are assigned to positions in the organization rather than to specific individuals. The best organizational structure for any organization depends on many factors including the work it does; its size in terms of employees, revenue, and the geographic dispersion of its facilities; and the range of its businesses; the degree to which it is

diversified across markets Reference for Business (2012). At the beginning of the twentieth century the United States business sector was thriving. Industry was shifting from job shop manufacturing to mass production, and thinkers like Frederick Taylor in the United States and Henri Fayol in France studied the new systems and developed principles to determine how to structure organizations for the greatest efficiency and productivity, which in their view was very much like a machine.

2.4 Organizational Structure and Organizations Performance

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 & Arnold, 2003). Traditional organization structures consist of a range of functions operating semi-independently and each with its own, usually extended, management hierarchy (Hellgren & 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.

Even before this, German sociologist and engineer Max Weber had concluded that when societies embrace capitalism, bureaucracy is the inevitable result. Management thought during this period was influenced by Weber's ideas of bureaucracy, where power is ascribed to positions rather than to the individuals holding those positions. It also was influenced by Taylor's scientific management, or the "one best way" to accomplish a task using scientifically determined studies of time and motion Reference for Business (2012). Equally influential were Fayol's ideas of invoking unity within the chain of command, authority, discipline, task specialization, and other aspects of organizational power and job separation. This created the context for vertically structured organizations characterized by distinct job classifications and top down authority structures, or what became known as the traditional or classical organizational structure. Job specialization, a hierarchical reporting structure through a tightly knit chain of command, and the subordination of individual interests to the super ordinate goals of the organization combined to result in organizations arranged by functional departments with order and discipline maintained by rules, regulations, and standard operating procedures.

This classical view or bureaucratic structure of organizations was the dominant pattern as small organizations grew increasingly larger during the economic boom that occurred from the 1900s until the Great Depression of the 1930s. Along with increasing growth, however, came increasing complexity. Problems in U.S. business structures became apparent and new ideas began to appear. Studies of employee motivation raised questions about the traditional model. The "one best way" to do a job gradually disappeared as the dominant logic. It was replaced by concerns that traditional organizational structures might prevent, rather than help, promote creativity and innovation both of which were necessary as the century wore on and pressures to compete globally mounted (Reference for Business, 2012).

The traditional model of organizational structure is thus characterized by high job specialization, functional departments, narrow spans of control, and centralized authority. Such a structure has been referred to as traditional, classical, bureaucratic, formal, mechanistic, or command and control. A structure formed by choices at the opposite end of the spectrum for each design decision is called unstructured, informal, or organic. The traditional model of organizational structure is easily represented in a graphical form by an organizational chart. The number of management layers depends largely on the size of the

organization. The jobs usually are grouped by function into departments such as accounting, sales, human resources, marketing and finance. Many organizations group jobs in various ways in different parts of the organization, but the basis that is used at the highest level plays a fundamental role in shaping the organization. There are four commonly used bases.

2.5 Management Style and Organizations Performance

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.

The structure of every organization is unique in some respects, but all organizational structures develop or are consciously designed to enable the organization to accomplish its work. Typically, the structure of an organization evolves as the organization grows and

changes over time. Researchers generally identify four basic decisions that managers have to make as they develop an organizational structure, although they may not be explicitly aware of these decisions. First, the organization's work must be divided into specific jobs. This is referred to as the division of labour. Second, unless the organization is very small, the jobs must be grouped in some way, which is called departmentalization. Third, the number of people and jobs that are to be grouped together must be decided. This is related to the number of people that are to be managed by one person, or the span of control the number of employees reporting to a single manager. Fourth, the way decision making authority is to be distributed must be determined. In making each of these design decisions, a range of choices are possible. At one end of the spectrum, jobs are highly specialized with employees performing a narrow range of activities; while at the other end of the spectrum employees perform a variety of tasks.

2.6 Size of Workforce and Organizations Performance

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 and 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 (2010) 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.

2.7 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.

2.7.1 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 (Waters & Rinsler, 2014)

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. From these rough distinctions, Kaplan then defines character and content more precisely. Character defines a function associated by convention with an expression, which takes contextual elements as arguments and yields content as values. Content, on the other hand, defines a function taking as arguments those elements of the circumstances of evaluation relevant to determining extension, and yielding the extension (referent or truth-value) as a value (Cebeci, 2009).

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. 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 (Kerzner, 2013).

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. 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 (Bigliardi & Bottani, 2010).

2.7.2 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).

2.7.3 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.

Weick defines organizing as the resolving of equivocality in an enacted environment by means of interlocked behaviors embedded in conditionally related process. Thus, organizing is about reducing equivocality (uncertainty) through information processing. This occurs through activities that are repetitive, reciprocal, contingent behaviors that develop and are maintained between two actors. The organization is enacted through the interpreted meaning of individual interactions. There are two main selection processes to help individuals cope with their environment. Rules allow preset responses to standardized situations. Communication-behavior cycles are needed for more ambiguous situations that require interaction and information sharing. Organizations need to find a balance between stability (through routinizing actions into rules) and flexibility (by keeping some level of equivocality in the system) (Lu, 2017).

Weick is both a natural and open theorist as he explores how individuals organize. Weick notes that the cognitive processes individuals use in organizations involve trial and error, chance, superstitious learning, and retrospective sense-making. He doubts that evolution and adaptation necessarily results in improved organizational forms (Taddei, 2012).

2.7.2 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.

In a rational organization system, there are two significant parts: Specificity of Goals and Formalization. The division of labor is the specialization of individual labor roles, associated with increasing output and trade. Modernization theorist Frank Dobbin states "modern institutions are transparently purposive and that we are in the midst an evolutionary progression towards more efficient forms". Max Weber's conception of

bureaucracy is characterized by the presence of impersonal positions that are earned and not inherited, rule-governed decision-making, professionalism, chain of command, defined responsibility, and bounded authority. The contingency theory holds that an organization must try to maximize performance by minimizing the influence of varying environmental and internal constraints (Hatch & Cunliffe, 2013).

Organization theory is characterized by vogues; heterogeneity, claims and counterclaims, and even greater differentiation in theory and practice have developed since then. Organization theory certainly cannot be described as an orderly progression of ideas, or a unified body of knowledge in which each development builds carefully on and extends the one before it. Rather, developments in theory and prescriptions for practice show disagreement about the purposes and uses of a theory of organization, the issues to which it should address itself (such as supervisory style and organizational culture), and the concepts and variables that should enter into such a theory (Clegg, 2009).

2.8 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 synthesizes ideas for the purpose of organized thinking and providing study direction, and comprise the independent and dependent variables and an examination into their relationship.

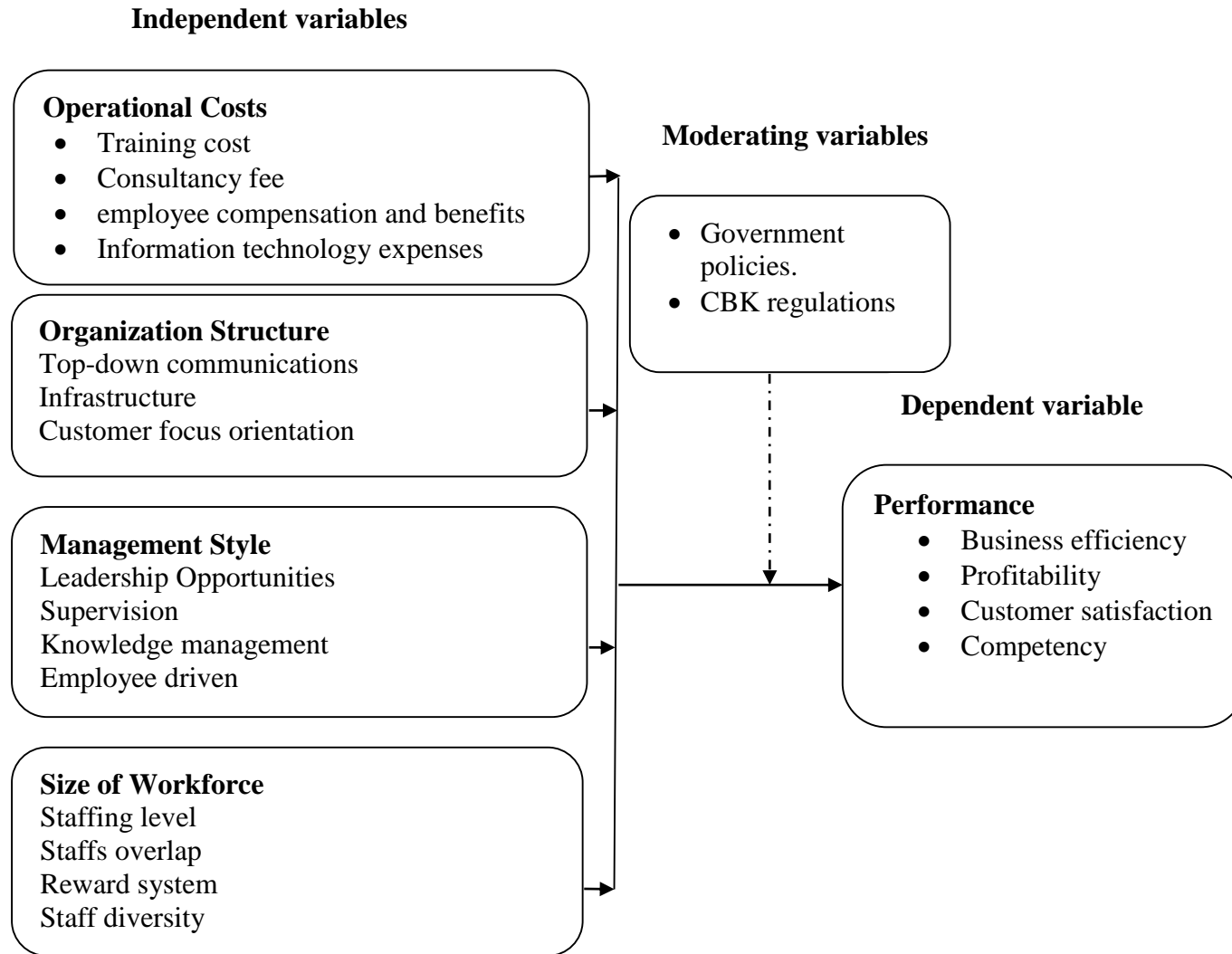


Figure 1: Conceptual Framework

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. 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.

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 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.

2.9 Summary and Research Gaps

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 & 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 & 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 sought to establish the influence of corporate restructuring on organizations performance with special reference to Kenya Commercial Bank.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section outlines 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 techniques.

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 (Polit & Beck, 2010). 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 & Grove, 2007). This descriptive research design was adopted because the study sought to describe a one variable (performance) in a population (KCB employees at headquarters). The objective was clearly stated and a clear definition of the population was given.

3.3 Target Population

The population of the study was KCB's 813 employees based in bank's headquarters whom forms the target population for this study. The study was based at the KCB bank's headquarters hence the staff here were used for the purpose of this study. KCB was purposively chosen because of its success in restructuring while its headquarters had been considered for being the managerial hub. A sample was drawn from the targeted 813 employees at the headquarters.

Table 3.1: Target Population

Department	Population	Percentage
Administration	261	32.1
Accounting	97	11.9
Business Development	137	16.9
ICT	23	2.8
Finance and Insurance	72	8.9
Sales and Marketing	223	27.4
Total	813	100.0

3.4 Sample and Sampling Method

3.4.1 Sampling Size

According to Kombo and Tromp (2010), an effective sample should possess diversity, representativeness, reliability, accessibility and knowledge. A sample population of 261 was arrived at by calculating the target population of 813 with a 95% confidence level and an error of 0.05 using the below formula taken from Kothari (2004).

$$n = \frac{z^2 \cdot N \cdot \partial_p^2}{(N - 1)e^2 + z^2 \partial_p^2}$$

Where; n = Size of the sample,

N = Size of the population and given as 813,

e = Acceptable error and given as 0.05,

∂p = The standard deviation of the population and given as 0.5 where not known,

Z = Standard variate at a confidence level given as 1.96 at 95% confidence level.

Table 3. 2: Sampling Frame

Department	Population	Ratio	Sample
Administration	260	0.32	84
Accounting	98	0.32	31
Business Development	132	0.32	44
ICT	20	0.32	7
Finance and Insurance	70	0.32	23
Sales and Marketing	220	0.32	71
Total	813		261

3.4.2 Sampling Procedures

The study selected the respondents using stratified proportionate random sampling technique. Stratified random sampling is unbiased sampling method of grouping heterogeneous population into homogenous subsets then making a selection within the individual subset to ensure representativeness. The goal of stratified random sampling is to achieve the desired representation from various sub-groups in the population. In stratified random sampling subjects are selected in such a way that the existing sub-groups in the

population are more or less represented in the sample (Kothari, 2004). The study used simple random sampling to pick the respondents in each stratum.

3.5 Research Instruments

Primary data was obtained using self-administered questionnaires. The questionnaire was made up of both open ended and closed ended questions. The open ended questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in illuminating of any information and the closed ended questions allow respondent to respond from limited options that had been stated. According to Saunders (2011), the open ended or unstructured questions allow profound response from the respondents while the closed or structured questions are generally easier to evaluate. The questionnaires were used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form.

3.6 Data Collection Procedure

Data collection is the process of acquiring subjects and gathering information needed for a study; methods of collection varies 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 uses both closed and open-ended questions. Closed questions have predetermined answers and usually collect quantitative data while open-ended questions give the respondents freedom of answers and usually collect qualitative data. Secondary data on the other hand was collected through review of both empirical and theoretical data from books, journals, dissertations, magazines and the internet.

3.7 Pilot Testing

Pilot testing refers to putting of the research questions into test to a different study population but with similar characteristics as the study population to be studied (Kumar, 2005). Pilot testing of the research instruments was conducted using staff working in Kenya Commercial Banks in Nairobi. 26 questionnaires were administered to the pilot survey respondents who were chosen at random. After one day the same participants were requested to respond to the same questionnaires but without prior notification in order to ascertain any variation in responses of the first and the second test. This was very important in the research process because it assisted in identification and correction of vague

questions and unclear instructions. It is also a great opportunity to capture the important comments and suggestions from the participants. This helped to improve on the efficiency of the instrument. This process was repeated until the researcher was satisfied that the instrument does not have variations or vagueness.

3.7.1 Validity of Research Instruments

According to Kathuri and Pals (1993) validity is the accuracy and meaningfulness of inferences which are based on the research results. This implies that validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. To enhance content validity, the researcher was consulted the experts in the field of research and perform thorough literature review on topic study. These helped to ensure that the questionnaires represent the content, they are appropriate for the sample and that the questionnaires are comprehensive enough to collect all the information needed to address the purpose and goals of the study.

3.7.2 Reliability of the Instruments

Reliability of the research instrument is its level of internal consistency over time. A reliable instrument therefore, is the one that constantly produces the expected results when used more than once to collect data from two samples drawn from the same population. Reliability of the instrument was enhanced through a pilot study; split half method of randomly selected departments at KCB headquarters. During the pilot study, the instrument was split into half all odd numbers put them in one subset and all even numbers in another subset. Reliability coefficient of the research instrument was assessed using Cronbach's alpha (α) which is computed as follows:

$$\alpha = \frac{k}{k-1} \times [1 - \frac{\sum (S^2)}{\sum S^2_{sum}}]$$

Where:

α = Cronbach's alpha

k = Number of responses

$\sum (S^2)$ = Variance of individual items summed up

$\sum S^2_{sum}$ = Variance of summed up scores

3.8 Data Analysis Techniques

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Quantitative data collected was analyzed by the use of

descriptive statistics using SPSS (Version 24.0) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of tables. This was done 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 24) 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 investigated the influence of corporate restructuring on organizations performance with specific focus 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, a multiple regression analysis of the study was done.

The regression equation:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Whereby Y = Performance, X₁= operation cost, X₂= organizational structure, X₃= management style and X₄= size of work force, while β_1 , β_2 , β_3 and β_4 are regression coefficients and ε is the error term. This generated quantitative reports through tabulations, percentages, and measures of central tendency.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter discusses the findings obtained from the primary instrument used in the study. It discusses the characteristics of the respondents and their opinions on the influence of corporate restructuring on organizations performance with specific focus on case of Kenya Commercial Bank. To simplify the discussions, the researcher provided tables that summarize the collective reactions of the respondents.

4.2 Response Rate

Out of 261 questionnaires administered, a total of 168 filled questionnaires were returned giving a response rate of 64.4% which is within what Parker (2012) prescribed as a significant response rate for statistical analysis and established at a minimal value of 50%. For matrix questions, the study used likert scale in collecting and analyzing where a scale of 5 points was used in computing the mean scores and standard deviations. These were then presented in tables and graphs as appropriate with explanations being given in paragraphs.

Table 4. 1: Response Rate

Total Questionnaires administered	Filled questionnaires	Unfilled questionnaires	Response Rate.
261	168	93	64.4%

4.3 Reliability Analysis

A pilot study was carried out to determine how reliable the questionnaires were. Reliability analysis was subsequently done using Cronbach's Alpha which measures the internal consistency by establishing if certain items within a scale measure the same construct. Robinson (2011) established the Alpha value threshold at 0.7, thus forming the study's benchmark.

Table 4. 2: Reliability Analysis

	Cronbach's Alpha	Decision
Operational costs	.708	Reliable
Organizational structure	.807	Reliable
Management style	.713	Reliable
Workforce size	.736	Reliable

Cronbach Alpha was established for every objective which formed a scale. The organizational structure was the most reliable with an Alpha value of 0.807 while operational costs were the least reliable with an Alpha value of 0.708. This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Robinson, 2011). This, therefore, depicts that the research instrument was reliable and therefore required no amendments.

4.4 Demographic Information

The study sought to enquire on the respondents' general information including work experience, their level of education and their current position in the bank . This general information is presented in form tables and graphs.

4.4.1 Work Experience

The respondents were requested to indicate the number of years they have been working in the bank. Their responses were as shown in table 4.3

Table 4. 3: Work Experience

	Frequency	Percent
0-5 years	37	22
6-10 years	69	41.1
11 years and above	62	36.9
Total	168	100

From the findings in table 4.3, 41.1% of the respondents indicated that they have been working in the bank for 6-10 years. Again 36.9% of the respondents indicated that they have been working in bank for 11 years and above while 22% of the respondents indicated that they have been working in the bank for 5 years and below. This implies that majority of the respondents had worked in the bank long enough to comprehend the subject under study.

4.4.2 Level of Education

The respondents were again asked to indicate their level of education. Their responses were as presented in table 4.4.

Table 4. 4: Level of Education

	Frequency	Percent
Certificate	24	14.3
College diploma	58	34.5
Degree	72	42.9
Masters	14	8.3
Total	168	100

As per the table 4.4, 42.9% of the respondents showed that they had a degree, 34.5% of the respondents indicated that they had a college diploma, 14.3% of the respondents showed that they had a certificate while 8.3% of the respondents indicated that they had master's degree. This implies that majority of the respondents were learned enough to understand the subject under study.

4.5 Corporate Restructuring

This section presents the findings for; operational costs, organizational structure, management style, size of workforce and organizational performance.

4.5.1 Operational Costs

The respondents were asked to indicate their level of agreement with the aspects of operational costs on the performance of Kenya Commercial Bank. Their responses were as presented in table 4.5.

Table 4. 5: level of agreement with the aspects of operational costs

	Mean	Std dev
Reduction on training cost has increased our profits	3.435	0.554
Restructuring our consultancy fees has enhanced our efficiency	4.066	0.735
Increase in employee compensation and benefits has improved our competency	2.982	0.770
Our institution has maximized on information technology expenses which has boosted customer satisfaction	4.048	0.733

From the finding the respondents agreed that restructuring their consultancy fees has enhanced their efficiency as expressed by a mean score of 4.066 and that their institution has maximized on information technology expenses which has boosted customer satisfaction as expressed by a mean score of 4.048.

The respondents, however, were neutral that their bank reduction on training cost has increased their profits efficiency as expressed by a mean score of 3.435 and that Increase in employee compensation and benefits has improved their competency as expressed by a mean score of 2.982.

From the respondents view on how various aspects of operational costs affect the performance of Kenya Commercial Bank, they indicated that amount of money used in training has affected the profits received annually and that consultancy fees incurred has at the end enhanced service efficiency.

4.5.2 Organizational Structure

Using a likert scale of 1-5, the respondents were requested to tell their level of agreement with the aspects of organizational structure on the performance of Kenya Commercial Bank. Their responses were as presented in table 4.6.

Table 4. 6: level of agreement with the aspects of Organizational Structure

	Mean	Std dev
--	-------------	----------------

Employees are allowed to contribute ideas which has made us more competitive in the market	3.357	0.572
Top-down communications in our bank has made our business operations efficient	3.941	0.635
Infrastructure development has contributed to customer service quality	4.077	0.599
Customer focus orientation of our bank has improved the level of satisfaction of customers	3.435	0.554

The findings show that respondents agreed that infrastructure development has contributed to customer service quality as indicated by a mean score of 4.077 and that top-down communications in their bank has made their business operations efficient as indicated by a mean score of 3.941.

However, the respondents were neutral that customer focus orientation of their bank has improved the level of satisfaction of customers as indicated by a mean score of 3.435. Moreover, that, employees are allowed to contribute ideas which has made them more competitive in the market as indicated by a mean score of 3.357.

From the respondents view on how various aspects of organizational structure affect the performance of Kenya Commercial Bank, they elaborated that communication efficiency has made the internal business processes run smoothly and that infrastructure development has highly contributed to better performance of the bank in terms of service delivery.

4.5.3 Management Style

The respondents were also asked to tell their level of agreement with the aspects of on the performance of Kenya Commercial Bank. Their responses were as shown in table 4.7.

Table 4. 7: level of agreement with the aspects of Management Style

	Mean	Std dev
Recognition of various departmental responsibilities has improved our internal operations	3.863	0.826

In our organization workers are recognized for initiative and creativity boosting staff development	1.935	0.834
Employees are given leadership opportunities through delegation enhancing our service delivery competence	3.958	0.613
Our bank has an efficient knowledge management system enhancing our stability and growth	4.012	0.709

As per the results, respondents agreed that the bank has an efficient knowledge management system enhancing their stability and growth as shown by a mean score of 4.012 and that, employees are given leadership opportunities through delegation enhancing their service delivery competence as indicated by a mean score of 3.958 and that recognition of various departmental responsibilities has improved their internal operations as indicated by a mean score of 3.863.

However, some respondents disagreed that in their organization workers are recognized for initiative and creativity boosting staff development as indicated by a mean score of 1.935.

From the respondents view on how various aspects of management style affect the performance of Kenya Commercial Bank, their response indicated that employees are given leadership opportunities once for a while boosting their service delivery abilities.

4.5.4 Size of Workforce

Using a likert scale of 1-5, the respondents were asked to tell their level of agreement with the aspects of size of workforce on the performance of Kenya Commercial Bank. Their responses were as shown in table 4.8.

Table 4. 8: level of agreement with the aspects of size of workforce

	Mean	Std dev
The staff in our organization are adequate enhancing quality service delivery	3.786	0.676
Job functions and responsibilities of staff overlap enhancing our competency	1.935	0.834

Organization provides the necessary facilities to all employees for effective service delivery to our customers	3.482	0.997
The organization supports staff with welfare activities boosting customer satisfaction	3.357	0.572

From the finding, the respondents were in an agreement that staff in their organization were adequate enhancing quality service delivery as illustrated by a mean score of 3.786.

However, the respondents were neutral on the fact that organization provides the necessary facilities to all employees for effective service delivery to their customers as illustrated by a mean score of 3.482 and that the organization supports staff with welfare activities boosting customer satisfaction as illustrated by a mean score of 3.357.

Some of the respondent, disagreed that job functions and responsibilities of staff overlap enhancing their competency as illustrated by a mean score of 1.935

From the respondents view on how various aspects of size of workforce affect the performance of Kenya Commercial Bank, their explained that the staff are enough for the current task in the bank and this has enabled them maintain their performance and that regularly the bank provide the welfare activities boosting their performance.

4.5.5 Organizational Performance

The respondents were asked to tell their level of agreement with the trend performance of Kenya Commercial Bank for the last five years. Their responses were as shown in table 4.9

Table 4. 9: level of agreement with the aspects of Organizational Performance

	Mean	Std dev
Profits have increased	4.071	0.747
Customer satisfaction has increased over the years	3.435	0.554
Our bank has become competent	4.012	0.709
Internal business process has become efficient	2.982	0.770

The findings show that the respondents agreed that profits have increased as shown by a mean score of 4.071 and that their bank has become competent as shown by a mean score of 4.012. However, some respondents were neutral on the fact that customer satisfaction

has increased over the years as shown by a mean score of 3.435 and that internal business process has become efficient as shown by a mean score of 2.982.

4.6 Regression Results

Regression analysis shows how dependent variable is influenced with independent variables. The study sought to determine the influence of corporate restructuring on performance of Kenya Commercial Bank.

Table 4. 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.824	0.680	0.672	0.206

Table 4.10 is a model fit which establish how fit the model equation fits the data. The adjusted R^2 was used to establish the predictive power of the study model and it was found to be 0.672 implying that 67.2% of the variations in performance of Kenya Commercial Bank is explained by operational costs, organizational structure, management style, size of workforce leaving 32.8% percent unexplained. Therefore, further studies should be done to establish the other (32.8%) factors that affect performance of Kenya Commercial Bank.

Table 4. 11: ANOVA results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	14.897	4	3.724	86.499	0.000
1	Residual	7.018	163	0.043		
	Total	21.915	167			

The probability value of 0.000 indicates that the regression relationship was highly significant in predicting how operational costs, organizational structure, management style, size of workforce affected performance of Kenya Commercial Bank. The F calculated at 5

percent level of significance was 86.499 since F calculated is greater than the F critical (value = 2.4472), this shows that the overall model was significant.

Table 4. 12: Regression coefficients

	Unstandardized		Standardized			
	Coefficients		Coefficients		t	
	B	Std. Error	Beta		Sig.	
(Constant)	0.964	0.420			2.295	0.023
Operational costs	0.743	0.293	0.712		2.536	0.012
Organizational structure	0.819	0.144	0.797		5.688	0.000
Management style	0.624	0.239	0.602		2.611	0.009
Size of workforce	0.673	0.278	0.581		2.421	0.017

The established model for the study was:

$$Y = 0.964 + 0.743 X_1 + 0.819 X_2 + 0.624 X_3 + 0.673 X_4$$

The regression equation above has established that taking all factors into account (operational costs, organizational structure, management style, size of workforce) constant at zero, the performance of Kenya Commercial Bank was 0.964. The findings presented also show that taking all other independent variables at zero, a unit increase in operational costs would lead to a 0.743 increases on the performance of Kenya Commercial Bank. The variable was significant since $0.012 < 0.05$.

The study also found that a unit increase in organizational structure would lead to a 0.819 increase the performance of Kenya Commercial Bank. The variable was significant since $0.000 < 0.05$. Further the study found that a unit increase in management style would lead to a 0.624 increase on the performance of Kenya Commercial Bank. The variable was significant since $0.009 < 0.05$. Further, the findings shows that a unit increases in the workforce size would lead to a 0.673 increase on the performance of Kenya Commercial Bank. The variable was significant since $0.017 < 0.05$.

Overall, operational costs had the greatest effect on the performance of Kenya Commercial Bank, followed by organizational structure, then management style while size of workforce had the least effect on the size of workforce. All the variables were significant ($p < 0.05$).

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study established the influence of corporate restructuring on organizations performance with specific focus on case of Kenya Commercial Bank. Therefore, this chapter presents the summary of findings, the conclusion and recommendations of the study based on the findings in chapter four.

5.2 Summary of Findings

5.2.1 Operational Costs

The study results revealed that restructuring of consultancy fees enhances efficiency and that institution maximization on reduction of information technology expenses boosts customer satisfaction. Again, the study findings showed that bank reduction on training cost increases profit margins and that increase in employee compensation and benefits improves its competency.

5.2.2 Organizational Structure

The findings from this research showed that infrastructure development has highly contributed to customer service quality and that top-down communications in the bank has greatly improved efficiency in business operations. However, the finding showed that customer focus orientation of the bank has improved the level of satisfaction of customers. Moreover, that, employees' freedom to contribute ideas has made them more competitive in the market.

5.2.3 Management Style

As per the results, it has been revealed that an efficient knowledge management system enhances bank stability and growth and that, employees that are given leadership opportunities through delegation enhances their service delivery. Further, the finding showed that recognition of various departmental responsibilities improves internal operations as indicated. However, the finding showed that rarely organization workers are recognized for initiative and creativity hindering staff development.

5.2.4 Size of Workforce

From the finding, it was revealed that when staffing in organization was adequate it highly enhances quality of service delivery. However, organization that provide the necessary facilities to all employees enjoy effective service delivery to their customers and that the organization support staff with welfare activities boosts customer. Again, the study findings showed job functions and responsibilities of staff overlap rarely enhance their competency.

5.3 Discussion

This section of the report discusses the findings and compares them with literature reviewed in chapter two.

5.3.1 Operational Costs

The findings show that a unit decrease in operational costs would lead to an increase on the performance of Kenya Commercial Bank. The study results revealed that restructuring of consultancy fees enhances efficiency. This conforms to study by Hellgren and Sverke (2003) which found out that the structure of an organization need to be evaluated not only for approval by senior management but also to determine the operational costs accruing.

The study results revealed that institution maximization on reduction of information technology expenses boosts customer satisfaction. This corresponds to (Cascio, 2002) who claims that the common benefits of restructuring include improved accuracy, and the provision of timely and quick access to information technology, and the saving of costs

Again, the study findings showed that bank reduction on training cost increases profit. This is similar to Jones and Arnold (2003) who asserted that the link between restructuring and Return on Investment (ROI) attributable to reducing operating costs is normally expected, then turnover reduction associated with the restructuring.

Further, the findings show that increase in employee compensation and benefits improve banks competency. This concurs with Kripalani and Einhorn (2004) who argued that 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.

5.3.2 Organizational Structure

The study also found that a unit increase in organizational structure would lead to increase in performance of Kenya Commercial Bank. The findings from this research showed that infrastructure development has highly contributed to customer service quality. This was in line with Borjas (2012) who asserted 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.

As per the results, top-down communications in the bank has greatly improved their business operations efficiency. This is in line with Jones and Arnold (2003) who established that 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.

However, the finding showed that customer focus orientation of the bank has improved the level of satisfaction of customers. This was according to Rose (2008), who perceived that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy.

Moreover, that, employees freedom to contribute ideas has made bank more competitive in the market. This is similar to Lewis and Cooper (2005) who explained that there is a HR cycle which consists of four generic processes or functions that are performed in all organizations to be more competitive in the market.

5.3.3 Management Style

Further the study found that a unit increase in management style would lead to increase in the performance of Kenya Commercial Bank. As per the results, it has been revealed that an efficient knowledge management system enhances bank stability and growth. This correlate with Craig (2009) who observed that 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.

The finding showed that employees that are given leadership opportunities through delegation enhance their service delivery. This conforms to Bacon, Fiorito and Heery (2008) who found out that motivation is also a kind of basic function of management because without motivation, employees cannot work effectively.

Further, the finding showed that recognition of various departmental responsibilities improves internal operations as indicated. This is similar to Sagimo (2000) who said that management operates through various functions, often classified as planning, organizing, staffing, leading or directing and controlling or monitoring.

However, the finding showed that rarely organization workers are recognized for initiative and creativity hindering staff development. 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.

5.3.4 Size of Workforce

Further, the findings shows that a unit increases in the workforce size would lead to increase ion the performance of Kenya Commercial Bank. From the finding, it was revealed that if staff in organization is adequate it highly enhances quality service delivery. This concurs with Beck, Demigurc-Kunt and Martinez, 2005) who argued that 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.

Again, the study findings showed that organization that provide the necessary facilities to all employees enjoy effective service delivery to their customers. This concurs with Beck, Demigurc-Kunt and Martinez (2005) who argued that workers may be unionized, whereby the union conducts negotiations regarding pay and conditions of employment.

Further, the findings show that the organization support staff with welfare activities boosts customer service quality. This was in line with Armstrong (2009) who 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.

However, organizations that provide the necessary facilities to all employees enjoy effective service delivery to their customers. This was in line with Bewley (2004) who asserted that 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.

5.4 Conclusion

The study concluded that operational costs positively influence performance of Kenya Commercial Bank. The study deduced that restructuring of consultancy fees enhances efficiency of the banks and its maximization on information technology expenses boosts customer satisfaction. Bank reduction on training cost increases and increase in employee compensation and benefits improves its competency.

Concerning the organizational structure, the study concluded that it positively influence performance of Kenya Commercial Bank. The study deduced that infrastructure development has highly contributed to customer service quality and that top-down communications in the bank has greatly improved their business operations efficiency. Customer focus orientation of the bank has improved the level of satisfaction of customers.

About management style, the study concluded that it positively and significantly affects performance of Kenya Commercial Bank. Under this the study deduced that an efficient knowledge management system enhances bank stability and growth and that, employees that are given leadership opportunities through delegation enhances their service delivery. Recognition of various departmental responsibilities improves internal operations as indicated.

Finally, the study concluded size of workforce positively and significantly influences performance of Kenya Commercial Bank. The study under this deduced that if staff in organization is adequate it highly enhances quality service delivery. Also, organization that provides the necessary facilities to all employees enjoy effective service delivery to their customers and that the organization support staff with welfare activities boosts customer.

5.5 Recommendations

Management in the bank should restructure operational costs in order to improve the employee's motivation through appointing senior managers to head a number of merged

departments and offer better packages such as improved salaries and human resources training as well as research and development on how to improve financial deliver)' services and implement restructuring.

The bank management should consider the organizational structure when merging to avoid de-motivating staff who have to re-apply for their jobs under a new organization, outsource information Technology services this would enable the management to effect change in the job roles, risk management, mitigation model, employee performance management and reward frameworks, as well as IT infrastructure and subsidiary businesses. 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.

The study recommends that the bank regulators who are the CBK and practitioners seeking to create value for shareholders should focus on capital restructuring and acquisition as the most appropriate techniques of corporate restructuring. It also recommends that future policies should focus on the strategies that favor growth, expansion and performance improvement which position the company for competition and other challenges in the industry. Accountability for results should be clearly communicated and measurable resulting in objective and rational performance appraisals.

On size of workforce, although specific design recommendations have still to be developed, there are certain fundamental and guiding principles, such as fairness, transparent communication and social support, which have demonstrably been shown to be beneficial in transformation processes. The study therefore recommends that the organization ensures that they offer proper counselling to affected employees and also practice fairness, transparency, and honesty in the restructuring process.

5.5 Recommendation for Further Study

The objective was to establish the influence of corporate restructuring on organizations performance with specific focus on case of Kenya Commercial Bank. It is recommended that a further study should be carried out to establish influence of restructuring on employee's performance.

The study also recommends that the same study should be done based on other commercial banks in Kenya to establish the influence of corporate restructuring on organizations performance of commercial bank in Kenya.

The study recommends that further studies be carried out on other organizations to determine the implication of restructuring on performance. This will build on more evidence on how operational costs, organizational structure, and management style and workforce size affect organization performance. This would enable firms to have time table for subsequent restructurings in advance to avoid time crushes and poor implementations as this gives the firms ample time to prepare in advance for the restructuring.

Moreover, new skills and capabilities are needed to meet current or expected operational requirements to be in existence in due course of operations. Similar study needs to be conducted in a different industry to see the practical applications of the findings in the particular industry.

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APPENDICES

Appendix I: Research Questionnaire

Section A: Bio Information

1. Working Experience

0-5 years 6-10 years 11 years and above

2. Highest Education Level

Certificate College Degree Masters

SECTION B: Influence of Corporate Restructuring on Organizations Performance

Operational Costs

3. What is your level of agreement with the aspects of operational costs on the performance of Kenya Commercial Bank? The rating scale indicates agreement levels as follows: 5- Strongly Agree, 4 – Agree, 3- Neutral, 2– Disagree, 1 – Strongly Disagree

	1	2	3	4	5
Our bank reduction on training cost has increased our profits					
Restructuring our consultancy fees has enhanced our efficiency					
Increase in employee compensation and benefits has improved our competency					
Our institution has maximized on information technology expenses which has boosted customer satisfaction					

4) In your view how do the above aspects of operational costs affect the performance of Kenya Commercial Bank?

.....

Organizational Structure

5. What is your level of agreement with the aspects of organizational structure on the performance of Kenya Commercial Bank? The rating scale indicates agreement levels as follows: 5- Strongly Agree, 4 – Agree, 3- Neutral, 2– Disagree, 1 – Strongly Disagree

	1	2	3	4	5

Employees are allowed to contribute ideas which has made us more competitive in the market					
Top-down communications in our bank has made our business operations efficient					
Infrastructure development has contributed to customer service quality					
Customer focus orientation of our bank has improved the level of satisfaction of customers					

6. In your view how do the above aspects of organizational structure affect the performance of Kenya Commercial Bank?

.....

Management Style

7. What is your level of agreement with the aspects of management style on the performance of Kenya Commercial Bank? The rating scale indicates agreement levels as follows: 5- Strongly Agree, 4 – Agree, 3- Neutral, 2– Disagree, 1 – Strongly Disagree

	1	2	3	4	5
Recognition of various departmental responsibilities has improved our internal operations					
In our organization workers are recognized for initiative and creativity boosting staff development					
Employees are given leadership opportunities through delegation enhancing our service delivery competence					
Our bank has an efficient knowledge management system enhancing our stability and growth					

8. In your view how do the above aspects of management style affect the performance of Kenya Commercial Bank?

.....

Size of Workforce

9. What is your level of agreement with the aspects of workforce size on the performance of Kenya Commercial Bank? The rating scale indicates agreement

levels as follows: 5- Strongly Agree, 4 – Agree, 3- Neutral, 2– Disagree, 1 – Strongly Disagree

	1	2	3	4	5
The staff in our organization are adequate enhancing quality service delivery					
Job functions and responsibilities of staff overlap enhancing our competency					
Organization provides the necessary facilities to all employees for effective service delivery to our customers					
The organization supports staff with welfare activities boosting customer satisfaction					

10. In your view how do the above aspects of workforce size affect the performance of Kenya Commercial Bank?

.....

Organizational Performance

11. What is your level of agreement with the trend performance of Kenya Commercial Bank for the last five years? The rating scale indicates agreement levels as follows: 5- Strongly Agree, 4 – Agree, 3- Neutral, 2– Disagree, 1 – Strongly Disagree

	1	2	3	4	5
Profits have increased					
Customer satisfaction has increased over the years					
Our bank has become competent					
Internal business process has become efficient					

THANK YOU