EFFECT OF TURNAROUND STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS LISTED IN NAIROBI STOCK EXCHANGE

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18M03DMBA027G

A N APPLIED RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE AT THE AFRICA NAZARENE UNIVERSITY

APRIL, 2021

DECLARATION

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DECLARATION

I declare that this applied research project is my original work and that it has not been presented in any other university for academic credit

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SUPERVISOR'S DECLARATION

This applied research project is submitted for examination with my/our approval as the university supervisor(s)

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DEDICATION

This thesis is dedicated to my life partner Sam Matano who incessantly taught me that the best kind of knowledge to have is that which is learned for its own sake and for being my source of my strength. It is also dedicated to my mother, Nyina wa Shemu who taught me that arduous tasks can be accomplished by taking one step at a time. I owe so much to my two sons Moffat and Jeff for their unwavering belief that I can achieve so much.

Thank you all and may God bless you.

ACKNOWLEDGEMENT

First and foremost, I thank God for letting me live to see this thesis through. To my supervisor Dr. Hesbon Nangabo, I am forever indebted to you for unwavering support, encouragements, and patience through this process. I can never pay you back for all the help you have provided me, and the precious time you spent making sure my thesis is always on track. I highly appreciate your wisdom, knowledge, understanding and patience while working through the thesis. God bless you.

I thank Dr. Simon Obwatho for invaluable guidance on how to navigate through the Business Research journey through face to face tutorials, recorded podcasts as well as rich reading materials on the subject. I am very fortunate to have been your student.

To the Africa Nazarene University, thank you for providing me with an opportunity to grow in knowledge and understanding in the institution.

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ABSTRACT

The current economic crisis being faced by many financial institutions like commercial banks has pushed a number of them to engage turnaround strategies to survive. However turnaround strategies have yielded inconsistent and conflicting empirical findings thus necessitating further empirical enquiries. The purpose of the study was to examine effect of turnaround strategies on organizational performance of Commercial Banks Listed in Nairobi Stock Exchange. The study objectives were to examine the effect of turnaround strategies namely; downsizing, business process reengineering, bank restructuring, and divestment strategy on organizational performance of Commercial Banks Listed in Nairobi Stock Exchange. The study was grounded on resource-based view theory, contingency theory and financial intermediation theory and strategic choice theory. The study adopted descriptive survey design and targeted; risk managers, corporate affairs managers, human resource managers, finance managers, Accounts managers, audit managers and strategic managers form each of the 12 commercial banks listed on NSE in Kenya. Therefore, the target population was 96 respondents where a census method was used to select all respondents to participate in the study. Self-administered structured questionnaires were utilized to collect primary data from the respondents. Pilot test was conducted to ensure content validity, while Cronbach alpha was used to test instrument reliability. All collected data were coded, cleaned, tabulated and analyzed using descriptive and inferential statistics with the aid of specialized Statistical Package for Social Sciences, version 24. Descriptive analysis such as frequencies, means, and standard deviation were utilized; analyzed data was presented in tables and graphs. Inferential statistics assessed nature and the strength of the relationships. The relationship between variables was achieved through the use of correlation analysis. Regression analysis results indicated that all the independent varaibles; downsizing strategy, Business process reengineering strategy, Bank restructuring and Divestment strategy had positive and significant effect on organizational performance. The study concluded that turnaround strategies significantly affect organizational performance of listed commercial banks in Kenya. The study recommends that most companies should be very cautious when applying downsizing strategy in order to avoid downsize without figuring out how to reduce the workload. Organizations that are seeking for success in the industry sector in which the company is doing business should conceptualize the concept of Business Process Reengineering. There is need for the banks willing to go restructuring way to consider carefully the mode of restructuring they need to adopt among the financial, portfolio and organisational. These modes have different implications and they meet different needs and target certain objectives. Therefore there is need to match the objective and relevant the strategy.

DEFINITION OF TERMS

Turnaround strategies are responsive tactics used by banking institutions during economic crises to avert negative effects of a looming financial crisis in the suspecting bank (Mario, 2014)

Bank restructuring strategy this involves strategies used by banks to improve oversight and prudential control in order to improve the intermediation mechanism of the banking industry, plus the imposition of caps and balances in order to minimize the risk of an economic crisis. (Mario, 2014).

Business process reengineering strategy encompasses the analysis and redesign of workflow and processes within and between organizations to ensure effective and efficient product/service delivery to customers (Cheng & Chiu, 2008).

Divestment strategy are initiatives by business owners to partially or fully dispose of a business unit (usually non-core or redundant) through sale, exchange, closure or bankruptcy (Pearce &Robins, 2012).

Downsizing strategy encompasses the tactics a firm uses to systematically discharge off surplus workforce due to down turn in business, the installation of labour saving machinery, standardization or introduction of innovative techniques that makes some employees redundant (Gandolfi, 2008).

Organizational performance is the measurement of the outcome of a firm's strategies, policies and operations in both financial and non-financial terms (Leah, 2008).

Retrenchment (as an aspect of downsizing) is a purposeful reduction in the size of an organization's workforce (Bruce & Green 2000).

LIST OF ABBREVIATIONS AND ACRONYMS

BPR	Business Process Reengineering
FIFO	First-In-First-Out
ICT	Information Communication Technology
KCB	Kenya Commercial Bank
LIFO	Last in-First out
NACOSTI	National Council for Science and Technology
SPSS	Statistical Package for Social Scientists

CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction.

This chapter covers background of the study, statement of the problem, general objective of the study, purpose of the study, specific objectives of the study, research hypotheses, and significance of the study, scope of the study, limitations and delimitations of the study. The chapter also presented assumption of the study, theoretical framework and conceptual framework.

1.2 Background of the Study

Organization performance of banks has been the most important issue for be it profit or non-profit one. It has been very important for bank managers to know which factors influence bank's performance in order for them to take appropriate steps to initiate them. However, defining, conceptualizing, and measuring performance have not been an easy task. Researchers among themselves have different opinions and definitions of performance, which sometimes become a contentious issue among organizational researchers (Pearce & Robinson, 2012).

Chong (2008) suggest that organizational performance can achieve efficient objectives or goals than economic results. This vision shows the crucial weaknesses in measuring success are posed by financial and economic indicators. Alternatively, non-economic interventions, while arbitrary in nature, can be implemented as alternatives to economic measures. The convergence of these two economic and non-economic metrics allows owners or executives to develop a broader viewpoint on assessing and contrasting their entrepreneurial results, in particular the level of resource utilization and efficiency, sustainability and preparedness to meet increasing external strain, like globalization (Chong, 2008).

Thus, several businesses such as banks use a turnaround approach to boost profitability during economic crises: a turnaround scenario occurs anytime a business faces many years of deteriorating performance following a time of prosperity; it requires a variety of measures to cut expenses, improve productivity and raise sales (Slatter, 2014).

For example, as a significant downsizing solution, retrenchment is an essential component of the turnaround plan. The crucial task of retrenchment is well known in establishing a secure basis on which to begin a recovery phase of the restructuring project. As a prerequisite or prelude to the introduction of a sustainable recovery plan, often businesses that have undergone a turnaround of financial or competitive loss invariably point to the existence of retrenchment.

However, the issue persists as to whether retrenchment in an overall restructuring phase is too often a viable first move. One potential reason is that economic recession decreases the capital base of the business, so resource stability in the context of retrenchment offers an essential instrument for preventing financial decline. Both additional demands derive from the company's concurrent requirements to reverse the destructive momentum of the plan developed and to meet the high start-up costs of introducing new strategic measures (Rasheed, 2013).

In addition, the phase of turn around turns away from retrenchment and transitions towards growth and development and market share growth. Acquisitions of additional goods, new industries, and expanded consumer penetration are the means used to accomplish these targets. The significance of the second stage of the turnaround situation is underlined by the fact that this stage in the turnaround process, the recovery method, has been correlated with the primary triggers of the turnaround situation (Mann & Byun, 2017).

The recovery was more commonly accomplished through policies focused on revenue-driven reconfiguration of company properties for businesses that deteriorated largely as a consequence of external problems. Turnaround was more commonly accomplished by turnaround responses that were overwhelmingly weighted against productivity maintenance methods for organizations that deteriorated largely as a consequence of internal issues. When economic metrics show that

the business has recovered its pre-downturn rate of profitability, recovery is said to have been accomplished (Proropsaltis, Fulop, Meara & Edwards, 2012).

In addition, the idea of the Business Process Re-engineering (BPR) movement of the 1990s, as a turnaround technique, was similarly motivated by an initiative backed by information technology for process performance. Michael Hammer, a former professor of computer science at the Massachusetts Institute of Technology (MIT), USA, introduced the idea of business process re-engineering in 1990, when he published an essay in the Harvard Business Review in which he explained that the biggest task for managers is to destroy non-value-adding work instead of utilizing technology to simplify it. He suspected executives of working on the wrong problems, namely that technology in general, and more precisely information technology, was used mainly to simplify existing procedures instead of utilizing it as an enabler to outdated non-value enhancing work (Krajewski & Ritzman , 2005).

That is, the fundamental rethinking and progressive overhaul of the market process is Business Process Reengineering to produce drastic changes in vital, contemporary efficiency metrics such as expense, consistency, resources and pace. Thus, the bulk of companies are interested with BPR intentionally or not. The demand on the competition for sustainability, the need to resist complacency, the ability to narrow strategic holes and attain superior success levels has driven companies to adapt the BPR methodology. Company Process Reengineering also plays a critical role in enhancing the competitiveness and profitability of multiple companies as a transformation technique, as its key targets are to eliminate duplication, increase performance and eventually reduce costs (Lotfollah *et al.,* 2012).

Deloitte research reports (2018) suggested that divestment is gradually seen as a crucial lever to deliver shareholder value and maintain corporate alignment in terms of divestment as a turnaround strategy. That is, businesses check their asset holdings and question if they are the proper owners of any particular company. Where the current portfolio does not have optimum shareholder value or does not have a compelling strategic value, the decision to sell under-performing or non-core properties is always the outcome. The subsequent extra time, money and funds was then utilized by businesses to spend on development activities.

1.2.1 Organizational performance of banks

In management science, organizational performance is one of the most relevant frameworks. The definition of organizational success is focused on the premise that, for the reason of fulfilling a collective purpose, an entity is a voluntary group of valuable properties, including human, physical, and financial resources. Organizational performance therefore includes an organization's real production or outcomes as calculated against its expected outputs (Carton, 2014).

According to Richard, Devinney, Yip and Johnson (2009) organizational performance encompasses three specific areas of firm outcomes, financial performance, product market performance and shareholder return measure. Financial performance includes profits, return on assets and return on investment). Product market performance includes sales, market share and shareholder return measure through total shareholder return and economic value added..

Performance is described by Lebans and Euske (2016) as a collection of financial and non-financial metrics offering details on the degree of accomplishment of targets and outcomes. This analysis considers corporate success from various organizational viewpoints relative to competition, including efficiency, competitiveness, consumer base growth, market share increase, market share increase, profitability, return on equity, and overall business performance.

During economic challenges, the operational success of banks all over the world is often turbulent. Output is a compilation of financial and non-financial metrics that provide insight about the degree to which targets and outcomes have been accomplished (Lebans & Euske, 2016).

Organizational performance in banks Performance is also measured in the areas of customer service, innovativeness, employees' retention and attractiveness, geographic spread among other aspects. Performance is dynamic, requiring judgment and interpretation. Performance may be illustrated by using a causal model that describes how current actions may affect future results. Performance may be viewed differently depending on the person involved in the assessment of

the organizational performance. For example performance can be understood differently by a person within the organization compared to one from outside. To define the concept of performance it is necessary to know the elements characteristic to each area of responsibility. In addition to reporting an organization's performance level it is necessary to quantify results.

Eke and Adaku (2018) claimed, for example, during the economic downturn, that the recipe for coping with evolving global market conditions and being successful in corporate success matters is to follow BPR because it offers a comprehensive solution, emphasizing the need to combine interventions that aim to provide awareness of the markets, rivals and the enterprise. Furthermore, the pair reiterates that BPR is a very vital tool for every bank that aims to boost its overall performance and aims to pursue a cost leadership strategy in its business climate. In 20 multinational banks that have existed for more than 200 years, Erickson (2019) performed a case study and noticed that multinational banks have implemented diverse turnaround techniques to be able to thrive and boost performance. The research also indicates that the turnaround approach was implemented in order to realign businesses to the environmental developments related to global economic occurrences such as inflation, severe recessions, conflicts and significant technical and socio-cultural shifts.

The effect of the consolidation policy on the organizational dimensions of banks in China was investigated by Jin, Dehuan and Zhigang (2014). In order to assess if the reform culminated in substantial improvements, they used changes in sales, gross margin, return on investment and the gross asset turnover ratio before and during the restructuring as proxies for company results and carried out evaluations. Their research found that after consolidation, there were substantial increases in gross sales, operating margin, and return on investment, but there was little proof of any significant effect on the turnover ratio of assets. They also found proof of strong consumer expectation and response to the strategies of turnaround. Their research found that, despite consolidation, there were substantial increases in gross sales, operating margin and return on investment, but there was little proof of any significant effect on the turnover ratio of assets. They also found proof of strong consumer expectation and response to the strategies for turnaround. In her research on the largest bank in assets and profitability in East Africa-KCB, Achieng (2014) found that during economic crises KCB adopts both financial and nonfinancial

performance so as to remain on top of the game. That is the bank reviews all banking processes and customer focus initiatives in order to improve on its overall performance during financial crisis.

1.2.2 Turnaround strategies and bank performance; Global perspective

Turnaround strategies have been adopted by a number of financial institutions experiencing economic crisis. For instance, a study conducted on 54 American banks, identified changes in top management, greater R&D, introduction of new products, modernization, expansion and/or diversification, and efficiency measures through cost cutting, cost controls, and divestment are the major turnaround strategies on the basis of financial decline(Morrow, 2017).

Another research by Anders (2012) in Indian banks showed that turnaround strategies need change in top management, redefinition of market, improvements in major policies, consolidation, and careful preparation of the future to redeem bank success during the economic crisis. A substantial distinction between the Indian and Western cases tended to be that the former centered on short-term initiatives, while the latter often concentrated on institutionalizing long-term turnaround strategies, such as improving R&D, adding new goods, growing, modernizing and reforming banks.

There was a substantial uptick in large divestment operation, according to Deloitte's Global M &A Index (2018), with corporations and banks reporting nearly USD 200 billion worth of global divestments in 2016 alone, relative to USD 150 billion in 2014. This rise was partly due to three reasons; there was an increase in mega-deals and divestments required to gain regulatory approval; analysis and optimization of the corporate portfolio to concentrate on key growth areas; and demand from activists to shed certain properties.

Corporate Renewal Solutions' turnaround management philosophy (2011) revolved around short-term survivability to improve banks' financial results in Malaysia, although attempting not to risk the profitability of longer-term turnaround afterwards. In doing so, several considerations that include: sources of distress, magnitude of the financial downturn and the existence of internal

and external pressures experienced, short-term financial recovery targets, support for creditors, long-term turnaround plan and eventually the realization of the bank's vision that may vary from resilience, productivity and profitability have to be taken into account.

Bushe (2019) asserted regionally that there was a limited body of expertise in Africa, while the turnaround in South Africa, as an industry and as a market science, is still in an early stage of growth, for instance, growing. While different informal turnarounds have been and are still being discussed, structured turnarounds that are covered by legislation have only begun from mid-2011 onwards. In this regard, Mokubung (2014) concluded in a South African analysis that turnaround strategies can be enforced in the case of troubled and ailing bank results. It does not include a recovery plan for the whole company, but where a concern has been found in a specific division, branch or department. Interfaces with the majority of the other parts of the bank may occur between the affected areas to increase overall bank performance.

1.2.3 Organizational performance of commercial banks listed in Nairobi Stock Exchange

There are 12 listed banks at the Nairobi Securities Exchange (NSE) under the main market segment under banking stream (NSE, 2018). The NSE is regulated by Capital Markets Authority (CMA) which was established through an Act of Parliament, Cap 485 in 1989 and whose key role is to ensure proper conduct of all licensed persons and market institutions as well as investors protection (CMA, 2018). The listed banks are required to publish their financial reports widely hence it was easy to access relevant information on financial performance.

The global economic downturn has persisted to have a detrimental effect on all economic entities, especially banks, resulting in an unparalleled deterioration of sales margins, whereas operating and administrative costs have appeared to stay reasonably large. An exception to this has not been the financial industry. Both attempts have been made to resolve these concerns and banks have taken steps to produce optimal outcomes for all stakeholders and to sustain the market share of banks. In order to lower operational expenses and outsource non-core functions such as internal security services and data transport in an attempt to contain administrative costs, such steps involve investing huge resources in information technologies through which banking

halls have started to be decongested, rationalizing the bank branch network and shutting unprofitable units in the process.

The maintenance of such facilities has become expensive for banks. The steps alluded to above have contributed to certain improvements in the degree, form and performance of banks' current and potential criteria for manpower. In order to allow banks to face current and evolving business demands and thereby stay competitive, it has become evident that the workforce may increasingly decrease in order to increase performance (Central Bank of Kenya, 2020).

Many financial companies in Kenya are facing a financial crisis and are attempting to adopt restructuring plans, but empirical evidence is not satisfactory. In the analysis of turnaround strategies in the competitive climate in Kenya, for example, Ochieng (2018) indicated that banks such as every other profit-making enterprise should take advantage of the latest technical possibilities, incorporate all disciplines and all areas of the organization's activity into results-based systems and that organizational managers would objectively look at their success

Sije (2017) claimed that in situations where banks experience financial problems, certain loans had to be turned into equity, that they could not service the debts and that this would later result in cash flows to banks during dividend payments. Further suggestion was that commercial banks can concentrate more on inter-company/inter-organizational partnerships, group-level learning, knowledge-enhancing business-level learning, new consumer segments to expand scope and increase the opportunity for more consumers to market goods and services, and the need to come up with new products or enhance current products. Cost saving techniques, the diversification strategy, the reorganization strategy and the modernization strategy were the most common turnaround strategies pursued in Kenya to boost profitability (Ochieng, 2018), but downsizing, market process reengineering, bank consolidation and divestment strategies are now being applied by commercial banks in Kenya due to the financial crisis and Corona Virus Pandemic.

1.3 Statement of the problem

Financial sector is one of the main drivers of the economy in any nation like Kenya but has been experiencing drastic changes in performance due to Covid-19 pandemic. In spite of this, more than ten financial institutions have either collapsed or liquidated or have been placed under receivership by Deposit Protection Fund Board in Kenya between 2009 and 2019 (CBK, 2020). This indicates that on average, one financial institution collapsed every year over the eleven-year period making it a worrying trend. In addition, there was a decrease in the number of financial institutions that were rated strong, from 22 banks in 2014 to 11 banks in 2019 (CBK, 2020). Kenya's investment rate was below 25% of GDP during 2005 – 2019. From this analysis, banking industry in Kenya seems to be experiencing performance fluctuations.

A number of strategies have been adopted to counter previous financial crises by commercial banks like asset diversification, cost cutting and modernization strategies (Shahri & Sarvestani, 2020), but studies on downsizing, business process reengineering, bank restructuring and divestment strategies have shown a mixture of results on their effect on bank performance. For example, Mukhebi, Wanyama and Mamuli (2020) shows improvements in firm financial performance usually corroborate after layoffs, other studies showed that downsizing contributes to lower overheads, fewer paperwork, quicker and easier decision-making and overall performance increase.

Secondly, the efficacy of business process reengineering (BPR) and the moderation role of information technology capacity on the performance of Islamic banks in Malaysia were examined by Khashman (2019); the results showed the effect of BPR dimensions on the performance of Islamic banks, particularly change management and less bureaucratic structure.

However, the moderating impact of IT capacity was negligible. Olajide(2020) analysis, however, found a substantial connection between business process reengineering activities and organizational performance. Moreover, although the Muema (2019) analysis found a non-significant but positive impact of reforming financial structures on the financial output of commercial banks in Kenya, the relationship between bank restructuring and the financial

performance of commercial banks in Kenya was analyzed by Adefulu, Akinshipe and Akpa (2020) and found that capital restructuring and asset restructuring were the only variables. It was noticed that financial and organizational reform did not have a substantial effect on the financial results of Nigerian airline companies.

Therefore, due inconsistencies in the relationship between selected turnaround around strategies (downsizing, bank restructuring, BPR) and bank performance plus inadequate empirical evidence on the efficacy of the divestment strategy in banks motivated this study to examine the effect of turnaround strategies (downsizing, bank restructuring, BPR and divestment) on organizational performance of listed commercial banks on NSE, Kenya.

1.4 Purpose of the Study

The purpose of the study was to to examine the effect of turnaround strategies on organizational performance of commercial banks listed in Nairobi Stock Exchange.

1.5 Objectives of the study

This study was guided by general and specific objectives

1.5.1 General objective of the study

The general objective of the study was to examine the effect of turnaround strategies on organizational performance of commercial banks listed in Nairobi Stock Exchange

1.5.2 Specific objectives of the study

i. To examine the effect of downsizing strategy on organizational performance of commercial banks listed in Nairobi Stock Exchange.

ii. To evaluate the effect of business process reengineering strategy on organizational performance of commercial banks listed in Nairobi Stock Exchange.

iii. To determine the effect of bank restructuring strategy on organizational performance of commercial banks listed in Nairobi Stock Exchange.

iv. To assess the effect of divestment strategy on organizational performance of commercial banks listed in Nairobi Stock Exchange.

1.6 Hypotheses of the study

H_{01}: Downsizing strategy does not significantly effect on organizational performance of commercial banks listed in Nairobi Stock Exchange.

H_{02}: Business process reengineering strategy does not significantly effect on organizational performance of commercial banks listed in Nairobi Stock Exchange.

H_{03}: Bank restructuring strategy does not significantly effect on organizational performance of commercial banks listed in Nairobi Stock Exchange.

H_{04}: Divestment strategy does not significantly effect on organizational performance of commercial banks listed in Nairobi Stock Exchange.

1.7 Significance of the study

First, the study fiindings provides significant information to the commercial banks to enable them put in place policies to manage turnaround at the bank level which is essential for improved performance, and increase investor confidence that allows the banks to compete favourably in the local and international market.

Secondly, the findings provides empirical evidence to policy makers and regulatory bodies to enable them craft feasible policies on turnaround strategies being adopted by the banks so as to protect customers and boost shareholder value.

Finally the study results contributes to empirical body of knowledge by filling academic and practical gap on the applicable and sustainable turnaround strategies that can enhance overall performance of commercial banks experiencing economic crisis.

1.8 Scope of the study

The study focused on organizational performance of commercial banks listed in Nairobi Stock Exchange and covers only four turn around strategies (downsizing, business process reengineering, bank restructuring and divestment strategy). The study targeted section managers (risk managers, corporate affairs managers, human resource managers, finance managers, Accounts managers, audit managers, strategic managers from each of the 12 commercial banks listed on NSE in Kenya. Sectional managers were targeted since they are considered as turnaround champions. As turnaround champions, they support key functions of turnaround strategies since the teams have a broad range of capabilities and are contributors to and leaders of the turnaround agenda. Data was collected in the month of April.

1.9 Delimitations of the study

First, the study targeted commercial banks listed on Nairobi Stock Exchange (NSE) in Kenya who all have their main operating offices in Nairobi County, Kenya; and the managers working at these bank headquarters are assumed to have valid and reliable information on turnaround

strategies due to experience in crafting and implementing turnaround strategies especially during economic crisis.

1.10 Limitations of the study

The main constrain in the course of undertaking the study was untimely response by the respondents which stretched the data collection time significantly. This was compounded by the bureaucracy involved within various banks in getting a go ahead to collect data. Despite the challenges encountered during data collection, the researcher followed up persistently till majority of the questionnaires were received back.

Further, most of the respondents were unwilling to participate in the study due to confidentiality concerns. To mitigate this, the researcher produced an introduction letter from African Nazerene University and NACOSTI to the respondents and management in order to avoid suspicion and also to enable the management to disclose as much information as possible concerning the scope of the study.

1.11 Assumptions of the Study

The following formed assumptions of the study;

That the concept of turnaround strategies was familiar amongst the respondents and they provided the required information that was needed for this study.

That turnaround strategies are linked to organizational performance of commercial banks listed in Nairobi Stock Exchange

That the respondents who were selected for the study uniformly understood turnaround strategies and were able to distinguish them from other strategies.

That the sampled respondents availed themselves during the period of carrying out this research and their responses were honest.

1.12 Theoretical Framework

This covers theories that underpinned the study, that is, Resource Based view theory, contingency theory and financial intermediation theory.

1.12.1 Resource based view theory and organizational performance

Penrose developed the founding principle of seeing a corporation as a package of capital in 1959. The theory of resource-based views is based on the belief that the efficient and effective use of all usable resources that can be gathered by the business helps to decide its competitive edge, particularly where focus is placed on the value of resources and their consequences for company success (Conner, 1991). Therefore, the principle of resource-based opinion is based around the premise that it helps to assess the strategic edge by quickly and efficiently applying all useful capital that the organization can obtain. Although Birger Wernerfelt called this influential study body in the field of strategic management in his 1984 article A Resource-Based Perception of the Business, where focus is imposed on the value of resources and their consequences for company success (Rugman &Verbeke, 2002).

That is, the nature of the Resource Based Model is that when resources held entirely by the organization are added to the creation of specific competencies, competitive advantage is generated. Companies compose of numerous property collections: tangible and intangible assets/capabilities. In terms of the capital they possess, no two firms are alike. The tools a business maintains dictate how effectively the business conducts its operations. If it has the strongest and most desirable stock of capital applicable to its market and plan, a business would

be prepared to thrive. Ultimately, the competitive edge can be due to owning desirable resources that enable the organization to conduct its operations better than rivals. The dynamic mix of properties, people and processes that organizations use to turn inputs into outputs determines organizational capabilities (Thompson & Strickland, 2003).

In this respect, the idea of reengineering is embedded in this specific philosophy, as it is far more practical to leverage external openings utilizing current tools in a new manner than to attempt to learn new expertise for each different opportunity, according to RBV proponents. Resources are assigned the key function in enabling firms to reach better corporate performance in the RBV model. Because business process reengineering (BPR) requires the fundamental rethinking and transformative overhaul of business processes to produce drastic changes in organizational performance, such as expense, consistency, operation, and speed, a corporation must have capital to execute strategic BPR initiatives, according to Vergidis, Turner and Tiwar (2008). The resource-based view principle thus applies to this analysis in the context that, in this situation, the company rethinks BPR processes by its capital in order to gain greater organizational performance.

1.12.2. Contingency theory and organizational performance

This theory is focused on the organismic analogy, which assumes organisations to be comprised of a set of interdependent subsystems, each with a role to be done within the organization as a whole. The human subsystem embraces the individuals, their leadership, and their inspiration throughout the company. That is, the principle of contingency implies that a spectrum of variance is available to each of the subsystems. Each should be built to be aligned with the others and to conform to the atmosphere with which it is met. The organization's size would therefore have a direct effect on the subsystems and the hierarchical framework. Furthermore, the principle of contingency relies on the transparent view of structures that consider the entity as contingent on the larger world (Kast & Rosenzweig, 1985).

In a condition of shared control and interdependence, the organisation and community are seen as being. A company's economic success determines whether or not it succeeds, and this is in

part dictated by the way the corporation handles its interaction with the climate. Contingency theorists Kast and Rosenzweig (1985) propose that resilience is improved and the fit between intra-organizational processes and the world is encouraged by a leaner organizational framework and decreased red tape. Good operational effects are thus essentially reflected in the economic robustness of the group. Economically, lowering expenses as companies aim to increase productivity is a primary factor for downsizing (Cascio et al., 2007) and corporate strategies may be better accomplished with less workers. Several strategies, especially a cost leadership strategy that helps the company to increase revenue return or increase market share by aggressive costing, appear important.

This contingency theory is relevant to this study in the sense that turnaround strategies are meant to improve organizational performance. For instance, the company's downsizing of workers, the leaner cost structure may be turned into a strategic advantage by growing profitability or reducing costs, which can be reflected through an improved market share in corporate performance.

1.12.3 Strategic Choice theory

Established under organizational theory, from the 1980s to the mid-1990s, the strategic option method became commonly adopted as the fundamental theoretical framework for researching corporate governance study problems. This strategy emphasizes that directors take measures to help the business adjust to the setting. As the primary interpretation of the operational results achieved by the group, the willingness of the company to respond to the climate is addressed. Therefore, from the mere performance of legal and administrative duties to those requiring policy formulation and application, the position of the directors and business managers progresses (Kreiken, 1Downsizing strategy entails the strategies that an organization utilizes to discharge surplus workers because of the slowdown in industry, the introduction of labor saving devices, the standardization or adoption of revolutionary methods that make certain employees redundant (Gandolfi, 2008).

The other important function is for directors and top managers to apply appropriate tools and management methods so as to measure performance of the organization and report positive results to the shareholders. In fulfilling this role the board can use tools such as the Kaplan and Norton Balance Score Card (Kaplan, 2010). The choice of investing in a sizeable and quality board is therefore very important in order to deliver better performance.

This strategic choice theory is relevant to this study in the sense that choice of particular turnaround strategies is at the managers' discretion especially divestment whose negative results can negatively affect manager's jobs and organizational performance in terms of financial losses and lower customer base.

1.13 Conceptual framework

This is a diagrammed representation of the direct relationship between independent variables (downsizing, business process reengineering, bank restructuring and divestment strategies) and the dependent variable (organizational performance of commercial banks listed on NSE in Kenya) as shown in figure 1.1.

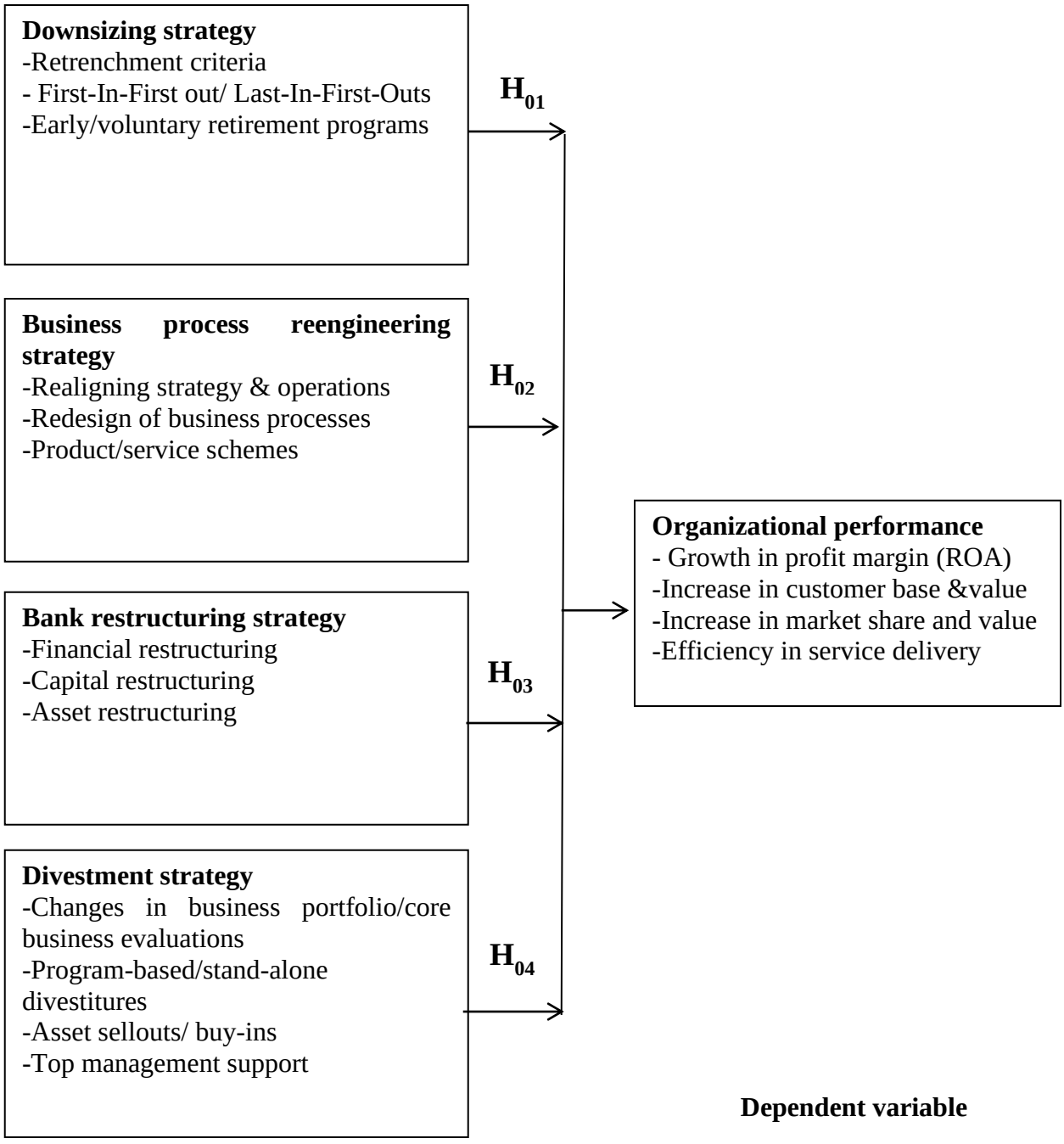


Figure 1.1 Conceptual Framework

Source; Researcher, 2021

From the conceptual framework, the study seeks to examine the hypothesized relationship between the independent variables (downsizing, business process reengineering, bank restructuring and divestment strategies) and the dependent variable (organizational performance of commercial banks listed on NSE, Kenya). The aim is to either accept or reject the null hypotheses on whether there exist a significant relationship between each conceptualized independent variables (downsizing, business process reengineering, bank restructuring and divestment strategies) and the dependent variable (organizational performance of commercial banks listed on NSE).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section covers literature review based on study variables, summary of literature review and lastly, research gaps. A topical approach has been adopted to guide the discussions.

2.2 Review of literature

2.2.1 Downsizing strategy and organizational performance

The downsizing consists of a concerted collection of practices carried out by an organization's management to increase overall operational performance, effectiveness and competition, which often contributes to a decrease in the amount of workers needed by an organization. Therefore, downsizing is supposed to contribute to lower overheads, reduced paperwork, easier and faster decision-making and an eventual improvement in the company's performance rate (Sahdev, 2013). Many academics have described retrenchment as a purposeful reduction in the size of the workforce of a company (as an element of downsizing) (Bruce & Green, 2000).

While downsizing is supposed to yield financial and operational gains, current research suggests that the overall image of downsizing's recorded financial results is grim (Gandolfi & Neck, 2008). A variety of cross-sectional and empirical analyses, for example, have shown that although some firms have recorded financial gains (Sahdev, 2013), a good fraction of downsized companies have not been able to attain better levels of performance, efficiency, competitiveness, and profitability (Gandolfi, 2009), some downsizing literature reveals an extremely pessimistic image of the financial condition (Burke & Greenglass, 2010).

The association between Turkish banks' downsizing and financial results was analyzed by Ozlem and Bumin (2016). The researchers evaluated the banks' success before and after downsizing (2010-2015) as calculated using the Paired Samples T-Test. The findings of the study revealed that, before and after downsizing, there was no substantial gap between Turkish banks'

profitability, i.e., no significant association between downsizing and bank profitability. The report, however, only assessed bank performance in terms of profitability without adding other bank performance metrics, a void that this study would address.

In addition, a plurality of the staff managers surveyed in a downsizing study undertaken by the American Management Association in 2014 reported that downsizing did not boost efficiency or morale, so downsizing does not actually increase productivity levels, but rather contribute to a decrease or stagnation of productivity due to low morale of employees who still expect layoffs.

In Kenya, a research by Mwangi (2012) on variables affecting the attitudes of survivors of downsizing in the banking sector towards management and job protection showed that bank workers had a comparatively low trust in the retrenchment phase of management decisions and behavior. They had a reasonably powerful sense that in the end there was inequality. Typically, the task of deciding who to let go is met by commercial banks. The exercise of retrenchment can not be viewed as punishing any persons or classes of people, but should meet certain requirements that are called impartial. However, no formal analysis appears to have been done to evaluate the parameters utilized by commercial banks to pick the ones to be retrenched, a void that this report would address.

Munjuri (2011) examined the criterion used in Kenya by commercial banks to assess the retrenchment of employees. The study results indicate that commercial banks use seniority (Last-In-First Out), human performance of employees, misconduct, incapacity, early retirement schemes, First-In-First-Out (FIFO) and obsolescence of employees as factors for assessing the retrenchment of employees. Assessment of the individual performance of workers is the criterion most widely employed. Misconduct is often standard as a condition for retrenchment, and bribery, insubordination, frequent unwanted absenteeism, financial mismanagement, leakage out sensitive details, among others, are some of the activities that banks classify as misconduct. To a moderate degree, early retirement plans are still included. Last in-first out (LIFO) is used to a moderate degree, whereas incapacity is used to a smaller extent as a criterion. However, this study was only done in one Commercial Bank (KCB), hence the need to explore more commercial banks, a gap that will be addressed by this study.

Sikayena, Amoah, and Ankomah (2016) focused on the implementation of downsizing and its effects on organizational performance in Ghana. The study revealed downsizing has a significant negative relationship on employee and organizational performance. Also, early retirement, attrition, voluntary and compulsory termination are some of the downsizing strategies employed and could be attributed to factors such as cost reduction, an increase in the levels of efficiency and organizational competiveness. It was also revealed that employees are normally ignored when taking downsizing decisions causes emotional and behavioural effects on both the downsized workers and the remaining employees.

Mihwa and Malenya (2020) examined the effects of Down-Sizing on Strategic Competitiveness of Commercial banks in Kenya, Kakamega County. The study employed descriptive survey design on Population target of the management of commercial banks from the region. A sample size of respondents was drawn from the population using stratified random sampling method. The study concluded that commercial banks use down-sizing as a cost cutting measure. The findings also concluded that the commercial banks have achieved cost advantage through downsizing. However, with regards to adaptation, the study concluded that downsizing has brought with it challenges of adaptation for their firms.

Tashonna (2011) examined the effects of down-sizing on Organizational Performance using panel data from 2174 product innovations that were initiated during a 39 month period at one telecommunications firm in the United States of America during down-sizing event. This study found that the general effect of down-sizing increases the likelihood of project withdrawal. Convergence protects radical innovations and buffers them from withdrawal; no effect on completion. Re-orientation enhances the likelihood of starting new projects and this prospect increases for more radical product categories. Overall, it takes time for managers to get up to speed with the strategic implications of down-sizing and resources are wasted, a potential pitfall for innovation.

2.2.2 Business process reengineering (BPR) strategy and organizational performance

Business process reengineering (BPR) has emerged as the fundamental rethinking and transformative overhaul of business processes to produce drastic changes in vital contemporary performance metrics, such as expense, efficiency, operation, and pace (Hammer & Champy, 2013).

In order to achieve dramatically improved financial performance and consumer loyalty, Corporate Process Reengineering is now seen as a vehicle for re-aligning policy, processes, and structures. This allows you discover opportunities to achieve something for fewer, with a minimal amount of time, speed, consistency, and expense, to deliver a better product or service. That is, BPR is utilized by most businesses to significantly boost performance on core customer-impacting procedures. By removing unproductive processes and the workers that perform them, BPR lowers costs and processing time. Team reorganization removes the need for manager ranks, speeds up data flows and avoids mistakes and rework induced by frequent handoffs (Vergidis, Turner & Tiwar, 2008).

Many companies that have undergone BPR will boost their performance in the market phase. However, making order of magnitude changes that go beyond the advantages of the process stage and that influence overall organizational performance depends not just on the reengineering of the business process per se, but rather on providing a range of complementary expertise, processes and technology for BPR. This collection of capability systems and innovations are important to institutionalize and improve the post-BPR introduction of the revamped market method. The effective application of BPR relies on how well it can be applied to the societal values of banks/companies and information technology, comparable to all other management methods (Ozcelik, 2009).

Ugoani and Ugoani (2017) researched the efficacy of business process reengineering (BPR) and the Nigerian banking sector. The study showed that the Nigerian banking sector was dysfunctional, marked by bribery, long lines, non-performing loans, illiquidity and misery before 2000, and before banks in Nigeria accepted BPR. Banks have begun to rely on BPR as a true

instrument to drive performance, consumer loyalty and increased shareholder value as one way to address these challenges. Performance has steadily returned to the Nigerian banking sector with the introduction of BPR and method enhancement. The Nigerian Banking Sector had a positive average liquidity ratio of 65.69 in 2011, with all banks reaching the 30 percent minimum liquidity ratio, versus the pre-reengineering period when the liquidity ratio of the Nigerian Banking System was minus 15.92 percent in 1996, with 41 banks dipping below the 30 percent minimum prudential criterion. The banks that implemented BPR at the beginning of the 2000s remained free of pressure, liquid, productive and with high gross profits, total asset profitability and equity performance. For the report, the exploratory test design was implemented and BPR was found to have a significant effect on the performance of the Nigerian banking system. The research, however, concentrated only on performance measurement quality, without utilizing different performance metrics, a void that will be filled by this study.

The efficacy of business process reengineering (BPR) and the moderating function of information technology (IT) capacity in the success of Islamic banks in Malaysia were investigated by Norlena and Alminnourliza (2017). In order to observe their impact on the performance of Islamic banks, BPR dimensions are studied, namely change management, policy coordination, management engagement, consumer attention, IT expenditure, process overhaul, sufficient financial resources and less bureaucratic framework. The Islamic bank's success is remarkable since it is focused on three key facets of excellence, namely (1) human education, (2) public interest, and (3) fairness. In the report, however, success was calculated by the expense expended by the banks to achieve those three dimensions of performance. Using the Partial Least Square structural equation modeling, the direct interaction and moderation effects were analysed. Collectively, the findings demonstrate the impact of BPR dimensions on the output of Islamic banks, especially change management and less bureaucratic structure. However, the moderating impact of IT power is negligible. This research, however, was focused only on Islamic banks, so it raises issues of generalizability, but this study would include all commercial banks listed.

In Kenya Achieng (2014) study aimed at exploring possible relationships between business process reengineering practices and organizational performance. A case study approach was used with specific focus on Kenya Commercial bank. Interview guide was used to collect primary

data with content analysis used in data analysis. To supplement primary data, secondary data was collected from KCB website. The study found a significant relationship between BPR and bank performance and concluded that business process reengineering has become useful weapon for any corporate organizations that is seeking for improvement in their current Organizational performance. It recommended that BPR process remains effective tool for organizations striving to operate as effectively and efficiently as possible in order to achieve breakthrough performance.

From a "healthy bank to a major bank." The bank retained the services of global consultancy McKinsey and company to create the path map for the transition journey of banks by conducting a four-month diagnosis of the bank to aid with the reengineering process. The key agenda of the transition phase was to study the business model of banks as well as operational mechanisms and processes in order to suggest strategies that would render KCB more competitive and profitable, while also setting the stage for banks to progress to the next level (Achieng, 2014). However, there is little analytical research available to assess the efficacy of the KCB business process

Chepkorir (2018) at KCB bank studied market process re-engineering and customer service; Kericho branch event. The thesis employed descriptive test design. A target demographic of 34, comprising directors, assistant executives, clerks and sales reps. The findings of the study revealed that the method of decision-making plays a crucial role in ensuring quality customer support. Consumer care is heavily affected by the management of complaint handling Banking organizations must continue to objectively access customer demands to implement continuous technologies, policy and workforce changes in order to enhance organizational performance. However, the report was restricted to success indicators of customer support, a void that will be filled by this analysis that reflects on more than one metric of bank performance.

Bako and Banmeke (2019) examined the Impact of Business Process Reengineering (BPR) has on Organizational Performance focusing on Commercial Banks and Micro-finance Banks in Ilaro, Ogun state, Nigeria. The data for this research work were obtained through primary and secondary source where respondents were selected using simple random sampling technique and a survey was carried out on the staff of commercial banks and micro-finance banks in Ilaro. 124

answered questionnaires were returned by the respondents. Business process reengineering has significant impact on the performance of all commercial banks and micro-finance banks in Ilaro.

Eke and Adaku (2014) examined Business Process Reengineering in Organizational Performance in Nigerian Banking Sector. The findings revealed that Business Process Re-engineering helps in focusing on end-customer by providing competitive advantages to the organization. Business Process Re-engineering has become useful weapon for any corporate organizations that seeks for improvement in their current organizational performance and intends to achieve cost leadership strategy in its operating industry and environment. However, the study was conducted in Nigrian Banking Sector which has different banking regulations, a void that this report would address.

Mwaura (2016) sought to establish the Business Process Re-engineering and operational performance at the Nairobi City County. From the study findings, it was established that, Business Process Reengineering in its entirety had a significant effect on operational performance of Nairobi City County. The massive investment in Information Communication Technology tools and equipment had a significant effect on the operational performance of the Count. However, the study was conducted in a non-financial institution, devolved system of government, a void that this report would address.

2.2.3 Bank restructuring strategy and organizational performance

Mario (2014) notes that bank restructuring relates to enhanced oversight and prudential regulation in order to improve the banking system's intermediation mechanism, so that bank restructuring is primarily aimed at enhancing financial performance and often at enforcing controls and balances to minimize the risk of a financial crisis.

Hoenig and Morris (2012) have reported that bank consolidation is normally carried out to fix the challenges confronting the financial crisis in particular banks or to solve the problems impacting the whole banking sector. Therefore, the aim of the restructuring of banks is to restore and preserve confidence and trust in the banking system and the viability and performance of individual banks.

Most academics insist that failure to consider and take action with respect to individual banks will contribute to the accumulation of problem assets and entities that increase the risk of reforming pre-/non-crisis banks and, at the same time, mask more structural problems. Therefore, to maintain a sound financial framework, it is important to identify banking issues before a banking crisis ensues. Bank defaults, low earnings, high levels of non-performing debt, reduced asset values, sharp real interest rate rises and mergers and acquisitions are the key reasons contributing to bank consolidation (Claessens *et al*., 2011). In addition, weak, undercapitalized, illiquid banks that are dysfunctional, and banks at the early stages of the financial crisis may need bank restructuring, plus the timing mismatch of assets and liabilities, bank ownership and bank insolvency are other factors that may impact the degree and reach of bank restructuring (Hoenig & Moris, 2012).

Kwaning *et al*. (2014) used a case study to examine the motivators of reforming banks and the financial success impact of bank restructuring on one of the main banks in Ghana, the Agricultural Development Bank (ADB). The results of ADB's research as a transformation organization indicate that shifts in the market climate, inadequate governance, poor strategic management, and poor output were the reasons that inspired ADB's restructuring. The effect on the corporate governance, operational framework and strategic management, efficiency and employee costs of the ADB contributed to enhanced governance, a changed organizational structure, higher employee costs and a decline in the viability of the ADB.

Ithiri (2013) researched organizational reform in Kenya and its impact on the performance of the Kenya Commercial Bank. A descriptive poll was used and a questionnaire was used to gather data from 100 randomly chosen sample respondents. The interpretation of the results was performed using descriptive statistics. The study results found that competition, modern business strategies, spending cuts, public pressure and shifts in government policy were the key factors of restructuring. The research was, however, focused exclusively on organizational restructuring and did not capture asset, financial or resource restructuring, a void that this study would fill.

A research on the impact of reforming financial structures on the financial results of commercial banks in Kenya was conducted by Osoro (2014). The analysis centered on 11 commercial banks

that were classified on the Nairobi Stock Exchange (NSE) and were in service between 2008 and 2013. Debt rates, income payouts and asset ratios have been seen as financial restructuring strategies. To evaluate the results, the analysis depended on many linear regressions. The results found that financial reform has no major positive impact on the financial output of commercial banks in Kenya. The research was, however, focused entirely on financial restructuring and did not catch assets or capital restructuring, a void which will be filled by the study.

The association between bank restructuring and the financial success of commercial banks in Kenya was analyzed by Kithinji, Mwangi and Litondo (2017). In this analysis, the research theory of positivism and descriptive and inferential causal research design were used. The research was focused on commercial banks which for the period 2002 to 2014 were continuously in operation. Bank restructuring has been split into financial restructuring, restructuring of money, organizational restructuring and restructuring of properties. The analytical results were as follows: All four forms of bank consolidation are utilized by commercial banks. There has been a strong correlation between the consolidation of banks and financial results. The only variables identified to have a major positive and negative impact on the output of commercial banks in Kenya were capital restructuring and asset restructuring, respectively. It was noticed that financial and organizational reform did not have a substantial effect on the financial results of Kenya's commercial banks. Therefore, there is need for this study to further explore why the existence of negative, positive and non-significant relationships between mini-variables of bank restructuring and performance of commercial banks.

2.2.4 Divestment strategy and organizational performance

Divestments have been recognized as major strategic decisions that have a beneficial effect on organization results as they reflect changes to the management and market portfolio composition of a company by the acquisition, spin-off and carve-out of a business entity or the sale of corporate assets (Adah, 2016). In addition, recent literature offers proof that divestment alleviates organizational capital misallocation concerns, strengthens the management capacity to coordinate a leaner organisation, and enhances profitability. As such, divestitures reinforce

existing institutional structures and boost the external environment's competitive role (Lee & Madhavan, 2010).

Existing literature suggests, though, that administrators may be hesitant to pursue them amid the beneficial benefits of divestitures, because they sometimes come at a personal expense. Next, divestitures may involve previous failures and improper tactics to be accepted. Second, divesting is inconsistent with managers' development plans, since it usually decreases the scale of the business and executive salaries. Finally, when divestitures contribute to significant systemic shifts in the sector, within and outside the company, they create severe political concerns and opposition.

Adah (2016) conducted a meta-analysis on divestment policy empirically and produced some assumptions. One is that divestitures are primarily influenced not by the external climate, but by variables within the organization and the organizational unit. Two, unsustainable institutional structures, poor performance of the device and low slack supply, and previous divestiture experience emerge as the key factors of subsequent divestitures. Finally, managerial ownership exacerbates the issue of self-serving executive conduct, thereby reconsidering managerial compensation design, especially in terms of divestiture performance. For example, as executives pass experiences between various transformation types, such as the transfer of acquisition expertise to divestitures, there is no promise of favorable financial performance.

Brady (2016) analyzed divestment by selling it to a private equity company as a development plan for Myers Industries, who divested a plastics division they had. The subsidiary did not produce any revenue for the group, but it took over the company's resources. As part of their portfolio, the plastics company was of little to no importance to Myers. Yet they were willing to sell the firm for more than $100 million to generate money and place their material handling sector in the real growth field. Divestment may be a reasonably cost-effective way to collect money if an asset does not produce profits or sufficient earnings, or the margins are smaller than the total corporate organization. By divesting some of its assets, a company may be able to cut its costs, repay its outstanding debt, reinvest, focus on its core business(es), and streamline its operations. This, in turn, can enhance shareholder value. There are several private equity

businesses such as The Blackstone Group, Sycamore Partners, Kohlberg Kravis Roberts, The Carlyle Group, TPG Capital among others that enjoy producing company buyout deals.

Howe (2016) analytical studies on divestment in the US equity firm recommended that the determination of future divestment in a corporation needs thorough analysis before the policy is pursued, as well as considerable preparation after the divestment decision has been made. The appraisal of a possible divestment by senior management must take into consideration considerations such as: Are there probable buyers who would offer an acceptable price? Will clients be shared by the corporation and the divested firm, and what are the repercussions if the operation does not go smoothly? What management representatives of the divested business would form the "go squad" and how integral or replaceable are they to the remaining company? In terms of the expense base and future benefit or loss, what are the tax and financial accounting implications?

Howe (2016) has investigated Wedbush Shares and noticed that during the last several years, the business has been consistently engaged in supporting middle-market public and private businesses analyze and execute divestiture strategies. Among other factors, divestitures have been used as part of expansion plans, as a pool of capital for businesses recovering from tough times, and as a means to remedy weak acquisitions. The result was that, as an acquisition technique, there is a growing amount of private equity companies that concentrate on divestitures. They see divested corporations as sometimes undermanaged, underfunded by former management, and as "orphans" that have not earned enough attention. These variables (growth capital, Mezzanine capital and Venture capital) lead them to see divestitures as undervalued, with an obvious road to the development of value.

Deloitte (2018) surveyed of professionals from 123 global organizations who have recently been involved in divestment activity. Deloitte engaged a third party organization to perform the survey on our behalf. The survey was conducted in July 2017, and was followed by a series of interviews with senior executives experienced in delivering divestments to gain further insights and perspectives. The organizations surveyed represented a cross section of sectors: Financial Services – 22%, Technology, Media &Telecommunications – 21%, Life Science & Health Care

– 20%, Consumer & Industrial Products – 20%, Energy & Resources – 18%. The survey captured a number of global organizations with headquarters based in North America (46 percent), Europe (39 percent) and Asia-Pacific(11 percent). According to the survey, 54 percent of organizations expect that divestments will be more difficult to deliver in the next 12 months due to external market changes. The survey results were indicative of a strong sense of corporate uncertainty about the near future, an uncertainty that is making it harder to conclude divestment deals.

Brauer and Markus (2015) analyzed the effect of Switzerland's corporate divestiture schemes on results. The analysts examined the irregular returns of 160 divestiture announcements inside the global insurance sector between 1998 and 2007, focusing on case study methodology. In comparison to previous studies that focused on ex post statistical clustering to classify transaction programs, to categorize program divestitures, ad hoc corporate press releases released with the divestiture announcements are used. Empirical studies show that divestitures in the scheme produce larger abnormal returns than stand-alone divestitures. However, more studies into the sources of these greater benefits do not endorse knowledge influences as essential explanatory variables. Instead, findings show that the preparation of divestitures has a substantial effect on the returns of announcements. The study proposed that managers should withdraw from piecemeal divestiture activity that loses strong strategic direction. Instead, as part of a divestiture scheme with a strong strategic purpose and shared market rationale, they are advised to package their divestitures. Nevertheless, the research was carried out in insurance companies, while this study would be carried out in commercial banks to compare outcomes.

2.3 Summary and Research Gap

Many benefits have been associated with turnaround strategies as indicated in numerous empirical studies. This chapter reviewed past literature on the dependent and independent variables and finally identified the knowledge gap.

The first knowledge gap is from the research done by Ozlem and Bumin (2016) in Turkey on association between Turkish banks' downsizing and financial performance. The findings of the

study revealed that, before and after downsizing, there was no substantial gap between Turkish banks' profitability, i.e., no significant association between downsizing and bank profitability. The report, however, only assessed bank performance in terms of profitability without adding other bank performance metrics, a void that this study would address. The study stimulates a research gap in regard to how downsizing affect organizational performance listed commercial banks in Kenya. Munjuri (2011) examined the criterion used in Kenya by commercial banks to assess the retrenchment of employees. However, this study was only done in one Commercial Bank (KCB), hence the need to explore more commercial banks, a gap that will be addressed by this study. Mihwa and Malenya (2020) examined the effects of Down-Sizing on Strategic Competitiveness of Commercial banks in Kenya, Kakamega County. However, with regards to adaptation, the study concluded that downsizing has brought with it challenges of adaptation for their firms.

Secondly, the knowledge gap created identified from study done by Mohd, Norlena and Alminnourliza (2017) in Malaysia found that BPR dimensions have a major impact on the output of Islamic banks, especially changing management and less bureaucratic structure. However, the moderating impact of IT capacity was negligible as an enabler of BPR. Achieng (2014) research found a substantial association between Kenya Commercial Bank's business process reengineering activities and organizational performance.

Moreover, although the research by Osoro (2014) found that reforming financial structures had a non-significant but positive effect on the financial output of commercial banks in Kenya, the study by Kithinji, Mwangi and Litondo (2017) found that capital restructuring and asset restructuring were the only variables found to have a significant positive and negative impact on the performance of commercial banks. It was noticed that financial and organizational reform did not have a substantial effect on the financial results of Kenya's commercial banks.

In addition, Deloitte (2018) Global Financial Institutions Divestment Surveys argued that while divestments are accepted as a crucial part of the goals of an enterprise, the nuances of how to effectively recognise and implement divestment policy are quickly evolving and remaining unclear, thereby suggesting further study. Therefore, due inconsistencies in the relationship

between selected turnaround around strategies (downsizing, bank restructuring, BPR) and bank performance plus inadequate empirical evidence on the efficacy of the divestment strategy in banks motivated this study to examine the effect of turnaround strategies (downsizing, bank restructuring, BPR and divestment) on organizational performance of listed commercial banks on NSE, Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers study's research design, target population, sample size and sampling techniques, data collection instruments, data analysis and multiple regression model assumptions.

3.2 Research design

According to Kothari (2003), arrangement of conditions for data collection and analysis in a way that aims to combine applicability to the study purposes with economy in procedure. The research design helped the researcher to organize her ideas in a form where it was possible for her to look for flaws and inadequacies. As Oso (2011) states, there are several research design but the study adopted a descriptive method of research design in view of the fact that descriptive method enabled the researcher to get the results she wants and identify the relationship between independent variable and dependent variable. Descriptive design is preferred because it ensured complete description and analysis of the phenomena making sure that it has minimum biasness. Descriptive survey research designs are intended to produce accurate description of variables relevant to the decisions being faced, demonstrating that some relationship exist between the variables. The descriptive survey research design enabled the researcher to get actual happenings and expected happenings in order to make a detailed assessment. This provided a detailed research which in turn allowed a more comprehensive coverage of organizations under study.

3.3 Research Site

The study was done in Nairobi City targeting the 12 listed commercial banks in Kenya. Nairobi is the commercial and business hub of Kenya and thus hosts headquarters of all the listed commercial banks.

3.4 Target Population

Cooper and Schindler (2014) defines target population as total items, elements or sets from which a desired sample is extracted for study consideration, while an element of population an specific item from which a specific measurement is considered. This study targeted 8 relevant sections from each of 12 commercial banks on NSE in Kenya, making a target population of 96 respondents.

3.5 Sampling frame

Cooper and Schindler (2014) define a sampling frame as a register of components from which a sample is extracted from the population, that is, a sampling frame offers the required number of entities, elements, items, respondents, subjects, in the population where a sample is drawn. This study targeted 8 relevant section managers (risk managers, corporate affairs managers, human resource managers, finance managers, business development managers, Accounts managers, audit managers, strategic managers) from each of the 12 commercial banks listed on NSE in Kenya, making a sampling frame of 96 respondents. Sectional managers were targeted since they are considered as turnaround champions. As turnaround champions, they support key functions of turnaround strategies since the teams have a broad range of capabilities and are contributors to and leaders of the turnaround agenda.

3.6 Study Sample and Sampling Technique

Current literature on methods of sampling proposes diverse techniques for sample size determination. That is, if a study sample is adequate to capture the required impact sizes and be reflective of the target population, a researcher may use a small population census or use formulas to measure sample size (Dillman, 2000). In addition, the sampling procedure is a system by which people are chosen for a sample (Mugenda & Mugenda, 2003). Since this study's population is fairly small (below 100), a census method was employed to avoid sampling bias when the study population is small (Mugenda &Mugenda, 2003).

3.7 Research Instruments

3.7.1 Data Collection Instruments

Kothari (2007) asserts that questionnaires are simple to administer and collect a lot of information. That is, self- administered structured questionnaires (closed ended questions) were utilized to collect primary data from the respondents. The structured questionnaires were designed in multiple choice formats based on a 5 point Likert scale ranging from 1 to 5 with 1 denoting strongly disagree and 5 strongly agree.

3.7.2 Pilot Testing of research instruments

In order to test the validity and efficiency of data collection methods, Kothari (2007) asserts that a pilot study is a small-scale preliminary sample before the main research. For the purposes of this study, in order to ensure consistency of terms and consistency of answers, all components of the questionnaires were reviewed and coded and then validated in Bank of Africa at its head office which is based in Nairobi County, Kenya. The Bank of Africa was selected since it is a well established headquartered at Nairobi City County and not listed on the Nairobi Stock Exchange. Eight respondents were used for the pilot analysis. This is because of the requirement to pre-test the testing instruments in a preparatory procedure on a limited group of respondents to figure out whether there is some flaw in the instruments so that they can be fixed.

3.7.3 Validity of Findings

Validity, according to Neuman (2005), is the quality assigned to the proposal or initiatives to the degree to which they adhere to the information or reality defined. For instance, an attitude scale is deemed accurate to the extent to which outcomes correspond to other indicators of attitude ownership. Content validity approaches were also implemented to validate validity, utilizing 8 copies of the instrument for confirmation during pilot testing. That is, pretesting of research instrument was used to confirm that questions are well written, meaningful plus having adequate content so as to ensure content validity.. Pilot study guaranted that the instruments used in data

collection include the pertinent areas of the study. It also aimed at determining if there are flaws, limitations, or other weaknesses within the questionnaire design and therefore allowed for revisions to be made to the questionnaire prior to the implementation of the study.

3.7.4 Reliability of Research Instrument

As per Mugenda and Mugenda (2003), an instrument's reliability is the indicator of the degree to which, after multiple testing, a test instrument delivers reliable findings or records. A coefficient of baseline cronbach alpha of at least 0.70 was deemed accurate. There was pilot testing and a Cronbach alpha was measured utilizing SPSS version 24.

3.7.5 Data collection procedure

An introductory letter was obtained from Nazarene University. This letter (introductory letter) together with research permission letter from requisite office from Kenya Bankers Association allowed the researcher to collect data from listed commercial banks whose headquarters is in Nairobi City, Kenya. The questionnaires were administered by issuing printed copies of questionnaire to the respondents or emailing respondents where applicable in compliance with Covid-19 restrictions and collecting them when completely filled.

3.8 Data Analysis and Presentation

Using descriptive and inferential statistics, all data gathered were coded, cleaned, tabulated and evaluated using the advanced Statistical Software for Social Sciences, version 24. Descriptive analysis was used, such as frequencies, means, standard deviation; tables and graphs displayed evaluated results. In addition, inferential statistics was used to determine the existence relationship among study variables. The computer-based research program that was used to generate statistical evidence was SPSS version 24.

3.8.1 Multiple regression analysis

For modeling the association between the independent variable and dependent variables, the following multiple regression equation was applied;

$$\mathbf{Y=\alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where;

γ= Dependent variable [performance of listed commercial banks]

α=Constant; the y intercept or the average response when predictor variables are 0

X_1= Independent variable 1 [downsizing strategy]

X_2= Independent variable 2 [business process reengineering strategy]

X_3= Independent variable 3 [bank restructuring strategy]

X_4= Independent variable 4 [divestment strategy]

ε= error term

$\beta_1 \ldots B_4$ = Beta Coefficients

3.8.2. Multiple regression model assumptions

The following regression model assumptions as summarized by Hair *et al.*, (2006) were put into consideration;

Normality testing was performed using normal-curve histograms. The findings should display a bell-shaped curve showing that data is roughly naturally distributed to satisfy this presumption of normality testing**.**

Test of Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent. That is the independent and dependent variables must have a linear relationship because regression tests linear relationships. In this study all independent variables (downsizing strategy, business process reengineering strategy, bank restructuring strategy, and divestment strategy) were examined to confirm if they have significant correlation with the dependent variable (performance of listed commercial banks).

Multicollinearity Multi-collinearity refers to the relationship among the independent variables. Multi-collinearity exists when the independent variables are highly correlated (r= 0.9 and above). Multiple regressions are very sensitive on this. Tabachnick and Fidell (2001) suggest that you 'think carefully before including two variables with a bi-variate correlation of, say, 0.7 or more in the same analysis. To check for multi-collinearity Variance Inflation Factor and Tolerance level was used. A VIF of less than 10 or a tolerance level of greater than 0.1 is acceptable.

3.8.3 Testing of study hypotheses

A total of four hypotheses (H01, H02, H03, H04) reported in null form and tested at $p< 0.05$ using regression analysis was tested in the study after the summary categorical data scores are statistically converted into continuous data using SPSS version 24 so that correlations, linear and multiple regression analysis can be run. The following procedure was therefore adopted in testing hypotheses:

Example;

(Null Hypothesis) **H_{01}**: Downsizing strategy does not significantly affects organizational performance of commercial banks listed in Nairobi Stock Exchange.

(Alternative Hypothesis) **H_A:** Downsizing strategy significantly affects organizational performance of commercial banks listed in Nairobi Stock Exchange.

Then the test statistic results was set at *$p< 0.05$ significance level;*

So, if for instance, the results indicate *$p=0.04$*; then this is significant at *$p< 0.05$;*

Verdict; reject the null hypothesis (**H_{01}**) and accept the alternative hypothesis (**H_A**) that Downsizing strategy significantly effect on organizational performance of commercial banks listed in Nairobi Stock Exchange and vice versa.

Therefore, this hypothesis testing procedure was applied in testing all the study's null hypotheses (**H_{01}, H_{02}, H_{03}, H_{04}**).

3.9 Ethical Considerations

First, the researcher sought an introduction letter from Nazarene University to be used to seek permission for collecting data from listed commercial banks in Kenya. Secondly, the researcher obtained a permit from the National Council for Science and Technology (NACOST). Further, the researcher drafted consent forms to be filled by study participants to ensure that informed consent is sought from respondents who volunteered to participate in the study and assure them that collected data was used for academic purposes only.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis of the empirical data obtained during the data collection in study. It examines the rate of response of the targeted respondents, their demographic characteristics and on the four variables that guided the entire study namely; downsizing strategy, business process reengineering strategy, bank restructuring strategy and divestment strategy. Questionnaires were the main instruments utilized in data collection. The findings are presented in frequencies and percentages tables.

4.2 Validity and Reliability of research instruments

Validity of research instruments was checked using content validity where all questions were checked for clarity of words and ensuring adequacy of contents so as to fully capture all aspects of the conceptualized study variables. Reliability of research instruments was tested using Cronbach alpha; which tests internal consistency. The results in Table 4.1 shows Cronbach alpha coefficients values of 0.7 and above confirming reliability of the research instruments.

Table 4. 1: Reliability Test

Variable	Number of Items	Cronbach alpha
Downsizing strategy	5	0.796
Business process reengineering strategy	5	0.824
Bank restructuring strategy	5	0.773
Divestment strategy	5	0.756
Organizational performance	5	0.805
Average	**25**	**0.791**

From Table 4.1, each of the variables had a Cronbach alpha value more than 0.7. The values range from 0.824 for business process reengineering strategy and 0.756 for divestment strategy. Based on Bryman (2014) and Murphay and Davidshofer (2008),the research instrument was hence considered to be reliable for the study as it had a high Cranach's alpha coefficient of >0.75, more than 0.7 which was set for this study, thereby making it reliable to be used as a data collection instrument for the study. The result from reliability test was used to calibrate the tool and train on gaps which were identified especially during administration. Data quality was consistently checked throughout the data collection period and constantly reinforced.

4.3 Response Rate

The reaserch administered 96 questionnaires as per the sample size out of which 75 dully filled questionnaires were returned. This represents 85.22% response rate. This was a very high response rate compared to the previous scholarly work; for example Wangui (2019) attained a response rate of 70%, Macharia (2016) achieved a response rate of 78.12%. Statistically most scholars recommend a response rate of at least 30% for an in-depth study to be conducted (Abok, 2013). The response rate achieved in the study was therefore deemed to be sufficient for the analysis of this study.

4.4 Demographic Characteristics

This section analyses the demographic pattern of the respondents among them being gender, respondents' level of education and number of years/work experience.

4.4.1 Distribution of Respondents by Gender

The gender of respondents was considered important in this study. This is because according to the Kenyan constitution there is supposed to be fair distribution of job opportunities to both men and women in the public facilities. The respondents were asked to indicate their gender. The results are as shown in table 4.2.

Table 4. 2: Distribution of Respondents by Gender

Response	Frequency	Percentage
Male	41	54.7
Female	34	45.3
Total	**75**	**100**

As far as this study is concerned majority of the respondents were males representing 54.7% of the respondents which is just slightly above average while the females were rated at 45.3% of the respondents.

4.4.2 Distribution of Respondents by Level of Education

The study sought to establish the respondents' level of education. The results are as shown in table 4.3:

Table 4. 3: Education Level

Education Level	Frequency	Percentage
Certificate	0	0
Diploma	0	0

Degree	51	68.0
Masters	22	29.3
PhD	2	0.03
Total	**75**	**100**

Education-wise, majority of the respondents (68 %(51)) were having various degree level of education while 29.3 %(22) were having masters' degrees. However, only 0.03 %(2) of the sampled respondents were having doctorates degrees. The results are in agreement with Machoka and Wamugo(2018) who found that majority of respondents from commercial bank have at least bachelor degree from various field in Business. This gives them an edge in understating various turnaround strategies and how it affects financial performance of commercial banks in Kenya. Ngugi (2012) established that majority of employees in commercial banks have spent more than five years in their current position which place them in good position to understand effect of turnaround strategies on financial performance.

4.4.3 Respondents Work Experience

The respondents were asked to indicate the number of years they had worked in the banking industry. Results presented in Table 4.5 reveal that 38.7% of the respondents have worked in the banking industry for between 1 and 5 years, 45.3% indicated 6 to 10 years, 16% indicated over 10 years while none indicated less than one year. This implies that majority of the employees have worked in the banking industry for over 10 years. This is expected since as indicated earlier, majority of the bank employees at managerial require adequate experience. Quińones, Ford and Teachout (2015) argued that work experience had the highest correlations with measures of job performance.

Table 4. 4: Respondents Work Experience

Responses	Frequency	Percent
Less than 1	0	0
1 – 5	29	38.7
6 – 10	34	45.3

Above 10	12	16
Total	**75**	**100**

4.5 Descriptive Statistics

The presentation of descriptive statistics is based on the frequencies, percentage, mean and standard deviation of study variables. These variables were downsizing strategy, business process reengineering strategy, bank restructuring strategy and divestment strategy which were independent variables while organizational performance of listed commercial banks in Kenya was dependent variable. The respondents were asked to indicate their level of agreement from 1 strongly disagree, 2-Disagree, 3-uncertain, 4-agree and 5 strongly agree. The findings are as follows.

4.5.1 Downsizing strategy and Organizational performance of listed commercial banks in Kenya

The first objective of this study was to examine the effect of downsizing strategy on organizational performance of listed commercial banks in Kenya. In order to achieve this objective, the study therefore sought to find out the extent to which downsizing strategy affects organizational performances. The results are presented in Table 4.5 in which percentage are presented inside brackets while frequency outside brackets.

Table 4. 5: Downsizing strategy

Downsizing strategy	5	4	3	2	1	Mean	SD
The banks have once applied downsizing strategy to enhance its performance	19 (25.3)	29 (38.7)	15 (20)	9 (12)	3 (4)	3.69	1.10
The bank uses First-in-First out and employee obsolescence as criteria for determining employees to retrench.	9 (12)	42 (56)	12 (16)	10 (13.3)	2 (2.7)	3.61	0.96
The bank uses seniority (Last-In-First-Out) and employees' individual productivity, as criteria for determining employees to retrench	22 (29.3)	22 (29.3)	20 (26.7)	9 (12)	2 (2.7)	3.71	1.10

The bank entices employees with early and voluntary retirement programs to downsize its workforce	10 (13.3)	38 (50.7)	16 (21.3)	7 (9.3)	4 (5.3)	3.57	1.02
Generally, downsizing strategy helps the bank to improve its overall performance	10 (13.3)	25 (33.3)	25 (33.3)	13 (17.3)	2 (2.7)	3.37	1.01
Overall Mean Score						**3.59**	**1.04**

N=75; KEY: 1= Strongly Disagree; 2= Disagree; 3=Uncertain; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

The study findings from table 4.5 indicate that out of 75 respondents who took part in the study 25.3% strongly agreed, 38.7% agreed, 20% neutral and only 12.0% disagreed with the statement that the banks have once applied downsizing strategy to enhance its performance. The line had a mean and standard deviation (M=3.69; SD= 1.10), which is an indicator that majority of the respondents well understood that the banks has once applied downsizing strategy to enhance its performance. On the statement that the bank uses First-in-First out and employee obsolescence as criteria for determining employees to retrench, 2.7% strongly disagreed, 13.3% disagreed, 16.0% were neutral, 56.0% agreed and 12.0% strongly agreed. The statement had a mean and standard deviation (M=3.61; SD=0.96).

On the statement of the bank uses seniority (Last-In-First-Out) and employees' individual productivity, as criteria for determining employees to retrench, 2.7% strongly disagreed, 12.0% disagreed, 26.7% remained neutral, 29.3% agreed while 29.3% strongly agreed (M= 3.71; SD=1.10). This implies that majority of the respondents were in agreement that bank uses seniority (Last-In-First-Out) and employees' individual productivity, as criteria for determining employees to retrench.

Out of 75 respondents who participated in this study, 5.3% strongly disagreed, 9.3% disagreed, 21.3% was neutral, 50.7% agreed and 13.3% strongly agreed that with the statement that the bank entices employees with early and voluntary retirement programs to downsize its workforce (M=3.57; SD=1.02). This indicate that majority of the banks entices employees with early and voluntary retirement programs to downsize its workforce. Few of the respondents strongly agreed 13.3%, 33.3% strongly agreed that downsizing strategy helps the bank to improve its

overall performance although 33.3% of the respondents were undecided. The statement had a mean and standard deviation (M=3.37; SD=1.04). Averagely, the level of downsizing strategy was at 71.8% mean response (mean=3.59, std. dev. =1.04) rated high as shown in Table 4.5 an implication that downsizing strategy such as retrenchment criteria, FIFO/LIFO, early/voluntary retirement programs affects organizational performance.

4.5.2 Business process reengineering strategy

The second objective of this study was to evaluate the effect of business process reengineering strategy on organizational performance of listed commercial banks in Kenya. So as to achieve this objective, the study sought to establish the degree to which business process reengineering strategy affected organizational performances. The findings are as shown in table 4.6 in which percentages are presented inside brackets while frequency outside brackets.

Table 4. 6: Business Process Reengineering Strategy

Business Process Reengineering	**5**	**4**	**3**	**2**	**1**	**Mean**	**SD**
Realigning of business strategy through innovation management can lead to improved cost management	16 (21.3)	36 (48)	14 (18.7)	7 (9.3)	2 (2.7)	3.76	0.98
The banks has continuing development, deployment and management of competitive information systems and networks to enhance operational excellence	11 (14.7)	36 (48)	16 (21.3)	6 (8)	6 (8)	3.53	1.09
The bank has continuous development of innovative business processes and procedures to promote organizational performance	12 (16)	31 (41.3)	16 (21.3)	14 (18.7)	2 (2.7)	3.49	1.06
There are regular product / service innovations to attract new customers and retain existing customers	12 (16)	36 (48)	20 (26.7)	4 (5.3)	3 (4)	3.67	0.95
Generally, the bank's engagement in business process reengineering enhances its overall performance	8 (10.7)	37 (49.3)	24 (32)	4 (5.3)	2 (2.7)	3.60	0.85
Overall Mean Score						**3.61**	**0.99**

N=75; KEY: 1= Strongly Disagree; 2= Disagree; 3=Uncertain; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

Out of the 75 respondents who took part in the study, 9.3% disagreed, 18.7% remained neutral, 48.0% agreed and 21.3% strongly agreed with the statement that realigning of business strategy through innovation management can lead to improved cost management. The statement had a mean and standard deviation (M=3.76; SD=0.98). This implied that realigning of business strategy through innovation management can lead to improved cost management. Concerning the statement that the banks has continuing development, deployment and management of competitive information systems and networks to enhance operational excellence, 8.0% strongly disagreed, 8.0% disagreed, 21.3% was neutral, 48.0% agreed while 14.7% strongly agreed (M=3.53; SD=1.09). This indicates that banks have continuing development, deployment and management of competitive information systems and networks to enhance operational excellence.

On the statement that the bank has continuous development of innovative business processes and procedures to promote organizational performance, 2.7% strongly disagreed, 18.7% disagreed, 21.3% remained neutral, 41.3% agreed while 16.0% strongly agreed. The statement had a mean and standard deviation (M=3.49; SD=1.06), implying that slight majority of the respondents confirmed that their bank has continuous development of innovative business processes and procedures to promote organizational performance.

On the line that there are regular products / service innovations to attract new customers and retain existing customers, 4.0% strongly disagreed, 5.3% disagreed, 48.0% agreed, 16.0% strongly agreed. The statement had a mean and standard deviation (M=3.67; SD= 0.95), indicating that there are regular product / service innovations to attract new customers and retain existing customers.

On the statement that the bank’s engagement in business process reengineering enhances its overall performance, 2.7% strongly disagreed, 5.3% disagreed, 32.0% was neutral 49.3% agreed, 10.7% strongly agreed. The statement drew a mean and standard deviation (M=3.60; SD= 0.85) indicating that the bank’s engagement in business process reengineering enhances its overall performance. Averagely, the level of downsizing strategy was at 72.2% mean response (mean=3.61, std. dev. =1.04) rated high as shown in Table 4.6 an implication that business

process reengineering strategy such as realigning strategy and operation, redesign of business process and product/service schemes affects organizational performance.

4.5.3 Bank restructuring strategy

The third objective of this study was to determine the effect of bank restructuring strategy on organizational performance of listed commercial banks in Kenya. In order to achieve this objective, the study first sought to establish in what ways bank restructuring strategy affected organizational performances. The findings are in table 4.7 in which percentage are presented inside brackets while frequency outside the brackets.

Table 4. 7: Bank restructuring strategy

Bank Restructuring Strategy	5	4	3	2	1	Mean	SD
The bank regularly engages in financial restructuring initiatives to enhance its financial performance	14 (18.7)	35 (46.7)	9 (12)	6 (8)	11 (14.7)	3.47	1.30
The bank regularly engages in capital restructuring initiatives to boost its capital base.	19 (25.3)	18 (24)	27 (36)	10 (13.3)	1 (1.3)	3.59	1.05
Asset restructuring has reduced the bank's non-performing loans	18 (24)	23 (30.7)	21 (28)	5 (6.7)	8 (10.7)	3.51	1.23
Huge provisioning for non-performing has affected bank's profit margin	17 (22.7)	28 (37.3)	16 (21.3)	12 (16)	2 (2.7)	3.61	1.09
Generally, bank restructuring strategy has positively affected the bank's Return on Assets	9 (12)	25 (33.3)	28 (37.3)	9 (12)	4 (5.3)	3.35	1.02
Overall Mean Score						**3.51**	**1.14**

N=75; KEY: 1= Strongly Disagree; 2= Disagree; 3=Uncertain; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

On the statement that the bank regularly engages in financial restructuring initiatives to enhance its financial performance, 14.7% strongly disagreed, 8.0% disagreed, 12.0% was neutral, 46.7% agreed and 18.7% (strongly agreed). The statement had a mean and standard deviation (M=3.47; SD=1.30) indicating that some of the banks regularly engages in financial restructuring initiatives to enhance its financial performance.

On the line about that the bank regularly engages in capital restructuring initiatives to boost its capital base, 1.3% strongly disagreed, 13.3% disagreed, 36.0% were neutral, 24.0% agreed, 25.3% strongly agreed. The line had a mean and standard deviation (M=3.59; SD=1.05) indicating banks regularly engages in capital restructuring initiatives to boost its capital base.

Out of 75 respondents who took part in the study, 10.7% strongly disagreed with the statement that asset restructuring has reduced the bank's non-performing loans. Furthermore, 6.7% disagreed with the statement, 28.0% remained neutral, 30.7% agreed while 24.0% strongly agreed. The statement had a mean and standard deviation (M=3.51; SD=1.23) an indicator that asset restructuring has reduced the bank's non-performing loans.

On the statement that huge provisioning for non-performing has affected bank's profit margin, 2.7% strongly disagreed, 16.0% disagreed, 21.3% were neutral, 37.3% agreed while 22.7% strongly agreed. The line had a mean and standard deviation (M=3.61; SD=1.09) an indicator that huge provisioning for non-performing has affected bank's profit margin. Lastly, 33.3% of the respondents agreed that bank restructuring strategy has positively affected the bank's Return on Assets while 12.0% of the respondents strongly agreed. However, 37.3% of the respondents were undecided with a mean of 3.35 and standard deviation of 1.02.

Averagely, the level of downsizing strategy was at 70.2% mean response (mean=3.51, std. dev. =1.14) rated high as shown in Table 4.7 an implication that bank restructuring strategy such as financial restructuring, capital restructuring and asset restructuring affects organizational performance.

4.5.4 Divestment strategy

The fourth objective of this study was to assess the effect of divestment strategy on organizational performance of listed commercial banks in Kenya. So as to achieve this objective, the researcher sought to find out how divestment strategy affects the organizational performances. The results are presented in Table 4.8 in which percentage are presented inside brackets while frequency outside brackets.

Table 4. 8: Divestment strategy

Divestment strategy	5	4	3	2	1	Mean	SD
Changes in business portfolio enhances bank's financial performance	13 (17.3)	32 (42.7)	23 (30.7)	2 (2.7)	5 (6.7)	3.61	1.03
Bank's core business evaluations enhances bank's overall performance	13 (17.3)	47 (62.7)	11 (14.7)	3 (4)	1 (1.3)	3.91	0.77
There are Program-based/stand-alone divestitures to boost the bank's financial performance	7 (9.3)	54 (72)	4 (5.3)	7 (9.3)	3 (4)	3.73	0.91
The bank engages in asset sellouts and buy-ins to increase its market share and value	17 (22.7)	40 (53.3)	10 (13.3)	5 (6.7)	3 (4)	3.84	0.99
Generally, the top management totally supports the implementation of the divestment strategy to enhance bank performance.	14 (18.7)	40 (53.3)	14 (18.7)	5 (6.7)	2 (2.7)	3.79	0.92
Overall Mean Score						**3.78**	**0.92**

N=75; KEY: 1= Strongly Disagree; 2= Disagree; 3=Uncertain; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

The findings indicate that out of 75 respondents who took part in the study, 6.7% strongly disagreed, 2.7% disagreed, 30.7% remained neutral, 42.7% agreed while 17.3% strongly agreed that changes in business portfolio enhances bank's financial performance. The line had a mean and standard deviation (M= 3.61, SD= 1.03), indicating that changes in business portfolio enhances bank's financial performance. Furthermore majority of the respondents agreed that bank's core business evaluations enhances bank's overall performance (M=3.91; SD=0.77), indicating that bank's core business evaluations enhances bank's overall performance.

On the statement that there are program-based/stand-alone divestitures to boost the bank's financial performance, 4.0% strongly disagreed, 9.3% disagreed, 5.3% remained neutral, 72.0% agreed while 9.3% strongly agreed. The statement had a mean and standard deviation (M=3.73; SD= 0.91), indicating that there are program-based/stand-alone divestitures to boost the bank's financial performance. The results also revealed that 53.3% agreed and 22.7% strongly agreed that the bank engages in asset sellouts and buy-ins to increase its market share and value. Further, 13.3% of the respondents were undecided with a mean of 3.84 and standard deviation of

0.99. Lastly, 53.3% and 18.7% of the respondents agreed and strongly agreed that the top management totally supports the implementation of the divestment strategy to enhance bank performance. On the other hand, 18.7% of the respondents were undecided with a mean of 3.79 and standard deviation of 0.92.

Averagely, the level of downsizing strategy was at 75.6% mean response (mean=3.78, std. dev. =0.92) rated high as shown in Table 4.8 an implication that divestment strategy such as changes in business portfolio/core business evaluations, program-based/stand-alone divestitures, asset sellouts/ buy-ins and top management support affects organizational performance.

4.5.5 Organizational performance of listed commercial banks in Kenya

The general objective of the study was to examine effect turnaround strategies on organizational performance of listed commercial banks in Kenya. The results are presented in Table 4.9 in which percentage are presented inside brackets while frequency outside brackets.

Table 4. 9: Organizational performance

Organizational performance	5	4	3	2	1	Mean	SD
The bank realizes an increase in profit margin after adoption of turnaround strategies	18 (24)	25 (33.3)	27 (36)	3 (4)	2 (2.7)	3.72	0.97
The bank has realized an increase in number of customers in the past two years	9 (12)	44 (58.7)	14 (18.7)	6 (8)	2 (2.7)	3.69	0.88
The bank has expanded its market share after implementation of turnaround strategies	13 (17.3)	27 (36)	22 (29.3)	12 (16)	1 (1.3)	3.52	1.00
The bank has high customer retention after implementation of turnaround strategies	18 (24)	37 (49.3)	6 (8)	13 (17.3)	1 (1.3)	3.77	1.05
Generally there is increased efficiency in service delivery after implementation of turnaround strategies	18 (24)	15 (20)	26 (34.7)	14 (18.7)	2 (2.7)	3.44	1.13
Overall Mean Score						**3.63**	**1.01**

N=75; KEY: 1= Strongly Disagree; 2= Disagree; 3=Uncertain; 4= Agree; 5=Strongly Agree; SD= Standard Deviation.

The study findings from table 4.9 indicate that out of 75 respondents who took part in the study 24.0% strongly agreed, 33.3% agreed, 36.0% neutral, 4.0% disagreed and only 2.7% strongly disagreed with the statement that the bank realizes an increase in profit margin after adoption of turnaround strategies. The line had a mean and standard deviation (M=3.72; SD= 0.97), which is an indicator that majority of the respondents well understood that the bank realizes an increase in profit margin after adoption of turnaround strategies. On the statement that the bank has realized an increase in number of customers in the past two years, 2.7% strongly disagreed, 8.0% disagreed, 18.7% were neutral, 58.7% agreed and 12.0% strongly agreed. The statement had a mean and standard deviation (M=3.69; SD=0.88).

On the statement of the bank has expanded its market share after implementation of turnaround strategies, 1.3% strongly disagreed, 16.0% disagreed, 29.3% remained neutral, 36.0% agreed while 17.3% strongly agreed (M= 3.52; SD=1.00). This implies that majority of the respondents were in agreement that the bank has expanded its market share after implementation of turnaround strategies.

Out of 75 respondents who participated in this study, 1.3% strongly disagreed, 17.3% disagreed, 8.0% was neutral, 49.3% agreed and 24.0% strongly agreed that the bank has high customer retention after implementation of turnaround strategies (M=3.77; SD=1.05). This indicate that majority of the banks have high customer retention after implementation of turnaround strategies. Few of the respondents strongly agreed 24.0%, 20.0% agreed that there is increased efficiency in service delivery after implementation of turnaround strategies although 34.7% of the respondents were undecided. The statement had a mean and standard deviation (M=3.44; SD=1.13). Averagely, the level of downsizing strategy was at 72.6% mean response (mean=3.63, std. dev. =1.14) rated high as shown in Table 4.9.

4.6 Inferential Statistics

The study undertook inferential statistics which comprise of simple and multiple linear regression analysis. The purpose of regression analysis was to test the study null hypotheses and therefore achieve study specific objectives. All hypotheses were tested at significance level of 0.05

4.6.1 Testing of Regression Model Assumptions

Before conducting linear regression analysis, the study sought to find out if the assumptions of linear regression analysis have been met. This includes Multicollinearity (VIF), Normality (Histogram with superimposed normal curve) and linearity (Pearson correlation analysis).

Test for Multicollinearity

Multicollinearity is a situation in which the predictor variables in a multiple regression analysis are themselves highly correlated making it difficult to determine the actual contribution of respective predictors to the variance in the dependent variable. The multicollinearity assumption has a VIF threshold value of 10 maximum (Robinson, 2009). The VIF value in the Table 4.10, are less than 10 so there is no multi-Collinearity problem in study variables.

Table 4. 10: Multicollinearity Test

Variable	Tolerance	VIF
Downsizing strategy	.468	2.136
Business process reengineering strategy	.514	1.946
Bank restructuring strategy	.616	1.624
Divestment strategy	.815	1.227

Test for normality

Ghasemi and Zahedias (2012) recommend that normality be assessed visually. Normality was tested using histograms with normal curve. SPSS outputs attached in the appendix IV shows results of histograms with normal curve graphs that were bell-shaped confirming that data was approximately normally distributed thus met this assumption of normality. Further, the study also used regression plot. A residual plot is a graph that shows the residuals on the vertical axis and the independent variable on the horizontal axis. If the points in a residual plot are randomly dispersed around the horizontal axis, a linear regression model is appropriate for the data. This is a shown in Figure 4.1.

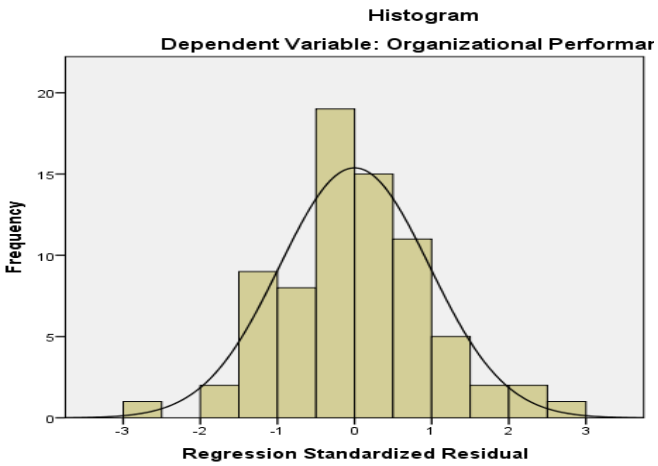


Figure 4. 1: Normality Distribution

Test for Linearity

Linearity was tested by use of Pearson Correlation analysis which computes both the linear and nonlinear components of a pair of variables. Linear regression analysis assumes there is linear relationship between independent and dependent variables. The linearity is as a result of significance level being less than 0.05 which was evident for all study variables. All linear relationships were significant at 0.01 (99.0% confidence level). The results are as shown in Table 4.11.

Table 4. 11: Pearson Correlation Analysis

		DSS	BPRS	BRS	DS
DSS=Downsizing Strategy	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	75			
BPRS=Business Process Reengineering Strategy	Pearson Correlation	.218*	1		
	Sig. (2-tailed)	.010			
	N	75	75		
BRS=Bank Restructuring strategy	Pearson Correlation	.397**	.644**	1	
	Sig. (2-tailed)	.000	.000		
	N	75	75	75	
DS =Divestment strategy	Pearson Correlation	.291*	.595**	.467**	1
	Sig. (2-tailed)	.011	.000	.000	
	N	75	75	75	75
Organizational performance	Pearson Correlation	.438**	.672**	.705**	.604**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	75	75	75	75

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The results indicate that downsizing has a moderate positive Pearson correlation (r=0.438) effect on organizational performance of listed commercial banks in Kenya. This indicates that downsizing plays a major role in ensuring organizational performance. The low Pearson correlation coefficient also suggests that a wider scope of downsizing factors ought to have been considered during turnaround strategy. The results indicate that there is strong relationship between business process reengineering strategy and organizational performance of listed commercial banks in Kenya (Pearson correlation coefficient= 0.672). Business process reengineering strategy therefore has a very great effect on the organizational performances.

The analysis in table 4.11 show that bank restructuring strategy has a strong positive Pearson correlation coefficient (r= 0.705) effect on organizational performances. This indicates that bank restructuring strategy factors cannot be ignored whenever considering the organizational performances. The results showed that there is positive relationship between divestment strategy

and organizational performances (Pearson correlation coefficient, r= 0.604). This implies that divestment strategy is very necessary in attaining organizational performances.

4.6.2 Linear Regression Results

Linear regression analyses were used to test the null hypotheses used in this study. The study used two types of linear regression analysis, the simple linear regression analysis for each independent variable while multiple linear regression analysis was used to establish the regression coefficients using beta coefficients. The study used significance level of beta coefficients in multiple linear regressions to test null hypotheses. The R square was used to tell the amount of change in organizational performance of listed commercial banks in Kenya that is been accounted for by the independent variables. The significance level was at 0.05.

4.6.2.1 Effect of Downsizing strategy on Organizational performance of listed commercial banks in Kenya

The first objective of the study was to examine the effect of downsizing strategy on organizational performance of listed commercial banks in Kenya. This was achieved by carrying out simple linear regression to establish the coefficient of determination (r^2) which explains changes in organizational performance of listed commercial banks in Kenya that is been accounted for by downsizing strategy. The results are as shown in Table 4.12.

Table 4.12: Regression Results of Downsizing strategy and Organizational performance

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.438[a]	.192	.181	.68527	.192	17.339	1	73	.000

a. Predictors: (Constant), Downsizing strategy

b. Dependent Variable: Organizational performance of listed commercial banks in Kenya

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.143	1	8.143	17.339	.000[b]

	Residual	34.281	73	.470	
	Total	42.423	74		

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya
b. Predictors: (Constant), Downsizing strategy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.501	.473		3.173	.002
	Downsizing	.517	.124	.438	4.164	.000

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya

From the Table 4.12, the value of R^2 is 0.192 shows that downsizing strategy explains up to 19.2% of variance in organizational performance of listed commercial banks in Kenya. From the ANOVA results, the significance of the model has a value F (1, 73) =17.339, P=0.000. This implies that downsizing strategy is a useful predictor of organizational performance of listed commercial banks in Kenya. The unstandardized regression coefficient value of downsizing strategy is 0.517 and significance level of p=0.000. This indicated that a unit change in downsizing strategy would result to significant change in organizational performance of listed commercial banks in Kenya by 0.517 units, P<0.01. Hence, there exists a positive and significant effect of downsizing strategy on organizational performance of listed commercial banks in Kenya. The simple linear regression equation is as shown below

$Y= 1.501+0.517X_1$

Where Y= Organizational performance and; X_1= Downsizing strategy

4.6.2.2 Effect of Business process reengineering strategy on Organizational performance

The second objective of the study was to evaluate the effect of business process reengineering strategy on organizational performance of listed commercial banks in Kenya. The results are as shown in Table 4.13.

Table 4.13: Regression Results of Business process reengineering strategy and Organizational performance of listed commercial banks in Kenya

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.672[a]	.451	.444	.56480	.451	59.989	1	73	.000

a. Predictors: (Constant), Business process reengineering strategy

b. Dependent Variable: Organizational performance of listed commercial banks in Kenya

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.136	1	19.136	59.989	.000[b]
	Residual	23.287	73	.319		
	Total	42.423	74			

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya

b. Predictors: (Constant), Business process reengineering strategy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.266	.415		.642	.523
	Business process reengineering strategy	.859	.111	.672	7.745	.000

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya

From the Table 4.13, the value of R^2 is 0.451 reveals that up to 45.1% of change in organizational performance of listed commercial banks in Kenya is accounted for by business process reengineering strategy. From the ANOVA table, the significance of the model has a value F (1,73) =59.98, P=0.000. This postulates that business process reengineering strategy is a significant predictor of organizational performance of listed commercial banks in Kenya (P<0.01). The unstandardized regression coefficient value of Business process reengineering strategy is 0.859 and significance level of p=0.000. This implies that a unit change in business process reengineering strategy would result to significant change in organizational performance of listed commercial banks in Kenya by 0.859 (P<0.01). Therefore, there exists a positive and significant effect of Business process reengineering strategy on organizational performance of listed commercial banks in Kenya. The simple linear regression equation is as shown below

$Y= 0.266+0.859X_2$

Where; Y= Organizational performance and; X_2= Business process reengineering strategy

4.6.2.3 Effect of Bank restructuring strategy on Organizational performance of listed commercial banks in Kenya

The third objective of the study was to determine the effect of bank restructuring strategy on organizational performance of listed commercial banks in Kenya. The results are as shown in Table 4.14.

Table 4.14: Regression Results of Bank restructuring strategy and Organizational performance of listed commercial banks in Kenya

						Change Statistics			
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.705[a]	.497	.490	.54078	.497	72.067	1	73	.000

a. Predictors: (Constant), Bank restructuring strategy

b. Dependent Variable: Organizational performance of listed commercial banks in Kenya

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.075	1	21.075	72.067	.000[b]
	Residual	21.348	73	.292		
	Total	42.423	74			

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya

b. Predictors: (Constant), Bank restructuring strategy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.997	.295		3.384	.001
	Bank restructuring	.685	.081	.705	8.489	.000

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya

From the Table 4.14, the value of R^2 is 0.497 shows that bank restructuring strategy explains up to 49.7% of variance in organizational performance of listed commercial banks in Kenya. From the ANOVA results, the significance of the model has a value F (1,73) =72.067, P=0.000. This implies that bank restructuring strategy is a useful predictor of organizational performance of listed commercial banks in Kenya. The unstandardized regression coefficient value of bank restructuring strategy is 0.685 and significance level of p=0.000. This indicated that a unit change in bank restructuring strategy would result to significant change in organizational performance of listed commercial banks in Kenya by 0.685 units (P<0.01). Hence, there exists a positive and significant effect of bank restructuring strategy on organizational performance of listed commercial banks in Kenya. The simple linear regression equation is as shown below

$Y= 0.997+0.685\ X_3$

Where; Y= Organizational performance and; X_3= Bank restructuring strategy

4.6.2.4 Effect of Divestment strategy on Organizational performance of listed commercial banks in Kenya

The fourth objective of the study was to assess the effect of divestment strategy on organizational performance of listed commercial banks in Kenya. The results are as shown in Table 4.15.

Table 4.15: Regression Results of Divestment strategy and Organizational performance

					Change Statistics			
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.604[a]	.365	.356	.60758	.365	41.921	1	73	.000

a. Predictors: (Constant), Divestment strategy
b. Dependent Variable: Organizational performance of listed commercial banks in Kenya

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.475	1	15.475	41.921	.000[b]
	Residual	26.948	73	.369		

Total	42.423	74

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya
b. Predictors: (Constant), Divestment strategy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.270	.343		3.704	.000
	Divestment strategy	.618	.095	.604	6.475	.000

a. Dependent Variable: Organizational performance of listed commercial banks in Kenya

From the Table 4.15, the value of R^2 is 0.365 reveals that up to 36.5% of change in organizational performance of listed commercial banks in Kenya is accounted for by divestment strategy. From the ANOVA results, the significance of the model has a value F (1,73) =41.921, P=0.000. This postulates that divestment strategy is a significant predictor of organizational performance of listed commercial banks in Kenya. The unstandardized regression coefficient value of divestment strategy is 0.618 and significance level of p=0.000. This implies that a unit change in divestment strategy would result to significant change in organizational performance of listed commercial banks in Kenya by 0.618 (P<0.05). Therefore, there exists a positive and significant effect of divestment strategy on organizational performance of listed commercial banks in Kenya. The simple linear regression equation is as shown below

$Y= 1.270+0.618\ X_4$

Where; Y= Organizational performance and; X_4= Divestment strategy

4.6.3 Multiple Regression Analysis

Objective of this study sought objective of the study was to examine effect turnaround strategies on organizational performance of listed commercial banks in Kenya. This was achieved by carrying out standard multiple regression. The study was interested in knowing the effect of each of the turnaround strategies constructs on organizational performance when all these constructs were entered as a block on the model. The results of multiple linear regression analysis were

presented in Table 4.16 which contained model summary (R, R^2, Adj R^2) results, Table 4.17which contained ANOVA (goodness of fit; F Ratio, Sig Value) while Table 4.18 contained regression coefficient (Unstandardized & standardized), t-value and Sig. value results.

Table 4. 16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.803[a]	.645	.625	.46393	.645	31.777	4	70	.000

a. Predictors: (Constant), Bank restructuring, Divestment, Business process reengineering, Downsizing
b. Dependent Variable: Organizational Performance

The results from the model summary in Table 4.16 give us information on the overall summary of the model. Looking at the R square column, we can deduce that turnaround strategies account for 64.5% significant variance in organizational performance (R square =.645, P=0.000) implying that 35.5% of the variance in organizational performance is accounted for by other variables not captured in this model. From the findings, also adjusted R square value is obtained, which is a corrected R square value to provide a useful estimate of true study population. The difference between R^2 and adjusted R^2 is obtained by subtracting the later from the former (.645-.625=0.020) a value when multiplied by 100% results in 2.0 percent. This reduction implies that should the model originated from the entire population instead of a sample, it would explain about 2.0% less variation in the study outcome.

Table 4. 17: Model of Fit (ANOVA Table)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	27.357	4	6.839	31.777	.000[b]
Residual	15.066	70	.215		
Total	42.423	74			

a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), Bank restructuring, Divestment, Business process reengineering, Downsizing

In order to assess the significance of the model, simply whether the study model is a better significant predictor of the organizational performance rather than using mean score which is

considered as a guess, the study resorted to F Ratio. The F value from study findings indicates the proportion of the improvement in predicting the results from fitting the model relative to the inaccuracy or errors that still prevails in the study model. From the findings, the F value is more than one, as indicated by a value of 31.777, which means that enhancement as a result of model fitting is much larger than the model errors/inaccuracies that were not used in the model (F (4,74) = 31.777, P=0.000). The large F value is very unlikely to exist by chance (99.0%), thus implying that the final study model has significant improvement in it is prediction ability of listed commercial banks' performance in Kenya.

The presented in Table 4.18 shows unstandardized coefficients, standardized coefficients, t statistic and significant values. The study has an option of either using Unstandardized Coefficients or Standardized Coefficients depending on the type of data. The study used unstandardized coefficient column because we want to compare turnaround strategies effect across same measures (Likert Scale 1 through 5).

Table 4. 18: **Regression Coefficients**

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	-.646	.425		-1.519	.133
Downsizing	.202	.093	.171	2.169	.033
Business Process Reengineering	.344	.133	.269	2.587	.012
Bank Restructuring	.347	.097	.357	3.597	.001
Divestment	.232	.093	.227	2.501	.015

a. Dependent Variable: Organizational Performance

From the findings presented in Table 4.18, we look at the model results and scan down through the unstandardized coefficients B column. All turnaround strategies constructs had significant effect on the organizational performance. If turnaround strategies are held at zero or it is absent, the performance of listed commercial banks would be -0.646, p=0.133. Though be negative but insignificant. It was revealed that downsizing had unique significant contribution to the model

with B=.202, p=.033 suggesting that controlling of other variables (Business Process Reengineering, Bank Restructuring and Divestment) in the model, a percent increase in downsizing would result to significant increase in organizational performance by 20.2%.

The coefficient of business process reengineering was 0.344, which was significant (p=.012) and also positive. When the variance explained by all other variables (downsizing, bank Restructuring and divestment) in the model is controlled, a percent increase in Business Process Reengineering would result to increase in performance by 34.4%.

Another variable that also had a unique significant contribution to the model was the value for Bank Restructuring (B=.347, p=.001). When other variables in the model are controlled (business process reengineering, downsizing and divestment), a percent increase in bank Restructuring would result to significant increase in performance by 34.7%.

Lastly, divestment had also unique significant contribution to the model with B=0.232, p=.015 implying that when other variables in the model are controlled (business process reengineering, bank restructuring and downsizing), a percent increase in divestment would result to significant increase in performance by 23.2%.

A regression of the four predictor variables against organizational performance established the multiple linear regression model as below as indicated in Table 4.18:

$$\mathbf{Y = 0.646 + 0.202X_1 + 0.344X_2 + 0.347X_3 + 0.232X_4}$$

Where;

Y= Organizational performance of Commercial Banks listed in Nairobi Stock Exchange

$\mathbf{X_1}$= Independent variable 1 [downsizing strategy]

$\mathbf{X_2}$= Independent variable 2 [business process reengineering strategy]

$\mathbf{X_3}$= Independent variable 3 [bank restructuring strategy]

$\mathbf{X_4}$= Independent variable 4 [divestment strategy]

4.6.4 Testing Null Hypotheses

The hypotheses testing were based on Table 4.18 which is regression coefficient results for multiple linear regression analysis. This was arrived by using significance level of unstandardized B coefficient. The significance level was set at P<0.05; therefore, B coefficient which had significance level less than 0.05 was considered significant and therefore, the null hypothesis was rejected.

H_{01}: Downsizing strategy does not significantly affect organizational performance of listed commercial banks in Kenya.

H_{A1}: Downsizing strategy does significantly affect organizational performance of listed commercial banks in Kenya.

B Coefficient results: (B_1 = 0.202; p=0.033< 0.05)

Verdict: The null hypothesis **H_{01}** was rejected.

Results interpretation: H_{A1}: Downsizing strategy does significantly affect organizational performance of listed commercial banks in Kenya.

H_{02}: Business process reengineering strategy does not significantly affect organizational performance of listed commercial banks in Kenya.

H_{A2}: Business process reengineering strategy does significantly affect organizational performance of listed commercial banks in Kenya.

B Coefficients results: (B_2 = 344; p=0.012< 0.05)

Verdict: The null hypothesis **H_{02}** was rejected.

Results interpretation: H_{A2}: Business process reengineering strategy does significantly affect organizational performance of listed commercial banks in Kenya.

H_{03}: Bank restructuring strategy does not significantly affect organizational performance of listed commercial banks in Kenya.

H_{A3}: Bank restructuring strategy does not significantly affect organizational performance of listed commercial banks in Kenya.

B Coefficient results: (B_3 = 0.347; p=0.001< 0.01)

Verdict: The null hypothesis **H_{03}** was rejected.

Results interpretation: H_{A3}: Bank restructuring strategy does significantly affect organizational performance of listed commercial banks in Kenya.

H_{04}: Divestment strategy does not significantly affect organizational performance of listed commercial banks in Kenya.

H4A: Divestment strategy does significantly affect organizational performance of listed commercial banks in Kenya.

B Coefficient results: (B_4= 0.232; p=0.015< 0.05)

Verdict: The null hypothesis **H_{04}** was rejected.

Results interpretation: H_{A4}: Divestment strategy does significantly affect organizational performance of listed commercial banks in Kenya.

CHAPTER FIVE
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study objective was to investigate effect of turnaround strategies on organizational performance of listed commercial banks in Kenya. From this overall objective, the specific objectives aimed at achieving the effect of downsizing strategy, business process reengineering strategy, bank restructuring strategy and divestment strategy on organizational performance of listed commercial banks in Kenya. This chapter presents the summary of major findings of the study, the conclusions, and recommendations and finally, the chapter highlights areas for further research.

5.2 Discussion of Findings

The purpose of the study was to investigate effect of turnaround strategies on organizational performance of listed commercial banks in Kenya. The findings of the study based on specific objectives are as follows.

5.2.1 Effect of Downsizing Strategy on Organizational Performance of Commercial Banks Listed in Nairobi Stock Exchange

The first specific objective of the study examined the effect of downsizing strategy on organizational performance of listed commercial banks in Kenya. The study established that listed commercial banks have once applied downsizing strategy to enhance its performance. Further, the listed commercial banks have used FIFO coupled with employee obsolescence as well as LIFO together with individual productivity as criteria for determining employees to retrench. This has enhanced organizational performance of listed commercial banks in Kenya.

In relation to the Contingency theory, the study has established that proper execution of downsizing strategy significantly affect organizational performance of listed commercial banks in Kenya. Economically, lowering expenses as companies aim to increase productivity is a

primary factor for downsizing and corporate strategies may be better accomplished with less workers. Following the company's downsizing of workers, the leaner cost structure may be turned into a strategic advantage by growing profitability or reducing costs, which can be reflected through an improved market share in corporate performance.

The findings entirely identified that downsizing strategy significantly affect organizational performance of listed commercial banks in Kenya. The results of this study compare favorably with Kinanga and Cheruiyot (2015) established that there was a strong positive correlation of 0.982 between reduction of employees and the dependent variable employee performance. Mihwa and Malenya (2020) examined the effects of Down-Sizing on Strategic Competitiveness of Commercial banks in Kenya, Kakamega County. The study concluded that commercial banks use down-sizing as a cost cutting measure. The findings also concluded that the commercial banks have achieved cost advantage through downsizing. Rori (2009) concluded that employee downsizing can lead to short term improvements in profitability, however long term gains may be lost due to poor planning, implementation and monitoring. A good employee downsizing programme, therefore, is one that is based on the business organization's mission and vision guided by a clear workforce strategy effective performance of commercial banks hence they need to consider applying downsizing.

However, Sayed (2013) concluded that downsizing does change the working conditions for the surviving employees in which they will no longer feel happy to work for the organisation, decreasing their loyalty towards the organisation. Oluochi and Ochoro (2011) also indicated downsizing negatively associated with organizational support which translated into surviving employees' low level of commitment. Gitonga (2009) revealed that downsizing at Telkom Kenya failed to improve performance, productivity, or profits. Despite downsizing, Telkom has not realized productivity gains and the organization is currently anticipating negative effects.

5.2.2 Effect of Business Process Reengineering Strategy on Organizational Performance of Commercial Banks Listed in Nairobi Stock Exchange

The second specific objective of the study was to evaluate the effect of business process reengineering strategy on organizational performance of listed commercial banks in Kenya. The results indicated that cost management can be improved through realignment of business strategy. Further, operational excellences have been achieved as listed commercial banks have continuously developed, deployed and managed competitive information systems and networks. Besides, commercial banks have attracted new customers and retained existing customers as a result of regular products and service innovation. This has resulted to improvement in organizational performance.

In relating the findings of the study to resource based view theory, the idea of reengineering is embedded in this specific philosophy, as it is far more practical to leverage external openings utilizing current tools in a new manner than to attempt to learn new expertise for each different opportunity, according to RBV proponents. Resources are assigned the key function in enabling firms to reach better corporate performance in the RBV model. Because business process reengineering (BPR) requires the fundamental rethinking and transformative overhaul of business processes to produce drastic changes in organizational performance, such as expense, consistency, operation, and speed, a corporation must have capital to execute strategic BPR initiatives.

Findings identified the existence of significant effect of business process reengineering strategy on organizational performance of listed commercial banks in Kenya. The results are supported by Ugoani and Ugoani (2017) who revealed that business process reengineering has a significant effect on the performance of the Nigerian banking system. Bako and Banmeke (2019) indicated business process reengineering has become useful weapon for any corporate organizations that is seeking for improvement in their current organizational performance and intends to achieve cost leadership strategy in its operating industry and environment. Business process reengineering has significant impact on the performance of all commercial banks and micro-finance banks in Ilaro. Mwaura (2016) sought to establish the Business Process Re-engineering and operational performance at the Nairobi City County. From the study findings, it was established that, Business Process Reengineering in its entirety had a significant effect on operational performance of Nairobi City County.

5.2.3 Effect of Bank Restructuring Strategy on Organizational Performance of Commercial Banks Listed in Nairobi Stock Exchange

The third specific objective of the study was to determine the effect of bank restructuring strategy on organizational performance of listed commercial banks in Kenya. The results indicated that listed commercial banks moderately engaged in financial restructuring initiatives to enhance financial performance while regularly engaged in capital restructuring initiatives to boost its capital base. Further, asset restructuring has reduced the bank's non-performing loans. This has resulted to improved organizational performance of listed commercial banks in Kenya.

The relationship between bank restructuring strategy and financial intermediation theory is that current financial intermediation theory builds on the notion that intermediaries serve to reduce transaction costs and informational asymmetries. Therefore, the purpose of bank restructuring is to reduce cost through various strategies such as financial restructuring, mergers and acquisition. Bank restructuring approach specifically financial restructuring is focused on improvements in the long-term debt-to-asset ratio; capital restructuring is based on changes in return on equity (ROE); and asset restructuring is based on asset quality as calculated by changes in non-performing loans.

Findings meant to determine the effect of bank restructuring strategy on organizational performance of listed commercial banks in Kenya identified that there is significant bank restructuring strategy on organizational performance of listed commercial banks in Kenya. The results are supported by Kithinji and Waweru (2017) investigated the effects of merger restructuring on the financial performance of commercial banks in Kenya. The results indicate that the financial performance ratios that have legal implications (capital adequacy and solvency ratios) improved after the merger. Okoye et al. (2020) found that random effects model shows a weak positive effect of total assets and deposit growth on bank performance in the pre-reform period. Duong et al (2020) showed that the account payables restructuring and owners' equity restructuring are much needed among commercial banks in Vietnam. Increasing the owners' equity, decreasing the account payables would improve the overall financial performance; bad

debts restructuring to decrease bad debts would also improve the financial performance as well. However, the results contradicted with Abdi and Olouch (2020) who found out that asset restructuring had a negative but significant effect on financial performance of SACCOS in Kenya. Nor et. al. (2008) also found out that asset restructuring was not found to be justifiable because restructured banks in term of assets ended up being less focused had weak corporate governance, reported poor management debt ratios and poor profitability.

5.2.4 Effect of Divestment Strategy on Organizational Performance of Commercial Banks Listed in Nairobi Stock Exchange

Lastly the fourth specific objective was to assess the effect of divestment strategy on organizational performance of listed commercial banks in Kenya. The study established that changes in business portfolio enhance bank's financial performance, bank's core business evaluations enhance bank's overall performance and there are program-based/stand-alone divestitures to boost the bank's financial performance.

Managers of organizations that are declining in performance have to adjust from a fit to non-fit situation every so often due to competition and other challenges. In this case, the relationship between divestment strategy and strategic choice theory is that the theory addresses how turnaround managers not to be comfortable with their fit situation but rather to take advantage of the fit situation in order to diversify, modernize, cut costs and reorganize in order to cushion themselves for survivability, continuity in operations, competitive advantage and sustainable good performance over time. Understanding competitors can further help the enterprises to re-organize and improve their own business processes, to develop and re-configure internal resources, to improve the enterprise's competitiveness and to compete with the other market players

Findings identified that there is a significant effect of divestment strategy on organizational performance of listed commercial banks in Kenya. Chisulo (2019) revealed that there was a strong positive association between divestment strategy and performance of commercial banks in kenya. The results showed cost reduction strategy was significant with performance of listed

commercial banks in Kenta. Kegera and Nzulwa (2018) suggested that program divestitures generate higher abnormal returns than stand-alone divestitures. Further analyses into the sources for these higher gains, however, do not provide support for experience effects as significant explanatory factors. Instead, results suggest that the scheduling of divestitures significantly impacts announcement returns. Lee and Madhavan (2010) indicated that across studies, corporate divestiture does positively impact subsequent performance. The analysis also suggests statistically significant moderating effects of type of performance measure, transaction format, transaction intent, and firm's resource level. However, the finding contradicts Brahmana et al (2020) who aimed to examine the moderating role of chief executive officer (CEO) power on the relationship between divestiture strategy and firm performance. The results show that divestiture strategy decreased the firm performance. Greater CEO power changed that divestiture effect but still failed to increase the performance. CEO power may strengthen the relationship between divestiture and performance; it fails to boost up the performance in overall. Further, a research conducted by Wright and Ferris (2007) which shows a negative return, and also from research conducted by Montgomery, Thomas and Kamath (2014) which shows that divestiture of unwanted units has a negative impact.

5.3 Summary of the Major Findings

The data for the findings of this study was collected using questionnaires from 75 respondents. The specific objectives of the study were achieved through conducting multiple linear regression analysis thereby establishing R square and B coefficients. These analysis were conducted at 95.0% confidence level ($P<0.05$). The major findings are as follows

5.3.1 Effect of Downsizing strategy on Organizational performance

The first objective of the study was to examine the effect of downsizing strategy on organizational performance of listed commercial banks in Kenya. The study sought to test the first null hypothesis which was there is no significant Effect of downsizing strategy on organizational performance of listed commercial banks in Kenya. Majority of the respondents were in agreement (Strongly Agree (25.3%) +Agree (38.7%) that their bank has once applied

downsizing strategy to enhance its performance; the bank uses First-in-First out and employee obsolescence as criteria for determining employees to retrench and the bank entices employees with early and voluntary retirement programs to downsize its workforce.

Simple linear regression analysis revealed that organizational performance of listed commercial banks in Kenya is significantly explained by downsizing strategy. Therefore, downsizing strategy is significant predictor of organizational performance of listed commercial banks in Kenya. Multiple linear regression results using unstandardized beta coefficients showed that there exists a positive and significant Effect of downsizing strategy on organizational performance of listed commercial banks in Kenya. Therefore, the first null hypothesis was rejected as downsizing strategy has significant effect on organizational performance of listed commercial banks in Kenya.

5.3.2 Effect of Business Process Reengineering Strategy on Organizational Performance

The second objective of the study was to evaluate the effect of business process reengineering strategy on organizational performance of listed commercial banks in Kenya. The study sought to test the second null hypothesis which was business process reengineering strategy does not significantly affect organizational performance of listed commercial banks in Kenya. More than half of the respondents (Strongly agreed (21.3%) +agreed (48.0%)) were in agreement that realigning of business strategy through innovation management can lead to improved cost management. There are regular product / service innovations to attract new customers and retain existing customers. Majority of the respondents confirmed that there are regular product / service innovations to attract new customers and retain existing customers (Strongly Agree (16.0%) + Agree (48.0%)).

Simple linear regression analysis revealed changes in the organizational performance of listed commercial banks in Kenya is significantly accounted for by business process reengineering strategy. Therefore, business process reengineering strategy is significant predictor of organizational performance of listed commercial banks in Kenya. Multiple linear regression results using unstandardized beta coefficients showed that business process reengineering

strategy has significant positive effect on organizational performance of listed commercial banks in Kenya. Basing on the values of B and P, there was adequate evident to reject second null hypothesis as Business process reengineering strategy has significant effect on organizational performance of listed commercial banks in Kenya.

5.3.3 Effect of Bank Restructuring Strategy on Organizational Performance

The third objective of the study was to determine the effect of bank restructuring strategy on organizational performance of listed commercial banks in Kenya. The study sought to test the third null hypothesis which was bank restructuring strategy does not significantly affect organizational performance of listed commercial banks in Kenya. Majority of the respondents indicated that the bank regularly engages in financial restructuring initiatives to enhance its financial performance (Strongly agree (18.7%)+Agree (46.7%)). Majority of respondent revealed that huge provisioning for non-performing has affected bank's profit margin (Strongly agree (22.7%)+Agree (37.3%)).

Simple linear regression analysis revealed that changes in the organizational performance of listed commercial banks in Kenya are significantly accounted for by bank restructuring strategy. Hence, organizational performance of listed commercial banks in Kenya is significantly predicted by bank restructuring strategy. Multiple linear regression results using unstandardized beta coefficients showed that bank restructuring strategy has significant positive effect on organizational performance of listed commercial banks in Kenya. Basing on the values of B and P, the study failed to accept the third null hypothesis as bank restructuring strategy has significant effect on organizational performance of listed commercial banks in Kenya.

5.3.4 Effect of Divestment strategy on Organizational performance of listed commercial banks in Kenya

The fourth objective of the study was to assess the effect of divestment strategy on organizational performance of listed commercial banks in Kenya. The study sought to test the fourth null hypothesis which was divestment strategy does not significantly affect organizational

performance of listed commercial banks in Kenya. Majority of the respondents agreed that bank's core business evaluations enhance bank's overall performance (62.7%) and there are program-based/stand-alone divestitures to boost the bank's financial performance (72.0%). Majority of the respondents also confirmed that the top management totally supports the implementation of the divestment strategy to enhance bank performance.

Simple linear regression analysis revealed that variation in the organizational performance of listed commercial banks in Kenya is significantly explained by divestment strategy. Hence, divestment strategy is useful predictor of organizational performance of listed commercial banks in Kenya. Multiple linear regression results using unstandardized beta coefficients showed that divestment strategy has significant positive effect on organizational performance of listed commercial banks in Kenya. Basing on the values of B and P, there was adequate evident to reject fourth null hypothesis as divestment strategy has significant effect on organizational performance of listed commercial banks in Kenya.

5.4 Conclusions

In the first objective, the study concluded that downsizing strategy affects organizational performance of listed commercial banks in Kenya. This implies that application of downsizing strategy would results to improvement in organizational performance. Listed commercial banks have used First-in-First out and employee obsolescence as criteria for determining employees to retrench. On the other hand, some commercial banks have used seniority (Last-In-First-Out) and employees' individual productivity, as criteria for determining employees to retrench.

In the second objective of the study, the study concluded that business process reengineering strategy affect organizational performance of listed commercial banks in Kenya. Listed commercial banks have realigned business strategy through innovation management can lead to improved cost management. There are regular product / service innovations to attract new customers and retain existing customers. These have resulted to significant improvement in organizational performance of listed commercial banks in Kenya.

In the third objective of the study, the study concluded that bank restructuring strategy has significant effect on organizational performance of listed commercial banks in Kenya. The listed commercial banks regularly engaged in financial restructuring initiatives to enhance its financial performance. Further, listed commercial banks regularly engaged in capital restructuring initiatives to boost its capital base.

Lastly, the study concluded that divestment strategy has significant effect on the organizational performance of listed commercial banks in Kenya. Top management totally supports the implementation of the divestment strategy to enhance bank performance. Changes in business portfolio have enhanced bank's financial performance. Further, bank's core business evaluations have enhanced bank's overall performance

5.5 Recommendations

In regard to the conclusion of first objective, the study recommended that commercial banks managers should prepare the employees on the downsizing programs and how the organization is expected to regain after the exercise. This would assure the remaining employees that the program was undertaken to better their remuneration and increase improve the performance of the organization. The study recommends that most companies should be very cautious when applying downsizing strategy in order to avoid downsize without figuring out how to reduce the workload. This is because legitimate downsizing is a matter of streamlining internal processes and eliminating redundancies. However, this has also become a euphemism for staff reduction and de-layering. This leaves managers with pressure of working with slashed budgets, downsized workforces, mergers and acquisitions. As a result of downsizing and cost cutting, people get stressed because they do not view their jobs as stable.

The study acknowledges the important role of Business Process Reengineering in organization performance as such; it recommends that organizations that are seeking for success in the industry sector in which the company is doing business should conceptualize the concept of Business Process Reengineering. This is because these processes are those that the business strategy has identified as critical to excel at, in order to match or beat the competition.

Recommendations were made to various stakeholders concerning the effect of Business Process Reengineering as a strategic tool. These stakeholders are employees of KCB Bank, the corporate sector and the financial sector. All employees, not only in KCB Bank but other financial institutions should adopt a change of attitude towards Business Process Reengineering, and learn to view it as an avenue to learn and advance. This will enable them view Business Process Reengineering as a constructive measure rather than a re-organization plan. The study recommends that the bank should ensure that there are effective channels of communication of change initiatives at all levels. This can be achieved through change of the bank's strategic approach..

There is need for the banks willing to go restructuring way to consider carefully the mode of restructuring they need to adopt among the financial, portfolio and organisational. These modes have different implications and they meet different needs and target certain objectives. Therefore there is need to match the objective and relevant the strategy. There is need for the Central Bank of Kenya to recommend restructuring of banks either to improve financial performance or as a measure to salvage problem banks. The regulatory authority however should give the individual banks the leeway to identify the types of bank restructuring to use.

List commercial banks management should devise better ways to approach the divestment strategy as it has proved to be a good turnaround strategy, special emphasis should be put on cementing whatever measures they come up with to reduce the chances of going back to wastages and activities that increase the costs hence affecting the performance levels negatively.

5.6 Areas for Further Research

The general objective of this study was to examine effect turnaround strategies on organizational performance of listed commercial banks in Kenya. Specifically, this study concentrated on the relationships that the downsizing, business process reengineering, bank restructuring and divestment had on the organizational performance. The independent variables studied are definitely not exhaustive and hence further research could be carried out to unearth other turnaround strategies that can be applied to change the fortunes of listed commercial banks. This

includes diversification strategy, reorganization and modernization strategy. Further, this study confined itself only to the listed commercial banks on the NSE. The study recommended that a study should be undertaken to cover all commercial banks in Kenya.

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APPENDICES

APPENDIX 1: LETTER OF TRANSMITTAL OF DATA COLLECTION

Grace Wamiti 22nd February. 2021

Africa Nazarene University,

Nairobi Campus.

RE: REQUEST FOR DATA BY FILLING QUESTIONNAIRES

I am Grace Wamiti a student at African Nazarene University undertaking an MBA degree (Strategic Management). As part of the partial fulfillment of the degree, am carrying a research on (Effect Of Turnaround Strategies On Organizational Performance Of Listed Commercial Banks In Kenya).

I kindly request for your time in filling this questionnaire. Confidentiality will be highly observed hence you are not required to indicate your name on the questionnaire. This study is strictly for academic purposes only.

Thanks

Grace Wamiti

APPENDIX II: RESEARCH QUESTIONNAIRE

PART A: DEMOGRAPHIC DATA

1. Gender

Female [ ] Male [ ]

2. Level of Education

Certificate [ ] Diploma [ ] Degree [ ] Masters [ ] PhD [ ]

3. Working experience

1-5 years [ ]

6-10 years [ ]

Above 10 years [ ]

PART B: TURNAROUND STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF LISTED COMMERCIAL BANKS IN KENYA

1. Downsizing strategy

What is your level of agreement or disagreement concerning the Effect of downsizing strategy on performance of the listed commercial bank? Kindly tick your preferred answer according to the Likert scale denoted as;

1-Strongly Disagree **2**-Disagree, **3**-Uncertain, **4**-Agree, **5**-Strongly Agree,

	Statement	**1**	**2**	**3**	**4**	**5**
1	The banks has once applied downsizing strategy to enhance its performance					
2	The bank uses First-in-First out and employee obsolescence as criteria for determining employees to retrench.					
3	The bank uses seniority (Last-In-First-Out) and employees' individual productivity, as criteria for determining employees to retrench					
4	The bank entices employees with early and voluntary retirement programs to downsize its workforce					
5	Generally, downsizing strategy helps the bank to improve its overall performance					

2. Business process reengineering strategy

What is your level of agreement or disagreement concerning the Effect of business process reengineering strategy on performance of the listed commercial bank? Kindly tick your preferred answer according to the Likert scale denoted as;

1-Strongly Disagree 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree**,**

	Statement	**1**	**2**	**3**	**4**	**5**
6	Realigning of business strategy through innovation management can lead to improved cost management					
7	The banks has continuing development, deployment and management of competitive information systems and networks to enhance operational excellence					
8	The bank has continuous development of innovative business processes and procedures to promote organizational performance					
9	There are regular product / service innovations to attract new customers and retain existing customers					
10	Generally, the bank's engagement in business process reengineering enhances its overall performance					

3. Bank restructuring strategy

What is your level of agreement or disagreement concerning the Effect of bank restructuring strategy on performance of the listed commercial bank? Kindly tick your preferred answer according to the Likert scale denoted as;

1-Strongly Disagree **2**-Disagree, **3**-Uncertain, **4**-Agree, **5**-Strongly Agree,

	Statement	**1**	**2**	**3**	**4**	**5**
11	The bank regularly engages in financial restructuring initiatives to enhance its financial performance					
12	The bank regularly engages in capital restructuring initiatives to boost its capital base					
13	Asset restructuring has reduced the bank's non-performing loans					
14	Huge provisioning for non-performing has affected bank's profit margin					
15	Generally, bank restructuring strategy has positively affected the bank's Return on Assets					

4. Divestment strategy

What is your level of agreement or disagreement concerning the Effect of divestment strategy on performance of the listed commercial bank? Kindly tick your preferred answer according to the Likert scale denoted as;

1-Strongly Disagree **2-**Disagree, **3-**Uncertain, **4-**Agree, **5-**Strongly Agree,

	Statement	**1**	**2**	**3**	**4**	**5**
16	Changes in business portfolio enhances bank's financial performance					
17	Bank's core business evaluations enhances bank's overall performance					
18	There are Program-based/stand-alone divestitures to boost the bank's financial performance					
19	The bank engages in asset sellouts and buy-ins to increase its market share and value					
20	Generally, the top management totally supports the implementation of the divestment strategy to enhance bank performance					

PART C: BANK PERFORMANCE

The likert scale below has statements to respond to according to your level of agreement or disagreement concerning the overall performance of the bank. Kindly tick your preferred response.

1-Strongly Disagree **2-**Disagree, **3**-Uncertain, **4-**Agree, **5**-Strongly Agree,

	Statement	**1**	**2**	**3**	**4**	**5**
21	The bank realizes an increase in profit margin after adoption of turnaround strategies					
22	The bank has realized an increase in number of customers in the past two years					
23	The bank has expanded its market share after implementation of turnaround strategies					
24	The bank has high customer retention after implementation of turnaround strategies					
25	Generally there is increased efficiency in service delivery after implementation of turnaround strategies					

END & THANK YOU

APPENDIX III: NACOSTI RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 520287

Date of Issue: 08/April/2021

RESEARCH LICENSE



This is to Certify that Ms.. Grace Muringo Wamiti of Africa Nazarene University, has been licensed to conduct research in Nairobi on the topic: EFFECT OF TURNAROUND STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS LISTED IN NAIROBI STOCK EXCHANGE for the period ending : 08/April/2022.

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APPENDIX IV : ANU RESEARCH AUTHORIZATION LETTER



3rd, March, 2021

E-mail: researchwriting.mba.anu@gmail.com

Tel. 0202711213

Our Ref: 18M03DMBA027

The Director.
National Commission for Science,
Technology and Innovation (NACOSTI),
P. O. Box 30623, 00100
Nairobi. Kenya

Dear Sir/Madam:

RE: RESEARCH AUTHORIZATION FOR: GRACE WAMITI

Miss. Grace is a postgraduate student of Africa Nazarene University in the Master of Business Administration (MBA) program.
In order to complete her program, Miss. Grace is conducting a research entitled: "**Effect of turnaround Strategies on Organizational Performance of Listed Commercial Banks in Kenya"**

Any assistance offered to her will be highly appreciated.

Yours Faithfully,

DR. Kimani Gichuhi,

MBA, Coordinator,

School of Business,

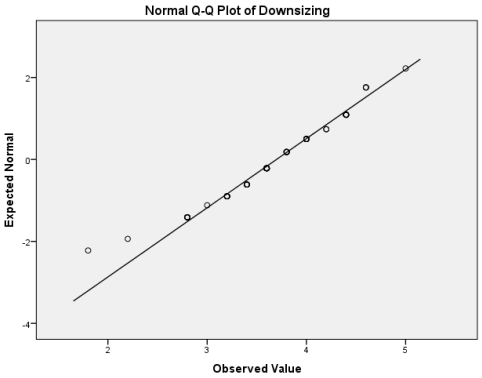
Africa Nazarene University.

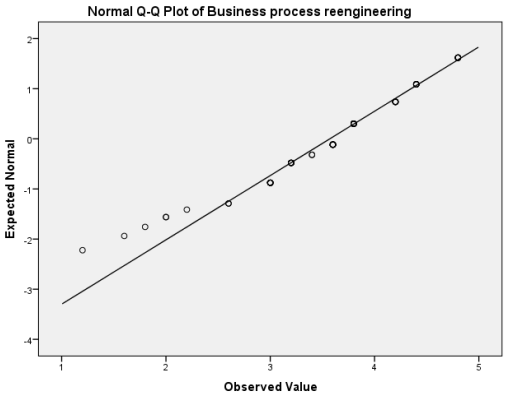
APPENDIX V: LIST OF COMMERCIAL BANKS IN KENYA LISTED ON THENAIROBI STOCK EXCANGE

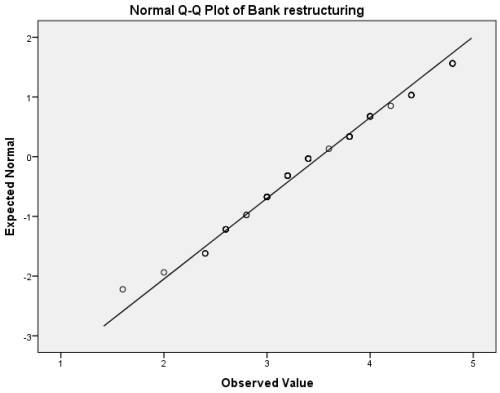
1. Stanbic Holdings Plc. ord.5.00
2. I&M Holdings Ltd Ord 1.00
3. Diamond Trust Bank Kenya Ltd Ord 4.00
4. HF Group Ltd Ord 5.00
5. KCB Group Ltd Ord 1.00
6. Barclays Bank Ltd Ord 0.50
7. National Bank of Kenya Ltd Ord 5.00
8. NCBA Group PLC
9. Standard Chartered Bank Ltd Ord 5.00
10. Equity Group Holdings Ord 0.50
11. The Co-operative Bank of Kenya Ltd Ord 1.00
12. BK Group (ABSA) PLC

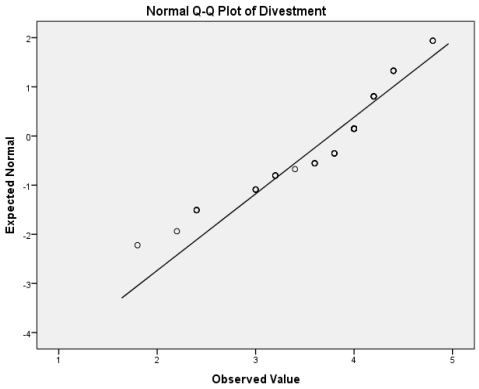
Source: Nairobi Securities Exchange, 2019

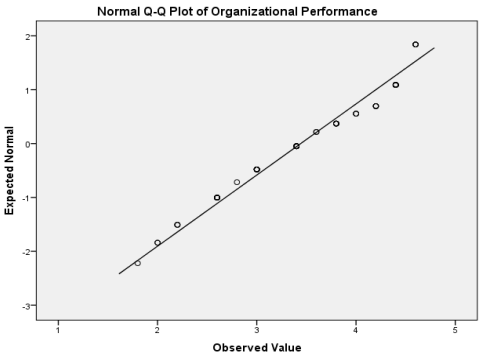
APPENDIX VI: NORMALITY TESTS











APPENDIX VII: MAP OF STUDY AREA

