

RESTRUCTURING AND INSTITUTIONAL PERFORMANCE

CASE STUDY: NAIROBI CITY COUNCIL

BY

MUNIOH DANSON KARINGA

BHR/5261/41/DF

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DECLARATION

I the undersigned declare that this is my original work and has not been submitted to any other College, Institution or University for any award.

Signature. 

Date. 11/04/07

Name: Munioh Danson Karinga

APPROVAL

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

Signature.....

Date.....

Name: Mr. Christopher Muganga

DEDICATION

I would like to dedicate this project to my late grand parents, Mr. Johanna Mukuna and Mrs. Lucy Njeri Karinga Munioh, my parents, Mr. Peter Karinga Munioh and Mrs. Fracia Njeri Munioh, thanking them for their continued love and support.

ACKNOWLEDGEMENT

As always, I am very grateful to my parent Mr. Peter Karinga Munioh, Fracia Njeri Munioh, my brother John and my sisters Lucy and Bethsheba, with out whom I would not have been able to undertake and complete this research. Your love, understanding, care and support graced my heart with determination to do this work. I can never forget the entire K.I.U fraternity and especially Mr. Christopher Muganga who invested countless hours in seeing the success of this research, your effort and labour have always illuminated my heart with admiration of walking the path of seeking knowledge. Last but not least, I would love to thank all the people who in one way or another contributed to the success of this research. Notably, all the people who took part to fill the questionnaire and all those who said words of encouragement to me as I was doing the research. All of you truly and greatly enriched my life.

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DEFINITION OF TERMS

Adhoc arranged or happening when necessary and planned in advance.

Divestment act of selling the shares you have brought in a company or taking money away from where you have invested.

Hurdles problems or difficulty that must be dealt with before you can achieve some thing.

LIST OF ACRONYMS

NCC- Nairobi City Council

K.I.U – Kampala International University

L.D.Cs –Least Developed countries.

SOEs -State owned enterprises

ABSTRACT

A descriptive cross sectional study was carried out in NCC, between the months of December 2006 to February 2007; it involved finding the impact of restructuring of organization and its performance.

The objective of the study is to establish the impact of the restructuring on NCC. Restructuring of NCC should result in the following; improved customer satisfaction, staff motivation, improved performance

The research designed used is descriptive research design, which is concerned with specific prediction and characteristics of a group. The sample size comprises 40% of the respondents. Data was collected through questionnaires and interviews.

The recommendation made, is that any responsible restructuring should be undertaken in a socially responsible manner with the following points well locked into:-

Reward employees with a reasonable return over time.

Is customer focused.

Considers employees as its most important asset, provide meaningful work, fair wage and benefits, ensure their employability and provide an enabling work environment.

Contribute to the prosperity and social cohesion of the communities in which it operates.

Apply the golden rule “do unto other as you would have them do unto you” to the employee.

The above ideas support the view that business has a social as well as an economic mission. This emphasizes that the organization should be responsible also to those who are affected by its decisions and actions.

CHAPTER ONE

1.0 INTRODUCTION

This research is about restructuring and performance in NCC. The researcher was prompted by the fact that restructuring process has not been transparent; it has been characterized by corruption and bribery. This has necessitated the need for the researcher to establish what is causing this undesirable situation.

1.1 Background of the study

Bowman, and Bhadury, (1999) defines restructuring as a way of changing the vision of the future, changing the corporate culture, changing the management style, changing managerial mistakes by changing competitive strategies or human resource strategies

It is the whole process of implementing an organization's predetermined strategy. Thus entails the whole process of which the strategy for restructuring is given form. It is a deliberate effort to improve the organization performance in relation to the way things are done and implemented to better forms in that there is generation of ideas on how improvement should be done.

This involves improvement in technology, personnel empowerment and product/service improvement in a particular order. All these areas determine how the organization is to be run as to attain its main goal or aim as set. Due to this, the organization is able to seek identity for itself.

Within such context, an organization has to find ways and measures to implement the change, so that it can be able to compete in the competitive market for the betterment of

the employees and the organization as a whole. Restructuring ensures that an organization is able to benchmark itself with other organizations and realize its potential in the different fields.

The objective of restructuring is to attract genuinely a suitable work force to gain competitive edge in the market in terms of enhancing employee's skills better.

Nairobi city council is a government owned council, which controls other municipal councils in the country. It was set up as a government owned parastatals.

The NCC has moved from effective performance in the early 80's to decline in performance in the later part of the 1980's and early 90's.

In 1999 and early 2000s were characterized by rehabilitations of the performance of the employee with the infrastructure in place, the later part of 2001 was devoted to improved efficiency and performance enhancement to effectively deliver service to the people of Nairobi, the performance enhancement programme has included both strategic internal reform and the involvement of private sector in service delivery.

Due to this, poor performance has led to the restructuring of its policy in order to improve the performance of NCC.

1.2 Statement of the problem

The Nairobi city council's lack of operational and financial autonomy has come to be a major contributing factor to the poor performance, which has led to privatization of some of its activities for example the provision of water services to the community.

The council is characterized by poor quality of performance and services, very poor financial management, low coverage and unreliable service, poor defined organization structure and span of control, inadequate human resource management.

Therefore, the purpose of the research is to investigate and establish whether restructuring in the organization can lead to improvement of organizational performance, longevity and sustainable.

1.3 Objectives of the study

1.3.1 General objective

To examine the impact of restructuring on performance of employees in an organization.

1.3.2 Specific objectives

- 1) To examine the restructuring process within NCC
- 2) To establish the hurdles involved in privatization process in NCC
- 3) To establish the impact of restructuring on performance of NCC

1.4. Research questions

- (a) How was restructuring done in NCC?
- (b) What were the hurdles involved in privatization process?
- (c) What were the impacts of restructuring on organization performance?

1.5. Justification of the study

The research will be of great importance to NCC since it could be able to help them improve the performance of the employees and the organization as whole.

It will act as a guide to the Human Resource managers and other researchers who might have the interest in understanding organization restructuring and the effects it has on employees and organization performance.

It will be used by the organization under study to draw a training programme for employee to help manage the change that the organization is intending to undertake and implement restructuring programme.

The study would be used to implement restructuring when performance of the employees and organization or morale are deteriorating.

It will help the organization gain competitive advantage.

1.6 Scope of the study

NCC is located in Nairobi, which is the capital city of Kenya.

NCC controls 52 municipal councils and it is the largest, it consists of ten thousand employees, (10,000), are involved in the provision of water, cleaning, collection of garbage, repairing of roads, bridge, hospital, and streetlights. The respondents were employees of NCC. As mentioned earlier, focus will be restructuring and performance of NCC between 2004 – 2006.

1.7 Limitations of the study

Financial constraints the study was not funded; therefore the researcher had to rely on the limited resources to finance the expensive exercise for example transport, photocopying and printing.

Unwillingness of employee who were not willing to give information due to fear of the bosses.

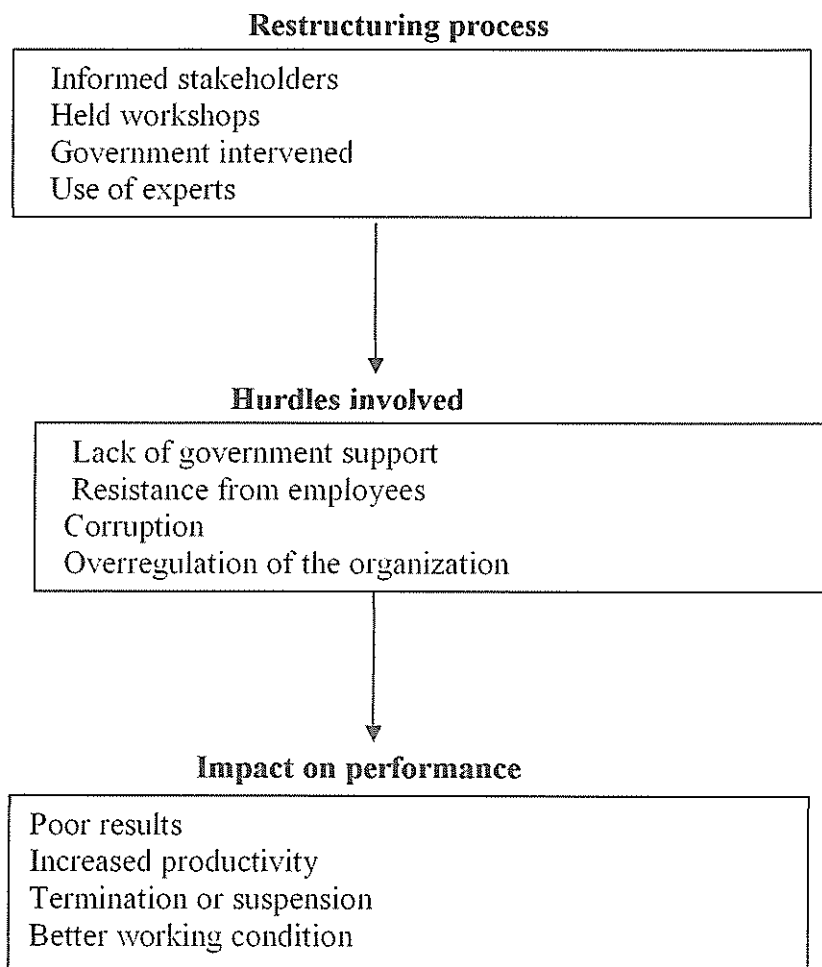
Informative persons like heads of department were difficult to trace as most of the times they were busy in the field.

An unfavorable weather condition, due to the prolonged rain in Nairobi, it was a big challenge to the researcher in terms of transport as roads were flooded.

1.8 Conceptual frame work

The main variable of the study is organization performance which is independent variable and on its impact on restructuring as dependant variable.

This is as summarized in the framework.



Source: Author 2007

CHAPTER TWO

2.0. LITERATURE REVIEW

The literature review is about what other scholars have written about restructuring and performance in organization.

The literature review is about the restructuring and performance of NCC.

This section shows all literature that was used for his study. This helped the researcher during data compilation, analysis as well as the researcher report.

In the literature review, several materials were consulted on e.g. textbooks on restructuring and performance, article from newspaper and magazine material and researches from internet source, journals and pamphlets from different organization.

2.2 Theoretical review

According to William Hosue (1975) organization behaviour, defines restructuring as a major business modification usually associated with personal downsizing and asset revaluation.

According to <http://www.cpa.ca/psynopsis/restrict.thlm> restructuring is a wide variety of changes in the way work is organized, planned, managed and carried out in order to simultaneously achieve improvements in quality, productivity, speed, customer satisfaction and employee satisfaction.

Rosabeth Moss Kanter (1989) defines restructuring as a process that uses behavioral science, knowledge and techniques to influence people's attitude, belief, and behaviors in their jobs.

Bowman and Bhadury (1999) defines restructuring as a way of changing the vision of the future, changing the corporate culture, changing the management style, changing managerial mistakes by changing competitive strategies or human resource strategies.

Khandwalla (2001) defines restructuring as orchestrated systemic changes which is “not incremental, adhoc, or partial ...nor a mere alteration of the organizational chart... is a major realignment systems, management styles, technologies and staff skills”.

2.3 Theories that support organizational restructuring as advanced by McCarthy & Current (1990) are as follows.

Restructuring to improve performance

Changes in incentive structures, management norms, and the relationship between the utility and the government are thought to be required. Accordingly, reforms in governance structures have been undertaken, usually in conjunction with a more wide-ranging restructuring of services.

Restructuring in order to source for capital

In some cases, systems have significant investment needs for maintenance and upgrading following years of deferred investment. Investment may also be required for major developments in cases where governments are unwilling or unable to increase debt to meet investment needs, restructuring may provide a means of sourcing off-balance sheet financing. From the perspective of governments, this strategy has the advantage of reducing apparent pressure on government budgets by transferring debt to a stand-alone entity.

Restructuring in response to new legislative requirements

New legislative requirements may enable or even require restructuring of utility services. In many instances, legislation creates new options for restructuring; in some cases, restructuring is required by legislation. In many jurisdiction, legislation has recently been introduced which imposes new operational management requirements.

2.4 Factors to consider when restructuring organizations

According to *Morgan. G (1989)* in her book *Creative Organization Theory*, she puts across that restructuring is a very important task in any organizations and all should be done to ensure it is well implemented. She therefore lists down the following factors to consider during this process:-

Consider alternatives to downsizing:-Treating restructuring as a headcount reduction tends to adversely affect a firm's goodwill, productivity, and long-term adaptability.

Involve employees in identifying what needs to change to achieve necessary improvements.

Over communicate as the restructuring process unfolds: - Provide employees adequate advance notification of layoffs.

Include severance pay and extended benefits to give displaced workers an economic safety net.

Provide education, retraining, and outplacement programs to help employees develop new skills that will help them secure other jobs.

Train managers to communicate the layoff in a sensitive manner:-layoff decisions must be clear, direct, and empathetic so that employees can prepare themselves for eventualities.

Much as the researcher would appreciate, what Morgan G has written about she left out the following factor when considering restructuring, consultation of change agent in order to make the restructuring process successful since they have expertise knowledge, skill and competence.

2.5 Levels of restructuring

It is important to consider the process of physiological adaptation to the restructuring and transition process. As depicted by Kenneth.P. Meuse and Mitchell Lee Marks they outlined the following as the different levels of restructuring:-

Continuous Restructuring: - This is a path known to the state, with orderly incremental and continuous steps. Never the less, the discrete nature of this process lets people know exactly what to expect and allows them to get on with their lives.

Transformation Restructuring:- By comparison, Mitchell puts it across as a path to an unknown state-something that involves many simultaneous and interactive changes. I.e. adopting new ways of thinking, organizing, or conducting activities. It involves death, rebirth, existing practices and routines must be abandoned, and new one discovered and developed.

2.6 Hurdles involved in privatization

When compared to the industrial countries, the progress of privatization has been slow in the LDC's. As the World Bank points out, government confront several obstacles, like those mentioned below, when they decide to divest SOE's.

Government usually wants to sell the least profitable enterprise, those that the private sector is not willing to buy at a price acceptable to the government.

Divestiture tends to arouse political opposition from employees who may lose their jobs, from politicians who fear short-term unemployment consequences of liquidation or of cost reduction by private owners; from bureaucrats who stand to lose patronage; and from those sections of the public that fear that national assets are being cornered by foreigners, the rich, or a particular ethnic group.

Relatively undeveloped capital markets sometimes make it difficult for governments to float shares and for individual buyers to finance large purchases.

Much as the researchers appreciate, what the World Bank has come up with they did not mention corruption.

2.7 Conditions for Success of Privatization

Professor Samuel Paul points out that if privatization is to succeed, in the sense of raising efficiency or effectiveness in the production or delivery of goods and services, the following seven conditions must be met.

Privatization cannot be sustained unless the political leadership is committed to it, and unless it reflects a shift in the preference of the public arising out of dissatisfaction with the performers of other alternatives. Privatization has in the past worked best when a government was strongly committed to a change, or when a government vowed to reverse the actions of its predecessors, as has happened in Chile and the United Kingdom. More recently, some governments that have faced severe economic crisis, with massive budgetary deficits, have turned to privatization and divestiture as a part of their adjustment strategy.

Any alternative institutional arrangements chosen should not stifle competition among suppliers. Replacement of government monopoly by a private monopoly may not

increase public welfare – there must be a multiplicity of private suppliers. This can be a difficult problem where there are few competent suppliers. Though government may wish to contract out a service, if there are only one or two qualified contractors, the benefits of competition are unlikely to follow.

In this context, most developing countries, systems of regulation need major review and reform. Overregulation of industry discourages private initiative; overregulation of urban land use of building construction retards urban development; and unduly low ceilings on the prices of industrial products and utilities, such as bus transport and electricity, inflate demand and depress the incentive for production.

Related, condition is freedom of entry to provide goods and services. Long-term contracts and franchise limit competition and consumers' choice. In some services that are capital intensive, freedom of entry is difficult to achieve. But in others, such as refuse collection or health services, the public will be better served by several private suppliers competing than by one agency monopolizing the market through a long-term contract.

Public services to be provided by the private sector must be specific or have measurable outcome. Physical construction or utility services, for example, can be measured, but most educational services and police protection are not easy to quantify, even though their inputs can be measured. Lack of specificity makes it more difficult to control services provided by the private sector, especially if the public served is illiterate, unorganized, and unassertive, service delivery by non-governmental organization or local government may be more appropriate under these conditions.

Consumers should be able to link the benefit they receive from a service to the costs they pay for it, since they will then shop more wisely for different services. Users' charges are one way of establishing this link. The importance of educating consumers and disseminating information to the public cannot be over emphasized here.

Privately provided services should be less susceptible to fraud than government services if they are to be effective. Services provided through collective or cooperative action at the community level are probably the least susceptible to fraud.

Equity is an important consideration in the delivery of public services. Broadly speaking, the benefits of privatization can accrue to the capital owner who supplies the services; to the consumer, who receive a more efficient service; and to the public at large, through a reduction in the public sector deficit, and hence in taxes or the rate of inflation, or both. Privatization will be counter-productive if the ability of the public to pay, determined by the prevailing income distribution, and becomes the sole guide for the delivery of services. In addition, if the benefits of privatization are likely to be reaped solely by local elites, expatriate groups or multinational corporations, political resistance to reform is likely to increase.

Although Professor Samuel Paul pointed out the above conditions for a successful privatization, he left out co-operation of both parties involved in the privatization process since both parties have to be co operative in order for privatization to be successful.

2.8. Benefits of privatization

Privatization benefits the society in several ways. The fact that privatization is an important strategy of economic rejuvenation of even the “communist” nations is a testimony to the economic role of privatization. Countries like U.K have shown how it could help solve the fiscal crisis of the state and to usher in a new industrial democracy.

The benefits of privatization may be listed down as follows;

It reduces the fiscal burden of the state by relieving it of the losses of the SOEs and reducing the size of the bureaucracy.

Privatization of SOEs enables the government to mop up funds.

Privatization helps the state to trim the size of the administrative machinery.

It enables the government to concentrate more on the essential state functions.

Privatization helps accelerate the pace of economic development as it attracts more resources from the private sector for development.

It may results in better management of the enterprises.

Privatization may also encourage entrepreneurship.

Privatization may increase the number of workers and common man who are shareholders. This could make the enterprises subject to more public vigilance.

2.9 Impacts of Organizational Restructuring

There is need to realize that many pro's and con's in an organization change. HT Graham and Roger Bonnet (9th edition Human Resource management gives the following as the effects of change:-

New technologies are developed.

There is the ability to compete in a new marketing offerings and pricing policies.

New managerial skills and tools are learnt and implemented in the organization.

Thorough acceptance and provision of resources from the environment, an organization adapts to it's environ for its success and prosperity.

People are able to learn and change their attitudes and behavioral patterns so as to be able to match the constantly changing environments by adopting new patterns of behaviors.

Through adoption and acceptance of restructuring, organizations are able to encourage adoption through organizations flexibility.

Improved productivity and moral.

Reduced personnel turnover.

Much as HT Graham and Roger Bennett mentioned about the pro's of restructuring they did not mention increase in commitment and motivation of the labour.

2.10. Limitation of change

There is need to realize that there are also limitations of organizational change. (D *Eisenhardt & Bourgeois*) lays down the following factors: -

Increased Complexity of methods of production.

Job changes or redundancy for many workers.

The need for employees to acquire new skills or to modify existing competence.

Geographical relocation of industries and workers.

Extensive resistance on computer: - IT decisions support system.

As the triggers and consequences of organizational change are many and complex, establishing cause and effect is problematic in most settings.

Organizational change has to be studied at different levels of analysis, individual, group, organizational, social, which are interrelated in complex ways.

Organizational change has to be studied as a process in terms of a series of events unfolding through time and not as a static or rounded event that raises questions concerning the appropriate time frame for analysis.

Change that affects a larger number of different stakeholders is difficult to evaluate, as there may be no agreed common criteria on which to base judgments.

Change can only be understood fully in relation to continuity, with respect to what has not changed.

Produce unemployment of previously valued skills and social cultural dislocation.

A restructuring process is complex and time-consuming.

Much as D Eisenhardt and Bourgeois mentioned about limitation of change, they did not mention increase in termination and suspension due to strike.

2.11. Mistakes to Avoid When Restructuring

Failing to be clear about long – and short- term goals: - Always ask, “What do our customers expect from us, how can we best serve them, and how will restructuring affect our ability to meet those expectations and service requirements?”

Using downsizing as a first resort, rather than as a last resort: - In some cases, firms downsize because they see competitors doing it. This is a “cloning” response, in which executives in different firms follow one another’s actions under conditions of uncertainty, but it fails to consider alternative approaches to reducing costs.

Using nonselective downsizing: - Across-the-board job cuts miss the mark. So also do cuts based on criteria such as last-in-first-out (because then firms lose all their bright young people), removal of everyone below a certain level in the hierarchy (because top-heavy firms become even top heavier), or the weeding out of all middle managers (because firms lose a wealth of experience and connections). Are all departments and all employees equally valuable to the firm? This is the reservoir of talent that firms will depend on to innovate, to create new markets and new customers. Do everything you can to retain that talent.

Failing to change the way is done: Some firms assume that cutting perks is a cure-all for other problems and that they can keep making products or delivering services the same way as before downsizings they fail even to consider changing from an old way to a new way of working. The same amount of work is loaded on the backs of fewer workers.

Failing to involve works in the restructuring process: It is a truism that employees are more likely to support what they helped create; yet many restructuring efforts fail to involve employees in any decisions about either the process or the desired outcomes. As a result, employees feel powerless and helpless, and massive uncertainty invades the organization.

Failing to communicate openly and honestly: - Do not allow employees to hear cutbacks through the grapevine. We noted earlier that failure to provide regular, ongoing updates not only contributes to the atmosphere of uncertainty but also does nothing to dispel rumors. Open, honest communication is crucial if employees are to trust what management says, trust is crucial to successful restructuring. People trust leaders who make themselves known and make their positions clear.

Handling ineptly those who lose jobs:- Failure to treat departing employees with dignity and respect (e.g. having security guards escort them off company property), failure to provide training to supervisors in how to handle emotional factors, and failure to provide assistance to departing employees (Financial, counseling, redeployment, training, outplacement) comprise another crucial mistake.

Failing to manage survivors effectively: Employee morale is often the first casualty of downsizing, as survivors become narrow minded, self-absorbed, and risk- averse. Many firms underestimate the emotional damage that survivors suffer by watching others lose their jobs.

Ignoring the effects on other stakeholders: - In addition to survivors and victims, it is important to think through the potential consequences of restructuring on customers, suppliers, shareholders, and the local community. A comprehensive program addresses and manages consequences to each of these groups.

Failing evaluate results and learn from mistakes: - Restructuring is not a one- time event for most firms. Unless firms are brutally honest about the processes and outcomes of their restructuring efforts, they are doomed to repeat the same mistakes repeatedly. Do not be afraid to ask employees and managers at all levels.

Summary:-

Organizational performance ultimately rests on human behaviour and improving performance requires changing behaviour. Therefore, organizational restructuring should have as a fundamental goal the facilitation of clear, open communication that can enable organizational learning and clarify accountability for results.

CHAPTER THREE

3.0 METHODOLOGY

This chapter focuses on the methods and means that were used by the researchers in carrying out the research.

3.1 Research design

The research entailed a descriptive research design; it targeted the employee of NCC. The descriptive research design was used because the researcher intended to examine experiences of members of the organization and to identify the measures that could help, improve restructuring and performance. As the main aim of this project was to provide collected information about the impact of restructuring on performance of NCC.

3.2 Population of the study

The population under study comprised employees of the Nairobi city council who comprised of top management, middle level manager and unionisable staff which include supervisory level, assistant level, support I and finally the support II level of employees.

3.3 Sampling size and procedure

3.3.1 Sample size

The sample size, comprised 40 respondents from all selected departments. This sample, was representative because it constituted 40% of the survey population. A sizable number of respondents (participants) was targeted. These were members of NCC this was

because they were the people who could give satisfying information on restructuring and performance.

3.3.2 Sampling procedure

Because NCC has a large population and it has various branches; it was difficult to have a talk with each person, due to time and inadequate funds for gathering information. Thus, the study used stratified sampling. This was to ensure that all different categories of respondents and the population were represented in the sample; it ensured that element of biasness was eliminated or reduced in the sampling selection during research.

3.3.3 Data collection methods

Data was collected using interviews and questionnaires to elicit the views of the population.

Interviews were inform of face to face since the method is flexible for gathering information about the organization in question. Interviews enhanced faster responses. The researcher was able to rephrase the question, probe further information or even make explanation to interviewees.

Questionnaires provided a set of well- typed questions, which were administered to the candidates, which the respondents filled the required answers. The questionnaires had a brief introduction, which familiarizes the candidate who was filling the questionnaire how to answer certain questions posed by the researcher.

It contained closed and open -ended questions exploring on all areas of restructuring. It was easier to distribute the questionnaire through hand delivery and collect them at an

agreed date to the population or respondents that were chosen suitable to answer the questions. The respondents were assured of confidentiality of all the information they gave because the study was intended for academic purpose.

3.3.4 Data analysis and interpretation

This involved the organization, interpretation and computation of the data that originated from the research. Data was analyzed from the contents of interviews and questionnaires. It was analyzed appropriately with facts and figures arranged in a chronological manner, that is frequencies, percentage and average resulting from the comparison of interviews and questionnaire results, after the data had been analyzed, it was then organized classified according to the research objectives and later presented using pie charts and tables.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.0 DATA ANALYSIS METHOD

INTRODUCTION

The chapter presents the findings of the study on the issues of effects of restructuring on organization and employee performance at NCC.

Data was presented using tables, qualitative description data and graphs that have been summarized and categorized according to common themes. The analysis was based on the study objectives.

4.1.1 Over view

Restructuring occupies an important place in the study of organization viability. The right kind of restructuring enable an organization to maintain its viability in its changing environment. Thus, the challenge is to create change that increases or renews the viability of an organization position in its environment.

4.1.2 Position held by the respondents

Forty questionnaires were distributed among forty employees and they were all returned back to researcher hence 100%feedback.

The results were presented using frequency tables, graphs and pie charts and were based on the study objectives.

Table 1 Position of responses

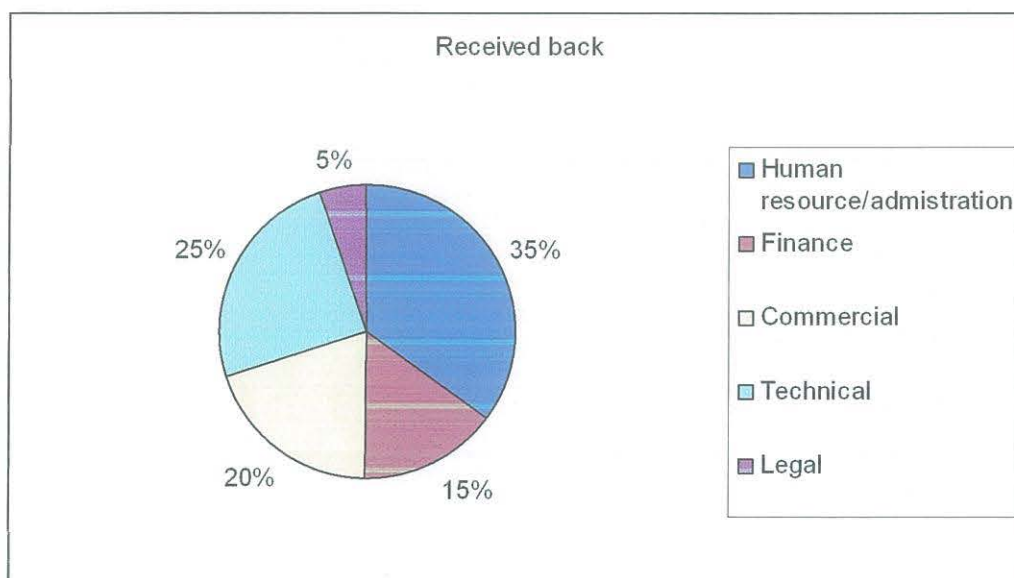
Respondents	Received back	Percentage
Managers	4	10%
Middle level employees	16	40%
Subordinate staff	20	50%
Total	40	100%

Source: Researcher's data from the field; 2007

The above information show how the questionnaires were received back from the employees of different ranks.

Managers constituted 10% of the study, middle level employees 40% and subordinate staff 50% and these were the majority.

Figure 1 The major departments were as follows



Source: Researcher's data from the field; 2007

The human resource department had the highest number of the respondent 35%, while the legal department had the least number of respondents 5%.

4.1.3 Common causes of organization restructuring

There are different reasons why an organization opts for restructuring; this has both positive and negative aspects in that it implies experimentation and the creation of something new or discontinuity and destruction of familiar structures and relationship.

Here the researcher was looking at the main causes that have led to the need for restructuring at the NCC.

Table 2 Causes of restructuring

Cause of restructuring	No of respondents	Percentage
Lack of adequate skills and knowledge	8	20%
Lack of clarified organization structure	6	15%
Low performance	18	45%
Appointment of new managers	5	12.5%
Introduction of new technology	3	7.5%
Total	40	100%

Source: Researcher's data from the field; 2007

Many factors have contributed to the need for restructuring as follows new technology, low performance, lack of adequate skills and knowledge base, office and factory relocation, appointment of new manager e.t.c.

According to the finding 45% of the employee's/respondents believes that the main reason for the need for restructuring is due to poor performance, which were the majority, lack of adequate skill and knowledge had 20%, followed by lack of clarified organization structure 15%, appointment of the manager 12%, and introduction of new technology 7.5% of the respondent.

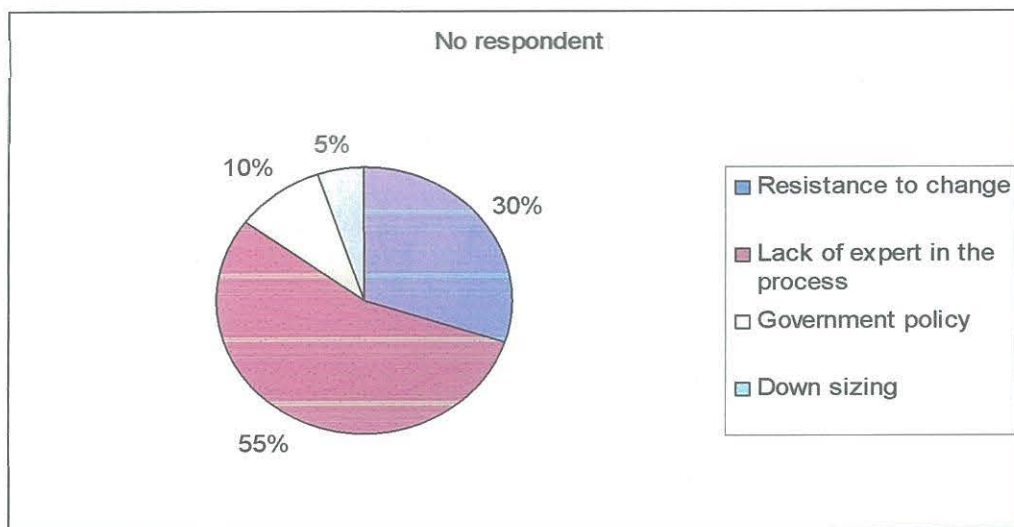
It is evident that employees agreed that there was low morale among them and low performance, which accounted for the need for change. There is need to look into this area since it is the main cause of the draw back of performance in the organization.

4.1.4 Factor that affected restructuring process

In order for restructuring process to be effective and efficient it is required to be done in a systematic way, however no matter how good the approach is, it faces external or internal opposition, they are as follows, resistance to change, lack of expert in restructuring process, government policy, down sizing.

The researcher was able to come up with the following information.

Figure 2 How restructuring process was done in NCC



Source: Researcher's data from the field; 2007)

The researcher was able to gather information on how restructuring process was done.

According to the findings, 55% of the respondents indicated that restructuring process was greatly influenced by lack of expertise in its implementation process, thirty percent of the respondents believed that resistance to change contributed to the restructuring process, government policy had 10%, while down sizing had 5% of the respondent.

4.1.5 Common causes of employee resistance toward restructuring

Ideally, there are different reasons why an organization opts for restructuring, which later brings out the resistance from the employee; hence, it is important to realize the areas or reasons that bring about resistance. The researcher in pursuit of the same established these areas at NCC.

Table 3 Causes of employee resistance to organization restructuring

Cause of resistance	No of respondents	Percent
Economic factor i.e. Money	6	15%
Failure to involve employee in the process	6	15%
Failure to communicate openly and honestly	18	45%
Stringent rules imposed on employees	6	15%
Failure to change the work done	4	10%
Total	40	100%

Source: Researcher's data from the field; 2007

Through the research, the researcher established the main cause of resistance as lack of understanding or awareness of the effect or the process of change. According to the findings, 45% do not seem to comprehend what it entails and they also have a major lack of trust in the process. This is the majority followed by economic factor i.e. money, failure to involve employee in the process, stringent rule imposed on employee which all constituted 15% of the respondent.

The most common cause of resistance towards change is thus concluded to be lack of trust and understanding in the whole process, which constituted 45% of the respondents.

The management should prepare the employee for the eventualities through seminars, presentation of brochure, facilitation programmes that are to teach them what restructuring is all about. This will make the process easier to embrace.

4.1.6 Level of awareness of the restructuring process

For restructuring process to be taken seriously by the employee and the implementers, there should be a great awareness or communication of the whole process. The organization should therefore seek to know if employees are well aware of it and what are their comments on the issue. Here the researcher seeks to find, if the employee were well equipped with the information.

Table 4 Level of awareness of the restructuring process

Response	No of respondents	Percentage
Yes	15	37.5%
No	25	62.5%
Total	40	100%

Source: Researcher's data from the field; 2007

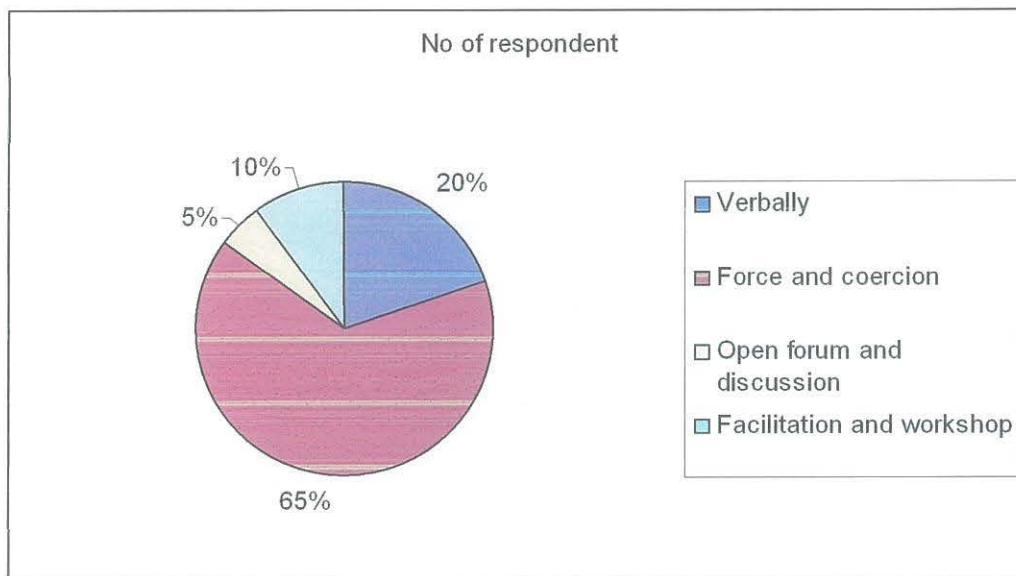
The variable was meant to know the number of employees who were aware of the restructuring process-taking place in the NCC. The researcher felt that by doing so, the organization would be able to find ways of informing the employees and also making it more practical.

It was established that a large number of employee in the various regions/departments did not actually recognize the restructuring process, 62.5% of the employees were not aware of anything of the sort due to the fact that the process was not well communicated to the employees. While 37.5% of the respondent were not aware of restructuring process.

4.1.7 Method used in creating awareness on organization restructuring

For restructuring to take place, the employee must be aware of the restructuring process, so that they can be well equipped for changes hence no resistance to change. Thus, it is important to realize the method of creating awareness or communicating to the employee. The research in pursuit of the same established the following information.

Figure 3 Method used in creating awareness on organization restructuring



Source: Researcher's data from the field; 2007

The variable was meant to know how well restructuring process was communicated to the employees. The researcher felt that by doing so, the organization would be able to find ways of informing the employee hence promoting the feasibility of the process.

It was established that a large number of employees received the communication of restructuring through force and coercion, which is represented, by 65% of the respondents it is well know that the result cannot be achieved well through force and coercion since they instill fear in the employees.

However, communicating or creating awareness can be well achieved through facilitation and workshop, which was represented by 10%. Employees learn effectively through seminars, workshops and facilitation, hence the organization should adopt these methods.

4.2. Hurdles involved in privation process

For privatization process to be effective, the hurdles that hinder it should be eliminated in order to achieve it success.

The following are hurdles that should be eliminated to ensure effectiveness in privatization, government public sector monopoly, corruption, political opposition from the employee who may loose their jobs, lack of equity in economic market, public outcry, here the research seeked to find the following.

Table 5 Hurdles involved in privation process

Hurdles	No. of respondents	Percentage
Government public Sector monopoly	10	25%
Corruption	14	35%
Opposition from the employee who may loose their jobs	8	20%
Overregulation of the organization	2	5%
Lack of equity in economic market	4	10%
Public outcry	2	5%
Total	40	100%

Source: Researcher's data from the field; 2007

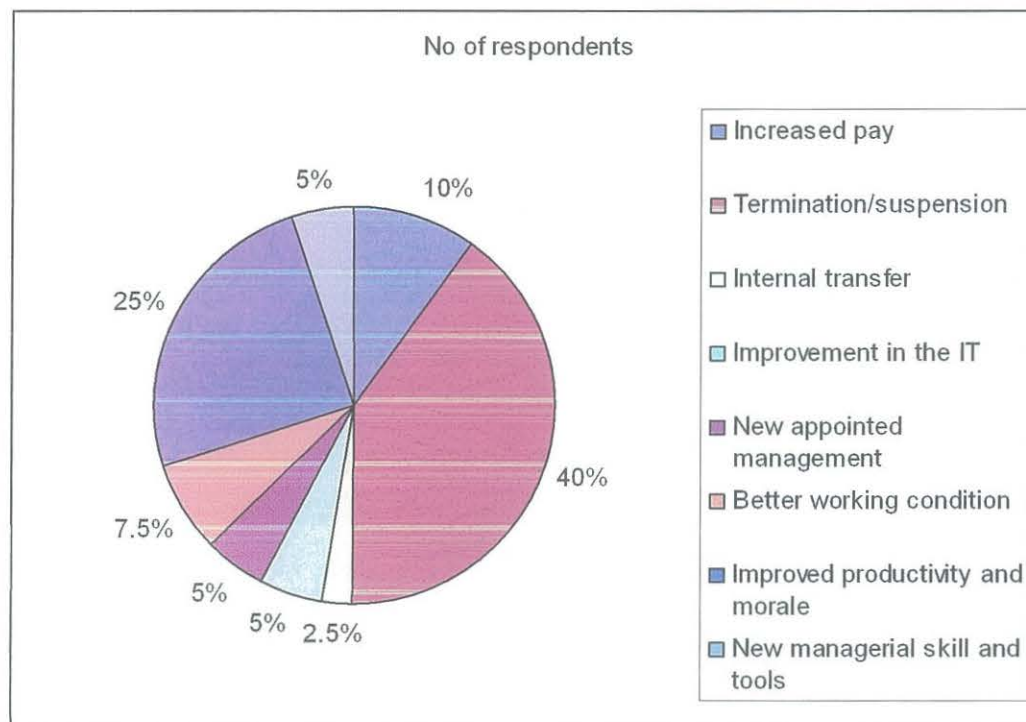
According to the findings 35% of the respondents believed that corruption is the major hurdle for privatization and it had the majority of the respondents, government public sector monopoly constituted 25% of the respondents, which was the second highest followed by opposition from the employee who may loose their jobs 20%, lack of equity in economic market 10% and overregulation of the organization 5%.

4.3. Analysis on the effect of the organization restructuring.

A well-defined restructuring process meets the needs of the employee together with the organization as a whole. For any organization to know how change has affected its

operation, they should base their performance on the response, performance on the share market, positive response from the employees and a cordial working relationship between management and the general staff.

Figure 4 Effect of restructuring process on NCC



Source: Researcher's data from the field; 2007

According to the finding 40% of the respondents, indicated that the effect of restructuring was bad on them since it caused termination and suspension of the employee. Which had the majority, improved productivity and morale had 25% followed by increased pay 10% improvement in IT, new appointed management and new managerial skills and tools had 5%, internal transfer had 2.5%.

Table 6 Success of the restructuring process.

Response	No of respondents	Percentage
Negative result	28	70%
I don't know	2	5%
Positive result	10	25%
Total	40	100

Source: Researcher's data from the field; 2007

According to the findings, it is clear that many employees are against the restructuring process and do not see any good coming out of it. This is because 70% of the respondents gave negative response against change, while 5% had no idea of what to say and 25%embraced the process.

Thus, the researcher concluded that the whole process was not welcome to the organization and the management should thoroughly look into the matter since the organization success highly depends on the employees.

Thus, positive change should be made so as to attract the employees and help them accept it for their own good and the organization.

Furthermore, the organization should gain efficiency of expertise and standard operation procedure.

Summary

No organization exist in isolation, rather every organization exist in an environment upon which it must depend on the resources necessary to sustain it.

As a general rule, the organization must in return for its use; provide products, services or other valued things to the environment more effiently than its competitors.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATION

5.0. INTRODUCTION

This chapter presents the summary of findings, conclusions and recommendation based on the study objectives.

5.1. Conclusions

The researcher come up with the following; that employee's had high level of resistance of the restructuring process since the management used force and coercion method when communicating to the employees is about the restructuring process

Furthermore, the employees were not involved in the implementation of the restructuring process hence causing resistance of the process.

Employees believe that restructuring process can help them improve the performance of the organization and theirs also, but they believe that the management must use facilitation and workshops to help them acquire new skills and knowledge.

NCC is also found with a lot of corruption, mismanagement, which in turn leads to the poor performances hence the organization, should eradicate the vice in order for the organization to privatize some of its activities or services so that they can improve their service and efficiency to the community.

Lastly, the employees indicated that the restructuring process was not well informed to them, which is why they resisted it; the management should communicate and raise the

awareness of the restructuring process to the employee so that they can accept the process without resistance.

It is important to note that restructuring, is a political process and has important economic and social implications that not only affect enterprise performance, but also social welfare and stability. The social effects have to be considered in any impact assessment; particularly those related to employment, privatization that result from extension of share ownership to small investors and employees, and the role of public utilities and services in economic and social development. It is therefore important that the framework for evaluating policy developments, including all form of privatization, is clearly set in advance.

Whereas the merits of restructuring outweigh the demerits, the way an organization will handle the whole process determines how supportive the employees will be to the process. The greatest resource any company has is its human resource and organizations must have a very good channel of communication and forums for dialogue so as to discuss with employees on issues that greatly affect them and the organization. This way the employees will feel part of the decision made and they will fully support them.

5.2. Recommendations

It is very important for an organization, to carry out a thorough impact assessment before any restructuring is attempted. Any responsible restructuring should be taken in a socially responsible manner, with the following well looked into:-

Reward employees with a reasonable return over time.

Is customer focused.

Considers employees as its most important asset, provide meaningful work, fair wage and benefits, ensure their employability and provide an enabling work environment.

Contribute to the prosperity and social cohesion of the communities in which it operates.

Apply the golden rule “do unto other as you would have them do unto you” to the employee.

The above ideas support the view that business has a social as well as an economic mission. This emphasizes that the organization should be responsible also to those who are affected by its decisions and actions.

The case of NCC, is a very good example of a restructuring process that faced a high level of employee resistance, simply because the employees were not included in the negotiation and decision making process.

The company is more profitable today and it offers better services to residents of Nairobi.

Its is important for the company to diffuse the resistance that is there.

5.3. Further research

There is great need for further study and research as this study was limited to NCC and cannot be representative of what transpires in other organizations.

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APPENDIX I

QUESTIONNAIRE: RESTRUCTURING AND PERFORMANCE

My name is MUNIOH DANSON KARINGA, a student from Kampala international university (K.I.U) department of business and management. Am collecting data in connection with restructuring and performance in organization. I request for your co-operation and i promise not to take much of your time. Please note that we do not mention people's names to ensure privacy and confidentiality.

TICK WHERE APPROPRATE

1) Sex Male ☐ Female ☐

2) Which department do you work for

.....

.....

3) What is your job title

.....

.....

4) For how long have you worked for your organization?

Less than 1-year ☐ 1-5years ☐ 5-30years ☐

SECTION A

1) Do you understand the term restructuring?

Yes ☐ No ☐

2) What are the major causes that have promoted the need for restructuring in your organization?

- a) Lack of adequate skill and knowledge ☐
- b) Lack of well clarified organization structure ☐
- c) Low performance ☐
- d) Appointment of the new managers ☐
- e) Introduction of new technology ☐

3) How was the restructuring process done?

- a) Resistances to change ☐
- b) Lack of expertise in restructuring process ☐
- c) Government policy ☐
- d) Downsizing ☐

4) Does your organization face any resistance from the employees due to the whole process of restructuring?

Yes ☐ No ☐ I don't know ☐

5) If yes which of the following causes of resistance cause such change?

- a) Economic factor i.e. money treats job security ☐
- b) Failure to involve employees in the whole process ☐
- c) Fear of being incompetent ☐
- d) Failure to communicate openly and honesty ☐
- e) Stringent rules imposed on employee ☐
- f) Failure to change the way work is done ☐

6) Has the whole process been well known to you?

Yes ☐ No ☐

7) If yes how is it done?

Verbally ☐ Force and coercion ☐ Open forum and discussion ☐

Facilitation and workshops ☐

Other specify

.....

8) How would you rate the level of restructuring implemented in your organization

High ☐ I don't know ☐ Low ☐

SECTION B

1) What are the major causes that might have promoted the need for privatization in your organization.....

.....

.....

.....

2) What are the hurdles that hinder privatization of NCC?

- a) Government public sector monopoly ☐
- b) Corruption ☐
- c) Political opposition from the employee who may lose their jobs ☐
- d) Overregulation of the organization ☐
- e) Lack of equity in the economic market ☐
- f) Public outcry ☐

SECTION C

1) What are the impacts of restructuring process?

- a) Increased pay ☐
- b) Termination of employee's/suspension ☐
- c) Internal transfer ☐
- d) Improvement in I.T ☐
- e) New appointment management ☐
- f) Better working condition ☐