

**TURNAROUND STRATEGIES INFLUENCING
RECOVERY OF COMMERCIAL BANKS UNDER
RECEIVERSHIP PROGRAMME IN KENYA: A CASE OF
CHASE BANK**

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DECLARATION

I declare that this project is my own original work and it has not been presented in this or any other institution for the award of a master’s degree, degree or diploma.

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DEDICATION

This study is dedicated to Anne Wangui Chege, my loving mother for her support, continuous encouragement, giving morale, dedicating her time, resources and prayers.

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ABBREVIATIONS AND ACRONYMS

IP	Insolvency Practitioner
CVA	Corporate Voluntary Arrangements
FDIC	The Federal Deposit Insurance Corporation
KCC	Kenya Co-operative Creamery
CBK	Central Bank of Kenya
SWOT	Strengths, Weaknesses, Opportunities and Threats
KCB	Kenya Commercial Bank
CEO	Chief Executive Officer
SPSS	Statistical package for social science

ABSTRACT

Organizations falling under receivership programmes have been prevalent in Kenya as a strategic tool for financially distressed companies. Ailing financial institutions are placed under CBK statutory management in the hope to restore them back to profitability and facilitate total debt recovery. However this has not happened and almost all those cases result into liquidation. This study seeks to establish the turnaround strategy that Chase bank recently was put under receivership programme have put in place to recover from the financial distress with a special focus on how turnaround leadership, stakeholder management, portfolio divestment and retrenchment strategies can be adopted by such institutions to turn them around to profitability. To achieve this, the study is pinned on stakeholder theory, resource munificence theory and causality of the distress theory to understand the strategies employed by chase bank to recover from her financial distress. The study has adopted a descriptive research design where the respondents are required to indicate the what, where and how of a phenomenon under study. The study samples 123 management staff working in the head offices of Chase Bank in Nairobi and branches within Nairobi County in Human resources, Forensics, IT, Security, internal audit, Risk and digital banking departments. Simple random sampling will be used to select the respondents from each stratum (senior managers, middle level managers and low level managers). Data collection involves the use of questionnaires. The items in the instrument are assigned codes which are then be entered into SPSS version 20 where they are analyzed. Quantitative descriptive methods will be used to analyze the collected data. In the analysis process, data is leveraged using descriptive statistics including measures of central tendencies that is measures of central tendency and the percentages where figures and tables are used to represent the data. The study sought to establish the turnaround strategies that influence the recovery of commercial banks under receivership programme in Kenya with referenceto Chase Bank. The study found that turnaround leadership such change of other senior management, the way of doing business and interaction with junior staff has made the recovery of the bank possible. The study also found that the engagement of stakeholders in key decisions during recovery process eases the recovery process as it reduces the level of resistance and opposition to the implementation of turnaround strategies from stakeholder's hence successful implementation of turnaround strategies. The bank has divested in non-profit generating assets to stop cash drain and in non-core assets/profitable assets to generate more cash to salvage financial distress and restructuring. The study further found that layoffs in the bank; closure of some branches and business units, reduction in short term assets such as debtors and selling of some business units has enabled the bank to reduce its operating costs. The study recommends that commercial banks under receivership programmes should pursue turnaround strategies to do so in cognizance of the factors that influence such strategies especially leadership, retrenchment, portfolio divestment and stakeholder management to recover to their initial financial feet.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporates in the world over have experienced insolvency and bankruptcy problems since time immemorial, culminating in major corporate failures despite rescue mechanism being put in place. Turnaround strategies have been prevalent in both developed and developing countries as a strategic tool for financially distressed companies with the hope to restore them back to profitability and facilitate total debt recovery. In defining Corporate Strategy, Johnson and Scholes research 2011 explained corporate strategy as the potential and the way an organization uses to collect its resources from different environments to satisfy the needs of the both parties that is the market and stakeholders' ambitions as long as they wish.

Nasieku (2006) on the other hand refers to administrative receivership as a process under which the charge holder, holding security by way of a floating charge, appoints an insolvency practitioner (IP) known as an administrative receiver to manage the assets, which are subject to a floating charge. At the end of the receivership the company can be returned to the directors and shareholders (successful receivership) or can be wound up (failed receivership) or the company can go into corporate voluntary arrangement.

With much government such as the UK and USA coming up with policies to ensure that firms facing liquidation or failure are rescued, the receiving companies ought to have proper mechanisms to bring these companies to their feet. In UK, the government introduced the insolvency act in 1980 to promote a rescue culture for companies, and an attempt to remove the stigma associated with personal bankruptcy. The Cork committee in 2002 that was given the position of responsibility by the UK authorities was involved in advising and encouraging the ongoing and getting rid of a debtor's business as much as they could. To facilitate those objectives, the UK government responded by introducing new mechanism on administrative receivership and Corporate Voluntary Arrangements (CVA) procedures in the Insolvency Act 1986. As reported by Lingard (1986), companies can be placed either into administrative receivership or re-organized under

CVA. From 1986 however, the continuity of the procedures has become low when an increasing trend has been experienced by many.

In early 1990's there was also concern that big number of authoritative receivership appointments were lacking recovery strategies, causing companies to fail unnecessary. This prompted the UK government to introduce real changes to indebtedness methodology in 2003, with the expectation that those progressions will help keep more organizations alive and out of the hands of vendors (Davies, 2004). However, despite the measures put in place to rescue these banks, South sea Mortgage and Investment Company Ltd of the UK is currently under liquidation. The situation is worse in USA with 51, 24, 18, 8 and 5 banks closed in 2012, 2013, 2014, 2015 and 2016 respectively (The Federal Deposit Insurance Corporation (FDIC, 2017).

Locally, Kenya has had very few success stories with administrative receivers indeed; our experience has taught us that once a company is put under receivership programme, it never returns to profitability. The best examples in this regard are the Kenya Co-operative Creamery (KCC) which was put under receivership programme on August 1999 (Kiveu, 2013), Rift Valley Textile East Africa (RIVATEX) in 2000 and Kenatco Taxis Ltd in 1996 which up to date have not returned to profitability. The same cases have been witnessed in the banking sector with Charterhouse Bank Limited and Imperial bank limited being put under receivership programme in 2015 (Otieno, 2016).

Foster liquidity attempt have led to use of various policies, strategies and tools, solvency and good operation of a firm financial system as a result of vibrant environment of operation. As a result of the main function of a developed banking system in our economy, it is necessary to identify turnaround strategies that can be used to bring back to life banks under receivership programme (Kiveu, 2013). Thus it is necessary and in order to identify whether turnaround strategies being implemented by receivers has any practical value to the recovery of the institution under receivership programme. Recent bank crisis emphasized the need to strengthen financial system.

Efficiency-oriented and entrepreneurial strategies are some of the two classified distinct recovery strategies opposed (Schendel *et al.*, 1976). Kiveu (2013) and Schendel *et al.*, (1976) further argued that the company should adopt efficiency-oriented recovery strategies if the experienced downturn is as a result of inefficient operations. The strategies are set to comprise of cutting the cost taking the reduction measures on assets. Changes need to be made in companies should there be irrelevance of corporate strategy to better suit the current new market by adopting entrepreneurial-oriented strategies, contended Kiveu (2013).

Other scholars on the other hand have a perception that turnaround process comprise of two main stages such as decline stemming and recovery strategies, this is according to (Pearce and Robinson, 1993; Arogyaswamy *et al.*, 2012). To stabilize the financial condition of a company, the undertaken activities include collecting support from the stakeholders, removing inefficiencies and ensuring firm internal climate and decision process of a company as some of the confirmed primary objectives of decline stemming strategy (Otieno, 2016). The seriousness of the troubled state and the asset slack accessible at last decides the degree to which the decrease stemming systems are connected and succeed. Once the organization's monetary position has balanced out, it must choose its recuperation methodology: regardless of whether it will keep on pursuing gainfulness at its diminished size or execute development arranged (entrepreneurial-situated) techniques (Otieno, 2016). The degree to which decay stemming systems are connected, and their prosperity, is affected by a few components including seriousness of the bothered state, firm size and free assets accessible (Kariuki, 2014).

The main deduction is that there is a wide variety of failure causes, and that failure is preventable. This has been done with the understanding that identifying the causes of failure early enough could be found to prevent the collapse or to reverse the situation. However companies under receivership programme continue to fail despite turnaround strategies being put in place. Thus this study is primarily concerned with identifying the turnaround strategies that influences the recovery of commercial banks under receivership programme in Kenya. The aim is to ascertain if implementation of these

strategies when the firm is under receivership programme can influence the recovery of the firm.

In 1996 Chase Bank was established as a result of acquiring 60% of the investments in the United Bank {Kenya}, followed by US\$ 1.23 million (95 million Kenya shilling). The bank had its head offices in Kisumu (www.chasebank.com). During that time United Bank (Kenya) was in a bankrupt stage and was lawfully administrated by the Central Bank of Kenya. Its asset was US\$1.9 million (The World Folio, 2014) and its paid up capital was then US\$ 970,000.

In 1997, a determination was come to migrate the bank's just branch, from Kisumu to Nairobi. From that point forward, Chase Bank (Kenya) has increasingly enriched its bottom line by developing its number of customers and increasing its productivity returns. As at December 2015, the branch network of Chase Bank stood at 57 (www.chasebank.com). The Bank offers a wide array of conventional banking services and sharia compliant financing products through its branches established in within Nairobi, Mombasa, Thika and Nakuru (The World Folio, 2014).

Chase Bank offers different accounts for youth, individuals and women. It offers banking services to Diasporas, experts, corporations and organizations, business people, elite clients, educational organizations, resource fund organizations, agribusiness, NGOs, SACCOs, chapels, and SMEs. The organization likewise offers on the web and portable keeping money, cash exchange administrations, and cards. Other than the managing an account business, Chase Bank has the accompanying auxiliaries: RAFIKI Microfinance Bank Limited and Chase Insurance Agency Limited (www.chasebank.com).

On April 7, 2016, the bank was put under statutory administration of Kenya Deposit Insurance Corporation (KDIC) by the CBK following what it named 'perilous money related conditions'. The liquidity issues that it confronted took after online networking reports after the venturing aside of two of its executives. The reports demonstrated that its benefits in 2015 tumbled to Ksh. 742 million from 2.3 billion out of 2014. The announcements likewise uncovered that non-performing advances had ascended from Ksh. 3 billion of every 2014 to Ksh. 11 billion of every 2015 (Irungu, 2016).

1.2 Statement of the Problem

Administrative receiverships have been prevalent in Kenya as a strategic tool for financially distressed companies. Ailing financial institutions are placed under CBK statutory management in the hope to restore them back to profitability and facilitate total debt recovery. However this has not happened and almost all those cases result into liquidation. Courage and at the same time look and for a way to protect their resources from damage by withdrawing them (Chesang, 2002). The same case is evident with chase bank based on Business Daily Newspapers report (2016) that; Chase Bank's true run started on October 13, 2015 with the placement of Imperial Bank under receivership programme. Right after Kenyans were made aware that a heist had taken place at Imperial, big institutional bankers at Chase Bank begun moving their money from the bank in what is referred to as a silent run, similar to the one that brought down Wachovia, USA's fourth largest bank holding company at the time.

International studies that have been undertaken on turnaround strategies include Haron et al., (2013) who inferred that the accomplishment of the corporate turnaround is inferable qualified for a compelling eldership style, brew to help as well as energize the representatives when rolling out improvements to the association's administration. Schoenberg *et al.*, (2013) highlights ways of that can be used to retrieve from corporate decline. This includes retrenchment strategies, portfolio divestment and stakeholder management. In his research on private companies Beerli (2009) says that successful changes are reached when strategies of retrenchment, repositioning and reorganization are made. Bessonov (2012) suggested that changes in top management, technology, and revenue and cost reduction measures are important strategies for turning around a financial institution.

Local studies that have been done on turn around strategies include Inyange (2014) study on changes used by the National Oil Corporation of Kenya to better their performance. The study found out that turnaround strategies implemented in the corporation was top management change, efficiency and operating strategy, expansion of retail outlets and employee retrenchment. Kamunde (2010) researched on turnaround strategies at Development Bank of Kenya Limited and established that the bank adopted top management change, stakeholder's involvement and increased efficiency. Njeru (2010)

undertook a study on turnaround strategies adopted by the National Bank of Kenya and found out that turnaround strategies used were efficiency oriented strategies which included reduction/omission of dividends, layoffs, replacement of top management, integration of surplus fixed assets, closure of branch business units, and sale of some business units.

The findings on the studies that have been undertaken on the turnaround strategies indicate that there is no study to the best of the researcher knowledge that has been undertaken on the turnaround strategies that influence the recovery of commercial banks under receivership programme in Kenya. This therefore leaves a major knowledge gap on how banking institutions under receivership programme can use the turnaround strategies to recover. It then contradicts this study's background as it is carried out to fill the research gaps by creating the effects of turnaround strategy on the recovery of commercial banks under receivership programme with a special focus on how turnaround leadership, stakeholder management, portfolio divestment and retrenchment strategies can be adopted by such institutions to turn them around to profitability.

1.3 Purpose of the Study

The purpose of this study was to establish the turnaround strategies that influence the recovery of commercial banks under receivership programme in Kenya, a case of Chase Bank.

1.4 Objectives of the Study

The objectives of this study are:

- i. To establish how turnaround leadership influence recovery of commercial banks under receivership programme in Kenya.
- ii. To determine the extent to which stakeholder management influence recovery of commercial banks under receivership programme in Kenya.
- iii. To establish how portfolio divestment influence recovery of commercial banks under receivership programme in Kenya.

- iv. To determine the extent to which retrenchment strategy influence recovery of commercial banks under receivership programme in Kenya.

1.5 Research Questions

The study was guided by the following research questions

- i. How does turnaround leadership influence recovery of commercial banks under receivership programme in Kenya?
- ii. To what extent do stakeholder management influence recovery of commercial banks under receivership programme in Kenya?
- iii. How does portfolio divestment influence recovery of commercial banks under receivership programme in Kenya?
- iv. To what extent does retrenchment strategy influence recovery of commercial banks under receivership programme in Kenya?

1.6 Significance of the Study

In Kenya the small banks continues to grapple with the problem of non-performing loans, reducing fixed deposits and stringent rules by the CBK. Therefore a study set up to determine the factors that influence the recovery of commercial banks put under receivership programme is hoped to document important information that can be used by all concern with the company rescue. While this study may be of value to any person interested in corporate rescue mechanisms in Kenya, it is hoped to be of particular benefit to the following;

The central bank of Kenya: there have been calls for more productive approaches to forestalling bank failures. As the country's banking sector regulator and supervisor, the central bank may be challenged to critically assess any rescue method before embarking on it.

Practicing accountants, auditors, official receivers and liquidators; it is hoped that the finding of this study may increase their understanding and knowledge of the subject enabling them to give better advice to both the going concerns and the failing cases. Such

advice may be in the form of identifying the appropriate recovery strategies to retain and attract new customers with the aim of improving banks operation instead of winding up.

The study hopes to provide an insight to the managers, directors, owners and investors in general on when to appoint a receiver during periods of financial distress and what their expectations could be without incurring liability for wrongful trading. The success of any recovery strategy largely depends on the support of all the stakeholders.

To academicians the study hopes to encourage more research into various aspects of organizations recovery strategies in Kenya and elsewhere. Such further research can be a step in the right direction of identifying the effectiveness of organization recovery strategies.

1.7 Basic Assumptions of the Study

The study assumes that the respondents were honest, exact and trustworthy in their responses to the research questions.

1.8 Delimitations of the Study

The study used the case of Chase bank and will particularly target management staff at chase Bank to give an insight into the strategies they have adopted to return the bank to profitability. The study was based on turnaround strategies such as turnaround leadership, portfolio divestment, stakeholder management, retrenchment strategies and how each has affected the recovery of the business. The motivation of the study was the placement of two commercial banks under receivership programme within a span of 12 months. With regard to Chase bank, the bank is still operating and therefore, it is possible to identify the strategies that have been put forth by the receiver company which is Kenya Commercial Bank to recover the bank to profitability.

1.9 Definition of Significant Terms used in the Study

Corporate Recovery: This is the change of state of a company from distress and financial crisis to a stable condition

Differentiation: This is a technique as one in which an item is not the same as that of at least one rivals in a way that is esteemed by the clients or somehow influences client's decision. A fruitful separation technique enables firm to procure over the normal returns.

Portfolio Divestment: Refers to the process of selling an asset for financial, social or political goals. Portfolio divestment as used in this study entails portfolio review, portfolio investment and re-investment decision, asset valuation and management models and portfolio analysis.

Product Development : This is a methodology in which the organizations develops new things centered to its present market segments by thinking about ways to deal with create by methods for existing things and new things, and in existing markets and new markets.

Repositioning Strategy: This is a methodology in which the firm changes a brand's status in the business focus. This customarily joins changes to the exhibiting mix, for instance, thing, place, cost and progression. Repositioning is done to remain mindful of customer needs and needs.

Restructuring strategies: This is a corporate administration term for the demonstration of redesigning the budgetary, administrative, and operational and resource structures of an organization to make it more beneficial or better composed for its present needs.

Retrenchment Strategy: Alludes to the way toward lessening at least one business operations with the view to cut expenses and reach to an all the more enduring cash related position. As used in the study, retrenchment strategies will involve strategies for cutting expenses, withdrawal from certain markets, discontinuing selling of certain products and services and strategy for liquidation.

Stakeholder Management: refers to the involvement of any individual, gathering or association that can influence, be influenced by, or see itself to be influenced by the state of the bank. With respect to this study, stakeholder management encompasses identification of stakeholders, their access and influence in the management.

Turnaround Leadership: This refers to the ability of a leader to turn the worst situation into an opportunity to rejuvenate the organization. As used in this study, turnaround

leadership refers to those leadership tenants such as capacity building and achievement measures/appraisals needed to transform low performing organizations to profit making ones which are able to sustain themselves in the unforeseeable future.

Turnaround Strategy: A procedure that takes an organization from a circumstance of poor execution to a circumstance of good maintained execution.

1.10 Organization of the Study

This study comprises of five different chapters with each chapter building on different parts in the development of the study for example, chapter one comprises of background of the study, problem statement, purpose of the study etc. chapter two of this study is based on looking at the theoretical reviews related to the subject of study. The theories include; stakeholder theory, resource munificence theory and the causality of distress theory. the chapter also reviews related literature arranged as per study objectives (turnaround strategies, turnaround leadership, stakeholder management, portfolio divestment and retrenchment strategy) and explained from global, regional and narrowing to Kenyan situation while identifying research gaps through local studies done, summary of the literature review and conceptual framework. Part Three spreads inquire about technique. It involves presentation, look into configuration, target populace, test size and methodology to be taken after amid inspecting, gear utilized amid information gathering instruments, steering, legitimacy of instruments, unwavering quality of instruments, information accumulation systems, information investigation procedures and moral contemplations. Part four spreads results and understanding of research discoveries and discourse. Section five incorporates Summary, conclusions and proposals of the examination.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the past review of related studies that have been done and theories advanced on turnaround strategies and receivership. The chapter reviews turnaround strategies, turnaround leadership, stakeholder management, portfolio divestment and retrenchment strategy which are meant to form a framework within which the research findings are interpreted. Its conceptual and empirical review will provide the literature necessary to show the reader how the study supplements the work that has already been done on the topic.

2.2 Recovery of Commercial Banks under Receivership Programme

The process of recovering the banks includes some steps that will result to a decisive way of manipulating the recovery. The introduction of a multi-disciplinary body is significant because that wider experience puts a large analytical perspective before a suitable decision is reached. The process of bringing back the banks starts from the large economic analysis of the business environment, found out by Schoenberg in 2013. This is because as much as a business may be properly run, without well thriving economic background, the demand for its products or services may not be there and this may greatly affect the profit of the company. Looking into the external business therefore meant to be part of the diagnostic function of it of the specifying the effect that the macroeconomic and socio-political environment may have had on the business (Slatter, 1984).

The retrieving team will dwell on the microanalysis after looking into the external environment of the firm in form of SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the company. The company is then given the program and how this makes it apply for its requirements while looking forward to the achievements of its dreams that is (Morrow, Hitt and Holcomb, 2007).

The recovery team might look into the impact that managerial conclusions have made and the percentage of their contribution to the current problems. The larger and the smaller environment analysis help to place a complete picture for example by realizing

the chances the bank has had and its response to the same. Additionally the internal process that a firm adopts might affect the effectiveness that is needed and the intensive analysis at the inter-sectorial levels aids to place the current problems in viewpoint. Chase Bank has taken both internal and external measures to full recovery under the receiver bank; KCB (Irungu, 2016). Through the new management, the bank has been able to resume her usual operations including lending to her customers. It is thus important to note that the bank has been able to attract customers. However, what is not known is whether this move will lead to full recovery of the bank.

2.3 The Concept of Turnaround Strategies

Changes made is the key to get profit from a loss; (Khandwalla, 2001) the general aim of the changes is to retrieve a low performing company to its typical gauges as far as acknowledgment levels of productivity, dissolvability, liquidity and income. The changes should be pursued when the value of the change is exceeding the value of liquidation or the value of the business on a hardship sale basis as explained by Meridian Group (2007). The type of change is defined as a big bang by Johnson *et al.* (2005) the emphasis is on the rate of change in the cost reduction followed by generation of revenue.

According to Corporate Renewal Solutions Limited (2007) turnaround strategy is based upon three major components namely managing the turnaround, stabilization of the distressed company and funding or recapitalization. Managing the turnaround is divided into stakeholders' management and turnaround project management. Without a leader and aligned leadership team who can mobilize the organization around a convincing turnaround desire and implement the procedure, the turnaround is probably not going to get off the ground. Johnson *et al.*, (2005) points out that the turnaround leader ideally should be new backed with turnaround management experiences enabling him or her to win stakeholders confidence and bring in a different approach to the way the organization operates. Stakeholders' management entails advocacy to retain or regain stakeholders support through proper communication and consultation. While turnaround executions remains part of managers day to day job, it is best managed as a project so as to focus attention on the task at hand (Corporate Renewal solutions limited, 2007). Rigorous

project management is required to ensure that work streams meet their cost, time and resource targets.

The second component comprise of making the deteriorating companies stable and is by protecting the existence of a company business however short it might be. Teach is required to deal with the complexities of timing, assets required and cost related with the different exercises constituting the arranging and execution of the turnaround. Third component being the funding of the company, a deteriorating company basically faces various financial issues. It needs fund to achieve both the turnaround restructuring costs and the short term commitments during the crisis. Capital for trade creditors, recovering cost for the professional services and reducing of costs are some of the uses of the fund. The balance sheet should be maintained to keep off insolvency and some of excessive gearing that need to be corrected. Refinancing therefore entails the introduction of new funds in the form of loan and replacing the previous capital structure viewed by the Corporate Renewal Solutions Ltd, 2007.

2.4 Turnaround Leadership and Recovery Commercial Banks under receivership programme

Authors are giving their views on the changes made to the administrative teams are helpful moves towards archiving a successful recovery. Turnaround leadership are observed as a way of retrieving supporters' trust later on of the association, henceforth guaranteeing their proceeded with help (Castrogiovanni *et al.*, 1992; Arogyaswamy *et al.*, 2012). Stakeholders are able to provide new views or understandings of what leads to deteriorations of the companies and the way forward that the companies might use to reveal organizational changes. The most important actions taken by recuperated firms was to roll out improvements to their driving overseeing group, since in many events the official administration was not ready to or prepared to roll out the improvements important to hold the decrease.

The progressions made on the association's CEO is regularly done ahead of schedule in the turnaround procedure, and sometimes it uncovers how much the organization is in a bad position and responses towards the issues ought to be instantly taken (Stopford and Baden-Fuller). Chief change is essentially associated with the organizations in hardships

and reports are made that the turnaround conditions 75% of the CEOs named are not organization individuals (Kesner and Dalton, 1994).

According to (Njeru, 2010), Substitutions made in administration indicates a signal of change, to not only the observers but also the employees. Substitutions made in administrative positions actually most of the time is made by the Board of Chairmen are out of pressuring groups who are investors (Sudarsanam and Lai, 2001). (Boyne and Meier) The changes indicate that the present situation is not tenable anymore and the company is ready to make a change and the turnaround process has begun. Fanny enough is the research about the charismatic leadership; it reveals to the external observers that the little nearness of a magnetic pioneer can secure the questions about the survival of an organization and in addition empowering workers towards conferred and centered endeavors amid intense circumstances.

Barker (2011) directed an examination on turnaround administration with particular reference to how three fruitful pioneers pivoted their schools. The point of this examination was to recognize the initiative qualities that empower an essential to 'beat the chances' in pivoting a declining school. Three grade schools were chosen through purposive testing as speaking to schools that had conquered a time of decrease. Sell's indicators of decay (2008) and Education Review Office reports were utilized to affirm the qualification of each school for this examination. Multi-contextual analysis system was chosen as proper for subjective information gathering and examination. Information was gathered utilizing semi-organized meetings with three partners (a staff and board part and the school central) from each school. The investigation found that fizzled schools took after a continuum from progress through to declining to disappointment. Decay started in light of the fact that principals neglected to perceive and address regularly expanding issues. The most vital inner mediation that was actualized in every one of the three schools to move from disappointment as well as decay to change was guaranteeing that the correct authority was set up. These principals trusted that all kids can learn and succeed and that joint endeavors increment the energy of positive communications and are essential for progress. Tragically, every one of the three principals in this exploration

discussed an unwillingness to handle turnaround once more. Future changes have much to gain from their accomplishments.

Arif Rebi and Arifine (2016) did a conceptual review on turnaround strategy from the perspective of strategic leadership. This article explored the nature of the leadership practice, its impact on strategic alignment around performance measures and targets; and the reverberations into organizational culture. The researchers revealed that the success in implementing this strategy is determined by leader's factor. The specific leader's characteristics which are needed to successfully implement turnaround strategy were found to be functional and educational background, tenure, age and international experience.

Belias and Koustelios (2014) who directed an investigation on the effect of administration and change administration system on hierarchical culture contend that, there are many endeavors to portray "authoritative culture. The investigation uncovered that authority is connected with progressive culture, chiefly through the systems of articulating a fantasy, and to a lesser degree through the setting of tip top wants and giving individual help to workers. As needs be, the examination prescribed that the best approach to pick the right approach to manage change in activity organization methods is to know how affiliations function. As social systems including work, people, formal and easygoing structures, affiliations are impenetrable to change and expected to execute the impact of tries at change.

2.5 Stakeholder Management and Recovery of Commercial Banks under receivership programme

In the current corporate world, the high level of awareness among the stakeholders dictates that organizational leaders must implement change processes which satisfy the interests of those groups who have a stake in the business. On the global front, Smith, Ansett and Erz (2011) analyzed the importance of stakeholder engagement in management of the organization to organizational growth. They argue that involvement of suppliers, customers, shareholders and employees in change management eases the recovery process by reducing the level of resistance and opposition to the implementation of turnaround strategies.

The relationship between the organization, workers and the stakeholders should be created by the management Hashim (2014). It puts across the important issues of governance within organization, work of the employee and the role of the stake holders, in all manners of decision making in the organization. Duties of the stakeholders affect the company's decisions basing on the moral and social appearance and is seen as complex in a large economy supported by a neo-liberal philosophy basing on the diversity and difficulty of the issues, stuffs and organizations at large as seen from Rajabu, Marthandan and Yusoff (2015)

Macharia's study (2011) on the Partners' inclusion in the achievement of system execution among open optional schools in Kenya, found that Stakeholders involvement led to the achievements of larger support on how to carry out the organization's plans, how to solve its problems during implementation phase and the success behind the laid plans since the schools involved the stakeholders. Stakeholder management is therefore critical in implementation of turnaround strategies if indeed the organizations intend to recover to her normal status.

Mathenge (2010) studied internal stakeholder involvement in strategic decision making at Kenya Commercial Bank Ltd. According to the findings, KCB had endeavored to incorporate the views of all its internal stakeholders which led to successful implementation of most of its strategic plans. This involvement of the internal stakeholders had also enabled the bank to increase its market share by developing products and services that meet the needs of various cadres of customers.

Hansson and Sylvander (2013) did an examination on Teeing off Stakeholder Management with reference to Golf Clubs. The reason with this exposition was to clarify how partner administration hones impact authoritative result in non-benefit associations. The investigation utilized a cross-sectional research configuration was utilized. The quantitative technique picked was an online self-fruition overview conveyed by email, which was disseminated to the aggregate populace of Swedish golf clubs. The investigation found that the partner administration process decidedly influences the accompanying measurements of notoriety; quality, and perceivability. The associations moral personality had a critical contrary relationship to the quality and perceivability

measurements of notoriety. The partner administration procedure did not altogether influence any measurements of notoriety. Partner administration in general had impact on engaging quality, quality and perceivability measurements of notoriety. In any case, given that the examination was just restricted to one industry, the outcomes can't be summed up to different populaces.

Aketch (2013) did a study on stakeholders' involvement in change management at Kenya Power And Lighting Company Limited. The study sought to know how these changes were managed in terms of stakeholder involvement in the processes. The study adopted a descriptive study design. The study collected data using interview schedules. The study found that the stakeholders in KPLC were involved through giving their feedback to the management on the change process and developing of sound procedures necessary to ensure that the changes are effective. The stakeholders were also involved in the piloting phase before the change is rolled out and in giving their views and feedback through meetings. This study is limited in a way that, there was an imbalanced involvement of stakeholders in all the phases of change since there was no involvement of staff in the design phase of the change process. The present study seeks to establish the influence of involving the stakeholders in in all aspects of the recovery process of Chase bank

Okech (2014) looked into on partners' inclusion in methodology advancement in state enterprises inside the seaside district of Kenya. The general point of this examination was to survey partner inclusion in technique advancement among the State Corporations in the Coastal area in Kenya. The particular goals were to decide the degree of partner contribution in the system advancement process and to set up factors impacting the partners' association in the procedure improvement procedure of State Corporations in the Coastal locale. The exploration utilized an engaging review outline which went for surveying degree of partner association in methodology advancement. The information accumulation device utilized was a poll with shut and open-finished inquiries guided by the substance of the writing audit and went for accomplishing the set goals. The study revealed that the State Corporations involve their stakeholders in the strategy development process. The study also established that the firms consider various factors in deciding the level of stakeholder involvement in the strategy development process. In this

study, the study only focused on whether state corporations involved their stakeholders in strategy development and not how their involvement affected the institutions' objectives. This study bridges the literature gap by establishing whether stakeholder involvement strategy influences the recovery of declining institutions and to what extent is the influence to the institution.

2.6 Portfolio Divestment and Recovery of Commercial Banks under receivership programme

Portfolio divestment is viewed as essential for turnaround where there is feeble key wellbeing or potentially the firm is in extreme pain, this is as per (Hofer, 1980). Divestment of backups or divisions is canvassed in portfolio divestment. At this level, the point might strip non-benefit creating resources and stop money deplete, non-center resources or even productive resources with the point of creating more money to rescue monetary trouble and rebuilding.

Cost efficiency drive is always immediately followed by the portfolio divestment. It is the role of divestment strategy to detect if the efficiencies of the underperforming firms can be made or whether complete divestment of assets is best other than allowing the continued operation of the firm at its weaker level than rest of the firms (Morrow *et al.*, 2007). In some studies, it is indicate that implementation of divestment can only be if only cost efficiency strategies do have less impact in stabilizing the finances of the firm, but in most of the cases it is natural second step following cost efficiencies (Kiarie, 2009).

Significance of benefit divestment as a piece of turnaround methodology relies upon the capacity of the firm to at any transfer produce income (Filatotchey and Toms, 2006). As this dared to be dependably the case, yet there can be huge encompassing straightforward transfer and money age because of advantage specificity, liquidity in the second hand market and leave hindrances (Filatotchy and Toms, 2006). Watchful venture is constantly expected to guarantee that proficiency funds will subsequently be associated with the transfer of maturing resources and their supplanting with new and cutting edge partners will be more than cover the speculation and usage cost (Sudarsasanam and Lai, 2001).

Decisions concerning divestment are inevitably difficult. Future strategic options will be compromised in the asset sales by some risks while equally, some necessities may be available to help in the generation of cash and have effect in reducing losses. It is concluded in one study that survival appears to be primary guideline for decision making in situations like this and the need to increase bleeding (Gopinath, 1991). The most common turnaround strategy is divestment of subsidiaries by all and smallest firms (Slatter, 1984). A good example in this case is Japanese firms in performance decline where it was found that asset contraction contributed to important improvement in the operating income or assets (Shivdasani, 1997). This study therefore evaluate whether sales of assets such as divestment contributed to turnaround of firms' financial distress.

Njuguna (2010) investigated the effects of performance on divestiture strategy in the Kenyan oil industry. The purpose of this study was to extend the current understanding of business divestiture by investigating effects of performance on divestiture strategy and the relationship between divestiture strategy and firm performance. A descriptive census survey was carried out amongst twelve managers from the five major oil companies that have divested from the Kenyan market and the energy regulatory commission. The study established that firm financial performance is the strongest predictor of divestiture because of dwindling return on investment, low profit margins and high working capital requirements due to upfront payment of duties and compliance to safety standards. The study does

Njeru (2010) investigated the turnaround strategies adopted by the National Bank of Kenya. The study sought to answer to the following research questions: what turnaround strategies were used by the National Bank of Kenya? What influenced the choice of turnaround strategies? To achieve this the study adopted a descriptive design. The target population was the 42 tactical and corporate managers. Only 34 finally took part in the study. The findings revealed that the turnaround strategies used were efficiency oriented strategies which included reduction/omission of dividends, layoffs, replacement of top management, integration of surplus fixed assets, closure of branch/business units, divestment in some areas, and sale of some business units. The findings revealed that the most significant factors were cost cutbacks, technology, retrenchment, profitability, bank

size, senior management turnover, free assets, and severity of financial distress, capital structure, bank relationship, block shareholding, managerial shareholding, and leverage. The study concludes that the turnaround strategies are managerial restructuring, operational restructuring, asset restructuring and financial restructuring. The study also concludes that the factors significantly affected turnaround strategies adopted by the bank. The study recommends that companies wishing to turnaround should focus more on operational restructuring, asset and financial divestment as strategies than focus on managerial restructuring.

Kinanu (2016) conducted a research on project portfolio divestment practices on performance of County Governments: the case of Nairobi County, Kenya. This examination tried to build up the impact of task portfolio divestment hones on execution of Nairobi County. The plan of this examination was an engaging overview look into. The populace for this examination made out of 13 top level supervisors, 41 center level administrators and 102 low level directors of Nairobi province government. Stratified proportionate irregular examining system was utilized to choose the example of 111 respondents. As per the discoveries of the examination, it was that portfolio investigation influence execution of Nairobi County Government. Portfolio analysis ensures good portfolio balance that enables the organization to achieve both growth and profit objectives

2.7 Retrenchment Strategy and Recovery of Commercial Banks under receivership programme

The aim of retrenchment strategy is to cut operating costs. In the times of hostility, the business decision makers sought to focus on the business survival other than long term objectives (Heggde and Panikar, 2011). Retrenchment is chosen by many businesses with a belief that it is easier to reduce the costs other than generating additional revenue. Strategies of retrenchment, repositioning and reorganization characterize successful turnaround as suggested by (Beeri, 2009). The companies that are at the verge of failing and apply more of these strategies perform better in the long run. Reducing the number of employees and thus the cost is part or turnaround strategy. One of the key roles of

retrenchment is the provision of stable base from which to launch a recovery phase of well-established turnaround process.

Regardless of the way that protections have ended up being standard regulatory system in numerous affiliations, their practicality in growing definitive profitability is vague (De Meuse, 2004). Particular theories are isolated, and ask about disclosures clashing (Krasz, 2004). In like manner, positive and negative results must be investigated as the purpose behind a more broad research question: when and under which conditions does decreasing improve business execution, and is the change viable?

It has been acknowledged that preservation diminishes costs and reworks shapes following in upgraded forcefulness and advantage (Cascio, 2002). Redoing happens when the purifying of futile various leveled layers engages an accentuation on focus capacities and extended yield (Krasz, 2004). A less greasy levels of leadership may similarly diminish trivial costs (Cameron, 1998). Along these lines, positive legitimate results are at last conveyed in the association's money related execution.

The key purpose behind conservation is to diminish costs as administration tries to expand effectiveness (Cascio, 2002) and business targets can be best accomplished with less workers. Cascio propelled a few techniques, especially a cost authority procedure which empowers the association to build return on deals, or to expand piece of the overall industry through forceful costing. Following staff lessening the organization can change the less fatty cost structure into upper hand by expanding benefit or bringing down costs, which will be communicated in expanded piece of the pie. Organizations that save hope to expand their incentive to their investors by either decreasing expenses or expanding incomes.

Administration trusts that future expenses can be foreseen more than future incomes, and that wage costs are settled expenses. In this way, slicing costs through cutbacks is a sure thing for expanding productivity, and therefore raising offer esteem (Redman and Wilkinson, 2009). Also, investors are relied upon to respond positively to scaling back declarations albeit as of late, Cameron (1998) has demonstrated that conservation declarations have a general negative impact on securities exchange costs. By and by,

reductions impart streamlining and raise desires of a future development in benefits. A positive reaction will be communicated in an expansion in investor returns and should upgrade the organization's engaging quality to financial specialists (Cascio, 2002; De Meuse, 1994).

Ochieno (2013) analyzed the impact of conservation on authoritative execution in view of an examination led at the Telkom Kenya, Eldoret Branch over a 5 year time frame. This contextual investigation used survey as an information gathering apparatus to gather the data. The examination discoveries showed a positive change at Telkom Kenya with enhanced administration conveyance with presentation of new remote innovation and new brands that were focused in the market in the Kenyan market. Organization income drift examination of documentaries showed that Telkom Kenya money related execution had for the most part developed on a genuinely upward pattern. The outcomes from the investigation additionally uncovered that the new Telkom Kenya items had gotten a generously decent appraising (76%) in the market contrasted with different items and administrations from contenders, for example, Safaricom and Airtel.

Tansey (2016) led an investigation titled "From Crisis to Opportunity: Turnaround Strategies of Large Irish Construction Contractors amid the Period 2007-2015". To address this examination hole, five exploratory contextual investigations of continuous PhD think about were utilized to look at the turnaround methodologies of development temporary workers amid a time of monetary constriction and development. The discoveries demonstrate that, in spite of the fact that conservation is regularly thought to be a fleeting methodology, this is obviously not the situation; with the dominant part of temporary workers keeping up the technique for 6-7 years. Amid a similar period, internationalization ended up noticeably basic, with the turnaround procedure moving towards key reorientation that modified the organizations' market area. The contextual investigations additionally recommend that key and operational activities resound great with contemporary practice-based ways to deal with system making. The discoveries give profitable help to development temporary workers in managing authoritative decay and in building up an effective turnaround reaction.

Schoenberg, Collier, and Bowman, (2013) did a survey and blend on methodologies for business turnaround and recuperation. The examination looked to distinguish which turnaround and recuperation techniques have been compelling verifiably, in light of the confirmation gave by past observational research. From the assessed writing, the examination uncovered joining in the discoveries of the earlier investigations. Six successful turnaround procedures were reliably recognized. Four of these relate to the substance of the turnaround, to be particular cost efficiencies, asset protection, an accentuation on the organization's inside activities and working for the future and two relate to running with change frames required for use: rejuvenation of firm specialist and culture change. Be that as it may, learning on business turnarounds stays constrained on the components associated with each of the six powerful turnaround procedures recognized. The ebb and flow think about along these lines has broadly explored conservation procedure and its application in the ebb and flow monetary condition in order to offer professionals a confirmation construct see in light of powerful business turnaround and recuperation techniques, notwithstanding giving analysts an open survey of the current writing.

2.8 Theoretical Framework

This section presents a theoretical review on turnaround strategies and institutions in financial distress. There are three specific theories are presented here. These are stakeholder theory, resource munificence theory and the causality of distress theory. The following is a discussion on each of them.

2.8.1 Stakeholders Theory

It is stipulated in the stakeholder theory that organization is a social construction made of interaction of different stakeholders. According to (Mersland and Strom, 2009a), organization is anticipated to take the center of network of stakeholders, a complicated channel where services such as influence, information and other resources are exchanged. Further, it is added in the theory that the values of organization are only created when the needs of the stakeholders are met in a win-win fashion (Harrison *et al.*, 2007). The category of individuals who have a stake in a given organization brings the concept of stakeholders. Concept's modern use refers to applicant towards whom an organization

has fiduciary responsibility, this is according to (Valor, 2005). Those people or individuals who have the influence or are affected by the organization's activities is referred to as stakeholders (Freeman and McVea, 2001).

Stakeholders are further differentiated in many ways. There are two categories regarding effects which are primary and secondary stakeholders. Those who are directly affected either positively or negatively by the actions of an organization are referred to as primary stakeholders. Their participations and support are vital for the organizations' survival. The group of primary stakeholders include; investors, shareholders, employees, suppliers and customers. On the other hand, secondary stakeholders are groups of individuals or organizations who influence organizations' actions indirectly or can be affected by the same actions indirectly (Matten and Crane, 2005). Although the secondary stakeholders can greatly affect the benefits of organizations, they are important in the organizations' operations (Freeman *et al.*, 2001). They are comprised of the public groups such as the community.

Managers and employees are the internal stakeholders since they belong inside the organization. Groups that are outside the organization and have impact on the organization's survival are referred to as external stakeholders (Baraldi *et al.*, 2007). They comprise of the customers, government agencies, suppliers, local communities and the unions. Stakeholder theory is not only concerned with the internal stakeholders that have form center and become obligatory but also the external stakeholders whose effects are either social or political (Baraldi *et al.*, 2007). According to Donaldson and Preston, 2012; Payne *et al.*, 2005), they stated that all the categories of the stakeholders have the same authentic values and interests and that interdependency exist between them and organization. Acknowledging the importance of relationship between organizations and stakeholders, it is important and formal mechanism to include stakeholders and have them represented in on organizations' board (Firer and Mitchel, 2003; Hillman and Kiem, 2001). As observed by (Clement, 2005), stakeholder groups represented are both authentic and powerful and also forms part of dominant coalition of organization.

In the recovery of the organizations, the stakeholder theory gives important insight as to why stakeholders have the authentic values. Due to this therefore, the stakeholder theory is wholly concerned with authentic values, the equal interests and mutual dependency between the stakeholders and organizations.

2.8.2 Resource munificence theory

Resource munificence theory is explained to mean the abundance or scarcity critical resources that are required in the operation of venture, this is according to (Castrogiovanni, 1991). At advanced states of failure, firms try turnaround especially when they face immense resource scarcity. Levels of free assets (Munificence) are largely dependent on the past decisions and lessons from the history of the organization (Smith and Graves, 2005). Severity of preconditions for the turnaround factor is a critical factor and is important in the determination of the intervention's success. Above all, resource slack stands to be the main determinant of severity of both the failure and the chosen turnaround options in response. It is suggested in the unabsorbed resource slack that the capability to borrow finances and the capability to generate cash from the assets in the firm gives the firm capability and time to react with recovery strategy (Burke-le Roux and Pretorius, 2017).

Death of the firm can easily be determined by the reduced capital in the organization. It is difficult for a firm to avoid declining if the lowest organization's capital threshold cannot be met. The ability to implement strategic change in declining firms is affected by the level of firm resources at the time turnaround is attempted. It is always a problem to react to a decline and at the same time maintaining adequate resources since the firm's resources over time is destroyed in the decline process. Additionally, according to (Pretorius, 2006), resource munificence is not only financial in origin, but also management, human capacity and also party to resource munificence that is considered the center of turnaround situation. This theory therefore forms part of the study as it will help the study in understanding the management, stakeholders and the banks resources in implementation of turnaround strategies to save the bank from falling.

2.8.3 Causality of the distress theory

According to (Robbins and Pearce, 1992), they stated that the cause of drops and failures has often been categorized as either operational in nature or strategic. Business can easily react to cost relationship pressure, managerial deficiency, inefficiencies and incorrect resource application which are all categorized under operational problems. As opposed to this, other problems such as change of technology governing the demand and determinants, loss of competitive advantage, wrong positioning of the business in the market which are all vulnerable to the influence by the external factors that are obscure to the decision makers are all under strategic causes (factors). External environment and strategic factors have a close relationship thus the response of the firm towards such environment changes making the strategic causes being in need of fast actions.

In trying to understand the strategies employed by chase bank to recover from her financial distress, it is important to first have an understanding of the causes of financial distress that put the bank under receivership programme. For the turnaround strategy to be effective, the main problem of the firm leading to decline has to be identified and addressed so that the decline can be reversed. The failures as a result of strategic causes are seen to be more severe than those emerging as a result of operational weaknesses on the turnaround situation in a broader generalization. The legitimization is that the operational preconditions can without much of a stretch be redressed towards progress desire, then again, key preconditions require directional change and the high-hazard desires regularly connected with new pursuit creation portfolio divestment and conservation. A serious effect will be acknowledged from an impulsive decision of new methodology by turnaround administrator on potential recuperation than imprudent operational choices will make (Francis and Desai, 2005).

2.9 Conceptual Framework

As shown in Figure 2.1, aspects of turnaround strategies influencing recovery of Chase bank. Below is the diagrammatic relationship represented by the independent and dependent variables.

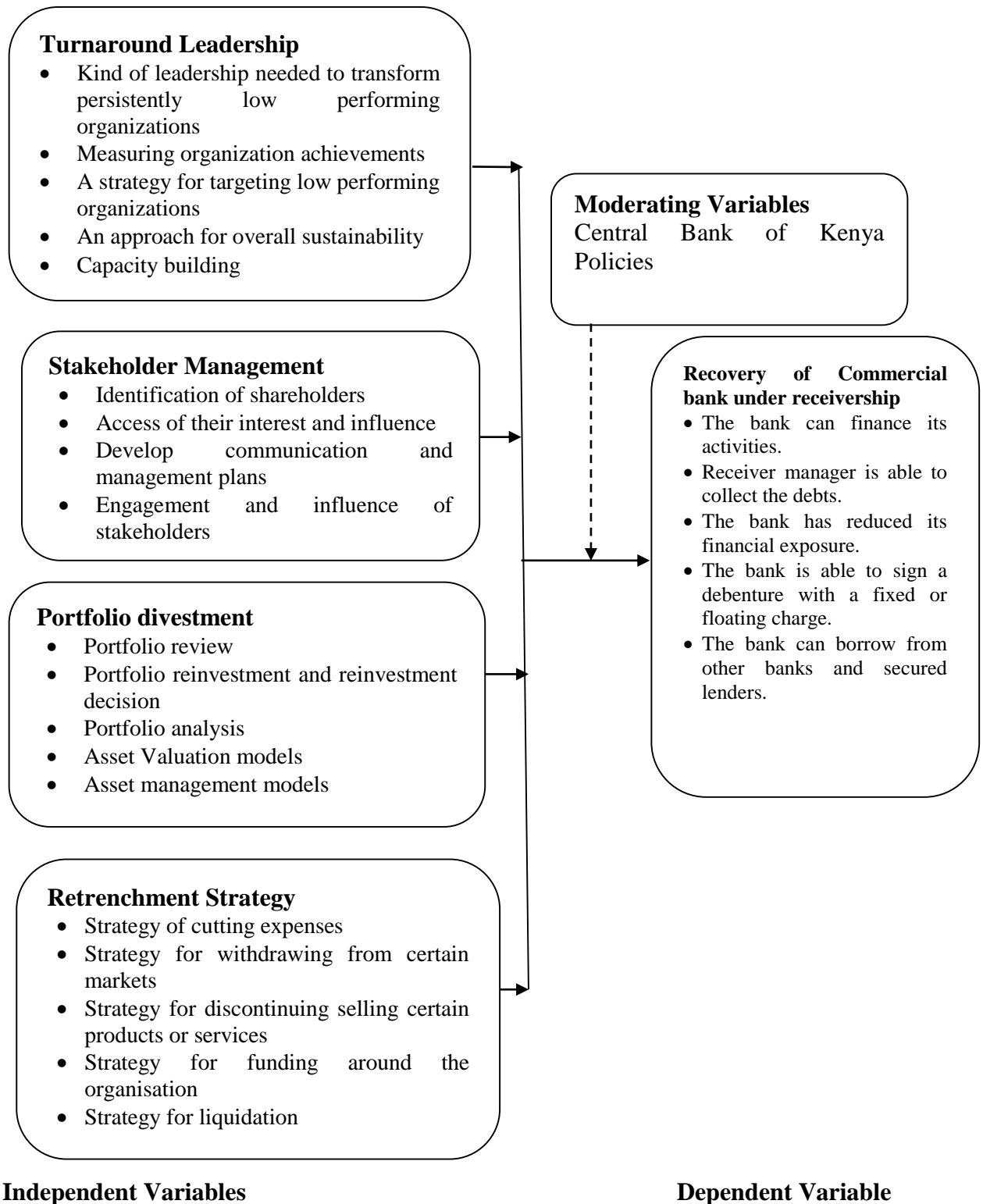


Figure 2. 1: Conceptual Framework

2.10 Summary of Literature

The distress theory, stakeholders' theory and resource manifest theory are all utilized in this study. Theoretical insight and conceptualization of the relationship that exist between dependent and independent variables is provided by the three theories. The financial sector in Kenya have had policy changes that have resulted to change in the overall objectives of the turnaround strategy that was aimed at restoring the distressed or underperforming commercial banks and in particular small banks which have been greatly affected by the capping of the interest rates towards achieving profitability, solvency, liquidity and cash flow.

Turnaround leadership strategies have been reviewed by the study where a change like leaders spurring employees towards committed and focused efforts in the hard times. In the review, it was revealed that the companies take such moves since the current management was either unable or unwilling to bring necessary changes to deal with the failure.

Retrenchment strategies was also reviewed to be a key strategy that if well applied by commercial banks under receivership programme can help them in cutting operating costs so as to provide a stable base from which to launch a recovery phase of the turnaround process. According to Arogyaswamy *et al.*, (2012), in order to stand the competitive edge and in turn to meet the customers' requirements shift in the organizational structure from the current to what it should be is by corporate strategy known as downsizing.

The study also reviewed portfolio divestment of assets and subsidies and retrenchment of staff as the necessary short term strategies that a company can implement to recover as reviewed in the literature, it was indicated that companies opt to divest underperforming areas of the organization to detected whether the efficiencies can be made or to deprive the assets fully instead of letting it keep its operation at the unsteady level of the firm.

The study also reviewed that stakeholder involvement is key in providing broader support in the implementation of the turnaround strategies and collaborative problem solving during the implementation phase for a quick recover to normal status. Stakeholder

engagement has major contributions such as implementation of the organizations strategies, collaborative problem solving during the implementation phase.

2.11 Matrix for Empirical Literature

variable	Author (Year)	Title of the Study	Findings	Knowledge gaps
Turnaround leadership	Arif Rebi and Arifine (2016)	Turnaround methodology from the point of view of Vital administration: reasonable audit	Success in implementing this strategy is determined by leader's factor. The specific leader's characteristics which are needed to successfully implement turnaround strategy were; functional and educational background, tenure, age and international experience	The review was based on research from different fields which may not apply to the banking industry especially banks under receivership programme
	Njeru (2010)	Turnaround strategies adopted by the national Bank of Kenya	The findings revealed that the turnaround strategies used were efficiency oriented strategies which included reduction/omission of dividends, layoffs, replacement of top management, integration of surplus fixed assets, closure of branch/business units, diversification in some areas, and sale of some business units	The bank under investigation has not been under receivership programme and the findings cannot be applied by companies under receivership programme
	Belias and Koustelios (2014)	The effect of initiative and change administration procedure on hierarchical culture	Authority is related with authoritative culture, fundamentally through the procedures of articulating a dream	The study focuses on organizational culture and not how leadership strategies influences recovery of failing institutions
	Kimutai (2010)	The turnaround strategies adopted at Telkom Kenya and the challenges the company faced during the	causes of business decline range from stiff competition, system vandalism, poor management and leaderships, obsolete network infrastructure, and slam in the	The study did not capture the influence of turnaround project management in implementation of turnaround strategies.

		implementation process	global economy	
Stakeholder management	Nasieku (2006)	Variables that add to the disappointment of authoritative receivership; the instance of business banks and nonbanking money related foundations in Kenya	Measures are constantly disappointed because of absence of organization partner's Support. Collectors are likewise not all that pillared in Kenya and the procedure of regulatory Receivership is seen to be a costly occasion that crushes a business. Moreover, some organization disappointment causes, for example, political obstruction, are past the forces and abilities of the collector administrators.	No recommendation on the recovery as the study only focused on those factors that lead to failure of financial institutions under receivership programme
	Macharia study (2011)	Partners' inclusion in the accomplishment of technique usage among open optional schools in Kenya	Stakeholders involvement led to the achievements of larger support on how to carry out the organization's plans, how to solve its problems during implementation phase and the success behind the laid plans since the schools involved the stakeholders	The study focused on public institutions which are not affected by the emerging macro-economic factors as in the banking industry. The stakeholders in the two sectors are different and therefore the findings of this study may not apply to the stakeholders in the banking industry
	Mathenge (2010)	Internal stakeholder involvement in strategic decision making at Kenya Commercial Bank Ltd	The bank realized successful implementation of most of its strategic plans The bank increased its market share	The study only focused on internal stakeholders who are mostly the employees. This study seeks to incorporate the role of all the stakeholders at all stages in the recovery of the bank.

	Hansson and Sylvander (2013)	Teeing off takeholder Management: An instance of Golf Clubs	partner administration process emphatically influences the accompanying measurements of notoriety; quality, and perceivability The associations moral character had a critical negative relationship to the quality and perceivability measurements of notoriety	The study was only limited to one industry, the results cannot be generalized to other populations
	Aketch (2013)	stakeholders' involvement in change management at Kenya Power And Lighting Company Limited	stakeholders in KPLC were involved through giving their feedback to the management on the change process and developing of sound procedures necessary to ensure that the changes are effective	there is an imbalanced involvement of stakeholders in all the phases of change since there was no involvement of staff in the design phase of the change process
Portfolio Divestment				
	Njeru (2010)	Turnaround strategies adopted by the national Bank of Kenya	The findings revealed that the turnaround strategies used were efficiency oriented strategies which included reduction/omission of dividends, layoffs, replacement of top management, integration of surplus fixed assets, closure of branch/business units, diversification in some areas, and sale of some business units	The bank under investigation has not been under receivership programme and the findings cannot be applied by companies under receivership programme
	Njuguna (2010)	Effects of performance on	Firm financial performance is the strongest predictor of	The role of portfolio divestment in the growth or

		divestiture strategy in the Kenyan oil industry	divestiture because of dwindling return on investment, low profit margins and high working capital requirements due to upfront payment of duties and compliance to safety standards	recovery of the underperforming firm is not clearly brought out
	Kinanu (2016)	project portfolio management practices on performance of County Governments: the case of Nairobi County, Kenya	Portfolio analysis ensures good portfolio balance that enables the organization to achieve both growth and profit objectives	The findings of this study does not offer insight on how other institutions like those in the banking sector can divest their portfolios to achieve higher performance.
Retrenchment strategy	Tansey and Spillane (2016)	From emergency to circumstance: turnaround techniques of substantial irish development contractual workers amid the period 2007-2015	In spite of the fact that conservation is frequently thought to be a fleeting methodology, this is unmistakably not the situation; with the dominant part of Contractors keeping up the system for 6-7 years.	The study was only anchored on retrenchment as the short term recovery strategy. This study encompasses the leadership and stakeholders role in turnaround
	Ochieno (2013)	Impacts of Retrenchment on Organizational Execution at the Telkom Kenya, Eldoret Branch	There was noted huge change in work execution, work adequacy and effectiveness among the representatives following the conservations. Money related execution has been noted to have made strides. This monetary change might not have taken	Though findings show positive results for retrenchment strategy, its applicability to a firm that has been put under a new management.

			the organization to the benefit making state yet has figured out how to get it out of the misfortune making pattern it had been seeing before the conservations.	
	Schoenberg <i>et al.</i> , (2013)	Systems for Business Turnaround and Recovery: A Review and Synthesis	cost efficiencies, resource conservation, an emphasis on the company's center exercises and working for the future and two identify with going with change forms required for usage: revitalization of firm authority and culture change which uncovered merging in the discoveries of the earlier studies	The consider was led in another nation whose vital approach and monetary balance is not the same as that of Kenya

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section gives the depiction of the strategies which the analyst utilized as a part of the investigation to gather information, the procedures that were followed in doing the exploration, the techniques, the examination and elucidation of information that was accumulated from the field. (Mugenda & Mugenda, 2003) stated that the research methodology comprises of gathering data, proportion of the population and the population, the process of sampling data, the instruments for data collection, validity and reliability of the instruments, ethical considerations and operationalization of the variables.

3.2 Research Design

According to (Kumar, 2012), a plan describes research design, structure and strategy of inquiry regarded to provide answers to the proposed research questions to the problem. Research design was as well defined to be a blueprint for conducting a study with the higher set limits to regulate factors that may affect the rationality of the results by (Burns and Grove, 2009). Only one organization was used in this study as the case study. The referred case study is seen as being an intensive investigation of the particular unit under consideration. A case study has been chosen because of the key role that it plays in collecting critical information about a phenomenon under study.

3.3 Target Population

In view of the research question stated above, the researcher focused on the management staff of Chase Bank headquarters in Nairobi. The study involved the top management staff working in the head offices of Chase Bank in Nairobi and branches within Nairobi County. The respondents to be included in the study are senior managers, middle level managers and low level managers working. The study targets 172 management staff at the head office as Shown in table 3.1.

Table 3. 1: Target Population

	Population	Percentage
Senior managers	26	15.0
Middle level managers	34	19.5
Low level managers	113	65.5
Total	172	100.0

Source: HR records (2017)

3.4 Sample Size and Sampling Procedure

3.4.1 Sample Size

The sample size comprised of 123 management staff from chase Bank headquarters and branches within Nairobi selected randomly from target population of 172 managers using Krejcie & Morgan table of (1970) attached. This is illustrated in the Table 3.2;

3.4.2 Sampling Procedure

Sampling is the process of gathering data where few population elements are selected and the outcomes are taken to represent the entire population, this is according to (Dooley, 2008). In making up a sample, all the necessary and needed number of elements, objects and respondents from the population frame are selected. Stratified random sampling method was used in picking the sample to be used in this study. Kothari (2004) stated that stratified random sampling technique is preferred because of its representativeness of the population and homogeneity of the estimates of the population parameter thus resulting to greater precision. Dividing the population into numerous strata helps in reducing the standard errors and controlling variance. In this study, the population was divided into three different categories including top, middle and low level managers.

Table 3. 2: Sampling Frame

The sample size at each management level is arrived at by using the proportionate method.

Senior Managers: $123(26/172) = 18$

Middle Level Managers: $123(34/172) = 24$

Low Level Managers: $123(113/172) = 81$

Management Level	Population	Sample
Senior managers	26	18
Middle level managers	34	24
Low level managers	113	81
Total	172	123

3.5 Research Instruments

Data collection involved the use of questionnaires. Questionnaires were used because they are inexpensive, also ensure anonymity and permit the utilization of the standardized questions, provide time for subjects to think about responses, and it is easy to score (Saunders, 2012). The questionnaire was divided into five sections (section A, B, C, D and E). Section A inquired about the demographic information of the respondents, Section B contained questions regarding turnaround leadership, Section C: stakeholder management, Section D: portfolio divestment and Section E: retrenchment strategy in relation to recovery of commercial banks under receivership programme.

3.5.1 Pilot Test

To ascertain the validity of research instrument, the researcher consulted personnel in the research methodology to make criticisms and comments on the formats, contents and other related issues of the instrument. To determine the reliability of the instrument to be used, a pilot study was carried out involving 12 respondents from one of the branches

within Nairobi which is 10% of the sample size. (Mugenda & Mugenda 2003). The opinions and suggestions is incorporated into the revised and final draft of the instrument.

3.5.2 Validity of the Instruments

In the study validity shows how questions in the questionnaire helps in achieving objectives or answering research questions. This can be validated by the experts who include the supervisor. On the other hand construct validity refers to how questions and statements in the questionnaire are phrased or constructed in terms of clarity, vagueness and instruments to guide the respondents when filling the questionnaire. This can be validated by experts which include the supervisor.

3.5.3 Reliability of the Instruments

The concept of reliability refers to the tools being used to observe, measure, and examine the variable under study. Reliability also applies to conventional or quantitative research. The reliability depends on the research questionnaire that was used in this study. It gives reliable information that is to be used in decision making. Reliability test is therefore aimed to produce the same results if used by other researchers.

Composite reliability values of 0.70 and above is acceptable in this study and is regarded as satisfactory, (Nunally & Bernstein, 1994).

3.6 Data Collection Procedure

The researcher collected data through questionnaires. The questionnaires are closed-ended to avoid biasness. The questionnaires are formulated in such a way as to meet the objectives of the study. The main reasons for using questionnaires was on the basis that it; ensures unanimity, uniformity, economy and time saving, suitability in special type of response and less pressure on the respondents. The researcher will seek the consent from the bank's administration to carry out the data collection. Also the researcher wrote an email to the respondents to confirm on their availability and willingness to participate in the study. The questionnaires were administered to the head office respondents by the researcher while the researcher had research assistants who administered the questionnaires to the branches within Nairobi on a working day when most respondents are available. The questionnaires were collected after two working days for data analysis.

3.7 Data Analysis Techniques

Data collected using the questionnaires were sorted out to check the completeness and clarity. The items in the instrument were assigned codes which were then be entered into Statistical package for social science (SPSS) version 20 where they were analyzed. Quantitative descriptive methods were used to analyze the collected data. In the analysis process, data were leveraged using descriptive statistics including measures of central tendencies that is (Mean and standard deviation) and the percentages where figures and tables were used to represent the data.

In order to establish the relations between the dependent and independent variables, multiple regression analysis was used. It further tends to determine whether a group of variables a given dependent variable, this is according to (Babbie, 2004). The following multi-regression model equation was used in this study since it had four independent variables;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:-

Y= represents the dependent variable, Recovery of Chase bank

β_0 =constant

X_1 = Turnaround Leadership

X_2 = Stakeholder management

X_3 = Portfolio divestment

X_4 = Retrenchment strategy

ϵ =Error Term

3.9 Operationalization of the Variables

Objective	Variable	Indicators	Measurement scale	Research Approach	Tools of analysis	Type of data analysis
To establish how turnaround leadership influence recovery of commercial banks under receivership programme in Kenya	Independent: turnaround leadership	Kind of leadership needed to transform persistently low performing organizations Measuring organization achievements A strategy for targeting low performing organizations An approach for overall sustainability Capacity building	Nominal Ordinal Interval Ordinal Interval Nominal	Descriptive Design	Mean Std deviation Percentage	Descriptive Correlation
To determine the extent to which stakeholder management influence recovery of commercial banks under	stakeholder management	Identification of shareholders Access of their interest and influence Develop communication and	Nominal Ordinal Interval	Descriptive Design	Mean Std deviation Percentage	Descriptive Correlation

receivership in Kenya		management plans Engagement and influence of stakeholders	Nominal			
To establish how portfolio divestment influence recovery of commercial banks under recovery	portfolio divestment	Portfolio review Portfolio reinvestment and reinvestment decision Portfolio analysis Asset Valuation models Asset management models	Nominal Ordinal Interval	Descriptive Design	Mean Std deviation Percentage	Descriptive Correlation
To determine the extent to which retrenchment strategy influence recovery of commercial banks under receivership in Kenya	retrenchment strategy	Strategy of cutting expenses Strategy for withdrawing from certain markets Strategy for discontinuing selling certain products or services Strategy for funding		Descriptive Design	Mean Std deviation Percentage	Descriptive Correlation

		<p>around the organization</p> <p>Strategy for liquidation</p>				
<p>To determine the extent of recovery of Commercial bank under receivership</p>	<p>recovery of Commercial bank under receivership</p>	<p>Bank can finance its activities.</p> <p>Receiver manager is able to collect the debts.</p> <p>Bank reduces its financial exposure.</p> <p>Bank is able to sign a debenture with a fixed or floating charge.</p> <p>The bank can borrow from other banks and secured lenders</p>		<p>Descriptive Designe</p>	<p>Mean Std deviation</p> <p>Percentage</p>	<p>Descriptive Correlation</p>

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRATATION AND DISCUSSIONS

4.1 Introduction

This part exhibits the investigation discoveries which has been talked about in accordance with the examination destinations in light of topics and sub topical ranges as :Questionnaire return rate, foundation data of the respondents, Turnaround leadership and recovery of commercial banks under receivership programme in Kenya, Stakeholder management and recovery of commercial banks under receivership in Kenya, Portfolio divestment and recovery of commercial banks under receivership programme in Kenya and Retrenchment strategy and recovery of commercial banks under receivership programme in Kenya.

4.2 Questionnaire Return Rate

The study sampled a total of 123 respondents which were issued with questionnaires out of which 107 dully filled and returned. This represented 86.9% return rate and the result of return rate is presented in table 4.1.

Table 4.1: Questionnaire Return Rate

Category	Frequency	Percentage
Returned questionnaire	107	86.9
Unreturned questionnaire	16	13.1
Total	123	100.0

This is considered agreeable to make conclusions for the study. This study is presented by Bailey (2000) who says that a return rate greater than 70% is considered excellent. This suggests in light of this statement; the return rate for this study is great.

4.3 Background Information of the Respondents

This section sought to establish the demographic information of the respondents by looking at the gender distribution; age of the respondents, years of service in the

company, level of education, designation of the respondents and the department. The findings are shown in the subsequent sub-sections.

4.3.1 Distribution of respondents by gender

The study sort to establish the distribution of respondents by gender because gender is an important factor in the employment sector as outlined in the Kenyan constitution 2010. Therefore respondents who participated in the study were asked to state their gender. The results are presented on table 4.2.

Table 4. 2: Distribution of Respondents by Gender

Gender	Frequency	Percentage (%)
Female	48	44.4
Male	59	55.6%
Total	107	100.0

Out of 107 respondents who participated in the study, 48 (44.4%) were female, 59(55.6%) were male. Based on these results, the gender distribution is fair and in line with Kenyan constitution which states that either gender should not be more than two thirds (2/3). In the context of this study, gender parity is important as it enhances the balance in decision making which is likely to influence recovery of the bank positively.

4.3.2 Distribution of Respondents by Age

The study sought to investigate the composition of the respondents in terms of age brackets because age plays an important role in that those who are mature in age have accumulated experience which can be utilised to make appropriate decisions and those who are younger in age given the new technological era, are capable of being innovative and coming up with new methodologies of turning around the organization. Therefore, in this context, the respondents were asked to state their age and results are presented in table 4.3

Table 4. 3: Distribution of Respondents by Age

Age bracket	Frequency	Percentage (%)
21-30	7	6.3
31-40	44	41.2
41-50	38	35.3
Above 51	18	17.2
Total	107	100.0

Out of 107 respondents who participated in the study, 7(6.3%) fell in age bracket 21-30 years, 44(41.2%) were in age bracket of 31-40 years, 38 (35.3%) were in the age bracket of 41-50 years and 18 (17.2%) were 50 years and above.

Given that 89 (82.8%) fall within age group of 21-50 years, this represents a younger age who are capable of being innovative and come up with new methodologies of facilitating and enhancing recovery of the bank. This is supported by 18(17.2%) experienced member of staff who are above 51 years and above who are capable of providing experience given their years of work to support the recovery. Therefore if the bank is performing poorly in recovery, then age is not a factor. There is something else influencing the recovery.

4.3.3 Distribution of Respondents by Years of Service

The study sought to determine how long the respondents have worked in the bank. This was important because the number of years one has accumulated in the institution is an indicator of experience and therefore the experience is supposed to help in facilitating smooth operations of the bank. In this context, the respondents were asked to state length of service time at the institution. The results are presented in table 4.4

Table 4. 4: Distribution of Respondents by Years of Service

Years of Service	Frequency	Percentage (%)
1-5	28	26.7
6-10	31	28.9
11-15	31	28.9
20 and above	17	15.5
Total	107	100.0

The findings in figure 4.4 illustrates that out of 107 respondents who participated in the study, 28(26.7%) had worked in the organization between 1-5 years, 31(28.9%) had worked for 6-10 years, 31(28.9%) had worked in the organization for 11-15 years and 17 (15.5%) had worked in the organization for 20 years and above.

These findings indicates that 79(74.8%) had worked in the organization between 6-20years, so in terms of work experience, the organization is expected to no problem in terms of recovery because they have adequate workforce with enough experience to help in recovery of the bank.

4.3.4 Distribution of Respondents by Level of Education

The study sought to know the level of education of participants in the study. This was important because education has a lot of influence on innovation, adoption of methodologies for recovery and decision making. Therefore the respondents were asked to state their level of education and the results are represented in table 4.5 at the institution.

Table 4. 5: Distribution of respondents by Level of Education

Level of Education	Frequency	Percentage (%)
College Diploma	20	19
Bachelor's Degree	61	57.2
Master's degree	20	19
PHD	6	4.8
Total	107	100.0

Of 107 who participated in the study, 20(19%) had diploma qualifications, 61 (57.2%) had bachelor's degree qualification, 20(19%) had master's degree while 5(4.8) had PHD qualifications. The results indicate 86 (80.9%) of the respondents member of staff had bachelor degree and above. Therefore, when it comes to academic qualifications, they have adequate personnel with the right credentials that can lead the bank to recovery and if the bank is experiencing recovery problems, then there is something else other than academic qualifications.

4.3.5 Distribution of Respondents by Designation

The study sought to get information from participants to establish their designations because responsibility assigned to individual members of staff determines the level of decision making in the context of recovery. Therefore the respondents were asked to state their designations and this is represented in table 4.6.

Table 4. 6: Distribution of respondents by Designation

Designation	Frequency	Percentage (%)
Senior Managers	20	18.5
Middle level Managers	59	55.3
Low level managers	28	26.2
Total	107	100.0

Out of 107 participants who participated in the study, 20(18.5%) were senior managers, 59(55.3%) were middle level managers and 28(26.2%) were low level managers. The results indicate clearly that the majority of the respondents, that is, 87 (81.5%) were at higher level management where critical decisions are made and this is an indication that the organization is not lacking adequate people at decision making level to enhance recovery of the bank. So in terms of people in management level, the bank has adequate.

4.3.6 Distribution of Respondents as per Department.

The study sought to establish the departments in which the respondents had been working in the Chase Bank. This was important because it enables researcher to ensure that each and every department is represented in the study as departments play a key role in recovery in the bank. In this context, the respondents were asked to state their departments. The results are represented in table 4.7

Table 4. 7: Department Held by Respondents

Department	Frequency	Percentage
Human resource & administration	5	4.67
Risk & Compliance	34	31.78
Business growth and development	42	39.25
Internal audit	5	4.67
Corporate strategy and planning	16	14.95
Transactional Monitoring/ Finance	5	4.67
Total	107	100

5(4.67%) out of 107 respondents who participated in the study were from human resources department, 24(31.78%) were from risk and compliance, 42(39.25%) were from business development, 5(4.67%) were from internal audit, 16(14.95%) were from corporate strategy and planning while 5(4.67%) were from transactional monitoring and finance.

These results indicate clearly that all the important departments were represented in the study based on those who were able to provide information in relation to the focus of the study.

4.4 Turnaround Leadership and Recovery of Commercial Banks Under Receivership Programme

The study sought to examine the influence of turnaround leadership on the recovery of Chase bank from receivership. The respondents who participated in the study were asked to give their opinion on turnaround leadership and recovery of commercial banks under receivership programme. Based on statements on a Likert scale of 1-5, where 1 is equal to very low extent, 2 is equal to low extent, 3 is equal to moderate extent, 4 is equal to great extent and 5 is equal to very great extent. Results are presented in table 4.8

Table 4. 8: Statements on Turnaround Leadership on Recovery of Chase Bank

Statement	n	1	2	3	4	5	Mean	Std.Dev
1. Appointment of Kenya commercial bank by Kenya deposit insurance corporation (KDIC) on behalf of CBK as the receiver manager has increased confidence in the bank's recovery process.	107	0 (0.0%)	5 (4.7%)	14 (13.1%)	40 (37.3%)	48 (44.9%)	4.22	0.972
2. Change of other senior management has led to better governance in the bank.	107	0 (0.0%)	7 (6.5%)	9 (8.4%)	25 (23.4%)	66 (61.7%)	4.40	1.118
3. The other senior management remained the same	107	35 (32.7%)	14 (13.1%)	28 (26.2%)	22 (20.6%)	8 (7.4%)	2.77	1.093
4. The leadership of the bank motivates the subordinates and communicates the importance of the process	107	0 (0.0%)	0 (0.0%)	1 (0.9%)	47 (43.9%)	59 (55.2%)	4.54	0.882
5. The subordinates have not received	107	35	36	36	0	0	2.00	0.866

motivation and communication of the recovery process from the top leadership in the bank.		(32.7 %)	(33.6 %)	(33.6 %)	(0.0 %)	(0.0 %)	0	
6. Top management changes signals to outside stakeholders that the firm is separating itself from past failed strategies	107	0 (0.0 %)	3 (2.8 %)	15 (14 %)	32 (29.9 %)	57 (53.3 %)	4.33 3	0.866
7. The top management has not signaled to the outside stakeholders that the firm is separating itself from strategies that failed in the past.	107	29 (27.1 %)	32 (29.9 %)	45 (42.1 %)	1 (0.9 %)	0 (0.0 %)	2.11 1	1.054
8. The current leadership has embraced capacity building by enabling the bank to shift organizational structure from what it is now to what it has to be in order to sustain competitive edge and satisfy customers' needs	107	0 (0.0 %)	0 (0.0 %)	12 (11.2 %)	14 (13.1 %)	81 (75.7 %)	4.66 7	0.500
9. The incumbent leadership has failed to shift the bank's organizational structure from its current status to what it should be.	107	30 (28 %)	35 (32.7 %)	36 (33.6 %)	6 (5.6 %)	0 (0.0 %)	2.11 1	1.453
Composite deviation							3.46 2	0.978

On whether the current leadership has embraced capacity building by enabling the bank to shift organizational structure from what it is now to what it has to be in order to sustain competitive edge and satisfy customers' needs, majority of the respondent 81(75.7%) agreed with the statement to a very great extent, 14(13.1%) to a moderate extent while 12(11.2%) to a lower extent. This represented a mean score of 4.667 showing that the respondents agreed to the statement to a very great extent.

The study also found that 48 (44.9%) of the respondents agreed to a very great extent that and the appointment of Kenya commercial bank by Kenya deposit insurance corporation (KDIC) on behalf of CBK as the receiver manager has increased confidence in the bank's

recovery process, 40 (37.3%) said a great extent, 14 (13.1%) moderate extent while 5(4.7%) lower extent. The mean response was found to be 4.222 an indication that most of the respondents agreed with the statement to a great extent.

On the change of other senior management has led to better governance in the bank, 66 (61.7%) agreed to a very great extent, 25 (23.4%) to a great extent, 9 (8.4%) and 7(6.5%) to a moderate and lower extent respectively. The mean response was found to be 4.222 an indication that most of the respondents agreed with the statement to a great extent.

The respondents also agreed to a great extent that top management changes signals to outside stakeholders that the firm is separating it from past failed strategies as shown by frequency responses of 57 (53.3%) very great extent, 32 (29.9%) great extent, 15 (14%) moderate extent and 2.8% lower extent representing a mean score of 4.333.

However, on whether the subordinates have not received motivation and communication of the recovery process from the top leadership in the bank and whether the top management have not signaled to the outside stakeholders that the firm is separating itself from strategies that failed in the past, it was revealed that this statement is not true as indicated by a mean of 2.000 and 2.111 respectively.

The respondents also denied the argument that senior management remained and that the incumbent leadership has failed to shift the bank's organizational structure from its current status to what it should be as shown by frequency response of 49(45.8%) and 61 (57%) representing lower extent respectively and mean scores of 2.778 and 2.111 respectively.

It is clear from the findings that the bank made change of the leaders when it went into receivership programme. The study further confirms that change of other senior management has led to better governance in the bank and that appointment of Kenya commercial bank by Kenya deposit insurance corporation (KDIC) on behalf of CBK as the receiver manager has increased confidence in the bank's recovery process to a greater extent. This finding are in tandem with other researchers like Castrogiovanni et al. (1992) and Arogyaswamy et al, (2012) who noted that change in organization's leading

managing team at a time when an organization is declining in her performance is an indication that the official management was not able to or ready to make the changes necessary to hold the decline. In our present study, This move has enabled Chase bank to have better management team who motivates the subordinates and communicates the importance of the recovery, effectively communicates management changes to outside stakeholders hence being able to win the stakeholders confidence in the future of the firm.

4.5 Stakeholder Management and Recovery of Commercial Banks under Receivership Programme

The respondents who participated in the study were asked to give their opinion on stakeholder management and recovery of commercial banks under receivership programme. Based on statements on a Likert scale of 1-5, where 1 is equal to very low extent, 2 is equal to low extent, 3 is equal to moderate extent, 4 is equal to great extent and 5 is equal to very great extent. Results are presented in table 4.9.

Table 4. 9: Statements on Stakeholder Management on Recovery of Chase Bank

Statement	n	1	2	3	4	5	Mean	Std.Dev
1.The bank has been able to identify the needs and interests of all the stakeholders	107		2 (1.9%)	12 (11.2%)	45 (42.1%)	48 (44.9%)	4.267	1.323
2.The bank has failed to identify the needs and interests of all the stakeholders	107	25 (23.4%)	46 (43.0%)	21 (19.6%)	9 (8.4%)	6 (5.6%)	2.889	0.782
3.The bank engages the stakeholders in the scheduled and record of all activities being implemented	107	5 (4.7%)	8 (7.5%)	17 (15.9%)	40 (37.3%)	37 (34.6%)	4.222	0.441
4.The bank does not involve stakeholders in the scheduled and record of all activities being implemented	107	23 (21.5%)	36 (33.6%)	47 (43.9%)	1 (0.9%)	0 (0.0%)	2.237	0.367
5.The management has ensured timely disclosure of key information nature and scale of the projects, potential risks and impacts to key stakeholders	107	(0.0%)	3 (2.8%)	12 (11.2%)	33 (30.8%)	59 (55.1%)	4.384	0.526
6.There has been no timely disclosure of key information nature and scale of projects, potential risks and impacts to key	107	14 (13.1%)	38 (35.5%)	37 (34.6%)	18 (16.8%)	(0.0%)	2.556	0.313

stakeholders

7.The key decisions are made in consultation with key stakeholders to facilitate meaningful influence on the bank recovery

107	0 (0.0%)	0 (0.0%)	15 (14%)	17 (15.9%)	75 (70.1%)	4.592	0.797
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8.Key stakeholders are not consulted in the making of key decisions that influence meaningful influence on the bank recovery

107	12 (11.2%)	35 (32.7%)	40 (37.4%)	20 (18.7%)	(0.0%)	2.654	0.708
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Composite Mean/ Standard deviation **3.475 0.657**

From the study findings, the respondents agreed to a very great extent that key decisions are made in consultation with key stakeholders to facilitate meaningful influence on the bank recovery to a very great extent as shown by a mean score of 4.592. This can further be explained by the majority of the respondents who indicated that they agree with the statement to a greater extent as represented by 92 (86%) of the respondents

When asked whether Key stakeholders are not consulted in the making of key decisions that influence meaningful influence on the bank recovery, the respondents denied this claim as shown by 47 (43.9%) of the respondents lying below the moderate extent.

On whether the management has ensured timely/no timely disclosure of key information nature and scale of the projects, most of the respondents confirmed that there has been timely disclosure as shown by 59 (55.1%) and 33 (30.8%) of the respondents who indicated very great and greater extent respectively. This further depicts a mean score of 4.384 while majority of the respondents denied that there is no timely disclosure of key information nature and scale of the projects as shown by a mean score of 2.556.

The study also sought to establish whether the bank has been able or failed to identify the needs and interests of all the stakeholders. From the findings, the respondents indicated that the bank has been able to identify the needs and interests of all the stakeholders as shown by mean score of 4.267 while on the statement that the bank has failed to identify the needs and interests of all the stakeholders a mean score of 2.889 was found with majority of the responses indicating lower extent response (66.4%).

The respondents also revealed that the bank engages the stakeholders in the scheduled and record of all activities being implemented to a great extent as illustrated by 37.3% and 34.6% saying great and very great extent respectively and a mean score of 4.222.

On the statement that the bank does not involve stakeholders in the scheduled and record of all activities being implemented, the respondents agreed with the statement as shown by 21.5%, 33.6% and 43.9% indicating very low extent, lower extent and moderate extent respectively and was represented by a mean score of 2.237.

The study established that key decisions in the bank are made in consultation with key stakeholders to facilitate meaningful influence on the bank recovery. The new management has also ensured timely disclosure of key information relating to potential risks and impacts to key stakeholders and identified the needs and interests of all the stakeholders. The study can deduce that involving stakeholders during recovery process eases the recovery process as it reduces the level of resistance and opposition to the implementation of turnaround strategies from stakeholders. Stakeholders' involvement leads to the achievements of larger support on how to carry out the organization's plans, how to solve its problems during implementation phase and the success behind the laid plans (Macharia, 2011). The findings also agree with those of Mathenge (2010) endeavoring to incorporate the views of all internal stakeholders will lead to successful implementation of most strategic plans in an organisation.

4.6 Portfolio Divestment and Recovery of Commercial Banks under Receivership Programme

The respondents who participated in the study were asked to give their opinion on portfolio divestment and recovery of commercial banks under receivership programme.

Based on statements on a Likert scale of 1-5, where 1 is equal to very low extent, 2 is equal to low extent, 3 is equal to moderate extent, 4 is equal to great extent and 5 is equal to very great extent. Results are presented in table 4.10.

Table 4. 10: Statements on Portfolio Divestment on Recovery of Chase Bank

Statement	n	1	2	3	4	5	Mean	Std.Dev
1. Both portfolio managers and analysts start their analysis of stocks or portfolios with the calculation of return.	107	0 (0.0%)	8 (7.5%)	17 (15.9%)	32 (29.9%)	50 (46.7%)	4.152	0.704
2. The value of stock is based on future cash flows from dividends and share price appreciation	107	0 (0.0%)	9 (8.4%)	16 (15%)	42 (39.3%)	40 (37.4%)	4.056	1.329
3. The portfolio managers reviews banks portfolio and sets standards and evaluates against them	107	0 (0.0%)	8 (7.5%)	15 (14%)	46 (43.0%)	38 (35.5%)	4.062	0.706
4. The portfolio managers are adamant to review banks portfolio and do not evaluate and set standards against them	107	21 (19.6%)	42 (39.3%)	40 (37.4%)	4 (3.7%)	0 (0.0%)	2.257	0.877
5. The invested assets have been growing since the bank went under receivership	107	0 (0.0%)	13 (12.1%)	25 (23.4%)	45 (42.1%)	24 (22.4%)	3.743	0.732
6. The bank has divested in non-core assets	107	0 (0.0%)	18 (16.8%)	26 (24.3%)	42 (39.3%)	21 (19.6%)	3.624	0.549
7. Some lines of business	107	0	11	21	46	29	3.857	1.338

	were divested		(0.0%)	(10.3%)	(19.6%)	(43.0%)	(27.1%)		
8.	The bank integrated surplus fixed assets	107	0	2	17	35	53	4.295	0.950
			(0.0%)	(1.9%)	(15.9%)	(32.7%)	(49.5%)		
9.	The bank made some acquisitions	107	19	35	40	13	0	2.433	0.651
			(17.8%)	(32.7%)	(37.4%)	(12.1%)	(0.0)		
10.	The bank has not made any acquisitions	107	0	2	21	41	43	4.162	0.574
			(0.0%)	(1.9%)	(19.6%)	(38.3%)	(40.2%)		
11.	The bank issued more shares	107	0	4	14	46	43	4.191	0.590
			(0.0%)	(3.7%)	(13.1%)	(43.0%)	(40.2%)		
12.	The bank did not issue any more shares	107	15	43	46	3	0	2.352	0.888
			(14%)	(40.2%)	(43.0%)	(2.8%)	(0.0%)		
13.	The bank made new contracts on its existing debt	107	0	10	19	48	30	3.924	0.863
			(0.0%)	(9.3%)	(17.8%)	(44.9%)	(28.0%)		
Composite	Mean/							3.623	0.827
	Standard deviation								

According to Table 4.8, majority of the respondents agreed to a great extent that; both portfolio managers and analysts start their analysis of stocks or portfolios with the calculation of return as shown by a mean score of 4.152.

A larger percentage of the respondents also indicated that the portfolio managers reviews banks portfolio and sets standards and evaluates against them to a greater extent as shown by 84 (78.5) response rate. This is depicted by a mean score of 4.062.

On whether the bank has integrated surplus fixed assets, 53 (49.5%), 35 (32.7%) and 17 (15.9%) agreed to a greater extent, very great extent and moderate extent respectively. This gave an average response that the bank has integrated surplus fixed assets to a great extent as shown by a mean score of 4.295.

The respondents also indicated that the bank issued more shares to a great extent as shown by a mean score of 4.191, the bank has not made any acquisitions as shown by a mean score of 4.162, the value of stock is based on future cash flows from dividends and share price appreciation as shown by a mean score of 4.056, the bank issued more shares as shown by a mean score of 4.191, some lines of business were divested as shown by a mean score of 3.857 and that the invested assets have been growing since the bank went under receivership as shown by a mean score of 3.743.

On the other hand the respondents refuted the claims that portfolio managers are adamant to review banks portfolio and do not evaluate and set standards against them as shown by a mean score of 2.257. From these results it is clear that Chase bank has been divesting by issuing more shares, non-core assets and making new contract on existing debt. It is also clear that the portfolio managers and bank analysts calculate the portfolio returns and the stock is based on future cash flows from dividends and share price appreciations.

Portfolio divestment is considered vital for turnaround where there is weak strategic health and or the firm is in severe distress. The study actually confirms that portfolio divestment influences the recovery of Chase bank to a great extent. From these findings, we can infer that portfolio divestment influences the recovery of Chase bank from the state receivership to a great extent. The study found that the bank has adopted a number of portfolio divestment strategies such as; start their analysis of stocks or portfolios with the calculation of return; reviewing banks portfolio and setting standards and evaluation against them; integrated surplus fixed assets; and issuing more shares. It is clear that Chase bank has been divesting by issuing more shares, non-core assets and making new contract on existing debt. It is also clear that the portfolio managers and bank analysts calculate the portfolio returns and the stock is based on future cash flows from dividends and share price appreciations. The portfolio divestment approaches by the bank confirms Morrow *et al.* (2007) argument that divesting in non-profit generating assets is aimed at stopping cash drain and divesting in non-core assets/ profitable assets is to generate more cash to salvage financial distress and restructuring.

4.7 Retrenchment Strategy and Recovery of Commercial Banks under Receivership Programme

The respondents who participated in the study were asked to give their opinion on retrenchment strategy and recovery of commercial banks under receivership programme. Based on statements on a Likert scale of 1-5, where 1 is equal to very low extent, 2 is equal to low extent, 3 is equal to moderate extent, 4 is equal to great extent and 5 is equal to very great extent. Results are presented in table 4.11.

Table 4. 11: Statements on Retrenchment Strategy on Recovery of Chase Bank

Statement	n	1	2	3	4	5	Mean	Std.Dev
1. The bank closed some branches to reduce operating costs	107	0 (0.0%)	7 (6.5%)	24 (22.4%)	48 (44.9%)	28 (26.2%)	3.905	0.779
2. Retrenchment strategy assists the bank in securing or providing slack regardless of the subsequent recovery strategy that is chosen	107	0 (0.0%)	9 (8.4%)	13 (12.1%)	46 (43.0%)	39 (36.4%)	4.076	0.661
3. There were layoffs in the bank	107	0 (0.0%)	1 (0.9%)	9 (8.4%)	42 (39.3%)	55 (51.4%)	4.410	0.694
4. The bank reduced the fees charged on transactions	107	17 (15.9%)	36 (33.6%)	40 (37.4%)	14 (13.1%)	0 (0.0%)	2.476	0.528
5. The marketing expenditure was increased to stimulate demand	107	0 (0.0%)	1 (0.9%)	14 (13.1%)	42 (39.3%)	50 (46.7%)	4.319	0.626
6. Some business units were sold	107	0 (0.0%)	22 (20.6%)	57 (53.3%)	23 (21.5%)	5 (4.7%)	3.105	0.854
7. The bank closed some branches and business units	107	0 (0.0%)	0 (0.0%)	26 (24.3%)	42 (39.3%)	39 (36.4%)	4.119	0.426
8. Short term assets such as debtors were reduced	107	0 (0.0%)	0 (0.0%)	29 (27.1%)	40 (37.4%)	38 (35.5%)	4.105	0.854
Composite Mean/ Standard deviation							3.814	0.677

On the statements under the influence of retrenchment strategies on the recovery of Chase bank, a larger percentage (97(90.7%), 92(86%) and 81 (75.7%)) of the respondents agreed to a great extent that; there were layoffs in the bank, the marketing expenditure

was increased to stimulate demand and that the bank closed some branches to reduce operating costs as shown by mean scores of 4.410, 4.319 and 4.119 respectively. The study also revealed that short term assets such as debtors were reduced; there were layoffs in the bank to a great extent as shown by a mean of 4.105 and 4.410 respectively. However, the study also found that the respondents agreed to the statements that the bank reduced the fees charged on transactions to a very little extent as illustrated by a mean score of 2.476.

The main aim of retrenchment strategy, according to Heggde and Panikar (2011) is to cut operating costs in the times of hostility and focus on the business survival other than long term objectives. Chase bank has implemented layoffs in the bank; closed some branches and reduced short term assets such as debtors to reduce operating costs. It has also been revealed that some business units were sold; and that the bank reduced the fees charged on transactions. This finding concurs with Beerli (2009) findings that retrenchment strategies such as employee layoff are to provide a stable base from which to launch a recovery phase of well-established turnaround process. Ochieno (2013) in his study on effect of retrenchment on organizational performance based on a study conducted at the Telkom Kenya found a positive change in performance of Telkom Kenya with improved service delivery by new employee. This implies that, employee layoffs acts as a signal to the remaining employees to either improve in their performance or face being laid-off.

4.8 Recovery of Commercial Banks under receivership programme

The study finally sought to establish the extent to which Chase bank has recovered since it went under receivership programme in April 2016. The respondents were required to indicate their level of agreement with statements on recovery of chase bank which is under receivership programme. The results are shown in table 4.12.

Table 4. 12: Extent of Recovery of Chase Bank

Statement	n	1	2	3	4	5	Mean	Std.Dev
1. The bank can finance its activities	107	0 (0.0 %)	0 (0.0 %)	8 (7.5 %)	36 (33.6 %)	63 (58.9 %)	4.51	0.650
2. The bank cannot finance its activities	107						3.25	0.636
		(24.3 %)	(28.0 %)	(25.2 %)	(14.0 %)	(8.4 %)	7	
3. Receiver manager is able to collect the debts	107	0 (0.0 %)	2 (1.9 %)	19 (17.8 %)	37 (34.6 %)	49 (45.7 %)	4.20	0.779
4. The receiver manager is unable to collect the debts	107	56 (52.3 %)	25 (23.4 %)	21 (19.6 %)	5 (4.7 %)	0 (0.0 %)	1.76	0.775
5. The bank has been able to reduce its financial exposure	107	0 (0.0 %)	11 (10.3 %)	14 (13.1 %)	37 (34.6 %)	45 (42.6 %)	4.08	1.257
6. The bank has increased its financial exposure	107	91 (85.1 %)	16 (15.0 %)	0 (0.0 %)	0 (0.0 %)	0 (0.0 %)	1.42	1.748
7. The bank is able to sign a debenture with a fixed or floating charge	107	0 (0.0 %)	0 (0.0 %)	19 (17.8 %)	42 (39.3 %)	46 (43.2 %)	4.25	0.635
8. The bank is unable to sign a debenture with a fixed or floating charge	107	53 (49.5 %)	28 (26.2 %)	21 (19.6 %)	5 (4.7 %)	0 (0.0 %)	1.79	1.719
9. The bank can borrow from other banks and secured lenders	107	0 (0.0 %)	0 (0.0 %)	14 (13.1 %)	48 (44.9 %)	45 (42.6 %)	4.28	0.840
10. The bank cannot borrow from other banks and secured lenders	107	11 (10.3 %)	22 (20.6 %)	37 (34.6 %)	37 (34.6 %)	0 (0.0 %)	2.90	0.861
Composite Mean/ Standard deviation							3.24	0.990
							9	

The study found that the bank can finance its activities to a very great extent as shown by mean scores of 4.519. The study also found that the bank can borrow from other banks and secured lenders; receiver manager is able to collect the debts and has also been able to reduce its financial exposure to a great extent as shown by mean scores of 4.2864.205 and 4.086 respectively. The study respondents also agreed that the bank is able to sign a debenture with a fixed or floating charge to a great extent as shown by mean score of 4.252. However, it is evident that the respondents disagreed with the statements; bank cannot finance its activities, receiver manager is unable to collect the debts, bank has increased its financial exposure, bank is unable to sign a debenture with a fixed or floating charge and the bank cannot borrow from other banks and secured lenders with mean scores of 3.257, 1.767, 1.424, 1.795 and 2.905 respectively.

It is clear from the findings that Chase bank is recovering since it went into receivership in April 2016. One year under the receiver manager, the bank can now finance its activities and has also been able to reduce its financial exposure to external risks such as cybercrime. The bank is also able to sign a debenture with a fixed or floating charge and can borrow from other banks and secured lenders. These findings confirm Irungu (2016) sentiments that Chase Bank has taken both internal and external measures to full recovery under the receiver bank which is Kenya Commercial Bank (KCB). Irungu (2016) argued that the bank has been able to resume her usual operations including lending to her customers and borrowing from other commercial banks.

4.9 Regression Analysis

Table 4. 13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.809	0.655	0.641	0.124

Table 4.11 is a model fit which establish how fit the model equation fits the data. The R value represents a simple correlation which is 0.809. This shows a strong linear relationship between turnaround strategies and recovery of banks under the receivership programme. The adjusted R² was used to establish the predictive power of the study model and it was found to be 0.655 implying that 65.5% of the variations in recovery of Chase bank are explained by turnaround leadership, stakeholder management, portfolio divestment and retrenchment strategy leaving 36.8% percent unexplained. Therefore, further studies should be done to establish the other factors (36.8%) affecting the recovery of commercial banks under receivership programmes in Kenya.

Table 4. 14: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.041	4	0.760	48.345	0.000
Residual	1.604	102	0.016		
Total	4.645	106			

The probability value of 0.000 indicates that the regression relationship was highly significant in predicting how turnaround leadership, stakeholder management, portfolio divestment and retrenchment strategy influence the recovery of Chase bank from receivership programme. The F calculated at 5 percent level of significance was 48.345 since F calculated is greater than the F critical (value = 2.46), this shows that the overall model was significant.

Table 4. 15: Regression Coefficients

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.672	0.516		3.240	0.002
	Turnaround Leadership	0.703	0.223	0.312	3.152	0.002
	Stakeholder participation	0.643	0.191	0.674	3.366	0.001
	Portfolio divestment	0.847	0.274	0.033	3.091	0.003
	Retrenchment strategy	0.496	0.157	0.393	3.159	0.002

The established model for the study was:

$$Y = 1.672 + 0.703 X_1 + 0.643 X_2 + 0.847 X_3 + 0.496 X_4$$

The regression equation above has established that taking all factors into account (turnaround leadership, stakeholder management, portfolio divestment and retrenchment strategy) constant at zero recovery of Chase bank would be 1.672. The findings presented also show that taking all other independent variables at zero, a unit increase in the turnaround leadership would lead to a 0.703 increase in the scores of recovery of Chase bank and a unit increase in the scores of stakeholder management would lead to a 0.643 increase in the scores of recovery of Chase bank. Further, the findings shows that a unit increases in the scores of portfolio divestment would lead to a 0.847 increase in the scores of co recovery of Chase bank. The study also found that a unit increase in the scores of retrenchment strategy would lead to a 0.496 increase in the scores of recovery of Chase bank. Overall, portfolio divestment had the greatest effect on the recovery of Chase bank, followed by turnaround leadership, then stakeholder management while retrenchment strategy had the least influence on the recovery of Chase bank. All the variables were significant ($p < 0.05$).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter entails the summary of key findings as presented in chapter four; conclusions will then be drawn based on the findings and recommendations there-to. This chapter will thus be structured into summary of findings, conclusion, recommendations and areas for further research.

5.2 Summary of Findings

The purpose of this study was to establish the turnaround strategies that influence the recovery of commercial banks under receivership programme in Kenya, a case of Chase Bank. To achieve this, the study first sought to establish the demographic information of the respondents. The study found that men were slightly more than women in the company hence gender balance was met as the composition of each gender was more than one third. Most of the respondents were also found to be aged between 30 and 50 years, had acquired at least Bachelor's Degrees and have served in the bank for between 5 and 15 years indicating that majority of respondents have a high level of responsibility and leadership potential which enhances the reliability and relevance of information collected. The respondents were also in a position to provide insight to establish the influence of turnaround strategies on the recovery of Chase Bank which is under receivership programme in Kenya. On the distribution of the respondents across the management levels, majority were general managers with representation in all the departments.

5.2.1 Turnaround Leadership and Recovery of Commercial Banks under Receivership Programme

The study found that turnaround leadership had a positive and significant influence on the recovery of Chase bank. It was also established that the current leadership has embraced capacity building by enabling the bank to shift organizational structure from what it was before to what it is in order to sustain competitive edge and satisfy customers' needs, the leadership of the bank motivates the subordinates and communicates the importance of the process, change of other senior management has led to better governance in the bank

and that appointment of Kenya commercial bank by Kenya deposit insurance corporation (KDIC) on behalf of CBK as the receiver manager has increased confidence in the bank's recovery process. These has enabled Chase bank to have better management team who motivates the subordinates and communicates the importance of the recovery, effectively communicates management changes to outside stakeholders hence being able to win the stakeholders confidence in the future of the firm.

5.2.2 Stakeholder Management and Recovery of Commercial Banks under Receivership Programme

The study also found that stakeholder management had a positive and significant influence on the recovery of Chase bank. The study established that key decisions in the bank are made in consultation with key stakeholders to facilitate meaningful influence on the bank recovery; the new management ensures timely disclosure of key information relating to potential risks and impacts to key stakeholders and identifies the needs and interests of all the stakeholders.

5.2.3 Portfolio Divestment and Recovery of Commercial Banks under Receivership Programme

The study further found that portfolio divestment had a positive and significant influence on the recovery of Chase bank. The study further revealed that Chase bank has been divesting by issuing more shares, non-core assets and making new contract on existing debt. It was revealed that portfolios managers and analysts start their analysis of stocks or portfolios with the calculation of return; review banks portfolio and set standards and evaluate against them; integrate surplus fixed assets; and issues more shares.

5.2.4 Retrenchment Strategy and Recovery of Commercial Banks under Receivership Programme

The study further found that retrenchment strategy had a positive and significant influence on the recovery of Chase bank. The study found that there were layoffs in the bank; the bank closed some branches to reduce operating costs; short term assets such as debtors were reduced; some business units were sold; and that the bank reduced the fees

charged on transactions. This implies that, employee layoffs acts as a signal to the remaining employees to either improve in their performance or face being laid-off.

5.2.5 Recovery of Commercial Banks under receivership programme

On the extent to which Chase bank has recovered since it went into receivership in April 2016, the study found that, the bank is able to finance its activities and has also been able to reduce its financial exposure to external risks such as cybercrime. The study also found that the bank is able to sign a debenture with a fixed or floating charge and can borrow from other banks and secured lenders. Overall, portfolio divestment had the greatest effect on the recovery of Chase bank, followed by turnaround leadership, then stakeholder management while retrenchment strategy had the least influence on the recovery of Chase bank.

5.3 Conclusion

The study sought to establish the turnaround strategies that influence the recovery of commercial banks under receivership programme in Kenya with reference to Chase Bank.

5.3.1 Turnaround Leadership and Recovery of Commercial Banks Under Receivership Programme

Based on the findings, the study concludes that turnaround strategies studied (turnaround leadership, stakeholder management, and portfolio divestment and retrenchment strategies) have positively influenced the recovery of the bank. The study found that turnaround leadership had a positive and significant influence on the recovery of Chase bank. The study also concludes that the recovery of the bank has been made possible by the change of other senior management, the way of doing business and interaction with junior staff.

5.3.2 Stakeholder Management and Recovery of Commercial Banks under Receivership Programme

The study further concludes that the engagement of stakeholders in key decisions during recovery process eases the recovery process as it reduces the level of resistance and

opposition to the implementation of turnaround strategies from stakeholder's hence successful implementation of turnaround strategies.

5.3.3 Portfolio Divestment and Recovery of Commercial Banks under Receivership Programme

The study also concludes that the bank has divested in non-profit generating assets to stop cash drain and in non-core assets/profitable assets to generate more cash to salvage financial distress and restructuring

5.3.4 Retrenchment Strategy and Recovery of Commercial Banks under Receivership Programme

The study concludes that layoffs in the bank; closure of some branches and business units, reduction in short term assets such as debtors and selling of some business units has enabled the bank to reduce its operating costs and channel the little resource to other areas like marketing so as to gain competitive edge in the market.

5.4 Recommendations

- i. There is need for commercial banks under receivership programmes to pursue turnaround strategies to do so in cognizance of the factors that influence such strategies especially leadership, retrenchment, portfolio divestment and stakeholder management to recover to their initial financial feet.
- ii. The study recommends that commercial banks under receivership programmes should engage key stakeholders in key decision so as to avoid resistance that could jeopardize the implementation of strategies aimed at pulling the bank to its feet.
- iii. The study also recommends the use of portfolio divestment to counter competition as one form of turnaround strategy. Policy can play a role in supporting Kenya commercial banks under receivership programmes either to exploit the opportunities arising from the turnaround, such as borrowing from other commercial banks and lending more to finance their operations as they recover.

5.5 Suggestion for Further Studies

The study suggests that there is need to replicate this study on other sectors of the economy. There is need to do a research that covers more sectors as this can help in acknowledging the application of turnaround strategies in Kenya.

The study focused on recovery of commercial banks under receivership programmes in Kenya through pursuing turnaround strategies. The research proposes that further investigation on the role of the turnaround strategies adopted on the level of customer loyalty be undertaken.

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APPENDICES

Appendix I: Introduction Letter

Dear respondent,

RE: DATA COLLECTION

I am a postgraduate student at the University of Nairobi pursuing a Degree in Master of Arts in Project Planning and Management. As a requisite for the degree award, am carrying out a study on **TURNAROUND STRATEGIES INFLUENCING RECOVERY OF COMMERCIAL BANKS UNDER RECEIVERSHIP PROGRAMME IN KENYA; A CASE OF CHASE BANK**. You and your organization have been selected to participate in this study. The attached questionnaire has been designed to help gather data from respondents. In respect to this you have been identified as one of the respondents.

Therefore, I kindly request you to facilitate the collection of the necessary data by answering the questions as precisely and factually as possible. This information sought is purely for academic purposes and this I assure you of strict confidentiality of the information given.

Yours faithfully

VIRGINIAH IRUNGU

Master of Arts Student

UON

Appendix II: Research Questionnaire

This questionnaire consists of five major sections (Sections A,B,C,D and E). Kindly respond to all questions by putting a tick [√] in the box matching your answer or write your answer in the space provided if it is not included in the choices. The information given here will only be used for purposes of academic study and will be treated with utmost confidentiality. Your cooperation will be highly appreciated.

SECTION A: BACKGROUND INFORMATION

1) Select your appropriate gender.

Male Female

2) Select your appropriate age bracket

21-30 years 31-40 years

41-50 years Above 51 years

3) How long have you served in the Organization?

Less than 1 year 1 – 5 Years

6 – 10 Years 11-15 Years

20 Years and above

4) What is your highest academic qualification?

Certificate Diploma

Bachelor's Degree Masters

PhD Others (Specify.....)[]

5) What is your designation?

CEO/ managing directors

General Manager Functional heads

Other (Specify.....)

6) Kindly, indicate the department you are working in.

Human Resource & Administration Risk & Compliance

Information Technology Internal Audit

Forensic

Digital Banking

SECTION B: Turnaround Leadership

7) Kindly express your opinion on a likert scale of 1-5 the extent you agree or disagree with the following statements. Where: 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Item	Statements	1	2	3	4	5
1.	Appointment of Kenya commercial bank by Kenya deposit insurance corporation (KDIC) on behalf of CBK as the receiver manager has increased confidence in the bank's recovery process.					
2.	Change of other senior management has led to better governance in the bank.					
3.	The other senior management remained the same					
4.	The leadership of the bank motivates the subordinates and communicates the importance of the process					
5.	The subordinates have not received motivation and communication of the recovery process from the top leadership in the bank.					
6.	Top management changes signals to outside stakeholders that the firm is separating itself from past failed strategies					
7.	The top management have not signaled to the outside stakeholders that the firm is separating itself from strategies that failed in the past.					
8.	The current leadership has embraced capacity building by enabling the bank to shift organizational structure from what it is now to what it has to be in order to sustain competitive edge and satisfy customers' needs					

9.	The incumbent leadership has failed to shift the bank's organizational structure from its current status to what it should be.					
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8) In your opinion, what other turnaround leadership strategies have the bank adopted to influence its recovery from receivership and how have they influenced the recovery of the bank?

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SECTION B: Stakeholder Management

9) Kindly express your opinion on a likert scale of 1-5 the extent you agree or disagree with the following statements. Where: 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Items	Statements	1	2	3	4	5
1.	The bank has been able to identify the needs and interests of all the stakeholders					
2.	The bank has failed to identify the needs and interests of all the stakeholders					
3.	The bank engages the stakeholders in the scheduled and record of all activities being implemented					
4.	The bank does not involve stakeholders in the scheduled and record of all activities being implemented					
5.	The management has ensured timely disclosure of key information nature and scale of the projects, potential risks and impacts to key stakeholders					
6.	There has been no timely disclosure of key information nature and scale of projects, potential risks and impacts to key					

	stakeholders					
7.	The key decisions are made in consultation with key stakeholders to facilitate meaningful influence on the bank recovery					
8.	Key stakeholders are not consulted in the making of key decisions that influence meaningful influence on the bank recovery					

10) In your opinion, what other stakeholder management strategies have the bank adopted to influence its recovery from receivership and how have they influenced the recovery of the bank?

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SECTION C: Portfolio Divestment

11) Kindly express your opinion on a likert scale of 1-5 the extent you agree or disagree with the following statements. Where: 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Item s	Statements	1	2	3	4	5
1.	Both portfolio managers and analysts start their analysis of stocks or portfolios with the calculation of return.					
2.	The value of stock is based on future cash flows from dividends and share price appreciation					
3.	The portfolio managers reviews banks portfolio and sets standards and evaluates against them					
4.	The portfolio managers are adamant to review banks portfolio and do not evaluate and set standards against them					
5.	The invested assets have been growing since the bank went under receivership					

6.	The bank has divested in non-core assets					
7.	Some lines of business were divested					
8.	The bank integrated surplus fixed assets					
9.	The bank made some acquisitions					
10.	The bank has not made any acquisitions					
11.	The bank issued more shares					
12.	The bank did not issue any more shares					
13.	The bank made new contracts on its existing debt					

12) In your opinion, what other portfolio divestment strategies have the bank adopted to influence its recovery from receivership and how have they influenced the recovery of the bank?

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SECTION D: Retrenchment Strategy

13) Kindly express your opinion to the extent you agree or disagree with the following statements. Where: 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Items	Statements	1	2	3	4	5
1.	The bank closed some branches to reduce operating costs					
2.	Retrenchment strategy assists the bank in securing or providing slack regardless of the subsequent recovery strategy that is chosen					
3.	There were layoffs in the bank					
4.	The bank increased the fees charged on transactions					
5.	The bank reduced the fees charged on transactions					
6.	The marketing expenditure was increased to stimulate demand					
7.	Some business units were sold					

8.	The bank closed some branches and business units					
9.	Short term assets such as debtors were reduced					
10.	The bank diversified in some areas					

14) In your opinion, what other retrenchment strategies have the bank adopted to influence its recovery from receivership and how have they influenced the recovery of the bank?

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SECTION E: Recovery of Commercial Banks under Receivership

15) Kindly express your opinion on a likert scale of 1-5 the extent you agree or disagree with the following statements. Where: 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Items	Statements	1	2	3	4	5
1.	The bank can finance its activities					
2.	The bank cannot finance its activities					
3.	Receiver manager is able to collect the debts					
4.	The receiver manager is unable to collect the debts					
5.	The bank has been able to reduce its financial exposure					
6.	The bank has increased its financial exposure					
7.	The bank is able to sign a debenture with a fixed or floating charge					
8.	The bank is unable to sign a debenture with a fixed or floating charge					
9.	The bank can borrow from other banks and secured lenders					
10.	The bank cannot borrow from other banks and secured lenders					

16) What other strategies have the bank adopted to recover from its financial position?

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17) What do you think should be done to enhance recovery of commercial banks under receivership?

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Appendix III: Table for determining sample size from a given population


Source: Krejcie and Morgan table 1970

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100,000	384

Note: “N” is population size

“S” is sample size.

Appendix IV: Research Permit


UNIVERSITY OF NAIROBI
OPEN DISTANCE AND e- LEARNING CAMPUS
SCHOOL OF OPEN AND DISTANCE LEARNING
DEPARTMENT OF OPEN LEARNING
NAIROBI LEARNING CENTRE

Your Ref:
Our Ref:
Telephone: 318262 Ext. 120

Main Campus
Gandhi Wing, Ground Floor
P.O. Box 30197
NAIROBI

15th November, 2017


REF: UON/ODeL/NLC/27/500


RE: VIRGINIAH IRUNGU - REG NO.L50/84340/2016

The above named is a student at the University of Nairobi Open, Distance and e-Learning Campus, School of Open and Distance Learning, Department of Open Learning pursuing Master of Arts in Project Planning and Management.

He is proceeding for research entitled "Turnaround Strategies Influencing Recovery of Commercial Banks Under Receivership Program in Kenya: A Case of Chase Bank."

Any assistance given to her will be appreciated.


CAREN AWILLY
CENTRE ORGANIZER
NAIROBI LEARNING CENTRE



Appendix V: Turn it in Report

TURNAROUND STRATEGIES INFLUENCING RECOVERY OF COMMERCIAL BANKS UNDER RECEIVERSHIP PROGRAMME IN KENYA: A CASE OF CHASE BANK

ORIGINALITY REPORT

14%

SIMILARITY INDEX

11%

INTERNET SOURCES

3%

PUBLICATIONS

10%

STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to University of Nairobi Student Paper	2%
2	Submitted to Kenyatta University Student Paper	1%
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