

**EFFECTS OF CORPORATE RESTRUCTURING ON EMPLOYEE
JOB SATISFACTION IN KENYA COMMERCIAL BANK**

NAIROBI REGION

BY

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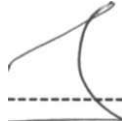
**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF. MASTER OF BUSINESS ADMINISTRATION,
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AUGUST 2011

DECLARATION

I the undersigned declare that this Research Project is my own original work and has not been submitted to any other college, institution apart from The University of Nairobi.

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This Management Research Project has been submitted for moderation with my approval as the University Supervisor.

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DEDICATION

This project is a special dedication to my loving fiancée Ruth Ochoro for her encouragement and support throughout my studies and my Brother Philip Ayoo for his financial support and being a mentor throughout my life. Thank you.

I cannot forget my parents, Priscah Ayoo and the Late Edwin Ayoo for bringing me up to be what I am and for having taught me lessons on importance of knowledge through education and good morals. I am proud of you and may the Lord bless you abundantly.

"....for all that the Lord has done it is well. It is well with our souls.... "

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My greatest and special gratitude is to the Almighty God who makes all things possible in
/ my life beautiful at the right time.

"The only rock that stays steady, the only institution I know that works, is the family; we are each others' business. We are each others' magnitude and bond. "

ABSTRACT

This study concentrated on the effects of corporate restructuring on employee Job satisfaction at KCB Limited. The process of corporate restructuring faces many challenges leading to most organizations failing to successfully implement it. The objective of this study is to assess the effects of corporate restructuring on employee Job satisfaction at KCB Limited.

The data was collected from KCB staff in Nairobi region using both open-ended and closed-ended questionnaires. The questionnaires were both self-administered and through email. The findings of the study were analyzed and presented in tables containing frequencies, means, percentages and standard deviations

The findings imply that there is a significant relationship between restructuring and increased work load, the assumption may be made that restructuring reduces the work force and it is highly probable that the remaining employees had to make up for work that had been done by retrenched employees. Flatter organizational structure resulted into improved communication hence speeds up and increases the effectiveness of the communication channels between management and their subordinates.

In Conclusion, this study has shown that if work satisfaction and trust in the organization continued to be depressed well beyond the end of the restructuring, the productivity of the organization could be in serious danger. The organization must therefore align its interests with those of management; all staff must also be involved and committed to bring about genuine and lasting improvements in the organization.

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ABBREVIATIONS AND ACRONYMS

KCB.....Kenya Commercial Bank

CEO.....Chief Executive Officer

HRM.....Human Resources Management

IT.....Information Technology

JDI.....Job Descriptive Index

SD.....Standard Deviation

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Kenya as one of the developing countries has invested in organizational restructuring to meet global competition and standards. Corporate restructuring has been, and will continue to be used as a turnaround strategy to control costs and to realign internal structure to meet changing environmental conditions. It is therefore important to enhance our understanding of the socio-psychological outcomes of organizational restructuring, particularly when past studies have been predominantly focused on financial outcomes. Both trust in colleagues and job satisfaction are yet to be investigated in the organizational restructuring literature, even though these are anticipated to have significant bearings on cooperation, morale and productivity. An understanding of the changes in the work environment within the organization that have undergone restructuring is important so that corrective measures can be taken promptly to address negative changes as a consequence of restructuring (Bowman and Singh, 1993).

Whatever the reasons that cause downsizing to take place, the strategies adopted and used must be such that those employees who remain (survivors) are focused and committed to the new organizational goals. It is thus justified to assume that the strategies used by management to downsize determine the quality of survivors in terms of their work-related attitudes, such as job satisfaction and job involvement commitment and motivation to achieve the new organizational goals. As restructuring occurs social network structure will be altered by turnover and new hires. Restructuring a corporate entity is often a necessity when the company has grown to the point that the original structure can no longer efficiently manage the output and general interests of the company. For example, a corporate restructuring may call for spinning off some departments into subsidiaries as a means of creating a more

effective management model as well as taking advantage of tax breaks that would allow the corporation to divert more revenue to the production process. Understanding these changes and their implications on employee job satisfaction will facilitate a systemic understanding of the effects of organizational restructuring on employees job satisfaction (Price, 2000).

1.1.1 Corporate Restructuring

Corporate restructuring has become the predominant reaction to global competition, low productivity, and increasing labor costs. According to Greenberg and Baron (1995:627), organizational restructuring refers to the "altering of size and basic configuration of the organizational chart". Organizational restructuring initiatives can include downsizing and Reorganization of the formal organizational structure. Organizations may reorganize without downsizing. Downsizing may also take place without significant changes to the formal structures. Although conceptually different, downsizing and reorganization often contribute to the other. Organizations in the process of aligning their internal organizations with the external market conditions may adopt new structural changes, which produce redundancies of jobs and employees. Even when downsizing is implemented without the intention of major reorganization, fewer employees are often left to do the same amount of work. As a result, downsizing can itself be an impetus for reorganization to address overload and burnout (Brockner, 1988).

Corporate Restructuring can encompass a broad range of transactions, including selling lines of business or making significant acquisitions, changing capital structure through infusion of high levels of debt, and changing the internal organization of the firm. Business portfolio restructuring may occur through the sale of lines of business, which are seen as peripheral to the long-term strategy of the firm (see Singh and Chang, 1992, for the performance implications of corporate reconfiguration). Restructuring can also involve a sequence of

acquisitions and divestitures to develop a new configuration of the lines of business of the corporation. Capital structure changes usually involve the infusion of large amounts of debt to either finance leveraged buyouts or to buy back stock from equity investors, or to pay large one-time dividends. Better earnings and improved competitiveness should logically lead to better financial performance and drive the stock price upward. Unfortunately, the evidence shows that the outcomes of organizational restructuring in economic and financial terms are mixed at best.

1.1.2 Job Satisfaction

The importance of job satisfaction to human beings is a phenomenon that has been widely studied. The popularity of this concept can be attributed to the relevance of job satisfaction to the physical and mental well-being of employees. Job satisfaction is an evaluative judgment about the degree of pleasure an employee derives from his or her job that consists of both affective and cognitive components (Weiss, 2002). An employee's evaluation of work is based on his or her comparison of the actual work outcomes with the expected outcomes (Cranny, Smith & Stone, 1992). Job satisfaction is in essence an interactive evaluative process between the individual and the environment. During this evaluation, the worker weighs all job aspects and compares the current job to what is offered by labour-market opportunities (Hamermesh, 2001). The result of this evaluation affects outcomes such as the intention to change work or to leave the company (Sumner & Niederman, 2003). According to Sempane, Rieger and Roodt (2002), employees evaluate their jobs using factors that they regard as important to them. This evaluation is influenced by individuals' perceptions and unique circumstances, for example, needs, values and expectations. Robbins (1997), further shows that the term job satisfaction refers to an individual's general attitude to his or her job. They argue that, a person with high job satisfaction holds a positive attitude towards the job, and one who is dissatisfied with his / her job holds negative attitudes about the job. Clearly,

employee satisfaction includes quite a number of factors, not only elements such as salary; work itself or promotional possibilities go into satisfaction.

1.1.3 Restructuring and Job satisfaction

Theoretical work concerning employee's reactions to corporate restructuring supports the fact that there is a relationship between restructuring and Job satisfaction. For example, Mishra and Spreitzer (1998), using Lazarus and Flokman's (1984) theory of stress, found that if survivors do not trust that the top management is competent and honest with employees through restructuring, they are likely to withdraw from the organization or respond in other destructive ways. Additionally, if work is not redesigned in a manner that minimizes overload, survivors are more likely to respond negatively. Accordingly, we can conclude that changes in the environment variables are related to changes in the outcome variables. Thus, Allen, *et al.*, (2001) found that increases in role clarity predicted increases in job satisfaction and commitment and decreases in turnover intentions after a downsizing event.

1.1.4 The Kenya Commercial Bank

Kenya Commercial Bank is a regional brand with presence in Kenya, Uganda, Tanzania, Rwanda and southern Sudan with a total of 212 branches. KCB has 168 branches in Kenya, 11 in Tanzania, 10 in Southern Sudan, 14 in Uganda and 9 in Rwanda. The bank has over 3600 employees distributed regionally mainly; Nairobi region (1721), western region (399), coast region (359), central region (503), great rift region (434). Kenya Commercial Bank (KCB) is also one of the leading financial services provider engaged in the business of banking and provides a wide array of related financial services through its wide and extensive branch network and subsidiary companies.

The bank's current product range involves Retail banking, Corporate banking, Treasury and mortgage finance. Up to 2006, the bank's strategic plans laid emphasis on turnaround measures and the establishment of sound foundation for business growth. From 2007 to 2009, focus shifted to repositioning the bank to reclaim its leadership position in the region in line with its vision where significant re-engineering and restructuring have been realized. In January 2011, the bank announced that it was to embark on a serious process of restructuring the organization. The rationale behind this, as the Chief Executive Officer (CEO) puts it, is to appropriately align the business processes with the needs of the customers while focusing on improved efficiency and cost management. The Bank was initially divided into Retail banking, Corporate banking, Treasury and mortgage finance with total of eleven divisional directors namely; Human Resources, Credit, Finance and Strategy, Marketing and Research, Audit, Retail Banking, Operations, Treasury, Corporate Banking, Information Technology and Head of Public Affairs and Communications.

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1.2 Statement of the Research Problem

Strategic policy decision-makers often neglect the impact of organizational restructuring on employee morale and productivity. For example, employee motivation could be so negatively affected that it leads to employee behaviors that hinder rather than enhance productivity. Cascio (1993), highlighted the potentially negative implications of organizational restructuring on job satisfaction and morale, which can affect economic and financial consequences. Consequently, based on the job transition theory as a guide, Allen, *et al.*, (2001) note that job attitudes such as job satisfaction, organizational commitment, job involvement, role overload, role clarity, satisfaction with top management, and turnover intentions become less favorable after downsizing. These attitudes would be impacted by corporate restructuring and changes therein would vary over time. However, in they also

found that the most negative impact of downsizing on attitudes occurred during the immediate post-downsizing period. More recently, results of a study showed that organizational restructuring had negative effects on employee levels of job security, organizational commitment, perceptions of time pressure, psychological wellbeing, and turnover intentions (Probst, 2003). This study aims to examine the social repercussions of an organizational restructuring. It seeks to firstly address the social impact of organizational restructuring by focusing on its impact on employee work satisfaction and secondly, to examine antecedent factors in the work environment that contribute to work satisfaction. An understanding of what affects trust among colleagues and work satisfaction will yield practical insights for managers who want to buffer the negative effects of change on trust and work satisfaction

Research by McKinsey & Company on KCB's customers to ascertain whether this model was better serving their needs found out that the present organization model has to be changed since it no longer lent itself to more effective customer service and focus. This was aimed at transforming the bank over time and thereby enhances shareholder value. This process, like many other restructuring processes, has had some casualties in terms of Human Resources, particularly at executive level of the business where the Executive Committee has been reduced from 22 to 7 members and will have new executive powers and a new mandate under the Chief Executive Officer. Some employees, like Divisional director, Finance and Strategy has already left the organization while others have been asked to re-apply for their positions. This has created a lot of uncertainty amongst many employees, particularly those that were from the business-banking unit. This has been the case despite the repeated assurances from the management that restructuring is only aimed at improved efficiency, cost management and customer service, and therefore, staff should not be afraid that they may lose their jobs. Investigating these social structural changes following organizational

restructuring and the association with job satisfaction will illuminate the restructuring implications on work satisfaction.

There have been a significant number of studies examining both financial and non-financial outcomes of organizational restructuring, specifically its impact on employee perceptions and reactions; these include University of Nairobi MBA projects; Bulitia (2006), studied A survey of supervision styles & employee job satisfaction in Commercial banks in Kenya, Oluoch (2007), a survey of the relationship between performance appraisal Practices, motivation & job satisfaction of employees of Commercial banks in Nairobi , Airo (2009), impact of restructuring on performance of development Financial institutions: a case study of the industrial & Commercial development corporation and Ochira (2009) the influence of restructuring on employee job satisfaction and empowerment: a case study of Kenya railways corporation, among others. Despite growing interest in research on restructuring, little attention has yet been paid to changes in structural positions as a direct result of organizational restructuring and the effects on work satisfaction.

Due to contextual, Sectoral and managerial differences among organizations, strategy implementation challenges gained from the above studies would not be assumed to explain strategic implementation challenges in another organization unless an empirical study suggest so. Furthermore, Most of these downsizing strategies lead to workforce reductions, Azegele (2007), while others like Ochira (2009) have thus focused on reductions through layoffs in their writings on restructuring. The studies mentioned above have not dealt with effects of restructuring at KCB and have failed to suggest the use of effective intervention human resource techniques in curbing the impacts of downsizing on survivors job satisfaction. These changes in the business environment lead to the question; what are the effects of Corporate restructuring on job satisfaction among the employees of KCB? This study

therefore addresses this knowledge gap by examining effects of corporate restructuring on employee job satisfaction in KCB.

1.3 Objective of the Study

To assess the effects of Corporate restructuring on employee job satisfaction among the employees of KCB

1.3 Importance of the Study

This study will provide managers and board of directors of KCB and other commercial banks in Kenya with information on how corporate restructuring affect organizations and employees satisfaction. This is because as these changes occur employees become insecure, confused about their jobs and therefore, less productive. The success of the organization will therefore depend on how successful leaders are at leading and managing organizational change. It becomes critical that organizations should implement it carefully, if they are to survive. The study will ensure that managers fully understand drivers of change, the possible consequences of change on both organization and employees, and to take appropriate actions.

The outcomes of this study could also give rise to the formulation of an appropriate Human Resource (HR) strategic framework that could assist organizations in implementing organizational restructuring. Moreover, the findings of the research could be used to develop new models for implementing organizational change that could be adapted to various change situations. For instance, they will Design methods to involve employees in the decision-making process, improve worker conditions, and initiate survivor re-training focused on the new job demands. The aim will be to improve their morale, commitment and promote job satisfaction.

Lastly, HR Researchers should Endeavour to advise colleagues of where and why tensions and difficulties in employee relations may arise before, during or after the workforce reduction event, and suggest ways of averting unnecessary conflict. An understanding of the factors that stifle or promote job satisfaction will also help organizations to be proactive by focusing inwards at their departments and outwards at their customers in order to effectively re-organize and enhance the efficiency of their delivery systems without jeopardizing worker quality.

CHAPTER TWO: LITERATURE REVIEW

2.1 Corporate Restructuring

Over the last two decades we have witnessed a lot of corporate restructuring within companies operating in Kenya. Rising global competition, the influence of information technology, reengineering of business processes, and the changing perception of a job as a constant collection of activities, are some of the factors that impact on work and organizations. These factors require leaner and meaner organizations that focus more on core abilities, thus inducing them to outsource all the non-core activities of their businesses. These changes invariably lead to some serious consequences for both employees and organizations (Gowing et al., 1997:21). Organizational restructuring and its many associated euphemisms became part of the managerial lexicon in the late 1980s, in the 90s and in the early days of the new millennium (Belout & Balkin, 2000). Organizational restructuring or simply "restructuring" seems to have become a way of life and a feature of many organizations in the industrial world (Ryan & Macky, 1998). The impetus behind restructuring efforts appears to be a desire to reduce organizational costs and increase productivity and overall competitiveness (Cascio, 1998). According to Black and Edward (2000), corporate restructuring is a broad concept; however, it is defined as ^k"a major change in the composition of a firm's assets combined with a major change in its corporate strategy". They add that corporate restructuring may further be divided into three distinct types, namely: portfolio, financial and organizational restructuring.

In more recent years, many scholars have focused on workforce reduction or downsizing (Koretz, 1998). This trend does not seem to be dissipating, with many companies planning to continue downsizing over the next few years (Andrews, 2001). Organizations routinely displace and hire large segments of their workforces in a permanent restructuring process

(Mckinley and Scherer, 2000). Faced with more competitive markets and greater demands on costs controls, companies are taking the fast track to cost-cutting by downsizing, reorganizing their divisions, streamlining their operations, and closing down unprofitable divisions (Bowman et al., 1999). Organizational restructuring has been, and will continue to be used as a turnaround strategy to control costs and to realign internal structure to meet changing environmental conditions. It is therefore important to enhance our understanding of the socio-psychological outcomes of organizational restructuring, particularly when past studies have been predominantly focused on financial outcomes. Many studies have been undertaken, particularly in the United States, on the effects of organizational restructuring on both individuals and organizations as well as how best to manage this change. These researchers have shown that individuals, groups and organizations tend to perceive change as a threat to their wellbeing and existence. Individuals associate change with loss of jobs, whilst organizations see change as carrying costs and risk to them. They subsequently respond to change in ways that are not suitable that eventually lead to counter productivity (Gowing, Kraft & Quick, 1997. Gowing et al., (1997) describe three interrelated sources of organizational restructuring, namely, mergers and acquisitions, downsizing and privatization.

These sources have common attributes in that they are all induced by economic recession and by the endeavours by organizations to continue to exist, and also to enhance productivity. Moreover, they all have a serious impact on both individuals and organizations that may require psychological practice and intervention. In a more comparable argument, Lewin and Jonhson (2000) show that emotionally, restructuring affects the whole organization and it is equivalent to a divorce in the family. This ultimately causes unhappiness, fighting, insecurity and unproductivity. The "survivors" of the whole process experience a vast amount of guilt, often wondering why they were privileged enough to keep their jobs and when they may lose them. In accordance, Ryan and Macky (1998) add that many companies do not handle the

restructuring process sensitively or with compassion, and the instability, uncertainty and ineffectiveness caused can more often than not create undue turmoil. This may be as a result of management not having been given correct training or support and therefore not being able to deal with the situation. Corporate restructuring is therefore a major re- evaluation of business operations with a view of making fundamental changes in the organization structure.

2.2 Reasons for Corporate Restructuring

Restructuring is usually carried out by organizations for economic reasons and the need by organizations to orient themselves in more strategic positions for efficiency and effectiveness. Employees' perceptions of the dominant strategy adopted by an organization to drive the workforce reduction process have a strong bearing on survivor quality after the downsizing exercise. Thus, in their study, Carbery and Garavan (2005) showed that respondents perceived the driver for change in the direction of efficiency and effectiveness (competition) to be the strength of management in adopting workforce reduction as a cost-effective strategy. A financial perspective of restructuring may be that many firms face financial difficulties that require the restructuring medicine. This is in most cases a preferred option for most firms as it reduces unnecessary work force which leads to reduced organizational expenses (Lewin & Jonhson, 2000). Economic changes like growth signifies more disposable incomes and hence increased demand for consumption. Good economic growth rates are associated with expansion by firms in order to serve the increased demand. The reverse is also true. In the last decade Kenya has witnessed the extremes of economic growth. In the early 90's economy was on a decline mode exacerbated by withdrawal by the World Bank and other multilateral donors.

Efficient structural changes to the organization resulting in reductions in the numbers employed take a number of forms. For example, Kinnie, Hutchinson and Purcell (2000) point

out that senior manager may decide to simplify alter the structure of the organization by removing layers from the hierarchy. On the other hand, they may decide to decentralize the organization often with related reduction in the numbers employed in the head office. It is common these days to find head offices with very few employees. This may be linked to the establishment of strategic business units (Kinnie, *et cil.*, 2000,). The whole idea is to reduce costs and remain as efficient as possible. Efficiency, then, is viewed not in abstract and technical terms but in concrete terms: with a conception of control in mind, managers adopt human resource practices they define as efficient in order to achieve acceptable performances, stabilize competitive conditions and allow organizations to survive.

According to Stavrou, *et al.*, (2006) there are four other factors in literature whose relationship to downsizing is based on institutional logic. These factors suggest that organizations downsize in response to mimetic, professional, socialization, and other processes, with no direct bearing on internal functional requirements. Today, most organizations are headed by Chief executive officers (CEO) who have experience in operations management (Buckingham & Coffman, 2001). While this is the case, it might be asked whether there is a relationship between operations CEOs and downsizings. In answering the above question, Chipunza (2008) agrees that, since these CEOs' backgrounds equip them with the ability to initiate large-scale reorganization, and since they have risen to power in the era of globalization when layoffs have been exalted as a competitive strategy, it is possible to conclude that the effects of operations CEOs on involuntary downsizings will be positive. The argument here is that a new CEO with an operations background who takes over the reign of an organization with a lackluster performance record may blame his/her predecessor, and then execute layoffs in order to signal that he/she will revitalize the organization.

Technological structure and use of information technology (IT) is another reason for restructuring. Contingency theorists claim that certain types of structure enable organizations to adapt more favorably to environmental uncertainty, especially in turbulent market conditions. In the context of technology, they suggest that an optimal model of organization structure exists which allows for the maximizations of its resources. One model which has been postulated is that of a decentralized, flatter structure focusing upon products and services as opposed to functional differentiation. Writing on the relationship between organization structure and Information Technology (IT), the advocates of an optimal model suggest that structural inadequacies may affect how IT is utilised Schnitt, (2003).

It is certain from these observations that whatever the reason for restructuring the benefits will always be; greater flexibility, improvement in quality, and increased efficiency and productivity (Kumar, 2005) The findings also point to the fact that the positive outcomes of downsizings could be grouped into those that deal with human resources (improved worker competencies, efficient use of employees' capabilities, and prospects for career development); and those that deal with the effect on the organization or the business (improved revenues and high profits, improved productivity, optimized structure and increased competitiveness) (Appelbaum, *et al.*, 1999,).

2.3 Corporate Restructuring Strategies

According to Singh (1993), corporate restructuring is one of the most complex and fundamental phenomena that management confronts. This is because each company has two opposing strategies from which to choose, to diversify or to refocus on its core business. These strategies therefore includes portfolio restructuring, financial restructuring and organization restructuring strategies like downsizing and outsourcing (Markides, 1995).

2.3.1 Downsizing Strategy

Restructuring is often done as part of a bankruptcy or a takeover by another firm, particularly a leveraged buyout by a private equity firm. It may also be done by a new CEO hired specifically to make the difficult and controversial decisions required to save or reposition the company. Cascio (2002) adds a different dimension to the understanding of organisational restructuring. He contends that restructuring does not necessarily have to result in the retrenchment of employees with all the painful consequences that follow. There is an alternative approach, which he refers to as 'responsible restructuring'. Whether the company will follow the traditional way of restructuring that involves retrenchments or what he terms 'responsible restructuring' depends on the management view of employees.

Management who view their employees, as costs to be reduced is more likely to reduce their workforce when restructuring. They always look at an irreducible core of workers that the business requires to ensure that minimum number of employees is maintained. Management who view their employees as assets to be nurtured and developed, on the other hand, are more likely to be responsible restructurers. They constantly seek new ways of doing business that will ensure that employees are utilized more efficiently and effectively. The downsizers view workers as commodities that can be changeable and substituted for one another. The responsible restructurers, on the other hand, view employees as sources of creativity and renewal as well as having potential to grow the business.

2.3.2 Outsourcing Strategy

Organizations can also restructure through outsourcing of the non-core parts of their business to another company. This helps to free the organization to focus all its attention on core business functions that are enshrined in its mission. Depending on the outsourcing agreement, the company to which the business is outsourced may employ the same workers who were

manufacturing the products or services from the outsourcing company and vice versa. This form of restructuring may not necessarily lead to the loss of jobs (Greenberg and Baron, 1995). The structure of the organization does affect the information it gathers from its surroundings and the way it integrates and processes the information to craft future strategies. Structural changes therefore, do give rise to alterations in the flow of information. This, in turn, gives rise to changes in the strategic opportunities that are being thought carefully about and followed up. Structural changes are also necessary to put an end to power bases that may block the required changes in strategy in trying to shield the vested interest of some top managers.

2.3.3 Portfolio Restructuring Strategy

Portfolio restructuring involves significant change in the firm's configuration of lines of Business through acquisition and divestiture transactions. There has been extensive research on acquisitions, and a smaller but internally consistent amount of research on corporate divestitures. However, we need to insert the caveat that as a combination of several transactions, the effects of portfolio restructuring on financial performance go beyond the individual moves comprising the program. In the area of corporate acquisitions, it is now a well-known result that stock market returns to acquirers are, on average, small and not statistically significant (Jensen and Ruback, 1983; Bradley, Desai, and Kim, 1983). Disaggregating the total set of acquisitions into related and unrelated transactions (with various proxies for relatedness used in different studies) yields no consistent pattern of significant returns to acquirers (Chatterjee, 1986, Lubatkin, 1987, Singh and Montgomery, 1987). There is some evidence that related acquisitions may be associated with lower levels of systematic risk than unrelated acquisitions. In sum, although acquisitions are effective vehicles to change the portfolio of the firm, their effects on financial value of the firm are unclear.

2.3.4 Financial Restructuring Strategy

This assumption of debt was driven by the notion that the pressure of high interest payments would force managers to focus on their core businesses, and not squander cash flows from the core businesses in presumably less rewarding diversification projects. The argument is most applicable in mature industries in which key success factors are very clear and where investments on research and new business development are not substantial enough to absorb all the free cash flow (Jensen, 1989). This type of restructuring is identified by changes in the firm's capital structure. Changes can include debt for equity swaps, leveraged buyouts, or some form of recapitalization (Bowman et al, 1999). In leverage buyout, there is usually an immediate influx of free cash flows, organizational efficiency is enhanced and the company refocuses on the core businesses. Additionally, long term performance of the organization is significantly improved after. Leverage buyout divisions have greater improvement in efficiency than when the entire company is acquired.

It is therefore, not a bad idea for an organization to have constant reorganization. Changes in the structure may be carried out by an organization in response to a need for a change. It is one form of carrying out an organizational change in response to a problem. These changes may take different forms such as alterations in the organization's span of control and changing the number of workers under the control of supervisors. Structural changes may also be carried out through revising the principles for creating departments, such as from product-based departments to functional departments. Other structural changes may take simpler forms such as making someone clearly understand his/her job description or written policies and procedures to be followed (Greenberg and Baron 1995), Peters 1992).

2.4 Job Satisfaction

Job satisfaction has been a focal issue in organizational research for decades. It has been shown to be an important predictor of quits and other objective outcomes (Clark 2001). In this respect, work satisfaction can be viewed as an important organizational indicator, particularly in studying the impact of organizational restructuring on employees. The importance of job satisfaction to human beings is a phenomenon that has been widely studied. The popularity of this concept can be attributed to the relevance of job satisfaction to the physical and mental well-being of employees. As the preceding chapter has concentrated on organizational change and restructuring, the current chapter pays more attention to job satisfaction, theories related to job satisfaction and some of the consequences that dissatisfaction can have both for the organization and the workers themselves

According to Armstrong (2009), the concept of job satisfaction is closely linked to engagement. Job satisfaction refers to the attitudes and feelings people have about their work. Positive and favourable attitudes towards the job lead to engagement and therefore job satisfaction. A negative and unfavorable attitude towards the job indicates job dissatisfaction. Morale is equivalent to job satisfaction. Thus Gion (1958:123) defines morale as "the extent to which an individual's needs are satisfied and the extent to which the individual perceives that satisfaction as stemming from his total work situation". Other definitions stress the group; effects of moral. Gilmer (1961) suggest that morale is a feeling of being accepted by and belonging to a group of employees through adherence to common goals. He distinguished morale as a group variable, related to degree to which group members feel attracted to their group and desire to remain a member of it, and job attitude as an individual variable related to the feelings employees have about their job.

Subsequently, many different definitions of job satisfaction have come into play, some authors focusing on the job itself, others on all the related factors that influence satisfaction. Nel, *et al* (2004) defines job satisfaction as the individual's cognitive, affective and evaluative reaction towards his / her job. In addition, Robbins (1997) show that the term job satisfaction refers to an individual's general attitude to his or her job. It refers to the degree to which people like their work (Flap and Volker 2001). It can be considered as a global feeling about work or as comprising various attitudes about the different aspects of work.

Many studies have delved into the possible antecedents of work satisfaction, with the assumption that this is important to organizational functioning. One approach is to understand the extent to which work satisfaction is the result of dimensions within employees' psychological needs and personalities (Locke, 1976); (Spector, 1997). Employees' personalities have been found to influence work satisfaction, as those with an internal locus of control are more satisfied with their work (Spector, 1997). Scholars have also examined / the socio-demographic background characteristics of employees, like age, sex, and education, to see if there are any links with work satisfaction. The findings of these studies on work satisfaction have been inconclusive.

2.5 Factors Influencing Job satisfaction

The saying that job satisfaction varies greatly from employee to employee and from organization to organization is very true. While some persons report overwhelmingly positive reactions to their work, others gripe continuously about real or imagined problems. Why is it precisely that way? The question is what factors contribute to job satisfaction or dissatisfaction. Attempts to answer these questions have taken two basic forms. Baron (1993:208) found of the first, that several investigators have sought to develop comprehensive theories of job satisfaction, theories that both identify the major determinates

of such reaction and account for their impact on worker attitude. On to the second, Baron (1993:208) states that many researchers have adopted a more empirical approach, seeking to determine key factors affecting job satisfaction and dissatisfaction. Both strategies will now be considered:

For over three decades, much of the research on job redesign and satisfaction has been based on the work of Hackman and Oldham (1976, 1980). They argued that the intrinsic value and motivating potential of a job are based on certain task dimensions: task variety, autonomy, identity, significance feedback and skills variety. It is generally assumed that a job that is high on these dimensions or attributes has a higher motivating potential than a job that is not. Even though Salancik and Pfeffer (1978) added the role of individual differences, Hackman and Oldham's task dimensions or attributes remain the focus of much of the research on job design or redesign (Griffin, Welsh and Moorhead, 1981).

When applied to job satisfaction, the work of Warr (1987) provides another typology of job characteristics that goes beyond the work itself to include supervision, pay, and career issues as additional predictors of happiness. Generally, greater quantities of desirable job characteristics are considered better. However, Warr's 'vitamin model' (1987, 2007) suggests that, like some vitamins, increasing amounts of some job characteristics improve wellbeing only until deficiencies are overcome and one reaches the 'recommended daily allowance'. Beyond that point, additional amounts are thought to have limited beneficial effects on happiness. Further, there may be some job characteristics that in high quantities actually reduce happiness, just as it is possible to overdose on some vitamins. For instance, Warr suggests that it is possible to have too much personal control, too much variety, and too much clarity.

A second major theory relied on in this study is the two-factor motivational theory of Herzberg. Studies (Wagner & Hollenbeck, 1992:42) indicate that Herzberg's theory developed out of a research project conducted with different employees, where the critical incident technique was used. Subjects were asked to describe times when they felt satisfied or dissatisfied with their jobs. Careful analysis of the incidents they reported then yielded an intriguing pattern of findings. Incidents involving the work-itself, achievement, promotion, recognition and responsibility were often mentioned as sources of satisfaction, but only rarely as sources of dissatisfaction. Herzberg termed such factors motivators. In contrast, incidents involving interpersonal relations, working conditions, supervisors, salary and company policies were frequently mentioned as causes of job dissatisfaction. Herzberg labeled this group of variables hygienes. In the light of Herzberg's work, Wagner and Hollenbeck (1992) show that job satisfaction stems from different causes. They also add that satisfaction is mainly derived from motivators, or aspects of the work-itself, while dissatisfaction stems primarily from the context in which work is performed.

2.5.1 Job Descriptive Index (JDI)

The JDI was developed by Smith, Kendall and Hulin in 1969 and is the most widely used instrument measuring employees' job satisfaction within organizations (Kreitner & Kinicki, 1995). Spector (2000) adds that the JDI is directed towards specific areas of satisfaction rather than merely global satisfaction and allows for different areas of the job to be independently measured. It requires respondents to describe their work as opposed to directly asking respondents how satisfied they are, thereby ensuring that respondents have a job referent rather than a self-referent. The JDI measures satisfaction perceptions for five (5) job facets, namely: pay, promotions, supervision, co-workers and the work itself (Spector, 2000). The measuring instrument consists of seventy two (72) items - nine (9) items each for the facet of promotion and pay, and eighteen (18) items each for work, supervision, and co-

workers (Smucker & Kent, 2004). To score the responses, employees are requested to indicate the degree of agreement with each statement concerning their jobs. Positively discriminating items are scored strongly agree while negatively discriminating items are strongly disagree (Cherrington, 1994). The higher the score obtained, the higher the level of job satisfaction (Kreitner & Kinicki, 2001).

Bakker and Demerouti (2008) show that these measures relates to the factors influencing job satisfaction and includes; pay, the work itself, promotion, supervisor, the workgroup to which the individual belongs and working conditions. They discovered that employees who perceive that they are fairly rewarded for their contribution, have the opportunity for mobility within the organisation, and receive adequate compensation are more satisfied than those who are not. In like vein Thornhill (1999:497) introduced recognition for desirable behaviour and reward equity as incentive variables. Despite the argument that Thornhill advance, mixed feelings still exist as to the relationship between incentives and satisfaction. The question still remains "can money provide satisfaction?"

Together with pay, the work itself is a very important factor. Kreitner and Kinichi (2001:677) state that "employees do not want jobs that are boring". They like to have challenging work and a variety of tasks because certain amount of variety in a job increases worker satisfaction. Nonetheless, too much variety can become distressing and cause burnout hence another factor that increases job satisfaction is autonomy. Robbins (1997) explains that workers like to have a certain amount of autonomy; work that provides this yields the greater amount of satisfaction. Kreitner and Kinichi (2001) in their study of job satisfaction prove that the effect of promotion varies in relation to the levels at which it occurs. The following examples were provided by the authors to link job satisfaction and promotion: a secretary who is promoted to assistant administrator may receive an increase of R12000 per year, yet not significantly experience increased job satisfaction. However, a manager who is promoted to company

president, with an increase of R400 000 per year, will most likely experience increased job satisfaction.

Recent studies by Snell (2004:501) show that supervision also has a moderate effect on job satisfaction. Snell was able to break down the supervisory style of management into two dimensions; Employee-centeredness - which relates to the degree to which the supervisor cares and Supports the workers and takes an active interest in them increases job satisfaction; and Participation - the degree to which the worker is able to participate in decision making. The higher the degree of participation, the higher the degree of job satisfaction. According to Robbins (1997) a participative (democratic) leadership style tends to suit smaller organizations and does not always improve employee attitudes. Some employees are motivated by an employee-centered management style, others by the "high control" leadership style of large bureaucratic organizations. However, other Researchers Locke (1996) on job satisfaction shows that friendly and cooperative co-workers provide only a moderate source of job satisfaction. While people like to have discussions with co-workers and prefer not to be separated from them, research proves that it is not a significant factor in job satisfaction. However, people that cannot get on with co-workers do experience poor job satisfaction.

Finally, although not most likely associated with job satisfaction by most researchers working conditions can also contribute to job satisfaction. Byars and Rue (2004:309) indicate that factors such as comfortable office, carpeting, ventilation, good lighting, and hygienic work conditions and so on, can all affect job satisfaction. They further indicate that such factors can have an impact outside the organization. They provide an example of a worker who is required to work in a noisy environment, which as they show may lead to stress, that can influence the worker's family life. In view of the above, employee satisfaction includes quite a number of factors not only elements such as salary, work itself or promotional possibilities

go into satisfaction. Nonetheless, for the purposes of this study the researcher will focus mainly on these five factors as they are the major elements affected by restructuring which to a large extent impact the satisfaction of employees.

2.6 Effects of Corporate Restructuring on Employee Job Satisfaction

One of the most crucial factors that must be examined after a restructuring is the effect on employees who still remain in the organization (survivors). Some studies of survivors' reactions have provided evidence for the potentially negative repercussions of organizational restructuring and downsizing. Studies have suggested that survivors suffer from high levels of burnout, stress, confusion, and guilt. For instance, Cascio (1993) found that more than one-half of survivors report increased job stress and symptoms of burnout following downsizing. When jobs are cut, the work to be done does not diminish, but is reallocated to the remaining employees. Trust and morale are negatively affected as workloads increase and job insecurity escalates Fisher (1991).

On the other hand, there are some studies that indicate positive reactions to organizational restructuring and downsizing. For instance, studies have shown that some survivors do not experience emotional distress; instead, they are energized and consider downsizing to be an opportunity for personal growth (Emshoff, 1994); (Henkoff, 1994); (Isabella, 1989). Indeed, researchers have documented a range of seemingly contradictory survivor responses to downsizing. For example, following a downsizing announcement, survivors have responded by working harder, reducing their efforts, or not changing their efforts at all (Brockner, Grover, and Blonder, 1988). Mishra and Spreitzer (1998) provided an explanation of various factors that influence different reactions to organizational restructuring. They articulated how an evaluation of the trustworthiness and credibility of management have significant effects on survivors' reaction. Responses will be positive to the extent that they have trust in

management (because management is perceived to be competent, reliable, opened and concerned about all stakeholders). Trust in management is further reinforced by perceptions of fair and just implementation of the changes.

Additionally, other studies suggest that those staff who remains within an organization after significant restructuring/downsizing often experience the adverse effects of change as profoundly as those who have left (Allen, 1997); (Brockner,1992); (Astrachan,1995) and (Baruch and Hind, 1999). The symptoms are many and can manifest themselves in a number of different ways. According to Kinnie Hutchison and Purcell (1998) and Allen (1997) survivors may become demotivated, cynical and insecure, demoralized, lose trust, faith, and confidence in their employer, suffer stress, increased absenteeism, and become increasingly bitter. Survivors may feel guilty that it was not them who went, develop insecurities as they fear future job losses, be unclear about responsibilities and what managers expect of them, and perceive their workload to be higher. There is also evidence to suggest that many staff /' fear future change, experience a loss of loyalty towards their employer, become less inclined to take risks and feel that they are not being kept well-informed (Brockner, 1992); (Robbins, 1999); (Allen, 1997); (Burke and Nelson,1997); (Appelbaum and Donia,2000); (Thornhill, Saunders and Stead, 1997); (Rice and Dreilinger, 1991).Ochira (2009), in her unpublished MBA project, found out that the main reason for restructuring in Kenya Railways was mainly economic reasons based on the fact that these reforms will lead to the creation of new organization, revised accounting methods and economic liberalization of the railways sector. In the long run, the factors discussed are directly affected by restructuring and say much about employee satisfaction in the work place. If not properly managed and moderated, these factors may result in high stress hence job dissatisfaction among the employees.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research problem presented was best conducted through descriptive survey method. Weiers and Ronald (1996) defines a survey as including a cross-sectional and longitudinal study using questionnaires or structured interviews for data collection with the intent of generalizing from a sample to a population. The rationale for the survey method is when the researcher is interested in collecting data from a large group of respondents within a short period of time. The study also fits within the descriptive survey design because no variables will be manipulated and data will be collected from different categories of respondents within the bank.

3.2 Population

According to Cooper and Schindler (2000), a population is the total collection of elements / about which we wish to make inferences. The target population for this study comprised of KCB employees in different management levels; this includes managers, supervisors, clerks and subordinate staff. The study population was KCB employees in Nairobi Region which totals to 1,721 employees. Rationale being it is easier and economical to carry out the study in Nairobi region, and also the total number of respondents in Nairobi region comprises more than half of the total population hence representative enough. Baxter (2008) states that a population size of 50% is justifiable since it gives unbiased representation of all respondents' opinions in the target population and this assist in the generalization of the research findings if the study design is descriptive in nature.

3.3 Sampling

Denscombe (1998) posited that, the sample must be carefully selected to be representative of the population and the researcher also needs to ensure that the subdivisions entailed in the analysis are accurately catered for. Stratified sampling technique was used in this study because of the different strata in the population. Staff was stratified into managers, supervisors, clerks and subordinate staff of various departments because this categorization will give a cross-sectional representation. However, the sampling frame of 150 respondents was drawn from the larger population using random sampling based on the proportion of the group intended in this study. In this case, atleast 10% of the target population was taken for study (Mugenda and Mugenda 2003).

Management level	Target Population	% Sample size	Sample size
Managers	739	10%	64
Supervisors	201	10%	18
Clerks	737	10%	64
Subordinate staff	44	10%	4
Total	1,721		150

Table 3.1. Sampling Distribution Table

3.4 Data Collection Methods

Primary data was collected using a semi-structured questionnaire which comprises both close ended and open ended questions. Section A required the respondents to provide their biographical as well as their work information. For this purpose, open-ended, and dichotomous questions was used to elicit the data. Section B mainly concentrated on

corporate restructuring. Section C was on Job satisfaction which employs the use of Job Description Index (JDI) see appendix I. Most statements in this section are formatted according to a five point Likert scale in the following manner: Strongly agree, agree, neutral, disagree, and strongly disagree. Secondary data like; human resource directory, updated bank's policy hand book, existing and previous strategy plans, the bank's monthly newsletter and the C.B.Ks annual report on commercial bank were supplement primary data. Questionnaire administration was by both self-administered and mail because of the geographical location of branches.

3.5 Data Analysis

This study used both quantitative and qualitative method of data analysis. The quantitative analysis is applied using descriptive statistics and chi-square test while qualitative data was analyzed using content analysis which will compare the responses to the documented effects of restructuring on employee job satisfaction. According to Denscombe (1998) descriptive statistics involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages which are a vital part of making sense of the data. Data will presented using tables, graphs and pie charts to give a clear picture of the research findings at a glance. This provided simple summaries about the samples and the measures of central tendencies. Data from the respondents after restructuring was compared with their responses in the earlier one that to determine the level of satisfaction after corporate restructuring.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter is presented in three sections. The first section looks at the general information of the respondents and the organization. The second section looks at corporate restructuring while third looks at job satisfaction. The data has been presented in tables, pie charts and bar graphs. The responses were analyzed using descriptive statistics. Out of 150 questionnaires which had been administered to the interviewees, 150 of them were returned giving a 100.0 percent response rate which is considered to be very high. The respondents response rate is indicated Table 4.1 below.

	Issued	Returned	Percent
Managers	64	64	42.7
Supervisors	18	18	12.0
Clerks	64	64	42.7
Subordinate staff	4	4	2.7
Total	150	150	100.0

Table 4.1: Distribution of Respondents by Response Rate

Source: Researcher (2011)

Table 4.1 reveals that out of the 150 questionnaires issues by the researcher to the respondents all 150 of them were returned for data analysis. This translated to 100.0% return rate which according to Orodho (2003) is considered to be high enough to generalize responses.

4.2 Background Information of the Respondents

This section analyses Biographic information based on gender of the respondents, age, duration of employment, and education levels.

4.2.1 Gender of the respondents

The researcher sought to find out the distribution of the respondents by gender to know which gender is the majority at the bank. The findings are presented in the table below:

(Gender)	Frequency	Percent
Male	80	53.3
Female	70	46.7
Total	150	100.0

Table 4.2: Distribution of respondents by Gender

Source: Researcher (2011)

From table 4.2, it is evident that majority of the respondents accounted for males (53.3%) while 46.7% the minority are females. The findings give an implication the bank is gender sensitive although there is need for more female staff to balance the distribution.

4.2.2 Age of the respondents

The researcher sought to find out the majority age of the respondent in the Bank. The results are presented in the figure below;

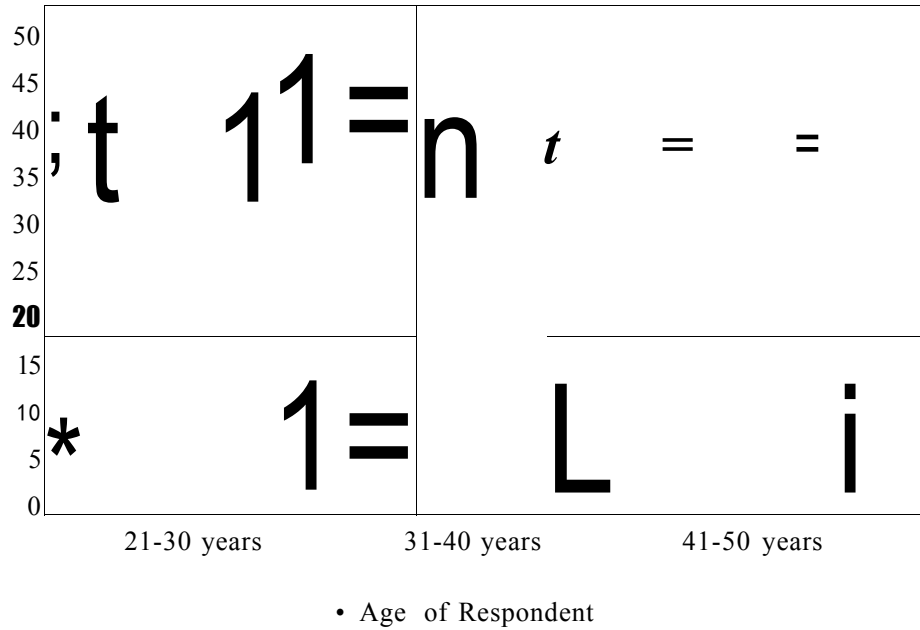


Figure 4.1: Distribution of the Respondents by Age

Figure 4.1 above shows that majority of the respondents represented by 49.3% are aged between 21-30 years, 42.7% between 31-40 years and the minority 8.0% are aged between 41-50 years. The findings give an implication that the bank employs young/ middle aged personnel whom they probably train and grow with and are ready to rotate around the branches it has countrywide.

4.2.3 Duration Of employment at the Bank

The researcher sought to find out how long the respondent has been working at KCB when restructuring was implemented. The results are presented in the figure below;

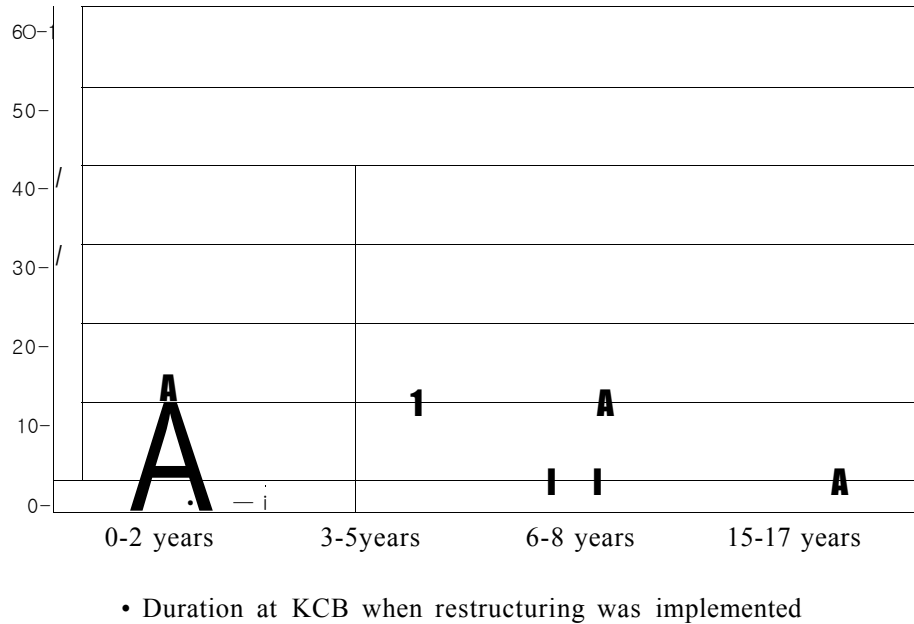


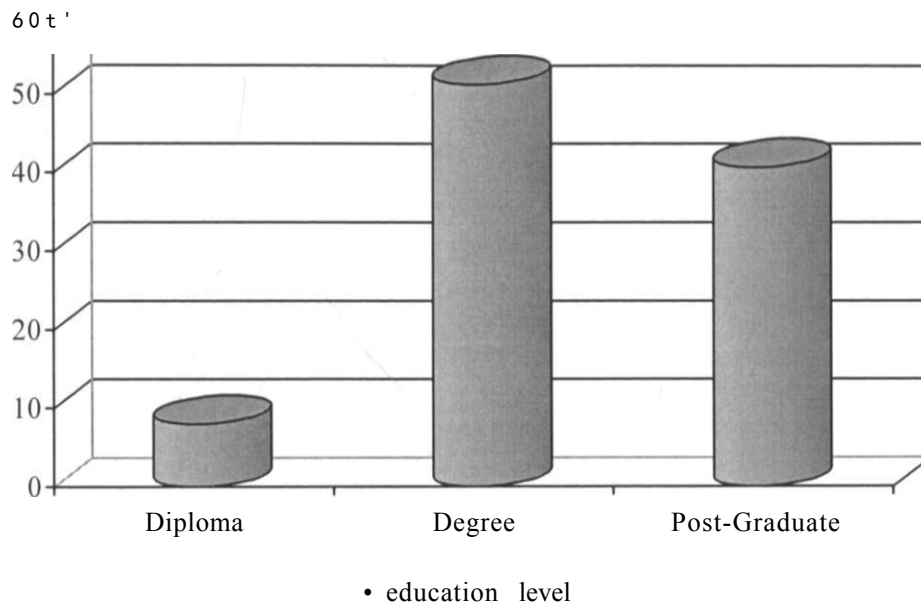
Figure 4.2: Duration of employment at KCB before restructuring

Source: Researcher (2011)

From the figure 4.2 above, it is evident that majority of the respondents (58.7%) have been at KCB for 3-5 years while 17.3% have been there for 6-8 years, 16.0% for 0-2 years and 8.0% for 15-17 years. The findings reveal that majority of the respondents had been with the bank before and after corporate restructuring was implemented hence accurate information was obtained for the study. Only a few respondents had been employed after restructuring (10.0%).

4.2.4 Education Level of the Respondents

The researcher sought to find out education level of the respondent. The results are presented in the figure below;



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Figure 4.3: Distribution of the respondent by education level

Source: Researcher (2011)

Figure 4.3 above reveals that more than half of the respondents represented by 51.3% have attained under graduate degree level. 40.7% of the respondents have attained post-graduate level of education and the minority 8.0%, have attained diploma level of education. The findings could give an implication that restructuring at KCB ensured that only those with University degree and above are employed in the Bank.

4.3 Effects of Corporate Restructuring

The researcher sought to find out the level of agreement of the respondent to the following statements about the effects of corporate restructuring. The respondents' degree of agreement was rated as follows; **4.5 - 5.0** (Strongly Agree), **3.5 - 4.4**(Agree), **2.5 - 3.4**(Neutral), **1.5 - 2.4** (Disagree) and **0 - 1.4**(Strongly Disagree).The highest score was therefore taken to be **Five** while the lowest score was **Zero**.

	Mean	Std Deviation
Restructuring resulted in increasing my work load	4.2	1.00
Restructuring improved the communication channels between management and employees	3.8	0.269
I am comfortable with my current work position	3.7	0.681
Employees should be involved in organizational policies and decision making	3.5	0.523
My position and efforts are now recognized	3.2	0.306
I do not feel relaxed working with new employee(s)	3.1	1.24
Management support employees after the restructuring intervention	3.0	0.371
Employees were involved in the design of the organization restructuring process	3.0	0.219

Cutting out other workers has increased my pay and benefits	2.7	1.13
Experienced employees do not like organizational change	2.6	1.15
I am now able to get feed-back in time	2.4	1.346
Average Mean Score	3.2	

Table 4.3: Level of Agreement to the following statements.

Source: Researcher (2011)

The findings of the research as summarized in table 4.3 above indicates that there was an agreement to the fact that Restructuring resulted in increasing work load, which recorded a mean score of (4.2) in the Likert scale. There was also a general agreement that restructuring has improved the communication channels between management and employees (3.8), that the respondents are comfortable with their current work position (3.7), and employees should be involved in organizational policies and decision making (3.5).

Respondents were however neutral to whether their position and efforts are now recognized (3.2), whether they feel relaxed working with new employees (3.1), the degree of support to employees after the restructuring intervention and their levels of involvement in the design of the organization restructuring process were each rated at (3.0), cutting out other workers has increased my pay and benefits was rated at (2.7), and to whether experienced employees do not like organizational change (2.6).

There was however a disagreement to the fact that they are now able to get feed-back in time (2.4). The strong standard deviations ($SD > 1$) results from most employees being neutral to most issues they felt as more sensitive or confidential to them.

This implies that there is a significant relationship between restructuring and increased work load, the assumption may be made that restructuring reduces the work force and it is highly probable that the remaining employees had to make up for work that had been done by retrenched employees. While improved communication may be because of the flatter organizational structure resulting from the restructuring, hence speeds up and increases the effectiveness of the channels of communication between management and their subordinates (see Appendix IV). However, opinions of survivors of the restructuring process were different, some were certain that their future with the organization is still bright, while other findings prove a strong relationship between organizational restructuring and uncertainty about the future with the organization. This was depicted from the promoted and those retaining their former positions indicating comfortability with their current positions. It is evident that employees who still hold their previous positions (experienced employees), will be comfortable as they hold some specialty in such a position, something that makes them comfortable as they know their duties, responsibilities and what is expected of them. Lastly, most respondents felt that the management should have involved all employees in organizational policies and decision making in regard to those that directly affect them like restructuring. The overall means of (3.2) clearly show that the survivors were moderately happy with the handling of the downsizing process in their organization since employees often receive different (usually less) information than does management, Such discrepancies in opinion result in different assessment of proposed changes by these employees.

4.4 Determinants of Work Satisfaction

The researcher used **JDI** to elicit data on employee job satisfaction based on current work, present pay, supervision, promotion opportunities and co-workers after the restructuring process. The findings are tabulated below;

4.4.1. Satisfaction with Work in Present Job

	Mean	Std Deviation
My work is good and fascinating	3.5	0.281
My work is satisfying and respected	3.5	0.984
My work gives a sense of accomplishment	3.1	0.027
My work is challenging and useful	3.0	0.940
My work is simple and endless	2.9	1.064
My work is routine and boring	2.3	0.984
Average Mean Score	3.6	

Table 4.4: Level of Agreement to the following statements

Source: Researcher (2011)

The findings on Table 4.4 reveal that some of the respondents agreed that their work is good and fascinating (3.5) and that the work is satisfying and respected (3.5). They were however neutral to the fact that the work gives a sense of accomplishment (3.1), challenging and useful (3.0) and simple and endless. The respondents disagreed that the work is routine and boring (2.3), this may be attributed to the many challenges they face from different customers daily. The findings imply that there is a general agreement from the respondents that restructuring come with increased roles, more job variety and challenges hence job

satisfaction with a less significant standard deviation of (SD<1) in most scores. An overall mean score of (3.6) indicates average satisfactory levels of attitude, meaning that after restructuring, they were moderately satisfied with their jobs, moderately involved with their jobs, and felt moderately secure in their current positions.

4.4.2 Satisfaction with Present Pay

	Mean	Std Deviation
My income is less than I deserve	4.2	0.75
I am underpaid	4.1	0.99
Income adequate for normal expenses	3.2	1.35
I am highly paid	2.4	0.31
Income provides luxuries	2.3	0.13
Average Mean Score	3.24	

Table 4.5: Level of Agreement to the following statements

Source: Researcher (2011)

The findings on Table 4.5 indicate that majority of the respondents strongly agreed to; their income being less than they deserve (4.2) and hence felt underpaid (4.1). The respondents were however neutral to whether their income is adequate for normal expenses (3.2), but disagreed to being highly paid (2.4) and income provided being enough to provide for luxuries (2.3). The findings imply that restructuring has not resulted into change in income, but some respondents felt that the pay they receive is adequate for normal expenses while others felt otherwise leading to a significant standard deviation of SD>1. An overall mean

score of (3.2) indicates the moderate levels of satisfaction probably reflecting survivors' effort to reduce the feelings of inequity in income they had experienced when the process of restructuring was unfolding.

4.4.3 Satisfaction with Supervision on Present Job

	Mean	Std Deviation
My supervisor asks for my advice	3.6	1.22
My supervisor praises good work	3.5	1.18
My supervisor knows his job well	2.9	1.35
My supervisor is hard to please	2.5	0.893
My supervisor is tactful and up to date	2.5	1.252
Average Mean Score	2.9	

Table 4.6: Level of Agreement to the following statements

Source: Researcher (2011)

The findings on Table 4.6 reveal that some of the respondents agreed that their supervisors ask for their advice (3.6) and that their supervisors praise good work (3.5). Majority of the respondents however remained neutral to whether their supervisor knows their job well (2.9), are tactful and up to date (2.5) and hard to please (2.5). The findings imply that restructuring boosts employee satisfaction in terms of job supervision and acknowledgement of good work done, while lack of appreciation for a well-done job and lack of participative approach to management causes job dissatisfaction among employees. An overall mean score of (2.9) and a significant Standard deviation of $SD > 1$ indicates survivors had a lot of reservations regarding supervision styles leading to strong deviation from the statements based on

different departments and supervision styles thereof. This is attributed to the fact that restructuring comes with increased work load hence difficulties in meeting work targets.

4.4.4 Satisfaction with Present Opportunities for Promotion

	Mean	Std Deviation
Fairly good chance for promotion	3.2	0.188
Promotion is based on ability	3.1	1.31
Good opportunities for advancement	3.0	0.359
Opportunities are somewhat limited	2.6	1.118
Unfair promotion policies	2.4	1.115
Average Mean Score	2.8	

Table 4.7: Level of Agreement to the following statements

Source: Researcher (2011)

Table 4.7 reveals that the respondents had different views concerning promotion at the bank following the restructure process. The highest score was (3.2) indicating good promotion chances, followed by those who acknowledged the fact that these promotions were based on abilities (3.1), hence each employee has good opportunity for advancement (3.0). Some respondents were of the view that these opportunities were somewhat limited (2.6), but neutral to the presence of unfair promotion policies (2.4). The findings imply that restructuring opens up opportunities and positions for employees to move up the ladder, however, respondents are dissatisfied by unfair promotional policies but are satisfied to the extent that they are purely based on one's abilities.

An overall mean score of (2.8), indicates discrepancies result in different assessment of proposed changes; this is because some employees were not comfortable with the restructuring process as it created insecurity and anxiety about their future. Moreover, there were different views held by employees who still had the same positions Strongly disagreeing with the above statements, while the divergent view concerning these policies led to a significant $SD > 1$. Some of the promoted employees affirmed that their positions and efforts were recognized after restructuring since it became easier for management to recognize the inputs of the remaining employees as indicated earlier.

4.4.5 Satisfaction with People in your Present Work

	Mean	Std Deviation
My co-workers are fast and ambitious	4.0	0.144
My co-workers are stimulating	3.9	0.121
My co-workers are boring and slow	2.4	0.974
My co-workers are intelligent	2.2	0.641
My co-workers are lazy and unpleasant	2.1	1.292
Average Mean Score	2.9	

Table 4.8: Level of Agreement to the following statements

Source: Researcher (2011)

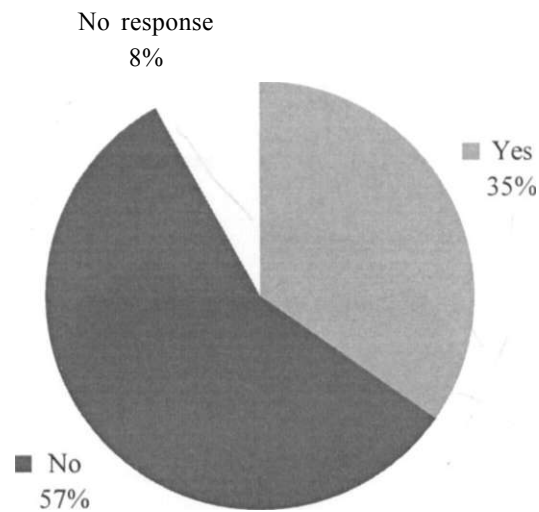
Table 4.8 reveals that majority of the respondents strongly agreed to; co-workers being fast and ambitious (4.0), while the second highest mean score was (3.9) indicating an agreement that co-workers are stimulating. Other respondents were reserved to whether their co-workers

were boring and slow (2.4,) intelligent (2.2); while recorded the least on whether they were lazy and unpleasant (2.1). These findings imply that survivors of restructuring and new comers are always motivated to perform hence restructuring promotes good employee relation and boost morale. A significant standard deviation of $SD>1$ indicates a strong relationship between co-workers and job satisfaction based on how they view them as either performers or non-performers. An overall mean score of (2.9) indicates an average Survivor attitude regarding co-workers because some of the survivors perceived the process of restructuring satisfactorily done; this probably had an impact on their commitment and satisfaction levels. The present findings further indicate that the antecedents of such thoughts and feelings, such as ensuring that all procedures regarding new employee recruitment are fair during and after restructuring might have been addressed hence good employee relation.

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Figure 4.4: Sufficient consultation within KCB about the changes taking place

The researcher sought to find out from the respondent if there was sufficient consultation within KCB about the changes taking place. The results are presented in the figure below;



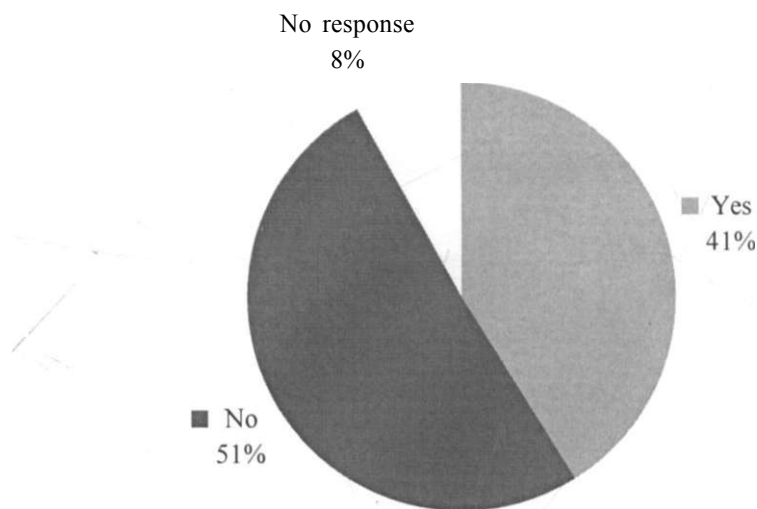
• Yes • No No response

Source: Researcher (2011)

Figure 4 above shows that majority of the respondents (57.3%) indicated that there was no sufficient consultation within KCB about the changes taking place while 34.7% indicated there was. This implies that respondents are not satisfied with the way restructuring process took place since they only saw it taking place but had no idea when it was planned. Only a small percentage had an idea, these may represent the directors and some managers in the executive committee.

Figure 4.5: Sufficient information about future status/directions of the department/work group following the restructure

The researcher sought to find out from the respondent if they received sufficient information about future status/directions of the department/work group following the restructure. The results are presented in the figure below;



• Yes • No No response

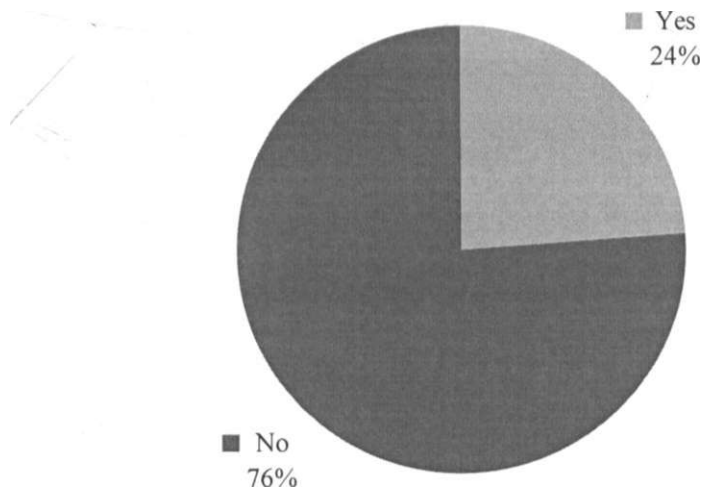
Source: Researcher (2011)

Figure 4.5 above shows that majority of the respondents (76.0%) indicated that there was no sufficient information about future status/directions of the department/work group following the restructure while 34.7% indicated there was. The reasons given by those who agreed is that restructuring process was communicated sometimes in 2007 that the bank needs to

restructure and re-engineer to reclaim its leadership position in the region in line with its vision but were not told the exact time of the process. Those who disagreed were of the opinion that the information was relayed at the restructuring implementation stage when departments were merged and some of their colleagues moved to other departments.

Figure 4.6: Relationship between management and employees better now than before the restructure

The researcher sought to find out from the respondent if the relationship between management and employees better now than before the restructure. The results are presented in the figure below;



• Yes • No

Source: Researcher (2011)

Figure 4.6 above shows that majority of the respondents (76.0%) indicated that the relationship between management and employees is worse now than before the restructure

while 24.0% indicated it was better. The reasons given by those who disagreed were that there exists a lot of suspicion between them, the change is not welcome by everyone, employees are anxious about restructuring. The reasons given by those who disagreed were that there exists a lot of suspicion between them and the management, the change is not welcome by everyone, employees are anxious about restructuring and it is viewed as a threat to their job security. Proponents of better relations indicated that corporate restructuring has resulted into efficiency in communication and shorter feedback time in relation to decision making process.

Table 4:8: If you had been in charge of restructuring process, what would you have done differently

The researcher sought to find out from the respondent if he/she had been in charge of the restructuring process, what would they have done differently. The results are tabulated below:

Suggestions	Frequency	Percentage
Looking for ways to motivate the staff	26	17.3
Adopt a positive attitude	12	8.0
Try and do exactly how the exam has done	12	8.0
Improve communication	29	19.3
Involve the staff and explain how they will be affected	57	38.0
Involve the stakeholders	14	9.3
Total	150	100.0

Source: Researcher (2011)

Table 4.8 above reveals that majority of the respondents (38.0%) stated involving the staff and explain how they will be affected, 19.3% indicated improving communication, 17.3% looking for ways to motivate the staff, 9.3% involving the stakeholders, 8.0% adopting a

positive attitude and 8.0% trying to do exactly what the restructuring has done as what they would do differently if they were in charge of the restructuring process.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study aimed at assessing the effects of Corporate restructuring on job satisfaction among the employees of KCB. This study aimed at assessing the effects of Corporate restructuring on job satisfaction among the employees of KCB. The target population included all KCB employees in Nairobi Region. The response rate was satisfactory since all the questionnaires were returned hence the attainment of the required data. The research instrument used in data collection was a questionnaire to collect data from the organization. To ensure validity of the instruments, expert opinion was sought. Data analysis was started immediately after the field. Data was summarized into frequencies and percentages and presented in graphs, pie charts and tables. After assessing the restructuring process at KCB, the main findings regarding the effects of Corporate restructuring on employee job satisfaction were summarized as followed. Biographic findings gave an implication the bank is gender sensitive although there is need for more female staff to balance the distribution. Based on age, the findings gave an implication that the bank employs young/ middle aged personnel whom they probably train and grow with and are ready to rotate around the branches it has countrywide. The findings also revealed that majority of the respondents had been with the bank before and after corporate restructuring was implemented hence accurate information was obtained for the study however, only a few respondents had been employed after the restructuring. Education wise, the findings gave an implication that restructuring at KCB ensured that only those with University degree and above are employed in the Bank.

The study findings implies that restructuring led to increased work load, the assumption may be made that restructuring reduces the work force and it is highly probable that the remaining employees had to make up for work that had been done by retrenched employees. It also led to improved communication because of the flatter organizational structure resulting from the restructuring, hence speeds up and increases the effectiveness of the channels of communication between management and their subordinates (see Appendix IV). However, opinions of survivors of the restructuring process were different, some were certain that their

future with the organization is still bright, while other findings prove a strong relationship between organizational restructuring and uncertainty about the future with the organization. This was depicted from the promoted and those retaining their former positions indicating comfortability with their current positions. It is evident that employees who still hold their previous positions (experienced employees), will be comfortable as they hold some specialty in such a position, something that makes them comfortable as they know their duties, responsibilities and what is expected of them. Majority of the respondents felt that the management should have involved all employees in organizational policies and decision making in regard to those that directly affect them like restructuring. This implies that respondents are not satisfied with the way restructuring process took place since they only saw it taking place but had no idea when it was planned. The reasons given by those who agreed is that restructuring process was communicated sometimes in 2007 that the bank needs to restructure and re-engineer to reclaim its leadership position in the region in line with its vision but were not told the exact time of the process. Those who disagreed were of the opinion that the information was relayed at the restructuring implementation stage when departments were merged and some of their colleagues moved to other departments.

The study further found out that that restructuring come with increased roles, more job variety and challenges; hence the nature of work and its significance determines the degree of employee job satisfaction. Other findings revealed that restructuring had not resulted into change in income; even though some respondents felt that the pay they receive is adequate for normal expenses, the majority felt under paid hence a proof that money is a motivator to work satisfaction. Restructuring also boosts employee satisfaction in terms of job supervision and acknowledgement of good work done, while lack of appreciation for a well-done job and lack of participative approach to management causes job dissatisfaction among employees. This is attributed to the fact that restructuring comes with increased work load hence

difficulties in meeting work targets. Other findings shows that that restructuring opens up opportunities and positions for employees to move up the ladder, however, respondents are dissatisfied by unfair promotional policies but are satisfied to the extent that these policies are based on one's abilities. Promoted employees however, affirmed that their positions and efforts were recognized after restructuring since it became easier for management to recognize the inputs of the remaining employees after restructuring. Survivors of restructuring and new comers are always motivated to perform, these relationship between co-workers and job satisfaction is based on how they view them as either performers or non-performers hence restructuring promotes good employee relation and boost morale.

Restructuring has also led to decline in trust, the reasons given were that there exists a lot of suspicion between the respondents and the management since this change was not welcome by everyone, employees were anxious about restructuring and it was viewed as a threat to their job security. Some Proponents of better relations indicated that corporate restructuring has resulted into efficiency in communication and shorter feedback time in relation to decision making process. Lastly, the study revealed that were the respondents in charge of restructuring, majority of the respondents would have involved all (stakeholders): customers and staff and explains how they would be affected; others will improve on communication and motivate the survivors to adopt a positive attitude to restructuring, However, only a few will do it exactly the way it was done were they in charge of the restructuring process. The study also sought to find out whether there was a change in the corporate image of the bank based on the key success factors like improved efficiency, good customer care and profitability; it was observed that for the last five years KCB has restructured its operations with an aim of creating a competitive edge in the industry by giving more attention to the retail banking. The research established that corporate changes have increased the bank's market share and profitability without caring on employees' satisfaction. The results also

show that personal banking department has been extended due to re-engineering process that was implemented in 2009. These changes include changing the chain of bureaucracy from 22 divisional directors to 7 directors (see appendix IV) and changing of perception of the branches which has been mainly regarded as service delivery outlets to become Retail outlets.

5.2 Conclusions

In Conclusion, this study has shown that there are potentially negative consequences on the work environment in the immediate term after corporate restructuring. If work satisfaction and trust in the organization continued to be depressed well beyond the end of the restructuring, and well beyond an apparent improvement in some aspects of the work environment, the productivity of the organization could be in serious danger. A key ingredient that is necessary to sustain effective change is Job satisfaction. Employees must "buy in" to the management strategy of change. They must align their interests with those of management, and they must become involved and committed to bring about genuine, lasting / improvements in the organization. Otherwise, this may set back the organization's efforts to achieve the anticipated goals of restructuring.

5.3 Limitation of the study

This study contributes to a better understanding of job satisfaction in the industry, but it had some limitations. The first limitation was the restricted sampling, as was evident from the number of participants represented in the different demographic groups. Secondly, the limited focus on a single primary geographical area (Nairobi region) could limit the results in terms of generalization to other geographical areas where there are also employees in different work conditions. Some of the senior officers were too busy to take time off and respond to the questionnaires even after several requests. Due to the nature of information handled by Banks some respondents were very sensitive about the information they were sharing thus did not give information considered as confidential.

5.4 Recommendations with policy implications

On the basis of the above, conclusions, the following recommendations were made for effects of corporate restructuring on job satisfaction among the employees. The study found out that although corporate restructuring is important in improving employee performance and attaining competitive advantage there exists the following suggestions/recommendations that will enhance a good relationship between employee and employers in organizations. There is need for the organizations to; involve the staff and explain how they will be affected, improving communication, looking for ways to motivate the staff, involve the stakeholders, adopt a positive attitude and try to do exactly what the restructuring has done as what they would do differently if they were in charge of the restructuring process. Nonetheless, the findings of this study also demonstrate a need to concentrate on organizational knowledge during restructuring in order to achieve improved outcomes. This can be facilitated, by giving attention to the intent, and interpretation of decisions and processes from employees' perspectives, and ensuring both are transparent. Assessment of the knowledge present in the organisation, and a focus on retention of key individuals holding such knowledge is also advisable.

The inclusion of employees in planning and implementation, and open communication around those strategies, enable the organization to use its inherent knowledge in moving theory into practice. As a large number of respondents reported work overload, it is important for management to offer training and development to the remaining employees and their supervisors. To cover the work that was done by retrenched workers, the organisation may also provide greater technological support to deal with the over load that employees face. It is important for restructuring organizations to make use of change agents to help employees in adapting to it inspire those retrenched to leave the Organisation with a smile and instill trust in the survivors. Older employees should always be given special attention during the change

process as they are more emotionally affected and move likely to emotionally withdraw from their work.

5.5 Suggestions for further research

This study sought to determine effects of corporate restructuring on job satisfaction among the employees with a focus on KCB attempting to bridge the gap in knowledge that existed with major challenges and factors affecting the corporate restructuring. Although the study attained these, it mainly focused on KCB's Nairobi branches due to limited time and resources. There is need to conduct a similar study which will attempt to find out effects of corporate restructuring in the entire KCB group Branches including the regional branches.

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Website

<http://www.kcb.co.ke/restructuring>

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APPENDIX I: LETTER OF INTRODUCTION

I am Boaz Ayoo, currently a student at the University of Nairobi, undertaking Master of Business Administration. As part of the requirements for completion of my studies, I am conducting a study on "*Corporate restructuring and its effects on job satisfaction, In Kenya commercial Bank Ltd.*

As we may be aware, we live in a world of change, where everything becomes much revolutionized. Organizations are also part of that big change especially in the new millennium where re-engineering, downsizing, outsourcing and restructuring have become common terms associated with many organizations. Based on the above information my study is on how employees perceive organizational restructuring, how it affects their satisfaction, their career developments and whether there is any stress following the process. According to Black and Edward (2000), organizational restructuring is defined as "*a major change in the composition of a firm's assets combined with a major change in its corporate strategy*".

Answer each statement carefully and honestly to decide as to what extent you "agree" or "disagree" with each statement. You are also welcome to add any comments you may have in the allocated spaces. Most importantly be informed that all information collected will be highly confidential and will only be used for the purposes of this study. I would appreciate if you could be kind to complete this questionnaire and indicate your views.

Contact Details;

Name: Boaz Ayoo

E-mail: onyangoayoo@yahoo.com

Cell Number: 0721737751

APPENDIX II: RESEARCH QUESTIONNAIRE

SECTION A: BIOGRAPHICAL DATA

Kindly answer all the questions either by ticking in the boxes or writing in the spaces provided.

Which division do you work for

Please indicate your position/level in the organization

Please indicate your gender

Male [] Female []

Please indicate your age bracket

21-30 years []

31-40 years []

41-50 years []

51 -60 years []

Above 60 years []

How long had you been working at KCB when restructuring was implemented?

Years Months

Please indicate your highest level of qualifications (both formal & informal)

Diploma [] Degree [] Post Graduate []

Other(s) please *specify*

SECTION B: CORPORATE RESTRUCTURING

Section B is on corporate restructuring at KCB. Indicate by ticking your level of agreement with the following:-

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
a) Restructuring resulted in increasing my work load	1	2	3	4	5
b) management support employees after the restructuring intervention	1	2	3	4	5
c) I am comfortable with my current work position.	1	2	3	4	5
d) Cutting out other workers has increased my pay and benefits.	1	2	3	4	5
e) Restructuring improved the communication channels between management and employees.	1	2	3	4	5
f) I do not feel relaxed working with new employee(s).	1	2	3	4	5
g) I am now able to get feed-back in time.	1	2	3	4	5
h) My position and efforts are now recognized	1	2	3	4	5
j) Employees should be involved in organizational policies and decision making	1	2	3	4	5
k) Employees were involved in the design of the organization restructuring process.	1	2	3	4	5
l) Experienced employees do not like organizational change.	1	2	3	4	5

SECTION C: JOB SATISFACTION QUESTIONNAIRE

Job Descriptive Index (JDI)

Indicate by ticking your degree of agreement with the following statements

WORK IN PRESENT JOB

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
a) my work is Good and fascinating	1	2	3	4	5
b) my work is routine and boring	1	2	3	4	5
c) my work is satisfying and respected	1	2	3	4	5
d) my work is challenging and useful	1	2	3	4	5
e) my work is simple and endless	1	2	3	4	5
f) my work gives a sense of accomplishment	1	2	3	4	5
PRESENT PAY					
a) Income adequate for normal expenses	1	2	3	4	5
b) income provides luxuries	1	2	3	4	5
c) my income is less than I deserve	1	2	3	4	5
d) I am highly paid.	1	2	3	4	5
e) I am underpaid	1	2	3	4	5

SUPERVISION ON PRESENT JOB					
a) my supervisor ask for my advice	1	2	3	4	5
b) my supervisor is had to please	1	2	3	4	5
c) my supervisor praises good work	1	2	3	4	5
d) my supervisor knows his job well	1	2	3	4	5
e) my supervisor is tactful and up to date	1	2	3	4	5
PRESENT OPPORTUNITIES FOR PROMOTION					
a) Good opportunities for advancement /	1	2	3	4	5
b) opportunities are somewhat limited	1	2	3	4	5
c) promotion is based on ability	1	2	3	4	5
d)unfair promotion policies	1	2	3	4	5
e) fairly good chance for promotion	1	2	3	4	5
PEOPLE IN YOUR PRESENT WORK					
a) my co-workers are stimulating	1	2	3	4	5

b) my co-workers are boring and slow	1	2	3	4	5
c) my co-workers are fast and ambitious	1	2	3	4	5
d) my co-workers are intelligent	1	2	3	4	5
e) my co-workers are lazy and unpleasant	1	2	3	4	5

In your view, was there *sufficient consultation* within KCB about the changes taking place and how they were likely to affect you?

Did you receive *sufficient information* about the future status/directions of your department/work group following the restructure? (Explain)

In your view is the relationship between management and employees better now than before the restructure (Please *explain*)

If you had been in charge of the restructuring process, what would you have done differently?

Thanks for participating in this project

APPENDIX III**List of KCB Branches and Staff in Nairobi Region**

Site Name	Branch Name	Managers	Supervisors	Clerks	Subordinate staff	Grand Total
Head office	Audit Division	40		2		42
	Corporate Division	88	5	20	1	114
	Credit Division	73	14	24	2	
	Finance Division	24	14	17	1	56
	HR division	28	1	5	1	36
	Information & technology division	57	5	3	1	66
	Marketing & research Division	10				10
	Mortgage Division	34	14	43	2	93
	Operations division	51	38	129	6	224
	Retail division	58	22	113	5	198
	Risk Division	24		4		28
	Treasury Division	45	3	9		57
Total		532	116	369	19	1,036
Nairobi Branches	KCB advantage	11	4	2		17
	Biashara street Branch	2	2	4		8
	Buruburu Branch	5	1	5		11
	Capital hill Branch	3	1	6		10
	Eastleigh Branch	9		11	1	21
	Gateway branch	4	4	9	1	18
	Gikomba branch	4	1	6		11
	Industrial area branch	8	3	17	1	29
	Jogoo road Branch	6	2	13	1	22
	Kajiado Branch	3	1	6	1	11
	Karen Branch	4	1	6		11
	Kariobangi branch	4	1	9		14
	Kawangware Branch	4	1	8		13
	Kiambu Branch	5	2	10		17
	KICC Branch	6	2	8		16
	Kikuyu Branch	4	2	7	1	14
	Kimathi street Branch	4		8		12
	Kipande House Branch	12	4	25	1	42
	Kiserian Branch	4	2	8		14
	Kitengela Branch	5	1	7		13

	Limuru Branch	5	1	7		12
	Lodwar Branch	1	1	7	1	10
	Lokichogio Branch	2	2	2		6
	Mandera Branch	3		6		9
	Masabit Branch	2	2	5	1	10
	Mashariki Branch	4	3	8		15
	Milimani Branch	4	1	11		16
	Moi avenue Branch	36	22	75	10	143
	Moyale branch	1	1	4	1	7
	Namanga Branch	2		4		6
	Ngara Branch	2	2	5		9
	Ongata rongai Branch	4	2	8		14
	Prestige plaza Branch	4	2	9		15
	River road Branch	6	4	1		11
	Sarit centre Branch	2	2	10	1	15
	Tom mboya Branch	4	1	8		13
	Sarit centre Branch	13	3	23		39
	U.N Gigiri Branch	5	1	9	1	16
	University way branch	9	2	15	1	27
	Village market Branch	6	1	9	1	17
	Wajir Branch	4		5	1	10
Total		207	85	368	25	685
Grand Total		739	201	737	44	1,721

Appendix IV: KCB Group Organization Structure Effective 17th May 2011

