DECLARATION

I do hereby declare that this is my original project and it has never been submitted as an academic project in any institution.

Signed

Date 14/11/2007

Mary Muthoni Wanjohi

This research project has been submitted for examination with my approval as the University Supervisor.

Signed

Date 14-11-27

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DEDICATION

To the almighty God for enabling me do this project.

To my dad Alfred Wanjohi, mum Rahab Wanja: and sisters Peris, Rose and Alice for being my motivation.

ACKNOWLEDGEMENT

This project would have not been successful without the role played by my dear loving

parents Alfred Wanjohi Mukuria and Rahab Wanja Wanjohi who provided both spiritual

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V

TABLE OF CONTENTS

Decla	aration.		iii
Dedi	cation		iv
Ackn	owledg	gement	v
Table	e of con	tent	vi
List o	of tables	s	viii
List o	of graph	ıs	ix
Abstı	ract		x
CHA	PTER	ONE: INTRODUCTION	1
1.0	INT	RODUCTION	1
	1.1	Background	1
	1.2	The Nature of Redundancy as a Corrective Measure	2
	1.3	Telkom Kenya	5
	1.4	Statement of the Problem	7
	1.5	Objectives of the Study	9
	1.6	Importance of the Study	9
СНА	PTER	TWO: LITERATURE REVIEW	10
2.0		rature Review	
	2.1	Introduction	
	2.2 7	The effect of Redundancy	12
	Review of Literature on Redundancy 2.4 Handling Redundancies		15
			17
	2.	2.4.1 Advising the department of Human Resources	
	2.	4.2 Consultation Rights during Redundancy	18
	2	4.3 Selection	20
	2.	4.4 Unfair Selection	21
	2.	4.5 Giving Better Redundancy Terms	23

CHAPTER THREE: RESERCH METHODOLOGY	24
3.0 Research Design.	24
3.1 Population	
3.1.2 Sample	
3.2 Data Collection	
CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION	26
4.1 Demographics of the Respondents	26
4.1.1 Categorization by Departments	27
4.1.2 Distribution of Respondents by Age	28
4.1.3 Distribution of Professions	29
4.2 Awareness of Criteria used During Redundancy	30
4.3 Employee Selection and Preparedness for Redundancy	31
4.3.1 Mode of Communication	31
4.3.2 Adequacy of Compensation	32
4.3.3 Prior Preparation and Training	33
4.4 Effects of redundancy programs on surviving employees	34
4.5 Expected impact of redundancy on surviving employees	36
CHAPTER FIVE: DISCUSSIONS, SUMMARY AND CONCLUSION	38
5.1 Summary	38
5.2 Conclusion	40
5.3 Recommendations	43
5.4 Limitations of the study	44
REFERENCES	45
APPENDIX: OHESTIONNAIDE	50

LIST OF TABLES	PAGE
Table: 3.0.1Sample Table	25
Table: 4.0.1 Demographic Information About the Sample	26
Table: 4.0.2 Respondent Awareness	30
Table: 4.0.3 Awareness of Criteria Used	30
Table: 4.0.4 Employees' Preparedness to Redundancy Program	31
Table: 4.0.5 Adequacy of Communication	32
Table: 4.0.6 Adequacy of Compensation	32
Table: 4.0.7 Effect of Redundancy on Survivors	34
Table: 4.0.8 Expected Impact of Redundancy on individual performance	36

LIST OF GR	RAPHS	PAGE
Graph 4.0.1	Departments	27
Graph 4.0.2	Age Distribution among the Departments	28
Graph 4.0.3	Distribution of Professionals amongst the Departments	29
Graph 4.0.4	Prior Preparation and Training	33

ABSTRACT

The study focused on the effect of redundancy on surviving employees at Telkom Kenya Ltd. The objectives of the study were as follows:-

- To determine the effect of redundancy programs on surviving employees in Telkom Kenya
- 2. To identify the criterion used by Telkom Kenya to retrench.
- 3. To establish the expected impact of redundancy on the remaining employees of Telkom Kenya

To achieve the above objectives, a sample of 100 employees was selected and questionnaires administered. The questionnaires contained both open-ended and close-end questions which were distributed to the employees at the head office as it was representative of all other work stations. The respondents included middle-level supervisors, first line managers and lower level employees who survived the redundancy exercise. The study took place at the midst of the redundancy program. The questionnaires were given only to those who had survived the first phase of the retrenchment program.

The findings of the study indicated that Telkom Kenya used a combination of methods to identify those to retrench. Those methods included; Last in first out, medical grounds, disciplinary records and qualification and experience. The survivors of the program identified the effect of the retrenchment program as increased workload, fear, stress, anxiety, insecurity, conflict, and anger.

CHAPTER ONE - INTRODUCTION

1.1 Background

In the 1990s, there was heavy donor support, especially to the public sector, on the financing of the severance packages for restructuring in many developing countries, including Kenya. As a result, the Kenyan government considerably reduced its staff within the civil service and at the same time sold out its shares in hitherto government-controlled organizations. The private sector followed suit and undertook wide-ranging staff rationalization programs.

These developments could largely be associated with changes in the environment which if not addressed could lead to poor performance and eventual demise of any organization. Developments such as globalization, elimination of trade barriers as well as technological and automation has forced organizations to resort to staff rationalization as a way of survival. As (Jones and Mackay, 1986) therefore rightly stated, the overriding rationale for redundancy declarations by organizations is to ensure their survival as well as their ability to compete effectively in the new global economy.

Redundancy can, and often is, seen as a form of economic adjustment based upon labor market mobility. The literature on redundancy since the 1960s reflects this problem. In the 1960s, writers such as (Kahn, 1964) and (Wedderburn, 1965) focused on the geographic and occupational destinations of workers made redundant. Redundancy was seen as necessary to reduce costs, increase organization's levels of efficiency, effectiveness, productivity, competitiveness and thus organizations overall performance.



With the current global economic crisis, companies are increasingly turning to redundancy in order to survive in the competitive market. This has resulted in decrease of morale, productivity, loyalty and commitment of employees. Both the survivors and the displaced workers also experience tremendous emotional and psychological trauma. Companies therefore have to ensure that they develop appropriate and well thought-out plans before implementing the redundancy process and even more importantly after the redundancy process have been completed to meet these challenges.

1.2 The Nature of Redundancy as a Corrective Measure

Redundancy is a phenomenon that is attributed mainly to an actual or intended cessation of business in the place in which an employee is employed, or an actual or expected diminution of business for employees to carry out work of a particular kind (Lewis, 1992). It is applied by organizations in attempt to rationalize their staff in order to reduce costs.

In recent times, however, the context of redundancies has changed. Rather than a means to promote economic growth through overcoming labor market stability, redundancy has become associated with unemployment as companies downsize and restructure to reduce costs in the context of economic recession and competition in the global economic environment. Redundancy thus has become a mechanism in the employer's armory for achieving desired outcomes in terms of rationalization (Jones and Mackay, 1986).

Writers such as (Daniel, 1974), (Greenwood and Pearson 1979), (Lee and Harris, 1986) and (Jones, 1989) looked at the consequences of redundancy in terms of employment and unemployment. In a study of the aftermath of redundancies in organizations, the above writers found that those affected suffered depression and isolation with the result that their future employment prospects were thus worsened by their present unemployment. They pointed to the idea that unemployment reduces one's chances of further employment due to social isolation and the psychological effects of redundancy.

Labour markets are characterized by continuous adaptation on both the demand and supply sides. Demographic, educational and cultural changes mean that employers continuously adapt the sorts of jobs they offer in order to ensure a match between the supplies of labour and their own activities. On the other hand, economic conditions have made employers to adapt their working practices and products by demanding new skills and behaviors from their employees. The extent to which the demand and supply side adapts to the other will depend upon the balance of power in the labour market, which is dependant, upon the relation between supply and demand for labour (Harris, 1987).

During times of slack labor markets, however, a higher proportion of labour turnover is accounted for by redundancy, and particularly forced redundancy, as employers restructure and rationalize their operations (Jones and Mackay, 1986). As supply exceeds demand, workers are forced to adapt to the changing demand to secure a competitive advantage in the labour market. In these situations, and particularly in the context of the

economic restructuring witnessed over the last two decades, redundant workers may be expected to experience greater difficulties in securing alternative employment.

Redundancies, however, tend to be concentrated in declining industries where skills may not be transferable or relevant to current market demands. This often takes place within economically depressed localities where re-employment prospects of such workers may be very grim. The most disadvantaged workers in terms of age, health and skills are those, more often than not, selected for redundancy.

An employee who is dismissed on grounds of redundancy may be entitled to some compensation. Redundancy payments may be made when an employee is laid off. Once declared redundant, an employee can give a notice to his employer to leave early. In an attempt to reduce redundancy costs, organizations should consider carefully all the necessary potential actions by consulting with management, company employees and employees' trade unions. Failure to give adequate notice on redundancy can also lead to legal implications for the organization. Firms should strive to help employees who have been dismissed on grounds of redundancy by helping them get new jobs, planning well on how to release them and adequately compensating them financially (Guyo, 2003).

Redundancy is therefore characterized by a range of negative implications, which leave survivors de-motivated, insecure and lacking commitment (Brockner et al., 1987). These effectively cancel out the benefits anticipated from the redundancy program thus the rise of concern by many organizations (Doherty, Bank and Vinnicombe, 1995.)

1.3 Telkom Kenya

Telkom Kenya is the sole provider of landline phone services in Kenya. It was previously a part of the Kenya Posts and Telecommunications Corporation which was the sole provider of both postal and telecommunication services. When the Kenya Post and Telecommunications Corporation (KPTC) was split into several entities in 1999, it passed on to the newly formed Telkom Kenya not only its own large number of employees but also it's financial debt. Many of the KPTC workers were loaded over to Telkom Kenya instead of been laid off. (TIA Goldenberg, 2006)

The company operates and maintains the infrastructure over which Kenya's various internet service providers operate. As of 2004, most internet service was provided via dial-up service. Jambonet, an important Kenyan ISP, is a subsidiary of Telkom Kenya. Trimming staff levels is a key plank of the fixed-line monopoly's reorganization program which begun in 2005 to boost efficiency and help cope with competition from mobile providers and the anticipated entry of a second national operator (SNO). The changes were also expected to put the state-owned firm back on the track of profitability after years of decline (Kavilu, 2007).

The first phase of the restructuring of Telkom Kenya was effected in May 2006, when some 3.000 employees aged 50 years and above were retired. Phase two of the reforms which started in 2007 sent some 6.500 employees of Telkom Kenya home. Those targeted were mostly semi-skilled and non-core staff such as security personnel, telegraphic, cleaners and clerical assistants.

Liberalization of the communications sector has also posed major challenges to the company as the entry of new players into the sector has meant that Telkom Kenya must move with speed to embrace innovative service delivery to maintain its relevance in the market. The restructuring is expected to cast hopes into the company's diminishing future, initially constrained by high level debt levels, declining revenue, bloated workforce and an ageing physical infrastructure.

1.4 Statement of the Problem

Many of the problems of redundancy come from the breaking of the traditional psychological contact, where employees were promised job security and hierarchical career advancement in return to their loyalty and commitment to the organization's goals (Brockner, Tyler and Cooper-Schneider, 1992). It is the breaking of this, which has left employees in a state of emotions similar to those being made redundant- hence the notion of 'survivors as redundant employees' (Thornhill and Gibbons, 1995). In Kenya, there is little research on staff morale and motivation of employees of redundancy exercises. Redundancy is turning out to be a worrying issue as it has its implications to employees of an organization. There was need to study the impact of redundancies on the surviving employees.

(Shivo, 2003) found that, a prolonged period of downsizing had created a climate of intensified work regimes and a breakdown in the traditional career ladder, resulting in commitment based on fear rather than loyalty to the organization. (Moi, 2002) carried out a study on survivors at the Ministry of Education, (Guyo, 2003) carried out a survey of the practices of staff downsizing among the major oil firms in Kenya, (Mwangi, 2002) surveyed the factors that influence the attitudes of survivors of downsizing towards management and job security in the banking sector. (Karimi, 2002) carried out a study on the problems experienced by organizations in managing the survivors of downsizing.

These previous studies targeted both the private and public sectors. These institutions used redundancy to cut down on their costs and to enable them execute their core

activities. Telkom Kenya is an institution which is technology driven and therefore slow to technological changes which also affects the relevance and productivity of workers.

In view of the foregoing findings, it was of interest to establish if similar problems or implications apply to Telkom Kenya. Telkom Kenya is one organization known to have opted for redundancy measures as a way of rationalizing its operations. Were its employees therefore subject to such adverse implications of redundancy? Current practices have evolved a number of ways of identifying employees to retrench and how to notify such targeted employees. What criteria were used by Telkom Kenya to identify employees to retrench? Were the employees aware of such criteria? What sort of implications did the move have on the affected employees?

1.5 Objectives of the Study

The objectives of the study were:

- To determine the effect of redundancy programs on survivors of redundancy in Telkom Kenya
- 2. To identify the criterion used by Telkom Kenya to declare employees redundant.
- To establish the expected impact of redundancy on the remaining employees of Telkom Kenya.

1.6 Importance of the Study

- The findings and recommendations of the study will aid the company's top
 management and human resources practitioners in formulating a policy
 guideline that will assist its regional directors and supervisors as they make
 crucial decisions on redundancy.
- 2. Academicians may use the outcome of the study for reference and as a basis for further in-depth research related to redundancy.
- 3. Consultants wishing to advise corporation on redundancy compensations and affirmative action to take may also find the study important.
- 4. The study may be useful to other stakeholders like employees and employers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

National competitiveness depends upon continued improvements in product quality, features, technology, performance and improved production process (Porter, 1990). At the firm level, innovation in new products and improved operation process is viewed as crucial to the success and long-term survival of most companies. At the firm level, a number of factors contribute to innovative performance these include; market conditions, business strategy, core competencies, resources, technology, maturity, production, marketing expertise and organizational climate (Porter, 1990).

In order for a firm to sustain success and renew its products it must focus not only on the products but also on the people involved. This is because no matter how much organizational fertilizer is used, the seeds of innovation lie within the individual (Hertzberg 1985, Utterback, 1996). Thus the role of the human resource is very critical that its input should not be overlooked.

2.1.0 Downsizing and Redundancy.

The issue of organizations being effective, flexible, lean, and responsive is well documented in literature (Drucker, 1988; Peters, 1987, 1992). The emphasis has been on the need for flexible, organic and decentralized structures. Effectiveness is based on the achievement of a highly committed workforce with high trust relationships and high intrinsic motivation (Legge, 1995)

Therefore to compete globally in a rapidly changing, turbulent and unpredictable market where margins are squeezed to the limit, there is a need to be more cost conscious, adaptable, flexible and responsive (Porter, 1990). The need to remove non-value adding stratum of the organization for adding unnecessary costs, slowing down decision making, creating barriers between the organization and the customer, disempowering workers and impending information flow was critical.

Organizations therefore resulted to downsizing programs, business process reengineering strategies, de-layering and reorganization around strategic business units in order to cut down on costs thus affecting employees. This resulted in retrenchment, redundancy downsizing and outright dismissal of workers. Downsizing is the discharge of surplus employees due to downturn in business, the installation of labor saving machinery and standardization or improvement of plants and techniques (Gacheri, 2004). The results of such an undertaking may lead to some employees being declared redundant and thus retrenched.

Redundancy means any workforce adjustment related to economic considerations. The two ways through which an employer may adjust its workforce when faced with economic problems is by using one of the legal procedures established to dismiss either individually or collectively, some of its permanent workers. Alternatively, employers may choose not to renew the temporary contracts for some of its workforce (Ojeda, 1993).

Retrenchment on the other hand refers to the voluntary actions of an organization to reduce expenses of labour in the form of reduced workforce. This may be due to a blocked workforce (Cameron, et al 1991). The effect of all these downsizing, redundancy, or retrenchment is that of loss of jobs. They threaten the continuity of both the jobs and its features and results into exit of employees from an organization.

2.2 The Effect of Redundancy

Downsizing and restructuring, it seems, are here to stay. Not only have they become a normal part of organizational life, researchers are predicting that both the rate and the extent of job losses through downsizing are likely to continue well into the twenty first century (Appelbaum and Donia, 2001; Cascio, 2002). The problem for downsizing organizations is how to manage the process with the least amount of conflict from employees and the least impact on remaining staff. One popular option has been to offer voluntary redundancy, which minimizes the number of compulsory redundancies. Organizations may invite volunteers for redundancy and employees at risk of redundancy may choose to volunteer for voluntary redundancy.

The intention of redundancy is to improve productivity, which is an important measure of an organization's health. The process in itself has been suggested to be conducted in the best way possible. This is to avoid the "seething heap of managerial fear" or what is known as "survivor's syndrome" (Caulkin, 1995).

The effect of redundancy has been devastating both to those laid off and to those left behind, "survivors". In the external labour markets, many redundant workers are consigned to long-term unemployment because employers are wary of hiring workers that another firm does not want. In the absence of perfect information, employers infer that all redundant workers must be of low quality (Turnball, 1997).

It is widely recognized that for the individual, downsizing can lead to a wide range of negative outcomes. For example, downsizing has been found to impact on employees in terms of loss of morale, lowered organizational commitment, withdrawal behaviors such as absenteeism and increased turnover, loss of motivation, mistrust, uncertainty and insecurity (Brockner, 1988; Latack, 1990).

The "survivors", those who remain after a period of downsizing are often described as suffering from 'survivor sickness' or 'survivor syndrome'. (Noer, 1993) defines survivor sicknesses as a term that describes the attitudes, feelings and perceptions that occur in employees who remain after involuntary staff reductions. Survivors may exhibit a range of emotions including fear, insecurity, uncertainty, frustration, resentment, anger, sadness, depression, guilt, unfairness, betrayal and distrust (Noer, 1996).

Downsizing impacts further on the individual through changes to the psychological contract including interruption to employment and career paths, loss of income and potentially financial hardship (particularly where it is followed by an extended period of unemployment). Redundancy is frequently associated with 'diminished psychological

well-being', while long-term unemployment can lead to 'physiological deterioration' (Leana and Ivancevich, 1987). As (Wooden, 1988) comments, the concern about redundancy stems from the perception that job loss involves substantial economic and psychological costs for the adversely affected worker and his or her family. The worker made redundant must immediately deal with the shock of job loss. For some people job loss can be a relief, particularly if they are leaving a job that they did not like or enjoy, but in most cases it tends to be evaluated in negative terms and regarded as something to be avoided.

The effects have been, amongst others, intensified work regimes and longer working hours. This has been as a result of wider roles and responsibilities, flatter structures, fewer middle managers overall, presenteeism through fear and job insecurity, peer pressure to perform, performance cultures with increased individual accountability, contracts and the need to keep pace with constant change (Robyn and David, 1999). The empowered workers who have greater freedom of decision-making also experience frustration. This mainly results from lack of resources, rewards and the constant pressure to reduce costs.

The whole process of redundancy disrupts organization's capacity to innovate (Dougherty and Bowman, 1995). The threat of downsizing affects performance negatively. At the same time, the degree of anticipated downsizing has been found to be strongly correlated with lower levels of risks taking, entrepreneurship, communication, work encouragement for creativity, job satisfaction and morale (Amabile and Conti, 1995).

2.3 Review of literature on Redundancy

Moi (2002) carried out a study on survivors of redundancy at the Ministry of Education. The result indicated that a number of responses are exhibited by surviving employees. Among them are reduced work motivation, emotional problems, fear, insecurity, mistrust, job stress, tension and anxiety. The study further showed that various factors influence survivors' responses. These include planning selection, compensation, communication, participation, job reallocation and management attitude.

Although implementation of downsizing does make an explicit difference to employees, the study also pointed out the importance of long term planning and managerial relationships. In this way, downsizing is to be seen not as a short-term fix but rather, a long-term investment in the human resources of the organizations. Survivors' responses were found to be dynamic. This implies that effective management of surviving employees will depend on the presence and adequacy of a number of factors that include advance information, selection process, training, compensation and management attitudes. The sample used for this study was based on the four strata of management; top-level, middle-level supervisors, first line managers and lower level employees.

Mwangi (2002) carried out a survey of factors that influence the attitudes of survivors of downsizing towards management and job security in the banking sector. Findings suggested that managers generally had faith in management although they expressed job insecurity as a result of the downsizing. The employees felt that the management was

unfair in the downsizing. The employees experienced job insecurity ranging from anger, increased job stresses to resentment.

Managers scored higher than the employees in issues regarding attitude's towards management but this was to be expected since the issue was management. Both groups experienced job insecurity, which was more marked in lower level employees. The population used for the study was the banking sector in Nairobi with a Sample of ten banking institutions participating. Respondents were both the employees and managers.

Gacheri (2004) carried out a survey of the criteria used by commercial banks in Kenya to determine employees to retrench. The study determined that the methods used by the banks were last in first out (LIFO), employee's individual productivity, misconduct, incapability, early retirement programs and employees obsolescence. The banks considered fraud, insubordination, regular unauthorized absenteeism, financial mismanagement, leaking out confidential information as misconduct. The most used method of identifying those to retrench being employees' productivity with the least used method being incapacity. The banks used the same criteria in identifying those to retrench despite their age, ownership and size.

Shivo (2003) found that, a prolonged period of downsizing had created a climate of intensified work regimes and a breakdown in the traditional career ladder, resulting in commitment based on fear rather than loyalty to the organization.

2.4 Handling Redundancies

Bottomley (1990) indicated that during the redundancy process employers should try to avoid misunderstanding and recrimination from their employees. In addition to specific legal responsibilities, he indicated that some of the things employers should consider include:

- Advising the department of employment on the possibility of redundancy as far ahead as possible.
- Consult your employees and their trade union officials about possible alternatives.
- Examine existing procedures on reasonable methods of selection for dismissal as soon as possible.
- Give better redundancy pay to those selected for redundancy.

2.4.1 Advising the Human Resource Department/ Labour Ministry

Whether a trade union is involved or not, organizations must advice the Department of Human Resources of their proposed redundancy program at the earliest opportunity. Organization advisers will help employees who are about to be dismissed (Lewis, 1992).

After an agreement on redundancy procedures has been made between an employer and a trade union, both the employer and the union can apply for exemption for the redundancy procedures of the Employment Protection Act 1978. If the Department of Human Resources agrees, an order giving exemption can be made, but only when the agreement gives better protection to employees than the minimum standards of the act (Gewirtz, 1996).

A company does not have to tell the media anything but it may help doing so.

Contacting your local newspaper immediately after warning your employees of the possibility of redundancy should help an organization to protect its employees' interests. Rumor and speculation (not only in the press) before any official announcement is made could damage commercial interests and reputation of an organization and will certainly disturb its employees (Reddy, 1994).

2.4.2 Consultation Rights during Redundancy

In all organizations, regardless of size and the number of employees to be dismissed, employers should consult with appropriate trade unions as soon as practicable and as fully as possible. Employers should consult at an early enough stage to allow discussion as to whether the proposed redundancies are necessary at all. The consultation process should precede any public announcement of the redundancy program. Notices of termination should not be issued until consultation has been completed (Bell, 1981).

According to (Bell, 1981), the consultation process requires the employer to disclose in writing to trade union representatives all of the following:

- The reasons for their proposals.
- Numbers and the descriptions of employees whom they propose to dismiss
- The total number of employees of such description employed at that establishment.
- Proposed method of selection.

- The proposed method of carrying out the dismissals, having regard to any agreed procedure and the period over which they are to take effect.
- Employers should disclose information necessary to show how some severance
 pay is calculated, the employer must consider any representations made by the
 union representatives and reply to them, stating reasons if any of them been
 rejected.

Fair and meaningful consultation is an essential part of any redundancy process, and a failure to consult with employees will render any subsequent dismissals unfair. Consultation is the right given to union officials under the Employment Protection Act, 1975. The union must be recognized by the particular employer and be independent. If the Act is to apply, the employer must actually be proposing redundancy rather than just considering.

Consultation must begin at the earliest opportunity (Guyo, 2003). Where an employer fails in any way to comply with the requirements to consult collectively about proposed redundancies, a complaint may be made by an appropriate trade union to an employment tribunal. The complaint must be lodged either before the last of the dismissals takes effect or within three months after the last of them. In exceptional circumstances the tribunal can allow a longer period for a complaint to be lodged.

Consultation should commence when proposals are at a formative stage and initial discussions should be in the format of a proposal of redundancy and not an intention or a

confirmation of redundancy. The requirement to consult, therefore covers, broader areas than that defined under a redundancy situation (Ballack and Slatter, 1996). Proper and genuine consideration must be given to the employee's views and proposals, and where suggestions or proposals made by the employee are rejected, the reason for doing so should be explained to the employee and confirmed in writing. Consultation should not just be limited to those areas or staff who are directly affected by redundancy but also those areas or staff where there may need to be a requirement to change jobs, terms or conditions as a result of organizational change (Guyo, 2003).

2.4.3 Selection

Selection of employees to be made redundant should be fair and objective, meaning that it should be based on some evidence. Employees and trade unions should follow an agreed method in deciding who is to be made redundant.

(Lewis, 1993) pointed the following as the most commonly used methods:

- Last in, first out (where the employees with the shortest length of service are selected first)
- Asking for volunteers (self-selection)
- Disciplinary records
- Staff appraisal markings, skills, qualifications and experience

Using a combination of criteria to decide on who is to be made redundant is the most effective way of selection.

2.4.4 Unfair Selection

Selection must not be on the basis of race, sex or because an employee is a union member. If the selection falls on any of these points the dismissal is automatically unfair and the stage to test of reasonableness is not applied. (Noer, 1996) observes that an employer has no defense to selection on grounds of sex, race, unionism or non-unionism once established. In practice, employers will have to substantiate any arrangements they put forward for special reasons and will need to provide evidence to establish a customary arrangement.

Agreed procedures will normally apply in unionized work places. It is clear that selecting a woman for redundancy because she is pregnant constitutes unfair dismissal. Employers must disregard the inconvenience of having to grant maternity leave. Care must be taken to avoid indirect sex discrimination. Selecting temporary staff for redundancy might amount to unlawful sex discrimination if these employers were predominantly female (Lewis, 1992).

Other than the above type of case, reasonableness must be judged and this can include selection criteria. Some recognition of length of employment is likely to be regarded as reasonable, but so too would be its tampering with business requirements such as the need to keep employees with particular skills, good records or flexible attitudes. Industrial courts will want to identify the candidates for redundancy and to know the criteria used for selection between them. They will also want to know how the selection

was operated and by whom. In general, they will look for an objective approach which includes taking into account length of employment.

Employers may find that performance appraisal schemes provide useful structure for establishing fair and objective selection criteria and that the use of appraisal data can help to ensure the act of selection is fair. Such aspects as skill and qualifications, standards of work, aptitude and attendance and disciplinary record may be considered alongside the traditional factor of length for employment. If such an approach is administered fairly it should protect the employer from an industrial court finding of unfair dismissal for redundancy. Above all, an employer must be able to defend the criteria chosen and the manner of application.

It follows from the above that the employee may be able to mount two separate challenges to the employer's selection decision, one on specific grounds for example in the case of sex discrimination, and the other on the on the basis of unreasonableness, for example in the criteria adopted (Gewirtz, 1996).

2.4.5 Giving Better Redundancy Terms

- Employers should examine the statutory minimum payments which may change regularly. Contact its local office of the department of employment to make sure that you have an up to date copy of the explanatory leaflet to help you estimate costs and individual entitlement to redundancy pay.
- Employers should also consider any special circumstances that affect its employees including the availability of alternative employment, length of service and age range.
- Can the organization reasonably afford to pay more? If so, discuss with the employees representatives how best to improve the minimum redundancy payments. You can claim back from the department of employment only part of the statutory payment but not any of the additional payments.
- If you introduce better redundancy payment (by for example, paying an additional amount for each completed year of service) make sure all the employees understand how they will qualify for the benefits. Avoid possible confusion and bitterness. If for example, you merge with another company, make it clear to the other employees at the time of the merger that improved benefits refer only to the service in your company not to service in the other company before the merger (Gordon, 1984; Lewis, 1993).

CHAPTER THREE - RESEARCH METHODOLOGY

3.0 Research Design

This was a survey study conducted within Telkom Kenya. This methodology has been employed with a lot of success by other researchers such as (Moi, 2002) and (Guyo, 2003) since they were able to generate basic knowledge and uncover variables and information associated with the problem of study. In this design employees were asked to describe the perceptions about redundancy and the effect it had on them.

3.1 Population

The study focused on employees based at the administrative headquarters, Teleposta Towers in Nairobi. The workforce at the headquarters was considered because it represented all others work stations spread across the country. It is possible to find work stations without some departments represented. It is because of this that the head office was picked as it has all the departments represented.

3.1.2 Sample

Telkom Kenya is divided into four divisions comprising Nairobi, Western, the Rift Valley and the Southern areas respectively. The headquarter is located in Nairobi area and it serves all the other areas.

A stratified random sample was proportionately drawn from each of the four departments. These departments were management, finance, Information technology, health, and communication. The departments comprised of middle-level supervisors, first line managers, and lower level employees. Those who were selected were those who survived the first phase of the redundancy program.

	DEPARTMENT	NO. OF EMPLOYEES	PROPORTION
1	Management	261	30
2	Finance	174	20
3	Information Technology	87	10
4	Health	148	17
5	communication	200	23
	TOTAL	870	100

Table: 3.0.1 Sample Table

3.2 Data Collection

Both primary and secondary data were used in the study. Primary data was collected through a questionnaire which contained both open-ended and closed-end questions. The respondents were middle-level supervisors, first line managers, and lower level employees who survived the redundancy exercise. The study took place at the midst of the redundancy program. The questionnaires were given only to those who had survived the first phase of the redundancy program. Therefore the questionnaires were given out through each of the four departments completed and returned to the researcher.

The secondary data was in the form of memos and policy documents that relate to redundancy, number of employees and their work stations.

3.3 Data Analysis

At the end of data collection, all completed questionnaires from employees of Telkom Kenya were examined for completeness, coded and organized for computer analysis. The data was then analyzed using SPSS. Statistical tools like percentages, tables and graphs were also used to analyze the data and to represent the response rate.

CHAPTER FOUR - DATA ANALYSIS AND INTERPRETATION

4.1 Demographics of the Respondents

Table 4.0.1: Demographic Information about the Sample

Factors	Category	No.	%
Sex	Male	59.	56
	Female	46	44
Department	Management	29	31
	Finance	19	20
	Information Technology	9	9
	Health	16	17
	Communication	22	23
Age	20-30	14	15
	30-40	26	27
	40-50	21	22
	over 50	27	29
	Not indicated	7	7
Education	No professional qualification	66	70
	CPA/CPS	6	6
	HR/PR	12	13
	Information Technology certificate	8	8
	Certificate in management	3	3

Table 4.0.1 shows that the sample was almost evenly constituted in terms of sex with males comprising 56.0% and females 44.0%. Out of the sample, 31.0% were from the management department, 20.0% from the finance department, 9.0% from IT department, 17.0% from the health department and 23.0% were from communication department.

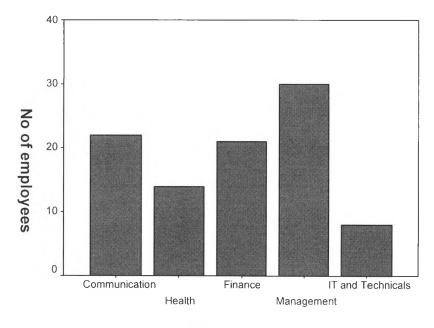
Regarding age, 15% of the participants were between 20-30 years of age, 27% were between 30-40 years of age, 22% were between 40-50 years of age and 29% were over 50 years of age. 7% of the respondents did not indicate their age.

The majority of the participants which comprised 70% had no professional qualification. Another 6% had CPA/CPS, 13% had diploma in human resource and personal relationship, 8% had a certificate in information technology and only 3% had a certificate in management. The data given in Table 4.0.1 shows that the sample used was representative of Telkom Kenya.

4.1.1 Categorization by Departments

The study was undertaken in five departments namely; Communication, Health, Finance Management and Information technology. The distribution was as per the Graph 4.0.1. The number of the respondents as per the department was the management department which had the highest number with 261 employees followed by communication, finance, health and information technology.

Graph 4.0.1 Departments

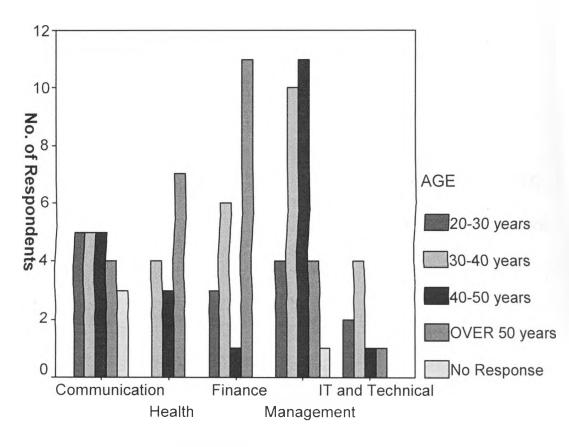


Departments

4.1.2 Distribution of Respondents by Age

The analysis of the distribution of the age of the respondents made on the basis of the departments as per graph 4.0.2 showed the highest percentage of those over fifty were in the finance department. This showed the possibility of the department to retain this category of workers on the basis of their experience

Graph 4.0.2 Age Distribution among the Departments

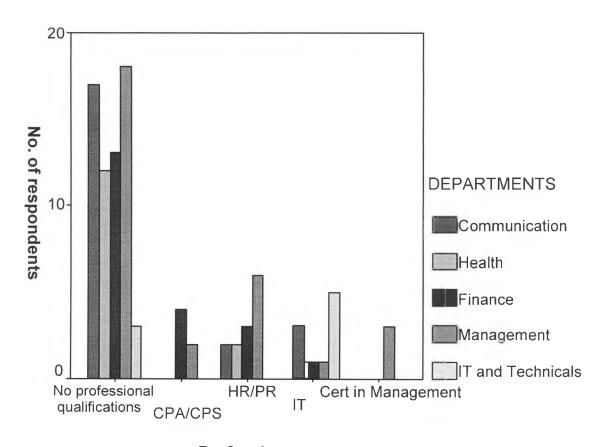


Departments

4.1.3 Distribution by Professions

The profession distribution showed the majority of the respondents were without any professional qualifications. The leading department in terms of absence of professionals was Management followed by the Information technology departments respectively. The distribution is summarized in Graph 4.0.3

Graph 4.0.3 Distribution of professionals amongst the Departments



Professions

4.2 Awareness of the Criteria Used During Redundancy

The awareness by the respondents about the program of redundancy showed complete ignorance with 61% saying they were not aware. This might be a confirmation of the fear by management of not letting the staff know what is likely to happen soon. Therefore the majority had no advance information about the redundancy program. This also included being aware of the criteria used to identify those to be laid off. Those aware of the criteria used amounted to 33% of the respondents. These two issues are represented in the table 4.0.2 and 4.0.3 respectively.

Table 4.0.2 Respondents Awareness

RESPONSE	NUMBER	PERCENT
YES	37	39%
NO	58	61%
TOTAL	95	100%

Table 4.0.3 Awareness of criteria used

RESPONSE	NUMBER	PERCENT
YES	32	33%
NO	63	67%
TOTAL	95	100%

4.3 Employees Selection and Preparedness for Redundancy Program

The surviving workers response on the fairness of the selection criteria was that it never reflected fairness. This is reflected in the response with 84% observing that it was not fair. The preparation availed to the employees before the exercise was affected. This is reflected in table 4.0.4. The response with 89% indicated that there was no prior preparation for the program.

Table 4.0.4 Employees preparedness to redundancy program

RESPONSE	NUMBER	PERCENT
NOT PREPARED	11	11%
PREPARED	84	89%
TOTAL	95	100%
TOTAL	95	100%

4.3.1 Mode of Communication

Whenever an organization undertakes a program such as redundancy there is need to supply sufficient information to all the stakeholders. The means available included personal letters, use of the notice boards and word of mouth. The responses on how the respondents came to know about the redundancy program as reflected in table 4.0.5 indicated that 63% came to know about it through the notice board while 32% stated that they received information through personal letters. The remaining 5% learnt of the exercise through other means. The implication of this information is that the program was not given the seriousness it deserves.

Table 4.0.5: Adequacy of Communication

NUMBER	PERCENT
63	63%
27	32%
5	5%
95	100%
	63 27 5

4.3.2 Compensation

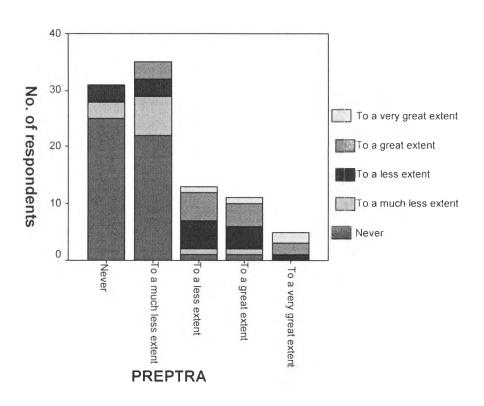
The issue of compensation also featured in the responses with 86% indicating that the compensation was not sufficient, while 14% of the respondents felt otherwise. The summarized responses are indicated in table 4.0.6 below.

Table 4.0.6: Adequacy of compensation

RESPONSE	NUMBER	PERCENT
NOT SUFFICIENT	82	86%
SUFFICIENT	13	14%
TOTAL	95	100%

4.3.3 Prior Preparation and Training

The tasks to which the remaining employees are supposed to undertake must be within their capacity. Otherwise there is need for training in terms of new roles to be played, the effect of loss of colleagues etc. Yet according to the respondents, this training element was missing. At the same time the employees were not involved in any planning and preparation for the program. The participation in planning of the exercise of redundancy is reflected in graph 4.0.4



Graph: 4.0.4 Prior preparation and Training

(Key: PREPTRA: Prior preparation and Training)

4.4 Effects of Redundancy Programs on Surviving Employees

The effect of the redundancy program varied from employee to employee. The effect of the redundancy amongst the remaining workers included increased workload, fear, stress, anxiety, insecurity, conflict, and anger. This was a result of increased work pressure and changes and new job descriptions. The surviving employees were asked about their post redundancy feelings and their responses were reflected below.

Table 4.0.7: Effect of redundancy on survivors

Factors	Reduced %	Increased %	No effect
Feelings of fear	6	93	1
Lack of work motivation	39	53	8
Inability to cope with work overload	28	65	7
Lack of adequate skills and knowledge to perform current tasks.	25	64	11
Lack of adequate support and training from the management.	13	78	9
Job insecurity	6	93	1
Unclear and conflicting roles	24	68	8
Conflicts between personal and employers requirements.	31	60	9
Feelings of hurt	5	90	5
Feelings of anxiety	4	91	5
Feelings of stress and helplessness	7	89	4
Feelings of mistrust	7	88	5
Feelings of confusion and disorganization	19	75	6
Feelings of calmness	2	94	4
Loss of confidence	13	80	7
An emerging opportunity for personal growth	22	50	28
A feeling of injustice	40	50	10
Suspicion towards the intensions of management	10	90	0
Difficulty in establishing good working relationships with other employees	8	75	17

Table 4.0.7 indicates that out of the sample, most employees reported job insecurity and also fear after redundancy (93%). This was a large percentage with only 1% reporting no such feelings. Other responses included lack of motivation, comprising 53%, work overload, comprising 65%, lack of skills, knowledge to perform current tasks, comprising 64%, Lack of adequate support from management, comprising 78%. Job insecurity, a feeling of hurt and suspicion towards intention of management were other reasons suggested by 90% each respectively. Conflicting roles, comprising 68%, feelings of anxiety 91%, feelings of stress, comprising 89%, feelings of mistrust, comprising 88%, loss of confidence, comprising 80% and feelings of injustice, comprising 47% were also suggested. Surprisingly majority of employees felt calm after redundancy was over 94% while about half of the respondents felt that this was an opportunity for them to grow in their careers.

4.5 Expected Impact of Redundancy on Surviving Employees of Redundancy

The participants were asked to report on what they expected to happen after redundancy on several factors concerning individual performance. The responses attained are reflected in table 4.0.8 below.

Table 4.0.8: Impact of redundancy on Individual Performance

Impact	Reduced	No effect	Improved	No idea
	(%)	(%)	(%)	(%)
Employee job performance generally	12	8	75	5
Punctuality	11	30	54	5
Absenteeism in your department	3	14	81	2
Having two or more jobs	11	20	66	3
Number of alcoholics in your department.	70	7	17	6
Efficiency and effectiveness	7	20	69	4
Personal responsibility	6	8	82	4
Employee accountability	5	32	58	5
Corruption & unprofessional behavior	65	23	7	5
Loyalty to your boss	5	11	81	3
Employee discipline	3	7	88	2

According to the respondents, the majority, comprising 75%, felt that the redundancy exercise would have a positive impact on employee performance, with punctuality and absenteeism significantly improving at 54% and 81% respectively. This trend is also true as far as other variables such as reduction in the number of employees having two or more jobs, comprising 11%, reduction in alcoholism, comprising 70% and reduction in corruption and other unprofessional behavior, comprising 65%. The majority of employees comprising 69% expected redundancy to improve employee efficiency and effectiveness, employee responsibility, comprising 82%, employee accountability, comprising 58%, and employee loyalty and discipline, comprising 81% and 88%, respectively. This is reflected in table 4.0.8.

The implication of these results shows that redundancy has a positive impact on surviving employees.

CHAPTER 5: SUMMARY AND CONCLUSIONS

5.1 Summary

The process of relieving employees or workers of their jobs for whatever nature or purpose has been carried out at times in the most unprofessional ways. Human resource as any other resource must be used economically. Further unlike the other resources that can easily be used and dumped, the ultimate disposal should have a human face. Other countries have specific legislations on the mode and process of disposal of labour.

The change in technology and its applications keep changing everyday. Those in employment should be continuously updated with the latest developments in form of training. It is evident from this study that the employees of Telkom Kenya were not fully involved and informed before hand on the mode of identifying of those to be laid off.

This research study shows that a high percentage of respondents (93%) reported job insecurity. This was due to the fact that redundancy program was not yet over and was poorly implemented and the rationale and criteria for redundancy were not clear since employees were not fully involved in the program. A counseling section should be created as a structure to deal with the psychosocial and emotional issues that arise in the process of redundancy including job insecurity. This structure can service the survivors and the retrenchees as well as providing general information about redundancy

Despite these drawbacks, the majority of the respondents agreed that the redundancy program has been associated with improved general employee performance, punctuality, reduced absenteeism, reduced alcoholism, increased efficiency and effectiveness,

employee responsibility, accountability, loyalty and discipline. Before redundancy, reduced performance, withdrawal behaviors, lack of accountability, alcoholism, reduced employee effectiveness and efficiency, irresponsibility, and lack of loyalty had been some of the problems associated with Telkom Kenya. These had seriously affected the performance of the organization and hampered service delivery in the communication sector.

The majority of the respondents identified some factors that they expected to impact on their performance after redundancy. These factors include: inadequate training to perform the assigned work, lack of information required to handle the situation, unclear and conflicting roles, lack of adequate support and guidance from senior staff, low motivation and morale, work overload, job insecurity, and unfair relocation of duties and responsibilities.

Respondents suggested more ways of how such hindrances could be reduced so as to improve performance among the survivors, these included fairness in selection, implementation and compensation processes, fair relocation of duties and responsibilities following redundancy, offering employees the necessary skills and ability to perform assigned work, greater employees participation in future decision making and reduction of job insecurity.

5.2 Conclusion

It can therefore be concluded that the mode used by the Telkom Kenya administration adopted a combination of methods of identifying those to be laid off. Though the issue at hand was that of cost and change in technology and the mode of doing business, those affected included those departments which are considered key in terms of relevance. Telkom Kenya used a combination of methods to identify those to retrench. These methods included; last in first out, medical grounds, disciplinary records, qualification and experience

This research study was done to identify the effect of redundancy programs on survivors of redundancy in Telkom Kenya, the criterion used by Telkom Kenya to identify employees to retrench and to identify the expected impact on surviving employees. The results indicated that redundancy had both positive and negative effects on the survivors of redundancy. This was supported by employee perceptions of the redundancy process. The study determined that redundancy was perceived differently by the respondents. Some saw it as negative while others had positive perceptions about it. The results tend to show that the effects of redundancy depend from the way redundancy was formulated and implemented

Delays in the redundancy program could have caused a shift in perceptions regarding the intentions and fairness of redundancy. Telkom Kenya decision to retrench has been in the pipeline for years. However there were delays in the implementation until 2007 due to poor record keeping, hence delaying verification by auditors. The need to consult and

ensure fairness by the implementing and monitoring board also took more time coupled with insufficient funds by the organization for restructuring and compensation. Since such negative perceptions about redundancy are likely to have a serious impact on the early stages of the implementation of the redundancy exercise, managers of the program should be sensitive to employee perceptions and work on them by advising the department of employment on the possibility of redundancy as early as possible, consult with employees and their respective trade unions officials about possible alternatives, examine a reasonable and fair method of selection for dismissal and give better redundancy package for those selected for redundancy. The rationale and criteria of redundancy should be explained early in the process through improved communication programs.

Perceptions about redundancy could influence the performance of employees who stayed at their jobs. If they perceive that redundancy was done unfairly, they may develop job insecurity. By the time this study was been conducted in Telkom Kenya there was industrial unrest since those made redundant had not been given their redundancy pay. This caused more damage and thus increased the cost of the program. The recommendation here is that it is better not to retrench until funds are ready.

Redundancy had positive effects on some aspects of organizational performance. For example, redundancy has led to increased customer service. Redundancy has also been associated with increased teamwork, participation in decision-making and increased departmental performance.

A counseling section should be created as a structure to deal with the psychosocial and emotional issues that arise in the process of redundancy including job insecurity. This structure can service the survivors and the retrenchees as well as provide general information about redundancy. In addition, the public relations function, as suggested earlier, should be improved to explain the meaning of redundancy to the concerned parties.

The rationale and criteria for redundancy should be made clear right at the beginning. Managers should take caution not to use redundancy as opportunities to punish employees they perceive to be uncooperative or disobedient. Rather they should be objective in applying the criteria for redundancy. An attractive severance package will also serve as an attractor for those employees who want to separate with the organization voluntarily or involuntarily. The process of redundancy should be made as transparent as possible. The above measures coupled with increased skills in performance evaluation should reduce the problem of job insecurity.

The majority of the participants reported that after redundancy, participation in decision-making had increased. This is a welcome development which should be encouraged by all stakeholders. Participation in decision-making causes the parties to be committed to the decisions taken redundancy, therefore acting both as an opportunity and challenge to organizational development and to the stakeholders. It is challenging to plan, implement and manage redundancy and its effects. However, redundancy offers an opportunity to put right what has gone wrong with the civil service. This stimulates organizational growth and development.

5.3 Recommendations

For managerial practices, the issue of redundancy needs to develop both the human face and professional outlook. In particular there is need to involve all the employees those to be laid off and to be retained. Organizations should adopt amongst other practices:

- The process of identifying the employees to be made redundant must be well set and discussed by the employees and the management if not the workers representatives
- A program for those to be laid off must be developed before hand. The program should include counseling, retraining. development of data bank
- Where an organization has excess of a particular workforce, such organizations should design modes of liaising with other organizations in order to find placement for their displaced workforce

As for further studies, it is recommended that further research should be carried out on those whom have been laid off to identify effects of redundancy on their later life patterns. Whereas the study and previous study have focused on the survivors for information those laid off are likely to provide information that may be critical for the management of such process for both those retained and laid off.

On the other hand organizations which have affected the redundancy programs need to be involved in further studies to establish amongst other things the challenges they faced and the effect whether such were what was anticipated in terms of workers performance.

5.4 Limitations of the study

Research undertaken during the redundancy period is likely to be resented because employees mistake the research as evaluation tools on which redundancy decisions may be based. Lack of co-operation from managers is also likely. Because of anxiety about the process, employees may not be willing to give information because they fear rebuke from managers. They think the data collected would be used against them. This is understandable because redundancy is a new thing and at the time this research was undertaken, employees were not sure whether redundancy was over. Detailed explanation about the importance of research, assurance of anonymity and confidentiality were given.

The study was undertaken at the most demanding time as it coincided with the second phase of the redundancy program. There was exchange between the management with the workers that resulted in the intervention of the police. The environment was very volatile to the extent that the collection of data was made in a tense environment. The management would not allow any body into their premise.

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QUESTIONNAIRE

Instructions:

- 1. Please respond to the questions below appropriately.
- 2. Kindly do not write your name anywhere in the questionnaire.

PART 1

Please indicate your gender (A) Male [] Female []
(B) Department
2. Please indicate your age bracket. 20-25 Years [] 26-30 Years [] 31-35 Years [] 36-40 Years [] Over 40 Years []
3. Indicate your marital status Single [] Married [] Others (please specify)
4. What is your highest academic qualification? "O" Level [] "A" Level [] Diploma level [] University Graduate [] Yes No
5. Any other professional qualification? [] [] If yes, Please specify
6. What is your current job position in Telkom Kenya?
7. When were you appointed to this position? (Year)
when were you appointed to this position. (rear)
8. How long have you been employed by Telkom Kenya? 1-5 Years [] 6-10 Years [] 11-15 Years [] Above 16 Years []

9. How many employees redundancy exercise?	s from your department/section have left Telkom Kenya following the recent
None	
2,000-3,000 employees	
3,001-4,000 employees	
4,001-5,000 employees	
5,001-6,000 employees	
Over 6,000 employees	
10. How many of those officials?	employees who left the department/section were your immediate senior
None	
1-50 employees	i
51-100 employees	Ĺĺ
101-200 employees	11
201-300 employees	
Over 300 employees	ĺĺ
None 1-2,000 employees 2,000-3,000 employees 3,001-4,000 employees 4,001-5,000 employees 5,001-6,000 employees Over 6,000 employees	ho left the department were directly under you? [] [] [] [] [] [] [] [
None	· · ·
1-2,000 employees	
2,000-3,000 employees	[] []
3,001-4,000 employees	
4,001-5,000 employees	[]
5,001-6,000 employees	
Over 6,000 employees	L J
Over 0,000 employees	l J

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PART II
Please indicate to what extent you experience each of the following due to on-going redundancy process. Tick the appropriate bracket

	_	To a great	To a less Extent	To a much less Extent	Never
1) A feeling of fear	[]	[]	[]	[]	[]
2) A feeling of helplessness	[]	[]	[]	[]	[]
3) Suspicion towards the Intension of management	[]	[]	[]	[]	[]
4) Job stress and tension	[]	[]	[]	[]	[]
5) A Feeling of anxiety	[]	[]	[]	[]	[]
6) Job insecurity	[]	[]	[]	[]	[]
7) A feeling of mistrust	[]	[]	[]	[]	[]
Lack of adequate skills Knowledge to perform current task	[]	[]	[]	[]	[]
9) Unclear and conflicting Roles	[]	[]	[]	[]	[]
10) Lack of information required to handle the situation	[]	[]	[]	[]	[]
11) Conflict between person & Employers requirement		[]	[]	[]	[]
12) A feeling of anger	[]	[]	[]	[]	[]
13) A feeling of hurt	[]	[]	[]	[]	[]
14) A feeling of confusion And disorganization	[]	[]	[]	[]	[]
15) A feeling of decline in Self-confidence	[]	[]	[]	[]	[]
16) Inability to cope with the Workload	[]	[]	[]	[]	[]
17) Lack of adequate support and guidance form senior staff	[]	[]	[]	[]	[]
18) Difficulties in establishing good Working relationships with other employees	[]	[]	[]	[]	[]

19) Reduced work motivation	[]	[]	[]	[]	[]	
20) Emotional problems, Including guilty feeling following loss of colleagues	[]	[]		[]	[]	
21) A feeling of injustice	[]	[]	[]	[]	[]	
22) A feeling of calmness	[]	[]	[]	[]	[]	
23) An emerging opportunity for Personal growth	[]	[]	[]	[]	[]	
PART III						
Was advance informati Yes []	on prov No [l the empl	loyees prior t	o the redundancy	
 To what extend do you timely? To a very great extent To a great extent To a less extent To a much less extent No Was there criterion use Yes [] No Tick (below) the criteredundant. Last in, first out (where []] Asking for volunteers (see Disciplinary records Staff appraisal, skills, que Combination of the above Others (specify)	[] [] [] [] ed in the [] erion w ethe e	e selection hich was mployees tion) ons and e	of worke used by with the xperience	rs to be laid of Telkom Ker shortest len	off. nya in identifying t gth of service are	hose declared
5. To what extent do you To a very great extent To a great extent To a less extent To a much less extent Never	conside [] [] [] [] []	er the sele	ction crite	rion in 4 abo	ve to have been fair	?
6. Was there a formal training Yes [] No	ning to	prepare t	he laid off	`workers to t	heir departure?	
7. To what extent do you To a very great extent To a great extent To a less extent To a much less extent Never	conside [] [] [] []	er the abo	ve prepara	tion adequat	e?	

8. Were the laid off empl	
Yes [] No	
9. To what extent do you To a very great extent To a great extent To a less extent To a much less extent Never	consider the compensation above to have been adequate & timely? [] [] [] [] []
10. What means of common Open letters Notice board Others (specify)	unication was used to convey the redundancy decision to the victims? [] []
11. Indicate the extent to v To a very great extent To a great extent To a less extent To a much less extent Never	
12. Has your workload ch Yes [] No	anged in anyway as a result of the redundancy exercise? []
Increased Decreased	ection of change in 12 above [] []

PART IV

To what extent do you consider the following statements as important for surviving employees in Coping with the effect of redundancy?

employees in Coping v	To a very Great extent [5]	To a great	To a less Extent [3]	To a much less Extent [2]	Never
i. Managements concern for Employers interest when Implementing the exercise	[]	11	1.1	[]	[]
ii. Competence of managers in handling the exercise	[]	[]	1.1	1.1	1.1
iii. Management ability to be relied on to keep its promise	[]	1.1	1]	1.1	1.1
iv. Mangers openness & honesty in sharing vital information with employees	[]	[]	LI	[]	[]
v. Fairness in the selection, implementation & compensation processes	[]	[]	[]	1 1	[]
vi. An employees sense of attachment to his/ her work	[]	[]	[]	1.1	1 1
vii. An employee's possession of necessary skills & abilities to perform assigned work	[]	[]	[]	[-]	[]
viii. An employees ability to work on his/her own without close supervision	1.1	[]	[]	1-1	[]
ix. An employee's ability to participate in making decisions on the redundancy exercise	[]	[]	[]	1.1	[]
x. Fair reallocation of duties & responsibilities following redundancy	[]	[]	[]	1 1	[]
xi. More say in future Decision-making roles	[]	[]	[]	1-1	1.1

THANK YOU FOR YOUR CO-OPERATION.