

DECLARATION

THE EFFECTS OF DOWNSIZING ON OPERATIONS AND PROFITABILITY OF TRANSNATIONAL BANK

Date 20/10/06

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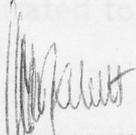
A MANAGEMENT RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE FROM THE SCHOOL OF BUSINESS OF THE UNIVERSITY OF NAIROBI

September 2006

DECLARATION

This research project is my original work and has not been submitted for a degree in any other university.

This work is dedicated to my wife Joyce and my three lovely children: Michelle, Michael and Martin

Signed.....

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This research project has been submitted for registration with my approval as a University Supervisor.

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ACKNOWLEDGMENTS

DEDICATION

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First and foremost I wish to express my special indebtedness to my supervisor, Dr. M. Ogutu. Special regards to Grace who typed all my work throughout the course.

I am deeply indebted to my wife Joyce and my three lovely children: Michelle, Michael and Mark whose presence is a great source of inspiration. I greatly benefited from discussions and advice given by my wife in the course of research study.

My children's patience and understanding as I spent long hours in the work is highly appreciated. Their support and cooperation has made this research work possible.

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The objective of the study is to determine the impact of downsizing on the Operations and Profitability of the Transnational bank by looking at the Service quality, technological levels, profitability and employee morale after the downsizing exercise. This is a case study and the respondents were the management and unionisable staff of Transnational Bank. Primary data was collected using questionnaire tool that were self and telephone administered to respondents. Face to face interviews was done with key heads of departments on the entire exercise and the current state. The results show that the morale of the staff dropped after downsizing, quality of service has improved considerably after downsizing, there is significant advancement of technological levels and the profits of the bank continue to improve. From the study, we learn that there is need for the organizations to put in place proper retention and incentive schemes so as to motivate staff after downsizing and proper human resource policies have to be developed to enhance motivation.

ABSTRACT

Virtually every type of organization and every type of industry faces an economic environment of continuous and accelerating change. An increasing pervasive response to this new economic environment is to engage in some form downsizing. In Mid 2000, TNBL saw the need to reduce its workforce through Downsizing. The objective of the study is to determine the impact of downsizing on the Operations and Profitability of the Transnational bank by looking at the Service quality, technological levels, profitability and employee morale after the downsizing exercise. This is a case study and the respondents were the management and unionisable staff of Transnational Bank. Primary data was collected using questionnaire tool that were self and telephone administered to respondents. Face to face interviews was done with key heads of departments on the entire exercise and the current state. The results show that the morale of the staff dropped after downsizing, quality of service has improved considerably after downsizing, there is significant advancement of technological levels and the profits of the bank continue to improve. From the study, we learn that there is need for the organizations to put in place proper retention and incentive schemes so as to motivate staff after downsizing and proper human resource policies have to be developed to enhance motivation.

CHAPTER ONE

INTRODUCTION

1.1 Background

1.1.1 Downsizing in Organizations

When the history of the Kenya during the final 10 years is reviewed, one issue that will be seen as defining the Kenyan workforce for the period is downsizing and the loss of the perceived "social contract" of lifelong employment in the public and private sectors with a single employer.

This year the requirement by state corporations to reduce staff is top on the agenda. Telkom (K) is expected to lay off 11,000 people out of its entire workforce of 18,000. The Agricultural and Manufacturing sectors have employees on notice for downsizing. Whether it is called downsizing, rightsizing, delayering, reduction in force, redundancy elimination, or any of a host of other terms, the expectation of lifelong employment with one employer has now become the exception rather than the rule. Both in the government and the private sector, the loss of that sense of security, combined with the familiar scenario in which the number of employees is reduced but the amount of work remains unchanged, can have devastating effects on the remaining employees, otherwise known as the "survivors."

The fundamental reasons for downsizing in the government, and also among state and local governments, are different from those cited by organizations in the private sector. Private

sector entities must reduce costs to remain competitive in an increasingly global economy and to maximize the returns of their shareholders. Public sector downsizings are primarily driven by budget reductions and technology improvements that allow fewer workers to do the same amount of work. The most important asset in any company is its human resource. Most organizations are faced with many challenges related to management of human resources. Work pressures and job related demand obviously have adverse impact on employees' morale and productivity (Philips, 1996)

Organizational downsizing, or simply 'downsizing', is a feature of many organizations in the world. As a goal-oriented restructuring strategy, downsizing endeavors to increase an organization's overall performance. The 1990's have seen a lot of changes in the economy of Kenya. Most changes had to do with liberalization, globalization, technological advancement and a more enlightened consumer (Kenya Institute of Management 1993).

TNBL has experienced many challenges which include stiff competition, revenue declines, and service standards. For the first time in its history TNBL retrenched 100 staff members of its population at the end of year 2000. This action has led to fear, lost of job security and low morale among employees.

1.1.2 Banking Industry in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines.

There are forty-six bank and non-bank financial institutions, fifteen micro finance institutions and forty-eight foreign exchange bureaus. Thirty-five of the banks, most of which are small to medium sized, are locally-owned. The industry is dominated by a few large banks most of which are foreign-owned, though some are partially locally-owned. Six of the major banks are listed on the Nairobi Stock Exchange. The commercial banks and non-banking financial institutions offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking. The banking industry has most recently witnessed a rapidly changing environment, characterized by stiff competition; changing customer needs declining margins, technological innovation, low liquidity and higher financial risks.

1.1.3 Transnational Bank

The history of TNBL dates back to 1985 when it opened a branch in Nairobi following a coming together of Kenyan investors whose aim was to get into the banking business.

In 1986, more capital was injected into the bank by other shareholders since the Central Bank had raised the minimum amount of money required to operate a bank. The new shareholders were from Britain and therefore the bank got some strategic partners which boosted their image. A wholly owned subsidiary, Transnational Finance (K) Limited, was acquired in 1987 to provide mortgage finance.

Since incorporation, TNBL has achieved tremendous growth to emerge as one of the leading indigenous banks in Kenya's banking and financial sector. In 1990, the bank had opened 3 other branches in Mombasa, Nakuru, and Eldoret. Today, the TNBL group has widened its network to other parts of the country, comprising 5 full-time branches and 3 satellite branches all of which represent over 5% of the total banking outlets in Kenya.

All branches provide a whole range of retail banking and financial. In recognition of the need to strengthen the interdependence between domestic and external economies, TNBL has continued to expand working arrangements with banks in other countries. Today, it has over 40 correspondent banks throughout the world. Since inception, the Transnational Bank Group has endeavored to provide quality and customer friendly services geared towards meeting the ever-changing customer needs. Transnational Bank is currently undertaking a major re-branding exercise, which may culminate in the adoption of the shorter acronym TNBL, as its brand name.

1.2 Problem Statement

Downsizing has become entrenched in Kenyan culture during the 1990s and 2000s. It is difficult to pick up a newspaper or magazine or tune in to a television news program that does not mention the topic in some way.

The banking sector in Kenya is going through a tough time and the focus is on cost reduction and increase revenue and shareholder. No study has been done to document the impact of downsizing among the commercial banks in Kenya as a strategy to respond to changes. Both in the government and the private sector, the loss of that sense of security, combined with the familiar scenario in which the number of employees is reduced but the amount of work remains unchanged, can have devastating effects on the remaining employees, otherwise known as the "survivors." Used as a tool in an overall reengineering/ restructuring strategy, downsizing has been successfully accomplished in both private and public sector organizations. However, those successful organizations recognized downsizing for what it is: a management tool that must be used with other management tools to achieve the goals of reduced costs and improved service.

Warugu (2001) did a research on the strategies adopted by commercial banks due to external change. In his research he pointed out strategies adopted which includes product differentiation. Bett (1992) looked at the financial performance in the banking sector, focusing on Kenyan banks and financial institutions. Ndegwa (1996) looked at commercial banks and financial institutions from a marketing point of view. He set out to assess the

quality of service. No one has focused downsizing applied by commercial banks in responding to changes in the external environment.

Before downsizing of the number of employees begun in year 2002 TNBL had a work force in excess of 300 employees with an annual turn over of Kshs.1 billion and an asset base of over Kshs.2 billion. However, the year 1998 saw the Kenyan Economy experience one of the most difficult times. All key macro-economic indicators showed a deteriorating trend Real Gross Pometric (GAP) declined to 1.6% in 1998 compared to 2.3% in 1997.

As a result of this TNBL, performed below expectations recording a pre-lay profit of Kshs. 150 million compared to Kshs. 350million in 1997, a decrease of 25%.

In mid 2000, the Bank saw the need to reduce its workforce through volunteering early retirement. The bank's desire was to become more efficient and improve its value creation in order to, increase profits, provide quality services to its customers, improve technology and reduce bureaucracy. Global competition, changing technologies and availability of cheap labor is the operating environment of the Kenyan banks; there is no evidence to link Motivation, Cost, Service quality, Technology and Profitability and downsizing hence the purpose of this study. The main question of interest therefore in this study is to determine the impact of downsizing at TNBL.

1.3 Objectives Of The Study CHAPTER TWO

The objective of the study is to examine how downsizing has affected Transnational bank in its operations, employee motivation and profitability.

1.4 Significance Of The Study

The project research will provide academics analysis of downsizing; it will make contribution to both theory and practice. To organizations, this study will bring out the potential benefits of downsizing; Assist professionals and top management in organizations in formulating guidelines that concern implementation of downsizing and academicians and researchers, the findings will update the existing body of knowledge on downsizing in organizations

1.5 Organization Of The Proposed Report

The first section is the introduction of study. The researcher has described the background to the problem, problem statement, purpose and objectives of the study. The second section is literature reviews, in which the researcher reviews the relevant literature. The review falls under several sub-titles touching on downsizing both strategies and implementation. The third section is the Research Methodology. This section starts with an introduction and describes the research design; the target population, sample and sampling procedures, research instruments, data collection procedure and the data analysis techniques.

CHAPTER TWO

LITERATURE REVIEW

2.1 Definition Of Downsizing

Smith (1993) defines downsizing as be proactive (planned in advance and usually integrated with a larger set of objectives) or reactive, typified by cost-cutting as a last resort after prolonged period of inattention to looming problems of management.

According to Gosselin (1994), Downsizing is a phenomenon no longer represents one of the many consequences of economic upheaval but has instead taken a life of its own, seen as a short-term measure; downsizing has become the way to increase profitability.

Dupuis et al(1996) come to the conclusion that for most organizations, labor costs account for a large part of expenditure and since these organizations generally enjoy a certain amount of latitude in terms of their payroll, they are tempted to cut salaries first to achieve immediate economic benefits

Cameron (1994), defines downsizing as a positive and purposive strategy: "a set of organizational activities undertaken on the part of management of an organization and designed to improve organizational efficiency, productivity and/or competitiveness"

For several years now, there has been a strong tendency to adopt downsizing strategy to deal with the economic pressures from the environment. In Kenya it was first witnessed in the

private sector, this approach has now spread to all levels of government and knows no sectorial or geographical bounds. For example, among the private firms to have adopted this strategy in Kenya include East African Breweries Ltd., Bata Shoe Company, Shell BP and Agip among others. The government parastatals that have undertaken the exercise include Kenya Power and Lighting Company, Kenya Airways, Kenya Tea Development Authority and Kenya Commercial Bank. In the civil service, various ministries have been reducing their staff since 1994 in an effort to reduce costs and increase efficiency (Kariuki 2000).

Downsizing is not a new phenomenon; workforce reductions, closure of branch offices, regions e.g. have been going on since the great depression of the 1930's in the USA and is part of the normal economic business reorganization process. But something new is happening at the moment in terms of the magnitude, scale, the target involved and the causes and effects of the downsizing (i.e. change in business environment) as opposed to the traditional causes where it arose out of normal business cycles (Tomasko 1990)

Because of its negative connotation of giving people the "axe" downsizing is not a term that many management consultants use. Many would rather use friendlier terms such as re-engineering, rightsizing, reinventing etc. On the other side of the spectrum, there are researchers who are concerned that downsizing has become too closely associated with the process of organizational decline and its naturally negative effects (Noer 1993).

Downsizing as has already been mentioned above can be said to refer to the voluntary actions of an organization to reduce expenses. It refers to an array of initiatives implemented by an organization in response to a decision to reduce headcount.

The outcomes that organizations seek from restructuring may include increased productivity, improved quality, enhanced competitive advantage, and potential regeneration of success (Hoskisson and Hilt, 1994). In addition, organizations hope to achieve lower overheads, less bureaucracy, more effective decision-making, improved communication, and greater innovation (Burke and Green 2000) as a result of downsizing.

Although we might like to think that the reasons for downsizing are well thought out, many of the reasons are purely social ones. Mckinlay, Sanchez and Schick (1995) proposed that three social forces that precipitate downsizing efforts are constraining forces, cloning forces, and learning forces. Constraining forces place pressure on executives to do the "right thing" in terms of legitimate managerial actions. Cloning forces are the result of imitation or benchmarking. Learning forces that bring about downsizing efforts take people through educational institutions and professional associations. Cost accounting methods encourage downsizing as a legitimate business activity.

Organizations thus choose to downsize for a variety of reasons, including economic and social. The rationale for downsizing is an integral part of the issue of whether downsizing efforts are effective or whether they fail. Like culture, "downsizing" is problematic in its usefulness. Because it is popularly associated with giving people the "axe" in organizations, it is not a term that many management consultants go out of their way to use. On the other side of the spectrum, there are researchers who are concerned that downsizing has become too closely associated with the process of organizational decline and its naturally negative effects. Cameron, for example, defines downsizing as a positive and purposive strategy: "a set of organizational activities undertaken on the part of management of an organization and

designed to improve organizational efficiency, productivity, and/or competitiveness" (Cameron, 1994). Downsizing thus defined falls into the category of management tools for achieving desired change, much like "rightsizing" and "reengineering".

2.2 Strategic Causes Of Downsizing

A true and fuller understanding of the forces shaping and thrusting downsizing forward today comes from an appreciation of increased global competition, and changing technologies, which in turn are profoundly impacting the nature of work, increasing availability of contingent work (Fierman, 1994) and shifting balance of power among organizational constituents away from rank and file employees and in the direction of shareholders and chief executives who serve as their proxy.

In a study, Hilt and colleagues (1994), discovered that executives showed several common rationales for downsizing. They were;

- Would remove non-value adding entities 47%
- Could help companies see new opportunities on core competencies 21%
- Could reduce costs and / or increase profits and productivity 18%
- Was a continuous process in their firms 08%

Hilt and colleagues (1994), stated that while most organizations had multiple goals accomplished by the downsizing, there was considerable agreement of the most prominent goals. They cited over 76% of the organizations as wanting to reduce the layer from their organizations culture. Only 12% experienced innovation.

The study concluded that while managers had taken a variety of actions in their effort to downsize, few had achieved their desired results. The data further revealed that most of the process managers in these organizations indicated that their actions were predicted on the belief that the next time would be better because the organizations had learned from past mistakes, or because of the investment made in their previous actions.

The fundamental reasons for downsizing in business are different for both public and private sector. Private sector entities must reduce costs to remain competitive in an increasingly global economy and to maximize the returns of their shareholders. Public sector downsizings are primarily driven by budget reductions and technology improvements that allow fewer workers to do the same amount of work.

2.3 Effects Of Downsizing

2.3.1 Organizational Operations

Changing an organization is messy, complicated business. A study by Kotter and Heskett (1992) indicated that culture change becomes tougher as organizations become more established and successful. The very bases for a company's earlier success can be hindrances to needed changes under new and different scenarios from those which existed previously.

Prevailing models provide uncertain guideposts. For example, it is standard fare within the leadership literature (e.g., Bennis, 1994) to depict the need for a "vision" of a desired future state of the enterprise. What if elements of a vision clash with each other? What if a leader, for example, decides to embrace a total quality management culture built upon trust among all parties and, at the same time, embarks upon a series of layoffs which are likely to engender distrust among those same parties? The conventional wisdom in response is to

acknowledge that there will be sadness and losses and a murky period which goes under the heading of "the neutral zone"; but, in the end, there will be "new beginnings" (Bridges, 1981). How long does the neutral zone last? Existing research provides no solid answers. How long will a leader with a vision wait for the culture to change in positive ways? Research supports the idea that culture change is a multi-year effort (Schein, 1992).

If we broaden our conceptualization of culture change to include both intended consequences (planned change) and unintended consequences (unplanned change), then it is at least possible to be confident that downsizing is a catalyst for culture change. Organizational theorists from Lewin (1951) forward, including Argyris (1992) have insisted upon the need for a destabilizing element in any change process. The existing status quo is conceptualized as a dynamic in which forces resisting change and forces pushing for change have found a balance. In order to shift the balance (in the favor of change), the situation needs to be "unfrozen". In other words, people have to be rocked out of their comfortable existence, so they will be alerted to the need for change.

Downsizing qualifies as a destabilizer of status quo ante even under circumstances where departures are voluntary. Hickok (1995), for example, documented symptoms of survivor illness at an Air force installation that had, up to the point of the research, experienced only voluntary departures. The literature is replete with examples of burnout, depression, anger, and betrayal as common responses by survivors of layoffs (e.g., Noer, 1993; Brockner, 1992). Not all responses are negative: there are reports of people getting "charged up", finding new excitement in their work, being challenged by the prospect of "doing more with less" or saving the organization (e.g., Noer, 1993). Hickok (1995) found that "implementors" of layoffs (i.e., those "pulling the strings") had more positive reactions than did "implementees" (i.e., those who were having the layoffs "done to them").

In any event, it should be acknowledged that downsizing has altered the rule of the employment "game". The way these changes have tended to be theoretically euphemized is by indicating that the "psychological contract" between employers and employees has been violated (Rousseau, 1995). No longer can the employer offer job security. The "new" psychological contract being marketed is conditional employment, with the availability of training and development opportunities to help keep employees "employable", even if not at this particular company (e.g., Tichy and Sherman, 1994; Waterman, Waterman, and Collard, 1994). One of the most popular, if not repugnant, terms that echoes throughout the hallowed halls of corporate sector is 'downsizing'. Or, to be politically correct, 'rightsizing'. As jobs began to disappear in the early 80s, affecting especially middle management, the idea of job security was shaken at its very foundation.

Although many social and economic forces contributed to this eventuality, technology was the favorite whipping post (second to corporate executive high salaries) for the guardians of the status quo. And just as the middle class is being shifted, either downward or upward, so is middle management. The direction of the shift is dependent, not only managerial ability, but also with the technical competencies and adaptability required to do and support these new jobs. Technology: the method used to transform organization inputs into outputs. The knowledge, tools, techniques and actions applied to change raw materials into finished goods and services.

2.3.2 Staff Motivation economic base. The evidence suggests that organizational downsizing

There is a healthy side to transition and change. Some organizations that are bloated need to right size by eliminating unnecessary work (and people) in response to the forces mentioned above. If organizations do not change they would stagnate and decline. Many organizations resort to restructuring, mergers and downsizing after careful business considerations. There are some opportunities following downsizing or change. It can re-energize tired workers and heighten their aspirations, shift the organizations focus to future possibilities, strengthen the pay- for-performance link, increase investment in training and development, encourage innovation, improve communication, and produce clearer mission (Marks, 1994; Cascio, 1993).

stronger than work.

Along the same line, Ket de vries and Balazs (1997) agree that organizational change if well implemented can solve some organizational problems and yield business benefits. They go on to say that among the expected benefits of downsizing are lower overheads, decreased bureaurancy, faster decision making, and in general, greater efficiency.

According to (Burke and Coper, 2000), surviving workers experience difficulty in coping with bigger workloads because they take over the duties of their former colleagues who become victims of downsizing. The survivors are unprepared for the changes that result from downsizing and redundancy. Wholesale redundancy programs often result in removing pockets of specialized organizational knowledge as entire levels of management are lost and the organizations' reliance on temporary and contract staff increase

(Burke and Cooper, 2001), outline one of the effect of downsizing "medicine" as corrosive in small economies and result in loss of skills, loss of research and development capacity and

erosion of independent economic base. The evidence suggests that organizational downsizing may have both positive and negative impacts on the organization and on surviving employees.

One negative response among surviving employees is increased absenteeism and sick offs with obvious costs to the organization and to the society. Increased job demands, decreased job control and decreased social support - and it is entirely possible that such an effect may partly mediate its other effects on absence and health. The experience of stress can also increase alcohol consumption and smoking - as an emotion focused coping strategy and such health risky behavior, particularly in men, who have been found to be associated with sickness and absence from work.

Studies focusing on survivors of downsizing report work-related symptoms including increase in work-related stress, dissatisfaction and intent to leave the organization and decreases in guilt, morale, and productivity (Brockner, 1998; Tombough and White, 1990).

Noer (1993) offered a vivid description of the state of survivors: Individuals, who survive cutbacks, he notes must deal with their own feelings as they develop a new relationship with their organization in which they are more empowered and less dependent.

Most organizations have in the 1980's and 1990s' gone through mergers, acquisitions, downsizing, restructuring, re-engineering, culture change and leadership successions. Many have several of these activities overlapping.

This means that the number of victims, survivors, destroyed careers and career paths, and cynicism has gone up, while trust in organizational leadership has gone down. Survivors are forced to work harder with lesser rewards, multiple downsizing often occur over a few years (Armstrong - Stassan, 1997) sometimes those who lose their jobs are better off because they can get on with new things instead of waiting with uncertainty about their future fate.

Many times the surviving employees see no end to the changes and feel powerless to influence the changes, yet organizations must continue to change to remain competitive (Nolan and Croson, 1995). New technology and increased competition normally hasten the rate of change (Marks, 1994). Senior managers are excited about opportunities while middle managers are angry, depressed and tired. The negative psychological, behavioral and profitability consequences of these feelings weigh heavily upon them. The Chief Executive Officer of Apple Computer recently bought himself more time with disgruntled shareholders by promising to take forceful action on a number of fronts, including downsizing. The executive cited "five crises: lack of cash; declining quality; a failed operating system development project; Apple's chaotic culture; and a fragmented strategy" (Markoff, 1997). How do you connect downsizing, which is one of a number of actions being taken, with corporate culture, which is only one of a number of "crises" being solved in a manner and to a level that establishes a positive relationship?

International Labour Organization declares that most downsizing exercises in recent years have failed to produce the improvements expected, mainly because the long-term costs were often higher than the short-term savings. According to the ILO study, the expected benefits of workforce reductions were not realized in over half the cases studied.

The study also refers to ILO Conventions on termination of employment (No.158), equal

“The source of hidden costs that frequently escapes management’s attention is the poor morale of survivors, caused by increased stress and its effect on work behaviour and attitudes”, explains Rogovsky. “More than half of 1,468 downsized companies surveyed by the Society for Human Resource Management in the United States reported that employee productivity either stayed the same or deteriorated after the lay-offs. Another study estimated that the cost attributable to staff turnover was 1.5 to 2.5 times the annual salary and benefits cost for each employee leaving.”

The study mentions other risk factors in the restructuring process, including absenteeism and sick leave, loss of key talent, decreased creativity and risk taking, poor external image of the company, and increased legal and administrative costs. As ‘survivors’ try to learn the jobs of the displaced employees while still doing their own jobs, they become increasingly stressed and overworked. Rogovsky refers to the case of an automobile worker in charge of ordering steel: “After he left, an order was placed for the wrong kind of steel. This resulted in a US\$2 million loss for the company in down time, rework and repair.”

According to Rogovsky, reducing the workforce is about managing human beings: “As the Swiss writer Max Frisch said, ‘we asked for workers, and we got people’. The best way to avoid downsizing is to adopt a long-term policy that anticipates crisis, and to develop human resource management in order to contribute to the employability of workers. This will generate a better social climate, favour economic growth and peaceful labour relations, to the advantage of both the enterprise and its environment.”

The study also refers to ILO Conventions on termination of employment (No.158), equal remuneration (No.100) and discrimination (No. 111), and their related Recommendations which can be used as benchmarks for good labour practice, particularly in restructuring processes. ILO activities in the area of socially sensitive enterprise restructuring are carried out along with other ILO projects aimed at the generation of more and better jobs, such as the global projects helping entrepreneurs to start, improve and expand their business.

There are "Theory X" and/or "Theory Y" dynamics (McGregor, 1960) at work with downsizing as well, depending upon the circumstances. The underlying theme of Theory X thinking is that workers can not be trusted to put forth effort on their own. They need to be externally motivated by the threat of punishment in order to put out their best efforts. Of all the downsizing practices, the one most closely associated with Theory X is the practice of giving people no termination notice. In spite of what would seem the obvious inhumanity of walking people who have worked for an organization for twenty or more years straight to the door, this remains a common corporate downsizing practice. The assumption which would seem to underlie the practice is that people will use notice time to undermine the organization or at least to be unproductive.

From a Theory Y perspective, downsizing may be seen as a way to free up workers to do the good work they care to do. The analysis which precedes downsizing is designed with the intent of reducing unnecessary or low value work, minimizing bureaucratic controls, and eliminating unneeded communications layers. Downsizing intent, from a Theory Y perspective, is to enable workers to be challenged by interesting work and to have the opportunity to produce extraordinary results which are aligned with the organization's mission and goals.

2.3.3 Profitability

Institutional shareholder activists have gotten too greedy and imposed too large a price on the thousands upon thousands of employees who have lost their jobs; performance increases may be at the expense of hollowed out companies. Cutting costs by cutting people appeals to many executives because there are really only two ways for their companies to become more profitable: Either increase revenues or cut costs. Further, most observed would agree that future costs are more predictable than future revenues. Human resources represent costs, so to become more profitable it seems logical to reduce those costs through decreasing the number of employees.

Handy (1990) argues that an organization does not exist only for profits; that is, profits should be viewed as a means to other desired ends rather than as the sole end. His view is that shareholders have taken over too much of the power. They should, instead, be only one element of a hexagonal ring of stakeholders - which also includes employees, the environment, community, and suppliers.

Downs decries the prevalence and public acceptance of a "culture of narcissism", in which corporations have only one objective, profit. He contrasts the view of Hewlett-Packard's David Packard that the secret to successful management was to keep in balance the triangular interests of shareholders, management, and employees. It is true that most downsizing result from the issue of reduced profits and pressure from the shareholders.

Downsizing of staff consists of these elements: it is intentional; it leads to reductions in personnel; it attempts to increase the efficiency of the organization; and it affects work processes (Atwood, p.1, citing a 1993 study by Huber & Glick). Downsizing of staff is often undertaken when an organization needs to quickly improve its profits: a company under siege

(or claiming to be) takes a look at its largest expense typically payroll and benefits and starts slashing. According to a 1997 survey by the American Management Association (AMA), the most often claimed reasons for downsizing are "organizational restructuring," "business downturn," and "reengineering of business processes." Also according to that survey, downsizing is a decreasing trend: 19% of the 1,200 companies surveyed actually downsized staff in 1996/1997 a number that is down from 27% the previous 12 months, and down from a high of 43.2% in 1990/1991.

Proponents of staff downsizing claim that the process increases company profits without sacrificing productivity, that it makes lean machines out of bloated organizations. Downsizing is sometimes justified as a necessary measure to protect an organization from bankruptcy. It is seen by some as an inevitable step in the evolution of business in general: they claim that American industry also underwent such wrenching changes as the Industrial Age closed, and that the downsizing we are seeing today is the pain of growth and change. They say that the modern workplace must be flexible, must be lean, must be hungry, and that downsizing is just an inevitable step in that direction. "The very things that make capitalism seem so harsh and even unfair are also what make it so vital. It may not feel that way when you're in a downsizing company, but that is history's lesson," says one proponent (Nocera, p.71). Many accounts exist that depict the sad consequences of worker displacement: the breakup of families, the loss of homes, the blow to self-esteem from which the downsized never recover. The most well-known of these accounts is a seven-part series published by The New York Times entitled "The Downsizing of America." This series of articles (since enlarged and published as a book with the same title) was the largest set of related articles printed by the paper since it covered the Watergate scandal. Some proponents of downsizing claim that the

media has distorted the statistics on the number of people downsized, their fate, and the impact on their former workplaces -- the New York Times series has especially been attacked for too freely extrapolating statistics. There is no doubt that downsizing reeks havoc in the lives of those who lose their jobs, but critics claim that downsized workers find employment fairly quickly, and point to the statistics that show that jobs have been created at record numbers throughout the 1990s. Record numbers of jobs have been created, but U.S. Labor Department figures "show that now only about 35 percent of laid-off full-time workers end up in equally remunerative or better-paid jobs" (Uchitelle, p.3).

Downsizing does indeed increase profits for the organization that undertakes it -- but these profits are short-lived. A survey by Wyatt Associates of Canadian downsized businesses found that "40 percent reported that downsizing did not result in reduced expenses and more than 60 percent did not experience higher profits after cutting staff" (Estok, p. 28). These and other studies show that at least half of all eliminated positions are refilled within a year after a major downsizing effort. The AMA study also indicates that "data show no correlation between lower operating expenses and higher profits" and "companies that decrease their costs and companies that increase them are equally likely to report improved profits."

Table 1: Downsizing results - Wall Street Journal - Atwood (2003)

Desired Outcome	Percent of Firms That Achieved Desired Results
Reduced Expenses	46%
Increased Profits	32%
Improved Cash Flow	24%
Increased Productivity	22%
Increased ROI	21%
Increased Competitive Advantage	19%
Reduced Bureaucracy	17%
Improved Decision Making	14%
Increased Customer Satisfaction	14%
Increased Sales	13%
Increased Market Share	12%
Improved Product Quality	9%
Technological Advances	9%
Increased Innovation	7%
Avoidance of a Takeover	6%

Proponents of downsizing believe that a reduced staff can be made productive enough to compensate for the work done by downsized staff. The survivors of downsizing are at best, encouraged to improve their productivity, and at worst, threatened and live in a state of fear of losing their jobs, too. The survivors are stressed, exhausted, and more likely to be unhealthy. A study published in *The Lancet* shows that the health of survivors is often compromised after downsizing, finding that "there was significant association between downsizing and medically certified sick leave. The rate of absenteeism was 23 times greater after major downsizing..." (Vaherta, p.1124). As stressed staff struggle to deal with their increased workloads, more and more of them complain of physical ailments, and an

organization's disability costs almost always increase after a downsizing. The survivors sometimes literally work themselves sick: substance abuse, high blood pressure, carpal tunnel syndrome, chronic fatigue syndrome, and depression top the list of survivor health complaints. Some researchers go so far as to describe survivors as clinically traumatized, comparing the experience of downsizing as "similar to that of other trauma: combat, abuse, violence, natural catastrophe, crime, chemical dependency...disease and terrorism" (Bumbaugh, p.30).

Basic civility is disappearing from the workplace as beleaguered survivors attempt to handle their new work loads; tempers flare as overworked staff try to compensate for lost workers. According to a 1993 study by the Society for Human Resource Management, over one-third of HR managers surveyed said that "one or more violent acts have been committed by employees at their companies since 1989 and that more than 80 percent of these incidents happened since 1991" (Connelly, p.197). This study did not link these violent acts to downsizing per se, but the stress of downsizing must surely play a part.

Loyalty always drastically decreases in downsized organizations: formerly loyal survivors often shift their thinking to put themselves first, not trusting the company, and often feeling like they are the next likely victim, especially when the staff cuts appeared to be random. Once workers' trust in their organizations is lost, it is almost never restored. Survivors may be too busy to think creatively to think about growth possibilities for their organizations, or they may not care to make the effort, feeling that "their implicit contract with the company has been severed" (Blanchard, p.10). Many survivors fear making mistakes more than ever after a downsizing, thinking that any mistake means that they are next for the ax. This leads to a reduction in creative thinking and organizational innovation suffers as a whole. Many survivors

are so afraid of being next in the line of eliminated professionals that they spend much of their work time merely posturing: making clear to anyone and everyone that they are indispensable.

As morale dwindles to all-time lows, many of the best, most capable survivors leave the organization: facing too much work, having too little trust and loyalty, and feeling that their jobs are probably the next to go, the brightest survivors often jump ship after a downsizing. This leads to brain drain for an institution and once lost, the best leaders, the most capable technical people, the brightest idea people, and the most well-networked employees are an asset that takes years for the company to attract again. The survivors are left: they are tired, they are mistrustful, they are angry, they are afraid, they are often traumatized and they are commonly physically unwell. These, then are the people who are supposed to be running the new, lean, mean organization, the staff upon whom downsized organizations rely to be more productive than ever.

Organizations undertaking downsizing can improve these results by funding training, communicating changes honestly and proactively, and treating downsized workers compassionately. The attitudes of the survivors have a lot to do with how they perceived downsized staff were treated: survivors have better attitudes when organizational efforts are made to assist downsized personnel.

Organizations that downsize often lost their most loyal workers. Perhaps it is true that their positions were no longer necessary, and maybe the skills of these workers were obsolete, but

is there no place for trusted, loyal employees? I've seen better workers than myself downsized; I've seen true talent and dedication escorted out the back door. I've also seen poor performers eliminated in the name of downsizing, and my reading indicates that this is often a tidy way for an organization to cut loose of these people.

Large companies like Hewlett-Packard have managed to survive lean times without layoffs when their workers came together and agreed to work fewer hours, agreed to forgo bonuses, and agreed to take pay cuts. More and more companies are looking at cutting capital equipment, supply, and building costs instead of resorting to downsizing staff. Reengineering of work -- real reengineering of work, not just downsizing masquerading as something new and far less benign -- can improve productivity without grinding down a company's workforce. Downsizing is often used as a quick-fix: it works, it works fast, but like any addiction, it requires more, more, more, more to sustain itself. "Management uses layoffs to lower wages and make a quick profit. Bypassing the hard work of strategic planning, executives often take the shortcut of a layoff" (Downs) and "Companies have abandoned the traditional sources of sustained profit for the quick hit of a layoff" (Downs). If times are so tight, why do we not see the executives follow their dire speeches with offers to take less of the company profits home? Corporate executive salaries have been at an all-time high throughout the 1990s, the same years that have seen the height of the downsizing frenzy: "the average CEO's paycheck rose 23 percent in 1995 to a whopping \$4.37 million" (Downs). If the president and CEO of my organization is so very afraid for the fate of this company, he'd get a lot more Pied Piper action going if he acted as an example to the rank and file.

As organizations downsize, they are bleeding their biggest asset: their workers. As put by Alan Downs, author of *Corporate Executions*, "Like an anorexia of the organization, <layoffs> begin depleting the business of its fat, then its muscle, and finally its brainpower." The following situation exemplifies the failure of downsizing: this morning as I got in line in my work's cafeteria to pay for my breakfast, I counted twenty-seven people ahead of me. This cafeteria has lines for six cashiers to be working simultaneously, but since the cashier ranks have been reduced, we had instead one lone cashier. Twenty-eight of us stood in line: we discussed the fact that the cafeteria was out of coffee, again, (at eight a.m.!), we commiserated about the wait. I looked at some of the visitors in the line and thought about some recent reading that discussed how downsizing can erode customer confidence. I looked at the visitors in the long line and wondered if their confidence in my workplace was declining: were they wondering how my organization can be responsible for heart transplants when it can't even keep breakfast diners in coffee and forks? In their shoes, I certainly would see these hints of a badly run company and think twice about being their customer. In this particular situation, employees' time was wasted and morale sunk even a bit lower (not to mention the productivity lost due to lack of morning coffee).

Downsizing achieves its goal in the short-term: it improves an organization's profit line by reducing its biggest expense. Long-term, though, the organization suffers from mass confusion, psychic depression, and lack of key ingredients for growth and leadership: energy, loyalty, creativity, time, and teamwork. When corporate culture becomes every disloyal, tired worker for themselves, the future of that organization is in peril. Successful planning and innovating for the future require staff that are well-trained, willing to take risks, physically healthy, and committed to an organization. Downsizing, time after time, leads to exactly the

opposite result. Organizations that think of and treat their employees as assets rather than liabilities can retain their staff, retrain them if necessary, and keep productivity up. Creativity and true strategic planning that includes close attention to capital costs and increased revenue generation can enable most organizations to avoid the quick fix of downsizing. The bottom line: downsizing is quite often an unimaginative, belated response to a lack of corporate planning; it reduces worker productivity; it erodes customer confidence; and it drains an organization of the talent and loyalty of its workforce -- its most precious resource for growth and innovation.

1.1.1.1 and the branches of DIBL

1.2 Research Design

The research design is a case study. A case study is a study focusing on one organization selected from the total population of other organizations (Descombe 1998). A case study was chosen because it enabled collecting in-depth data on the population being studied.

1.3 Population Of Study

Population is the total collection of elements about which we wish to make some inferences (Kerlinger and Schindler, 2000). There are branches in Nakuru, Mombasa, Eldoret and Kisumu. All staff are included in the total population. Administrative and Human resource matters are handled in the Nairobi Office.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a description of the procedures followed in conducting the study. This includes the research design, sample and sampling procedures, research instrument, data collection methods and data analysis methods. The study will be carried out in the Nairobi Office and the branches of TNBL

3.1.1 Research Design

The research design is a case study. A case study is a study focusing on one organization selected from the total population of other organizations (Descombe 1998). A case study was chosen because it enabled collecting in-depth data on the population being studied.

3.1.2 Population Of Study

A population is the total collection of elements about which we wish to make some inferences (Cooper and Schindler, 2000). There are branches in Nakuru, Mombasa, Eldoret and Kirinyaga whose staff are included in the total population. Administrative and Human resource matters are centralized in the Nairobi Office.

3.1.3 Target Population

Suitable sampling frame is required for selection of the sampling units. According to Cooper and Schindler (2000), a sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population.

3.1.4 Sampling Techniques

The sample will be determined statistically. Stratified sampling will be used as a technique on the basis of the job positions. This method will be used because it calls to divide the sample into appropriate strata that are mutually exclusive. Stratified sampling gives various advantages such as statistical efficiency increase on a sample, provides adequate data for analyzing the various sub-populations and enables different research methods and procedures to be used in different strata (Cooper and Schindler, 2000). In this case stratified sampling will be used combined with random sampling. Questionnaire will be sent to the following

- 30 Unionisable staff
- 20 Management

3.1.5 Data Collection Procedures And Tools

Primary data source will be used to collect data in form of questionnaires using both open and close-ended questions structure. The study is based on my former employer and its employees. The use of self-administered questionnaires is the best form of collecting data in this particular study because the respondents will complete the questionnaire without fear of intimidation. The questionnaires will be hand-delivered in Transnational Bank (TNBL) and sent

by courier to the branches. The respondents will be given two weeks to respond hence completion of the questionnaires will be done within stipulated time.

The responses in the questionnaires will be tabulated, coded and processed by the computer.

The introduction letter to the respondents will give assurance that their responses should be free and fair and will be treated in strict confidence and in no instance will their names be mentioned in the report. To protect the confidentiality, the respondents will be expected only to indicate their position and department. However, the researchers will be marking against the respective respondent's name as she received the questionnaires in the list of respondents. Due to the spread of TNBL across the country structured telephone interview will be held with the management staff to obtain information on for Section B of the questionnaire. Part A of the questionnaire will be send to the various units of TNBL.

The exercise on obtaining data in form of questionnaires will be in the following sequence:-

1. Telephone call to all the proposed respondents requesting them to complete the questionnaire that would be passed to them.
2. Delivering the questionnaires personally to the respective respondents.
3. Sending by courier the questionnaires to the respective respondents in the various branches.
4. Reminder by E-mail message to all respondents (all staff members can access the E-mail) two days to the given deadline.
5. Reminder telephone calls to the respondents who had not yet returned their duly completed questionnaire.

3.1.6 Data Analysis method

The responses in the questionnaires will be tabulated coded and processed by the computer. Descriptive statistics will be used to analyze the responses and this data analysis will be accompanied by using frequencies and percentages. Descriptive narrative will report the responses to the closed-ended questions. Mean and standard deviation will be used on the factors and the findings will give an indication of the impact of downsizing at TNBL.

4.1 Downsizing And Operations

The study sought to determine the effect of downsizing on the operations of Transnational Bank. Service quality and technological levels was the subject of investigations and a rating scale where 5-strongly Agree and 1-strongly Disagree was used. The results are as shown in the table. The higher the mean, the higher affirmative attitude on the factor and the vice versa is true.

Table 2: Results on Service Quality

Factors	Mean	Standard Deviation
Quality of Service after Downsizing	3.3	1.16
Quality of Service before Downsizing	2.9	1.14

The results indicate that the quality of service has improved considerably after downsizing.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

This chapter represents analysis and findings of the study. It is organized in the order of the objectives of the study. Tables and bar charts will be used to give a pictorial presentation of the observations so that conclusion can be made easily.

4.1 Downsizing And Operations

The study sought to determine the effect of downsizing on the operations of Transnational Bank. Service quality and technological levels was the subject of investigations and a rating scale where 5=strongly Agree and 1=strongly Disagree was used. The results are as shown on the table. The higher the mean, the higher affirmative attitude on the factor and the vice versa is true.

Table2: Results on Service Quality

Factors	Mean	Standard Deviation
Quality of Service after Downsizing	3.3	1.19
Quality of Service before Downsizing	2.9	1.14

The results indicate that the quality of service has improved considerably after downsizing

Table 3: Results various aspects of downsizing

Factors	Frequency		Percentage	
	Yes	No	Yes	No
TNBL Profit	11	10	52	48
Technology	14	7	67	33
Benefit to TNBL as an Institution and staff	8	13	38	62
Increase Workload	12	9	57	43
Retrenchment the best option	4	17	19	81
Retrenchment genuine exercise.	6	15	29	71

The results show that the unionisable employees agreed that there had been an increase in technology, workload and profits as a result of downsizing. The employees disagreed on retrenchment being the best option, genuinely of the exercise being genuine and its benefit to the bank and staff.

4.2 Downsizing And Employee Motivation

The study sought to determine the effect of downsizing on the operations of Transnational Bank. Staff morale levels was the subject of investigations and a rating scale where 5=Highly Motivated and 1=Lowly Motivated was used. The results are as shown on Table 4. The higher the mean, the higher affirmative attitude on the factor and the vice versa is true.

Table4: Results on Employee motivation

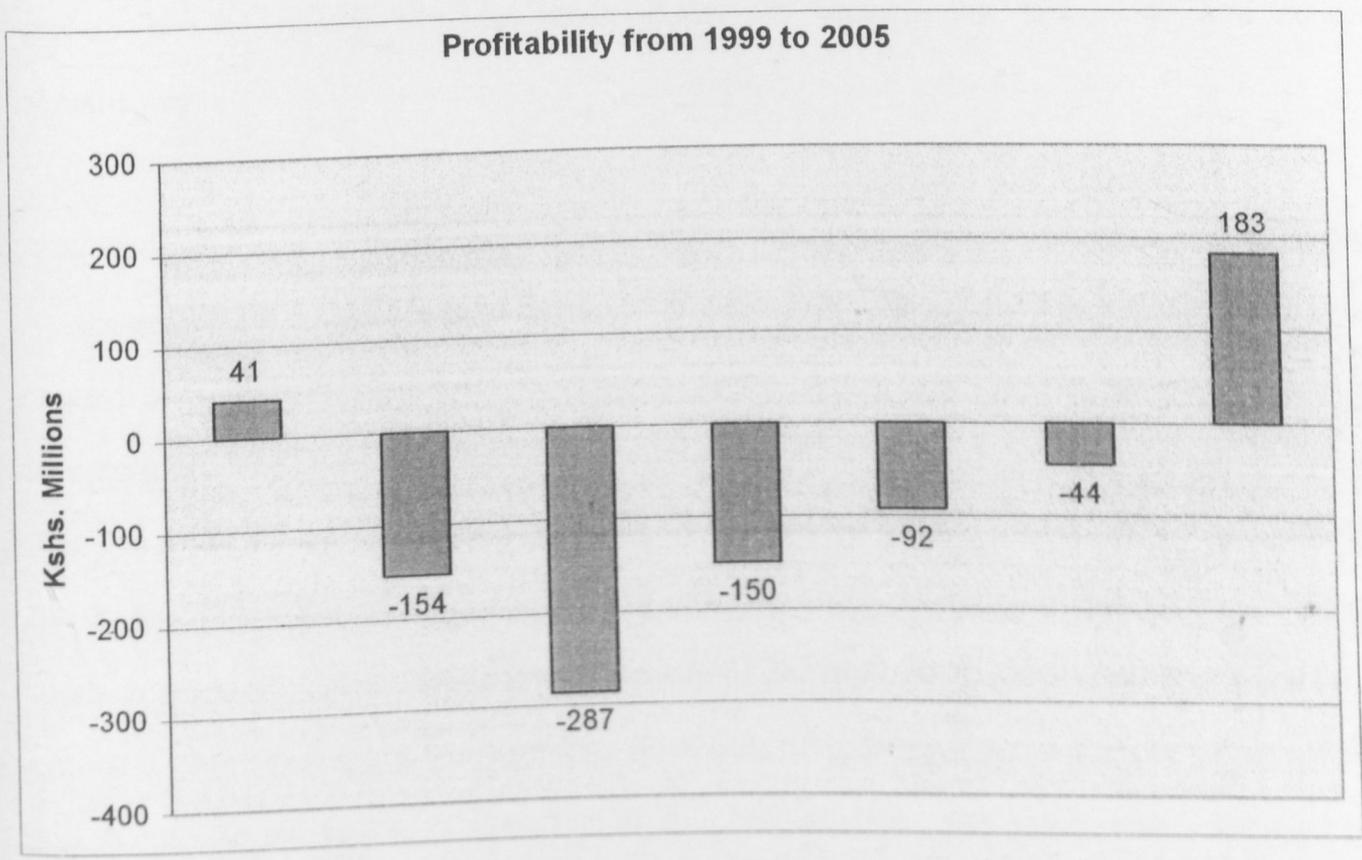
Factors	Mean	Standard Deviation
Staff Morale after Downsizing	2.6	1.19
Staff Morale before Downsizing	3.1	1.04
Staff Salary after Downsizing	2.6	0.98
Staff salary before Downsizing	2.8	0.87
Package paid	3.0	1.18

The results show that the morale of the staff dropped from 3.1 to a mean of 2.6 after downsizing. The salary levels have remained constant over the period.

4.3 Downsizing And Profitability

The performance of the bank from 1999 to 2005 is as shown in the bar chart below. The values of the profit/loss is shown on the bar value for the 7 years.

Bar chart: Findings on profitability



The Human Resources Manager put it this way "Downsizing is a necessary "evil". 100 staff left on the exercise at an average salary of Kshs.30,000 p.m. (conservative). This results in a payroll saving of Kshs.3m p.m. which translates to Kshs.36M per annum, would have wiped out all our profit in 2004, and pretty much all of our projections for 2004. Without Downsizing the

business would have been crippled! - If not insolvent. This is payroll cost alone and has not accounted for total cost of employment i.e. medical, which would have meant bearing the medical costs of approximately. 1500 more people (i.e. average family size of 5)!" It is therefore accurate to say that TNBL main objective to engage itself in downsizing of employee was to cut cost in order to increase its profit.

In mid 2002, TNBL decided to restructure its workforce through downsizing. The bank's desire was to break its cycle of debt and increase its value creation in order to, increase profits, provide quality services to its customers improve its technology and reduce bureaucracy.

The results indicate that the operations of the bank improved in terms of services and service quality have significantly improved after the downsizing. The bank had a good plan set down before restructuring began. The bank had a list of tasks to be executed by the staff that were restructured.

The increased quality of service is due to reduced staff. The bank had a proactive plan laid down before restructuring. The increased quality of service is due to reduced staff. The bank had a list of tasks to be executed by the staff that were restructured.

Technology is a key factor in efficiency in the banking industry. The bank had a list of tasks to be executed by the staff that were restructured. The bank had a list of tasks to be executed by the staff that were restructured.

CHAPTER FIVE

CONCLUSION

5.1 Summary, Discussions And Conclusions

In mid 2000, TNBL saw the need to reduce its workforce through downsizing. The bank's desire was to become more efficient and improve its values creation in order to, increase profits, provide quality services to its customers improve its technology and reduce bureaucracy.

The results indicate that the operations of the bank both in technological advances and service quality have significantly improved after the downsizing. This shows that the bank had a good plan set down before retrenchment begun i.e. to set up technology capable of executing tasks of those staff that were retrenched. This is a good strategic management; it shows that TNBL had a proactive plan laid down before it begun retrenching its workforce. The increased quality of service is due to reduced layers in decision making on customers needs and wants. This is theoretically sound but the link between operations of the bank emanating from change in the operating environment rather than the activity of downsizing may be significant which in the case of this research was not taken into consideration. Technological advancement leads to efficiency in the way goods and services are produced and sold. Application of technology determines how competitive products are in the local and global market. Technology is also being transmitted at a very fast rate so it is no longer a sustainable competitive advantage. Obsolete technology is no longer an excuse for failing to meet international standards.

The internet has transformed the way business is done at a global level, and the Kenyan firms have not been spared. Adopting to change in business and technology is now a necessity for Kenyan firms.

Staff morale is lower as compared to period before downsizing was introduced; staff salaries have almost remained stagnant. On the other hand reduction of expenses was ranked the highest when management was asked to name the most important factors when considering reduction of staff. The results are rather perplexing in the sense that one would expect the service delivery to go down since its impossible for an employee who has just witnessed a colleague retrenched to offer quality service as the results as the research showed.

Profit improvement was rated second after Technology. Majority of staff believe TNBL profit improvement was as a result of downsizing. As shown in bar chart, in 1999 TNBL made a profit of Kshs.41 million, the following year it went down by 65% and by year 2000 when Downsizing was launched the bank had performed below expectation by posting Pre-tax of negative Kshs.154 million.

The results indicate that the bank's desire has been met. All the key areas, which were, increase of profits, provide quality service to its customers and improve its technology were the highest rated means. The only area, which the bank found itself scoring the lowest, is on staff morale. Since downsizing begun, morale of the staff has continued to fall and while the salary has remained almost the same throughout.

5.2 Limitations Of The Study

Working full time at management level is a challenge. This position requires total dedication of the employee to his employer. As a result there was normally limited time left to do other things not related to the daily routine work. This research was carried out during my spare time when am not working i.e. late at night and weekends.

The interviews were conducted over very busy period in the bank calendar hence the staff were very busy and enough though process may not have gone into their answers. It is therefore likely that questionnaires dispatched for answers to be given may not be done at the right time or they may be ignored. The fact that the study was conducted by a former employee of the bank may have compromised the results as the management may have wanted to portray a success story while the reality could be different.

5.3 Recommendations For Further Research

TNBL idea to reduce the number of staff in order to meet its objectives has been quite successful according to this research. Today TNBL is a solid indigenous bank, which has managed to turn around. However, in order to achieve better results on the impact there is need of further research taking into effect the long term effect of the staff motivations desired objectives of downsizing. The impact of other factors except downsizing that led to the turnaround of the bank is a subject of further research which is hereby recommended in future.

5.4 Implications For Policy And Practice

TNBL focus, which was to turn the bank around, has worked very well for the shareholders and the top management who introduced the project, it however felled short in recognizing its staff contributions. The research shows that although the staff were the one who helped the bank achieve its objectives their salary is still has remain the same while their morale has deteriorated. In order for the bank to sustain its growth it must begin boosting its staff morale by putting in place proper motivational principles like increasing their salaries, which have remained stagnant for the last four years. It is quite understandable that the bank main objective was to cut costs and increase its profit, but because bank profit is beginning to improve those who have contributed to this growth require to be rewarded. There is need for the organization to put in place proper retention and incentive schemes so as to retain quality staff from being poached or wooed by the competitors with better salaries.

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APPENDIX 1

INTRODUCTION LETTER

SECTION A

In your view do you think Downsizing has improved TRB profit?

YES () NO ()

Has TRB technology improved since Downsizing began?

Dear Respondent,

YES () NO ()

I, being an MBA student is carrying out an academic research study on the impact of downsizing at The Transnational Bank. This is in partial fulfillment for the award of masters' degree of the Faculty of Commerce MBA program- University of Nairobi. To realize this objective, please complete the following questions for me. Your answers will be held in strict confidence and will only be used for this academic study only.

Yours truly,

YES () NO ()

Who were downsized?

Non-Permanents

Kibett C.K

Senior Staff

Junior staff

Do you truly think Downsizing was a genuine exercise?

YES () NO ()

APPENDIX 2

SECTION B

MANAGEMENT QUESTIONNAIRE STAFF QUESTIONNAIRE

SECTION A

In your view do you think Downsizing has improved TNB profit?

YES () NO ()

Has TNB technology improved since Downsizing begun?

YES () NO ()

Do you think Downsizing benefited both TNB as an institution and its staff retired?

YES () NO ()

Has your workload increased since Downsizing was introduced?

YES () NO ()

In your opinion is downsizing the best option banks can use to achieve their desired objectives?

YES () NO ()

Who were downsized?

- Non Performers ()
- Ambitious Staff ()
- Staff about to retire ()
- Senior Staff ()
- Junior staff ()

Do you think Downsizing was a genuine exercise?

YES () NO ()

**SECTION B
MANAGEMENT QUESTIONNAIRE**

On a scale of 5 (Strongly Agree) to 1 (Strongly Disagree) rate the following factors as they affect TNB (Please Tick)

	5	4	3	2	1
Quality of Service after Downsizing					
Quality of Service before Downsizing					
Staff Morale after Downsizing					
Staff Morale before Downsizing					
Staff Salary after Downsizing					
Staff salary before Downsizing					
Package paid					

How important are the following factors to the institution when considering reduction of staff? (Tick)

5= Very important

1 = Not important

	1	2	3	4	5
Reduce Expenses					
Increase Productivity					
Improve Quality of Service					
Improve Cash Flow					
Improve Product Quality					
Increased Sales					
Competitive Pressure					
Problem recognized in Business Process					
Take over					

To what extent were the following involved in the project implementation?

	Very Often	Often	Occasionally	Seldom	Never
Senior Management					
Middle Management					
Unionisable Staff					
Customers					
Shareholders					
Marketing Division					
Human Resources					

If you were to advise the bank about Downsizing, what would you ask them to do?

Date _____

Thank you very much.