IMPLEMENTATION OF DOWNSIZING STRATEGY AT BRIDGE INTERNATIONAL ACADEMIES IN KENYA

BY

MAORE LILIAN KAARI

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DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:

…………………………………………..Date:…………………………………

LILIAN KAARI MAORE.
D61/70242/2009

SUPERVISOR'S DECLARATION

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

Signature…………………………………….….Date…………………………………..

PROF.EVANS AOSA

Department of Business Administration,
University of Nairobi

DEDICATION

I dedicate this project to the almighty God for seeing me through the long journey to the completion of my MBA course.

To my loving Parents, Francis Maore and Jacinta Murothi you made me what I am today; I will forever feel indebted to you.

To Vincent Sitienei, thank you for supporting me and being there for me, and for encouraging me to take up MBA.

To my dear son Kelian, you were a source of strength and inspiration to me.

To my sister Peninah for providing moral and financial support.

To my siblings Carol, Rose and Eurent you always followed up to check my progress.

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ABSTRACT

The major determinant of an organization's success today in this changing turbulent environment depends on the successful implementation of its strategies. Strategy implementation addresses the issue of how to put formulated strategy into effect within the constrain of time, an organizations financial and human resources and its capabilities. This requires the organizations to deal with resources required, systems, organizational structures and changes. All organizations are environment dependent. They depend on the environment for their inputs and outputs. Every firm should therefore have a competitive strategy which relates it to its environment and enables it to maintain a fit between itself and its environment. The way a strategy is implemented depends on the set up framework, rules, guidelines and procedures to be adopted in meeting its goals and objectives. This research was thus aimed at investigating how downsizing strategy was implemented at BIA and the challenges encountered in the implementation. The study adopted a case study research design as it sort to gain an in depth understanding of the entire implementation process. Six senior and mid level managers were interviewed using an interview guide. Data collected was analyzed through contextual analysis in order to arrive at various conclusions. The study concluded that downsizing was implemented through work force reduction process and organization redesign process. It also concluded that the whole process took a top bottom process of implementation. The study also concluded that the major challenges encountered in the implementation of downsizing strategy were; diverse culture, communication and leadership, and limited organizational resources. The study recommended the use of best practices of organizational leadership, use of change agents in order to reduce the resistance, good planning well before implementation of the strategy and adoption of other cost saving strategies other than downsizing.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

A strategy is a pattern or plan that integrates an organisation major goals, policies, and action sequences, into a cohesive whole (Mintzberg 1994). According to Johnson and Scholes (2006), strategy is the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations.

Strategy is concerned with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Therefore strategy is the result of choices executives make, on where to play and how to win, to maximize long-term value. Where to play, specifies the target market in terms of the customers and the needs to be served. How to win, spells out the value proposition that will distinguish a business in the eyes of its target customers, along with the capabilities that will give it an essential advantage in delivering that value proposition. Every company faces innumerable options for where to play and how to win. Often it has to sort out seemingly conflicting objectives, such as the need for both long-term growth and short-term profitability, to choose which options to pursue. To maximize long-term value means, when there are mutually exclusive options to select those that will give the greatest sustained increase to the company's economic value should be chosen. With this in mind various organizations are adopting different strategies to help them win in a highly competitive environment.

A well formulated and implemented strategy helps to marshal and allocates organizations resources into a unique and viable posture. This is based on its relative internal competences, shortcomings and anticipated changes in the environment and contingent moves by intelligent opponents (Johnson and Scholes 2006).

The opening up of new markets, deregulations, and developments in information technology over the past few decades has led to heightened competition and greater struggle for survival among organizations, forcing them to take a fresh look at the traditional ways of conducting business (Cameroon, 1994). Organizations have now begun to realize that in order to remain competitive in this turbulent scenario, they need to reduce costs (Cascio,1993). This need has provided the impetus to organizations to initiate a spate of organizational change efforts such as restructuring, layoffs, downsizing, rightsizing, delayering, just to mention a few, aimed at reducing the size of the organization. Among these, however, the exercise of downsizing appears to be increasing in popularity (Cascio, 1993) so much so that, today, downsizing has become favored strategy of companies attempting to cope with the changing times (Mishra and Spreitzer,1998). As the turbulence in the marketplace continues, organizations continue to face problems of poor productivity, plunging bottom lines, overstaffing or high over-heads to name only a few. In an attempt to counter these escalating problems, downsizing has been increasingly emerging as an often used strategy by organizations. Since the early nineties, a large number of Kenyan organizations too, including banks, multinationals, public sector units, and private undertakings have started implementing downsizing initiatives.

BIA is a registered company consisting of privately owned academies which are generally located in the low income areas of Kenya. The Company is in the business of providing primary education. Due to increased competition and fluctuations in the economy, the organization embarked on a process of reducing its enormous staff. The organization implemented large scale downsizing process in 2012, which extended up until early 2013. The downsizing process touched on all organizational units and departments. It also included organizational reorganization and restructuring.

1.1.1   Strategy implementation

Great strategies are worth nothing if they cannot be implemented (Okumus and Roper 1999). It can be extended to say that better to implement effectively a second grade strategy than to ruin a first class strategy by ineffective implementation. Less than 50% of formulated strategies get implemented (Mintzberg 1994). Every failure of implementation is a failure of formulation.

The utility of any tool lies in its effective usage and so is the case with strategy. Strategy is the instrument through which a firm attempts to exploit opportunities available in the business environment. The performance of a firm is a function of how effective it is in converting a plan into action and executing it. Thus implementation is the key to performance, given an appropriate strategy.

Implementation has been defined as the process by which strategies and policies are put into action through the development of programs, budgets and procedures (Wheelan and Hunger 2008). This involves the design or adjustment of the organization through which the administration of the enterprise occurs. This includes changes to existing roles of

people, their reporting relationships, their evaluation and control mechanisms and the actual flow of data and information through the communication channels which support the enterprise (Chandler 1962). There is therefore no universal approach to strategy implementation, and the challenges of strategy implementation faced by organizations vary from one context to another.

1.1.2 Concept of downsizing

Since the early to mid-1980s, organizational downsizing has become an omnipresent feature of a multitude of corporations and governmental agencies throughout the industrialized world (Littler, 1998). The prime catalyst for the majority of downsizing activities is the objective of a reduction of costs (Cascio, 1993), it is increase of an organization's levels of efficiency, effectiveness, productivity, and competitiveness (Cameron, 1994), and thus an organization's overall performance (Thornhill and Saunders, 1998). Therefore, the major plan of any downsizing endeavor is to make an organization more competitive compared to its rivals. Empirical and anecdotal evidence suggest that the financial, organizational, and social consequences of downsizing are largely negative (Morris, Cascio and Young, 1999).

Downsizing has become a widely held intervention for organizations looking to demonstrate flexibility, reduce bureaucratic structure, increase efficiency regarding decision-making, improve communication and cultivate entrepreneurship (Appelbaum, 2001; Bruton, Keels and Skook, 1996; Mroczkowski and Hanaoka, 1997). According to Cummings and Worley (2001), downsizing is accomplished by decreasing the number of employees through layoffs, attrition, redeployment, or early retirement or by reducing the

number of organizational units or managerial levels through divestiture, outsourcing, reorganization, or delayering. Downsizing strategy reduces the scale (size) and scope of a business to improve its financial performance (Robbin 1999). It has however become one of only several possible ways of improving profitability or reducing costs.

1.1.3 The Education Industry in Kenya

In Kenya the Primary education is basically provided through Government primary schools and private primary schools, with the government schools dominating the sector. A feature of the past ten years has been the increasing levels of private provision of Education across all levels. Primary school is the first phase of the 8-4-4 education system and serves students between the ages of 6-14 years. The main purpose of primary education is to prepare students to participate in the social, political and economic well being of the country, and prepare them to be global citizens (''In brief'',2006).

Many private businesses in Kenya are faced by inhospitable environment. Investors in the private schools are not an exception to downsizing. In particular the threat of failure is now more real than ever. The inflated cost of living has led to very high cost of business operation even in the education industry. Many private investors in the sector are left with minimal options other than implementing strategies that will help them cut their costs of operations.

The free primary education policy in Kenya lead to many pupils joining the government primary schools (Kagwa 2012).This is a factor that could have lead to the increased downsizing in the private sector. This is as a result of the private schools seeking to improve effectiveness at the least possible cost, and to increase of efficiency.

1.1.4 Bridge International Academies

Bridge International Academies was conceived in 2007 out of the belief that giving every child access to a high quality education would have the greatest impact on reducing poverty worldwide. The company developed a strategy that would enable it to launch a large-scale network of high-quality, ultra low-cost, for-profit primary schools. Operating a network of schools supported by a strong central headquarters gives Bridge international the scale , experience , and capacity to invest in systems of management, for example the fees payment system and the student management systems. It has also invested in support, training and innovation that allow individual schools to dramatically increase its effectiveness. Using the model collectively referred to as 'the school in a box', BIA is able to profitably deliver high quality education for $4 per child per month. This ensures that the schools will continue to successfully serve its communities as long as parents value the educational service provided.

The first Bridge International Academy launched successfully in Kenya in 2009 and it is currently operating 80 + academies in Kenya. Through rapid and strategic expansion, BIA expects to enroll over a million students in the coming years. With this in mind, the company embarked on mass employee recruitment, to cater for its massive business prospects. By the end of March 2012, the company had a total of 520 employees, and a student population of 17000. The high cost of operation and the enormous growth prospects rendered the company into taking other measures to reduce the cost of operation. The organisation embarked on downsizing in order to have a lean staff and

thus cutting down on the salary expense. Almost half the number of employees were laid off in a process that took less than two months.

1.2   Research problem

Downsizing is more effective when planning takes place well before, during and following the prescribed intervention. A downsizing plan should be included in the strategic management plan of all organizations, regardless of whether they plan to downsize or not. By including such a plan, the organization will be more prepared to begin the staff-reduction process should it be forced to do so in response to environmental changes. Successful implementation is a very important factor when undertaking any strategy.

BIA has gone through large scale organizational change. The organization implemented downsizing strategy as part of organizational redesign. For any organization undertaking downsizing strong leadership is needed during and after downsizing to ensure a workforce successfully negotiates organizational change. Optimism, direction and positive communication are critical to maintaining productivity and focus in employees who may be plagued by doubt, uncertainty and the trauma of losing their co-workers. It is imperative that individuals leaving the organization are well supported and understand the options available to them. Helping affected staff successfully manage their transition will ensure that employees harbor no ill-feelings toward the organization and speak positively of the support provided. BIA has recently completed the downsizing program.

There are various related studies that have been conducted on strategy implementation. Kosgei (2010) researched on strategy implementation at the ministry of Agriculture.

Mutuku (2011) carried out a research on strategic implementation at Kenya institute of special education. Kinyanjui (2011) researched on strategy implementation at Tangaza College. Few studies however have been conducted on implementation of downsizing strategy. This is despite the fact that downsizing has become part and parcel of many businesses today, as they respond to the environment. There is therefore a research gap that needs to be filled by carrying out research on the Implementation of downsizing strategy.

There is therefore no universal approach to implementing downsizing. Different organizations take different approaches towards downsizing. How did BIA implement downsizing strategy?

1.3   Research Objective

This study has two objectives;

i.   To establish how downsizing strategy was implemented at BIA.

ii.   To establish the challenges facing BIA in the implementation of downsizing strategy.

1.4   Value of study

This study will contribute to the existing theory, practice and policy. There exist a lot of theories on implementation of strategies and management of change. This study will therefore help in the validation of the theories. According to strategic management researchers, there is no convincing evidence that downsizing leads to long-term, superior

organizational performance (Cascio, Young and Morris 1997; De Meuse, Bergmann, Vanderheiden and Roraff, 2004; Zyglidopoulos, 2003). Therefore this research will help in approving or disapproving that fact. The research will therefore assist strategic academicians to build a basis for further research.

This study will be of much importance to the stakeholders at Bridge International academies especially in the management of the downsizing survivors. It will help them to learn the best practices to adopt when implementing various strategies and the management of change thereof. It will go along way in helping to determine the effects of downsizing to the surviving employees. This will enlighten the management and give them ideas on what they can do incases of downsizing in order to reduce the downsizing syndrome. Also it will help management make informed decisions in future when planning to undertake downsizing, by weighing the benefits of downsizing against the negative effects that downsizing has.

To the other organizations planning to undertake downsizing this research will form a basis for successful implementation, it will shed light on the impact of downsizing to the organization in terms of efficiency and staff morale.

CHAPTER TWO: LITERATURE REVIEW

2.1   Introduction

This chapter presents a review of related literature on the subject under the study. The literature is presented by various researchers, scholars, analysts and authors. The materials are on closely related references on the theme and objective of the study.

2.2   Theoretical foundation of the study

Gole (2005) propose that strategic planning generally begins as an abstract vision created within the upper echelons of an organization before being disseminated for implementation by managers at the functional level. Strategic planning and implementation begin with the creation of a mission statement. The mission statement is a vision of where organizational leaders want the organization to go in the future. It generally states the organization's reason for being in existence. This includes what the organization does and why it does it. The mission statement provides a framework for the strategic planning process. The long-term objective of most strategic plans is to align the day to day business practices of the organization with its mission.

SWOT analysis is used by most organizations to choose the appropriate strategies. It is a method of situational analysis that is incorporated into many strategic planning theories. The SWOT analysis helps leaders identify the organization's strengths, weaknesses, opportunities and threats. The PEST analysis, which analyzes the political, economic, social and technological factors that impact the organization, is another method of situational analysis that is incorporated into strategic planning and implementation. Change management theory by Lewin (1940) is used by most organizations to help them

transit smoothly after implementation of the chosen strategy. The theory has three phases of unfreeze, transition and freeze. The three phases are very important to organizations since they help them easily manage change and they foster acceptance.

2.3   The concept of strategy

The term strategy derives from the Greek word 'strategos', meaning 'the art of the general'. Chandler (1962) defines strategy as the determination of the basic long term goals and objectives of the enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Strategy can be viewed as the identification of ends and the means to achieve those ends, thus providing the foundation for approaches to strategic management. According to Mintzberg (1994), strategy is a plan, ploy, pattern, position, and perspective; strategy is a process of sensing, analyzing, choosing and acting. The strategy formulation has to complement the environment of operation and the available resources.

According to Cascio (1993), strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates. Strategic decisions are normally about trying to achieve advantage for the organization over competition. Strategy is the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. A strategy allocates an organization's resources into a unique and viable posture based on relative internal strength's and weaknesses, anticipated changes in the external environment. According to Johnson and Scholes (2006), strategic decisions are likely to be concerned with the scope of the organization. Strategy can either be imposed, realized, unrealized, intended, or as an outcome of cultural and political process.

Wheelen and Hunger (2008) present three types of strategies; corporate strategy, business strategy and functional strategy. Corporate strategy is the overall direction of the company in terms of its general attitude towards growth and the general management of its various business lines and product line. Corporate strategy is often stated explicitly in a mission statement (Johnson and Scholes 2006). It's a master plan that states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage (Wheelen and Hunger 2008). Business strategy emphasizes the improvement of the competitive positions of a corporation's products or services in the specific industry or market segment served by that business unit. The functional strategy is the approach undertaken by functional unit to achieve organizational objectives.

2.4   Strategy implementation

According to Johnson and Scholes (2006) Strategy implementation is the translation of chosen strategy into organizational action so as to achieve strategic goals and objectives. Strategy implementation is also defined as the manner in which an organization should develop, utilize, and amalgamate organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance. Organizational structure allocates special value developing tasks and roles to the employees and states how these tasks and roles can be correlated so as maximize efficiency, quality, and customer satisfaction, the pillars of competitive advantage. But, organizational structure is not sufficient in itself to motivate the employees. An organizational control system is also required. This control system equips managers with motivational incentives for employees as well as feedback on employees and

organizational performance. Organizational culture refers to the specialized collection of values, attitudes, norms and beliefs shared by organizational members and groups.

Excellently formulated strategies will fail if they are not properly implemented. Also, it is essential to note that strategy implementation is not possible unless there is stability between strategy and each organizational dimension such as organizational structure, reward structure, resource-allocation process. Strategy implementation poses a threat to many managers and employees in an organization. New power relationships are predicted and achieved. New groups (formal as well as informal) are formed whose values, attitudes, beliefs and concerns may not be known. With the change in power and status roles, the managers and employees may employ confrontation behavior (Wheelen and Hunger, 2008).

2.5   Downsizing strategy

For many decades, downsizing has been a reality for many organizations. Stemming from the desire to become more efficient and effective, firms in both the private and the public sectors have adopted downsizing strategies (Cameron, 1994). Furthermore, the increasingly dynamic and competitive workplace and the trend toward globalization have prompted many firms to downsize (Appelbaum et al., 2001; de Meuse et al., 2004; Mroczkowski and Hanoaka, 1997). More and more, business publications and the media are uncovering reports of corporate downsizing (Cascio et al., 1997), as a result, fundamental structure changes in the economy have occurred, painfully impacting the labor force (Cascio et al., 1997). For example, job security can easily be termed a thing of the past" (Appelbaum and Donia, 2001) continuous staff reductions have become the

expected norm. Unfortunately, downsizing is rarely part of the overall strategic plan for the firm, but rather a shortsighted, knee-jerk reaction to changes in competition (Bruton et al., 1996). Though firms aim to become 'lean and mean'(Appelbaum and Donia, 2001), many end up being 'lean and lame' (Mroczkowski and Hanaoka 1997)

While downsizing is viewed as a method in which to achieve savings in the short-term, there are studies that have attempted to measure and evaluate the medium and long-term effects of downsizing. It is known that during the initial stages of downsizing, organizations incur extraordinary large direct costs, such as severance packages, early retirement packages, outplacement services, and other direct and indirect costs. Management can evaluate downsizing by preparing a cost-benefit analysis, which would outline and bring to light the short-term financial implications of the downsizing and shed light on the potential long-term savings or losses (Appelbaum and Donia, 2001).

In order to determine whether downsizing as a strategic intervention was successful, the organization must revisit the strategic objectives and goals (Scott, 1999). As downsizing becomes more prevalent there is a growing need to manage the organizational outcomes of workforce reductions (Appelbaum and Donia 2001; Robbins, 1999).

Downsizing should be used as a last resort once all other avenues have been explored by the organization as a means to cut costs or generate budgetary savings. Additionally, management needs to show compassion toward the needs of each individual within the organization (Choy, 1999). Open communication with the staff is also critical. Mishra and Spreitzer (1998) state that employees who have full knowledge of the company's finances and industry trends feel personally in control amid the uncertainty of an

impending downsizing effort, resulting in less anxiety and distraction. Ideas that help keep the downsizing efforts on track include: Developing a detailed plan to train each retained employee within the organization. This will give the organization a well-trained staff to keep the organization moving forward. Do not have voluntary programs for employees leaving with large benefit package. Quite often this creates a situation where the essential employees leave, robbing the organization of its own key people. A program for tracking an organization's costs in the downsizing effort should be implemented. One cannot adequately evaluate the benefits from a downsizing program when its costs cannot even be measured correctly (Mabert and Schmenner, 1997).

According to strategic management researchers, there is no convincing evidence that downsizing leads to long-term, superior organizational performance (Cascio, Young and Morris 1997; De Meuse, Bergmann, Vanderheiden and Roraff, 1997; Zyglidopoulos, 2003). This has led to much discussion concerning the relationship between downsizing and the notion of reputation for corporate social performance (Zyglidopoulos, 2003). It is imperative that corporate leaders acknowledge and fully address the potential consequences on a firm's reputation for corporate social performance when the decision is made to move forward with the downsizing intervention. The decision to downsize leaves an imprint of the organization's reputation for social performance (Zyglidopoulos, 2003).

2.6   Factors influencing successful implementation of downsizing strategy

Huber and Glick (1993) identified the six best practices for downsizing. First, implement downsizing from the top down, but also from the bottom up. Allow employees to analyze job-by-job and task-by-task operations of the firm, and identify redundant jobs and ways to eliminate organizational fat and improve efficiency. Downsizing from the top down provides consistency, vision, and clear direction; downsizing from the bottom up fosters innovation and improvements.

Second, the use of universal, across-the board downsizing processes, as well as selective, particular downsizing processes. Implementing across the board cutbacks, captures employees attention, mobilizes the energy of all the organization's members, and overcomes resistance to change by high-lighting the seriousness of conditions faced by the firm. This makes it clear that the status quo is no longer acceptable. On the other hand, this approach produces negative characteristics that can be overcome by a selective strategy.

Third, successful downsizing involves managing the transition for Employees who lost their jobs, as well as the transition for survivors. The most effective organizations provide out-placement services. Those employees who remain with the firm were likely to experience guilt feelings, manage burnout due to being required to manage larger numbers of employees, maintain accountability for multiple and new functions. The most successful downsizing firms pay attention to the transition experienced by employees remaining with the organization as well as those who exited. The ways companies achieved this were through communication, sharing of information, and

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changes in the human resource management system. One example is the initiation of training and development activities months before implementation of downsizing.

Fourth, successful downsizing targeted elements inside the organization as well as the system relationships outside the organization. The most effective processes involve working on any processes that stand in the way of internal efficiency. Redundancies, excess costs, and surpluses are targeted directly. The best downsizing practices also include the entire system of suppliers, customers, and distributors in planning and implementing downsizing.

Fifth, successful downsizing creates small, semiautonomous organizations, as well as large integrated organizations. The most effective downsizing is associated with the advantages of both small and large organizations. Unit leaders should be given the responsibility to manage functions previously centralized at headquarters. At the same time, effective downsizing produce efficiencies by centralizing functions and creating large organizations.

Sixth, the best downsizing practices emphasizes downsizing as a means to an end, as well as the end in itself. On one hand, the most effective Organizations target downsizing as a central critical outcome, and expanding their alternatives to achieve effectiveness. Improving productivity and enhancing competitiveness are labels that help position downsizing as just one in a portfolio of strategies that could improve firm performance (Huber and Glick, 1993).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter set out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure that was conceived to aid the researcher in answering the raised research questions.

This section identified the procedures and techniques that were used in the collection, processing and analysis of data. The following subsections are included; research design, data collection and data analysis.

3.2 Research design

This research was conducted through a case study design. The reason to adopt this method is to allow for an in depth contextual analysis. A case study as a research design involves an in depth, longitudinal examination of a single instance or event.

According to Morris and Wood (1991), a case study would be of interest if one wants to gain rich understanding of the context of the research and the processes being enacted. By the use of case study, the researcher will have a considerable ability to generate answers to the questions why? What? and How?(Saunders, Lewis and Thornhill, 2007).They observe that a case study is a powerful form of qualitative analysis and involves careful and complete observations of a social unit be it a person, family, cultural group or an entire institution.

According to Yin (1994) a case study allows an investigation to retain holistic and meaningful characteristics of real life events. The case study places more emphasis on the full contextual analysis of fewer conditions or events thus enabling intensive study of social units.

3.3   Data collection

Primary and secondary data was used in this study. The researcher collected primary data through a case study. Secondary data was also obtained from the organizational documents such as the strategic plan, BIA website and the organizational design and structure.

An interview guide was used to guide the interviewer on the implementation of downsizing strategy at BIA. The interview guide had open ended questions. The open ended questions enabled the researcher to collect qualitative data. It helped the researcher gain better and more insightful interpretation of the results from the study.

A case study was adopted in this study. Saunders, Lewis and Thornhill (2007) case study is a descriptive or explanatory analysis of a person, group or event. An explanatory case study is used to explore causation in order to find underlying principles. This study was based on explanatory case study in order to get more information from the respondents.

The respondents for this study were six senior and mid level managers involved in the process of planning, development, management and implementation of strategies at Bridge international academies. The respondents were chosen from the managers since they gave more insightful information.

3.4   Data analysis

For the data collected to be meaningful, it needs to be analyzed and the meanings understood (Saunders, Lewis and Thornhill 2007). In this research, a content analysis was adopted. Content analysis is a systematic analysis of the content rather than the structure of communication, such as written work, speech, or film, including the study of thematic and symbolic elements to determine the objective or meaning of the communication, and is not limited as to the types of variables that may be measured or the context in which the messages are created or presented (Kimberly and Neuendorf 2001).

In this study, most of the responses were qualitative in nature, thus it helped make inferences by systematically and objectively identifying specific messages and relating them with the occurrence. The content analysis helped in determining usefulness, consistency, credibility and adequacy. Content analysis helped in making inferences by systematically and objectively identifying specific messages and relating them with their occurrence trends. Various studies have adopted the content analysis method in their data analysis. Ibrahim (2011) in the study innovation strategies adopted by Airtel, used content analysis.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objectives of the study were to determine how downsizing strategy was implemented at BIA and the challenges facing the organisation in the implementation. This chapter presents the data analysis, results and discussion which are in line with the said objectives. The study was done by use of an interview guide.

Primary data and secondary data was collected using an interview guide containing open ended questions to allow for further probing during discussions. Secondary data was collected by examining related documents such as strategic plans, financial statements and information contained in the organisations website.

The interviewees comprised of top and mid level managers of BIA with a bias with those involved in the process of downsizing. In total the researcher interviewed six respondents, all of whom had been earmarked to be interviewed.

4.2 Implementation of downsizing strategy at Bridge International Academies

All the interviewees were aware of downsizing process that took place in the Year 2012. The respondents indicated that there was no prior planning before the implementation of downsizing and that the process was a drastic strategy which the organisation undertook to respond to the increased competition in the market. Most organisations fail to include downsizing strategy in their strategic plans yet the whole process has become a reality in the current century.

This study sought to find out why downsizing strategy was adopted by BIA whereas there are many other strategies that the organizations could adopt to respond to market

competition. All the interviewees indicated that BIA was in need of an urgent solution to organizational efficiency, productivity and improved competition. While the organization was looking into other strategies to adopt in future, the respondents indicated this strategy was the best, due to the high costs that the organization was meeting to pay its employees, the unmanageable huge workforce and overlap of duties. This strategy was meant to reduce costs, restructure and eliminate work by redesigning tasks, discontinuing functions, abolishing hierarchical levels and merging units.

The respondents indicated that the organization adopted various downsizing strategies, which were all meant to help them meet their downsizing objectives. The first downsizing strategy adopted was workforce reduction strategy. Layoffs were used to a bigger extent for this strategy. The interviewees explained that prior to the implementation of the strategy the organization had embarked on massive recruitments. This was in line with Ginzberg (1985) assertion that there exists a tendency in almost all organizations to acquire more employees than needed. This is due to the notion that 'bigger is better'. The massive recruitments at BIA saw the number of employees triple within a span of five months. The high work force increased the wage bill with the same margin. To reduce the high wage bill the organization had to reduce the staff by more than half its current number. Therefore layoffs were carried out in all the departments. Another staff reduction process used was voluntary retirement. This process was extended to experts who had been contracted from foreign countries. They were offered huge incentives which most of them willingly accepted. This process according to the finance manager was very expensive to implement since most of the employees opted for it due to the high incentives. The second and final downsizing strategy adopted according

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to the interviewees was organizational redesign strategy. According to the human resource manager most of the departments were scrapped and roles merged to enable the organization become lean and manageable.

On the question on how the downsizing process was implemented, the managers said that it was implemented through top down approach and the bottom up approach was not used at all. The downsizing process was managed and monitored by top managers. It involved hands on involvement and control that originated at the top of the organization.

The managers also noted there was good change management on transition for employees who lost their jobs and transition for survivors. The managers said the organization provided outplacement services and medical insurance was extended to the former employees together with their families for three months. On the other hand the survivors were likely to experience what Cascio (1993) labeled as survivor guilt, which according to the respondents was characterized by increased anxiety about loss of job, reduced loyalty and guilty feelings about co workers. Downsizing created job demands that most of surviving managers were not qualified to fulfill. An example to this was the departure of the construction manager,

BIA implemented downsizing as an end in itself as well as a means to an end. It was a means to an end due to the entries of lower cost competitors. On the other hand downsizing was seen as an opportunity for general organizational improvement on all aspects.

This study sought to find out the major effects of downsizing to the organization. Mixed effects of downsizing to the firm may be seen. Some are short term cost savings, but long

term profitability and valuation may not be strongly affected. All the respondents reported that one of the major outcomes of the downsizing process was to help the organization save on the wage bill which was too huge. The organization was able to save close to 40% of its revenue. The strategy helped the organization to check on its excesses and therefore is now able to realize its ROI. Downsizing also led to a lean and manageable organization due to the reduced departments and hierarchical levels.

BIA has also been able to reorganize its human resource department and has already drafted a human resource strategic plan. This plan has helped the organization carry out the recruitments or hiring's through 'staff actually required' process. The organization is planning to include downsizing strategy in its strategic plan and communicate the same to the employees incase of future instances of downsizing.

The interviewees noted that one of the benefits of downsizing was immediate size reduction. They also noted the entire process was a wakeup call to the organization that serious conditions exist in the market that can affect the organization any time. It was also a motivator to costs savings in day to day work. According to the managers interviewed the downsizing process was used to unfreeze the organization for further change that the organization anticipates may arise from time to time.

The interviewees noted however that the negative effects of downsizing outweighed the benefits the organization had achieved. The immediate effect of downsizing to the organization was low employee performance. Low output on the part of the surviving

employees was witnessed. Employee motivation was disrupted by the implementation of downsizing. It was evident there was increased fear which negatively affected the quality of work. Most of them felt guilty on the exit of their colleagues and they lacked enthusiasm to perform their duties due to increased responsibilities. All the respondents indicated that the rate of staff turnover had increased since the implementation of the strategy a factor that is common any time organizations implement such strategies. This is as a result of insecurity felt by employees who do not know what the future holds for them. The interviewees reported that due to the high turnover the organization lost many employees who were a great resource to them.

The respondents indicated that the firm's reputation might have suffered after the implementation of downsizing strategy. The human resource manager felt that the organization is not viewed as an employer of choice. People leaving other organizations to join BIA feel insecure and lack motivation to join the organization. This is because of the bad word that spread about the organization. The human resource manager also noted that BIA was forced to rethink its employment strategy and has since changed its perception that bigger organizations are better. Also the organization is no longer offering permanent employment but it's rather offering a contract of 6-12 months period.

The survivors also experienced stress due to longer working hours, with redesigned new jobs. They were also anxious of future downsizings and were not sure of what would happen. The organization also lost many senior employees due to the application of early retirement incentives which resulted to loss of institutional memory.

On the other hand BIA also offered free three month medical insurance to the victims. This was meant to support them and their families before getting new jobs.

Golden parachutes were offered to those who voluntarily chose to leave the organization. This sent a picture of an organization that cares for their employees and that the downsizing process was inevitable for the organization.

4.3 Challenges to the implementation of downsizing strategy at BIA

The process of strategy implementation is the most complex and difficult part in strategic management. The findings indicated various challenges in the implementation of downsizing strategy at BIA. The challenges were as a result of internal and external factors within and without the organization.

The first challenge was change in the context within which the organization operated in. This is mainly because of external factors which BIA had not envisioned in their strategic plan. For example BIA had not foreseen a possibility of carrying out downsizing especially after carrying out massive recruitments across the board. But they had to downsize because the environment had since become volatile to their operation. The change in the context implied the organization had to change from implementing its strategy on recruitment to cutting down on the number of staff.

The second challenge as explained by the interviewees was limited organizational resources. The availability of financial and human resources may influence implementation of downsizing strategy. The strategy requires that the organization aligns its physical, financial, human and technological resources towards implementation. BIA required financial resources to a greater deal. The payment of salary advances and other

incentives to those leaving the organization was a huge burden to the organization. The organization had limited resources and therefore the whole process had to be carried out in phases so that it was able to successfully complete the whole process.

Poor leadership and Communication was another challenge encountered by the organization in the implementation of this strategy. As discussed earlier this strategy was implemented from top to bottom. The challenge in communication was due to the resistance that the departmental managers experienced from the employees whose anxiety grew with every passing second.

The study results indicated that culture was one of the challenges influencing implementation of downsizing strategy. Organizational culture can be cited as a key factor contributing to the success or failure of organizations. Organizational culture can be defined as a pattern of beliefs, norms or social expectations shared by individuals in organizational systems. These beliefs and expectations, although produced by the interaction between individuals and groups in organizational systems, influence back the behavior of these same individuals and groups and nothing more than a representation of a socially constructed reality in which individuals and groups know what is important, what is acceptable and how to behave in specific situations. A culture that is not consistent with the strategy implementation may affect it negatively.

4.4 Addressing challenges of implementation of downsizing strategy at BIA

Findings from the study indicate that downsizing strategy should be included in the strategic plan of the organisation. This would ensure that the organisation has enough

resources to implement the strategy in a timely manner, thus helping the organisation to move on.

The factors emanating from the context in which the organisation operated could not be fully eliminated since they were factors beyond the control of the organization. However the respondents were of the opinion that they should be indicated as assumptions in the strategic plan of the organisation. This would be of importance especially during the evaluation stage of the strategic plan whereby it would be categorically be reported that the reason for non achievement of the corporate goal was because of the assumptions which were out of control of the organization.

On countering the communication challenge, the managers said that the information need to have been passed from top to bottom, bottom up and horizontally. If this is done it will ensure that the organisation implements the strategies with less resistance and this would foster a sense of ownership for the strategy on the part of employees.

For effective implementation of the strategy, the culture across all departments and all staff in general should be consistent and in line with the set strategy.

On the issue of resources the respondents noted that there should have been prior planning and budgeting for such eventualities. They noted that downsizing is not a process that just happens but organisations undertake it purposively and therefore it should be included in the strategic plan. By doing this, the organisations will be well prepared and therefore will not have its resources stretched.

On countering the challenge on the organizational culture, there should be well established trainings which will help employees understand the importance of such

strategies as downsizing. The employees will therefore be prepared and will own the process of downsizing from that understanding.

4.5 Discussion

The objectives of this study were to find out how BIA implemented downsizing strategy and the challenges encountered by BIA while implementing the strategy. The downsizing strategy was implemented from the top down approach. This was in line with Huber and Huber and Glick(1993) argument that downsizing should be implemented from top down first. He also argued that it should also be from bottom up to foster improvements and innovation. BIA did not consider the second argument but rather dealt of the first approach. Downsizing strategy was also implemented by the use workforce reduction strategy and organizational redesign strategy. This was in line with Cascio(1993) argument that most organizations tend to use this strategies when downsizing. This is contrary to Cameroon (1994) arguments that organisations should use systemic strategies rather than the first two since they are less detrimental to the organisation. Most organisations implement downsizing purely to improve their performance (Cascio 1993). On organization performance, the finance manager indicated there was minimal improvement in the market share. This is contrary to their expectations and contrary to Ford (1980), definition of downsizing as a form of restructuring strategy in which the firm reduces the number of staff, its overall size and scope with the ultimate goal of profitability. On the other hand the findings confirm with the augment of Cascio (1994) that organizations do not accomplish the desired improvement due to downsizing but instead experience an escalation in negative consequences.

The second objective was to establish the challenges encountered by BIA in the implementation of downsizing strategy. Poor communication and leadership was one challenge that influenced implementation of downsizing strategy. Good leadership ensures that the organizational mission, customer value proposition as well as objectives are clear and well understood. Good leadership is crucial in setting the direction that the organization is taking after the implementation of the strategy. The findings agree with Pearce and Robinson (2007) assertion that leadership is widely described as one of the key drivers of effective strategy implementation. The findings are also consistent with Hrebiniak (2005) who argued that lack of leadership and specifically by the top management of the organization was identified as one of the barriers to effective strategy implementation. The findings also agree with those of Hitt, Ireland and Hoskkin(2007) who noted that the identifiable actions characterizing leadership that contributes positively to effective strategy implementation are determining strategic direction, establishing balanced organizational controls, effectively managing the organizations resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices. Proper communication from top management to middle and to junior staff is essential in strategy implementation. The findings agree with those of Kaberia (2011) who noted poor communication was a sign of poor leadership and management. Greiner (1972) argue communication should be two way fold to provide information and improve understanding, responsibility and motivate staff.

The findings also indicate that allocation of the organization resources was another challenge that was experienced. The results agree with those of Judson (1991) which noted that successful strategy implementation is through good use of resources. The

findings also agree with those of Mintzberg (1994) which noted that the organization needs to have sufficient funds and time to support the implementation process.

The findings also indicated that the culture was a challenge that the organization faced. The findings are in line with findings of Aosa (1992) who conducted an empirical investigation of the aspects of strategy formulation and implementation within large manufacturing companies in Kenya. Aosa (1992) observed that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation, which can in turn frustrate the strategy implementation.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter relates the findings of the research study to the objectives of the study. It comprises of the summary of the findings, conclusions and recommendations. It also highlights limitations of the research study and suggestions for further research.

5.2 Summary of findings

The first objective of the study was to determine how downsizing strategy was implemented at BIA. The study established that the downsizing strategy was implemented through two main processes. The work reduction process was the main strategy adopted. The reason for adoption of the process was to cut down on the enormous wage which was steadily increasing due to recruitment of employees who were doing overlapping duties. The process was basically to save on the costs. The managers noted that the work reduction strategy while it may have saved on costs it might have offset the positive effects of downsizing. The other process was application of organization redesign process. The process was adopted to cut down on the number of hierarchies that existed within the organisation. Most of the departments were carrying out related duties and it was paramount to check on them and to reduce redundancies in the organisation. The organisation has also adopted other strategies that will help them not implement such strategies as downsizing. The use of 'staff actually required' process is one way of ensuring that the organisation recruits staff for specific duties. Use of technology is another factor that the organisation has considered. Technology will help the organisation save on wage bill rather employing many people to do the same work.

The second objective was to establish the challenges encountered by BIA in the implementation of downsizing strategy. The organisation encountered many challenges while implementing downsizing strategy. Leadership was one of the main challenges. Good leadership ensures that the organisation's mission, objectives and customer propositions are well understood by everyone in the organisation. Good leadership also sets the strategic direction of the organisation. The findings indicate that allocation of resources is a challenge influencing successful implementation of downsizing strategy. Successful implementation of downsizing strategy is due to design, development, acquisition and implementation of resources that provide what is needed to give effect to the organisations new strategies. Communication is also another challenge in the implementation of downsizing strategy. Proper communication between all the aspects of the organisation is necessary. Communication should be two way to foster understanding.

Findings also indicate that culture is a challenge influencing implementation of downsizing strategy. Lack of compatibility between strategy and culture can lead to high organizational resistance. The resistance can in turn frustrate the implementation of any strategy. The other challenge cited in the study is factors that are beyond the scope of the organisations. The uncontrollable challenges in the external environment described by PESTEL framework posed a challenge in the implementation of downsizing strategies.

5.3 Conclusion

From the study findings it was possible to conclude that the strategic management practices adopted by BIA in the implementation of downsizing included the use of top down approach. This style is not favourable since a sense team spirit is not fostered in the organisation.

BIA adopted two processes in the implementation of downsizing strategy, the workforce reduction process and organizational redesign. The third process which is systemic process was not applied by the organisation. Systemic process helps in changing the organizational culture, attitudes and values of employees. It involves redefining downsizing as a way of life rather than a program or target. Through this process employees are not seen as the first targets, rather they are resources.

As a result of intense competition in the business environment organizations have been forced to improve their ways of doing business in order to remain competitive. One way that a firm can remain competitive is through checking its costs. BIA implemented downsizing purposely to check on its costs. It's evident from this study that the organisation was ill prepared to implement downsizing. The study found that the organisation had not achieved a lot of cost savings from the downsizing process though they had cut down on the wage bill. Organisations undertake downsizing with the expectation that they will realise many cost savings. Contrary to this notion organisations end up spending a lot in severance payments. This study therefore found out that organisations lose its human resource and talents which cannot be compared the minimal cost savings that they receive.

This study also concludes that the reputation of the organisation is injured. Staff turnover increases due to downsizing and the output of the remaining employees reduces since they are demotivated and they feel overworked.

5.4 Recommendations

This study recommends that BIA adopts best practices especially in the implementation of strategies. The organisation should use top bottom approach as well as bottom up approach. This leadership style will help to foster unity in the implementation of strategies and allow for acceptance.

Change agents should be used anytime the organisation plans to implement any strategy. Change agents help the organisation members understand the meaning and the objectives behind the implementation of the strategy. Change agents help to foster acceptance and will help the organisation move on smoothly even after the implementation of downsizing.

BIA should plan well before the implementation of any strategy these helps the organisation implement their strategy successful. Downsizing requires to a bigger extent financial, time and human resource for successful implementation. For the three resources to be available therefore the organisation need to put a lot of energy in planning. Planning would also assist the organisation in anticipating challenges of implementation and therefore will be in a position to reduce them.

BIA should endeavour to implement other strategies that will help them in cost savings rather than the use of layoffs which affects the organisation negatively and spoils its reputation. BIA and other organisations should align their culture to strategy

implementation. There is need to address the resistance of employees to change by improving communication.

5.5 Limitations of the study

The study cannot be taken as actual representation of the situation within private companies in Kenya. The findings are organizational specific and they apply to BIA. The study depended on interviews and discussions with top and mid level management staff of the organization. It would have been good to obtain the views of those being served by the organisation or other stakeholders.

The scope and depth of the study was also limited by time and financial factors. This is because the respondents were not available at the same time and therefore the researcher had to schedule different appoints which was time consuming. The researcher also encountered problems with the respondent's unwillingness to give the researcher more time due to the nature of their job. These limitations could have reduced the accuracy of research findings. Due to the sensitivity of this topic, most of the respondents were also unwilling to provide a lot of information. Especially questions on the current financial status of the organisation were met with a lot of resistance.

Lack of comparable research data across studies was also a big limitation. Despite the topic of downsizing being one of the major organizational research problems in the current century, there is limited research in this field.

5.6 Suggestions for further research

The researcher recommends that a replicate study should be done on other organisations that have implemented downsizing strategies to find out how they were implemented. This will provide benchmarking for this study.

A study to establish impacts of downsizing on financial wellbeing, health and personal attributes on part of the victims of downsizing should be carried out. This will help in gaining more information on the topic of downsizing

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APPENDICES: Interview Guide

1. What is the downsizing strategy adopted by BIA and why was it adopted

2. So far what are the effects of downsizing to the organizations performance in terms of;

    I.   Employee performance

    II.   Employee morale

    III.   Staff turnover

3. What are some of the major benefits/outcome that BIA has so far achieved after the downsizing intervention?

4. How were the employees leaving the company supported?

5. Explain the successes of the downsizing strategy adopted by BIA in terms of;

    I.   Customer base

    II.   Profitability

III. Asset base

IV. Brand image

6. How does the environment affect the operations of BIA?

7. What are the challenges encountered by BIA in;

   I. Planning

   II. Execution

   III. Evaluation

8. Which are the other interventions being adopted by BIA to respond to the competitive environment?