

**ORGANIZATIONAL RESTRUCTURING AND EMPLOYEE MORALE IN
BARCLAYS BANK KENYA LIMITED**

BY

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DECLARATION

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

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DEDICATION

This project is dedicated to my loving family, particularly my parents for the love and the support throughout this project. It is truly a blessing from God. To my brothers who also gave me advise on various issues and encouragement when I was working on the project

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TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGMENTS	iv
ABBREVIATIONS AND ACRONYMS.....	vii
ABSTRACT.....	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the study	1
1.1.1 Organizational Restructuring.....	3
1.1.2 Morale of Employees.....	4
1.1.3 Overview of the Banking Sector in Kenya	5
1.1.4 Barclays Bank Kenya Limited.....	7
1.2 Research Problem	9
1.3 Research Objective	12
1.4 Value of the study	12
CHAPTER TWO: LITERATURE REVIEW.....	13
2.1 Introduction.....	13
2.2 Theoretical perspectives.....	13
2.2.1 Organizational Theory	13
2.2.2 Resource Based View	17
2.3 Concept of Organizational Restructuring	19
2.4 Restructuring and Employee Morale	23
2.5 Empirical Review.....	25
CHAPTER THREE: RESEARCH METHODOLOGY	27
3.1 Introduction.....	27
3.2 Research Design.....	27
3.3 Data Collection	28
3.4 Data Analysis	29

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	30
4.1 Introduction.....	30
4.2 The Respondent Profiles	30
4.3 Organizational Restructuring and Morale of Employees.....	31
4.4 Communication.....	37
4.5 Employee Involvement	40
4.6 Management Support	44
4.7 Discussion of Results	48
4.7.1 Comparison with Theory	48
4.7.2 Comparison with other Studies	50
 CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	52
5.1 Introduction.....	52
5.2 Summary	52
5.3 Conclusion	55
5.4 Recommendation	56
5.5 Limitation of the study.....	58
5.6 Suggestions for Further Research	59
5.7 Implication on Policy, Theory and Practice.....	59
 REFERENCES.....	61
APPENDICES	66
Appendix I: Interview Guide	66
Appendix II: Barclays Bank of Kenya organization structure.....	69
Appendix III: Introduction letter	70
Appendix IV: Cover letter.....	71

ABBREVIATIONS AND ACRONYMS

AMA:	American Management Association
BBK:	Barclays Bank of Kenya
CBK:	Central Bank of Kenya
ICBC:	Industrial Commercial Banks in China
NBK:	National Bank of Kenya
PLC:	Public Limited Company
RBV:	Resource Based View
RIL:	Reliance Industries Limited
SBU:	Strategic Business Units
SHRM:	Strategic Human Resource Management
SME:	Small and Medium Enterprises
TMT:	Top Management Team

ABSTRACT

Organisation restructuring has become an incessant in contemporary organizations. National borders are no longer a limit to shaping organisational structures. Global organisational restructuring is often seen as a positive driving force for synergies, strategic development, competitive advantage, better shareholder value, overall effectiveness and birth of new production sites. The main purpose of the study was to evaluate the organizational restructuring and employee morale at Barclays Bank of Kenya. This research used a case study approach as the research design since the unit of analysis was one organization which is the Barclays Bank of Kenya Limited. Primary data was collected using an interview guide with open-ended questions to avoid subjectivity. The procedure involved personal interactive interviews conducted by the researcher and the interviewees. The researcher then employed content analysis as a method of data interpretation. The study established that organizational restructuring by downsizing affects the morale of employees. The study found out that trust between managers and employees are critical for effective work relationships, especially under conditions of high uncertainty or conflict; communication is one of the most dominant and important activities in organizations; employee involvement during restructuring influences employee morale and those improving employee skills through training, staff empowerment, recognition, feedback and communication; employees build trust and empowerment in the top management if they are provided for support during restructuring and this influences the employees' morale in their work and rewarding employees almost always boosts a company's employee morale. The study made recommendations as follows: the organization must provide attractive and significant benefit packages in order to provide basic care for the employees and their dependents; promotion of a secure and functional working environment is essential for increasing morale among staff; employees must be viewed as a vital component within the institution and given a sense of value; organization should encourage open communication and abolish any barriers which may exist; The managers should encourage and motivate the line staff while carrying out their responsibilities; the management needs to set the standard and lead by example; employees are to promote morale through the expression of professionalism and positive job performance and ability to work and function as a team is essential to the corroboration of high morale.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Organization restructuring is a common occurrence in contemporary organizations. Restructuring is a management strategy whose result is always a reduction in the number of staff for budget reductions and or a reduction in the level of reporting otherwise known as downsizing. Downsizing commenced in late 1970s when Companies were trying to cut costs and improve productivities (Mishra et al., 1998) and it's a continuing trend mostly experienced every time firms decide to restructure. The *Kenya Economic Reforms Policy Framework Paper* (2006) by KIPPRA shows that a number of organizations, both public (quoted as well as government owned) and private entities have from time to time engaged in staff layoffs despite the relatively high levels of unemployment and/or underemployment in Kenya. Globally, organizational restructuring is often viewed as a positive driving force for synergies, strategic development, competitive advantage, better shareholder value, overall effectiveness and birth of new production sites.

Organization restructuring is deeply rooted in the Organizational theory which forms the basis of management practice in an organization. In Organization theory, there's an assumption that organizations have goals, hierarchy, rules, definition of membership and active members. Organization theory is thus concerned with the internal affairs of an organization i.e. how the internal organization structure works to motivate participants and to produce outcomes consistent with its goals. Its other concern is how the external

factors affect the organization operations and how it adapts strategically. Of essence is The Resource Based View (RBV), which emphasizes on the internal resources of the organization that are important to achieve a sustainable competitive advantage. In RBV, the theory points out employee skills and the human resource as the key resource base to value creation in the organization. The resource based view suggests that a firm's primary determinants of its performance are the resources it possesses, and these may contribute to a sustainable competitive advantage to the firm. RBV holds that sustained competitive advantage can be achieved more easily by exploiting internal rather than external factors.

Barclays Bank has not been spared by the current economic down turn which has continued to impact negatively on all businesses in the economy culminating in an unprecedented erosion of revenue margins whilst operational and administrative costs are all-time high. Measures previously undertaken to address such issues include investing enormous resources in information technology through which the banking halls have begun to be decongested, rationalizing the bank's branch network and in the process closing unprofitable units in an effort to reduce operating costs and outsourcing non-core services such as internal security services and computer transport in an effort to control administrative costs. Maintenance of these services has been costly to the bank. The measure undertaken by Barclays bank to restructure by outsourcing non-core activities, automation and retrenchment leading to reduction of staff provides a window in which this study seeks to find out whether these activities impacted on employee morale and their impact on the performance of the bank. In the year 2007 January, Barclays Bank set the tone for layoff of senior bank managers when it parted ways with 200 managers. The bank laid off 200 middle level managers to cut payroll costs.

1.1.1 Organizational Restructuring

Organizational restructuring is one significant change that occurs due to the need to change unit priorities, initiate new programs, enhance organizational effectiveness, address budget reductions, and reduce head-counts among other reasons. Restructuring is a normal turnaround strategy for companies today. The main reason to downsize senior and middle level managers is to grow revenue, cut costs and modify growth strategy.

The change occasioned by organization restructuring is by no means a simple task because the success depends on how well the employees adapt to the change. Generally speaking, organizations face strong resistance to any form of change. People are afraid of the unknown, many think things are fine the way they are and don't understand the need for change. Recognizing the need to change, and acting on it, can be difficult decisions for leaders and managers to make. Most people if not all the people are skeptical to change mainly because they doubt that any good could come out of major organizational change. In a paper submitted by the University of Adelaide on *leading change, transition and transformation*, it highlights that organizational change often goes against the very values held dear by people, that is, the change may go against how they believe things should be done or diminish ownership of 'how we do things around here'. Therefore, it is crucial that the management is fully aware of such underlying organization cultures so as to be able to act effectively.

Kotter and Schlesinger (1979) posit that organizational restructuring should adopt a six step approach that helps to reduce resistance factors to change and manage the impact of the proposed change. The factors may manifest as self-interest, misunderstanding, low

tolerance for change, and employee disagreement with reasoning. The six steps include: education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-option, and explicit and implicit coercion. This study will limit itself to; communication, involvement, and support.

1.1.2 Morale of Employees

Morale is an essential ingredient of organizational success. It reflects the attitudes and sentiments of an individual and group towards the organizational objectives. Morale can be understood as a group of phenomenon, it refers to the operation of the group. It is the way the group thinks, feels and acts. High morale can help enhance job performance, job satisfaction and employment stability in any organization irrespective of its nature. On the other hand, low morale is manifested in; increase in costs, absenteeism from job, refusal of providing services, strike and murmur, lack of motivation and interest, decrease in creativity and innovation, lack of inter-organizational collaborations, preventing the satisfaction of organizational objectives and finally reducing efficiency. Norsworthy, *et.al* (1982), Decenzo *et al* (2010), also notes that "Morale suffers as employees that survive layoffs feel fear and resentment."

For the banks to have a competitive edge in the current situation, where customer sovereignty rules such as ‘the customer is always right’, they need to serve the customers through pleasant and helpful employees bearing a high morale. However, coping with work stress in today’s uncertain climate proves to be emotional and unpredictable for employees everywhere. ‘Lay-offs’ and ‘budget cuts’ have become the bywords in many banks in Kenya resulting in increased fear, uncertainty and higher levels of stress.

Job stress and employee morale are a highly personalized phenomenon and can vary widely even in identical situations for different reasons. This study sought to find out whether a change of organizational structure affects this phenomenon on the employees of Barclays bank.

1.1.3 Overview of the Banking Sector in Kenya

Kenya's financial sector is comparatively more developed when compared to most African countries with the fastest growing sectors in the economy. 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. As at 31 December 2009, the banking sector comprised of 44 commercial banks, one mortgage finance company, one deposit taking micro finance institution and 130 foreign exchange bureaus. Commercial banks and mortgage finance companies are the major players in the banking industry. Two of the four largest banks, the Kenya Commercial Bank (KCB) and the National Bank of Kenya (NBK), are partially government-owned, and the other two are majority foreign-owned (Barclays Bank of Kenya and Standard Chartered). Most of the many smaller banks are family-owned and operated.

A conducive banking environment is considered a key pillar as well as an enabler of economic growth (Koivu 2002). Kenyan Banks have realized tremendous growth in the last five years and have expanded to the East African region. The banking industry in Kenya has also embraced technology fully by involving itself in automation, moving from the traditional banking to better meet the growing complex needs of their customer

and globalization challenges. There has been increased competition from local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholders are the ones who have benefited the most. With the continuously emerging wave of information driven economy, the banking industry in Kenya has inevitably found itself unable to resist technological indulgence. The need for convenient ways of accessing financial resources beyond the conventional norms has seen the recurrent expansion and modernization of banking patterns. And given the huge demand for finance oriented services, institutions beside the historical banks have joined the fray in an attempt to grab a piece of the perceived cake of opportunity within the banking industry.

Although Kenya's financial system is by far the largest and most developed in East Africa, many challenges still face the banking industry in Kenya. These include the recent global economy recession that took place in between 2008 and 2009 that led to the closure of a number of businesses and low effective demand for bank credit at both personal and corporate level; the increasingly advanced levels of information technology such as on-line banking, mobile banking and increased use of Automated Machines (ATMs) which are said to have a short lifespan of about 3 to 4 years. The ATM machines require a constant updating of the software which have seen banks pumping hundreds of millions to maintain them so as to improve service delivery and cut cost. The wage bills that accrue due to most of the money being channelled to improving service delivery also poses a great challenge and so most of them have resulted to laying off their employees and restructuring in a bid to cut these bills.

1.1.4 Barclays Bank Kenya Limited

Barclays Bank PLC (Public Limited Company) is a multinational bank incorporated in the United Kingdom. Barclays PLC is one of the world's largest global financial services provider, it has over 300 years of history and expertise in banking services. Barclays Africa is the leading bank in Africa with businesses in several countries across Africa and also has collaborative arrangements with other banks within the continent. Barclays Africa has a registered head office is in Johannesburg, South Africa and has majority stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Barclays Bank Tanzania and National Bank of Commerce), Uganda and Zambia. They also have representative offices in Namibia and Nigeria as well as bank assurance operations in Botswana, Mozambique, South Africa and Zambia.

Barclays Bank Kenya Limited, a subsidiary of Barclays PLC, is a large financial institution in Kenya, with an estimated asset base in excess of US\$2.22 billion (KES: 180.9 billion), as of September 2011. At that time, Barclays Bank of Kenya was the second largest bank in Kenya, by assets, behind Kenya Commercial Bank Group with assets valued at US\$3.34 billion (KES:273.9 billion). Barclays Bank of Kenya Limited, is now the leading bank in Kenya in terms of profitability, and market share in the areas of loans and deposits. Barclays has operated in Kenya for over 97 years. With an extensive footprint of 119 outlets and over 230 ATMs spread across the country, the bank boasts of years of superb financial performance that has built confidence among the Bank's shareholders. The bank also has a robust Internet and Mobile Banking platforms as well as a call center that offers superior service to all customers on a twenty four hour basis.

Barclays' bank goal is to build a sustainable, trusted business which customers and clients consider as the first choice for answers and solutions. Barclays' business units fall under Retail Banking, Commercial Banking, Treasury and Card Services with cross-functional relationships to support the segments of local business and small to mid-sized enterprises (SME). It provides a full spectrum of solutions ranging from personal banking, credit cards, corporate, investment banking, and investment management to its customers across the country. Each of these businesses is well positioned for growth and caters to the dynamic needs of diverse customer segments.

Barclays Kenya is currently the largest business unit in the Barclays Africa family in terms of contribution to profit and size of operations. Its financial strength coupled with extensive local and international resources have positioned Barclays as the number one provider of financial services in the market for the past several years. In Kenya, it boasts of a balance sheet worth US\$ 1 billion which is equivalent to 10% of the country's GDP. Barclays Kenya was listed on the Nairobi Stock Exchange in 1986 and currently has more than 64,000 shareholders. Its shares are some of the most sort after and are popular with both institutional and retail customers

Competition has forced the bank to increase its market spend, lower charges and increase its expansion by multiplying its branches so as to increase their presence in the region. As a strategy to offer customers more convenience and inclusive banking services, Barclays Bank of Kenya has waived levies charged for use of the Bank's automated teller machines (ATMs). Retail customers now can carry out free transactions, including cash

withdrawals and balance enquiries, at any of the Bank's 236 ATMs countrywide. The free of charge ATM services compliments Barclay's free internet banking services and free mobile banking platform. In addition, Barclays, over the past two years, has made several investments in the bank's information technology and communications structure in Kenya so as to ensure greater ease of transactions. These include upgrading the credit card system and transitioning to a state-of-the-art IT platform. This has ensured that the bank is able to deal with imperfection in service provision and challenges regarding service quality as well as maintaining a competitive edge in the industry. Being a big bank with a varied clientele, it has to cater for the unique needs of its various clients to their satisfaction. In catering for their needs, the service delivery has to be exceptional at Barclays Bank of Kenya

1.2 Research Problem

Organizational restructuring are commonplace, put in place by TMT or the senior management as part of a strategic change. It generally refers to the reorganization of the corporate operations to achieve higher levels of the operating efficiency. Downsizing is a norm in organizations today, yet studies have implicated that these initiatives, although intended to produce positive results, do more harm than good to the organization and its workforce (Cascio 1993). This harm is not only to Organizational productivity and profitability, but also to its learning process. Employee Morale involves the overall viewpoint of employees while at work. This includes employee emotions, attitude, and satisfaction. The morale of the employees directly affects productivity. Dissatisfied and negative employees portray negative and low morale about their work environment while positive or highly confident employees are happy and positive at work

In the January, 2007, Barclays Bank set the tone for lay-off of senior bank managers when it parted ways with 200 managers. The bank laid off 200 middle level managers to cut payroll costs. In 2013, it had, again, the same strategy to shade off jobs for the second time. While the bank was releasing the trading results, it also announced that the staff cuts would be accompanied by a conservative dividend policy starting with the Sh1 per share proposed for the year 2012, a 33 per cent drop from that in 2011. “As we embark on restructuring, we will take some actions such as redeployment of staff. It is those who will not find a position in this exercise that will be released,” the bank’s outgoing managing director, Adan Mohamed, said in an interview

Redeploying workers because of poor performance, automation of systems and redundancies produce a work environment where employees are characterized with high anxiety and uncertainty of their future in the organization. Insufficient preparation as well as unrevealing process during restructuring, does impact negatively on the morale of employees at work. The resultant effect of the restructuring and downsizing strategies are that employees suffer low morale as they survive lay-offs, feel fear and resentment (Decenzo *et al*, 2010). It is not the question of why companies have to downsize or cut jobs, it is how they should do it strategically to reach the expected goal of benefit and continue to retain the morale of the surviving workers.

Over the years researchers have dealt with this subject of organizational restructuring and the effects it has on employees; Cascio (2003) based on a research carried out in Denver, argued that employees should be viewed as assets rather than costs. Zweni (2004) researched on the impact of organizational restructuring on morale of employees in South

Africa and argued that organizations should genuinely involve employees in the restructuring process. Other studies on this topic include XinliangXu (2006) on corporate restructuring of industrial commercial banks in China (ICBC), motivators and impacts, and a study by Santhosh Kumar A.V. (2013) Corporate Restructuring in India with Special Reference to Reliance Industries Limited (RIL). Ayoo (2011) studied the effects of corporate restructuring on employee job satisfaction in Nairobi region; Airo (2009) studied impact of restructuring on performance development in financial institutions and Ochira (2009) studied the influence of restructuring on employee job satisfaction and empowerment; a case study of Kenya Railways Corporation. Mwandembo (2009) in his research paper "*An examination of staff layoffs in Kenya,*" demonstrated the effects of downsizing in Kenyan firms. Much of these literature reviews do not indicate how the banking industry in a developing country like Kenya decide on whether or not to restructure; the approach used to employ the restructuring process and the outcomes on the morale of employees (positive/negative) associated with this practice yet the strategy seems to be the most preferred in this industry.

As Anon (2000a) noted, employee morale, is especially very important because the behavior of individuals employed by an organization is driven by their morale. Effects of low employee morale being an increase in costs, absenteeism from job, refusal of providing services, strike and murmur, lack of motivation and interest, decrease in creativity and innovation, preventing the satisfaction of organizational objectives and finally reducing efficiency. These studies therefore have not given enough focus on the morale of surviving employees and leave one question unanswered, that is, what is the effect of organizational restructuring on the morale of employees?

1.3 Research Objective

The objective of the study was to evaluate the organizational restructuring and employee morale in Barclays Bank of Kenya Limited

1.4 Value of the study

The study is useful to policy formulation as it will act as a foundation for organizational restructuring procedures. It establishes attitudes and performance of the unaffected employees during downsizing and how to ensure motivation and uplift of their morale. It also contributes to understanding the challenges faced with downsizing and the relevant processes of organizational restructuring that takes into consideration employees' welfare.

The study also contributes to theory by providing information on various theories on strategy in the banking industry as well as the business sector as a whole which adds more value. The information contained in this report will also be of use in providing empirical evidence on the impact of restructuring as a strategy and how it affects the morale of employees in various institutions. It will be of use to other studies within the field of strategy

This study contributes to the importance of further research, superior performance, and growth of the industry by offering a modern restructuring model that can be used in different institutions that may not compromise on the morale of employees. The results of this study may also be applied to other organization in the service industry since restructuring is common in many organizations

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews and discusses the relevant literature that was used in the study. The chapter highlights the theoretical, empirical and conceptual discussion upon which the study is to be carried out. The chapter also gives a critical review of documented scholarly work relevant to organization restructuring and employee morale. The literature includes related studies conducted elsewhere and their findings, and arguments advanced by other scholars on the issue under study in this research.

2.2 Theoretical perspectives

This study draws its foundation from the organizational theory and the resource based view theory. Organization theory bases its principles from the organization systems and evolution of organizational practices over time. The Resource based view on the other hand is a theory that argues that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it.

2.2.1 Organizational Theory

The definition of an organization has changed and evolved over a period of time. Mott (1965) defined an organization as a system of division of labor in which each member performs certain specialized activities that are coordinated with the activities of other specialists. The interest in the study of the organization was stimulated by the industrial revolution during which there was a shift from independent craftsmen to workers

assembled together in a plant to facilitate mass production. Organization theory assesses the relationships in organizations between tasks, social structures, resources and the environment. It identifies the components of an organization as; structure, processes, people and culture.

An organization theorist, Richard Scott, divides organization into three schools of thought: classical, human relations, and systems perspectives (Scott, 1998). According to the classical school, or rational system, an organization is a group of people who collectively contribute to a formally stated purpose. This school focuses on formal aspects of organizations such as strategy and mission statements, formal structure and authority, resource allocation systems, standard operating procedure, and technical training. The human relations school, or natural system, definition is that an organization is a group of people who, for individual reasons, collectively contribute to an overall purpose. This school focuses on the informal aspects of organization such as politics, culture, motivation, skill, and values.

These schools emerged from the study of bureaucracy and industrialism in the early 20th century. Later, after World War II, scholars started applying systems analysis to the study of organizations, which acknowledged the influence organizational environments had on organizational behavior and design. Systems analysis or an “open system view” of organizations is that organizations take inputs from their environments and transform them into outputs. Any time an organization uses resources from its environment, including personnel in its production, its organizational structure or the system is open to outside forces. This school stimulated studies on organizational environments

During this period, major theorists contributed to the operation, strategy and management of an organization. In the first strand of Organizational theory, Weber (1947) formulated the concept of bureaucracy. His vision on bureaucracy was an organization characterized by clear rules and lines of authority wherein all decisions are made and implemented through a command chain. In Weber's original formulation, the initial modern complex organizations appeared in governments. They were more efficient as they raised taxes, fielded armies, and were thus, able to control the means of violence in a given territory. Their hierarchical, bureaucratic structure meant that orders issued by people higher up in an organization were likely to be executed by those lower in the organization.

Weber's analysis of bureaucracy was part of his more general theory of modern society. Weber felt that organizations were not just "tools" to accomplish goals but they were systems of power. The actors of the organizations always wanted to enrich themselves at the expense of others by use of power at all means. Weber's theory of class, status, and power was essentially a theory about how various groups in society would organize, create political parties, and try to take over state bureaucracies in order to direct privileges to themselves or their groups. Firms or industries could lobby with states to promote rules and laws that favored their interests. Here, organizational survival could turn on political connections and not efficiency.

The second strand of thought in organizational theory emerged in economics. This thought was mostly interested in organizations as firms. The firm has played a complex role in economic theory. Coase, one of the first economists, recognized that the existence of firms presented a problem for economics Coase (1937). He reasoned that if markets

were the most efficient way to organize transactions, then all transactions that take place between individuals and firms would not exist. But the fact that firms existed implied that under certain conditions it was more efficient to organize a firm (or a hierarchy), than to use a market. He invented the idea of transaction costs which were simply the costs associated with engaging in transactions. His early work tried to identify some of the kinds of costs that might come into play including the uncertainty of securing a supply for the goods and services that a firm produced. This article was ignored until its rediscovery in the 1960s.

The third strand of thought in organizational theory originates with the empirical concerns of managers. Immediately the large corporation emerged at the turn of the 20th century, people were concerned of how best they could organize it. Taylor (1911) came up with the most famous perspective. He viewed the main problem of managers as figuring out how to cut labor costs by reducing the discretion of workers and increasing managerial control over their labor process. Taylor viewed this primarily as an engineering problem that involved breaking down the tasks workers were asked to perform and reducing the number of motions and actions each worker would contribute to a product.

During the 1930s, scholars at the Harvard Business School pioneered an alternative to Taylor, what was called the “human relations” school (Perrow, 1988). The basic idea recognized that the people who worked for a firm had to be motivated in order to do their jobs effectively. This meant that human psychology came into play in every interaction in factories and offices. The “human relations” school began when Roethlisberger and

Dickson (1947) undertook a number of famous experiments at the Hawthorne Western Electric Plant where they demonstrated that workers' productivity increased under any form of attention. The most interesting and important theoretical statement that was subsequently produced was Barnard's *The Function of the Executive* (1968). Barnard recognized that management was a kind of general social skill whereby managers had to get people with very different interests and agendas to cooperate in order for the firm to produce goods reliably. He felt that the purpose of the organization was to help managers put into place different kinds of incentives to monitor people and make sure they did their work, and at the same time, insure their cooperation by making them feel part of the process. Barnard's work informed the work of Simon and March which eventually became the basis of the "rational adaptation" approach to organizations

2.2.2 Resource Based View

The Resource Based View (RBV) is one of the most widely accepted theoretical perspectives in Strategic management field (Powel, 2001; Priem & Butler, 2001). RBV assumes that resources are heterogeneously distributed among firms and that they are imperfectly mobile. This theory was developed as a complement to the Industrial Organization (IO) view with Bain (1968) and Porter (1979) as some of its main proponents. With its focus on Structure, Conduct and performance, the Industrial Organization view puts the determinants of organizational performance outside the firm while the Resource Based View looks for internal sources and aims to explain why firms in the same industry might differ in performance. The RBV rather complements the Industrial Organization (Barney, 2002; Mahoney & Pandian, 1992; Peteraf & Barney 2003)

The Resource Based View (RBV) theory emphasizes the internal resources of the organization in formulating strategy to achieve a sustainable competitive advantage in its markets. Firms that possess and exploit resources and capabilities that are valuable and rare will attain a competitive advantage Barney (1991). If the organization has resources which can be restructured to give it competitive advantage then its perspective does indeed become inside out i.e. its internal capabilities determine the strategic choice it makes in competing in its external environment. Organizational capabilities are combinations of human skills, organizational procedures and routines, physical assets, and systems of information and incentives that enhance performance along a particular dimension' Chandler (1982).

Organizational capabilities are products of constant learning and relearning, from and about the firm's activities, its suppliers and customers, and its own members. Moreover, capabilities are firm-specific: they reside in the organizational setting wherein they were developed and used Chandler (1982). Capabilities may take the form of particular areas of technological expertise, or the ability to translate changes in demand quickly and effectively into new products, or the capacity to adjust and speed the flow of materials through a particular kind of production process. Dynamic capabilities on the other hand refer to a firm's ability to integrate, build and reconfigure its resource base both internal and external competences as well as its ability to deploy or release resources in order to address the rapidly changing environments (Eisenhardt and Martin, 2000; Teece *et al*, 1997). Dynamic capabilities are often related to corporate agility of the firm, the capacity to sense and shape opportunities and threats and to maintain competitiveness

Penrose (1959) argued that a firm's growth both internally and externally through merger, acquisitions, and diversification, is due to the manner in which its resources are employed. She argued that these resources have to be exploited to an extent that they add value to the firm for it to contribute to the firm's competitive position. Rubin (1973) recognized that resources were not of much use by themselves and argued that firms must process raw resources to make them useful. Wernerfelt (1984) argued that a firm's resources and products are two sides of the same coin. While a firm's performance is driven directly by its products, it is also indirectly driven by the resources which go into production. He proposed that firms may earn above normal returns if they identify and acquire resources that are critical to the development of the demanded products. RBV has also been of great support towards Strategic Human Resource Management (SHRM) by moving away from external factors to focus on organizational internal resources (Hoskisson, Hitt, Wan, & Yiu, 1999). The growing acceptance of internal resources as sources of competitive advantage has brought legitimacy to Human Resources assertion that people are strategically important to an organizations success.

2.3 Concept of Organizational Restructuring

Organizational restructuring often involves making critical decisions about how to deploy or re-deploy talent. Heugens & Schenk (2004) define organizational restructuring as significant changes in the structural properties of the organization which often includes reorganizing jobs thus a reduction of the headcounts otherwise known as downsizing. Connolly (2000), defined organizational downsizing as a set of activities, undertaken on the part of the management of an organization, designed to improve organizational efficiency, productivity, and or competitiveness.

They further described four key elements to organizational downsizing. First, it is an intentional endeavor. Second, it usually involves reduction of personnel; this might bring about reduced employee morale due to increased uncertainty and job loads. Third, it affects work processes and finally, it focuses on improving the efficiency or effectiveness of the organization. Restructuring generally refers to the reorganization of the corporate operations to achieve higher levels of the operating efficiency. Pearce and Robinson (2010) viewed restructuring as a stage in strategy implementation. In doing this, managers attempt to recast their organizational structure, leadership, culture and reward systems which may all be changed to ensure cost competitiveness and quality demanded by the unique requirements of its strategies.

Bowman et al (1999) distinguishes three types of restructuring as portfolio restructuring; financial restructuring and organizational restructuring and adds that the impact of restructuring is likely to vary across these major forms. The authors explain that in portfolio restructuring, significant changes are made in the mix of assets owned by the firm or in its strategic business units (SBUs). Some of these changes may include liquidations, divestitures, asset sales and spin offs. In financial restructuring, significant changes are made in capital structure of the firm including leveraged buyouts, leveraged recapitalization and debt for equity swaps while in organizational restructuring, significant changes are made in the organization changes of the firm including organizational redesign and employment downsizing. This includes re-organization of the corporate structure of the organization or a change in the company operations. Downsizing frequently relies on worker layoffs, bonus reductions and loss of amenities and perks for remaining workers

Downsizing is a change strategy that was first used in the late 1970s by companies to cut costs and improve their performance in the competitive market. Today, downsizing has been equated to being a “lean and mean” strategy as even companies with record profits are seen to be implementing the strategy globally. In a study done in the USA for instance, it was found that more than 3 million jobs have been eliminated each year since 1989 (Mishra *et al.*, 1998). Hitt *et al.* (1994) notes that in many instances of downsizing recently, have been seen to target the middle management positions unlike in the past years where layoffs were generally limited to low-level, unskilled and blue collar jobs.

Downsizing has made it possible for organizations to globally respond more quickly and effectively to new opportunities and unexpected pressures, hence re-establishing their competitive advantage. Reorganizing the business processes through restructuring establishes the firm’s competitive advantage which ensures that the firm is in the best position to compete while building best practices and internal process that propels it above its competitors. This at the end makes the firm able to adapt quickly and combat the competitors (Gibson, 2010). He further argues that organizations restructure in order to support corporate strategy or to take advantage of a business opportunity.

Much of the conventional wisdom about downsizing, like the fact that it automatically drives a company's stock price higher, or increases profitability, turns out to be wrong (Cascio,2009). There's substantial research into the physical and health effects of downsizing on employees. In fact, there is a growing body of academic research suggesting that firms incur big costs when they cut workers. Some of these costs are obvious, such as the direct costs of severance and outplacement, and some are intuitive,

such as the toll on morale and productivity as anxiety ("Will I be next?") infects remaining workers. One such study found that a ten percent reduction in people resulted in only a 1.5 percent reduction in costs and the profitability was up in only half the firms that downsized, and the results on productivity were not conclusive (Cascio, 1995)

Downsizing may result in the loss of key knowledge and individuals, leading to deteriorating quality, productivity and effectiveness. In particular, foresight and downsizing strategies' non-prioritized implementation tactics run the risk of causing the loss of valuable institutional knowledge and memory if the wrong employees are laid off (Fisher & White, 2000). Companies often lose people they did not want to lose and rehire them at additional costs. A survey by the American Management Association (AMA), (1994) revealed that about one-third of companies that lay people off subsequently rehire some of them as contractors because they still need their skills.

In general this research is in agreement that the desired outcomes will not be realized unless a well-planned out guideline for restructuring an organization is followed. This not only involves managers making time to talk to the employees regarding the impending change but it also means that they will utilize the feedback received from employees so as they feel involved in the implementation of the change. Organization restructuring is like a giant wave that knocks down everyone in its path. After the storm is over, the survivors are supposed to pick themselves up and carry on as is normal but what is left is far from normal, because the rubble left behind after an organization restructuring including survivors quilting themselves, breakdown of trust and breakdown of their identity can only work against the organization performance if not rectified.

2.4 Restructuring and Employee Morale

While those who lose their jobs may seem the most affected by downsizing, it is more likely that the employees who remain suffer the more negative effects. Survivors often seem to show less loyalty and commitment towards the organization after the event of downsizing and may therefore perform work of less quality and lower productivity. In a survey conducted by Right Associates, 70 percent of senior managers who remained in downsized firms reported that morale, trust, and productivity declined after downsizing. They further stated that over 60 percent of the employees interviewed found as the main downside of downsizing the lower morale of the survivors.

According to Lewin & Johnston (2000), in addition to these negative effects, employees suffer from heightened levels of stress, conflict, role ambiguity, and job dissatisfaction, the inability to monitor, control and support business units effectively. As a result, firms lose their stability and experience declines in terms of their levels of coordination and motivation; implementation of a more market oriented market structure (Bergström & Storrie, 2003). In due time, it is the company's performance levels that suffer to the greatest extent as a result of reduced employee morale.

In a study of survivors' attitudes after a downsizing effort Lewin & Johnstone (2000) found that survivors expectations of outcomes of downsizing initiatives had a strong negative impact on respondents' propensity toward trust, commitment, and flexibility in their relationships with the employer. Literature that examines the survivors of downsizing found that survivor's syndrome describes a common set of symptoms that emerges in layoff survivors. These symptoms include guilt, anxiety, fear, insecurity,

anger, and in more severe cases, depression or other emotional and physical ailments. Survivor's syndrome also refers to the way some survivors react when many of their friends and colleagues are forced to terminate their relationship with the company (Hitt & Hoskisson, 2004).

There is a tendency for employees to feel unsettled during downsizing. Most of the employees are in fear of being the victims. However, accepting loss of morale as an inevitable consequence may undermine the very productivity gains intended by the change. It is therefore essential for the employers to come up with ways to minimize the unwanted impact of downsizing. They also need to recognize the extent to which the manner of managing such change affects how employees feel about the change and their future relationship with the company.

Downsizing threatens employees' sense of wellbeing in several ways. They may see the company as having behaved unjustly or unfairly. They obviously feel less secure. They may also lose the belief that their contribution to the business will be rewarded in future. These responses may easily threaten business performance. Survivors of downsizing can become unduly risk averse and narrowly focused, and therefore less creative and open to change. But 'morale' is not a simple concept. It consists of many facets and may be manifested in many outcomes. These outcomes include: whether employees stay with the organization, whether they achieve organizational or personal goals, whether they are able to adopt new working practices and learn new skills and how they respond to customers. (Kettley, 1995). Therefore, the survivors as well as the people who became "victims" of downsizing need to be given support.

2.5 Empirical Review

Many restructurings fail to reach anticipated financial objectives. To understand why this happens, researchers consider the impact of restructuring on organizational functioning. Most restructuring is found to have actually been done badly. A recent survey of 1,142 firms conducted by the American Management Association reported that more than half of them were unprepared for the restructuring, with no policies or programs in place to reduce the effects of the cutbacks. Surviving managers find themselves working in new and less friendly environments, stretched thin, managing more people and jobs, working longer. In addition, these companies sometimes replace staff functions with expensive consultants. Some severed employees are hired back permanently while others are replaced by new hires. This schizophrenic approach is expensive and in most cases kills the morale.

A study of 30 firms in the automobile industry indicated that most deteriorated relative to pre-restructuring levels. Studies consistently show that after a restructuring, survivors become narrow-minded, self-absorbed and risk averse. Survivors may emphasize short-term outcomes, with an overemphasis on the penalties for bad decisions, and therefore reduced innovation (Connolly, 2000). Morale drops, productivity lessens. Survivors distrust management. The long-term implications of survival syndrome – lowered morale and commitment are likely to be damaging for organizations. A recent survey by Right Associates of senior managers of recently downsized organizations noted that 74 per cent said their workers had low morale, distrusted management and feared future layoffs. Industry Week, in a survey of about 1,000 readers, reported that about 60 per cent of middle managers were less loyal to their employers than they were five years ago.

Four out of ten companies that downsized had unintended business consequences (Gilson, 2001). These included need for retraining, more use of temporary workers, more overtime, increased retiree health costs, contracting out, lost the right people, loss of too many people, severance costs greater than anticipated, and the loss of accessible, forward thinking, aggressive leaders. In view of this evidence, we can conclude that the majority of consequences for individuals, organizations, and society of the way in which restructurings have been carried out are negative.

The decision to restructure is normally driven by many factors, and is often a tough decision to make. It is a stage in strategy implementation where managers attempt to recast their organizational structure, leadership, culture and reward systems may all be changed to ensure cost competitiveness. Ideally, managers should anticipate a crisis and act pre-emptively, before being overtaken by the event. Prior studies show that greater value can be created when restructuring is done pre-emptively rather than under the threat of financial distress or hostile takeover (Gilson, 2001). However, it is often difficult to persuade corporate stakeholders to restructure without the presence of an imminent crisis.

The negative effect of restructuring charge on the firm's income can also affect the timing of the decision. Managers may choose not to restructure, as they can be reluctant to admit past mistakes. Labor laws and unions may make it costly for firms to lay off employees. Finally, organizational restructuring might be hard to implement if employees resist the change as this will reduce their morale and consequently the organizational performance. These barriers show that a rational decision-making process is needed to determine the optimal timing for implementing a restructuring plan.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the research design and methodology of the study and it highlights a full description of the design and the research variables. It provides a broad view of the methodology, including the research instruments, the data collection techniques and data analysis procedures that were used in this study.

3.2 Research Design

The research design that was used in this study was a case study since the unit of analysis is one organization which is the Barclays Bank of Kenya Limited. A case study allows for in depth exploration of issues in a study and the data is usually qualitative. It involves an in-depth investigation of the organizational restructuring practises and how it influences the morale of employees at Barclays Bank Kenya. Young (1960) identifies a case study as a very powerful form of qualitative analysis that involves a careful and complete observation of social units.

This design was appropriate because some information about the phenomenon of the study was already known and thus it is necessary to provide detailed information regarding the key aspects of the phenomenon. The research design is also advantageous when the respondents give answers, it's easy to probe further for any question that may not have been included in the interview guide and it eliminates anonymity between the researcher and respondent.

3.3 Data Collection

Primary data was collected through in - depth interviews using an interview guide with open-ended questions to avoid subjectivity. The procedure involved personal interactive interviews conducted by the researcher and the interviewees at Barclays Bank of Kenya Head office. In order to ensure uniformity in response, the interview guide was structured with simple questions. The questions, their wordings and sequence were fixed and identical for all respondents. This has the advantage of eliciting standard answers to questions, making it possible for comparisons to be made between sets of data. The respondents of this study were the Top Management Team of Barclays Bank of Kenya Limited. This included ten senior managers and departmental heads drawn from different departments. The data was collected by noting down all the responses as provided by respondents and scanning through the strategic plan and cascade highlighting areas of importance relating to the study objectives.

The employment of this method was justifiable because it enabled the researcher to discover what views the people hold and probe if necessary to get more information. It also has a high response rate. This method of data collection was desired because of greater flexibility, greater control of the interview situation and also the high speed of gathering data. Previous research revealed that data gathered exclusively by means of questionnaires was often unreliable because the subjects prefer to write what they think the researcher wants rather than what they feel is true. It is expected that the answers given in the interviews enabled the researcher to draw conclusions on what he intends to investigate.

3.4 Data Analysis

The researcher employed content analysis. This is a systematic qualitative description of the composition of objects or material of study. It involves observation and detailed description of objects, items or things that comprise the study. This is whereby the responses from the interviews were analyzed in order to measure the semantic content and the main themes that emerge from the responses given by the respondents or the aspect of the message collected through the interviews. This method is ideal for the data analysis because it does not restrict the respondents on answers and also it has the potential of generating detailed information on the effects of organizational restructuring on the morale of employees at Barclays Bank-Kenya.

After collecting the data from the interviews, data was first sorted out, analysed, presented and interpreted. Processing and analysing of data involved a number of closely related operations which were performed with the purpose of summarizing the collected data and organizing these in a manner that they answer the research question and objectives of the study. The use of content analysis process saved much on time and resources.

Data processing operations included editing, a process of examining the collected raw data to detect errors and omissions and to correct these when possible. Classification on the other hand involved arranging the data in groups or classes on the basis of common characteristics. Accumulated data from the interviews was reduced to manageable size in order to develop credible summaries. The analyzed data was then interpreted in line with the research objectives.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study and the data analysis and of the results established from the interview guides in evaluating the organizational restructuring and employee morale in Barclays Bank of Kenya Limited. This chapter also discusses the findings in comparison with relevant theory and literature as established by other authors in the same field of study. Content analysis was used in this study due to the research instrument used was an interview guide hence the data collected was qualitative.

4.2 The Respondent Profiles

To achieve objectives of the study, the interview guide targeted ten senior managers and departmental heads at Barclays Bank of Kenya limited drawn from different departments. In total the researcher interviewed six respondents that had been intended to be interviewed as in the research design. This included ten managers from the following departments: human resource department, finance and accounts department, public relations department, Customer care department, Sales department, treasury department managers charged with the organizational restructuring and employee morale in Barclays Bank of Kenya. This response rate was adequate and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The study initially sought to inquire information on various aspects of respondents' background including their company positions and how long they have worked at Barclays bank Kenya

All the ten respondents, from the study findings, most of the interviewees' were senior managers at various departments. In terms of working experience, they had worked in the organization for over five years with all of them having risen through the organization ranks since most promotions were internal. Four of the respondents had been working with microfinance sector prior to joining Barclays bank Kenya limited Nairobi and the main aim of recruiting them was to revolutionize the operations of the bank. To this extent, the respondents were found to be knowledgeable on the subject matter of research and thus helpful to realization of research objective.

In addition the views of both genders were represented in the respondents' interviews because four of respondents were female. From these, the data obtained was felt not to have gender bias. Further all the respondents indicated their satisfaction with current duties and were keen in highlighting various opportunities available within their organization. These included career development, unique interaction among staff, solving customer complaints and new challenges that came with their current jobs. All these the respondents said helped them in personal development and enabled them to create a motivated workforce.

4.3 Organizational Restructuring and Morale of Employees

The respondents' reaction to the use of lay-off strategy to cut costs was clearly understood as a way of building down, declining, compressing, re-designing, re-allocating, functionalizing and resizing an organization. During downsizing, the remaining employees often seem to show less loyalty and commitment towards the organization and therefore they may perform work of less quality and lower productivity.

Downsizing can threaten employees' sense of wellbeing in several ways. They may see the company as having behaved unjustly or unfairly. They obviously feel less secure. They may also lose the belief that their contribution to the business will be rewarded in future. These responses may easily threaten business performance. Survivors of downsizing can become unduly risk averse and narrowly focused, and therefore less creative and open to change. 'Morale' is not a simple concept. It consists of many facets and may be manifested in many outcomes. These outcomes include: whether employees stay with the organization, whether they achieve organizational or personal goals, whether they are able to adopt new working practices and learn new skills and how they respond to customers.

The respondents were asked to recommend the kind of strategy they would prefer for downsizing. They indicated that most downsized efforts are not effective to organizations because they have led to a lot of resistance and it affects the work process. The strategy they preferred was other strategies like downsizing via early retirement, working in shifts, transfers if necessary, out placements and outsourcing for other duties, and buy-out packages. The findings according to Cameron (1998) show that there are three types of strategic downsizing in an organizational structure, these include: workforce reduction: one of the most popular downsizing strategies is workforce reduction. This action involves laying off or firing employees, mandating early retirement, and transferring individuals to fulfill critical positions. The central goal in workforce reduction is to eliminate unnecessary positions and hence reduce head count. Although it is a way to gain immediate profit, workforce reduction should not be the first strategy of downsizing

that employer seeks. Instead, executives and small business owners should consider reorganizing the entire company and then resorting to eliminating manpower if necessary. Following this procedure can save jobs and help the company maintain a positive reputation.

The second approach of downsizing is called Work Redesign: Aside from manpower reductions, employers can also resort to work redesign. This type of downsizing focuses solely on eliminating unnecessary work. Contrary to workforce reduction, redesign does not focus on eliminating employees and hence eliminating positions. As a result, vacant positions are typically targeted for elimination during redesign. Work redesign is less traumatic for workers and employers since downsized positions or departments are already vacant and hence ineffective. These strategies consist of activities such as eliminating functions, hierarchical levels, divisions or products. These redesign strategies help avoid the problem of eliminating workers while maintaining the same amount of work for the organization to perform

In addition to eliminating special roles or hierarchies, work redesign also involves merging. When a business has experienced substantial loss to the extent of being unable to recover, it may seek to partner with another corporation that is thriving. In order for a merger to be effective, the company experiencing financial difficulty must seek help from a stable organization. In most instances, work redesign by merger requires more time and effort than simply eliminating vacant positions. The profit for such a merger, however, may be substantially greater than decreasing the budget by internal means.

The third strategic organizational downsizing include Systemic Approach: This type of reduction seeks to change the cultural atmosphere of the company, attitudes and values of employees. Instead of viewing downsizing as a negative attribute, the systemic approach redefines downsizing as a way of life, as an ongoing process and as a basis for continuous improvement. Increasing productivity and clientele are the key points that systemic downsizing place on display for employees to appreciate. Instead of focusing on job loss and company gain, the systemic approach places emphasis on the customer leading to better customer service

The respondents indicated that laying off of some employees as a cost cutting measure affects the morale of the remaining employees in the organization. The employees' morale is negatively affected by layoffs in the organization and it leads to the loss of innovativeness in the work process. The layoffs lead to the lack of teamwork that is individualization and disconnectedness makes the teamwork effort difficult. There is generally a loss of trust between the employees and the management and also among the employees.

Trust between managers and employees are critical for effective work relationships, especially under conditions of high uncertainty or conflict. Trust is defined as an individual's willingness to be vulnerable to another based on the belief that the other party is competent, open, reliable, and concerned about the individual's own interests. Empowered employees have a sense of meaning, competence, and personal control over their work environment. Empowerment is a proactive orientation to one's work.

The respondents acknowledged that Employees who lose their jobs because of downsizing may be entitled to receive severance pay. Employees are entitled to receive severance pay if their contract of employment provides for it or their employer has a policy or practice of paying severance pay. Businesses who employ more than 100 people must give their employees 60 days written notice of a mass layoff or pay compensation. Receiving a lump-sum payment at the end of their employment can be a positive for employees as they can clear debts or build up their savings.

The study sought to determine how the organization deals with the remaining employees after downsizing to ensure there is no fear. The respondents including the Human Resources indicated that those who remain on the job are experiencing always the effects of change and have a variety of feelings, including anger, guilt, loss, fear and exhaustion, some of which they may show and others which they will not. Barclays Bank of Kenya will always acknowledge and respond to those feelings first in order to help the group move forward.

The respondents indicated that the remaining employees are rewarded to ensure that there is no fear of losing their job. The appraisal system is changed to the benefit of the employees and the management. The employees undergo training and development to enhance their skills while others are promoted to higher ranks since some survivors are worried that they don't have the knowledge and skills necessary to do their new or expanded jobs. Barclays Bank of Kenya will always Identify additional training resources and support they feel they need and provide it if possible; help each individual feel as if

the skills they have or are obtaining will make them highly marketable. The goal is to help them feel confident that they have the capacity to contribute, to grow and develop and to master the changed work environment. All these means are meant to encourage and increase the morale of the remaining employees in the organization hence increasing the work progress in the organization. Some of the employees are even engaged in the process and asked to help in the identification of work processes that add the least value to the customers, and eliminate them. This is also a way in which BBK uses to build on the morale of the survivors.

It may be upsetting for an employee to hear that he will lose his current job. However, it also opens up other opportunities he may not otherwise have considered. Many businesses offer departing employees help to find another job, known as outplacement support. An employee may find a job that offers better terms and conditions than his previous role. Some departing employees seize the opportunity to set up in business for themselves, using their severance pay to fund their new venture. In other cases, the employers too help the departing employee to recommend them for another job elsewhere

When an employee is told that he is losing his job as part of a downsizing process, he may become despondent. He may compare himself unfavorably to colleagues who will remain with the company and lose confidence in his skills and abilities. Alternatively, an employee may become angry at the company for making the decision to dismiss him. Over time, that anger can turn to bitterness. To deal with the psychological effects of downsizing on departing employees, many companies offer counseling support

4.4 Communication

The study sought to determine whether communication during restructuring influences employees morale. The respondents indicated that indeed communication during restructuring influences employee morale positively and negatively. Communication is used to pass information in the organisation and it is critical in decision making. Communication creates awareness and it depends on how the information is passed as well as how it is received. The respondents further indicated that communication may lead to resistance especially to change. Changes within an organization start with key decision makers. It is up to them to pass along the details to team members and ensure all questions and complaints are handled before changes go into effect. Unfortunately, as news of a change spreads through the hierarchy, details are sometimes skewed and members end up receiving inaccurate, second-hand information. Poor communication can therefore cause resistance to change.

The study established that language of communication influences employee motivation in the bank to a great extent although language of communication is a vital tool in passing information clearly to all employees and managers involved. Language of communication may act as a communication barrier; it may lead to ethnic grouping and misinterpretation of information. It is important to use the official language at all times in passing of information to avoid mislead in the organisation. It may also lead to misunderstanding of the important messages contained in the information. Therefore the communication language used by the organization is very important at different levels of interaction with the employees and hence should be official and consistent.

The respondents indicated their response on the influence of communication on employees' morale in the bank. The findings revealed that communication during restructuring influences employees morale. Employee morale is instrumental in creating a unified and functional work environment. Morale influences the beliefs and actions of an individual or unit, as well as dictates the atmosphere of the environment. Morale is commonly defined as the spirit of a person or group as demonstrated by confidence, discipline, and a willingness to perform assigned tasks. Morale also symbolizes a dedicated spirit which unifies individuals toward a common goal. Clearly, morale is an emotional state which joins employees together in order to achieve organizational goals.

The organization consists of a synchronized social unit, formed to operate uninterrupted in order to perform universal objectives (Freeman, 1999). Proper evaluation of morale must include levels of measurement to determine the mood as exhibited by staff members. This assessment will determine morale levels to be either positive or negative, depending on the influences upon personnel behaviors. Positive or high morale, eases employee motivation, encourages teamwork, and unifies the workforce toward the organizational mission. High morale will allow correctional staff a positive self-image, promote professionalism, and properly perform assigned tasks. Positive morale is built from the foundation of an organization, the motivation from effective leaders, and the positive influence by the peer group. Morale of employees will lead to teamwork within the organization, and commitment among the employees to achieve their targets. This in turn encourages all employees to work together towards a common goal of the organization

Conversely, negative, or low morale, has many adverse consequences for the cohesion of the unit as a whole. Negative morale may lead to complacency and inattention to duties, which is a dangerous problem facing correctional employees (Vellani, 2001). Other harmful effects of low morale include increased turnover, tardiness, absenteeism, and abuse of sick time (Vellani, 2001; Garland, 2002). These results not only increase the amount of stress facing correctional staff, but create a multitude of personnel issues for supervision and administration. Negative morale reduces individual and group performance levels. Low morale tends to escalate throughout the ranks until; ultimately, it poisons the entire institution

The respondents indicated that the modes of communication used to deliver information to its employees included circulars, departmental meetings which are held at regular basis, emails circulated within the network, and internal memos on notice boards and through mails. A network represents how communication flows in an organization. Networks can be formal and informal. In a formal communication network, messages travel through official pathways (which include newsletters, memos, and policy statements) that reflect the organization's hierarchy. Informal communications move along unofficial paths (for example the grapevine, which is now electronic, fast and multidirectional) and include rumours, opinions, aspirations and expressions of emotions. Some of the respondents also highlighted that they use both print and electronic communication channels. The common print channels include memos, brochures, newsletters, reports, posters and policy manuals. Some of the electronic channels include video conferencing, emails, instant messaging systems and business televisions

4.5 Employee Involvement

The study sought to determine whether employee involvement during restructuring influences employee morale. The findings found out that when employees are part of the program they understand quickly the change in the organization is undergoing and hence they form little resistance. The employees feel incorporated in the restructuring process and develop trust in the system of change hence work progress is most effective. The study further sought to determine whether improving employee skills will affect their morale during restructuring. The respondents indicated that improving employee skills helps build employee confidence hence boosting employee morale. Employee skills, experiences and relevant attributes of HR and normally contribute to decision making regarding downsizing.

The respondents also were for the opinion that the best method for evaluating employee morale is to examine the possible influences, or perceived stimuli, which may evoke these beliefs from staff members. The respondents indicated that employee involvement during restructuring influences employee morale and thus improving employee skills through training, staff empowerment, recognition, feedback and communication. An employee is the most important asset for any organization. No organization can survive without the dedicated employees. Employee involvement in decision making is a process to make the employees feel that they are not just a worker of the organization but an important part of the machinery. When an employee is part and parcel of an ongoing process, it makes them understand more on the values of the change and also motivates them to work in case they are not affected by the change

Participative management involves sharing information with employees and involving them in decision-making. Employees are encouraged to run their own departments and make decisions regarding policies and processes. It has often been promoted as the quick cure for poor morale and low productivity. It is not, however, appropriate in every organization and at every level. Employees must have the skills and abilities to participate. Employees must have the technical background, communication skills, and intelligence to make decisions and communicate those decisions effectively. The organization's culture must support employee involvement and the issues in which employees get involved must be relevant to them. Representative participation allows workers to be represented by a small group who actually participate. The goal of representative participation is to redistribute power within the organization. Employees' interests become as important as those interests of management and stockholders.

The interviewees also noted that proper training of employees is one of the most important aspects affecting morale. Morale will be low if officers are without adequate training to achieve these objectives (Vellani, 2001). An officer cannot adequately perform required duties if training falls short. Supervisors should conduct employee assessments to determine training needs for the staff (Watson, 2002). Accurately trained correctional employees react more confidently and are prepared to deal with stressful situations. Effective training assists officers to properly react to various problems and emergency situations which are sure to arise while performing daily duties. Training is more economically viable to the facility than civil liability and damaging publicity which may occur from improper reactions to unusual situations.

The respondents also indicated that in Barclays Bank of Kenya, training is always continuous. Continuous training ensures staff will understand and act within the scope of organizational policy. Guided practice through in-service instruction, re-certification, and emergency drills and scenarios assist officer responses. This is achieved by relevant instruction and active participation. Training also reflects upon the professionalism of the staff. Maintaining a positive atmosphere must be reflected by the professionalism of employees representing the organization. Training and Development is also used as motivation in BBK for employees who achieve their set targets. This boosts their morale

The respondents were of the fact that employees motivated to advance their knowledge of issues which are confronted on the job tend to combat boredom and promote more interest and involvement in the correctional environment. The respondents indicated that the education of employees provides access to information assisting staff to act responsibly. Promoting continuing education allows staff to become diverse and knowledgeable regarding current situations and future issues facing the work environment. Training, combined with education, provides officers with improved self-worth and an increased job performance. This allows correctional staff to feel as if the facility views the employee as playing an important role in the grand scheme. The respondents ascertained that employee morale may be increased through on-the-job training, rotating officer among various duty assignments, certification programs, and continuing education. Ultimately, the institution benefits from the amount of continuous training and education the individual officer receives by combining these factors with retention.

Staff should have authority delegated to them in order to perform assigned tasks within the scope of their abilities. Employee empowerment is a primary approach of encouraging correctional staff to value their jobs (Freeman, 1999). This consists of a conscious and organized development of involving employees in their work through inclusion. Staff should be trusted to contribute in decision making, goal setting, and problem solving. Upon being delegated this authority, staff should be held accountable for the results. Staff empowerment is vital for positive morale due to the large amount of influence officers exhibit while managing housing areas and inmate behavior. Removing decision making ability from staff leads to feelings of un-appreciation and isolation. Involving employees by encouraging input on recommendations and plans of action enhance morale issues.

A contributing factor to poor morale is lack of communication between officers and management. This creates barriers, an environment of staff distrust, and the encouragement of rumors. If rumors are not addressed, credibility may be given to the false information. Creating a nurturing environment for morale includes frequent communication and feedback with other staff members. Effective communication between all members of the facility will maintain and promote positive morale. Effective communication is dependent upon employee perceptions and the value those views hold. Communication among departments must be allowed to be open and truthful. Open communication between all staff members improves morale by allowing the individual to feel included as a valued part of the facility

The respondents were also on the opinion that it is important for staff to understand their performance is important to the institution. Feedback increases employee incentive and morale. Recognition of employee performance may be the most valuable factor for increasing job satisfaction and uplifting morale. Recognition of quality work supports confidence and bolsters morale. Most employees appreciate sincere thanks for a job well done. This recognition informs correctional personnel the action taken and decisions made were appropriate and appreciated.

4.6 Management Support

The study sought to determine whether the management support during restructuring influence employees morale. The respondents indicated that yes the management support during restructuring influence employee morale positively by providing equal attention to those who stay in the organization as well as those who leave. The management providing support as adequate time for those who leave, financial benefits and other incentives is important. This enables the employees not to feel as if the organization is against them.

An employee's relationship with a manager is the most important indicator of success or failure on the job. Managers have numerous ways to impact employee performance through behavior modeling, constructive feedback, and performance reviews, among other methods. However, these techniques won't succeed unless the manager tries to understand his employees' motivations. Management – employee relationship is thus important on both sides. This relationship is also important in contributing to teamwork within the work environment and team work contributes to employee morale

The respondents were of the opinion that employees build trust and empowerment in the top management if they are provided for support during restructuring and this influences the employees' morale in their work. During lay off of the employees, it is important for the employees to rely on the information communicated from top management, have openness because communication is not credible or information is withheld. The remaining employees may not believe that management cares about employees' needs if they see that their welfare has been sacrificed for top managers' personal gain. Their trust in top management's competency may also suffer. The employees may also tend to think that the company is unreliable if it has reneged on promises or been inconsistent in stated intentions and subsequent actions. Therefore, management support to the departing employees is very important since they also carry the image of the organization as they leave. The remaining employees also need support from management so that they may overcome the fear that they are targeted next and hence they may lose productivity.

Employees' sense of empowerment also suffers. As they become increasingly suspicious of management, they may see themselves as independent contractors, viewing the organization in purely instrumental terms and refusing to integrate themselves into the work culture. Empowerment languishes, as employees' sense of meaning is lost due to insufficient communication. Employees' competency may also be threatened as they take on the jobs of laid-off coworkers, which often require different skills. Their sense of personal control may suffer because of unclear or constantly changing job responsibilities or frequent layoffs that leave them wondering if they are next. Not surprisingly, their willingness to take risks may decline, and they may become more resistant to change.

High employee morale translates into increased productivity and performance. An employee that enjoys his or her work environment will help maintain the status quo. Without even realizing it, the quality of their contributions to the company improves. They also tend to get along well with co-workers and volunteer their assistance whenever needed. Production processes may realize increased efficiency in the completion of tasks. Paperwork is completed fully and in its proper place. Overall, the company's bottom line feels the positive effects of their dedicated workers and high employee morale.

Conversely, the respondents stated that low employee morale has a negative, almost destructive, effect on a company as a whole. Employees lack confidence in their positions and their organization. Low morale will always make the employees to work mainly on their interests without putting the interests of the organization first, such as the corporate strategies and objectives to be achieved. This results in a half-hearted effort in their work performance. Low morale also causes tension between co-workers to develop. Tasks are not completed in a timely fashion and errors persist throughout. Ultimately, the company will see its expenses rise and will not realize its full potential in net income.

Due to its impact on a company's net income, maintaining high employee morale remains of paramount importance to management. They help to maintain high employee morale through various means. They keep employees involved in some of the managerial decisions that affect their work and give them some autonomy over their workload. Management also communicates with employees so that employees can be prepared for upcoming changes within the company.

The study sought to find out whether the managements reward system affects employee morale. The respondents indicated that most employees are motivated by rewards and even promotions giving motivation hence improving on the work progress and performance generally. Rewarding employees almost always boosts a company's employee morale. Pay raises have historically been the reward of choice for outstanding performance by employees. While it does boost morale, management needs to think beyond mere financial means of motivation to keep morale high. Training and educational opportunities, promotions, flex time, and shorter work weeks are just a few examples of other ways that Barclays Bank of Kenya uses to reward employees.

Reward system is a primary method of controlling the behaviors and attitudes of the organization's members. It is concerned with two major issues: performance and rewards. In strategy, performance is always linked to the reward system. It defines the relationship between the organization and the individual member by specifying the terms of exchange. It specifies the contribution expected from the members and expresses values and norms to which those in the organization must conform as well as the response individuals can expect to receive as a result of their performance.

The respondents further indicated that employee morale influence efficiency in the organization. The employee morale contributes to teamwork, leadership, innovation, efficiency and commitment to the work progress. Also the respondents indicated that the employees' morale influence performance in the organization. High morale individuals are eager to work tirelessly to meet their goals as opposed to low morale employees

The only way employees will fulfill the organizations dream is to share in the dream. Reward systems are the mechanisms that make this happen. However, reward systems are much more than just bonus plans and stock options. The greatest management principle is that the things that get rewarded get done. When the employees do hit the target and meet a stretch standard set for them, reward has to be immediate. By doing this, the employees directly connect the reward with behavior and higher performance they've attained.

4.7 Discussion of Results

The objective of the study was to evaluate organizational restructuring and employee morale in Barclays bank of Kenya Limited. The study found out that during restructuring, communication, employee involvement and support from the management are key factors to consider that contribute to the morale of employees. This study presents findings similar to other theoretical and empirical studies.

4.7.1 Comparison with Theory

Mckinse's (1982) framework described the seven factors critical for effective strategy execution. Strategy, structure, shared values (attitudes and philosophy), Staffing (approach to staffing the organization and its overall "people orientation"). Systems (administrative systems, practice and procedures used to run the organization on a day to day basis including the reward structure formal and informal policies, budgeting and programs, training, cost accounting, financial controls). Skills (the organization skills, capabilities and distinctive competence); Style (how top management allocate their time and attention, symbolic action, their leadership skills, the way management team comes across to the rest of the organization).

The 7-s framework is a simple way to illustrate that job of implementation strategy is one of bringing all the 7s's in harmony. When the 7's are in good alignment, organization is poised and energized to execute strategy to the best of its abilities (Thompson and Strickland, 2007). This was in line with the findings at Barclays Bank of Kenya on Organizational Restructuring since it is a Strategy and it will affect the Systems, Structure, Shared values and to some extent the style of leadership.

It is also evident that BBK employs General systems theory which emphasizes the way in which organized systems (human and non-human) respond in an adaptive way to cope with significant changes in their external environments so as to maintain their basic structures intact. Systems theory is less of a management methodology as it is a way of analyzing and thinking about organizations. It puts forth the premise that organizations, like living organisms, are made up of numerous component subsystems that must work together in harmony for the larger system to succeed.

Systems theory states that organizational success relies on synergy, interrelations and interdependence between different subsystems. As arguably the most valuable component of a company, employees make up various vital subsystems within an organization. Departments, work groups, business units, facilities and individual employees can all be considered component systems of the organizations. Therefore for systems to work it is important for an organization to work closely with the employees and to motivate them in order to maintain a high morale to work. Employees are part of the system in an organization that contributes to productivity directly or indirectly

4.7.2 Comparison with other Studies

According to Johnson (2014) Any process of lay-off or non-renewal of employees produces a profound emotional impact on the workforce. Even the threat of losing one's job creates a traumatic fear at the deepest primal levels. The psyche goes to the worst case scenarios that are joblessness, homelessness, inability to care for one's family, potential illnesses and many others. The threat of lay-off affects everyone in the workplace; the person being laid off, the staff remaining in the workplace and the management that is involved in the executing the lay-off.

Johnson says that the person most affected by a lay off is the person being let go. The trauma goes beyond the concerns raised above. There is a loss of status, of belonging to the organization. Work provides meaning for one's life, connections to others, respect and affirmation. Suddenly, the laid off person does not belong to the group, is an outsider. This person is angry, hurt, engulfed in feelings of helplessness, rage, sadness, and loss. This person is uncertain about how to behave in this new status.

Johnson (2014) also notes that the employees remaining in the workplace also experience considerable trauma during this time. First of all, their security is seriously shaken. If this can happen to someone else, it can happen to me. Also, there is a major disruption in the status quo; relationships are severed, work is redistributed with a probable increase in everyone's workload. A great sense of disease sets in; people do not know how to behave. Surviving employees fear their own lay off and are relieved to have a job, which produces confusion as to how to relate to others in the workplace.

Employees construct a lifestyle based on receiving a regular income. This includes taking on debts and mortgages based on their ability to make monthly payments. Losing a job can be a financial blow for the departing employee if he cannot find alternative employment quickly. Severance pay and unemployment benefits may not cover his all of his expenses for more than a few weeks. Even if he finds a job, it may pay a lower salary than his previous job. If this happens, his lifestyle may have to change to accommodate his lower earnings.

According to Lewin & Johnston (2000), in addition to these negative effects, employees suffer from heightened levels of stress, conflict, role ambiguity, and job dissatisfaction, the inability to monitor, control and support business units effectively. Bergström & Storrie (2003) adds that firms lose their stability and experience declines in terms of their levels of coordination and motivation; implementation of a more market oriented market structure. In due time, it is the company's performance levels that suffer to the greatest extent as a result of reduced employee morale.

Lewin & Johnstone (2000) findings established that survivors' expectations of outcomes of downsizing initiatives had a strong negative impact on respondents' propensity toward trust, commitment, and flexibility in their relationships with the employer. Literature that examines the survivors of downsizing found that survivor's syndrome describes a common set of symptoms that emerges in layoff survivors. These symptoms include guilt, anxiety, fear, insecurity, anger, and in more severe cases, depression or other emotional and physical ailments.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and recommendations of the study in line with the purpose of the study aimed at evaluating organizational restructuring and employee morale at Barclays Bank of Kenya Limited.

5.2 Summary

The study involved evaluation of the organizational restructuring and employee morale in Barclays Bank Kenya Limited. The study shows that Barclays bank recently carried out restructuring and from the responses some of the employees are unsatisfied with restructuring exercise and recommend other strategies such as , downsizing via early retirements, working in shifts, transfers to other placements, and outsourcing for other duties. Particularly, organizational restructuring involves making critical decisions about how to deploy or re-deploy in order to downsize. Layoffs affect employee morale and those employees who remain suffer the more negative effects.

The remaining employees often seem to show less loyalty and commitment towards the organization after the event of downsizing and may therefore perform work of less quality and lower productivity. Downsizing can threaten employees' sense of wellbeing in several ways. They may see the company as having behaved unjustly or unfairly. They obviously feel less secure. They may also lose the belief that their contribution to the business will be rewarded in future. These responses may easily threaten business performance.

Trust between managers and employees are critical for effective work relationships, especially under conditions of high uncertainty or conflict. Empowered employees have a sense of meaning, competence, and personal control over their work environment. Lewin & Johnstone (2000) findings established that survivors' expectations of outcomes of downsizing initiatives had a strong negative impact on respondents' propensity toward trust, commitment, and flexibility in their relationships with the employer. Literature that examines the survivors of downsizing found that survivor's syndrome describes a common set of symptoms that emerges in layoff survivors. These symptoms include guilt, anxiety, fear, insecurity, anger, and in more severe cases, depression or other emotional and physical ailments.

The study further established that communication influences employee morale to a great extent. It also indicated that departmental meetings and e-mails were used to a very great extent in BBK as a mode of communication. It was also indicated that memos and circulars were also used to pass information in the bank. Further, the study has illustrated that language influences employee motivation to a great extent while mode of communication, communication channel and credibility of information were indicated to influence employee morale during restructuring to a great extent. Fundamentally, relationships grow out of communication, and the functioning and survival of organizations is based on effective relationships among individuals and groups. Communication helps individuals and groups coordinate activities to achieve goals, and it's vital in socialization, decision-making, problem-solving and change-management processes.

The respondents indicated that employee involvement during restructuring influences employee morale. It was also indicated that employee involvement improved skills and developed trust among employees to the management which lead to stronger commitment which in turn influenced morale of the employee to a great extent. Participative management involves sharing information with employees and involving them in decision-making. Employees are encouraged to run their own departments and make decisions regarding policies and processes. It has often been promoted as the quick cure for poor morale and low productivity. Employees must have the skills and abilities to participate. Employees must have the technical background, communication skills, and intelligence to make decisions and communicate those decisions effectively. The organization's culture must support employee involvement and the issues in which employees get involved must be relevant to them.

The respondents revealed that the support provided by the management team during restructuring influence employee morale. An employee's relationship with a manager is the most important indicator of success or failure on the job. Managers have numerous ways to impact employee performance through behavior modeling, constructive feedback, and performance reviews, among other methods. The study indicated that by the management offering control and using appreciation methods (reward Mechanism), development and approval of the project plan and resource/ budgetary allocation to fund projects influenced employee morale to a great extent. When an employee is motivated, he is likely to perform above standards and achieve his or her goals. The respondents thus noted that Barclays Bank of Kenya recognizes their efforts in terms of reward

Employees build trust and empowerment in the top management if they are provided for support during restructuring and this influences the employees' morale in their work. During lay off of the employees, it is important for the employees to rely on the information communicated from top management, have openness because communication is not credible or information is withheld. The remaining employees may not believe that management cares about employees' needs if they see that their welfare has been sacrificed for top managers' personal gain. Their trust in top management's competency may also suffer. The employees may also tend to think that the company is unreliable if it has reneged on promises or been inconsistent in stated intentions and subsequent actions.

5.3 Conclusion

Morale must be recognized, maintained, and encouraged in order to guard against reduced individual job performance and organizational instability. Training and education should be continuously provided and encouraged. Directives must be clearly defined and communicated through a good and reliable system that enables a good flow of information at every level of the organization. Supervision need to work alongside employees offering guidance and the reflection of appropriate behaviors. Staff should be empowered to make decisions and solve problems. Open communication must offer feedback regarding individual job performance and the recognition of good work. A positive environment should consist of individual respect and a unified staff. All these factors employed in unison will have a positive effect upon employee moral through stressing the importance of the individual and benefiting the cohesion of the facility.

The need for positive morale is fundamental for success at any level. The employee reflecting a positive attitude increases career opportunities. The supervisor properly motivating the troops increases the esprit de corps. The organization creating morale will succeed philosophically and economically. Morale may very well be the most important attribute a correctional institution may establish, a supervisor may enhance, and the individual should promote.

Employee trust and empowerment decline considerably during downsizing for various reasons. Survivors may no longer trust top management's openness because communication is not credible or information is withheld. Survivors may not believe that management cares about employees' needs if they see that their welfare has been sacrificed for top managers' personal gain. Their trust in top management's competency may also suffer. Finally, survivors may also think that the company is unreliable if it has reneged on promises or been inconsistent in stated intentions and subsequent actions.

5.4 Recommendation

The organization must provide attractive and significant benefit packages in order to provide basic care for the employees and their dependents. Employees must be viewed as a vital component within the institution and given a sense of value. The organization should encourage open communication and abolish any barriers which may exist. The study recommends that the management should ensure that communication is done effectively. By having effective communication the management should ensure that the channels of communication are open to the employee to allow them to give their opinion.

The study also recommends that the management should offer the management support to support restructuring. Those individuals serving in a management capacity are responsible for employee morale through effective leadership. The managers should encourage and motivate the line staff while carrying out their responsibilities. The leaders have the capacity to coach, guide, and provide information to their officers in order to encourage professional development. The management needs to work with employees, not against them. The management needs to set the standard and lead by example. Managers are to reflect the values of the organization. The management should offer enough resources (budgetary allocations) and give a plan of activities during restructuring. It should also have in place a good reward system in place to ensure the employees are compensated for their efforts. By doing this the management ensures that the morale of the employee is maintained and enhanced.

To ensure employee morale, the study also recommends that the organization should involve employee not only in the restructuring but also in the decision making. The ability to work and function as a team is essential to the corroboration of high morale. Staff unity provides a nurturing environment and positive peer pressure to act in accordance with directives, interacting with respect for each individual, and taking pride in personal appearance. Employee involvement goes a long way in ensuring that the employees own the process of restructuring and therefore their support is ensured as a result of improved morale. Not only during restructuring should the employees be involved but it is also very important for the organization to involve employees at all matters of change that is to be implemented in the organization

5.5 Limitation of the study

This was a case study of one organization and the data collected may differ from that found in other banking organizations since they use different strategies to restructure their organization and different processes while implementing. However the researcher made an effort to construct an effective research instrument that sought to elicit general and specific information on the organization restructuring and how it influences the morale of employees.

The researcher faced difficulties in obtaining the data since the information required on organization restructuring and employee morale was considered more sensitive and the management was unwilling to share it fully and mostly focused on the general view. Due to the nature of information handled by banks, some respondents were very sensitive about information they were sharing thus did not give information considered as confidential. This may have led them to give unreliable information leaving out some questions which would be important in the study. The limitation was reduced by looking for other sources of data like secondary sources from the internet and related links comparing the data with the information provided.

In addition, some of the respondents being normally very busy people did not have time to be interviewed. In such cases some of the bank officials proposed their assistants to be interviewed on their behalf. Since the research was conducted via open-ended interviews, a large amount of time was needed to collect information from the respondents. Time limitation made it impractical to include more respondents in the study.

5.6 Suggestions for Further Research

The study focused on the organizational restructuring and employee morale in Barclays Bank Kenya Limited. The organization in study is a private institution that has incorporated the policies of organizational restructuring, therefore, the study suggests for future study that a wider scope to be covered involving NGOs and governmental institutions in organizational restructuring and the influence it has on the employee morale in the institutions.

In line with the findings in this study, the following studies need to be carried out. First, a study needs to be carried out to find out the best way to improve on the morale of the surviving employees after restructuring. In addition, a study needs to be undertaken to determine how to measure the morale of employees during restructuring and its relation to performance. Finally, a study also needs to be carried out to establish the frequency of restructuring and the exact time frames of restructuring so as to determine the most appropriate time for the next restructuring exercise for optimum implementation. Moreover, a similar study needs to be conducted in a different industry to see the practical applications of the findings in the particular industry

5.7 Implication on Policy, Theory and Practice

The study implies that there is a relationship between restructuring and morale of employees. There is significant decrease in employee morale in situations when restructuring is implemented and it affects performance and productivity. The main reason that organizations give for restructuring is that they want to become more efficient and more profitable.

Organizations restructure for purposes of efficiency, attaining competitive advantage and improving on value. The study was carried out to determine whether organizational restructuring affects the morale of employees. From the analysis and results, the morale of employees is shaken in any case the organization anticipates restructuring. It was also evident that the remaining employees after restructuring are faced with fear thus low morale. This clearly implies that the surviving employees are faced with psychological trauma which negatively affects work progress

Organizations adapt to change by restructuring. This includes transforming their structures, re-engineering business processes, and changing their cultures. In working environments, this means that individuals must either unlearn the old ways of doing things or develop new competencies or move out of their jobs. The idea is to make the organization more flexible and competitive. The study shows that restructuring is implemented from the top most level of management. Therefore there is need for involvement of everyone in the organization in the restructuring process for it to be successful and for it to be sustainable.

For restructuring to be a success, management needs to take employee needs and concerns into consideration. The inclusion of employees in planning and implementation of strategies, enable the organization to use its inherent knowledge in moving theory into practice. There is need for organizations to; involve the staff and explain how they will be affected, improving communication, motivate staff, involve the stakeholders and offer necessary management support in all processes.

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APPENDICES

Appendix I: Interview Guide

This is a data collection tool that will be used by Research Assistants to collect data for a research project proposal that is being prepared as a requirement for the award of a Master of Business Administration degree. It is to be used for academic purposes only. The information collected through this tool will be confidential and will not be shared by anybody for any other purpose other than academic work.

PART A BACKGROUND INFORMATION

1. Gender?
2. What is your age?
3. What is your position in the company?
4. How long have you worked with Barclays Bank?

ORGANIZATIONAL RESTRUCTURING AND MORALE OF EMPLOYEES

5. It is my understanding that most banks use a lay-off strategy to cut costs. What is your take on this measure?
6. Would you recommend management to use this kind of strategy? If NOT briefly explain the reason
7. Do you think laying-off some employees as a cost cutting measure affects the morale of the remaining employees in the organization?

8. How does the organization deal with the remaining employees after downsizing to ensure there is no fear?

Communication

9. Do you think communication during restructuring influences employee morale?

10. Which modes of communication does the bank use to deliver information to its employees to ensure employee morale?

11. Do you think language of communication influences employee morale in your bank?

12. Do you think the communication channels used by the bank to influences the morale of employees?

13. Do you think the credibility of information influences the morale of employees?

Employee involvement

14. In your own opinion, does employee involvement during restructuring influences employee morale?

15. Do you think improving employee skills will affect their morale during restructuring?

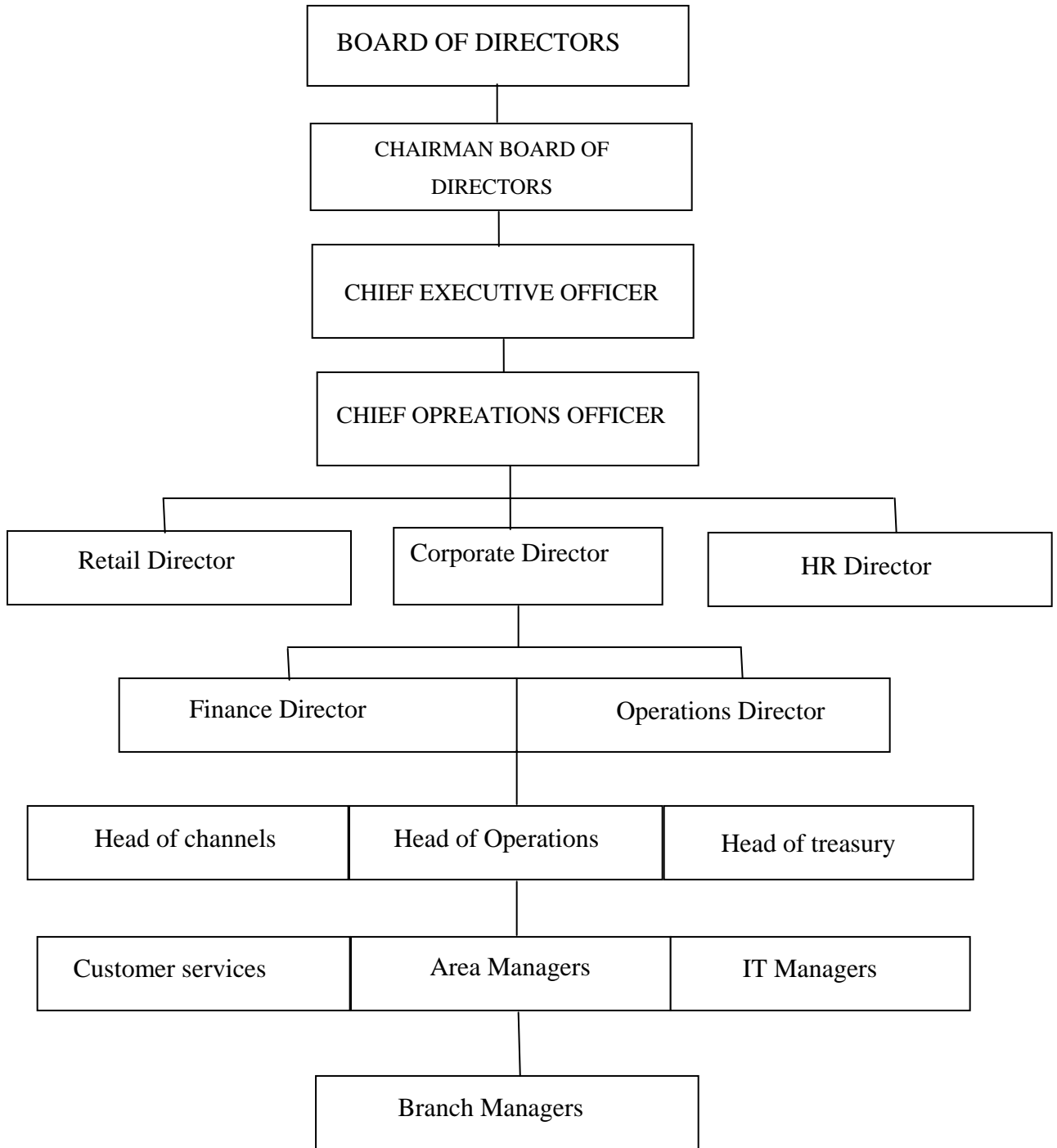
Management Support

16. In your opinion, does management support during restructuring influence employee morale?

17. Do you think the management system including policy affects employee morale during restructuring?
18. Do you think managements reward system affects employee morale?
19. In your own opinion, does employee morale influence efficiency in your organization?
20. Does employee morale influence performance in your organization?

Thanks for participating

Appendix II: Barclays Bank of Kenya organization structure



Source: Barclays bank of Kenya internal memo (2013)

Appendix III: Introduction letter



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 6th August 2014

TO WHOM IT MAY CONCERN

The bearer of this letter ... PHILLIP ODHIAMBO AGUNDA

Registration No..... D61/60464/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



Appendix IV: Cover letter

Barclays Bank of Kenya Ltd,

Corporate Affairs Manager

August 2014

Dear Respondent,

REQUEST FOR RESEARCH PROPOSAL DATA

I am a postgraduate student at the University of Nairobi, School of Business. I am carrying out a research on “Organizational Restructuring and employee morale at Barclays Bank of Kenya”. This is in partial fulfillment of the requirement for the degree of Master in Business Administration, (Strategic Management) option program at the University of Nairobi.

This study uses Barclays Bank of Kenya as a case study from which the respondents will be selected within the Organization. They will be the departmental managers and part of the senior management. The success of this research substantially depends on your help and cooperation. The information provided will exclusively be treated with utmost confidentiality and will be used only for academic purposes and neither your name nor any other details shall appear in my report. Should you require a copy of the research paper I will gladly oblige.

Yours sincerely,



Phillip Odhiambo Agunda
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0700331818