THE EFFECT OF CORPORATE RESTRUCTURING ON SHARE PRICES OF COMPANIES QUOTED IN THE NAIROBI SECURITIES EXCHANGE

BY

STELLA MBOGO

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DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

Signature ______________________ Date ______________________

Stella Mbogo

REG No: D61/60246/2013

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

Signature ______________________ Date ______________________

DR. J. ADUDA

SENIOR LECTURER, SCHOOL OF BUSINESS,

UNIVERSITY OF NAIROBI

DEDICATION

I dedicate this research project to my dear family. My mother Leadys and my sisters Evelyn, Regina and Gloria for their support and encouragement that has always inspired me to work hard.

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LIST OF ABBREVIATIONS

AIMS	Alternative Investments Market Segment
ATS	Automated Trading System
CBK	Central Bank of Kenya
CDS	Central Depository System
CR	Corporate Restructuring
FISMS	Fixed Income Securities Market segment
FOMS	Futures and Option market Segment
MIMS	Main Investment Market Segment
NSE	Nairobi Securities Exchange
SEC	Security Exchange Commission

ABSTRACT

Restructuring enhances the prospects for improved performance for firms (Hoskisson & Turk, 1990) via strategic reorientation, organizational configuration and governance structure adjustment. Bowman, Singh, Useem and Badhury (1999) comparative studies showed contradictory results whereby there was positive change in performance for firms that adopted portfolio and financial restructuring and negative results for those that adopted organization restructuring. Local studies on restructuring are not also an exception. None of the studies focused on the impact of corporate restructuring on share prices of companies quoted in the NSE. Therefore, this study sought to find out the relationship between corporate restructuring and share prices of companies quoted in the Nairobi Securities Exchange. The study sought answers to the following research question: What is the relationship between corporate restructuring and share prices of companies quoted in the Nairobi Securities Exchange? The study hypothesis was that there is no significant relationship between corporate restructuring and share prices of companies quoted in the Nairobi Securities Exchange.

This study adopted a descriptive survey research design. The target population was all the companies quoted in the NSE as at 31st December 2013. Stratified proportionate random sampling technique was used to select a sample of 10 companies quoted in the NSE. Secondary data was obtained from the NSE published annual reports spanning five years (2009-2013) for the sampled 10 firms. The primary data was collected using a questionnaire. The quantitative data was analysed using descriptive statistics while qualitative data was analysed using content analysis, through developing a thematic framework from the key issues, concepts and themes. Regression analysis was used to test the relationship between corporate restructuring and share prices of companies quoted in NSE in Kenya.

In light of the findings, portfolio restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE. Given the steady increase in the financial restructuring of the listed firms over the 5 year period and the corresponding increase in the listed firms' share prices over the same period, the study concludes that financial restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE. The organizational restructuring of the listed firms steadily increased over the 5 year period therefore, organizational restructuring as a corporate restructuring practice affected the share prices of the companies listed in the NSE. The study recommends that the management of the listed firms should strive to achieve portfolio balance for their firms in order to enhance their firms' value hence leading to an increase in their firms' share prices. The management of the listed firms should strive to achieve an effective capital structure for their firms in order to enhance their firms' value hence leading to an increase in their firms' share prices. The management of the listed firms should avoid disruptive and non-value adding organizational restructuring in order to enhance their firm's financial performance hence leading to an increase in their firms' share prices.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporate restructuring has undoubtedly become a major program for many organizations as it paves ways for greater efficiency and cost-effectiveness. Both corporate and business strategies are currently integrated into restructuring program to yield greater financial performance in both short and long run. Corporate restructuring comprises of reorganization of assets through acquisitions and sell-offs, creating new ownership through spin-offs, split-ups and equity carve-outs, reorganizing financial claims through exchange offers, leveraged recapitalization, financial reorganization and liquidation and other strategies like joint ventures and levered buyouts (Weston, Siu and Johnson, 2001).

In recent years, corporate restructuring has attracted much attention from academics not only because it concerns a wide range of aspects but also due to its implications for firms to adjust strategies regarding to the dynamic business environment, and eventually enable firms to create and retain the competitive advantages. The idea of corporate restructuring is to allow the company to continue functioning in some manner. Firms may obtain a core competence of continually acquiring other firms, restructuring, and retaining certain firm assets, while divesting others. Restructuring refers to changes in the composition of a firm's set of businesses and/or financial structure (Hitt, Ireland and Hoskinsson, 1997). Corporate restructuring may take

different shapes of strategies, this entail: downsizing, downscoping, delayering, reengineering, verticalization and so forth.

The Kenya business environment has been undergoing drastic changes for some time now. Some of these changes include the accelerated implementation of economic reforms by the government, the liberalization of the economy, discontinuation of price controls, privatization and partial commercialization of the public sector not forgetting increased competition. In this changing environment, organizations have to constantly adapt their activities and internal configurations to reflect the new external realities and hedge inherent risks expected (Kirui, 2011).

During the past decade, corporate restructuring has increasingly become a staple of management life and a common phenomenon around the world. Unprecedented number of companies across the world have reorganized their divisions, restructured their assets, streamlined their operations and spun-off their divisions in a bid to spur the company performance. It has enabled numerous organizations to respond quickly and more effectively to new opportunities and unexpected pressures so as to re-establish their competitive advantage (Munene, 2013).

1.1.1 Corporate Restructuring

Restructuring is the process of making major change in an organization’s structure. It involves reducing the management levels and possibly changing components of the organization through divestiture and or acquisition, as well as shrinking the size of the work force (Bartol and Martin, 1998). Restructuring a corporate entity is often a

necessity when the company has grown to the point that the original structure can no longer efficiently manage the output and general interests of the company.

Corporate restructuring may call for spinning off some departments into subsidiaries as a means of creating a more effective management model, as well as taking advantage of tax breaks that would allow the corporation to divert more revenue to the production process. Restructuring is seen as a positive sign of growth of the company and is often welcomed by those who wish to see the corporation gain a larger market share and competitiveness (Bowman, Singh, Useem, Badhury, 1999).

Mintzberg, Lampel, Quinn and Sumantra (1996) pointed out that change in organizations is greatly spoken about, yet all too often done in bits and pieces. There are two major dimensions of change; about strategy- the direction an organization is headed, and about organization- the state it is in. Both have to be considered when changing an organization. The main concern in this study however is on organization, particularly organization structure (reorganizing, revitalizing). An organization can easily change a single product or an individual, but changing, say a vision or a structure without changing anything else is futile, just an empty gesture. In other words, it makes no sense to change structure without changing systems and people, or to change vision without rethinking strategic positions as well as redesigning programs and products (Dong, Putterman and Unel, 2004).

According to Pearce and Robinson (2011) restructuring is one of those terms that reflect the critical stage in strategy implementation where managers attempt to rationalize and recast their organizational structure, leadership, culture, and reward systems to ensure a basic level of cost competitiveness, capacity for responsive

quality, and the need to shape each one of the terms to accommodate unique requirements of their strategies. The other terms besides restructuring that reflect the critical stages in strategy implementation are: downsizing, reengineering, outsourcing, and empowerment.

A firm needs to reorganize its activities in order to remain competitive as well as retain existing customers and attract new ones. A firm is assured of a competitive advantage only after others' efforts to duplicate its strategy have ceased or failed. Even if it achieves a competitive advantage, it can sustain it only for a certain period of time (Hitt, Ireland and Hoskinsson, 1997). The speed with which competitors are able to acquire the skills needed to duplicate the benefits of a firm's value-creating strategy determines how long a competitive advantage will last. Understanding how to exploit its competitive advantage is necessary for a firm to earn above-average returns.

1.1.2 Share Prices

Normally investors require a return on their investment. In the recent periods several investors have discovered the variability of investing in the stock exchange in order to earn dividend or capital gains. This has resulted in firms seeking to be listed in the Nairobi Stock Exchange (NSE) so as to raise funds for investment purposes from the general public (Nation Newspaper 11th January 2007).

The development of an economy requires expansion of productive activities, which in turn is the result of the capital formation, which is the capital stock of the country. The change in the capital stock of the country is known as investment. Investment is

key factor for capital formation. Investment promotes economic growth and contributes to a nation's wealth. Investor desire to earn some return from the investment, without any return there is no any investment. Investment will block, if there is no return. The total expected return include two components one is capital gain and other is dividend.

In the capital market, all firms operate in order to generate earnings. Shareholders make investment in equity capital with the expectation of making earning in the form of dividend or capital gains. Thus, shareholders wealth can increase through either dividend or capital gain. Once the company earns a profit, it should decide on what to do with the profit. It could be continued to retain the profit within the company, or it could pay out the profit to the owners of the company in the form of dividend. Dividends are payment made to stockholders from a firm's earning in return to their investment. Dividend policy is to determine the amount of earnings to be distributed to shareholders and the amount to be retained or reinvestment in the firm. The objective of a dividend policy should be to maximize shareholder's wealth position.

1.1.3 Corporate Restructuring and Share Prices

Ager (2009) carried out an empirical analysis of capital structure rebalancing by firms listed at Nairobi Stock Exchange to establish whether firms actively try to rebalance their capital structure when optimality is thrown off balance. The study findings showed that in some instances there were attempts at capital structure rebalancing but the evidence was weak and this can be attributed to inertia in capital adjustment by the listed firms. This concurs with Myers (1984) assertion that the cost of such adjustment outweighs the benefits.

Grinbatt et al (1984) noted significant increase in stock prices in response to announcement of cash dividends and capital structure changes. The changes were attributed to optimal dividend and debt levels and stemmed from changes expected in cash flows emanating from their future earnings. Hence signaling changes in firms' value as result of changes in capital structure.

Marcia et al (1989) investigated information effects associated with debt for equity and equity for debt exchange offer, evidence found suggests that debt for equity offers led to abnormal stock prices increased while the case of equity for debt lead to abnormal stocks prices increases while the case of Equity for debt lead to abnormal stock prices decreases. Furthermore findings based on cross sectional analysis and cross sectional regression do not lend to wealth transfer and tax effect hypothesis but are more consistent with information effect hypothesis.

Finnerty (1985) analysis of stock for debts swaps found that stock market reacted negatively to the announcement of stock only to debt swap transactions, but shares rallied later following the announcement. And in contrast the stock market reaction to announcement of stock plus cash for debt was a roughly neutral when such a swap is followed by a share repurchase and or a bond refund transaction, the cumulative market impact of the transactions were positive. They showed that the initial negative reaction cannot be explained in terms of either tax or a wealth effect and argued that it can be explained in terms of the informational effect.

1.1.4 Firms Listed in the Nairobi Securities Exchange

Many industries in Kenya have registered good performance in the past decade notwithstanding the local and global turbulence. Going forward the sector growth is expected to increase in the backdrop of new opportunities in both domestic and regional markets (CBK, 2010). In bid to grab these opportunities, players in the various industries have experienced high competition within their respective industries as they focus to reduce cost and improve performance not forgetting ensuring customer satisfaction. Kenyan firms have had to develop strategies to respond to the stiff competition, to both safeguard their niches and to enlarge their market share. Different firms have in the past used different competitive strategies to manage their businesses (Kirui, 2011).

The strategies adopted are and not limited to restructuring by retrenching staff and downsizing their scope of operations, delayering the organizational hierarchy, outsourcing none-core services, changing work processes by assigning employees more tasks and requiring them to learn new skills among others (Ngige, 2012).

Over the last few years, the firms listed in NSE in Kenya have continued to growth in assets, deposits, profitability and products offering. The growth has been mainly underpinned by; an industry wide branch network expansion strategy both in Kenya and in the East African community region. Automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' products (Omusula, 2012).

Players in various sectors have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market (PWC Report, 2012). The various industries in Kenya have also involved themselves in automation, moving from the traditional operating systems to better meet the growing complex needs of their customer and globalization challenges. Some key challenges for the various industries in Kenya include; New regulations. The implementation of these regulations poses a challenge to some of the existing firms and they may be forced to merge in order to comply. Meeting these challenges requires corporate restructuring in terms of new business and marketing strategies that boost revenues, improve operational efficiency, cut costs, and enhance the overall management of business (Ochieng, 2013).

The stock exchange is a market that deals in the exchanges of securities issued by publicly quoted companies, corporate bodies and the government. According to Knott (2004), a stock market is said to be efficient if it has the following characteristics: information once received is quickly incorporated in the security prices; the transaction cost such as the commissions paid to brokers should be minimal so that it does not discourage investor from buying and selling the securities, there is continuous trading of securities; and there should be no insider trading. The Kenya capital market is divided into four independent market segments; the Main Investment Market Segment (MIMS), the Alternative Investments Market Segment (AIMS), Fixed Income Securities Market segment (FISMS), and at a later stage Futures and Option market Segment (FOMS) (Knott 2004).

1.2 Research Problem

Turbulent working environment has stressed the businesses resulting to failure of performance. It is evident that most of them are restructuring to turn around this situation. Restructuring enhances the prospects for improved performance for firms (Hoskisson & Turk, 1990) via strategic reorientation, organizational configuration and governance structure adjustment. First it provides an opportunity to transfer assets to higher valued users hence recapturing competitive advantages that have been dissipated from over-diversification. Secondly, a more focused strategy based on core business is likely to produce higher profits. This is supported by Duhaime & Grant (1984) who finds higher gains produced by divestitures under circumstances of a related strategy. Moreover, the new corporate configuration following restructuring provides the potential for enhancing managerial efficiency, which is reflected in the profitability and viability of the firm.

Studies in Chinese context depicted three different views on the implications of restructuring performance. The first asserts performance improvements (Dong, Putterman, & Unel, 2004), the second found that restructuring might not result in enhanced performance and the last view suggest that the implication of restructuring is inconclusive and depends on the type of strategy adopted. This is supported by inconclusive evidence from Wen (2002) study which shows restructuring results in better profitability. Bowman, Singh, Useem and Badhury (1999) comparative studies showed contradictory results whereby there was positive change in performance for firms that adopted portfolio and financial restructuring and negative results for those that adopted organization restructuring.

In the past decades firms in Kenya have been facing environmental challenges that have made them respond by adopting various strategies. Firms have gone through mergers and acquisition geared towards increasing the capacity of the firms to offer their services, downsizing to reduce costs and mergers of directorship hired to drive innovation and boost operational efficiencies that is needed to spur growth. Some of the firms has realised a major turnaround success after restructuring whereas in others no significant difference has been realised in terms of operational and economic performance. As firms in Kenya are becoming more developed and competitive, increasing market share or margins is becoming difficult. It is therefore becoming more likely that firms will seek to expand and cut costs by way of restructuring.

Local studies on restructuring are not also an exception. Namatsi (2008) focussed on implementation of Restructuring Strategy at Kenya Airways. Ngige (2012) studied corporate restructuring and firm performance in the banking sector of Kenya. Jarso (2012) reviewed restructuring strategy and performance of major commercial banks in Kenya. Njau (2012) did a study on effects of corporate restructuring on employee job satisfaction in Kenya commercial bank Nairobi Region. Kirui (2011) investigated on effects of corporate restructuring on employees' motivation in Kenya Commercial bank limited Nairobi region. Munene (2013) studied impact of restructuring on performance of development finance institutions. Ochieng (2013) focused on the effect of corporate governance practices on the share prices of companies listed at the Nairobi securities exchange.

None of the studies focused on the impact of corporate restructuring on share prices of companies quoted in the NSE. Therefore, this study sought to find out the relationship

between corporate restructuring and share prices of companies quoted in the Nairobi Securities Exchange. The study sought answers to the following research question: What is the relationship between corporate restructuring and share prices of companies quoted in the Nairobi Securities Exchange? The study hypothesis was that there is no significant relationship between corporate restructuring and share prices of companies quoted in the Nairobi Securities Exchange.

1.3 Research Objective

The objective of this study was to establish the effect of corporate restructuring on share prices of companies quoted in the Nairobi Securities Exchange.

1.4 Value of the Study

This study may be of value to academicians and researchers, firm policy makers, investors and the government. To the researchers and academicians it may provide more insight in to the implication of restructuring on share prices and to build their body of knowledge for more expounded research on which they may use as a reference for future studies.

For the firm policy makers, the study may bring light to the implication of the different modes of restructuring strategies on performance and share prices of the firm and bring out the long and short term outcomes of the strategies which may help the companies in identifying the best strategy which may enhance superior performance and competitiveness. To the investors it may widen their knowledge when faced with restructuring decisions by analysing their effect on share prices of the firms they are involved and have invested in. Finally to the government, it may help the anti-trust authorities in controlling restructuring activities.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents review of theoretical and empirical literature on corporate restructuring and share prices.

2.2 Theoretical Framework

2.2.1 Strategy-Structure Contingency Theory

The strategy-structure contingency theory asserts that restructuring is a necessary and economically useful mechanism for organisations to adapt in the environment. Chandler (1962) showed that when firms become more diversified, they need to subsequently realign their structure by using organizational restructuring to restore and increase performance. The need to restructure is also motivated by the need to realign strategy to structure in order to enhance proper implementation of strategies.

The strategy-structure contingency theory is also referred to information processing theory. The structural contingency theory holds that there is “no one best way,” meaning that no single structure or structural type is optimal for all organizations. Instead, the structure that is most effective is the structure that fits certain factors, called contingencies. Thus the effectiveness of a structure depends on the degree to which it fits the contingencies. Some of the contingencies of organizational structure are the degree of uncertainty of the environment of the organization, organizational strategy, and organizational size. The main premise in structural contingency theory is

that there is no one best organizational structure; rather, the appropriate organizational structure depends on the contingencies facing the organization (Thompson, 1967).

2.2.2 Agency Theory

Shelley at al. (1998) discusses agency theory and relates it to restructuring. Agency theory suggests that the separation of ownership and management in corporations is Pareto optimal, despite the potential for conflicts of interest, if the corporate governance mechanism adequately safeguards shareholders' collective interests. The authors suggest that the corporate restructuring activity that occurred frequently during the 1980s is thought by many observers to be a rational response to the breakdown of the firms' internal control mechanisms to which the diversification mistakes of the 1960s and 1970s are attributed.

The goals of the restructuring efforts are usually to shift strategy, to infuse the company with new technology, to exploit the relatedness of the business units, to make follow-up acquisitions to build a critical mass, to sell off unneeded units, and to make efficient use of cash and leverage. After restructuring occurs, the company should be more efficient in its current operations, more effective in managing risks, and more adaptive to its environment. The authors determine that voluntary corporate restructuring efforts are used as pre-emptive measures against external capital market intervention. Shelley et al. (1998) also determine that the market values the non-tax benefits and the costs that are associated with restructurings. Frantz (1999) introduces an analytical model that attempts to explain the discretionary write-downs, write-offs, and other provisions involved in restructuring. The model is comprised of a firm that

is about to be restructured, a manager, and a financial market. The manager in this model has private information about the likelihood of success of restructuring efforts, and the manager may recognize all or a portion of the expenditure by reporting a discretionary restructuring provision. The manager makes the decision whether or not to report a provision, thereby recognizing the impact that restructuring may ultimately have on compensation. The paper demonstrates how the manager can communicate his or her private information to investors through the provisions that he releases or decides not to release.

Denis and Kruse (2000) examine the incidence of corporate restructurings and managerial control-reducing disciplinary events including takeovers and board dismissals among firms that have experienced a large decline in operating performance during a takeover period and a less-active period. The authors determine that although some managerial disciplinary events are related to overall takeover activity, the decline in takeover activity has not precluded performance-enhancing restructurings subsequent to performance declines.

Atiase et al. (2004) determine whether restructuring charges are associated with improved performance. The authors examine a sample of firms undergoing operational restructurings from 1991-1993, and they find that the restructuring firms' earnings increase compared to the earnings levels immediately before restructuring. However, the authors find that this result may be largely caused by firms with multiple restructurings and by firms reporting losses in the restructuring year. The authors find no association between restructuring charges and post-restructuring changes in earnings compared to the year before restructuring. Atiase et al. (2004)

conclude that restructuring charges are associated with improved earnings but not necessarily with improved operating performance.

2.3 Determinants of Share Prices

Aduda, Masila & Onsongo (2012) sought to investigate the determinants of development of NSE. The study employed secondary data (2005 to 2009) to model the impact of macroeconomic and institutional factors on the development of NSE. The macroeconomic factors included income level, savings and investment, stock market liquidity, macroeconomic stability and private capital flows. Institutional factors included political risk, bureaucratic quality, law and order, corruption and democratic accountability. Using regression analysis, it was found that stock market development was determined by stock market liquidity, institutional quality, income per capita, domestic savings and bank development while macroeconomic stability (proxied by inflation) and private capital flows were found to have no relationship with stock market development. Further, research is needed to establish whether macroeconomic instability and foreign private capital flow affect stock market development. Also, behavioural factors could be considered in development of stock markets as well as comparison of different factors affecting stock market growth in the East African Community countries.

Buigut, Soi, Koskei & Kibet (2013) on their study on the relationship between capital structure and share prices in NSE assessed the effect of debt, equity and gearing ratio on share price. Using panel data pertaining to the energy sector over the period 2006 to 2011 and employing multiple regression analysis, the results indicated that debt; equity and gearing ratio were significant determinants of share prices for the sector

under consideration. Further, gearing ratio and debt were found to positively affect share prices while equity negatively affected share prices.

Kipngetich, Kibet, Guyo & Kipkoskey (2011) investigated determinants of IPO pricing in Kenya. They explored the extent to which investor sentiment, post-IPO ownership retention, firm size, board prestige and age of the firm affect IPO pricing of firms listed at NSE. Secondary data (1st January 1994 to 31st December 2008) was used and analysed using multiple regression analysis and presented using descriptive statistics. Average under-pricing of 49.44 percent was observed in Kenyan IPOs for the period under study and all the variables tested were found not to significantly influence IPO offer price at the 5 percent level of significance. The study concluded that public information disclosed in the prospectus was insignificantly mirrored in IPO offer prices and that rational theory cannot explain the effect of investor sentiment in IPO market in Kenya given that investor sentiment and board prestige were negatively related to IPO offer price. Further research is needed on the role of regulatory authorities, especially as regards disclosure requirements, in protecting potential investors as the publicly available information provided in the prospectus may not reflect all pertinent facts to inform sound investment decisions.

2.4 Empirical Review

According to the Efficient Markets Hypothesis, by Fama (2007) prices reflect all publicly available information on and underlying asset. Event studies are frequently used to test market efficiency. An event study is a statistical method used to gauge the impact of a corporate event. This is done under the assumption that markets are efficient and rational and therefore any event changing the firm's value such as

restructuring will have an immediate impact on the share prices of the firms and the firm’s stock showing abnormal return (Brown et al, 2008).

Ager (2009) carried out an empirical analysis of capital structure rebalancing by firms listed at Nairobi Stock Exchange to establish whether firms actively try to rebalance their capital structure when optimality is thrown off balance. The study findings showed that in some instances there were attempts at capital structure rebalancing but the evidence was weak and this can be attributed to inertia in capital adjustment by the listed firms.

Grinbatt et al (2010) noted significant increase in stock prices in response to announcement of cash dividends and corporate restructuring. The changes were attributed to optimal dividend and debt levels and stemmed from changes expected in cash flows emanating from their future earnings. Hence signaling changes in firm’s value as result of changes in capital structure.

Fiehn et al (2009) noted that older studies suggested that finding the event date could be difficult because in the past companies announced changes throughout various occasions. This could have been the SEC (U S security exchange commission) stamp date, board meetings, the filing of the proxy statement or the date when shareholders vote in favour. Most of the announcements were made at the SEC stamp date.

A multi-day period around the event date is set in order to capture effects which might occur before the actual announcement date due to information leakage or as a lagged market reaction. The standardized short-term event window is defined as 3 trading days, the announcement date minus/plus one trading day. This three day event

window captures the effect of an event which has been disclosed prior or after the stock market opened, Fiehn (2010). Caution is taken to prevent the widening of event windows which may introduce effects of new Information reaching the market.

Namatsi (2008) focussed on implementation of Restructuring Strategy at Kenya Airways. The study established that the mechanism and process of restructuring at Kenya Airways was guided by circumstances that were prevailing in the air travel industry. The process started with an understanding of the company's strategic position emphasizing on strengths, weaknesses, opportunities and threats. Then the key stakeholders were informed and allowed to participate in the process. These included employees, government, strategic partners and clients. Since the airline was a state corporation, the change agents ensured that the process was consistent with laws and regulations relating to restructuring of public corporations. The strategy was implemented through debt restructuring, revenue enhancement, process innovation, cost reduction and reorganisation. Among the challenges faced by the airline were, Restrictive covenants with partners, delays arising from political patronage, lack of funds, lack of expertise, Aero-politics especially imposing of stringent visa conditions on some African states by the developed countries.

Ngige (2012) studied corporate restructuring and firm performance in the banking sector of Kenya. Findings revealed that generally restructuring resulted to improvement in performance in terms of market share growth, competitiveness, growth in quality of products, geographical spread and customer retention. Further findings revealed that banks used different strategies of restructuring which had different motives in influencing performance. In regards to the role of the different

modes used in influencing performance the study found mixed and inconclusive results as performance in some cases improved after financial restructuring whereas in other cases it declined. In the case of organisational and portfolio restructuring the study showed an increase in the year of restructuring and the year after though it was at a greater magnitude in the organisation mode of restructuring. The study recommends that choice of the mode of restructuring should be well thought depending on the objective that the firm wants to achieve.

Jarso (2012) reviewed restructuring strategy and performance of major commercial banks in Kenya. The study concludes that restructuring in banks leads to improved performance by the banks. The study had several limitations such as restricted number of participants and some respondents not giving information considered as confidential thus leading to the respondents giving unreliable information. The study implies there is a relationship between restructuring and performance of banks. For restructuring to be a success, management needs to take employee needs and concerns in planning and implementation of strategies.

Njau (2012) did a study on effects of corporate restructuring on employee job satisfaction in Kenya commercial bank Nairobi Region. The findings imply that there is a significant relationship between restructuring and increased work load, the assumption may be made that restructuring reduces the work force and it is highly probable that the remaining employees had to make up for work that had been done by retrenched employees. Flatter organizational structure resulted into improved communication hence speeds up and increases the effectiveness of the communication channels between management and their subordinates. In Conclusion, this study has

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

Kirui (2011) investigated on effects of corporate restructuring on employees' motivation in Kenya Commercial bank limited Nairobi region. From the findings the study concluded that management in the Kenya Commercial Bank needed to perfect restructuring and have employee's engagement in restructuring decisions, they needed to be trained, have salary reviews and rewards system to motivate the employees and improve employee's performance. The study also recommended that management of Kenya Commercial Bank should engage employees when restructuring to avoid de-motivating staff of which some had to re-apply for their jobs under a new organizational structure, outsource Information Technology services as this would enable the Kenya Commercial Bank management to change the job roles, risk management, mitigation model, employee performance management and reward frameworks, as well as IT infrastructure and subsidiary businesses.

Using multiple regression analysis Ngige (2012), Namatsi (2008) and Jarso (2012) established that the most significant restructuring initiative affecting share prices is financial restructuring followed by portfolio restructuring and organizational restructuring, respectively at 5% level of significance and 95% level of confidence.

2.5 Summary Of Literature Review

Namatsi (2008) focussed on implementation of Restructuring Strategy at Kenya Airways. Ngige (2012) studied corporate restructuring and firm performance in the banking sector of Kenya. Jarso (2012) reviewed restructuring strategy and performance of major commercial banks in Kenya. Njau (2012) did a study on effects of corporate restructuring on employee job satisfaction in Kenya commercial bank Nairobi Region. Kirui (2011) investigated on effects of corporate restructuring on employees' motivation in Kenya Commercial bank limited Nairobi region. Munene (2013) studied impact of restructuring on performance of development finance institutions. None of the studies focused on the impact of corporate restructuring on share prices which was being sought in the current study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section presents the methods in data collection and analysis and forms the blue print for conducting the research. It covers the research design, population of study, data collection and processing methods and data analysis.

3.2 Research Design

This study adopted a descriptive survey research design. This was because descriptive survey research design is appropriate where the study sought to describe the characteristics of certain groups, estimate the proportion of people who have certain characteristics and make predictions (Cooper and Schindler, 2003). The primary purpose of the study was to establish the effect of corporate restructuring on share prices of companies quoted in the NSE.

3.3 Population

Target population in statistics is the specific population about which information is desired. According to Denscombe (2008), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. The target population was all the companies quoted in the NSE as at 31st December 2013. According to Nairobi Stock Exchange (www.nse.co.ke) the firms which have been in operation for a period of not less than ten years were thirty three (33).

3.3.1 Sample

Denscombe (2008) underscores the importance of selecting a representative sample through making a sampling frame. From the population frame the required number of subjects, respondents, elements or firms was selected in order to make a sample. According to Cooper and Schindler (2003), random sampling frequently minimizes the sampling error in the population. According to Kothari (2004) a sample of 10-30% of the target population is representative and generalizable. Cenus sampling technique was used to select a sample of 33 companies as the population was small. Therefore all the 33 companies quoted on NSE were considered for the study. The companies were based on four sampling sectors namely: agricultural sector, commercial and services sector, finance and investment sector, and industrial and allied sector. The study then used simple random sampling technique across each stratum. However, the study only focused on firms that have undergone corporate restructuring.

3.4 Data And Data Collection Instruments

For the purpose of this study, the researcher used primary and secondary data. Secondary data was obtained from the NSE published annual reports spanning five years (2009-2013) for the sampled 33 firms. Secondary data was obtained on daily share performance available at the NSE offices. The share prices were directly available at NSE. The primary data which was collected using a questionnaire was to provide the cost of restructuring initiatives undertaken by the selected firm.

3.5 Data Analysis

Data collected was edited, coded and classified into different components to facilitate a better and efficient analysis. Corporate restructuring by firms quoted in NSE has various components namely portfolio restructuring, financial restructuring and organizational restructuring.

For the purpose of this study, corporate restructuring was analysed using various components namely; portfolio restructuring, financial restructuring and organizational restructuring. Considering the quantitative nature of the data collected through questionnaires and secondary data, descriptive statistics which describe the main features of the data collected (frequency, percent, mean and standard deviation) was used. Tables and bar charts were used to summarize responses for further analysis and to facilitate comparison. Qualitative data was analysed using content analysis, through developing a thematic framework from the key issues, concepts and themes emanating from the open ended questions (Nsubuga, 2000). Regression analysis was used to test the relationship between corporate restructuring and share prices of companies quoted in NSE in Kenya.

3.5.1 Conceptual Model

The conceptual form was specified as follows: $Y = f\,(X_{1,}\ X_{2,}\ X_3\ X_4\ X_5)$

Where Y is the share prices; X_1 is the portfolio restructuring; X_2 is the financial restructuring; X_3 is the organizational restructuring while X_4 is the moderating variables.

The share prices were measured using the existing share price at the NSE.

Y = share prices

X_1 portfolio restructuring = [portfolio restructuring expense /operating profit]

X_2 is the financial restructuring = [financial restructuring expense /operating profit]

X_3 is the organizational restructuring = [organizational restructuring expense /operating profit]

3.5.2 Analytical Model

The analytical model specification was as follows $Y=\alpha+\beta_1X_1 + \beta_2X_2 + \beta_3X_3 +\varepsilon$. Where;

Y= is the dependent variable (share prices) = share prices at NSE

X_1= portfolio restructuring = [portfolio restructuring expense /operating profit]

X_2= financial restructuring = [financial restructuring expense /operating profit]

X_3= organizational restructuring = [organizational restructuring expense /operating profit]

α= constant, β=coefficient of independent variable and ε= error term

The multiple linear regression model and t-statistic were used to determine the relative importance (sensitivity) of each independent variable in affecting the share prices of companies quoted on NSE which was market price per share. The results

were said to be statistically significant within the 0.05 level, which means that the significance value must be smaller than 0.05. The significance was determined by the t-value, which indicates how many standard error means the sample diverges from the tested value (Kothari, 2004).

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter presents data analysis and interpretation. The objective of the study was to determine the effect of corporate restructuring on share prices of companies quoted in the NSE. Data was collected from 10 companies that had been listed consistently in NSE from 2009 to 2013. The data sources were the NSE published annual reports spanning five years (2009-2013) for the sampled 10 companies as well as other publications. Data was collected based on the study variables reflecting how the share Prices of firms listed in NSE were influenced by portfolio restructuring, financial restructuring and organizational restructuring.

4.2 Descriptive Statistics

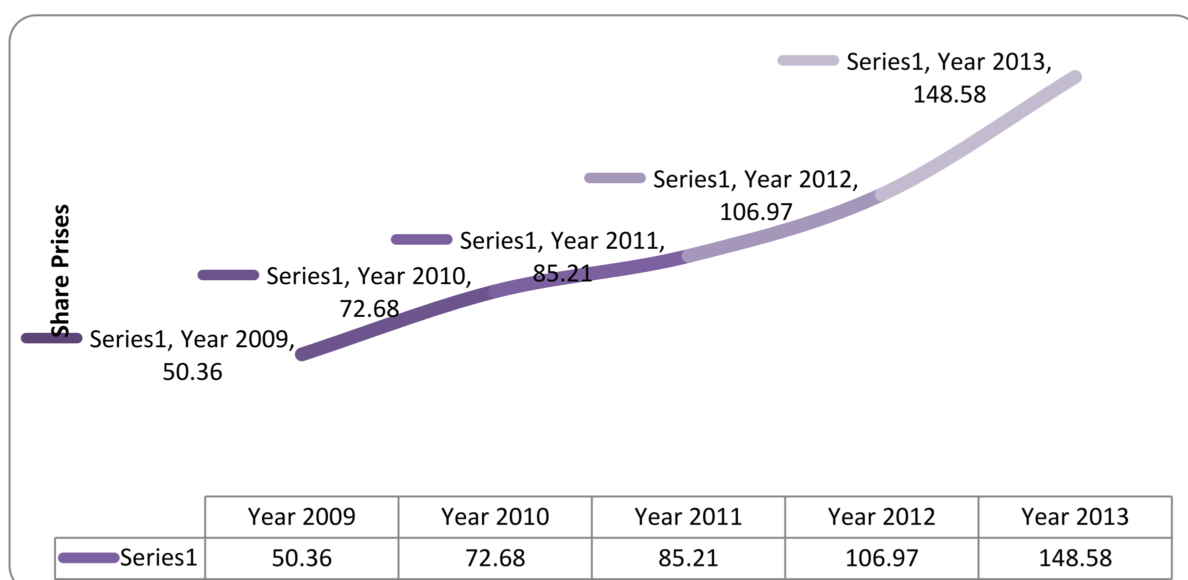
4.2.1 Share Prices

According to the Efficient Markets Hypothesis by Fama (2007), share prices reflect all publicly available information on underlying asset. The findings on the share prices for the 10 listed firms under study are as presented in the table 4.1 below.

Table 4.1 Share Prices

Year	N	Mean	Std. Deviation
Year 2009	33	50.36	0.175
Year 2010	33	72.68	1.681
Year 2011	33	85.21	0.694
Year 2012	33	106.97	0.542
Year 2013	33	148.58	0.424

Figure 4.1 Share Prices



The findings as shown in Table 4.1 above show the trend of share price values over a period of 5 years. The lowest mean share price value was a mean of 50.36 in year 2009 while the highest mean share price value was 148.58 in year 2013. This infers that there was a steady rise in share prices for firm listed in NSE over the 5 year period. On the other hand, the variations in standard deviation indicate variation in the share prices among NSE listed firms.

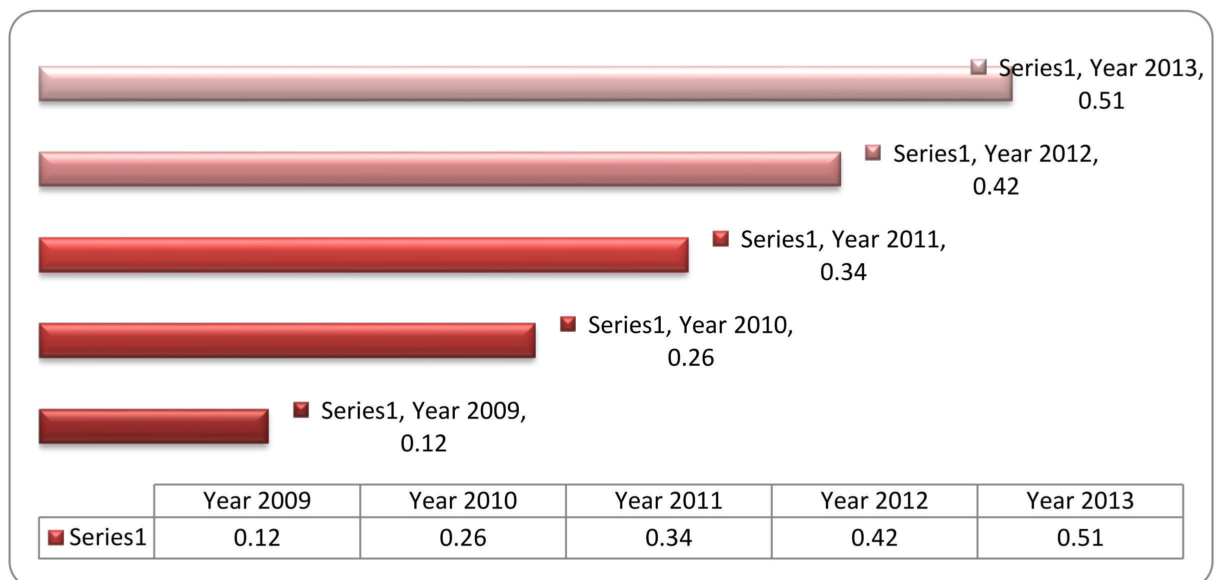
4.2.2 Portfolio Restructuring

The findings on the portfolio restructuring mean values are as presented in the table 4.2 below.

Table 4.2 Portfolio Restructuring

Year	N	Mean	Std. Deviation
Year 2009	33	0.12	0.011
Year 2010	33	0.26	0.218
Year 2011	33	0.34	0.713
Year 2012	33	0.42	0.415
Year 2013	33	0.51	0.018

Figure 4.2 Portfolio Restructuring



The findings as shown in Table 4.2 above indicate the trend of portfolio restructuring over the 5 year period. From the findings, the lowest mean value of portfolio

restructuring for firms listed in NSE was a mean of 0.12 in year 2009 while the highest mean value of portfolio restructuring was a mean of 0.51 in year 2013. This shows a steady increase in spending by firms listed in NSE on portfolio restructuring between 2009 and 2013. Thus, the portfolio restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE over the 5 year period.

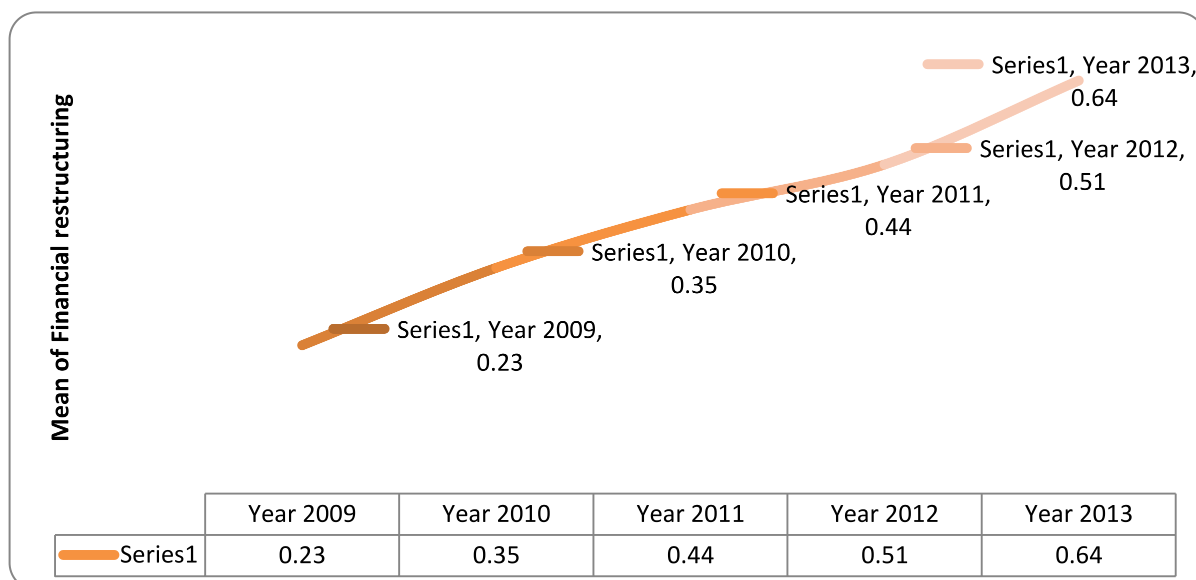
4.2.3 Financial Restructuring

The findings on the financial restructuring mean values are as presented in the table 4.3 below.

Table 4.3 Financial Restructuring

Year	N	Mean	Std. Deviation
Year 2009	33	0.23	0.219
Year 2010	33	0.35	0.208
Year 2011	33	0.44	1.013
Year 2012	33	0.51	0.625
Year 2013	33	0.64	0.415

Figure 4.3 Financial Restructuring



	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013
Series1	0.23	0.35	0.44	0.51	0.64

The findings as shown in table 4.3 above indicate the trend of financial restructuring over the 5 year period. From the findings, the lowest value of financial restructuring was a mean of 0.23 in year 2009 while the highest value of financial restructuring was a mean of 0.64 in year 2013. This shows a steady increase in the financial restructuring of the listed firms between year 2009 and year 2013. This implies that the 10 listed firms in Kenya enhanced their financial restructuring over the 5 year period. Thus, the financial restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE over the 5 year period.

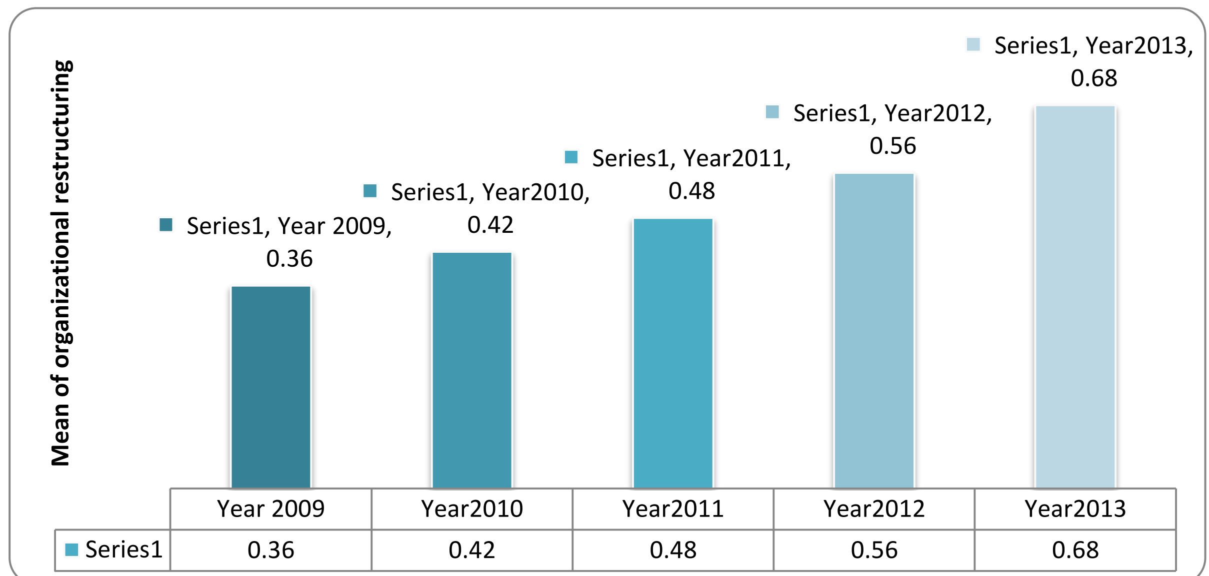
4.2.4 Organizational Restructuring

The findings on the organizational restructuring mean values are as presented in the table 4.4 below.

Table 4.4 Organizational Restructuring

Year	N	Mean	Std. Deviation
2009	33	0.36	1.419
2010	33	0.42	0.828
2011	33	0.48	0.514
2012	33	0.56	0.405
2013	33	0.68	0.623

Figure 4.4 Organizational Restructuring



The findings as shown in table 4.4 above indicate the trend of organizational restructuring over the 5 year period. From the findings, the lowest value of organizational restructuring was a mean of 0.36 in year 2009 while the highest value of organizational restructuring was a mean of 0.68 in year 2013. This shows a steady increase in the organizational restructuring investiment by the listed firms between year 2009 and year 2013. This implies that the 10 listed firms in Kenya increasingly

spent money in implementing their organizational restructuring over the 5 year period. Thus, the organizational restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE over the 5 year period.

4.3 Inferential Statistics

In determining the effect of corporate restructuring on share prices of companies quoted in the NSE, the study conducted a multiple regression analysis to determine the nature of relationship between the variables. The regression model specification was as follows;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon.$$

Where; Y= share prices

X_1= portfolio restructuring, X_2= financial restructuring, X_3= organizational restructuring

α=constant,

ε= error term,

β=coefficient of the independent variables.

This section presents a discussion of the results of the multiple regression analysis. The study conducted a multiple regression analysis to determine the relative importance of each of the variables with respect to share prices of the 10 listed firms in the NSE. The study applied the statistical package for social sciences (SPSS) to

code, enter and compute the measurements of the multiple regressions for the study. The findings are as presented in the following tables;

Table 4.5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	. 897[a]	.8046	.765	0.0125

a. Predictors: (Constant), portfolio restructuring, financial restructuring, organizational restructuring

b. Dependent Variable: share prices

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the changes in the independent variables or the percentage of variation in the dependent variable (share prices) that is explained by all the three independent variables (portfolio restructuring, financial restructuring and organizational restructuring).

The three independent variables that were studied, explain 80.46% of variance in share prices of the listed firms as represented by the R^2. This therefore means that other factors not studied in this research contribute 19.54% of variance in the dependent variable. Therefore, further research should be conducted to investigate the other factors that affect the share prices of companies quoted in the NSE.

Table 4.6 ANOVA (Analysis of Variance)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.323	2	.202	8.64	.004[a]
	Residual	5.408	3	.246		
	Total	6.898	164			

a. Predictors: (Constant), portfolio restructuring, financial restructuring, organizational restructuring

b. Dependent Variable: share prices

Analysis of Variance (ANOVA) consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. The "F" column provides a statistic for testing the hypothesis that all $\beta \neq 0$ against the null hypothesis that $\beta = 0$ (Weisberg, 2005). From the findings the significance value is .004 which is less that 0.05 thus the model is statistically significant in predicting how portfolio restructuring, financial restructuring and organizational restructuring affect share prices of companies quoted in the NSE. The F critical at 5% level of significance was 3.23. Since F calculated (value = 8.64) is greater than the F critical (3.23), this shows that the overall model was significant.

Table 4.7 Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	B	
(Constant)	4.528	.826		3.61	.000
portfolio restructuring	0.782	.0312	0.218	1.81	.0012
financial restructuring	0.812	.864	0.359	8.41	.0008
organizational restructuring	-0.436	.68	0.142	4.56	.0022

From the regression findings, the substitution of the equation

($Y= \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$) becomes:

$Y= 4.528 + 0.812\ X_1 + 0.782\ X_2 + -0.436\ X_3 + \varepsilon$

Where Y is the dependent variable (share prices), X_1 is the portfolio restructuring, X_2 is the financial restructuring and X_3 is the organizational restructuring.

According to the equation, taking all the factors (portfolio restructuring, financial restructuring and organizational restructuring) constant at zero, share prices will be 4. 528. The data findings also show that a unit increase in portfolio restructuring will lead to a 0.782 increase in share prices; a unit increase in financial restructuring will

lead to a 0.812 increase in share prices while a unit increase in organizational restructuring will lead to a 0.436 decrease in share prices. This means that the most significant factor is financial restructuring followed by portfolio restructuring. At 5% level of significance and 95% level of confidence, portfolio restructuring had a 0.0012 level of significance; financial restructuring had a 0.0008 level of significance while organizational restructuring had a 0.0022 level of significance, implying that the most significant factor is financial restructuring followed by portfolio restructuring and organizational restructuring, respectively.

4.4 Summary of Findings

The objective of the study was to determine the effect of corporate restructuring on share prices of companies quoted in the NSE. The objective was assessed by use of secondary data and the subsequent analysis based on the variables of the study.

From the findings, share prices of the 10 listed firms under study increased over the 5 year period. The mean increase in the share price from a mean of 50.36 in year 2009 to a mean of 148.58 in year 2013 indicates a steady increase in the quoted companies' share prices over the 5 year period. Thus, corporate restructuring enhanced the share prices of companies quoted in the NSE. These findings are consistent with Ngige (2012) who studied corporate restructuring and firm performance in the banking sector of Kenya. His findings revealed that generally restructuring resulted to improvement in performance in terms of market share growth, competitiveness, growth in quality of products, geographical spread and customer retention. The findings are also collaborated by Jarso (2012) who reviewed restructuring strategy

and performance of major commercial banks in Kenya and concluded that restructuring in banks leads to improved performance by the banks.

The study findings revealed that portfolio restructuring steadily increased from a mean of 0.12 in year 2009 to a mean of 0.51 in year 2013. This implies that the 10 listed firms under study enhanced their portfolio restructuring over the 5 year period. Thus, portfolio restructuring as a corporate restructuring practice positively affected the share prices of the listed firms over the 5 year period. These findings are in line with Brown et al (2008) who observed that according to the Efficient Markets Hypothesis by Fama (2007) prices reflect all publicly available information on underlying asset. This is done under the assumption that markets are efficient and rational and therefore any event changing the firm's value such as restructuring especially with respect to portfolio adjustment will have an immediate impact on the share prices of the firms and the firms' stock showing abnormal return.

The study findings revealed that financial restructuring steadily increased from a mean of 0.23 in year 2009 to a mean of 0.64 in year 2013. This implies that the 10 listed firms under study enhanced their financial restructuring over the 5 year period. Thus, financial restructuring as a corporate restructuring practice positively affected the share prices of the listed firms over the 5 year period. These findings are in line with Grinbatt et al (2010) who noted significant increase in stock prices in response to announcement of cash dividends and corporate restructuring. The changes were attributed to optimal dividend and debt levels and stemmed from changes expected in cash flows emanating from their future earnings hence signaling changes in firms' value as result of changes in capital structure. The findings are also in line with

Buigut, Soi, Koskei and Kibet (2013) who did a study on the relationship between capital structure and share prices in NSE by assessing the effect of debt, equity and gearing ratio on share price. Using panel data pertaining to the energy sector over the period 2006 to 2011 and employing multiple regression analysis, their results indicated that debt, equity and gearing ratio were significant determinants of share prices for the sector under consideration. They further noted that gearing ratio and debt were found to positively affect share prices while equity negatively affected share prices.

The findings indicate that the lowest value of organizational restructuring was a mean of 0.36 in year 2009 while the highest value of organizational restructuring was a mean of 0.68 in year 2013. This shows a steady increase in the organizational restructuring investiment by the listed firms between year 2009 and year 2013. This implies that the 10 listed firms in Kenya increasingly spent money in implementing their organizational restructuring over the 5 year period. Thus, the organizational restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE over the 5 year period. These findings are in line with Njau (2012) who did a study on effects of corporate restructuring on employee job satisfaction in Kenya commercial bank Nairobi Region. He observed that there is a significant relationship between restructuring and increased work load, the assumption may be made that restructuring reduces the work force and it is highly probable that the remaining employees had to make up for work that had been done by retrenched employees. His study concluded that if work satisfaction and trust in the organization continued to be depressed well beyond the end of the restructuring then productivity and hence performance of the organization could be in serious danger.

The findings are also collaborated by Atiase et al (2004) who concluded that restructuring changes are associated with improved earnings but not necessarily with improved operating performance. However, the findings are in contrast with Chandler (1962) who argued that when firms become more diversified, they need to subsequently realign their structure by using organizational restructuring to restore and increase performance. He observed that the need to restructure is also motivated by the need to realign strategy to structure in order to enhance proper implementation of strategies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

study sought to determine the effect of corporate restructuring (portfolio, financial and organizational restructuring) on share prices of ten companies quoted in the NSE for the period bewtween 2009 and 2013.

The study established that the lowest mean share price value was a mean of 50.36 in year 2009 while the highest mean share price value was 148.58 in year 2013. This infers that there was a steady rise in share prices for firm listed in NSE over the 5 year period. On the other hand, the variations in standard deviation indicate variation in the share prices among NSE listed firms.

The study found out that there was a steady increase in the listed firms' portfolio restructuring as reflected by the increase in mean values from 0.12 in year 2009 to 0.51 in year 2013. Therefore, portfolio restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE over the 5 year period.

The study found out that there was a steady increase in the listed firms' financial restructuring as reflected by the increase in mean values from 0.23 in year 2009 to 0.64 in year 2013. Therefore, financial restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE over the 5 year period.

The lowest value of organizational restructuring was a mean of 0.36 in year 2009 while the highest value of organizational restructuring was a mean of 0.68 in year 2013. This shows a steady increase in the organizational restructuring investiment by the listed firms between year 2009 and year 2013. This implies that the 10 listed firms in Kenya increasingly spent money in implementing their organizational restructuring over the 5 year period. Thus, the organizational restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE over the 5 year period.

5.2 Conclusion

Given that portfolio restructuring of the listed firms steadily increased over the 5 year period and the listed firms' share prices also steadily increased over the same period, the study concludes that portfolio restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE.

Given the steady increase in the financial restructuring of the listed firms over the 5 year period and the corresponding increase in the listed firms' share prices over the same period, the study concludes that financial restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE.

Given the steady increase in the organizational restructuring of the listed firms over the 5 year period and the corresponding increase in the listed firms' share prices over the same period, the study concludes that organizational restructuring as a corporate

restructuring practice positively affected the share prices of the companies listed in the NSE.

5.4 Recommendations to Policy and Practice

From the findings, the study established that portfolio restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE. Therefore the study recommends that the management of the listed firms should strive to achieve an optimal portfolio balance for their firms in order to enhance their firms' value hence leading to an increase in their firms' share prices.

From the findings, the study established that financial restructuring as a corporate restructuring practice positively affected the share prices of the companies listed in the NSE. Therefore the study recommends that the management of the listed firms should strive to achieve an effective capital structure for their firms in order to enhance their firms' value hence leading to an increase in their firms' share prices.

From the findings, the study established that organizational restructuring as a corporate restructuring practice affected the share prices of the companies listed in the NSE. Therefore the study recommends that the management of the listed firms should avoid disruptive and non-value adding organizational restructuring in order to enhance their firm's financial performance hence leading to an increase in their firms' share prices.

5.4 Limitations of The Study

The quality of data collected was affected by the Fact that the researcher could not control the attitude of the respondents during the data collection.

The inherent weakness of the descriptive research design also affected the study where the information was obtained from small sections of the population to derive conclusions. While it is statistically possible to have a representative sample, there is always some error in the representation of populations.

The lack of honesty and cooperation by the respondents also slowed down the rate of data collection.

The busy schedule of the study participants also made them to be unwilling to participate in the study.

5.5 Suggestions For Further Research

Since this study explored the effect of corporate restructuring on share prices of companies quoted in the NSE, the study recommends that; similar study should be done in other countries for comparison purposes and to allow for generalization of findings on the effect of corporate restructuring on the share prices of quoted companies.

As this study explored the effect of corporate restructuring on share prices of companies quoted in the NSE, the study recommends that similar study should be done to explore the effect of corporate restructuring on firm survival of the listed firms in Kenya.

The study suggests a study on corporate restructuring and financial deepening of commercial banks in Kenya.

In addition, the study suggests a study on corporate restructuring and dividend policy among firms quoted in NSE.

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APPENDICES

APPENDIX I: QUESTIONNAIRRE

Instructions: (*Please read the instructions given and answer the questions as appropriately as possible*). It is advisable that you answer or fill in each section as provided. Make an attempt to answer every question fully and honestly.

SECTOR A: General Information

1. What is your designation?

……………………………………………………………………………………………

2. Gender Male [ ] Female [ ]

3. What is your age bracket?

Below 25 years [ ] 25-35 years [ ]

36-45 years [ ] Over 45 Years [ ]

4. What is your highest level of education?

Master's degree [ ] Bachelor's degree [ ]

Diploma [ ] Certificate [ ]

Others (specify)……………………………………………………………

5. How many years have you worked in this organization?

Less than 1 year [ ] 1-5 years [ ]

6-10 years [ ] Over 10 years [ ]

Section B: Corporate Restructuring

6. What is the nature of corporate restructuring being implemented by your company?

……………………………………………………………………………………………

7. This section seeks to find out the costs related to implementation of various options of corporate restructuring in your company over the last 5 years. Kindly indicate the amount of money spent in implementing the corporate restructuring options over the period indicated.

Corporate Restructuring option	**Years**				
	2009	**2010**	**2011**	**2012**	**2013**
Portfolio restructuring					
Financial restructuring					
Organizational restructuring					

Thank you for your time and participation

APPENDIX II: COMPANIES QUOTED IN THE NSE

AGRICULTURAL
Kakuzi
Rea Vipingo Plantations Ltd
Sasini Ltd
COMMERCIAL AND SERVICES
Car & General (K) Ltd
CMC Holdings Ltd
Kenya Airways Ltd
Marshalls (E.A.) Ltd
Nation Media Group
Standard Group Ltd
TPS Eastern Africa (Serena) Ltd
FINANCE AND INVESTMENT
Barclays Bank Ltd
CFC Stanbic Holdings Ltd
Diamond Trust Bank Kenya Ltd
Housing Finance Co Ltd
Jubilee Holdings Ltd
Kenya Commercial Bank Ltd
National Bank of Kenya Ltd
NIC Bank Ltd
Pan Africa Insurance Holdings
Standard Chartered Bank Ltd
INDUSTRIAL AND ALLIED
Athi River Mining
B.O.C Kenya Ltd
Bamburi Cement Ltd
British American Tobacco Kenya Ltd
Carbacid Investments Ltd

Crown Berger Ltd
E.A.Cables Ltd Ord
E.A.Portland Cement Ltd
East African Breweries Ltd
Kenya Power & Lighting Ltd
Sameer Africa Ltd
Total Kenya Ltd
Unga Group Ltd

Source: (NSE, 2013)