CHALLENGES OF CORPORATE RESTRUCTURING AT LAKE BASIN DEVELOPMENT AUTHORITY, KENYA

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DECLARATION

This research project is my original work and has not been presented in any University/College for the award of a degree/diploma/certificate.

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

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ABSTRACT

Organizations are being faced with rapidly and constantly changing technologies, customer expectations, rules and regulations. This means that the same organizations have to constantly change the way they operate in order to remain relevant and competitive through corporate restructuring. Restructuring poses challenges to the firms implementing it. Corporate restructuring is the process of reorganizing or redesigning the organization structure. This study was conducted to identify the challenges of corporate restructuring at Lake Basin Development Authority, Kenya, and the measures to deal with the challenges of corporate restructuring. The study was conducted through case study research design, primary data was collected using structured interview guide from the managers while secondary data was gathered from the Lake Basin Development Authority strategic plans. Data was analyzed using content analysis.The study established that challenges faced during restructuring included: financial constraints, misunderstanding and lack of trust, lack of constant monitoring in order to identify flaws that may be present in the current program and that need correct them early, poor communication, loss of key personnel, poor leadership and lack of continuous training and sensitization. The study concluded that organizations will only adapt to the changing environment by creating different sets of resources and organizational capabilities to as to continue being relevant and keep up with competition. The way they restructure is influenced by the pressures of the various rules and norms, therefore an organization should restructure based on the current situation it is facing. Challenges during and after restructuring needed to be addressed by proper planning for restructuring, two way communication and staff involvement in order to achieve the main goals of restructuring, which is to effectively and efficiently attain the goals of organizations. It was evident that most of these challenges affected the employees of an organization. The study recommends that the organization need to provide attractive reward packages, involve in participative management, provide accurate and timely communication. The study had a limited scope, time constraints and since it was a case study, the findings could not be generalized to a wider population. Similar study can be conducted in future to investigate the effect of corporate restructuring on different aspects of performance or the role of employee involvement during restructuring at Lake Basin Development Authority in order to eliminate the limitation of scope of the study. Further research can be carried out on the other forms of restructuring such as portfolio and financial restructuring to determine if they have the same challenges while implementing them. A similar study can also be done on challenges of corporate restructuring within Regional Development Authorities in order to take into consideration the issues of different organizational cultures, different management styles and different resource capabilities.

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ABBREVIATIONS AND ACRONYMS

CDA:	Coast Development Authority
ENNDA:	Ewasi Nyiro North Development Authority
ENSDA:	Ewaso Nyiro South Development Authority
KVDA:	Kerio Valley Development Authority
LBDA:	Lake Basin Development Authority
RDA:	Regional Development Authority
TARDA:	Tana and Athi Rivers Development Authority

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The current business environment is characterized by diversity of workplace and markets, globalization where local economies have moved to worldwide economies, flexibility of workforce with organizations having fewer rules and procedures, flattened structures which have less management and more worker involvement and networks which have enabled more strategic alliances and more direct communication (Marais and Hofmeyr, 2013). For organizations to remain relevant, competitive and operate efficiently and effectively, they need to adopt strategies that will enable them survive and grow.

Corporate restructuring results to significant cost reduction, improving efficiency (profitability) and increases in market shares (Marimuthu, 2009; The Institute of Company Secretaties of India, 2013) depending on the firmsô ability to pool all their resources and putting them to optimum use. Kimbal and Leahy (2006) identifies the goals of restructuring as strengthening the organization for meeting the future challenge of addressing complex issues; enhanced partnerships and collaboration; better use of executive skills and human capital; and clearer accountability and bureau representation in the regions. Corporate restructuring presents many challenging tasks which leads to most organizations failing to successfully implement it (Ayoo, 2011). Corporate restructuring poses a dilemma since those organizations that do not restructure in response to changes in operating environment risk poor performance while those that restructure bear the cost of disruption following major internal change (Singh, Mahmood and Zhu, n.d.).

Resource based theory, institutional theory and contingency theory explain firmsô decisions to restructure. Resource based theory explains that a firm is able to conceive and implement its strategies that improve its efficiency and effectiveness by using its resources either by themselves or in combination with other resources to sustain competitive advantage (Barney, 1991). Institutional theory explains that institutional framework influence how organizations come into existence and how they evolve by affecting organization structure and design (North, 1990). Contingency theory on the other hand describes that the best organization design is one that fits the current situation it is facing (Donaldson, 2001).

Lake Basin Development Authority,one of the Regional Development Authorities, was established to promote integrated development within their areas of jurisdiction through implementation of integrated programmes and projects. For LBDA to quickly and effectively address the development challenges, it is required by the regional development policy to restructured and revamp with a clearly defined core business, transparent and accountable governance system, lean management structure and an appropriate financing framework (LBDA, 2007). LBDA has therefore enhanced the operationalization and execution of the strategies it has adopted, by undertaking a restructuring exercise to implement a supportive and responsive organizational structure.

1.1.1 Concept of Corporate Restructuring

Corporate restructuring refers to the transactions that implement changes in asset composition, financial contracting, and ownership structure (Eckbo and Thorburn, 2013). Oloyede and Sulaiman define corporate restructuring as the changes in ownership, business mix, assets mix and alliance with a view to maximize shareholdersô wealth and improve firm value. Renneboog and Szilagyi (2006) define restructuring as any transaction that affects the firmôs underlying capital structure. For this study, the definition of corporate restructuring adopted is the process of reorganizing or redesigning the organization structure which includes: division of work and coordination, hierarchy, rules and procedures, and formalization.

Corporate restructuring is intended to either reacting to crisis or to be part of the companyôs pre-emptive plan for their survival in the industry (Marimuthu, 2009). Kimbal and Leahy (2006) identifies the goals of restructuring as: strengthening the organization for meeting the future challenge of addressing complex issues; enhanced partnerships and collaboration; better use of executive skills and human capital; and clearer accountability and bureau representation in the regions. Corporate restructuring positively correlates with companiesô long term profitability, hence it results to significant cost reduction and increases in market shares (Marimuthu, 2009).

Restructuring needs proper planning and realigning its infrastructure around the core business process. Klosowski (2012) has identified six main steps of corporate restructuring process. These include: identifying the need of organizational restructuring implementation, performing the enterprise strategic diagnosis, analysing of external and internal determinants, preparation of organizational restructuring programme, implementation of organizational restructuring programme and finally control of organizational restructuring programme.

1.1.2 Challenges of Corporate Restructuring

Almost every one of those restructuring efforts results in chaos and confusion before, during and especially after the restructure is completed. Cassidy and Martin (2014) attribute this to failure of leaders and professionals to operationalize the new structure. Additionally, restructuring efforts rarely solve the problems they were intended to address; they just substitute new problems for the old ones. Restructuring thus poses a dilemma. Firms that do not restructure in response to major environmental change risk poorer performance from misalignment, while firms that restructure bear the costs of disruption following major internal change (Singh, Mahmood, Zhu). A typical solution is to restructure again, which creates more problems, so another restructure is rolled out, and the cycle continues.

Various challenges are identified by various researchers for organizations involved in corporate restructuring. Some of which include: Costs (Singh, Mahmood, Zhu), uncertainty (Marais and Hofmeyr, 2013), loss of key personnel (Bruton, Keels and Shook (1996)), leadership problems (Cassidy and Martin, 2014), dissatisfaction, mistrust and increased workload (Ayoo, 2011).

1.1.3 Regional Development Authorities in Kenya

There are six regional development authorities in the country currently under the Ministry of Environment, Water and Natural Resources. These RDAs are established by various Acts of Parliament with the Mandate to promote integrated development within their areas of jurisdiction through implementation of integrated programmes and projects such as provision of hydropower, flood control, water supply for irrigation, domestic and industrial use as well as environmental conservation.

The RDAs include: Tana and Athi Rivers Development Authority (TARDA); Kerio Valley Development Authority (KVDA); Lake Basin Development Authority (LBDA); Ewaso-Nyiro North Development Authority (ENNDA); Ewaso-Nyiro South Development Authority (ENSDA) and Coast Development Authority (CDA) (Environment Protection, Water and Natural Resources Sector Report, 2014). RDAs enable social and economic transformation of the economies in which they operate by accelerating economic growth and development, building the capability and technical capacity of the state in facilitating and promoting national development, improving public service delivery, creating employment opportunities and building international partnerships.

The Kenyan government has set itself an ambitious, but achievable development agenda as reflected in Vision 2030. This is further articulated in its Second Medium Term Plan, 2013 ï 2017, which is the key implementation instrument. While implementing the Second Medium Term Plan, the government is faced with a challenging and fluid regional as well as global context. In order to quickly and effectively address the development challenges, it required parastatals to significantly transform the way they identify and apply people, natural, financial and organisational resources for them to fully play their significant role in the national development. This is one of the key policy instruments that government has applied in supporting national development (Report of the Presidential Taskforce on Parastatal Reform, 2013).

An approved Regional Development policy, which is a reference point for all RDAs, sought to introduce a regional approach to economic development in order to reduce the growing socio-economic imbalances within the country by identifying towns, as epicenters or nodal points for socio-economic development or so-called ñgrowth pointsò. In order to make RDAs more effective vehicles for development, the Regional Development Policy stipulates that RDAs be restructured and revamped with a clearly defined core business, transparent and accountable governance system, lean management structure and an appropriate financing framework (LBDA, 2007). It was therefore imperative that the RDAs revise their strategic plans in order to be in compliance with the policy.

1.1.4 Lake Basin Development Authority

The Lake Basin Development Authority, one of the Regional Development Authorities (RDAs) in the country, was established in 1979 by an Act of Parliament, Cap 442. It is mandated to undertake overall planning, co-ordination, implementation and monitoring and evaluation of development projects and programmes in its area of jurisdiction. It accomplishes this mandate by mobilizing the resources in the region and assets at its disposal for equitable development in the region. The LBDAøs area of jurisdiction covers the entire catchmentøs areas of the major rivers, which drain into Lake Victoria. This area measures 39,000 km^2, exclusive of Lake Victoriaøs surface area of 4,000 km^2, which is in total 6.8% of the countryøs area. The entire region covers about 17 Counties.

In line with Vision 2030 and the Regional Development Policy, the functions of the Authority were revised in order to make it a more effective vehicle for development (LBDA, 2008). LBDA being one of the RDAs needed to implement a supportive and responsive organizational structure in order to enhance the operationalization and execution of the strategies adopted. Various constraints hindered efficient delivery of services to the citizens/employees such as: low funding from exchequer, low staff salaries, spatial distance from centers of operation, limited number of staff with requisite technical skills and HIV/AIDS Pandemic (LBDA, 2007).

Lake Basin Development Authority implemented another restructuring process (LBDA, 2012) so as to have a responsive purposeful structure and to provide appropriate coordination of activities with Regions and various government agencies/counties. It revised its structure by making changes in an effort to deliver on the strategic plan, which could not be addressed by the existing structure. The revised structure is based on the following criteria: Enhanced responsibility, fast decision making and implementation, and continuous monitoring. At the head office level, the structure needs to focus on the key functions of the Authority, while regional offices remain river basin-based. This will enhance the Authorityôs performance as it will facilitate: targeted and focused delivery of high-quality customer service; effective linkages and coordination between functions, thereby, improve decision making and increase performance, and customized management and problem solving.

1.2 Research Problem

Organizations are being faced with rapidly and constantly changing technologies, customer expectations, rules and regulations. This means that the same organizations have to constantly change the way they operate in order to remain relevant and competitive through restructuring strategies. Restructuring in itself is a dilemma; firms that go ahead and restructure achieve sustainable advantage while at the same time, restructuring poses challenges to the firms implementing it (Singh, Mahmood, Zhu, n.d). Some of the challenges according to Shah and Associates (2008) include: cost implication, loss of key personnel, mistrust and time consuming.

In line with vision 2030 and the Regional Development policy, LBDA is facing pressures to revise its functions by implementing a supportive and responsive organization structure. These pressures have necessitated making changes to previous organizational structures so as to enhance performance, innovation, efficiency, effectiveness, economical and ethical responsibilities for continued sustainability and relevance in the current government restructuring of parastatals (LBDA, 2012).

Many studies have been conducted on corporate restructuring but few have focused on challenges of corporate restructuring at Lake Basin Development Authority. Studies done by Osoro (2013) looked at the effect of financial restructuring on the financial performance of commercial banks in Kenya. Waldfogel and Smart (1994) focused on corporate restructuring and its effect on performance. Both found out that restructuring had a positive effect on performance. Both Osoro (2013) and Waldfogel and Smart (1994) were done in different contexts and did not look at the challenges involved during the process of restructuring. Ochira (2009) found out that there existed a linear relationship between job satisfaction and employee empowerment amongst those who survived the restructuring process at Kenya Railways Corporation. This is a different parastatal and the challenges were not identified. Kirui (2011) investigated the effects of restructuring on employee motivation in Kenya Commercial Bank while Agunda (2014), found out that restructuring influences employee morale in Barclays Bank. Ithiri (2013) looked at the effects of corporate restructuring on the performance of Kenya Commercial Bank. These studies are however done in the banking sector. Namatsi (2008) undertook a study to understand how the restructuring strategy was implemented at Kenya Airways and identified the challenges faced in the process. However this study is done in a different context. Olungôo (2010) and Thang (2014) identified challenges and issues arising in corporate restructuring in different contexts.

From the above studies, a gap was established since the studies focused in different contexts and had different objectives. None of the studies sought to identify the challenges of corporate restructuring at LBDA. This study therefore sought to address the gap by finding out the challenges of corporate restructuring at LBDA

1.3 Objectives of the Study

The objectives of the study were to identify:

i. Challenges of corporate restructuring in Lake Basin Development Authority, Kenya.

ii. Measures to mitigate the challenges of corporate restructuring.

1.4 Value of the Study

This study will be used by researchers as a basis for future research on corporate restructuring. It enriches knowledge on resourced based theory, contingency theory and institutional theory. The results of this study may have a broader application in terms of the impact of knowledge dissemination and retention. By applying the concepts of corporate restructuring, researchers may be able to come up with new ideas on better ways of restructuring an organization considering the rapidly changing.

The management of Lake Basin Development Authority by applying the concept of restructuring will be able to recognize when the organization can benefit from restructuring, how to identify the best restructuring strategy or option for dealing with the problem, challenges or opportunity that the organization is facing, how to execute the restructuring effectively to create the most successful organizations This study will enable the management to generate new ideas for the better and more efficient management of Lake Basin Development Authority. The management will also be able to solve future challenges in restructuring.

To the government through the ministry of Environment Water and Natural Resources, this study will enable the government to formulate macroeconomic and legal policies that lay foundation for successful restructuring. A supportive legal, regulatory and accounting environment is necessary for successful restructuring. This study will also be of benefit to the management of Lake Basin Development Authority and other Regional Development Authority to develop better policies in future that will enable them to rearrange their activities efficiently and effectively.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses the literature related to the theories that explain corporate governance, literature done on corporate restructuring and challenges faced during the implementation of the various forms of corporate restructuring.

2.2 Theoretical Foundation

The study was anchored on resource based theory, institutional theory and contingency theory. In resource based theory, a firmôs resources include any aspects of physical(plant and equipment), human(training, experience, judgement, intelligence) and organizational capital(formal reporting structure, its formal and informal planning, controlling, and coordinating systems), that enable a firm to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991). Such resources are valuable, rare, non imitable and non substitutable and may yield sustained competitive advantage when taken by themselves or in combination with other resources.

A firm with richly endowed valuable resources is likely to change strategies when confronted by environmental shifts. Such resources allow organizations to respond better to environmental changes that threaten their survival (Kraatz and Zajac, 2001). This theory enables managers to adapt their resources to changing environments by creating unique sets of resources and organizational capabilities that are valuable, rare, imperfectly imitable and non substitutable (Furrer, Krug, Sudharshan and

Thomas, 2004), so that they can achieve operating efficiency and effectiveness and maintain sustainable competitive advantage.

In institutional theory, institutions are the set of interrelated rules and norms, and their enforcement characteristics that govern exchange (North, 1990). They include formal rules (laws, regulations) and informal constraints (customs, norms, cultures) (North, 1990). According to North (1990), institutions define how organizations come into existence and how they evolve. They constrain and enable behavior, which opens up possibilities, by enabling choices and actions (Hodgson, 2006). Institutional influences will determine firms' propensity to restructure, the type of restructuring they undertake, and restructuring outcomes. Organizations will comply with a variety of institutional pressures by making strategic choices (Peng, 2003). Such pressures include: coercive, mimetic and normative (Dimaggio and Powell, 1983). According to Thoenig (2011) the structures of public agencies should be according to the rules and regulations of the government. This theory enables managers to understand that institutional environment influences restructuring by establishing rules and norms, and providing or limiting resources that facilitate or constrain restructuring.

Contingency theory holds that organization seeks effectiveness by fitting characteristics of the organization with contingencies that reflect its situation. The best organizational design is one that fits its situation (Donaldson, 2001). Key contingencies according to Luo and Donaldson (2013); Holmes (2013); Kim (2008); and Çakir (n.d) include: environment, technology, strategy and size. This theory assumes that each of these contingencies necessitates the existence of certain characteristics in the structure. When the structure of an organization bears those characteristics for the contingency in question, this means that there is a fit which is supposed to increase the performance of the organization. If any of these contingencies change the current structure of the organization is óout of fitô (Holmes, 2013) and must undergo structural change to regain fit between the contingencies and its structure. This theory will help managers in achieving their goals by identifying structural designs, which are efficient, effective and viable under conditions of changing environments. They will be able to understand that restructuring is guided by circumstances that are prevailing in their industry and that they will take different steps depending on the various factors they are facing at a particular time.

2.3 Corporate Restructuring

There are various motivations for restructuring, which depend on the particular set of problems, and circumstances facing firms, this is in agreement with the contingency theory. The empirical evidence on financial restructuring shows that the typical restructuring creates substantial value for shareholders (Eckbo and Thorburn, 2013). Firms carry out corporate restructuring to further enhance their long-term survival through greater efficiency and cost-effectiveness (Marimuthu, 2009). Occasionally, the restructuring is defensive, arising in response to a control threat from the market for corporate control (Eckbo and Thorburn, 2013). While in others, organizational restructurings are put in place by many senior management teams as part of a wider strategic change to create alignment between ways of working and a new strategic intent (Balogun, 2007). Regardless of who initiates the transaction, the parties are likely seeking to improve operating efficiency, increase cash flow, and ultimately, enhance firm profitability (Eckbo and Thorburn, 2013). Corporate restructuring leads to a more resilient, flexible, innovative and participative organization (Som, 2002).

A firm's decision to restructure may be influenced by a change in the firm's objectives, political/legal, technological, economic and socio-cultural factors (Riany et al., 2012). This agrees with institutional theory, which influence the way organizations come into existence and how they evolve. Kimbal and Leahy (2006) identifies the goals of restructuring as: strengthening the organization for meeting the future challenge of addressing complex issues; enhanced partnerships and collaboration; better use of executive skills and human capital; and clearer accountability and bureau representation in the regions. 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. For example, a 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 (Ayoo, 2011). This is in accordance with the resource-based view which influence the way an organization restructures depending on its resources.

Gibbs (1992) identifies three types of activities in corporate restructuring: financial restructuring which includes recapitalization, stock repurchases and changes in capital structure; portfolio restructuring involving divestment and acquisitions and refocusing on core business, resulting in change of the diversity of businesses in the corporate portfolio; and operational restructuring including retrenchment, reorganization and changes in business level strategies. These three types of restructuring are not mutually exclusive, they frequently occur together (Gibbs, 1992). Eckbo and Thorburn (2013) focused on two broad groups of corporate restructuring procedures: corporate breakups and highly leveraged transactions. Corporate breakups include techniques to sell and/or securitize part of the firm. They include divestitures, spinoffs, equity carve-outs and, for a brief period, tracking stock. Highly leveraged transactions involve a significant increase of debt in the firmõs capital structure, either through a debt-financed special dividend in a leveraged recapitalization, or in a leveraged buyouts (LBOs), in which the entire firm is acquired by a financial buyer (a buyout fund). Corporate restructuring could also be viewed as a companyõs expansionary program, contractionary program and financial restructuring (Marimuthu, 2009). Expansionary program includes mergers and acquisitions, takeovers and green-field investment. While on the other hand, its contractionary program refers to divestiture, downsizing, down-scoping.

There are various steps to be followed during restructuring for a successful restructuring process. Klosowski (2012) has identified six main step of corporate restructuring process: The first step is to identify the need of organizational restructuring implementation. The next step is to perform the enterprise strategic diagnosis, with the use of strategic controlling methods such as SWOT analysis, BCG matrix, Five Forces Analysis, Value Chain Analysis, and Balanced Scorecard. The third step is analysis of external and internal determinants. The external determinant analysis include: political legal, social and cultural, technological and economic determinants. Internal determinant analysis include: the corporate strategy, management style, managerõs skills, management methods, employee skills, size of organization, life cycle of organization, culture and technology. The fourth step is the preparation of organizational restructuring programme, which can be done by managers or eternal experts. The fifth step is the implementation of organizational restructuring programme, which is the most difficult point of restructuring and finally control of organizational restructuring programme.

2.4 Challenges of Corporate Restructuring

Corporate restructuring is complex and multidimensional. It presents many challenging tasks and requires analysis of social benefits and costs (Marimuthu, 2009). The process of corporate restructuring faces many challenges leading to most organizations failing to successfully implement it (Ayoo, 2011).Restructuring leads to increased workload especially increase in task variety, job requirements, staff reduction. According to Ayoo (2011) this is because restructuring reduces the work force and the remaining employees have to make up for work that had been done by retrenched employees. The survivors are more likely to respond to the restructuring process negatively.

Dissatisfaction and mistrust sets in after restructuring. As restructuring occurs social network structure are altered by turnover and new hires. A study done at Kenya Commercial Bank on the effects of corporate restructuring on employee job satisfaction by Jarso (2013) revealed that if work satisfaction and trust in the organization continued to be depressed well beyond the end of the restructuring, posing danger to the productivity of the organization 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 (Ayoo, 2011).

Lack of proper communication is another challenge that affects corporate restructuring. In an interview conducted by Kamarudin, Abdullah and Husain (2014) during a change involving the amalgamation of two university faculties into one, found out that there existed two worlds in a university, the executives and the reality. The executives discourse on matters of the universityôs direction, mission and policies and therefore failed to take into consideration the reality on the ground and thus, vital information often failed to reach the staff. Lack of information leads to uncertainty and disarray which leads to feelings of frustration and distress among the staff and this would lead to failure of any restructuring process. Kamarudin, Abdullah and Husain (2014) expressly state that staff must be provided with information in any restructuring process despite of whether the information would be perceived as sufficient or vice versa since having insufficient information was still better than not knowing. This in turn would contribute to staffõs understanding and ease the change process.

Loss of key personnel is another challenge that interferes with the implementation of restructuring process.According to Bruton, Keels and Shook (1996) one of the principal criticisms of downsizing is that it is a frequently shortsighted, knee-jerk reaction to changes in competitor strength and competitive position rather than part of an overall strategic plan for the organization. Dissatisfaction emerges as many firms discover after the fact that dismissed workers served a function too critical to have been eliminated. New workers must be hired to replace those who were dismissed. Worse yet, some of the same workers have to be rehired, but at much higher consultant rates.

Restructuring is costly. It requires firms to invest resources in undertaking transactions that alter the financial, operational and organizational structure of the firm or its base of assets and activities (Singh, Mahmood, Zhu, n.d). Restructuring-related liabilities and expenses include costs incurred for: employee benefits such as severance and termination benefits while laying of employees; disposing assets; writing-off facilities, transferring resources and executing transactions; elimination and reduction of product lines; consolidation or relocation of plant facilities; new systems development or acquisition; and retraining employees to use newly developed systems (Moehrle, 2001). The availability and need for resources is therefore an important influence on how firms restructure.

Restructuring causes uncertainty, with potential side effects in the work environment (Marais and Hofmeyr, 2013). As a result of restructuring with the aim of cutting costs, employees might be suspicious about the future direction of the organization and their role in it. Restructuring disturbs the status quo; it is a threat to peopleøs vested interests in their jobs and an upset to established ways of doing (Kotter and Schlesinger, 2008). This may lead to resistance. If an organization is to change, the mental representations that individuals share about that organization also need to change (Balogun, 2007). Employees need to be fully involved and supported by the management throughout the whole process of restructuring.

Leadership problems are one of the challenges of corporate restructuring. According to Kohm, La Piana and Gowdy (2000) leadersô difficulty in sharing control and/or making decisions based on personal ego issues arose as a central leadership problem.
There is difficulty of leading a partnership with other directors who are accustomed to being in control and of dealing with different leadership styles. Also, organizational redesign efforts fail because the leadership team does not commit to the change or to the need for a new approach (Cassidy and Martin, 2014).

Restructuring is time consuming. It requires a conducive environment, court processes, and an endless list of compliance issues which obstruct the normal operations of an organization, and also impair competent and valuable rearrangement of resources (Shah and associates, 2008). It also takes time for employees to adjust to the new roles/ positions since their work situation in terms of processes and products, personnel, organization, tasks and work requirements have changed.

2.5 Measures to Mitigate the Challenges of Corporate Restructuring

Kotter and Schlesinger (2008) suggest that one of the most common ways to overcome resistance to change is to educate people about it beforehand. Communication of ideas helps people see the need for and the logic of a change. This can be done through: one-on-one discussions, presentations to groups, or memos and reports. Managers need also to support their staff in adjusting to their new roles and positions since their work situation in terms of processes and products, personnel, organization, tasks and work requirements have changed.

Training in new skills, offering guidance and counseling services for emotional support and giving employees time off duty after a demanding period are some of the ways management can support their staff (Kotter and Schlensinger, 2008). Teamwork should be key. Management should ensure that teams are given responsibilities on the change process and are held accountable for the decisions they make in the process. This ensures that implementation runs on smoothly to its completion.

All key stakeholders need to be included in the restructuring process to avoid resistance. When change initiators are involved, they believe that they have all the information they need to design and implement the process of restructuring (Kotter and Schlensinger, 2008). This makes the stakeholders commit to the process and leads to successful implementation of corporate restructuring.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a detailed description of the selected research design. It describes what is to be done and how it will be done.

3.2 Research Design

This study was conducted through a case study research design because there was only one unit of analysis. Case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 1984). This research design therefore allowed an in depth understanding of the nature of the organization, its internal and external determinants of restructuring, functions, processes, cultural and human resource factors of Lake Basin Development Authority. This research design was flexible; it allowed the use of multiple sources of data such as interviews, observation, archival documents and even physical artefacts (Rose, Spinks and Canhoto, 2015) which provided enough evidence to support conclusions.

This case study design therefore demanded a high degree of depth, breadth, breadth and rigor, with careful attention to showing the way in which evidence supports the conclusion reached. Similar studies, Agunda, 2014 and Otieno, 2014) have successfully adopted this research design.

3.3 Data Collection

This study relied on both primary and secondary data with primary data being the major source of information. A structured interview guide was the main tool for collecting primary data. It ensured uniformity in responses so that comparison between data was easy, while secondary data was collected from the Lake Basin Development Authority strategic plans. The strategic plans helped in identifying the major corporate restructuring activities undertaken by LBDA, understanding the core activities of the organization and also showed the organization structure before and after restructuring. The strategic plans were helpful in looking at the monitoring and evaluation framework which identified the roles and responsibilities of various employees during the restructuring process was. This selection was guided by the nature of data to be collected, time available and objectives of the study. The researcher was mainly concerned with views, opinions, perceptions and feelings. Interviews helped in collecting information that could not be put in writing. The researcher was therefore able to understand the views that the interviewees had.

Primary data was collected from chief managers in charge of Finance, Human Resource and Administration; Planning Research Business Development and Investment Promotion; and Technical Services. From departmental level, managers interviewed will be: Administrative Services, Agriculture and Natural Resources, Business Development, Human Resource, Information Communication Technology, Internal Audit, Procurement, Legal services, Corporate affairs, Finance, Engineering, Quality Assurance, Marketing and Planning.

3.4 Data Analysis

Data collected was analyzed using content analysis since the data collected was qualitative in nature. This technique did not restrict on answers given by the respondents hence the researcher was be able to analyze what was contained in the communication by determining meaning, context and intentions contained in the interviews and periodicals. This technique measures the semantic contents and themes that come up from the responses given, it is suitable for determining the content of written, recorded or published communication through a systematic and objective manner (Kothari, 2009).

This analysis identified the concepts or themes present in the interviews. They were then quantified and tallied by looking at the occurrence of selected concepts from the responses. The concepts were then categorized into similar themes and subthemes, which were later, compared for any relationship with theories and concepts. Conclusions were finally drawn from the findings.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, findings and discussion of the results which were established from the interview guide in investigating the challenges of corporate restructuring at Lake Basin Development Authority, Kenya. This chapter also discusses findings in comparison with the relevant theory and other studies done in the same field.

4.2 Corporate Restructuring at Lake Basin Development Authority

The data was collected from the management team at the top and middle level in different divisions and departments involved in the restructuring process of the organization. All the interviewees were aware of the vision 2030 and the directive from the regional development policy that necessitated restructuring and revamping with a clearly defined core business, transparent and accountable governance system, and lean management structure. The manager agriculture and natural resources said that:

> ñThe revised decentralized organization structure drives the process of taking services closer to the people and giving LBDA adequate coverage in the whole region.ò

The process began with a review of the previous Strategic Plan 2007-2012, followed by rigorous workshop sessions and a series of refinement sessions to finalize the development of the new organization structure. The manager business development said that:

> ñThere is a comprehensive implementation matrix of the restructuring programme which details the strategic issues, core activities, outcome indicators, time frame and costs.ò

The major role of the managers was to cascaded the plan into corporate and departmental work plans so as to serve as a point of reference in the Authorityøs daily operations, ensure effective service delivery and guide towards the attainment of LBDAøs vision which is to be an authority in integrated socio-economic development of the Region.

The managers were aware of their roles, duties and obligations during the restructuring process. The chief manager planning expressed the importance of training the managers before the processes begins. According to the manager:

> óOne cannot lead or steer the programme when he does not know what restructuring is all about. Managers have been continuously trained and monthly reporting meetings are held to ensure that they demonstrate an ability to lead their teams towards achieving not only organizational goals but also set out departmental targets.ô

4.3 Challenges of Corporate Restructuring

The study sought to identify challenges of corporate restructuring in Lake Basin Development Authority, Kenya. To achieve this objective, the interviewees were asked to respond to the questions, which were then analyzed into the following themes: lack of proper communication, lack of proper sensitization, employee involvement, cost implication, loss of key personnel, leadership problems, lack of motivation, misunderstanding and mistrust.

Communication in LBDA is top down communication. This meant that communication of instructions and decisions made was from the management to the staff. The only time the employees were informed of any changes is when they had already made decision to change. Some managers did not cascade the information to their staff in their departments. Employees were heard to complain that they usually got information on the changes that take place in the organization from staff in the other departments. This in turn built up anxiety and lowered their morale. It is also from this that rumours and gossips were seen to emerge due to distorted information they received as the information cascaded downwards from the managers. Communication of any change in any organization should be frequently made through staff meetings, emails and internal memos posted on the notice boards, which should be held regularly and at the same time the views of the staff should be considered during the decisions to restructure. If management communicate clearly to staff over the challenges facing the business and involve them in the process of restructuring through effective consultation, employees will understand the need for restructuring and be motivated and committed to the organisation. The manager corporate affairs insisted that:

> ñThe restructuring plan need to be cascaded into corporate and departmental work plans so as to serve as a point of reference in the Authorityôs daily operations as this will enable the users to easily understand and implement the strategies spelt out in it and also encourage ownership.ò

The study found out that staff were not properly sensitized by creating awareness and educating employees on the need for restructuring. This led to resistance and the acting chief manager technical services and business development manager admitted that it even led to coercion which did not augur well with the employees. The management punished those employees who resisted by writing show cause letters and even suspending them. One manager complained of biasness in choosing employees to train for the process. The management concentrated on training only the managers instead of also training the employees who were the ones who directly implemented the change process. The organization is now keen on sensitization of staff before inception of any change program to allow reactions and ownership through workshops, seminars and open meetings with all employees regardless of levels to enable create ownership and buy in from them.

Involving all employees in restructuring program is important since it assures the management of their commitment. It also helps the employees to quickly understand the restructuring process and hence little resistance will be realized. In LBDA, this was not the case. Employees were not involved in the process of restructuring. Only the head of departments were involved in ensuring that the process was supervised and implemented to its completion. They did not consult the staff in their department on their opinions and views concerning the restructuring process. All managers agreed that not all employees had a strong desire for change. Involving them may have made the process time consuming since it may take more time to try and convince them. Also involving all of them may have made the organization to incur additional expense in training them, which was impossible due to financial constraints.

Restructuring creates uncertainty among the employees making them unable for efficiently and effectively perform their duties. Naturally employees would resist change if it means altering their comfort zones and learning new roles. Giving up certain aspects of the current situation was seen to cause resistance to the process. Some of the staff who had been transferred to the regional offices refused to leave citing health factors and insecurity in those regions. For the staff, this process would cause implication and cost them more than they would gain from it. The manager human resources said that most of the employees said that they would experience inconveniences of moving. The human resource manager confirmed this by stating that he had received medical reports supporting these allegations. The manager agriculture and natural resources pointed out that his staff was reluctant to go to the field since they feared that this programme reduced their authority and status they were already enjoying in the organization.

The manager engineering said that his staff was more concerned with the move since their allowances would reduce if they were to move to those regions which do not have city rates. Staff was afraid of changing their jobs and responsibilities because according to the manager procurement, being deployed to another work station over the years had not been received well by the employees. Handling different responsibilities meant that there was increased pressure to perform and this created doubt in the capabilities of the employees. The deployed employees did not want to train the staffs that come to replace them. This made the new staff fear to take up their new responsibility since they knew nothing about their new positions. This slowed down the implementation process.

It takes a lot of time in planning and implementing the restructuring process. The chief manager planning business development and investment promotion said that LBDA being established by an Act of parliament could only operate within the Act and any deviation required government approval and intervention which takes a lot of time. This does not favor the organization in this constantly changing business environment, where speed of change is important. The managers also complained that it also took a lot of time for employees to adapt to the new roles and positions after restructuring. This interfered with the operations of the organization.

Continuous monitoring and evaluation of any change program and especially of a restructuring program is of essence since the organization is able to assess the flaws of the program and make necessary adjustment to it for optimum benefit.

The manager planning emphasized that:

> ñMonitoring and evaluation is important since the results are used to inform decision making including taking corrective action where deviations in implementation have been noted. It helps track and monitor progress in the implementation plan hence it enhances the Authorities ability to meet its obligations.ò

The organization had a documented framework for monitoring and evaluating changes that took place. Even though this framework was there, the restructuring process was not constantly monitored to evaluate its progress. The manager planning said that this was due to inadequate funding that the organization had been receiving; hence they were unable to continuously visit all the regional office.

Restructuring is an expensive process. The organization experienced budgetary constraints, which inhibited the full implementation of the restructuring programme. Inadequate and delayed funding from the exchequer contributed to the challenges experienced during restructuring process. The manager finance confirmed that

> ñThe authorityôs role of promoting sustainable management of the Lake Victoria Basin resources through the Authorityôs projects and programmes does not provide an opportunity for the institution to generate funds to sustain itself in the short-run hence, high dependency on the exchequer.ò

The organization was therefore unable to support all the staff by funding their training needs due to inadequate finances. It there took time for the organization to implement its programmes and also the staff could not be continuously trained on their new roles and positions in order to enable them efficiently and effectively perform their new duties.

Most employees who were qualified resigned due to uncertainty of how things would be done in future and lack of an opportunity to participate in the decision of the organization. The study found out that these employees were demoralized since they were just told what to do without the management recognizing their abilities and how those abilities could help the organization during the process of restructuring. Employees who resigned crippled the organization as the process was slowed down and it interfered with the organizationôs efficiency and effectiveness in the delivery of quality services as key activities of the Authority could not be performed by other staff. Manager administrative services complained that he had lost a staff in the water quality department and had no other person who could do that job. This department has been closed ever since.

Different managers have different leadership styles. They influence the productivity of their staff and the rest of the organization differently. The way in which a manager makes decisions, delegates responsibility and interacts with employees can affect the entire organization. The study found out that the performance of each department was different. Other departments were seen to perform very well while others had problems in the implementation of the restructuring. Some managers did not set clear goals which maximized employee productivity. Such managers did not empower employees to make their own day-to-day decisions, guided by strict company goals.

Employees need to be motivated in order to perform their duties. They need to know their duties and have the necessary skills to perform them. They also need to be properly rewarded which is a form of recognizing the employees contribution towards the organization. This study found out that the current structure of the organization raised low motivation among the employees, which ultimately affected the productivity. The organizationǿs remuneration package had not been harmonized at all the levels. The manager human resource confirmed that one job group had different salary scales. This has raised low motivation among the affected employees which may ultimately affect productivity if not addressed on time.

Misunderstanding and mistrust negatively affects performance and productivity. The study found out that employees had assessed the effects of the restructuring process differently from the management. To the management, this process was to help the organization effectively and efficiently deliver its services. But to the staff, restructuring meant losing their jobs, being transferred to other areas where they are going to suffer and lose their authority. This was because the employees were not consulted on the major decisions on restructuring. One manager stated that his staff complained that this process was aimed at removing those employees who were not related to the management or those who had ǿbad bloodô with the managers. This process was seen as punitive. Some employees felt that this move made them feel great pressure to perform and prove their worth so that they will not be transferred to other regions.

There was inconsistency between what the employees said they would do to make the process successful and how they behaved. Since this process began, the manager corporate affairs stated that, the employees seem to agree to the plans to restructure but how they behaved really bothered her since they seemed not to be motivated anymore in performing their duties. Employees were seen not to ask for help even though it was clear they did not understand their new roles. The manager finance observed that some of her staff took suggestions and critiques as personal attacks and failed to keep their promises, agreements and commitments. There was also gossips and talks of management team behind their backs.

4.4 Measures to Mitigate the Challenges of Corporate Restructuring

Information on the restructuring process needed to be properly communicated to all the staff because they needed to know of any changes that involved or affected them. Relevant correspondences needed to be shared through e-mails, memos, notices, website postings and newsletters. This will help in eliminating misunderstanding and mistrust. The manager quality assurance stated that information affects the work employees do, their well-being and their security. The manager information communication technology said that:

> ñCommunication needs to be two-way so that management can keep employees informed of the policies and plans affecting them, and at the same time get feedback about their actions so that they can understand what the employees feel. This will help in reducing resistance.ò

All managers agreed that it was not enough to notify the staff of the changes happening in the organization. All staff should be sensitized on restructuring. Ongoing trainings will enable the staff to quickly adapt to their new roles and responsibilities and eliminate resistance. According to the manager legal services:

> ñAs much as there is inadequate funds, the management can conduct intensive internal training and follow up to ensure that every person has the knowledge and skills on the restructuring programme. Since managers had already been trained through the seminars they attended, they can in turn train their staff on the same. This will save the authority on training expenses.ò

Staff need to be involved in restructuring process from the beginning. The manager engineering agreed that his staff told him involving them made them feel that the management had recognized them as key stakeholders in the organization. He said that:

> ñI have planned to involve my staff in the changes through assignment of activities and setting of targets which has to be aligned to the corporate strategic planôs goals and objectives.ò

In order to avoid the loss of key personnel that interferes with the delivery of quality services, proper succession planning need to be worked on by at least ensuring that two people could perform the same task. The organization can employ new and qualified personnel to ensure continuity of tasks performed. The manager human resources recommended that:

> ñJob evaluation and training needs assessment needed to be carried out to realign the organization structure and qualifications of each staff to the current job held and ensure proper placement and filling of gaps is done. At the same time, salaries need to be harmonized at all levels.ò

The manager finance said she had started preparing bi weekly and monthly reports instead of quarterly reports to inform the management of the performance of the various development projects so that immediate actions by the concerned managers can be taken to ensure that performance is enhanced and appropriations-in-aid collection is improved. This revenue can in future be used to finance such restructuring processes or any change programme. She also commented that:

> ñPartnerships needed to be forged with different development partners. For example, ICRAF for land use, KOICA for Integrated Regional Development Master Plan (IRDMP) and Unicef for water and sanitation activities, for additional funding.ò

4.5 Discussion

The objective of the study was to identify the challenges of corporate restructuring in Lake Basin Development Authority, Kenya. Data analysis and interpretation of the interview responses revealed that LBDA has used its human resources (training, experience, and intelligence), physical resources (equipment) and organizational capital (formal reporting structure, planning, controlling and coordinating systems) in order to reorganize its activities to continue operating efficiently and effectively. This is in relation to resource based theory which explains that a firm is able to conceive and implement its strategies that improve its efficiency and effectiveness by using its resources either by themselves or in combination with other resources to sustain competitive advantage (Barney, 1991).

According to Thoenig (2011), the structures of public agencies should be according to the rules and regulations of the government. It is according to this background that LBDA has complied with coercive pressures of the government through the ministry of Environment, Water and Natural Resources, as spelt out in the Regional Development Policy to transform the way they identify and apply people, natural, financial and organizational resources for it to fully play their significant role in the national development. The organization has adopted a hierarchical structure which has divided the tasks of the organization into specialized roles. This has allowed it to meet its goals since this structure enables it to respond appropriately to the changing environment. This is in accordance to contingency theory which states that the organizational design should fit the circumstance it is facing.

Financial and budgetary constraints inhibited the full implementation of the restructuring process since it was unable to support all the staffôs training needs and this led to mistrust. Agunda (2014) in his study also found out that employees build trust and empowerment in the top management if they are provided for support during restructuring and this influences the employeesô morale in their work. 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.

Not involving all staff led to resistance during restructuring process. Involving them creates commitment to the organization. Ayoo (2011) also recommended that all staff must also be involved and committed to bring about genuine and lasting improvements in the organization. Not involving all employees leads to low morale and low productivity. Jarso (2013) also insists that all staff must be involved and committed to bring about genuine and lasting improvements in the organization otherwise it will pose danger to the productivity of the organization, while Kirui (2011) recommends that engaging employees when restructuring helps to avoid de-motivating staff of which some have to re-apply for their jobs under a new organizational structure.

Lack of proper communication led to anxiety, distorted information from rumours and gossips. Kamarudin, Abdullah and Husain (2014) stated that lack of information created uncertainty and disarray among the employees which led to feelings of frustration and resistance. Agunda (2014) established that communication influences employee morale to a great extent. This was done through departmental meetings, e-mails, internal memos and circulars. Communication helps individuals and groups coordinate activities to achieve goals, and itôs vital in socialization, decision-making, problem-solving and change-management processes.

The findings revealed that the current organization structure of Lake Basin Development Authority raised low motivation among the employees which ultimately affected their productivity since the remuneration package had not been harmonized at all levels. Most employees are motivated by rewards and even promotions giving motivation hence improving on the work progress and performance generally. Kirui

(2011) also notes that a reward system motivates employees and improves employee performance. Rewarding employees almost always boosts a company's employee morale. 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 (Agunda, 2014).

Information on the restructuring process needed to be properly communicated to all the staff because they needed to know of any changes that involved or affected them. Kamarudin, Abdullah and Husain (2014) in their study expressly stated that staff must be provided with information in any restructuring process despite of whether the information would be perceived as sufficient or vice versa since having insufficient information was still better than not knowing. This in turn would contribute to staffös understanding and ease the change process.

All staff should be sensitized on restructuring. Ongoing trainings will enable the staff to quickly adapt to their new roles and responsibilities and eliminate resistance. Kotter and Schlesinger (2008) suggest that one of the most common ways to overcome resistance to change is educating people about it beforehand, training in new skills, offering guidance and counseling services for emotional support and giving employees time off duty after a demanding period.

Staff need to be involved in restructuring process from the beginning as this makes them feel that the management has recognized them as key stakeholders in the organization. According to Kotter and Schlensinger (2008), when change initiators are involved, they believe that they have all the information they need to design and implement the process of restructuring and this makes the stakeholders commit to the process and leads to successful implementation of corporate restructuring.

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 identifying the challenges of corporate restructuring in Lake Basin Development Authority, Kenya.

5.2 Summary

The study involved determining the challenges of corporate restructuring at Lake Basin Development Authority, Kenya. The study showed that LBDA had carried out restructuring by implementing a supportive and responsive organizational structure to enhance the operationalization and execution of the strategies adopted by the organization. This restructuring was motivated by the directive from the Regional Development Policy which stipulated that RDAs be restructured and revamped with a clearly defined core business, transparent and accountable governance system, lean management structure and an appropriate financing framework. From the responses from the managers, the organization had experienced challenges during implementation of the restructuring process.

Financial constraints delay the implementation process of restructuring. From this study the organization was limited by financial resources due to the delayed and inadequate funding from the exchequer. They were thus unable to continuously train their staff in their roles and positions during the process. There was resistance to change which was mainly due to fear of change. Misunderstanding and lack of trust was mainly due to failure of the management to cascade information constantly to the staff. The study also found out that constant monitoring is essential during restructuring process in order to identify flaws that may be present in the current program and to correct them early.

Lack of proper information leads to resistance and mistrust between the staff and the management. Communication helps individuals and groups coordinate activities to achieve goals and itôs vital in socialization, decision-making, problem-solving and change-management processes (Agunda, 2014). Loss of key personnel cripples the organization as major activities cannot be performed by any other staff who has not been properly trained in that profession. Continuous training and sensitization is important as it helps the employees to fulfill the requirements of the job. Leadership also affects the productivity of the employees. Managers should encourage staff to come up with ideas as this encourages innovativeness. According to a study done by Agunda (2014) it was 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.

To mitigate these challenges, information on the restructuring process should be properly communicated to all the staff by using various communication channels like e-mails, memos, notices, website postings and newsletters. This will help in eliminating misunderstanding and mistrust. All staff should be sensitized on restructuring. Ongoing trainings will enable the staff to quickly adapt to their new roles and responsibilities and eliminate resistance. Involving staff in the changes through assignment of activities and setting of targets which has to be aligned to the corporate strategic planôs goals and objectives makes them feel that the management has recognized them as key stakeholders in the organization. Job evaluation and training needs assessment needs to be carried out to realign the organization structure and qualifications of each staff to the current job held and ensure proper placement and filling of gaps. Bi weekly and monthly reports should be prepared to inform the management of the performance of the various development projects so that immediate actions by the concerned managers can be taken to ensure that performance is enhanced and appropriations-in-aid collection is improved. This will eliminate over reliance on exchequer for funds.

5.3 Conclusion

Organizations will only adapt to the changing environment by creating different sets of resources and organizational capabilities to as to continue being relevant and keep up with competition. The way they restructure will at the same time be influenced by the pressures of the various rules and norms that provide or limit resources that facilitate or constrain restructuring. Therefore an organization should restructure based on the current situation it is facing.

Challenges during and after restructuring need to be addressed in order to achieve the main goals of restructuring which is to effectively and efficiently attain the goals of an organizations. It is evident that most of these challenges affect the employees of an organization.

Proper planning for restructuring will ensure that changes happen in the way you want them to and that costs are identified in advance and kept under control. Planning will help an organization to set flexible priorities and be able to change them depending on the circumstances an organization is facing. It is through planning that an organization will be able to identify the source of funds to finance the restructuring process. An organization will also be able to identify the staff who will need training in order to fit into their new roles.

Two way communication enables management to keep employees informed of the plans affecting them and at the same time they will be able to get feedback about their actions. This will help them deal with any resistance that may emerge. Employees need to be met regularly to explain the reasons for the restructuring, how it will be carried out and how it will affect them. Cascading timely information to the employees will help eliminate uncertainty and rumors which usually lead to misunderstanding and mistrust between the management and the staff. Communication can be done through group discussions, emails, and internal memos on notice boards. This offers employees both the opportunity to become updated about progress and to give their feedback about how they feel about the restructuring.

Employees should have the opportunity to influence their future role in the organisation. They should be involved in deciding which tasks to take responsibility for and in which direction their career should go, and which skills and abilities would they like to develop in the future. Individuals and groups that are given the opportunity to participate in the creation and development of change activities are less likely to resist the implementation (Mutihac, 2010). Sharing information with employees and involving them in decision-making encourages them to run their own departments and to make decisions regarding policies and processes. Agunda (2014) says that this method often has 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.

5.4 Recommendations for Policy and Practice

Management needs to provide adequate and timely information through out the restructuring process. Communication needs to be frequent and honest and different media should be used such as discussion forums, staff meetings, comment boxes and emails. Allow both top down approach and bottom top approach of communication. This allows the employees to air their views on restructuring.

Proper sensitization through extensive and continous training will allow the staff to understand the restructuring process and to develop skills that will help in meeting the new demands of the organization after restructuring process. The organization needs to carry out job evaluation and training needs assessment to realign the organization structure and qualification of each staff to the current job held and ensure proper placement and filling of gaps is done. In order to ensure that key activities of the organization do not stall, the management needs to work on succession planning, by training atleast two people on the same job so that the other person can act on his behalf if one of them leaves.

Participative management should be adopted by the managers. This will allow for sharing of ideas between the managers and the staff hence creating room for innovation. Since communication is also improved, any flaw in the process can be identified quickly. Participative management also helps in building trust as all employees are allowed to share their ideas and they feel they are involved in decision making. It also allows the staff to easily understand and implement the process and encourages ownership. Managers need to offer their support to their staff by encouraging, advising and guiding them and at the same time cascade timely information to their staff.

The organization need to provide attractive reward packages which are consistent in all job groups in order to motivate the employees. This packages should be aimed at recognizing the efforts that the employees have put towards the realization of the restructuring goals. This will not only motivate the employees but will enable the management get buy in from all other employees who had resisted the process.

The organization needs to look for alternative sources of funds instead of over relying on the exchequer which normally delays their activities. The organization needs to consider partnerships with investors and improve the performance of their various development projects so that the appropriations in aid collection can be sustainable to finance their major activities.

5.5 Limitation of the Study

This being a case study, it was only conducted in LBDA. It is not enough to generalize and validate to wider population because there are different ways of looking at one phenomenon. Data collected may be different from that which may be collected from other RDAs which have different approaches to restructuring, different organizational culture, different management styles and resource capabilities.

The study had a limited scope. It only sought to find out the challenges of corporate restructuring at Lake Basin Development Authority. It did not explore the effects of corporate restructuring on the different aspects of performance of the organization neither did it investigate the effect of corporate restructuring on employee morale.

Since the respondents were managers who were busy as they needed to represent the organization in various seminars, they were not readily available for the interview which made the process of data collection and compilation of findings take time.

5.6 Suggestion for Future Research

To solve the issue of scope the study suggests that similar study can be conducted in future to investigate the effect of corporate restructuring on different aspects of performance or the role of employee involvement during restructuring at Lake Basin Development Authority in order to eliminate the limitation of scope of the study. Further research can be carried out on the other forms of restructuring such as portfolio and financial restructuring to determine if they have the same challenges while implementing them.

To deal with issues of generalization and validity, a similar study can be done on challenges of corporate restructuring within Regional Development Authorities in order to take into consideration the issues of different organizational cultures, different management styles and different resource capabilities.

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APPENDICES

Appendix I: Interview Guide

The interview will seek to establish the following objective:

i. To identify the challenges of corporate restructuring in Lake Basin Development Authority, Kenya.

ii. To identify the measures to mitigate the challenges of corporate restructuring.

Section A: Challenges of corporate restructuring

1. What are the major factors that led to the restructuring of the organization?
2. What role did you play in LBDAô restructuring process? Were you involved in its planning and implementation?
3. Was there a restructuring programme used? Did all the managers understand and agree to the restructuring programme?
4. Was the information on restructuring communicated to all staff before, during and after the implementation process?
5. Was there any sensitization that was done before the implementation of the restructuring programme?
6. Were all staff involved in the restructuring process? How were they involved? And how do you ensure that you explain to stakeholders in your department why changes are necessary?
7. How did the stakeholders receive the information on the restructuring programme? Was there any resistance from the stake holders?
8. Is the staff adjusting to their new role and positions after restructuring process?
9. Did the restructuring programme run as planned? How did the organization ensure that the programme was implemented as planned?

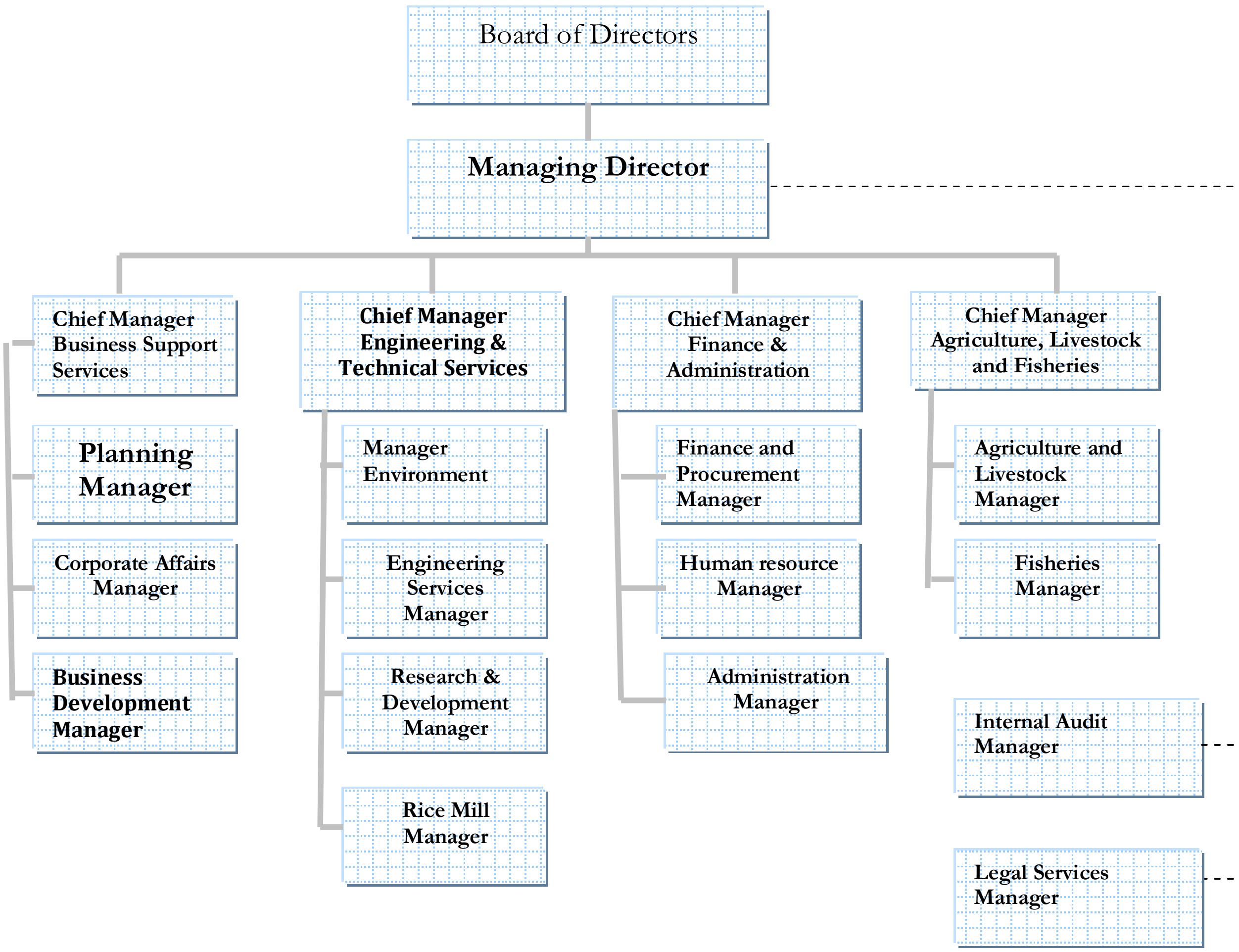
10. Was there any cost implication during the process?
11. Are the business processes being effectively performed after restructuring process? Did you experience any staff turnover?
12. How did you ensure that your staff implemented the restructuring program? How did you motivate them?
13. What other effects did the organization experience during and after the implementation of the restructuring programme?

Section B: How to overcome restructuring challenges

1. What measures is the management taking in ensuring that information reaches all stakeholders
2. Is it enough to communicated restructuring programme to the staff? How can management ensure that all staff is sensitized on the restructuring programme?
3. What specific strategies do you think the organization needs to employ to create the desire in people to accept, support and participate in the change process? What should the management do to motivate and build trust of employees after the restructuring process?

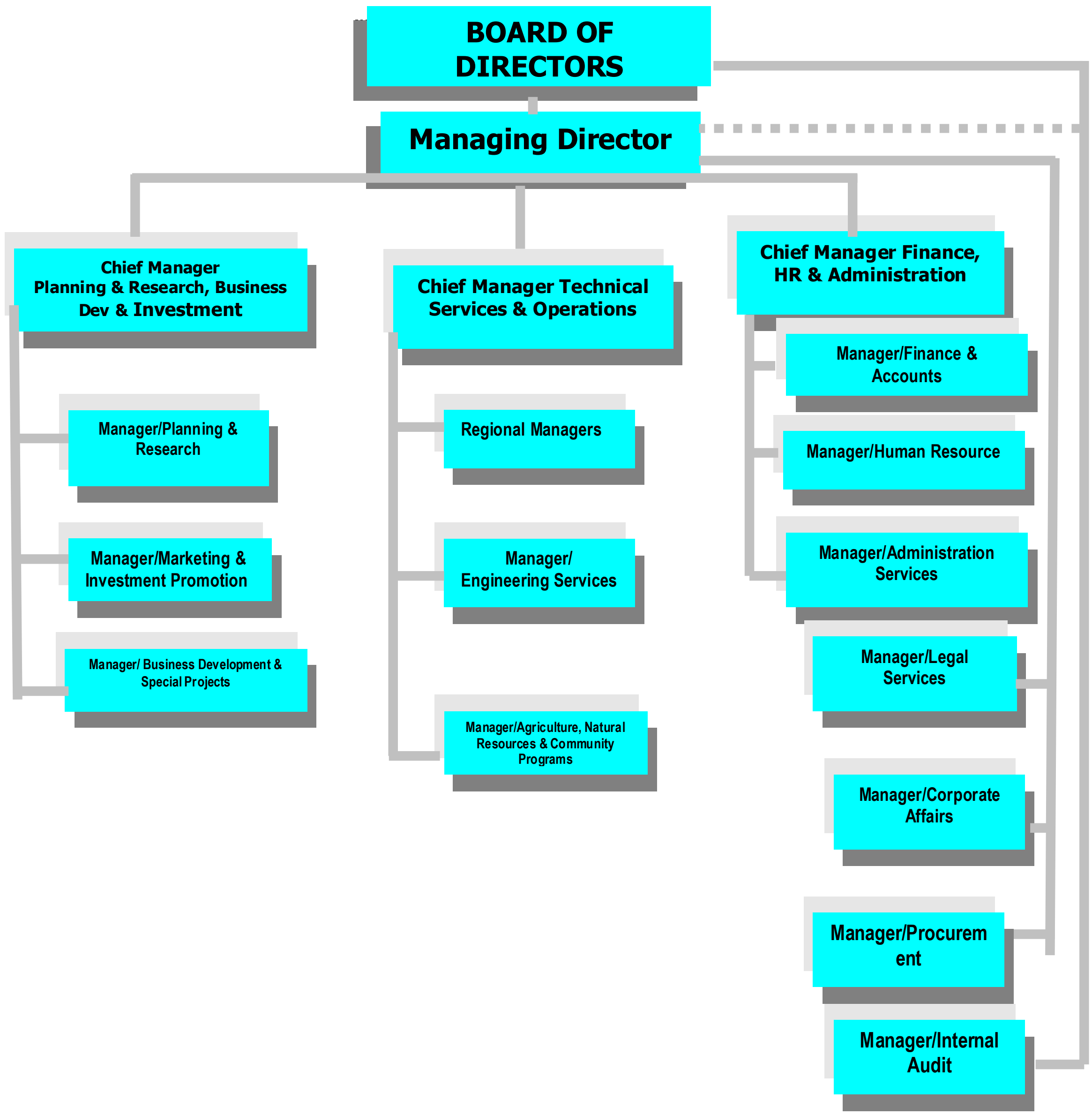
4. Is the senior management team of the organization in the forefront in providing leadership and support to enable change implementation process, and how do they ensure their participation?
5. How is the management helping/supporting staff adjust to their new roles and positions after the restructuring process?
6. What should the management do to ensure that they do not lose key personnel?
7. How should management deal with inadequate funds to finance the restructuring process?

Appendix II: Previous Lake Basin Development Authority Organization Structure



Source: Lake Basin Development Authority. (2007). Strategic Plan (2007-2012).

Appendix III: Current Lake Basin Development Authority Organization Structure



Source: Lake Basin Development Authority. (2012). Strategic Plan (20012-2017).

Appendix IV: Cover letter

Lake Basin Development Authority,

Chief Manager Finance,

August 2015.

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 ñChallenges of Corporate Restructuring at Lake Basin Development Authority, Kenyaò. 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 Lake Basin Development Authority 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,

Ogollah Florence Mpho

mpho.ogollah@yahoo.com

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