

**RESTRUCTURING STRATEGY AND IMPACT ON STAFF
MORALE AT BIBLICA KENYA**

BY

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DECLARATION

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

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DEDICATION

This research project is dedicated to God my creator, my loving wife Linda, and my children, Nathan, Wendo, and Neema, they kept me moving on against all odds to ensure that my efforts come to fruition.

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ABBREVIATIONS AND ACRONYMS

NGO : Non-Governmental Organization

NIV : New International Version

RBV : Research Based View

ABSTRACT

Organization restructuring strategy has become a common phenomenon in many organizations locally and globally, in response to changes in the environment. It's mainly aimed at eliminating waste, promote efficiency, profitability and ensure organization sustainability. The main purpose of the study was to evaluate the organization restructuring strategy and its impact in staff morale at Biblica Kenya. This research used a case study approach as research design because the unit of analysis was one organization, which is Biblica Kenya. Primary data was collected using an interview guide with open-ended questions to avoid subjectivity. The procedure involved personal interactive interviews conducted by the researcher and the interviewees. The researcher then employed content analysis as a method of data interpretation. The study established that organizational restructuring by downsizing affects employees' morale. The study established that trust between managers and employees are critical for effective work relationships, especially under conditions of high uncertainty or conflict. It also established that communication is one of the most dominant and important activities in organizations during restructuring process. It established that employee involvement during restructuring influences their morale, and can be enhanced by improving employee skills through training, staff empowerment, feedback, and communication. The study established that employees build trust and confidence in the top management if they are provided for support during restructuring and this influences the employees' morale in their work. The study recommends that: promotion of a secure and functional working environment is essential for increasing morale among staff; employees must be viewed as a vital component within the organization and be involved in decision making with some level of autonomy; organizations to encourage open communication and abolish any barriers which may exist; managers should offer necessary support to employees during restructuring, and enhance staff morale through effective leadership. They should support and motivate their line staff as they carry out their responsibilities. They should ensure roles are well distributed and covered to avoid burnout of some employees. Managers should ensure the organization policy safeguards both employee and employer welfare. They should also provide adequate resources and give clear plan of activities during restructuring. Managers should work with employees and not against them. As a result, management will be enhancing staff morale and maintaining it.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organisations presently are faced with more competition, sophisticated stakeholder's expectations, scarcity of resources and the need to maximumly utilize resources available in the organisation by operating efficiently. They are therefore continually involved in activities that are designed to improve their organizational effectiveness. Many organisations chose restructuring strategy as a way of optimal use of resources and efficiency, (Bowman & Singh, 1993). Organizational restructuring may take different forms including; mergers, acquisitions, addition of new product lines or markets, structural and operational changes to enhance the firm profitability and improve its structures for optimal functioning to meet its current needs. The objective of restructuring is to transform an organisation into a more profitable firm and increase its value for the owners, (Copeland et al., 1990).

Restructuring requires the management to reposition the organisation strategic focus. They should be able to identify the organisational strengths, weaknesses, threats, and opportunities, and formulate the best strategic approach to counter risks and improve organizational performance, (Porter 1980). An organisation that has undergone restructuring successfully will theoretically be leaner, more efficient, better organized, and better focused on its core business with a revised strategic plan. Staff bear the weight of any restructuring by retrenchment, additional roles, and other operational changes that if not well managed, can dampen their morale to perform. For restructuring process to be successful, the support of employees is key and must be managed well.

This study was guided by the Resource Based View theory that focuses on the internal resources and capabilities that organization possess, to formulate strategy that will achieve sustainable competitive advantage in its markets. Barney (1991) indicates that the firm which possess resources and capabilities of value, rare and not easily substitutable will possess sustainable competitive advantage. Firms are better exploiting available opportunities using internal existing resources strategically to maximise benefits, rather than seeking other external resources for every opportunity. The study was also guided by dynamics capabilities theory which refers to firm's ability to maintain their resources current, and be able to deploy them to cope with the changing environment. (Teece et al., 1997).

In the recent years, corporate restructuring has become so common phenomenon with many organisations both locally and internationally. This has been necessitated by the dynamic business environment which requires organisations to develop and adopt new strategic measures to create and retain competitive advantages. Many organisations across the globe have reorganised their organisation structures, streamlined their operations and restructured their assets to enhance the firm performance. This has enabled organisations to respond to new opportunities effectively and efficiently, and quickly address any pausing threats promptly to ensure they maintain commanding lead in the market.

Biblica is an international firm which falls in the category of not for profit organisation. It is a religious ministry with translation, publishing, distribution, and outreach functions with other income generating activities like hotels. Like any other NGO, Biblica is faced with reduced funding, strict donor requirements and other environmental pressure which have seen the organisation restructure and develop new strategic approach to remain effective.

The main goal is to refocus on its core business and do it well. As a result, from the year 2016 the organisation globally has closed non-performing units, and merged functions in different countries. Some offices have been closed and employees laid off, with an aim of making organisation lean and efficient in resources utilization.

1.1.1 Restructuring Strategy

Restructuring strategy is the act of redesigning one or more aspects of the organisation to make it more profitable and build sustainable competitive advantage, (Heugens & Schenk 2004). Since there is no organisation that can remain the same forever because as time moves, changes occur in technology, customer taste and needs, and other changes in the environment, thus changing business conditions. Therefore, organisations adopt restructuring as one of the strategies to ensure their business survive and stay afloat. Restructuring strategy involves the removal of non-performing business lines and business processes that are not efficient. It also focuses on merging related operations and business functions, and reengineering existing business processes to enhance economy and improve efficiency (Bowman & Singh, 1993). For an organisation to thrive and stay on track in a hostile environment, it needs to restructure itself and capitalise on its core competencies. Therefore, they can adopt merger and acquisition strategies, change organisation structures, introduce new product lines or change operations of the firm.

Implementation of restructuring strategy is not easy. The success or failure of this process depends on how well employees will adopt to the new changes. The process creates uncertainty and fear of unknown to staff, who especially find it difficult to change. The strategy of the entire restructuring process should be clear and managed well. Kotter and Schlesinger (1979) suggests the following six steps approach to organisational

restructuring process to help lessen resistance to change and be able to control effectively any consequences that occur as a result of the planned change. They include, education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-option, and explicit and implicit coercion. Bowman and Singh (1993) indicates that it is important to know the changes that have taken place in work environment of an organisation that has gone through restructuring process, so as to take corrective measures and address any negative impact promptly.

1.1.2 Staff Morale

Employee morale is an important factor to any organisation success. It can be explained as the description of emotions, attitude, satisfaction, and overall outlook of employees during their time in a workplace environment. It reflects the attitude and the feelings of employees towards the organisation objectives. According to Zweni (2004) high staff morale is associated with high staff productivity. It improves employee satisfaction at work and enhances job stability in organisation. This could be reflected in employee positive attitude towards work, self-drive, motivation, innovation and increased performance.

On the other hand, low morale leads to low productivity and wastage in any organisation. Staff reflect negative attitude towards work, low performance, lack of creativity and innovation, absenteeism, lack of motivation and interest (Mandy & Davey, 2009). This can lead to great inefficiency and waste, and can bring down organisation if not well managed. Norsworthy and Zabala (1982) indicate that the morale of employees who survive redundancy suffer because they fear unknown and feel bitter about their colleagues' dismissal. Restructuring process has a direct impact on employees since any changes in organisation will affect them through either layoff, increased work or even changes in operations. Management should ensure the impact doesn't dampen employee morale.

1.1.3 Parachurch Organisations in Kenya

Parachurch organisations are Christian faith based organisations that carry out their mission independent of church oversight. They are religious organisations and not-for profit corporations which mainly focus on spreading faith based information and social welfare. They are vital part of the society and have played major roles in improving human wellbeing both physically and spiritually. Some of these organisations are international with operations across the globe while others are local. Like any other organisation, they are incorporated and are run professionally with vision, mission, objectives and goals that they pursue. Some of the international parachurch organisations include, World vision, Scripture Union, Biblica, Bible Society, and Compassion International among others.

Like any other organisation, parachurch organisations are exposed to environmental factors and face numerous challenges that affect any other organisation (porter, 1980). Many of them are funded by donors and they run income generating businesses to help propagate their mission. In recent times, donations have reduced due to economic hard times, strict donor requirements, and reduced income from businesses. As a result, many of them have been restructuring and changing their models of operations to reduce costs, to be lean and more efficient. For example, World vision, Compassion International and Biblica have restructured, and are adopting partnerships model to achieve their mission. This has seen many operations reduced and employee layoffs. Biblica works closely with churches and other organisations with common mission.

1.1.4 Biblica Kenya

Biblica, the International Bible Society, is a worldwide organisation that translate, publish, and distribute the word of God to people in form of Bibles and other Christian literature materials. It has been in operation since 1809, and has evolved in size and operations. The

headquarters are in Colorado Springs United States of America. Biblica is the translator and publisher of the New International Version (NIV) of the Bible, the most widely read and trusted contemporary English translation. Biblica Kenya is a branch of Biblica Global.

Biblica Kenya was founded in 1979 in Nairobi, Kenya. It is the sole supplier of NIV Bible in Kenyan market. They also have a right to publish and supply Ben Carson books which include Think Big, Gifted Hands, and The Big Picture and Take the Risk. They also supply other Christian literature, music and gift items. Proceeds from the sales help to finance outreach programs and operations. They also operate a guest house in Nairobi Kilimani area, as an income generating project to fund their mission. They have a depot in Kisumu, shop at Reinsurance Plaza and distribute their products country wide.

Biblica runs the following outreach programs; Reach for Life program for the youth, Children programs, Equip leaders program for church leaders and pastors, and outreach to prisons and refugees. These programmes are funded from the head office and partly from locally generated income. With time, there has been reduced donor funding, low sales due to competition, and other environmental factors. An operation audit was conducted in 2014 and it revealed that there has been a lot of inefficiencies and waste due to models used. The organisation therefore sought to refocus on its core business of translation, publishing and Bible engagement programs. This resulted to change of model, and focus more on the use of partnerships to ensure mutual benefit, wide coverage and efficiency. This led to restructuring which has seen many offices recommended for shut down and operations merged between countries.

Africa was divided into three regions, with six offices in six countries recommended for closure. Three Africa regional offices are, Nigeria for North West Region, Kenya for East and North-East Africa Region, and South Africa for southern Region. The operations are to be regional to avoid duplication and increase efficiency. Every office had to therefore reduce the number of employees and only retain the ones who can handle region roles. The process is ongoing but in Kenya, staff were retrenched on May 2017. This raises the question of the impact this process has had on the employees who remained and how well they will be able to adopt to the changes. Also, the question of what the impact is on the affected employees, may give direction on how the process proceeds in other parts of the world, so that management can take necessary measures and precautions to control any damage.

1.2 Research Problem

Organisational restructuring remains imperative if an organisation is to survive in the current competitive and fluctuating environment. Rosen et al. (2011) noted that during economic recession, many organizations restructure to cut costs, improve profitability and achieve sustainable competitive advantage. Cascio (1993) indicates that, personnel costs comprise of 30% to 80% of general and operations costs of many organizations. Therefore, organizations in their bid to reduce costs adopt downsizing strategy to reduce personnel cost and improve on profitability. However according to Cameron, (1994) organizations that downsize just to reduce cost and improve profitability do not necessarily attain their envisioned economic objectives. Instead this strategy can have damaging effect on firm's dynamic capabilities because important knowledge, skills and relationships of core employees may be lost and therefore leading to poor performance. Employees productivity at work place is related to their morale. If the morale is positive, they tend to increase productivity while low morale reduces productivity leading to poor performance.

Every organisation has to keep adjusting to fit in and align with changes in both external and internal environment. In response to its environment, Biblica adopted restructuring approach in 2014 after carrying out operation audit. The organisation aimed at reducing waste, focusing on core competences, and enhancing organisation survival. Restructuring process started in 2016 and still ongoing. This has resulted into closure of some offices, reduction or complete closure of some operations, and staff retrenchment. Functions have been merged and surviving employees deployed to fill the gaps left resulting to more workload. The intention of the management could be good, but the process may adversely affect employees and other stakeholders. Employees suffer low morale as they survive layoffs, feel fear and resentment, because of restructuring and downsizing strategies (Decenzo et al, 2010). The environmental factors and other internal factors dictates that every organisation must adjust and align itself with environment to survive. Restructuring and redundancies are therefore inevitable. The question however is how should the organisations do it strategically well, to attain the targeted objectives and retain the morale of the surviving employees.

Studies have been done over the period to address the subject on organizational restructuring and its effect on the staff. Chadwick, Hunter and Walston (2004) conducted a study on some sampled health facilities in USA that had done staff layoffs, and found that there was an impact on employee morale during and after downsizing process. Zweni (2004) researched on the impact of organizational restructuring on morale of employees in South Africa and noted that during restructuring process, organizations should involve employees as way of mitigating its impact.

Other local studies carried out on the subject include; Ayoo (2011) who conducted a research on the effects of corporate restructuring on employee job satisfaction in Kenya Commercial Bank; Wambugu (2015) did a study on restructuring strategies on employee job satisfaction at the Nairobi city county; Karimi (2002) carried out a study on the problems experienced by organizations in managing survivors of downsizing; Betsy (2011) carried out a study on effects of restructuring on employee's motivation in Kenya commercial bank. Their studies concluded that restructuring process requires management and employee's preparation and involvement, and the process managed to avoid negative effects. To the knowledge of the researcher, there is no study conducted to address effect of restructuring strategy on employee morale in religious organisations. Biblica globally is currently restructuring and there is no study conducted on its effect to employee morale. This study therefore sought to fill this gap and answer the questions, what is the impact of organisational restructuring on staff morale in Biblica Kenya?

1.3 Research Objective

The objective of the study was to assess the organisational restructuring strategy and its impact on staff morale in Biblica Kenya.

1.4 Value of the Study

The study will be useful in formulating policies that address organisation restructuring especially on religious organisations. Government policy making bodies in Kenya will use the information to develop policies that will safeguard employee welfare in restructuring processes. Biblica will use the information from this study to formulate better policies and procedures as they continue with restructuring process in other countries to avoid potholes and mistakes that will be identified in this study.

The study will offer helpful information on organisation restructuring processes to firms considering restructuring strategy. Biblica global will find this study useful by getting information that will inform their decision, as the restructuring process is still ongoing. This study will also provide the information on impact of restructuring strategy on staff morale in religious organisations and the entire NGO sector.

The study will also contribute to the existing theories like institutional theory of downsizing which indicates that the motivation behind enterprises' downsizing practices is mixed with economic factors, institutional factors, and social cognition processes. It will also be significance to the researchers and scholars who will find this study significant as it will form the foundation for further study and act as source of knowledge to scholars.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This Chapter discusses theoretical foundation of the study, restructuring strategy, employee morale in restructuring strategy, empirical review and research gaps.

2.2 Theoretical Foundation

The theories guiding this study are resource-based view (RBV) theory and dynamic capabilities theory.

2.2.1 Resource Based View

RBV focuses on organisations internal resources and competences in developing a unique strategy to attain sustainable competitive advantage. Resources may be taken as inputs that enable firms to carry out its activities. According to RBV, not all resources are strategic to give a firm competitive advantage. Competitive advantage happens when the resources are diverse across the firms, and they cannot move or be obtained from other organisations. RBV adopts an organisation as an assortment of physical resources, human resources and organizational resources (Barney, 1991). The strategy adopted to combine these resources differentiate organizations from one another in performance, and allows firm gain competitive advantage.

Organisations with rare and valuable resources and capabilities, will attain sustainable competitive advantage if they utilise them well (Barney, 1991). Organizational competences are blends of human skills, organizational processes that follow procedures and routines, fixed assets, information systems and incentives that boost performance along

a particular dimension. Organizational capabilities are as a result of continuous learning and experience, from the operations of the firm, and their stakeholders. Organisational capabilities only belong to a specific firm, in that they exist in the firm where they were developed and utilised (Chandler, 1962). Capabilities may be in the form of high-tech expertise, or ability to respond efficiently and effectively to market changes and demand into new product lines or ability to change and increase production processes.

According to RBV theory, when considering organisation restructuring, management should have inward-looking approach to consider resources already available. This will inform strategy development that seeks to maximumly utilize resources available in the organisation and ensure the human skills and expertise acquired over a period of time is not lost through layoffs. Otherwise it will be more expensive to hire the same skills or expertise or even develop new ones. This theory will help to determine if Biblica has adopted the right approach in considering the resources available in the organisation and seeking optimal utilisation in the restructuring strategy. Employees are one of the major resource in any organisation since they determine success or failure of the firm, and therefore laying them off needs full justification.

2.2.2 Dynamic Capabilities Theory

The dynamic capabilities approach, evaluates competitive advantage in the global environment of the quick changing markets. These dynamic markets require that the resources of the firm change over a period of time, to remain relevant with changing market conditions. Dynamic capabilities therefore refer to organisation's capability to assimilate, build and reconfigure its resource base capabilities, and its ability to deploy resources in order to address the fluctuating environments (Teece et al, 1997). Dynamic capabilities

relate to the firm's agility and capacity to respond to the environmental factors in order to sustain competitiveness. Employees play a major role in ensuring that the organisations remain competitive and agile to the fluctuating environment. Organisations should ensure staff are always motivated to work and continuously improve their skills to deliver competently. Restructuring process should therefore be managed properly to ensure staff morale is improved and guarantee continuous competitive advantage.

Penrose (1959) reasoned that the growth of the firm both within and outwardly through merger, acquisition and diversification is determined by how its resources are utilised. These resources need to be deployed in a way they add value to the firm, to contribute on its competitiveness. RBV has as well been useful in Strategic Human Resource Management (SHRM) by focusing on organizational internal resources (Hoskisson, et al, 1999). There has been an increase in appreciating the fact that internal resources are major source of competitive advantage. This has validated human resources assertion that people are a major organisational resource, and strategically important to an organizations success.

2.3 Organizational Restructuring

Corporate restructuring is concerned with reorganisation of firm's operations to attain certain predetermined objectives at corporate level (Bowman & Singh, 1993). Part of the objectives includes resources reallocation for optimisation, focusing on core competencies, and efficiency. Heugens and Schenk (2004) describe organizational restructuring as an important alteration in the structural properties of the organization where many times will include job reorganisation. To improve economic situation and respond to environmental factors, firms have often adopted organizational downsizing as a management strategy especially in times of economic downturn. Downsizing has been taken as the easiest and

effective way of restructuring, since it reduces operational cost, and increases financial performance of the company. It has been described as a well-planned reduction of labour force, by deliberately instituting set of activities targeted to improve organisation efficiency and performance (Cascio, 1993).

Bowman and Singh (1993) outline three types of restructuring strategy which includes; portfolio restructuring, financial restructuring and organisational restructuring. He notes that restructuring affects all forms but in different measures. The author describes that in portfolio restructuring, corporate assets are redeployed in its strategic business units through liquidations, acquisitions, divestitures or spin offs. This strategy includes disposal of non-performing units, or spinning off some units to raise more capital. The organisation objective is to focus on its core business. In financial restructuring, significant changes are made in corporation's capital structure. They include; leveraged buyouts, leveraged recapitalization, and debt for equity swaps. In organizational restructuring, the area of concentration to modify is on management and internal corporate governance structures. This includes organisational redesign, and downsizing.

Organisations with an aim to reduce cost and improve their bottom line, used downsizing as a strategy, first in the late 1970s. The basic justification is that by lowering firms expenses through staff reductions, revenues can be improved, thus increasing the chances of the firm to survive for a long time. Many organisations across the globe have adopted this strategy. In Kenya for example, many organisations including banks, chain store supermarkets and other both private and public organisations are cutting down employment for their survival. A study carried out in USA for example found that 3 million jobs were lost annually from 1989 (Mishra et al., 1998). Generally downsizing aims to improving organisation bottom line and ensure long-term survival. However, organisations restructure

even when they are not experiencing problems. Thus, downsizing can be pre-planned and anticipatory or responsive and defensive (Cameron, 1994). Downsizing can refer to reactive dismissals, a streamlining of functions, a redesign of systems, a redefinition of policies with intention of reducing costs, and a proactive strategy.

Downsizing is expected to yield economic and organisational benefits. In economic benefits, it is expected to increase shareholders value by cutting personnel cost thus, raising share price value. In organisational benefits, its expect to achieve; reduced overhead costs, reduced bureaucratic processes in the organisation, speedy decision making due to redesigned structure, flatter communication structures, enhanced entrepreneurship, and more productivity. However, research is increasingly showing that downsizing doesn't automatically result to the intended achievement in profitability. Indeed, research shows that firms that reactively downsize do not necessarily attain their envisioned financial objectives (Cascio, 1993). The research also indicates that downsizing has negatively affected many employees and their families financially, physically, and psychologically, leading to various social problems for a long time ((Decenzo et al, 2010).

Downsizing may lead to a huge loss of key expertise and knowledgeable employees thus affecting productivity and quality of the firms output. Valuable institution knowledge and memory could be lost if organisation retrench the wrong employees (Fisher & White, 2000). The research shows that organisations tend to replace staff functions which are left by laid off employees with expensive consultants for lack of skills and expertise. Some staff are recalled and hired back permanently while others return on part time basis as consultants usually at higher price. Interrupted production process or organisation operations normally leads huge loses that can be avoided if the downsizing is pre-planned and executed well.

For restructuring to be successful and desired results achieved, management has to foremost examine their firm's current competitive position and the most suitable structure for the anticipated result. After defining the structure, the process of executing the change from the existing structure form to the new one has to be thought out cautiously (Band & Tustin, 1995). After defining the strategies for downsizing and the layoff strategy is unavoidable, there should be careful planning and execution of the human resource management during the layoff process. If this process is not well thought, planned, and executed carefully, the damage to the employee morale can last for a long time and can affect the organisation performance if not rectified.

2.4 Restructuring and Employee Morale

Downsizing has negative effect on the affected employees because of loss of their livelihood. Unfortunately, it has more negative psychological effect on employees who remain. Survivors loyalty and commitment to work reduces, thus affecting work quality and productivity, Mishra et al. (1998). It is implied that relationship between employer and employee is a social or psychological contract with a perceived mutual obligation between them. Once this contract is broken by the employer, new behaviour tendencies start to emerge among the employees who survive the lay-offs. A survey conducted by Right Associates, a Philadelphia outplacement firm in companies that had recently downsized shows that 74% of senior managers reported that their employees suffered low morale, feared future cutbacks, and distrusted management (Cascio, 1993)

Lewin and Johnston (2000) indicate that after layoffs, employees suffer stress, inconsistencies, vagueness of the roles to be performed, and job dissatisfaction. They are unable to effectively manage the business operations. This results to a substantial decline in commitment to the firm and heightened individualism which compromises the concepts

of teamwork and mutual trust essential for effective coordination. Therefore, organisations destabilise in operations and experience reduced levels of coordination and motivation. Organisations end up suffering in performance levels due to reduced employee morale. According to Fisher and White (2000), downsizing disrupts the structural dynamics of social capital due to the exit and relocation of employees thus disrupting the tasks. Research has found that if the impact was huge and greatly disrupted the relationships entrenched among employees, then the longer it will take for the organisation to respond and recover from the shock (Campbell et al., 2013). Surviving employees get more work load as they share the work of departed colleagues and this lowers morale and motivation.

Literature that examines survivors of the downsizing has shown that it causes numerous problems in the organisations. Research has shown that survivors' reactions to downsizing (referred to as survivor's syndrome) is one of the main contributors as to why most organisations fail to reach their envisioned goals after rationalisation. The survivor syndrome manifests itself in rage, despair, anxiety, self-blame, risk aversion, suspicion, helplessness, low morale, and motivation, decline in work and organisational commitment (Appelbaum et al. 1999). Employers should therefore recognise these negative effects on downsizing, and carefully develop ways of reducing it. Lack of managing these negative effects on staff morale can undermine the very gains intended by change. Staff morale cannot be ignored. It determines if the employees stay with the organization or quit, if they will achieve organizational or personal goals, if they can adopt new working practices and learn new skills and how they respond to customers (Kettley, 1995). The surviving employees therefore need much support to cope with the changes.

2.5 Summary of Empirical Literature and Research Gap

There is overwhelming evidence from various scholars that have addressed the subject of restructuring strategy as a popular strategy used by various organisations for survival. More research is ongoing to address various issues that arise or relate to the subject. Erickson (2009) carried out a study on survival strategy of long serving organisations in 20 multinational organisations that had survived for over 200 years. The study established that these corporations over time carried out various restructuring strategies for survival and improved performances. The study also shows that restructuring strategy was adopted to align the organisations with the changing environment such as economic recessions and technological changes. This represents the journey organisations go through in their quest to triumph and remain competitive. This study didn't address the employee factor, which the researcher seeks to address in the current study.

Jin, Dehuan and Zhigang (2004) carried out a research to examine the effect of restructuring strategy on the operational aspects of the publicly traded firms in China. Their study focused on revenue changes, profit margin, return on assets and the total asset turnover ratio. These were measured before and after the restructuring as proxies for firm performance, and the test was done to establish whether restructuring had significant changes. The study established that there were substantial improvements in total revenue, profit margin, and return on assets after restructuring, but there was no evidence of any significant impact on asset turnover ratio. They also established evidence of major market expectations and over reaction to the restructuring strategy. However, they didn't focus on the impact of their action to employees who are main asset in any organisation. This study seeks to fill that gap in identifying the impact of restructuring on staff who are unlike machines and properties, have will and emotions.

Chadwick, Hunter and Walston (2004) carried out a study on a sample of hospitals that carried out rightsizing. The study sought to find the impact of employee morale during and after downsizing process. They compared four types of rightsizing practices which include; process that lay emphasis on staff morale and their wellbeing, practice that gives notice in advance to employees about the looming retrenchments, Process that gives good monetary benefits to the retrenched workers, and the model of work redesign to support downsizing. The study found that there was correlation between consideration of employee morale and perceived success of the downsizing initiative. The researcher will seek to compare the results achieved in hospital setup, for any consistency or inconsistency with NGO environment in Kenya.

Ayoo (2011) conducted a study to establish the effects of corporate restructuring on employee Job satisfaction at KCB Limited. The researcher gathered the data from KCB employees in Nairobi area using both open-ended and closed-ended questionnaires. The study found that there is a substantial relationship between restructuring and increased work load, given that the surviving employees had to make up for work that had been done by the laid-off employees. Also, the flat organizational structure resulted into enhanced communication channels between management and their subordinates.

Restructuring strategy is a difficult decision to make and it is mainly influenced by several factors. Organisational survival when there are threats of hostile competition, technological and other environmental changes, and poor performance necessitate restructuring. Management should anticipate crisis and proactively respond before the situation goes out of control. Past studies show that a lot can be achieved and indeed more advantageous when restructuring is done pre-emptively as opposed to being dictated by the threat of financial distress or hostile takeover.

The review of the past studies shows that there has been growing interest in research on restructuring strategies in different firms. However, there is little attention paid to establish the effects of restructuring strategies on staff morale in Non-Governmental Organisations in Kenya. This study seeks to fill the research gap by finding out the impact restructuring strategy adopted by Biblica has on its employee morale in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology that was adopted in the study on the restructuring strategy and its impact on staff morale at Biblica Kenya. It covers the research design, data collection, and data analysis.

3.2 Research Design

According to Hartley (2004) a research design is the argument for logical steps which are taken to link the research question(s) and issues to data collection, analysis, and interpretation in appropriate way. The study adopted a case study research design because the unit of study was one organization, Biblica Kenya. A case study allowed for in depth analysis of issues and it gave thorough investigation on impact restructuring strategy had on employee morale at Biblica Kenya. Kidder (1982) indicates that a Case study is a good method of research because it provides in depth description of a phenomenon. Pinfield (1986) says a case study can be used to test a theory, or it can be used to generate a theory.

3.3 Data Collection

The study used primary data which was collected through interviews using an interview guide with open-ended questions to get comprehensive responses. The data was collected from seven employees in total. One senior manager represented the most affected departments i.e. marketing to find out the impact of restructuring in their departments. Two middle level managers including the administrator, and bookshop manager, who worked closely with the affected staff and the survivors. This gave in depth understanding of their

observation and views on impact of restructuring on staff morale and how well the process was or should have been handled. Three staff members who include; Accountant, marketer, and receptionist, who helped to find their real experience and impact the process of restructuring has had on them.

To get a different view of the same subject, one of the retrenched staff was interviewed. This helped to compare their feedback with the information collected from the surviving staff. The information was also useful in drawing conclusion on impact the process has had on staff. This helped to eliminate biases on either side. Interview guide used was identical for all interviewees to ensure standardization for ease of comparison between sets of data. The data collected was subjected to analysis before interpretation.

3.4 Data Analysis

The data collected from the interview was sorted out, analyzed presented and interpreted. The researcher used content analysis method to analyze qualitative data. This is a systematic qualitative description of the composition of objects or material of study. It involves observation and detailed description of objects, items or things that comprise the study.

According to Creswell (2003), content analysis is a technique for drawing conclusions or opinions based on the information available, by methodically and accurately identifying specified characteristic of message and using the same to relate tendencies. This method was preferred for the data analysis because it does not restrict the respondents on answers, and it can give more comprehensive information on the impact of organizational restructuring strategy on the morale of employees at Biblica Kenya.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter outlines the outcomes of the study, and analysis of the results established from the interview guides in evaluating the organizational restructuring and employee morale in Biblica Kenya. The chapter also explains the findings in comparison with relevant literature as established by other authors in the same field of study.

4.2 The Respondent Profiles

To achieve the targeted objectives of the study, the interview guide targeted seven staff members from Biblica Kenya and one retrenched staff. The researcher interviewed seven of the targeted respondents. They included one senior manager from marketing departments, two middle managers from marketing and administration departments, other employees including accountant, receptionist and a marketer, and finally one retrenched employee. The response rate was 100% which is adequate and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 70% and over is excellent. The first section on the study was to inquire information on respondents' background including the positions they held at the company and the years they have served with Biblica Kenya.

The respondents interviewed held various positions from the senior management to the receptionist, including the retrenched employee for comparison of the information. They hold positions from various departments that exist in Biblica Kenya. Their experience with organization is great, with all of them having worked with Biblica for more than five years. Therefore, the respondents were found to be familiar and knowledgeable on the subject matter of research and so able to provide reliable information helpful to achieve research

objective. Also, the views of both genders were well represented having three of respondents being female and four males. This ensured there is no gender biasness. The ages of respondents were also well distributed, having three respondents ages between 31 -40 years, other three between 41-50 years and only one between 51 -60 years old. This indicates further that their responses were balanced and representative, and not skewed towards one age group.

4.3 Organizational Restructuring and Morale of Employees

The respondents feedback on the use of lay-off strategy as cost cutting measure was well understood as way of reorganizing, reducing cost, restructuring, and redesigning organization structure to ensure profitability and sustainability. They indicated that they appreciate the fact that organization is going through financial strains due to business environmental changes globally and locally and so staff layoffs was inevitable. However, majority of them indicated that management should look for alternative ways to help reduce costs and layoffs should be the last option after exhausting all other measures because of the negative effects it had on the employees. Respondents also indicated that downsizing had a negative effect on the surviving employees, leading to reduced loyalty towards the organization, low commitment, and unmotivated staff.

Respondents appreciated the fact that staff payroll is a major expense in the organization and reducing it will have major impact on organization performance. However, they noted that unless there is good job redesign, and improved technology to fill the gaps left by retrenched employees the organization will reduce cost and reduce productivity. Thus, the organization could suffer loss if correct measures are not taken to ensure remaining staff are motivated and are maximumly performing and well facilitated to fully utilize available

resources in the organization. They indicated that downsizing adversely affect employee's wellbeing in many ways. It threatens their job security which brings distraction to their performance. It kills motivation, creativity and lack of focus forcing surviving employees to start concentrating on hunting for new jobs.

The respondents were asked if they would recommend management to use layoff strategy. They indicated that the impact of this strategy has negative effect on employee. It disintegrates their cohesion and team spirit, thus affecting motivation and quality of work. They indicated that other alternatives should be used, and the last option should be laying off staff. Though some of them understood the fact that the organization was adopting a new model, thus it was inevitable to restructure. They recommended alternatives like; selling off some business units with employees without retrenching, negotiate with staff for salary reductions to cut cost instead of layoffs, and franchising. Some respondents also indicated that the organization could allow staff to buy some business unit like bookshop to distribute Biblica products, be facilitated with good discounts and allowed to pay over a period of time. They indicated that these could be better alternative ways of restructuring instead of painful retrenchment that left every employee distracted.

Responding to the question on whether laying-off employees as cost cutting measure affects the morale of the remaining employees, the respondents strongly indicated that yes it does in a big way. Citing uncertainty created, fear of unknown future, broken ties among employees due to exit of their colleagues, and broken trust between employees and management. They also indicated that the company is not yet stable and there were rumors of more layoffs, which further affected their morale. Also, the worry of what happens to

their retrenched colleagues and their wellbeing weighed down their emotions. This they said negatively affected the morale of the remaining employees. They also indicated that more responsibilities were added to them, to fill the gap left by the retrenched employees without corresponding remuneration, thus further dampening their morale to work. They indicated that disintegration caused by downsizing had a negative effect on staff performance and could as well lower productivity. The process therefore requires proper management for damage control. Morale is a major concept and it may be manifested in various outcomes including; whether the employees leaves or keep working with the organization, if they will achieve personal or organizational goals, whether they are able to cope with changes, embrace new working practices and skills, and how they handle customers.

The respondents also acknowledged that according to labor laws, retrenched employees are entitled to severance pay. The law requires that any employer retrenching should issue one month written notice to employees, and deliver the same notice to labor office. The affected staff are also entitled to receive half month salary for every year worked, compensation for all unutilized leave days, and any other compensation as per company policy. This guaranteed lumpsum compensation helps employees exit in dignity, and have something to cover them as they get alternative source of income. Biblica Kenya has a policy to pay final dues for retrenched staff as per the law, three months' salary in lieu of notice, and staff gift worth not less than Kshs 2,500 for every year worked. The respondents indicated that assurance of proper exit with honorable package created hope and motivation to work. They indicated that Biblica Kenya provided a consultant who addressed all the

staff in various occasions to prepare the affected staff, and to improve morale of the remaining staff. This was cited as the best therapy staff went through to enable them sail through the process successfully. It helped to improve morale of the remaining staff by bringing reality to their attention and helping them overcome grief and fear.

The study sought to find out how the organization should handle the remaining employees after retrenchment to dispel fear. The respondents indicated that the employees who remained had effects of change and mixed feelings of fear, anger, loss, and uncertainty. Biblica Kenya sought to arrest this by providing counselling sessions from a consultant who according to the respondents played a major role in restoring staff morale. The respondents also indicated that the employer should provide good work environment where there is no fear of intimidation and give assurance of job security for remaining employees. They also indicated that to ease workload on the staff, there should be job redesign and clear set goals to be achieved. Respondents indicated that after retrenchment, Biblica Kenya didn't do job redesign and so staff felt lost with added responsibilities and not sure what their role was. This created a lot of confusion and wastage of resources. They recommended that there should be new job descriptions for the affected employees with new set goals for expected achievement so as to direct much needed effort and resources to maximum production.

The respondents also indicated that the remaining employees need training to enable them to perform the added tasks confidently and competently. This would guarantee their relevance in the organization, thus guaranteeing their job security. However, they pointed out that Biblica Kenya did not put so much effort to this effect according to the respondents,

instead they have offered counseling which is also very important to help deal with the feelings of fear, uncertainties, and other psychological effects. Involving the remaining employees on the process of job redesigning and other processes post downswing that ensures uninterrupted work progress will as well improve their morale to work.

It may be very discouraging when an employee is informed that he is losing his job as part of downsizing process. It can lead to anger, bitterness, fear and feeling of despondent. The organization however can address this through counselling support, and help to recommend or connect retrenched staff to potential employers or business opportunities, to help rebuild their lives. Biblica Kenya offered counselling services to the retrenched employees for one month outside the organization. They also offered business opportunities and job recommendations for them. This greatly eased tension and offered them safe landing in their transition.

4.4 Communication

The study sought to find out whether communication during restructuring influences employee morale. Responding on whether there was clear communication before and during restructuring process by the management, respondents indicated that management took time before communicating officially about restructuring. In the meanwhile, rumors, grapevine, and speculations was going on, and it created so much fear among employees and demotivation to work, not being sure what next or who will be affected by the process. Respondents indicated that official communication settled everything allowing affected employees to make proper decisions to transits, and survivors were able to concentrate with work. Thus, the respondents indicated that clear communication on time would help reduce tension and speculations, and allow employees to make informed decisions.

Respondents also indicated that during actual downsizing, management changed approach and there was clear official communication through emails and staff meetings. Management also hired a consultant who would communicate on their behalf to help employees go through retrenchment process effectively. This they said settled many questions they had, cleared uncertainties and raised their morale to keep going through the changes experienced. Management therefore should ensure official communication is done clearly in the right way to prepare employees, and preempt any hindrances to change. Poor communication will cause resistance to change, and could negatively affect employee morale because of uncertainties caused.

Responding to how the language or tone of communication by management was and how it affected staff morale, respondents indicated that the communication was not harsh and didn't sound malicious or hateful. It was officially communicated to all employees equally without discrimination or threats. They indicated that to the extent that it did not sound like a personal attack or revenge to some individuals, it created encouraging environment improving staff morale. Language of communication is an important tool in passing information to all employees and managers in an organization. If not well thought and articulated, the language of communication can act as communication barrier or lead to ethnic profiling and misinterpretation of information. Its therefore important to use the official channels and language always in passing information within organization at different levels of interaction with employees, to avoid misleading organization.

Responding to whether the channel of communication used by Biblica was effective, respondents indicated that email communication and conferencing through staff meetings was better and effective because it gave details and needed explanations for the entire process. They said that employees were able to engage, ask questions and get responses from management which made it effective communication channel. In addition, respondents indicated that organization also uses circulars, video conferencing and internal memos for communication among employees. Respondents said that these modes of communication safeguard employee dignity by ensuring information is official and confidential where necessary. Clearly the respondents indicated that communication during restructuring influence employee morale. Employee morale is helpful in creating a united team and functioning work environment. Morale affects the actions and convictions of a person or group of people and in turn determines the atmosphere of the environment.

4.5 Employee Involvement

The study sought to find out if there was employee involvement during restructuring and the influence it had on employee morale. The respondents indicated that they were partly involved because the decisions had already been made and their contribution was very minimal. They also said that management held many consultative meetings without involving other staff, and only at minimal levels when they would have meetings with staff, or communicate through emails with an intention of getting feedback. They indicated that they were not sure if their views and contribution was considered during restructuring. They indicated that this affected their morale, in that they felt their opinion didn't matter when the organization was going through difficult process. They also indicated that they didn't own the process and, so they struggled to adjust to the new roles. Many of them had

issues with management for pushing decisions to them unwillingly. They mainly pointed on the added work to cover the gaps left by retrenched staff. They indicated that this was forced on them without proper consultation, and they were doing the work grudgingly for fear of losing their jobs.

Respondents recommended that employee involvement during restructuring would be important because it would allow them to own the process, and cooperate with management posing minimal resistance to changes in the organization. They said this would make the process more transparent, and create confidence in management. They also indicated that employee involvement during restructuring increases staff morale in that they feel they matter and their opinion is considered. It boosts their morale that they can make credible contribution in the change process of an organization.

It was established that in normal running of the business, management allow participation of their employees with some level of autonomy with accountability. They participate in decision making through department meetings, implement decisions and solve problems. In participative management, management share information with employees openly and incorporate them in decision making processes. Employees are given some level of autonomy to run their departments, make decisions and solve problems. This always work towards promoting influence on positive morale and increase productivity. This participative management is however not applicable in every organization and at every level. Employees should have relevant skills and qualifications to be involved. They should be able to communicate effectively, have technical skills and intelligence to work with other employees seamlessly. The organization should have a culture that support employee involvement with issues relevant to them.

The study also sought to find out if improving employee skills through staff training and development, sponsored education, and on job training through job rotations, will affect their morale during restructuring. The respondents indicated that employer has offered staff trainings and other opportunities like sponsored professional trainings, to improve employee skills. Staff trainings done during staff meetings and sponsored trainings at various professional forums. However, they indicated that trainings offered were not sufficient and they didn't feel well equipped for the new changes. They recommended more deliberate trainings to equip staff, and help them adopt the new direction and model the organization has taken of partnerships. They indicated that these trainings would help build their confidence at work and boost their morale to work. Training would also guarantee employee continued relevance in the organization and so confirming their job security.

An employee is one of the major asset in the organization. For any organization to survive and succeed, employee dedication and contribution is paramount. Employee involvement in decision making will make them feel important part of the organization. Their involvement in decision making will motivate them, and make work and change process more successful, especially if they are not affected by retrenchment process. Continuous training ensures employees are constantly updated on developing dynamics in the organization and industry, and to ensure they remain relevant to offer best services. Staff training also ensures employees will understand and act within the scope of organizational policy. It also increases staff knowledge and diversity in current situations in the organization and future issues facing the work environment. This will help increase staff performance and improve their self-worth, making them feel they participate in playing important role in grand scheme. The organization benefits from the amount of continuous training and education the employee receives, even increasing employee retention and motivation.

4.6 Management Support

The study sought to find out if the management support during restructuring influenced their morale. Responding to whether management offered support to employees during restructuring process, the respondents indicated that management hired a consultant who offered much needed psychological support. They indicated that counseling and guidance offered by the consultant played a major role in stabilizing their emotions to be able to make sober decision, and carry on with their responsibilities as expected. They also pointed out that management was actively involved in ensuring affected employees have dignified exit and have a soft landing in their transition by offering proper financial package. They said this greatly influenced staff morale in that affected staff have fallback on their departure. Management also offered financial training and further counseling services outside the organization to the affected staff. Respondents indicated that management also offered moral support by empathizing with employees and encouraging them. This support offered motivated staff by confirming that management care about their welfare. Providing moral support, financial benefits and other incentives for the affected staff is significant. This makes staff feel appreciated and that the organization is not fighting against them. It also creates confidence in employees in that they are not left alone, organization is concerned about their welfare.

The respondents also indicated that during restructuring when things were difficult, top management offered the leadership required and where they couldn't, they outsourced service from outside. They clearly guided the process professionally minding employee welfare and complying with relevant legal requirements. Respondents indicated that this helped to gain some confidence on management, and it has influence on employees' morale

in their work. Confidence on management may erode if employees feel their welfare is ignored and their needs doesn't matter to management. Management support to the leaving employees is also very important since they carry the image of the organization as they leave.

Responding to the question whether management system and policy affect employee morale during restructuring, the respondents indicated that there are policies in the organization which guarantees employees welfare, and dictates terms of engagement between employer and employee. It protects the welfare of both employees and employer to ensure no side suffers loss unfairly. This they said created confidence in that even during restructuring, employees were aware of the process to be followed, and their entitlement to guarantee fairness. They were therefore motivated to work because of guarantee in the organization policies, and labor laws of Kenya which are enforceable in a court of law.

Responding to whether employee morale influence performance in the organization, respondents indicated that when they are happy and satisfied with the situation in the organization and management, their performance improved as well. The respondents indicated that on the contrary, low employee morale is brought about by dissatisfaction and negative attitudes. They also indicated that low morale has a negative effect on organization performance. With low morale, employees lack confidence in themselves and they mainly focus on their interest instead of organization. They tend to have a negative attitude towards organization and so can't cooperate with coworkers. Instead they can bring strife and division among employees which is very counterproductive. Eventually tasks cannot be completed on time, and errors becomes common. This will lead to organization losing resources, and having low and poor productivity, thus unable to realize the targeted revenues. Management should therefore ensure high morale is maintained to achieve the set goals.

4.7 Discussion of Results

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

4.7.1 Comparison with Theory

The findings of the study established that Biblica Kenya carried out restructuring strategy to reduce waste, focus on core competencies of the firm and utilize the available resources to achieve sustainability. Downsizing and elimination of some business units ensured only the needed staff were left, and management was making maximum utilization of the resources available to guarantee sustainable organization. This agrees with the RBV theory that indicates that organizations should focus on their internal resources and competencies to develop a unique strategy that will help the firm to attain sustainable competitive advantage. Barney (1991) indicted that RBV assumes an organization to be a collection of physical resources, human resources, and organizational resources.

In line with the findings of the study, restructuring at Biblica Kenya was implementation of change strategy. It involved preparation of staff, actual restructuring and post downsizing process. Now the organization is implementing the third stage of consolidating new norms, policies, and attitudes. Lewin (1946) developed organization change model for understanding organizational change. He outlined three separate stages of change namely; unfreeze, implement change, and refreeze, which can be helpful in implementing the changes needed.

The study also established that Biblica carried out restructuring strategy to address staff costs and competence. Employees play a major role in ensuring that the organisations remain competitive and agile to the fluctuating environment. Biblica is also ensuring that staff are always motivated to work and continuously improve their skills to deliver competently. This is in line with dynamic capabilities theory, which indicates that resources of the firm should keep improving over time, to be able to respond to dynamic market conditions. (Teece et al, 1997). Restructuring process therefore was part of the process to keep organisation resources improved to meet emerging needs, and staff morale should also be well managed to guarantee continuous competitive advantage.

4.7.2 Comparison with other Studies

The study at Biblica Kenya established that downsizing had emotional effect on survivor's morale. They experienced disconnect from colleagues, sense of uncertainty and frustration because of layoffs. The study also found that communication, employee involvement and management support also had influence on staff morale. Kaye (1998) indicated that, survivors experience the sadness, anger, mistrust, and psychological separation from their organization.

Similar results were obtained by Taylor (1996) who found that downsizing causes emotions within an organization, which ranges from bitterness to relief to paranoia. He indicated that the threat of job loss creates fear, and can even result to health problems. The threat of layoff affects everyone in the organization, including surviving staff, retrenched staff and even management that is implementing the layoff process.

Ndlovu and Parumasur (2005) found out that downsizing created uncertainties in the work place, increasing trust gap between survivors and management. Lewin and Johnston (2000), found that survivors experience stress, role ambiguity, job dissatisfaction, and lose effective control of business unit support. He also found that organizations' experience in coordination and motivation declines, affecting its stability. Reduced morale eventually affects firms' performance negatively.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion, and recommendations of the study which sought to determine organizational restructuring strategy and its impact on staff morale at Biblica Kenya.

5.2 Summary of Findings

The study focused on evaluating the organizational restructuring strategy and its impact on employee morale in Biblica Kenya. The study found out that as a restructuring strategy, Biblica Kenya had carried out a downsizing process. The study found out that this had a negative effect on surviving employees, causing fear, tension, and uncertainty. Consequently, staff morale was affected negatively leading to low commitment and loyalty to organization, reducing performance.

The study also established that communication has influence on employee morale. It pointed out that official communication at Biblica Kenya was done mainly through staff meetings and e-mails. The study indicated that there was clear communication and proper channels of communication were used, allowing employees to make informed decisions, and helping to remove fear and uncertainties. Primarily, relationships thrive as a result of good communication. Subsequently, the functioning and survival of organizations depends on good and effective relationships among employees and departments. Communication enables employees and groups harmonize activities to achieve goals, and it's crucial in socialization, decision-making, problem-solving and change-management processes.

The study also found that employees were partly involved during restructuring process. Their involvement was minimal, because management had already made decisions. Employees therefore didn't own the process, and this posed a challenge in adopting to the new changes especially taking up new roles without proper negotiations. It affected staff morale negatively, affecting performance. The study also found out that Biblica Kenya offered opportunities for staff training and development to improve employee skills. This was found to create confidence on employee and raise their relevance to the organization, guaranteeing their job security. It acted as a catalyst to staff morale. They however recommended more trainings specially to enable them to align with new direction the organization has taken.

The study found out that management support during restructuring process influence employee morale. Management were actively involved in offering leadership, effectively facilitate honorable exit of the affected staff with good financial package, and empathized with surviving staff offering encouragement and reassurance of their job security. This helped to restore employee trust and confidence in management, and improving their morale. The study also revealed that management hired a consultant to offer counseling services to both survivors and retrenched staff, which played a major role in restoring their motivation and their trust with management. Employees build trust in the top management if they are provided with the needed support during restructuring and this influences employees' morale in their work. The employee manager relationship is important in an organization and can be an indicator of success or failure of any organization. Managers influence employee's performance through behavior modeling, constructive feedback, and performance reviews among other methods.

The study also found that employees morale had been improved because of the confidence created in guaranteed rules of engagement between employer and employee by organization policies. Labor laws and organization policies guarantee fair treatment of both employer and employee, and so even during restructuring, their welfare is safeguarded. The study also noted that employee morale has a direct influence on their performance and relation with management. Eventually, staff morale will influence organizational performance.

5.3 Conclusion

Restructuring strategy has influence on staff morale, which in turn affect staff performance individually and collectively affecting organization survival and stability. This strategy should therefore be implemented cautiously in consideration to effect it has on employee's morale and organization performance. Management should communicate effectively to prepare employees, and involve them in the process to guarantee success and preempt negative attitudes, resistance to change and other vices that might arise during the process.

Management support through staff training and development, enhancing positive working environment, positive influence, and constructive employee performance feedback, offer great boost to staff morale during restructuring process. Positive morale is paramount for success at any level. Manager or supervisor who actively work towards creating motivated teams, will succeed in having united and motivated teams with high morale to achieve targets. Organization promoting and encouraging positive staff morale will succeed economically and philosophically.

During downsizing, employee trust and confidence in top management declines significantly for various reasons. Survivors may fail to trust that top management communication is credible, or discredit their competence. They may feel that their welfare is being sacrificed to benefit top managers without necessarily considering their plight. This will affect employee morale and performance. Management should therefore ensure that restructuring strategy implementation is well prepared, implemented and monitored to ensure working environment is not negatively affected, to guarantee success of the firm.

5.4 Recommendation

During restructuring, employees being one of the major component in the organization should be handled and viewed as valuable as they are, because for the organization to function and succeed, employees must be involved. The study recommends that management should encourage open communication without barriers for feedback, to enhance constructive engagement between employees and management. Also ensure proper flow of information at all levels in the organization, to enhance employee participation and motivation.

To enhance employee morale, the study recommends that organization should fully involve their employees during restructuring, and in other decision-making processes where necessary. This will ensure that employees own the process of restructuring and any other changes in the organization, giving their full support due to motivation and changed attitude. It is important to enhance team work which will create an environment to nurture positive influence to work towards common goal, and interact with respect among employees. Management should also ensure employee training and development happens frequently to encourage career growth and skills development, which is a major motivation for employees.

The study also recommends that management should offer necessary support to employees during restructuring. Managers and leaders in the organization are responsible to enhance staff morale through their effective leadership. They should support and motivate their line staff as they carry out their responsibilities. They should ensure roles are well distributed and covered to avoid burnout of some employees. Managers should ensure the organization policy safeguards both employee and employer welfare. They should also provide adequate resources and give clear plan of activities during restructuring. Managers should work with employees and not against them. As a result, management will be enhancing staff morale and maintaining it.

5.5 Limitation of the Study

In conducting the study, the researcher faced several challenges. One of the challenge was lack of time to meet different employees, because the study was getting information from employees across organization i.e. from senior managers, middle managers, staff at lower levels and retrenched staff. The researcher had to create time during lunch break, early morning or late after work depending on when an individual would be available. Getting retrenched staff was difficult, but the researcher managed to get one.

The other challenge is that this was a case study involving one organization, and the data collected could be different from that of other non-governmental organizations since they are subjected to different donors and supporters and the objectives could be different. However, the researcher used an effective research instrument that sought to prompt general and specific information on the organization restructuring and how it influences employee morale. Therefore, the findings of the study could be generalized for application to other similar organizations.

The researcher also faced challenges in obtaining the data since some respondents feared that they might be victimized for giving their views. The researcher overcame this by assuring the respondents that the information was for academic purposes only and it won't be linked to an individual for any victimization. This guaranteed their honest responses.

5.6 Implication on Policy, Theory and Practice

The study implies that there is a relationship between restructuring strategy and employee morale. There is decrease in employee morale when restructuring strategy is being implemented, affecting performance and productivity. The study therefore is of benefit as it brought out the importance of implementing restructuring strategy in a more prudent and well thought way, to safeguard against and arrest negative effects on staff morale that can be disastrous to the organization. It also pointed out the positive effect of improved staff morale to organization performance and stability. The management of other Biblica offices and other NGOs implementing restructuring strategy will give required attention and consideration to staff morale.

The study has established that restructuring strategy have significant effects on employee morale and performance. The policy makers and government should seek measures to formulate and develop regulatory framework to enhance safeguarding of staff welfare, and protect organization resources, such that there is mutual benefit in employer employee relationship.

The study also contributes to the existing theories including; RBV theory by providing information on enhancing good utilization of human resource to create competitive advantage in the organization; and Dynamic capabilities approach by providing information on continuous improvement of human capital and organization structure, to enable the firm cope with dynamic business environment.

5.7 Suggestions for Further Research

The study focused on the organizational restructuring strategy and impact on employee morale at Biblica Kenya. Future study should be carried out to find out if the intended results after restructuring strategy at Biblica was achieved or not.

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APPENDICES

Appendix I: Letter of Introduction



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

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P.O. Box 30197
Nairobi, Kenya

DATE 29/09/2017

TO WHOM IT MAY CONCERN

The bearer of this letter Joshua Kuna Mwangi

Registration No. 061/78982/2015

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

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

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

Thank you.




PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix II: Interview Guide

Part A: Background Information

1. Gender?
2. What is your age bracket? 21-30 years [] 31-40 years [] 41-50 years []
51 -60 years [] Above 60 years []
3. What is/was your position at Biblica?
4. Which department do/did you work for in Biblica?
5. How long have you worked with Biblica?

Organizational Restructuring and Morale of Employees

6. What is your understanding about restructuring?
7. Generally, most organizations use a lay-off strategy to cut costs. What is your take on this measure?
8. Would you recommend management to use this kind of strategy? Give your reasons.
9. Do you think laying-off some employees as a cost cutting measure affects the morale of the remaining employees in the organization?
10. How should the organization deal with the remaining employees after downsizing to ensure there is no fear?

Communication

11. Was there clear communication before and during restructuring process by the management?
12. Did communication during restructuring influence your morale?
13. How was the language or tone of communication by management and how did this do to your morale?
14. Was the communication channel used by Biblica effective?
15. Was the information credible and did it have any influence on your morale?
16. Which modes of communication does Biblica use to deliver information to its employees to safeguard employee morale?

Employee involvement

17. Were you involved during restructuring process?
18. How did the involvement or lack of it influence your morale?
19. Would improving employee skills affect their morale during restructuring? Explain

Management Support

20. Did management offer support to employees during restructuring process?
21. How did this affect your morale?
22. Does management system include policy affect employee morale during restructuring? Explain.
23. Does management reward system affect employee morale? Explain
24. Does employee morale influence performance in your organization? Explain

Thanks for participating