THE PROCESS OF IMPLEMENTATION OF STAFF RETRENCHMENT PROGRAM IN RIFT VALLEY RAILWAYS WESTERN REGION, KISUMU

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DECLARATION

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

Signed .................................................. Date 06\:11\:2011
OUNDO ANN JACQUELYNE

This management Research project has been submitted for examination with my approval for examination as the University supervisors.

Signed .................................................. Date 7/11/2011
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DEDICATION

To my dear husband,
Mr Alfred Joseph Onyango
For his moral and financial support
And
To my daughter,
Talia Lynn Onyango
To my dear Mother
Asnath Omurende Oundo
For their commitment and support throughout the entire course
ACKNOWLEDGEMENT

My special gratitude first goes to God Almighty for giving me the strength and wisdom to complete this process. I am also thankful to my supervisor, Mr. D. O. Ochoro for his commitment and guidance throughout this project. I appreciate the knowledge and skills that all my other lecturers have impacted in me through class work. Special thanks to my group members in class especially Mercy, Frida and Nyandiga., for their commitment and guidance throughout this process. My appreciation also goes to the Rift Valley Railways management for allowing me to carry out this study and especially the HR manager for taking his time to respond and give input to this research. Lastly my special gratitude goes to my family and friends who were there for me.
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ABSTRACT
Retrenchment of employees is a process undertaken by an organization to reduce the workforce of an organization to improve the operational efficiency. It is usually designed to improve efficiency productivity and/or competitiveness. Retrenchment represents a strategy implemented by managers that affects the size of the firm’s workforce and its processes. The purpose of this study was to investigate the process of implementation of staff retrenchment program in Rift Valley Railways Western region, Kisumu. The researcher used a content analysis to analyze the views of the respondent by extracting the themes and subthemes from the response. In carrying out the retrenchment, the organization set up a retrenchment committee to undertake the retrenchment process. The retrenchment committee had a representative from all the departments in the organization, the management of the organization and a representative from the trade union. The task of the committee was to establish the severance fee for the retrenched workers, the communication protocol of the retrenchment process, the selection of the employees to be retrenched and the procedures for selecting the employees. The criterion that was used to select the employees for retrenchment was age, experience, discipline of the employees, experience and the excess employees in the departments. Voluntary retirement was also sought to get employees for retrenchment. The retrenched employees were paid a one month salary for every year worked, ten thousand shillings for transport of belongings, a golden handshake of 120,000 shillings. The retrenchment process led to loss of staff. Retrenchment of old employees also led to a workforce of young and inexperienced employees. In the case of the dissatisfied employees, the employees were given a chance to report their displeasure in a Complaints Committee. The appeal goes through the complaints department through the legal advisor and then to the Chief Executive Officer (CEO) for deliberation. Once the CEO has studied the complaint it is passed to the Appeals Committee which comprises of the CEO, the department head and the legal advisor. The Appeal Committee investigates the complaints of the complainant. If an appeal is effective the right decision is followed considering the rights of the employee. The study recommends that future researcher should include the views of victims of retrenchment, members of trade union and the surviving employees as well as the human resource department. The study also recommends that future researchers should investigate the contribution of the retrenchment on the performance of the organizations.
1.1 Background of the Study

Although retrenchment has been prevalent and has affected millions of workers both in private and public sectors, it has not been precisely defined by many writers. Therefore, one finds different concepts, at levels of analysis (Cameron et al. 1993). Cameron and others such as Halley (1995) of the Meridian International Institute report that terms taken as synonyms of retrenchment include resizing, declining, restructuring, reorganizing, re-engineering, leaning up, streamlining, reduction in workforce, rightsizing, slimming, researching, non adapting, consolidating, administrative reform, down shifting and many others. Each of these concepts may share some meaning with retrenchment, but each produces different connotations and criteria for assessment. Retrenchment should be clearly defined in order to be precisely understood and measured.

What is organizational retrenchment? Organizational retrenchment is a management philosophy that constitutes a set of activities, undertaken on the part of management of an organization, designed to improve organization efficiency, productivity and/or competitiveness. Retrenchment represents a strategy implemented by managers that affects the size of the firm's workforce and its processes (Cameron et al. 1993). This definition has become the one most adopted by other authors such as Freeman and Cameron (1993); Kozlowski; et al. (1993), Cascio (1993); Freeman (1991). However, Hickok (2006), feels that this definition is over extended as it would appear that such
organizational efforts like "total quality management" or "re-engineering" which are also undertaken by organizations but are not part of the same as this definition would seem to imply. To him retrenchment is simply "a reduction in the size of the workforce. Thus this does not imply a reduction in the assets of the organization.

1.1.1 Factors Influencing Staff Retrenchment

There are a number of factors that necessitate retrenchment, one of the reasons is slow economic growth, strapped by the hard times, struggling with more debt than ever, firms retrench in an attempt to cut cost (Cascio, 1993). Another factor influencing retrenchment is the technological factor, technological innovations and advancement that result in heightened productivity and fewer workers required (Appelbaum et al, 1987), other factors are social in nature. According to Mckinley et al, (1995), there are three main social forces that lead to retrenchment; constraining, cloning and learning. First, constraining is essentially the exertion of pressure on firms to conform to institutional rules in regard to legitimate structures and management activities, (Mckinley et al, 1995). Mckinley (1995) also defines cloning as the pressure exerted on firms to mimic those companies that provides a benchmark for the industry in terms of Excellency and prestige. Finally learning experiences involving what is being discussed in educational institutions such as universities and professional associations and professional associates exacerbate this activity.

1.1.2 Retrenchment of Staff

Retrenchment is a corporate level strategy that facilitates the organization to meet its goals. Recent economic trends have engendered interests in how organizations cope with
diversity. Some researchers have taken an evolutionary perspective on the issue
considerations (Aldrich 1980). If retrenchment is to lead to the expected improvements
in productivity, it must have positive effects on the functioning of the organization. The
argument for retrenchment is that the elimination of jobs felt to be surplus to
requirements will, by making the organization leaner and meaner, enhance its overall
efficiency. The smaller number of the employees is supposed to work harder and better
on average than employees in the same organization before hand. However, the available
evidence is that this very often does not happen. For instance in one of the largest survey
of its kind the American society for Human Resource Management Cameroon et al,
(1991) found that over half the 1,468 companies that were surveyed reported that
employee productivity had either stayed the same or deteriorated after restructuring, even
though the mangers involved had expected big increases. These findings have been
replicated in longitudinal studies of major companies within the automobile, chemical,
financial service and engineering industries Bowman (1993).

To the employees, retrenchment is a threat, as it impacts on them negatively. It is logical
that when a threat confronts an organization, a major concern would be the enhancement
of controls and coordination of organizational action. In general, as the importance of the
decision increases, they are made at progressively higher levels within the organization
hierarchy presumable because top level decision making body is less likely to differ from
the core values or goals of the organization Kanter (1980). Similarly increased
formalization and standardization of procedures must carry out decisions of others Kalin.
likely to collapse if the remaining employees feel that the layoffs were unnecessary and were not fairly handled. Also “survivors” need to be given a new sense of purpose and not just the belief that they will be expected to work harder to cover the jobs of people who were dismissed. “Survivors” may feel insecure and lack confidence in their abilities to assume extra responsibilities. Pre-existing career ladders may now be blocked, and informal interpersonal communication and support systems will have been disrupted.

Change in size in an organization has an effect on organizational structure. As an organization grows, increased differentiation creates increased need for coordination and control.

Reversing this argument, classic administrative theory suggests that size decreases should create opportunistic effects because problem of coordination and control are reduced and this can be handled by less mechanistic means (Culten et al 1986). As a result decreasing means of mechanistic means would be expected in shrinking organizations. An organizational financial resources and its workforce are conceptually distinct aspects of size (Kimberly 1986). These two variables can have strong empirical relationships because revenue fluctuations lead to rapid changes in a number of personnel in some organizations. There is a contention that organization in which changes in financial resources are not strongly linked to changes in number of personnel, decrease in each of these aspects of size will lead to distinct changes in structure and jobs.

1.1.3 The Retrenchment Process

Retrenchment decision is non-discriminatory to its workers and eligible services benefits for affected workers are guaranteed. It is carried out in compliance with the law and the
decision best serves the future requirements of the company (Ansberry 2003). While reducing the number of workers may seem to be the most obvious way to cut costs, retrenchment in itself is very costly. The costs include; administrative and legal costs, severance payments, low morale and productivity among remaining workers, recruitment and employment of new workers (Burdos 2002). It is therefore important for the companies to understand that retrenchment can cause a number of serious problems like lowered morale due to fear of losing jobs which inevitably results in a decrease in productivity and quality, it can cause a painful realignment of workers and serious disrupt business operators. the good workers may leave for more stable work environment and the factory’s reputation may be tarnished by its treatment of its workers (Cascio, 1993).

Therefore, it is important that, before an organization undertakes a retrenchment, it should weigh, if retrenchment is the only option that they have and if there is need to retrench, they should check if there is provision for termination (Mishra, 2008). It is also important for the organization to come up with a retrenchment committee, and then they should develop a retrenchment plan. The retrenchment committee should then analyze the alternatives that they have. It is also important that the organization consults on a large scale with the key stakeholders and listen to their recommendations. The Act also requires that criteria for selecting employees to be retrenched must be in agreement with both parties, the organization and the employees representatives, (Konosuky, 2000). After the two have agreed on the selection criteria it is also important to plan for severance creation in advance and also the dispersal process. The organization must also be ready to listen to the appeals and grievances of the employees to be retrenched.
1.1.4 Rift Valley Railways (RVR) Kisumu Region

Rift Valley Railways Corporation was formed under the consenting agreement in November, 2006. It was established to manage the parastatal railways of Kenya and Uganda. The consortium won bid for private management of the century old Kenya – Uganda in 2005 (RVR website). In July 2006 the operation took over in 2006 November and is scheduled to last for 25 years. The Rift Valley has been experiencing problems. In 2007 – 2008 Kenyan crisis the railway line was destroyed leading to difficulty in supply further destruction and loss of income led to financial losses.

Rift Valley Kisumu region covers from Kisumu up to Kipkelion.

It is a private enterprise established under the consenting act agreed between Kenya Railways and Rift Valley Railways. It has the mandate to provide rail and in land waterways transport. The Rift Valley Railways vision is to be a World class provider of Rail Transport Services and with the mission to develop and manage railway infrastructure and services in the most efficient and innovative way. The Rift Valley Railways Western Region Kisumu (i.e. from Kisumu to Kipkelion has a total of 280 employees. In the five years of its existence RVR has retrenched its employees at least four times. The most current one in 2010 (company brochure). Due to the frequency of the retrenchment in the organization it’s important to see how the organization has been carrying out the retrenchment process.

1.2 Statement of the Problem

It appears from the background that retrenchment has devastating effects both on victims, survivors, and the organization at large. Organizations have been thinking of how to manage survival. They over look the fact that their employees and the stakeholders at large need to know how the whole process was carried out. Many of the problems of
retrenchment come from the breaking of the traditional psychological contract, where employees were promised job security and hierarchical career advancement in return to their loyalty and commitment to the organization's goals (Brockner, Tyler and Cooper - Schneider, 1992). It is the breaking of this, which has left employees in a state of emotions similar to those being retrenched (Thornhill and Gibbon, 1995). There has been a vast interest in the effect of retrenchment for those people who remain in the organization. Many studies has been carried out in the area of retrenchment. Shivo (2003), found that, a prolonged period of downsizing had created work regimes and a breakdown in the traditional career ladder, resulting in commitment based on fear rather than loyalty to the organization. (Moi, 2002), carried out a study on survivors at the Ministry of Education. (Guyo, 2003), carried out a survey of the practices of staff downsizing of among major oil firms in Kenya. (Mwangi, 2002) surveyed the factors that influence the attitudes of survivors of downsizing towards management and job security in the banking sector. (Karimi, 2002) carried out a study on the problems experienced by organizations in managing survivors of downsizing. However while survivors and retrenches have been the subject of much research, little has been done on how it is implemented. This problem statement leads to the following questions, to what extend has RVR embraced the process of staff retrenchment?

1.3 Research Objective

The objective of this study was to establish the process of implementation of staff retrenchment in RVR Western Region Kisumu.

1.4 Value of the Study

The study is significant to scholar because it will provide them with knowledge that will serve as a platform to improve on the process of retrenchment. The study will also be useful to practitioners of outplacement managers who wish to better their practice. It seeks to move beyond the qualitative descriptive data, to more generalized findings that can assist any person who deals with retrenchment.
The study will also be useful to organizations that may have retrenched and who have retrenched and who have plans of carrying out further retrenchments in future.

Rift Valley Railways Western Region Kisumu, will also obtain information that will enable them assess themselves and therefore improve in their implementation. The study will also stimulate further research in the area of retrenchment of employees in RVR Kisumu.
2.1 The Concept of Retrenchment

Although retrenchment has been prevalent and has affected millions of workers both in private and public sectors, it has not been precisely defined by many writers. Therefore, one different concept, different levels of analysis (Cameron et al. 1993). Cameron and others such as Halley (1995) of the Meridian International Institute report that terms taken as retrenchment include downsizing, resizing, declining, restructuring, re-organizing, re-engineering, learning up, streamlining, reduction in work force, rightsizing, downsizing, sliming, researching, non adapting, consolidating, administrative reform, downshifting and many others. Each of these concepts may share some meanings with retrenchment but each may produce different connotations and criteria for assessment. Retrenchment should be clearly defined on order to be precisely understood and measured.

What is organizational retrenchment? Organizational retrenchment “is a management philosophy that constitutes a set of activities, undertaken on the part of management of an organization, designed to improve organizational efficiency, productivity and / or competitiveness. Retrenchment represents a strategy implemented by managers that affects the size of the firm’s work and its work processes” (Cameron et al, 1993). It has become the one most adopted by others such as Freeman and Cameron (1993); Kozlowske; et al (1993); Casio, (1993); Freeman land Mishra (2001); Mishra and Mishra (2004). However, Hicko (2006)
feels that this definition is over extended as it would appear that such organizational efforts like "total quality management" or "re-engineering which are also undertaken by organizations but are not part of the same definition would seem to imply to him, retrenchment is simply "a reduction in the size of the workforce." Thus this does not imply a reduction in assets of the organization.

According to Cameron et al (1993), retrenchment constitutes four (4) major attributes that help to define and separate it from related non synonymous concepts such as decline and layoff. This view is also held by Cascio, (1993); Thornhill and Sawders (1998). These four (4) attributes, intent, personnel, efficiency and work processes are discussed under;

Retrenchment is "International" proactive activities taken by management to improve overall organizational efficiency and effectiveness. This response may be occasioned by mergers, acquisitisitions, divestitures, changes in technology or restructuring to better enable the organisation to meet its mission or fill an environmental niche (Kozlowki, 1991; Thornhill, Stead and Gibbons, 1999; Tylczak, 1991).

The personnel attributes of retrenchment usually involves reductions in personnel. However retrenchment is not limited to personnel reductions, additional staff may be added but the overall process results in fewer number of workers employed per unit Vis’ a Vis’ output as compared to some previous levels of employment.
Retrenchment occurs either reactively or proactively to contain costs, enhances revenue and bolster competitive (Tylczak 1999; Webster, 1994). Retrenchment activities may bring about changes in the work processes through restructuring and eliminating work or some designs. After the reduction in the work force, fewer employees remain to do the same amount of work, and this affects what gets done and how it gets done (Cameron, 1994).

2.2 Retrenchment of staff

Retrenchment of employees is “intentional” proactive measure taken by management to improve overall organizational efficiency and effectiveness. This response may be occasioned by mergers, acquisitions, divestures; changes in technology or restructuring to enable the organization meet its mission or fill an environmental niche (Kozlowski 1991; Thornhill. Stead and Gibbson. 1997; Tylczak, 1991). The personnel attributes of retrenchment usually involves reductions in personnel, however, retrenchment is not limited to personnel reductions additional staff may be added but the overall process results in fewer numbers of workers employed per unit Vis a Vis output as compared to some previous levels of employment. Retrenchment of employees occurs either reactivity or proactively to contain costs, enhance revenue and bolster competitiveness (Tylczak 1999: Webster, 1994).

Retrenchment activities may bring about changes in the work processes through restructuring and eliminating work or some redesign. After the reduction in workforce, fewer employees remain to do the same amount of work, and this
affects what gets done and how it is done (Cameron, 1994). Retrenchment has been found to have a profound effect on survivors and the organizations. Kolzlowksi (1993), states that employees will respond to reduced organizational trust and commitment, difficult to foster productively, reduced creativity and innovation, occasioned by a breach by the organization of the psychological contract. Retrenchment may also have unintended negative consequences for individuals and organizations. Cameron (1994) and Cascio, (1993) state that some managers had reported a negative effect on their subordinates' productivity, morale and overall commitment to the organization.

Individual employees also undergo several responses: feelings of job insecurity, anger, job stress, decreased loyalty and organizational commitment, lowered motivation and increased resistance to change (Brockner 1986). Researchers in management science and psychology have found that survivors suffer from a host of symptoms that have been termed survivors syndrome. These systems include guilt, anxiety, fear, relieve shocked, insecurity, anger, denial, depression and resentful. It also refers to the way some survivors reacts when many of their friends and colleagues are forced to terminate their relationship with the organizations. Some of the researchers and psychologists include Noer, (1993); Cascio, (1993), Baulmohol (1993) and Mcquire (2000). Retrenchment literature also suggests that past layoff work environments can be quite stressful leading to worry, anger, and burnout (Cooper 2000).
Survivors also face problems of role ambiguity and role overload. Pareek (1993) states that, role ambiguity comes about when an individual is not clear about various expectations that they have for their roles. On the other hand, role ambiguity comes about where there are conflicting demand or expectation by different persons having expectations from the role. According to Gibson (1994), this may cause biochemical changes, especially elevation of cholesterol. Overload is harmful to those who experience lowest job satisfaction, lowered confidence, increased absenteeism, and decrease in quality of decision making deterioration of interpersonal relations and increase in accident rates. Retrenchment itself has been found to be a source of job stress (Tony 1994).

2.3 Factors Influencing Retrenchment

Economic factors

Strapped by the hard times, struggling with more debt than ever, firms retrench in an attempt to cut cost (Cascio, 1993). Forever, in attempting to remain competitive in an ever increasing global market place, firms see few alternatives to retrenchment (Appelbaum et al. 1987; Cameron, 1994; Mishra and Mishra, 2004). According to Mishra (2004), the downsizing which took place in the early 1980's was mainly an effort to reduce the number of employees in order to stay competitive. That trend continued into the 1990's with the firms attempting to cut to remain competitive in the global market place (Appelbaum et al; 1987; Cameron et al, 1991). Projection until the end of this century does see a lapse in retrenchment activities. In fact, firms are expected to continue to retrench extensively. One possible reason for this is that firms poorly planned or carried
out retrenchment programs and hence must remedy past failure (Mishra and Mishra. 2004). In a like manner, firms that have experienced market place share less coupled with loses in profitability tend to perpetually retrench. These trends are troublesome since they appear to be "Knee jerk" reactions to other firms in the fields in a "follow the leader" Zero game.

Technological factors.

Others factors that may contribute to retrenchment are technological advancement and innovations that result in heightened productivity and fewer worker required (Appelbaum et al. 1987: Wagar, 1997), Dunford et al, (1998) also states that for firms to engage in retrenchment activities, in the past, technological improvements often resulted in hiring additional workers rather than replacing the existing employees; the numbers that were added are now being cut (Cameron, 1994). De Vries and Baaz (1997) also incorporate the influence of technology on retrenchment, although in a slightly different vein. They state that rather than simply the introduction of technology, it is the "administrative impact or revolutionary technology" that has impacted retrenchment. The outcome of technological advance has been an increasing redundancy.

Social Factors.

According to Mckinley et al (1995), there are three main social forces that lead to retrenchment; constraining, cloning and learning. First constraining is essentially the exertion of pressure on firms to conform to institutional rules in regard to legitimate structures and management activities. Increasingly, firms aim to confront to an ideal model of "lean", often they achieve this result through
downsizing Mckinley et al, (1995) defines Cloning as the pressure exerted on firms to mimic those companies that provide a benchmark for the industry in terms of excellency and prestige. Similarly to constraining, whether actual benefits can be drawn the retrenchment activities are not important to those firms involved in cloning, but rather whether retrenchment has taken place (Mckinley et al, 1995; Mentzer, 1996). In a like manner, Palmer et al,(1997) examines the rationale of the firms that retrench. While initially firms justified their retrenchment initiatives by using the business environment as a rationale, by the 1990's firms began to use the trend towards globalization as a rationale (Palmer 1997).

Finally, learning experiences involving what is being discussed in educational institutions such as universities and professional associations exacerbate this activity. By teaching different approaches to the theories of retrenchment, the role of retrenchment activities becomes legitimized and more easily considered to be acceptable. While Appelbaum et al (1987) and cascio et al (1997) state that companies that are not performing well are experiencing financial losses and cash flow difficulties are more likely to engage in retrenchment. Mentzer (1996) interestingly found that in large Canadian firms there was no consistence relationship between a financially distressed firm and its intention to retrench.

2.4 The Process of Implementation of Retrenchment

Bottomley (1990), indicated that during the retrenchment process employees should try to avoid misunderstanding and recrimination from their employees. In
addition to specific legal responsibility, he indicated that some of the things the employer should consider include.

Retrenchment as the only option.

Advising the Human Resource Department / Labour Ministry.

Organizing a retrenchment Committee.

Developing a retrenchment Plan.

Consultation with Key Stakeholders.

Selection Criteria.

Planning for Severance Creation

Managing the dispersal process

Appeals and Grievances.

2.4.1 Retrenchment as the only option.

Before making a final decision on retrenchment, the organization should answer the following questions.

What are the workers rights and obligation in relation to job loss not only in terms of content of their contracts of employment and their entitlement to payment upon retrenchment but also with respect to collective agreement and local and international rules? It is also important to note the short term business plan. it is also important to question what areas and groups of workers to be retrenched and what is the job market like for the type of skills they possess? What is the gender
and ethnic breakdown of the workers to be retrenched versus those who are to be trained? (Appalbaum 2005).

2.4.2 Advising the Human Resource Department / Labour Ministry.

Whether a trade union is involved or not, organizations must advise the Department of Human Resources of their proposed retrenchment program at the earliest opportunity. Organization advisers will help employees who are about to be dismissed (Lewis, 1992). After an agreement on retrenchment procedures has been made between an employer and a trade union, both the employer and the union can go ahead to form a retrenchment committee (Gewirtz 1996).

2.4.3 Organizing a Retrenchment Committee.

If retrenchment is seen as the only possible outcome, then the first thing to be done is to form a committee on taskforce within the organization to manage the process. The committee should include stakeholders, finance department, production department, HR personnel department, and works / union representative (Maphose, 2009). The committee is endowed with the role of determining the revised shape of the workforce, plan in detail the number of workers required in each department of the organization and the skills required for each post. The committee also has a role of drafting the time frame for implementation for each stage, develop a selection criterion, consult key stakeholders during the development and implementation of the retrenchment plan, determine budgets for each course of action and reach a decision on the appropriate course of action (Bottomley, 1990).
2.4.4 Developing A Retrenchment Plan

A retrenchment plan should include the following: a brief description of the problems facing the organization, Analysis of alternatives to retrenchment that have been considered and why retrenchment is the only remaining option. Description of the retrenchment plan, includes, the consultation process, the remedial measures that the organization will and the procedure and implementation schedule (Kadula 2006). Key stake holders must be involved in the planning process in order to reduce potential harm or bad publicity of the firm and to allow effective engagement with Trade Union and other stakeholders (Cascio, 1993).

2.4.5 Consultation with Key Stakeholders.

In all organizations, regardless of size and number of employees to be dismissed, employer should consult with appropriate trade unions as soon as fully possible. Employers should consult at an early enough stage to allow discussion as to whether the proposed retrenchment is necessary at all. The consultation process should precede any public announcement of the retrenchment program. Notices of terminating should not be issued until consultation has been completed. (Bell, 1981). After the consultant the notices should be placed on the notice boards in the work place or the employer should attach invitation to consult employees payship (Mapheso 2009)
According to Bell, (1981), consultation period require the employer to disclose in willing to the trade union representative all the following; The reasons for their proposals. Number and description of employees whom they propose to dismiss, the total number of employee of description employed at establishment, proposed method of selection and method of carrying out dismissal and how the severance pay is calculated.

2.4.6 Selection Criteria

Selection of employees to be retrenched should be fair and objective, meaning that it should be based. Employees and trade unions should follow an agreed method in deciding who to be retrenched. The criteria agreed by the ACT to be fair include: Last in, first out (where employees with the shortest length of service are selected first, asking for volunteers (self – selection), disciplinary records, staff appraisal markings, skills, qualification and experience. Maposa (2009), asserts that employer contemplating to adopt that particular criterion must be in a position to prove the employees retained are indeed fundamental using a combination of criteria to decide who is to be retrenched is the most affected way of selection.

2.4.7 Planning For Severance Creation

Severance payment is the Key instrument for mitigating the negative effects of retrenchment. Workers are entitled to severance pay in accordance with international and national law. Consensus should be reached though consultations (Kandula, 2009).
2.4.8 Managing the Dispersal Process

Whenever a worker is dismissed, his or her ability to find new sustainable routes to livelihood is essential to cushion the effects of retrenchment on both the individual and the community.

Training – provide the retrenched workers with new skills, hence widening the opportunities potentially available to him or her. The type of relevant training should be discussed with trade – unions, other stakeholders and the employees themselves.

Career counseling / psychological counseling - It is important to provide the retrenched workers with advice on career opportunities.

Employ an independent advisor or a local advisory centre to listen to the retrenchees and give them advice

Promotion of local economic development opportunities - It is important to put money into a fund to support new businesses or work with local governmental and non- governmental organizations to help provide start – up and technical assistance.

Immigrant workers - Support mechanisms should be put in place to assist them with adequate housing, health care and other social supports if they remain in the country e.g. help can be obtained from international organization for migration.

Assistance with finding new employment.

2.4.9 Managing the Dismissal Process

It is important to communicate the retrenchment announce the member of dismissal that will take place and the manner in which workers will be selected
for dismissal in writing. (Kochan e tal. 1988). It is also important to arrange for clarification sessions for workers, make sure they all understand the process and their rights.

Severance payments should not be delayed. Ensure payments are recurred by the workers on his /her last day at work. Payment can also be made in stages over a period of time, if it cannot be availed all at once.

2.4.10 Appeals and Grievances

Key elements of an effective appeal or grievance procedure should be as follows, the process should be transparent and communicated to workers in writing, all the workers should have the right to indicate the procedure, the process should be completed promptly, and when initiated the dismissal should hear the appeal grievance (Sutlon 1989).

2.5 Effects of Retrenchment


A survey of 1005 firms in US showed that downsized firms between 1986 and 1991 only 46% actually reduced expenses, only 32% actually increased profits, only 22% actually increased productivity and only 17% actually reduced
bureaucracy, although each of these goals were intended (Cameron and Freeman 1994).

Retrenchment is viewed as having profound effects on the organization and the personnel, both victims and survivors. Attempt to determine the impact of retrenchment, the effects of job insecurity, and economic need to work on employee attitudes Brocker (1992) used work efforts a measure of job attitudes. The study found that high job insecurity coupled with high need to work, resulted in increased work effort following lay off. High job insecurity coupled with low need to work resulted in no change in the level of work effort.

This seems to indicate that when there are high levels of job insecurity as would be expected during retrenchment, employees with high need to work will increase their work effort, while those with low need to work will have no change in work effort. Brockner also found that the remaining employees' perception of the fairness of the layoff process and their attachment to the layoff victims influenced their views.

Clinical research on the effects of job insecurity has shown that the threat of redundancy can result into anxiety, depression, poor self reported health status, poor quality of sleep and increased rate of absenteeism because of ill health and heart diseases (Read, 1999). Employees may also respond with reduced trust and organizational commitment when the organization breaks its "psychological contract" with them. Organizations no longer have contractual or an
understanding with employees that promised a secure job in return for dedicated service. The majority of firms after a period of denial perceive that there is low morale and trust gap (Sparrow and Marchington, 1998).

Researchers have found that survivors have more effects on physical and mental health than those laid off. The employees who survive will experience a high level of depression, anxiety, stress, and loss of self esteem and identity, due to doing their own work and the work of those employees who are retrenched (Tang and Fuller, 1995; Lewis 1997; Kozlowski et al, 1993). Literature that examines the survivors retrenchment found that they suffer from survivors’ syndrome. Survivors’ syndrome describes a set of common negative effects the remaining work force experiences after major organization change. These effects on the force include: confusion, fear, apathy, depression, anxiety, anger and in more severe cases depression, and other physical ailments.

Others take guilty trips (why not me?). Knowdell et al, (1996) call this the missed bullet syndrome. Others feel anxious, wondering whether they will be next to lose jobs. They worry about next time around. Job security disappears, initiative and creativity disappears as most people lie low after layoffs (Tyleczak 1991). Stress literature suggest that post lay off work environments can be stressful, leading to worry, anger and an array of other physical and emotional systems (Bibson, Ivancevich and Donnel, 1994).
The Literature is also replete with examples of burnout, depression, anger, and betrayal as common responses by survivors of layoffs (Noer, 1993). However, not all responses are negative. Researchers have found that retrenchment can be a chance to give individuals more control and authority. Many roles of managers are being pushed down to lower levels and workers are being empowered. There is renewed commitment by employees who see the benefits of empowerment (Sparrow and Marchington, 1998). There are also reports of people getting “charged up” finding new excitement in their work being challenged by the prospect of “doing more with less” or saving the organization (Noer, 1993).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

This was a case study. It was the appropriate design for the study since the analysis focused on one institution. According to Muganda (2010), a descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. A case study on the other hand, is an in depth investigation of an individual, group, institution or phenomena. (Mugenda and Mugenda 1999).

3.2 Data Collection

The study emphasized on obtaining primary data through personal interview. An interview guide with open ended questions was used. Rift Valley Railways Kisumu (RVR) has a population of 280 employees according to the consenting agreement done in July 2011, between Kenya Railways and Rift Valley Railways. It has eight major departments namely; Business, Operations, Material and Procurement, Infrastructure, Mechanical/ Civil Engineering, HR, Finance and Central Workshop. For the purpose of this study it’s only the HR Manager who was interviewed because she is well placed to tackle the problem in question and to give an insight into the study.

3.3 Data analysis

The data collected was analyzed using content analysis by critically examining the contents of data collected including discussions written and oral communications. This was also necessary for objectivity and systematic examination of written communication in order to break down, identify and analyze the presence of
words, sense, characters, sentences or common themes. Content analysis involves observation and detailed description of objects, items or things that comprise the study (Salkind, 2000). The similarities and differences will be summarized into emerging themes and compared with theoretical approaches cited in the literature review.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Response Rate

The study, in an effort of establish the interviewees’ competence and conversance with the matters regarding Rift Valley Railways, asked questions on the years that the interviewee had worked for the organization (RVR). According to the interviewee’s response, he had worked for the organization for 5 years. The interviewee’s responses hence had the advantage of good command and responsibility being that he is in the HR department which deals directly with the retrenchment issue.

4.2 The retrenchment of employees by the Rift Valley Railways

The study sought to investigate how the process of retrenchment was implemented in Rift Valley Railways organization. The researcher probed the respondent on how the Rift Valley Railways had carried out its retrenchment process over the years. The respondent revealed that the Rift Valley Railways had retrenched employees four times since the year 2006. Figure 4.1 below presents the workforce and the number of employees retrenched over the years.
From figure 4.1, in the year 2006 September, the western region of the Rift Valley Railways had 520 employees. The employees reduced to 419 in September of 2007 during that period thus 91 employees were retrenched. In March of 2008 the workforce reduced to 409 and during that period a total 7 employees were retrenched from the organization. In the same year in September 73 more employees were retrenched and the workforce reduced further to 328. Up to the time of study in September of 2011 more 162 employees had been retrenched and the workforce was reduced to 157. In total the organization had lost a total of 333 employees from the year 2006 to the year 2011 out of 570 employees. The revelation of high levels of retrenchment made the researcher to seek to know reason for the retrenchment. It came forth that retrenchment was the only option for the organization since the organization had previously tried other measures to avert laying off the staff. The study revealed that one measure that the organization had adopted was imposing of a three month mandatory across the board pay cut of 10% in January of 2006. This measure was aimed at reducing the cost of operation of the
organization, however the organization realize profits and so staff layoff had to be done in September of 2006. The other measure that had been adopted by the organization to avert lay off in the organization was offloading 100 temporary workers in January 2007. The study however noted that this intervention was able to ensure that the expenses of the organization was lower than the revenue but the organization had intentions of making profits and expanding other than having stability. Due to this reason, the organization had to retrench 91 employees in September 2007. The organization had over the years reduced traveling expenses and purchase of equipments to reduce cost of the organization with an aim of increasing profits of the organization. The study also established in March 2008, 35 employees were sacked for engaging in an illegal strike which was sparked through panic of employee that they would be sacked without benefits. The study established that this technique did not work and the organization failed to make profits.

In the first round of layoff that occurred in September of 2006, the organization adopted a voluntary retrenchment in which the organization off loaded 91 employees. During that period the organization eliminated bonuses and imposed pay cuts in top management. The respondent noted that the main reason why these interventions were not effective was because of severe drop in demand in the services offered by Rift Valley Railways in the western region. For Rift Valley Railways the need for staff retrenchment was inevitable.

4.3 Factors Influencing Retrenchment

The researcher investigated the factors that influencing retrenchment in Rift Valley Railways organization. From the outcome of the study, three major themes were probed
namely: economic factors, technological factors and social factors. On a scale of 0 to 100% the respondent said that the most significant cause of retrenchment was economic factors with a scale of 75%, technological factors at 15% and social factors at 10%. Figure 4.2 presents the results.

![Figure 4.2: Reasons for retrenchment](image)

4.3.1 Economic factors

The study explored the contribution of economic factors on the retrenchment process. The study found that harsh economic times led to the decision by the company to retrench employees to a scale of 75% compared to other factors such as technological and social factors. The study revealed that over the years since 2000 the revenue of the company had reduced significantly due low demand for the railway transport service and high cost of operations. Convinced that things could not change if they did things the same way, the management in the September of 2007 decided to retrench a total of 91 employees.
The criteria for lay off the of these staffs was age and qualification. All employees who had only five years left to their retirement and whose contribution to the organization was not vital were considered for retrenchment. In the case of qualification the less qualified employees i.e. the employees who did not have professional qualifications were also laid off. The respondent reported that the Rift Valley Railways took over the management of Kenya Railways Company in 1st of August 2006 and found that KRC was strapped in a debt of over 130 million Kenya shillings and a bloated and inefficient management.

The Rift Valley Railways in consultations with the Kenya Railways under the watch of the government agreed to reduce cost and make profit by lay off the staff. They agreed to lay off employees to a maximum of three times. The first one was done in September 2007, the second one was done in September 2009 and the third one was done in September 2011. This finding concurs with the findings of Cascio (1993) who reported that if an organization is in very hard times or struggling with more debt than ever the organization may retrench in an attempt to cut cost. The respondent had it that the railway transport had a competitive substitute in form of road transport. Road transport, the respondent noted that was very fast compared to the railway transport and this reduced the competitive advantage for the railway transport. The only possible way in which the railway transport could remain competitive was if it could lower the cost of its services to customers. Even with this intervention which the Rift Valley Railways did in early 2007 they were not able to make profit and so the only way they could remain competitive was if they had low operation cost which could fast be attained from low salaries and wages.
cost for the company. They therefore adopted an across the board 10% reduction in salaries which could still not work in ensuring that the organization break even. The organization therefore resorted to lay off the staff. This intervention as noted by Mishra (2004), is usually adopted in an attempt by organization to downsize so as to remain competitive more so in a global market.

4.3.2 Technological factors

The study investigated the contribution of technology on retrenchment activities in the Rift Valley Railways. The study found that Kenya utilizes the narrow gauge track gauge of 1.000 mm which is slow in transporting of goods. With competition from the road and air transport which is averagely 5 times faster, the railway transport technology has disfavored the Rift Valley Railways in the competition reducing demand for services. It was realized that this was the main reason for reduced freight traffic in the railway transport. It was however noted that the government had been criticizing the organization for the falling freight traffic. Due to the reduced freight traffic and consequently reduced demand, the organization had seen reduced revenue making it difficult for the organization to break even and therefore they were forced to retrench the workforce.

4.3.3 Social Factors.

The study inquired into the contribution of the social factors on the retrenchment. According to Mckinley et al (1995), there are three main social forces that lead to retrenchment; constraining, cloning and learning. First constraining is essentially the exertion of pressure on firms to conform to institutional rules in regard to legitimate structures and management activities. Increasingly, firms aim to confront to an ideal model of “lean”, often they achieve this result through downsizing. The respondent noted
that the Rift Valley Railways being a South African company sought to down size its employees to correspond to the workforce of in other organizations managed by the Rift Valley Railways such as Africa Railways of Egypt and Sheltam Railways of South Africa and as per the rules of rift valley railway. These findings are in line with those of Mckinley et al. (1995), who defined cloning as the pressure exerted on an organization to mimic those companies that provide a benchmark for the industry in terms of Excellency and prestige. Similarly the management of Rift Valley Railways sought to down size employees in Kenya because so as to conform to the bench marks set by other organizations managed by the Rift valley railway.

4.4 The Process of Implementation of Retrenchment

The study investigated how the process of retrenchment was done by the Rift Valley Railways. The researcher in an interview with the respondent posed a question seeking to know if the retrenchment done by the Rift Valley Railways was the only option, the contribution of advice to the human resource department, retrenchment committee, development of a retrenchment plan, consultations with key stakeholders, proper selection criteria, managing the dispersal process and appeals and grievances.

4.4.1 Having retrenchment as the only option

Having established that the Rift Valley Railways had retrenched employees a record three times, the researcher sought to establish whether this was the only option the RVR had to address the issues that caused the retrenchment to occur. The study yielded that Rift Valley Railways had tried to avoid lay off the employees by imposing a three month mandatory across the board pay cuts of 10%. This was after imposing a hiring freeze and
letting go of 100 temporary workers and drastically cutting down of traveling expenses and equipment purchases. These steps were not enough as the business only worsened and losses increased. The respondent noted that the main reason why the losses increased was because of low demand for the railway transport in the country due competition from the road transport. Additionally the pay cut did not work because there was over staffing. Releasing of 100 temporary employees did not work in preventing retrenchment because the amounts of money that the temporary employees were paid was very low for it to have any significant impact on loss or profitability of the organization. In the first round of layoffs the organization used voluntary retrenchment in which the company retrenched over 90 employees, the subsequent layoffs reduced 235 employees.

4.4.2 Advising the Human Resource Department
The researcher sought to know whether the Rift Valley Railways management advised the human resources department before undertaking the retrenchment process. It was found that the RVR advised the human resource department of the Kenya Railways staff of the impending retrenchment. The RVR also notified the workers union of the Kenya Railways on the expected number of retrenchments that were to be undertaken and the criteria to be followed in the retrenchment process in December of 2006. These findings are in line with those of Lewis (1992) who noted organizations need to involve the trade unions if possible as well as the department of Human Resources of their proposed retrenchment program at the earliest opportunity.
4.4.3 Organizing a Retrenchment Committee

The study established that the RVR organized a retrenchment committee that had representatives from all the departments; the management, as well as members of the workers union. The retrenchment committee was tasked with verifying the financial position of the company to justify the retrenchment in the organization, the committee was also tasked with identifying employees who are to be retrenched in the process of retrenchment, drafting a time frame for implementing the retrenchment, setting up the stages of retrenchment and consulting with the key stakeholders during the development and implementation of the retrenchment process and lastly determining the budget for each of the retrenchment processes. These findings are in line with those of Maphose (2009) who noted that an effective retrenchment committee should include stakeholders from a variety of departments such as the finance department, production department, HR personnel department, and works / union representative. Maphose further adds that a retrenchment committee should have the role of determining the revised shape of the workforce, plan in detail the number of workers required in each department of the organization and the skills required for each post. The committee also has a role of drafting the time frame for implementation for each stage, develop a selection criterion, consulting key stakeholders during the development and implementation of the retrenchment plan, and determine budgets for each course of action and reaching a decision on the appropriate course of action (Bottomley, 1990).

4.4.4 Developing A Retrenchment Plan

The study further sought to investigate if the retrenchment process in the RVR was guided by a retrenchment plan. The study confirmed that the retrenchment process of
RVR was indeed guided by a retrenchment plan which contained the reasons for the retrenchment, the purpose and contribution of the committee of retrenchment, timeframe of the retrenchment and the compensation of victims. This was in line with the findings of Kadula (2006) who noted that a retrenchment plan should include a brief description of the problems facing the organization. Analysis of alternatives to retrenchment that have been considered and why retrenchment is the only remaining option, the consultation process, the remedial measures that the organization will undertake and the procedure and implementation schedule. The study also revealed that key stakeholders were also involved in the planning process. They included members of the workers union, the management and representative from every department. This was because the organization wanted to reduce potential harm or bad publicity that was eminent from a planned court case against the management.

4.4.5 Consultation with Key Stakeholders.

The study also established that the organization constantly engaged in structured and extensive consultations with all the stakeholders in the retrenchment process. These stakeholders were the government through the ministry of labor, the central organization of trade union (COTU), the Kenya Railways management, the workers union and representatives from each department in the organization. These consultations were undertaken at all the times that the organization engaged in retrenchment and was guided by a retrenchment plan. These findings are also in line with those of Bell (1981) who noted that the consultation of impending retrenchment notices should be placed on the notice boards in the work place or the employer should attach invitation to consult employee’s pay ship. He also noted that all organizations, regardless of size and number
of employees to be dismissed, employer should consult with appropriate trade unions as soon as fully possible.

It was established that it was from these consultations that it was agreed that the retrenched employees get a one month salary for every year worked, ten thousand shillings for transport of belongings, a golden handshake of 120,000 shillings, a one month salary after the retrenchment.

4.4.6 Selection Criteria

The study importantly sought to know the criteria used for selection of employees to be retrenched. To the selection of selection criteria it was found that age, years of experience, academic qualification, disciplinary records and extra workers in a department were some of the criteria used by the organization. The study established that employees who had less than 5 years to retirement were considered first for retrenchment as they were about to retire. It was also noted that those employees who had less years of service were considered first for retrenchment. The respondent also had it that the employees who did not have professional qualifications were also considered first for retrenchment.

The study also found that employees who had the most number of cases of disciplinary were considered first for retrenchment. Another criterion also used was retrenching extra members from departments that had more than enough members. It was further noted that this procedure from majority of the workers was regarded as fair and objective as the workers union agreed with it. These findings are in line with those of Maposa (2009) who
said that the retrenchment process should be inclusive and fair. He adds that disciplinary
records, staff appraisal markings, skills, qualification and experience should also be
considered for the retrenchment process.

4.4.7 Planning For Severance Creation

Severance fee is a payment that a worker is paid for leaving an organization in addition to
regular payments. It was established that the employees were offered severance payment.
It emerged that the employees were given a one month salary for every year worked, ten
thousand shillings for transport of belongings, a golden handshake of 120,000 shillings, a
one month salary after the retrenchment. This fee according to Kandula (2009) is a Key
instrument for mitigating the negative effects of retrenchment.

4.4.8 Managing the Dispersal Process

The study revealed that there were a number of activities that were set up to ensure a
successful dispersal process. The organization with the supervision and coordination of
the retrenchment committee informed the employees of the criteria to be used in the
retrenchment process. The employees to be retrenched were noted using laid down
criteria such as being over 50 years age, less than 2 years of experience, more than 3
disciplinary cases and having no professional qualification.

All the workers who met these requirements were listed down and presented with an
interview to establish who had higher contribution to the organization. Those with the
least contribution to the organization were retrenched. The employees were also offered
with a chance to voluntarily resign from their jobs and get compensation. The retrenched
employees were offered training on new skills, hence widening the opportunities
potentially available to them to get employed or get involved in a venture to make a living. The dismissed employees were also offered career counseling / psychological counseling which was important to provide the retrenched workers with advice on career opportunities, and lastly some few employees were provided with assistance with finding new employment.

4.4.9 Managing the Dismissal Process

It was found that the retrenchment process was clearly under the human resource department. It however noted that for the retrenchment process to have been successful, the human resource department needed to involve representatives from all the other departments, the management of the Kenya Railways and the Trade Union. The study also noted that effective communication was done through early notice and in writing about the retrenchment process to prepare the employees psychologically. This concurs with Kochan e tal, (1988) who says that it is important for an organization to communicate the retrenchment to the members by announcing the dismissal that will take place and the manner in which workers will be selected for dismissal in writing. The study also noted that the retrenchment committee after establishing the employees to be retrenched organized for prompt payment of the severance payments fee as soon as the employee had returned all the belongings of the organization and dully cleared with the organization.

4.4.10 Appeals and Grievances

To the question on whether the Rift Valley Railways gave room for appeals and grievances, data findings showed that there was room for appeals of employees. The respondent agreed that there was room for appeal for employees who felt they had been
retrenched unfairly. The requirements for the appeal were that the employee puts up an appeal with proper reasons as to why he or she should not be retrenched. The appeal goes through the complaints department through the legal advisor and then to the Chief Executive Officer (CEO) for deliberation. Once the CEO has studied the complaint it is passed to the appeals committee which comprises of the CEO, the department head and the legal advisor. The appeal committee looks into the complaints of the complainant and its key elements studied. If an appeal is effective the right decision is followed considering the rights of the employee.

4.5 Effects of retrenchment

The researcher noted that retrenchment has a number of effects. First to the organization it has pros and cons. First there is the loss staff. Retrenching based on age factor had its own implications as it creates a huge gap or shortage of staff who are experienced and better workers due to many years of experience. The employees who remain are those who are young and therefore have to be trained in the organization. The respondent also said that the firm used a lot of money to pay the retrenched workers and even lawyers to settle court cases. The study also revealed that the retrenchment exercise had its advantages such as remaining with few but efficient groups of workers who are enough to work effectively with minimum cost.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary
The objective of this study was to establish the process of implementation of staff retrenchment in RVR Western Region Kenya Kisumu. The study established the RVR had done retrenchment 3 times since the year 2006 as they had agreed with the government of Kenya. The first retrenchment was done in September 2007, September 2008 and September 2011. The reason for these retrenchments was because of bloated work force and drastic reduction in demand for services of the railway transport due to competition from the road transport. This led to reduced revenue and consequently losses for the organization necessitating for retrenchment. Since the Rift Valley Railways is a consortium, they reached an agreement with the government that there can only be a maximum of 3 retrenchments allowed for the organization, which the organization has since exhausted. In doing the retrenchment, the organization set up a retrenchment committee to undertake the retrenchment process. The retrenchment committee had a representative from all the departments in the organization, the management of the organization and a representative from the trade union. The task of the committee was to establish the severance fee for the retrenched workers, the communication protocol of the retrenchment process, the selection of the employees to be retrenched and the procedures of selecting the employees.

The criterion that was used to select the employees for retrenchment was age, experience, discipline of the employees, experience and employee over heads in the departments.
Voluntary retirement was also sought to get employees for retrenchment. The retrenched employees were paid a one month salary for every year worked, ten thousand shillings for transport of belongings, a golden handshake of 120,000 shillings, a one month salary after the retrenchment. The retrenchment process led to loss of staff. Retrenchment of old employees also led to a work force of young and inexperienced employees. In the case of dissatisfied employees, the employees were given a chance to report their displeasure in an complaints committee. The appeal goes through the complaints department through the legal advisor and then to the CEO for deliberation. Once the CEO has studied the complaint it is passed to the appeals committee which comprises of the CEO, the department head and the legal advisor. The appeal committee investigates the complains of the complainant. If an appeal is effective the right decision is followed considering the rights of the employee.

5.2 Conclusions

The practice of retrenchment has become such a reality today, and that its detrimental effects have been accepted by management in many organizations as part of organizational success and progress. The attributions formed by the survivors however need to be managed and directed to positivity, because they influence their willingness to stay with the organization. Organizations may also preserve at least some trust between managers and employees by increasing the amount and frequency of communication with employees before, during and after retrenchment exercise. This may create win-win-win situation for the parties vis organization, survivors and victims' alike.
5.3 Limitation of the study

The researcher encountered various limitations that tended to hinder access to information sought by the study. This included:

The researcher encountered problems of time as the research was being undertaken in a short period which limited time for doing a wider research. However the researcher countered the limitation by carrying out the research across the HR department in Rift valley Railways which enabled generalization of findings.

The respondent approached was reluctant in giving information fearing that the information sought would be used to intimidate him or print a negative image about the institution. The researcher handled the problem by carrying with her an introduction letter from the university and assured him that the information given would be treated confidentially and it was to be used purely for academic purposes.

Lack of sufficient funds limited the researcher from accessing all the RVR stations in Kenya to collect data for study. The researcher however limited herself to RVR Western Region Kisumu due to inadequacy of funds.

5.4 Recommendation for Further Study

The study recommends that future researcher should do the same study but include the views of the victims of retrenchment, members of the trade union and the surviving employees as well as the human resource department. This will ensure that the views of the study are representative of a wide range of opinions.

The study also recommends that future researchers should investigate the contribution of the retrenchment on the performance of RVR. This is because this study went as much as
explaining the process of retrenchment but not its implication on revenue. This is because the purpose of retrenchment is to get a company back to profitability.

5.5 Implication of study for Policy and Practice

The study recommends that the government should have a financial aid kitty for companies that are facing threats of being insolvent because of losses or reduced revenue. This is because this study established that the main reason for the retrenchment process was because of reduced revenue.

The study also recommends that the government should set up a maximum number of employees that an organization can be allowed to retrench. This is because this study established that the government only set up a maximum number of times which the organization was allowed to retrench but not a maximum number of employees that the organization was allowed to retrench.
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Government press


Government press.


Latin *American research review vol. 43* 2008 Latin American Studies Association


Dear Respondent,

RE: REQUEST FOR RESEARCH DATA

I am a Master of Business Administration Student at University of Nairobi, specializing in Human Resource Management. As part of the degree, am required to conduct a research Proposal entitled: The Process of implementation of Staff Retrenchment Program.

You have been chosen to participate in the study and I will greatly appreciate your input in the interview. This study is purely academic and please be rest assured that your responses shall be kept anonymous with utmost confidentiality.

Thank you in advance and God bless.

Yours Sincerely,

Jacquelyn Ann Oundo

University of Nairobi.
APPENDIX II: INTERVIEW GUIDE

The Human Resource Manager

Section I : Background Information

1. What is the blend of your employees, basing on Nationality?
2. When did you retrench?
3. What were the reasons for retrenchment?
4. Who were involved in the whole process?

Section II : The process of retrenchment

1. a) In an effort to implement retrenchment, what advance information was provided to the employees?
   b) How was it communicated?
2. Does your organization consult before and during the retrenchment?
   Who are consulted?
3. What can you comment on the criteria used in the selection of the workers to be laid off?
4. Does your organization base the selection criteria on any kind of evidence?
5. What activities do you have in place for those who are laid off?
6. How do you deal with the foreign employees?
7. i) How does your organization compensate, the laid off?
   ii) How long does it take to compensate an employee?
8. What are some of the ways in which you manage the dispersal process?
9. What do you do to ensure that you have a successful dismissal process?
10. Are your employee allowed to appeal? How is the process handled?
11. Do you find the resource allocated to your branch adequate for successful implementation of retrenchment.

12. Please give any other comment you may have regarding the subject of this research.