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ABSTRACT

Turbulent working environment has stressed the businesses resulting to failure of performance. It is evident that most of them are restructuring to turn around this situation. Restructuring enhances the prospects for improved performance for firms via strategic reorientation, organizational configuration and governance structure adjustment. First it provides an opportunity to transfer assets to higher valued users hence recapturing competitive advantages that have been dissipated from over diversification. The current level of performance of Airtel Kenya Limited is quite low. With the constant changes in ownership and resultant management teams which always comes with a myriad of new ways of doing things. Most of these new strategies have not performed well in the market because the employees themselves do not believe in them and will therefore not perform optimally to meet this goal. The general objective of this study was to establish the influence of restructuring on organizational performance in telecommunication industry in Kenya. The target population was 315 senior and middle level management of employees of Airtel Kenya. The study adopted a descriptive survey by use 176 respondents. A stratified sampling technique method was used. Secondary data was obtained from published documents such as journals, periodicals, magazines and reports to supplement the primary data. A pilot study was conducted to pretest the validity and reliability of instruments for data collection. Data was analyzed by use of both qualitative and quantitative methods with the help of Statistical Package for Social Sciences (SPSS) version 21 and excel. The multiple regression analysis was used to establish the direction and strength of the relationship of the variables at 5% level of significance. The correlation and regression analysis was used to establish the direction and strength of the relationship of the variables. The regression analysis showed that business engineering had the strongest positive (Pearson correlation coefficient =.789) influence on performance of telecommunication industry. In addition, downsizing, rightsizing and downscoping were positively correlated to performance of telecommunication industry with Pearson correlation coefficient of .600, .687 and 511 with p-values of 007<0.05, .004<0.05 and .009<0.05 respectively. The study established that business engineering was the most significant factor. The study recommends for similar studies to be undertaken in other areas and organizations for generalization of the findings of this study.

Key Words: *Organization Restructuring, Telecommunication Industry, Downsizing, Rightsizing, Downscoping, Business Engineering*

Background of the Study

Kratochvilova (2001) defines restructuring as a change of a particular economic area structure, change of production programs and enterprising activities. As Gowing et al. (1998) put it, the rising global competition, the influence of advances in information technology, the re-engineering of business processes are some of the imperatives that force organizations to restructure their businesses. In telecommunication industry, the situation is even more compelling with the recent regulation of the sector and the continuous merging of major firms.

Restructuring has been adapted by managers in several industries so as to streamline cost, increase productivity and revenues, improve employees' welfare, increase shareholders wealth, enhance efficiency and improve performance among other reasons. Lal et al. (2001) suggest that the telecommunication industry has transformed from predominantly dormant, country-centered, government-run agencies to increasingly competitive, innovative and market-led organizations. The aim of the study was to examine the effect of an organization restructuring on performance on Telecommunication Industry.

Robbins and Coulter (1996) contend that in many instances, the restructuring is precipitated by an unexpected, emergency crisis or event that forces the organization to respond quickly to prevent a threat to its very survival, such as a bankruptcy or insolvency. The more detailed identification of particular areas of restructuring is offered by Vodacek (1998), who defines the restructuring process as a process of assuring sources, introducing innovation changes while creating and mutually harmonizing production program structures, a production-technical basis, functional and organization structures, personal structures, or as the case may be, further pragmatic structures (e.g. financial structures) so that an effective and efficient reproduction process functioning can be achieved. However, there are other content and scope concepts of the expression of an organizational restructuring only as a change in a property and finance company structure. In the narrowest concept a company restructuring means only a change in enterprise property relations (Gaughan, 2002).

Norley et al. (2001) defines restructuring as the act of reorganizing the legal, ownership, operational or other structures of a company for the purpose of making it more profitable and better organized for its present needs. Alternate reasons for restructuring include a change of ownership or ownership structure, demerger, a response to a crisis or major change in the business such as bankruptcy, repositioning or buyout. He noted that a company that has been restructured effectively will theoretically be leaner, more efficient, better organized and focused on its core business with a revised strategic and financial plan.

Global Perspective of Restructuring and Organizational Performance

Globally the phenomenon is predominant in South Korea, where companies like Samsung, Hyundai and Daewoo are breaking themselves up into smaller units. These firms convert their managers into entrepreneurs (Norley et al., 2001). Restructuring has had a profound impact on the US economy. On the positive side, restructuring is said to have revitalized the US manufacturing sector, increased international competitiveness, and created jobs that emphasize teamwork and initiative. However, even the most enthusiastic supporters of corporate restructuring recognize that the costs have been substantial for many Americans. Corporate restructuring has led to massive layoffs, plant closings, growing numbers of contingent workers, and the decline of secure, well-paid job (Raj, 2009).

Kenya Perspective of Organizational Restructuring

In 2007, Kenya in the wake of stiff competition in the mobile telephony and the banking sectors, companies embarked on aggressive recruitment and talent search to mob-up the top management as a strategy to remain competitive and capture the requisite market share. This was characterized by unprecedented 'poaching' of talent and professionals from competitor firms.(Kasembeli, 2014)

The firms over-valued talent and offered astronomical perks to management staff. Realizing that high salaries offered to bloated management teams cannot be sustained, companies have embarked on a restructuring process to trim the management teams and cut down on huge salary budget for the executives as overpaid managers have been eating into returns. Executive compensation forms one of the fiercest debates on corporate governance.

While one side argues that management boards must rein in lavish pay, another side contests that the market has to be left to decide. Proponents of the status quo suggest that with low salaries, companies would not attract top talent. Their opponents argue that bidding for executive talent pushes compensation well beyond reason, hurting companies and their shareholders. Kenya Commercial Bank (KCB), Barclays Bank, Co-operative Bank and Safaricom have moved fast in restructuring to trim down bloated management teams and cut down on high salary staff budgets. The new Constitution of Kenya which was promulgated on 27th August 2010 provides for the restructuring of the system of administration in Government (Kasembeli, 2014).

Telecommunication Industry in Kenya

The telecoms industry in Kenya, just like the rest of the world, is going through profound changes. In the past decade, technological advancement and regulatory restructuring have transformed the industry. Markets that were formerly distinct, discrete and vertical have coalesced across their old boundaries with a massive investment of capital - much of it originating from private sector participants. The result is new markets, new players, and new challenges including staff restructuring which may cause dissatisfaction as changes caused by market liberalization. Market liberalization efforts have also picked up ensuring the successful partial privatization of Telkom Kenya Ltd (December 2007), divestment of GoK's 25% stake in Safaricom Ltd through a public listing (May 2008), and the launch of fourth mobile operator Econet Wireless Kenya (November 2008). This has resulted into some of the world's best known telecommunication providers – Vodafone, Bharti International/ Airtel, France Telecom, and Essar Communications through their investments in Safaricom Limited, Telkom Kenya Limited and Econet Limited respectively - being major players in the Kenyan market. Ongoing infrastructural developments by operators have largely been focused on network expansion for increased nationwide coverage (Price Waterhouse Coopers, 2009-2012).

Airtel Kenya Limited

Bharti Airtel Limited is a leading global telecommunications company with operations in 19 countries across Asia and Africa. The company offers mobile voice and data services, fixed line, and high speed broadband services. Airtel has been ranked among the six best performing technology companies in the world by business weekly. Airtel has 250 million+ customers across its operations and is the fifth largest integrated telecom operator in the world. Airtel as a brand has played the role of a major catalyst in reforms in every country it operates in and has been contributing to its economic resurgence. Today Airtel touches people's lives with its services by ushering in a new era of staying connected offering a wider range of services to choose from. Airtel Kenya is the Kenyan operation, formerly Kencell/Celtel/Zain. The company is one of the leading mobile network operators in Kenya and one of the fastest growing telecommunication companies in Africa.

Statement of the Problem

Turbulent working environment has stressed the businesses resulting to failure of performance. It is evident that most of them are restructuring to turn around this situation. Restructuring enhances the prospects for improved performance for firms (Hoskisson& Turk, 1990) via strategic reorientation, organizational configuration and governance structure adjustment. First it provides an opportunity to transfer assets to higher valued users hence recapturing competitive advantages that have been dissipated from over diversification.

The current level of performance of Airtel Kenya is quite low. With the constant changes in ownership and resultant management teams which always comes with a myriad of new ways of doing things. Most of these new strategies have not performed well in the market because the employees themselves do not believe in them and will therefore not perform optimally to meet this goal.

The CommunicationAuthority of Kenya first quarter sector statistics report for the financial year (2015) revealed that Airtel Kenya Limited experienced a decline in total local mobile voice traffic to post 1.7 billion minutes down from last quarter's 1.8 billion minutes. Subsequently, its market share dropped by 4.0 percent to stand at 16.2 during the period under review. This has led to the dismal performance of the company as a whole and that is why Safaricom still leads by a huge margin with close to ten million subscribers and an 80% market share as compared Airtel's less than two million subscribers and a less that 16.2% market share.

It's important to note that these two companies were formed on the same year, therefore the difference is success should not be too huge. Due the above-mentioned job satisfaction issues, Airtel has been unable to emerge from its challenges.

It is therefore important to find out the organizational restructuring practices at Airtel Kenya Limited. A number of local studies have been done on the telecommunication industry: Kamau (2012) studied the factors influencing implementation of strategic change in telecommunication industry; Lusweti (2010) researched on employee retention management practices in the telecommunication industry; while Mathu (2009) studied public targeting technique in public relations in telecommunication industry. However none of these studies have focused on the influence of restructuring on organizational performance in telecommunication industry. It is this knowledge gap that the researcher sought to bridge by conducting a study on organizational restructuring on performance of telecommunication industry in Kenya specifically at the Airtel Kenya Limited.

General Objectives

The general objective of the study was to establish the influence of organizational restructuring on performance of telecommunication industry in Kenya

Specific objectives

The specific objectives of the study were to:

i. Establish how downsizing influence performance of telecommunication industry in Kenya

ii. Examine how rightsizing influence performance of telecommunication industry in Kenya
iii. Determine how down scoping influence performance of telecommunication industry in Kenya
iv. To find out influence of business engineering on performance of telecommunication industry in Kenya

LITERATURE REVIEW

This chapter introduces the study by giving a review of the theoretical literature through relevant theories related to the study.

Theoretical Framework

This section examines relevant theories to the study variables. According to Kombo and Tromp (2009), a theoretical framework is a collection of interrelated ideas based on theories.

Organizational Theory

The definition of an organization has changed and evolved over a period of time. Mott (1965) defined an organization as a system of division of labor in which each member performs certain specialized activities that are coordinated with the activities of other specialists. The interest in the study of the organization was stimulated by the industrial revolution during which there was a shift from independent craftsmen to workers assembled together in a plant to facilitate mass production. Organization theory assesses the relationships in organizations between tasks, social structures, resources and the environment. It identifies the components of an organization as; structure, processes, people and culture.

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

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

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

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

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

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

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

During the 1930s, scholars at the Harvard Business School pioneered an alternative to Taylor, what was called the "human relations" school (Perrow, 1988). The basic idea recognized that the people who worked for a firm had to be motivated in order to do their jobs effectively.

Resource Based View Theory

The Resource Based View (RBV) is one of the most widely accepted theoretical perspectives in Strategic management field (Powel, 2001; Priem & Butler, 2001). RBV assumes that resources are heterogeneously distributed among firms and that they are imperfectly mobile. This theory was developed as a complement to the Industrial Organization (IO) view with Bain (1968) and Porter (1979) as some of its main proponents. With its focus on Structure, Conduct and performance, the Industrial Organization view puts the determinants of organizational performance outside the firm while the Resource Based View looks for internal sources and aims to explain why firms in the same industry might differ in performance. The RBV rather complements the Industrial Organization (Barney, 2002; Mahoney & Pandian, 1992; Peteraf & Barney2003)

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

Agency Theory

Institutional capacity can be well explained by the agency theory. Agency theory asserts that a key activity for boards is monitoring management on behalf of shareholders and that effective monitoring can improve firm performance by reducing agency costs (Amy & Thomas, 2003).Boyd (1990) states that the monitoring function of boards is also referred to as the control role(Boyd, 1990).According to Amy& Thomas (2003), the institutions manadated to take care of the organization function refers directly to the responsibility of directors to monitor managers on behalf of shareholders.

The theoretical underpinning of the board's monitoring function is derived from agency theory, which describes the potential for conflicts of interest that arise from the separation of ownership and control in organizations.In agency theory terms, the owners are principals and the managers are agents and there is an agency loss which is the extent to which returns to the residual claimants, the owners, fall below what they would be if the principals, the owners, exercised direct control of the corporation (Jensen and Meckling, 1976).

Agency theorists see the primary function of boards is to act in the interest of shareholders (Bainbridge, 1993). Organization management by the board is essential to ensure that it does not pursue its own interests at the expense of the users and as such it should be held in high regard. Amy & Thomas (2003) contend that a director's monitoring function is to monitor the CEO, monitor strategy implementation, planning CEO successor and evaluating and rewarding the top managers.

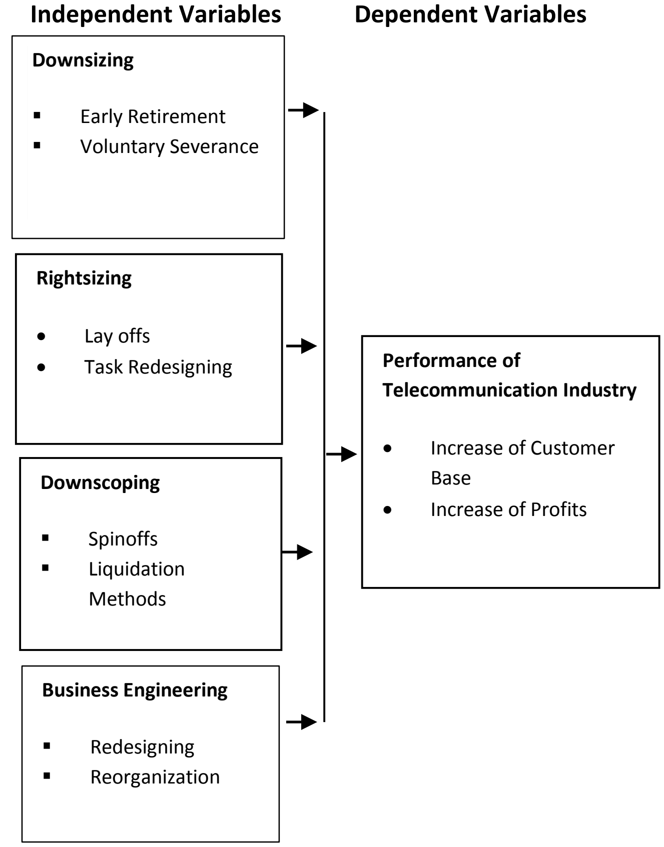
Conceptual framework

The research project utilized conceptual framework 1.

Figure 1: Conceptual Framework

ORGANIZATIONAL RESTRUCTURING

Independent Variables **Dependent Variables**



Downsizing

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

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

Much of the conventional wisdom about downsizing, like the fact that it automatically drives a company's stock price higher, or increases profitability, turns out to be wrong (Cascio,2009). There's substantial research into the physical and health effects of downsizing on employees.

In fact, there is a growing body of academic research suggesting that firms incur big costs when they cut workers. Some of these costs are obvious, such as the direct costs of severance and outplacement, and some are intuitive, such as the toll on morale and productivity as anxiety ("Will I be next?") infects remaining workers. One such study found that a ten percent reduction in people resulted in only a 1.5 percent reduction in costs and the profitability was up in only half the firms that downsized, and the results on productivity were not conclusive (Cascio, 1995)

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

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

Cascio (2009) defines downsizing as a reduction in a firm's use of human assets. It is an intentional, proactive management strategy to reduce the size of an organization's workforce. Sometimes known as a "reduction in force" (RIF), it may be accomplished through attrition, early retirements, voluntary severance agreements or layoffs. Employment downsizing is often implemented during economic downturns as a reactive, tactical action. Downsizing has made it possible for organizations to globally respond more quickly and effectively to new opportunities and unexpected pressures, hence re-establishing their competitive advantage. Reorganizing the business processes through restructuring establishes the firm's competitive advantage which ensures that the firm is in the best position to compete while building best practices and internal process that propels it above its competitors. This at the end makes the firm able to adapt quickly and combat the competitors (Gibson, 2010). He further argues that organizations restructure in order to support corporate strategy or to take advantage of a business opportunity.

Making decisions about organizational downsizing is not easy. Nor should it be. The primary decisions to be made are whether to downsize; how much to downsize; when to act; what approaches to use, ranging from attrition to across-the-board job cuts; and whether to frame downsizing as an ethical decision. The ethical aspects of the decision to downsize have been researched (Cascio, 2009). An ethical view of downsizing assumes that employees are assets not liabilities or cost targets. Others Tsai & Yen, (2008) share in this view and even suggest that employees are long-term assets and that this view results in a responsible downsizing strategy. Other researchers have examined downsizing decisions based upon industry context (Guthrie &Datta, 2008). The 50 alternatives proposed here cut across all industries. The research to date has even explored and whether the decision to downsize is a discriminate or an indiscriminate decision (Cascio, 2009).

Rightsizing

According to Harjeet (2012) Rightsizing can be defined as a process of a corporation reorganizing or restructuring their business by cost cutting, reduction of workforce or reorganizing upper level management. The use of rightsizing is to gain control of payroll costs and to maximize returns on wage expenses. Companies evaluate each department or location to determine if the labor allotted to that area is appropriate. If employees have too little work, then cutbacks are called for. If they have too much work, which also can be determined by overtime costs, then hiring or internal transfers may be called for.

To maintain the productivity and achieve the rightsizing goal, it becomes all the more important to deal with the survivor's syndrome effectively. Emotions and anxiety of employees can only be dealt effectively when their managers have a positive attitude, which trickles down to the lower levels. While Organization have been facing rightsizing from a time immemorial, there has been little innovation in handling it. Most of the organizations perceive rightsizing as a threat and do it in the most forceful way it could be done. While doing it that way not only brings a major hit to the brand image of the organization, it also acts as a major blow to the organization's people vision and mission, thus creating a distrust among the survivors and society at large. The brand image of an organization depends a lot on how efficiently rightsizing exercise is carried out. Doing it the traditional way maximizes the threat and risks for an organization. By adopting a different approach, not only the Brand image but goodwill of an organization can also be saved. In fact, it can be used to establish the brand as employee friendly and make the organization one of the best places to work for.

Down scoping

Down scoping refers to divestiture, spin-off and some other means of eliminating business that are unrelated to the firm's core businesses. According to Rayand and Forsyth (2002), down scoping has a more positive effect on the firm's performance than downsizing does. Commonly down scoping is described as a set of actions that causes firms to strategically refocus both Viacom and Clear channel communication have anticipated in such restructuring and are considering further moves. A firm that down scopes often also down sizes simultaneously. However it does eliminate key employees from its primary businesses in the process because such action could lead to loss one or more core competencies. Instead a firm that is simultaneously downsizing becomes smaller by reducing diversity of business in its portfolio.

Downscoping has been practiced by many companies as a restructuring strategy to improve their competitiveness. A case in point is the Tata Group founded by Jamsetji Nusserwanji Tata in 1868 as a private trading firm and now India's largest business group including 91 firms in a wide range of industries. The group covers chemicals, communications, consumer products, energy, engineering, information systems, materials and service industries. The group's revenue in 2003-2004 was US Dollars 14.25 billion about 2.6 percent of India's GDP. Tata's member companies employ about 220,000 people and export their products to 141 countries. However as India has changed, Tata's executives have sought to restructure its members businesses to build a more focused company without abandoning the best of Tata's manufacturing tradition (Kripalani, 2004). Downscoping refers to divestiture spinoffs and other methods of reducing business not related to the core such as harvest and liquidation methods. The overall intention of down scoping is to refocus on the firm's Restructuring as a Business Transformation Strategy Kimemia et al (2007). Down scoping tends to be a workable and successful strategy for restructuring. Many cases in this area have been recorded in the annals of corporate restructuring. The case of Sears (1981) has already been cited, Hanson industries (1987) and Xerox (1980) which were typical cases of down scoping.

Business Engineering

The goal of business process reengineering is to redesign and change the existing business practices or process to achieve dramatic improvement in organizational performance. Organizational development is a continuous process but the pace of change has increased in manifolds. In a volatile global world, organizations enhance competitive advantage through Business Process Reengineering (BPR) by radically redesigning selected processes.

Sharma (2006) posited that business process re-engineering implies transformed processes that together form a component of a larger system aimed at enabling organization to empower themselves with contemporary technologies business solution and innovations. Organizational effective performance has become a watchword in modern business; as a result there is inexorable pressure for Business Process Re-engineering.

To survive this unprecedented turmoil, most organizations embarked on a number of business innovations namely: Re-engineering, Repositioning, Restructuring, Redesign, Reorganization, Re-inventing and Remaking etc supported by new management techniques. Whether called Total quality management (TQM), Benchmarking, paradigm shift, learning organization or Business

Process Re-engineering, the aim is to solve today's problems by improving business processes so as to engender strategic performance

Joyce and Woods (2001) identified the following elements of critical success factor (CSF) that can be used to construct frameworks for evaluating the progress of a company or its competitive skills: - Quality of after sales service; - Quality and reliability of product; - Speed of marketing new product; - Speed of delivery; - prompt payment of invoices; Efficiency of production line; - Flexibility of product; - Development capability of research team; and - Cross-product selling. The reengineering concepts involve four dimensions that are stated below: a. Innovative Rethinking: This is a process that is itself utterly dependent on creativity, inspiration and old-fashioned luck.

Drucker (1993) argues that this paradox is apparent only not real most of what happens in successful innovations is not the happy occurrences of a blinding flash of insight but rather, the careful implementation of unspectacular but systematic management discipline. b. Process Function: Taking a systematic perspective, Hammer and Champy (1993) describes process functions as a collection of activities that take one or more kinds of input and creates an output that is of value to the customer. Typical process of this includes ordering of organizational structure, manufacturing, production, development, delivery and invoicing. c. Radical change: In radical change, a key business process is the transformation of organizational element; it is essential to an organization survival. Change leads to new ideas, technology, innovation and improvement. Therefore, it is important that organizations recognize the need for change and learns to manage the process effectively (Pamela et al, 1995).

Organizational Development and Performance: It takes a look at the firm's level of efficiency and way to improve its current activity level in order to meet up to standards and survive the competitive pressure.According to Hammer and Champy (1993) Business process reengineering (BPR) is defined as "... the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed." Although Hammer and Champy (1993) declared that classical organizational theory is obsolete, classical ideas such as division of labour have had an enduring power and applicability that reengineering has failed to demonstrate. Business process reengineering (BPR) does not appear to qualify as a scientific theory because among other things, it is not duplicable and it is limited in scope (Maureen et al, 2005).

Performance of Telecommunication Industry

Evans（2006）pointed out that organizational performance evaluates the degree of completion of the strategic goal of an enterprise. It is an indicator of the overall competitiveness of the enterprise. Evaluation on suitable organizational performance is able to help organization managers to understand the current status of the organization. Hsu Nan-hsiung's (2007) view on modern organizational management. Hsu Nan-hsiung (2007) believes that organizational restructuring refers to the process of adjustments to reach goals of survival and development by upgrading organizational culture and the capabilities of and members of the organization aimed at better adapting to environmental changes and keeping a balance. We can therefore conclude that any organization making effort to try altering the existing status belongs to the realm of organizational restructuring. Through the restructuring process, an organization can achieve several benefits, for example, operating more efficiently; reaching a balanced growth; achieving timeliness, and ensuring more flexible capability to adapt. However, any restructuring basically has the ultimate goal of increasing work efficiency and upgrading organizational efficacy.

Empirical Review

Martin (2007) studied the association of employee's evaluation of organizational restructuring with destruction of the old and development of new social capital and the mediating role of perceived organizational support (POS) .The findings showed that more positive employees evaluation of the organizational restructuring are less likely to remain relying on old social capital resources and score higher on development of the new capital .Moreover, POS mediated the association of employee's evaluation of the organizational restructuring with old and new social capital .

Downsizing

Verena (2011) focused on the impact of downsizing and restructuring decisions and processes on perceptions of organizational knowledge and effectiveness after downsizing and restructuring events in "successful" and "unsuccessful " organizations. The findings indicated that organizations undertaking restructuring need to consider the organizational culture and climate with regards to knowledge retention and potential impact of these initiatives to ensure that the employee experiences are constructive .support strategies such as counseling and training are important ,as are job redesign ,time for employee handover and documentation of procedures ,if knowledge retention is to be maximized .

Downscoping

Marjorie (2009) studied the effect of downsizing/restructuring on organizational practices targeting older workers. The findings were that respondents in downsized organizations indicated that their organizations were significantly less likely to be engaging in human resource practices tailored to older workers and that their organizations had a less supportive training and development climate than their counterparts whose organizations had not downsized.

Business Re-engineering

Ann (2009) focused on the effects of an organization's orientation toward control and learning and the use of process facilitators on perceived organizational consensus on outcomes related to cost, quality, and the ability to sustain implemented changes following a major hospital restructuring.

Findings suggested a positive relationship between a learning orientation and processes with improved perceived agreement on restructuring outcomes. Hospitals with control orientations have a negative relationship with perceived organizational consensus.

Rightsizing

Greta (2003) studied the effects of hospital restructuring that included layoffs on individual nurses who remained employed: a systematic review of impact. The finding of this study was a decrease in social interaction among nurses and colleagues along with the reported loss of work group cohesion and integration. An increase in emotional exhaustion was the second most frequently and consistently cited outcome, followed by an increase in absences from work. Both of these findings were associated with nurses who were fulltime, who had changed units or were still employed years after hospital restructuring, regardless of their years of experience.

RESEARCH METHODOLOGY

This chapter specifies the nature of the research design and the population studied.

Research Design

A research design describes how the study addresses the specific aims and objectives of the research (Mugenda&Mugenda, 2003). This study was a descriptive survey designed to establish the influence of restructuring on organizational performance in telecommunication industry in Kenya.

Target population

A target population is as a set of people, services, elements and events, group of things or households that are being investigated (Mugenda, 2008). The population of the study consisted of top level management and middle level management employees of Airtel Kenya at the head office in Nairobi. The study population was 315 according to Airtel (2015) at the head office.

Sample Size and Sampling Technique

A sample size is a set of observations drawn from a population by a defined procedure (Creswell, 2003).The manual calculation method was used to arrive at the sample size using the following formula: Sample Size = n / [1 + (n/population)] In which n = Z * Z [P (1-P)/(D*D)]. Where, P = True proportion of factor in the population, or the expected frequency value D = Maximum difference between the sample mean and the population mean Or Expected Frequency Value minus (-) Worst Acceptable Value Z = Area under normal curve corresponding to the desired confidence level. The sample was: n/ [1 + (n) (E) 2 where n was the total population (315), E was the level of significance. 315/ [1 + (315) (0.05x0.05) = 176. Our sample size therefore was 176.

Data collection Tools and Procedure

The study relied mainly on primary data. The researcher used questionnaire as the research instrument. The study utilized questionnaire that was developed for generating information on key variables of interest from the targeted respondents in the study. The researcher also undertook desk review of existing information about the study areas. Secondary data was obtained from literature sources or data collected by other people for some other purposes.

Data Analysis and Presentations

Data collected was analyzed using both quantitative and qualitative methods with the help of (SPSS) version 21 and excel. Data processing was carried out through editing, coding and classification. Content analysis was employed to analyze the qualitative data whereas statistical methods, regression and correlation analysis was utilized to analyze the quantitative data by aide of SPSS Software version 21 and excel. The study used multiple Regression analysis at 5% level of significance. The Multiple Regression model that aided the analysis of the variable relationships was as follows:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon,}$$

Where;

Y= Performance of telecommunication industry (dependent variable);

β0= constant (coefficient of intercept);

X_1= Downsizing (independent variable);

X2= Rightsizing (independent variable);

X_3= down scoping (independent variable);

X_4= Business Engineering (independent variable);

ε = Error term;

β1…β_4= regression coefficient of four variables.

DATA ANALYSIS, PRESENTATIONS AND DISCUSSIONS

This chapter discusses the findings, presentation, interpretation and discussion of the findings obtained from the field.

Response Rate

The study targeted a sample size of 176 respondents from which 140 filled in and returned the questionnaires making a response rate of 79.55%.

Pilot Test Results

The pilot study involved sampling respondents in various strata in the organizations. It was meant to determine reliability and validity of the data collection tool. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing that certain items within a scale measures the same construct. Sekeran (2008) established the Alpha value threshold at 0.7 and above is regarded as most reliable, thus forming the study's benchmark. All the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

Gender of the Respondents

The respondents were requested to indicate their gender in order to establish if there was gender balance in the positions indicated. The findings indicated that, majority (62%) were male respondents with (38%) being females respondents.

Respondents on gender Distribution

On the respondent's age distribution, the study found out that; most of the respondents 45% were aged between 26 to 35years, 25 % of the respondents 36 to 45 years, 12% of the respondents were aged 46 to 50 years, whereas 10% of the respondents were aged 18 to 25 years and 8% 56 and over years. This implies participants were well distributed in terms of their age and that respondents all ages were represented during the study.

Level of Education

The study determined the respondents' level of education in order to ascertain if they were well equipped with the necessary knowledge and skills for the running and the overall management of telecommunication industry. From the study findings majority (40%) indicated that they had university first degree, followed by those who indicated that they had diploma at (33%) with few (14%) indicating that they had master's degree and (7%) doctorate qualification respectively and this implied that respondents were well educated and that they were in a position to respond to research questions with ease.

Work Experience

The study revealed that most of the respondents, 35% had worked with the ministries for duration of 5-10 years, 28% had worked with the ministries for a period less than1 year and 25% worked for a period of 1 to 5 years and 12 % had worked with the organization for more than 10 years. This implies that majority of the respondents had worked with the organization for a considerable period of time and thus they were in a position to give credible information relating to this study.

Downsizing

The respondents were requested to indicate whether the early retirement of employees in the organization increase customer base. The study showed that it enhances quality work by 76%, 56% of the respondents stated that it reduced risks of the organization failure, 68% indicated that it enhances quality and quantity operations of activities to meets organization objectives, 56% stated that it enhances decision making and problem solving in the organization and 76% of the respondents stated that it enhances designing of activities to keep track of resources available. This implies that retirement of employees increase customer base in the organization.

Rightsizing

In establishing whether lay offs increase customer base in the organization, the study established that 68% of the respondents stated that it led to gain control of payroll costs, 60% of the respondents stated that maximize returns on wage expenses, 54% enhances quality work, 78% stated that it reduces risks of the organization failure, 62% indicated that it reduces enhances quality and quantity operations of activities to meets organization objectives, 58% stated that it enhances decision making and problem solving in the organization and 60% of the respondents it enhances designing of activities to keep track of resources available. This implied that lay offs increased customer base.

Down scoping

In establishing whether spin offs increase customer base in the organization, the study results showed that task redesigning increase profits as 74% of the respondents stated that it led to gain control of payroll costs, 56% of the respondents stated that maximize returns on wage expenses, 60% indicated that enhances quality work, 66% stated that it reduces risks of the organization failure, 64% indicated that enhances quality and quantity operations of activities to meets organization objectives, 66% stated that it enhances decision making and problem solving in the organization and 86% of the respondents that enhances designing of activities to keep track of resources available. This implies that spin offs on increase of customer base in the organization

Business Engineering

The respondents were asked to indicate whether the re-designing increase customer base. From the study results in Figure 4.16, study established that 64% 0f the respondents indicated that it leads to quality of after sales service, 68% indicated that it leads to quality and reliability of product, 70% of the respondents stated that it led to speed of marketing new product, 72% indicated that it led to speed of delivery, 76% stated that it led to prompt payment of invoices, 68% stated that it led to efficiency of production line, 56% indicated that it led to flexibility of product, 60% stated that it led to development capability of research team and 62% stated that it could lead to cross-product selling. This can be deduced that re-designing increase customer base.

Performance of Telecommunication Industry

In establishing from the respondents on the rate of increase of customer base in the last five years (2011 to 2015), the study that the rate of increase of customer base was low with an average of 20% of the respondents stated that it increased by 10%, with an average of 30% of the respondents indicated that it increased by more than 10%, with an average of 32% of the respondents posited that it increased by less than 10%, with an average of 35 % of the respondents cited that it decreased by 10%, with an average of 25% of the respondents indicated that it decreased by more than 10% and an average of 23% of the respondents indicated that it decreased by less than 10% in the last five years. The study findings imply that there was low increase of customer base in the last five years.

Multiple Regression Analysis

The regression analysis is a statistics process of estimating the relationship between variables. Regression analysis helps in generating equation that describes the statistics relationship between one or more predictor variables and the response variable (Saleemi, 2010). The study adopted a multiple regression analysis so as to establish the relationship of independent variables and dependent variables. Multiple regression analysis explains or predicts variation in a dependent variable because of the independent variables and this is assessed using the coefficient of determination known as R square and the larger the coefficient, the larger the effect of the independent variable upon the dependent variable. The R Square can range from 0.000 to 1.000, with 1.000 showing a perfect fit that indicates that each point is on the line (Carver *et,al.,* 2009). The coefficients or beta weights for each variable allows the researcher to compare the relative importance of each independent variable (Gupta, 2007).The discussions are based on the unstandardized coefficients for studying each variable. The study applied SPSS version 22 to code, enter and compute the measurements of the multiple regression analysis.

According to the model summary Table 1, R is the correlation coefficient which shows the relationship between the indepedent variables and depedent variable. It is notable that there existsa strong positive relationship between the indepedent variables and depedent variable as shown by R value (0.800). The coefficient of determination (R^2) explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable and the four independent variables that were studied explain 64.00% of the performance of telecommunication industry as represented by the R^2. This therefore means that other factors not studied in this research contribute 36.00% to the performance of telecommunication industry. This implies that these variables are very significant therefore need to be considered in any effort to enhance performance of telecommunication industry. The study therefore identifies variables as critical factors of organizational restructuring on performance of telecommunication industry in Kenya.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.800	.640	.005	.003

From the study results in Table 2, the study established the regression model had a significance level of 0.9% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (32.934 > 3.876) indication that downsizing, rightsizing, down scoping, business engineering all influence performance of telecommunication industry in Kenya. The significance value was less than 0.05 indicating that the model was significant.

Table 2: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	98.876	4	16.477	32.934	.009[a]
	Residual	67.543	135	.5003		
	Total	166.914	139			

NB: F-critical Value = 3.876; Predictors: (Constant): Downsizing, rightsizing, down scoping, business engineering

From the study results on the regression coefficients as established in Table 3 between performance of telecommunication industry and the four variables(Downsizing, rightsizing, down scoping, business engineering), the study established that as per the proposed model equation would be ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes: $Y= 87.908+ 0.600X_1+ 0.687X_2+ 0.511X_3 + 0.789X_4$. This indicates that performance of telecommunication industry= 87.908 + 0.600(Downsizing) + 0.687(Rightsizing) + 0.511(Downsizing) + 0.789(Business engineering).According to the regression equation established, taking all factors into account (downsizing, rightsizing, down scoping, business engineering) constant at zero performance of telecommunication industry was 87.908. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in downsizing will lead to a 0.600 increase in performance of telecommunication industry; a unit increase in rightsizing will lead to a 0.687 increase in performance of telecommunication industry, a unit increase in down scoping will lead to 0.511 increase in performance of telecommunication industry and a unit increase in business engineering will lead to 0.789 increase in performance of telecommunication industry. This infers that business engineering contributed most to performance of telecommunication industry. At 5% level of significance, downsizing had a 0.007 level of significance; rightsizing showed a 0.004 level of significance, down scoping showed a 0.009 level of significance and business engineering showed a 0.001 level of significance hence the most significant factor was business engineering.

Table 3: Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	P-value.
		B	Std. Error	Beta		
1	(Constant)	87.908	.223		2.615	.007
	Downsizing	.600	.265	.402	4.098	.007
	Rightsizing	.687	.187	.554	5.087	.004

Down scoping	.511	.297	.398	4.008	.009
Business engineering	.789	.073	.563	6.546	.001

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary of the study as guided by specific objectives, research questions, conclusions reached based on the findings and recommendations for enhancing performance in telecommunication industry as well as suggestions for further study.

Summary of the Findings

Influence of downsizing on performance of telecommunication industry

According to the study results, it was revealed that majority of the respondents indicated to a great extent that early retirement and voluntary severance in downsizing enhances quality work, reduces risks of the organization failure, enhances quality and quantity operations of activities to meets organization objectives, it enhances decision making and problem solving in the organization and it also enhances designing of activities to keep track of resources available. Further, the study revealed that the variable had a pearson correlation coefficient statistically, strongly and significantly correlated to performance of telecommunication industry and a positive relationship with the dependent variable. This reveals that downsizing is an important factor that can enhance performance of telecommunication industry. This also reveals that the more downsizing becomes the more the performance of telecommunication industry. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of downsizing on performance of telecommunication industry was achieved because it established that downsizing influences performance of telecommunication industry.

Influence of right sizing on performance of telecommunication industry

From the study findings, majority of the respondents indicated that to a great extent that layoffs and task redesigning in rightsizing could lead gaining control of payroll costs, maximize returns on wage expenses, enhances quality work, reduces risks of the organization failure, enhances quality and quantity operations of activities to meets organization objectives, it enhances decision making and problem solving in the organization, enhances designing of activities to keep track of resources available. In addition, the study revealed that the variable had a Pearson correlation coefficient statistically, strongly and significantly correlated to performance of telecommunication industry and a positive relationship with the dependent variable. This reveals that downsizing is an important factor that can enhance performance of telecommunication industry. This also reveals that the more rightsizing becomes the more the performance of telecommunication industry. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of rightsizing on performance of telecommunication industry was achieved because it established that rightsizing influences performance of telecommunication industry.

Influence of downs coping on performance of telecommunication industry

The study findings show that majority of the respondents indicated that to a large extent that enhances quality work, reduces risks of the organization failure, enhances quality and quantity operations of activities to meets organization objectives, it enhances decision making and problem solving in the organization and it also enhances designing of activities to keep track of resources available. It can also lead to ggaining control of payroll costs, maximize returns on wage expenses. Further, the study revealed that the variable had a pearson correlation coefficient statistically, strongly and significantly correlated to performance of telecommunication industry and a positive relationship with the dependent variable. This reveals that down scoping is an important factor that can enhance performance of telecommunication industry. This also reveals that the more down scoping becomes the more the performance of telecommunication industry. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of down scoping on performance of telecommunication industry was achieved because it established that down scoping influences performance of telecommunication industry

Influence of business engineering on performance of telecommunication industry

From the research findings, majority of the respondents indicated that to a large extent that re-designing and re-organization in business engineering leads to quality of after sales service, it leads to quality and reliability of product, speed of marketing new product, speed of delivery, prompt payment of invoices, efficiency of production line, flexibility of product, development capability of research team, cross-product selling. Finally, the study revealed that the variable had a pearson correlation coefficient statistically, strongly and significantly correlated to performance of telecommunication industry and a positive relationship with the dependent variable. This reveals that business engineering is an important factor that can enhance performance of telecommunication industry. This also reveals that the more business engineering becomes the more the performance of telecommunication industry. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of business engineering on performance of telecommunication industry was achieved because it established that business engineering influences performance of telecommunication industry

Conclusions

The study established that downsizing in the organization could increase customer base and profits though worker layoffs, bonus reductions and loss of amenities and perks for remaining workers. Downsizing could make it possible for organization to respond more quickly and effectively to new opportunities and unexpected pressures, hence re-establishing their competitive advantage.

Additionally, the study established that lack of rightsizing by corporation reorganizing or restructuring its business cannot lead to cost cutting, reduction of workforce or reorganizing upper level management. The use of rightsizing will gain control of payroll costs and to maximize returns on wage expenses and productivity.

Further, the study revealed that lack of down scoping in the organization has affected performance of the organization as it has a potential to a more positive effect on the firm's performance because such action could lead to loss one or more core competencies. The firm becomes smaller by reducing diversity of business in its portfolio.

Finally, the organization ineffective business process reengineering in redesigning and changing the existing business practices or process has affected improvement in organizational performance. This has affected quality of after sales service, quality and reliability of product, speed of marketing new product, speed of delivery, prompt payment of invoices, efficiency of production line, flexibility of product, development capability of research team, cross-product selling.

Recommendations

The study recommends for downsizing policy in the organization as it can enhance increase customer base and profits though worker layoffs, bonus reductions and loss of amenities and perks for remaining workers. This can respond more quickly and effectively to new opportunities and unexpected pressures, hence re-establishing their competitive advantage.

Additionally, there is need for rightsizing though corporation reorganizing to improve performance of the organization through cost cutting, reduction of workforce or reorganizing upper level management. The use of rightsizing will gain control of payroll costs and to maximize returns on wage expenses and productivity thus enhancing performance of the organization.

Further, the study recommends for a policy on down scoping in the organization that can enhance performance of the organization such as quality work, reduces risks of the organization failure, enhances quality and quantity operations of activities to meets organization objectives, decision making and problem solving in the organization and designing of activities to keep track of resources available to improve performance of the industry.

Finally, the organization need to have effective business process reengineering in redesigning and changing the existing business practices or process which can lead to improvement on its performance. This can lead to improvement on quality of after sales service, quality and reliability of product, speed of marketing new product, and speed of delivery, prompt payment of invoices, efficiency of production line, flexibility of product, development capability of research team, cross-product selling which can lead to the organization improvement on customer base and increase on profits.

Suggestions for Further Studies

Available literature on influence of organizational restructuring on performance in telecommunication industry in Kenya has shown that are scanty studies in relation to the study. The study has contributed to the body of knowledge by establishing that downsizing, business engineering, rightsizing and down scoping influence performance in telecommunication industry in the organization. Additionally, very little has been undertaken to explore influence of organizational restructuring on performance in telecommunication industry in Kenya the reason why the study recommends for similar studies to be undertaken in other organizations in the telecommunication industry for generalization of the findings of this study.

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