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The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 12, Iss.1, pp 119– 133, February 14, 2025. www.strategicjournals.com, © Strategic Journals

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Accepted: February 5, 2025

DOI: http://dx.doi.org/10.61426/sjbcm.v12i1.3175

ABSTRACT

This study was conducted in Nairobi City County, Kenya, to examine how restructuring strategies affect deposit-taking savings and credit cooperatives. Specifically, the objectives were to assess the performance of these societies after restructuring their operations, downsizing their organizations, and reforming the governance systems. Stakeholder, institutional, dynamic capability, and contingency theories were incorporated into the study. Based on a descriptive survey design, it examined 39 SACCO's licensed to take deposits in Nairobi. The respondents included all chief executive officers, accountants, credit managers, marketing managers, human resource managers, and the four executive board members of each society, totalling 351 respondents. Data collection instruments was validated for reliability. A descriptive analysis of the data was conducted using mean and standard deviation, as well as an inferential analysis using Pearson correlations. There were tables of frequency distributions, graphs, bar charts, pie charts, and equations displayed on the screen. Operational changes, downsizing, and governance affected DT-SACCO performance in Nairobi City County, Kenya. Within deposit-taking SACCOs in Nairobi City County, Kenya, operations redesign, downsizing, and governance reforms have a significantly positive correlation. Nairobi City County is one of the counties in Kenya where operation rethinking, downsizing, and governance reforms have positively impacted deposit-taking SACCOs' performance. Study recommendations include automating systems, optimizing processes, eliminating redundancies, reallocating jobs, and decentralizing SACCO functions. SACCOS should ensure a lean and effective workforce. Top management team appointment should be merit-based and be done regularly. Top management team roles and responsibilities should be clearly defined. SACCOS should ensure that resources are allocated equally and effectively.

Key Words: *Governance Reform Restructuring, Operations Redesign Restructuring, Downsizing Restructuring*

CITATION: Ndanu, F. G. & Karugu, J. (2025) Restructuring strategies and performance of deposit taking savings and credit cooperative societies in Nairobi City County, Kenya. *The Strategic Journal of Business & Change Management,* 12 (1), 119 – 133. http://dx.doi.org/10.61426/sjbcm.v12i1.3175

INTRODUCTION

More than 81 percent of Kenya's population receives financial services through SACCOs. They primarily offer credit and savings opportunities to the middle class in rural areas. As of 2018, over Ksh.200 billion is mobilized by SACCOs, or 31% of the nation's total savings (CBK, 2018). The cooperative movement employs over 300,000 people and provides self-employment opportunities. Approximately 5% of Kenyans are SACCO members, with around 8 million directly involved and over 20 million indirectly benefiting from the movement (SACCO Times, 2017).

The growing pressure on financial institutions to provide greater value to stakeholders has led to the adoption of restructuring strategies. Restructuring strategies become essential when a firm experiences substantial growth, rendering existing structures inadequate for maintaining management efficiency. Literature indicates that four broad types of restructuring strategies exist: loan restructuring, asset restructuring, operational restructuring, and downsizing. (Duong, Phan, Hoang & Vo, 2020).

Among the financial institutions restructured around the world to enhance their performance, Sarisakaloglu and Bilgin (2017) noted Halkbank. Observations by Duong, Phan, Hoang, and Vo (2020) indicated that Vietnamese savings cooperatives have reorganized their accounts payable, equity, and bad debts to improve efficiency. Several scientists, including Obuobi, Nketiah, Awuah, and Amadi (2020), have noted that recapitalization has gained momentum as a restructuring approach that has the potential to increase performance in Ghana. Credit unions originated in Germany in the 1850s, founded by Frank Hermann Schulze-Delitzsch to provide financial services to those without access. Friedrich Wilhelm Raiffeisen later introduced the concept to rural Germany (WCCU, 2017). The idea spread to North America in the early 20th century, leading to the establishment of the Credit Union National Association in the United States in 1934. By 1954, credit unions began expanding beyond North America (WCCU, 2017).

It was in 1959 that Ghana established Africa's first prominent SACCO. Ghana, Uganda, Nigeria, Tanzania, and Kenya were among the initial members. During the 1960s, SACCOs gained recognition in non-English speaking African nations, experiencing notable growth in the 1970s.

The first cooperative in Kenya was founded in 1908 at Kipkelion by white settlers to support dairy and agriculture. Initially registered under the Companies Act, it aimed to assist white settlers. Regulatory reforms have since been implemented to optimize SACCO operations for member benefits (Ronald & Muturi, 2015). Kenyan SACCOs now contribute 45% to the GDP, with over Ksh 200 billion in deposits and Ksh 210 billion in assets, enabling them to compete in a liberalized economy. Before 1997, SACCOs were government-controlled. The Cooperative Act of 2004 now governs their formation and management (Ronald & Muturi, 2015).

Organizational performance is the actual output compared to the intended goals (Tomal & Jones, 2018). Moreover, it describes a company's ability to meet both short-term and long-term goals, based on its resources and capabilities. Javier (2018) equates organizational performance with the efficiency, economy, and effectiveness of executing social activities. Performance is influenced by a firm’s ability to achieve its goals efficiently within resource constraints (Lebans & Euske, 2018). Without clear objectives, organizations cannot choose among investment strategies. Various strategies are implemented to enhance performance and outperform competitors.

Companies use corporate restructuring to adapt to changing environments and improve performance (Anderson, 2018).

Operations redesign restructuring can be defined as a strategy to reconfigure the operations in the organization to improve the performance (Jones and Jones, 2018). Shurie, Kilika and Muchemi (2022) defined operation redesign structuring as the act of reorganizing an organization's operations, strategic focus, structures with an aim of improving performance in the organization. Davidson (2017) opines that operation re-design restructuring is the streamlining of routine processes, embracing automation technology and eliminating redundancy. Gulati & Puranam (2019) argues that operations re-design restructuring is the reviewing of organization vision, review of human resource strategies, decentralized functions and organization competitiveness.

Savings and Credit Cooperatives (SACCOs) are member-owned financial cooperatives that mobilize savings and furnish competitive loans to members. (Kamonjo, 2014). SACCOs, established by individuals sharing a common bond, serve as important financial intermediaries, playing a significant role in delivering monetary services to their members (Bwana & Mwakujonga, 2013).

Kenya's Vision 2030 aims to develop a globally competitive financial sector to boost savings and investment (Adam, Collier, & Ndungu, 2017). Recognizing the importance of financial services in linking borrowing and investment, the government established a regulatory body to oversee SACCOs with FOSA accounts. Despite these efforts, limited access to financial services hinders investment culture, with 38.3% of Kenyans still excluded (World Council of Credit Unions, 2018). Achieving Vision 2030 requires SACCO members to convert their savings into productive investments.

Statement of the Problem

Despite their economic significance, Deposit Taking (DT) SACCOs in Kenya often deliver poor member services and underperform, resulting in closures and restrictions (Mathuva, Muthuma, & Kiweu, 2016). In 2017, two DT-SACCOs lost their licenses, and 12 operated under conditional half-year licenses due to unmet financial obligations. Although SACCOs' total income rose over five years, NPLs increased from 5.23% in 2016 to 6.14% in 2017 (SASRA, 2018).

Research on restructuring strategies has shown varied outcomes. Duong et al. (2020) found positive financial performance results from restructuring in Vietnam. Conversely, Edevaldo (2018) observed that asset restructuring negatively impacted performance at the National Bank of Angola.

As a result of mergers, acquisitions, and human resource restructuring, Mwangi and Maina (2021) identified a number of restructuring strategies used by Kenyan banks. Kanyagia (2020) noted that financial restructuring in Kenyan insurance firms reduced operating costs. Four strategies are highlighted by Kithinji et al. (2017): financial restructuring, capital restructuring, operating restructuring, and asset restructuring.

Earlier studies, including Duong et al. (2020) and Edevaldo (2018), were in Vietnam and Angola rather than Kenya, highlighting a geographical gap. Additionally, Edevaldo (2018) used a case study approach, creating a methodological gap. These studies also focused narrowly on financial restructuring, overlooking broader restructuring strategies and their impact on performance. Using Nairobi City County's DT-SACCOs' performance as a case study, this study intends to fill these gaps.

Objectives of the Study

The primary aim of the research was to determine how restructuring strategies impact the performance of DT-SACCOs in Nairobi City County, Kenya .The research was dictated by the following precise objectives:

- Examine the effects of the operations redesign on the DT-SACCOs' performance in Nairobi City County, Kenya.
- Investigate the effects of downsizing on the performance of these SACCOs.
- Assess DT-SACCO performance in Nairobi City County, Kenya, in relation to governance reform.

LITERATURE REVIEW

Contingency Theory

As a student at Ohio State University in the 1950s, Fiedler developed contingency theory in 1958. According to Fiedler and Chemers (1974), organizational structures depend on both internal and external environments, viewing organizations as capable of enacting transformational changes through strategic restructuring. A one-size-fits-all approach to organizational restructuring cannot be relied upon to ensure success; instead, it is necessary to understand the specific requirements of each organization (Donaldson, 1999). This perspective highlights that an organization's future is shaped by its restructuring strategies.

Using contingency theory, Bastian and Andreas (2012) explore the existing strategies, analyze the environment, and then select the most suitable reorganization strategies. Moreover, Morgan (2007) notes that according to contingency theorists, appropriate restructuring strategies are determined by prevailing environmental conditions. Organizational success depends on aligning the organization with its environment (Zelt, Recker, Schmiedel, & vom Brocke, 2019). Abba, Yahaya, and Suleiman (2018) state that while there is no single best strategy for restructuring, the best approach depends on both internal and external factors. Using contingency theory, organizations are encouraged to continuously scan their environments to decide what strategies they should implement and restructure so they can succeed in an ever-changing environment that will result in the long-term success of the organization.

Institutional Theory

Several scholars have advocated this theory, including North (1990) and Scott (1995), which emphasizes the importance of social structures within organizations. This theory, according to Scott (1995), explains how social behavior is guided by structures such as rules, conventions, and routines within an organization. An institutional system is deemed efficient when it can adapt to changing circumstances. Such frameworks enable political and economic entrepreneurs to get incentives that foster social change.

According to Craig & Von Peter (2014), organizations, from an institutional perspective, implement structures and processes to meet the demands of external environments, thereby achieving dominance in the business landscape. Dick and Lehnert (2010) assert that the institutional environment reflects the external environment's perceptions of optimal organization and behavior. Organizations exhibit strong interconnections. The internal environment comprises customers, regulators, trade unions, and clients (DiMaggio and Powell 1983). Organizational reforms, including governance reform, operational redesign, and downsizing, influence management decisions regarding specific strategies that enhance organizational performance (Jamali, 2010).

Stakeholder Theory

Stakeholder theory, proposed by Freeman (1984), contends that stakeholders play a vital role in a company's success. "The theory was introduced to address the gap identified in agency theory, which recognizes shareholders as the sole interest group within a corporate entity. Advocates of this theory argue that organizational performance is contingent upon the effective management and satisfaction of stakeholders, as well as the cultivation of closer customer relationships (Njoroge, Machuki, Ongeti & Kinuu, 2015). Managers serve as representatives who oversee the organization in the interest of stakeholders."

Deficiencies in governance structures result in unmet stakeholder demands and organizational objectives, says Mackenzie (2017). A firm's success depends on its relationship with its shareholders and wider stakeholders, argue Kock et al. (2019). It is the managers' responsibility to disseminate information to all stakeholders, according to De Villiers and Van Staden (2019). A new study by Spitzeck (2019) demonstrates how stakeholder input leads to improved effectiveness, increased profitability, and diminished conflicts at work.

Empirical Review

Operations Redesign Restructuring on the Performance

Operational restructuring is often necessary to enhance efficiency and manage costs in a dynamic environment. This process can establish firms more competitively but may also cause organizational disruptions, future uncertainties, and impact earnings and cash flow. Sometimes, restructuring fails to resolve operational issues. Technology advancements, product innovations, changes in tax laws, foreign competition, and deregulation often change the enterprise climate (Eloranta, 2018).

Evans, Chitnomrath, and Christopher (2017) looked into how well restructuring tactics worked for Thai companies after they underwent bankruptcy reorganization. Using a logistic regression model to analyze data from 101 companies, they discovered that successful businesses concentrated on selling non-core assets, cutting costs and expenses, and downsizing. In contrast, operational strategies, such as reorganizing internal systems and operations, failed to succeed.

Downsizing Restructuring and Organizational Performance

Based on panel data spanning 39 months at a U.S. telecommunications company, Tashonna (2017) examined downsizing's impact on organizational performance. The study found that downsizing generally increased the likelihood of project withdrawal. However, convergence protected radical innovations from withdrawal, though it had no effect on project completion. Re-orientation increased the likelihood of initiating new projects, especially in radical product categories. Overall, managers needed time to understand the strategic implications of downsizing, leading to wasted resources and potential innovation pitfalls (Tashonna, 2017).

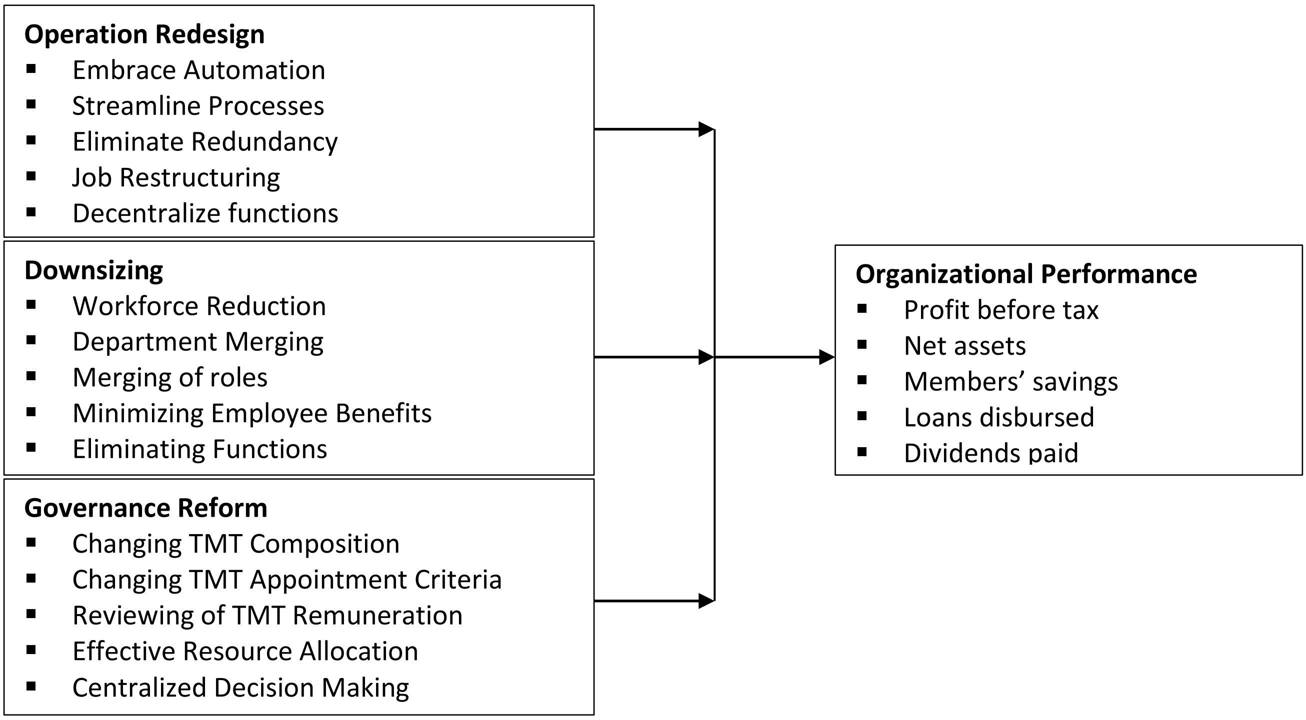
Sikayena, Amoah, and Ankomah (2018) examined how downsizing impacts organizational performance in Ghana. Employees and organizations both showed significant negative effects. It is common for companies to reduce costs and enhance efficiency and competitiveness by implementing downsizing strategies like early retirement, attrition, and voluntary or compulsory termination. However, these decisions typically exclude employee input, leading to emotional and behavioral issues among both those laid off and those who remain (Sikayena, Amoah, & Ankomah, 2018).

Governance Reform restructuring and Organizational Performance

Islam, Saha, and Rahman (2019) explored how governance reform restructuring affects firm performance using a longitudinal study and Generalized-Method-of-Moments (GMM) estimation. They found that larger board sizes positively impact firm performance, while CEO duality and board independence negatively affect it (Islam, Saha, & Rahman, 2019).

According to their research, board size had no discernible impact on these performance measures, but gender diversity and independence on the board had a favorable impact on ROA and ROE. Fauver, Hung, Li, and Taboada (2017) used a difference-in-differences method to study how governance reforms affected firm value in 41 different countries. Their conclusion was that, in general, governance reforms—especially those that deal with the independence of the board and audit committee—raise firm value. Reforms that divided the CEO and chairman's responsibilities, however, had no appreciable impact on the firm value.

Conceptual Framework



Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

METHODOLOGY

This research used a descriptive survey design.The study examined deposit-taking SACCOs in Nairobi County, which provide services like commercial banks. The Nairobi SACCO license count is 39, according to SASRA (2021). The target respondents included CEOs, accountants, credit managers, marketing managers, human resource managers, and four executive board members from each SACCO, totaling 351 respondents.

A multi-stage sampling procedure was employed. To collect empirical data, specifically, simple random sampling was employed after proportionate stratified random sampling.

The validity of the questionnaire was ensured by pretesting and expert reviews, assuring that the questionnaire was relevant and comprehensive. Five middle-level employees from Ol Jogi Ranch completed the same questionnaire.

The current study was interested with internal consistency aspects of the instrument. According to Cronbach's coefficient, the questionnaire was deemed reliable.

The procedures of data collection comprised of stages: data review, data cleaning, data coding, and data modeling. Data was coded using the SPSS program. A combination of descriptive and inferential statistical analyses were performed (means, standard deviations, and multiple regressions) in this study.

FINDINGS AND DISCUSSIONS

Response Rate

Out of 187 questionnaires distributed to CEOs, accountants, credit managers, marketing managers, HR managers, and executive board members across 39 SACCOs, 174 were completed and submitted. However, 17 were not returned, with some rejected due to incomplete responses. The response rate was 93%, aiding in analysis, discussion, and inferences. Based on Kothari (2007), a 50% response rate is acceptable, 60% is good, 70% is exceptional, and above 80% is very good.

Descriptive Analysis

Results from the descriptive analysis of study variables are presented in this section. Significant findings were obtained through frequency, mean, and standard deviation analyses. By using a Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree), this study examined how restructuring strategies affected DT-SACCOs in Nairobi City County, Kenya.

Operations Redesign Restructuring and Performance of Deposit Taking Saccos

Analyzing variables in this study yielded descriptive results in this section. The findings are displayed in Table 1 below.

Table 1: Operations Redesign Restructuring

Statements	N	Mean	Std. Deviation
We have undertaken to align our products to customers' needs	174	4.4253	.49581
We have embraced automation at the SACCO	174	4.4598	.49982
Processes are well streamlined	174	4.3563	.48029
There are no redundancies in the SACCO operations	174	4.3391	.49852
Jobs are well structured	174	4.4138	.49393
The SACCO operations are decentralized	174	4.4080	.49289
The SACCO embrace a growth mindset	174	4.4655	.50025
The SACCO is open to continuous learning.	174	4.5575	.49812
Aggregate Score		**4.4282**	**.4950**

Source: Field Data, (2024)

Table 1 shows that most respondents agreed with the following assertions: the SACCO was open to continuous learning (Mean=4.5575, Std. Dev=0.4981), embraced a growth mindset (Mean=4.4655, Std. Dev=0.5003), and had adopted automation (Mean=4.4598, Std. Dev=0.4998). Similarly, the respondents agreed the Sacco aligned its products with customer needs (Mean score =4.4253, Standard Deviation =0.4958), that its jobs had a good structure (Mean score =4.4138, Standard Deviation =0.4939), and that SACCO operations were decentralized (Mean score =4.4080, Standard Deviation =0.4959). The respondents also agreed that; Processes were well streamlined (Mean score=4.3563, Std. Dev=0.4803) and that there were no redundancies in the SACCO operations (Mean score = 4.3391, Std. Dev = 0.4982). DT-SACCO performance in Nairobi City County, Kenya was influenced by the operation redesign restructuring as indicated by an aggregate mean score of 4.4282.

These findings align with Ongwae and Moronge (2017), who found that organizational restructuring, including system upgrades, departmentalization, process centralization, and staff turnover, positively impacted the performance of Kenyan commercial banks

Downsizing Restructuring and Performance of Deposit Taking Saccos

During the study, Nairobi City County deposit-taking SACCOs were assessed for their performance after downsizing and restructuring. Table 2 summarizes the results

Table 2: Downsizing Restructuring

Statements	N	Mean	Std. Deviation
The SACCO has reduced its workforce	174	4.3621	.49383
Some positions have been declared redundant	174	4.3391	.58396
Some departments have been merged	174	4.3333	.58233
Some roles have been merged	174	4.3506	.55670
Employees benefits have been reduced	174	4.3793	.62216
Some functions are outsourced	174	4.4368	.49742
Some functions have been done away with	174	4.4655	.50025
Recruitment has been frozen	174	4.3851	.62325
Aggregate Score		**4.3815**	**.55749**

Source: Field Data, (2024)

Table 2 shows that most respondents agreed with the following assertions: some functions were eliminated (Mean=4.4655, Std. Dev=0.5003), some functions were outsourced (Mean=4.4368, Std. Dev=0.4974), and recruitment was frozen (Mean=4.3851, Std. Dev=0.6233). The respondents agreed that employees benefits had been reduced (mean score=4.3793, Std. Dev=0.6222); the SACCO had reduced its workforce (Mean score=4.3621, Std. Dev=0.4938) and that some roles had been merged (Mean score=4.3506, Std. Dev=0.5567). The respondents also agreed with statements that; some positions had been declared redundant (Mean score=4.3391, Std. Dev=0.5840) and that some departments had been merged (Mean score=4.333, Std. Dev=0.5823). DT-SACCOs' performance in Nairobi City County, Kenya, was negatively affected by downsizing restructuring, with an aggregate mean score of 4.3815 and standard deviation of 0.5575.

The findings are dissimilar to those of study by Sikayena, Amoah, and Ankomah (2018) who examined how downsizing impacts organizational performance in Ghana. They found a significant negative effect on both employee and organizational performance. This can be attributed to the fact that Sikayena, Amoah, and Ankomah (2018) was done before COVID-19 pandemic which led to most organization doing away with some functions and merging some department and also embracing digital platforms.

Governance Reform Restructuring and Performance of Deposit Taking Saccos

DT-SACCO performance in Nairobi City County, Kenya was evaluated in light of governance reform restructuring. The results are shown in Table 3 below.

Table 3: Governance Reform Restructuring

Statements	N	Mean	Std. Deviation
The composition of top management team is diverse	174	4.4023	.52586
The process for appointment for top management is rigorous	174	4.3506	.51349
Merit is considered for one to be appointed to a top management position	174	4.4033	.52506
The compensation for top management is regularly reviewed	174	4.2931	.56921
Resources are allocated effectively	174	4.4077	.55884
Decision making is centralized	174	4.3661	.53329
Top managers know their roles and responsibilities clearly.	174	4.4290	.52963
Aggregate Score		**4.3787**	**.53648**

Source: Field Data, (2024)

Table 3 shows that most respondents agreed that top managers clearly understood their roles (Mean=4.4290, Std. Dev=0.5296), decision-making was centralized (Mean=4.3661, Std. Dev=0.5333), and the top management appointment process was rigorous (Mean=4.3506, Std. Dev=0.5135). The respondents also agreed with statements that;that the compensation for top management was regularly reviewed (mean score=4.2931, standard deviation=0.5692), Resources were allocated effectively (mean score=4.4077, standard deviation=0.5588). They also agreed that Merit was considered for one to be appointed to a top management position (mean score=4.4033, standard deviation=5251) and that the composition of top management team was diverse (mean score=4.4023, standard deviation=5259). A total of 4,3787 aggregate scores and 0.5365 standard deviations suggest that DT-SACCOs in Nairobi City County, Kenya, perform better as a result of governance reform restructuring.

These findings concur with those of a study by Waema and Mbithi (2016) that investigated the impact of governance reforms, specifically performance contracting, on university performance. The study concluded that governance reforms positively influence university performance.

Organizational Performance

The study aimed to determine the extent to which the organization has attained specific performance factors following the implementation of restructuring strategies. In Table 4, the results are displayed.

Table 4: Organizational Performance

	N	Mean	Std. Deviation
The SACCO's profit before tax have increased	174	4.2759	.56260
The SACCO's market share has increased	174	4.4045	.56813
The SACCO's net assets have increased	174	4.3754	.56487
The members savings have increased	174	4.3908	.56602
Loans disbursed have increased	174	4.3276	.58065
Dividends paid have increased	174	4.3851	.59478
The SACCO has experienced increase in referral business from existing clients	174	4.4118	.55884
Customer issues are resolved fast	174	4.3391	.54292
Aggregate Score		**4.3638**	**.56735**

Source: Field Data, (2024)

Table 4 indicates that most respondents agreed with the following statements: SACCO saw an increase in referral business from existing clients (Mean=4.4118, Std. Dev=0.5588), SACCO's market share increased (Mean=4.4045, Std. Dev=0.5681), and member savings increased (Mean=4.3908, Std. Dev=0.5660). The respondents also agreed with statements that; Dividends pay had increased (4.3851, standard deviation=0.5948), SACCO's net assets had increased (mean score=4.3754, standard deviation=0.5648) and that customer issues were resolved fast (Mean score=4.3391, standard deviation=0.5429). The findings also show that respondents agreed with statements that; loans disbursement had increased (mean score=4.3276, standard deviation=0.5807) and that SACCO's profit before tax had increased (mean score=4.2759, standard deviation=0.5674). These findings indicate that restructuring strategies impact the performance of deposit-taking SACCOs in Nairobi City County, Kenya.

Inferential Analysis

Correlation Analysis

This section examines the correlation between study variables. The results are shown in Table 5.

Table 5: Correlations

		Operations Redesign Restructuring	Downsizing Restructuring	Governance Reform Restructuring	Organizational Performance
Operations Redesign Restructuring	Pearson Correlation	1	.489**	.544**	.394**
	Sig. (2-tailed)		.000	.000	.000
	N	174	174	174	174
Downsizing Restructuring	Pearson Correlation	.489**	1	.800**	.688**
	Sig. (2-tailed)	.000		.000	.000
	N	174	174	174	174
Governance Reform Restructuring	Pearson Correlation	.544**	.800**	1	.496**
	Sig. (2-tailed)	.000	.000		.000
	N	174	174	174	174
Organizational Performance	Pearson Correlation	.394**	.688**	.696**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	174	174	174	174

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Data, (2024)

The study findings in Table 5 show that operations redesign restructuring and organizational performance had a positive and significant correlation (r =0.394, p = .000). This signified that operations redesign restructuring was significantly correlated with organizational performance of deposit-taking SACCOs' performance in Nairobi City County, Kenya.

The findings fail to agree with study by Evans, Chitnomrath, and Christopher (2017) that looked into how well restructuring tactics worked for Thai companies after they underwent bankruptcy reorganization and suggested that no success was associated with operational strategies such as reorganizing internal operations and systems.

The study findings also indicate that downsizing restructuring and organizational performance had a positive and significant correlation (r =0.174, p = .000). This implied that downsizing restructuring was significantly correlated with organizational performance of deposit-taking SACCOs' performance in Nairobi City County, Kenya.

The findings are congruent to a study by Mihwa and Malenya (2020) that investigated how downsizing impacts the strategic competitiveness of commercial banks in Kakamega County, Kenya and found that banks employ downsizing to reduce costs and gain a cost advantage.

The study findings also showed that governance reforms restructuring and organizational performance had a positive and significant correlation (r =0.496, p = .000). This inferred that governance reforms restructuring was significantly correlated with organizational performance of deposit-taking SACCOs' performance in Nairobi City County, Kenya.

The findings corresponds with a study by Waema and Mbithi (2016) that investigated the impact of governance reforms, specifically performance contracting, on university performance. The study concluded that governance reforms positively influence university performance.

Regression Analysis

Nairobi City County, Kenya deposit-taking SACCOs' performance was examined using regression analysis. ANOVA, coefficient analysis, and model summary results are provided in Tables 6, 7, and 8, respectively.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.730[a]	.682	.674	.29329

a. Predictors: (Constant), Governance Reform Restructuring, Operations Redesign Restructuring, Downsizing Restructuring

Source: Field Data, (2024)

There is a correlation coefficient (R) and an adjusted determination coefficient (R^2)) in the model summary. With an R value of 0.730, there is a strong correlation between variables. An adjusted R^2 of 0.682 indicates that 68.2% of performance variation in DT-SACCOs in Nairobi City County, Kenya, is due to changes in operational redesign, downsizing, and governance reforms restructuring. The remaining 38.1% is due to other factors not covered in this study.

Table 7: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.654	3	5.551	64.536	.000[b]
	Residual	14.623	170	.086		
	Total	31.277	173			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Governance Reform Restructuring, Operations Redesign Restructuring, Downsizing Restructuring

Source: Field Data, (2024)

Table 7 shows a p-value of 0.000, less than 0.05, and an F statistic of 64.536. This indicates that the study model effectively predicted the dependent variable and demonstrated statistical significance, indicating a good fit. Nairobi City County, Kenya, DT-SACCOs have shown a significant improvement in their performance after implementing restructuring strategies.

Table 8: Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.446	.326		1.368	.013
	Operations Redesign Restructuring	.006	.078	-.005	-.081	.036
	Downsizing Restructuring	.433	.104	.366	4.165	.000
	Governance Reform Restructuring	.467	.105	.406	4.447	.000

a. Dependent Variable: Organization Performance

Source: Field Data, (2024)

The model that was adopted was;

$Y=0.446X+0.006X_1+0.433X_2+0.467X_3+\mathcal{E}$.

Operations Redesign Restructuring and performance of deposit-taking SACCOs' performance in Nairobi City County, Kenya

Table 8 indicates that operations redesign restructuring positively and substantially affects DT-SACCOs' performance in Nairobi City County, Kenya ($\beta = 0.004$, $p < 0.05$). A unit increase in operations redesign restructuring results in a 0.004 unit increase in organizational performance.

These findings align with Ongwae and Moronge (2017), who found that organizational restructuring, including system upgrades, departmentalization, process centralization, and staff turnover, positively impacted the performance of Kenyan commercial banks.

Downsizing Restructuring and performance of deposit-taking SACCOs' performance in Nairobi City County, Kenya

The results in Table 8 show that downsizing in Nairobi City County, Kenya contributed to significant improvements in organization performance of DT-SACCOs ($\beta = 0.433$, $p< 0.05$). This suggests that a unit increase in downsizing restructuring will lead to a 0.433 unit increase in organizational performance of DT-SACCOs' performance in Nairobi City County, Kenya.

The findings differ with those of a study be Sikayena, Amoah, and Ankomah (2018) on how downsizing impacts organizational performance in Ghana. The study found a significant negative effect on both employee and organizational performance.

Governance Reforms Restructuring and performance of deposit-taking SACCOs' performance in Nairobi City County, Kenya

Table 8 shows that governance reforms restructuring positively affects DT-SACCOs' performance in Nairobi City County, Kenya ($\beta = 0.433$, $p < 0.05$). A unit increase in downsizing restructuring leads to a 0.467 unit increase in organizational performance.

The findings align with Islam, Saha, and Rahman (2019), who found that larger board sizes positively impact firm performance using a longitudinal study and GMM estimation.

CONCLUSION AND RECOMMENDATIONS

Based on the study findings, the following conclusions were made:

Operations redesign restructuring positively and significantly impacts DT-SACCOs' performance in Nairobi City County, Kenya.

Downsizing restructuring also positively and significantly affects DT-SACCOs' performance in Nairobi City County, Kenya.

Governance reforms restructuring has a favorable and statistically significant effect on DT-SACCOs' performance in Nairobi City County, Kenya.

Recommendations

On operations redesign restructuring, the study recommended that SACCOs should embrace system automations, streamline processes, eliminate redundancy, carry out job restructuring and decentralize SACCOs functions. This results in enhanced efficiency and customer satisfaction, leading to better organizational performance.

On downsizing restructuring, the study recommends that SACCOS should ensure a lean and effective workforce. Departments with similar functions should be merged. Roles and responsibilities that seems overlapping should also be merged. SACCOs should minimize staff benefits and outsource some services. Some functions that that does not have significant effect on SACCOs should be eliminated.

On governance reforms restructuring, the study recommends that SACCOs should ensure that top management team is diversified and its appointment should be carried out rigorously. Top management team appointment should be merit-based and be done regularly. Top management team roles and responsibilities should be clearly defined. SACCOS should ensure that resource are allocated equally and effectively.

Suggestions for Further Studies

Nairobi City County, Kenya, DT-SACCOs' performance was investigated by exploring restructuring strategies. Future research is recommended to replicate this study within large commercial banks and other financial institutions in Kenya, enhancing the generalizability of the findings.

A third variable was downsizing, in addition to operations redesign, which the research used for conceptualizing restructuring strategies. Future research should expand these methods to include additional strategies.

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