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**THE EFFECT OF CORPORATE RESTRUCTURING ON EMPLOYEE
PERFORMANCE: A CASE OF THE NCBA MERGER**

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136981

**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF COMMERCE, STRATHMORE BUSINESS
SCHOOL, STRATHMORE UNIVERSITY
NAIROBI, KENYA**



DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other university. To the best of my knowledge and belief, the research proposal contains no material previously published or written by another person except where due reference is made in the research proposal itself.

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Date: 09/05/2024

Approval by Supervisor

This research proposal has been submitted with my approval:

Name: Dr. Olgha Auma Adede

Signature: _____



Date: 09/05/2024

DEDICATION

Dedicated to my parents, who have always been my source of inspiration and support. Their unwavering love, encouragement, and sacrifices have enabled me to pursue my dreams and reach this milestone in my academic journey. I am forever grateful for their guidance, wisdom, and unconditional love. This achievement is a testament to their unwavering belief in me, and I dedicate this thesis to them with all my heart



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Furthermore, I am thankful to the research participants who shared their time and experiences with me. Their willingness to participate made this research possible.

Lastly, I acknowledge my own efforts and persistence in staying the course and seeing this project through to its successful completion.



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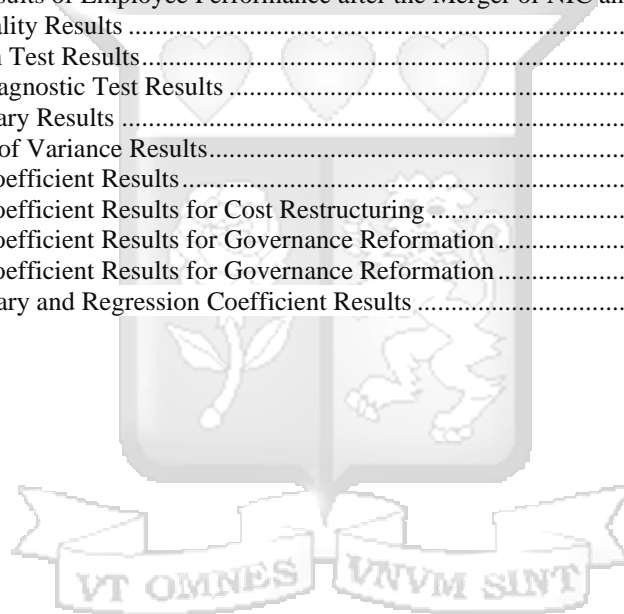
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LIST OF ABBREVIATIONS AND ACRONYMS

CBA	Commercial Bank of Africa
CBK	Central Bank of Kenya
CR	Cost Restructuring
EAC	East African Community
GST	Goal Setting Theory of Motivation
ICDC	Industrial & Commercial Development Corporation
GR	Governance Reformation
KCB	Kenya Commercial Bank
M & A	Mergers and Acquisitions
NACOSTI	National Commission for Science, Technology & Innovation
NCBA	National Commercial Bank of Africa
NIC	National Industrial Credit
SET	Social Exchange Theory
SPSS	Statistical Package for Social Sciences



ABSTRACT

Companies are implementing restructuring strategies to enhance their competitive position and boost shareholders' wealth in response to heightened competition and evolving operational conditions. Research has demonstrated that corporate restructuring not only improves financial performance but also enhances employee performance in terms of productivity, efficiency, effectiveness, and the creation of a positive customer experience. Corporate restructuring significantly improves performance, particularly in highly competitive areas, by increasing employee productivity and their contribution to corporate success. This could elucidate the reason behind NCBA's investment in employee learning hours experiencing a significant surge of 300% by 2022, subsequent to the initiation of its restructuring process. Hence, this study has a strong focus on examining the impact of corporate restructuring on employee performance, specifically in the context of the merger between NIC and CBA Banks. The study's specific objectives centred on examining the impact of cost restructuring, governance reformation, and downsizing on the employee performance of NCBA Bank. NCBA bank has a total of 42 branches in Nairobi. The focus of the analysis was on the employees, specifically the departmental managers. Given that each branch consists of six (6) departments, a total of six (9) departmental managers were examined in the firm. Therefore, the study's target population consisted of a total of 252 respondents. A total of 190 respondents were selected at random to compose the sample design for the study. Data collection from the appropriate respondents at the bank was conducted using structured questionnaires that contained closed-ended questions. The analysis involved the utilization of multiple linear regression in the SPSS software. The researcher ensured the participants' privacy and confidentiality, as well as the secure sharing of any sensitive data. The regression analysis revealed that implementing cost restructuring has a positive impact on employee performance in the merger between NIC and CBA banks. As a result of cost restructuring, which included reducing indirect costs, bringing in-house activities instead of outsourcing, and cutting operational costs after the merger, employees became highly productive, creative, efficient, quick learners, and self-driven. The findings also indicated that implementing governance reforms enhances employee performance in the merger between NIC and CBA banks. Consequently, the reformation of governance, which involved altering the top management, restructuring the management hierarchy, and modifying the remuneration system for top executives, resulted in employees displaying high levels of productivity, creativity, efficiency, adaptability, and self-motivation. The research discovered that downsizing enhances employee performance in the merger between NIC and CBA banks. As a result of downsizing during the merger, which involved reducing bank departments and the number of supervisors per managerial unit, employees became highly productive, creative, efficient and self-driven.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporate restructuring strives to improve operations in an organization, of which, the unfavorable effects of such an exercise may have a severe impact on employees' morale, particularly if the restructuring effort results in the loss of many jobs (Kabiru, 2017). The overall performance of the company may suffer as a result of the survivors' low morale. To prevent offending feelings and sensibilities, corporate organizations engaging in restructuring should take every precaution to safeguard the interests of their workforce (Kabiru, 2017).

Corporate restructuring has become an increasingly common feature of management life, as an unprecedented number of businesses around the world reorganize their divisions, restructure their assets, streamline their operations, and spin off their divisions in an effort to improve organizational performance. According to Byars (2016), a company can restructure in both profitable and unprofitable periods. The restructuring may be required due to a variety of factors, including the organization's commercial growth, a diverse client or product base, the expansion of product lines through acquisitions, or the formation of a joint venture with another business to reach new markets (Byars, 2016).

Staffing levels must be adjusted in restructuring strategies to keep a reasonable number of resources in a corporate structure that can react quickly to changes in the market (Hoskisson et al., 2019). Businesses and economies restructure to either do better or to survive when the existing structure breaks down (Sander, 2016).

1.1.1 Corporate Restructuring

Corporate restructuring is the process of rebuilding an organizational structure with the goal of emphasizing and enabling the most important activities to the company's strategy to function optimally (Pearce, 2019). It frequently entails lowering management levels, reorganizing organizational components through divestment and/or acquisition, and reducing the workforce.

Modern managers may not be able to avoid the requirement for restructuring strategy when enacting change in an effort to provide a strategic alternative for the firm in resolving operational and financial challenges (Band & Tustin, 2018). Departmental reorganization often

improves the efficiency of decision-making processes at the level of subordinates as well as service delivery.

Corporate restructuring may result in staff layoffs and bankruptcy (Khandwall, 2017). Employee effect is typically minimized throughout restructuring operations, and legislative laws are also created to safeguard the interests of employees first. Cost reduction, increased economies of scale, increased efficiency, and increased profitability are all within the purview of corporate restructuring (Khandwall, 2017). Different methods and tactics may be used at different periods for different firms. Corporate restructuring is therefore used as a growth strategy as well as a technique for correcting problems.

Corporate restructuring involves three primary dimensions, namely, cost restructuring, governance reformation and downsizing (Kinyua & Kihara, 2021). Cost restructuring entails initiatives conducted by a given firm to boost its operational efficiency through cost cutting (Estin, 2018). It provides a firm the grace to survive in the dynamics of a given business environment that could include mergers and acquisitions (Estin, 2018). On the other hand, governance reformation entails changing the top management team, realigning the management structure, changing the tenure of the top leadership or reviewing management remuneration (Lebans & Euske, 2016; Kinyua & Kihara, 2021). Governance reformation not only cuts down unnecessary costs linked to remuneration expenses and inefficient departments, but it also helps bring in the necessary managerial skills that will help achieve financial sustainability after the merger process (Bowman & Singh, 2013; Lebans & Euske, 2016; Airo, 2019). Downsizing focuses on eliminating unproductive functional departments and unproductive employees with an aim of cutting down operational costs (Longe, 2012; Garber, 2018).

A study conducted by Estin (2018) observed that cost restructuring has a positive effect on organisational performance by altering its operations and business processes and engaging in cost-cutting initiatives in order to boost profitability and better adapt to changes in the operational environment. They reap the benefits of lowering their operating expenses. Ngige (2012) found that banking institutions that implemented more cost restructuring measures were more likely to improve their overall company performance.

A study conducted by Frone and Blais (2020) observed that organizational downsizing adversely affects employee outcomes leading employees to experience negative work rumination, mental and/or emotional work fatigue and inability to unwind. However, Kinyua

and Kihara (2021) found that downsizing involving reduction of the number of departments, employee downsizing and merging of departments boosts the financial workings of media firms in Kenya. Far from the studies conducted by Frone and Blais (2020) together with Kinyua and Kihara (2021), Ekechi and Umar (2020) established that corporate restructuring involving changing the organizational leadership of a certain institution actually boosts employee performance.

Lawson and Okorafor (2023) sought to establish how corporate restructuring involving governance reformation with specific focus on change management influences employee performance of health workers in Rivers State. The findings observed that change management involving close stakeholder engagement and clear communication between top management and employees boosts employee productivity and work quality of the healthcare workers. Informational transparency through providing employees with the relevant and precise information will help them quickly adjust to the organizational changes (Rawlins, 2008). Besides that, when the management is restructured in order to understand the needs of different stakeholders and how to address them based on the level of priority, it then makes employees effective and efficient in their service delivery (Ad-esse Consluting, 2008).

Karanja (2015) sought to establish the influence of change in management on employee performance with particular reference to technological change in the organization, change in managerial structure and modifications in the roles and obligations of management. The findings observed that employee performance at the Postal Corporation of Kenya was improved by change management. Lawson and Okafor (2023) together with Ekechi and Umar (2020) were able to establish similar findings. In addition, Dereso and Kant (2023) observed that corporate restructuring involving governance reformation, with specific reference to leadership change, strategic changes and technological changes, boosts employee performance.

Corporate restructuring significantly influences employee performance, with potential outcomes that can be either beneficial or detrimental. The impact is dependent on various factors, including the nature of the restructuring, communication methods, employee engagement, and the effectiveness of leadership. The presence of uncertainty regarding job security, roles, and responsibilities frequently leads to increased levels of stress and anxiety among employees, which negatively impacts their performance as they navigate through the ambiguous situation. The initial performance of employees may be hindered as they adjust to new tasks and expectations that come with restructuring, which involves changes in job roles

and responsibilities. Effective and unambiguous communication during the restructuring process is crucial, as it helps to boost employee morale and maintain high performance levels.

Efficient leadership provides direction, assurance, and opportunities for employees to express their concerns, thus reducing adverse effects on performance. Furthermore, restructuring provides chances for employee training and development, enabling them to effectively navigate change and excel in their modified positions. The execution of restructuring can either enhance or weaken organizational culture and values. Aligning the process with the company's ethos promotes employee commitment and performance, even in the face of significant changes.

Nevertheless, the uncertainty of employment caused by restructuring can lead to an increase in the number of employees leaving the company, which can negatively impact productivity and morale, especially if highly skilled individuals decide to leave. Therefore, skilful handling of these factors is crucial in reducing negative consequences and maximizing the potential of restructuring to improve employee performance.

1.1.2 Employee Performance

Since employees are a key source of competitive advantage in service-oriented businesses, Andri, Yuswita and Haryati (2021) define employee performance as the amount to which organizational members contribute to attaining the goals of the organization.

Employee performance, according to Anitha (2018), is a measure of an employee's results that is related to the effectiveness and success of the organization. The working environment, leadership, relationships between teams and co-workers, training and career development, reward programs, rules and procedures, workplace wellbeing, and employee engagement are among the key elements that affect employee performance, he continues. Ahmad and Shahzad (2020) pointed out that employee performance encompasses the entire idea of employee conduct and contributions to the success of the organization. They also stated that compensation practices, performance evaluations, and promotional practices are factors that affect employee performance.

There are views that contend that an employee's performance should also consider how willing and motivated they are to uphold and advance the organization's values rather than just how well they perform in relation to the goals and targets that have been established (Iqbal et al., 2015). Employee performance is crucial since employees' creativity, ingenuity, and dedication are what determine an organization's success (Tarik, Bergström & Nguyen, 2020). Depending

on the culture of the firm, employees do various occupations or tasks in varying ways (Armstrong, 2019). Thus, it is essential for a company's management to comprehend the significance of employee performance.

According to Ahuja (2006) productivity, efficiency and effectiveness are the primary metrics for evaluating employee performance. Effectiveness is the capacity of personnel to achieve the intended goals or targets whereas efficiency is the capacity to accomplish the desired results while utilizing the fewest resources available (Wooll, 2022). Productivity measures how an individual, organization, or industry transforms input resources into goods and services and is stated as a ratio of output to input (Holliday, 2023). Products or services that can fulfill explicit or implicit needs are said to be of high quality (Kotler & Armstrong, 2018). Employee performance is evaluated based on the results they achieve, and the establishment of well-defined objectives has a direct influence on performance outcomes (Ahuja, 2006).

According to Tenney (2023), employee performance is seen more significant than financial performance or investment return. In order for enterprises to achieve high levels of profitability, personnel must demonstrate a strong commitment, productivity, and enthusiasm in conducting the organization's goals as specified by Tenney (2023). Enhanced employee performance, characterized by reduced absenteeism, heightened productivity, and greater retention rates, directly contributes to improved customer service and satisfaction, resulting in enhanced organizational profitability (Tenney, 2023). Research has indicated that companies that have a significant level of employee engagement in terms of performance are 21 percent more financially successful compared to companies with low employee performance (Tenney, 2023). Typically, employee performance is satisfactory prior to the merging procedure, but it promptly declines following the merging process (McClay et al, 2021). After mergers and acquisitions (M&A), employees experience a short-term period where they become redundant, less productive, and less passionate due to the fear of being laid off (McClay et al, 2021).

1.1.3 The Merger between NIC and CBA Banks

The banking sector in Kenya currently has 41 commercial banks and 13 microfinance institutions (CBK, 2019). This sector is regulated by the Central Bank of Kenya and guided by the banking and business laws including the Central Bank of Kenya Act (2015), Banking Act (2015), Microfinance Act (2006) and The National Payment act (2011). The Kenya Bankers Association (KBA) is a lobbying organization formed by commercial banks to advocate for

their financial banking interests. Similarly, microfinance institutions have the AmfiKenya organization to protect and promote their interests (Ngige, 2018).

Kenyan banking, particularly commercial banks, has expanded in terms of assets, deposits, product and service offerings, and profitability (Ngige, 2018). These significant advances are attributed to competition, which sparked sector innovation, the opening of the regional market (EAC), and service automation, among other factors (Jae et al. 2007). Although certain banks have persisted in advocating significant advancements, the banking sector faces a number of challenges as a result of difficult economic conditions and stricter regulatory and government policies (Jae et al., 2007). When the interest rate cap, among other policies, was introduced in 2016 it, resulted in some banks reporting losses and others being placed in receivership. Those seeking to survive the fierce competition pursued a variety of strategies, including mergers and acquisitions (Ngige, 2018).

Several mergers have occurred in the Kenyan financial services sector, including the Old Mutual and UAP Holdings merger, the Old Mutual and Faulu Kenya merger, the KCB Group PLC-National Bank of Kenya merger, the City Trust-I&M Bank merger, and the Commercial Bank of Africa (CBA)-National Industrial Credit Bank (NIC) merger (Mwere, 2019; Business Daily, 2014; KCB Group PLC, 2023).

The NCBA merger differs from other mergers in that it involved a total takeover and the formation of a new entity. For example, in the 2019 merger between Old Mutual and UAP Holdings, Old Mutual acquired 66.7% of UAP Holdings' shares (Mwere, 2019). Aside from that, the Old Mutual-Faulu Kenya merger involved Old Mutual acquiring approximately 67% of Faulu Kenya's controlling stake in order to enter the lending market and increase financial competition (Business Daily, 2014). Furthermore, the KCB Group-National Bank of Kenya Limited merger resulted in KCB Group acquiring 87.7% of the National Bank of Kenya (KCB Group PLC, 2023; Mwaniki, 2022). Furthermore, the City Trust-I & M Bank merger involved City Trust acquiring a 100% controlling stake in I & M Bank (Nation Media Group, 2020).

The majority of these mergers entailed one corporation completely assimilating another corporate entity. The merger between Commercial Bank of Africa (CBA) and National Industrial Credit (NIC) Bank is distinctive because it entailed the consolidation of two entities into a novel entity, namely NCBA Bank (Reuters, 2019). The merger entailed NIC Group shareholders holding a 47% stake, while CBA shareholders held a 53% stake in the newly formed entity (NCBA Group PLC, 2021). One notable aspect of the merger is that the newly

formed bank has a consolidated market share of 9.9% and a customer base of around 40 million individuals in Africa which catapulted it into the Tier-1 level of banks in Kenya (Reuters, 2019).

Discussions between the two banks regarding a merger were the first step in the process of merging, which started in December of 2018. During the month of April 2019, the shareholders of both banks gave their approval to the merger, and once CBK gave its approval, the bank became known as NCBA (NCBA Group, 2017). As a consequence of the merger, NCBA has risen to the position of third-largest bank in the nation, following KCB and Equity Bank, which are currently in first and second place, respectively (Business Daily, 2019).

NCBA focuses on large corporations, NGOs, diplomatic missions, institutions, and high-profile private clients. The bank has 42 branches in Nairobi, 10 branches in the coastal region, and 13 branches in the rest of Kenya resulting in a total of 65 branches in Kenya. The bank's headquarters are at the NCBA building on Mara and Ragati Roads in Nairobi, Kenya. The bank has a range of financial products which including savings, investments, and lines of credit. Fuliza and M-shwari are also among the main financial products of CBA (NCBA Group PLC, 2021).

1.2 Statement of the Problem

Banking institutions employ restructuring strategies to optimize operations, maintain competitiveness, and fulfil stakeholder expectations in the face of increased competition, globalization, and changing operational environments (Dong et al., 2018). The NCBA merger has placed a strong emphasis on investing in employee development. Since 2021, the number of learning hours has increased by 300%. The main goals of this investment are to enhance customer service, expand regional business, and strengthen organizational controls to ensure efficient service delivery (NCBA, 2022). In addition, the merger resulted in a decrease in the non-performing loan ratio (NPL) from 16.5% to 14.0% and a substantial increase in profitability from Kshs. 10,223,643,000 to 13,778,025,000 (NCBA, 2022). This highlights the significance of making significant investments in employee training as a component of the restructuring efforts during the merger. This investment improves employee performance and, as a result, leads to better financial outcomes.

The objective of this study is to examine the correlation between corporate restructuring after a merger and employee performance, specifically focusing on the NCBA merger. Although there is a lack of literature definitively proving this connection, the study aims to fill this gap.

There is a lack of extensive research on how corporate restructuring, which includes activities such as cost restructuring, governance reform, and downsizing, affects employee performance. Prior research has concentrated on various sectors and geographical areas, resulting in a lack of comprehension regarding the precise consequences within the banking industry, particularly in Kenya. This study seeks to address the lack of understanding by examining the impact of cost restructuring, governance reform, and downsizing on employee performance in the context of the NCBA merger.

Existing studies have not used factor analysis to condense quantitative data into composite variables for regression analysis. Factor analysis is a suitable method for understanding the complex relationships between restructuring efforts and employee performance. Hence, this study utilizes factor analysis to consolidate the operational constructs of each variable into a composite measure, enabling regression analysis to clarify the impact of corporate restructuring on employee performance during the NCBA merger.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of this study is to determine the effect of corporate restructuring on employee performance in the NCBA merger

1.3.2 Specific Objectives

- i. To determine the effect of cost restructuring on employee performance in a merger.
- ii. To establish the effect of governance reformation on employee performance after the merger
- iii. To determine the effect of downsizing on employee performance after the merger

1.3.3 Research Questions

- i. What is the effect of cost restructuring on employee performance in the NCBA merger?
- ii. What is the effect of governance reformation on employee performance after the NCBA merger?
- iii. What is the effect of downsizing on employee performance after the NCBA merger?

1.4 Scope of the Study

The study only examined how employee performance in the merger between NIC and CBA banks is affected by corporate restructuring. The study was conducted on the 42 branches of the banks in Nairobi including its head office. The employees consisted of departmental managers at the branches who were considered as respondents in this study.

1.5 Significance of the Study

The findings of this study provided important information about the impact of company restructuring. This provided a solid foundation and facts for theoretical frameworks on corporate restructuring and employee performance. Policymakers, practitioners, and future researchers have been identified as the primary beneficiaries of this study.

1.5.1 Policymakers

In order to promote growth in the banking sector, the study's findings will assist policymakers, including parliament, key banking sector players, and related organizations, in developing sound policies and regulations pertaining to the establishment of strategic alliances.

1.5.2 Banking Practitioners

The study's findings will provide the banking sector practitioners with detailed analysis and results of corporate institutions that have adopted an M&A strategy. Further, the study will help the practitioners understand how corporate restructuring practices are undertaken and their impact on employee performance.

1.5.3 Future Scholars and Academicians

Finally, the study's findings will be valuable to future scholars who will want to conduct studies on the impact of corporate restructuring on employee performance. Moreover, the study will contribute to future literature and fill the existing research gaps.

1.6 Chapter Summary

This chapter covered the introduction of the study as well as background and statement of the problem. It also included the research objectives and significance of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the theories addressing corporate restructuring and performance it also shows studies that attempted to establish the relationship between the two aforementioned variables and the voids that this study bridged.

2.2 Theoretical Foundation

This study was supported by two theories namely Social Exchange Theory (SET) and Goal Setting Theory of Motivation (GST).

2.2.1 Social Exchange Theory

Thibaut and Kelley (1959) coined the Social Exchange Theory. According to the theory, social change and stability are outcomes of parties entering into negotiated exchanges (Diah, Hasiara & Ramli, 2019). According to Ekeh (1974), all human relationships are created through subjects when weighing the pros and cons of various options (Kinyua & Kihara, 2021). According to the theory's premise, the value of a relationship as a whole can be determined by calculating the difference between its costs and benefits. A positive result indicates a favorable relationship, whereas a negative result indicates a negative association (Kinyua & Kihara, 2021). Relationship worthiness impacts whether a partnership will last or end and affects the relationship's conclusion. The connection should, in theory, benefit all parties involved, and suffers when one party doesn't meet the needs of the other. Different mutual connections occur in the business world where both sides gain from the other. When employees help the organization succeed, the link between employers and employees lasts in organizations (Kinyua & Kihara, 2021).

If business operations fail, employers may not receive the advantages or rewards from their employees (Kinyua & Kihara, 2021). The employer's only recourse at this point is to terminate the connection, as it has become nonessential. This theory is pertinent to this study as it strives to clarify the reasons behind businesses engaging in downsizing (Kinyua & Kihara, 2021). Moreover, the principles of this theory were employed to assess the impact of corporate restructuring strategies on employee performance during the NCBA merger.

SET is based on the premise that parties' outcomes are the result of negotiated exchanges; thus, in the context of this study, corporate restructuring that is friendly to employees and considers their needs will cause them to perform better in a given organization. However, if corporate restructuring involves downsizing employees, they will become discouraged and perform poorly. Frone and Blais (2020) agreed with the Social Exchange Theory, confirming that organizational downsizing as part of corporate restructuring will cause employees to experience work rumination and emotional work fatigue, reducing their performance. However, a study conducted by Ekechi and Umar (2020) discovered that corporate restructuring involving changing organizational leadership characterized by good leadership qualities will motivate employees to perform more effectively. Lawson and Okafor's (2023) study supports the SET by confirming that change management involving close stakeholder engagement and clear communication between top management and employees would inspire employees to be more productive and produce high-quality results.

This study also sought to confirm the positive dimension of the Social Exchange Theory, which states that corporate restructuring, through governance reformation that appeals to employee needs, will result in improved employee performance.

Hassan and Lukman (2020) found that employees significantly affect Nigerian bank productivity after M&As. This study examined how pre- and post-M&A activities affect employee productivity. The study examined employees' marketing, customer relationship management, and other skills essential to the merged entities' success. This supports the Social Exchange Theory, where workers contribute to the company for rewards and benefits. These benefits may include job security, career growth, and a good work environment. The discovery showed that bank employees' marketing, public promotion, customer relationship management, and other interpersonal skills heavily influenced the total amount of bank loans provided to investors, businesses, and other borrowers in the banking system, as well as the total amount of deposits made by individual customers and corporate businesses. Thus, Nigerian banks had to prioritize human resources in their corporate strategies because employee productivity significantly impacts organizational performance.

Hence, through acknowledging and incentivizing employee contributions after a merger or acquisition, banks can cultivate a nurturing work atmosphere that amplifies employee efficiency and overall organizational effectiveness.

SET offers a detailed perspective for comprehending the complex dynamics involved in corporate restructuring within organizations. At the heart of this theory is the evaluation of costs and benefits by individuals engaged in social interactions. When considering corporate restructuring, employees carefully evaluate the possible disadvantages, such as losing their jobs, having to manage more work, and facing uncertainty, in comparison to the perceived benefits, such as chances for career growth and improved efficiency within the organization. This evaluative process affects their reactions and responses to the restructuring initiatives. Furthermore, the principles of reciprocity, which are an integral part of Social Exchange Theory, explain how employees' readiness to accept changes can be affected by the degree to which they perceive the organization reciprocating support. Providing retraining programs, severance packages, or guarantees of job security can create a feeling of duty among employees, which may lead to smoother transitions during restructuring.

Additionally, SET emphasizes the crucial significance of trust and commitment in influencing social relationships within organizations. During corporate restructuring, if employees perceive a lack of transparency or fairness in the decision-making processes, it can diminish trust among them. As a result, when trust is weakened, it can result in decreased dedication and collaboration, which can impede the effective execution of restructuring efforts. Moreover, the theory emphasizes the importance of continuous exchange relationships within the organizational context. The process of restructuring can create disruptions that put a strain on existing relationships, leading to feelings of isolation or alienation among employees. Therefore, it is crucial to take proactive steps to sustain communication and foster new connections in order to minimize the negative consequences of restructuring. Ultimately, Social Exchange Theory illuminates the power dynamics that naturally exist within organizational environments. During the process of restructuring, the highest level of management exercises considerable authority, making decisions that have a profound impact on the lives of employees. Gaining insight into these power dynamics allows organizations to predict employees' responses and navigate the restructuring process with greater efficiency, promoting a fairer and more cooperative atmosphere.

2.2.2 Goal Setting Theory of Motivation

Edwin Lockey proposed the goal-setting theory in the 1960s. According to the principle, goal setting and performance are intimately related; employees' effective performance is influenced by challenging and precise goals and timely feedback. Objectives provide guidance and let

workers know what needs to be done at a specific moment. Locke & Latham (2002) found that goals have a significant impact on employee performance and behavior (Steinmann, Klug & Maier, 2018). Every modern company uses some type of goal-setting process that aids employees in keeping track of their work performance. According to extensive research, the core tenet of key theories of motivation, including the Vroom theory and the social cognitive theory, have goal setting theory as their foundation (Herzberg, 2009).

DuBrin (2012) asserts that organizational managers broadly embrace the goal-setting theory as a strategy for enhancing and maintaining performance. According to key results of goal setting theory, employees who are given reachable and specified goals perform better than those who are given non-specific or no goals (Herzberg, 2009). Employees must be capable of performing, accepting goals, and receiving performance-related feedback (Latham, 2003). According to the theory, values and goals are the two cognitive factors that influence performance (Steinmann, Klug & Maier, 2018). Employees are motivated to complete tasks by values, whereas goals have an indirect influence on behavior.

Latham and Locker (2017) asserts that while values motivate individuals to work successfully and efficiently, goals drive their attention and actions. Objectives inspire action, boost tenacity, and spur more performance effort. Goals also encourage people to create plans that will help them work well, producing fruitful outcomes for the organization (Latham & Locker, 2017). So, achieving the established goals might result in satisfaction or frustration, depending on whether they were completed as intended and successfully.

Employee performance is regarded in terms of outcomes, and setting effective objectives impacts the outcome of performance, leading to the belief that goal-setting theory is effective because, when used right, it can promote employee engagement in the workplace (Ahuja, 2006). Goal setting theory gives managers a basis to form challenging goals which in turn influences the performance of employees (Steinmann, Klug & Maier, 2018). A meta-data analysis of motivation postulates that the idea of setting difficult but attainable goals leads to increased employee performance when they are committed. Goal-setting theory informs the process of achieving productivity, effectiveness and efficiency in the context of this study. Based on this theoretical proposition, a study conducted by Mbogo and Waweru (2019) observed that if one of the goals of corporate restructuring includes downsizing then many employees would lose their jobs and this can lead to the firm losing talented employees, thus, decreasing the employee performance of that given firm.

Besides that, the studies conducted by Karanja (2015) together with Dereso and Kant (2023) confirmed that if the goal of the merger involves change management characterized by changing the technological systems of the given firm and its organizational strategy, then the employee's level of productivity, efficiency and effectiveness will increase. The study sought to evaluate the goal setting theory of motivation to establish if the corporate restructuring goals consisting of cost restructuring, governance reformation and downsizing motivate the employees to perform better or discourage them and they perform dismally.

In their study, Cascio et al. (2021) found that past company performance strongly influences restructuring choices, which helps set future goals. By studying past performance, managers can set restructuring goals to improve future performance. Their study also found that analyzing company performance over time can predict future results, emphasizing the importance of feedback and performance monitoring in goal setting. Economic conditions, political uncertainty, industry dynamics, and technology strongly influence restructuring decisions. These factors greatly affect goal feasibility and achievement. Managers must adapt restructuring goals to external changes to stay motivated and improve performance. According to the Goal Setting Theory of Motivation, specific and challenging goals improve performance. The study examines downsizing and upsizing scenarios, emphasizing managerial foresight and company performance. These emphasize the importance of setting clear goals based on current performance and future potential. In summary, the study emphasizes aligning restructuring goals with goal-setting principles and considering external influences when making decisions and achieving desired outcomes in employment and asset restructuring.

Furthermore, by analyzing various aspects, a correlation can be established between Goal Setting Theory and the research on corporate restructuring. The Goal Setting Theory posits that setting challenging goals can result in improved performance. This principle is also reflected in upsizing initiatives, which aim for growth, and downsizing efforts, which strive for efficiency improvements. Furthermore, the significance of feedback is emphasized by the Goal Setting Theory, as demonstrated by the restructuring study's use of past performance as a means of feedback to inform future decisions. The concept of a feedback loop, in which previous performance influences the development of restructuring strategies, subsequently affecting future performance, aligns with the fundamental idea of setting goals and adapting them according to progress. Therefore, although these studies examine different areas - Goal Setting Theory at an individual level and corporate restructuring at a company level - they both

investigate factors that impact performance, thus offering complementary viewpoints on improving organizational effectiveness.

The goal-setting theory of motivation offers a comprehensive framework for comprehending and executing corporate restructuring strategies that uphold employee engagement and productivity. An essential aspect of this theory is the concept of objective clarity, where the act of establishing clear and specific goals becomes of utmost importance during restructuring initiatives. Organizations can effectively reduce resistance to change and promote alignment of efforts towards common goals by clearly and openly communicating these objectives to employees, thereby providing them with a sense of direction and purpose.

Furthermore, the goal-setting theory emphasizes the importance of receiving feedback, monitoring progress, and committing to goals in order to facilitate successful restructuring efforts. Regularly providing feedback on individual and organizational progress towards restructuring goals helps to keep employees engaged and motivated. Additionally, recognizing milestones achieved during the process reinforces their sense of accomplishment and commitment. In addition, engaging employees in the goal-setting process cultivates a feeling of ownership and commitment to the restructuring objectives, thereby increasing their inclination to actively contribute to restructuring endeavours. By embracing flexibility and adaptation, as recommended by the theory, organizations can effectively navigate unexpected challenges and opportunities that arise during corporate restructuring.

2.3 Empirical Literature Review

The section portrays previous studies that tried to link employee performance to corporate restructuring.

2.3.1 Cost Restructuring and Employee Performance

Restructuring refers to making substantial changes to the organizational structure. It is a strategic move frequently used by companies to improve profitability and adjust to evolving operational conditions. Cost restructuring, as explained by Estin (2018), is a common type of restructuring that involves making changes to operations, business processes, and implementing cost-cutting measures. This approach is essential for companies aiming to navigate complex market environments while striving for enhanced efficiency and financial performance. McCormick and Duff (2019) emphasize the significance of evaluating non-production-related costs, such as utilities, rent, and executive salaries, to improve

organizational efficiency. Estin (2018) observed that businesses can achieve operational efficiency and improve their competitiveness by focusing on indirect expenditures. This approach can lead to reduced operating expenses and increased profitability. Nevertheless, Zilka (2018) warns that although cost restructuring initiatives may result in immediate benefits, their long-term effects on overall organizational success require careful evaluation, as they may unintentionally cause performance-related problems.

The correlation between cost restructuring and employee performance can be understood by examining the goal-setting theory of motivation and the Social Exchange Theory. Firstly, implementing cost restructuring, which involves setting clear and ambitious goals, is in line with the principles of the goal-setting theory. Organizations can motivate employees by establishing clear and measurable goals and effectively communicating them, which gives employees a clear sense of direction and purpose. This, in turn, encourages individuals to focus their efforts on achieving these objectives. This alignment cultivates employee dedication and involvement, with incentives and feedback mechanisms strengthening the correlation between individual contributions and the achievement of organizational goals. The Social Exchange Theory emphasizes the interpersonal dynamics involved in the restructuring process, underscoring the significance of trust, reciprocity, and mutual exchange in the workplace. Organizations that successfully oversee the restructuring process through promoting transparent communication, offering guidance, and engaging employees in decision-making are more inclined to develop favourable mutual relationships, enhancing employee commitment, cooperation, and productivity. On the other hand, if employee concerns are ignored or if restructuring measures are implemented without sufficient support, it can gradually erode trust and commitment among employees, leading to a decline in their performance and engagement.

The relationship between cost restructuring and employee performance is complex, influenced by both goal-setting theory and Social Exchange Theory. By utilizing these theoretical frameworks, organizations can effectively manage restructuring efforts in a way that promotes employee motivation, engagement, and improved performance. Therefore, organizations that want to optimize their restructuring efforts while maintaining employee well-being and organizational success must have a thorough understanding of how cost restructuring strategies and employee dynamics interact.

2.3.2 Governance Reformation and Employee Performance

Corporate governance refers to the system of rules and practices that guide a company's management and control. It is crucial in ensuring a balance between the interests of different stakeholders. Enhancing corporate governance frequently entails optimizing management teams by modifying their composition, tenure, and compensation structures. The objective of this endeavour is to improve the efficiency of the organization and, consequently, its overall performance. Nevertheless, the influence of this reformation in governance on employee performance can be analyzed from different perspectives, specifically the Goal Setting Theory of Motivation and the SET.

The goal-setting theory posits that the establishment of explicit and demanding goals is crucial in motivating employees and aligning their endeavours with the objectives of the organization. Clear and open communication about the reasons for governance reform can give employees a clear understanding of where the organization is headed and why, which can enhance their motivation and commitment to their jobs. In contrast, when governance reformation processes are conducted inadequately, as noted by Ruiters (2019), it can result in reduced employee morale and performance, causing a disruption in the synchronization between individual efforts and organizational objectives. Therefore, it is crucial for effective governance reform to give priority to transparent communication and ensuring that goals are aligned in order to enhance employee engagement and performance.

The Social Exchange Theory provides further understanding of the connection between governance reform and employee performance. This theory suggests that employees participate in social interactions based on their perception of the advantages and disadvantages within the organization. Initiatives aimed at reforming governance, such as altering management teams and compensation structures, have the potential to impact employees' perceptions of fairness and trust. According to Jarso (2018), implementing transparent and inclusive reform processes can foster trust and reciprocal interaction among employees, leading to increased dedication and productivity. Insufficient management of governance reform, as pointed out by Airo (2019) and Cheworei (2007), can result in communication breakdowns and disruptions in organizational functioning, damaging employee morale and performance.

Overall, the connection between governance reform and employee performance is complex and influenced by factors such as the clarity of goals and communication, as explained by the goal-setting theory, as well as the dynamics of reciprocity, trust, and mutual exchange, as described

by the Social Exchange Theory. By utilizing these theoretical perspectives, organizations can effectively navigate governance reformation initiatives in a way that encourages employee motivation, engagement, and leads to improved performance.

2.3.3 Downsizing and Employee Performance

According to Garber (2018) downsizing refers to the permanent reduction of a company's workforce by terminating underperforming departments or personnel, or by removing employees or divisions from its organizational structure to decrease operational costs or navigate through a recessionary stage. Although downsizing is intended to reduce operational expenses and improve competitive performance, its actual effects can be complex, as observed by Mbogo and Waweru (2019). The dismissal of employees not only leads to job loss, affecting their livelihood, but also causes anxiety among remaining staff members about possible future layoffs, resulting in reduced morale and performance throughout the organization. In addition, the departure of highly skilled personnel requires expensive training for the remaining staff to replace them, which puts additional pressure on the organization's resources and hinders overall performance.

Both the goal-setting theory of motivation and the Social Exchange Theory provide valuable insights into the relationship between downsizing and employee performance. The goal-setting theory states that in order to motivate employees and ensure their efforts are aligned with organizational objectives, it is crucial to have clear and challenging goals. Nevertheless, downsizing undermines this congruence by inducing ambiguity and apprehension among employees, thereby reducing their drive and efficiency. Similarly, the Social Exchange Theory emphasizes the significance of trust and reciprocity in relationships within organizations. Downsizing diminishes this trust by indicating instability and undermining the social cohesion of the workplace, resulting in reduced collaboration, dedication, and productivity among employees.

Although certain companies may try to alleviate the adverse consequences of downsizing by engaging in conversations with employees or providing psychological assistance, as proposed by Rainy et al. (2014), the overall influence on employee performance remains substantial. Downsizing causes a disturbance in the alignment of goals, reduces motivation, and undermines trust and reciprocity among employees, leading to a decline in performance. By examining these theoretical viewpoints, organizations can gain a deeper understanding of the

repercussions of downsizing on employee interactions and implement proactive strategies to alleviate its negative impact on performance.

2.4 Summary of Research Gaps

Despite the growing interest in corporate restructuring, particularly in its correlation with employee performance, empirical findings are inconclusive. This implies that there are several unresolved issues in this area and that this knowledge gap motivates research. Additionally, past research focused more on organizational performance than employee performance, leaving a contextual gap in the literature. Earlier studies were conducted in other countries, thus there wasn't much study that specifically focused on the banking sector in Kenya. Table 2.1 in the next page gives a summary of earlier studies on the effect of corporate restructuring on employee performance.



Table 2. 1: Summary of Research Gaps

Author	Title	Findings	Methodology used and gaps to be bridged	Research gap	How the study will fill the gaps
Estin (2018)	Cost restructuring versus business portfolio restructuring	The study revealed that corporate restructuring has a beneficial impact on organizational performance.	The study was based on a theoretical framework and no scientific methodology was used to establish a nexus between corporate restructuring and organizational performance. This study sought to address the gap by employing questionnaires to collect quantitative data from the respondents and then regression analysis was used to analyze the results to establish the effect of corporate restructuring and employee performance.	The study differs from the current one in that it focused on the effect of cost restructuring on portfolio restructuring.	The current study sought to ascertain the effect of corporate restructuring on employee performance; a case of the NCBA merger.
Ngige (2012)	Corporate restructuring and firm performance in the banking sector of Kenya.	The study's findings indicate that corporate restructuring has a beneficial effect on firm performance. The study's findings indicate that implementing cost restructuring has a beneficial impact on the performance of the company. Consequently, it was found that banking institutions that implement more cost restructuring measures are more likely to improve their overall company performance.	The study only relied on descriptive analysis to establish the influence of corporate restructuring on firm performance which is not the appropriate model for establishing causal relationships between the study variables. This study bridged the existing methodological gap by using a multiple linear regression model to accurately determine the effect of corporate restructuring on employee performance.	The study diverges from the current one in that its main focus was to ascertain the impact of corporate restructuring on business performance.	The current study sought to determine the effect of corporate restructuring on employee performance.
Mbogo and Waweru (2019)	Corporate turnaround strategies by financially distressed companies quoted at the Nairobi Securities Exchange	The hypothesis testing revealed that in the Nairobi Securities Exchange, there is no significant relationship between cost restructuring and firm performance	The methodology employed was the use of Altman's Z-Score to assess financial distress. But a gap existed on the use of the appropriate methodology to link corporate restructuring and financial distress. This study bridged the gap by using a multiple linear regression model to precisely establish the	The research was limited to determining how corporate turnaround strategies affected financially distressed companies.	This study aims to address the geographical and contextual gaps by examining the impact of corporate restructuring on employee performance, which were not covered in previous studies that focused solely on financially challenged organizations.

			effect of corporate restructuring on employee performance.		
Airo (2019)	Impact of restructuring on the performance of development finance institutions: A case study on ICDC.	The study's findings indicate that there is no correlation between governance reformation and employee performance. Moreover, the survey revealed that the primary corporate restructuring approach of utmost significance was downsizing, closely followed by cost restructuring services. Additionally, the research revealed that implementing organizational rearrangement has a significant influence on the functions of teams and causes disruptions in the operations of the firm.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis can be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study did not provide evidence of the impact of governance reformation on employee performance, leading to a conceptual gap.	This study intended to fill the conceptual gap by determining the effect of corporate restructuring on the performance of employees in the case of the merger between NIC and CBA Banks.
Bowman and Singh (2018)	When does restructuring improve firm performance?	The study's primary findings indicated that respondents perceived firms to be utilizing governance reformation as a primary strategy for corporate restructuring. Additionally, the study revealed that only two strategies, namely governance reformation and cost restructuring, were employed. Furthermore, governance reformation emerged as the prevailing strategy for corporate restructuring.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis can be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study, however, did not show that implementing changes in corporate governance as a strategy for restructuring had an impact on the performance of employees in US-based companies.	In contrast to the current study, which aimed to examine the effect of governance reformation on employee performance
Longe (2017)	Workplace restructuring and	The study's findings indicate a	The study used multiple linear regression to	This study aimed at investigating the	The current study, sought to investigate the

	employee adaptation in selected manufacturing industries in Southwestern Nigeria	significant correlation between downsizing and firm performance.	establish the influence of workplace restructuring on employee adaptation. The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis can be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	impact of downsizing on a firm's profitability.	effect of downsizing on employee performance, presenting a conceptual gap.
Dong and Xu (2015)	Downsizing, firm performance and income distribution: evaluating the labor restructuring program in Chinese firms	The study concluded that downsizing was viewed as an important corporate restructuring strategy as was evident through the questionnaire responses. Consequently, it was discovered that downsizing measures had a substantial and beneficial effect on the performance of the company.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study only investigated how downsizing affected firm performance.	Downsizing is a limited factor that influences firm performance. Other Factors were considered in this study, namely, cost restructuring and governance reformation.
Kinyua and Kihara (2021)	Influence of organization restructuring on performance of selected media firms in Kenya	The study concluded that downsizing involving reduction of the number of departments, employee downsizing and merging of departments boost the financial	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs	The study only investigated how downsizing, cost restructuring and governance reformation affected firm performance in the context of selected media firms in Kenya leaving a	The current study sought to ascertain the effect of corporate restructuring on employee performance; a case of NCBA bank.

		performance of media firms in Kenya.	of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	gap to be bridged in the context of NCBA bank	
Frone and Blais (2020)	Organizational downsizing, work conditions, and employee outcomes: identifying targets for workplace intervention among survivors.	The study observed that organizational downsizing adversely affects employee outcomes leading employees to experience negative work rumination, mental/emotional work fatigue and inability to unwind.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study ignored other corporate restructuring aspects such as cost restructuring and governance reformation.	The present study aimed to determine the impact of corporate restructuring, which includes cost restructuring and governance reformation, on employee performance. The study focused on the specific situation of NCBA bank.
Rainy et al. (2014)	Effect of restructuring on organizational performance among companies in the telecommunications industry.	The study's conclusions showed that telecommunication companies valued their employees' contributions to the achievement of the company's aims and objectives. Due to this, some mobile service providers bargained with employees over the terms of their termination as well as their termination package. Similarly, businesses would psychologically prepare workers for layoffs.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study did not show how corporate restructuring involving cost restructuring, downsizing and governance reformation can affect employee performance in the context of NCBA bank.	The current study sought to ascertain the effect of corporate restructuring including downsizing, cost restructuring and governance reformation on employee performance; a case of NCBA bank.
Karanja (2015)	Organizational change and	The findings observed that	The study failed to employ factor analysis as	The study was only focused on the	The current study sought to ascertain the effect of

	employee performance: a case on the Postal Corporation of Kenya	employee performance at the Postal Corporation of Kenya was improved by change management.	a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	context of Postal Corporation of Kenya, and it did not look at other measures of corporate restructuring such as downsizing and cost restructuring.	corporate restructuring including downsizing, cost restructuring and governance reformation on employee performance; a case of NCBA bank.
Lawson and Okorafor (2023)	Change management and employee performance of health workers in Rivers State.	The study observed that governance reformation involving change management improves the employee performance of health workers in Rivers State.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study was only focused on the context of the health workers in Rivers State, and it did not look at other measures of corporate restructuring such as downsizing and cost restructuring.	The current study sought to ascertain the effect of corporate restructuring including downsizing, cost restructuring and governance reformation on employee performance; a case of NCBA bank.
Cheworei (2007)	Effect of change management practices on performance of organizations with a focus on the UN Secretariat in Kenya.	The study's results showed that the organization had undergone a number of managerial changes, including a shift in top management officials, strategic operational changes, and restructuring. The study's results showed that a change in	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that	The study only focused on the UN Secretariat in Kenya leaving a gap in the context of NCBA bank.	The study addressed the gap by ascertaining the effect of corporate restructuring including downsizing, cost restructuring and governance reformation on employee performance; a case of NCBA bank.

		management resulted in a breakdown in communication between staff and the management, which had a detrimental effect on the secretariat's overall performance.	regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.		
Ekechi and Umar (2020)	The impact of change management on employee performance in Nigerian universities	The study observed that governance reformation involving change management improves the performance of staff member in Nigerian Universities.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study focused exclusively on Kenyan universities, leaving a gap in the context of NCBA bank.	The study addressed the gap by determining the effect of corporate restructuring including downsizing, cost restructuring and governance reformation on employee performance
Dereso and Kant (2023)	Effect of change management on employee performance in Ethiopia.	The study observed that corporate restructuring involving governance reformation with specific reference to leadership change, strategic changes and technological changes boost employee performance.	The study failed to employ factor analysis as a justification for use of averages to compress quantitative data into composite variables so that regression analysis can be deemed suitable. Therefore, this study used factor analysis to reduce the operations constructs of each variable into a composite measure so that regression analysis could be deemed suitable. This is considering the fact that regression analysis was the only model that is suitable to show us how corporate restructuring influences employee performance at NCBA bank.	The study was only focused on Ethiopia leaving a gap in the context of NCBA bank.	The study addressed the gap by ascertaining the effect of corporate restructuring including downsizing, cost restructuring and governance reformation on employee performance; a case of NCBA bank.

2.5 Conceptual Framework

The diagram presented in Figure 2.1 on the following page clarified the relationship between corporate restructuring and employee performance. This study measured corporate restructuring by evaluating cost restructuring, governance reformation, and downsizing. Employee performance was assessed based on productivity, efficiency, and effectiveness.

The initial independent variable was cost restructuring, which was aligned with the primary objective of examining its impact on employee performance in the context of the NCBA merger. According to Kinyua and Kihara (2021), cost restructuring involved actions such as decreasing indirect costs, cutting overhead expenses, and improving procurement processes. In this study, cost restructuring was implemented by reducing expenses, minimizing advertising costs, and cutting back on outsourced services.

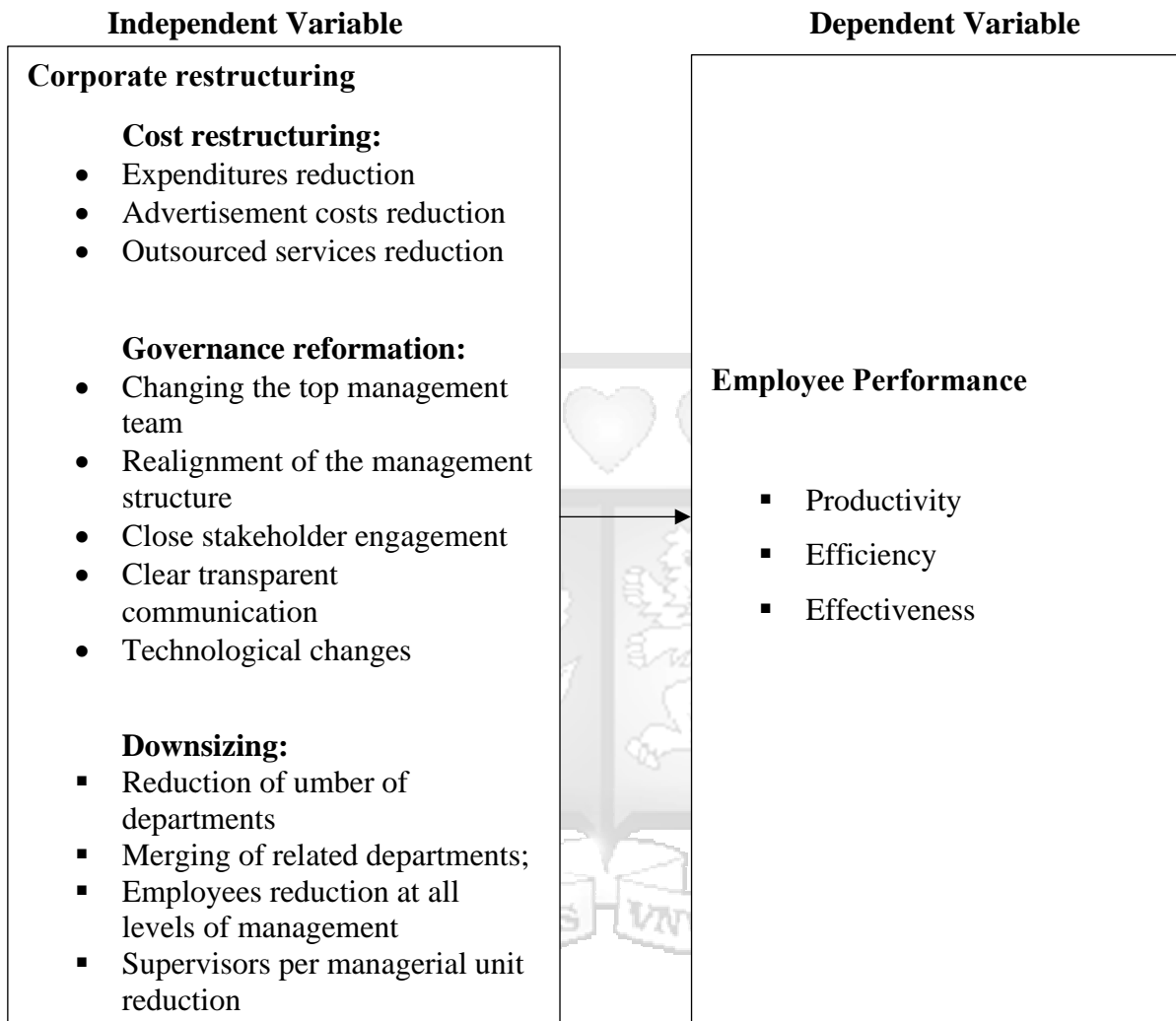
The second independent variable in the merger was the reformation of governance, which aimed to assess its impact on employee performance. According to Kinyua and Kihara (2021), governance reformation involved making changes to the top management team, restructuring the management structure, and adjusting the duration or compensation of top leadership positions. This study primarily implemented governance reform by specifically targeting the alteration of the executive management team and the realignment of the management structure. Additionally, it considered stakeholder engagement, transparent communication, and technological advancements, as recommended by previous scholarly works (Lebans & Euske, 2016; Lawson & Okorafor, 2023; Karanja, 2015; Dereso & Kant, 2023).

The third independent variable in the study was downsizing, which was examined to determine its effect on employee performance after the merger. According to Kinyua and Kihara (2021), downsizing refers to the process of decreasing the number of departments, reducing the number of employees, and combining departments. In addition, the ideas presented by Longe (2012), and Garber (2018) were utilized, defining downsizing as the process of eliminating inefficient functional departments and employees in order to decrease operational expenses.

The dependent variable, employee performance, was measured based on dimensions of productivity, effectiveness, and efficiency, in accordance with previous research (Anitha, 2018; Tenney, 2023; Lawson & Okorafor, 2023; Ekechi & Umar, 2020; Karanja, 2015; Dereso & Kant, 2023), to examine the potential impact of corporate restructuring. This comprehensive framework serves as the foundation for examining the interaction between corporate

restructuring strategies and employee performance within the context of organizational mergers.

Figure 2. 1: The Conceptual Framework



Source: Researcher (2024)

2.6 Operationalization of Variables

The corporate restructuring was operationalized as cost restructuring, governance reformation, and downsizing, while employee performance was operationalized as changes in employees' productivity, efficiency and effectiveness. The operationalization details of the independent and dependent variables were displayed in Table 2.2 in the next page.

Table 2. 2: Operationalization of Variables

Variable	Constructs	Definition of Operation	Measures for Rating	Data Analysis	Supporting Literature	Supporting Theory
Independent Variable	Cost restructuring	Processes and practices that a bank implements in an effort to increase its profitability; these actions include streamlining its operations and corporate procedures as well as starting cost-cutting initiatives.	A five-point Likert scale on implementation level	Descriptive analysis, inferential statistics	Estin (2018)	Social Exchange Theory and Goal Setting Theory of Motivation
Corporate Restructuring	Governance reformation	Altering the top management teams, their terms of office, and assessing their compensation.	A five-point Likert scale on implementation level	Descriptive analysis, inferential statistics	Airo (2019)	Social Exchange Theory and Goal Setting Theory of Motivation
	Downsizing	The process of permanently lowering the bank's workforce by getting rid of underperforming departments or workers.	A five-point Likert scale on implementation level	Descriptive analysis, inferential statistics	Longe (2017)	Social Exchange Theory and Goal Setting Theory of Motivation
Dependent Variable:	Productivity	It measures how an individual, organization, or industry transforms raw resources into goods and services by comparing output to input.	A five-point Likert scale and the believed usefulness	Descriptive analysis, inferential statistics	Karanja (2015); Ahuja (2020); Lawson and Okorafor (2023)	Social Exchange Theory and Goal Setting Theory of Motivation
Employee performance	Efficiency	The capacity to achieve the required results with the least amount of resources.	A five-point Likert scale on the believed usefulness	Descriptive analysis, inferential statistics	Karanja (2015); Ahuja (2020); Lawson and Okorafor (2023)	Social Exchange Theory and Goal Setting Theory of Motivation
	Effectiveness	This gauges how closely set objectives line up with actual accomplishments.	A five-point Likert scale on the believed usefulness	Descriptive analysis, inferential statistics	Karanja (2015); Ahuja (2020); Lawson and Okorafor (2023)	Social Exchange Theory and Goal Setting Theory of Motivation

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The approaches that were applied to the methods for conducting the research, data collection and the strategies that were utilized for data presentation and analysis were explained in this chapter. The chapter goes into detail on the study's research methodology, design, population, data collection, data analysis, and research quality and ethical concerns.

3.2 Research Philosophy

Research philosophy covers the underlying beliefs and assumptions that researchers hold regarding their perception of the world and the process of knowledge development, including the nature of that knowledge (Saunders et al., 2014). Positivism and interpretivism are the primary research philosophies that provide guidance for social science research. Interpretivism recognizes that there are multiple interpretations of reality, and that scientific knowledge can only be obtained through the subjective interpretation of humans (Saunders et al., 2014). According to the concept, knowledge is generated through social processes rather than being determined or experienced objectively. Instead of making broad generalizations and predictions about causes and consequences, it aims to analyze and understand the underlying meaning behind human behaviour. When data is collected using interpretivism's popular methods of observation and interviewing, individual attitudes and values have a significant impact on the results (Cooper & Schindler, 2012).

On the other hand, positivism maintains that measuring should be conducted through objective criteria and is predicated on the idea that the observer is independent of what is being examined (Uddin & Hamiduzzaman, 2009). It seeks to understand the world by determining cause and effect in relationships and is founded on actual facts, neutrality, measurements, and the validity of outcomes (Uddin & Hamiduzzaman, 2009). A theory serves as the foundation for positivist research, which collects data, analyzes it statistically, and uses the results to prove or disprove the hypothesis. This study used a positivist research philosophy. This supports the study's premise that only factual knowledge is reliable (Bajpai, 2011).

According to Saunders et al. (2014), positivism focuses the researcher's attention on facts rather than impressions. Positively oriented research produces observable and statistically

quantifiable findings (Wilson, 2014). The positivist approach uses theory to create a hypothesis that will be put to the test during the research phase (Easterby et. al., 2008).

3.3 Research Design

Research design provides the researcher with the necessary tools and strategies to carry out a study (Creswell, 2014). It is utilized to determine the answers to the study's inquiries and to confirm or disprove the hypotheses. This study employed a descriptive cross-sectional survey design. Consequently, this study will employ questionnaires to gather data from participants at a single instance, and the data collected will be subjected to statistical regression analysis to determine and elucidate the impact of corporate restructuring on employee performance. The objective of a descriptive research design is to collect data that provides a detailed description of current phenomena related to a specific population. It assesses and explains the characteristics of the variables, while aiding in data collection and development of unbiased evaluations (Cooper & Schindler, 2012). The study's objective of describing the study variables led to the selection of a descriptive research design. Thanks to the survey's methodology, the researcher was able to simultaneously present the demographic features of the sample population, distribute questionnaires, and gather statistical data for analysis. This study employed correlation and regression analysis to investigate the association between corporate restructuring and employee performance, utilizing the Statistical Package for Social Sciences (SPSS). Previous researchers, such as Narver and Slater (1990) and Owino and Kibera (2015), have employed the cross-sectional design in studies that are comparable to the present one.

3.4 Population of the Study

A population is a total group that a researcher is interested in to provide answers to questions about a research study as well as draw conclusions about the same study (Biber, 2004). There are 65 NCBA Bank branches in Kenya, and 42 of them, including the head office, are located in Nairobi (NCBA, 2020). The 42 NCBA Bank locations in Nairobi were what constituted the study's target population. A list of the Nairobi-based NCBA Bank branches is highlighted in Appendix II.

3.5 Sample Size

Kenyan commercial banks have six (6) departments in common; Risk Management; Legal Compliance; Human Resources; Treasury and Investment; Money Laundering and Terrorist Financing Reporting and Internal Legal Control and Audit. The departmental manager will constitute the sample size due to the fact that they are thought to have knowledge about how well employees are performing in their areas. They are also thought to be sufficiently familiar with the Bank's culture. The projected respondents from each bank were six (6) employees who

will make up the total of 252 respondents across the 42 branches of NCBA Bank based in Nairobi.

3.6 Sampling Design

Singh (2019) defines the sampling method as a set of rules and procedures that govern how specific elements of a population are included in a sample. This study used two sampling methods: simple random sampling and stratified sampling. Simple random sampling ensures that everyone in the population has an equal chance of being chosen. In contrast, stratified sampling divides the population into subgroups or strata and selects samples from each. This method guarantees that the probability of selection is known for each subgroup.

The study utilized a combination of stratified sampling and simple random sampling techniques to ensure a thorough approach to data collection. Stratified sampling was employed to specifically select six (6) prevalent departments in Kenyan commercial banks, guaranteeing inclusion from important sectors within the organization. The researchers aim was to gain insights into employee performance across different functions by choosing one departmental manager from each of these departments. Simple random sampling was used within each department to select respondents, ensuring that every eligible individual had an equal probability of being chosen. This approach reduced prejudice and improved the applicability of the results. The combination of stratified and simple random sampling techniques facilitated the inclusion of a wide range of viewpoints while ensuring statistical accuracy in evaluating the influence of corporate restructuring on employee performance in the NCBA Bank branches.

The rationale for using the Krejcie and Morgan (1970) sample size formula in this study is based on several key factors. For starters, the study's population was finite and known, making it easier to use such formulas to calculate an appropriate sample size. Second, the Krejcie and Morgan formula is known for its efficiency and precision in calculating sample sizes that accurately represent a given population while considering factors such as desired confidence levels and precision requirements. Third, the study aimed for a 95% confidence level with a precision level of 0.05, ensuring a high likelihood that the true population parameter is within the estimated range. Furthermore, the formula used a population proportion of 0.5, a common practice when there is uncertainty about the true population proportion, thereby maximizing the required sample size for a conservative estimate. Finally, using the chi-square figure with 1 degree of freedom at the preferred confidence level ensured that the sample size calculation met the desired confidence level criteria.

The sample size formula was presented below;

$$s = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

Whereby; s = estimated sample size.

X^2 = the chi-square figure from the table based on 1 degree of freedom at the preferred confidence level (3.841).

N = the study population.

P = the population proportion projected to be 0.5 that provided the optimum sample size.

d = the level of preciseness at 95% confidence level (whereby only 0.05 error is allowed).

$$s = \frac{7.682 \times 252 \times 0.25}{0.0025 \times 252 + (7.682 \times 0.5 \times 0.5)}$$

$$s = \frac{483.966}{0.63 + 1.9205} = 190 \text{ respondents}$$

The study targeted one manager from each of the six (6) departments. When determining sample sizes, there is frequently a trade-off between precision and size. To achieve a higher precision level, a bigger sample size is required, as the margin of error decreases. In this study, the initial calculation yielded a sample of 252 respondents. However, after applying the desired precision level of 0.05, the sample size was increased to 190 respondents. This change reflected the need to strike a balance between the need for precision and practical considerations like feasibility and resource availability. Finally, the reduction in respondents from 252 to 190 ensured that the study remained precise while optimizing resource utilization and logistical feasibility.

3.7 Data Collection Instruments and Methods

Primary data was gathered for the study using a standardized questionnaire. The key benefit of employing questionnaires, according to Mathers et. al. (2007), is that they are non-biased and easy to administer. Since each item is intended to meet a specific goal, the questionnaire approach, according to Mugenda and Mugenda (2003), is a practical way to gather data.

The utilization of primary data in this study was advantageous due to its perceived uniqueness (Kronenberger et. al., 2018) and its collection specifically for this study, enabling the researcher to customize their data collection methods to align with their research objectives. This guarantees that the data is specifically relevant to the study's objectives. The researchers

adopted a 5-point Likert scale to assess different aspects of the research variables through structured questions. A questionnaire was employed to collect quantitative data. The questionnaire, highlighted in Appendix I, was segmented into three distinct sections. Section A concentrated on gathering demographic information from the respondents. Section B delved into the various aspects of corporate restructuring and Section C aimed to collect feedback on employee performance after the merger.

The self-administered questionnaires were completed utilizing the drop-and-pick-later technique. Research assistants were used in the data collection process. The questionnaires were accompanied by an introductory letter that describes the goal of the data collection and the confidentiality of the data obtained. Prior to dropping off and collecting the completed questionnaire, the researcher scheduled appointments with the respondents.

3.8 Data Analysis

By employing statistical tools in data analysis, raw data is converted into practical knowledge (Lewis, 2015). Once the data was organized, it was encoded to guarantee its precision and uniformity. The data was analyzed using both descriptive and inferential statistics with the Statistical Package for Social Sciences (SPSS) program. The mean and standard deviation were calculated using descriptive statistics. Regression analysis was employed to determine the correlation between the variables under investigation. The purpose of regression analysis was to determine the relationship between three dimensions of corporate restructuring and employee performance.

The equation was displayed as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \dots \dots \dots \text{Equation 1}$$

Whereby;

- α = the value of employee performance when all the corporate restructuring dimensions are held constant
- X_1, X_2, X_3 = independent variables representing cost restructuring, governance reformation and downsizing respectively
- $\beta_1, \beta_2, \beta_3$ = represented the regression coefficients of cost restructuring, governance reformation and downsizing predicting the level of employee performance
- Y = dependent variable denoting employee performance
- ϵ = error term

3.9 Validity and Reliability Tests

The study's validity and reliability test are presented in this section.

3.9.1 Validity Test

The validity, as defined by Mugenda and Mugenda (2003), is the degree to which data agree with the variable being measured. Face (content) validity, concurrent validity, predictive validity, concept validity, and convergent validity are several types of validity in research (Churchill & Iacobucci, 2005; Babbie, 2010). The Strathmore University supervisor and other professionals in the research field guided on establishing content validity and guarantee that it measures the variables. Study variables were derived from reliable theoretical models and sufficient relevant literature in order to achieve construct validity.

Validity test through assessing the construct validity of the questionnaire was conducted to find if the questionnaire items of the given construct really measured the construct as intended. Factor analysis as recommended by Andreou, Evangelos, Lionis, Varvogli, Gnardellis, Chrousos and Darviri (2011) was employed to conduct the validity test. Before one is able to conduct factor analysis, some tests have to be ran in order to establish if a given dataset is suitable for factor analysis. These tests comprise of the Kaiser-Meyer-Olkin (KMO) and the Bartlett's test of Sphericity. For a given dataset to be considered suitable for factor analysis, the KMO should post a coefficient that is not less than 0.6 (Barnett & Moore, 2017). Besides that, the Bartlett's test of Sphericity should be statistically significant (p -value < 0.05) (Barnett & Moore, 2017). These tests were conducted through the SPSS software and the results were displayed in Table 3.1 on the following page.

Table 3. 1: The KMO and the Bartlett’s test of Sphericity results of Cost Restructuring, Governance Reformation, Downsizing, Employee Performance Prior the Merger and Employee Performance after the Merger

KMO and Bartlett's Test Results						
		Cost Restructuring	Governance Reformation	Downsizing	Employee Performance Prior the Merger	Employee Performance After the Merger
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.671	0.926	0.762	0.668	0.668
Bartlett's Test of Sphericity	Approx. Chi-Square	320.500	357.036	89.612	220.571	220.571
	df	15	10	10	55	55
	Sig.	0.000	0.000	0.000	0.000	0.000

Source: Researcher (2024)

All three corporate restructuring dimensions, employee performance before and after the merger, had KMO values of more than 0.6 and p-values less than 0.05, indicating statistical significance. This meant factor analysis was possible with all study variable datasets. Therefore, the researcher used SPSS's principal component analysis model to analyze factors. Results with factor loadings greater than 0.7 indicated that the question items assessed the intended constructs (Knekta, Runyon, Eddy, 2019). Explaining why the question items should be reserved for descriptive and regression analyses. From cost restructuring, Table 3.2 shows factor analysis results.

Table 3. 2: Principal Component Analysis Results for Cost Restructuring

Component Matrix^a		
No.	Cost Restructuring Question Item	Component 1
1.	There has been a reduction in employee indirect costs as a result of cost restructuring.	0.944
2.	The bank introduced in-house activities when sourcing for goods and services.	0.906
3.	Outsourcing of personnel has significantly reduced in our bank.	0.854
4.	Our bank emphasizes in implementation of cost reduction measures in all operations.	0.852
5.	Our bank has greatly improved in reducing operational costs due to cost restructuring practices.	0.944

Extraction Method: Principal Component Analysis.
a. 1 component extracted.

Source: Researcher (2024)

The findings as presented in Table 3.2 above observed that all the 5 question items intending to measure their given construct, cost restructuring, truly measured the construct since they posted factor loadings that were exceedingly higher than the benchmark value of 0.7 (Knekta et al., 2019). In addition, they were all incorporated in Component 1 which denoted cost restructuring. Therefore, the construct validity of cost restructuring was exemplary. All the 5 question items were retained for both descriptive and regression analyses since they embodied cost restructuring.

With regard to governance reformation, the factor analysis results of the given variable were displayed in Table 3.3 in the next page. The findings as presented observed that all the 8 question items intending to measure their given construct, that is, governance reformation, truly measured the construct since they posted factor loadings that were exceedingly higher than the benchmark value of 0.7 (Knekta et al., 2019). In addition, they were all incorporated in Component 1 which denoted governance reformation. Therefore, the construct validity of governance reformation was exemplary, and all the 8 question items were retained for both descriptive and regression analyses since they truly embodied governance reformation.

Table 3. 3: Principal Component Analysis Results for Governance Reformation

Component Matrix^a		
No.	Governance Reformation Question Item	Component 1
1.	The new merged changed the top management team.	0.915
2.	There have been alterations in the top management teams.	0.915
3.	There has been changes in the tenure of top management teams.	0.839
4.	There has been realignment of the management structure.	0.952
5.	Since the merging process the management has encouraged close stakeholder engagement.	0.898
6.	Ever since the change of the management took place, there has been clear transparent communication in the bank.	0.959
7.	There has been technological changes cutting across all the operations of the bank.	0.910
8.	The bank changed the remuneration structure of top management team.	0.910

Extraction Method: Principal Component Analysis.
a. 1 component extracted.

Source: Researcher (2024)



With regard to downsizing, the factor analysis results of the given variable was displayed in Table 3.4 below.

Table 3. 4: Principal Component Analysis Results for Downsizing

Component Matrix^a		Component
No.	Downsizing Question Item	1
1.	There was a reduction in the number of departments in the bank.	0.938
2.	There was merging of related departments in the bank.	0.957
3.	The bank reduced the number of employees in all levels of management.	0.965
4.	The restructuring process led to reduction in the number of supervisors per managerial unit.	0.678
5.	The restructuring led to massive lay off of employees by the bank.	0.811

Extraction Method: Principal Component Analysis.
a. 1 component extracted.

Source: Researcher (2024)

The findings as presented in Table 3.4 above observed that all the 5 question items intending to measure their given construct, downsizing, truly measured the construct since they posted factor loadings that were exceedingly higher than the benchmark value of 0.7 (Knekta et al., 2019). In addition, they were all incorporated in Component 1 which denoted downsizing. Therefore, the construct validity of downsizing was exemplary. Therefore, all the 5 question items were retained for both descriptive and regression analyses since they truly embodied downsizing. With regard to employee performance prior the merger, the factor analysis results of the given variable was displayed in Table 3.5 in the next page.

The findings as presented in Table 3.5 below observed that all the 11 question items intending to measure their given construct, employee performance prior the merger, truly measured the construct since they posted factor loadings that were exceedingly higher than the benchmark value of 0.7 (Knekta et al., 2019). In addition, they were all incorporated in Component 1 which denoted employee performance prior the merger. Therefore, the construct validity of employee performance prior the merger was exemplary. Therefore, all the 5 question items were retained for both descriptive and regression analyses since they truly embodied employee performance prior the merger.

Table 3. 5: Principal Component Analysis Results for Employee Performance Prior the Merger

Rotated Component Matrix^a		
No.	Employee Performance Prior the Merger Question Item	Component 1
1.	There is employee's voluntary and constructive efforts to improve the bank's procedures in the workplace	0.900
2.	The employee makes innovative suggestions for change and recommend modifications to standard procedures even when others disagree	0.823
3.	The employees generate new ideas and approaches for implementation in the workplace	0.959
4.	Employees remain composed and cool when faced with difficult circumstances at workplace.	0.834
5.	The employees develop creative solutions for an unusual complex and indeterminate job-related problems	0.602
6.	The management readily and easily deal with unpredictable job-related events and applies appropriate solutions	0.765
7.	The employees quickly and proficiently learn new methods on how to perform previously unlearned tasks and adjusts to new work processes and procedures.	0.863
8.	The managers listen to and considers other employees' viewpoints and opinions and alters own opinion when it is appropriate to do so.	0.735
9.	The employees are highly productive in executing their duties.	0.901
10.	The employee are very effective in service delivery.	0.770
11.	The employees are very efficient in executing their duties and in terms of using organizational resources.	0.877

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 3 iterations.

Source: Researcher (2024)

With regard to employee performance after the merger, the factor analysis results of the given variable was displayed in Table 3.6 below. The findings as presented in Table 3.6 on the next page observed that all the 11 question items intending to measure their given construct, employee performance after the merger, truly measured the construct since they posted factor loadings that were exceedingly higher than the benchmark value of 0.7 (Knekta et al., 2019). In addition, they were all incorporated in Component 1 which denoted employee performance after the merger. Therefore, the construct validity of employee performance after the merger was exemplary. Therefore, all the 5 question items were retained for both descriptive and regression analyses since they truly embodied employee performance after the merger.

Table 3. 6: Principal Component Analysis Results for Employee Performance after the Merger

Rotated Component Matrix^a		
No.	Employee Performance Prior the Merger Question Item	Component 1
1.	There is employee's voluntary and constructive efforts to improve the bank's procedures in the work place	0.900
2.	The employee makes innovative suggestions for change and recommend modifications to standard procedures even when others disagree	0.823
3.	The employees generate new ideas and approaches for implementation in the workplace	0.959
4.	Employees remain composed and cool when faced with difficult circumstances at workplace.	0.834
5.	The employees develop creative solutions for an unusual complex and indeterminate job-related problems	0.602
6.	The management readily and easily deal with unpredictable job-related events and applies appropriate solutions	0.765
7.	The employees quickly and proficiently learn new methods on how to perform previously unlearned tasks and adjusts to new work processes and procedures.	0.863
8.	The managers listen to and considers other employees' viewpoints and opinions and alters own opinion when it is appropriate to do so.	0.735
9.	The employees are highly productive in executing their duties.	0.901
10.	The employee are very effective in service delivery.	0.770
11.	The employees are very efficient in executing their duties and in terms of using organizational resources.	0.877

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Source: Researcher (2024)

3.9.2 Reliability Test

Kumar (2005) defines reliability as an instrument's consistency and stability. To determine reliability, the researcher will use Cronbach's Alpha coefficient. For the Cronbach's alpha test, George and Mallery (2003) offer the following general guidelines: "> 9 - Very good, >. 8 is good, >. 7 is acceptable, >. 6 - Uncertainty, >. 5 Poor, and <. 5 Unacceptable. Cooper and Schindler (2012) defined a satisfactory Cronbach's alpha coefficient as one ranging from 0.7 to 0.9. Asikhia (2009) recommends a dependability cut-off of 0.6, whereas Gliem and Gliem (2003) advocate a Cronbach's value of 0.7. However, Bagozzi and Yi (2012) claim that a value of 0.5 is reliable. Kerlinger and Lee (2000) define a powerful research instrument as one that produces consistent results. An alpha coefficient of 0.6 or higher was deemed appropriate and sufficient dependability for the investigation. The Cronbach's Alpha tool in SPSS was used to

assess the reliability of the data collected from 20 respondents, and the results are shown in Table 3.7 below. Cooper and Schindler (2012) defined a satisfactory Cronbach's alpha coefficient as one ranging from 0.7 to 0.9. This study used these rules of thumb to assess the reliability of its questionnaire.

Table 3.7: Reliability Test Results of the Study Variable

Variable	Cronbach's Alpha	No. of Items
Cost Restructuring	0.941	5
Governance Reformation	0.971	8
Downsizing	0.919	5
Employee Performance Prior the Merger	0.929	11
Employee Performance After the Merger	0.929	11

Source: Researcher (2024)

The findings of the reliability test with regard to each specific variable in the questionnaire posted a Cronbach's Alpha value that was greater than 0.9 as derived from Table 3.7. This meant that all the question items of all the given variables were highly internally consistent, thus their reliability level was particularly good and satisfactory based on the standards set by George above and Mallery (2003) together with Cooper and Schindler (2012). Therefore, the questionnaire was deemed fit to be used in the main data collection exercise.

3.10 Ethical Considerations

Ethics play a crucial role in research for two primary reasons: Research ethics are of utmost importance in advancing the objectives of a study, including the pursuit of knowledge, truth, and the prevention of errors. Furthermore, ethical norms promote the fundamental principles that are essential for collaborative work, including trust, accountability, mutual respect, and fairness. This is particularly important in research, which often involves extensive cooperation and coordination among individuals from diverse fields and institutions. The researcher ensured the participants' privacy and confidentiality, as well as the secure sharing of any sensitive data. Regarding the topics of study, ethical considerations encompass the principles of anonymity, confidentiality, and obtaining voluntary and well-informed consent from participants (Saunders et al., 2014). The researcher maintained anonymity by redacting the name of the particular bank branch from the provided information. The study was conducted in accordance with the ethics code of Strathmore University. The university authorized the research. Furthermore, a permit from NACOSTI and ethics approval were sought. In order to avoid plagiarism, the complete inventory of both published and unpublished sources utilized in this research was duly acknowledged. The information obtained

for this study was treated with strict confidentiality, and only the data collected from the research field were disclosed.

3.11 Chapter Summary

This chapter covered the research design of the study, sampling design, technique of data collection, and analysis. Validity and reliability tests, as well as ethical considerations, were also included.



CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter provides a comprehensive presentation of the research findings. The discussions covered a wide range of topics, including the descriptive findings, diagnostic test findings, and regression findings. The findings of the analysis were displayed in tables and figures, followed by explanations and discussions.

4.2 Response Rate

The researcher effectively collected data from 160 managers across multiple departments. Therefore, data for the analysis was collected from 160 participants, instead of the planned 190. The response rate of 84.2% surpassed the minimum threshold of 60% established by Fincham (2008), enabling meaningful conclusions to be made based on the data. The study encountered a non-response rate of 15.8%, which comprised of 20 participants who were excluded due to their prior involvement in the pilot study, and 10 participants who were absent from their offices during the data collection process.

4.3 Demographic Results

The demographic results, showing frequencies and percentages, are displayed in Table 4.1 on the following page.

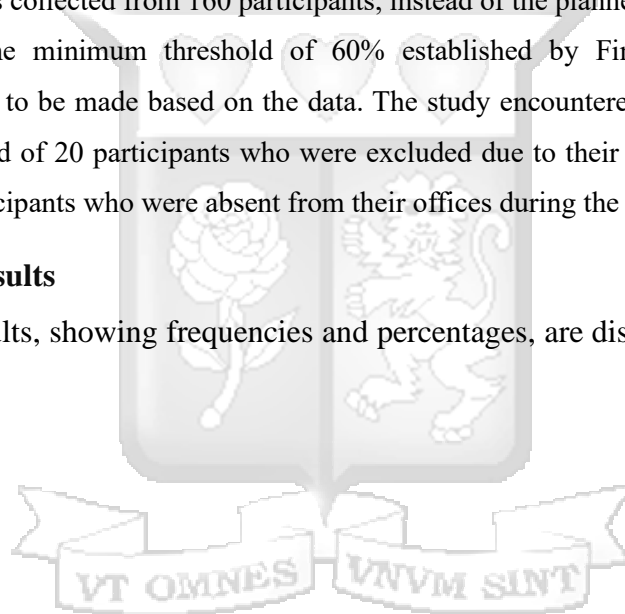


Table 4. 1: Demographic Results

Respondents' Demographic Information		Frequency	Percentage (%)
Gender	Male	83	51.9
	Female	77	48.1
Age	20-29 years	62	38.8
	30-39 years	62	38.8
	40-49 years	31	19.4
	50 years and above	5	3.1
Education Level	Postgraduate Degree	62	38.8
	Bachelors' Degree	74	46.3
	Diploma	24	15.0
Department	Risk Management	27	16.9
	Legal Compliance	27	16.9
	Human Resources	27	16.9
	Treasury & Investment	27	16.9
	Money Laundering & Terrorist Financing Reporting		
	Internal Legal Control & Audit	26	16.3
Work Experience	5 years and below	44	27.5
	6 -10 years	38	23.8
	11 – 15 years	39	24.4
	16 – 20 years	26	16.3
	21 years and above	13	8.1
Previously Worked in another Bank	Yes	83	51.9
	No	77	48.1

Source: Researcher (2024)

The data collected indicates that 51.9% of the participants examined were male, while 48.1% were female. The results indicated that there was no substantial disparity between genders, and the findings were equally distributed among both genders. Furthermore, the results indicated that 61.3% of the participants were aged 30 or above, implying that they had significant hands-on experience in their professional careers. The majority of the respondents (46.3%) possessed a Bachelor's degree, while 38.8% held a Postgraduate degree in terms of their educational attainment. This suggests that the field findings were obtained from individuals who had extensive academic and professional knowledge in the field of corporate restructuring and employee performance. Furthermore, it is worth noting that 72.6% of the participants possessed a minimum of 6 years of professional experience. This indicates that the gathered data can be considered reliable, as it was obtained from individuals who possess extensive knowledge in the field of banking, including a deep understanding of corporate restructuring and employee performance. The analysis revealed that 51.9% of the entire sample of respondents had previous employment in a different bank, whereas 48.1% of the total respondents had no prior experience in any other bank

4.4 Descriptive Results

This section presents the descriptive results with reference to each variable.

4.4.1 Cost Restructuring

The descriptive results of cost restructuring experienced during the merger were presented in Table 4.2 below.

Table 4. 2: Descriptive Results of Cost Restructuring in the Merger

No.	Question Item	Mean	Standard Deviation
1.	There has been a reduction in employee indirect costs as a result of cost restructuring.	4.275	0.785
2.	The bank introduced in-house activities when sourcing for goods and services.	4.256	0.818
3.	Outsourcing of personnel has significantly reduced in our bank.	4.213	0.796
4.	Our bank has greatly improved in reducing operational costs due to cost restructuring practices.	4.169	0.795
5.	Our bank emphasizes in implementation of cost reduction measures in all operations.	4.169	0.795
Overall Score		4.216	0.798

Source: Researcher (2024)

Most of the respondents strongly agreed that there had been a reduction in employee indirect costs as a result of cost restructuring. This was supported by a mean of 4.275 and a standard deviation of 0.785. The findings also observed that the merger introduced in-house activities when sourcing for goods and services, supported by a mean of 4.256 and a standard deviation of 0.818.

The results also indicated a substantial decrease in personnel outsourcing following the merger. The mean value was 4.213, with a standard deviation of 0.796. The findings also noted that a majority of the respondents expressed strong agreement regarding the significant improvement in reducing operational costs as a result of the merger, primarily due to the implementation of cost restructuring practices, supported by an average of 4.169 and a standard deviation of 0.795. The research discovered that the merger prioritized the implementation of cost reduction strategies across all aspects of their operations. The data was backed by a mean value of 4.169 and a standard deviation of 0.795. There was a consensus that there was a substantial decrease in employee indirect costs, as well as the outsourcing of personnel and operational expenses.

4.4.2 Governance Reformation

The descriptive results of the governance reformation experienced during the merger were presented in Table 4.3 below. The findings observed that there were changes in the top management teams. This was supported by mean scores of 4.263 and 4.119 respectively together with standard deviations of 0.835 and 0.871, respectively. The findings agreed with Jarso (2018) who observed that changes in management are usually experienced after mergers since new management is required to take on new responsibilities that are far different from those that existed prior the merger. Management alteration is necessary since the new entity requires fresh managerial skills to achieve financial sustainability (Lebans & Euske, 2016; Airo, 2019).

Table 4. 3: Descriptive Results of Governance Reformation in the Merger

No.	Question Item	Mean	Standard. Deviation
1.	The new merger changed the top management team.	4.263	0.835
2.	There have been alterations in the top management teams.	4.119	0.871
3.	There has been changes in the tenure of top management teams.	4.119	0.871
4.	There has been realignment of the management structure.	4.094	0.799
5.	Since the merging process the management has encouraged close stakeholder engagement.	4.094	0.799
6.	Ever since the change of the management took place, there has been clear transparent communication in the bank.	4.094	0.853
7.	There has been technological changes cutting across all the operations of the bank.	4.063	0.895
8.	The bank changed the remuneration structure of top management team.	4.063	0.895
Overall Score		4.114	0.852

Source: Researcher (2024)

In addition, the descriptive results also observed that there had been realignment of the management structure that encouraged close stakeholder engagement post-merger. This was supported by mean values of 4.094 and standard deviation figures of 0.799. The findings also observed that since the change of management took place, there had been clear and transparent communication in the bank as well as technological changes cutting across the operations of the bank. These statements were justified by mean values of 4.094 and 4.063 respectively together with standard deviation values of 0.853 and 0.895, respectively. The descriptive findings also observed that there was a change in the remuneration structure of top management teams. This was supported by a mean of 4.063 and a standard deviation of 0.895. In summary, the descriptive findings demonstrate significant changes in the governance structure and practices after the merger. These changes are a result of the organization's efforts to adjust to the new organizational landscape and improve performance.

4.4.3 Downsizing

The descriptive results of downsizing experienced during the merger were presented in Table 4.4 below. The findings indicated that there was a reduction in the number of departments and the merging of related departments during merger. These statements were supported by mean values of 4.263 and 4.194 respectively together with standard deviations of 0.797 and 0.872, respectively.

Table 4. 4: Descriptive Results of Downsizing in the Merger

No.	Statement	Mean	Standard. Deviation
1.	There was a reduction in the number of departments in the bank.	4.263	0.797
2.	There was merging of related departments in the bank.	4.194	0.872
3.	The restructuring process led to reduction in the number of supervisors per managerial unit.	4.106	0.956
4.	The bank reduced the number of employees in all levels of management.	4.094	0.903
5.	The restructuring led to massive lay off of employees by the bank.	4.088	0.921
Overall Score		4.149	0.890

Source: Researcher (2024)

Furthermore, the descriptive results observed that the restructuring process led to reduction in the number of supervisors per managerial unit and a reduced the number of employees at all levels of management. These statements were supported by mean values of 4.106 and 4.094 respectively together with standard deviations of 0.956 and 0.903, respectively. Finally, the descriptive results also observed that corporate restructuring during the merger led to massive lay off of employees by the bank. This was supported by a mean of 4.088 and a standard deviation of 0.921.

The descriptive results indicate that there were significant downsizing activities conducted during the merger aimed at streamlining operations and maximizing the use of resources.

4.4.4 Employee Performance Prior to the Merger

The findings of employee performance before the merger were displayed in Table 4.5 below. It was noted that the employees were exceptionally efficient in carrying out their responsibilities pre-merger. The data was backed by a mean value of 3.544 and a standard deviation of 1.475. In addition, the study revealed that employees consistently maintained a calm and composed demeanor when confronted with challenging situations in the workplace before the merger. The data was backed by a mean value of 3.5 and a standard deviation of

1.505. The findings also noted that employees exhibited creativity and innovation in generating new ideas and approaches for implementation in the workplace. Additionally, they demonstrated high levels of efficiency in executing their duties and effectively utilizing organizational resources prior to the merger. The mean values for these statements were 3.419 and 3.4, with standard deviations of 1.604 and 1.463, respectively. The descriptive findings verified that the employees devised innovative resolutions for atypical, intricate, and uncertain job-related issues prior to the merger. The data was backed by a mean value of 3.350 and a standard deviation of 1.384.

Table 4. 5: Descriptive Results of Employee Performance Prior the Merger

No.	Statement	Mean	Standard. Deviation
1.	The employees are highly productive in executing their duties.	3.544	1.475
2.	Employees remain composed and cool when faced with difficult circumstances at workplace.	3.500	1.505
3.	The employees generate new ideas and approaches for implementation in the workplace.	3.419	1.604
4.	The employees are very efficient in executing their duties and in terms of using organizational resources.	3.400	1.463
5.	The employees develop creative solutions for an unusual complex and indeterminate job-related problems.	3.350	1.384
6.	The employees quickly and proficiently learn new methods to perform previously unlearned tasks and adjusts to new work processes and procedures.	3.325	1.421
7.	The employee are very effective in service delivery.	3.288	1.502
8.	The employee makes innovative suggestions for change and recommend modifications to standard procedures even when others disagree.	3.269	1.508
9.	The managers listen to and considers other employees' viewpoints and opinions and alters own opinion when it is appropriate to do so.	3.250	1.554
10.	The management readily and easily deal with unpredictable job-related events and applies appropriate solutions.	3.213	1.334
11.	There is employee's voluntary and constructive efforts to improve the bank's procedures in the work place.	3.181	1.525
Overall Score		3.044	1.480

Source: Researcher (2024)

Far from that, the descriptive results revealed that employees quickly and proficiently learned new methods for performing previously unlearned tasks and adapted to new work methods and procedures prior to the merger. This was supported by an average of 3.325 and a standard deviation of 1.421. Aside from that, the descriptive results demonstrated that the employees were extremely effective in service delivery prior to the merger. This was supported by a mean of 3.288 and a standard deviation of 1.502. The findings also confirmed that prior to the merger, employees made innovative change suggestions and recommended modifications to standard procedures, even when others disagreed. This was supported by a mean of 3.269 and a standard deviation of 1.508. The findings also revealed that managers listen to and consider the perspectives and opinions of other employees, as well as change their own opinions, when necessary, prior to the merger. This was supported by an average of 3.250 and a standard

deviation of 1.554. Aside from that, the descriptive results revealed that management dealt with unpredictable job-related events quickly and easily and implemented appropriate solutions. This was supported by an average of 3.213 and a standard deviation of 1.334. The findings also revealed that employees made voluntary and constructive efforts to improve the bank's procedures in the workplace prior to the merger. This was supported by an average of 3.181 and a standard deviation of 1.525.

In summary, the descriptive findings indicate that employees demonstrated favourable performance characteristics before the merger, indicating a solid basis for organizational efficiency.

4.4.5 Employee Performance after the Merger

The descriptive results of employee performance after the merger was presented in Table 4.6 on the following page.

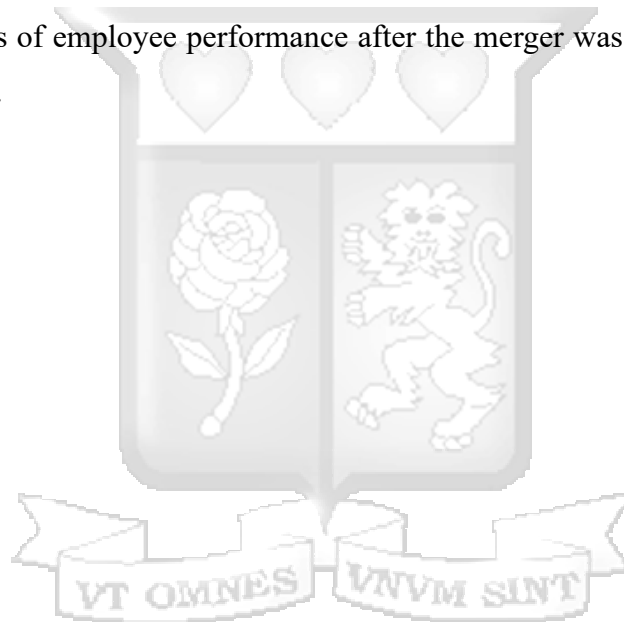


Table 4. 6: Descriptive Results of Employee Performance after the Merger

No.	Statement	Mean	Standard. Deviation
1.	The employees are highly productive in executing their duties.	4.463	0.717
2.	Employees remain composed and cool when faced with difficult circumstances at workplace.	4.444	0.775
3.	The employees generate new ideas and approaches for implementation in the workplace.	4.356	0.857
4.	The employees are very efficient in executing their duties and in terms of using organizational resources.	4.338	0.768
5.	The employees develop creative solutions for an unusual complex and indeterminate job-related problems.	4.338	0.838
6.	The employees quickly and proficiently learn new methods to perform previously unlearned tasks and adjusts to new work processes and procedures.	4.331	0.724
7.	The employee are very effective in service delivery.	4.300	0.830
8.	The employee makes innovative suggestions for change and recommend modifications to standard procedures even when others disagree.	4.281	0.870
9.	The managers listen to and considers other employees' viewpoints and opinions and alters own opinion when it is appropriate to do so.	4.256	0.871
10.	The management readily and easily deal with unpredictable job-related events and applies appropriate solutions.	4.238	0.843
11.	There is employee's voluntary and constructive efforts to improve the bank's procedures in the work place.	4.206	0.884
Overall Score		4.323	0.816

Source: Researcher (2024)

The findings as prescribed in Table 4.6 above observed that the employees were highly productive in executing their duties after the merger when compared before the merger. This was supported by a mean of 4.463 and a standard deviation of 0.717. Besides that, the findings observed that employees always remained composed and cool when faced with difficult circumstances at workplace even after the merger. This was supported by a mean of 4.444 and a standard deviation of 0.775. The findings also observed that employees generates new ideas and approaches for implementation in the workplace and are very efficient in executing their duties and in terms of using organizational resources after the merger. This was more profound when compared to the banks before the merger. These statements were supported by mean values of 4.356 and 4.338 respectively and standard deviations of 0.857 and 0.768, respectively.

In addition, the descriptive findings also verified that the employees are able to generate innovative resolutions for atypical, intricate, and uncertain job-related issues subsequent to the merger. This was more profound when compared to their productivity level prior the merger. This was supported by a mean of 4.338 and a standard deviation of 0.838. In addition, the descriptive results indicate that employees in the post-merger period rapidly and effectively acquired new techniques for tasks they had not previously learned. They also adapted to new work methods and procedures, as evidenced by a mean of 4.331 and a standard deviation of 0.721.

The descriptive results established that after the merger, the employees were highly effective in service delivery when compared to their level of effectiveness prior the merger. This was supported by a mean of 4.300 and a standard deviation of 0.830. The findings also confirmed that employees made innovative suggestions for change and recommended modifications to standard procedures even when others disagreed after the merger, which was significantly higher than prior to the merger. This was supported by a mean of 4.281 and a standard deviation of 0.870. The results also demonstrated that after the merger, the managers listened to and considered other employees' viewpoints and opinions and altered their own opinions when appropriate which was significantly higher than prior the merger. This was supported by a mean of 4.256 and a standard deviation of 0.871. In addition, the descriptive results observed that the management more significantly readily and easily dealt with unpredictable job-related events and applied appropriate solutions post-merger, compared to the period prior to the merger. This was supported by a mean of 4.238 and a standard deviation of 0.843.

The results also observed that there was a higher level of voluntary and constructive efforts by employees to improve bank procedures compared to the period prior to the merger. This was supported by a mean of 4.206 and a standard deviation of 0.884. Overall, the descriptive findings indicate a substantial enhancement in employee performance following the merger, demonstrating favourable outcomes arising from the integration process.

4.5 Regression Diagnostic Tests

Diagnostic tests must be conducted on the dataset obtained from the field in order to establish its suitability for multiple linear regression analysis to be conducted on it (Kassambara, 2018). The tests ascertain if the dataset is normally distributed, if the independent variables and the error terms are completely independent from each other and if there exists a linear relationship between the study variables in order for the given dataset to be considered suitable for regression analysis (Nyongesa, 2018; Kaunda, 2021). The Shapiro-Wilk test was employed to evaluate the normality of the dataset for each variable. The criterion used was that if the p-value exceeds 0.05, the dataset can be deemed to follow a normal distribution. Table 4.7 revealed that all variables, namely Cost Restructuring, Governance Reformation, Downsizing, and Employee Performance, exhibited statistically insignificant Shapiro-Wilk test values (p-value > 0.05), indicating a normal distribution.

Table 4. 7: Results of Normality Tests

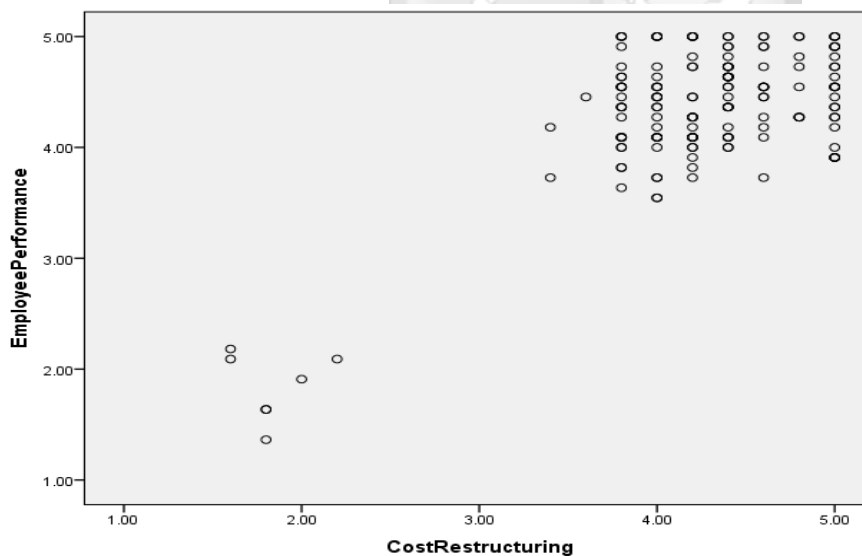
	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Cost Restructuring	0.159	160	0.225	0.544	160	0.399
Governance Reformation	0.177	160	0.200	0.592	160	0.337
Downsizing	0.332	160	0.149	0.544	160	0.399
Employee Performance	0.151	160	0.222	0.340	160	0.588

a. Lilliefors Significance Correction

Source: Researcher (2024)

The researcher used scatter plots to ascertain if there existed a linear relationship between the study variables in order for regression analysis to be considered suitable (Laerd Statistics, 2018). An example of a scatter plot (Figure 4.1) depicted the correlation between cost restructuring and employee performance following the merger. The storyline portrayed a robust and direct correlation, indicating that as the restructuring of costs increases, there is a tendency for employee performance to improve following the merger. This discovery provides evidence for the ongoing use of regression analysis for these variables.

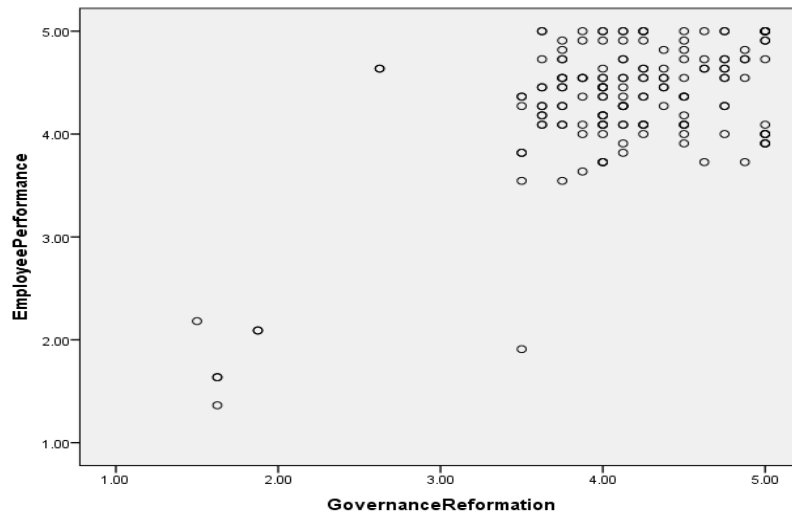
Figure 4. 1: Relationship between Cost Restructuring and Employee Performance after the Merger



Source: Researcher (2024)

The second scatterplot presented in Figure 4.2 below was developed to examine if a linear relationship existed between governance reformation as the independent variable (x-axis) and employee performance after the merger (y-axis).

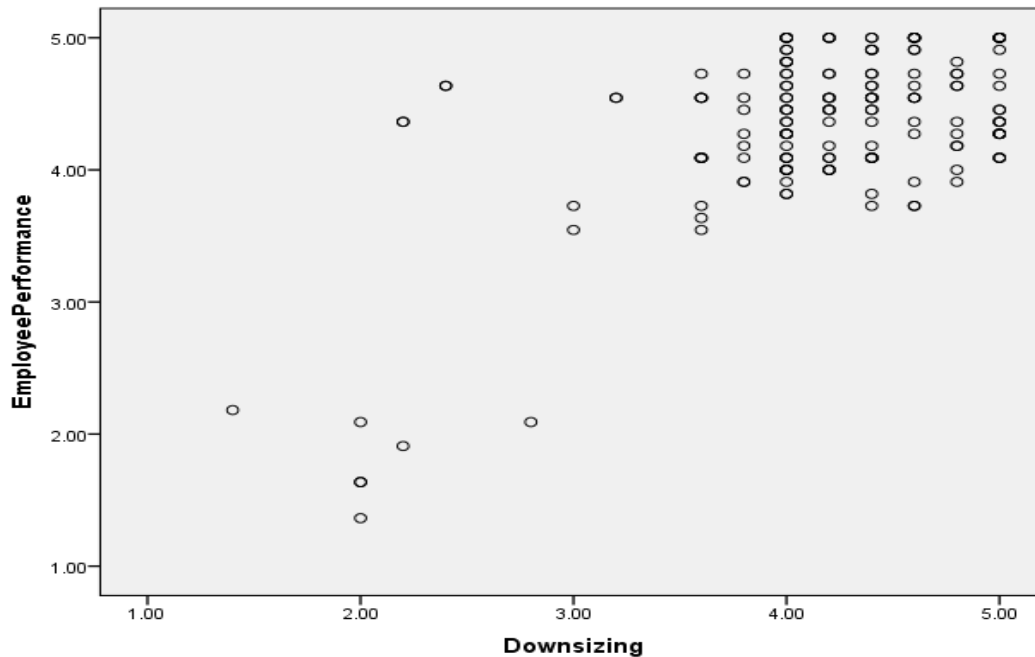
Figure 4. 2: Relationship between Governance Reformation and Employee Performance after the Merger



Source: Researcher (2024)

The findings indicated a strong positive linear correlation between the implementation of governance reforms and the performance of employees following the merger. Given that the datasets of both variables exhibited a strong positive correlation. Therefore, it was suitable to conduct regression analysis on the datasets of the mentioned variables. The third scatterplot in Figure 4.3 below was created to investigate whether there was a linear correlation between downsizing, represented on the x-axis as the independent variable, and employee performance after the merger, represented on the y-axis. The findings indicated a robust and positive linear correlation between downsizing and employee performance following the merger. Given that the datasets of both variables exhibited a strong positive correlation. Therefore, it was suitable to perform regression analysis on the datasets of the mentioned variables.

Figure 4. 3: Relationship between Downsizing and Employee Performance after the Merger



Source: Researcher (2024)

The researcher conducted a Durbin-Watson test using SPSS to determine if the error terms were independent from each other, which is a necessary condition for regression analysis to be considered appropriate (Statistics Solutions, 2019). The criterion employed in this examination is that a Durbin-Watson result falling between 1 and 2 would suggest that the error terms were independent of each other (Field, 2013). The results of the Durbin-Watson test were presented in Table 4.8 below. The findings indicated that the error terms were independent, as evidenced by a Durbin-Watson statistic of 1.715, which fell between 1 and 2. Hence, the provided dataset was appropriate for conducting regression analysis.

Table 4. 8: Durbin-Watson Test Results

Durbin-Watson
1.715
a. Predictors: (Constant), Downsizing, Cost Restructuring, Governance Reformation
b. Dependent Variable: Employee Performance after the Merger

Source: Researcher (2024)

Finally, the researcher used collinearity diagnostic tests to determine whether the independent variables were truly independent of one another and could be relied on to influence the outcome

variable (Kim, 2018). To be considered autonomous from other independent variables, a given variable's Variance Inflation Factor (VIF) must be less than 5 but greater than 1, and the tolerance figure must be greater than 0.1 (Kim, 2018). Collinearity diagnostic tests were conducted on the dataset acquired from the research field using SPSS software. The findings are presented in Table 4.9. The findings revealed that cost restructuring had a VIF of 1.880 and a tolerance value of 0.532, which met the benchmark requirements posed by Kim (2018). Thus, cost restructuring was separate from governance reform and downsizing. Furthermore, the findings revealed that governance reformation had a VIF value of 2.003 and a tolerance value of 0.499, which met the benchmark requirements proposed by Kim (2018). Thus, governance reform was separate from cost restructuring and downsizing. Finally, the findings revealed that downsizing had a VIF of 1.731 and a tolerance value of 0.578, which met the benchmark requirements proposed by Kim (2018). Thus, downsizing occurred independently of cost restructuring and governance reform.

Table 4. 9: Collinearity Diagnostic Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 Cost Restructuring	0.532	1.880
Governance Reformation	0.499	2.003
Downsizing	0.578	1.731

a. Dependent Variable: Employee Performance after the Merger

Source: Researcher (2024)

4.6 Regression Analysis Results

The regression findings of this study were presented in Tables 4.10, 4.11 and 4.12, respectively. Table 4.10 in the next page presents the model summary results. The findings as shown in Table 4.10 in the next page posted a commendable R-value of 0.762^a which confirmed to us that 76.2% of the entire dataset was explained by the regression model which evidenced its strong predictive power. Besides that, the 58.1% variance caused in employee performance after the merger of was actually influenced by all the three corporate restructuring dimensions (namely; cost restructuring, governance reformation and downsizing). This is because the model revealed an R-Square value of 0.581.

Table 4. 10: Model Summary Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Standard. Error of the Estimate	Durbin-Watson
1	0.762 ^a	0.581	0.573	0.42595	1.715

a. Predictors: (Constant), Downsizing, Cost Restructuring, Governance Reformation
b. Dependent Variable: Employee Performance after the Merger

Source: Researcher (2024)

The Analysis of Variance (ANOVA) results posted in Table 4.11 revealed that the 58.1% variance caused in employee performance after the merger by cost restructuring, governance reformation and downsizing was statistically significant (p -value = 0.000^b < 0.05). Additionally, the ANOVA posted F-value of 71.982 which was a considered a significant figure, this further reinforced the fact that all the three aforementioned corporate restructuring dimensions significantly influenced employee performance after the merger.

Table 4. 11: The Analysis of Variance Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.180	3	13.060	71.982	0.000 ^b
	Residual	28.304	156	0.181		
	Total	67.484	159			

a. Dependent Variable: Employee Performance after the Merger
b. Predictors: (Constant), Downsizing, Cost Restructuring, Governance Reformation

Source: Researcher (2024)

To establish how each specific corporate restructuring dimension influenced employee performance after the merger, regression coefficient analysis was conducted, and the findings were displayed in Table 4.12 below. The findings are presented in Table 4.12 on the following guided the researcher into conceiving the following regression equation;

$$Y = 0.786 + 0.446X_1 + 0.194X_2 + 0.207X_3$$

Whereby;

Y = Employee performance in the merger between NIC and CBA Banks

X₁ = Cost restructuringX₂ = Governance reformationX₃ = Downsizing

Table 4. 12: Regression Coefficient Results

Model	Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	0.786	0.244		3.222	0.002		
Cost Restructuring	0.446	0.070	0.450	6.331	0.000	0.532	1.880
Governance Reformation	0.194	0.071	0.200	2.728	0.007	0.499	2.003
Downsizing	0.207	0.062	0.226	3.306	0.001	0.578	1.731

a. Dependent Variable: Employee Performance

Source: Researcher (2024)

The constant value of 0.786 evidenced that in absence of all the three corporate restructuring dimensions, the level of employee performance after the merger will go down to 0.786 when all the factors are held constant (p -value = 0.002 < 0.05). This shows how corporate restructuring is instrumental in influencing employee performance after the merger.

4.6.1 Effect of Cost Restructuring on Employee Performance in the Merger

The first specific objective of the study was to determine the effect of cost restructuring on employee performance in the merger. The unstandardized beta coefficient of cost restructuring that posted a value of 0.446 was used to address the specific objective. The findings of the regression coefficient are presented in Table 4.13

Table 4. 13: Regression Coefficient Results for Cost Restructuring

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.786	0.244		3.222	0.002
Cost Restructuring	0.446	0.070	0.450	6.331	0.000

a. Dependent Variable: Employee Performance

Source: Researcher (2024)

$$Y = 0.786 + 0.446X_1$$

Whereby;

Y = Employee performance in the merger between NIC and CBA Banks

X₁ = Cost restructuring

The findings observed that a unit increase of cost restructuring would increase employee performance in the merger by 0.446 units (p -value = 0.000 < 0.05). The findings were able to

confirm that cost restructuring improves employee performance in the merger. This meant that cost restructuring involving reduction of indirect costs, introduction of in-house activities instead of outsourcing and reduction of operational costs after the merger led to employees being highly productive, creative, efficient, quick learners and self-driven. This could explain why NCBA's profitability increased from Kshs. 10, 223, 643, 000 to 13, 778, 025, 000 (NCBA, 2022). The findings agreed with Estin (2018) and Ngige (2012) that cost restructuring increases firm profitability as a result of improved employee productivity.

In short, the study tried to find out how changing costs affects how well employees do their jobs after NIC and CBA Banks merged. The results suggest that reorganizing costs makes employees better at their jobs in the merger. During cost restructuring, steps like lowering operational costs, bringing in-house activities instead of outsourcing them, and lowering indirect costs were found to boost employee creativity, motivation, learning, and productivity. The fact that NCBA's profits went up from Kshs. 10,223,643,000 to Kshs. 13,778,025,000 supports this positive relationship. The results are in line with what Estin (2018) and Ngige (2012) found, which is that cost restructuring makes a business more profitable by making workers more productive.

4.6.2 Effect of Governance Reformation on Employee Performance in the Merger

The second specific objective of the study was to determine the effect of governance reformation on employee performance in the merger. The unstandardized beta coefficient of governance reformation that posted a value of 0.194 was used to address the specific objective. The findings of the regression coefficient are presented in Table 4.14 below.

Table 4. 14: Regression Coefficient Results for Governance Reformation

Model	Coefficients ^a				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1 (Constant)	0.786	0.244			3.222	0.002
Governance Reformation	0.194	0.071	0.200		2.728	0.007

a. Dependent Variable: Employee Performance

Researcher (2024)

$$Y = 0.786 + 0.194X_1$$

Whereby;

Y = Employee performance in the merger between NIC and CBA Banks

X₂ = Governance reformation

The findings observed that a unit increase of governance reformation would increase employee performance in the merger by 0.194 units (p -value = 0.007 < 0.05). The findings were able to confirm that governance reformation improves employee performance in the merger between NIC and CBA banks. This meant that, governance reformation consisting of changes at the top management, realignment of the management structure and changing the remuneration structure of the top management during the merger led to employees being highly productive, creative, efficient, quick learners and self-driven. The findings disagreed with Ruiters (2019) who observed that governance reformation derails the staff's morale which consequently lowers down their performance. Besides that, the findings indirectly concurred with Bowman and Singh (2018) that reducing the top management's compensation as part of governance restructuring will decrease performance. However, the findings disagreed with Airo (2019) who noted that governance reformation had no influence on employee performance.

In summary, the study sought to investigate the impact of governance reformation on employee performance in the merger. The findings show that governance reformation improves employee performance during the merger. Changes in top management, realignment of management structures, and adjustments in top management remuneration were found to increase employee productivity, creativity, and efficiency. Contrary to some of the literature, the study found no evidence to support the idea that governance reform has a negative impact on staff morale or performance. Instead, it is consistent with research demonstrating the importance of change management, clear communication, stakeholder engagement, and technological advancements in improving employee performance. While the literature contains varying perspectives, studies by Lawson and Okafor (2023) and Karanja (2015) support the positive impact of governance reformation on employee performance, emphasizing the importance of clear communication and technological advancements.

4.6.3 Effect of Downsizing on Employee Performance in the Merger

The third specific objective of the study was to determine the effect of downsizing on employee performance in the merger. The unstandardized beta coefficient of downsizing that posted a value of 0.207 was used to address the specific objective. The findings of the regression coefficient are presented in Table 4.15 on the following page.

Table 4. 15: Regression Coefficient Results for Governance Reformation

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	0.786	0.244		3.222	0.002
Downsizing	0.207	0.062	0.226	3.306	0.001

a. Dependent Variable: Employee Performance

Source: Researcher (2024)

$$Y = 0.786 + 0.207X_3$$

Whereby;

Y = Employee performance in the merger between NIC and CBA Banks

X₃ = Downsizing

The findings observed that a unit increase of downsizing would increase employee performance in the merger by 0.207 units (p -value = 0.001 < 0.05). The findings were able to confirm that downsizing improves employee performance in the merger. This meant that downsizing involving reduction of bank departments and the number of supervisors per managerial unit during the merger led to employees being highly productive, creative, efficient, quick learners and self-driven. The results of the study were consistent with the findings of Dong and Xu (2015) that downsizing boosts the firm performance of Chinese firms. The study also concurred with Longe (2017) who observed that downsizing involving lowering down operational costs improves competitive performance of a given firm. Downsizing focuses on eliminating unproductive functional departments and unproductive employees with an aim of cutting down operational costs (Longe, 2012; Garber, 2018). Though Mbogo and Waweru (2019) together with Frone and Blais (2020) observed that downsizing employees breeds anxiety and negative work rumination among retained staff members, thus, lowering down their productivity.

Corporate restructuring significantly affects the employee performance in the merger. Since based on the model summary results posted below, corporate restructuring comprising of cost restructuring governance reformation and downsizing causes 58.1% (R-Square = 0.581) on employee performance as presented in Table 4.16 below. Thus, with regard to addressing the general objective of the study we can establish that corporate restructuring boosts the employee performance in the merger. This is justified by the fact that based on the findings posted in the

second section of Table 4.16 it was revealed that a unit rise of cost restructuring, governance reformation and downsizing boost employee performance by 0.446, 0.194 and 0.207 units respectively (all with p -values < 0.05).

Table 4. 16: Model Summary and Regression Coefficient Results

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Standard. Error of the Estimate	Durbin-Watson	
1	0.762 ^a	0.581	0.573	0.42595	1.715	
a. Predictors: (Constant), Downsizing, Cost Restructuring, Governance Reformation						
b. Dependent Variable: Employee Performance after the Merger						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.786	0.244		3.222	0.002
	Cost Restructuring	0.446	0.070	0.450	6.331	0.000
	Governance Reformation	0.194	0.071	0.200	2.728	0.007
	Downsizing	0.207	0.062	0.226	3.306	0.001
a. Dependent Variable: Employee Performance						

Source: Researcher (2024)

The study's results indicate that downsizing has a beneficial effect on employee performance during the merger. The implementation of downsizing measures, such as optimizing bank departments and decreasing the number of supervisors per managerial unit, has been shown to enhance employee productivity, creativity, efficiency, learning capacity, and self-motivation. Prior studies, such as those conducted by Dong and Xu (2015) and Longe (2017), have discovered that downsizing has a positive impact on the performance and competitiveness of companies. However, it is crucial to acknowledge possible disadvantages, as indicated in research conducted by Mbogo and Waweru (2019) and Frone and Blais (2020), which propose that downsizing can lead to anxiety and unfavourable work attitudes among employees who remain in the company.

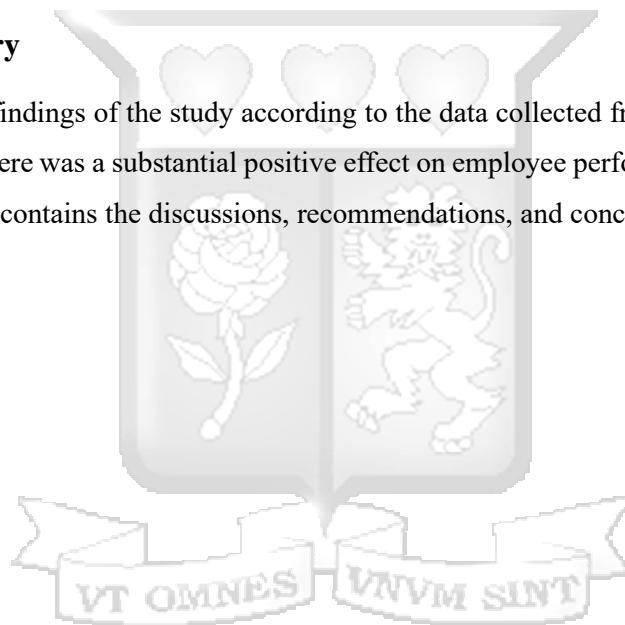
The study analyzed how the merger impacted employee performance through corporate restructuring, which involved cost restructuring, governance reformation, and downsizing. The entire restructuring of the company was found to have a beneficial influence on the productivity of the employees. The productivity, creativity, and efficiency of employees were enhanced through cost restructuring, which entailed reducing operational expenses and indirect costs. Through the promotion of transparent communication and the involvement of all pertinent stakeholders, the implementation of governance reform, which involved significant changes in top-level management and the restructuring of the company's framework, resulted in an

increase in productivity. Similarly, the process of downsizing enhanced performance by optimizing operations and cultivating a workforce that is more adaptable and concentrated, notwithstanding potential drawbacks such as anxiety among the remaining employees.

The findings indicated that corporate restructuring had a significant impact on employee performance within the framework of a merger. The implementation of corporate restructuring initiatives enhanced employee performance and laid the foundation for sustained growth and profitability by optimizing operational efficiency, fostering innovation, and aligning organizational goals. These insights demonstrate the importance of strategic restructuring for banks seeking to optimize mergers and acquisitions while also navigating organizational change.

4.7 Chapter Summary

This chapter presented findings of the study according to the data collected from the respondents. The findings revealed that there was a substantial positive effect on employee performance after the merger. The subsequent chapter contains the discussions, recommendations, and conclusions derived from this research.



CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarized the discussion of the statistical findings the study was able to achieve in regard to determining the effect of corporate restructuring on employee performance: a case of the merger between NIC and CBA Banks. The chapter then went ahead to discuss the conclusions that could be made from the interpreted research findings and the proposed recommendations that closes the chapter.

5.2 Summary of Discussion of Findings

This section provides a concise overview of the findings, organized according to each specific objective.

5.2.1 Effect of Cost Restructuring on Employee Performance in the NCBA Merger

The study utilized descriptive and regression analyses to assess the impact of cost restructuring on employee performance during the merger, in accordance with the first specific objective of the research. The descriptive analysis revealed a decrease in employee indirect expenses due to cost restructuring and the implementation of in-house activities for procuring goods and services. The findings also indicated that the outsourcing of personnel had substantially decreased after the merger. The findings also noted that the majority of the respondents expressed strong agreement that the merger resulted in a significant decrease in operational expenses as a result of implementing cost restructuring measures. It was noted that the merger placed significant emphasis on implementing cost reduction measures across all operations. The regression analysis revealed that implementing cost restructuring had a positive impact on employee performance during the merger. As a result of cost restructuring, which included reducing indirect costs, bringing certain activities in-house instead of outsourcing, and reducing operational costs after the merger, employees became highly productive, creative, efficient, and self-motivated.

The findings supported the goal-setting theory that when a firm aims to increase profitability by restructuring costs through changes in operations, business processes, and cost-cutting initiatives, it will lead to improved employee productivity (Estin, 2018). The results of the study support the Social Exchange Theory and demonstrate that implementing cost restructuring measures that prioritize employee needs, such as engaging in in-house activities for sourcing goods and services and reducing

indirect employee costs, can lead to improved organizational performance. The results corroborated Estin's (2018) assertion that implementing cost restructuring leads to enhanced firm profitability due to increased employee productivity. The research findings corroborated Ngige's (2012) observation that cost restructuring has a beneficial impact on the performance of banks in the Kenyan banking sector. Consequently, it was concluded that banking institutions that implement more cost restructuring initiatives are more likely to improve their overall firm performance.

The study's findings corroborated the research results of Kinyua and Kihara (2021), who similarly noted that implementing cost restructuring enhances the performance of media companies in Kenya. In contrast, the study's results contradicted the research findings of Mbogo and Waweru (2019), who concluded that implementing cost restructuring as a corporate turnaround strategy does not significantly impact the performance of companies listed on the Nairobi Securities Exchange.

5.2.2 Effect of Governance Reformation on Employee Performance in the Merger between NIC and CBA banks

The study utilized descriptive and regression analyses to assess the impact of governance reformation on employee performance after a merger, specifically focusing on the second objective of the study. The descriptive analysis revealed changes in the composition of the top management teams. The findings corroborated Jarso's (2018) observation that management changes typically occur following mergers, as new management is often tasked with assuming new responsibilities that differ significantly from that are pre-merger. Management modification is imperative as new mergers necessitate innovative ideas, strategies, and managerial expertise to attain financial viability (Lebens & Euske, 2016; Airo, 2019). The descriptive findings also noted a restructuring of the management hierarchy that now promotes active involvement of stakeholders. The findings also noted that after the change in management, there was a noticeable improvement in communication within the bank, with a focus on transparency. Additionally, technological advancements were implemented across all areas of the bank's operations. The descriptive findings indicate that there was a modification in the compensation framework for the top management team following the merger. Increasing the management's compensation package serves as an incentive for them to assume leadership of the newly formed merger. This, in turn, leads to increased productivity and improved organizational performance (Bowman & Singh, 2018).

The regression analysis revealed a significant enhancement in employee performance after the implementation of governance reforms following the merger. Consequently, the implementation of governance reformation, which involved modifying top-level leadership,

restructuring the management hierarchy, and altering the compensation system for top executives, resulted in a workforce that displayed high levels of productivity, creativity, efficiency, and self-motivation. The findings supported the goal-setting theory, which states that when a merger involves changes in management, clear communication, and technological advancements, it motivates employees to work more effectively and efficiently. This aligns with the research conducted by Estin (2018), Lebens and Euske (2016), and Airo (2019). The findings were consistent with the Social Exchange Theory as they demonstrated that the governance reformation was favourable in terms of incorporating new and innovative management practices that promoted technological advancements, clear and transparent communication, and enhanced compensation packages. These factors motivated employee performance (Lebens & Euske, 2016; Bowman & Sign, 2018; Airo, 2019). The findings contradicted Ruiters' (2019) observation that governance reformation negatively impacts staff morale, leading to a subsequent decline in their performance.

In addition, the results indirectly supported the findings of Bowman and Singh (2018) that reducing the compensation of top management as a component of governance restructuring will lead to a decrease in performance. Contrary to Airo's (2019) assertion that governance reformation has no impact on employee performance, the findings of this study present a different perspective. Furthermore, the results corroborated the findings of Lawson and Okafor (2023) that implementing governance reforms through change management, which emphasizes transparent communication and active stakeholder involvement, enhances employee performance. The results also corroborated Karanja's (2015) findings that implementing technological changes in governance enhances employee performance at the Postal Corporation of Kenya.

5.2.3 Effect of Downsizing on Employee Performance in the Merger between NIC and CBA Banks

Descriptive and regression analyses were employed to determine the effect of downsizing on employee performance post-merger in line with addressing the third specific objective of the study. The descriptive results observed that there were a reduction in the number of departments and a merging of related departments. According to Longe (2017) downsizing is effected in order to reduce operational costs as well as eliminate underperforming departments in order to reduce inefficiencies (Garber, 2018). The descriptive results also observed that the restructuring process led to a reduction in the number of supervisors per managerial unit and a reduction in

the number of employees at all levels of management. Finally, the descriptive results also observed that corporate restructuring during the merger led to massive layoffs by the bank. The regression findings were able to confirm that downsizing improved employee performance in post-merger. This meant that downsizing involving the reduction of bank departments and number of supervisors per managerial unit led to employees being highly productive, creative, efficient and self-driven.

The findings concurred with the goal-setting theory that downsizing that involved the reduction of operational costs, elimination of underperforming departments and the reduction in the number of supervisors per managerial unit as one of the goals of the merger resulted in employees that work effectively and efficiently (Lange, 2017; Garber, 2018). The findings are also in line with Social Exchange Theory since it established that the downsizing during the merger was friendly in terms of reduction of operational costs and elimination of underperforming departments and room for committed employees to work passionately and effectively for positive organizational performance (Garber, 2018; NCBA, 2022).

The findings of the study agreed with Dong and Xu (2015) that downsizing boosted firm performance of Chinese firms. The study also concurred with Longe (2017) who observed that downsizing involving lowering of operational costs improved competitive performance of a given firm. Although Mbogo and Waweru (2019) together with Frone and Blais (2020) observed that downsizing employees breeds anxiety and negative work rumination among retained staff members, thus, lowering their productivity, the findings concurred with Kinyua and Kihara (2021) who found that downsizing involving reduction of the number of departments, employee downsizing and merging of departments brought a significant boost to the financial performance of media firms in Kenya. The findings also agreed with Ekechi and Umar (2020) who established that corporate restructuring involving changing the organizational leadership of a certain institution actually boost employee performance.

5.3 Conclusions

Aligned with the primary goal of the research, we conclude that cost restructuring involving reduction of indirect costs, introduction of in-house activities instead of outsourcing and reduction of operational costs after the merger leads to employees being highly productive, creative, efficient and self-driven.

Consistent with the study's second specific objective, it can be concluded that governance reformation consisting of changes at the top management, realignment of the management structure and changing the remuneration structure of the top management during the merger led to employees being highly productive, creative, efficient and self-driven. In addition, when the management's compensation package is increased as a way of motivating them to take charge of new responsibilities in the new entity, they in turn, are highly productive, thus, enhancing organizational performance.

Finally, consistent with the third specific objective of the study, downsizing involving reduction of bank departments and the number of supervisors per managerial unit leads to employees being highly productive, creative, efficient and self-driven. On the other hand, downsizing employees could breed anxiety and negative work rumination among retained staff members, thus, lowering down their productivity.

5.4 Recommendations

The study suggests that management in the banking industry, along with policy makers, should implement cost restructuring strategies to enhance employee performance during mergers. Cost restructuring is an essential aspect of organizational management that aims to enhance efficiency and reduce operational costs. To achieve this, organizations should implement strategies that specifically focus on minimizing indirect costs, such as transitioning from outsourcing to in-house operations. Moreover, it is essential to consistently prioritize the implementation of efficient strategies to restructure costs, with the aim of achieving sustained reductions in operational expenses over the long term. Organizations should give priority to assessing the impact of cost restructuring on employee productivity by aligning initiatives with employee requirements and ensuring they are viewed. Regularly assessing the effects of cost restructuring practices on employee performance is crucial for organisations to make the necessary modifications to guide future corporate restructuring efforts.

The study suggests that the banking industry management and policy makers should implement governance reforms as part of their policy framework. This should involve restructuring the management hierarchy and modifying the compensation structure for top executives during mergers. Organizations should prioritize the implementation of governance reform practices, which entail making changes at the topmost level of management and restructuring management structures. Effective and transparent communication, along with the active participation of stakeholders, is essential in the process of governance reform to foster trust and

commitment among employees. Providing training and support to newly established management teams is crucial for effectively leading and supervising the organization following a merger. Assessing and adjusting compensation packages for top-level managers ensures that they align with the organization's goals and motivates them to enhance their performance. Implementing technological innovations enhances operational efficiency and facilitates seamless communication within the organization, thereby promoting effective governance reform.

Finally, it is crucial for the top management to make conscious efforts to avoid reducing their workforce, particularly during the merger process, as this can lead to increased anxiety and negative thoughts among retained employees. Downsizing requires careful planning and execution to minimize negative impacts on employee morale and performance. Providing support and distributing resources to employees affected by downsizing facilitates a smooth transition and reduces negative outcomes for the remaining staff. Thoroughly observing employee morale and productivity during downsizing procedures allows organizations to quickly take action to mitigate any negative impacts. An evaluation of the enduring effects of downsizing on employee performance and organizational outcomes offers valuable insights for making informed decisions about future restructuring initiatives.

5.5 Study Limitations

Contextual and sectoral factors were considered in this study, which specifically examined the effect of corporate restructuring on employee performance in Kenya. The constraints imposed by geographical and sectoral boundaries emphasize the need for more extensive inquiries. Future researchers should recognize the distinct contextual factors that influence organizational dynamics in various socio-economic environments. In addition, investigating different industries outside the scope of this study, such as insurance, manufacturing, and commercial sectors, is likely to reveal unique organizational structures, cultures, and challenges that impact the results of restructuring endeavours.

Although questionnaires were used as the main methodological tool in this study, relying exclusively on this approach may have limited the extent to which corporate restructuring and its effects on employee performance were comprehensively understood. In order to overcome this constraint, future research endeavours could employ a mixed-methods approach. Researchers can obtain detailed insights and experiences from stakeholders involved in the

restructuring process by integrating qualitative methodologies such as interviews and focus group discussions to ensure a more thorough comprehension of the phenomenon being studied.

Additional opportunities for investigation can be found in longitudinal and comparative studies. Longitudinal analyses can provide insights into the changing dynamics of organizational change and its lasting impact on employee outcomes over a period of time. Researchers can analyze performance indicators over long periods of time to identify mediating or moderating variables that influence the connection between restructuring initiatives and employee performance. Comparative studies conducted across different organizations, industries, or countries will provide valuable insights into the range of outcomes that can be expected from restructuring strategies.

The intricate nature of corporate restructuring necessitates a comprehensive examination to uncover its impact on individual, team, and organizational performance. Studying the effects of restructuring initiatives on multiple levels of analysis enables researchers to understand the complex interaction of factors that influence employee behaviour and organizational effectiveness.

To summarize, this study provides valuable insights into the relationship between corporate restructuring and employee performance in Kenya. However, there are many opportunities for further research in this area. To advance comprehension of this intricate phenomenon on a global level, researchers can overcome the limitations mentioned above and embrace a wide range of methodologies. Through the expansion of research to various situations, the utilization of combined research methods, the analysis of data over time and across different cases, and the adoption of a multi-dimensional viewpoint, researchers can discover fresh perspectives on the consequences of corporate restructuring for organizational behaviour and human resource management.

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APPENDICES

Appendix I: Research Questionnaire

Questionnaire S/No. []

This questionnaire aims to gather data on how corporate restructuring affects employee performance. Please carefully read the questions before marking the ones that apply to you and your grasp of the topic. Since the information gathered from this questionnaire will only be used for academic purposes, the utmost confidentiality is guaranteed.

SECTION 1: BACKGROUND INFORMATION

1. Please indicate your gender:

Male []

Femal []

e

2. Please indicate your age:

20 - 29 []

30 - 39 []

40 - 49 []

50 and []

above

3. Please indicate your highest education level:

Postgraduate []

Degree

Bachelor's Degree []

Diploma []

4. Please indicate your current department in your organization:

Risk Management []

Legal Compliance []

Human Resources []

Treasury and Investment []

Money Laundering and Terrorist Financing Reporting []
 Internal Legal Control and Audit []

1. Please indicate your total working experience to date in years:

- 5 and below []
- 6 - 10 []
- 11 - 15 []
- 16 - 20 []
- 21 and []
- above

2. Please indicate whether you have ever worked in another bank prior to your current role:

- Yes []
- No []

SECTION B: CORPORATE RESTRUCTURING STRATEGIES

COST RESTRUCTURING

Kindly indicate the extent to which you agree with each of the statements on cost restructuring by using the following scale: **(1) – Strongly Disagree, (2) – Disagree, (3) – Moderately Agree, (4) – Agree, (5) – Strongly Agree**

No	Statement	1	2	3	4	5
8	There has been a reduction in employee indirect costs as a result of cost restructuring					
9	The bank introduced in-house activities when sourcing for goods and services					
10	Outsourcing of personnel has significantly reduced in our bank					
11	Our bank emphasizes in implementation of cost reduction measures in all operations					
12	Our bank has greatly improved in reducing operational costs due to cost restructuring practices.					

GOVERNANCE REFORMATION

Kindly indicate the extent to which you agree with each of the statements on governance reformation by using the following scale: **(1) – Strongly Disagree, (2) – Disagree, (3) – Moderately Agree, (4) – Agree, (5) – Strongly Agree**

No	Statement	1	2	3	4	5
13	The new merged changed the top management team					
14	There have been alterations in the top management teams					
15	There has been changes in the tenure of top management teams					
16	There has been realignment of the management structure					
17	Since the merging process the management has encouraged close stakeholder engagement					
18	Ever since the change of the management took place, there has been clear transparent communication in the bank					
19	There has been technological changes cutting across all the operations of the bank					
20	The bank changed the remuneration structure of top management team					

DOWNSIZING

Kindly indicate the extent to which you agree with each of the statements on downsizing by using the following scale: **(1) – Strongly Disagree, (2) – Disagree, (3) – Moderately Agree, (4) – Agree, (5) – Strongly Agree**

No	Statement	1	2	3	4	5
21	There was a reduction in the number of departments in the bank					
22	There was merging of related departments in the bank					
23	The bank reduced the number of employees in all levels of management					
24	The restructuring process led to reduction in the number of supervisors per managerial unit					
25	The restructuring led to massive lay off of employees by the bank					

SECTION C: EMPLOYEE PERFORMANCE PRIOR THE MERGER

This section assesses the strength of your bank’s employee performance just before the merger took place. Please indicate your level of agreement with the statements below where **(1) – Strongly Disagree, (2) – Disagree, (3) – Moderately Agree, (4) – Agree, (5) – Strongly Agree**

No	Statement	1	2	3	4	5
26	There is employee’s voluntary and constructive efforts to improve the bank’s procedures in the work place					
27	The employee makes innovative suggestions for change and recommend modifications to standard procedures even when others disagree					
28	The employees generate new ideas and approaches for implementation in the workplace					
29	Employees remain composed and cool when faced with difficult circumstances at workplace.					
30	The employees develop creative solutions for an unusual complex and indeterminate job-related problems					
31	The management readily and easily deal with unpredictable job-related events and applies appropriate solutions					
32	The employees quickly and proficiently learn new methods on how to perform previously unlearned tasks and adjusts to new work processes and procedures.					
33	The managers listen to and considers other employees’ viewpoints and opinions and alters own opinion when it is appropriate to do so.					
34	The employees are highly productive in executing their duties.					
35	The employee are very effective in service delivery.					
36	The employees are very efficient in executing their duties and in terms of using organizational resources.					

SECTION C: EMPLOYEE PERFORMANCE AFTER THE MERGER

This section assesses the strength of your bank’s employee performance after the merger took place. Please indicate your level of agreement with the statements below where **(1) – Strongly Disagree, (2) – Disagree, (3) – Moderately Agree, (4) – Agree, (5) – Strongly Agree**

No	Statement	1	2	3	4	5
26	There is employee’s voluntary and constructive efforts to improve the bank’s procedures in the work place					
27	The employee makes innovative suggestions for change and recommend modifications to standard procedures even when others disagree					
28	The employees generate new ideas and approaches for implementation in the workplace					
29	Employees remain composed and cool when faced with difficult circumstances at workplace.					
30	The employees develop creative solutions for an unusual complex and indeterminate job-related problems					
31	The management readily and easily deal with unpredictable job-related events and applies appropriate solutions					
32	The employees quickly and proficiently learn new methods on how to perform previously unlearned tasks and adjusts to new work processes and procedures.					
33	The managers listen to and considers other employees’ viewpoints and opinions and alters own opinion when it is appropriate to do so.					
34	The employees are highly productive in executing their duties.					
35	The employee are very effective in service delivery.					
36	The employees are very efficient in executing their duties and in terms of using organizational resources.					

Thank you for your co-operation

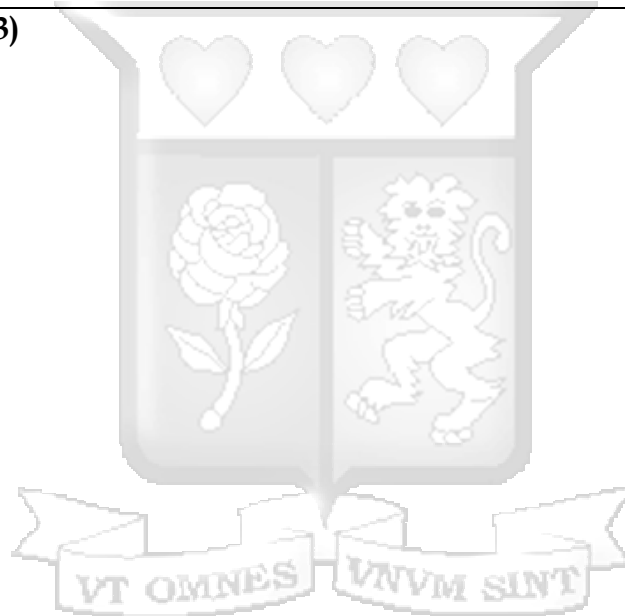
Appendix II: List of NCBA Bank Branches in Nairobi City

No.	Branch	Code
1	ABC Place Branch	41231
2	Bomas	41115
3	Buru Buru	41133
4	Centre Branch	41123
5	Ciata City Branch	41111
6	City center	41101
7	CPA center	41134
8	Embakasi Branch	41342
9	Galleria Branch	41123
10	Garden City	07035
11	Greenspan Mall	07047
12	Harambee Avenue	41110
13	Harbour house	41103
14	Head Office	41000
15	Head office, Fargo	41104
16	Hilton Branch	07332
17	House Branch	41123
18	ICIPE Branch	42341
19	Industrial Area	07431
20	Junction	41106
21	Karen hub	41119
22	Kenyatta Avenue Branch	41132
23	Kilimani	41112
24	Kirinyaga Road Business Centre	41320
25	Lavington	07031
26	Lungalunga square	41128
27	Mama Ngina Branch	41123
28	Nairobi Hospital Branch	41156
29	Nkurumah road branch	41109
30	Parklands	41143
31	Parkside Towers	07231



32	Prestige – Ngong Road	41211
33	Riverside	41267
34	Rongai Branch	41338
35	Rosslyn Riviera Branch	41229
36	Sameer Park Branch	41338
37	Taj mall	41121
38	The Mall Branch	41167
39	Two Rivers mall	07036
40	Village Market	52326
41	Westlands	41101
42	Yaya center	07030

Source: NCBA (2023)



Appendix III: Introductory Letter

Ole Sangale Rd, Madaraka Estate,
P.O Box 59857 00200, Nairobi, Kenya,
Cell: +254 703 414/6/7, Twitter: @SBSKenya
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



7th November 2023

To Whom It May Concern,

RE: FACILITATION OF RESEARCH – CHYIKU MAKAU

This is to introduce Chyiku Makau who is a Master of Commerce (MCOM) Student at Strathmore University Business School, admission number MCOM/136981. As part of our MCOM Programme, Chyiku is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MCOM course. To this effect, Chyiku would like to request appropriate data from your organization.

Chyiku is undertaking a research paper on “**THE EFFECT OF CORPORATE RESTRUCTURING ON EMPLOYEE PERFORMANCE: A CASE OF THE MERGER BETWEEN NIC AND CBA BANKS.**” The information obtained shall be treated confidentially and shall be used for academic purposes only.

Our MCOM Programme seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Njoki Kiagiri".

Njoki Kiagiri
Manager – Graduate Programmes
Strathmore University Business School.

Strathmore Business School is a Proud member of:



Appendix IV: NACOSTI Research License


REPUBLIC OF KENYA


NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **382155** Date of Issue: **10/November/2023**

RESEARCH LICENSE



This is to Certify that Ms.. Chyiku Makau of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: THE EFFECT OF CORPORATE RESTRUCTURING ON EMPLOYEE PERFORMANCE: A CASE OF THE MERGER BETWEEN NIC AND CBA BANKS for the period ending : 10/November/2024.

License No: **NACOSTI/P/23/31416**

382155
Applicant Identification Number


Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION

Verification QR Code



NOTE: This is a computer-generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix V: Ethical Review Letter



16th November 2023

Ms Makau Chyiku,
makau.chyiku@strathmore.edu

Dear Ms Makau,

RE: The Effect of Corporate Restructuring on Employee Performance: A Case of the Merger between NIC and CBA Banks

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC1899/23**. The approval period is from **16th November 2023 to 15th November 2024**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

**Mr Ambrose Rachier,
Chairperson; SU-ISERC**

