

**EFFECT OF ORGANIZATIONAL RESTRUCTURING ON PERFORMANCE OF
CO-OPERATIVE BANK OF KENYA**

Joan Nyachomba Macharia

Masters Student

Jomo Kenyatta University of Agriculture and Technology.

Dr. Kennedy Ogollah

Lecturer

Jomo Kenyatta University of Agriculture and Technology

CITATION: Macharia, J., N. & Ogollah, K. (2016). Effect of Organizational Restructuring On performance of Co-operative Bank of Kenya

International Journal of Arts and Entrepreneurship

Vol. 5(9) pp 50-67

ABSTRACT

Restructuring is a management strategy whose result is always a reduction in number of staff for budget reductions and or a reduction in the level of reporting otherwise known as downsizing. Organizational restructuring are put in place by the senior management s part of a strategic change. It generally refers to the re-organization of the corporate operations to achieve higher levels of the operating efficiency. In October, 2014, Co-operative Bank of Kenya followed suit to lay-off senior bank managers when it parted ways with 160 managers to cut on payroll costs. Redeploying workers because of poor performance, automation of systems and redundancies produce a work environment where employees are characterized with high anxiety and uncertainty of their future in the organization. Insufficient preparation as well as unrevealing process during restructuring does impact negatively on morale of employees, the resultant effect of restructuring and downsizing strategies are that employees suffer low morale as they survive layoffs, feel fear and resentment It is not the question of why companies have to downsize or cut jobs, it is how they should do it strategically to reach the expected goal of benefit and continue to retain the morale of surviving workers. The general objective of the research was to determine the effect of organizational restructuring on performance of Co-operative bank of Kenya. Specific objective was to determine the effects of organizational structure, business process, management structure and communication on performance of co-operative bank. This study adopted descriptive research design. A sample was drawn from the 360 staff members of Co-operative

bank of Kenya headquarters. The stratified random sampling procedure was used as it ensures all the groups in the target population are selected and represented.

From the study, the sample comprised of 190 staff members of Co-operative bank of Kenya headquarters.

A structured questionnaire was used to collect data from the targeted respondents. Content analysis was used to test data that is qualitative in nature. The Anova was used to test the level of significant of the variables on the dependent variable The information was displayed using bar charts, graphs and pie charts and in prose form. According to the finding, taking all factors (Organizational structure, business process, management structure and communication) constant at zero, overall Performance of Co-operative bank of Kenya was 7.998

. The data findings also show that a unit increase

Organizational Structure led to a 0

.376

increase Performance of Co-operative bank of Kenya; a unit increase Business Process led to a 0

. 332

increase in Performance of Co-operative bank of Kenya; a unit increase in Management structure, led to a 0.

355

increases in Performance of Co-operative bank of Kenya and

a unit increase in Communication led to a 0.

398 increase in

Performance of Co-operative bank of Kenya. This means that the most significant variable was Communication

followed by

Organizational structure.

Keywords: *Organizational restructuring; performance; Co-operative bank of Kenya.*

[Full Text PDF Format](#)