

**EFFECTS OF EMPLOYEE SEPARATION STRATEGIES ON ORGANIZATIONAL
PERFORMANCE OF FLOUR MILLING FIRMS IN UASIN GISHU COUNTY,
KENYA**

NYAKUNDI ESTHER KWAMBOKA

**A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS MANAGEMENT IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTERS OF BUSINESS MANAGEMENT OF THE
UNIVERSITY OF ELDORET, KENYA**

2016

DECLARATION

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.....
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.....
Date

Nyakundi Esther Kwamboka
BMS/PGMBM/13/12

Declaration by the Supervisors

This thesis has been submitted for examination with our approval as University Supervisors.

Signature.....

Date.....

Dr. Bernard Nassiuma
Department of Business Management
Moi University.

Signature.....

Date.....

Dr. Benjamin Tarus
Department of Business Management.
University of Eldoret.

DEDICATION

I dedicate this thesis to my parents, my husband Yabesh and my children for the support they gave me throughout the process of writing this thesis.

ABSTRACT

Over the past couple of decades, employee separation has become an integral part of the organizational life. Global competitive pressures coupled with ever changing demand conditions have caused firms to critically examine their cost structures associated with human resources. This study sought to determine the: relationship between employee separation strategies, and the potential effect on organisational performance in Flour Milling firms in Uasin Gishu County. The specific objectives of this study were to analyse the influence of downsizing on organizational performance, to examine the effects of employee resignation on organizational performance and to examine the effects of employee dismissal on organizational performance. Institutional Theory of downsizing and theory of the Natural and the duration of employment were adopted. This study was based on descriptive research design because it provided in-depth information from the employees. The target population for the study were 436 employees of Flour Milling Companies. Respondents were stratified and thereafter simple random sampling technique used to select 148 respondents for the study. Questionnaires were used for data collection from the selected sample. The data was analysed by use of descriptive statistics and inferential statistical techniques with aid of Statistical Product and Service Solutions (SPSS) version 20. Multiple regressions and correlation analysis were used to test the hypotheses. Results indicated that employee downsizing and organizational performance resulted to ($\beta_1 = -0.368$, $p < 0.05$), which implies that for each unit increase in downsizing strategy there is up to 0.368 unit decrease in organizational performance. Employee resignation ($\beta_2 = -0.192$, $p < 0.05$) indicated that for each unit increase in employee resignation, there is up to 0.192 unit decrease in organizational performance and employee dismissal ($\beta_3 = -0.254$, $p < 0.05$) also indicated that for each unit increase in employee dismissal, there is up to 0.254 unit decrease in organizational performance suggesting negative significant effect on organisational performance. Moreover R squared 0.378 indicating units of separation strategies causes decrease in organizational performance if employed in the flour Milling organizations. The study recommends that in order for the organizations to counter the negative effects, there is need to ensure that employees of the Flour Milling organizations have good working conditions, need for management appreciation and there should be positive relationship between management and employees. Suggestions from the study were that there is need for the study to be replicated with a larger, more representative sample and in different business sectors within the North Rift region in order to find out whether the observed findings hold for the organizations as well. The results are expected to enhance an understanding on the potential effect of employee separation on organisational performance.

TABLE OF CONTENTS

Contents

DECLARATION.....	i
DEDICATION.....	ii
ABSTRACT.....	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vii
LIST OF FIGURES	viii
OPERATIONAL DEFINITION OF KEY TERMS	ix
ACKNOWLEDGEMENT.....	x
CHAPTER ONE	1
INTRODUCTION.....	1
1.0 Overview.....	1
1.1 Background of the Study	1
1.2 Statement of the Problem.....	3
1.3 Objectives of the Study.....	5
1.3.1 General Objective	5
1.3.2 Specific Objectives	5
1.4 Research Hypotheses	5
1.5 Significance of the Study.....	6
1.6 Scope of the Study	6
1.7 Limitations of the Study.....	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.0 Introduction.....	8
2.1 Review of Theories	8
2.1.1 Institutional Theory of Downsizing.....	8
2.1.2 A Theory of the Natural and the Duration of Employment	13
2.1.3 Critique of Institutional Theory of Downsizing.....	15
2.1.4 Critique of theory of unemployment Rate and the Duration of Employment ..	16
2.2 Concept of Organizational Performance.....	17
2.3 Concept of Employee Separation.....	20
2.4 Employee Separation Strategies on Organizational Performance	22
2.4.1 Effects of downsizing on Organizational Performance	22
2.4.2 Effects of Employee resignation on Organizational Performance.....	27
2.4.3 Effects of Employee Dismissal on Organizational Performance.....	30
2.5 Conceptual Framework.....	33
2.6 Research Gap	34

CHAPTER THREE	35
RESEARCH METHODOLOGY	35
3.0 Introduction.....	35
3.1 Study Area	35
3.2 Research Design.....	35
3.3 Target Population.....	36
3.4 Sample size	36
3.5 Data and Data Collection Instruments	37
3.6 Validity and Reliability.....	38
3.7 Data Analysis	39
3.8 Ethical Considerations	40
CHAPTER FOUR.....	42
RESULTS AND DISCUSSION OF FINDINGS	42
4.0 Introduction.....	42
4.1 Response Rate.....	42
4.2 Background Information.....	42
4.3 Influence of Employee Downsizing and Organisational Performance.....	44
4.4 Effects of Employee Resignation on Organizational Performance.	48
4.5 Effect of Employee Dismissal and Organisational Performance.....	52
4.6 Organizational Performance	56
4.7 Correlation Results on organizational performance	58
4.8 Model Summary.....	60
4.9 Hypotheses Testing.....	61
4.10.3 Employee Dismissal and Organizational Performance.....	63
CHAPTER FIVE	64
SUMMARY OF FINDINGS	64
5.1 Introduction.....	64
5. 2 Summary of the Findings.....	64
5.2.1 Influence of employee Downsizing on Organizational Performance	64
5.2.2 Employee resignation on Organizational Performance	65
5.2.3 Employee Dismissal on Organizational Performance	65
CHAPTER SIX	66
CONCLUSIONS AND RECOMMENDATIONS.....	66
6.1 Introduction.....	66
6.2 Conclusion	66
6.3 Recommendations of the study.....	67
6.4 Recommendations for further Studies	68
REFERENCES.....	69
APPENDICES.....	75
APPENDIX1: INFORMED CONSENT	75

APPENDIX II: QUESTIONNAIRE	76
APPENDIX III: INTRODUCTION LETTER.....	79
APPENDIX IV: LETTER OF DATA COLLECTION FROM SCHOOL.....	80
APPENDIX V: MAP OF THE STUDY AREA.....	81
APPENDIX VI: RESEARCH PERMIT	82
APPENDIX VII: RESEARCH AUTHORIZATION LETTER (NACOSTI)	83

LIST OF TABLES

Table 3.1	Target Population.....	36
Table 3.2	Reliability Test Results	39
Table 4.1	Background Information.....	43
Table 4.2	Influence of employee Downsizing and Organisational Performance .	45
Table 4.3	Employee Resignation on Organizational Performance	49
Table 4.4	Employee Dismissal on Organizational Performance	52
Table 4.5	Organizational Performance	56
Table 4.6	Correlation Results on organizational performance.	59
Table 4.7	Model Summary.....	60
Table 4.8	Effect of Separation Strategies and Organisation Performance	
	(Regression Results)	61

LIST OF FIGURES

Figure 2.1 Employee Separation Strategies on Organizational Performance 34

OPERATIONAL DEFINITION OF KEY TERMS

Employees: refers to persons who work for other people or for a company for wages or a salary.

Employee Dismissal: refers to termination of employment by employer, with or without cause.

Employee Downsizing: is form of termination of employees caused by employee redundancy in an organization.

Employee Resignation: refers to when an employee gives his or her employer notice to terminate the contract of employment.

Market share: is the percentage of an Industry or Market's total sales that is earned by a particular company over a specified time period.

Organizational Performance: refers to the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

Profit growth: refers to financial benefit that is realized when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity.

Sales growth: The amount by which the average sales volume of a company's products or services has grown, typically from year to year.

Separation Strategies: is the process of efficiently and fairly terminating workers that is ending employment relationship. It takes the form of retrenchment, dismissal, downsizing, right sizing, layoffs and resignation.

ACKNOWLEDGEMENT

I would like to thank the almighty God for giving me good health and enabling me to complete this research thesis. Special thanks go to my Supervisors Dr. Bernard Nassiuma and Dr. Benjamin Tarus for their consistent advice, dedication and guidance on how to come up with the correct research thesis. I cannot forget their encouragement, and determination to see that I complete the research in good time and in the appropriate format. I also wish to acknowledge University of Eldoret, for giving me the opportunity and conducive environment of studying. I also acknowledge Eldoret Grains Company Ltd for allowing me to conduct a validity and reliability testing of my research instrument, Eldoret Milling Companies for allowing me to conduct my research in their companies when the majority of companies declined, the employees and Managers of Milling Companies for their willingness to take their time out of their busy schedules to participate in this project, particularly, the leadership in this companies. Not to forget NACOSTI for providing the research permit to carry out my study promptly. Lastly I will not forget the support and encouragement of my family, friends and colleagues. Thank you all.

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter presents the background to the study, statement of the problem, purpose of the study, research objectives, hypotheses, significance of the study, scope, and limitations of the study.

1.1 Background of the Study

High Performance in organizations is not a matter of luck. It is determined by the type of strategies that leaders use to run the organizations. Continuous Performance is the objective of any organization because only through performance, organizations are able to grow and progress (Velcu, 2007). Performance is an issue of concern to employees and organisations, given that it could have some impact on employee separation (Sparrow and Marchington, 1998). One of the strategies that organizations use to attain superior performance in the 21st century is separation strategies. The most frequent justification for employee separation in organizations is the intention to reduce its staffing levels in order to cut costs or to take advantage of technological advances which require fewer people to operate the business (Cole, 2004). Equally the attainments of efficiency and effectiveness as suggested by (Hubbard 2001), advances in information systems and production technologies have facilitated the outsourcing of many operations traditionally carried out within the boundaries of the firm (Mamoria and Gankar, 2001). Organizational performance is realized by opting for the best separation strategies (Hutchinson, 2004).

These aspects to a great extent justify employee separation in organisations. Employee separation in most organisations has engendered considerable fear and distrust in management, particularly on the part of the lower level employees (Cameron, 2004). However, employee separation may also play a valuable role in matching ability to available jobs, and therefore can be optimally used when the ability of the agent is uncertain (Armstrong, 2006). Human Resource development should be globally competitive and adaptive human resource base (Kenya vision, 2030). This is meant to meet the requirements of vision 2030 which states that Kenya's main potential lies in the people- their creativity, work ethic, education, their entrepreneurial and other skills.

Many restructuring activities that involve in various separation strategies do not result in healthier organization (DeWitt, 2008). Employee separation covers all hierarchical levels of staff in the organization (Kreither, 2003). In Kenya most of the organizations have terminated their employees and management in the last decade for instance, Kenya Airways. Employee separation is one of the very important and crucial function process of Human Resource Department (McCune, 2003). Employees who have been terminated without due process or handled in an efficient manner, has led to various legal complications resulting involvement of court cases (Bayer, 2000). Restructurings typically result in more decentralized organizational forms with increased use of delegation, teamwork and fragmented core periphery workforces as covert control mechanisms (Kreither, 2003).

Termination usually has an impact on employee's effectiveness. It is at this point that the current study laid more emphasis and focused mainly on management of the flour milling

firms to take keen look as early as at the stage of man power planning. Proper staffing predetermines the strength of individual employees for each particular job which may reduce the shortcomings which results into termination. The flour milling firms in the manufacturing sector have proven to produce superior human nutrition, animal nutrition and animal health products and services within Eastern Africa. Unga family brands are milled using superior quality grains, selected to achieve high customer satisfaction levels at the same time ensuring that the nutritional value is retained in products when utilized. One of Flour Milling firms, that is Unga Millers is headquartered in Nairobi with flour mills in Eldoret, Nakuru and Mombasa and was founded in 1900s. This study examined the effects of separation employees in these organizations and the effects on performance and suggested potential solutions at the Flour Milling firms in Eldoret town, Uasin Gishu County, Kenya.

1.2 Statement of the Problem

Through organizational performance, efficiency, productivity and profitability are realized, and in the absence of these, some strategies as employee separations in organizations (Fisher & White, 2000) are opted for. In Kenya, milling, corporations industries create employment for over 10,000 people since what they produce is what is largely depended on in consumption and animal feeding. Livestock has also become the most dependable income generating projects thus the milling companies in Kenya are to produce quality and adequate supplies of maize meal and animal feeds. When they engage in the production, the Companies would wish to maximize profits and minimize costs. This is when organizations usually adopt such measures as downsizing and

dismissal so as to improve their efficiency and profitability by retrenching extra employees (Wayhan and Wenner, 2000). However, according to Coutler and Robbins (2007) this may not bring positive changes to the organizations since there may be effects on the remaining employees in the organization. Companies that simply reduce headcounts, without making other changes do not achieve the long-term success they desire. Companies should engage optimal Human resources for the realization of organizational goals such as profitability, efficiency and productivity. However, there have been notable failures of many downsizing initiatives to deliver this benefit (Cascio 2001). Because of that failures, and because downsizing has impacted many employees, much research has focused on understanding negative aspects downsizing, including reduced survivor attachment to the organizations retention (Armstrong, Cameroon 2003).

The organizations main potential lies in the people, their creativity, work ethics, education and entrepreneurial skills (Becker, 2001). Despite studies that have been done on separation strategies in milling firms, the way the strategies are practiced in carrying out employee separation seem not to generate the desired results leading to mixed reactions from employees in the Kenya Unga Milling Firms. Moreover studies have been conducted on how employee separation strategies impact on organizational performance but have not looked at how best these strategies are used. In view of the above some more research need to be done to find out how best the strategies can be done to enable organizations make profits. It is little understood as to whether employee separation strategies result in efficiency, productivity competitiveness hence the need for this study.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to determine the effects of employee separation strategies on organizational performance at Flour milling firms in Uasin Gishu County.

1.3.2 Specific Objectives

- i. To analyse the influence of downsizing on organizational performance
- ii. To examine the effects of employee dismissal on organizational performance
- iii. To examine the effects of employee resignation on organizational performance.

1.4 Research Hypotheses

The study was guided by the following hypotheses:-

Ho₁. There is no significant relationship between downsizing and organizational Performance.

Ho₂ There is no significant relationship between employee dismissal and organizational Performance

Ho₃. There is no significant relationship between employee resignation and organizational Performance

1.5 Significance of the Study

This study will be of great importance to Unga Milling Companies Management teams and the policy makers in that it will guide them to adopt appropriate employee separation strategies that will counter the potential adverse effects on employee's performance. The effective strategies are known to improve an organizations performance (Poister, 2010). The information can also be used by various organizations in carrying out the Employee separation to adopt the right strategies which will not affect the performance of their organizations. This will also assist the government to ease employment problems for the youths. If properly carried out it will also have the effect of cost reduction to the organization hence profitability and efficiency. The society will also benefit from the availability of employment opportunities. The study will also be significant in that it will avail and create awareness to the managers on how to handle employee separation through termination, dismissal and downsizing without affecting the remaining employees. The remaining employees will utilize their capabilities thus raising organizational profitability.

1.6 Scope of the Study

This research study was conducted at flour Milling Companies in Uasin Gishu County Kenya, and it addressed the issues on effects of employee separation strategies on performance of the companies and also on the performance of the remaining employees'. It covered the effects of downsizing, dismissal and resignation of employees. The study targeted Management, Middle level staff and production staff. The study was carried out

between April and June, 2016. The researcher pursued studies in Strategic Management thus understanding much of the issues in the field of study.

1.7 Limitations of the Study

Some of the respondents treated the research questionnaires with prejudice thinking that the study was to identify employees who do not mean well to the Company. They also thought that the questionnaires were to be used to investigate them and they might be victimized by the employers. Management staff was reluctant to fill the questionnaires because they found them to be time consuming. To overcome all the above the researcher presented an introduction letter from the University of Eldoret and the research permit from the government (NACOSTI) permitting her to carry out the research and assured the respondents of confidentiality and anonymity. The researcher also kept visiting the managers and requesting them to assist in filling the questionnaires to meet the study datelines until they cooperated and filled them. The researcher also confirmed to the respondents that the research was purely for academic purpose.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature on the subject of study, theories, empirical evidence and lastly presents conceptual framework.

2.1 Review of Theories

This study was informed by two theories which include institutional theory of downsizing and a theory of the natural and the duration of employment.

2.1.1 Institutional Theory of Downsizing

The study adopted Institutional Theory of Downsizing developed by McKinley and Hannan (2001). Studies have revealed that downsizing is not an absolute positive and beneficial practice to enterprises, and it usually ends up harming thousands of employees and causing social problems. But it has still remained a popular practice since the 1980s. It is puzzling that enterprises have known that downsizing is not necessarily advantageous to their companies, but they still insist on applying the practice. McKinley (2001) have explained this by using institutional theory to declare that three social forces from outside organizations make enterprises downsize even though they know the expected benefits of downsizing are not remarkable. The three institutional forces are constraining cloning (imitation) and learning. Since then, there has been some research proving that the institutional factor is one of the motivations making enterprises downsize (Budros, Lamertz & Baum 2009;). (McKinley (2001) further explained managers'

psychological processes in deciding the downsizing practices from the viewpoint of socio-cognition. They recognized that apart from economic and institutional factors and after going through the social cognition process, managers have considered that downsizing must be a legitimate and ethically acceptable management practice.

Managers have widely accepted the idea that downsizing has been institutionalized as an efficient and inevitable management practice. McKinley has considered that the institutional theory of downsizing would conclude: (1) the rationale behind downsizing decisions would derive from economic factors, institutional factors and social cognition. Some enterprises consider one single factor, some may consider two (for example, both economic and institutional factors), and some all three factors; (2) the downsizing decision made considering these three factors occurs mostly in the post-industrial societies in western countries.

The theoretical viewpoints from McKinley (2001) are rather meaningful because they provide more explicit explanations and predictions on the motivations of downsizing. Furthermore, they help people to better understand the practice of downsizing, which is the most commonly used strategy McKee-Ryan & Kinicki (2002). In this study, we aim to find out if institutional theory of downsizing can both explain the motivation of business downsizing and the phenomena happening in the process, for example, to explore if the downsizing practices could be influenced by institutionalization. Nevertheless, due to the lack of the downsizing theories, current institutional theories of downsizing remain a theoretical concept. Therefore, it is difficult to conduct empirical quantitative research with a big sample. So in-depth interviews were made with 18

enterprises in order to explore the possible existence of the combination of the three factors driving enterprises to practice downsizing. We also aim to verify if the existence of combined factors occurs only in the enterprise in the post-industrial societies and to find out if institutional factors also affect the downsizing strategies.

Downsizing explains that in order to adjust to the environmental changes, break through management difficulties can improve organizational efficiency, promote their competitiveness and productivity, companies use different methods to reduce costs, restructure organizations, and cut down labours.' Downsizing as the major or the last necessary resort has been widely used by both public and private sectors worldwide. It is recognized as the most effective management strategy to restructure organizations, promote organizational efficiency, and reduce organizational cost (Lewin & Johnson, 2000). In the past, downsizing was perceived as an indicator of organizational decline; now it is regarded as a formal strategy to restructure an organization (McKinley,2001). Managers even downsize and rebuild organizations consistently in order to promote productivity and increase share prices.

Even some profit-making companies, for example, Kodak, Citicorp, and Levi Strauss apply this strategy (Ellis, 2008). Downsizing cuts the number of employees deliberately (Landry, 2004). Due to its long-lasting popularity, it remains controversial whether it is advantageous or disadvantageous to organizations and employees (Cascio, 2001). The institutional theory of downsizing of (McKinley, 2001) has placed the emphasis on the research of motivation.

Causal Factors Driving Organizational Downsizing according to the literature, the motivations driving enterprises to downsize are different. The relevant ideas are summarized as: (a) macro-level factors (external management environment), like economic depression, government policies, merger and acquisition, technological development, heavy competition and deregulation; (b) micro-level factors (internal organizational environment), such as financial difficulties or losses, bad performance, inappropriate HR management, organizational reconstruction, seasonal adjustments, and budget constraints. (Baron 2007) have also taken the trend of global competition into account and summarized the following factors: (a) global trends which cause the enterprises to encounter stronger competitors; (b) the shortened product life cycle forces enterprises to act on this situation; (c) increasing labour costs makes companies cut the number of employees in order to reduce HR costs; (d) due to the development of information systems, much administrative work has been automated, hence the demand for labour is reduced; (e) the arrangement for flex-work reduces the companies' willingness to employ formal employees; and (f) shareholders' demand for higher return on equity (Dessler, 2000). The organizational decline is the major reason for downsizing Greenhalgh (2001).

Still many other enterprises have downsized for other reasons, for example to gain competitive advantage and technological upgrading (Shar, 2000). In the 1990s, many enterprises have also down downsized after mergers and acquisitions in order to gain economic scale. The puzzling problem is that the result of downsizing is not always what enterprises have predicated (Cascio, 2002). There are other hidden costs of downsizing, such as the deconstruction of organizational network (Fisher & While 200), the negative

psychological effect on the employees and even the erosion on the companies' social capital (McKinley (2000) have incorporated the institutional social factors and divided the motivation of downsizing into three categories: economic factors, institutional factors and social cognition.

Economic factors for those organizations using efficient effective economic behaviours to gain profits and satisfy their stakeholders, their actions are naturally economically motivated, Most of the studies since 1980s have pointed out the decline of organizations as the main reason for downsizing, such as pursuing new technology, competitive advantages, organizational effectiveness, and raising share prices (Cameron 2004).

Institutional factor according to the to the open system theory, organizations tend to be influenced by the external environment and to adjust their behaviours accordingly (McKinley 2001) have also provided another explanation. They proposed that downsizing was caused by three institutional external social forces: constraining, cloning (imitation), and learning. Managers implement downsizing due to the influences of social factors, This is because downsizing has been perceived as an institutionalized norm with legitimacy (Budros, 2009).

Social cognition (McKinley, 2000) viewed downsizing as a process proceeding according to social cognition. From the process of social interaction, managers collectively decide on the alternatives according to the schema of downsizing and expel the conformation bias, then make a cognizable and workable strategy. Additionally, the prevailing cultures in our society are employee self-reliance and de-bureaucratization. They simply mean the organization is continuously restructuring in dynamic environment

and the practices of downsizing are effective and inevitable actions. It has been an acceptable institution and a social reality in the business ethics

2.1.2 Theory of the Natural and the Duration of Employment

The theory of the natural or equilibrium rate of unemployment was developed by Robert Hall from the National Bureau of Economic Research Stanford, CA 94305, USA. It is built around a theory of the duration of employment. Most unemployed workers became unemployed because their previous jobs came to an end; only a minority is contemporary layoff or has just entered the labor force. Thus, high unemployment labor markets are generally ones where jobs are brief and there is a large flow of newly jobless workers. The model of the duration of employment posits that employment arrangements are the efficient outcome of the workers' and employers' interests about the length of jobs. Full equilibrium in the labor market also requires that the rate at which unemployed workers find new jobs be efficient (Miller, 2007).

The natural rate of unemployment is the level that would be ground out by the Walrasian system of general equilibrium equations, provided there is imbedded within them the actual structural characteristics of the labor and commodity markets, including market perfections, stochastic variability in demands and supplies, the cost of gathering information about job vacancies and labor availabilities, the costs of mobility, and so on (Freidman, 1988). Though this definition is hardly more than a list of things to think about in creating a theory of the natural rate, the basic notion that there is a natural rate has become reasonably well established, even among economists who resisted the idea at first and who now accept the principle but give it another name.

Most theoretical work on unemployment has focused on the search activities of the unemployed workers with permanent employment contracts who are on temporary layoff. But most of the unemployed have truly lost their jobs, and existing theories have little to say about why they became unemployed. By and large, workers become unemployed because their jobs are not permanent. The shorter the duration of employment, the greater is the flow of workers into the pool of the unemployed (Dessler, 1997).

The theory of the natural rate of unemployment is built around a theory of the duration of employment. The paper does not concern itself with disequilibrium or with problems of lags in the adjustment of wages, and is not aimed at deriving a Phillips curve. On the contrary, it is concerned only with the unemployment that exists in a labor market in some, but not all, of the considerations in Friedman's list. Their concern is primarily with creating an apparatus for a complete formal description of the stochastic equilibrium of the labour incorporated in the theory Pencavel (1979). The spirit of Friedman's definition is preserved: unemployment is treated as a phenomenon that can be understood within a general equilibrium Walrasian model, provided the model is suitably extended.

There are two other principal sources of unemployment apart from separations: temporary layoffs and market; in this respect their model is rather more microeconomic than the one presented here. They are not specifically concerned with the duration of employment, but their model embodies the general principle that workers leave their jobs whenever the expected returns to search elsewhere exceed the expected returns to remaining on the job.

A model of unemployment the efficient duration of employment depends on the cost of recruiting to the employer and on the cost of finding new jobs to the worker (Lucas, 2004). Tight markets where jobs are easy to find make workers more receptive to shorter jobs and higher separation rates, but impose higher recruiting costs on employers, so employers favor longer jobs. Though the analysis of the efficient duration of employment applies for almost any specification of the operation of the labor market, it seems useful to carry on the discussion within a particular model where it is possible to be completely clear about the mechanics of unemployment and its role in the economy. Duration of employment can be viewed as a characteristic of a job along with its wage. Then an efficient, employment contract sets a duration and a wage at a point where the isocost curve is tangent to the indifference curve. Such a point is a desirable compromise between the employer's desire to retain flexibility over future levels of employment and the workers' interest in stable employment (Lucas 2004).

2.1.3 Critique of Institutional Theory of Downsizing.

The finding of this theory was derived from eighteen firms in Taiwan however generalizing a widely acceptable theory needs the support of empirical evidence from quantitative research with larger sample. The downsizing practices were unsystematic action lacking supporting values. The theory does not distinguish between human behavior and actions. However because of the constraints of their smaller sample size, external downsizing theory actions are considered unsystematic actions that limit the generalization capability of institutional theory. This work suggests adopting higher level strategies and comprehensive systematic human resource management practices to make

institutional downsizing theory more explanatory (Cascio, 2002). Those downsizing practices were also unsystematic actions lacking supportive values; therefore, we suggest adopting higher level strategies and systematic HRM practices to verify the development of institutional downsizing theory as more explanatory and predictable (Tsai, 2006).

2.1.4 Critique of theory of unemployment Rate and the Duration of Employment

A theory of the natural or equilibrium rate of unemployment is built round theory duration of employment. Evidence is presented that most unemployed workers became unemployed because their previous jobs came to an end; only a minority are on temporary layoff or have just entered the labor force. Thus, high-unemployment labor markets are generally ones where jobs are brief and there is a large flow of newly jobless workers. The model of the duration of employment posits that employment arrangements are the efficient outcome of the balancing of workers' and employers' interests about the length of jobs. Full equilibrium in the labor market also requires that the rate at which unemployed workers find new jobs be efficient. Under plausible assumptions, the natural rate is independent of the supply or demand for labor.

Only the costs of recruiting, the costs of turnover to employers, the efficiency of matching jobs and workers, and the cost of unemployment to workers are likely to influence the natural rate of unemployment strongly.

Since these are probably stable over time, it is concluded that fluctuations in the natural unemployment rate are unlikely to contribute much to fluctuations in the observed unemployment rate.

2.2 Concept of Organizational Performance

Organizational Performance refers to the actual output or results of an organization as measured against its intended outputs or goals and objectives (Luecke, 2002). Every organization wishes to have a high productivity, fewer turnovers and to be profitable. Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations. Thus, many economists consider organizations and institutions similar to an engine in determining the economic, social and political process (Brady, 2002).

In this study, organizational performance is used rather than organizational productivity when we evaluate how well (how effectively and efficiently) organizations are doing in achieving their goals in their mission statements. For example, when Unga Milling Companies perform well and achieves high production, that is, produces large amounts of Unga and other cereals for large supply we can say that their production performance is at a high level. Although as Labans (2006) explained, performance is similar to productivity as the effective and efficient use of resources to achieve outcomes, performance in the public sector has broader meaning than productivity, and it is guided and assessed by multiple, equally important standards of effectiveness, efficiency, and equity.

Continuous performance is the focus of any organization because only through performance organizations are able to grow and progress (Bescos, 2004). According to (Pinar & Rogers 2003) while economists and industrial engineers have a precise definition (that is, output over input with quality considered) of productivity, administrators (or managers) have an ambiguous definition that has to do with overall performance of an organization with specific meaning varying from situation to situation. Thus Organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance (Velcu, 2007).

Although the concept of Organizational Performance is very common in the academic literature, its definition is wide because of its very many meanings. In 1950's Organizational Performance was defined as the extent to which organizations viewed as a social system fulfilled their objectives Becker & Gerjart (2005). Performance evaluation during this time was focused on work, people and organizational structure.

From 1970's performance was defined as an organization's ability to exploit its environment for accessing and using the limited resources (Prescot, 2001) Again in 1980's and 90's were marked by the realization that the identification of organizational objectives is more complex than initially considered Managers began to understand that an organization is successful if it accomplishes its goals (effectiveness) using minimum of resources (efficiency). Thus organizational theories that followed the supported the idea of an organization that achieves its performance objectives based on the constraints

imposed by the limited resources (Lushaus & Adrich, 2001). In the context profit became one of the many indicators of performance.

Thus the authors (Labans, 2006) provide a set of definitions to illustrate the organizational performance. Performance is a set of financial and non-financial indicators which offer information on the degree of achievement of objectives and results. Performance is dynamic, requiring judgement and interpretation. Performance may be illustrated by using a causal model that describes how current actions may affect future organizational results. Performance may be understood differently depending on the person involved in the assessment of organizational performance (such as performance can be understood differently from a person within the organization compared to the one from outside). To report on Organizational performance level, it is necessary to be able to quantify the results achieved. Most studies of organizational performance define performance as a dependent variable and seek to identify variables that produce variations in performance (Lshaus, 2001) . Organizational researchers live in two worlds. The first demands and rewards speculations about how to improve performance. The second demands and rewards adherence to rigorous standards of scholarship. In its efforts, to satisfy these often conflicting demands, the organizational research community sometimes responds by saying that inferences about the causes of performance cannot be made from the data available, and simultaneously goes ahead to make such inferences. Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations. Thus, many economists consider organizations and institutions similar to an engine in determining the economic, social and political progress. Continues performance is the

focus determinants of organizational performance. Again it can be defined as the extent to which organizations, viewed as a social system fulfilled their objectives (Huchinson, 2004) whereby performance is seen as an exploit to its environment for accessing and using the limited resources (Yuchtman 2004). Only through performance organizations are able to grow and progress; Thus organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance.

2.3 Concept of Employee Separation

Employee separation can be voluntary as well as involuntary. The former is when the employee quits the company on his or her own accord. This is the most common form of employee separation though in these recessionary times, involuntary separation or the act of asking the employee to leave by management is quite common Mishara & Mishr (2004). This form of employee separation where an employee is asked to quit is called involuntary separation. The difference in these two forms of separation is that for voluntary exits, the employees stands to get more of the benefits perks due to them whereas when an employee is asked to leave, he or she might get a separation package or in instances where disciplinary performance related exists take place, the employee might not get anything at all Baron & Kreps (2007).

Employee separation can be explained as voluntary or involuntary termination of an employee (Mwere, 2007). In voluntary termination, many organizations attempt to determine why the employee is leaving by suing exit interviews. This type of interview provides insights into problem areas that need to be corrected in the organization.

Involuntary separations involve terminations and layoffs. Layoffs occur when there is not enough work for all employees. Laid-off employees are called back if and when the workload increases. Termination usually occurs when an employee is not performing his or her job or has broken a company rule (Leslie, 2000). He further suggests that termination should be made only as a last resort

The employment relationship can be termination at will by either the employer or the employee or the employee could resign for any reason, at will, and the employer could similarly dismiss an employee for any reason, at will (Berman, 2011). Mamoria & Gankar (2001) defines employee termination as often the last step in an unsuccessful attempt to help a worker meet work standards. Clear management implications include the cost associated with the selection and training of a new employee; the effect the termination may have on the morale of the discharged employee as well as those who remain and the consequences on the unemployment insurance costs.

Involuntary termination is the employee's departure at the hands of the employer. There are two basic types of involuntary termination, known often as being fired and laid off. To be fired, as opposed to being laid off, is generally thought of to be the employee's fault, and therefore is considered in most cases to be dishonourable and a sign of failure. Often, it may hinder the new jobseeker's chances of finding new employment, particularly if he/she has been fired from earlier jobs.

Separation and redeployment are the key features of long term planning. Benefits that are anticipated from retrenchment exercises would lower expenses, make decision making faster, bring out less bureaucracy and better internal communication (Graham and

Bennet, 2005). Retrenchment of the workforce will be seen to have become a way of life and feature of many organizations. The impetus of termination efforts will appear to be a desire to reduce costs and increase productivity, and overall competitiveness and overall productivity will not turn out to be valued by termination (Daft, 2007).

2.4 Employee Separation Strategies on Organizational Performance

This study focuses on the effects of separations strategies, that is, downsizing, dismissal or resignation on the quantity and quality of work in an organization. It indicates that employee separation may result in reduced creativity (Mishara & Mishr, 2004) and also has a negative impact on different aspects of quality improvement which reduces profitability in Companies.

Graham and Bennett (2008) describes employee separation or redundancy under employment protection (Consolidation) Act 178 a retrenched employee is redundant when the whole or main reason for his or her separation is that the employer's need for employees to do work of a particular kind in the place where he or she was employed have diminished or ceased. If an employee is no longer required in one section but instead of being made redundant is transferred to another section of the firm and displaces another employee who is dismissed, that employee is then redundant.

2.4.1 Effects of downsizing on Organizational Performance

Presumably the employees who will trust the management of the institution and think that layoffs were fair, just and well planned will have trust and confidence in the management deeds and actions.

Dale (2009) suggested that if management will not be receptive to employees, they may lack faith in the management and institutional commitment to the organization. Some employees will lack desire to continue working for the organization because they will have negative mood. Koontz and Wehrich (2008) suggested that the staff with the organization will be affected by the retrenchment strategies intended to improve organizational flexibility, increased employees' responsibility and streamlined operation. Employees will respond well with reduced trust when the organization breaks its psychological contact with them.

Deems (2001) brought out a host of negative moods that will occur on employees after retrenchment process. Workers will feel hopeless, irritable or unwanted at work. When employees feel this way, they will lack motivation and will not understand what they do poorly and what they do well, hence will not value their work. Chuck, Kondra & Conor (2005) describes retrenchment or layoffs as like road kill in the animal kingdom. As soon as the word goes round that someone is leaving (being laid off) from the company, the remaining co-workers start scheming to scavenge the office leftovers – chairs, computer monitors, filing cabinets, and even staplers. Mary Wong the president of a Human Resources Consultancy company found this issue to be practically everywhere, professionals, anyone you and I would normally consider to be very adult-turn into children” over the prospect of picking an empty office clean of its “goodness”.

Sometimes however, and this is where it gets disrespectful, office scavengers move in before the employee who has been laid off, leaves and invade the office. Ethics consultant Steve Lawler tells the story of a laid off manager, who just hours after hearing

the bad news was getting requests for the expensive Herman Miller Aeron chair in which he was still sitting. Office scavenging is a strange and predictable aspect of office life. It happens everywhere. But, if you must scavenge, and you probably will, do the right thing by maintaining the dignity of departing co-workers. Wait till the office is empty before you strike (Yeh, 2000).

Williams (2009) explains that downsizing is the planned of jobs in a company. Whether it is because of cost cutting, declining market share, or overaggressive hiring and growth, it is estimated that companies eliminate more than three million jobs a year. Two thirds of companies who downsize will downsize for the second time within a year. Does downsizing work? Susskind (2006). In theory, downsizing is supposed to lead to higher productivity and profits, better stock performance, and increased organizational flexibility. However, studies demonstrate that it doesn't. For instance a 15 years study, of downsizing found that downsizing 10 per cent decrease in costs that forms that downsized increased their stock price by a small percentage.

Before the layoffs companies need to pay attention to the "survivors, the employees remaining after layoffs have occurred. Susan Bowman, executive vice president for Human Resources at Guinity, an internet company that went through significant downsizing, says, these are people who are left running the company intuitively you have to know that people are distracted by these events. Management consultant (Zeithamal, 2003) agrees that the people who are left behind start looking behind their backs wondering whether they are the next. They need to be rejuvenated, so that they can refocus on the future. A company that endures a layoff mercilessly bleeds critical

personnel. It staggers from the loss of talent, knowledge, and morale for months, even years, after a layoff. The loss of productivity after a layoff is profound (Downs, 2005)

Richtner (2006) indicates downsizing breaks the network of informal relationships which are of crucial importance to innovators, who draw upon experience from various parts of the organization, building commitment and trust from senior management. Therefore, when organizations cut back on their staff numbers, the remaining members of the workforce have fewer avenues to receive such support and resources. Bommer (1999) found out that downsizing is associated with less risk-taking among employees; reduced willingness to make suggestions; lower motivation to work, and increased amounts of fear, all which are cumulatively deleterious to creativity. Richner (2006) concludes that this novelty gap may spell fall to future innovative capabilities of downsizing firms.

Downsizing involves cutting costs, thus restructuring firms may provide less training for their employees, recruit less externally and reduce the research and development budget.

Downsizing affects the organizations stock of knowledge which Richer (2006) describes as the collective competence among the employees of the organization including formal and informal relationships. As employees separate with the organization, critical skills may be lost which can damage customer relationships or operations. Gupta (1990) showed that if there were too many inexperienced project members, the product development process may generally be delayed. Downsizing also impacts the knowledge creation process that Richer (2006) conceptualizes as the ability to share and transfer knowledge among employees within an organization. However, in periods of downsizing, firms

may lay off those who would have been more instrumental in creating this knowledge thus leaving the organization without key expertise.

Generally downsizing has adverse effects on the firm's reputation for social performance. Firms are combinations of inimitable and distinctive resources and capabilities' hence by destabilizing these unique attributes through downsizing, the reputation is negatively impacted. The perceived diminishing of future of future prospects of the firm is injurious to its reputation, given the proven link between financial performance and corporate reputation.

From the violation of the psychological contracts, the normative ground rules through which society tries to regulate the fairness, of implicit contractual agreements, the general society tends to view the organization negatively once it makes known its intentions to downsize. It is more likely that the society, in general changes the perception of an organization that is undergoing a restructuring programme. For example potential employees are unlikely to embrace opportunities that arise in such a company due to uncertainty (Nunfee, 2008)

The employees who separate from the company may perceive management as having behaved unjustly or unfairly thus contributing to a feeling of job insecurity (Sahdev, 2004) Sahdev further points out that those who remain in employment tend to lose the belief that their contribution to the business will always be rewarded in future. As a result, survivors of downsizing may become unduly risk averse and very narrowly focused, and therefore less creative or overly resistant to change. (Williams 1998) suggests that during the transitional period, managers must anticipate that those who are

likely to leave the organization will spend most of their time looking for jobs, and not attending to their normal business.

In instances where downsizing is not well managed, those who remain, the survivors, are often described as suffering for “survivors sickness’ or “survivor syndrome’ (Appelbaum 2001) . Noer (1996) defines “survivor sickness’ as a term that describes the attitudes, feelings and perceptions that occur in employees who remain after involuntary staff reduction. Survivors may exhibit a range of emotions including fea, insecurity, uncertainty, betrayal, and distrust. All of these negatively impact on their performance in workplace.

2.4.2 Effects of Employee resignation on Organizational Performance

Resignation occurs when an employee gives his or her employer notice to terminate the contract of employment (Graham and Bennett 2008). The minimum period of notice may be whatever is customary, the period laid down in the Employment protection (Consolidation) Act 1978, could be one week, or the period expressly stated in the contract. A resignation is the formal act of giving up or quitting one’s office or position. It can also refer to the act of admitting defeat in game like chess, indicated by the resigning player declaring I resign, turning his king on its side, extending his hand, or stopping the chess clock.

Resignations at any work place may always harm the sentiments of existing employee who foresees his/her career within the organization and such sentimental distortion often provokes a place to be turned into an unrest environment. Resignation is a ritual to any

organization and the management should know the art of handling it and the consequences it pronounces in its surroundings. Whenever employees of any organization resign, there are chances that the employees of the organization may have a rage against some issues and possibly get into an act which is against the organization (Simba, 2001). Some of the reasons for resignation are the new rules and policies and sometimes extra training by the organization. No benefits and extensive work load and responsibility, stress (Mantziaris, 1997) also are some of the reasons for resignations. The highly technical skilled employees of private organization are facing brain drain where compensation is problem which often cause resignations (Simba, 2001).

The resignation of employees no matter if they are just or unjust or given forcefully or unforceful always pave way for the resigned employee to talk ill about the bosses and organizations and evolve conflict between the existing employee and management (Simba, 2001). Employee's satisfaction, motivation and task performance are the elements that represent organizational environment (Newman, 2002), and it can rottenly be affected by any abrupt distortion like resignation. A resignation can occur when a person holding a position gained by election or appointment steps down, but leaving a position upon the expiration of a term is not considered resignation. When an employee chooses to leave a position it is considered a resignation as opposed to termination, which occurs when the employee involuntarily loses a job (Mwere, 2007). This is a topic of dispute, because in many situations a terminated employee is eligible for severance pay or unemployment benefit.

An employee resignation always causes some disruption in the workflow, however, if the employee resigning is valued and it is decided to let him or her work their final two weeks, they can do a lot to make the transition successful (Gupta, 2005). Employee resignations of any type can have an impact on the efficiency and productivity of the workforce. Managerial resignations tend to leave a larger void due to the added responsibility a manager takes on (Graham & Bennet, 2005).

No matter how desirable the company is as an employer, employees resign. Employees resign for many right reasons and occasionally, for wrong reasons, too. Employees move to be closer to family when they decide to start a family because they want to live close to a support group to help raise their children (Simba, 2001)

Employees resign because they receive job offers that will catapult their careers when similar opportunities are unavailable in your firm. Employees resign to leave bad bosses whereby it is not proper for employers to allow this resignation to occur. These are all positive reasons why employees resign. Employee can resign when a company is experiencing a downward spiral, losing customers, losing money, and rumours of possible closure, bankruptcy and failure prevail. Secondly when one's relationship with the manager is damaged beyond repair. He/she has sought help but you know it is too damaged for recovery. Perhaps one was untrustworthy, missed work on too many days, or the manager acts like an untrustworthy jerk. Kernan (2002). Whatever the reason, the relationship is irrecoverably damaged.

An employee's values are at odds with the corporate culture. Perhaps Katz, (2010) the company is egalitarian and you believe in assigned parking spots for salaried employees.

Your company does annual employee satisfaction surveys and you think these are a waste of time. The company is hierarchical and you want to influence every aspect of your job. For whatever reason, one has behaved in ways that are considered improper at work. One missed too many days of work, slacked off on the job, failed to maintain needed skills and just generally developed the reputation of a loser. One's stress level is so high at work that it is affecting one's physical or mental health and the relationships with friends and family. Watch for the signs of burnout and if they can't be cured, move on.

2.4.3 Effects of Employee Dismissal on Organizational Performance

Employee dismissal should only be made as a last resort because it carries a lot of implications. When a company has hired an employee and invested resources in the employee, dismissal results in a low return on the organization's investment. Training and counselling often are tried before firing an individual. However, (Bayer, 2000) when rehabilitation fails, the best action is usually termination because of the negative impact a disgruntled or misfit employee can have on others in the organization.

If dismissal of an employee is going to occur, the company should, where possible, deal with it according to the method which is acceptable. It must also observe the relevant provisions of the Kenya Employment Protection Act 1975. The employer must consult the appropriate independent trade union so that discussions may be held with a view to dismissal or mitigating the effect.

Some managers will report that dismissals will decidedly have negative effects on productivity, morale and overall commitment. Researcher will report such dismissal

policies to have effects on loyalty and organizational commitment will lower motivation and productivity and increase resistance to change (Glueck, 1989). Being fired has a strong stigma in many cultures. To be fired, as opposed to quitting voluntarily (or being laid off), is often perceived as being the employee's fault and is therefore considered to be disgraceful and a sign of failure. Finding new employment may often be difficult after being fired, particularly if there is a history of being fired from previous jobs, if the reason for firing is for some serious infraction, or the employee did not hold the job very long. Job seekers will often not mention jobs that they were fired from on their resumes; accordingly, unexplained gaps in employment are often regarded as a red flag (Koontz and Weihrich, 2008).

Graham and Bennet (2008) suggest that employees feeling of job insecurity will depend on threat to their jobs and perceptions of control. Employees will come to perceive that they will be performing their tasks in order to maintain their job insecurity. (Dessler, 2007) identified two different components. They suggested the employees of job insecurity in organization will depend on their feelings of insecurity about their occupation in the organization they work for and on the availability of work demand.

Non-profit corporations and charities recognize that their employees are a vital resource, without whom, the organization could not function. While the majority of employment relationships do not end with a dismissal of an employee for cause, some unfortunately arising reasons for dismissal with cause, and provides guidance to employers to avoid for wrongful dismissal lawsuits in instances where dismissal for cause to contemplated. For the employer to dismiss and employee without any statutory or common law notice.

For an employer to dismiss an employee without any statutory or common law notice, the law requires that the employee must have done something contrary to the employment contract which has had the effect of undermining the entire employment relationship, such that there has been a fundamental breach of the contract De Witt (2000).

If an employee has been guilty of serious misconduct, habitual neglect of duty, incompetence, or conduct incompatible with his duties. Or prejudicial to the employer's business or if he has been guilty of wilful disobedience to the employer's orders in a matter of substance, the law recognizes the employer's right summarily to dismiss the delinquent employee and should do it procedurally to avoid letting other employees feeling not wanted and intimidated.

There arise certain situations where there is no doubt the employee must be dismissed with cause, prime examples, being flagrant instances of fraud or theft from the employer. However, many situations are not so clear and there is unfortunately no hard and fast method of determining what will constitute just cause. However, an employer considering dismissing an employee with cause for incompetence and poor performance should consider many factors prior to making final decision because finally it affects the organization in terms of performance (Daft, 1993). Further, prior to taking the step of dismissing an employee for cause, there are numerous situations where it would be appropriate to issue a warning to the employee that dismissal will result if the improper behaviour is repeated or, in the case of incompetence, the level of performance is not met.

Given the difficulties faced by employers in proving cause in certain situations, it would be advisable for employers to consider implementing the practice of progressive

discipline prior to imposing the ultimate penalty of dismissal with cause. Employers may be able to save themselves from large damage awards and legal fees by maintain and adhering to disciplinary. The implementation of the progressive discipline program will assist the employer in proving that it has done all it reasonably could rehabilitate the employer prior to taking the final step of dismissal. The reasons for the discipline and the punishments metered out to the employee should be carefully recorded on the employee's personal file. In the event of a wrongful dismissal action such evidence will be invaluable to prove that the employer acted properly (Bayer,2000)

Employees who feel that there will be no proper planning and that retrenchment will be disorganized will obviously have no assurance that layoffs would have the desired effects on organization's success. They would be left wondering if an additional round of poorly planned layoffs would be undertaken with similar haste and this time they will be affected. Several psychological perspectives offer some insight into the effects of layoffs on survivors. For example, layoffs may elicit anxiety produced by job insecurity that may in turn influence the performance of survivors Virick, Lilly and Casper (2007).

2.5 Conceptual Framework

The conceptual framework for this study was presented in Figure 2.1. The independent variables Separation Strategies whose dimensions are downsizing, dismissal and resignation. The dependent variable was organizational performance measured by Financial, Human Resource and Innovativeness. The indications for financial were sales growth, profit growth and market share.

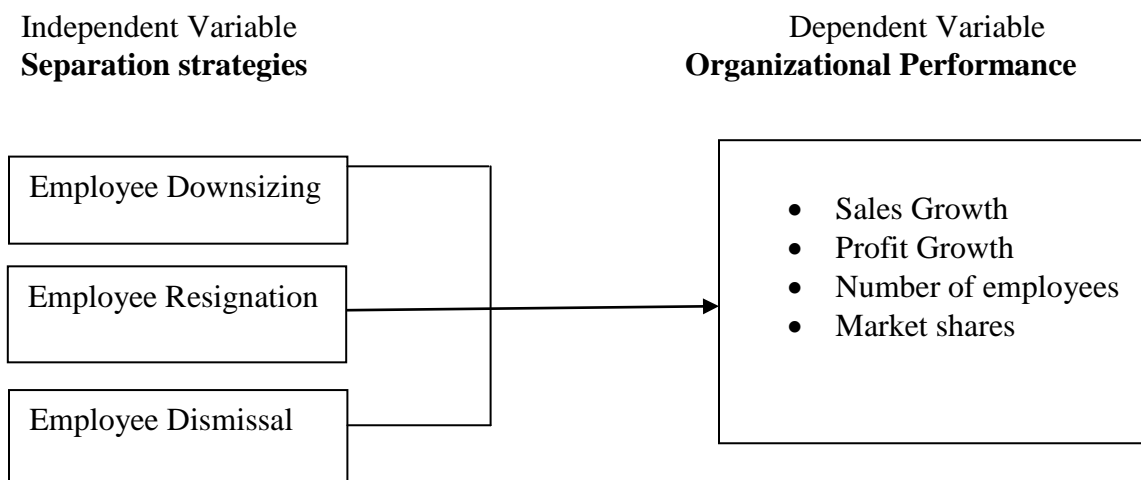


Figure 2.1 Employee Separation Strategies on Organizational performance

(Source: Author 2015)

2.6 Research Gap

From the above literature studies have linked the employee separation strategies on organizational performance. Scholars have shown inclusive findings on how Employee Downsizing, Employee Resignation and Employee Dismissal influence firm performance. Moreover, limited studies have been conducted in Kenya to show effect of employee separation strategies on organizational performance among firms in Kenya more so in flour milling firms in Uasin Gishu County. Downsizing has been promoted as a practice that can help an organization shift direction and reorient itself in relation to its customers. An important question, then, is whether downsizing and the associated employee layoffs are actually helpful for organizations. What happens to organizations that lay off workers? Do they really change for the better? Does downsizing help the organization become more efficient and more profitable?

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methodology and procedures that were followed when carrying out the study. It provides a description of the study area, research design, target population, sample size and sampling techniques, measurement of variables, data collecting instruments and data analysis method.

3.1 Study Area

The study was conducted in five Milling Companies in Eldoret town, Uasin Gishu County, Rift Valley at Eldoret Industrial area. Uasin Gishu County is a cosmopolitan area. It is one of the 47 counties of Kenya that measures 3,328 km². It borders Nandi, Kericho, Baringo, Elgeyo Marakwet, Trans Nzoia, and Kakamega counties. Eldoret is its capital city as well as its commercial centre. The county has six constituencies namely; Ainabkoi, Kapseret, Kesses, Moiben, Soy and Turbo. The county has five Miller manufacturing firms which include Unga group Ltd, Eldoret Grains Ltd, Ennet Millers, Eldoret Millers Ltd and Jamii Millers.

3.2 Research Design

The study employed a descriptive research design. The research design was suitable because it provided in-depth information from the respondents for this research because it helped in finding the relationship between the variables employee separation strategies

and their effects on organizational performance (Mugenda and Mugenda, 2003). The design was preferred because the population that was studied was large for other designs hence being convenient in terms of data collection hence getting meaningful, rich and in-depth results.

3.3 Target Population

Target population is a set of individuals with common observable characteristics of a particular nature Mugenda & Mugenda (1999) The study targeted a total population of 436 employees drawn from 5 miller manufacturing firms in Uasin County.

Table 3.1 Target Population

Firm Name	Employee
Unga Group Ltd	112
Eldoret Grains Ltd	98
Enet Millers Ltd	72
Eldoret Millers Ltd	76
Jamii Millers	78
Total	436

(Source: Company Database 2016)

3.4 Sample size

The sample size was obtained using the following Nassiuma (2000) formula;

$$Nc^2 / c^2 + (N - 1)e^2 = n$$

Where, n=Sample size, N=Population, c=covariance, e= standard error

Nassiuma, (2000) asserts that in most surveys, a coefficient of variation in the range of $21\% \leq C \leq 30\%$ and a standard error in the range $2\% \leq e \leq 5\%$ is usually acceptable. Therefore a coefficient variation of 30% and a standard error of 2% were used. The higher limit for coefficient of variation and standard error was selected so as to ensure low variability in the sample and minimize the degree or error

$$n = \frac{436 * (0.3)^2}{(0.3)^2 + \{(436 - 1) * (0.02)^2\}}$$

n =148 employees

Using this formula a sample of 148 employees was selected.

The sample frame of the study was stratified the projects into 5 stratus. A stratified random sample was useful blend of randomization and categorization, which enabled both a quantitative and qualitative process of research to be undertaken (Donald, Pamela and Schindler, 2008). The advantage in stratified random sampling is that it ensures inclusion, in the sample of subgroups, which otherwise, would be omitted entirely by other sampling methods because of their small numbers in the population. Neyman allocation formula was used to allocate employees into 5 five (stratus).

3.5 Data and Data Collection Instruments

Primary data collection method was used in the study and Semi Structured Questionnaires were used as data collection instruments developed by the researcher based on objectives under study. The questionnaires adopted five point likert scale

questions. The likert scale was preferred because it captures the intensity of how the respondent understands the question (Kothari, 2004). This allowed the respondents to give their opinions where necessary. The primary data was gathered from the respondents, who included employees and casual workers, while the secondary data was obtained from journals, and policy documents of the organization.

3.6 Validity and Reliability

Validity refers to the accuracy and meaningfulness of the inferences to be tested in the research findings Mugenda & Mugenda (2003) while reliability refers to the degree to which the assessment tool produces stability and consistent results. Before data collection, the Researcher took fifteen percent of the sample size and distributed to a similar company Eldoret Grains Ltd tested the validity and reliability of the research instrument. In a big enquiry the significance of pilot survey is felt very much, (Kothari, 2004). Pilot study is the replica and rehearsal of the main survey. The purpose of the test was to refine the questionnaire and to eliminate the possibility of difficulties in answering the questions and to ascertain that it covered the research problem that was investigated. This was to ensure that all the questions in the questionnaire were fully understood by the targeted respondents. It also informed the researcher the approximate time the respondents were to take to fill the questionnaires.

Fifteen respondents were involved for the pilot study to ascertain the validity and reliability of the research at Eldoret Grains Company Ltd which gave a result of an Cronbach alpha values more than threshold of 0.7. DeVellis, (2012) was indicating reliability of research instrument. This ensured that the instrument was consistent,

capable of collecting adequate and reliable data and that was understood by the target population. This was established by defining the objectives of the study at the Unga Milling Companies. The validity of the questionnaire, considered the three main types of validity that were measurement validity, internal validity, and external validity.

Table 3.2 Reliability Test Results

	Cronbach alpha
Employee Downsizing	0.735
Employee Dismissal	0.702
Employee Resignation	0.834

(Source: Author, 2016)

3.7 Data Analysis

The data was sorted, compiled, classified, coded and analyzed by use of descriptive statistics and inferential statistical techniques with aid of Statistical Product and Service Solutions (SPSS) version 20. Data was analyzed using both descriptive and inferential statistical method. The statistical tool such as measures of central tendency such as mean, mode and standard deviation was used. ANOVA was used to test the hypothesis. Pearson correlation coefficients r and multiple regression models were used to analyse the data. Multiple regression analysis is applied to analyse the relationship between a single dependent variable and several independent variables (Pamela, 2004). The study also utilized variable inflation factor (VIF) which handled the issue of Multicollineality. Data was presented using frequency tables and cross tabulations.

The regression equation of the study was applied as shown below

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where, Y = organizational performance

α = Constant

$\beta_1 \dots \beta_3$ = the slope representing degree of change in independent variable by one unit variable.

X_1 = Employee Downsizing

X_2 = Employee Dismissal

X_3 = Employee Resignation

ε = term error

3.8 Ethical Considerations

Mugenda & Mugenda (1999) explains research ethic as principles that a researcher should abide by when conducting a research since every organizations has policies and rules governing their operations hence every researcher should seek permission before undertaking any research in any given organization. The researcher maintained high ethical standards of research by obtaining research permit from NACOSTI and authority from the School prior to undertaking the study to avoid violating any human rights such as confidentiality and privacy. The researcher also abided by the regulations and policies

of the Companies under study. In addition, respondents were advised not to indicate their names on the questionnaires and they were assured by the letter accompanying the questionnaires that the exercise was for purely academic purposes and that the University had authorized the research. Anonymity of respondents and confidentiality were observed by using numbers and pseudo names.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

This chapter presents analysis and findings of the study as set out in the research objectives. The study findings are presented on the effects of employee separation strategies on organizational performance.

4.1 Response Rate

The researcher targeted 148 respondents and out of the 148 questionnaires issued 114 questionnaires were filled which represent 77.02%. This response rate was adequate for analysis and reporting. This ensures a smaller margin of error and good precision (DeVellis, 2012)

4.2 Background Information

The background information put into consideration was gender age, highest educational, job tenure and job position. The gender of the respondents was sought by the researcher. As shown in the Table 4.1, 65.8% (75) are male and 34.2% (39) are female. This shows that there were more male than female members in the organizations.

The study put into account the age bracket of the respondents. 54.4% (62) of the respondents are between 41 to 50 years, 41.2% (47) are between 31 to 40 years and 1.8% (2) are between 20 to 30 years. Majority of the respondents according to the study

findings were 41 years and above and were mature enough to provide analytical opinion on the effect separation strategies on organizational performance. The study put five variables to depict the education attained by the respondents. The variables were Certificate, Diploma, Degree, Bachelors, Masters and PhD. The findings were Certificate 6.1%, Diploma were 40.4%, Degree were 39.5%, Masters were 12.3% and those with PhD were 1.8%.

Table 4.1 Background Information

		Frequency	Percent
Gender	Male	75	65.8
	Female	39	34.2
	Total	114	100
Age	20-30	2	1.8
	31-40	47	41.2
	41-50	62	54.4
	50 and above	3	2.6
	Total	114	100
Highest educational	PhD	2	1.8
	Masters	14	12.3
	Bachelors Degree	45	39.5
	Diploma	46	40.4
	Certificates	7	6.1
	Total	114	100
Job tenure	1-4 years	11	9.6
	5-8 years	43	37.7
	9-12 years	47	41.2
	above 12 years	13	11.4
	Total	114	100
Job position	manager	47	41.2
	middle staff	47	41.2
	production staff	20	17.5
Total		114	100

(Source: Field Data, 2016)

These findings implied that most of the respondents were qualified to understand the nature of the study problem and had technical knowledge and skills on the study problem and thus provided the study with reliable information.

Job tenure was also sought by the study. From the findings, 9.6% (11) of the respondents have worked for 1 to 4 years, 11.4% (13) for over 12 years, 37.7% (43) 5 to 8 years and 41.2% (47) of them for 9 to 12 years. From the foregoing, the respondents had high working experience and were relied upon to provide reliable data on the study problem.

The respondents' job position was sought by the study. From the results, 17.5% (20) were production staff, 41.2% (47) middle staff and 41.2% (47) management. Given the contribution of each respondent, there was a diversified base of information.

4.3 Influence of Employee Downsizing and Organizational Performance

This section focused on employee downsizing. The findings are as presented in Table 4.2. The respondents were asked whether downsizing strategy in the company has resulted in the reduction of the number of employees in the last few years.

Table 4.2 Influence of employee Downsizing and Organizational Performance

		SD	D	N	A	SA	Mean	Std. ev
Resulted in the reduction of the number of employees in the last few years	Freq.	1	22	31	59	1	3.32	0.825
	%	0.9	19.3	27.2	51.8	0.9		
Been the common form of employee separation in the organization	Freq.	0	8	30	34	42	3.96	0.959
	%	0	7	26.3	29.8	36.8		
Been well adopted and carried out properly in the company	Freq.	0	3	34	47	30	3.91	0.815
	%	0	2.6	29.8	41.2	26.3		
Been used to remove employees who do not meet performance standards	Freq.	0	18	38	52	6	3.4	0.817
	%	0	15.8	33.3	45.6	5.3		
Been recognized as an effective Management strategy to restructure the Company	Freq.	6	2	40	59	7	3.52	0.854
	%	5.3	1.8	35.1	51.8	6.1		
Focused on employees who do not adhere to Company rules.	Freq.	0	7	33	55	19	3.75	0.804
	%	0	6.1	28.9	48.2	16.7		
Been used to retrench employees in order to overcome financial difficulties	Freq.	0	19	45	49	1	3.28	0.747
	%	0	16.7	39.5	43	0.9		
Before retrenchment the employer always notifies the Minister of labour & Unions before effective date.	Freq.	0	3	28	26	57	4.2	0.904
	%	0	2.6	24.6	22.8	50		
Mean		3.67						
Std. Deviation		0.4897						
Skewness		-0.749						
Kurtosis		-0.082						

(Source: Field, 2016)

The results from the study revealed that, of the total respondents, 0.9% (1) strongly agreed that downsizing strategy in the company has resulted in the reduction of the number of employees in the last few years, 51.8% (59) of them agreed, 19.3% (22) disagreed, 0.9% (1) strongly disagreed while 27.2% (31) of the respondents were neutral.

The mean value was 3.32 and standard deviation 0.825 implying that there is still uncertainty as to whether downsizing strategy in the company has resulted in the reduction of the number of employees in the last few years.

In determining whether downsizing strategy has been the common form of employee separation in the organization, the study revealed that; 36.8% (42) of the respondents strongly agreed, 29.8% (44) of them agreed, 7% (8) disagreed while 26.3% (30) of the respondents were neutral. The results summed up to a mean of 3.91 and standard deviation of 0.815. It can therefore be inferred that downsizing strategy is the common form of employee separation.

In a related question of whether downsizing strategy in the company has been well adopted, results from the study revealed that, the question had a mean of 3.91 and standard deviation of 0.815. This was as a result of 26.3% (30) of the respondents strongly agreeing, 41.2% (47) agreeing, 26% (3) disagreeing, and 29.8% (34) being uncertain.

In order to find out whether, downsizing strategy in the company has been used to remove employees who do not meet performance standards, respondents were asked to state the degree to which they concurred with the above. Of the total respondents, 53% (6) of the respondents strongly agreed, 45.6% (52) of them agreed, 15.8% (18) disagreed, while 33% (38) of them were neutral. The results summed up to a mean of 3.4 and standard deviation of 0.817 meaning it has not been fully established if downsizing strategy has been used to remove employees who do not meet performance standards.

The study further enquired from the respondents whether downsizing strategy in the company has been recognized as an effective management strategy to restructure the company. The results revealed that 6.1% (7) of the respondents strongly agreed, 51.8% (59) of them agreed, 1.8% (2) disagreed, 5.3% (6) strongly disagreed while 35.1% (40) of the respondents were neutral. The results summed up to a mean of 3.52 and standard deviation of 0.854 inferring that downsizing is considered an effective management strategy to restructure the company.

In a bid to establish if downsizing strategy has focused on employees who do not adhere to the company rules, the respondents were asked to respond accordingly. 16.7% (19) of the respondents strongly agreed, 48.2% (55) of them agreed, 6.1% (7) disagreed and 28.9% (33) of the respondents were neutral. The item realized a mean of 3.75 and standard deviation of 0.804 revealing that downsizing strategy focused on those employees that do not adhere to company rules.

To establish whether downsizing strategy has been used to retrench employees in order to overcome financial difficulties, respondents were requested for their opinion and the results were such that, 0.9% (1) of the respondents strongly agreed, 43% (9) of them agreed, 16.7% (19) of them disagreed while 39.5% (45) of the respondents were neutral. The results summed up to a mean of 3.28 and standard deviation of 0.747 an indication that it is undefined if downsizing strategy has been used to retrench employees in order to overcome financial difficulties. In order to ascertain if before retrenchment the employer always notifies the Minister of labour & Unions before effective date ,results revealed that, 50% (57) of them strongly agreed, 22.8% (26) of them agreed, 2.6% (3) of them

disagreed and 24.6% (28) of the respondents were neutral. This summed up to a mean of 4.2 and standard deviation of 0.904 on the whole, before retrenchment, the employer notifies the Minister of labour & Unions before effective date.

In general, the results on employee downsizing summed up to a mean of 3.67, standard deviation of 0.4897, Skewness -0.949 and kurtosis -0.082. This infers that most of the respondents were agreeable and there is less variation in the responses. Additionally, the skewness and kurtosis values ranged from -1.96 to +1.96 hence there was normal distribution of the responses.

4.4 Effects of Employee Resignation on Organizational Performance.

This section of the analysis presents the results on employee resignation on organizational performance. The results are as present Table 4.3

Table 4.3 Employee Resignation on Organizational Performance

		SD	D	N	A	SA	Mean	Std. Dev
Resulted in the reduction in number of employees hence affecting firm performance	Freq.	0	9	35	44	26	3.76	0.895
	%	0	7.9	30.7	38.6	22.8		
Been due to poor working conditions	Freq.	0	10	11	75	18	3.89	0.773
	%	0	8.8	9.6	65.8	15.8		
Resulted in Low levels of innovation	Freq.	0	8	32	51	23	3.78	0.849
	%	0	7	28.1	44.7	20.2		
Been organized that the Company talks to employees who give notification for resignation	Freq.	0	1	36	46	31	3.94	0.79
	%	0	0.9	31.6	40.4	27.2		
Been due to lack of management appreciation	Freq.	0	16	35	44	19	3.58	0.93
	%	0	14	30.7	38.6	16.7		
Resulted in a high staff turnover	Freq.	0	14	36	33	31	3.71	1.002
	%	0	12.3	31.6	28.9	27.2		
Always received a good send-off party and good compensation	Freq.	0	12	30	46	26	3.75	0.927
	%	0	10.5	26.3	40.4	22.8		
Been based on Company HR policy	Freq.	0	14	37	32	31	3.7	1.004
	%	0	12.3	32.5	28.1	27.2		
Employee resignation	Mean		3.7643					
	Std. Deviation		0.6139					
	Skewness		-1.079					
	Kurtosis		0.76					

(Source: Field Data, 2016)

The study sought to find out if employee resignation has resulted in the reduction in number of employees hence affecting firm performance. From the findings, 22.8% (26) of the respondents strongly agreed that employee resignation has resulted in the reduction in number of employees hence affecting firm performance, 38.6% (44) of them agreed, 7.9% (9) disagreed while 30.7% (35) of the respondents were neutral. The mean value of 3.76 was confirmation that employee resignation has resulted in the reduction in number of employees hence affecting firm performance while the standard deviation of 0.895 further revealed less degree of variation in the responses.

To establish if employee resignation has been due to poor working conditions, the respondents were asked to respond accordingly. 15.8% (18) of the respondents strongly agreed, 65.8% (75) of them agreed, 8.8% (10) disagreed and 9.6% (11) of the respondents were neutral. The item realized a mean of 3.89 and standard deviation of 0.773 revealing that poor working conditions contributed to employee resignation.

To find out whether employee resignation has resulted in low levels of innovation, respondents were requested for their opinion and the results were such that, 20.2% (23) of the respondents strongly agreed, 44.7% (51) of them agreed, 7% (8) of them disagreed while 28.1% (32) of the respondents were neutral. The results summed up to a mean of 3.78 and standard deviation of 0.849 an indication that employee resignation has resulted to low levels of innovation.

In order to ascertain whether the organizations talks to employees after employees give notification for resignation, results revealed that, 27.2% (31) of them strongly agreed, 40.4% (46) of them agreed, 0.9% (1) of them disagreed and 31.6% (36) of the respondents were neutral. This summed up to a mean of 3.94 and standard deviation of 0.79. On the whole, employee resignation has been organized such that the company talks to employees who give notification for resignation.

In order to find out if employee resignation in the company has been due to lack of management appreciation, the respondents were asked for their views on this and the results showed that 16.7% (19) of the respondents strongly agreed, 38.6% (44) of them agreed, 14% (16) disagreed and 30.7% (35) of the respondents were neutral. The item

realized a mean of 3.58 and a standard deviation of 0.93. It can therefore be inferred that lack of management appreciation has also resulted to employee resignation.

In regards to whether employee resignation has resulted in high staff turnover, of the total respondents, 27.2% (31) of the respondents strongly agreed, 28.9% (33) of them agreed, 12.3% (14) disagreed while 31.6% (36) of the respondents were neutral. The results summed up to a mean of 3.71 and standard deviation of 1.002 meaning that employee resignation has resulted in a high staff turnover.

Also, the study enquired from the respondents whether they always receive a good send-off party and good compensation after resignation. The results revealed that 22.8% (26) of the respondents strongly agreed, 40.4% (46) of them agreed, 10.5% (12) disagreed while 26.3% (30) of the respondents were neutral. The results summed up to a mean of 3.75 and standard deviation of 0.927. This implies that in most cases, the employees receive a good send-off party and good compensation after resignation.

In relation to whether employee resignation has been based on company HR policy, the results were positive with 27.2% (31) of the respondents in strong agreement, 28.1% (32) in agreement, 12.3% (14) disagreement while 32.5% (37) of them were neutral. The item realized a mean of 3.7 and standard deviation of 1.004. In general, the results on employee resignation summed up to a mean of 3.7643, standard deviation 0.6139, Skewness -1.079 and Kurtosis 0.76. The skewness and kurtosis values are within the range of -1.96 to +1.96 hence there was normal distribution.

4.5 Effect of Employee Dismissal and Organizational Performance

The researcher also examined employee dismissal on organizational performance. The findings are presented in Table 4.4

Table 4.4 Employee Dismissal on Organizational Performance

		SD	D	N	A	SA	Mean	Std. Deviation
Employee dismissal over the last two years has affected Company performance	Freq.	8	0	18	66	22	3.82	0.98
	%	7	0	15.8	57.9	19.3		
Before dismissing any employee the Company considers many discipline options	Freq.	0	12	29	71	2	3.55	0.705
	%	0	10.5	25.4	62.3	1.8		
Before an employee is dismissed our Company investigates discipline cases	Freq.	0	11	34	67	2	3.53	0.694
	%	0	9.6	29.8	58.8	1.8		
Before taking any disciplinary action or dismissal on an employee the management considers facts	Freq.	0	11	26	58	19	3.75	0.85
	%	0	9.6	22.8	50.9	16.7		
Dismissal and disciplinary documents are fully updated	Freq.	0	26	30	48	10	3.37	0.934
	%	0	22.8	26.3	42.1	8.8		
The documented disciplinary policy is always followed before employee dismissal	Freq.	0	0	31	55	28	3.97	0.722
	%	0	0	27.2	48.2	24.6		
The Company observes the relevant provision of the Kenya Employment Protection Act	Freq.	0	11	35	50	18	3.66	0.86
	%	0	9.6	30.7	43.9	15.8		
The Company consults the appropriate independent trade unions to discuss the disciplinary action before dismissal	Freq.	0	0	30	55	29	3.99	0.723
	%	0	0	26.3	48.2	25.4		
The Company follows the right disciplinary procedure before dismissing an employee	Freq.	0	16	31	55	12	3.55	0.863
	%	0	14	27.2	48.2	10.5		
Discipline and grievances are clearly written down and employees are clear about the process	Freq.	0	8	10	80	16	3.91	0.711
	%	0	7	8.8	70.2	14		
Mean		3.7105						
Std. Deviation		0.35433						
Skewness		-0.087						
Kurtosis		-0.748						

(Source: Field Data, 2016)

In regards to whether employee dismissal over the last two years has affected company performance, of the total respondents, 19.3% (22) of the respondents strongly agreed that employee dismissal has affected company performance, 57.9% (66) of them agreed while 15.8% (18) of the respondents were neutral. The results summed up to a mean of 3.82 and standard deviation of 0.98 meaning that employee dismissal over the last two years has affected company performance.

Further, respondents were asked whether before dismissing any employee, the company considers many discipline options. The results showed that 1.8% (2) of the respondents strongly agreed, 62.3% (71) of the respondents agreed, 10.5% (12) of them disagreed while 25.4% (29) of the respondents were neutral. The results summed up to a mean of 3.55 and a standard deviation of 0.705 inferring that discipline options are considered before dismissing an employee.

Also, the study sought to find out if before an employee is dismissed their company investigates discipline cases. Results indicated that 1.8% (2) of the respondents strongly agreed, 58.8% (67) of them agreed, 9.6% (11) disagreed while 29.8% (34) of the respondents were neutral. The results summed up to a mean of 3.53 and standard deviation of 0.694 indicating that discipline cases are investigated before an employee is dismissed from work.

Moreover, the study sought to establish if before taking any disciplinary action or dismissal on an employee the management considers facts. The results from the study indicated that 16.7% (19) of the respondents strongly agreed, 50.9% (58) agreed, 9.6% (11) disagreed and 22.8% (26) of the respondents were neutral. The item reported a mean

of 3.75 meaning that the management considers facts before taking any decision on disciplinary action to be taken.

In regards to whether dismissal and disciplinary documents are fully updated. Of the total respondents, 8.8% (10) of the respondents strongly agreed, 42.1% (48) of them agreed, 22.8% (26) disagreed, and 26.3% (30) of the respondents were neutral. This position was further confirmed by the 3.37 mean and standard deviation of 0.934.

In relation to whether the documented disciplinary policy is always followed before employee dismissal, the results indicated that 24.6% (28) of the respondents strongly agreed, 48.2% (55) of the respondents agreed while 27.2% (31) of the respondents were neutral. The results summed up to a mean of 3.97 and standard deviation of 0.722 indicating that the documented disciplinary policy is always followed before an employee is dismissed from work.

Further, the study sought to find out if the company observes the relevant provision of the Kenya Employment Protection Act. Results indicated that 15.8% (18) of the respondents strongly agreed, 43.9% (50) of them agreed, 9.6% (11) disagreed while 30.7% (35) of the respondents were neutral. The results summed up to a mean of 3.66 and standard deviation of 0.89 meaning that the company observes the relevant provision of the Kenya Employment Protection Act.

Moreover, the respondents were asked whether the company consults the appropriate independent trade unions to discuss the disciplinary action before dismissal, the results indicated that, 25.4% (29) of them strongly agreed that the company consults the

appropriate independent trade unions to discuss the disciplinary action before dismissal, 48.2% (55) of them agreed while 26.3% (30) of the respondents were neutral. The results summed up to a mean of 3.99 and standard deviation of 0.723. This means that the company consults the appropriate independent trade unions to discuss the disciplinary action before dismissal.

Also, the study sought to find out if the company follows the right disciplinary procedure before dismissing an employee. Results indicated that 10.5% (12) of the respondents strongly agreed, 48.2% (55) of them agreed, 14% (16) disagreed and 27.2% (31) of them were neutral. The results summed up to a mean of 3.55 and standard deviation of 0.863 indicating that the company follows the right disciplinary procedure before dismissing an employee from the organization.

Finally, the study enquired from the respondents whether discipline and grievances are clearly written down and employees are clear about the process. The results revealed that 14% (16) of the respondents strongly agreed, 70.2% (80) of them agreed, 7% (8) disagreed while 8.8% (10) of the respondents were neutral. The results summed up to a mean of 3.91 and standard deviation of 0.711. This implies that discipline and grievances are clearly written down and employees are clear about the process.

In general, the results on employee dismissal summed up to a mean of 3.7105, standard deviation 0.35433, Skewness -0.087 and kurtosis -0.748. This infers that most of the respondents were agreeable and there is less variation in the responses. Additionally, the skewness and kurtosis values ranged from -1.96 to +1.96 hence there was normal distribution of the responses.

4.6 Organizational Performance

Organizational Performance refers to the actual output or results of an organization as measured against its intended outputs or goals and objectives (Luecke, 2002). The results on organizational performance are presented in Table 4.5

Table 4.5 Organizational Performance

		SD	D	N	A	SA	Mean	Std. Deviation
Sales in the last two years	Freq.	0	11	32	49	22	3.72	0.888
	%	0	9.6	28.1	43	19.3		
Profits in the last two years	Freq.	0	17	18	50	29	3.8	0.988
	%	0	14.9	15.8	43.9	25.4		
Number of employees in the last two years	Freq.	0	11	41	40	22	3.64	0.904
	%	0	9.6	36	35.1	19.3		
Market share	Freq.	0	15	0	85	14	3.86	0.797
	%	0	13.2	0	74.6	12.3		
Capital in the last two years	Freq.	0	7	8	56	43	4.18	0.815
	%	0	6.1	7	49.1	37.7		
New product development	Freq.	0	22	2	60	30	3.86	1.021
	%	0	19.3	1.8	52.6	26.3		
Mean		3.5702						
Std. Deviation		0.9776						
Skewness		-1.471						
Kurtosis		1.2						

(Source: Field Data, 2016)

The results on organizational performance indicates that there has been an increase in sales in the last two years, 19.3% (22) of the respondents strongly agreed that there has been an increase in sales, 43% (49) agreed, 9.6% (11) disagreed and 28.1% (32) of the respondents were neutral. The item reported a mean of 3.72 and a standard deviation of 0.888. This indicates that there has been a significant increase in sales in the last two years.

The study also enquired from the respondents whether there have been profits in the last two years. The results revealed that 25.4% (29) of the respondents strongly agreed that there have been profit in the last two years, 43.9% (50) of them agreed, 14.9% (17) disagreed while 15.8% (18) of the respondents were neutral. The results summed up to a mean of 3.8 and standard deviation of 0.988. This implies that profits have been realized in the last two years.

In an attempt to find out if there has been an increase in the number of employees in the last two years, respondents were requested for their opinion and the results were such that, 19.3% (22) of the respondents strongly agreed, 35.1% (40) of them agreed, 9.6% (11) of them disagreed while 36% (41) of the respondents were neutral. The results summed up to a mean of 3.64 and standard deviation of 0.904 an indication that the number of employees has been on the increase in the last two years.

In order to ascertain whether there has been an increase in the market share, results were such that, 12.3% (14) of the respondents strongly agreed, 74.6% (85) of them agreed, while 13.2% (15) of them disagreed. This summed up to a mean of 3.86 and standard deviation of 0.797. Generally, there has been an increase in the market share. Further, the study sought to find out if there has been capital in the last two years. Results indicated that 37.7% (43) of the respondents strongly agreed, 49.1% (56) of them agreed, 6.1% (7) disagreed while 7% (8) of the respondents were neutral. The results summed up to a mean of 4.18 and standard deviation of 0.815 meaning that there has been capital in the firm in the last two years.

Finally, to establish whether there is new product development, respondents were requested for their opinion and the results were such that, 26.3% (30) of the respondents strongly agreed, 52.6% (60) of them agreed, 19.3% (22) of them disagreed while 1.8% (2) of the respondents were neutral. The results summed up to a mean of 3.86 and standard deviation of 1.021. This infers that the organization engages in new product development.

Generally, results on organizational performance summed up to a mean of 3.5702, standard deviation of 0.9776, Skewness -1.471 and Kurtosis 1.2. From the foregoing, it can be deduced that the organization has realized improved firm performance. There is less variations on the responses as evidenced by the standard deviation. Besides, the skewness and kurtosis values ranged from -1.96 to +1.96 hence there was normal distribution of the responses.

4.7 Correlation Results on organizational performance

The study used Pearson Product Moment correlation analysis to assess the nature of the relationship between the independent variables and the dependent variable as well as the relationships among the independent variables considered 0.00-0.20 to be very weak correlation, 0.21-0.40 to be weak correlation, 0.41-0.60 moderate relationship, and 0.61-0.80 to be Strong correlation and 0.81-1.00 Very strong correlation (Terry, 2002).

Table 4.6 Correlation Results on organizational performance.

		Organization performance	downsizing strategy	Employee resignation	employee dismissal
organizational performance	Pearson Correlation Sig. (2-tailed)	1			
downsizing strategy	Pearson Correlation Sig. (2-tailed)	-.517**	1		
Employee resignation	Pearson Correlation Sig. (2-tailed)	-.394**	.328**	1	
employee dismissal	Pearson Correlation Sig. (2-tailed)	-.440**	.339**	.318**	1
		0	0	0.001	
** Correlation is significant at the 0.01 level (2-tailed).					

(Source: Field Data, 2016)

There was a strong relationship between downsizing strategy and organizational performance ($r = -0.517$, p -value $< .01$). Further, the study exhibited a medium relationship between employee dismissal and firm performance ($r = -0.440$, p -value $< .01$). Additionally, there was a medium relationship between employee resignation and organizational performance ($r = -0.394$, p -value $< .01$).

4.8 Model Summary

Table 4.7 illustrates the model summary of multiple regression model,

Table 4.7 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.615a	0.378	0.361	0.78139	2.04

a Predictors: (Constant), employee dismissal, Employee resignation, downsizing strategy

b Dependent Variable: organizational performance

(Source: Field Data, 2016)

The results showed that all the three predictors (employee dismissal, employee resignation and downsizing strategy) explained 37.8% variation of organizational performance (R squared = 0.378). This infer that joint contribution of employee dismissal, employee resignation and downsizing strategy predict 37.8% of organizational performance. Study findings indicated that the above discussed coefficient of determination was significant as evidence of F ratio of 22.292 with p value 0.000 <0.05 (level of significance). Thus, the model was fit to predict firm performance using employee dismissal, employee resignation and downsizing strategy.

4.9 Hypotheses Testing

Findings for hypothesis testing are presented in table 4.8

Table 4.8 Effect of Separation Strategies and Organization performance

(Regression Results)

	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	8.614	0.642		13.428	0.000		
downsizing strategy	-0.587	0.132	-0.368	-4.466	0.000	0.831	1.203
Employee resignation	-0.268	0.114	-0.192	-2.346	0.021	0.844	1.185
employee dismissal	-0.504	0.163	-0.254	-3.094	0.003	0.837	1.195
F	22.292						
Sig.	.000b						

a Dependent Variable: organizational performance

(Source: Field Data, 2016)

4.10 Discussion of Findings

4.10.1 Downsizing Strategy and Organizational Performance

Hypothesis 1 (H_{01}) stated that downsizing strategy has no significant effect on organizational performance. Findings showed that downsizing strategy had coefficients of estimate which was significant basing on $\beta_1 = -0.368$ (p -value = 0.000 which is less than $\alpha = 0.05$) hence we reject the null hypothesis, and conclude that downsizing strategy has significant effect on firm performance. This implies that for each unit increase in downsizing strategy, there is up to 0.368 unit decrease in firm performance. This is according to Koontz and Weihrich (2008), staff with the organization will be affected by

the retrenchment strategies intended to improve organizational flexibility, increased employees' responsibility and streamlined operation. The result is that they will lack desire to continue working for the organization due to the low morale brought about by retrenchment. On the same note, (Deems, 2001) posited that the retrenchment process brings about a host of negative moods which makes the employees hopeless, irritable or unwanted at work. Such feelings will result to lack of motivation and unawareness of what was done poorly and well. The end result is that the employees will not value their work resulting to poor organizational performance.

4.10.2 Employee Resignation and Organizational Performance

Hypothesis 2 (H_{02}) postulated that employee resignation has no significant effect on firm performance. However, study findings showed that employee resignation had coefficients of estimate which was significant basing on $\beta_2 = -0.192$ (p-value = 0.021 which is less than $\alpha = 0.05$) hence we fail to accept the hypothesis and conclude that employee resignation has a significant effect on organizational performance. This indicates that for each unit increase in employee resignation, there is up to 0.192 units decrease in organizational performance. Cognate to the results, Newman (2002) posited that employee satisfaction, motivation and task performance can be rottenly affected by any abrupt distortion like resignation. Similarly, (Simba, 2001) elucidates that resignation of employee's no matter if it is just or unjust always paves way for the resigned employee to talk ill about the boss or organization and evolve conflict between the existing employee and management. From the foregoing, it can be inferred that the study findings confirm to

prior studies on the same. It therefore adds sufficient knowledge to the existing body of literature.

4.10.3 Employee Dismissal and Organizational Performance

Hypothesis 3 (H_{03}) stated that employee dismissal has no significant effect on firm performance. Findings showed that employee dismissal had coefficients of estimate which was significant basing on $\beta_3 = -0.254$ (p-value = 0.003 which is less than $\alpha = 0.05$) thus we fail to accept the hypothesis and conclude that employee dismissal has a significant effect on organizational performance. This suggests that there is up to 0.254 unit decrease in organizational performance for each unit increase in employee dismissal. Consistent to the study findings, Spence and Rodgers (2002) note that layoffs may elicit anxiety produced by job insecurity that may in turn influence the performance of survivors. In a similar vein, Glueck (1989) espoused that dismissals will lower loyalty and organizational commitment, will lower motivation and productivity. Consequently, employee dismissal will decidedly have negative effects on productivity, morale and overall commitment. In light of the foregoing, employee dismissals has a detrimental effect on organizational performance as evidenced by the study as well as the extant literature.

The rule of thumb was applied in the interpretation of the variance inflation factor (VIF). From Table 4.9, the VIF for all the estimated parameters was found to be less than 4 which indicate the absence of multi-Collinearity among the independent factors. This implies that the variation contributed by each of the independent factors was significant independently and all the factors should be included in the prediction model.

CHAPTER FIVE

SUMMARY OF FINDINGS AND DISCUSSION

5.1 Introduction

This chapter presents the summary of findings.

5.2 Summary of the Findings

The study established a number of findings and the summary are outlined hereunder;

5.2.1 Influence of employee Downsizing on Organizational Performance

The results showed that employee downsizing have negative affect on organizational performance ($\beta_1 = -0.368$, $p < 0.05$). This infers that downsizing strategy has not been well adopted and is the common form of employee separation. It is not recognized as an effective management strategy to restructure the company. Besides, the downsizing strategy focuses on those employees that do not adhere to company rules. In addition, the Minister of labour and unions is usually notified by the employer before effective date of retrenchment. However, it has not been fully established if the company has resulted in the reduction of the number of employees in the last few years, if downsizing strategy has been used to retrench employees in order to overcome financial difficulties and if downsizing strategy has been used to remove employees who do not meet performance standards.

5.2.2 Employee resignation on Organizational Performance

Additionally, findings on employee resignation revealed that employee resignation has negative effect on organizational performance ($\beta_2 = -0.192$, $p < 0.05$). This infers that employee resignation strategy has not been based on company HR policy. It is normally organized such that the company talks to employees who give notification for resignation. Employee resignation has been as a result of poor working conditions and lack of management appreciation. Employee resignation has brought about reduction in number of employees hence affecting firm performance, low levels of innovation and high staff turnover.

5.2.3 Employee Dismissal on Organizational Performance

Furthermore, results on employee dismissal indicated that employee dismissal reduce organizational performance ($\beta_3 = -0.254$, $p < 0.05$). Discipline options are also considered before dismissing an employee. The company therefore follows the right disciplinary procedure before dismissing an employee. The company also consults the appropriate independent trade unions to discuss the disciplinary action before dismissal. As well, the company observes the relevant provision of the Kenya Employment Protection Act. In addition, discipline and grievances are clearly written down and employees are clear about the process. Moreover, the documented disciplinary policy is always followed before employee dismissal. However, it has not been fully established if dismissal and disciplinary documents are fully updated. On the whole, employee dismissal over the last two years has affected company performance.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the conclusion and recommendations of the study.

6.2 Conclusion of the study

Firstly, downsizing has a negative and significant effect on the organizational performance. This is due to the fact that the employees that are left behind are unaware why there is retrenchment. They therefore exhibit low morale towards the organization such as lack of motivation and hopelessness which results to poor organizational performance. This therefore points to the need for awareness among the employees for the reasons for downsizing in organizations.

Secondly, employee resignations have a negative effect on organizational performance since it affects both efficiency and productivity of the employees. In most cases, resignations by employees are as a result of poor working conditions and lack of management appreciation. Consequently, employees resign so that they can search for better job offers. The resignation at the work place harms the sentiments of existing employees that foresee a future with the organization. Therefore, the sentimental distortion brings about unrest in the organizational environment hence deterring firm performance.

Finally, employee dismissal has a negative and significant effect on organizational performance because management invests wide array of resources in employee training through scholarships and seminars. Therefore, in the event of their dismissal, there is a low return on the organization's investment hence impacting negatively on its performance. On a positive note, before employees are dismissed, their discipline cases are investigated, facts are considered before taking any disciplinary action and the organization observes the relevant provision of the Kenya Employment Protection Act. Dismissal is therefore fair and justified. However, the firm is usually on the losing end in the event of employee dismissal.

6.3 Recommendations of the study.

- i. The study has exhibited a negative and significant effect between downsizing and organizational performance. Organizations should therefore make it a habit to inform the remaining employees after lay off the reasons for downsizing. Besides, organizations need to notify the Minister of labour and unions before effective date of retrenchment. As well, firms can use downsizing as a means to remove employees that do not meet performance standards and adhere to the company rules.
- ii. The study is indicative of a negative and significant effect between employee resignation and organizational performance. In order to counter the negative effects brought about employee resignations, there is need to ensure that the employees have good working conditions. There is also need for management appreciation and a positive relationship between the management and the

employees. This is because the management is an integral part of the organization and connects the employees to the larger organization. In addition, there is need for employee resignations to be based on company HR policy.

- iii. Finally, the study has established that employee dismissal has a negative effect on organizational performance. It is therefore utmost necessary for organizations to consider discipline options before dismissing an employee. There is also need for the management to consider facts before taking any disciplinary action. Moreover, the company needs to consult the appropriate independent trade unions to discuss the disciplinary action before dismissal. Additionally, it is important to clearly write down discipline and grievances and ensure that employees are aware.

6.4 Recommendations for further Studies

This study focused on effects of employee separation strategies on organizational performance and recommendations were:-

- i. Replicate the study with a larger, more representative sample.
- ii. It is also recommended that this study be replicated in different business sectors within the North-Rift region.
- iii. Furthermore, it would be interesting to know whether the observed findings hold for other firms as well.
- iv. Additionally, major contextual and settings to be considered in future researches should consider insights from this study influencing firm performance including the three factors: 1) employee downsizing; 2) employee resignation and employee dismissals playing an important role in influencing firm performance.

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APPENDICES

APPENDIX1: INFORMED CONSENT

Esther K, Nyakundi
University of Eldoret
P.O Box 1125
ELDORET.

Dear respondent,

I am a student at University of Eldoret undertaking a Master's Degree in Business Management in the School of Business and Management Sciences. It is a requirement that a student writes a thesis in the field of study. I am currently collecting data for research project. For that purpose, I request you to spare your time to fill this questionnaire that is intended to determine the **“Effects of Employee Separation Strategies on Organizational Performance”**

Please assist by filling in this questionnaire. The information will be used purely for academic purposes and will be treated in strict confidence. You need not include your name. Any additional information that you might feel is necessary for this study is welcome.

Your participation in this study will be valuable as it will contribute to the achievement of the study objective.

Thanks in advance for your support.

Esther Nyakundi
BMS/PGMBM/13/12
Tel. 0711226091

APPENDIX II: QUESTIONNAIRE

EFFECTS OF EMPLOYEE SEPARATIONS STRATEGIES ON ORGANIZATIONAL PERFORMANCE.

INSTRUCTIONS:

1. Please read the questions carefully before responding as appropriate.
2. Do not write your name on the questionnaire

SECTION A: BACKGROUND INFORMATION						
A1.	Gender:	Male? ()	Female? []			
A2.	What is your age in years?	[]	years			
A3	Please indicate your highest level of education.					
	Certificate	[]				
	Diploma	[]				
	Bachelor's Degree	[]				
	Master	[]				
	PhD	[]				
	Other, specify					
	Please indicate your professional/technical qualifications					
					
A4	Please indicate your working experience in years at Company [] years					
A5	What is your current job position at the Company?					
	Manager? []	Middle staff? []	Production staff? []			
SECTION B: EMPLOYEE DOWNSIZING ON ORGANIZATIONAL PERFORMANCE						
In your opinion, to what extent do you agree with the following statements regarding downsizing in your Company? On a likert scale please rate your answers using the						
Key: SA – Strongly agree, A-Agree, N-Neutral, D-Disagree, SD- Strongly Disagree.						
Please tick (√) as appropriate						
	<i>Downsizing strategy in the company has -----</i>	SA	A	N	D	SD
B1	Resulted in the reduction of the number of employees in the last few years					
B2	Been the common form of employee separation in the organization					
B3	Been well adopted and carried out properly in the company					
B4	Been used to remove employees who do not meet performance standards					
B5	Been recognized as an effective Management strategy to restructure the Company					
B6	Focused on employees who do not adhere to Company rules.					
B7	Been used to retrench employees in order to overcome financial difficulties					
B8	Before retrenchment the employer always notifies the Minister of labour & Unions before effective date.					

SECTION C: EMPLOYEE RESIGNATION ON ORGANIZATIONAL PERFORMANCE						
Please rate the extent to which you agree with the following statements regarding employee resignation from organizations.						
Key: SA – Strongly agree, A-Agree, N-Neutral, D-Disagree, SD- Strongly Disagree						
Please tick (√)as appropriate						
	Employee resignation in the company has -----	SA	A	N	D	SD
C1	Resulted in the reduction in number of employees hence affecting firm performance					
C2	Been due to poor working conditions					
C3	Resulted in Low levels of innovation					
C4	Been organized that the Company talks to employees who give notification for resignation					
C5	Been due to lack of management appreciation					
C6	Resulted in a high staff turnover					
C7	Always received a good send-off party and good compensation					
C8	Been based on Company HR policy					
SECTION D: EMPLOYEE DISMISSAL ON ORGANIZATIONAL PERFORMANCE						
D	In your opinion, to what extent do you agree with the following statements regarding employee dismissal in organizations? Please rate your answers using the following. Key: SA – Strongly agree, A-Agree, N-Neutral, D-Disagree, SD- Strongly Disagree.					
	Statements on employee dismissal	SA	A	N	D	SD
D1	Employee dismissal over the last two years has affected Company performance					
D2	Before dismissing any employee the Company considers many discipline options					
D3	Before an employee is dismissed our Company investigates discipline cases					
D4	Before taking any disciplinary action or dismissal on an employee the management considers facts					
D5	Dismissal and disciplinary documents are fully updated					
D6	The documented disciplinary policy is always followed before employee dismissal					
D7	The Company observes the relevant provision of the Kenya Employment Protection Act					
D8	The Company consults the appropriate independent trade unions to discuss the disciplinary action before dismissal					
D9	The Company follows the right disciplinary procedure before dismissing an employee					
D10	Discipline and grievances are clearly written down and employees are clear about the process					
SECTION E: FIRM PERFORMANCE						
Please rate the following statements according to the best of your knowledge. Key; SA - Strongly agree; A - Agree; N - Neutral; D - Disagree; SD - Strongly Disagree						

	There has been an increase in growth of the firms ----- -----	SA	A	N	D	SD
E 1	Sales in the last two years					
E2	Profits in the last two years					
E 3	Number of employees in the last two years					
E4	Market share					
E5	Capital in the last two years					
E6	New product development					

Source: Research data (2015)

Any other comments please -----

Please check to ensure that you have answered all questions

Thank you for taking time to participate in this study.

-----END----

APPENDIX III: INTRODUCTION LETTER

QUESTIONNAIRE FOR UNGA MILLING COMPANY EMPLOYEES

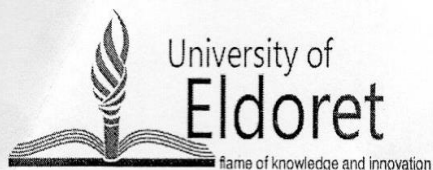
INTRODUCTION

My name is Esther Nyakundi, a student at the University of Eldoret in the School of Business and Management Science. I am conducting a research study entitled **Effects of employee separation strategies on Organizational Performance at Unga Milling Companies in Eldoret.** This study is a requirement for the fulfilment of my Masters Study program. The findings for the study will be purely for academic purposes. I would be grateful if you could accept to answer the questions by filling this short questionnaire.

Your opinion and views are of great assistance to my research. What you write and fill in the questionnaire will be treated with strict confidentiality.

Instructions.

1. Please do not indicate your name on the questionnaire for purposes of .
confidentiality
2. Feel free and be honest as much as possible. All answers will have an impact to
the research
.
3. Please tick against the most appropriate response and for any suggest or filling the
additional information feel free to write as much as possible.

APPENDIX IV: LETTER OF DATA COLLECTION FROM SCHOOL.

P.O. Box 1125-30100, ELDORET, Kenya
TEL: 0572507092
WEBSITE: uoeld.ac.ke
EMAIL: deansbms@uoeld.ac.ke

**OFFICE OF THE DEAN
SCHOOL OF BUSINESS AND MANAGEMENT SCIENCES**

OUR REF: BMS/PGMBM/012/13

31ST JULY 2015

TO WHOM IT MAY CONCERN

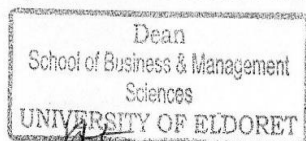
Dear Sir/Madam,

RE: DATA COLLECTION : ESTHER K. NYAKUNDI

The above matter refers;

This is to confirm that the above named person is a bonafide student at University of Eldoret in the School of Business and Management Sciences, pursuing Masters in Business Management. She has successfully defended her proposal entitled: *“Effects of employee separation strategies on Organizational Performance”*. She has been recommended to proceed to the field to collect data that will be used for academic purposes only.

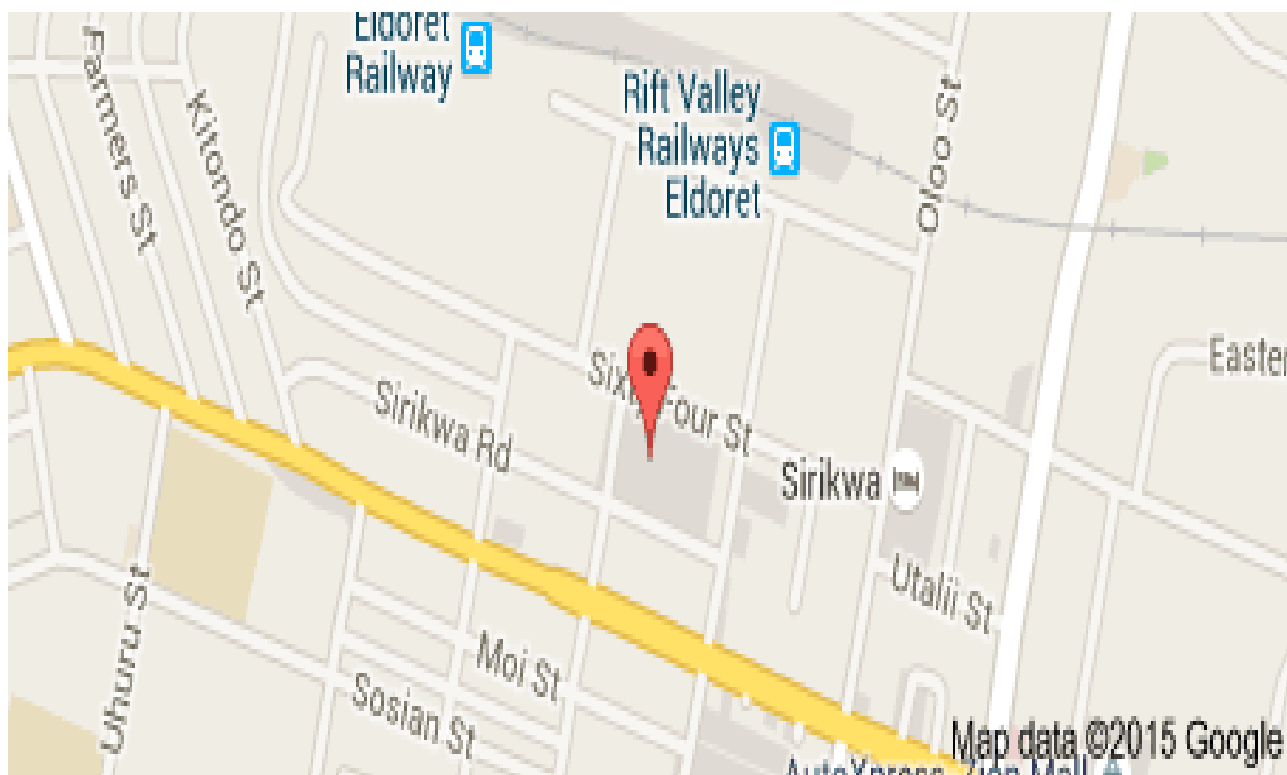
Any assistance accorded to her will be highly appreciated.



**DR. ROBERT I. OTUYA
DEAN, SCHOOL OF BUSINESS & MANAGEMENT SCIENCES**

APPENDIX V: MAP OF THE STUDY


AREA




APPENDIX VI: RESEARCH PERMIT

CONDITIONS

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.
2. Government Officers will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two (2) hard copies and one (1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.



REPUBLIC OF KENYA



National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No. A 6774


CONDITIONS: see back page

THIS IS TO CERTIFY THAT:
MS. ESTHER KWAMBOKA NYAKUNDI
 of UNIVERSITY OF ELDORET, 0-30100
 Eldoret, has been permitted to conduct
 research in Uasin-Gishu County

on the topic: **EFFECTS OF EMPLOYEE SEPARATION STRATEGIES ON ORGANIZATIONAL PERFORMANCE.**

for the period ending:
6th October, 2016

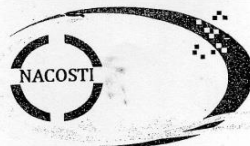
Permit No. : **NACOSTI/P/15/8021/7573**
 Date Of Issue : **6th October, 2015**
 Fee Received : **Ksh 1,000**



Director General
National Commission for Science, Technology & Innovation

Applicant's Signature

APPENDIX VII: RESEARCH AUTHORIZATION LETTER (NACOSTI)



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

Telephone: +254-20-2213471,
2241349, 310571, 2219420
Fax: +254-20-318245, 318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No.

Date:

6th October, 2015

NACOSTI/P/15/8021/7573

Esther Kwamboka Nyakundi
University of Eldoret
P.O. Box 1125-30100
ELDORET.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Effects of employee separation strategies on organizational performance*" I am pleased to inform you that you have been authorized to undertake research in Uasin-Gishu County for a period ending **6th October, 2016**.

You are advised to report to **the Managers of the selected Organizations, the County Commissioner and the County Director of Education, Uasin-Gishu County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

Said Hussein
SAID HUSSEIN
FOR: DIRECTOR GENERAL/CEO

Copy to:

The Managers
Selected Organizations.

The County Commissioner
Uasin-Gishu County.