

# INFLUENCE OF DOWNSIZING ON THE PERFORMANCE OF MEDICAL RESEARCH CENTRES IN KENYA

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**Abstract:** The purpose of this investigation was to examine the influence of downsizing on the performance of medical research centres in Kenya. The investigation applied descriptive study method. The main participants for this research were 450 staff of selected medical research centres. A representative of 272 staff of the participants was applied. Information was gathered by conducting observable logical survey. The survey used restricted and unrestricted surveys. Questionnaires were conducted to evaluate for gravity and accuracy of the apparatus. Fundamental information was gathered by conducting observable logical survey. Inferior information on organization performance was gathered using analysis of both observed and hypothetical information from books, magazines, internet among others. Quantitative information gathered was analyzed by the use of explanatory employing SPSS as well as submitted by frequencies, chi-square, ANOVA and t-test. Data were submitted by charts, correlation as well as regression analysis. The content investigation was used to assess information that was subjective in essence or condition of the information gathered from the unrestricted surveys. Multiple regression models were used to assess whether independent variables had an influence on the dependent variable. The findings of the study infer that there exists a positive relationship between downsizing strategy and performance in medical research centres in Kenya. The investigation recommends for effective policies and procedures on downsizing in medical research centres that enhance performance.

**Keywords:** Downsizing, Performance, Medical Research Centres.

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## 1. INTRODUCTION

Organizations all over the world have been restructured to enhance performance characterized by significant advances in automation and the evolving environmental needs that require organizations to regularly revive in order to remain combative. Consequently, organizations need to diversification definite administration into more flexible and leaner designs (Bartlett, 2010). Organizational revamping has enticed consequential consideration against intellectuals scarcely since the issue worries a broad scope of conditions yet gains expected toward its consequences for organizations to improve plans in relation to changes in enterprise area and context ultimately allow organizations toward design also maintain combative merits. According to Brockner (2010), restructuring is the action of reforming the lawful, possession, functional, or alternative arrangements of an organization for the aim of forming it much beneficial, or greater arranged for its current commitments. However, Gopinath (2010) argues that restructuring is a category of an organization act taken when decisively revising the liability, executions or design of an organization as a base of possibly canceling fiscal abuse and enhancing the work.

Most organizations today have to deal with a number of challenges such as internationalization, expanded contest, liberalization as well as expanded gratitude, engineering inventive, extra great-automation, great solutions for business, great understanding workers, elderly employees, impressive business decline and slower economic growth which cause

endless adjustments within enterprise surrounding. These changes have forced organizations towards change on how they conduct their business and subsequently leading to organizations restructuring to keep afloat. Survival of organizations demands that they compete in areas such as speed, cost, quality, technology, innovation, service and products offered. The sustainable way for organizations to stay afloat is to restructure in order to respond to these changes. The restructuring will, therefore, have important effect on company wealth as well as exclusively staff (Dessler, 2011).

In Kenya today, organizations are being compelled toward reengineering for the purpose of reply toward business variations. For instance, Barclays Bank of Kenya underwent restructuring. Evidence shows that the bank continues analyzing their activities just as they purpose in realizing the price for return prospects among hard acting surrounding which observer pair regionally as well as internationally (Ngigi, 2012). Kenya Commercial Bank (KCB) also restructured in recent years. Reports showed that they undertook job repetition exertion that was advised around ability returns as an organization has created considering organization fixed current information technology stands as well as combination about their sections (Agarwala, 2010). The restructuring was going to render one thousand employees jobless in 2014, the same bank underwent another restructuring exercise aimed at cost-cutting and according to Juma (2011) top administrators, excluding managing director, applied again for employment. Revamping is, therefore, affecting human resources greatly.

## **2. STATEMENT OF THE PROBLEM**

In today's economy, competitiveness and competitive advantage have become the catchphrase for businesses around the world. The business has been insistently trying to construct new competencies and abilities, to stay competitive and improved performance. As organizations look for ways to improve their performance in a gradually more worldwide marketplace, they have established that they can cut costs, uphold excellence and advance their performance by undertaking organizational restructuring strategy. For an organization to become gainful, it ought to put in place strategies that position itself in market authority and advance the organization in general performance. The organizational restructuring has been familiar as a very important tool to tackle the competitive pressure in the market and also as a tool for enhancing the performance of firms.

However, medical research centres are undergoing restructuring since they are facing service delivery challenges. In addition, the efficiency and effectiveness of employees to provide services are questionable because of lack of transparency and accountability, corruption, low approaches about research, incompetent conveying, and low working as well all living conditions which has contributed to a significant extent on the poor performance of the centres. According to Warimwe (2010), medical research centres experienced some failure in bringing value to their financiers. The framework of the centres also are required to be improved to reflect the pan African vision with global standard systems, procedures and infrastructures to steer the sector to the edge of technology, liability control, long-term plan and effectiveness (Wawire, 2012).

Numerous investigations executed along restructuring among them, impact about mergers and acquisitions along the achievement of KCB, (Munge, 2014). Organization restructuring on the employee's motivation at Commercial bank of Africa (Wawire, 2012) and challenges faced by KCB during restructuring (Munge, 2014). This research paper seeks to bridge the gap by finding out dominance about downsizing strategy along with execution at Kenya medical research centres within the region. This investigation, therefore, sought to provide the influence of downsizing on performance at medical research centres in Kenya.

## **3. LITERATURE REVIEW**

Downsizing usually relies on staff early retirement, benefit reduction, failure of amenities and dividends for remaining employees. Downsizing was widely used in late 1979s by organizations to reduce charges also enhance their work in comparative trade (Houssin, 2010). Currently, staff reduction has been compared to being a lean also average plan as even organizations with report on earnings are seen to be instrumenting the plan internationally. Hameed and Waheed (2011) argued that in most cases of staff reduction recently, have been seen to focus the middle-level managers contrary to past years where cutbacks were commonly restricted to lower-level managers, incompetent as well as common laborers.

Retrenchment has made it possible for companies internationally to acknowledge additional expeditiously, adequately towards current conveniences as well as unexpected burdens, hence reviving their own comparative edge. Reorganizing the commercial procedures through reconstructing establishes the company's ambitious gain which ensures that the organization is in the leading point to challenge while constructing leading methods and in-house procedure that drives it

above its rivals. Ultimately, the organization is able to comply expeditiously and encounter rivals (Guthrie & Datta, 2015).

Employee's resignation affects both staff and companies, employee's skill disruption need to learn new work specific experiences and alternative career expectation (Verena, 2011). Firms suffer the damage to work specific experiences disruption in manufacturing organizations and incur charges of recruiting and coaching new employees. But new employees may be learned, experienced and have better initiative and enthusiasm than those who resign. From the view of companies, high staff resignation is very costly. When staff resigns from an organization, it is imperative for that specific institution to make an expensive reinstatement as soon as possible. These reinstatement expenditures include advertisement for the job on offer, selection process, conducting an interview, induction of the chosen staff formal and informal course for new staff until they attain achievement levels proportionate to the employee who resigned (Marjorie, 2016).

Downsizing can conclude within failure about significant ability as well as persons, foremost towards declining service delivery, capacity and effectiveness. To be precise, insight and reducing plans not preferred application approaches changing challenges about creating damage about essential organizational skill as well as flashback assuming that poor performers continue to be retrenched (Wilkinson, 2015). Organizations usually drop individuals not intended to be dropped as well as may restore themselves for extra charge. A study was done in USA (2014) stated clearly that 33% of organizations that retrench later restore retrenched staff on contracts as a result of knowledge and experiences.

As argued by Agarwala (2010), organizations reviving are related to huge movement as it blows young people within passage. Following disturbance, those who endure assumed towards selecting as well as bear among natural though anything sinister is beyond natural since debris removed following a firm's revival include endures comforting about confidence including failure about own character may operate alone across firm achievement. Managers, therefore, need to apply applicable plans to curtail the disturbing impact of revamping. A significant plan involves crafting effective connections to employees at all levels of the company. For instance, managers may create time to talk to staff in relation to the imminent adjustment. Furthermore, managers should utilize the assessment acknowledged from staff so as to be involved in the discharge of the adjustment (Helen, 2011).

Cascio (2010) defines downsizing as a contraction in an organization's use of human resources. It is a premeditated, dedicated management plan to minimize the capacity of a company's workforce. Sometimes known as a reduction in force (RIF), it may be attained through weakening, retrenchment, willful severance accord. Recruitment downsizing is often devised during business downturns as compassionate and diplomatic action. Downsizing has made it achievable for companies to internationally reply further expeditiously, successfully toward current event as well as sudden strains, hence renewing own ambitious gain.

Making choices about institutional downsizing is not simple. The fundamental choices to be made are to downsize; how adequate to downsize; when to operate; what methods to apply, ranging from wakening to beyond the board retrenchment; and whether to structure downsizing as an honest choice. The honest aspects of the choice to downsize have been investigated (Cascio, 2012). An honest perspective of downsizing assumes that staff is great resources, not a burden or cost targets. It was suggested that workers are durable resources and this perspective outcome in an accountable downsizing plan. According to Verena (2011), influence about reducing staff numbers, reviving choices as well as procedures along comprehension about institutional intelligence including capability after staff reduction also reviving business in prosperous and unprosperous institutions. The summary indicated that firms undertaking revamping necessitate to review the company believe also with regards to intellect withholding including the prospective effect of these drives to guarantee that the staff knowledge is effective. Plans like guiding also coaching are significant, are work overhaul, period for staff surrender along with record of processes if awareness preservation is to be enlarged.

#### **4. RESEARCH METHODOLOGY**

The Investigation applied descriptive study method. The main participants for this research were 450 staff of selected medical research centres. A representative of 272 staff of the participants was applied. Information was gathered by conducting observable logical survey. The survey used restricted and unrestricted surveys. Questionnaires were conducted to evaluate for gravity and accuracy of the apparatus. Fundamental information was gathered by conducting observable logical survey. Inferior information on organization performance was gathered using analysis of both observed and hypothetical information from books, magazines, internet among others. Quantitative information gathered was analyzed

by the use of explanatory employing SPSS as well as submitted by frequencies, chi-square, ANOVA and t-test. Data were submitted by charts, correlation as well as regression analysis. The content investigation was used to assess information that was subjective in essence or condition of the information gathered from the unrestricted surveys. Multiple regression models were used to assess whether independent variables had an influence on the dependent variable.

## 5. FINDINGS

**Table 1: Downsizing Strategy Summary**

	Mean	SDV
Downsizing is widely used to freeze hiring	3	1.10
Downsizing cuts salaries paid to staff	4.3	0.16
Downsizing result in unpaid vacations	3.3	0.12
Downsizing result in providing low-quality services	4.7	0.05
Respond quickly and effectively to unexpected challenges	3.7	0.18
Training should be done to employees to be retrenched	3.4	0.19
Organizations retrench poor performers	3.1	0.07
Incur charges of recruiting and coaching new employees	3.5	0.14
<b>Average</b>	<b>3.6</b>	<b>0.25</b>

To study downsizing strategy on performance in medical research centres in Kenya, investigation examined the detailed numerical analysis for the variables. To evaluate the indicator of downsizing, the average personal estimate on objects were computed. The average acquired were thus applied as an indicator for downsizing. The general rate of reply for objects shows the average of 3.6 whereas standard deviation is 0.25. The downsizing mean of 3.6 was over the mean, meaning that responders were delighted with downsizing strategies in medical research centres in Kenya. The rates of standard deviation showed the level to which the rate of reply vary, the greater the rate of standard deviation the more disparity in rate of reply.

Downsizing strategy was concerned with freezing employment, cutting salaries, unpaid vacation and providing low quality services. Results differ with Marjorie (2016) who suggested that great institutional downsizing influence performance currently. Employees' retrenchment could be considered a great breach of downsizing strategy. For a long time, remaining employees from layoff felt low certain to perform and unsafe about forthcoming hence decreasing level of performance.

**Table 2: Relationship between downsizing strategy and performance**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.4255	1.3928		1.7414	.09221
Downsizing	.37263	.1142	.720	3.2625	.00283

From the regression analysis, the substitution of the equation is

$Y = 2.4255 + 0.37263X_1$  where Y, was the dependent variable i.e the performance of Medical research centres in Kenya,  $X_1$  Downsizing. The findings indicates that a unit change in Downsizing led to 0.37263 increase in performance of medical centres in Kenya at 0.05% confidence level. The findings validate with Amboka (2012) that undertaking corporste turnaround strategies is important as it help the organization to stabilize and to change from loss making to profitability. If properly undertaken, turnaround strategies are beneficial to the organization and this leads to improvement in performance.

The findings corroborate with Nag and Pathak (2012) that the amount paid to retrenched employees are high, the charges to staff who endure downsizing have been substantial and the workforce acknowledgement of downsizing generally require reductions in employees. When other employees observe downsizing activities taking place, the aim is to live in fear since they are not sure if they are next online. This substantially influences their performance to work.

The downsizing average shows that responders were delighted with downsizing strategies in medical research centres in Kenya. Majority of the responders felt that downsizing result in low-quality service while a minority felt downsizing is meant to freeze employment. The findings, therefore, infer that there exists a positive relationship between downsizing strategy and performance in medical research centres in Kenya. This is in line with the findings of the inferential statistics which upholds that downsizing strategy influence performance since layoffs was great threat to poor performance by those who survived to downsize. The regression analysis also indicated that downsizing strategy was a famous strategy by medical research centres in an attempt to exist in the present business hence favourable correlation.

## **6. CONCLUSION AND RECOMMENDATION**

The investigation determined that the workforce within medical research centres that underwent restructuring in Kenya did not feel dedicated to perform their duties. Organizational downsizing could possibly jeopardize medical research centres performance; as a result of employees who often leave an organization and take years of knowledge with them. The study concluded that freezing employment, salary cuts, as well as unpaid vacations, have a huge influence on the performance of medical research centres.

The investigation recommends for effective policies and procedures on downsizing in medical research centres that enhance performance. Employees who survived to downsize required to be assured that differences in the organizations would have precise significant to them. Top managers should guarantee that they raise awareness during revamping procedure to train staff who are downsized as well as those who survive to downsize to guarantee performance for endurance, favourable financial returns for the centres. Investigation results also revealed that workforce believed that they are unsafe, lost faithfulness as well as confidence in the centres.

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