

**BUSINESS TURNAROUND STRATEGIES AND
PERFORMANCE OF LARGE MANUFACTURING
FIRMS IN KENYA**

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**Business Turnaround Strategies and Performance of Large
Manufacturing Firms in Kenya**

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the Degree of Doctor of Philosophy in Business Administration of
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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University

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DEDICATION

This thesis is dedicated to my family.

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ABBREVIATIONS AND ACRONYMS

CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CMA	Capital Markets Authority
DPF	Deposit Protection Fund
EAP	East African Portland
GDP	Gross Domestic Product
GOK	Government of Kenya
ICT	Information Communication Technology
IEA	Institute of Economic Affairs
KAM	Kenya Association of Manufacturers
KNBS	Kenya National Bureau of Statistics
KRA :	Kenya Revenue Authority
NBK	National Bank of Kenya
NSE	Nairobi Stock Exchange
NWSC	National Water and Sewerage Corporation
ROA	Return on Assets
ROE	Return on Equity
RoK	Republic of Kenya

SACCOS Savings and Credit Cooperative Societies

SMEs Small and Medium Sized Enterprises

TMT Top Management Team

UK United Kingdom

USA United States of America

WB World Bank

DEFINITION OF OPERATIONAL TERMS

- Divestment Strategy** It is the process of reducing some of the organization's assets or selling off or disposing of assets, investments, business units, or subsidiaries of a company so to as to improve portfolio, enhance financial performance, reduce debt, or enhance regulatory compliance (Dizon, Harper, & Kezar, 2022).
- Large Manufacturing Firms** These are companies that deal with large-scale manufacturing of goods, either final consumer goods or secondary production materials. The companies have a market capitalization of over Kshs100 Million and operate in a sizeable market share (KAM, 2019).
- Organizational Performance** This is the level of attainment of the stated targets in a firm by utilizing the set approaches and strategies towards the said goals. It involves meeting the expectations of the key stakeholders in an organization who include the shareholders, the employees, customers and the general society (Gotteiner et al., 2019).
- Outsourcing Strategy** The process of assigning non-core activities of a firm to outside players or service providers so as to create more room for the firm to focus on the core business (Li, Chen, & Liao, 2021).
- Re-engineering Strategy** Also known as business process reengineering (BPR), is a management approach that focuses on redesigning and restructuring core business processes to achieve significant improvements in performance, efficiency, and effectiveness (Nseobot et al., 2022).

Retrenchment Strategy	This involves downsizing the operations of the organization as a way of reducing its costs so as to enhance profitability and reduce non-strategic cash-outflows (Casillas et al., 2019). In this study, retrenchment strategy was assessed through labour-force downsizing, assets disposals, and expunging of non-strategic expenditures.
Strategy	A detailed plan of how an organization intends to achieve its goals and objectives through a holistic and futuristic approach which shows the organization's strategic direction (Nyagiloh & Kilika, 2020).
Turnaround Strategies	These are sets of decisions and actions targeted at the reversal of a perceived crisis that threatens the firm's survival and sustainable performance aimed at rethinking the business process and model as a way of regaining the organizational performance (Asenge et al., 2023).

ABSTRACT

Most of the large manufacturing firms in Kenya have been experiencing declining performance in terms of revenue, sales and the profit margins for more than a decade. This has seen some of the large manufacturing firms in the country consider strategies such as relocating or restructuring their operations, opting to serve the local market through importing from low-cost manufacturing areas instead of adopting turnaround strategies. This therefore prompts a question on which turnaround strategies are effective for the manufacturing firms; hence a motivation of this study to establish the influence of turnaround strategies on performance of large manufacturing firms in Kenya. The study specifically focused on retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy. The moderating effect of organizational culture on the relationship between turnaround strategies and performance of large manufacturing firms in Kenya was considered since conducive working environment is key for success of any strategy in the firm. This study was informed by theory of strategic orientation, real options theory, transaction cost economics theory, theory of constraints and human relations theory. Positivism research philosophy and descriptive research design were adopted while 708 large manufacturing firms in Kenya registered under the Kenya Association of Manufacturers as at 2017 were targeted. The sample size for the study was 249 firms selected randomly from all the 14 sectors of the manufacturing industry in Kenya. The data collection instrument was a questionnaire, while mean, frequencies and percentages were used to describe the data. Correlation and regression inferential statistics were employed to show the direction, magnitude and significance of the association between turnaround strategies and performance of large manufacturing firms in Kenya. Data presentation was done through charts, figures and tables. The study established that retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy have significant and positive influence on the performance of large manufacturing firms in Kenya. The findings further revealed that organizational culture has significant moderating effect on the relationship between turnaround strategies and performance of large manufacturing companies. The study concluded that the turnaround strategies (retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy) with culture as the moderating variable positively influence the performance of large manufacturing companies. It is therefore recommended that the management of large manufacturing firms uphold the retrenchment, reengineering, divestment and outsourcing strategies as a way of enhancing the performance of the firms.

CHAPTER ONE

INTRODUCTION

The chapter introduces the study on the relationship between business turnaround strategies and performance of large manufacturing firms in Kenya. The background of the study, the statement of the problem and objectives of the study are highlighted. Research hypotheses, significance of the study, scope and limitations of the study are also covered in this chapter.

1.1 Background of the Study

Organizations currently operate in a dynamic, constantly changing and increasingly competitive environment (Parginos, 2019), and strategic managers are tasked to rethink on how their respective organizations can regain and sustain their performance (Norville, 2020). As a result of environmental dynamics such as economic fluctuations, technological changes, globalization and unpredictable customer demands, firms are finding it necessary to rethink their business models and incorporate necessary changes to sustain their performance (Imanipour, Jahandideh & Davari, 2019). One of the moves that many strategic managers have taken to recoup organizational performance during or after a turbulent operating crisis is turnaround strategies (Jung & Jang, 2020; Dikshit, Basak, & Vagrecha, 2023). A turnaround strategy as defined by Al-abadleh (2018), is a corporate strategy designed to save a company which is suffering loss. It comprises of a series of moves made by an organization's management that helps return the organization to profitability. As expounded in the Manimal's stage theory, turnaround strategies help organizations to rethink their business model and recuperate from glaring performance threats (Ramalho, 2021). The theory outlines four key stages of turnaround which define the strategy to be used at every stage. The first stage being to arrest the challenge through retrenching what is redundant and less beneficial, then drawing more attention to core business through outsourcing what is non-core (outsourcing strategy). The third stage involves enhancing internal processes by divesting some of the assets to raise revenue for internal operations, and the last stage

is redefining the business process through business process reengineering (Hosseinzadeh & Nematollahi, 2020).

Poor performance in organizations occurs frequently and unless corrected, the severity of decline worsens to the point where the firm is unable to satisfy its obligations (Rose, 2017). To reverse performance decline, an organization needs to adopt turnaround strategies. A good example is that of Asda Chains Company in the UK whose turnaround strategies redeemed it from poor performance. Managers respond to deteriorating performance by selecting corporate strategies that redirect their efforts to improve their firm's competitive position. Literature has described strategic choices employed by firms to reverse deteriorating performance as turnaround strategies (Inyange, 2014).

The general tactic for firms experiencing decline in performance is to adopt counter strategies to recover adequately to resume normal operations, to survive a threat and regain sustained profitability. Thus a performance crisis may necessitate a series of counter actions which reverse the situation. Globalization of the economy has increased the opportunities and risks that individuals and organizations have to contend with daily. In the global economic sense, successful corporations ought to transform themselves as regularly and as quickly as change does (Patterson, 2019). Implementing strategies successfully is vital for any organization. Without effective implementation, even a well-crafted strategy is likely to be ineffective (Liang, Barker & Scheepker, 2018).

Boers, Henschel, and Stellmacher (2022) define strategy as a plan of how the organization can achieve its goals and objectives. It is a commitment of present resources to future expectations. A strategy is therefore a plan of action designed to achieve a particular goal. Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed. Strategy is a deliberate search for a plan of action that will develop and enhance a business's competitive advantage (Kisilu & Gatari, 2021). The differences between a firm and its competitors are the basis of its advantage. If a firm is in business and is self-supporting, then it already has some kind of advantage,

no matter how small or insignificant. The objective of any firm is to enlarge the scope of the advantage (Musita, Miroga, & Mudi, 2020).

Turnaround strategies are critical especially where the firm suffers declining performance in terms of revenue generation for an extended period of time, such that the performance level is so low that the survival of the company is threatened unless efforts are made to improve its performance (Inyange, 2014). Achieving turnaround calls for a variety of skills to probe into the causes of decline and to formulate appropriate strategies to transform the company for a fresh lease of life (Presley, 2022). Different organizations adopt different strategies for bringing about turnarounds. Qiong (2022) argues that a recovery is a transformational change undertaken by a firm which is experiencing declining performance or is likely to do so in the near future. Immaculate (2022) contends that if a firm's performance decline is not checked and appropriate actions taken, it may deteriorate even further leading to closure or collapse.

According to Schweizer and Nienhaus (2017), some of the signs likely to give an early warning include persistent loss, declining market share, deterioration in physical facilities, high employee turnover rate, low morale among employees, mismanagement of organizational resources, uncompetitive products, insufficient financial controls, overinvestment, and high operating costs. Johnson, Scholes and Whittington (2015) argued that the role of management in the implementation of turnaround strategies is as crucial as developing suitable recovery strategies for most firms. The extent of effectiveness in strategy implementation therefore affects the performance of firms that are crafting recovery strategies. However, implementation of most turnaround strategies has on most instances yielded unsatisfactory results.

Al-Turki, Duffuaa and Bendaya (2019) assert that in the majority of turnarounds, the results have been disappointing with wasted resources and burned out, scared or frustrated employees. Most recovery strategies respond to the factors in the industry's environment and factors in the operating environment. The firm may also adopt a mixture of two models of strategy that is the competitive forces model and the resource based model. However, the success of any turnaround strategy depends

on its implementation and on how it aligns customer needs with organizational vision and organizational capability. A turnaround is considered to have occurred when the firm recovers adequately to resume normal operations, often defined as having survived a threat to survival and gained sustainable profitability. Firms across the world have adopted turnaround strategies that include among others, cost management strategies, financial restructuring strategies, focus on core production activities and organizational restructuring strategies (Johnson, 2016).

A turnaround strategy is a set of decisions and actions targeted at the reversal of a perceived crisis that threatens the firm's survival (Barker, Luger, Schmitt, & Xin, 2022). Once a firm finds itself experiencing performance decline, such a firm embarks on series of actions whose main intention is to save the firm from getting into further decline. Various scholars have identified some typical turnaround strategies that firms employ to arrest the situation of performance decline. Such strategies as described by Bhattacharyya, and Malik (2020) include asset restructuring where a company may opt for this to get money to pay its creditors and meet other operating costs.

Another strategy is merging with other firms where mergers and alliances can put a distressed company back on good footing. This is more critical in the case of unanticipated competition. According to Munir (2021), other strategies of reversing a firms' declining performance include reducing capital spending on research and development albeit only in the short-run, issuing new shares depending on whether or not a company has exhausted its authorized share capital and negotiating with creditors on interest rates and paying period to extend the duration of debt servicing. A successful negotiation may save a company from liquidation (a situation in which a firm is terminated as a going concern and which involves selling its assets to salvage its value and the proceeds distributed to creditors in order of established priority (Garg, 2022).

Layoffs is another strategy that modern organizations use to minimize the costs of operation. This involves reducing staff levels or right sizing their labour force. According to Ndofor, Vanevenhoven and Barker (2013), employee layoff is a

common action undertaken by poor performing firms in an attempt to improve performance. However, Bibeault (2012) casts doubt on the presumed benefits of downsizing. Managerial restructuring involving top management change is widely quoted as a precondition for successful recovery since when old ways of operating need to undergo drastic change, it is difficult for incumbent top management to change their habits and institute radical reforms (Manodamrongsat, Tongkong, & Boonyanet, 2020).

Other turnaround strategy measures may include cutbacks in expenditure by reducing the current expenses both in the field of costs and investments, selling off excessive stock, as well as optimizing turnover by quickened collection of receivables and/or reducing the payment periods. Janardhanam (2019) noted the existence of financial turnaround strategy which refers to financial restructuring with a view to strengthening the balance sheet and/or provision of funding. Boyne (2014) singled out strategic repositioning strategy which aims at improving effectiveness and efficiency by basing on chances of the business domain and value proposition of the business. The focus of this strategy is to shift to products that are not currently being produced, identifying new improved markets for these products so as to increase revenue, reduce the cost of production as well as increasing the return on capital. The major techniques that can be used in repositioning include retrenchment, replacement and renewal (Wandera, 2012).

1.1.1 Global Perspective of Business Turnaround Strategies

Zimpel (2017) explains how reorienting the operation strategies of Asda supermarket in the UK led the firm from poor performance to registering significant levels of performance improvement. Turnaround strategies were used by the company after poor performance following Competitive pricing among the big firms and deflation in price of staple items. The company prioritized the need to be customer focused, to be a price leader and to increase store productivity. In order to remain competitive, Zimpel (2017) elaborated on the turnaround strategies adopted by United Kingdom and United States of America retailers that included understanding and meeting customer needs, exercising massive control on supply chain and undertaking new

store development programs. Iqbal (2022) in a case study of 40 successful large U.S. and European family business reported how several of them stumbled. Overconfidence and straying from successful business models were identified as the main causes of organizational performance decline.

In Thailand, over a three year reorganization period, successful companies adopted cost and expense reduction, company size reduction and disposal of non-core assets. Operational strategies aimed at reconfiguring internal structures and systems were not associated with successful companies (Robert, 2013). Cost containment strategies helped to halt the decline of firms that were already registering significant losses. In Roma, Gabriela (2015) argued that turnaround management was a successful key to achieving sustainable corporate performance improvement. The focus in this case was on sustainable performance increase and strategic turnaround management. In Germany, rising employee productivity and sales over the last decade have been brought about by high commitment to work and practices that result to corporate change strategy which has enhanced performance outcomes (Mihail, Mac Links & Sarvanidis, 2013).

Zavalloni (2020) argued that at any one time, close to 27% of manufacturing firms in Ireland faced financial distress and needed to be turned around in order to continue performing well. Some of the challenges experienced include: high costs of raw materials and fluctuations in the macro economic conditions. Some of the firms adopted cost cutting strategies such as layoffs and others adjusted their production methods. It was established that of the 27% firms, one third of them were successfully turned around and recovered from the financial distress.

Venusita and Wijayanti (2019) reported that 47% of the businesses in Indonesia failed less than 3 years after commencement of operations while in India, many firms that have recorded poor performance have been successfully pulled back from the brink of collapse and firmly put on the road to recovery by application of turnaround strategies. Some of the spectacular recoveries have all had one or more of the following strategies to call upon; restoring lender confidence, removing failure team, identifying and motivating performers, downsizing redundant assets and non-

performing personnel, creating sustainable business strategies, increasing sales through direct customer contact and improved service and value pricing. Stoiber and Degischer (2023) on the other hand addressed turnaround strategies in terms of maintaining creditor confidence with full timely disclosure of operational and financial results and rapid debt payout, rebuilding core business and identifying opportunities for sustained growth, focusing the management on key performance issues and creating a successful management team.

1.1.2 Regional Perspective of Business Turnaround Strategies

At any given time, between 20 and 30 percent of companies in Nigeria are embroiled in turnaround strategy (Okoye-Chine, 2021). Turnaround management is a process that involves establishing accountability, conducting diagnostic analysis, setting up information systems, preparing action plans, taking action and evaluating results. For instance, Maishanu (2012) presented a case study in Nigeria that involved the removal of five chief executives of banks after a N400billion bailout by the Central Bank of Nigeria (CBN). In the aftermath of the leadership change, the banks embarked on turnaround strategies that involved reallocation of resources.

In the South African setting, there have been a number of recoveries that have been undertaken. In particular, the South African Airways went through a major turnaround. The turnaround plans have not been limited to a particular sector in the society, but cuts across all walks of life. Thus, recovery plans can be applied in the case of distressed and ailing projects and does not require the entire organization to be subjected to a turnaround plan, when a problem has been detected in a certain division, branch or department (Mokubung, Botha, & Du Plessis, 2014).

Timugiibwa (2018) pointed out that Uganda's public sector had bureaucratic tendencies which curtailed operational innovation and creativity. It had to change its approach to performance monitoring and 'self-regulation'. The strategies focused on promoting improvements in technical processes and input selection. Improvement in service quality and network expansion was as a result of aligning performance improvement initiatives with the organization's financial performance and team development. The program's success required managing organizational rigidities and

moving towards full cost-recovery. Organizational incentives and information flows encouraged managers to reduce rules and procedures that hindered improvement in performance.

According to Aipinge and Shopati (2022), in Namibia, turnaround strategies are aimed towards improving the operational efficiency of an organization that is recording declining profitability but has not failed, especially if in so doing, the firm is revitalized to improve production and reverse the trend of profitability. This turnaround definition implies that a declining firm can be turned around, while a firm that has failed cannot. Judicial actions are often associated with failed firms but less often with those in decline or informal firms which enter and exit the market easily. While it is true that decline and failure are often used interchangeably, it is valuable to distinguish between them, as this may influence the strategies that will be pursued for each (Kabirnejat, Taghizadeh, & Bagherzadeh, 2022).

1.1.3 Local Perspective of Business Turnaround Strategies

There has been a marked increase in the number of firms that have been faced with declining profits and some even making huge losses. For instance, East African Portland cement made 489 million shillings loss for a period of six months ended 30th September 2008, K-REP bank made Ksh472m loss for period ended 31st December 2008, while Gulf African bank made Ksh281m after tax loss for the period ended 31st December 2008. These firms embarked on implementing turnaround strategies to put them back to profitability (Daina, 2014).

Uchumi Super Market had undergone a number of turnaround attempts to improve its performance. Some of the turnaround efforts like initial restructuring of Uchumi did not forestall the deteriorating performance of the Company. As a result, on 31st May 2006, the Board of Directors resolved that the Company ceases operations and on 2nd June 2006, the Debenture Holders placed the Company under receivership. Simultaneously, the Capital Markets Authority (CMA) suspended the Company's listing on the Nairobi Stock Exchange (NSE). Following a framework agreement between the Government of Kenya, suppliers and debenture holders, the company was revived and commenced operations from 15th July, 2006. The new management

applied reorganization and repositioning tactics which increased the organisations revenue and provided strong internal controls hence turning around the company (Muringi, 2012).

Otambo (2016) cites a case of National Oil Corporation of Kenya which due to its unsteady performance, implemented turnaround strategies to bolster its performance. Some of the turnaround strategies adopted were top management change, efficiency and operating strategy, expansion of retail outlets and employee retrenchment. Mgweno (2014) reported that top management teams, customer relationships, prompt delivery and after sales service are important factors that should be addressed during turnaround in order to establish a market niche and fulfil customer needs.

Companies such as the National Bank of Kenya and the Kenya Co-Operative Creameries undertook turnaround strategies such as efficiency oriented strategies which included reduction/omission of dividends, layoffs, replacement of top management, integration of surplus fixed assets, closure of branch business units, and sale of some business units (Musango, 2021). Mungai and Bula (2018) on the other hand, established that most of the Kenyan firms adopted top management change, stakeholder's involvement and increased efficiency as some of the recovery strategies.

1.1.4 Firm Performance

Firm performance as expounded by Lanteri (2021) is the ability of a given firm to successfully compete in a given business environment. Akben-Selcuk (2016) defined firm performance as the ability of a firm to do better than benchmark companies in terms of profitability, sales, or market share. Similarly, Iftikhar (2017) consider performance to be synonymous with a firm's long-run profit performance, its ability to compensate employees and generate superior returns for shareholders. One of the main goals of every modern organization is to achieve performance. Firm performance according to Khan, Çera, and Alves (2022) is the ability of an organization to offer products and/or services that exceed those of their competitors or offer products with the same quality as their competitors but at a lower cost. This means that for an organization to gain performance, it must either invest on systems

and processes to enhance quality or focus on saving costs to minimize the cost of production while matching the quality with that of the competitors (Dávila, North, & Varvakis, 2016).

Performance in organizations is mainly the evaluation of a company's effectiveness, efficiency, and overall success in its operations within the industry it operates in. It involves assessing how well the firm utilizes its resources, achieves its objectives, and competes in the market. Firm performance is essential for evaluating the financial health and operational efficiency of a company (Bajari, Chernozhukov, Hortaçsu, & Suzuki, 2019). One of the essential dimensions of firm performance is financial performance. This refers to the evaluation of its financial health, profitability and the effectiveness with which it utilizes its financial resources. It provides insights into the company's ability to generate profits, manage expenses, generate cash flow, and create value for its stakeholders. This includes measures such as revenue growth, profitability, return on investment, and cash flow (Baariu, Gathungu, & Ndemo, 2021).

Profitability ratios like gross margin, operating margin, and net margin provide insights into how well the company manages its costs and generates profits. Financial performance indicators help determine the company's ability to generate returns for its shareholders and reinvest in its operations. One of the major financial indicators of performance is revenue and sales growth. Revenue growth is a fundamental indicator of a firm's financial performance. Increasing sales over time signifies the company's ability to attract customers, penetrate new markets, and maintain performance. According to Fadhilah and Subriadi (2019), it is important to analyse the sources of revenue growth, such as new product lines, market expansion, or customer retention strategies. Profitability on the other hand measures the company's ability to generate earnings from its operations.

Return on Investment assesses the profitability of an investment relative to its cost. It indicates how effectively the firm utilizes its assets to generate profits (Lee, Lee, & Garrett, 2019). Return on Assets measures the company's ability to generate earnings from its total assets, while Return on Equity (ROE) evaluates the profitability in

relation to shareholders' equity. Higher ROA and ROE indicate efficient utilization of resources and increased shareholder value. Cash flow is a critical aspect of financial performance as it reflects the firm's ability to generate and manage cash. Positive operating cash flow indicates that the company generates sufficient cash from its core operations to fund its expenses and investments. It is important to analyze operating cash flow, investing cash flow (capital expenditures, acquisitions, etc.), and financing cash flow (debt repayments, equity issuances) to understand the firm's overall cash flow position (Al-Surmi, Cao, & Duan, 2020).

1.1.5 Large Manufacturing Firms in Kenya

The manufacturing sector in Kenya constitutes 70 per cent of the industrial sector contribution to GDP and Kenya Vision 2030 identifies the manufacturing sector as one of the key drivers for realizing a sustained annual GDP growth. The size of the manufacturing firms is determined through their total assets. Large-sized firms are the firms with total assets of above Kshs.100 million, medium-sized have between Kshs40 Million and Kshs100 million by total assets; whereas small firms are those firms having assets under Kshs40 Million (Kihara, 2016). This sector has the potential to generate foreign exchange earnings through exports and diversify the country's economy (KIPPRA, 2021).

The contribution of the manufacturing sector to GDP has continued to stagnate at about 10 per cent, with contribution to wage employment on a declining trend (KNBS, 2021). Kenya's share of manufacturing exports to the global market is about 0.02 per cent. While this compares favourably with neighbouring Uganda and Tanzania at 0.016 per cent and 0.019 per cent respectively, it is unimpressive when compared with South Africa, Singapore, China and Malaysia. For example, South Africa's global share of manufacturing exports is about 0.3 per cent, while that of Singapore and Malaysia are 2.4 per cent and 1.3 per cent, respectively. According to a recent Kenya economic report, low value addition and high costs of production impede competitiveness of Kenya's manufactured products in the global market (IEA, 2016).

Statistics from World Bank show that Kenyan manufacturers have registered stagnation and declining profits for the last five years due to unpredictable operating environment (WB, 2014). Further statistics from Kenya Association of Manufacturers have shown that firms announced plans to shut down their plants and shift operations to low production areas such as Egypt due to reduced profits (KAM, 2017).

In the year 2013, Cadbury Kenya closed down its manufacturing plant in Nairobi while Eveready's net profit fell by 58.7 per cent to \$493,237 from \$784,783 and that prompted its departure from the Kenyan market. The production capacity of Eveready dropped to 50 million units annually, down from a previous high of 180 million per year (RoK, 2014). Tata Chemicals Magadi scaled down its operations by closing down its main factory due to poor performance (Kandie, 2014).

It is estimated that manufacturing firms in Kenya have lost 70 per cent of their market share in East Africa in the last 25 years (RoK, 2014). Reckitt and Benkiser, Procter and Gamble, Bridgestone, Colgate Palmolive, Johnson & Johnson and Unilever have all relocated or restructured their operations, opting to serve the local market through importing from low-cost manufacturing areas resulting in job losses (Nyabiage & Kapchanga, 2014). According to a World Bank report, in spite of Kenya being praised for its robust economy that is set to become one of the top five fastest-growing in sub-Saharan Africa, manufacturing output remains low compared to other sectors. This has resulted in Kenya being a heavy consumer of goods produced in the Far East. Moreover, the relative size of Kenya's manufacturing sector has been almost stagnant, and at the same time the sector has lost international competitiveness and is struggling with low productivity and structural inefficiencies (WB, 2014).

1.2 Statement of the Problem

Manufacturing sector stands to be one of the major economic drivers in both the developing and developed countries across the globe. According to World Bank report (2014), most of the middle income countries recorded between 10-15% of their GDP to be contributed by manufacturing sector. Carlinn (2018) had established

that over 40% of middle-east economies were anchored on manufacturing sector which employed more than 60% of the countries' workforce. In Kenya, manufacturing firms have continuously contributed to the country's economic growth by being key pillars of other important sectors while at the same time providing employment to more than 18% of the country's workforce (GoK, 2019). Despite the merit that surrounds the manufacturing sector in Kenya, the firms have been facing tremendous challenges most of which have affected their performance and sustainability (Muthoki & Cheluget, 2020).

Statistics show that a good number of large scale manufacturers operating in Kenya have been registering stagnation and declining profits and on the whole, manufacturing sector has lost 70 per cent of its market share in East Africa in the last 25 years (GOK, 2019). In the year 2019, manufacturing sector in Kenya contributed barely 10% to the GDP (KNBS, 2021). Cadbury Kenya closed down its manufacturing plant in Nairobi after its net profits fell by 58.7 per cent to \$493,237 from \$784,783 while Eveready Ltd reduced its production capacity to 50 million units annually, down from a previous high of 180 million per year (Diana, 2014). Companies such as Tata Chemicals Magadi, Unga Group Limited, Keroche Breweries among others scaled down their operations by either closing down some factories, exiting some markets or discarding some of their brands (KAM, 2021). According to Oduor, Kilika and Muchemi (2021), turnaround strategies and efforts have achieved mixed results in Kenyan manufacturing sector over the past decade.

Empirical studies have revealed that a company's future can be improved by adopting turnaround strategies. Rutherford and Favero (2020) noted that turnaround strategies are important tools that can be used to arrest and reverse the sources of competitive and financial weakness of an organization. Stimson, Stough and Roberts (2016) asserted that turnaround strategies are vital for firms in the realization of sustainable economic performance. Mbogo and Waweru (2014) suggested that companies under severe financial distress need to make aggressive cost and asset reductions in order to survive. A study by Kinyanjui and Ngugi (2014) offered a typology of turnaround strategies that vary from resistance, passive and conformity to proactive manipulation. Wandera (2019) focused on turnaround strategies adopted

by the sugar industry to changes in the external environment while Muturi and Odollo (2019) investigated the turnaround strategies to changes in the Kenyan banking industry. Despite the contextual differences in these studies, there is little effort to link the turnaround strategies with performance and the current study sought to fill the existing gaps by establishing the influence of turnaround strategies on performance of large manufacturing firms in Kenya with organizational culture as the moderating variable.

1.3 Study Objectives

1.3.1 General Objective

The main aim of this study was to establish the influence of business turnaround strategies on performance of large manufacturing firms in Kenya

1.3.2 Specific Objectives

- i. To establish the influence of retrenchment strategy on performance of large manufacturing firms in Kenya
- ii. To determine the influence of divestment strategy on performance of large manufacturing firms in Kenya
- iii. To investigate the influence of business process re-engineering strategy on performance of large manufacturing firms in Kenya
- iv. To assess the influence of outsourcing strategy on performance of large manufacturing firms in Kenya
- v. To establish the moderating effect of organizational culture on the relationship between business turnaround strategies and performance of large manufacturing firms in Kenya

1.4 Research Hypotheses

The study was guided by the following null hypotheses;

- H₀₁:** Retrenchment strategy does not significantly influence the performance of large manufacturing firms in Kenya

- H₀₂:** Divestment strategy does not significantly influence the performance of large manufacturing firms in Kenya
- H₀₃:** Business process re-engineering strategy does not significantly influence the performance of large manufacturing firms in Kenya
- H₀₄:** Outsourcing strategy does not significantly influence the performance of large manufacturing firms in Kenya
- H₀₅:** Organizational culture does not significantly moderate the relationship between business turnaround strategies and performance of large manufacturing firms in Kenya

1.5 Significance of the Study

The Kenyan manufacturing sector has been experiencing turbulence with statistics revealing stagnation and/or declining profits. With the importance of the sector to the Kenyan economy, the poor performance is worrying and needs a relook in terms of research. Application of turnaround strategies can be a solution to the problem and hence the importance of this study. The study intended to provide an insight into some of the turnaround strategies that can be adopted by manufacturing firms and establish their influence on performance. The intention of this research was to contribute to the existing body of knowledge about turnaround strategies and provide recommendations for turning around declining performance among manufacturing firms as well as other firms with similar operational characteristics. The findings of this study are expected to be relevant to other stakeholders such as government policy makers, researchers and scholars as discussed below.

1.5.1 Management of Manufacturing Firms

This study is expected to be of value to the management of manufacturing firms as well as other firms with a similar operating environment. It is expected that the study will provide information on the different strategies that can be used by firms to continue operating profitably in a dynamic environment. From the study, the management will be able to identify strategies that are most appropriate and ways in

which to customize the turnaround strategies to their individual firm's situation. Most importantly, the research sought to establish the crucial links on the cause and effect of day to day performance of the manufacturing firms with regard to the implementation of turnaround strategies for better performance.

1.5.2 Government Policy Makers

The Government of Kenya policy makers will benefit from the findings of this research since they shall be quite interested on how the manufacturing firms in Kenya with declining performance can turnaround their situations due to the fact that closure of business of these firms affects revenue generation, employment, economy and generally the standards of living of the citizens. The Government can put in place policies that will guide and encourage firms within and outside the manufacturing sector in coming up with strategies to mitigate against the threats to their survival. The findings of this study will give rise to the formulation of an appropriate strategic framework to assist organizations in implementing organizational turnarounds. The findings of the research will be used to develop new models for implementing organizational turnarounds under various situations.

1.5.3 Academicians and Researchers

To the researchers and academicians, the research will provide more insight into the implication of turnaround strategies on organizational performance and build their body of knowledge for more expounded research which they will use as a reference for future studies. The recommendations of the study will open an avenue for further critique and identification of knowledge gaps hence further research opportunities.

1.6 Scope of the Study

The research spotted and enumerated the influence of turnaround strategies on the performance of large manufacturing firms in Kenya. The study specifically focused on retrenchment strategy, divestment strategy, re-engineering, and outsourcing strategy. The moderating effect of organizational culture on the relationship between turnaround strategies and performance of large manufacturing firms in Kenya was

considered since a conducive working environment is key for success of any strategy in the firm. The choice of these turnaround strategies was motivated by previous evidence as seen in the background that key turnaround strategies to improve performance in both the short-run and long run are a mix of retrenchment, divestment, business process re-engineering and outsourcing strategies. The study was limited to large manufacturing firms in Kenya due to their fluctuations in performance despite their immense contribution to economic growth in Kenya.

This study targeted 708 large manufacturing firms in Kenya registered under the Kenya Association of Manufacturers as at 2017. The reason why the study focused on the large manufacturing firms is because of their overall contribution to the economy of Kenya. It is also due to the fact that large manufacturing firms have structures and frameworks in place to apply strategies such as turnaround as compared to the smaller firms. The sample size of the study was 249 firms selected randomly from all the 14 sectors of the manufacturing industry in Kenya.

1.7 Limitations of the Study

The confidentiality policy of the firms restricted some sampled respondents from filling in the questionnaire for fear of exposing the firms' private information. This was mitigated by assuring the respondents of utmost confidentiality and anonymity of the information they provide. An introduction letter was presented to the companies' management in order to eliminate suspicion and enable the respondents to disclose the information sought. Other limitation included some of the respondents taking more time than expected to complete the questions, which meant slowing down the pace of the study. This was mitigated by offering constant reminders to keep track of the progress of response from the respondents.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review of the theories that inform the variables in this study; that is turnaround strategies involving retrenchment, divestment, re-engineering and outsourcing. It reviews empirical literature of all the key variables stated. It also provides a summary and critique of the literature reviewed. Finally, a conceptual research framework which forms the basis for the research hypotheses is presented.

2.2 Theoretical Review

Clifford, Williams, Randall and Thomas (2010) defined a theoretical review as a collection of interrelated concepts that guide research to determine what things to measure, and what statistical relationships to look for. The theoretical literature review helps to establish what theories already exist, the relationship between them, to what degree the existing theories have been investigated, and to develop new hypotheses to be tested. The theoretical perspective relevant to this study is based on the four turnaround strategies and the moderating effect of organizational culture. This study was informed by theory of Strategic Orientation, real-options theory, transaction cost economics theory, theory of constraints and Human Relations theory.

2.2.1 Theory of Strategic Orientation

Theory of strategic orientation by Venkatraman (1989) classified turnaround strategies into two distinct approaches: efficiency oriented and business oriented strategies. Performance decline occasioned by inefficiency require adoption of efficiency oriented strategies in the form of cost cutting or asset reduction (Venkatraman, 1989). Business oriented strategies come in the form of fresh ideas for the firm to venture into uncharted territory in a bid to spread revenue sources. If the firm's initial strategies are no longer relevant in a new, competitive, environment,

then entrepreneurial oriented strategies should be deployed (Venkatraman, 1989). Based on this model, the causes of a firm's performance decline can either be inefficiency in operations or original strategies, loss of business to new competitors, products, innovations and technology or poor marketing approaches.

Strategic orientation is an indication of the direction in which a business wants to or should go in the future, and how well it is set up to do so (Wiesen, 2014). According to Gatignon and Xuereb (1997), strategic orientation reflects "the strategic directions implemented by a firm to guide its activities for continuous superior performance". The components of strategic orientation are the sense that an organization has a plan for the future and that a business can evaluate how well it is fulfilling its plan. With both components, strategic orientation helps an organization analyse strategy for future growth as it compares with the actual execution of procedures. The strategic orientation and the level of inter functional coordination of a firm influence the ability of the firm to take advantage of a new product to make it successful. Therefore, even after controlling for the innovation characteristics, firm orientation can have a massive impact on firm performance. A firm's strategic orientation reflects the strategic directions implemented by a firm to create the proper behaviours for the continuous superior performance of the business (Slater & Narver, 2008).

The theory is relevant to the study as it explains one of the independent variables of the study, which is retrenchment strategy. The theory argues that efficiency strategies such as cost management should be adopted when the main cause of performance decline is efficiency related. The theory also posits that strategic positioning strategies should be adopted by a firm when the major cause of performance decline is entrepreneurial issues which include poor marketing strategies. The theory links retrenchment strategy to organizational performance thus it is adopted in the study to shine more light on the influence of retrenchment strategy on firm performance.

2.2.2 Real-Options Theory

The expression "Real Options" was initially introduced by Myers (1977), highlighting that a company's new expansion investments can be interpreted as being

similar to call for the available options. The Real Options Theory proposes an approach to evaluate projects containing significant operating and strategic alternatives, suggesting that strategy and finance can be integrated. Accordingly, the theory is used as a risk management tool centred on uncertainty and includes the alternative of adopting a particular available option. Real options allow firms to keep or divest a unit based on different factors such as decline in market situation or poor management (Belderbos & Zou, 2009; Keswani & Shackleton, 2006).

According to Myers as cited by Kenny (2014), when an organization realizes that some of its investments/assets are not well performing, it has the choice to dispose them off in an attempt to streamline its operations and boost performance. Divestment is not only done in order to raise funds to meet the operational costs through disposing off assets and other investments but also as a way of restraining the company from sinking resources into investments that are less profitable. Lambrecht and Myers (2007) indicated that real-options theory can be used to analyze takeovers in the context of declining industries.

Musshoff et al. (2013) elaborated that “Real options models can predict actual disinvestment decisions better than traditional investment theory”. Driouchi and Bennett (2011) in their study on real options and how it affects multinational decision-making concluded that when utilized properly, real options in decision making offers far superior results. Damaraju (2008) contemplates that in line with the key assumption of real options theory, high uncertainty firms will utilize their option of divesting as a way of making their operations less vulnerable to risks as well as saving on the operational costs.

Manufacturing firms ought to consider as many alternatives as possible in decision making when their performance and sustainability are at risk. One of the main ways of turning around as pointed out in the real options theory is through divestment (Driouchi & Bennett, 2011). This ensures that the firm has all its systems put together and the best approach adopted to have some disposals done for sustainability. This study adopted the real options theory to infer on the influence of divestment strategy on the performance of large manufacturing firms in Kenya.

2.2.3 Theory of Constraints

The Theory of Constraints (TOC) was first put forward by Goldratt (1984) in a business novel known as *The Goal*. The theory aims at pointing out the basics of an organization being designed to grow and enhance its performance through properly controlled operations. Theory of Constraints identifies the most important limiting factor in achieving an organization's goal and improving that constraint until it is no longer a limiting factor. In this regard, an organization identifies its core business processes requiring drastic improvement and redesigns them accordingly. The theory of constraints recognizes an organization as a system of interlinked processes, it is the weakest link that is a constraint and needs to be improved.

According to Inman, Sale, and Green (2009), the TOC is the management philosophy that provides a focus for continuous improvement that results in enhanced organisational performance. Boyd and Gupta (2004) defined the TOC as clearly identifying an "orientation to gain" along with its three dimensions: mental models, measures and methodology. As pointed out by Gupta and Boyd (2008), the TOC provided clearer and more reliable approaches on how to enhance the organizational operations with the main aim of promoting efficiency through which performance is achieved. Montgomery (2010) argued that if TOC is effectively implemented as a management philosophy, organizations extend their ability to record increased profit, reduced inventory levels and operating expenses, thereby improving organisational performance.

Business process re-engineering prioritizes core business activities and addresses the constraints in them. As pointed in the TOC, identifying the bottlenecks affecting the company from achieving its goals and coming up with ways to mitigate the tailbacks is one of the major foundations of firm performance. In the context of this study, re-engineering is a strategy aimed at aligning the operations of the firms towards the identified pathway in order to enhance performance just like Cox and Schleier (2010) and Krishnaa and Chaithanya (2014) pointed-out in the TOC. This therefore paves way for the adoption of the theory in assessing the influence of re-engineering strategy on the performance of large manufacturing companies in Kenya.

2.2.4 Transaction Cost Economics (TCE) Theory

The theory of TCE is attributed to Oliver Williamson working on works first originated by Ronald Coase (Emmanuel, 2013). The theory dates back in the early 1930s in an analysis by Commons (1931) who sought to explain the need and motive for organizations to transact amongst themselves. The theory pointed out that entities no matter how diverse and different they are, they ought to interact at some point through which one entity obtains what it lacks through a transaction programme. Based on the classical economics theory, it is assumed that humans have perfect rationality of their behaviours (Coase, 1937). However, according to neurophysiological and language limits of individuals (Simon, 1957), there are the constraints of human abilities to receive, process and analyse information without any error (Grover & Malhotra, 2003). Therefore, bounded rationality is viewed as a source of transaction costs because all factors cannot be considered in the decision making process (Barros, 2010).

The theory of transaction cost economics seeks to examine the logic of the existence of firms. The theory in addressing this question indicates that the firms exist with a view of minimizing transaction costs of individual transactions that would take place in a market between a buyer and a seller (Maami, 2011). The processes of individual transactions are better structured within organizations because of limitations of human cognitive capabilities, costs associated with individual transactions as well as failure to take hold of basic assumptions associated with efficient markets such as rational actors, perfect information, homogeneous goods, and the absence of liquidity constraints (Kamuri, 2015). The transaction costs are perceived to have occurred every time a good or service is transferred from one stage to another where new technological capabilities are needed to make a product or service.

Transaction cost economics theory has been the most used theory of adopting Business Process Outsourcing (BPO) and is perceived to offer the best decision making tools to help firms decide whether to outsource and to prepare themselves for impending outsourcing arrangements (Ichoho, 2013). TCE argues that all functions

where benefits to the company are higher than the transaction costs should be outsourced. Benefits include increased revenues and reduced costs of production.

The relevance of the theory to the study is based on the argument that outsourcing leads to cost cutting especially when the outsourced activities would otherwise have been expensive to manage in-house. The accurate identification of the activities and processes to be outsourced as indicated in the theory of cost economics would lead to cost reduction thus improving the cost efficiency of the manufacturing firms in Kenya. The theory will therefore be used to inform the study on the role of outsourcing strategy on the performance of large manufacturing companies in Kenya.

2.2.5 Human Relations Theory

The human relations theory was first developed by Mayo (1950) in an attempt to reveal how an organization can enhance its relationship with its stakeholders. The theory, also known as behavioural management theory, focuses more on the individuals in a workplace than the rules, procedures and processes. Instead of directives coming directly from management, human relations theory recommends consultation and honest communication between employees and managers, allowing them to interact with one another to help make decisions and set targets (Bruce & Nyland, 2011).

The theory argues that instead of giving workers quotas and requiring certain procedures to be strictly followed, workers are exposed to motivational and emotional tactics to get them to increase productivity. The focus of this style is creating fulfilled and productive workers by encouraging them to invest their efforts in the company (Mayo, 1950). Mayo (1984) argued that the relationships between the workers and management greatly influence productivity. Productivity increases due to healthy relationships and being part of a supportive group where each employee's work has a significant effect on the team output (Bruce & Nyland, 2011).

The way employees interact within a firm is largely dependent on the organizational culture of the firm according to this theory. The human relations theory thus informs the moderating variable of the study which is organizational culture. During

interactions, an individual is likely to learn what the culture of an organization is, and this knowledge plays a significant role in how they execute their responsibilities. The social networks at a work place can encourage or discourage compliance to policies, new strategies or regulations (Bruce & Nyland, 2011). The theory supports the argument that positive organizational culture is a significant moderating variable between turnaround strategies and performance.

2.3 Conceptual Framework

A conceptual framework is a set of principles and ideas from a relevant field of study acting as a research tool to aid the researcher to develop and understand the situation under study (Kombo & Tromp, 2009). According to Ravitch and Riggan (2016), a conceptual framework refers to the broad set of principles and ideas taken from applicable areas of enquiry and employed in structuring an ensuing presentation. The study's conceptual frame work is arrived at after reviewing various variables in previous studies.

Figure 2.1 links turnaround strategies, organizational culture and performance of large manufacturing firms in Kenya.

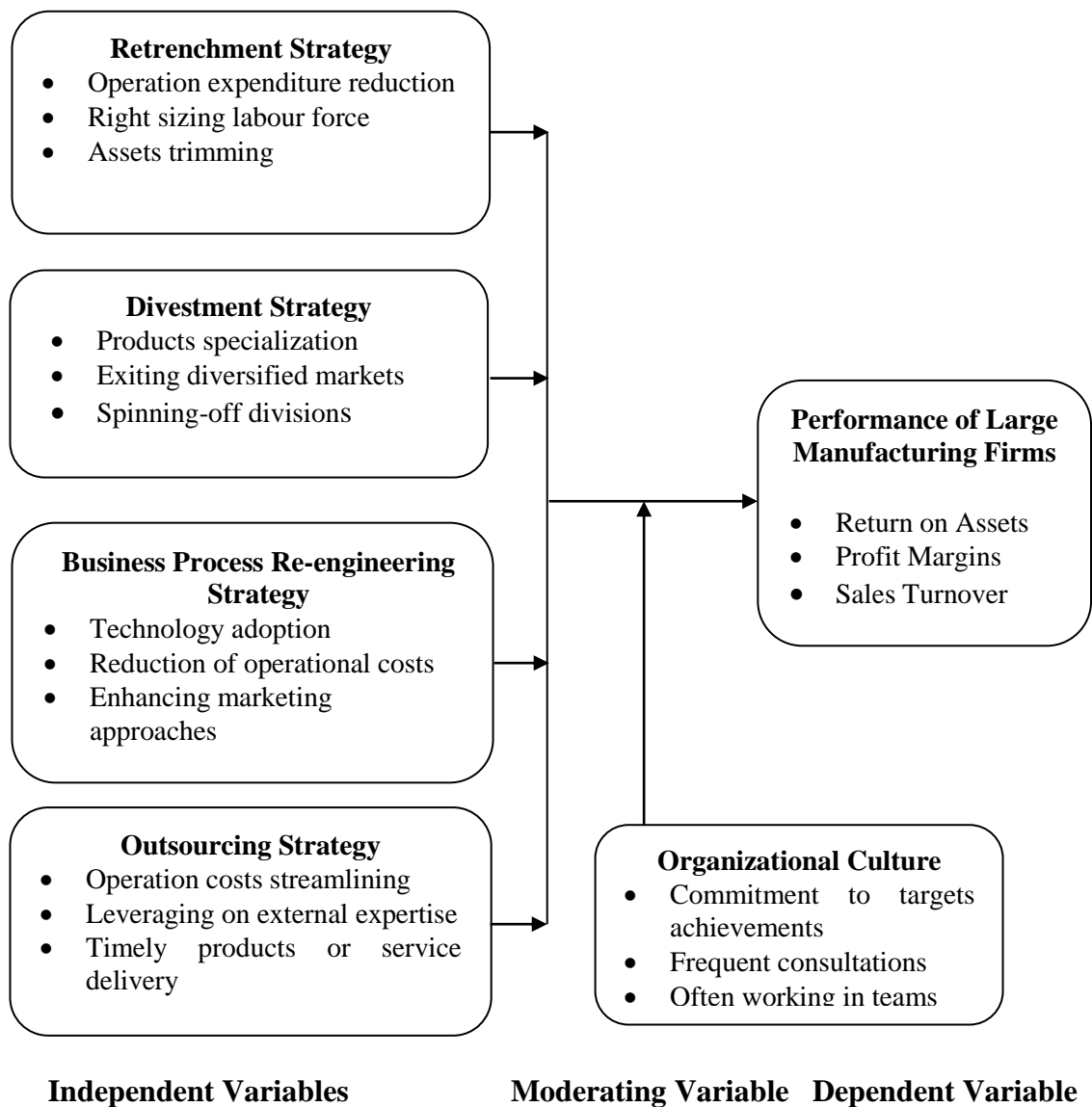


Figure 2.1: Conceptual Framework

2.3.1 Retrenchment Strategy

Retrenchment strategy involves cutting operating costs and reduction of non-core assets (Tao, Xu, & Liu, 2020). During turbulent business times, business horizons often shorten with owners/managers focusing on immediate survival rather than long-term goals (Ung, Brahmana & Puah, 2018). Believing it is easier to reduce costs than generate additional revenue, many businesses choose to retrench whenever confronted with reducing returns. Saphira (2022) suggested that successful turnarounds are characterized by strategies of retrenchment, repositioning and

reorganization. Companies experiencing performance decline that use one or more of these strategies are likely to reverse this situation. Jamal and Salisi (2021) opined that cost management approaches are considered as critical factors to increase revenue for the success of manufacturing companies.

According to Wang (2023), retrenchment strategy especially through expenditure reduction on aspects such as research and development (R&D) supports decision making and improves competitive advantage that results in better resource allocation. Retrenchment may be an integral feature of effective businesses management and helps to determine accurately estimated cost before process starting and can help to forecast cost of operations in the future. Cost containment techniques such as standard costing, sourcing and budget system limits the highest cost that could be incurred and as a result for the same level of income, the expenses are lower which results to increase in profitability. This leads to an improvement in the performance of a firm (Klyver & Nielsen, 2021).

Right sizing labour force and retrenching some of the assets are other common measures used to retrench in an organization. The priority of most businesses faced with performance decline has shifted from growth and leveraging up profits to issues of survival and preserving core assets and competencies (Beheshti, Dehghan, Mashayekhi, & Amiry, 2021). There is an understandable emphasis on cost cutting which is seen as the best way to maintain profits in the face of falling sales and shrinking profit margins. An organization earns profit when its business costs and expenses are less than its revenue through its services and investment (Alsbaity, Alvianti, Hengkeng, & Nurlaila, 2018). Any business for that matter survives only if it earns profits. For a company to provide a reasonable return for the huge capital expenditure and to remain servicing the economy, profitability is a must. To remain profitable, efficient and effective cost management of its entire operations is a must for any business (Rico, Pandit, & Puig, 2021).

The critical role of retrenchment to manage costs in providing a stable base from which to launch a recovery phase of the turnaround process is well established. Casillas et al. (2019) posits that downsizing is one tactic within a corporate strategy

for shifting the organizational structure from what it is now to what it has to be in order to sustain competitive edge and satisfy customers' needs. The visible effect of downsizing is a net reduction in headcount and usually a net labour cost reduction while the unnoticeable aspects are more critical to the strategic wellbeing of the company and will ultimately determine its long-run profitability and quality of service or product.

Some of the successful retrenchment-based cost-management approaches have upheld reducing expenditure on R&D, right sizing labour force and asset retrenchment (Klyver & Nielsen, 2021). Reduction in costs by concentrating on reducing production costs relative to the industry peers that pursue more general overhead reductions is normally preferred. This includes having tighter stock control, financial and capacity controls and investment in new plant to enable greater efficiencies and streamlined processes (Saphira, 2022).

Asset retrenchment is often pursued after a cost efficiency drive. An asset retrenchment strategy is where areas of the firm that are underperforming are appraised to determine if efficiencies can be made, or whether it is best to cut-off the asset completely rather than allowing it to continue operating at a weaker level than the rest of the firm (Panicker, & Manimala, 2015). Some studies indicated that retrenchment was implemented only if cost efficiency strategies did not have enough impact to stabilise the firm's finances, although in the majority of cases it is the natural second step following cost efficiencies (Menéndez, Pérez-Reina, & Ramos-García, 2023).

Friedrich (2022) asserted that the usefulness of asset retrenchment as a component of a turnaround strategy depends on the firm's ability to generate cash flow from any disposal. It is often assumed that this will be the case, yet there can be significant difficulties surrounding simple disposal and cash generation due to asset specificity, liquidity in the second hand market and exit barriers (Rico & Puig, 2021). Similarly, where asset retrenchment involves the disposal of aging assets and their replacement with new, state-of-the-art counterparts, for example investing in new plant, equipment or technology, careful assessment is obviously required to ensure that the

efficiency savings will more than cover the investment and implementation costs (Sumarni & Hermawan, 2022).

2.3.2 Divestment Strategy

Divestment (disinvestment or divestiture) generally can be defined as “a firm’s decision to dispose-off a significant portion of its assets” (Dawkins (2018). Alternative explanations include “the process by which multi-establishment corporations shift or relocate existing capital between their own establishments” and that divestments retract the economic impact of investments. Taken together, it can be inferred from these characterizations that divestments concern the voluntary release or shift of capital previously tied up in major organizational resources (Iqbal, 2022).

According to Dizon, Harper, and Kezar (2022), divestment strategy is one of the turnaround strategies employed by companies facing financial distress or struggling to stay competitive in the market. It involves the deliberate decision to sell off assets or business units that are considered non-core or underperforming in order to improve the overall financial health and focus on the core strengths of the organization. The goal of a divestment strategy is to streamline operations, reduce debt, and generate funds that can be reinvested in more promising areas or used to pay down liabilities (Iqbal, 2022).

According to Yustini and Sanusi (2019), divestment strategy requires efficient assessment of the company's portfolio of assets and identify which ones are not contributing significantly to the core business or are dragging down overall performance. Once the non-core or underperforming assets have been identified, they are prioritized based on their potential to fetch a good value and their strategic relevance to the company's future growth. The company can then initiate a sales process to divest these assets. This could involve selling the assets to other companies, private equity firms, or even conducting an initial public offering (IPO) if the business unit can stand alone as a separate entity (Agrawal & Agrawal, 2019).

According to Singh (2017), it is important to note that implementing a divestment strategy requires careful planning and execution. Management needs to consider potential impacts on employees, customers, and stakeholders while ensuring the long-term viability of the core business. Additionally, companies should be mindful of the market conditions and timing for selling the assets to maximize their value. Divestment activities including spinning-off divisions and exiting diversified markets are regarded as part of a firm's corporate restructuring strategy (Merlini, 2019). Spinning-off divisions is the process of removing some product or process divisions that are not accurately and extensively aligned to the business operations and revenue generations. A thorough scanning is required to establish the divisions that contribute little to the revenue kitty of the firm and getting rid of them to minimize the costs. However, firms might restructure their business activities in a variety of ways. Agrawal and Agrawal (2019) distinguish three categories of restructuring activities: organizational, financial, and portfolio restructuring. Organizational restructuring to remove some passive divisions is intended, as the name implies, to increase the efficiency of management teams through changes in the organizational structure such as team sizes, responsibilities and incentive structure (Flickinger, & Zschoche, 2018).

The other aspect of divestment is exiting in some of the diversified markets. At times, companies diversify their products and services to other markets as a way of enhancing their competitiveness and revenue generation (Dawkins, 2018). However, with time, this diversification might seem to underperform or utilize more revenues in terms of costs than it is generating income for the company. It is therefore necessary to divest through exit from such markets in order to save on operational costs. According to Vargo et al. (2017), exiting diversified markets not only enhances the ability of the organizations to save on costs but also to enable the company to concentrate their competencies and skills to their main market.

Divestment of organizational units through assets disposal can lead to various kinds of losses accruing to the parent firm, such as strategic, reputational, financial, or human resource and identity related sacrifices (Gotteiner, Mas-Machuca, & Marimon, 2019). To explain why companies divest, it is frequently assumed that

poor financial divestment objective performance is the dominant element to drive the divestment decision (Palmer, 2020). However, there is evidence that a multitude of factors unrelated to divestment objective performance affect corporate divestment decisions significantly. In fact, research has demonstrated that divestment decisions typically are impacted by declining profit margins and revenues due to changes in the business environment or other related factors.

2.3.3 Business Process Re-engineering Strategy

Re-engineering strategy also known as Business Process Re-engineering (BPR) is a radical redesign of core business processes to achieve dramatic improvements in cost, quality, service, speed, cycle time and overall productivity (Krishnaa & Chaithanya, 2014). It is a process that cuts across an organization's various levels with the main focus on satisfying customer requirements and expectations. It calls for an organization to completely abandon its old ways of operations and adapt to new ways of thinking for improved organizational performance (Srinivas, Nazareth & Shoria-Ullah, 2021). The goal of business reengineering is to achieve significant improvements in efficiency, effectiveness, and overall performance by radically reimagining how work is done. This strategy is not merely about making piecemeal incremental changes or optimizing existing processes; it involves a complete reimagining of the way an organization functions (Srinivas et al., 2021).

According to Kaniusaite *et al.* (2020), business reengineering aims to completely overhaul existing processes rather than making incremental adjustments. It challenges the status quo and encourages organizations to think outside the box. The strategy also focuses on achieving specific business outcomes rather than adhering to traditional processes. New operation procedures are crafted to directly contribute to the achievement of strategic goals. As expounded by Harika, Sunil, Anantha, and Kallam (2021), reengineering strategy seeks to consider processes holistically, often cutting across departments and functions. This approach avoids vertical decisions and promotes a broader perspective on how management and employees interact. According to Bayomy, Khedr, and Abd-Elmegid (2021), reengineering often leverages technology as an enabler for change. It adopts technologies to automate,

simplify and streamline processes, leading to increased efficiency. It also encourages cross-functional teams, comprising individuals from different areas of the organization collaborating in the re-imagination and redesigning processes. This helps in the creation of diverse perspectives and insights into the redesigned process. Hussein and Gshayyish (2020) concluded that the fundamental part of reengineering strategy is the elimination of non-value-adding steps which eradicates bottlenecks, redundancies, and inefficiencies in the operation procedures. The result leading to simplified, leaner processes that are more agile and responsive.

An organization would be driven to re-engineer its processes through improving the quality of its products and reducing the operational costs due to various factors. Where there is a substantial gap between stake-holders expectations and actual organizational performance in business processes such as production quality and customer care services, there is a possible need for re-engineering in order to streamline the organizational operations (Krishnaa & Chaithanya, 2014). The reengineering in this case would include enhancing the quality of output through upholding better input materials while enhancing customer care through actions like hiring professionals and qualified customer care personnel.

Organizations would be compelled by both internal and external forces to reengineer their processes by improving the quality of their services and enhancing the overall service delivery. These are organizations that are either in deep financial crisis, just about to fall or those that are aggressive and ambitious to prosper in business (Bhaskar, 2018). Successful implementation of BPR leads an organization to improve on efficiency and effectiveness of its processes, reduction in operational costs, faster service delivery due to reduction in throughput time, higher flexibility in terms of alternatives and high quality service hence increasing customer value (Zaini & Saad, 2019).

One of the sub-constructs of reengineering strategy is the improvement of quality of output. When a company is aiming at reengineering its processes, it improves the quality so as to redefine the way things are done in the organization (Jehan & Elapatha, 2020). The quality is improved upon elimination of wastes where BPR

involves a thorough analysis of existing processes to identify and eliminate non-value-adding steps, bottlenecks, and redundant activities. By streamlining the process and focusing on essential activities, the likelihood of errors and defects is reduced, leading to higher quality outcomes. Quality improvement implies that the complex and convoluted processes that can lead to confusion and mistakes are simplified. Through reengineering, processes are simplified and standardized, making them easier for employees to follow and execute accurately (Srinivas et al., 2021). According to Jehan and Elapatha (2020), business process reengineering ensures that there is standardization of processes thus ensuring that the same steps are followed consistently across the organization. This minimizes variations and deviations that can lead to inconsistencies and errors in the final output.

Reduction of operational costs is another aspect of business process reengineering strategy which is aimed at ensuring that the firm is operating within its means. According to Shahul *et al.* (2022), reengineering is the implementation of plans that ensures the non-strategic costs are avoided thus enabling the firm to save on operational costs. Removing some of the non-value adding steps saves on costs and enhances firm performance (Incekara, 2022). Through faster processing times achieved as a result of reengineering, the costs of operation are reduced leading to higher profits. According to Carstensen and Vinter (2017), streamlining processes through BPR can lead to reduced cycle times. Shorter processing times mean less opportunity for errors to occur during the process, ultimately reducing costs.

Companies reengineer their processes by making service delivery more effective and timely, so as to steer customer satisfaction thus promote performance. According to Nseobot, Johnny, and Udounwa (2022), enhancing service delivery through business process reengineering requires a customer-centric mind-set and a commitment to continuous improvement. By focusing on creating value for customers and optimizing processes accordingly, organizations can achieve higher customer satisfaction, increased efficiency, and ultimately, improved business performance. Magara and Muturi (2019) suggest that reengineering strategy encompasses setting clear roles and responsibilities thus the employees know their tasks and

accountabilities, reducing confusion and mistakes caused by miscommunication, unclear or inadequate information.

2.3.4 Outsourcing Strategy

Outsourcing serves as a strategic managerial approach wherein a company delegates its non-core tasks to external providers on contractual terms. This strategic move results in enhanced efficiency and cost-effectiveness, as highlighted by Sanusi (2019). In simpler terms, outsourcing entails procuring goods and services via structured negotiated agreements. It is a formal arrangement between the organization and one or more suppliers, aimed at allowing outsiders to provide services or execute programs originally conducted in-house by the organization (Gitiye & Omondi, 2018).

Essentially, outsourcing denotes the transfer of specific business functions to external service providers (Xie et al., 2020). In this transition, the authority to deliver services under a contractual agreement, encompassing service level agreements pertaining to cost, quality, and timely service or product delivery, is entrusted to a third-party entity.

Outsourcing is the process of replacement of in-house provided activities by subcontracting them out to external agents. Consequently, the management and development of innovations in outsourced activities become the responsibility of an agent external to the firm (Karanja, 2017). Outsourcing is a management strategy by which an organization delegates major, non-core functions to specialized and efficient service providers. According to Nseobot et al (2022), outsourcing is nothing less than the holistic restructuring of corporations around core competencies and outside relationships. Nding'ori, (2015) indicated that two-thirds of companies world-wide outsource at least one business process to an external third party. This practice appears to be common in the U.S., Canada, and Australia, where 72 percent of outsourcing is sought. Dadi, (2016) noted that successful implementation of an outsourcing strategy has been credited with helping to cut cost, increase capacity and improve quality.

The basic idea behind strategic outsourcing is to create gains by allowing outside providers and specialists to take over the operation and management of a given function (Chen, 2018). This therefore means aspects that cost-driven outsourcing are quite necessary as far as saving the costs is concerned as well as innovation-driven outsourcing to enhance the quality and customer satisfaction. Such gains may come in different forms such as improving the bottom line of a company by reducing various operating expenses and increasing the flexibility for innovation without having to invest too much in training and capital infrastructure (Lee, Park, Straub, & Koo, 2019). Other benefits may come in form of convenience, where the strategy allows the business owners and managers to concentrate on their core business (Cao, Su, Han, & Wang, 2023). As a simple rule, so long as the benefits are considered sufficient by the client, then the process of strategic outsourcing can be considered a success. In the context of this study, strategic outsourcing will be considered in terms of the driving force behind the strategy. This study focused on cost-driven outsourcing, innovation-driven outsourcing and focus-driven outsourcing.

Focus-driven outsourcing is a critical aspect to consider when outsourcing to ensure that whatever is required is similar to what is outsourced and serves the intended purpose. For organizations seeking to simply lower their cost of doing business and improving efficiency, the most traditionally acknowledged driving force for outsourcing is cost reduction (Li, Chen, & Liao, 2021). Some organizations may outsource only for cost reduction and efficiency especially those that are involved in offshore outsourcing to destinations of lower cost. Another major driver of strategic outsourcing is innovativeness. As the business environment changes rapidly and customers increasingly modify their demands, organizations have to find a way to stay afloat in the market by providing innovative products to the market in proper time and ahead of competition (Alrawabdeh et al., 2023). Such organizations may therefore utilize strategic outsourcing with a goal of developing new products faster as they seek increased flexibility for innovation (Gesing *et al*, 2014). According to Esmacili-Najafabadi et al. (2021), the other major driver for outsourcing is the need to free up organizational resources and capabilities so as to focus on the organization's core business. Firms therefore utilize strategic outsourcing in a bid to

reduce the administrative burden of managing support activities so as to focus their efforts on top business priorities (Khurshid, Park, & Chan, 2019).

Luo et al. (2022) assert that every firm engages in outsourcing to some extent. Some firms may outsource manufacturing, customer care and logistics, while others choose to outsource after sales technical support, market research, product design and development. While many manufacturing companies may not outsource the above value chain activities, it is more common for most firms to outsource support activities such as accounting, auditing, staffing, or administration (Cappelen et al., 2018). The decision regarding what functions to outsource and which ones to keep in-house depends on many factors from company to company such as the need to develop or invest in resources, skills, and to stay abreast of the evolving technology in any areas kept in-house (Prempeh & Nsiah-Asare, 2017).

2.3.5 Organisational Culture

Organisational culture is the set of shared values, beliefs, and norms that influence the way employees think, feel, and behave in the workplace (Warrick, 2017). The organisational culture depicts the kind of direction members of an organisation should pursue and ideas about the appropriate standards of behaviour organisational members should have to achieve the set goals. Members of an organisation with a strong culture will follow its values with little questioning. A weak culture provides only broad guidelines to members (DuBrin, 2012). When employees are emotionally attached towards the organization it will increase their commitment levels thus increasing their productivity.

Organizational culture is a collective perception shared by the members of an organization, constituting a system of shared meanings (Elsbach & Stigliani, 2018). It differentiates the organization from others and represents a significant set of characteristics that hold value for the organization. According to Felipe, Roldán, and Leal-Rodríguez (2017), organizational culture is a shared pattern of attitudes, beliefs, assumptions, and expectations that may not be explicitly documented but deeply influence how people behave and interact within the organization, shaping its practices. Nabella et al. (2022) define organizational culture as a shared

understanding of fundamental assumptions, values, beliefs, and creations that guide organizational behavior.

In essence, organizational culture can be seen as a cognitive framework encompassing the traits, values, norms, and expectations embraced by members within the organization (Paais & Pattiruhu, 2020). It is a philosophy rooted in the view of life as guided by values, which manifest as habits and driving forces within the community or organization. This philosophy is reflected in attitudes, behavior, beliefs, ideals, opinions, and actions that are evident in the workplace.

The role of organizational culture is to manage the development, planning, production, and service of high-quality products in an efficient and satisfying manner (Nikpour, 2017). In a positive corporate environment, a good organizational culture fosters a healthy work environment, which, in turn, enhances employee performance. Corporate culture is a pattern of values, beliefs, assumptions, attitudes, and habits that influence the behavior and work practices of individuals or groups within an organization. It plays a vital role in adaptation to the external environment, internal integration, and problem-solving for organizational members (Rohmat et al., 2022). By strengthening the understanding of the organization's mission, strategy, objectives, methods, and evaluation, culture empowers members to navigate challenges and ensure the organization's survival and success.

Organization culture was conceptualized using: results orientation, communication effectiveness and team orientation. These aspects stipulate how the culture in the organization is tuned to focus on the same direction with organizational goals and objectives. Adopting given strategies in an organization such as the turnaround strategies highly depends on the streamlined culture that the organization has set (Grover, Tseng, & Pu, 2022). The culture, which is the set norms, values and beliefs determine the extent to which the organizational members strive towards embracing the changes that come as a result of turnaround strategies (Stefanovska-Petkovska et al., 2019). Through the values and the way people relate, it becomes more effective to implement the set organizational strategies including the turnaround strategies meant to boost the firm's performance (Arif, Zainudin, & Hamid, 2019).

Meng and Berger (2019) pointed out that organisation culture is distinct and bestows a sense of identity to organisation members and it hence plays a significant role in adoption of firm's policies and strategies. Kucherov and Zavyalova (2012) argued that culture and experiential benefits were thus the main attractors for current and potential employees in an organization. Drawing inference from Results based view (RBV) of the firm, corporate culture is a source of competitive advantage because it cannot be transferred from one organisation to another due to its historical conditions and social complexity (Barney, 2010). This implies that for internal processes such as the turnaround strategies to record the expected results, they ought to have a properly constituted culture which is collectively focusing on results and more seamless way of operating.

Organisational culture has the potential to enhance organisational performance, employee job satisfaction, and the sense of certainty about problem solving (Kotter, 2012). Companies with a strong organisational culture experience increased employee retention in addition to increased satisfaction and commitment (Wheeler *et al.*, 2010). A strong organisational culture tends to lower employees' turnover, eases recruitment and makes socialization of new employees easier especially during turnaround, which is the most crucial moment that organizations require the set of skills that understands the challenges and the operating climate (Naveed et al., 2022). This as Warrick (2017) argues implies that organizational culture could strongly determine whether turnaround strategies will be successful in restraining firm's performance or whether they will affect the performance of the firm negatively. Without a culture that is oriented towards the goals and strategic direction of the company, it is easier to implement turnaround strategies but have them fail to achieve the intended purpose as the organization may not be working as a team at the time of need.

2.3.6 Firm Performance

Firm performance refers to the assessment and evaluation of how well a company is achieving its objectives and goals. It measures the effectiveness and efficiency of the organization in generating financial results, creating value for stakeholders, and

achieving sustainable competitive advantage (Bigliardi, Ferraro, Filippelli & Galati, 2020). Firm performance is a multidimensional concept that encompasses financial performance, operational efficiency, market position, and overall organizational success. It is mainly considered in two broad approaches which are financial and non-financial performance (Otto, Szymanski, & Varadarajan, 2020). Financial performance is one of the primary indicators. It involves assessing the company's profitability, revenue growth, return on investment, cash flow generation, and other financial metrics. Financial performance provides insights into the company's ability to generate profits, manage costs, and allocate resources effectively. Non-financial performance include customer satisfaction, quality of goods and services, market performances, sustainability as well as compliance with regulatory framework (Bhagat & Bolton, 2019).

Gupta (2020) suggested that performance measurement of corporate and business unit has three dimensions: effectiveness, efficiency, and adaptability. Some indicators of the three dimensions are returns on investment, sales growth, and new product success, respectively. Morgan, Katsikeas and Vorhies (2012) argued that business performance consists of two aspects: market performance and financial performance. Market performance relates to customer behaviours. Higher sales volume, customer satisfaction increases, customer loyalty, and growth of market shares are indicators of market performance while the financial performance is measured in accounting terms. This study defines firm performance as the achievement of organizational goals. Increased performance implies that the operating profit, net income, sales amount, and market share increases as well as higher return on investment and increased growth (Nyatsumba & Poee, 2023).

Business operations focus on highest potential profit and a common approach is a cost control that is expected to produce the greatest overall financial performance (Ejechi & Oshodin, 2019). Cost management strategy implementation success might generate value to the firm, for example, the greater control of production activities results in better quality of procedure and lowers the unit cost of goods and cost variance. In addition, the consequence of the cost management success is firm value increasing and profit improvement that positively affects firms' value greater than

pricing (Gibcus & Kemp, 2013). Therefore, it can be expected that cost management implementation will improve firm performance.

Profitability is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Muzny & Simba, 2019). Four useful profitability ratios and measures are the return on assets (ROA), return on equity (ROE), operating profit margin and net income. The ROA measures the returns to all assets and is often used as an overall index profitability and the higher the value, the more profitable the business. ROE measures the rate of return on the owners' equity employed in the business. It is useful to consider ROE in relation to ROA to determine if the firm is making profitable returns on their borrowed money (Giang, 2016).

2.4 Empirical Review

This subsection explores previous studies done that are related to the main theme of the study which is turnaround strategies and performance. This is relevant because knowing what exist, informs identification of other relevant areas that need to be researched into. An act which ties the past to the present and looks into filling the gap for the future in a particular field of study is called empirical review (Süzeroğlu-Melchioris & Gassmann, 2021). Literature on world, Africa and Kenyan views on the turnaround strategies has been reviewed.

2.4.1 Retrenchment Strategy and Firm Performance

Ung, Brahmana, and Pua (2018) assessed the influence of retrenchment strategy on firm performance of public listed companies in Malaysia. The study focused on assessing the ability of the companies to retrench towards cost saving and enhancing performance. A descriptive research design was used while 49 companies were targeted. The findings revealed that through retrenchment, the performance of the listed companies in Malaysia was enhanced. According to Ung *et al.* (2018), through retrenching assets and labour force, the cost of operation is minimized thus enhancing firm performance. The authors further stated that through shutting down

non-core businesses, the firms could concentrate their resources and efforts on their core strengths, which may lead to improved performance in those areas. This compares with the findings by Saphira (2022) who indicated that retrenchment strategy enables business to focus on core businesses and improve efficiency by forcing them to reevaluate their processes and structure, resulting in increased efficiency and productivity.

Morrow, Johnson and Busenitz (2014) conducted a study on the effects of retrenchment strategy on firm performance. The authors focused on retrenchment through cost and staff rationalization and how they influenced firm performance in Pakistan. They focused on a descriptive research approach and surveyed 298 respondents drawn from processing firms in Pakistan. Their findings found that staff rationalization can lead to improved performance among poorly performing firms. Morrow *et al.* (2014) indicated that cost and staff rationalization strategies have different effects on firm performance in competitive environments. According to Jamal and Salisi (2021), in growing industries, staff rationalization was positively related to performance improvement while cost rationalization was unrelated. In declining industries, cost rationalization was positively related to improved performance while staff rationalization had a negative effect on firm performance.

Francis, Desai and Pett (2021) did a study on the influence of corporate retrenchment strategies on firm performance in Peru and focused on empirical studies across the globe. The study found that corporate retrenchment could be an impetus for organizational change, and that it is positively correlated with companies' long term profitability. Significant cost reduction and increases in market shares are expected to result from corporate retrenchment strategy (Francis, Desai & Pett, 2021). The findings however conflict those by Alsbaity *et al.* (2018) who established that retrenchment strategy through layoffs can have significant negative effect on employee morale and motivation, potentially impacting productivity and organizational culture. The authors further noted that retrenchment strategies lead to loss of valuable assets or opportunities since it might lead to the loss of valuable assets, intellectual property, or potential growth opportunities that were not fully explored.

Achbah and Frechet (2021) conducted a study on retrenchment strategy and its influence on the performance of medium-sized firms in Chad. The study sought to assess the effect of retrenching resources on enterprises' performance through minimizing costs especially those that were non-strategic to the enterprises. Through a cross-section research approach, the authors utilized a questionnaire to collect data from 118 entrepreneurs. The study results revealed that enterprises choose retrenchment strategy when their perceptions of resource availability and past financial performance are low, indicating enterprises remain aggressive when faced with adverse conditions. The study further revealed that during the organizational life cycle, the owners and strategic managers have to choose between growth, stability, or retrenchment strategies to overcome deteriorating trends in performance. According to Achbah and Frechet (2021), retrenchment strategy ensures that the organization rethinks its processes and sets a new approach to operate without overburdening itself with costs that are not strategic.

Gichuki (2014) conducted a study on effect of retrenchment strategies on the financial performance of manufacturing companies listed on the Nairobi securities exchange. The specific focus areas of the study were supply chain management, labour management and stock management. The study adopted causal research design specifically multi – variance linear regression model. Study population was six out of eight manufacturing companies listed on Nairobi Securities Exchange (NSE). The results of the study indicated a positive relationship between retrenchment strategies and performance of the firms listed on the NSE. The findings are in line with those by Makau and Ambrose (2018) who established that retrenchment strategies lead to reduced risk exposure whereby exiting unprofitable or risky ventures, the company can reduce its exposure to market fluctuations and potential losses, which may stabilize its overall financial position.

Another study conducted by Kinyugo (2014) on the effect of cost efficiency on financial performance of companies listed on Nairobi securities exchange adopted a descriptive survey design. The population was all the listed companies at NSE in Kenya. Thus it was a census survey. The study utilized secondary sources of data. The secondary data was collected from financial statements and NSE Handbooks of

the companies for a 6 year-period (2008-2013). Publications were also used to obtain the secondary data. The study findings showed that cost efficient strategies are positively related to the performance of the firms listed in the NSE in Kenya. In a similar study, Gupta (2020) established that retrenchment strategy is integral for a short-term financial gain where a well-executed retrenchment strategy leads to immediate cost savings, as the company gets rid of non-core or underperforming assets, reduces workforce, and streamlines operations. This may improve financial metrics like profitability, liquidity, and cash flow.

2.4.2 Divestment Strategy and Firm Performance

Wittig, Bertschi-Michel, Sieger, and Hack (2021) carried out a study on the determinants of corporate divestment among UK firms. The study aimed at establishing the conditions that lead organizations to divest as their strategy of survival. The study adopted a cross-sectional research design and sampled 218 firms in London. The study established that the main driver behind firms' divestment was deteriorating performance which leaves the organizations with no other option but to dispose-off their investments for survival. According to Wittig *et al.* (2011), divestment strategy remains the last option for organizations that are facing financial distress through which they raise the capital to finance their operations while at the same time cutting costs of operation.

Chen, Yi and Lin (2013) did a study on divestment as a strategy towards promoting business survival. The scholars aimed at establishing the effect of divestment on firm survival with the induction that most organizations divest with the sole aim of prolonging their existence in the market. The study adopted a case study research design and had a sample of 93 respondents drawn from firms in Taiwan. Chen *et al.* (2013) found that as a result of divesting, firms in Taiwan are able to enhance their survival through obtaining more financial capacity to continue their operations.

Zschoche (2016) carried out a study on short-term performance effects of a firm's decision to divest foreign affiliates that are part of an integrated international production network in South Africa. The study evaluated the actual financial consequences of divestments, however, it is unclear whether the benefits of divesting

unprofitable production locations will outweigh the costs that arise from withdrawal in the short run. The study findings suggested that withdrawing some investments from a production network leads to an immediate decline in performance. The study findings further revealed that efficiency gains that result from more favourable labour cost conditions across the remaining locations, on the other hand, can mitigate the negative performance effects.

Schoenberg, Collier and Bowman (2013) conducted a study focusing on strategies for business turnaround and focused on divestment as one of the strategies. The study aimed at pointing out the impact of divestment as one of the turnaround strategies in promoting firm growth and performance while basing evidence on previous empirical research. The study findings indicated that indeed divestment played a significant role in promoting firm growth in its dying period. Schoenberg *et al.* (2013) contemplated that through conversion of debt to equity and extending the time of accounts receivables, a firm stands a better chance to raise more revenue for its operations and thus promoting its survival and continued performance.

Locally, Njuguna (2010) carried out a study on the effects of performance on divestiture strategy in the Kenyan oil industry. The study sought to find out whether organizational performance had any direct link with divestiture strategy adopted by oil companies in Kenya. Njuguna (2010) used a descriptive research design and targeted oil marketing companies in Kenya. The study established that performance was the strongest predictor of divestiture because of dwindling return on investment, low profit margins and high working capital requirements due to upfront payment of duties and compliance to safety standards. According to Njuguna (2010), as a result of uneven competition, unfavourable regulations and supply constraints, performance of the oil companies is affected thus leading them to adopt divestment as a strategy of prolonging their existence in the market.

Muzny and Simba (2019) carried out a study on the effect of turnaround strategies on organizational performance in Kenya. Their study assessed various turnaround strategies and how they influenced performance including divestment strategy and retrenchment strategy. Using a case study research approach, the authors surveyed 35

senior managers drawn from the Kenya Coast Development Authority. The results revealed that divestment strategy had significant influence on organizational performance. According to Muzny and Simba (2019), through improvement of cash flows and reduction of assets, the company was able to recoup its operating expenses thus getting back into profitability. The findings are echoed by Chang'alwa and Kimaku (2022) who in their study on divestment strategy and performance of coffee industry in Kenya established that divestment strategy through direct disposal of assets, closure of business units and reallocation of resources ensured that the business was back into profitability.

2.4.3 Business Process Re-engineering Strategy and Firm Performance

A number of studies have assessed the role played by reengineering strategy also known as business process reengineering on firm performance. A study by Kaniusaite et al. (2020) sought to evaluate the role played by business process reengineering strategy on organizational performance. The study focused on organizations in Indonesia and collected data from 379 respondents drawn from the management team using a structured questionnaire. Their findings revealed that business process reengineering had a significant role to play in enhancing organizational performance. The authors established that through cost-cutting measures and enhanced quality of the output, firms were able to get back into profitability. According to Kaniusaite et al. (2020), reengineering through internal process change was strongly correlated with the productivity by employees and eventually led to improvement in organizational performance.

In Ghana, Harika et al. (2021) studied the relationship between business process reengineering strategy and organisational performance. The objective of the study was to assess the impact of reengineering on organizational performance and to uncover how business process reengineering can help organizations to effect innovative and strategic changes in the organisation. The study used primary data that was analysed through regression analysis. The study findings revealed that business process reengineering was a useful tool for any corporate organisations that sought to improve in their current performance and achieve superior competitive

advantage in their operating industry and environment. According to Harika et al. (2021), Ghanaian organizations were recording losses but failed to sail through turbulent times due to inefficient use of business process reengineering.

Setegn, Ensermu, and Moorthy (2013) conducted a study to assess the effect of business process re-engineering on organizational performance in Ethiopia. The data for the study were obtained from primary source. The study used both quantitative and qualitative methods. The instrument used to gather quantitative data was Likert scale questionnaire whereas for qualitative data, observation and interview guides were used. The study findings revealed that through reengineering of business processes, speed of service delivery was enhanced and so was the quality of services thus steering customer satisfaction. The results further revealed that business process re-engineering was adopted especially during periods of decline efficiency and effectiveness as a way of getting rid of processes that did not align with the goals and objectives of the firm. The study recommended that reengineering process remains an effective tool for organizations striving to operate effectively and efficiently.

Ogada (2017) conducted a study that looked into the relationship between business process re-engineering and organizational performance of commercial state corporations in Kenya. The study adopted a census in which the entire population was considered. Both primary and secondary data sources were used. The study findings revealed that there was a significant relationship between business process reengineering strategy and organizational performance. According to Ogada (2017), in the wake of challenges that most state corporations in Kenya face, reengineering would be an instrumental turnaround strategy to reduce the expenditure while streamlining the corporations' internal processes for continued performance.

A study by Mwihaki (2016) examined the effect of business process re-engineering strategy on operational performance at the Nairobi City County. The study used a descriptive research design and collected data using a structured questionnaire. The study findings revealed that there was a statistically significant association between business process reengineering and operational performance. According to Mwihaki (2016), as a result of inefficient embrace of business process reengineering, the

operations at the county government failed to be optimal and efficient towards enhancing effective service delivery. The findings are concurred with those by Kamau, Rotich, and Ogollah (2022) who established that business process reengineering was instrumental in steering efficiency and effectiveness in service delivery.

2.4.4 Outsourcing Strategy and Firm Performance

Honarvar and Rezaee (2019) conducted a study on the relationship between outsourcing strategy and performance of the Colombian hospitality industry. The study through a cross-sectional research approach surveyed 273 hotels. The findings revealed that outsourcing strategy was an instrumental turnaround strategy that contributed to organizational performance. According to Honarvar and Rezaee (2019), at the time when the industry faced downward trend of revenues, outsourcing was considered an effective way to remain into business as this ensured that the non-core activities were given to external service providers thus saving on costs of operation. The findings compare with those by Chiu et al. (2020) who established that outsourcing of certain technical form of business that has to do with knowledge and professionalism improve customers' relationship. The study recommended that modern companies should maintain business relationships that would help in transaction negotiation with outsourcing vendors to boost the profitability of organizations.

In Pakistani, Aslam, Khan, and Tufail (2020) assessed the effect of outsourcing strategy on organizational performance among construction firms. Using an explanatory research approach, the authors collected data from 155 respondents through a structured questionnaire. The findings revealed that outsourcing strategy had a significant effect of organizational performance. The study results also revealed that the outsourcing strategy was upheld so as to save on operational costs, enhance efficiency, promote the embrace of technology, enhance quality and increase risks mitigation (Aslam et al., 2020). Their findings compare with those by Aragão and Fontana (2023) who established that through outsourcing of non-essential services, companies get more value for their money, while at the same time

promoting professionalism and efficiency orchestrated by the experts outsourced to undertake non-strategic activities.

Tiwari, Singh, and Dahiya (2023) assessed the relationship between outsourcing strategy and organizational performance. The study sought to evaluate the role played by outsourcing of housekeeping services as non-core business process on performance of five-star hotels in Delhi. The authors utilized a descriptive research approach and collected data from 350 respondents using a structured questionnaire. The findings revealed that outsourcing strategy led to increased efficiency, professionalism and compliance, thus leading to organizational performance. According to Tiwari et al. (2023), outsourcing the core business functions that required an expert's opinion was also an essential approach of outsourcing that significantly contributed to organizational performance.

Okoye-Chine (2021) assessed the influence of outsourcing strategies on organizational performance among fast-food companies in Nigeria. The study assessed outsourcing in two dimensions which included the outsourcing for cost reduction and outsourcing for innovation. Using a cross-sectional research design, the study surveyed 264 employees drawn from the fast-foods companies. The findings revealed that outsourcing strategy had a significant impact on organizational performance. According to Okoye-Chine (2021), through innovation-driven outsourcing, companies are able to focus on their core business and gain more experience through the outsourced service-providers thus enhancing their performance. Moreover, cost-reduction outsourcing contributes to firm performance by lowering the costs of operations.

Akewushola, and Elegbede (2013) examined the relationship between outsourcing strategy and organizational performance in Nigerian manufacturing sector. The study adopted a stratified sampling technique. The data was collected using questionnaires that were administered through drop and pick method. The study findings revealed that firms that outsource experience reduced average cost of production, increased sales turnover and profitability, enhance expertise, improve service quality, reduce

staff strength, streamline the production process, reduce administrative burden and save time for core activities.

Musau (2016) carried a study on the effect of outsourcing strategy on organizational performance. The study was based on Bidco Africa Limited, a market leader in the fast moving consumer goods (FMCG) manufacturing industry in Kenya. The purpose of the study was to establish what influences the decision to outsource and how that decision affects the overall performance of the company. The study employed a descriptive research design. Data was analysed using descriptive statistics, correlation and regression analysis then presented in tables. The findings of the study revealed that outsourcing driven by costs and focus of the firm had a significant influence on organizational performance at Bidco Africa Ltd.

Kigwe and Maina (2018) analysed the effect of outsourcing strategy on organizational performance in Kenya. The study focused on commercial banks in Mombasa County and surveyed 218 respondents using a questionnaire. The findings revealed that outsourcing strategy was instrumental in determining organizational performance of the commercial banks. According to Kigwe and Maina (2018), through outsourcing of non-essential services such as transport and marketing, organizations stood a better chance to focus fully on the core business while strengthening customer relationship management through the outsourced services. A similar study by Musita, Miroga, and Mudi (2020) revealed that outsourcing non-core business processes creates more room for an organization to focus on what is core, thus establishing a more strategic direction and attaining performance through efficiency and effectiveness of the internal operations.

2.4.5 The moderating Effect of Organisational Culture

Hamzah *et al.* (2013) carried out a study on the moderating effect of organizational culture on the link between leadership competencies and job role performance. The study obtained data from 530 respondents drawn from academicians in major Malaysian public universities. The study findings revealed that organizational culture dimensions had moderating influence on the relationship between the leadership competencies and employees' job performance. The authors came to the conclusion

that use of organizational culture as a situational variable had the potential to moderate the effects of the various available leadership constructs. Thus, the employees who share organizational values require less supervision and therefore may produce acceptable job performance if the organizational culture setting is desirable. Similarly, Chu, Wang and Lai (2019) established that organizational culture is instrumental in shaping the norms, values and beliefs in an organization, and this determines the seamless flow of internal processes that affect the relationship between organizational strategies and performance.

Martins and Kinicki (2011) analysed the effect of organizational culture on firm performance in Canada by means of a theoretical approach. The study arrived at the conclusion that organizational culture is deeply associated with values and beliefs shared by personnel in an organisation. Organisational culture relates the employees to organisation's values, norms, stories, beliefs and principles and incorporates these assumptions into them as activity and behavioural set of standards. Kucherov and Zavyalova (2012) conducted a study to establish the moderating effect of organizational culture and experiential benefits on staff retention and employee performance among large manufacturing entities in Serbia. The study adopted descriptive research method and utilized primary data. The study findings pointed to the reality that organizational culture significantly moderated employee performance. A positive organizational culture plays a role in encouraging majority of the employees to identify with the organizational goals hence leading to higher productivity.

Stephen and Stephen (2016) investigated the organizational culture and its impact on employee performance and job satisfaction within The Niger Delta University. The findings revealed that as a result of positive organizational culture that mainstreamed the interests of the employees and other stakeholders in the organization, employee productivity was enhanced. It was further established that a supportive and well-embraced culture enhanced employee retention and satisfaction while at the same time acting as a key source of organizational competitiveness. A study by Dai, Chan and Yee (2018) on the moderating effect of organizational culture revealed that it determines the effectiveness of internal operations.

Asiimwe (2016) studied the moderating effect of organizational culture on leadership styles and SMEs' growth. Stratified random sampling was used, to obtain a sample of 227 from a target population of 553 managers from the top 100 SMEs in Kenya. The findings indicated that organization culture had significant moderating effect on the relationship between leadership styles and SMEs growth. According to Asiimwe (2016), organizational culture that is aggressive, detail oriented, team oriented, stability, and people oriented, enhances the ability of organizational leaders to steer their firms into success.

Kaibung'a, Muchemi, and Mwasiaji (2022) analysed the moderating effect organizational culture on the relationship between business strategy and performance of medium enterprises in Kenya. The study focused on medium-sized family-owned enterprises in 44 counties in Kenya where 320 firms were targeted. The authors collected data using a questionnaire. The findings revealed that the organizational culture had significant moderating effect on the relationship between organizational strategies and firm performance. The findings compare with those by Thumbi, Hannah, and Rosemarie (2020) who established that organizational culture determined the extent to which organizational strategies contributed to organizational performance.

2.5 Critique of Related Literature

Various studies analysed in the empirical review have limitations and shortcomings that need to be addressed. For instance, Schoenberg, Collier and Bowman (2013) results and conclusion were derived from review of 22 empirical studies previously conducted in this field. Because of the time factor, the real situation may have mutated hence the need for more current study to find the current situation. The study by Mungai and Bula (2018) on turnaround strategies and performance of Kenya Airways had the context of Kenya Airways while the current study focused on large manufacturing firms. Other studies that have focused on different contexts are studies by Mutua (2010) and Njihia (2009) who investigated the turnaround strategies but in different contexts other than the manufacturing sector. The

challenges in different sectors are unique and hence cannot be generalized to the context of manufacturing firms.

Other studies that have focused on manufacturing sector have done so at a narrow scope. A study by Gichuki (2014) for instance focused on cost management strategies in isolation from other turnaround strategies and its effect on the financial performance of six of the eight manufacturing companies listed on the Nairobi securities exchange. The conceptual scope of this study was narrow compared to the current study that included other strategies such as retrenchment, business process reengineering, divestment and business process outsourcing. Furthermore, the study focused on a small scope of listed manufacturing firms while this study focused on all registered large manufacturing firms in Kenya.

Studies conducted on turnaround strategies have focused on successful implementation of turnaround strategies and few have linked it to performance (Mutua, 2010). There is a need to link turnaround strategies to performance so as to establish the specific influence of adoption of each turnaround strategy. Some of the studies reviewed included culture as a moderating variable. However, this was not clearly exemplified particularly in the context of manufacturing sector hence, this study investigated its effects as a moderating variable between turnaround strategies and performance.

2.6 Research Gaps

Studies conducted on turnaround strategies have focused on various strategies under different contexts. The studies have mainly focused on the success rate of the implementation of the turnaround strategies. Saphira (2022) presented a number of turnaround strategies that vary from one category of organisations to another. The author indicated that some strategies such as retrenchment and reengineering strategies were significant in enhancing performance in already established businesses that had attained growth saturation while others were essential for businesses facing turbulence due to environment or economic conditions. This raises a question on how a company can categorize itself in one of the two categories and choose the strategies to embrace, hence raising the need for the current study to settle

the debate. Muzny and Simba (2019) focused on turnaround strategies adopted by the Kenya Coast Development Authority to changes in the external environment where they only focused on divestment and outsourcing strategies. The current study has widened this scope by focusing on additional two strategies which include retrenchment and reengineering strategies. A study by Harika et al. (2021) portrays reengineering to be an essential strategy to enhance firm performance but mainly focuses on innovation as the key driver of reengineering. The current study deviates from addressing business process reengineering strategy as an innovation but addresses it based on how the processes are enhanced for efficiency and cost-saving purpose. These studies, therefore, show contextual differences and gaps, thus the need for this study to address the knowledge gap by focusing on key concepts of turnaround strategies.

A number of reviewed studies (Okello, Omwenga & Iravo, 2017; Odongo, 2008; Mutua, 2010; Njihia, 2009) in the Kenyan context have not considered the moderating effect of organizational culture on the relationship between turnaround strategies and firm performance. Whereas adoption of any strategy is key to enhancing performance, similar results would not be realized without a conducive organizational culture to do so. It is hence important to consider organizational culture as a key moderating variable in order to fill the conceptual knowledge gaps in the previous studies. On the same note, the studies previously conducted related to application of turnaround strategies to reverse performance decline in Kenya were limited to the banking sector, KRA and SMEs. Only one of the studies reviewed focused on turnaround strategies in the manufacturing sector and this was limited to only six of the eight firms listed at NSE. This study included all the 708 large manufacturing firms in Kenya as registered by KAM (2017).

Further, while some of the reviewed studies have addressed the need for turnaround strategies for firms' performance, their contexts were varied where some focused on the retail industry while others focused on service industry. OECD report shows that manufacturing sector has a more volatile and dynamic operating environment that would require turnaround steps three times than other industries. Moreover, while studies in other geographical areas have shown the need for turnaround strategies,

their findings may not adequately coincide in Sub-Saharan Africa context, particularly the Kenyan context. As expounded by the World Bank Sub-Saharan Africa economic outlook, the manufacturing industry in African countries has a different operation process and climate as compared to those in developed economies, thus the turnaround strategies in these industries differ in context and approach as compared to the developed countries. The current study, therefore, set to address the gaps by assessing the relationship between turnaround strategies and performance of large manufacturing firms in Kenya.

2.7 Summary of Literature

The section presented the theoretical and empirical literature review. The review established the need for carrying out a study linking turnaround strategies to performance of the organization with culture as a moderating variable. The current study was informed by theory of strategic orientation, the real options theory, theory of constraints, transaction cost theory and human relations theory. The theory of strategic orientation and the real options theory are relevant to the study since they helped in the explanation of retrenchment and divestment strategies respectively.

The theory of constraints and transaction cost economics theory were used in shedding more light on the effects of reengineering and outsourcing strategies on performance of manufacturing firms in Kenya respectively. The human relations theory informs on the moderating variable (organizational culture) of the study. The section also contains the conceptual framework which illustrates the relationship between the study variables, the critique of the literature reviewed and research gaps identified.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The methodology which was used to carry out the study is presented. Research philosophy, research design, population, sampling frame, sample and sampling techniques that were used to select the sample size were described. The chapter also outlined data collection tool and method as well as format of data analysis and presentation. The last section presents the diagnostic tests which were conducted by the study.

3.2 Research Philosophy

A research philosophy is a belief about the way in which data about a phenomenon should be gathered, analysed and used (Saunders, 2019). Based on the concept of the study, the study opted for a positivism research philosophy which systematizes the knowledge generation process with the help of quantification (Pandey & Pandey, 2021). Positivism seeks facts of social phenomena with little regard for the subjective status of individuals. It presumes that social world exists objectively, externally beyond human mind and is constituted of facts structured in a law-like manner (Newman & Gough, 2020).

According to Zhou, Li, and Sun (2022), the positivism approach demands that the research should be conducted in a way that is value free-in and objective, the researcher should be independent and should neither affect nor be affected by the subject of research. The end product of research is aimed to be law, like generalizations similar to those that are produced by natural scientists, and positivism emphasizes quantifiable observations that are used for statistical analysis. The study opted for the positivism approach because the study is objective, the researcher was independent and results of the study were not shaped by the opinions of the researcher so as to find the exact effect of turnaround strategies on the performance of large manufacturing firms in Kenya with organizational culture as the moderating

variable. The study also opted for the approach since it emphasizes quantifiable observations that were used for statistical analysis.

3.3 Research Design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims at combining relevance of the research purpose with affordability of the research process (Garg & Kothari, 2014). This study employed descriptive research. Descriptive research is conducted to describe the present situation, what people currently believe, what people are doing at the moment and so forth (Al-Ababneh, 2020). The major purpose of descriptive survey research design is presentation of the state of affairs as they exist at present (Garg & Kothari, 2014). The choice of this research design was guided by the need to describe the present situation regarding turnaround strategies and their influence on the performance of large manufacturing firms in Kenya. The study was able to collect extensive data to respond to the research questions through descriptive research design, and analyse the data to examine the relationship between the variables thus enabling adequate testing of the research hypotheses.

3.4 Target Population

A population is the total collection of all the elements about which the study wishes to make some inference (Blumberg, Cooper & Schindler, 2014). Sileyew (2019) defined population as the entire set of relevant units of analysis or data while Ott and Longnecker (2015) asserted that a target population consists of a list of elements or individual members of the overall population from which a sample is drawn. The target population for this study was the entire population of 708 large manufacturing firms which were registered members of Kenya Association of Manufacturers in 2017. The list of all the firms is attached as appendix V.

The firms were stratified into 14 manufacturing sectors and all were considered for this study. The five major sectors are chemical and Allied, Food and Beverages, Metal and Allied, Paper and Paper Board and Plastics and Rubber. The other nine minor sectors were building construction and mining, energy, electrical and

electronics, fresh produce, leather and footwear, motor vehicle and accessories, pharmaceutical and medical equipment, services and consultancy, textiles and apparels and lastly timber, wood and furniture (KAM, 2021). The unit of observation was the operations manager. Operations managers were targeted because they are concerned with all round running of the business and were aware of all the strategies adopted by the company against the performance. Only one manager was sampled per firm.

Table 3.1: Population of the Study

No.	Sector	Population
1	Food and Beverages	146
2	Chemical and Allied	60
3	Plastics and Rubber	58
4	Metal and Allied	73
5	Paper and Paper Board	56
6	Building Construction and Mining	31
7	Energy, Electrical and Electronics	33
8	Fresh Produce	12
9	Leather and Footwear	6
10	Motor Vehicle and Accessories	42
11	Pharmaceutical and Medical Equipment	19
12	Services and Consultancy	101
13	Textiles and Apparels	47
14	Timber , Wood and Furniture	24
	Total	708

Source: KAM (2021)

3.5 Sample, Sampling Frame and Sampling Technique

Dodds and Hess (2020) defined a sampling frame as a list of the target population from which the sample is selected. The sampling frame should capture, in a statistical manner, the target population and that a perfect sampling frame is one that is complete, accurate and up-to-date (Budianto, 2020). As per Nachiamis and Nachamis (2012), the sampling frame for this study consisted of the list of all units comprising the population from which a sample was drawn. The list was hence all the 708 manufacturing firms from the KAM (2017) business directory. The list contains all the 14 sectors from which stratification was done.

A sampling technique involves a procedure used to obtain a portion of the population from the target population which is believed to have the characteristics of the population (Wilson, 2014). Sampling is important in research because it enables the researcher to minimize the cost since only a portion of the population is involved. Sampling is the procedure a researcher uses to identify people, places or things to study (Budianto, 2020). It is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of characteristics found in the entire group. The study used Kothari (2010) formula to determine the sample size as shown below;

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N - 1) + z^2 \cdot p \cdot q}$$

Where:

n = sample size

N = the total population

e² = acceptable error (the precision level at 0.05)

p = the proportion in the target population that assumes the characteristics being sought. In this study, a = 50:50 basis is assumed which is a probability of 50 percent (0.5).

q = The balance from p to add up to 100 percent. That is 1-P (1 - 0.5), which in this case is 100 - 50 percent (0.5)

z² = number of standard deviation units of the sampling distribution corresponding to the desired confidence level of 95% which is 1.96.

Kura (2012) recommended that if there are no estimates in the target population assumed to have interest, 50% should be used as the proportion of the target population with characteristics being measured. At 95% confidence level and a 5% level of significance, the sample size (n) was as follows:

$$n = \frac{(1.96 \times 1.96) \times (0.5 \times 0.5) \times 708}{(0.05 \times 0.05) \times 707 + (1.96 \times 1.96 \times 0.5 \times 0.5)}$$

$$n = 249.03$$

The sample size therefore comprised of 249 respondents which was drawn as herein shown on table 3.2. This represents 35% of the target population. Mahuika and Mahuika (2020) indicate that a sample of between 10% and 30% is appropriate for a study. A sample size of 35% of the total population is hence good for the study. The study then stratified the 249 firms across the 14 sectors so as to reduce sampling bias. The Table below indicates the sample size distribution.

Table 3.2: Distribution of the Sample Size

Number	Sector	Population	Sample Size	Percentage
1	Food and Beverages	146	51	20.62
2	Chemical and Allied	60	21	8.47
3	Plastics and Rubber	58	20	8.19
4	Metal and Allied	73	26	10.31
5	Paper and Paper Board	56	20	7.91
6	Building Construction and Mining	31	11	4.38
7	Energy, Electrical and Electronics	33	12	4.66
8	Fresh Produce	12	4	1.69
9	Leather and Footwear	6	2	0.85
10	Motor Vehicle and Accessories	42	15	5.93
11	Pharmaceutical and Medical Equipment	19	7	2.68
12	Services and Consultancy	101	36	14.27
13	Textiles and Apparels	47	17	6.64
14	Timber , Wood and Furniture	24	8	3.39
Total		708	249	100

3.6 Data Collection Instruments

Parahoo (2014) defines a research instrument as a tool used to collect data. An instrument is designed to measure knowledge, attitude and skills. The primary data collection instrument in this study was a questionnaire while a secondary data collection schedule was used to collect secondary data. This is because questionnaires allow the respondent to present their facts on the subject matter independently enabling a greater depth of response. The study collected primary data using structured questions and captured information through a 5-point Likert scale.

Likert scale is an interval that specifically uses five anchors of strongly disagree, disagree, neutral, agree and strongly agree. The Likert measures the level of agreement or disagreement. This type of questionnaire is more appropriate because it enables consistency in questions asked and data yielded can statistically be analyzed. Likert scales are good in measuring perception, attitude, values and behavior (Upagade & Shende, 2012). A questionnaire was appropriate for this study as it enabled the researcher to collect first-hand information over a short period of time.

3.7 Data Collection Procedure

Primary data was collected through the administration of the questionnaires to the relevant managers. Field (2013) describes primary data as that which is collected afresh and for the first time and thus happens to be original in character. Questionnaires were administered by the researcher and trained research assistants. A total of 249 questionnaires were distributed to the sampled manufacturing entities as per the sampling frame, targeting one respondent in each firm. The filled questionnaires were picked at different times depending on the availability of the respondents. A duration of two weeks was taken to complete the process. This enhanced the response rate. In cases where the respondents were unable to fill the questionnaires within a week, they were given one more week.

3.8 Pilot Study

The questionnaire was pilot-tested before being used for actual data collection. Pilot-testing of questionnaire is important to avoid drawbacks after administering. Babin (2010) argues that pre-testing is a screening method that allows the researcher to administer a questionnaire on a smaller group of respondents prior to the main exercise to allow for feed-back and corrections. This approach helps the researcher to minimize wrong answers due to misinterpretation of questions or blanks in questionnaires due to respondents misunderstanding of questions.

A pilot study was undertaken on 10% population of the sample of 249. This gave a total of 25 respondents who were not included in the final research. The 10% is in line with Al-Ababneh (2020) who pointed out that the respondents in a pilot test do not have to be statistically selected and that a 5-10% of the sample size is sufficient for a pilot study. The companies selected for the pilot study were excluded from the list so as to avoid their duplication in the main study.

3.8.1 Reliability of the Research Instrument

According to Adejimi, Oyediran and Ogunsanmi (2010), reliability is the consistency of measurement and is frequently assessed using the test–retest reliability method. Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. Portney and Watkins (2010) assert that the positivists' approach insists on strict criteria for judging the quality or trustworthiness of the research findings and that one must show evidence that the findings are consistent with occurrences in the real world.

In this study, reliability was measured using Cronbach alpha. Cronbach alpha is a test of internal consistency frequently used to calculate the correlation values among answers on an assessment tool (Sullivan, 2011). Cronbach alpha calculates correlation among all the variables in every combination. Cronbach's Alpha (α) indicates the extent to which a set of measurement items could be treated as measuring a single latent variable (Cronbach, 1951). Cronbach's alpha can be

written as a function of the number of test items and the average inter-correlation among the items. It can be calculated using the formula;

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1)\bar{c}}$$

Where;

N = the number of component (items)

\bar{c} = the average inter-item covariance among the items (That is Average Pearson correlation coefficients between the components) and

\bar{v} = the average variance

According to Cronbach (1951) and Cooper and Schindler (2014), reliability is the proportion of variance attributable to the true measurement of a variable and consistency of such measurement over time. It is concerned with the internal properties of a measure and the random error in the data and ranges from nil (0) to perfection (1). Cooper and Schindler (2014); Cronbach (1984) noted that a Cronbach Alpha Coefficient of 0.7 and above was acceptable because random error always exist regardless of the procedure used in the study. Johnson, Turner and Christensen (2011) noted that the threshold for Cronbach's Alpha varies among disciplines and the nature of the study. They argued that a value above 0.7 is generally accepted while a value of 0.6 is normally accepted for completely new instruments.

The measurement scale for reliability was tested using Cronbach Alpha Coefficient for every independent variable and for an alpha (α) of 0.7 and above the instrument was interpreted as reliable (Cronbach, 1951). The study adopted a Cronbach alpha of 0.7 which is accepted for instruments that are not completely new.

3.8.2 Validity of Data Collection Instruments

Validity in research refers to how accurately a study answers the study question or the strength of the study conclusions (Sullivan, 2011). In testing for validity, what needs to be asked is whether the questions posed adequately address the objectives of the study. This should include whether or not the manner in which answers are recorded is appropriate (Brace, 2013). There are different forms of research validity and main ones are specified by Zhou *et al.* (2022) as content validity, construct validity and face validity. This study tested for all these types of validity to ensure that the final questionnaire was valid.

Content validity is undertaken to ascertain whether the content of the questionnaire are appropriate and relevant to the study purpose. Content validity indicates whether the content reflects a complete range of the attributes under study and is usually undertaken by seven or more experts (Patel & Patel, 2019). For content validity, the questionnaire was tested to ensure that there are no errors both typographical or form through expert opinions. Pilot testing helped to detect some, if not all the errors. The pilot respondents were allowed to ask questions relating to clarity of the questions which helped the researcher know the validity of questions framed. The feedback from the pilot test formed a basis for reviewing the questionnaire before final administration. The supervisors as well as strategy experts assessed the questionnaire to ensure that it was not vague or offensive. Using their knowledge in the subject matter, they interpreted the questions and statements in the questionnaire. The questionnaire was therefore revised based on the feedback from the pilot test to eliminate ambiguities and inadequate wording.

Face validity indicates whether the questionnaire is appropriate to the study purpose and content area. It is the easiest validation process to undertake but it is the weakest form of validity. It evaluates the appearance of the questionnaire in terms of feasibility, legibility, consistency of style and formatting, and the clarity of the language used (Gupta & Gupta, 2022). To determine the face validity of the questionnaire, this study utilized experts' opinion. The supervisors and experts from business turnaround and strategic management were given the questionnaire to

review and rate it in regard to the clarity of the questions. Their input and opinions were used to enhance the face validity of the questionnaire. According to Abutabenjeh and Jaradat (2018), expert's opinion is integral in enhancing face validity of an instrument where they enhance the clarity of the wording, the likelihood that the target audience were able to answer the questions and finally the layout and style.

Construct validity refers to the degree to which the items on an instrument relate to the relevant theoretical construct (Gupta & Gupta, 2022). Construct validity is a quantitative value rather than a qualitative distinction between 'valid' and 'invalid'. It refers to the degree to which each of the questions in a questionnaire contribute to the overall value of the questionnaire in answering the study questions. When an indicator consists of multiple items, factor analysis is used to determine construct validity. The study adopted confirmatory factor analysis to test for construct validity. Factor analysis acts as a gauge of the substantive importance of a given statement to the variable and it is used to identify and remove statements or variable items that do not meet the objectives of the study and which may not be apparent from direct analysis (Finchman, 2012). Communalities obtained from SPSS software were used to indicate the substantive importance of variable factors where a factor loading value of 40% was adopted as a rule of thumb to confirm construct validity. Smith (2015) argued that a factor loading of 40% and above is satisfactory and hence the variable is not dropped in such a case.

3.9 Data analysis and Presentation

Smith (2015) defines data analysis as the systematic manipulation, processing, arrangement and organization of data in order to produce meaningful information. Data gathered using the questionnaires was analyzed quantitatively using both descriptive and inferential statistics. Descriptive statistics including the mean and standard deviation were used to capture the characteristics of the variables under study. According to Pawelski (2016), descriptive statistics use graphical and numerical summaries to give a picture of a data set while inferential statistics are methods of establishing relationships between variables.

3.9.1 Influence of Turnaround Strategy on Performance of Large Manufacturing Firms

To test the influence of turnaround strategies on performance of large manufacturing firms, inferential statistics of correlation and multivariate regression modelling were adopted. Multiple regressions were conducted to determine which among the turnaround strategies influence the dependent variable most and determine the direction and magnitude of effect. The adjusted coefficient of determination (R^2) was used to indicate the percentage of variability of the dependent variable (Performance of large manufacturing firms) that is accounted for by the factors under analysis (turnaround strategies). This was followed by determination of standardization beta (β) coefficient which indicated the direction (+ or -) and the magnitude of the effect as well as the relative contribution of each independent variable on performance (Barlett, Kotrlik & Higgins, 2011). The composite of each variable was established from its sub constructs before being used to run the inferential statistics. To derive the composite index for the variables under study, the harmonic mean formula was used (Barlett, Kotrlik & Higgins, 2011).

$$C_i = \frac{\sum f_i w_i}{\sum f_i}$$

Where

C_i = Composite index for Variable

f = Total Number of Respondents

W_i = The Relative weight given to each component in a particular variable.

The following regression model was used in the determination of coefficients of the independent variables (Turnaround strategies) in relation to the dependent variable (Performance of large manufacturing firms).

The multivariate model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Performance of large manufacturing firms

X₁ = Retrenchment Strategies

X₂ = Divestment Strategies

X₃ = Re-engineering Strategies

X₄ = Outsourcing Strategies

ε = Error term

In the model, β₀ = the constant term while the coefficient β_i, with i = 1, 2, 3 and 4 were used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables while ε is the error term which captures the unexplained variations in the model. Results were presented in form of tables and figures.

3.9.2 Moderating Effect of Organizational Culture

In testing for the moderating effect of organizational culture on the relationship between turnaround strategies and performance of manufacturing firms, the study adopted the Moderated Multiple Regression (MMR) analysis. The following regression model was adopted.

$$Y = \beta_0 + \beta_1 X_1 Z + \beta_2 X_2 Z + \beta_3 X_3 Z + \beta_4 X_4 Z + e$$

Where:

Y = Performance of manufacturing firms

X₁-X₄ = Turnaround strategies

Z = Moderating variable (Organizational culture)

e = Error term

$\beta_1 - \beta_4$ = Coefficient of independent variables

From the regression model above, organizational culture can be concluded to have a significant moderating effect if the beta coefficient of the interacting term (β_i) is significant (Has a p-value less than 0.05). T-test and F-Statistic at 5% level of significance was used to examine significance of coefficients of variables in the model.

3.10 Diagnostic Tests

The study conducted diagnostic tests to ensure that the assumptions of ordinary least squares are satisfied before conducting multiple linear regression analysis and testing the hypotheses. The tests are as follows; normality test, linearity test, multicollinearity, goodness of fit and homoscedasticity test.

3.10.1 Normality Test

A normal distribution is not skewed and is defined to have a coefficient of kurtosis of three or less. In order to assess likelihood that the data set is normally distributed, Quantile-Quantile (Q-Q) plot and Kolmogorov-Smirnov (K-S) Tests were performed. According to Ghasemi and Zahediasl (2012), K-S test is the most commonly used normality test because of disadvantages of other tests and that it can easily be examined using SPSS.

One-Sample Kolmogorov-Smirnov Test (KS) was conducted to test the normality of the dependent variable. The Kolmogorov-Smirnov test is a non-parametric procedure

that determines whether a sample of data comes from a specific distribution, such as normal, uniform, Poisson, or exponential distribution. The null and alternative hypotheses are stated below as follows:

H₀: The data is normally distributed (Not different from a normal distribution)

H₁: The data is not normally distributed (Different from a normal distribution)

The rule is that if the p-value is greater than 0.05 (Not significant), H₀ is not rejected and H₁ is rejected, if the p-value is less than 0.05 (Significant), H₀ is rejected and H₁ is not rejected.

3.10.2 Multicollinearity Test

Multicollinearity refers to large correlation of the predictor variables. When correlation is excessive ($r > 0.80$) as suggested by Mohajan and Mohajan (2022), standard errors and beta coefficients become large, making it difficult or impossible to assess the relative importance of the predictor variables. Multicollinearity is less important where the research purpose is sheer prediction since the predicted values of the dependent variable remain stable, but Multicollinearity is a severe problem when the research purpose includes causal modelling (Ryder et al., 2020).

The study used a correlation matrix to determine the presence of Multicollinearity among the independent variables before running the regression model. A Pearson correlation value greater than 0.8 indicates presence of Multicollinearity (Ryder et al., 2020). The study further used Variance Inflation Factor (VIF) which was applied using the threshold of 10 for severe multicollinearity. In general, the typical acceptable values are VIF less than 5 and tolerance values ($1 / VIF$) values greater than 0.2. This was the threshold used in this study.

3.10.3 Test for Autocorrelation

One of the basic assumptions in linear regression model is that the random error components or disturbances are identically and independently distributed. This is what is called autocorrelation. In a regression model, therefore, it is assumed that the

correlation between the successive disturbances is zero. In this study, the DW statistic was used to test for autocorrelation where Ordinary Least Square (OLS) residuals with values ranging from 0 to 4 were adopted. If the DW value is 4 then there is negative autocorrelation, 2 means no autocorrelation and 0 means positive autocorrelation. In the event of autocorrelation, there is need to transform the model so that the error term is serially independent, then apply OLS to the transformed model to give the usual Best Linear Unbiased Estimator (BLUE).

3.10.4 Linearity Test

Chan and Tong (1986) argue that linearity means that two variables, "x" and "y," are related by a mathematical equation " $y = cx$," where "c" is any constant. The importance of testing for linearity lies in the fact that many statistical methods require an assumption of linearity of data (the data is sampled from a population that relates the variables of interest in a linear fashion).

This means that before using common methods like linear regression, tests for linearity must be performed (otherwise, the linear regression results cannot be accepted). The study used a scatterplot computed using Statistical Package for Social Sciences (SPSS) version 26 to test for linearity and then observed the resulting plot for linearity.

Linearity is displayed by the data points being arranged in the shape of an oval or with a positive gradient. A positive gradient means that the plots increase their concentration across the gradient line towards the x-axis. If this is not observed, it is most likely that the population from which the data came from is not linear in terms of the variables being analysed. This would not be indicative of linearity and hence the data fail the test of linearity. In such a case, a linear regression model could not be suitable for the study.

3.10.5 Test for Heteroscedasticity

In Linear regression analysis, having data that shows heteroscedasticity can ruin the results (at the very least, it will give biased coefficients) (Creswell, 2018). The study

used Breusch-Pagan/Cook-Weisberg test for heteroscedasticity. Heteroscedasticity exists if the variance of the error term varies across observations. According to the null hypothesis, a constant variance exists while the alternative hypothesis purports that heteroscedasticity does exist. The violation of homoscedasticity causes an increase as heteroscedasticity increases.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study on the influence of turnaround strategies on the performance of large manufacturing companies in Kenya. Results of the pilot study, response rate, descriptive analysis and the regression analysis are presented in the chapter.

4.2 Response Rate

The study sought to find out the rate at which the targeted respondents participated in the study. This determined whether the study attained a reliable number of respondents to make conclusions and recommendations. The study had a sample of 249 respondents who were surveyed using a structured questionnaire. A response rate of 83.5% (208 respondents) was achieved and the data used for analysis. This therefore makes the study appropriate to make conclusions and recommendations since according to Kothari (2014) and Kingslay (2012) a response rate of 30-60% in a study is adequate for making conclusions and recommendations. The response rate is as shown in Table 4.1.

Table 4.1: Response Rate

Category	Frequency	Percentage
Sampled Population	249	100%
Responses	208	83.5%
Non-Responses	41	16.5%

4.3 Results of the Pilot Study

A pilot test was carried out to establish the reliability and validity of the data collection tools. The pilot test aimed at establishing the validity and reliability of the data collection instruments. A total of 25 respondents took part in the pilot study.

This was in line with descriptive research design methodology employed in the study. The respondents in the pilot study were picked from firms not included in the sample size but met the requirements to be included in the sample. The pilot study also focused on two academicians and practising managers in strategic management to give expert opinion on the questionnaire. From the pilot study, it was observed that most of the questions in the questionnaire were addressing the intended purpose and the respondents understood them as required. The respondents however needed brief clarifications in some questions which after the pilot study were restructured.

4.3.1 Results for the Reliability of the Research Instrument

According to Quinlan, Babin, Carr, and Griffin (2019), reliability is the ability of the research instrument to give the same answer in the same circumstances from time to time. If respondents answer a questionnaire the same way on repeated situations, then the questionnaire is said to be reliable. The research instrument was subjected to a reliability test using Cronbach's Alpha. The findings indicated that all constructs had Cronbach's Alpha values within the suggested value of between 0.7 and 0.9 thus the data collection tool was reliable (Creswell, 2014; and Liamputtong, 2019). On the basis of this reliability test it was confirmed that the scales used in the study were reliable implying that the questions had the internal consistency to answer the research problem. The findings of the reliability test are shown in Table 4.2.

Table 4.2: Reliability Results

Construct	Cronbach's Alpha Value	Number of Items	Comment
Retrenchment Strategy	0.891	9	Reliable
Divestment Strategy	0.878	9	Reliable
Re-engineering Strategy	0.838	8	Reliable
Outsourcing Strategy	0.843	7	Reliable
Organizational Culture	0.791	10	Reliable
Firm Performance	0.748	7	Reliable

4.3.2 Validity of the Research Instrument

Validity is the ability of the research instrument to measure what it is supposed to measure (Schindler, 2019). There are several types of validity tests that can be conducted on an instrument namely construct, content, and face validity (Trochim, Donnelly & Arora, 2016). Content validity was assessed through review and verification of the extant literature for the items contained in the questionnaire. The researcher critically examined each question against study objectives and how they were to be answered by the respondents and then made the necessary adjustments. The instruments developed for other similar studies were also used for comparison purposes. Brace (2013) argues that the constructs of a study can be established based on the existing studies so as to enhance content validity. Furthermore, the researcher clearly defined conceptual framework by undertaking a thorough literature review and seeking expert opinion, and questions were developed based on the sub-constructs of individual variables on the conceptual framework.

Construct validity was tested by use of factor analysis using Principal Component Analysis (PCA). The items were run into the SPSS to come up with the extractions and the findings are as herein shown. The results show that the extractions from all the questions were positive and above the 0.60 threshold. According to Merlirt (2014), the average factor loadings of more than 0.60 for individual variables are considered valid for the data collection. As the findings on Table 4.3 show, all the variables had an average factor loading of over 0.60 hence the questions under the variables were concluded to have met the threshold for PCA which implies that they passed the validity test.

Table 4.3: Summary of the Principal Component Analysis

Variable	PCA Average Factor Loading
Retrenchment Strategy	0.668
Divestment Strategy	0.782
Re-engineering Strategy	0.733
Outsourcing Strategy	0.803
Organizational Culture	0.690
Performance of the Manufacturing Firms	0.711

4.4 Demographic Characteristics

Demographics in a social science research are critical in establishing a rapport between the researcher and the respondents (Opoku, Ahmed, & Akotia, 2016). The background information of the organizations helps the researcher to identify the underlying prospects that could influence the responses on the main questions in a study. The main background information of the manufacturing companies sort in this study included: organizations' period of operation, ownership category of the organizations, number of products and category of the organizations.

4.4.1 Organizations' Period of Operation

The study sought to establish the organizations period of operations. According to Cline, and Yore (2016), the age of the firms is one key factor that influences its supply chain network and ability to steer distribution systems across the market. The findings as shown in Figure 4.1 revealed that majority of the firms (52%) had been in operation for over 20 years, 21.3% had been in operation for a period between 16 and 20 years, 10.2% had operated for a period between 11 and 15 years, while 2.4% had operated for a period less than 5 years. The findings imply that most of the firms have been in operation for a longer period which is an indication of their ability to have well established themselves in the market for extensive supply chain networks.

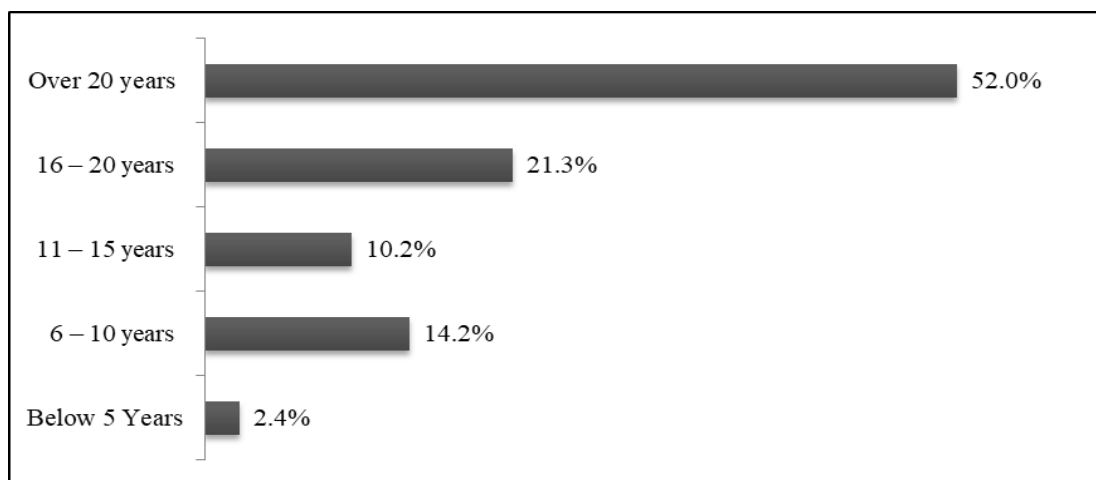


Figure 4.1: Period of Operation for the Organizations

4.4.2 Industry Broad Category of the Manufacturing Firms

The Kenya Association of Manufacturers (KAM) (2021) broadly categorizes the manufacturing industry into four (4) broad categories which include the consumer goods industry, intermediate goods, capital goods and basic goods industry. The study sought to find out the industry category of the manufacturing firms surveyed. The turnaround strategies highly depend on the category of the industry which is based on the broad type of goods produced by the manufacturing entity. According to Mani, Witherell, and Jee (2017), the manufacturing sector is broadly categorized into four major categories which determine the strategies that the firm can adopt and how it can embrace the said strategies. These categories include the basic goods manufacturing industry (manufactures machinery and equipment that is used to produce the finished consumer goods), the capital goods industry (manufactures machinery for utility production such as printing machines, and packaging machines), the intermediate goods industry (manufactures semi-finished goods) and the consumer goods industry (manufactures finished products such as food and beverages). As the findings in Figure 4.2 portray, 35.9% of the firms were in the consumer goods industry, 20.2% were in the intermediate goods sub-sectors, 24.2% were manufacturing capital goods while 19.7% were manufacturing basic goods that produce consumer goods.

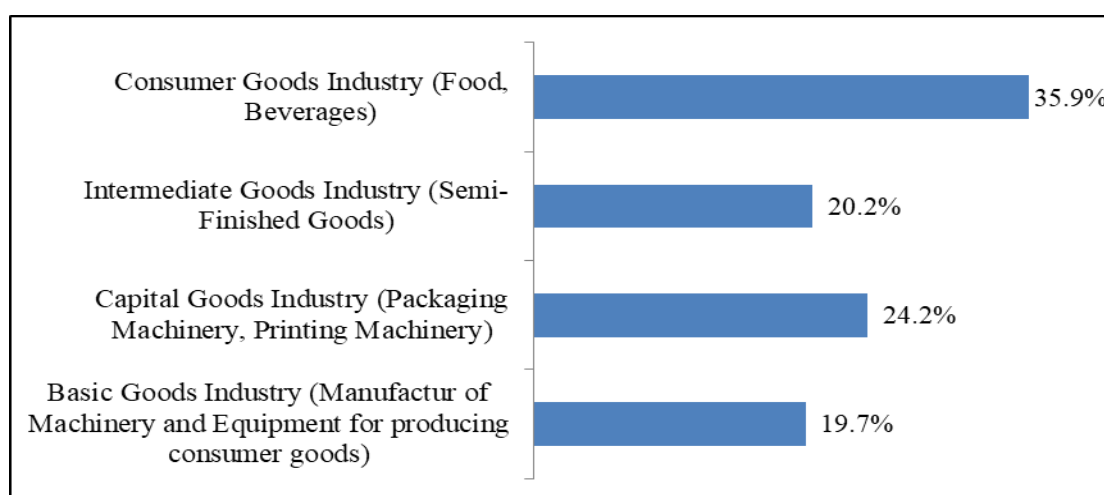


Figure 4.2: Manufacturing Category of the Firm

4.4.3 Number of Products

The study sought to establish the number of products that the surveyed manufacturing firms operated in. One of the major aspects that affect supply chain is the number and category of products that a company has to produce within the same ground of operations. The findings as shown in Figure 4.3 revealed that 33.1% of the companies had between 3 and 5 products while 26.8% had 2 to 1 product(s) and 19.7% of the companies had more than 10 products. The findings imply that some companies have to deal with a wider market than the others or have more products hence the preferences and tastes of the customers differ.

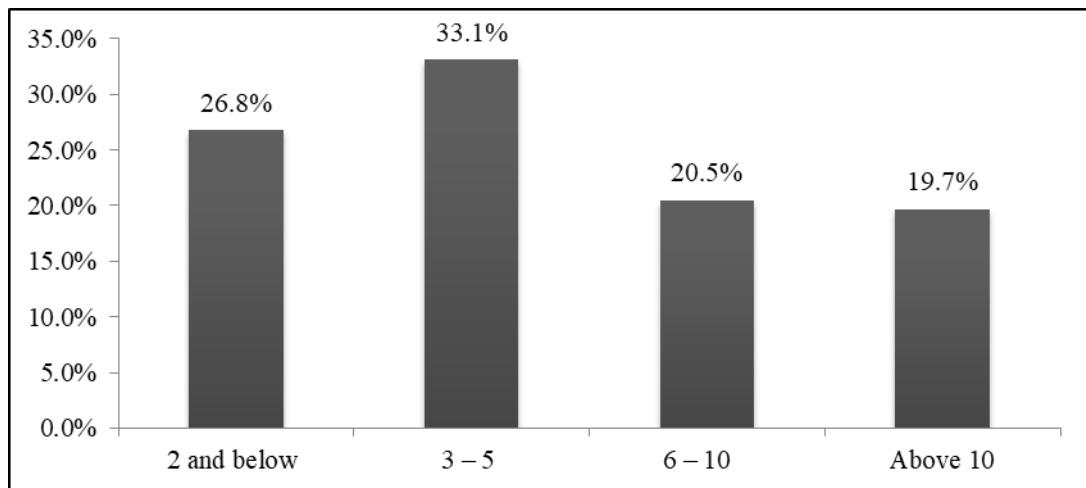


Figure 4.3: Number of Products

4.4.4 Product Specialization

The study sought to establish the product specialization of the surveyed firms. These categories are as categorized by the Kenyan association of Manufacturers based on the specialization of the firms. The results as shown in Figure 4.4 revealed that 23.6% of the firms were specializing in the food and beverage processing, 14.3% were in the chemical and allied category, 11.8% were in the paper and printing category while 9.4% were in the metal and allied category. Leather products and footwear and building and construction categories were the least with 0.8% and 1.6% respectively. The findings imply that the representation cut across all the categories

of the large manufacturing firms hence the opinions on turnaround strategies would cut across the sector.

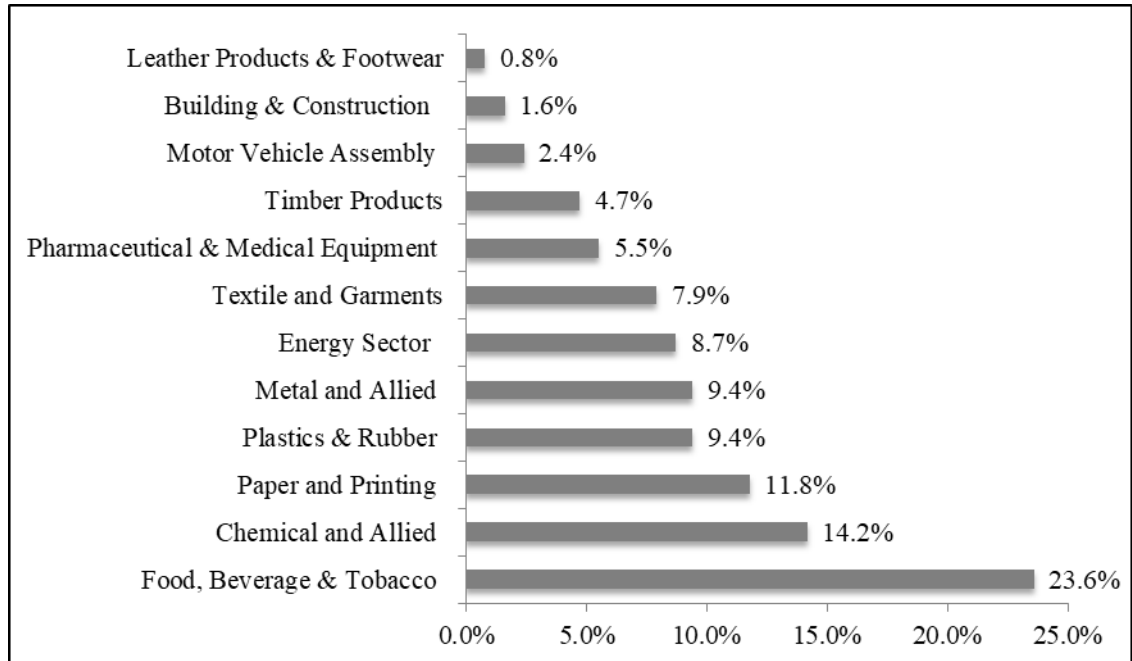


Figure 4.4: Category of the Firm

4.5 Descriptive Analysis of the Study Variables

The subsection covers the findings on analysis of the descriptive statistics. The study focuses on the main variables of the study which are discussed systematically. The variables are the independent variables (retrenchment strategies, divestment strategies, re-engineering strategy, outsourcing strategy), the moderating variable (organizational culture) and the dependent variable (performance of the manufacturing firms in Kenya. The main descriptive statistics captured include standard deviation, mean, and percentages.

4.5.1 Descriptive Results on Retrenchment Strategy

The study sought to find out the ways in which retrenchment strategies enhance performance of large manufacturing firms in Kenya. The respondents were asked to give their views or opinions on specific statements formulated based on the sub-

constructs of the variable which were; operation expenditure reduction, right sizing labour force and assets disposal. A five-point Likert's scale was used as the measure where; 1 was strongly disagree, 2 disagree, 3 uncertain, 4 agree and 5 strongly agree.

The findings, as indicated in Table 4.4 revealed that majority of the respondents disagreed with the statement that their respective organizations had continually reduced the cost of research and development as a way of saving on costs of operation as evidenced by a mean of 2.32 and a standard deviation of 1.36. On the second statement that minimal budget was allocated to the research and development kit as a move to reduce on the operation costs, majority of the respondents disagreed as evidenced by a mean of 2.23 and a standard deviation of 1.25 (Strongly Disagree = 34.6%; Disagree = 33.7%). The findings further revealed that majority of the respondents disagreed that their respective firms had sent some of their employees on compulsory leave as shown by a mean of 2.41 and a standard deviation of 1.28 (Strongly Disagree = 30.3%; Disagree = 29.3%). They further disagreed that their respective organizations had stopped any lease or purchase of assets that were less profitable (Strongly Disagree = 40.4%; Disagree = 38.0%; Mean = 2.07; Standard deviation = 1.24). Majority of the respondents disagreed with the statement that the manufacturing firms had reduced the labour force significantly to narrow down their salaries and remuneration costs as shown by a mean of 2.11 and standard deviation of 1.26. The findings imply that retrenchment strategy has not been keenly embraced by most of the manufacturing firms despite this being integral in promoting organizational performance. This is in line with Rico, Pandit, and Puig (2021) who found out that most of the modern businesses fail to regain their performance and become bankruptcy as a result of minimal embrace of retrenchment strategy in early days of unprofitability.

The findings further revealed that most of manufacturing companies were not effectively getting rid of non-performing assets as a move to cut down the operation costs (Strongly Disagree = 38.5%; Disagree = 37.5%; Mean = 2.08; Standard deviation = 1.18); and that the firms did not retrench some of the assets by disposing them off so as to raise operational revenues and save on maintenance costs (Strongly Disagree = 26.9%; Disagree = 51.4%; Mean = 2.18; Standard deviation = 1.13). The

findings also revealed that most of the manufacturing firms surveyed had not reduced procurement of excess inventory to cut storage costs and divert revenues to more profitable dimensions as shown by a mean of 2.25 and a standard deviation of 1.22. The respondents further disagreed that their respective firms had regained performance following retrenchment of their assets and other costs (Strongly Disagree = 20.7%; Disagree = 47.1%; Mean = 2.48; Standard deviation = 1.27). The findings portray that retrenchment strategy still remains underutilized in most of the manufacturing firms, which exposes them to unprecedented costs, thus affecting the firms' performance. According to Tao, Xu, and Liu (2020), lack of effective retrenchment at the time of declining profitability exposes the firm into more financial crisis, and this subsequently leads to poor performance.

The findings imply that while the literature shows retrenchment strategy to be one of the turnaround strategies that contributes to the performance of modern organizations, majority of the large manufacturing firms were slow in embracing retrenchment strategy, even when their profitability was at a risk of declining. The findings concur with those by Boyne (2014) who found that modern-day organizations were slow in considering retrenchment, and this risked the firms' ability to regain performance after turbulent market conditions. The scholar contemplated that retrenching through disposal of non-performing assets and laying-off some employees through focus on automation serves to save on operational costs thus promoting performance. As observed in the findings, most of the manufacturing firms in Kenya did not effectively go for retrenchment as a way of reducing costs and taming any loopholes that could negatively affect their performance. According to Morrow, Johnson and Busenitz (2014), reducing the costs of operation ensures that the organization saves on expenditure which could contribute to enhanced profits. As Ung *et al.* (2018) recommend, it is important for the firm to keenly analyse the value of assets before going for retrenchment as a cost containment strategy, but alludes that most firms fail to achieve their full potential for failing to effectively and timely uphold retrenchment when their performance is at risk due to increasing operational costs.

Table 4.4: Descriptive Statistics on Retrenchment Strategy

Assessment Aspects	SD	D	N	A	SA	Mean	Std. Dev.
The firm has continually reduced the cost of research and development as a way of saving on operational costs	33.2%	37.5%	5.3%	11.5%	12.5%	2.32	1.36
Minimal budget is allocated to the research and development kit as a move to reduce on the costs	34.6%	33.7%	13.0%	11.1%	7.7%	2.23	1.25
The company has sent some employees on compulsory leave in the recent past	30.3%	29.3%	18.3%	13.0%	9.1%	2.41	1.28
The organization has in the recent past stopped any lease or purchase of assets that are less profitable	40.4%	38.0%	2.9%	11.5%	7.2%	2.07	1.24
The firm has reduced the labour force significantly over the recent past	40.9%	33.2%	6.3%	13.0%	6.7%	2.11	1.26
The organization has been getting rid of non-performing assets over the recent past	38.5%	37.5%	6.3%	13.0%	4.8%	2.08	1.18
The organization has been retrenching some assets by disposing off some parts and leaving others	26.9%	51.4%	3.8%	12.0%	5.8%	2.18	1.13
The firm has focused on reducing procurement of excess inventory to cut storage costs	28.4%	46.2%	6.3%	10.6%	8.7%	2.25	1.22
Through retrenchment strategy, the organization has enhanced its performance	20.7%	47.1%	6.3%	14.9%	11.1%	2.48	1.27

SD= Strongly Disagree; **D=** Disagree; **N=** Neutral; **A=** Agree; **SA =** Strongly Agree

4.5.2 Descriptive Results on Divestment Strategy

The second objective of the study was to determine the influence of divestment strategy on performance of large manufacturing firms in Kenya. The study sought to unearth the extent to which divestment strategies act as key determinants of

performance of large manufacturing firms in Kenya. The main measures of the variable were; disposing assets, exiting diversified markets and Spinning-off divisions. The respondents were asked specific questions based on these measures and the findings are as herein presented. The respondents were asked to indicate their level of agreement based on the statements of divestment strategies.

The findings as shown in Table 4.5 revealed that majority of the large manufacturing firms surveyed did not consider disposing-off some of their assets as one of the ways of coming back to business and increasing their performance as evidenced by a mean of 2.36 and a standard deviation of 1.25. On the statement that the companies focused on restructuring non-performing assets to turn them into more valuable assets, majority of the respondents disagreed as shown by a mean of 2.45 and a standard deviation of 1.23. The respondents further disagreed that their respective companies had recently exited some diversified markets which were less penetrated to save on costs and this is evidenced (Strongly Disagree = 19.7%; Disagree = 47.6%; Mean = 2.37; Standard Deviation = 1.12). According to Achbah and Frechet (2021), companies fail to restore back their performance upon undergoing turbulences due to their inability to divest through disposal of redundant assets and making other internal divestments that can save on costs and enhance productivity.

The findings further revealed that majority of the large manufacturing companies surveyed did not consider spinning-off some of their business divisions as a way of saving the costs of operations as evidenced by a mean of 2.74 and a standard deviation of 1.41. The respondents further disagreed that their respective companies had put measures to track-down assets performance and their overall contribution to the firm performance so as to identify which assets to keep and those to dispose-off (Strongly Disagree = 21.6%; Disagree = 42.8%; Mean = 2.49; Standard deviation = 1.25. The respondents further disagreed that their respective companies had, on some occasions, stopped some of their projects to save on costs and enhance performance (Strongly disagree = 22.6%; Disagree = 33.2%; Mean = 2.63; Standard deviation = 1.34) and that their companies undertook measures to close some of the product lines that were less performing in the market as a divestment strategy to enhance performance (Strongly disagree = 25.0%; Disagree = 33.2%; Mean = 2.62; Standard

deviation = 1.38). The findings further established that most of the companies surveyed did not effectively uphold divestment as one of the turnaround strategies to strengthen their performance. This is despite the assertion by Bhattacharyya and Malik (2020) that continued divestment particularly when the company is facing a decline in performance plays an integral role in steering organizational performance.

The findings imply that divestment strategy has minimally been embraced among the large manufacturing firms in Kenya, where most of the firms have been slow to dispose-off redundant assets and exit lowly penetrated markets so as to tame-down their operational costs and maximise their revenues. The findings gain support from the literature by Muzny and Simba (2019) who found that divestment strategy although it may not be effectively embraced particularly by large organizations, remains an integral turnaround strategy that if effectively adopted, can significantly enable the organizations to reduce costs and operations that are draining their revenues and focus on those that maximize the revenues. The scholars stated that for a company to reap the best out of divestment, it could be necessary to optimize on the tracking of the assets contribution to the revenues and comparing the contribution to the costs of maintaining the assets so as to identify whether to divest through disposal or not. According to Flickinger and Zschoche (2018), divestment strategy plays a significant role in promoting the performance of the firm by recollecting the invested revenues and channelling them towards a common goal.

Table 4.5: Descriptive Statistics on Divestment Strategy

Assessment Aspects	SD	D	N	A	SA	Mean	Std. Dev.
The company has in the recent past considered assets disposal as a way of coming back to business and increasing performance	28.4%	37.0%	12.0%	14.9%	7.7%	2.36	1.25
The company focuses on restructuring non-performing assets to turn them into more valuable assets	24.5%	37.0%	14.4%	16.3%	7.7%	2.45	1.23
The company has recently exited some new diversified markets which are less penetrated to save on costs	19.7%	47.6%	14.9%	11.1%	6.7%	2.37	1.12
The company spins-off some business divisions and closes down others so as to save on costs	24.5%	26.9%	13.0%	20.7%	14.9%	2.74	1.41
The organization has put measures to ensure assets performance and contribution to the firm performance is tracked and those that are less productive are disposed-off	21.6%	41.8%	12.5%	13.9%	10.1%	2.49	1.25
The company has in some occasions stopped some projects to save on costs and enhance performance	22.6%	33.2%	16.3%	13.9%	13.9%	2.63	1.34
The company has recently undertaken measures to close some product lines that are less performing in the market to save on costs	25.0%	33.2%	7.7%	22.1%	12.0%	2.62	1.38
The company has effectively upheld divestment strategy towards enhancing performance	22.1%	23.1%	6.3%	25.0%	23.6%	3.04	1.52

SD= Strongly Disagree; **D=** Disagree; **N=** Neutral; **A=** Agree; **SA =** Strongly Agree

4.5.3 Descriptive Results on Business Process Re-engineering Strategy

The study sought to find out the extent to which quality improvement, minimization of operating costs and enhancing service delivery influenced performance of large manufacturing firms in Kenya. The respondents were asked to indicate their level of agreement or disagreement on specific statements based on a five-point Likert's scale. The findings are as herein presented.

As the findings in Table 4.6 portray, majority of the respondents disagreed that their respective firms identified customer requirements to develop strategic purpose to meet their demands as far as quality, timeliness and efficiency were concerned (Strongly Disagree = 28.3%; Disagree = 30.2%; Mean = 2.58; Standard Deviation = 1.41). The respondents disagreed that their respective companies expunged some of the processes in their operations so as to reduce the operational costs (Strongly Disagree = 22.1%; Disagree = 34.1%; Mean = 2.61; Standard Deviation = 1.31); and that their respective firms carried out frequent performance analysis on existing processes to remove those that were not necessary (Strongly Disagree = 21.6%; Disagree = 35.6%; Mean = 2.71; Standard Deviation = 1.40). The respondents further disagreed that their respective companies upheld key measures to enhance service delivery and customer satisfaction as shown by a mean of 2.60 and a standard deviation of 1.24. According to Garg (2022), one of the contemporary aspects of reengineering in a modern business is by ensuring customers are offered the best quality services and their satisfaction is guaranteed as far as quality is concerned so as to steer organizational performance without spending extra revenues on business or market expansions.

The findings further revealed that majority of the large manufacturing firms did not emphasize on the quality of products and services offered to their customers as shown by a mean of 2.76 and a standard deviation of 1.31. The findings further showed that majority of the respondents disagreed with the statement that their respective firms selected core business process that had impact on customers and better income generating thus avoiding those that were more costly and with little returns as shown by a mean of 2.66 and a standard deviation of 1.43. The

respondents disagreed that their respective firms implemented new processes and conducted performance reviews to identify the gaps to be filled as far as reengineering was concerned (Strongly Disagree = 22.1%; Disagree = 40.4%; Mean = 2.62; Standard Deviation = 1.39) and that re-engineering strategy had seen the performance of their respective companies increase. The findings imply that the large manufacturing companies in Kenya have not adequately embraced reengineering strategy despite most of these companies undergoing through a decline in performance. This concurs with Li, Chen, and Liao (2021) who established that through slow embrace of reengineering strategy by improvement of quality of products and enhancing service delivery, manufacturing firms continue to miss the opportunity of regaining back their performance for continued competitiveness.

The findings imply that re-engineering, though not effectively adopted is a key turnaround strategy that influences the performance of large manufacturing firms in Kenya. Through focus on coming up with new ways of doing things and focusing on customer-based service delivery and production, the large manufacturing entities gain more competitive ground thus promoting their performance (Ogbo, Attah, & Ugbam, 2015). The results concur with those of Ogada (2017) who established that business process re-engineering is a useful tool for any corporate organisation in that it enhances the capability of the firm to outdo the competitors and enhance performance. Setegn *et al.* (2013) suggested that re-engineering is a key aspect in promoting firm performance through creation of a ground for the company to realize its potential thus focusing on re-establishment. Goldratt (1984) while supporting the theory of constraints argued that business process re-engineering prioritizes core business activities and addresses the constraints in them through which competitiveness and performance is enhanced.

Table 4.6: Descriptive Statistics on Re-engineering Strategy

Assessment Aspects	SD	D	N	A	SA	Mean	Std. Dev.
The firm identifies customer requirements and develops strategic purpose to meet their demands as far as quality, timeliness and efficiency are concerned	28.3%	30.2%	5.6%	21.6%	14.3%	2.58	1.41
Some processes are removed in the operations of the company so as to reduce the operational costs	22.1%	34.1%	15.4%	16.8%	11.5%	2.61	1.31
The firm carries out frequent performance analysis on existing processes to remove those that are not necessary	21.6%	35.6%	8.2%	18.8%	15.9%	2.71	1.40
The firm has focused on identifying the key measures that can be used to enhance service delivery and customer satisfaction	18.8%	38.5%	15.9%	17.3%	9.6%	2.60	1.24
The management of the firm emphasizes on the quality of products and services offered to our customers	14.9%	39.9%	14.4%	14.9%	15.9%	2.76	1.31
The firm selects core business process that have impact on customers and better income generating thus avoiding those that are more costly and with little returns	26.4%	31.3%	5.8%	22.6%	13.9%	2.66	1.43
The firm implements new processes and conducts performance review to identify the gaps to be filled as far as reengineering is concerned	22.1%	40.4%	5.3%	16.8%	15.4%	2.62	1.39
Re-engineering strategy has seen the performance of the company increase in the recent past	16.8%	40.9%	16.8%	14.9%	10.6%	2.61	1.23

SD= Strongly Disagree; **D=** Disagree; **N=** Neutral; **A=** Agree; **SA =** Strongly Agree

4.5.4 Descriptive Results on Outsourcing Strategy

The study was determined to establish how various prospects of outsourcing strategy influence performance of large manufacturing firms in Kenya. The variable was derived based on specific measures which included; cost-driven outsourcing, innovation-driven outsourcing and focus-driven outsourcing. Likert's scale (five points) was used to measure the respondents' level of agreement where 1 is strongly disagree, 2 disagree, 3 uncertain, 4 agree and 5 strongly agree.

The findings as shown in Table 4.7 revealed that majority of the companies had not entered into strategic alliances as a way of adopting cost-driven outsourcing to save on costs and best position themselves in the market as evidenced by a mean of 2.50 and a standard deviation of 1.16. The respondents disagreed that their respective companies outsourced products and services on the basis of innovation as a way of enhancing the quality of products to meet the customer needs (strongly disagree = 23.6%; disagree = 40.4%); and that their respective companies emphasized outsourcing to achieve better end-results to meet the customer needs (strongly disagree = 28.4%; disagree = 38.0%; Mean = 2.40; Standard deviation = 1.30).

The results further showed that most of the organizations did not encourage their employees to be innovative as a way of achieving the best out of their operations as evidenced by a mean of 2.52 and a standard deviation of 1.28. Most of the companies did not outsource products and/or services that were not frequently used to minimize on the costs as evidenced by a mean of 2.46 and a standard deviation of 1.34. The findings further depicted that most of the manufacturing companies did not involve their suppliers to come up with best ways to cut on costs of the outsourced items as shown by a mean of 2.45 and a standard deviation of 1.25. Majority of the respondents disagreed that their respective companies focused on meeting customer needs and saving on costs of operation (Strongly disagree = 20.7%; disagree = 44.7%; Mean = 2.47; Standard deviation = 1.24). The findings are an implication that majority of the manufacturing firms in Kenya have not effectively embraced outsourcing as one of the ways to cut-down on costs of operations and steering their performance and effectiveness through outsourcing non-core activities. As Xie *et al.*

(2020) argue, failure to embrace outsourcing renders most companies incapable of continually meeting customer needs as they lack the magnitude to focus on their core business while at the same time effectively carry out their critical but non-core activities.

The findings imply that outsourcing strategy is beneficial in large manufacturing companies in that it enables them to save on costs and at the same time meet customer needs. The findings compare with those by Akewushola and Elegbede (2013) who found out that firms that outsource experience reduced average cost of production, increased sales turnover and profitability, enhance expertise, improve service quality, reduce staff strength, streamline the production process, reduce administrative burden and save time for core activities. According to Akbar (2013), through outsourcing, companies can easily harness a wider pool of knowledge and experience and operational expertise. As outlined in the theory of Transaction Cost Economies (TCE) theory by Coase (1937), organizations ought to analyse what to outsource and what to produce so as to minimize on the cost.

Table 4.7: Descriptive Statistics on Outsourcing Strategy

Assessment Aspects	SD	D	N	A	SA	Mean	Std. Dev.
Our company has entered into strategic alliances as a way of adopting cost-driven outsourcing so as to save on costs and best position itself in the market	16.8%	46.6%	13.5%	15.4%	7.7%	2.50	1.16
The company outsources products and services on the basis of innovation so as to enhance the quality of products sold to our customers.	23.6%	40.4%	8.7%	16.8%	10.6%	2.50	1.30
When outsourcing, our company emphasizes on its focus and the required end-results thus enhancing meeting of the customer needs	28.4%	38.0%	7.7%	16.8%	9.1%	2.40	1.30
Innovation is upheld and encouraged among employees through rewarding of innovative employees	21.2%	42.8%	9.1%	15.9%	11.1%	2.52	1.28
The company outsources the services that are not frequently used so as to minimize on the costs	28.4%	36.1%	6.3%	19.7%	9.6%	2.46	1.34
Our firm involves suppliers to come up with best ways to cut on costs and enhance performance	22.6%	43.8%	9.1%	14.9%	9.6%	2.45	1.25
The company focuses on meeting specific customer needs and preferences through outsourcing	20.7%	44.7%	12.0%	12.0%	10.6%	2.47	1.24

SD= Strongly Disagree; **D=** Disagree; **N=** Neutral; **A=** Agree; **SA =** Strongly Agree

4.5.5 Descriptive Results on Organization Culture

The study sought to establish the moderating effect of organizational culture on the relationship between turnaround strategies and performance of large manufacturing firms in Kenya. The study aimed at establishing the agreement level of respondents

on statements on organization culture as a moderator between turnaround strategies and performance of performance of large manufacturing firms in Kenya.

The findings as shown in Table 4.8 revealed that in most of the large manufacturing firms, employees were not frequently involved in decision making processes as evidenced by a 21.6% and 47.6% of the respondents who strongly disagreed and disagreed respectively. The respondents further disagreed that their respective companies were concerned with the employee relationships thus focused on promoting the relationships among employees (Strongly disagree = 19.7%; Disagree = 38.0%; Mean = 2.63; Standard deviation = 1.29); and that the companies encouraged cooperation across different departments and groups so as to have a well-aligned organizational culture (Strongly disagree = 27.9%; Disagree = 35.6%; Mean = 2.50; Standard deviation = 1.39). The respondents also disagreed that their respective companies had embraced a shared vision on the future of the organization as shown by a mean of 2.40 and a standard deviation of 1.17. According to Naveed *et al.* (2022), with a shared vision among the personnel, an organization stands a better chance to have a workforce that is working towards effective implementation of the set strategies, thus promoting long-term performance and competitiveness.

The findings further revealed that most of large manufacturing firms did not effectively uphold cooperation and teamwork among their employees as shown by a mean of 2.43 and a standard deviation of 1.22. The respondents disagreed that the management of their respective companies frequently delegated duties to employees to create a capable team of leaders and this is evidenced by a mean of 2.92 and a standard deviation of 1.46. Majority of the respondents also disagreed that their companies continuously invested in the skills of employees through training and development as proved by a mean of 2.93 and a standard deviation of 1.48.

As the findings portray, most of the companies surveyed lacked clear and consistent set of values that governed the way of doing business as shown by a mean of 2.56 and a standard deviation of 1.32. The respondents further disagreed that their respective companies had visions that created excitement and motivation among the employees as shown by a mean of 2.57 and a standard deviation of 1.30. The

findings further revealed that most of the companies surveyed lacked properly constituted mission statements that were communicated and aligned with the organizational goals as evidenced by a mean of 2.60 and a standard deviation of 1.36. The findings imply that most of the manufacturing firms surveyed lacked a properly aligned organizational culture, and this as elaborated by Nyatumba and Pooe (2023) could be a significant determinant of how effective the strategies put across in the organization including turnaround strategies are implemented for enhanced firm performance.

The findings imply that different cultural norms enhance decision making process thus playing a key role in determining the success of turnaround strategies in promoting firm performance. For any strategy in an organization to achieve the best results, there should be a supportive culture whereby the personal goals of the employees align with those of the company. According to Martins *et al.* (2011), organisational culture relates the employees to Organisation's values, norms, stories, beliefs and principles and incorporates these assumptions into them as behavioural set of standards. Önday (2016) while citing Mayo's theory of human relations argued that the relationships between the workers and management greatly influence productivity.

Table 4.8: Descriptive Statistics on Organization Culture

Assessment Aspects	SD	D	N	A	SA	Mean	Std. Dev.
Employees are frequently involved in decision making processes in our firm	21.6%	47.6%	8.7%	10.1%	12.0%	2.43	1.26
The organizational management is concerned with the relationship among employees and plays its role in promoting the relationship	19.7%	38.0%	12.5%	18.8%	11.1%	2.63	1.29
The organizational management encourages cooperation across different departments and groups in the firm	27.9%	35.6%	7.7%	15.4%	13.5%	2.50	1.39
The organization has embraced a shared vision of what the organisation will be like in the future	20.2%	46.6%	14.4%	10.1%	8.7%	2.40	1.17
The firm management encourages teamwork among the employees in carrying out the firm operations	21.2%	45.7%	11.5%	12.0%	9.6%	2.43	1.22
The top management frequently delegates duties to employees so as to create a capable team of leaders	22.1%	25.0%	10.6%	23.1%	19.2%	2.92	1.46
The company continuously invests in the skills of employees through training and development	22.1%	26.0%	8.2%	23.6%	20.2%	2.93	1.48
There are clear and consistent set of values that governs the way business is done in our firm	23.1%	37.5%	10.1%	18.3%	11.1%	2.56	1.32
The vision in our organization creates excitement and motivation among the employees	22.1%	39.4%	7.7%	20.7%	10.1%	2.57	1.30
The mission statement of the organization is properly constituted, communicated and aligned with the organizational goals	22.6%	38.5%	8.7%	16.3%	13.9%	2.60	1.36

SD= Strongly Disagree; **D=** Disagree; **N=** Neutral; **A=** Agree; **SA =** Strongly Agree

4.5.6 Descriptive Results on Performance of Manufacturing Firms in Kenya

The study established the influence of turnaround strategies on the performance of large manufacturing firms in Kenya. The measures adopted in the study were sales turnover, profit margin and Return on Assets (ROA). Performance was assessed using data available from the Kenya Association of Manufacturers and the respective

companies' data, as well as opinions from the respondents using a Likert's scale. According to Holm, Hjorth-Trolle, and Andersen (2023), to holistically assess performance as the dependent variable, it is integral to utilize both the existing secondary data and the Likert's scale. Further, Ledford, Lane, and Gast (2018) indicate that while performance could be addressed/assessed using secondary data, in a study where the independent variables are opinion-based or Likert's-Scale based, it is appropriate to use opinion-based or Likert's scale questions in the dependent variable (performance) to enhance the understanding of the underlying issues on performance as well as to enable correlation and regression analysis. This explains why the study opted for both types of data in addressing the performance of the manufacturing firms in Kenya.

4.5.6.1 Sales Turnover

The study sought to analyse the sales turnover of the companies over a five year period as a way of establishing their performance. According to Mulisse (2014), one of the major aspects of analysing a company's performance in the modern business World is through sales turnover which explains how best a company can reach out to more customers and influence them to spend more on the offered products and/or services. The more the sales, the more the company is likely to make higher profits and maximize shareholder's wealth. The findings as shown in Figure 4.5 revealed that the manufacturing companies recorded varying sales turnover. As the findings portray, in the year 2016, the average sales turnover for the companies was Kshs.14.8 billion which increased to Kshs.17.3 billion in the year 2017 and Kshs.18.5 billion in the year 2018. In 2019, the large manufacturing companies recorded an average sales turnover of Kshs.20.03 billion and in the year 2020, the companies recorded an average of Kshs.20.64 billion in sales turnover. This shows an upward trend in sales volume although the average increase is low as compared to other industries such as banking industry which according to the CBK (2019), have been recording an average increase in sales revenue of 13-20%.

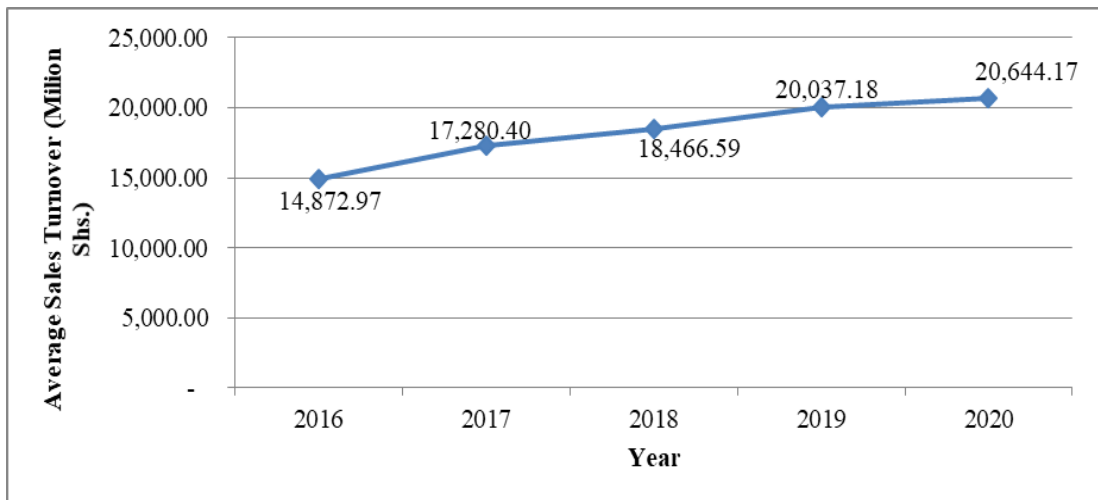


Figure 4.5: Sales Turnover

Source: KAM (2021)

4.5.6.2 Profit Margin

The study sought to find out the annual profits of the manufacturing companies as one of the measures of performance. According to Raza and Farooq (2017), profit margin is a key aspect in explaining the performance of an organization such that the higher the profits margin, the more an organization is able to meet its financial mandates and streamline its systems for sustained growth. The findings as shown in Figure 4.6 portray that in the year 2016, the average net profit for the large manufacturing companies was Kshs.853.90 million which declined to Kshs.652.28 million in the year 2017 and increased to Kshs.1.077 billion in the year 2018. In 2019, the firms recorded a decline in the average net profit to record Kshs.899.49 million and in the year 2020, the average net profit declined to Kshs.394.62 million. The trend in average net profits among the large manufacturing firms is unstable, an indication of a volatile operating market.

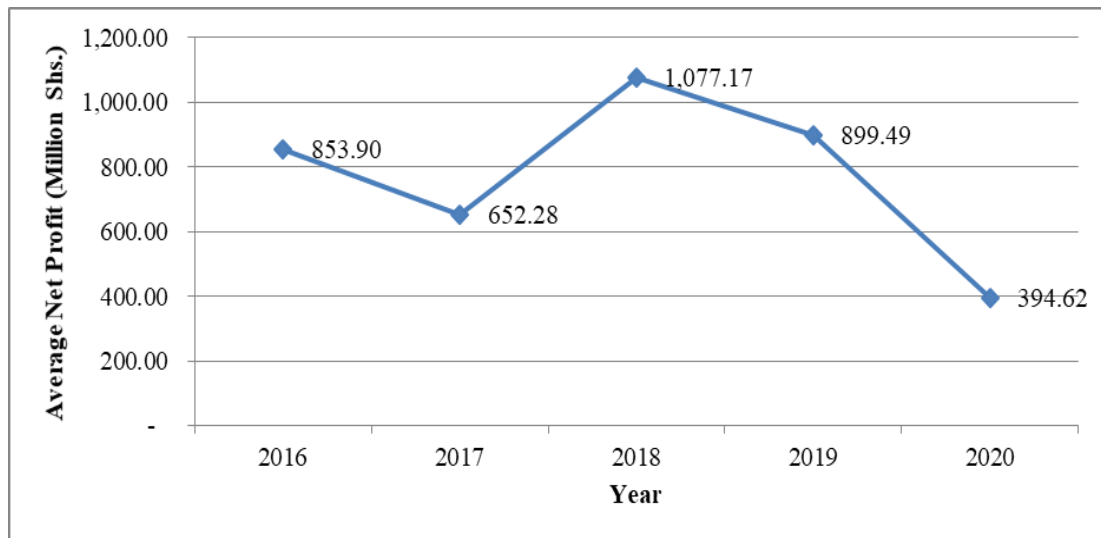


Figure 4.6: Profits Margin

Source: KAM (2021)

4.5.6.3 Return on Assets

The study sought to find out the Return on Assets (ROA) as one of the measures of firm performance. According to Giang (2016), ROA shows the overall profitability index which includes the returns from all the organizational assets. This therefore makes ROA a useful measure of firm performance in that the higher the ROA, the higher the organizational profits hence its ability to expand and generate more revenue for sustained performance. The Return on Assets was obtained by dividing the net profit with the total assets of the companies. The findings as shown in Figure 4.7 revealed that in the year 2016, the average ROA for the large manufacturing firms was -19.5% meaning that most of the companies in the year 2016 did not meet their financial overheads. In the year 2017, the average ROA for the companies increased to -15.3% and in the year 2018, it rose to 15.2% and to 24.1% in the year 2019. In 2020, the average ROA for the companies steadily reduced to -18.1%. Such a decline implies an unpredictable market which therefore calls for the turnaround strategies.

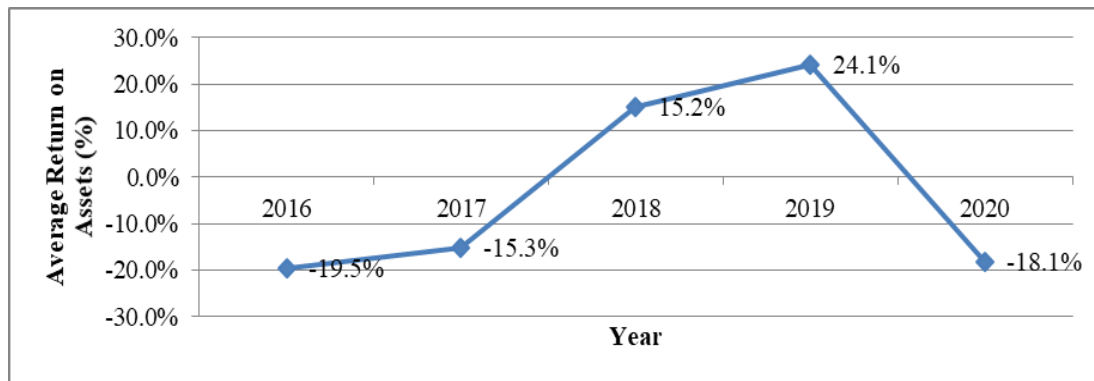


Figure 4.7: Return on Assets

Source: KAM (2021)

The study sought to establish the performance of the manufacturing firms in Kenya by seeking the opinions of the respondents. The respondents were asked to indicate their level of agreement on specific statements regarding the performance of their respective firms. This was based on a five-point Likert's scale. The findings as shown in Table 4.9 revealed that majority of the respondents disagreed that their company had been recording increased net profits in the past five years (Strongly disagree = 26%; disagree = 30.7%); and that the profit margins recorded in their respective companies were sustainable to steer their expansion as shown by a Mean of 2.41 and a standard deviation of 1.46. Majority of the respondents (65.4%) disagreed that their respective firms had recorded an increase in their sales revenue for the past five years, and a further majority disagreed that the current sales revenues generated in their respective companies were sustainable for the next five years (Mean =2.51; standard deviation = 1.28). It was further established that most of the companies' assets had not been generating significant profits based on their value (Strongly disagree = 35.7%; disagree = 21.6%). The respondents further disagreed that that their respective companies had been meeting the quantity of productions needed in the market for the past five years.

Table 4.9: Descriptive Statistics on Organizational Performance

Statement	SD	D	N	A	SA	Mean	Std. Dev.
Our company has been recording increased net profits in the past five years	26.0%	30.7%	7.9%	26.8%	8.7%	2.61	1.35
The profit margins recorded by the company are sustainable to steer its expansion	27.9%	34.8%	6.8%	17.1%	13.4%	2.41	1.46
Our firm has recorded an increase in its sales revenue for the past five years	27.6%	37.8%	7.1%	15.7%	11.8%	2.46	1.35
The current sales revenues generated in our company are sustainable for the next five years	27.6%	29.9%	10.2%	27.6%	4.7%	2.51	1.28
The company's assets have been generating significant profits based on their value	35.7%	21.6%	11.2%	13.4%	18.1%	2.39	1.47
There has been an increase in the volume of units produced by the company for the past five years	13.4%	18.1%	16.5%	37.8%	14.2%	3.21	1.27
The company has been meeting the quantity of productions needed in the market for the past five years	38.6%	33.1%	7.1%	13.4%	7.9%	2.18	1.29

4.6 Results of the Qualitative Data Analysis

The study collected qualitative data using the open-ended questions. This data was meant to help in further understanding of the respondents' opinions in regard to the subject matter of the study and augment the quantitative data. The data was thematically analyzed and the findings captured systematically as per the study objectives.

4.6.1 Qualitative Results on Retrenchment Strategy

The respondents were asked to comment on the effectiveness of retrenchment strategy in their respective firms towards enhancing performance. Majority of the respondents (64.9%) expounded that retrenchment was necessary in their respective firms but it was minimally embraced. This implied that the firms were operating with more than they needed, which as elaborated by Brahmana, You, and Kontesa (2021),

is a possible cause of continued shrinking of the profits, thus affecting sustainable performance of the firms. One of the respondents indicated the following:

“I strongly believe that our firm needs to retrench some of its assets. While we need some of these assets, we have to rethink on whether they are significantly contributing to the performance of the firm or not. Despite the company being slow in retrenching some of the redundant assets, it has still been making profits but I agree, these profits may not be sustainable if we continue to accumulate more than we need”

The respondents’ sentiments compare with the findings by Ung, Brahmana, and Puah (2016) who established that as manufacturing entities continued to accumulate more idle assets, the more their revenues were depleted through maintenance of assets that did not effectively contribute to their performance. This in the long-run affected the companies’ long-term profitability.

4.6.2 Qualitative Results on Divestment Strategy

The respondents were asked to give their opinion on whether divestment strategy would put their respective firms in a better place to perform and regain their market. Majority of the respondents (62.5%) indicated that divestment strategy, if effectively embraced in their respective organizations would strengthen the operations of the firms and enhance their performance. One of the respondents noted the following:

“Our firm can perform better than it is doing now if the management would strategically divest. The company holds so many assets, where some of these assets rarely generate any income for the company. Disposing them off and investing the money in more income-generating activities would increase the firm’s performance.”

Another respondent explained that their firm had embraced divestment strategy and it was now regaining its performance trend. The respondent noted the following:

“Our firm has been facing challenges in its revenue streams over the years. However, in 2021 there were decisions made to reduce some of the redundant assets and exit some of the markets that were least performing. Since then, the company has gotten back to profitability.”

The findings imply that divestment strategy is integral in enhancing organizational performance by enabling the company reduce on costs and obtain revenues through disposing unproductive assets to invest in more income generating activities. According to Flickinger and Zschoche (2018), divestment is essential in ensuring that the firm is running based on its capacity and reducing the extra costs that do not reciprocate in terms of revenues.

4.6.3 Qualitative Results on Business Process Reengineering Strategy

The respondents were asked to expound on the ability of business process reengineering strategy to strengthen the performance of their respective firms. Most of the respondents (79.3%), indicated that while they found reengineering strategy integral in enhancing firm performance, their respective firms were slow in embracing the strategy. The respondents further noted that through reengineering especially in periods where the businesses were down, their respective firms would enhance their performance. One of the respondents indicated that following:

“I am of the opinion that reengineering strategy would strongly enhance the performance of our firm. However, the management has not been keen on embracing the strategy.”

The respondents further indicated that considering reengineering strategy through enhancement of the quality of the products and being more innovative in the internal operations of their respective firms, the firms would perform better. Another respondent noted the following:

“Our firm can enhance its performance through reengineering. While we’re still recording profits, the profits have declined drastically in the past three years. Operational costs and quality of products we sell to our customers

would be the key factors leading to this decline, coupled with other external economic factors. However, if the company would strongly incorporate business process reengineering, I believe we would perform better.”

The findings concur with those by Dizon *et al.* (2022) who established that the performance of most firms could be positive, stagnant or declining and that embracing reengineering strategy can significantly boost performance. Moreover, Flickinger and Zschoche (2018) indicated that manufacturing firms that are slow in adopting reengineering risk being phased-out of the market due to failure in continuous enhancement of efficiency, effectiveness, quality and cost-reduction.

4.6.4 Qualitative Results on Outsourcing Strategy

To further gain understanding of the integration and embrace of outsourcing strategy as one of the turnaround strategies by the manufacturing firms in Kenya, the respondents were asked to indicate their opinions in regard to the ability of the strategy to steer the success and performance of their respective firms. A large section of the respondents (60.1%), indicated that outsourcing strategy though not effectively embraced in their respective firms, would be integral in steering the performance of the manufacturing firms. One of the respondents noted the following:

“The company has been in most cases relying on its internal processes and systems to run its business. However, in some cases I find it necessary for the company to outsource in order to save on costs. Some of the materials and processes that we do internally would be way cheaper and done better if we outsourced.”

The findings further revealed that majority of the respondents were of the opinion that outsourcing of non-core business processes and operations would enhance their respective firms’ performance. One of the respondents noted the following:

“We outsource some of the services especially those that are not into our core business. Services such as recruitment, supply chain and marketing can

best be done by experts. This method of operation has helped our company to save on costs and have the best services.”

The findings concur with those by Ejechi and Oshodin (2019) who indicated that through continuous outsourcing, manufacturing firms stand a better chance to reduce their operational costs while getting the best services that are part of their core business but fundamental to business success. According to Chiu *et al.* (2020), outsourcing strategy is integral especially when a firm is facing cash-flow challenges in that it gives the business time and room to restructure and get back into business while ensuring the operations are running normally.

4.6.5 Qualitative Results on Organizational Culture

The study further sought to establish the opinions of the respondents in regard to the role played by the organizational culture in promoting the adoption of turnaround strategies and their contribution to organizational performance. The findings revealed that majority of the respondents (77.4%), were of the opinion that organizational culture is a key determinant of the extent to which firms embrace strategies. One of the respondents indicated the following:

“I am of the view that organizational culture has a big role to play in determining the success of turnaround strategies in enhancing organizational performance. Turnaround strategies are more of prescriptions aimed at revitalizing organizational operations towards dynamic changes for the organization to remain competitive. This means that without a culture that is supportive of these changes, the strategies may not succeed in strengthening organizational performance”

Further, respondents felt that the organizational culture in their respective firms is not properly aligned to the strategies adopted hence the less than optimal performance. One of the respondents indicated the following:

“Our organization has in the past tried to implement some turnaround strategies but the strategies have not effectively contributed to the

performance intended. This I fully blame on our organizational culture. Working on organizational changes without first working on the culture and building a team that accepts and embraces change, would be a waste of resources and time as it will not go beyond the plan”

The findings concur with those by Rohmat *et al.* (2022) who indicated that firm culture is a strong enabler of the success of a strategy implementation in an organization. Similarly, Naveed *et al.* (2022) indicated that organizational culture plays a pivotal role in the success of turnaround strategies as it determines the extent to which the team is oriented to the changes and committed to embrace the changes for a more performing organization.

4.7 Factor Analysis Results

Factor analysis is essential in enabling the reduction of the dimension for the variables so as to retain the aspects (factors) that have a strong variance (influence) on the main variable (Hatcher, & O'Rourke, 2019; Cattell, 2012). Hair *et al.* (2017) contends that factor analysis is a statistical approach that involves finding a way of condensing the information contained in a number of original variables into a smaller set of dimensions with a minimum loss of information. The study used factor analysis to define underlying structure of the variables in the analysis. While factor analysis can be used in the confirmatory perspective, it was used in the study case for exploratory purposes, that is, to reduce the data that was analysed. The condensation of the information into smaller sets is done with minimum loss of information. The study used communalities to determine the sub variables to be excluded in further analysis. The specific factors for the indicators of the study variables were compared and those factors that did not meet the minimum threshold were dropped and those that achieved expected factor loadings were retained.

4.7.1 Factor Analysis for Retrenchment Strategy

On the first variable (retrenchment strategy), the Kaiser-Meyer-Olkin (KMO) and Bartlett's Test were carried out. The results as shown in Table 4.10 revealed that the coefficient for the Kaiser-Meyer-Olkin Measure of Sampling Adequacy was 0.636

which is higher than the threshold of 0.50 hence the data was concluded to be viable for carrying out factor analysis. The Bartlett's Test of Sphericity had a significance of 0.000 which is less than the standard significant level of 0.05 hence the data was ruled to be statistically significant for factor analysis.

Table 4.10: KMO and Bartlett's Test for Retrenchment Strategy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.636
Bartlett's Test of Sphericity	Approx. Chi-Square	376.636
	df	36
	Sig.	.000

Factor loadings for the retrenchment strategy items (questions) are as shown in Table 4.11. The threshold for the factor loadings as indicated by Carreon et al. (2011), should be over 0.40. Any item/factor (question) that has a factor loading of below 0.40 should be deleted from the research instrument or rephrased for clarity purpose. In this study, the 0.40 threshold was used and any item that had a factor loading of less than the 0.40 threshold was deleted from the research instrument. As the results portray, it was established that the items under the variable had factor loadings ranging from 0.163 to 0.740. One item had a factor loading of 0.163 which is lower than the threshold of 0.40 hence it was not included in the subsequent analysis.

Table 4.11: Factor Loadings for Retrenchment Strategy

Item	Factor Loading
The firm has continually reduced the cost of research and development as a way of saving on operational costs	.582
Minimal budget is allocated to the research and development kit as a move to reduce on the costs	.681
The company has sent some employees on compulsory leave in the recent past	.712
The organization has in the recent past stopped any lease or purchase of assets that are less profitable	.740
<i>The firm has reduced the labour force significantly over the recent past</i>	.163
The organization has been getting rid of non-performing assets over the recent past	.733
The organization has been retrenching some assets by disposing off some parts and leaving others	.683
The firm has focused on reducing procurement of excess inventory to cut storage costs	.687
Through retrenchment strategy, the organization has enhanced its performance	.425

The total variance explained for each of the times was established. The findings are as shown in Table 4.12. A total of 9 components were established out of which three components explained a variance of 76.978% of the retrenchment strategy. The first component had an eigenvalue of 4.592, the second one had an eigenvalue of 1.286 while the third component had an eigenvalue of 1.050. According to Bandalos and Finney (2018), eigenvalue of above 1.0 are acceptable, hence only these three components within eigenvalues higher than 1.0 were retained.

Table 4.12: Total Variance Explained on Retrenchment Strategy

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.592	51.021	51.021	4.592	51.021	51.021	4.521	50.228	50.228
2	1.286	14.291	65.313	1.286	14.291	65.313	1.258	13.979	64.207
3	1.050	11.665	76.978	1.050	11.665	76.978	1.149	12.771	76.978
4	.831	9.228	86.206						
5	.652	7.241	93.447						
6	.301	3.350	96.797						
7	.175	1.944	98.741						
8	.085	.947	99.688						
9	.028	.312	100.000						

Extraction Method: Principal Component Analysis.

The study further sought to establish the retained components using a rotated component matrix as shown in Table 4.13. As the results portray, component one had 6 questions with factor loadings above 0.70, component 2 had two questions while component 3 had one question within the threshold. These were computed to represent the retrenchment strategy variable.

Table 4.13: Rotated Component Matrix on Retrenchment Strategy

Measurement Aspects	Component		
	1	2	3
The firm has continually reduced the cost of research and development as a way of saving on operational costs	.073	.791	.075
Minimal budget is allocated to the research and development kit as a move to reduce on the costs	.027	.774	.026
The company has sent some employees on compulsory leave in the recent past	.062	.054	.970
The organization has in the recent past stopped any lease or purchase of assets that are less profitable	.841	.086	.019
<i>The firm has reduced the labour force significantly over the recent past</i>	.530	.099	.007
The organization has been getting rid of non-performing assets over the recent past	.770	.101	.182
The organization has been retrenching some assets by disposing off some parts and leaving others	.810	.021	.410
The firm has focused on reducing procurement of excess inventory to cut storage costs	.892	.034	.030
Through retrenchment strategy, the organization has enhanced its performance	.945	.044	.005

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

4.7.2 Factor Analysis for Divestment Strategy

On the second variable (divestment strategy), the Kaiser-Meyer-Olkin (KMO) and Bartlett's Test were carried out. The results as shown in Table 4.14 revealed that the coefficient for the KMO Measure of Sampling Adequacy was 0.813 which is higher than the threshold of 0.50 hence the data was concluded to be viable for factor analysis. The Bartlett's Test of Sphericity had a significance of 0.000 which is less

than the standard significant level of 0.05 hence the data was ruled to be statistically significant for factor analysis.

Table 4.14: KMO and Bartlett's Test for Divestment Strategy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.813
	Approx. Chi-Square	412.431
Bartlett's Test of Sphericity	df	28
	Sig.	.000

Factor loadings for the Divestment strategy items (questions) are as shown in Table 4.15. The 0.40 threshold was used in this study. As the results portray, it was established that the items under the variable had factor loadings ranging from 0.493 to 0.625. All the items in this variable met the threshold (0.40) and none was left out in the subsequent analysis.

Table 4.15: Factor Loadings for Divestment Strategy

Items	Factor Loadings
1. The company has in the recent past considered assets disposal as a way of coming back to business and increasing performance	.537
2. The company focuses on restructuring non-performing assets to turn them into more valuable assets	.494
3. The company has recently exited some new diversified markets which are less penetrated to save on costs	.509
4. The company spins-off some business divisions and closes down others so as to save on costs	.493
5. Our organization has put measures to ensure assets performance and contribution to the firm performance is tracked and those that are less productive are disposed-off	.606
6. The company has in some occasions stopped some projects to save on costs and enhance performance	.542
7. Our company has recently undertaken measures to close some product lines that are less performing in the market to save on costs	.625
8. Divesting through assets disposal, spinning off divisions and existing diversified markets has contributed to the performance of my organization.	.579

The total variance explained for the aspects under the divestment strategy are as shown in Table 4.16. As the results portray, there are two components with eigenvalues of more than 1. The first component had an eigenvalue of 6.654 with a variance of 66.54%. The second component had an eigenvalue of 1.032, explaining a variance of 10.32%. The two components had a cumulative variance of 76.862%. It implied that retaining these two components would be adequate to represent divestment strategy.

Table 4.16: Total Variance Explained on Divestment Strategy

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.654	66.543	66.543	6.654	66.543	66.543	4.565	45.654	45.654
2	1.032	10.320	76.862	1.032	10.320	76.862	3.121	31.209	76.862
3	.874	8.743	85.606						
4	.655	6.552	92.157						
5	.376	3.757	95.915						
6	.202	2.022	97.937						
7	.130	1.300	99.237						
8	.003	.026	100.000						

Extraction Method: Principal Component Analysis.

The component matrix for the components under Divestment strategy was derived in order to establish the items that were in each of the components. As the findings in Table 4.17 portray, component 1 had six items with factor loadings ranging from 0.600 and 0.920. The second component had two factors ranging from 0.900 to 0.909. The items were computed to represent the variable Divestment Strategy.

Table 4.17: Rotated Component Matrix on Divestment Strategy

Measurement Aspects	Component	
	1	2
The company has in the recent past considered assets disposal as a way of coming back to business and increasing performance	.715	.512
The company focuses on restructuring non-performing assets to turn them into more valuable assets	.280	.900
The company has recently exited some new diversified markets which are less penetrated to save on costs	.920	.199
The company spins-off some business divisions and closes down others so as to save on costs	.681	.506
The organization has put measures to ensure assets performance and contribution to the firm performance is tracked and those that are less productive are disposed-off	.222	.909
The company has in some occasions stopped some projects to save on costs and enhance performance	.906	.273
The company has recently undertaken measures to close some product lines that are less performing in the market to save on costs	.600	.553
The company has effectively upheld divestment strategy towards enhancing performance	.884	.289

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

4.7.3 Factor Analysis for Re-engineering Strategy

On the third variable (re-engineering strategy), the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test were carried out. The results as shown in Table 4.18 revealed that the coefficient for KMO was 0.789 which is higher than the threshold of 0.50 hence the data was concluded to be viable for factor analysis. The Bartlett's Test of Sphericity had a significance of 0.000 which is less than the standard significant level of 0.05 hence the data was ruled to be statistically significant for factor analysis.

Table 4.18: KMO and Bartlett's Test for Re-engineering Strategy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.789
	Approx. Chi-Square	394.430
Bartlett's Test of Sphericity	df	28
	Sig.	.000

Factor loadings for the Re-engineering strategy items (questions) are as shown in Table 4.19. The 0.40 threshold was used in this study. As the results portray, it was established that the items under the variable had factor loadings ranging from 0.409 to 0.729. All the items met the threshold hence none was left out in the subsequent analysis including the diagnostic tests, correlation analysis and regression model analysis.

Table 4.19: Factor Loadings for Re-engineering Strategy

Items	Factor Loadings
The firm identifies customer requirements and develops strategic purpose to meet their demands as far as quality, timeliness and efficiency are concerned	.481
Some processes are removed in the operations of our company so as to reduce the operational costs	.409
The firm carries out frequent performance analysis on existing processes to remove those that are not necessary	.504
The firm has focused on identifying the key measures that can be used to enhance service delivery and customer satisfaction	.729
The management of the firm emphasizes on the quality of products and services offered to our customers	.641
The firm selects core business process that have impact on customers and better income generating thus avoiding those that are more costly and with little returns	.425
The firm implements new processes and conducts performance review to identify the gaps to be filled as far as reengineering is concerned	.549
Re-engineering through operational cost reduction, improvement of quality and enhancing service delivery has seen the performance of our company increase in the recent past	.603

The extraction of the factors was carried out to establish the variance explained by combination of each of the components under re-engineering strategy. As the results on Table 4.20 portray, the total variance explained from two components that had Eigenvalues above 1.0 was 82.724%. The first component had an Eigenvalue of 7.094 explaining a variance of 49.036%; while the second component had an Eigenvalue of 1.179 explaining a variance of 11.787%. It implies that the two components can represent re-engineering strategy variable.

Table 4.20: Total Variance Explained for Re-engineering Strategy

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.094	70.937	70.937	7.094	70.937	70.937	4.904	49.036	49.036
2	1.179	11.787	82.724	1.179	11.787	82.724	3.369	33.688	82.724
3	.775	7.748	90.472						
4	.429	4.287	94.759						
5	.346	3.461	98.220						
6	.103	1.028	99.249						
7	.047	.467	99.716						
8	.002	.016	100.000						

Extraction Method: Principal Component Analysis.

The study sought to establish the loadings for each of the factors under the two components. The results as shown in Table 4.21 revealed that the first component had seven (7) items with factor loadings above 0.60. The second component had three (3) items with factor loadings of above 0.60. These items were computed to represent the re-engineering strategy variable.

Table 4.21: Rotated Component Matrix for Re-engineering Strategy

Measurement Aspects	Component	
	1	2
The firm identifies customer requirements and develops strategic purpose to meet their demands as far as quality, timeliness and efficiency are concerned	.811	.508
Some processes are removed in the operations of the company so as to reduce the operational costs	.823	.201
The firm carries out frequent performance analysis on existing processes to remove those that are not necessary	.428	.900
The firm has focused on identifying the key measures that can be used to enhance service delivery and customer satisfaction	.831	.361
The management of the firm emphasizes on the quality of products and services offered to our customers	.241	.948
The firm selects core business process that have impact on customers and better income generating thus avoiding those that are more costly and with little returns	.748	.413
The firm implements new processes and conducts performance review to identify the gaps to be filled as far as reengineering is concerned	.779	.283
Re-engineering strategy has seen the performance of the company increase in the recent past	.872	.301

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

4.7.4 Factor Analysis for Outsourcing Strategy

On the fourth variable (outsourcing strategy), the KMO and Bartlett's Test were carried out. The results as shown in Table 4.22 revealed that the coefficient for the KMO was 0.878 which is higher than the threshold of 0.50 hence the data was concluded to be viable for carrying out factor analysis. The Bartlett's Test of Sphericity had a significance of 0.000 which is less than the standard significant level of 0.05 hence the data was ruled to be statistically significant for factor analysis.

Table 4.22: KMO and Bartlett's Test for Outsourcing Strategy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.878
	Approx. Chi-Square	450.484
Bartlett's Test of Sphericity	df	21
	Sig.	.000

Factor loadings for the Outsourcing strategy items (questions) are as shown in Table 4.23. The 0.40 threshold was used in this study. As the results portray, it was established that the items under the variable had factor loadings ranging from 0.413 to 0.643. Since all the items had factor loadings exceeding 0.40, they were all retained for subsequent analysis.

Table 4.23: Factor Loadings for Outsourcing Strategy

Items	Factor Loadings
Our company has entered into strategic alliances as a way of adopting cost-driven outsourcing so as to save on costs and best position itself in the market	.412
The company outsources products and services on the basis of innovation so as to enhance the quality of products sold to our customers.	.468
When outsourcing, our company emphasizes on its focus and the required end-results thus enhancing meeting of the customer needs	.553
Innovation is upheld and encouraged among employees through rewarding of innovative employees	.525
The company outsources the services that are not frequently used so as to minimize on the costs	.435
Our firm involves suppliers to come up with best ways to cut on costs and enhance performance	.515
The company focuses on meeting specific customer needs and preferences through outsourcing	.643

The study sought to establish the total variance explained by the items under the outsourcing strategy. The findings (Table 4.24) revealed that two components had eigenvalues of above 1.0 which is the threshold. The two components had a cumulative variance of 81.388%. The first component had an eigenvalue of 6.937 while the second component had an eigenvalue of 1.201. These two components would be adequate to represent the outsourcing strategy variable.

Table 4.24: Total Variance Explained for Outsourcing Strategy

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.937	69.375	69.375	6.937	69.375	69.375	4.617	46.165	46.165
2	1.201	12.013	81.388	1.201	12.013	81.388	3.522	35.223	81.388
3	.657	6.566	87.954						
4	.390	3.904	91.858						
5	.336	3.360	95.218						
6	.296	2.963	98.182						
7	.163	1.630	100.000						

Extraction Method: Principal Component Analysis.

The study derived a rotated component matrix to establish the factor loading for the items under each of the two components. The first component had five (5) factors with factor loadings exceeding the 0.60 threshold, while the second component had two (2) factors exceeding the factor loading of 0.60. The two components were computed to represent the outsourcing strategy variable.

Table 4.25: Rotated Component Matrix on Outsourcing Strategy

Measurement Items	Component	
	1	2
Our company has entered into strategic alliances as a way of adopting cost-driven outsourcing so as to save on costs and best position itself in the market	.720	.391
The company outsources products and services on the basis of innovation so as to enhance the quality of products sold to our customers.	.840	.259
When outsourcing, our company emphasizes on its focus and the required end-results thus enhancing meeting of the customer needs	.458	.885
Innovation is upheld and encouraged among employees through rewarding of innovative employees	.763	.359
The company outsources the services that are not frequently used so as to minimize on the costs	.291	.948
Our firm involves suppliers to come up with best ways to cut on costs and enhance performance	.724	.438
The company focuses on meeting specific customer needs and preferences through outsourcing	.833	.195

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

4.7.5 Factor Analysis for Organizational Culture

On the moderating variable (organizational culture), the KMO and Bartlett's Test were carried out. The results as shown in Table 4.26 revealed that the coefficient for the KMO was 0.899 which is higher than the threshold of 0.50 hence the data was concluded to be valid for carrying out factor analysis. The Bartlett's Test of Sphericity had a significance of 0.000 which is less than the standard significant level of 0.05 hence the data was statistically significant for factor analysis.

Table 4.26: KMO and Bartlett's Test for Organizational Culture

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.899
	Approx. Chi-Square	787.843
Bartlett's Test of Sphericity	df	45
	Sig.	.000

Factor loadings for the organizational culture items (questions) are as shown in Table 4.27. The threshold for the factor loadings as indicated by Carreon et al. (2011), should be over 0.40. Any item/factor (question) that has a factor loading of below 0.40 should be deleted from the research instrument or rephrased for clarity purpose. In this study, the 0.40 threshold was used and any item that had a factor loading of less than the 0.40 threshold was not included in subsequent analysis. As the results portray, it was established that the items under the variable had factor loadings ranging from 0.374 to 0.721. One item had a factor loading of 0.374 which is lower than the 0.40 threshold, thus it was left out in the subsequent factor analysis.

Table 4.27: Factor Loadings for Organizational Culture

Items	Factor Loadings
Employees are frequently Involved in decision making processes in our firm	.555
The organizational management is concerned with the relationship among employees and plays its role in promoting the relationship	.617
The organizational management encourages cooperation across different departments and groups in the firm	.586
The organization has embraced a shared vision of what the organization will be like in the future	.602
The firm management encourages teamwork among the employees in carrying out the firm operations	.667
The top management frequently delegates duties to employees so as to create a capable team of leaders	.471
The company continuously invests in the skills of employees through training and development	.721
There are clear and consistent set of values that governs the way business is done in our firm	.675
The vision in our organization creates excitement and motivation among the employees	.577
<i>The mission statement of the organization is properly constituted, communicated and aligned with the organizational goals</i>	.374

The extraction of the factors was carried out to establish the total variance explained by each of the factors. As the results on Table 4.28 portray, two components had Eigenvalues of 1 or more. The Total Variance explained by the two components was 75.497%, where the first component explained a variance of 64.763% while the second component explained variance of 10.734%. The two components can represent the organizational culture variable.

Table 4.28: Total Variance Explained on Organizational Culture

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.476	64.763	64.763	6.476	64.763	64.763	4.930	49.299	49.299
2	1.073	10.734	75.497	1.073	10.734	75.497	2.620	26.198	75.497
3	.662	6.621	82.118						
4	.443	4.430	86.548						
5	.393	3.927	90.475						
6	.333	3.327	93.802						
7	.225	2.247	96.049						
8	.212	2.118	98.167						
9	.145	1.445	99.612						
10	.039	.388	100.000						

Extraction Method: Principal Component Analysis.

The rotated component matrix for the components established under organizational culture is as shown in Table 4.29. As the findings portray, the first component had eight items with factor loadings above 0.60 threshold while the second component had two. These components were computed to represent the variable, organizational culture.

Table 4.29: Rotated Component Matrix on Organizational Culture

Measurement Items	Component	
	1	2
Employees are frequently involved in decision making processes in our firm	.723	.427
The organizational management is concerned with the relationship among employees and plays its role in promoting the relationship	.724	.258
The organizational management encourages cooperation across different departments and groups in the firm	.467	.832
The organization has embraced a shared vision of what the organisation will be like in the future	.826	.305
The firm management encourages teamwork among the employees in carrying out the firm operations	.130	.971
The top management frequently delegates duties to employees so as to create a capable team of leaders	.697	.492
The company continuously invests in the skills of employees through training and development	.764	.234
There are clear and consistent set of values that governs the way business is done in our firm	.841	.289
The vision in our organization creates excitement and motivation among the employees	.633	.500
<i>The mission statement of the organization is properly constituted, communicated and aligned with the organizational goals</i>	.188	.111

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

4.7.6 Factor Analysis for Firm Performance

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity were carried out to establish the viability of the data under firm performance of factor analysis. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5. Findings in Table 4.30 showed that the KMO statistic was 0.566 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). The Bartlett's Test of Sphericity was also highly significant (Chi-square = 64.512 with 21 degree of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test revealed that the data under firm performance was viable for factor analysis.

Table 4.30: KMO and Bartlett's Test for Firm Performance

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.566
	Approx. Chi-Square	64.512
Bartlett's Test of Sphericity	df	21
	Sig.	.000

Factor analysis was conducted on statements regarding firm performance (Table 4.31) and all the statements coefficients greater than 0.60 hence all were retained for further analysis. The highest statement had an extraction of 0.866 while the least had 0.639.

Table 4.31: Communalities for Firm Performance

Measurement Items	Extraction
Our company has been recording increased net profits in the past five years	.643
The profit margins recorded by the company are sustainable to steer its expansion	.839
Our firm has recorded an increase in its sales revenue for the past five years	.816
The current sales revenues generated in our company are sustainable for the next five years	.719
The company's assets have been generating significant profits based on their value	.680
There has been an increase in the volume of units produced by the company for the past five years	.639
The company has been meeting the quantity of productions needed in the market for the past five years	.866

Extraction Method: Principal Component Analysis.

The extraction of the factors followed the Kaiser Criterion where an Eigenvalue of 1 or more indicates a unique factor. Total Variance analysis indicates that all the statements on firm performance can be factored into three components. The total variance explained by the three extracted components which had eigenvalues above 1.0 was 57.189% as shown in Table 4.32.

Table 4.32: Total Variance Explained for Firm Performance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total Variance	% of Variance	Cumulative %	Total Variance	% of Variance	Cumulative %	Total Variance	% of Variance	Cumulative %
1	2.574	25.738	25.738	1.802	25.738	25.738	1.691	24.154	24.154
2	1.675	16.751	42.490	1.173	16.751	42.490	1.232	17.596	41.750
3	1.470	14.699	57.189	1.029	14.699	57.189	1.081	15.439	57.189
4	.969	13.843	71.032						
5	.799	11.418	82.449						
6	.751	10.730	93.180						
7	.477	6.820	100.000						

Extraction Method: Principal Component Analysis.

The component matrix was derived to establish the factor loadings for each of the items under the three components. The results as shown in Table 4.33 revealed that the first component had three items with factor loadings above 0.60, the second component had 3 items, while the third component had 1 item with factor loading

above 0.60. These were the components computed to represent the dependent variable (performance of large manufacturing firms in Kenya).

Table 4.33: Rotated Component Matrix on Firm Performance

	Component		
	1	2	3
Our company has been recording increased net profits in the past five years	.316	.509	.429
The profit margins recorded by the company are sustainable to steer its expansion	.101	.655	.001
Our firm has recorded an increase in its sales revenue for the past five years	.641	.066	.026
The current sales revenues generated in our company are sustainable for the next five years	.821	.209	.048
The company's assets have been generating significant profits based on their value	.676	.045	.147
There has been an increase in the volume of units produced by the company for the past five years	.196	.696	.128
The company has been meeting the quantity of productions needed in the market for the past five years	.032	.100	.925

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

4.8 Diagnostic Tests Results

The researcher conducted various diagnostic tests to ensure that the assumptions of Regression Model were not violated. Estimating the regression models when the CLRM assumptions are violated would result in inefficient, inconsistent and biased parameter estimates (Franzese & Kam, 2009). This section presents the results of the following diagnostic tests: normality test, heteroscedasticity test, multicollinearity test, and the autocorrelation test.

4.8.1 Normality Test Results

Normality can be defined as the shape of the data distribution for an individual metric variable and its correspondence to the normal distribution, the benchmark for statistical methods (Hair et al., 2010). Normality is one of three assumptions for multivariate analysis. Regression assumes normality between the variables under

analysis (Hair et al., 2010). Skewness and kurtosis measures of the distributions should be calculated (Tabachnick & Fidell, 2007). Quantile-Quantile (Q-Q) Plot was used to test for the normality distribution in the study variables. The findings as shown in Figure 4.8 indicated that the points on the plot formed a linear pattern passing through the origin with a unit slope. It is visually clear that the residuals were normally distributed and therefore, the model could be applied in the analysis (Brooks, 2008).

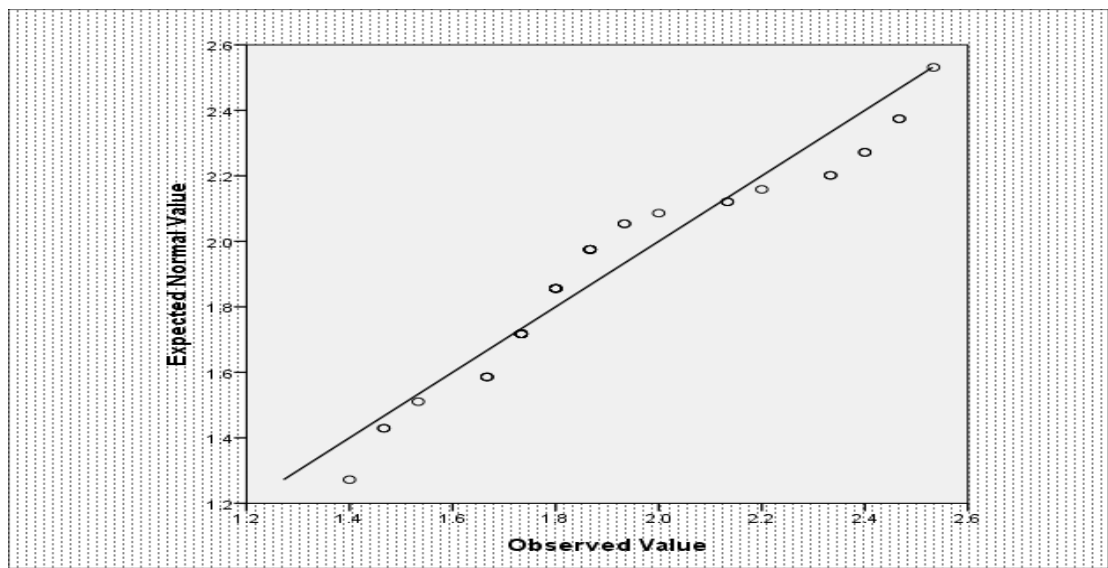


Figure 4.8: Q-Q Plot for Normality Test

Many of the statistical procedures in parametric tests are based on the assumption that the data follows a normal distribution (Ghasemi & Zahediasl, 2012). The normal distribution peaks in the middle and is symmetrical about the mean. Data does not need to be perfectly normally distributed for the tests to be reliable. According to Ghasemi and Zahediasl (2012), Kolmogorov-Smirnov (K-S) test is the most popular and appropriate test for normality test. A Normally distributed data when using Kolmogorov-Smirnov should have a significant value of above the standard value of 0.05 to exemplify that the variable under consideration is not statistically significant to normal distribution. Table 4.34 shows all variables with the distribution of the variables of the study with reference to K-S test. The findings show that the variables have significance values higher than 0.05 thus implying that they are normally distributed.

Table 4.34: Kolmogorov-Smirnov Test for Normality

Variables	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Retrenchment Strategy	.160	208	.107
Divestment Strategy	.096	208	.085
Re-engineering Strategy	.018	208	.125
Outsourcing Strategy	.136	208	.061
Organizational Culture	.013	208	.103
Firm Performance	.071	208	.093

4.8.2 Multicollinearity Test Results

Multicollinearity exists when the standard errors of estimated coefficients of two or more independent variables are inflated (Simon, 2004). To test for multicollinearity the study adopted Variance Inflation Factor (VIF) to test for multicollinearity. The study adopted the rule of thumb for VIF value of 10 as the threshold (Neter, Kutner, Wasserman & Nachtsheim, 1996; Porter & Gujarat, 2010). The VIF values of greater than 10 would indicate presence of multicollinearity. These results as indicted in Table 4.35 revealed that the VIF values of the independent variables were within the threshold of 10. The tolerance value was greater than 0.1 ruling out the possibility of multicollinearity (Field, 2009).

Table 4.35: Results for Multicollinearity Test

Variable	Tolerance	VIF
Retrenchment Strategy	0.785	1.275
Divestment Strategy	0.785	1.274
Re-engineering Strategy	0.642	1.513
Outsourcing Strategy	0.661	1.513
Mean Tolerance/VIF	0.718	1.394

The result, therefore implied non-existence of a multicollinearity problem among the independent variables and hence the level of multicollinearity in the model could be tolerated. The multicollinearity diagnosis indicated that there was no threat of

multicollinearity problem and therefore, all the independent variables could be used for further analysis using the regression model. A VIF of less than five and tolerance greater than 0.2 are recommended and in the study, values for tolerance and VIF were within an acceptable range.

4.8.3 Autocorrelation Test Results

The test for autocorrelation was performed to establish whether residuals were correlated across time. Regression analysis assumptions require that residuals should not be correlated across variables. The Durbin Watson (DW) test for autocorrelation was used in this study. The results of autocorrelation test are as indicted in Table 4.36. The null hypothesis is rejected if no first order serial/auto correlation exists. The results lead to the conclusion that the null hypothesis that there is no serial autocorrelation of any order and that residuals were not auto correlated was not to be rejected since Durbin-Watson (DW) was 2.269. This is portrayed by the DW of less than 4.0 and close to 2.0. There was confirmation that there was no serial autocorrelation of any order.

Table 4.36: Autocorrelation Tests Results

Autocorrelation Tests
Wooldridge test for autocorrelation in panel data
H ₀ : No first order autocorrelation
Prob > DW = 2.269

4.8.4 Linearity Test Results

According to Cuestas and Regis (2013) linearity refers to a situation where a dependent variable has a linear relationship with one or more independent variables and, thus, can be computed as the linear function of the independent variable(s). In this study, linearity test was carried out where the Goodness of Fit test was applied using a scatter plot. This helped in summarizing the discrepancy between the observed values and the projected values in terms of the plots under a statistical

model. As the findings in Figure 4.9 reveal, all the coefficients for the variables had significant correlations as shown by the positive gradient obtained in the scatter plot.

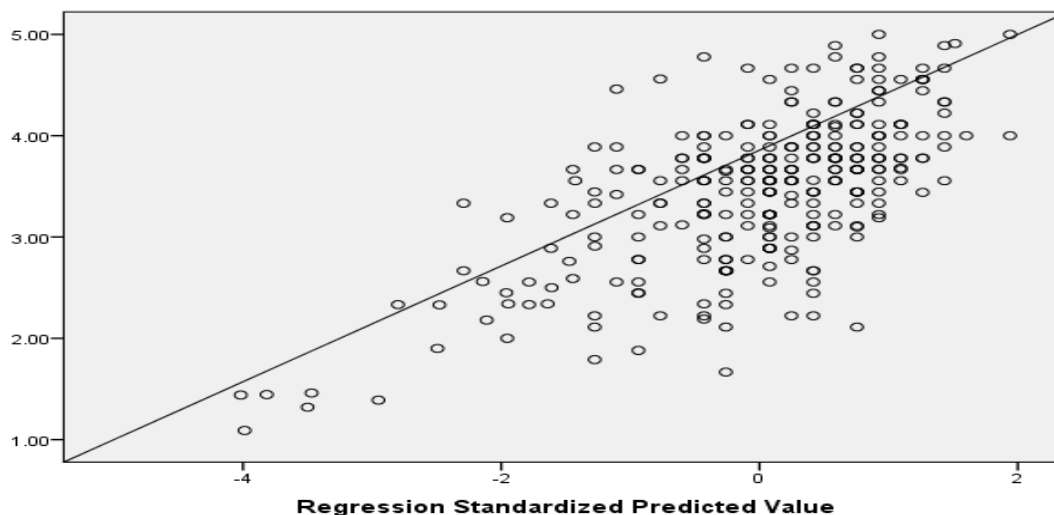


Figure 4.9: Scatter Plot for Linearity Test

4.7.5 Heteroscedasticity Test

The test for heteroscedasticity was carried out in this study. The test here is by graphical examination of the squared residuals. When the homoscedasticity assumption is met, residuals will form a patternless cloud of dots. Lack of homoscedasticity is most easily seen in a standardized scatterplot (Cameron & Bagchi, 2022). This scatterplot of the standardized predicted dependent variable against the standardized residuals should show a random pattern across the entire range of the values. Testing for heteroscedasticity in a linear regression model is essential in that the model assumes that the error terms are normally distributed. It tests whether the variance of the errors from a regression is dependent on the values of the independent variables. As the findings in the scatter plot on Figure 4.10 shows, the value of the error term is not constant and does not increase with the increase in the value of the dependent variable. This is therefore worth noting that the data did not have the problem of heteroscedasticity. The scatter plots form a patternless cloud, and the reference line cuts across the plots. This is an indication that the error terms are constant thus the heteroscedasticity assumption was not violated.

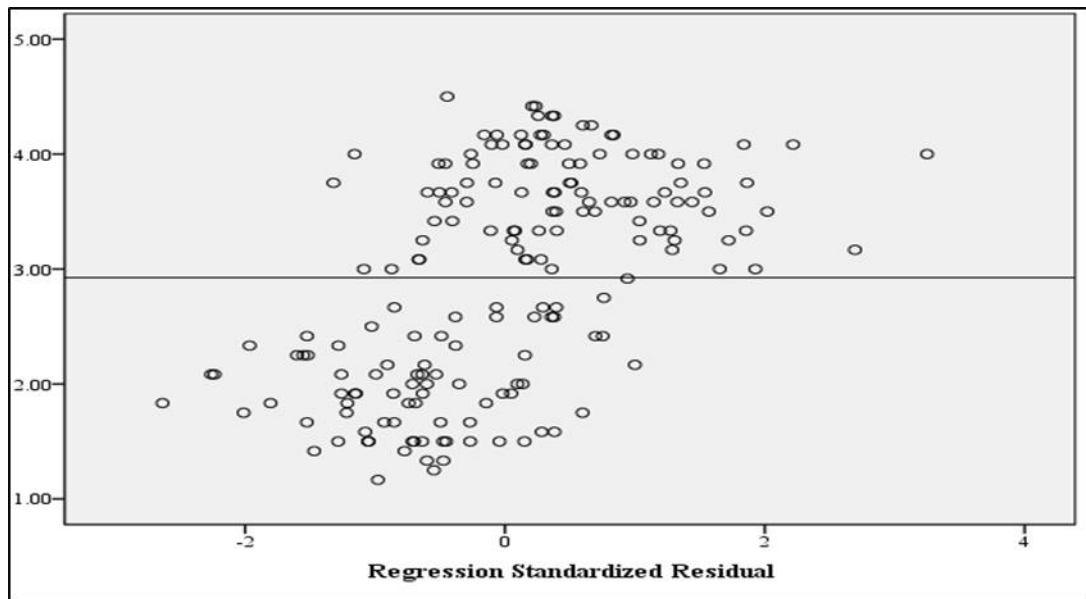


Figure 4.10: Scatter Plot for Heteroscedasticity Test

4.9 Correlation Analysis Results

Correlation analysis was carried out to establish the strength of relationship between the independent variables and the dependent variable. According to Schober, Boer, and Schwarte (2018), a strong correlation is shown by a Pearson Correlation coefficient (r) of above 0.5, which implies over 50% correlation. Similarly, Her and Wong (2020) allude that correlations with a Pearson Correlation Coefficient (r) of below 0.4 are weak correlations, while those with coefficients of between 0.4 and 0.6 are moderate correlations while Pearson correlation coefficients of above 0.60 portray strong correlation. The results of the Pearson correlation analysis for this study are as shown in Table 4.37. As the results portray, the Pearson correlation coefficient between retrenchment strategy and performance of large manufacturing firms was 0.609. This being higher than 0.60 as outlined by Her and Wong (2020), it implies that there is a strong correlation of 60.9% between retrenchment strategy and performance of large manufacturing firms in Kenya. The results further revealed that the correlation between retrenchment strategy and performance of large manufacturing firms in Kenya was statistically significant as shown by a level of significance of 0.000 which is below the standard p-value of 0.05, meaning the

correlation was within the 95% confidence level. The findings concur with those by Beheshti et al. (2021) who established that retrenchment strategy was a strong predictor of organizational performance as it reduced operational costs thus getting firms back into profitability.

The results on the correlation between divestment strategy and performance of large manufacturing firms in Kenya revealed that a Pearson Correlation coefficient of 0.628 was obtained. This is an indication that divestment strategy had a strong correlation of 62.8% with performance of large manufacturing firms in Kenya. With a P-value of $0.000 < 0.05$, it implied that the correlation between divestment strategy and performance of large manufacturing firms in Kenya was statistically significant. The findings concur with those of Gupta (2020) who indicated that there was a strong association between embrace of divestment strategy and the extent to which firms generated more profits from their operations. Additionally, the results align with Brown (2021) who indicated that firms that divest to reduce their underperforming assets tend to be more competitive and in the long run perform better.

The results on correlation between reengineering strategy and performance of large manufacturing firms are as shown. The results revealed that a Pearson correlation coefficient (r) of 0.551 was obtained on the correlation between reengineering strategy and performance of large manufacturing firms. Based on Schober et al. (2018), correlation coefficients above 0.5 (50%) are strong correlations, thus the correlation between reengineering strategy and performance of large manufacturing firms in Kenya of 55.1% could be concluded to be strong correlation. The results also revealed that the correlation between reengineering strategy and performance of large manufacturing firms in Kenya was statistically significant as shown by the P-value of $0.000 < 0.05$. The results align to those of Magara and Muturi (2019) who indicated that reengineering strategy is an essential turnaround strategy that strongly influences performance by enabling organizations to refocus on a more proactive strategy that supports and aligns with emerging changes. Harika et al. (2021) also noted that reengineering was a critical strategy that helps organizations realign their business processes thus becoming more efficient for enhanced performance.

The correlation results between outsourcing strategy and performance of large manufacturing firms in Kenya are as shown. The results revealed that the Pearson correlation coefficient (r) for the correlation was 0.577. The correlation coefficient being above 0.50 as outlined by Schober et al. (2018), was an indication that there was a strong correlation of 57.7% between outsourcing strategy and performance of large manufacturing firms in Kenya. The correlation between outsourcing strategy and performance of large manufacturing firms in Kenya was also found to be statistically significant as shown by a P-value of $0.000 < 0.05$. The results concur with those of Alrawabdeh et al. (2023) who indicated that outsourcing was an integral strategy that enabled firms to enhance access to more robust technologies and skills while at the same time saving on costs thus steering their continued performance.

Table 4.37: Correlation Matrix

		Performance of manufacturing firms	Retrenchment strategy	Divestment Strategy	Re-engineering Strategy	Outsourcing Strategy
	(r)	1				
Performance of manufacturing firms	Sig. (2-tailed)					
	N	208				
Retrenchment strategy	(r)	.609*	1			
	Sig. (2-tailed)	.000				
	N	208	208			
Divestment Strategy	(r)	.628*	.127	1		
	Sig. (2-tailed)	.000	.309			
	N	208	208	208		
Re-engineering Strategy	(r)	.551*	.112	.237	1	
	Sig. (2-tailed)	.000	.106	.098		
	N	208	208	208	208	
Outsourcing Strategy	(r)	.577*	.146	.115	.121	1
	Sig. (2-tailed)	.000	.103	.114	.165	
	N	208	208	208	208	208

*Correlation is significant at the 0.05 level (2-tailed)

4.10 Results of the Hypotheses Testing

A simple regression analysis was performed in order to analyze the influence of turnaround strategies on performance of manufacturing firms (Ott & Longnecker, 2015). This was done by regressing the independent variables (retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy) independently against the dependent variable (performance large manufacturing firms). The regression results are organized on the basis of the research hypotheses as follows;

4.10.1 Retrenchment Strategy and Performance of Large Manufacturing Firms

H₀₁: Retrenchment Strategy has no significant influence on performance of large manufacturing firms in Kenya

The hypothesis that retrenchment strategy had no significant influence on the performance of large manufacturing firms in Kenya was tested. A simple regression model was used and the output dispensed in terms of the model summary, ANOVA test and the regression coefficients. The model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + e$$

From the model summary results (Table 4.38), the R-square (R^2) is the coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variables. The value of R^2 is 0.271 which means that 27.1% variation in performance of large manufacturing firms in Kenya was due to the retrenchment strategy.

Table 4.38: Model Summary for Retrenchment Strategies

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.520 ^a	.271	.267	.64963

Predictors: (Constant), Retrenchment Strategy

Analysis of Variance (ANOVA) consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. The "F" column provides a statistic for testing the hypothesis that all $\beta \neq 0$ against the null hypothesis that $\beta = 0$ (Weisberg, 2005). From the findings in Table 4.39, the F-statistic was 76.478 at a significance level of 0.000 which is less than 0.05 thus the model was statistically significant in predicting how retrenchment strategy influenced performance of large manufacturing firms in Kenya.

Table 4.39: ANOVA (Analysis of Variance) for Retrenchment Strategy

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.275	1	32.275	76.478	.000 ^b
	Residual	86.937	206	.422		
	Total	119.212	207			

a. Predictors: (Constant), Retrenchment Strategy

b. Dependent Variable: performance of large manufacturing firms

Based on the regression results shown on Table 4.40, holding retrenchment strategy constant at zero, performance of large manufacturing firms in Kenya would be 1.057. A unit increase in retrenchment strategy would lead to a 0.540 increase in performance of manufacturing firms in Kenya. At 5% significance level, retrenchment strategy had a $p=0.000$ which is <0.05 , and hence the study rejected the null hypothesis that *retrenchment strategy has no significant influence on performance of manufacturing firms in Kenya*.

Table 4.40: Coefficient results for Retrenchment Strategies

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.057	.214		4.94	.00
Retrenchment Strategies	.540	.062	.520	8.74	.00

a. Dependent Variable: Performance of Manufacturing Firms

4.10.2 Divestment Strategy and Performance of Large Manufacturing Firms

H₀₂: Divestment strategy has no significant influence on performance of large manufacturing firms in Kenya.

The second research hypothesis that divestment strategy has no significant influence on performance of large manufacturing firms was tested using the simple regression model, where the model utilized was as follows:

$$Y = \beta_0 + \beta_2 X_2 + e$$

The model summary results as shown in Table 4.41 revealed that the value of R-square is 0.438. This implies that 43.8% variation in performance of the large manufacturing firms in Kenya was due to divestment strategy. This is an indication that divestment strategy could either positively or negatively influence the performance of large manufacturing firms in Kenya.

Table 4.41: Model Summary for Divestment Strategy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.662 ^a	.438	.435	.57037

Predictors: (Constant), Divestment Strategies

Analysis of Variance (ANOVA) consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. The "F" column provides a statistic for testing the hypothesis that all $\beta \neq 0$ against the null hypothesis that $\beta = 0$ (Weisberg, 2005). From the findings in Table 4.42, the F-statistic was 160.444 at a significance level of 0.000 which is less than 0.05 thus the model was statistically significant to predict how divestment strategy influenced performance of manufacturing firms in Kenya.

Table 4.42: ANOVA (Analysis of Variance) for Divestment Strategy

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	52.196	1	52.196	160.444	.000 ^b
1	Residual	67.016	206	.325		
	Total	119.212	207			

a. Predictors: (Constant), divestment strategy

b. Dependent Variable: Performance of Manufacturing Firms

Based on the regression results shown on Table 4.43, holding divestment strategy constant at zero, performance of manufacturing firms in Kenya would be 0.974. A positive unit change in divestment strategy would lead to a 0.619 increase in performance of manufacturing firms in Kenya. At 5% significance level, divestment strategies had a $p=0.0000$ which is <0.05 , and hence the study rejected the null hypothesis that divestment strategy does not positively and significantly influence performance of large manufacturing firms in Kenya.

Table 4.43: Coefficient results for Divestment Strategy

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.974	.156		6.240	.000
Divestment Strategies	.619	.049	.662	12.66	.000
				7	

a. Dependent Variable: Performance of Manufacturing Firms

4.10.3 Re-engineering Strategy and Performance of Large Manufacturing Firms

H₀₃: *Re-engineering strategy has no significant influence on performance of large manufacturing firms in Kenya.*

To test the third hypothesis, which was that reengineering strategy has no significant influence on performance of large manufacturing firms in Kenya, a simple regression model was used. The model was as follows:

$$Y = \beta_0 + \beta_3 X_3 + e$$

The model summary result (Table 4.44) revealed that the value of R-square (R²) is 0.451 which means that 45.1% variation in performance of large manufacturing firms in Kenya was due to re-engineering strategy, with the rest of variation in performance of large manufacturing firms in Kenya being explained by other factors. This is an indication that reengineering strategy could contribute either negatively or positively to the performance of large manufacturing firms in Kenya.

Table 4.44: Model Summary for Re-engineering Strategy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.671 ^a	.451	.448	.56390

Predictors: (Constant), Re-engineering Strategy

As the ANOVA results on Table 4.45 reveal, the model had F-statistic of 168.895 at a significance level of 0.000 < 0.05. This implies that the model is statistically significant and could test the relationship between the reengineering strategy and performance of large manufacturing firms in Kenya. The results further imply that there is a high likelihood of the relationship between the variables being significant.

Table 4.45: ANOVA (Analysis of Variance) for Re-engineering Strategy

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.706	1	53.706	168.895	.000 ^b
	Residual	65.506	206	.318		
	Total	119.212	207			

a. Predictors: (Constant), Re-engineering Strategy

b. Dependent Variable: Performance of Large Manufacturing Firms

Based on the regression results shown on Table 4.46, holding re-engineering strategy constant at zero, performance of manufacturing firms in Kenya would be 0.826. The Beta coefficient for the variable was 0.667, and implication that a unit change in re-engineering strategy would lead to a 0.667 increase in performance of manufacturing firms in Kenya. At 5% significance level, re-engineering strategy had a $p=0.000$ which is <0.05 , and hence the study rejected the null hypothesis that re-engineering strategy does not positively and significantly influence the performance of large manufacturing firms in Kenya.

Table 4.46: Coefficient Results for Re-engineering Strategy

	Unstandardized		Standardized	t	Sig.
	Coefficients B	Std. Error	Coefficients Beta		
(Constant)	.826	.163		5.059	.000
Re-engineering Strategy	.667	.051	.671	12.996	.000

a. Dependent Variable: Performance of Large Manufacturing Firms

4.10.4 Outsourcing Strategy and Performance of Manufacturing Firms

H₀₄: *Outsourcing strategy has no significant influence on performance of large manufacturing firms in Kenya.*

The fourth hypothesis of the study which was that outsourcing strategy had no significant influence on the performance of large manufacturing firms in Kenya was tested using a simple regression model. The results were dispensed in model summary, ANOVA and the regression coefficients. The model utilized is as shown:

$$Y = \beta_0 + \beta_4 X_4 + e$$

The model summary results are as shown in Table 4.47. As the results portray, the R² for the model was 0.453. This implies that outsourcing strategy influences up to 45.3% of the variation in performance of large manufacturing firms in Kenya.

Table 4.47: Model Summary for Outsourcing Strategy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.673 ^a	.453	.450	.56276

Predictors: (Constant), Outsourcing Strategy

The ANOVA results for the model are as shown in Table 4.48. As the results portray, the F-statistic for the model was 170.420 at a significance level of 0.000 < 0.05. This implies that the model is statistically significant and can predict the relationship between outsourcing strategy and performance of large manufacturing firms in Kenya.

Table 4.48: ANOVA (Analysis of Variance) for Outsourcing Strategy

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.972	1	53.972	170.420	.000 ^b
	Residual	65.240	206	.317		
	Total	119.212	207			

a. Predictors: (Constant), Outsourcing Strategy

b. Dependent Variable: Performance of Manufacturing Firms.

Based on the regression results shown on Table 4.49, holding outsourcing strategies constant at zero, performance of manufacturing firms in Kenya would be 0.819. A positive unit change in outsourcing strategies would lead to a 0.635 increase in performance of manufacturing firms in Kenya. At 5% significance level, outsourcing strategies had a $p=0.000$ which is <0.05 , and hence the study rejected the null hypothesis that outsourcing strategy has no significant influence on the performance of large manufacturing firms in Kenya.

Table 4.49: Coefficient Results for Outsourcing Strategy

	Unstandardized Coefficients B	Standardized Coefficients Beta	t	Sig.
(Constant)	.819		5.021	.000
Outsourcing Strategy [X ₄]	.635	.673	13.054	.000

a. Dependent Variable: Performance of Manufacturing Firms

4.10.5 Analysis of the Overall Regression Model

An overall regression model was carried out to determine the combined effect of retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy as the independent variables on the performance of large manufacturing

firms as the dependent variable. The findings on model fitness (model summary) are as shown in table 4.50 which revealed that all the four aspects of turnaround strategies focused on in the study had a strong effect on performance of large manufacturing firms. This is evidenced by the R² value of 0.590 which means that retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy explained up to 59.0% of the performance of large manufacturing firms in Kenya.

Table 4.50: Model Summary (Overall Model Unmoderated)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 ^a	.590	.582	.49055

a. Predictors: (Constant), retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy

The analysis of variance (ANOVA) for the overall model is as shown in Table 4.51. The results revealed that the P-value for the model was $0.000 < 0.05$ and the F-statistics was 73.100 which is higher than the mean (17.591). This is an implication that the model with the combined effect of retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy, is significant and can statistically predict the relationship between the four independent variables and the performance of large manufacturing companies in Kenya. It also implies that there is a possibility of one or more variables to have a significant influence on the performance of the manufacturing firms.

Table 4.51: ANOVA Test for the Overall Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.363	4	17.591	73.100	.000 ^b
	Residual	48.849	203	.241		
	Total	119.212	207			

a. Dependent Variable: Performance of large manufacturing firms

b. Predictors: (Constant), retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy

The regression coefficients of the overall model are as shown in Table 4.52. The results revealed that retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy had significant and positive influence on performance of large manufacturing firms in Kenya. The model now becomes:

$$Y = 0.057 + 0.152X_1 + 0.245X_2 + 0.220X_3 + 0.269X_4 + \varepsilon$$

The model output reveals that a unit change in retrenchment strategy would lead to 15.2% increase in the performance of large manufacturing firms in Kenya. A unit change in divestment strategy would lead to 24.5% increase in performance of large manufacturing firms while a unit change in re-engineering strategy would lead up to 22.0% increase in performance of the large manufacturing firms. Outsourcing strategy would lead up to 26.9% increase in the performance of large manufacturing firms in Kenya. The findings are in line with those by O'Kane and Cunningham (2014) who found out that turnaround strategies are essential in streamlining the ability of the business to steer growth and performance thus being more sustainable in the market. Zschoche (2016) on the other hand argued that streaming down the costs of operations of a business plays a significant role in bringing the operations back to normalcy especially in the period of declining performance and revenue inflow.

Table 4.52: Regression Coefficients for Overall Unmoderated Model

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	.057	.181		.318	.751
Retrenchment Strategy	.152	.056	.147	2.697	.008
Divestment Strategy	.245	.061	.262	4.032	.000
Re-Engineering Strategy	.220	.071	.222	3.112	.002
Outsourcing Strategy	.269	.064	.285	4.209	.000

a. Dependent Variable: Performance of Large Manufacturing Firms

4.10.6 Moderating Effect of Organizational Culture

The study sought to find out the moderating effect of the organizational culture on the relationship between turnaround strategies and performance of large manufacturing firms in Kenya. The results as shown in Table 4.53 revealed that organizational culture has significant moderating effect on the performance of large manufacturing firms in Kenya. This is evidenced by the R^2 value of 0.633 which implies that 63.3% of the variation in the performance of manufacturing firms in Kenya is as a results of the combined effect of turnaround strategies with the interaction effect of organizational culture.

Table 4.53: Model Summary on the Moderated Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.633	.626	.46404

a. Predictors: (Constant), Outsourcing Strategy*Organizational Culture, Retrenchment Strategy*Organizational Culture, Divestment Strategy*Organizational Culture, Reengineering Strategy*Organizational Culture

The ANOVA results are as shown in Table 4.54. As the results portray, it is evident that F-statistic is 87.653 at a significant level of $0.000 < 0.05$. This is an indication that the model is statistically significant thus it can significantly predict the moderating

effect of organizational culture on the relationship between turnaround strategies and performance of large manufacturing firms in Kenya. It also implies that the interaction effect of organizational culture and one or more of the independent variables is significant. This is an indication that organizational culture has a moderating effect on the relationship between turnaround strategies and the performance of manufacturing firms in Kenya.

Table 4.54: ANOVA Test for Overall Moderated Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	75.499	4	18.875	87.653	.000 ^b
1 Residual	43.713	203	.215		
Total	119.212	207			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Outsourcing Strategy*Organizational Culture, Retrenchment Strategy*Organizational Culture, Divestment Strategy*Organizational Culture, Reengineering Strategy*Organizational Culture

The regression coefficients results as shown in Table 4.55 revealed that the interaction effect between retrenchment strategy and organizational culture has a Beta coefficient of 0.038 but significant at P-value = $0.027 < 0.05$. The Beta coefficient for the interaction effect between divestment strategy and organizational culture is 0.045 with a P-value of $0.014 < 0.05$. The interaction effect between reengineering strategy and organizational culture has a Beta coefficient of 0.042 with a P-value of $0.043 < 0.05$ while the interaction effect between outsourcing strategy and organizational culture has a Beta coefficient of 0.022 at a significant level of $P = 0.036 > 0.05$. The findings imply that organizational culture has a significant moderating effect on the relationship between turnaround strategies except for the outsourcing strategy.

Table 4.55: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	Sig.
	B	Std. Error		
(Constant)	1.351	.094		14.401 .000
Retrenchment	.038	.017	.201	2.225 .027
Strategy*Organizational Culture				
Divestment	.045	.018	.262	2.468 .014
1 Strategy*Organizational Culture				
Reengineering	.042	.021	.241	2.041 .043
Strategy*Organizational Culture				
Outsourcing	.022	.018	.133	2.190 .036
Strategy*Organizational Culture				

a. Dependent Variable: Organizational Performance

4.11 Optimal Model

The optimal model is derived to show the effect of turnaround strategies on performance before and after the introduction of the moderator (organizational culture). As the results on Table 4.56 portray, the R-square for the unmoderated model is 0.590 while the R-square for the moderated model is 0.633. This implies that the variation of firm performance as a result of turnaround strategies has increased from 59% to 63.3% when organizational culture is introduced as the moderator. Based on the R-square, it can be depicted that contribution of turnaround strategies to the performance of large manufacturing firms would be enhanced with introduction of organizational culture.

Table 4.56: Summary of the Optimal Model

Model	Before Moderation		After Moderation	
	Beta (β)	P-value	Beta (β)	P-value
Retrenchment Strategy	.152	.008	.038	.027
Divestment Strategy	.245	.000	.045	.014
Reengineering Strategy	.220	.002	.042	.043
Outsourcing Strategy	.269	.000	.022	.036
R -Square (R^2)	0.590		0.633	

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings of the study on the influence of turnaround strategies on the performance of large manufacturing companies in Kenya. The chapter also covers the conclusion of the study, the recommendations and suggestions for further research. These are systematically presented based on the five specific objectives of the study which were to analyse the influence of retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy on performance of large manufacturing firms as well as the moderating effect of organizational culture.

5.2 Summary of Findings

The study sought to assess the influence of turnaround strategies on the performance of large manufacturing companies in Kenya. A total of 708 manufacturing companies were targeted and a sample of 249 respondents surveyed. A response rate of 83.5% was obtained where 208 respondents duly filled the questionnaires and gave them back for analysis. This was considered adequate to make conclusions and recommendations.

5.2.1 Retrenchment Strategy

The first objective of the study was to assess the influence of retrenchment strategy on the performance of large manufacturing companies in Kenya. The variable (retrenchment strategy) was assessed through reduced expenditure on areas such as research and development, right sizing labour force and asset retrenchment. The findings revealed that majority of the respondents disagreed that their respective organizations continually reduced the cost of research and development so as to save operational costs and that minimal budget was allocated to research and development.

Moreover, the respondents disagreed that some of their employees were sent on compulsory leave to save on operational cost and that unnecessary lease and/or purchases were stopped to minimize misuse of funds. The findings further revealed that majority of the respondents disagreed that as a result of retrenchment through right sizing, reducing research and development as well as retrenching some low-income generating assets enhanced the performance of their respective organizations through cost-reduction. The model analysis under inferential statistics revealed that indeed retrenchment strategy had positive and significant influence on the performance of large manufacturing companies in Kenya. This is evidenced by a p-value lower than the standard p-value and a high beta coefficient. The moderated model revealed that organizational culture had significant moderating effect on the relationship between retrenchment strategy and performance of the large manufacturing firms.

5.2.2 Divestment Strategy

The second objective of the study was to establish the influence of divestment strategies on the performance of large manufacturing firms in Kenya. The variable was operationalized through assets disposals, exiting diversified markets and spinning-off divisions. The findings from the study revealed that most of the respondents were of the opinion that their companies did not consider disposal of assets as a better way to get back to business and enhance performance and that the companies did not consider restructuring non-performing assets and turning them into valuable assets so as to generate income. The findings further showed that majority of the respondents disagreed that their respective organizations considered putting in place measures to keep track of the assets and their (assets) contribution to the overall performance of the organization so as to keep those that contributed positively and dispose those that did not.

The respondents further indicated that their respective firms did not go for closure of some product lines to save on cost and focus on the major products for easier sail-through. As the findings depicted, majority of the respondents were of the opinion that despite their companies not effectively embracing divestment strategy, through

continued divestment strategies such as assets disposal, spinning-off division and exiting some of the diversified and underperforming markets would contribute to continued performance of the companies. This was confirmed in the regression model analysis where the results showed that divestment strategy had positive and significant influence on the performance of large manufacturing companies in Kenya. The analysis further revealed that organizational culture significantly moderated the relationship between divestment strategy and performance of the large manufacturing firms in Kenya.

5.2.3 Business Process Re-engineering Strategy

The third objective of the study was to analyse the influence of re-engineering as one of the turnaround strategies on performance of manufacturing firms in Kenya. The indicators used in the variable included improved quality of output, reduction of operational costs and enhancing service delivery. These are the main aspects that depict how well a company is ready to re-engineer and embrace new moves to foster performance. The findings from the study revealed that majority of the respondents disagreed that their respective firms identified customer requirements and developed strategies to meet the demands in terms of quality, timeliness and efficiency.

The respondents also disagreed that some processes were removed from the operations of their respective organizations as a way of reducing the operation costs and that frequent analysis of the existing processes was carried out to ensure those that were adding little value are omitted. The findings further revealed that the companies had not put measures to ensure the quality of their products and/or services were enhanced so as to meet customer needs and that performance reviews were not frequently carried out to ensure that any performance gaps were made to foster continued performance. The respondents commented that re-engineering was a necessary move to ensure saving on operational costs and enhancing organizational performance, even though not effectively embraced in their respective firms. The results of the model analysis revealed that re-engineering strategy had positive significant influence on performance of large manufacturing companies in Kenya. The overall moderated model analysis revealed that organizational culture had

significant moderating effect on the relationship between re-engineering strategy and performance of large manufacturing companies in Kenya.

5.2.4 Outsourcing Strategy

The fourth objective of the study was to examine the influence of outsourcing strategy on the performance of large manufacturing companies in Kenya. The variable (outsourcing strategy) was operationalized through cost-driven outsourcing, innovation-driven outsourcing and focus-driven outsourcing. The study established that majority of the respondents disagreed that their respective companies had formed strategic alliances so as to ensure cost-driven outsourcing thus saving on operation costs and that products were outsourced based on continued innovations to promote quality and meeting customer needs. The findings further revealed that majority of the companies did not outsource products and/or services that were less used so as to minimize the production costs and that specific customer needs were not the key guide to the urge by the organizations to outsource.

The study established that majority of the respondents commented that outsourcing strategy when effectively done, positively contributed to the performance of their respective companies. The descriptive analysis findings were further supported by the inferential analysis of the regression model where the output revealed that outsourcing strategy had a positive and significant influence on the performance of large manufacturing companies in Kenya. The results from the moderated model revealed that organizational culture had a significant moderating effect on the relationship between outsourcing strategy and performance of large manufacturing companies in Kenya.

5.3 Conclusion of the Study

The study aimed at assessing the influence of turnaround strategies (retrenchment strategy, divestment strategy, re-engineering strategy and outsourcing strategy) on performance of large manufacturing firms in Kenya. From the findings, the following conclusions are drawn as herein outlined; that retrenchment strategy indeed enhances the performance of large manufacturing companies in Kenya. Through appropriate

reduction of expenditure in aspects such as research and development and ensuring the only required labour force is hired in the organization plays a key role in promoting firm performance. The large manufacturing companies in Kenya have not effectively applied the appropriate retrenchment strategies thus not reaping the best out of retrenchment in enhancing their performance.

The study concludes that divestment strategy is a significant turnaround strategy on performance of large manufacturing companies in Kenya. Disposal of assets that are not generating income for the organization and exiting non-performing markets that the organization could have diversified into play a key role in promoting firm performance. Also spinning-off some divisions in an organization helps to save on operational costs thus enhancing performance. The large manufacturing firms in Kenya may be holding up some assets that are less beneficial to the firm's operations and at the same time require maintenance costs thus draining the companies' accounts leading to declined performance.

On re-engineering strategy, the study concludes that manufacturing firms record better performance out of re-engineering through improving the quality of their products and reducing operational costs. The study concludes that large manufacturing firms in Kenya could be facing declined performance as a result of little focus on re-engineering and coming up with better ways of doing business so as to enhance efficiency and improve on service delivery.

Finally, the study concludes that outsourcing strategy has positive influence on the performance of large manufacturing firms in Kenya. Through embracing cost-driven and innovation driven outsourcing, the companies create more chances of meeting customer needs while at the same time saving on the costs of producing what is cheaper when outsourced. Most of the manufacturing companies in Kenya may be recording declined performance as a result of going for producing what is cheaper when outsourced hence minimizing their revenues.

5.4 Recommendations of the Study

From the findings, the study herein draws the following recommendations;

The large manufacturing companies in Kenya through their management ought to focus on retrenchment strategy as a way of enhancing their performance. The companies should ensure that their expenditures are narrowed down so as to save on operational costs while keeping the right sizes of the labour force to save on salaries and remunerations. The companies also should embrace retrenchment of assets that are not generating income so as to derive more finances to run their operations.

The management of manufacturing companies should embrace divestment strategy through disposing some of their assets that are not generating income and exiting any market that is least performing. This way, the companies raise more funds and save on costs used in running less beneficial products or services. The government on the other hand should make it easier for the manufacturing companies to divest through reviewing some of the policies that block the companies from disposing their assets.

Large manufacturing companies in Kenya currently face increased competition and one of the major ways to counter this is through re-engineering. This is whereby the companies come up with better and modern ways of doing business to ensure they meet customer needs and at a lesser cost. The companies ought to invest in new technologies and operation methods to ensure that they products and services that compare or exceed those of their competitors.

The cost of producing some goods or executing certain operations may vary from the cost of outsourcing from external sources. The manufacturing companies should therefore ensure that they analyse their decisions carefully and outsource what is expensive to produce while producing what is expensive to outsource. This way, the companies will achieve the best out of outsourcing thus saving on the operation costs while at the same time meeting customer needs in terms of quality, reliability and efficiency.

The study recommends that the management of the large manufacturing firms ought to nurture positive organizational culture as a way of entrenching positive work habits that can enhance sustainable superior performance. The culture in a given organization plays an essential role in determining the ability of the management to implement new strategies such as the retrenchment strategies. It is therefore essential for the management to ensure that the culture exemplified in the organizations aligns to the goals and objectives of the organization.

5.5 Contribution of the Study to the Existing Literature

The available literature has shown that adoption of turnaround strategies lead to mixed results on organizational performance. This study has however established that turnaround strategies (retrenchment strategy, divestment strategy, reengineering strategy and outsourcing strategy) significantly and positively contribute to the performance of large manufacturing firms in Kenya. To the existing literature, this study brings new knowledge that out of the four major turnaround strategies, outsourcing and divestment strategies will have more significant influence on performance of the manufacturing firms. Outsourcing strategy implies that the manufacturing companies stop carrying out some of their non-core operations and instead outsources them in order to focus on their core business. Divestment implies that the companies abandon some of the non-profitable businesses to focus on what is most effective in generating profits. The study also contributes to the new knowledge by pointing out on the role played by organizational culture in enhancing the effectiveness of turnaround strategies towards enhancing performance. The organizational culture is the nerve that determines how effective the turnaround strategies are implemented. A well aligned culture will imply that the organization is in its entirety ready to focus on a new dimension and way of doing things, thus turning-around its performance as well.

5.6 Areas for Further Research

The study makes the following suggestions for future studies;

The focus of the study was limited to large manufacturing companies in Kenya. However, there are other companies in other sectors that are facing similar challenges hence would require focus as far as turnaround strategies are concerned. Other sectors such as insurance, education, health, transport and banking sectors have continually faced performance challenges thus a study to focus on influence of turnaround strategies on their performance is necessary.

The study focused on business turnaround strategies and performance of manufacturing firms in Kenya. It is suggested that future studies focus on other aspects that could be end result other than performance after adoption of business turnaround strategies. Other issues such as competitive advantage, sustainability, production cost, technology, growth and compliance are core elements of a succeeding organization. Focusing on these aspects would portray the essence of turnaround strategies as varied deliverables or expected results in an organization.

The study focused on the influence of business turnaround strategies on performance of manufacturing firms. The poor performance issues facing the companies would be as a result of other aspects (such as Customers' habits) not focused in the study hence there is need for a study to underpin these issues. Moreover, this study only addressed performance of the manufacturing firms whereas there are other aspects to measure the success of these companies such as competitiveness, market share, brand popularity and sustainability.

The study was limited to four major turnaround strategies (retrenchment strategy, divestment strategy, reengineering strategy, and outsourcing strategy). It is recommended that future studies focuses on other business turnaround strategies (such as repositioning, organizational restructuring, asset restructuring and financial restructuring) apart from the four that could be essential for continued performance. The studies can also single out one of the strategies rather than combining them to expand the focus on how they influence performance.

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APPENDICES

Appendix I: Introduction Letter

Jacob Kithinji

College of Human Resource Development,

Jomo Kenyatta University of Agriculture and Technology (JKUAT)

P.O. BOX 62000-00200,

Nairobi.

Dear Sir/Madam,

RE: ACADEMIC RESEARCH PROJECT

I am currently pursuing a PhD at Jomo Kenyatta University of Agriculture and Technology. One of the requirements for the award of the degree is to write a thesis in any area of my studies in Business Administration. The title of my research is *‘to establish the influence of turnaround strategies on performance of large manufacturing firms in Kenya’*. I am in the process of gathering data and I have identified you as one of the respondents in this study. I kindly request you to take some time to respond to the attached questionnaire. The information you give will be treated with utmost confidentiality and at no time will your name be referred to directly. The information given will only be used for academic research purpose.

Thank you in advance for your time and cooperation.

Yours Sincerely,

Jacob Kithinji

Appendix II: Questionnaire

Kindly fill your responses in the space provided or tick (✓) appropriately.

Section I: Background Information

1. For how long has your firm been operating in Kenya?

Below 5 years { } 6 – 10 years { } 11 – 15 years { } 16 – 20 years { } Over 20 years
{ }

2. How many products does your firm deal with?

2 and below { } 3 – 5 { } 6 – 10 { } Above 10 { }

3. Which of the following broad category of the manufacturing sector does your firm belong to?

- a) Basic goods manufacturing industry (manufactures machinery and equipment for use in production of finished goods) []
- b) Capital goods industry (manufactures machinery for utility production such as printing machines, and packaging machines)
- c) The intermediate goods industry (manufactures semi-finished goods) []
- d) The consumer goods industry (manufactures finished products such as food and beverages) []

4. Please indicate the product specialization of the Firm

Energy Sector [] Chemical and Allied [] Food, Beverage & Tobacco []

Plastics & Rubber [] Building & Construction [] Paper and Printing []

Textile and Garments [] Timber Products [] Motor Vehicle Assembly []

Metal and Allied [] Leather Products & Footwear []

Pharmaceutical & Medical Equipment []

Section II: Retrenchment Strategy

1. Kindly indicate your level of agreement or disagreement with the following statements regarding your organization’s application of retrenchment strategy to enhance performance. Use a Likert’s scale of 1-5 where 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Statement	1	2	3	4	5
Our organization has continually reduced the cost of research and development as a way of saving on costs of operation					
Minimal budget is allocated to the research and development kit as a move to reduce on the costs					
Our organization has sent some employees on compulsory leave in the recent past					
The organization has in the recent past stopped any lease or purchase of assets that are less profitable					
Our organization has reduced the labour force significantly over the recent past					
The organization has been getting rid of non-performing assets over the recent past					
The organization has been retrenching some assets by disposing off some parts and leaving others					
My firm has focused on reducing procurement of excess inventory to cut storage costs					
The retrenchment strategies could contribute to the performance of the organization					

2. How would you comment on the general retrenchment strategy as applied in your organization?.....

Section III: Divestment Strategy

3. Kindly indicate your level of agreement or disagreement with the following statements regarding your organization’s application of divestment strategy to enhance performance. Use a Likert’s scale of 1-5 where 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Statement	1	2	3	4	5
Our company has in the recent past considered assets disposal as a way of coming back to business and increasing performance					
The company focuses on restructuring non-performing assets to turn them into more valuable assets					
The company has recently exited some new diversified markets which are less penetrated to save on costs					
Our company spins-off some business divisions and closes down others so as to save on costs					
Our organization has put measures to ensure assets performance and contribution to the firm performance is tracked and those that are less productive are disposed-off					
The company has on some occasions stopped some projects to save on costs and enhance performance					
The company has recently undertaken measures to close some product lines that are less performing in the market to save on costs					
Divesting the investments made by the firm contribute to the performance of the organization.					

4. In your opinion, do you think divestment strategy could have played a significant role in enhancing the performance of your firm? Please explain.....

Section IV: Re-engineering Strategy

5. Kindly indicate your level of agreement or disagreement with the following statements regarding your organization’s application of re-engineering strategy to enhance performance. Use a Likert’s scale of 1-5 where 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Statement	1	2	3	4	5
The firm identifies customer requirements and develops strategic purpose to meet their demands as far as quality, timeliness and efficiency are concerned					
Some processes are removed in the operations of our company so as to reduce the operational costs					
The firm carries out frequent performance analysis on existing processes to remove those that are not necessary					
The firm has focused on identifying the key measures that can be used to enhance service delivery and customer satisfaction					
The management of the firm emphasizes on the quality of products and services offered to our customers					
The firm selects core business process that have impact on customers and better income generating thus avoiding those that are more costly and with little returns					
The firm implements new processes and conducts performance review to identify the gaps to be filled as far as reengineering is concerned					
Re-engineering of the processes in the firm has enhanced the performance of our company					

6. Do you think the re-engineering strategy would strategically place your firm in a more performing place than it is now? Please expound.....

Section V: Outsourcing Strategy

7. Kindly indicate your level of agreement or disagreement with the following statements regarding your organization’s application of outsourcing strategy to enhance performance. Use a Likert’s scale of 1-5 where 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Statement	1	2	3	4	5
Our company has entered into strategic alliances as a way of adopting cost-driven outsourcing so as to save on costs and best position itself in the market					
The company outsources products and services on the basis of innovation so as to enhance the quality of products sold to our customers.					
When outsourcing, our company emphasizes on its focus and the required end-results thus enhancing meeting of the customer needs					
The employees in our firm are encouraged to be innovative in coming up with ways of outsourcing for the firm’s inputs					
The company outsources the services that are not frequently used so as to minimize on the costs					
Our firm involves the outsourced suppliers to come up with best ways to cut on costs and enhance performance					
The company focuses on meeting specific customer needs and preferences through outsourcing					

8. In your opinion, how would you explain the performance of your firm in relation to outsourcing strategies?

.....

.....

.....

.....

Section VI: Organization Culture

9. Kindly indicate your level of agreement or disagreement with the following statements regarding your organization’s culture. Use a Likert’s scale of 1-5 where 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Statement	1	2	3	4	5
Employees are frequently Involved in decision making processes in our firm					
The organizational management is concerned with the relationship among employees and plays its role in promoting the relationship					
The organizational management encourages cooperation across different departments and groups in the firm					
The organization has embraced a shared vision of what the organisation will be like in the future					
The firm management encourages teamwork among the employees in carrying out the firm operations					
The top management frequently delegates duties to employees so as to create a capable team of leaders					
The company continuously invests in the skills of employees through training and development					
There are clear and consistent set of values that governs the way business is done in our firm					
The vision in our organization creates excitement and motivation among the employees					
The mission statement of the organization is properly communicated and aligned with the organizational goals					

10. Do you think the adoption and success of the turnaround strategies in your firm has been affected by the organizational culture? Please explain

Section VII: Firm Performance

11. What is your level of agreement or disagreement with the following statements regarding your organization's performance? Use a Likert's scale of 1-5 where 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Statement	1	2	3	4	5
Our company has been recording increased net profits in the past five years					
The profit margins recorded by the company are sustainable to steer its expansion					
Our firm has recorded an increase in its sales revenue for the past five years					
The current sales revenues generated in our company are sustainable for the next five years					
The company's assets have been generating significant profits based on their value					
There has been an increase in the volume of units produced by the company for the past five years					
The company has been meeting the quantity of productions needed in the market for the past five years					

Section VIII; Secondary Data on Performance

Measurement Aspect	Year				
	2016	2017	2018	2019	2020
Sales Turnover					
Profit Margin					
Return on Assets					

Appendix III: List of manufacturing firms in Kenya

Energy, Electrical & Electronics	Energy, Electrical & Electronics	Building and construction
Aquila Development Co. Ltd.	Synergy Lubricant Solutions Ltd	African Diatomite Industries
Assa Abloy East Africa	Vivo Energy	Alpha Grain Millers Ltd.
Aucma Digital Technology africa Ltd	Chemicals and Allied	Athi River Mining Ltd
Biogas Power Holdings EA Ltd	Basco Products K Ltd	Bamburi Cement Limited
Centurion Systems Ltd.	Bayer East Africa Ltd.	Boyama Building Materials
East African Cables Ltd.	Beiersdorf East Africa Ltd	Carton Manufacturers Ltd.
Holman Brothers (E.A) Ltd	Blue Ring Products Ltd	Deluxe Inks Ltd
Ibera Africa Power EA Africa	BOC Kenya Limited	Flamingo Tiles (Kenya)Limited
Kenwest Cables Ltd	Buyline Industries Ltd	Glenn Investments Ltd C/O The Mehta Group Ltd
Kenya Petroleum Refineries Ltd	Canon Chemicals Ltd. (Formerly United Chemicals Ltd.)	Homa Lime Co. Ltd
Kenya Power Co. Ltd	Carbacid CO2 Ltd.	International Green Structures Manufacturing Kenya Limited
Libya Oil Kenya Limited	Central Glass Industries Ltd.	Kay Salt Ltd
Manufacturers & Suppliers (K) Ltd	Chrysal Africa Ltd.	Kemu Salt Packers Productions Ltd
Metlex International Ltd	Chryso Eastern Africa Ltd.	Kenya Builders & Concrete Ltd
Metsec Cables Ltd	Coral Paints Ltd.	Kisumu Concrete Products
Muhoroni Briquette Co. Limited	Crop Nutrition Laboratory Services Ltd	Koto Housing Kenya Ltd
Nationwide Electrical Industries Ltd	Crown Paints (Kenya) Ltd	Krystalline Salt Ltd
Oilzone (East Africa)	Darfords Enterprises Ltd	Kurawa Industries Ltd
Optimum Lubricants Ltd	Desbro Kenya Limited	Malindi Saltworks Ltd
Patronics Services Limited	Diversey Eastern & Central Africa Ltd.	Orbit Enterprises Ltd
Philips East Africa Limited	Eastern Chemicals Industries Ltd.	Pearl Industries Ltd
Powerex Lubricants Limited	Evonik East Africa	Pride Enterprises Ltd
Protel Studios	Galaxy Paints Coating Co. Ltd.	Reliable Concrete Works Ltd
Repelectric (K) Ltd	H.B. Fuller Kenya Limited (Formerly Continental Products Ltd)	Sandblasting & Coating
Rich Enviro Fuels Limited (Formerly Karan Biofuel)	Haco Tigerbrands East Africa Ltd	Savannah Cement Ltd
Roka Industries Ltd	Henkel Polymer Company Ltd	Skylark Construction Ltd
Siera Cables	Highchem East Africa Ltd	Space and Style Ltd
Socabelec (EA) Ltd	IMCD Kenya Ltd (Formerly Chemicals and Solvents (EA) Ltd)	Tana River Quarrying Ltd.
Solinc East Africa Limited (Formerly Ubbink East Africa)	Interconsumer Products Ltd.	Tile & Carpet Centre
Sollatek Electronics (Kenya) Limited	Jumbo Matress Industries Ltd	Vallem Construction Ltd
Steam Plant Ltd	Kanku Kenya Limited	Wareng Ndovu Enterprises 2005

		Ltd	
Food and Beverages	Food and Beverages	Food and Beverages	Food and Beverages
Africa Spirits Ltd	Czarnikow Sugar (EA) Ltd	Luma Stores & Supplies Enter. Ltd	Pwani Oil Products Ltd
Afrimac Nut Company	Danone Baby Nutrition Africa and Overseas	Mafuko Industries Ltd	Rafiki Millers Ltd.
Agri Pro-Pak Limited	Del Monte Kenya Ltd	Mama Millers Limited	Razco Limited
Agricultural & Veterinary Supplies Ltd (Agrivet)	Diamond Industries Ltd.	Manji Food Industries Ltd	Sahara Venture Capital Company Ltd
Alliance One Tobacco (K) Ltd	Doinyo Lessos Creameries Ltd.	Mayfeeds Kenya Ltd	Sameer Agriculture & Livestock (Kenya) LTD
Almasi Beverages Ltd	DPL Festive Ltd.	Melvin Marsh International	SBC Kenya Limited
Alpha Fine Foods Ltd.	Dutch Waters Ltd.	Menengai Oil Refineries Ltd	Selecta Kenya Gmbh & Co. KG
Alpine Coolers Ltd.	East African Breweries Ltd.	Meru Greens Horticulture Ltd	Sigma Supplies Ltd
Aquamist Ltd.	East African Sea Food Ltd.	Meru Water & Sewerage Services	Simply Foods Ltd
Bakex Millers Ltd	Eastern Produce Kenya Ltd (Kakuzi)	Milly Fruit Processors Ltd	South Nyanza Sugar Company
Bidco Africa Ltd	Eldoret Grains Ltd.	Mini Bakeries (Nbi) Ltd	Spice World Ltd
Bio Food Products Limited	Elekea Ltd.	Mjengo Limited	Stawi Foods and Fruits Limited
Brava Foods	Elle Kenya Ltd.	Monwalk Investment Ltd	Sweet Rus Limited
Breakfast Cereal Company K Ltd (Formerly Weetabix)	Equator Bottlers Ltd.	Morani Limited	Trufoods Ltd
Broadway Bakery Ltd	Erdermann Co. (K) Ltd.	Mount Kenya Bottlers Ltd	Umoja Flour Mills Ltd
Brookside Dairy Ltd	Europack Industries Limited	Mzuri Sweets Ltd	Unga Group Ltd
Buffalo Millers	Excel Chemicals Ltd	Nairobi Bottlers Ltd	United Millers Ltd
Bulto Foods Ltd.	Farmers Choice Ltd	Nairobi Flour Mills Ltd	Valley Confectionery Ltd
Bunda Cakes Feeds Ltd	Frigoken Ltd	NAS Airport Services Ltd	Valuepak foods
Bunge East Africa Limited	General Mills East Africa Ltd.	Nestle Kenya Ltd	Vava Coffee Ltd
Butali Sugar Mills Ltd	Giloil Company Ltd.	Njoro Canning Factory (Kenya) Ltd	Vinepack Ltd
C. Dormans Ltd.	Global Fresh Ltd	Norda Industries Ltd	W. E. Tilley (Muthaiga) Ltd
Candy Kenya Ltd	Global Tea Commodities (K) Ltd.	Olivado EPZ Limited	Winnie's Pure Health
Capel Food Ingredients	Gonas Best Ltd.	Palmhouse Diaries Ltd	Wrigley Company (E.A.) Ltd
Capwell Industries Ltd.	Grain Bulk Handlers	Patco Industries Limited	Xpressions Flora Ltd
Centrofood Industries Ltd.	Green Forest Foods Ltd.	Pearly LLP	Zheng Hong (K) Limited
Chemelil Sugar Company Ltd.	Happy Cow Ltd.	Pembe Flour Mills Ltd	
Coastal Bottlers Ltd.	Highlands Mineral Water Co. Ltd	Premier Food Industries Limited	
CoffTea Agencies	Honey Care Africa	Pride Industries Ltd	
Crown Beverages LTD	Italian Gelati & Food Products Ltd	Promasidor (Kenya) Ltd	

Fresh Produce	Metal and Allied	Metal and Allied	Metal and Allied
Big Flowers Ltd	Cook N Lite Ltd.	Nalin Steel Works	Welding Alloys Ltd
Flamingo Horticulture Kenya Limited	Corrugated Sheets Ltd.	Nampak Kenya Limited	Wire Products Limited
Fontana Limited	Crystal Industries Ltd	Napro Industries Limited	Zenith Steel Fabricators Ltd
Fresh Produce Exporters Association of Kenya	Devki Steel Mills Ltd	Narcol Aluminium Rolling Mills Ltd	Motor Vehicle Assembly
From Eden	Doshi & Company Hardware	Ndume Ltd	Alamdar Trading Company Ltd
Groove Ltd.	East Africa Spectre Ltd.	Orbit Engineering Ltd	Associated Battery Manufacturers E.A. Ltd
Kenya Horticultural Exporters (1977)	East African Foundry Works (K) Ltd.	Palak International Limited	Associate Vehicle Assemblers
Mahee Flowers Limited	Easy Clean Africa Ltd.	Patnet Steel Makers Manufacturers Ltd	Associated Vehicle Assemblers Ltd
Maridadi Flowers	Elite Tools Ltd.	Prime Steel Limited	Auto Ancillaries Ltd
Rainforest Farmlands Kenya	Fine Engineering Works Limited	Red Oak Limited	Auto Industries Ltd
Red Lands Roses Ltd	Friendship Container Manufacturers Ltd	Sheffield Steel Systems Ltd	Auto Springs Manufacturers Ltd
Salim Wazarani Kenya Company	Greif Kenya Ltd.	Silverspread Hardwares Ltd	Banbros Ltd
Leather and Foot Wear	GZI Kenya Ltd	Soni Technical Services Ltd	Bhachu Industries Ltd
Alpharama Ltd.	Heavy Engineering Ltd.	Southern Engineering Co. Ltd	Choda Fabricators Ltd.
Athi River Tanneries Ltd	Hobra Manufacturing Ltd	St Theresa Industries Kenya Limited	Chui Auto Spring Industries Ltd.
Bata Shoe Company Kenya Ltd.	Insteel Limited	Standard Rolling Mills Ltd	Cica Motors
Budget Shoes Ltd	Iron Art Ltd	Steel structures Ltd	Dalcom Kenya
C & P Shoes Industries Ltd	Kab Kam Enterprises Ltd	Steelmakers Ltd	Dodi Autotech
Leather Industries of Kenya Limited	Kaluworks Limited	Steelwool (Africa) Ltd	General Motors East Africa Ltd.
Metal and Allied	Kens Metal Industries Ltd	Sufuria World Limited	Handa (K) Ltd
Allied East Africa Ltd	Kenyon Limited	Tarmal Wire Products Ltd	Honda Motorcycle Kenya Ltd
Alloy Steel Castings Ltd.	Khetshi Dharamshi & Co. Ltd	Tensiles EA Ltd	Igo Holdings Ltd.
Apex Steel Ltd. (Rolling Mill Division)	Kitchen King Ltd	Tononoka Rolling Mills Ltd	Kenya Vehicle Manufacturers Limited
Ashut Engineers	Mabati Rolling Mills Limited	Tononoka Steel Ltd	Kibo Africa Ltd (formerly Koneksie Ltd)
ASL Ltd.	Marine Crafts & Boat Repairs	Top Steel Kenya Limited	King Finn Kenya Ltd
ASP Company Ltd.	Mecol Limited	Towertech Africa Limited	Labh Singh Harnam Singh Ltd
Atlantic Ltd	Metal Crowns Limited	Varomotech Limited	Load Trailers
Blue Nile Wire Products Ltd	Mitsubishi Corporation Nairobi Liaison Office	Vicensa Investments Ltd	Makindu Motors Limited
Burn Manufacturing USA LLC	Modulec Engineering Systems Ltd	Vivek Investments Ltd	Master Fabricators Ltd
City Engineering Works Ltd.	Nails & Steel Products Ltd	Warren Enterprises Ltd	Megh Cushion Industries Ltd
Motor Vehicle Assembly			

Mobius Motors Kenya Ltd	Paper & Board	Paper & Board	Pharmaceutical & Medical Equipment
Mutsimoto Motor Company	Digital Hub Ltd.	Regal Press Kenya Ltd	Universal Corporation limited
Passion Profit Limited	Dodhia Packaging Ltd.	Rodwell Press Ltd	Vetcare Kenya Limited
Pipe Manufacturers Ltd	East Africa Packaging Industries Ltd.	Sintel Security Print Solutions Limited	Plastics & Rubber
R.T. (East Africa) Limited	East African Paper Mills	Skaneem Interlabels Nairobi Limited	ACME Containers Ltd.
Ruidu (Kenya) Company Limited	Economic Industries	Standard Group Ltd	Africa PVC Industries Ltd
Scania East Africa Limited (Merged with Kenya Grange Vehicles)	Elite Offset	Statpack Industries Ltd	Afro Plastics (K) Ltd
Simba Caetano Formula Limited	Ellams Products	Taws Limited	Betatrak K Ltd
Sohansons Ltd	English Press Ltd.	Tetra Pak Ltd	Bobmil Industries Ltd
Springtech (K) Ltd	Euro Packaging Ltd	The Print Exchange Ltd.	Brush Manufacturers Ltd.
Theevan Enterprises Ltd	Franciscan Kolbe Press	Twiga Stationers & Printers Ltd	Cocorico Investments Ltd.
Toyota Kenya Ltd	General Printers Ltd.	Uneeco Paper Products Ltd	Complast Industries Ltd.
Toyota Tshusho East africa Limited	Green Pencils Ltd.	United Bags Manufacturers Ltd	Coninx Industries Ltd.
Transtailers Limited	International Paper & Board Supplies Ltd	Pharmaceutical & Medical Equipment	Dune Packaging Ltd.
Turaco Limited	Juja Pulp & Paper Ltd	Africa Cotton Industries	Elgon Kenya Ltd.
Varsani Brakelinings Ltd	Kartasi Industries Ltd	Alpha Medical Manufacturers Ltd.	Eslon Plastics of Kenya Ltd
Paper & Board	Kenafric Diaries Manufacturers Ltd	Autosterile East Africa Limited	Finlay Brushware Ltd
Adpack International Limited	Kenya Stationers Ltd	Benmed Pharmaceuticals Limited	Five Star Industries Ltd
Allpack Industries Ltd.	L.A.B International Kenya limited	Biodeal Laboratories Ltd	Flair Kenya Ltd
Anvi Emporium Limited	Manipal International Printing Press Ltd	Biopharma Ltd	General Plastics Ltd.
ASL Packaging Limited	Mega Pack (K) Ltd	Cosmos Pharmaceutical Ltd.	Jumbo Quality Products
Associated Paper Stationery Ltd	Modern Lithographic (K) Ltd	Dawa Limited	Just Plastics Limited
Avery Dennison Kenya Limited	Nation Media Group Ltd	Elys Chemicals Industries Ltd.	Kamba Manufacturing (1986) Ltd
Bags Balers Manufacturers Ltd	National Printing Press Limited	Glaxo Smithkline Kenya Ltd.	Kenpoly Manufacturers Ltd
Boxpack Limited	Ndalex Digital Technology	KAM Industries Limited	Kenrub Ltd
Cartobox Industries	Paperbags Limited	Medisel Kenya Ltd	Kentainers Ltd
Cempack Solutions Limited	Pressmaster Ltd	Medivet Products Ltd	Kenya Suitcase Manufacturers Limited
Chandaria Industries Ltd.	Printing Services Ltd	Pharm Access Africa Ltd	King Plastic Industries
Colour Labels Ltd.	Printpak Multi Packaging Ltd	Questa Care Ltd	L.G. Harris & Co. Ltd
Colourprint Ltd.	Punchlines Ltd	Regal Pharmaceuticals Ltd	Laneeb Plastic Industries Ltd
D. L. Patel Press (Kenya) Limited	Ramco Printing Works Ltd	Revital Healthcare (EPZ) Ltd	Mombasa Polythene Bags Ltd
Plastics & Rubber	Plastics & Rubber	Services &	Timber, Wood &

		Consultancy	Furniture
Nairobi Plastics Ltd	Uni-plastics	Louis Dreyfus Kenya Ltd	African Retail Traders
Nakuru Plastics	Vectus Kenya Ltd	Lynxbits Global Limited	Budget Furniture Ltd
Packaging Industries Ltd	Zaverchand Punja Ltd	Magnate Ventures Ltd	Comply Industries Ltd.
Packaging Masters limited	Services & Consultancy	Marubeni Corporation	Economic Housing Group Ltd.
Plastic Electricons	Africote Ltd	Meghraj Capital Limited	Elburgit Enterprises Ltd.
Plastics & Rubber Industries Ltd	Askadoc Ltd	Mitsui & Co Europe PLC	Fine Wood Works Ltd
Polyblend Limited	Basf East Africa Ltd	Mount Elgon Orchards Limited	Furniture International Limited
Polyflex Industries Ltd	BlueKey Software Solutions K Limited	Negawatt Ltd	GreenPot Enterprises
Polythene Industries Ltd	Bold Limited	Novastar Ventures LLP	Kenya Wood Products Limited
Premier Industries Ltd	Brand ID Technologies EA Ltd	Oloidien Estate & Engineering Limited	Marvel Lifestyle Ltd
Prosel Ltd	Broadband Communications Networks Limited	Origicheck Company Limited	Match Masters Ltd
Pyramid Packaging Ltd	Broadcast Solutions International Ltd	Panal Freighters Ltd	Newline Ltd
Safepak Limited	Capital Colors Creative Designers Ltd.	Polucon Services (K) Ltd	Panesar's Kenya Ltd
Sameer Africa Ltd	Ceven Ltd.	Rentco East Africa Limited	PG Bison Ltd
Sanpac Africa Ltd	Compulynx Ltd.	Rodl & Partners Limited	Rai Plywoods (Kenya) Ltd
Shiv Enterprises (E) Ltd	CosmoSol Ltd.	Rongai Workshop & Transport Limited	Rosewood Furniture Manufacturers Ltd
Signode Packaging Systems Ltd	Danish Cleantech Group	Scales & Software (K) Limited	Savanah Saw Mills
Silafrica Kenya Ltd (Formerly Sumaria Industries)	GE East Afrika Services Ltd.	Siemens Ltd Kenya	Shah Timber Mart Ltd
Silpack Industries Limited	GS1 Kenya	Spectrum Network Ltd	Shamco Industries Ltd
Silver Coin Imports Limited	GSChemical & Allied Sector Kenya	Sproxil East Africa	Shayona Timber Ltd
Solvochem East Africa Ltd	Institute of Packaging Professionals	Stanlib Kenya Limited	Timsales Ltd.
Springbox Kenya Ltd	International Energy Technik Ltd.	Textiles & Apparel	Turea Ltd
Styroplast Limited	Intertek International Ltd	Teita Estate Ltd	Woodmakers (K) Ltd
Super Manufacturers ltd	Intertek Testing Services (EA) PTY Ltd	Thika Cloth Mills Ltd	Woodtex Kenya Ltd
Supreme Poly Pack (K) Ltd	Intraspeed Arcpro Kenya Limited	TSS Spinning And Weaving Ltd	
Techpak Industries Ltd	Knights and Apps Limited	United Aryan (EPZ) Ltd	
Treadsetters Tyres Ltd	Kuza Project	Vaja's Manufacturers Limited	
Umoja Rubber Products Ltd	Lean Energy Solutions Ltd	Wildlife Works (EPZ) Ltd	
Services & Consultancy	Textiles & Apparel		
Stratostaff EA Ltd	Kamyn Industries Limited		
Tally Solutions Kenya Ltd.	Kapric Apparels EPZ Ltd		
The Copy Cat Ltd	Kavirondo Filments Ltd		

The Helios Group	Kenya Shirts Manufacturers Company Ltd
Transoceanic Project Development Kenya Ltd	Kenya Trading EPZ Ltd
Unumed Limited	Leena Apparels Ltd
Viscar Industrial Capacity Ltd	Manchester Outfitters Limited
Wotech Kenya Limited	Mega Apparel Industries (EPZ) Ltd
Zaki LLC	Mega Garment Industries Kenya (EPZ)
Textiles & Apparel	Midco Textiles (EA) Ltd
Adpack Limited	Mills Industry Ltd
Africa Apparels EPZ Ltd	Mombasa Apparels
Alpha Knits Ltd.	New Wide Garments Kenya EPZ LTD
Ashton Apparel EPZ Ltd	Oriental Mills Ltd
Bedi Investments Ltd.	Panah Limited
Brilliant Garments EPZ Ltd	Royal Garment Industries EPZ Ltd
Chalange Industries	Simba Apparel EPZ Ltd
Dharamshi & Co. Ltd	Soko EPZ Ltd
Ethical Fashion Artisans EPZ Ltd	Spin Knit Limited
Fantex (K) Ltd	Spinners & Spinners Ltd
Global Apparels Ltd	Squaredeal Uniforms Centre Ltd
Gone Fishing	Summit Fibres Ltd
Hanitex (EPZ) Ltd	Sunflag Textile & Knitwear Mills Ltd
Hantex Garments EPZ Limited	Tarpo industries
Hela Intimates EPZ LTD	
Insight Kenya	

Source: Kenya Association of Manufacturers (2017)