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ABSTRACT

This study determined the effect of strategic restructuring on organizational performance of Telkom Kenya. The study was grounded on transaction cost theory, planned change theory, Kurt Lewin Three Stage Model for Change and structural contingency theory. Cross sectional research design is used in the study. According to Telkom Kenya (2023) there were a total of 1072 employees working at Telkom Kenya Limited. Out of this number, there were 109 top and middle level management based in the company's Head office in Nairobi which forms the unit of analysis for the current study. The study utilized stratified random sampling technique to stratify the target population in to homogenous groups. Then simple random sampling was employed to allocate the sample size for each homogenous group. The study used Slovins sample formula to get a sample size of 86 respondents. Structured questionnaires was employed to collect primary data for the study. Collected data was analyzed by use of descriptive statistics and inferential statistics. The tool used in the analysis was the Statistical Package for Social Sciences (SPSS) version 29. The study findings were presented in frequency and descriptive tables. The study results showed that cost restructuring, process restructuring, management restructuring and cultural restructuring had positive significant effect on organizational performance of Telkom Kenya Limited. Based on the study results, the study concluded that the company had downsized management centers in order to streamline operations and cut costs. The study also concluded that information flow had been improved in addition to decision-making and communication between various departments. The study recommended that the company should establish effective channel to communicate core value of the company to employees. This would put employees on the same pedestal as the organization's goals. In addition, the company should have accountability systems. Also the company should retrain and re-educate its management staff to keep them a trend changing business environment. The company should reduce management control where necessary and cut bureaucratic tapes in decision making.

Key Words: *Cost Restructuring, Management Restructuring, Process Restructuring, Cultural Restructuring*

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INTRODUCTION

The business environment within which the telecommunication sector operates has been very volatile (Pascale, Millemann, & Gioja, 2017). Stiff competition, changing demographics and tastes among consumers, rapidly changing technological innovations and globalization are some of the challenges that this sector faces. Consequently, due to the huge up-front investment and high ratio of fixed cost that generate economies of scale, telecommunication industry can be described as a natural monopolistic industry. Policy instruments, such as corporatization, privatization and liberalization, aimed at facilitating the efficient development of the telecommunication sector, are changing the character of the industry. Telecommunication is becoming a more demand led and less of a supply driven industry (OECD, 2021).

In the UK telecoms market has seen declining revenue for several years, despite gains in subscriber numbers in some of the key growth areas of the market, particularly broadband, as well as in increases in data traffic, which was sustained at a lower level of growth following the easing of travel restrictions imposed during periods of lockdown in 2020. Revenue decline reflects the steady drop in ARPU which has resulted from an increased customer preference for bundling, as well as competitive pricing among all telcos. The effects of the pandemic and Brexit contributed to a 9.9% fall in GDP in 2020, a level more severe than all other G7 member states. The OECD noted that GDP in the first quarter of 2023 was only 0.2%, year-on-year, far below the OECD average. This poor performance is reflected in economic hardship among households, which in turn has negatively impacted telcos' revenue (Lancaster, 2024).

Broadband access across sub-Saharan Africa is still nascent, with only South Africa showing any significant take-up of ADSL and mobile HSDPA services, but with ADSL offerings emerging in Nigeria and Côte d'Ivoire. African telcos have been on a quest to diversify revenue streams away from voice for some years. As the mobile phone market has become increasingly saturated, particularly in urban areas, revenue growth from voice has declined. As internet penetration has increased among African households, telcos have faced competition from streaming and other internet-based communication service providers. In response, telcos are experimenting with innovative approaches to diversify revenues (Hofmeir, Marais, & Buchel, 2023). Africa has followed the international trend towards increased competition but mainly in the mobile space.

In Kenya, recent structural changes in the telecommunications industry (TI) induced by various factors such as technological improvement, changes in customer demands, deregulation and the explosion of the Internet and mobile telephone, are bringing about rapid changes in the competition of telecom operators. Kenya's telecommunication companies have increased on their services. For instance, Airtel have added value to their services, offered free money transfer, have both post and pre-paid plans, offer one network services, internet services, 3.75G network, international roaming. 24-hour customer care. Me2U top up services and, SMS confirmation services (Kiruga, 2018). On the other hand, Safaricom have same products and services but on a different brand name. According to the last quarter report (CA, 2020), Safaricom PLC and Equitel recorded losses of 0.3% and 0.1 % in market shares in mobile subscription and while Telkom and Airtel gained by 0.2% and 6% respectively, Safaricom traffic market share decreased by 5.4%. These among other decreased performance in various service provisions are in agreement with studies which still find the sector not performing how it ought to be and given its immense contribution even to other sectors (Mugo, Namusonge, & Sakwa, 2018). In order to meet the challenges, telecom operators are pursuing industry restructuring as an effective way to survive and grow in the future.

Telkom Kenya limited was established as a public telecommunications operator under the Companies

Act. Until 2004, Telkom Kenya had enjoyed monopoly of infrastructure for landline services, international services, as well as internet backbone, controlling 100% of the market share in these segments. Telkom Kenya however, had no GSM license and only Safaricom and Kencell were licensed to carry out mobile telephony business. TKLs growth strategy focused on fixed voice customers and largely ignored data where the company had strategic advantage. There was also no strategic plan for the future to capture the mobile market which was the new emerging solution for voice service (Institute of Economic Affairs, 2018).

Statement of the Problem

Conceptually, corporate restructuring can eliminate financial, and infrastructure obstacles, and thus be useful in addressing organizational performance challenges. Contextually, Telkom Kenya being the incumbent operator, and having enjoyed monopoly until the year 1999, it was widely expected that with privatization and change of management, Telkom Kenya would quickly make a turnaround and seize a sizeable market share within this fast growing industry. However, the company is still making losses and required a substantial cash injection in 2022 as part of major restructuring program. The Telecommunication giant despite it's upper hand in infrastructure, it has lagged behind its competitors in market share. For instance the month of April to June 2018, the company only gained by 0.2 percentage points to end the quarter at 8.8 percent market share, whereas Airtel ended the quarter at 21.4 percent market share (Communication Authority of Kenya, 2018). By 2023, the number of total subscriptions for Telkom Kenya stood at 2.1 million compared to Airtel and Safaricom at 18.9 million and 44.1 million respectively (CAK, 2024). This call for an investigation on the efficacy of strategic restructuring on the company.

Various studies have been done on restructuring and firm performance. Waweru (2019) did a study on corporate restructuring and organizational performance of National Police Service in Kenya. Nyambura and Maina (2021) researched on the effect of organizational restructuring on performance of commercial banks in Mombasa County. Gitau (2020) focused on organizational restructuring and performance of NSSF in Kenya. Omwenga (2018) studied organizational restructuring activities influence on employee commitment in state corporations in Kenya. However, these studies present contextual gaps as they focused on institutions and not Telecommunication firms' context. Further, despite many studies having been carried out on strategic restructuring, very scant studies have focused on organizational restructuring in Telkom Kenya Limited. The current study sought to fill the research gaps by investigating the strategic restructuring and organizational performance of Telkom Kenya Limited.

Research Objectives

The general objective of the study is to determine the strategic restructuring and organizational performance in Telkom Kenya Limited. The specific objectives were;

- To establish the effect of cost restructuring on organizational performance in Telkom Kenya Limited.
- To determine the effect of process restructuring on organizational performance in Telkom Kenya Limited
- To evaluate the effect of management restructuring on organizational performance in Telkom Kenya Limited.
- To explore the effect of cultural restructuring on organizational performance in Telkom Kenya Limited.

The study was guided by the following research hypotheses

- **$H_0$1:** Cost restructuring has no significant effect on organizational performance in Telkom Kenya Limited.
- **$H_0$2:** Process restructuring has no significant effect on organizational performance in Telkom Kenya Limited.

- **$H_0$3:** Management restructuring has no significant effect on organizational performance in Telkom Kenya Limited.
- **$H_0$4:** Cultural restructuring has no significant effect on organizational performance in Telkom Kenya Limited.

LITERATURE REVIEW

Theoretical Review

Transaction Cost Theory

The proponent of theory was Coarse in 1960 and advanced by Williamson in 1991. The theory views transactions as the main center of analysis and highlights that the level of understanding of costs related with transactions of the organization either externally or internally acts as a definition of achievements of success in the organization. According to the theory, firms tend to reduce costs of resources exchanges with the prevailing environment while reducing costs of exchanging the bureaucracy in the firm.

Three dimensions were developed for characterizing transactions: uncertainty, frequency, and asset specificity, or the degree to which transaction-specific expenses were incurred. Transaction cost theory is built on assumptions of bounded rationality and opportunism, defined as self-interest with guile.

The theory contributes to the current study by adding more knowledge on activities that firms can uplift in restructuring costs related with execution of activities. The main aim of restructuring cost is to minimize costs of operations to promote overall performance. The theory therefore supports the variable of cost restructuring.

Planned Change Theory

The theory was proposed by Ajzen in 1991 and assumes that firms are adoptive, purposeful and that occurrence of changes is triggered by change necessity from leaders, and agents of change in a firm. The change process according to the theory is liners and rational and therefore making managers at individual levels instrumental. According to Carr (2016), internal features or decisions of an organization enhances change as compared to the external environment.

The theory further posits that aspects of organizational changes comprise of activities such as planning assessment, analysis of stakeholders, re-engineering of operations, restructuring of processes and reviewing rewards and incentive practices (Worth & Bill, 2010). There has been an introduction of reforms by firms worldwide aiming at enhancing the levels of effectiveness and services responsiveness. The reforms have had influences on the internal operations of the firms. Reforms such as centralization of decision making processes have been identified by scholars and researchers as major performance determinants bound to be controlled by the management (Larbi & Batley, 2014). According to the researchers, decentralization acts as an empowerment tool to managers while making decisions related with services and their deliveries and in formulating effective strategies that promotes operational efficiency of firms. The theory revolves around how organizational change can positively or negatively impact the operations of a firms. Organizational changes such as centralization of processes strengthens the decision making processes that promotes the overall performance of the firm. The theory supports one of the independent variables of the study which is centralization of processes.

Kurt Lewin Three Stage Model for Change

This model was created in the 1950s by psychologist Kurt Lewin who recognized three stages of change namely unfreeze, Change and Refreeze (Nomaldin, 2016). The unfreeze stage involves preparing the organization to accept that change is necessary, which involves breaking down the existing status quo before you can build up a new way of operating through determining what needs to be changed through a Survey of the organization to understand the current state and understand why change has to take place. In this process the manager calls for strong support in order to win key stakeholders in an organization through the creation of the need for change by use of compelling messages as to why change has to occur.

Communication is intensified to make the members understand and get rid of the doubts and concerns through the sending of compelling message showing why the existing way of doing things cannot continue and therefore a need to challenge the existing beliefs, values, attitudes, and behaviours that currently define it (Bourda, 2016). The next stage is the Change process where people begin to resolve their uncertainty and look for new ways to do things through planning and the implementation process. Communication of the change benefits and how the changes will affect everyone is very critical in order to dispel the rumours' since they may inhibit the change. Employees are empowered to act through the provision of lots of opportunity for employee involvement and having line managers to provide day-to-day direction and short term wins to reinforce the change. The success of this stage is marked by people starting to believe and act in ways that support the new direction but of course with some posing resistance to the change (Gemez-Mejia, Balkin, & Cardy, 2016).

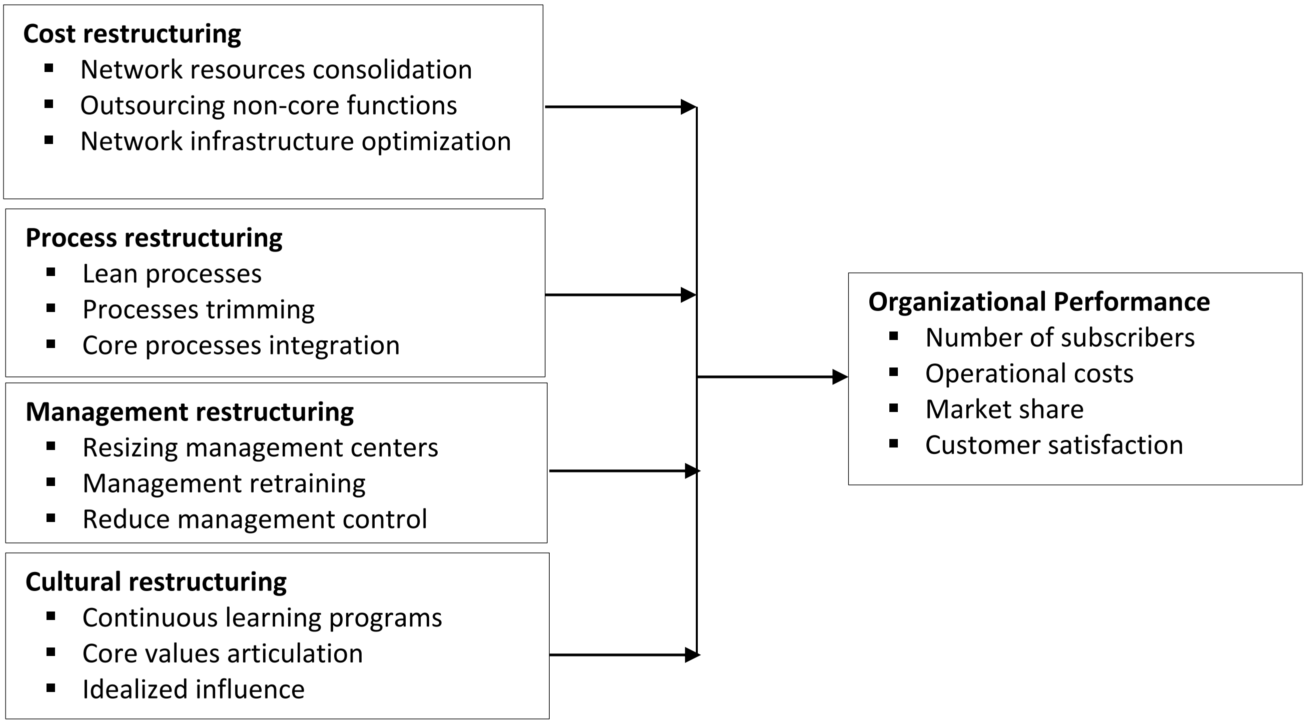
The final stage is the Refreeze stage in which the expected change has already taken place and shape and people have embraced the new ways of working and thus the need to create stability in the established change. This model is most practical in planned change since it is consciously done and it involves a process of moving from one fixed state to another and takes responsibility over the outcome since it does not happen by accident or impulse through a systematic process in which all stages are calculated to avoid making mistakes.

Structural Contingency Theory

Structural contingency theory was improved by Gouldner in 1952 and its is a theory about how an organizational structure needs to fit factors, such as its strategy and size, in order to produce high performance. The theory holds that the effect on organizational performance of organizational structure depends upon how far the structure fits the contingencies, such as uncertainty, strategy, and size. Organizations facing low uncertainty are fitted by specialized and centralized hierarchical structures, whereas organizations facing high uncertainty are fitted by lower specialization and decentralization (i.e., decisions being taken at lower levels of the hierarchy). Undiversified strategy is fitted by a functional structure, whereas diversified strategy is fitted by a multidivisional structure. Larger size is fitted by more specialized and decentralized structure.

The theory assumes a dual, but not routinely non-linear, relationship between contingencies and organizational structure. Second, a change in contingencies is assumed to lead a change in organizational structure. The theory explains the transformation of organizational structures in time with transformation in contingencies. On application, leaders are able to use contingency theory to exert a better influence on employees if they can build strong relationships with them. Contingency theory management allows leaders to have more influence over employees who detail the tasks, as opposed to leaders who don't structure tasks. The theory supports organizational performance variables in the study.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual framework

Review of Literature on Variables

Cost Restructuring and Organizational Performance: In today's rapidly evolving telecommunications industry, leveraging technology advancements is crucial for effective cost reduction. Cost reduction is a critical aspect for telecommunication companies as it allows them to improve their profitability and stay competitive in the market. The rapidly evolving nature of the telecommunications industry brings forth various challenges that need to be addressed in order to achieve effective cost reduction. These challenges include rising infrastructure costs, intense competition, and changing customer demands.

Process Restructuring and Organizational Performance: Process restructuring aims to extend the scope of action for a company and to give confidence to its stakeholders, especially lenders, but also to its employees and suppliers by helping to solve the problems of suboptimal performance. Operational restructuring focuses on how a business is managed with a view to improving its performance. Signs of underperformance include declining revenues, increasing expenditure, slow response to market changes and working capital constraints.

Management Restructuring and Organizational Performance: Management reorganization occurs when a business updates things like its name, mission statement, offerings, and operations. If the firm goes through this type of reorganization, it might also make changes to the staff, like adding or removing employees, promoting workers, or moving around departments. Airo (2019) notes that top management team plays a key role in ensuring that a firm moves towards the intended direction by owners by contributing in the realization of set goals and objectives. Remarkably, top management possess skills that drives a company towards the right performance track. However, despite the important roles played by the top management team as noted by Airo (2019), organizational restructuring affects the teams' roles which creates disruption in operations of the company. An important factor that contributes to a successful reformation of cooperate governance in a firm is to involve the top management team in the reformation process and explaining to them the reasons behind the move.

Cultural Restructuring and Organizational Performance: Organizational culture comprises common perceptions that all company participants share. Corporate culture is a system of shared meanings that participants share, distinguishing one organization from another (Buch & Wetzel, 2016). Organizational culture is a pattern of actions that an organization forms that have been proven to be good and are taught to new members regarding how they understand, think, and feel (Martinez et al., 2015). Any of these characteristics occur on a scale from low to high.

Organizational Performance: Organizational performance measures an organization's ability to channel its resources to achieve organizational goals effectively and efficiently and has both financial and non-financial measures. Financial measures comprise such indicators as profits, turnover, return on investment, return on capital employed, and inventory turnover, while non-financial measures include the ability to evaluate alternatives, ability to avoid mistakes, improved budget process, innovation and market standing, market share, innovation rate or customer satisfaction. Another measure of performance is the balanced scorecard, which challenged the usual use of financial indicators to measure the performance of a company from a strategic point of view, by considering indicators from other perspectives, and has evolved from a performance measurement system to a strategic management system (Anwar & Shah, 2020; Rashid et al., 2018).

Empirical Review

Duong and Nguyen (2021) examined the impact of bank restructuring on the financial performance of commercial banks trading on HOSE and HNX in Vietnam, with data obtained from the audited financial statements of 30 Vietnamese commercial banks from 2007 to 2019. Pooled least squares (Pooled OLS), fixed effects model (FEM), random effects model (REM), and system generalized moment regression model (System GMM) are the estimated methods used to increase the accuracy of the regression coefficient for the study. The research results showed that the financial restructuring have a positive impact on financial performance. However, variables such as debt-to-capital ratio, bad debt ratio, state ownership ratio, expense-income ratio, and inflation harm financial performance.

Nyambura and Maina (2021) examined the effects of organizational restructuring on the performance of commercial banks in Mombasa County, Kenya by conducting a survey of 42 commercial banks located in the study area using a structured questionnaire to collect data. The data were subjected to both descriptive and inferential statistical analysis and it was discovered that the bank's adoption of various restructuring strategies and specifically, the adoption of departmentalization, human resources restructuring, decentralization of processes, mergers, and acquisition had resulted in improved performance.

Kinyua and Kihara (2021) examined the influence of organization restructuring on the performance of selected media firms in Kenya in a study designed to establish the influence of cost restructuring, governance reformation, downsizing, and processes centralization on the performance of three media firms (Nation Media Group, Royal Media Services, and Standard Group Limited). Using a total of 131 employees in the managerial positions of the selected media firms, data were analyzed using Pearson's correlation analysis and multiple regression analysis, the results show that cost restructuring, governance reformation, process centralization, and downsizing positively and significantly influence the performances of media firms and that an increase in one indicator increases the levels of performance.

Waweru (2019) investigated corporate restructuring on organization performance of National Police Service in Kenya. The study used descripted research design. Primary data was collected using questionnaire. A sample of 60 respondents were selected from the total population. This study was analyzed using a descriptive research which used frequency distribution tables and figures. The researcher conducted a multiple regression analysis in order to establish the relationship between restructuring and performance of the National Police Service in Kenya (dependent variable). The study results established that the effect of portfolio restructuring on performance of National Police Service is that it encourages cooperation among different units to ensure it delivers to the expectations of the citizens.

METHODOLOGY

This study utilized cross-sectional research design. According to Telkom Kenya (2023) there were a total of 1072 employees working at Telkom Kenya Limited. Out of this number, there were 109 top and middle level management based in the company's Head office in Nairobi which formed the unit of analysis for the current study. The study utilized stratified random sampling technique to stratify the target population in to homogenous groups. The sample size of 86 was determined by use of Slovin's formulae to arrive at the study sample as indicated below. Primary data was collected using structured questionnaire. The study employed a structured questionnaire to collect data from the participants. The researcher conducted pilot test on 10 participants drawn from Airtel Kenya Ltd. Quantitative methods of data analysis was used to analyze the data. Quantitative data was analyzed through statistical procedures. Multiple regression analysis was used because it provides estimates of net effects and explanatory power. Correlation analysis was used to measure the direction and extent of the relationship between the variables. The Statistical Package for Social Sciences, SPSS version 28 was used as data analysis tool. The regression model used is as follows:

$$Y= \alpha +\beta_1X_11+\beta_2X_2+\beta_3X_3+ \beta_4X_4+ \varepsilon$$

Where:

Y is organizational performance

α is regression constant

β is regression coefficients

X_1 is Cost restructuring

X_2 is Process restructuring

X_3 is Management restructuring

X_4 is Cultural restructuring

Ɛ is error term

FINDINGS AND DISCUSSION

Descriptive Results

Descriptive analysis was conducted on the study variables to check the mean and standard deviation. The results are presented in the following tables.

Cost Restructuring

The researcher asked respondents to rate their agreement or disagreement on the various aspects of cost restructuring. They were required to do this on a 5 point Likert scale where 1 represented Strongly disagree while 5 represented Strongly agree. The results are presented in Table 1.

Table 1: Cost Restructuring

	Mean	Std. deviation
The company has consolidated all network resources to reduce operating costs	4.17	.231
The company has outsourced non-core functions to third parties	4.23	.536
The company has undertaken network infrastructure optimization	4.02	.444
The company has downsized its workforce to reduce costs	4.26	.703

The results in Table 1 showed that respondents agreed to the statement that the company has consolidated all network resources to reduce operating costs and that the company has outsourced non-core functions to third parties as indicated by a mean of 4.17 and mean of 4.23 respectively. Respondents also agreed that the company has undertaken network infrastructure optimization (mean=4.02) and that the company has downsized its workforce to reduce costs (mean=4.26). The results agree with the finding by Kinyua and Kihara (2021) whose study on organization restructuring revealed that downsizing positively and significantly influence the performances of media firms.

Process Restructuring

The study respondents were asked to rate their agreement or disagreement on the various aspects of process restructuring. They were required to do this on a 5 point Likert scale where 1 represented Strongly disagree while 5 represented Strongly agree. The results are presented in Table 2.

Table 2: Process Restructuring

	Mean	Std. Deviation
Company has made decision-making processes and authority levels to be clear	4.41	.817
There is improved information flow, decision-making and communication between roles.	2.15	.634
The company’s processes have been redesigned	4.26	.509
The non-core processes of the company have been trimmed	3.01	.822

The results in Table 2 have shown that respondents agreed to the statement that the company has made decision-making processes and authority levels to be clear and that there is improved information flow, decision-making and communication between roles as indicated by a mean of 4.41 and mean of 4.26 respectively. Also, respondents agreed that the company’s processes have been redesigned (mean=2.15). Respondents were indifferent to the statement that the non-core processes of the company have been trimmed (mean=3.01).

Management Restructuring

The study respondents were asked to rate their agreement or disagreement on the various aspects of management restructuring. They were required to do this on a 5 point Likert scale where 1 represented Strongly disagree while 5 represented Strongly agree. The results are presented in Table 3.

Table 3: Management Restructuring

	Mean	Std. Deviation
The management centers in the organizational have been downsized	4.13	.882
The management of the organization are regularly retrained	4.20	.887
The company has embarked on reducing management control	4.82	.883
The management of the company remuneration has been tied on performance	4.89	.881

The results in Table 3 showed that respondents agreed to the statement that the management centers in the organizational have been downsized and that the management of the organization are regularly retrained as indicated by a mean of 4.13 and mean of 4.20 respectively. Respondents also agreed that the company has embarked on reducing management control (Mean=4.82) and that the management of the company remuneration has been tied on performance (Mean=4.89).

Cultural Restructuring

The study respondents were asked to rate their agreement or disagreement on the various aspects of cultural restructuring. They were required to do this on a 5 point Likert scale where 1 represented Strongly disagree while 5 represented Strongly agree. The results are presented in Table 4.

Table 4: Cultural Restructuring

	Mean	Std. Deviation
The organizational has continuous learning initiatives in place	3.66	.753
There is effective channel to communicate core value to all employees	4.66	.748
There is effective results accountability in the organization	4.52	.741
The company incentivizes behavior change on its employees	3.64	.756
Integrity issues influence the rate of implementation		

The results in Table 4 have revealed that respondents agreed to the statement that the organizational has continuous learning initiatives in place and that there is effective channel to communicate core value to all employees as indicated by a mean of 3.66 and mean of 4.66 respectively. Respondents also agreed that there is effective results accountability in the organization (Mean=4.52) and that the company incentivizes behavior change on its employees (Mean=3.64). The respondents agreed that Integrity issues influence the rate of implementation (mean=4.17).

Correlation Analysis

Correlation analysis was done to determine the correlation between strategic restructuring and performance using the Pearson's product moment correlation analysis. The results are shown in Table 5.

Table 5: Correlation Results

		Cost restructuring	Process restructuring	Management restructuring	Cultural restructuring	Organization Performance
Cost restructuring	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	79				
Process restructuring	Pearson Correlation	.324	1			
	Sig. (2-tailed)	.061				
	N	79	79			
Management restructuring	Pearson Correlation	.025	.151	1		
	Sig. (2-tailed)	.888	.393			
	N	79	79	79		
Cultural restructuring	Pearson Correlation	.128	.146	.083	1	
	Sig. (2-tailed)	.470	.409	.641		
	N	79	79	79	79	
Organizational performance	Pearson Correlation	.439*	.518	.359	.406	1
	Sig. (2-tailed)	.038	.046	.034	.000	
	N	79	79	79	79	79

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

Correlation results showed that cost restructuring has positive significant correlation with organizational performance (r=439). Further, correlation results revealed that process restructuring and organizational performance has a positive and significant correlation (r=0.518). Correlation between management restructuring and organizational performance is positive and significant (r=.359). Finally, correlation results between cultural restructuring and organizational performance was found to be positive and significant (r=.406). The strongest correlation was recorded between process restructuring and performance of Telkom Kenya.

Diagnostic Tests

This section conducts tests for the assumptions made by parametric tests. They include: normality, multi-collinearity and auto correlation.

Test of Normality

The assumption was tested using Shapiro-Wilk test and the test results are indicated in Table 6.

Table 6: Test of Normality

	Shapiro-Wilk		
	Statistic	Df	Sig.
Performance	.931	24	.119

From the results in Table 6, all the independent variables had a Shapiro-Wilk significant value greater than 0.05, i.e. p-value = .119. Hence it is concluded that the data is normally distributed.

Test of Multi-collinearity

Multi-collinearity test was conducted with the view of establishing the interrelationships between predictor variables and how such could potentially compromise the results of multiple regression analysis. The multi-collinearity was tested using the Variance Inflation Factors. Variance inflation factor provides a measure of multi-collinearity among the independent variables in a multiple regression model. The rule of thumb is that a VIF of 3 or below is not a cause for concern according to Gupta and Gupta (2022). The results of multi-collinearity test are shown in Table 7.

Table 7: Test of Multi-collinearity

	Collinearity Statistics	
Study Constructs	**Tolerance**	**VIF**
Cost restructuring	.915	1.039
Process restructuring	.908	1.045
Management restructuring	.921	1.077
Cultural restructuring	.897	1.113

a. Dependent Variable: Organizational performance

According to the results shown in Table 7, the VIF for all the variables were between 1 and 2 indicating existence of correlation between the predictors and the target variable. This implies that multi-collinearity will not be an issue of concern in the regression model.

Multiple Regression Analysis

A regression model was adopted in the study to establish the statistical relationship between the strategic restructuring and performance. The results of regression analysis are presented as follows.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813[a]	.661	.644	.08242

a. Predictors: (Constant), Process restructuring, Cost restructuring, Management restructuring, Cultural restructuring

The regression results in Table 8, showed a moderate regression between the study variables. In the model summary, the R^2 is 0.661 indicating that predictors explain 66.1 per cent change in organizational performance.

Table 9: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.523	4	.631	37.117	.016[b]
	Residual	1.291	74	.017		
	Total	3.814	78			

a. Dependent Variable: Organizational performance
b. Predictors: (Constant), Process restructuring, Cost restructuring, Management restructuring, Cultural restructuring

From the ANOVA results in Table 9, it was established that the significance value in testing the validity of the model was obtained as 0.016 which is less than 0.05, the critical value at 95% significance level. Therefore, the model is statistically significant in predicting the relationship between the study variables.

Table 10: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.063	.397		.160	.013
	Cost restructuring	.430	.217	.409	1.981	.005
	Process restructuring	.526	.253	.444	2.079	.001
	Management restructuring	.376	.187	.284	2.011	.007
	Cultural restructuring	.421	.201	.149	2.095	.019

a. Dependent Variable: Organizational performance

The derived regression coefficients of the model are:

$Y = .063 + .430X_1 + .526X_2 + .376X_3 + .421X_4$

The regression results showed that independent variables had significant value less than 0.05 implying that they are all significant. From the results, it showed that holding all factors constant at zero, the change in performance would be 0.063. Further, the regression results showed that a unit change in cost restructuring, on average, would lead to 0.430 unit change in organizational performance. Further, results show that a unit change in process restructuring, on average, would lead to 0.526 unit change in organizational performance. A unit change in management restructuring, on average, would lead to 0.376 unit change in organizational performance and finally, a unit change in cultural restructuring, on average, would lead to 0.421 unit change in organizational performance of Telkom Kenya Ltd.

Discussion of Key Findings and Hypotheses Testing

The regression coefficients served as the foundation for achieving the study objectives. The P-value method was used to test study hypotheses. The first objective of the study was to investigate the effect of cost restructuring and organizational performance. The regression results for cost restructuring was established to be β1=0.430, and $p<0.05$ which implies that cost restructuring has positive significant effect on organizational performance It is therefore concluded that a unit change in cost restructuring, on average, would lead to 0.430 unit change in organizational performance. Since the P-value calculated is less than significance level, reject null hypothesis that cost restructuring has no significant effect on organizational performance.

The second objective was to establish the effect of process restructuring on organizational performance. Based on the regression results, process restructuring regression was β2 = 0.526, and $p<0.05$ which implies that process restructuring had positive significant effect on organizational performance. It is concluded that a unit change in process restructuring, on average, would lead to 0.526 unit change in organizational performance. Since the P-value calculated is less than significance level, reject null hypothesis that process restructuring has no significant effect on organizational performance.

Third objective of the study was to find out the effect of management restructuring on organizational performance. Regression results revealed that management restructuring had a significant and positive effect on organizational performance as shown by β3 = 0.376, and $p<0.05$. According to the findings, a unit change in management restructuring, on average, would lead to 0.376 unit change in organizational performance Since the P-value calculated is less than significance level, reject null hypothesis that management restructuring has no significant effect on organizational performance.

Fourth objective of the study was to determine the effect of cultural restructuring on organizational performance. According to regression analysis results, cultural restructuring had significant and positive effect on organizational performance (β4 = 0.421, and $p<0.05$), which implied that a unit change in cultural restructuring, on average, would lead to 0.421 unit change in organizational performance Since the P-value calculated is less than significance level, reject null hypothesis that cultural restructuring has no significant effect on organizational performance.

SUMMARY

The purpose of the study was to establish the effect of strategic restructuring on organizational performance of Telkom Kenya. The descriptive analysis, multiple regression analysis and correlation analysis was conducted. The response rate was 91.9%.

Descriptive statistics results revealed that respondents agreed to the statement that the company has consolidated all network resources to reduce operating costs and that the company has outsourced non-core functions to third parties. Respondents also agreed that the company has undertaken network infrastructure optimization and that the company has downsized its workforce to reduce costs.

According to a descriptive analysis, it was revealed that the company has restructured decision-making processes and authority levels to be clear. Respondents also agreed that in the organization, there is improved information flow, decision-making and communication between roles. Results showed that company's processes have been redesigned and the non-core processes of the company have been trimmed.

According to the descriptive findings, it was revealed that the management centers in the organizational have been downsized. Also results showed that the management of the organization are regularly retrained and that the company has embarked on reducing management control. Descriptive results, showed that the management of the company remuneration has been tied on performance.

According to a descriptive study, it was established that the organizational has continuous learning initiatives in place. It was revealed that there is effective channel to communicate core value to all employees and there is effective results accountability in the organization. The study revealed that the company incentivizes behavior change on its employees. The respondents agreed that integrity issues influence the rate of implementation.

CONCLUSIONS

The study concluded that cost restructuring has significant effect on organizational performance. The company has consolidated all network resources to reduce operating costs. It is concluded that the company has outsourced non-core functions to third parties. In addition, the company has undertaken network infrastructure optimization and that the company has downsized its workforce to reduce costs.

The study concludes that process restructuring has significant effect on organizational performance. The company has also restructured its decision-making processes and made authority levels to be clear. The study also concludes that information flow has been improved in addition to decision-making and communication between various departments. The company's processes have been redesigned and the non-core processes of the company have been trimmed.

The study concluded that management restructuring has significant effect on organizational performance. Based on the study results, the study concludes that the company has downsized management centers in order to streamline operations and cut costs. Also the company retrains its management employees on a regular basis. The study concludes that the company has embarked on reducing management control and that the management of the company remuneration has been tied on performance.

The study concluded that cultural restructuring has significant effect on organizational performance. Further, the study concludes that the company has established continuous learning initiatives for its employees. This implies that employees are trained on emerging technologies on a continuous basis. The study concludes that the company has s effective channel to communicate core value of the company to all employees and that there is effective results accountability in the organization. It is concluded that the employees of the company are incentivized to alter their behavior to align with organizational goals.

RECOMMENDATIONS

The study recommended that the management of Telkom and other telecommunication firms should adopt cost restructuring as it was found to have significant effect on performance. In particular, the company should consolidate all its network resources to reduce operating costs. further, the company should consider outsourcing non-core functions to third parties and undertake network infrastructure optimization/ The company, if necessary, downsize its workforce to reduce costs.

The study recommended that the company should restructure its decision-making processes and also make authority levels to be clear. It is recommended that information flow in the company should be improved as well as inter-departmental information sharing process. This would foster inter-functional collaboration hence unify goals achievement. The study recommends that the company's processes should be redesigned to accommodate flexibility and where necessary trim non-core processes.

The study recommended that the company should maintain slim management staff by downsizing management centers. This would streamline operations and cut costs in the company. Also the company should retrain and re-educate its management staff to keep them a trend changing business environment. The company should reduce management control where necessary and cut bureaucratic tapes in decision making. The management should introduce performance-based incentive to its management staff to enhance productivity.

The study recommended that the management of the company should set up continuous learning initiatives for its employees. This would provide up to date knowledge to the company employees. The study recommends that the company should establish effective channel to communicate core value of the company to employees. This would put employees on the same pedestal as the organization's goals. In addition, the company should have accountability systems.

Suggestions for Further Research

The scope of this study was limited to strategic restructuring and performance in the context of telecommunication sector. However, the strategic restructuring aspects considered only explained 66.1% variation in performance of organizations. Further study should factor other strategic restructuring constructs not factored in the current study to ascertain their contribution to performance of not only telecommunication firms but other sector firms.

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