HUMAN RESOURCE RESTRUCTURING ON ORGANIZATION TURNAROUND: A CASE OF ELDORET MEDIHEAL HOSPITAL AND FERTILITY CENTRE, KENYA

BY

JAMES K. KOMEN

A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS, DEPARTMENT OF HUMAN RESOURCE DEVELOPMENT IN PARTIAL FULFILMENT FOR THE DEGREE OF MASTER OF SCIENCE IN HUMAN RESOURCE DEVELOPMENT

MOI UNIVERSITY

JULY, 2019
DECLARATION

Declaration by Candidate

This thesis is my original work and has not been presented to any university, college or examination body. No part of this book shall be reproduced without my consent or of Moi University.

Signature……………………………………Date……………………………………

James Kipruto Komen
SHRD/PGH/13/12

Declaration by supervisor

This thesis has been submitted with my approval as university supervisor.

Signature……………………………………Date……………………………………

Prof. Joshua Kwonyike
Department of Human Resource Development
School of Business and Economics

Signature……………………………………Date……………………………………

Dr. Stanley Kipsang
Department of Human Resource Development
School of Business and Economics
DEDICATION

This research thesis is dedicated to my loving family, Stella, Valentine and Sasha
ACKNOWLEDGEMENT

I wish to acknowledge the tireless efforts of Moi University lecturers, my supervisor and friends without whom this study will not have succeeded. First, my gratitude goes to my supervisor Prof Joshua Kwonyike and Dr. Stanley Kipsang for his technical advice, patience and concern in my study. Secondly, I am happy to pass my thanks to my wife for emotional and financial support received while undertaking this research thesis. Thirdly, I would like to pass thanks to my employer and colleagues for advice and encouragement in my study and my family for support won’t go unnoticed.
Human resource is the most important resource to any organization. This is because an organization cannot think, plan and execute the plans on its own without the human resource to play this role. Human resource restructuring is an important element in facilitating turnaround in a situation where an organization is facing declining profitability and is threatened with receivership. To achieve turnaround therefore an organization needs to restructure its human resources. However, studies on the contribution of human resources restructuring on turnaround are scarce particularly in hospitals in Kenya. Hence the purpose of this study was to investigate the contribution of human resource restructuring on turnaround in Mediheal Hospital and Fertility Centre, Eldoret. The objectives of this study were to; examine the contribution of human resource planning on turnaround; establish the contribution of human resource recruitment on turnaround; determine the contribution of replacement of human resource on turnaround; and to examine the contribution of human resource retention on turnaround. The study was guided by Herzberg’s motivation-hygiene theory. The theory argues that motivating factors also called satisfiers propel employees to work towards achievement of organizational goals. While hygiene factors also known as dissatisfies may help retain employees, but on the extreme can cause employees to leave. The study adopted a survey design. The target population was 140 employees of Mediheal hospital and fertility centre, Eldoret. The sample size of 119 was obtained using Nassiuma (2000). A multistage sampling technique was used utilizing both Stratified simple random and purposive sampling were used to select the respondent employees and manager respectively. Data was collected using questionnaire and key informant interviews and analyzed using SPSS computer programme for quantitative data and thematic qualitative data. The study found that; human resource planning had no significant effect basing on ($\beta=-0.037$ and $p>0.05$) while human resource recruitment ($\beta=0.147$ and $p<0.05$), replacement of human resource ($\beta=0.433$ and $p<0.05$), and human resource retention ($\beta=0.283$ and $p<0.05$) respectively had a positive and significant effect on turnaround. The study concluded that, human resource restructuring in the form of human resource planning, recruitment, replacement and retention. The study therefore recommended that management of the hospital should maintain proper planning, ensure staff recruitment based on approved standards, replace top management and other staff who may have been part to the situation that caused the organization distress and finally that there was need to retain key staff to facilitate effective performance of the organization.
# TABLE OF CONTENTS

DECLARATION..................................................................................................................... ii  
DEDICATION........................................................................................................................ iii  
ACKNOWLEDGEMENT........................................................................................................ iv  
ABSTRACT .......................................................................................................................... v  
TABLE OF CONTENTS ......................................................................................................... vi  
LIST OF TABLES .................................................................................................................. ix  
LIST OF FIGURES ............................................................................................................... x  
ACRONYMS/ABBREVIATIONS ......................................................................................... xi  
DEFINITION OF TERMS .................................................................................................... xii  

CHAPTER ONE ......................................................................................................................... 1  
INTRODUCTION .................................................................................................................... 1  
1.1 Background to the Study ............................................................................................... 1  
1.2 Statement of the Problem ............................................................................................. 4  
1.3 Research Objectives...................................................................................................... 6  
  1.3.1 Main Objective ........................................................................................................ 6  
  1.3.2 Specific Objectives .................................................................................................. 6  
1.4 Research Hypothesis ...................................................................................................... 6  
1.5 Significance of the Study .............................................................................................. 7  
1.6 Justification for the Study ............................................................................................ 8  
1.7 Assumptions of the Study ............................................................................................ 8  
1.8 The Scope of the Study ................................................................................................. 9  
1.9 Limitations of the Study ............................................................................................... 9  

CHAPTER TWO ....................................................................................................................... 10  
LITERATURE REVIEW ......................................................................................................... 10  
2.1 Introduction .................................................................................................................... 10  
2.2 Turnaround Situation ................................................................................................... 10  
  2.2.1 Stages of Undertaking an Organizational Turnaround Plan .................................. 11  
  2.2.2 Turnaround Strategy ................................................................................................ 14  
  2.2.3 Challenges and Problems of Turnaround Implementation ................................... 15  
2.3 Human Resource Restructuring ................................................................................... 16  
  2.3.1 Human Resource Planning ..................................................................................... 17  
  2.3.2 The Strategic HRM Approaches in Resourcing ..................................................... 18
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3.3 Human Resource Replacement</td>
<td>18</td>
</tr>
<tr>
<td>2.3.4 Human Resource Recruitment</td>
<td>19</td>
</tr>
<tr>
<td>2.4 Empirical Review</td>
<td>20</td>
</tr>
<tr>
<td>2.5 Contextual Review</td>
<td>27</td>
</tr>
<tr>
<td>2.6 Research Gap</td>
<td>28</td>
</tr>
<tr>
<td>2.7 Theoretical Framework</td>
<td>29</td>
</tr>
<tr>
<td>2.8 Conceptual Framework</td>
<td>31</td>
</tr>
<tr>
<td><strong>CHAPTER THREE</strong></td>
<td>32</td>
</tr>
<tr>
<td><strong>RESEARCH DESIGN AND METHODOLOGY</strong></td>
<td>32</td>
</tr>
<tr>
<td>3.1 Overview</td>
<td>32</td>
</tr>
<tr>
<td>3.2 Research Design</td>
<td>32</td>
</tr>
<tr>
<td>3.3 Study Area</td>
<td>32</td>
</tr>
<tr>
<td>3.4 Target Population</td>
<td>33</td>
</tr>
<tr>
<td>3.5 Sample Size</td>
<td>33</td>
</tr>
<tr>
<td>3.6 Sampling Technique</td>
<td>34</td>
</tr>
<tr>
<td>3.7 Data Collection Procedure</td>
<td>35</td>
</tr>
<tr>
<td>3.7.1 Questionnaires</td>
<td>35</td>
</tr>
<tr>
<td>3.7.2 Key Informant Interview</td>
<td>35</td>
</tr>
<tr>
<td>3.8 Validity and Reliability of research Instrument</td>
<td>36</td>
</tr>
<tr>
<td>3.8.1 Validity</td>
<td>36</td>
</tr>
<tr>
<td>3.8.2 Reliability of the Research Instruments</td>
<td>36</td>
</tr>
<tr>
<td>3.9 Data Analysis and Presentation</td>
<td>37</td>
</tr>
<tr>
<td>3.10 Ethical Issues</td>
<td>38</td>
</tr>
<tr>
<td><strong>CHAPTER FOUR</strong></td>
<td>39</td>
</tr>
<tr>
<td><strong>DATA ANALYSIS, PRESENTATIONS AND INTERPRETATION OF RESULTS</strong></td>
<td>39</td>
</tr>
<tr>
<td>4.1 Overview</td>
<td>39</td>
</tr>
<tr>
<td>4.2 Response Rate</td>
<td>39</td>
</tr>
<tr>
<td>4.3 Response Demographic Information</td>
<td>39</td>
</tr>
<tr>
<td>4.4 Findings on Specific Objectives of the Study</td>
<td>40</td>
</tr>
<tr>
<td>4.4.1 Contribution of Human Resource Planning on Turnaround</td>
<td>40</td>
</tr>
<tr>
<td>4.4.2 Contribution of Human Resource Recruitment on Turnaround</td>
<td>42</td>
</tr>
<tr>
<td>4.4.3 Contribution of Human Resource Replacement on Turnaround</td>
<td>44</td>
</tr>
<tr>
<td>4.4.4 Contribution of Human Resource Retention on Turnaround</td>
<td>46</td>
</tr>
</tbody>
</table>
4.4.5 Turnaround .........................................................................................49
4.5 Correlation Analysis ..............................................................................51
4.6 Regression Results .................................................................................52
  4.6.1 Assumptions of Regression Model .......................................................52
    4.6.1.1 Test of Normality ........................................................................52
    4.6.1.2 Test of linearity ...........................................................................53
    4.6.1.3 Test of Multicollinearity ...............................................................54
    4.6.1.4 Test of Homoscedasticity ..............................................................55
4.7 ANOVA Model .......................................................................................56
4.8 Test of Hypotheses ................................................................................57

CHAPTER FIVE ..........................................................................................60
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS ..60
5.0 Introduction ..........................................................................................60
5.1 Summary of Findings ...........................................................................60
  5.1.1 Contribution of Human Resource Planning on Turnaround ...............60
  5.1.2 Contribution of Human Resource Recruitment on Turnaround ..........61
  5.1.3 Contribution of replacement of human resource on Turnaround ...........61
  5.1.4 Contribution of Human Resource Retention on Turnaround ...............61
5.2 Discussion of the Findings .....................................................................61
5.3 Conclusion ............................................................................................63
5.4 Recommendations ...............................................................................63
5.5 Limitations of the Study .......................................................................64
5.6 Suggestion for Further Studies ..............................................................64
REFERENCES ...........................................................................................65
APPENDICES ............................................................................................68
  Appendix 1: Letter of Introduction ............................................................68
  Appendix II: Questionnaire for Employees and Supervisors ......................69
  Appendix III: Interview Schedule for the Manager ...................................75
LIST OF TABLES

Table 3.1: Target Population........................................................................................................33
Table 3.2: Sample Size ..................................................................................................................35
Table 4.1: Respond Rate ..............................................................................................................39
Table 4.2: Demographic Information ..........................................................................................40
Table 4.3: Human Resource Planning .........................................................................................41
Table 4.4: Human Resource Recruitment .................................................................................44
Table 4.5: Human Resource Replacement .................................................................................45
Table 4.6: Human Resource Retention .......................................................................................47
Table 4.7: Turnaround ..................................................................................................................49
Table 4.8: Correlation Results ....................................................................................................51
Table 4.9: Test of Normality ........................................................................................................52
Table 4.10: Model Summary ........................................................................................................56
Table 4.11: ANOVA Model ..........................................................................................................57
Table 4.12: Regression Test Results ............................................................................................58
LIST OF FIGURES

Figure 1.1: Conceptual Framework .................................................................31
Figure 4.1: Linearity Plot ...........................................................................54
Figure 4.2: Scatter Plot ............................................................................55
ACRONYMS/ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOD</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resource</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>HRP</td>
<td>Human Resource Planning</td>
</tr>
<tr>
<td>HRP</td>
<td>Human resource planning</td>
</tr>
<tr>
<td>HRR</td>
<td>Human resource recruitment</td>
</tr>
<tr>
<td>HRR</td>
<td>Human resource Retention</td>
</tr>
<tr>
<td>RHR</td>
<td>Replacement of human resource</td>
</tr>
</tbody>
</table>
DEFINITION OF TERMS

Human Resource Restructuring – Refers to organizing the workforce of an organization in a new and different way.

Turnaround – Is to bring back an organization to profitability after a decline

Human resource planning – Is the process of ensuring that the organization has the right people in the right numbers doing the right jobs.

Human Resource Recruitment – Is the process of ensuring that the organization is staffed with the people with the right skills, knowledge and attitudes to carry out the available jobs.

Human Resource Replacement – Is the removal of non-essential staff and bringing in of new staff with new ideas.

Human resource retention – Refers efforts made to retain essential staff in the organization.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The fundamental importance of strategic management is that the world keeps changing. Strategy implementation is a series of actions aimed at putting a selected strategy at work by planning how the chosen strategy can be put into effect and managing the changes required. Organizations have come up with credible strategies which have failed to see the light of the day due to poor implementation. Turnaround is defined as a rapid change of corporate strategy that is needed to deal with issues such as falling profitability, lower return on investment or loss of market share. These issues result from sudden changes in demands from the external marketplace, be it competitors, suppliers or customers (Scholes, 2002). The overall goal of turnaround strategy is to return an underperforming or distressed company to normal in terms of acceptable levels of profitability.

As human resource quickly introduces new and complex HR solutions, it gets itself under pressure to restructure itself to be fully aligned with the business functions and with the business strategy. HR strategy should be the leading document to drive the HR restructuring. The restructuring of human resources is difficult as it always includes the changes in the job profiles of employees and it includes changes in the organization structure of human resources and it affects the way employees do the job. Whatever the nature of the organization, if it is of a size where changes in the workforce will have a significant effect on business results, then it will need some kind of human resource restructuring activity.
According to Cole (2005) defines human resource restructuring as a “rational approach to the effective recruitment, retention, and deployment of people within an organization, including, when necessary, arrangements for dismissing staff”. Restructuring of human resource describes more or less radical modification of roles, tasks and structures of all HR related practices like planning, recruitment, placement, payment, retrenchment, replacement and retention among others (Wald, 2009). In this study, HR restructuring was operationalized as human resource planning, human resource recruitment, human resource replacement and human resource retention. These areas are discussed in the sub-sections that following. According to Cole (2005), Human resource planning (HRP), like any other form of planning, is a means to an end. In this case, the end is to secure the human resources of the organization in order to achieve corporate objectives. In organizations that have adopted a corporate planning or a strategic approach to HRP, an overall assessment will have been made of the current strengths and weaknesses of the employee situation.

This assessment will have led, where necessary to a number of long-term proposals for HRP, aimed at securing sufficient numbers and categories of suitable employees to undertake the task of producing the organization’s goods or services to the standards expected by the end users. Even organizations that rarely plan for far ahead usually have to make some assessment of their present employee situation, so as to ensure that an appropriate range of skills are available for all the main stream activities of the organization. The objective of HRM recruitment strategies as expressed by Keep (1989) is: to obtain the right basic material in the form of a workforce endowed with the appropriate qualities, skills, knowledge and potential for future training.
The chief executive of an organization plays a key role in any turnaround. The chief executive creates consensus with major stakeholders by setting direction of the change by identifying correctly the root causes of problems and creating momentum for change by actions that galvanize the staff and catalysing numerous levels in the organization (Khandwalla, 2001). Human resource retention strategies aim to ensure that key people stay with the organization and that wasteful and expensive levels of employee turnover are reduced. They is be based on an analysis of why people stay and why they leave (Armstrong, 2006). A business can find itself in trouble for a large number of reasons such as; “taking too much debt, overestimating the potential for sales growth, ignoring the profit depressing effects of an overly aggressive effort to buy market share with deep price cuts, being burdened with heavy fixed costs because weak sales do not permit near-full capacity utilization, failing to come up with innovations, use of poor technology in operations, being too optimistic about the ability to penetrate new markets, making frequent changes in strategy, (because the previous strategy didn’t work out) and being overpowered by more rivals,” (Thompson et al, 2007).

A corporate turnaround may be defined as the recovery of a firm’s financial performance following a performance decline. Turnaround strategies have been described in the business strategy literature as a master plan of actions necessary to reverse a declining business situation (Barker & Duhaime, 1997). Turnaround strategy could also be defined as a set of consequential, directive, long-term decisions and actions targeted at the reversal of a perceived crisis that threatens the firm's survival (Boyne, 2004). Turnaround strategy falls under business level strategies. Most often a turnaround strategy involve investments which set the amount and type of resources
both human and financial that must be invested to gain a competitive advantage by the firm.

The turnaround strategy probably is most appropriate when a corporation is in a highly attractive industry and its problems are pervasive, but not yet critical. This strategy (turnaround) emphasizes the improvement of operational efficiency (Hunger & Wheelen, 1996). Further, Arogyaswamy and Ycasai-Ardekani (1997) investigated the role that cutbacks, efficiency improvements and investment in technology play in the turnaround process. They found that cutbacks and increases in efficiency were important factors for turnarounds as these actions improve profitability in the short run and allow the company to release resources that may be used elsewhere. They can also play an important political role in winning back stakeholder support and help raise external resources to fund other strategies.

1.2 Statement of the Problem

Delicate and sensitive issues are involved in strategy implementation, such as resource mobilization, restructuring, cultural changes, technological changes, process changes, policy and leadership changes. The changes can be adaptive (calling for installation of known practices), innovative (introducing practices that are new to adopting or radically innovative (introducing practices new to all organizations in the same business or industry) (Byars, Rue and Zahra, 1996). Organizational decay is a slow, long-term deterioration of the firm’s operations caused by its inability to change and adapt to its external environment. It is a function of environmental adversity (external opportunities and threats) and internal adversity (organizational negative aspects). Due to these adversities organizations are forced to apply turnaround strategies to return their levels of profitability, market share and cash flows to
acceptable levels. Turnaround strategy refers to a rescue plan devised by firms to reverse trends in declining profitability and business performance in order to improve profitability and satisfy stakeholder expectations.

A declining firm will continue to go down and may eventually be forced out of business if the management does not act fast and correctly identify the causes of performance decline and crafts proper and appropriate strategy to arrest the situation enhance performance and correctly implement these strategies. Since an organization is social entities, any turnaround strategy may not succeed without the contribution of the human resource. In fact the human resource is not only the key resource in any organization but also the most expensive. Hence, a firm that is planning a turnaround strategy needs to decide on the numbers, skills, and competencies that the required to effectively implement the turnaround strategy. Thus, the contribution of HR in a firm affects the success of a turnaround strategy.

Mediheal Group of Hospitals limited is a public limited company incorporated in 1975 under the company’s Act. In early 2000s it started to experience financial and operational difficulties which resulted in a market diminution of the company’s resource. Consequently, it was unable to meet easy financial obligations. On 31st May 2006, the Board of Directors resolved that the company ceases operation and 2nd June 2006, the Debenture Holders place the company under receivership. Following a framework agreement between the government of Kenya, suppliers and debenture holders, the company was revived and commenced operations from 15th July 2006. One of the strategies that were adopted was human resource restructuring; however, the contribution of this strategy to the turnaround of the hospital has remained unclear. The purpose of the study is therefore to find out the effects of human
resource restructuring on turn around at Mediheal Group of Hospitals with its Headquarters in Eldoret.

1.3 Research Objectives

The study had one overall objective and specific objective as indicated below.

1.3.1 Main Objective

The main objective of this study is to investigate the contribution of human resource restructuring on the turnaround at Mediheal Group of Hospitals.

1.3.2 Specific Objectives

The specific objectives of the study were:

i. To examine the contribution of human resource planning on turnaround

ii. To establish the contribution of human resource recruitment on turnaround

iii. To determine the contribution of replacement of human resource on turnaround

iv. To examine the contribution of human resource retention on turnaround

1.4 Research Hypothesis

H01 What is the contribution of human resource planning on turnaround?

H02 What is the contribution of human resource recruitment on turnaround?

H03 What is the contribution of replacement of human resource on turnaround?

H04 What is the contribution of human resource retention on turnaround?
1.5 Significance of the Study

The study provided an understanding of the implementation of turnaround strategies in Kenyan private sector using the case of Mediheal Group of Hospitals. It showed the depth of understanding and practice of turnaround strategy in Mediheal Group of Hospitals and how the implementation of the turnaround strategy in the organization dealt with the emerging strategic issues in human resource restructuring. This is vital for future reference and contributes to the available body of knowledge. The research also provided valuable insight to the management and staff of Mediheal Group of Hospitals on turnaround strategy. It helped in the formulation of the relevant policies and also helped to identify solutions to some of the challenges faced in strategy implementation in the organization. It also helped in addressing emerging issues for future turnaround strategy implementation.

The study was importance to the management and staff of the Mediheal Group of Hospitals it gave feedback on their effectiveness of the implemented turnaround strategies in achieving intended goals and objectives. It is also useful to other stakeholders, agencies and public organizations intending to undertake turnaround in their organizations. To Mediheal Group of Hospitals stakeholders and other members of the public to warrant their continued support and help steers the Mediheal Group of Hospitals to greater heights. Finally, to academicians and other researchers would find this study useful as a point of reference and indeed to add to the existing body of knowledge by further research on this area. Though the research didn’t provide valuable information on the intricacies of turnaround strategy. Other corporations can use the findings as reference points in their turnaround strategy implementation processes and find out how best to implement the strategies.
1.6 Justification for the Study

The characterization and need for organizational changes that are distinctly radical and strategic in nature have been well documented in the literature. Mintzberg (1978), for example, refers to strategic change as a set of activities influenced by environmental changes that affect an organization’s culture, technology, structure and product-market focus. Hayes and Upton (1998) allude that sound strategy formulation and implementation will not only help a company to meet the challenges of competition but it can also enable a company to defend or attack competitors by and hence survive and prosper in the current dynamic and turbulent environment. An extensive review of literature indicates that turn around strategies have a lot of benefits in rescuing an ailing organization and that few studies have focused on turn around strategies in Kenya. This study therefore sought to fill this gap by establishing the effects of human resource restructuring on turnaround strategies.

1.7 Assumptions of the Study

The study assumed that respondents are truthful and so gave the researcher honest feedback. It further assumed that the company in which the study was conducted accorded the researcher adequate cooperation and took the research outcomes positively and that it would implement them in order to benefit from them. Lastly, but not least the researcher assumed that environment factors would remained conducive throughout the research period and that budgeted costs of carrying out the research remained unchanged.
1.8 The Scope of the Study

The study was undertaken in Uasin Gishu County, Eldoret Town from February to June 2016. The study focused on turn around strategies on human resource restructuring in Mediheal Group of Hospitals Eldoret. Mediheal Hospital and Fertility Centre was used as a case study. The target population of the study was 140 employees, while utilizing a sample size of 121 employees. The study specifically determined the effects on human resource restructuring strategies on turnaround of organizations.

1.9 Limitations of the Study

There were several sources of bias which included possible self-selecting nature of respondents and the point in time when the study was conducted. Since preparation, administration, answering and collection of questionnaires required time and money the researcher was forced to limit the number of respondents and this might affected the genera ability of the research results, generation of misleading data and hence lead to unrealistic report. The researcher overcame those limitation carefully generating in-depth data from the respondents accessed, therefore not compromising the reliability of the study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature related to the study, theoretical, empirical and research Gap of the study. Literature review is what has been published on a topic by a credited scholars and researchers. It helps the researcher to identify and articulate the relationship between literature and the field of study. It illustrates how the subject has been studied previously and shows why the research fits into the existing body of knowledge. This section covers the literature review for the study under the following sub-headings.

2.2 Turnaround Situation

Different scholars have over time attempted to explain the concept of turnaround strategy. Boyne, (2009) points out that turnaround strategy is described in terms of how the turnaround strategy components of managing, stabilizing, funding and fixing an underperforming or distressed company are applied over the natural stages of a turnaround. The overall goal of turnaround strategy is to return an underperforming or distressed company to normal in terms of acceptable levels of profitability, solvency, liquidity and cash flow. To achieve its objectives, turnaround strategy must reverse causes of distress, resolve the financial crisis, achieve a rapid improvement in financial performance, regain stakeholder support, and overcome internal constraints and unfavorable industry characteristics.

According to Barker, (1997) defined turnaround as a rapid change of corporate strategy that is needed to deal with issues such as falling profitability, lower return on
investment or loss of market share. These issues result from sudden changes in demands from the external marketplace, be it competitors, suppliers or customers. A turnaround situation represents absolute or relative to industry declining performance of a sufficient magnitude to warrant explicit turnaround actions. From the ecological perspective Cameron, Sutton, and Whetten (1988) described organizational decline as a two stage phenomenon. The first stage of decline occurs when an organization's adaptation to its domain or niche deteriorates. The second stage occurs when the organization's financial and human resources begin to diminish. Both stages of decline indicate that the organization has become less adapted to its micro niche and is less at exchanging its outputs for new inputs.

Weitzel and Jonsson (1989) characterized decline as the opposite of adaptation to the environment. They suggested that organizations enter the state of decline when they fail to anticipate, recognize, avoid, neutralize or adapt to external or internal pressures that threaten the organization's long-term survival. Turnaround situations may be as a result of years of gradual slowdown or months of sharp decline. In either case the recovery phase of the turnaround process is likely to be more in accomplishing turnaround when it is preceded by a planned retrenchment that results in the achievement of near turnaround and the achievement of financial stabilization. For a declining firm, stabilization operations and restoring profitability almost always entail cost Reduction followed by a shrinking back to those segments of the business that have the best prospects of attractive profit margins.

2.2.1 Stages of Undertaking an Organizational Turnaround Plan

Turnaround management is a process dedicated to corporate renewal. It uses analysis and planning to save troubled companies and returns them to solvency. Turnaround
management involves management review, activity based costing, root failure causes analysis, and SWOT analysis to determine why the company is failing. Once analysis is completed, a long term strategic plan and restructuring plan are created. Scherrer (2003) identified five stages of undertaking an organizational turnaround plan. These are, the evaluation and assessment stage, the acute needs stage, the restructuring stage, the stabilization stage and the revitalization stage. The first stage is delineated as onset of decline. Factors that cause this circumstance are new innovations by competitors or a downturn in demand, which leads to a loss of market share and revenue.

But also stable companies may find themselves in this stage, because of maladministration or the production of goods that are not interesting for customers. In public organizations are external shocks, like political or economic, reasons that could cause a destabilization of a performance. Sometimes an onset of decline can be temporary and through a corrective action and recovery been fixed (Jas & Skelcher 2005). The reposition situation is the point in the process, where the minimally accepted performance is long-lasting below its limits. In empirical studies a performance of turnaround is measured through financial success indicators these measures ignore other performance indicators such as impact on environment, welfare of staff, and corporate social responsibility. The organizational leaders need to decide, if a strategy change should happen or the current strategy be kept, which could lead on the other hand to a company takeover or an insolvency.

According to Boyne (2006), public sector performances are characterized by multiple aims that are political contested and constructed. Nevertheless, are different criteria of performances used by different stakeholders and even if its use results in the same criteria, it is likely that different weights apply to them. So if a public organization is
situated in a turnaround situation, it is subject to the dimensions of a performance (equity, efficiency, effectiveness) as well as its approach of their relative importance. This political point of view suggests that a miscarriage in a public service may happen when key stakeholders are ongoing dissatisfied by a performance and therefore the existence of an organization might be unclear. In the public sector success and failure is judged by the higher bodies that bestow financial, legal, or other different resources on service providers. If decision maker choose to take a new course, because of the realization that actions are required to prevent an ongoing decline, they need at first to search for new strategies (McKiernan, 2003).

If the fifth stage reached, the selection of a new strategy has been made by the company. Especially researcher typically concentrates on this one of the reposition process. Most of them focus on the structure and its impact on the performance of the strategy that was implemented (Robbins and Pearce, 1992). It is even stated by the scientist, that a commercial success is again possible after a failing of the company. But different risk-averse groups, like suppliers, customers or staff may be against a change or are sceptical about the implementation of the strategy. These circumstances could result in a blockade of the realization. Also the conclusion is conceivable, that no escape strategy is found, as a result that some targets can’t be achieved. In the public sector it is difficult to find a recoverable strategy, which therefore could lead to a permanent failure. The case may also be that though a recovery plan is technically feasible, it might not be political executable. The implication of the new strategy ensues in the following sixth stage. It is a necessary determinant of organizational success and has to be a fundamental element of a valid turnaround model. Nevertheless, it is important to note, that no empirical study sets a certain turnaround strategy.
According to McKiernan (2003), the outcomes of the turnaround strategies can result in three different ways. First of all a terminal decline may occur. This is possible for situations, where a bad strategy was chosen or a good strategy might have been implemented poorly. Another conceivable outcome is a continued failure. Here is the restructuring plan failed, but dominant members within the company and the environment still believe that a repositioning is possible. If that’s the case, they need to restart at stage four and look for a new strategy. Does an outcome of the new strategy turns out to be good, a turnaround is called. This is achieved, when its appropriate benchmark reaches the level of commercial success, like it was the case before the onset of decline. This is commonly measured in a timeframe between two and four year (Schendel, Patton, and Riggs 1976).

2.2.2 Turnaround Strategy

Different scholars have over time attempted to explain the concept of turnaround strategy. Boyne, (2009) points out that turnaround strategy is described in terms of how the turnaround strategy components of managing, stabilizing, funding and fixing an underperforming or distressed company are applied over the natural stages of a turnaround. The overall goal of turnaround strategy is to return an underperforming or distressed company to normal in terms of acceptable levels of profitability, solvency, liquidity and cash flow. To achieve its objectives, turnaround strategy must reverse causes of distress, resolve the financial crisis, achieve a rapid improvement in financial performance, regain stakeholder support, and overcome internal constraints and unfavourable industry characteristics.

A corporate turnaround may be defined as the recovery of a firm’s financial performance following a performance decline. Turnaround strategies have been
described in the business strategy literature as a master plan of actions necessary to reverse a declining business situation (Barker and Duhaime, 1997). Turnaround strategy could also be defined as a set of consequential, directive, long-term decisions and actions targeted at the reversal of a perceived crisis that threatens the firm's survival (Boyne, 2004). Turnaround strategy falls under business level strategies. Most often a turnaround strategy will involve investments which set the amount and type of resources both human and financial that must be invested to gain a competitive advantage by the firm. The turnaround strategy probably is most appropriate when a corporation is in a highly attractive industry and its problems are pervasive but not yet critical. They can also play an important political role in winning back stakeholder support and help raise external resources to fund other strategies.

2.2.3 Challenges and Problems of Turnaround Implementation

There are several problems or challenges encountered in turnaround strategy evaluation and implementation. These include the application of a single financial criterion (mostly profitability or performance targets) to different organizations in different industries. This falsely assumes the existence of universal and objective criteria of measuring organizational performance. In practice, definitions of decline and improvement, whether in the public or the private sector, are socially and politically constructed by key stakeholders (Arogaswamy et al, 1995). Thus measures of whether organizations are performing poorly or badly should be based on the judgments of researchers not on the perceptions of key stakeholders in an industry (e.g. suppliers, customers or competitors).
A second measurement problem is the assumption that the relevant period for measuring turnaround can be set at a few years. The periodicity of failure and recovery is likely to vary across industries. For example, the time taken to implement a repositioning strategy may be much shorter in a service industry like the hotel industry than in the tax collection industry. This is because legislation is required before new taxes (new products) are passed and introduced to the public (market) and this takes quite a while as opposed to new products in a hotel such as tourist packages which can be introduced after a few days. Firm size is also another challenge in turnaround management. Several studies have suggested that recovery from failure is more difficult and takes longer in bigger organizations. Problems may arise, for example in communicating new strategies effectively to a large and possibly dispersed workforce and in winning their support for a change of direction.

2.3 Human Resource Restructuring

As human resource quickly introduces new and complex HR solutions, it gets itself under pressure to restructure itself to be fully aligned with the business functions and with the business strategy. HR strategy should be the leading document to drive the HR restructuring. Restructuring of human resources is difficult as it always includes the changes in the job profiles of employees and it includes changes in the organization structure of human resources and it affects the way how employees do the job. Restructuring of human resource describes more or less radical modification of roles, tasks and structures of all HR related practices like planning, recruitment, placement, payment, retrenchment, replacement and retention among others (Wald M. 2009). In this study HR restructuring was operationalized as human resource planning, human resource recruitment, human resource replacement and human resource retention. These areas are discussed in the following sub-sections:
2.3.1 Human Resource Planning

Human resource planning determines the human resources required by the organization to achieve its strategic goals. As defined by Bulla and Scott (1994), it is ‘the process for ensuring that the human resource requirements of an organization are identified and plans are made for satisfying those requirements”. Human resource planning is based on the belief that people are an organization’s most important strategic resource. It is generally concerned with matching resources to business needs in the longer term, although it will sometimes address shorter-term requirements. It addresses human resources needs both in quantitative and qualitative terms. This means answering two basic questions: How many people? And what sort of people?.

Human resource planning also looks at broader issues relating to the ways in which people are employed and developed in order to improve organizational effectiveness. It can therefore play an important part in strategic human resource management.

HRP is, therefore, concerned with the flow of people through and sometimes out of the organization. It is, however, not a mere numbers game. On the contrary, effective HRP is considerably more concerned with the optimum deployment of people’s knowledge and skills, i.e. quality is even more important that quantity. HRP seeks answers to the following questions: what kind of people does the organization require and in what numbers; over what time-span are these people required?; How many of them are employed by the organization currently?; How can the organization meet any shortfall in requirements from internal sources?; How can the organization meet the shortfall from the external forces; and What changes are taking place in the external labour market which might affect the supply of human resources. To answer these questions HRP will essentially be concerned with four major activities:
analyzing the existing human resource situation, forecasting future demands for people.

2.3.2 The Strategic HRM Approaches in Resourcing

HRM places more emphasis than traditional personnel management on finding people whose attitudes and behaviour are likely to be congruent with what management believes to be appropriate and conducive to success. In the words of Townley (1989), organizations are concentrating more on ‘the altitudinal and behavioural characteristics of employees’. This tendency has its dangers. Innovative and adaptive organizations need non-conformists, even mavericks, who can ‘buck the system’. If managers recruit people ‘in their own image’ there is the risk of staffing the organization with conformist clones and of perpetuating a dysfunctional culture – one that may have been in the past but is no longer appropriate in the face of new challenges (Pascale (1990) puts it, ‘nothing fails like success’). The HRM approach to resourcing therefore emphasizes that matching resources to organizational requirements does not simply mean maintaining the status quo and perpetuating a moribund culture. It can and often does mean radical changes in thinking about the skills and behaviours required in the future to achieve sustainable growth and cultural change.

2.3.3 Human Resource Replacement

The chief executive of an organization plays a key role in any turnaround. The chief executive creates consensus with major stakeholders by setting direction of the change by identifying correctly the root causes of problems and creating momentum for change by actions that galvanize the staff and catalysing numerous levels in the organization (Khandwalla, 2001). Turnaround situations often require new Chief
Executive Officer (CEO) Slatter, (1984). A new CEO is required to provide a new sense of direction, develop new financial and operating strategies and revitalize the firm. A change in CEO may occur even if the performance decline was brought about by conditions beyond the control of the incumbent management. For example, if the entire industry is not performing well due to an industry specific shock, management should not be held responsible for poor performance. Even though CEOs may become scapegoats in those instances, their removal signal to the stakeholders that something positive is being done to improve performance.

2.3.4 Human Resource Recruitment

The human resources have to actively partner with the business leadership and develop strategies to create capabilities within the organization to speed up the execution of corporate turnaround (Prasad 2006). Literature on human resources strategies has a lot written on downsizing efforts, especially those adopting a top-down approach, simply focus on reducing the number of employees (Cameroon 1994, Cascio, 2003). Firms experiencing negative trends of performance typically resort to retrenchment as their most prominent turnaround strategy (O’Neill 1986, Smith et.al. 1995). According to Mishra and Mishra (1994), the downsizing, strategy commonly adopted by troubled organizations in the early 1980s was mainly an effort to reduce the number of employees in order to stay competitive.

However, in the context of turnarounds, Manimala (1991) observed that the more effective and long-lasting employee management strategies for troubles organizations were based on employee engagement and culture building. Change in top management is another well identified human resource strategy. Leaders are often a contributing source of decline (Arogyaswamy et al., 1995). Executives either directly
caused the problems at the heart of crisis or failed to recognize the problems early enough (Bibeault, 1982). The first step or the first priority in a turnaround situations is the recognition that new management can make the different (Barker and Mone 1994, Jacoby 2004, Murphy and Meyers 2008). Top management change is widely recognized as a precondition for turnarounds (Bibeault 1982, Hofer 1980, Schendel, Patton and Riggs 1976, Slater 1999). The nature of the top management team in a company is of greater significance for success or failure than any of the company’s products, skills or physical assets (Murphy, 2008).

2.4 Empirical Review

Human resource planning should be an integral part of business planning. The strategic planning process defines projected changes in the types of activities carried out by the organization and the scale of those activities. It identifies the core competences the organization needs to achieve its goals and therefore its skill and behaviour requirements. Human resource planning interprets these plans in terms of people requirements. But it may influence the business strategy by drawing attention to ways in which people could be developed and deployed more effectively to further the achievement of business goals as well as focusing on any problems that might have to be resolved in order to ensure that the people required will be available and will be capable of making the necessary contribution. As Quinn Mills (1983) indicates, human resource planning is ‘a decision-making process that combines three important activities: identifying and acquiring the right number of people with the proper skills, motivating them to achieve high performance, and creating interactive links between business objectives and people-planning activities.'
Human resource planning is indeed concerned with broader issues about the employment of people than the traditional quantitative approach of ‘manpower planning’. But it also addresses those aspects of human resource management that are primarily about the organization’s requirements for people from the viewpoint of numbers, skills and how they are deployed. This is the sense in which human resource planning is discussed in this chapter. However, it must be recognized that although the notion of human resource planning is well established in the HRM vocabulary, it does not seem to be embedded as a key HR activity. As Rothwell (1995) suggests: ‘Apart from isolated examples, there has been little research evidence of increased use or of its success.

Research conducted by Cowling and Walters (1990) indicated that the only formal and regular activities carried out by respondents were the identification of future training needs, analysis of training costs and analysis of productivity. Fewer than half produced formal labour supply and demand forecasts, and less than 20 per cent formally monitored HR planning practices. Summarizing the problem, Taylor (1998) comments that: ‘It would seem that employers, quite simply, prefer to wait until their view of the future environment clears sufficiently for them to see the whole picture before committing resources in preparation for its arrival. The perception is that the more complex and turbulent the environment, the more important it is to wait and see before acting. ‘Be that as it may, it is difficult to reject out of hand the belief that some attempt should be made broadly to determine future human resource requirements as a basis for strategic planning and action.'
The philosophy behind the strategic HRM approach to resourcing is that it is people who implement the strategic plan. As Quinn Mills (1983) has put it, the process is one of ‘planning with people in mind’. The integration of business and resourcing strategies is based on an understanding of the direction in which the organization is going and the determination of: The numbers of people required to meet business needs; the skills and behaviour required to support the achievement of business strategies; the impact of organizational restructuring as a result of rationalization, decentralization, delaying, mergers, product or market development, or the introduction of new technology, for example cellular manufacturing, plans for changing the culture of the organization in such areas as ability to deliver, performance standards, quality, customer service, team-working and flexibility that indicate the need for people with different attitudes, beliefs and personal characteristics.

These factors will be strongly influenced by the type of business strategies adopted by the organization and the sort of business it is in. These may be expressed in such terms as the Boston Consulting Group’s classification of businesses as wild cat, star, cash cow or dog, or Mintzberg and Snow’s (1978) typology of defender, prospector and analyzer organizations. Resourcing strategies exist to provide the people and skills required to support the business strategy, but they should also contribute to the formulation of that strategy. HR directors have an obligation to point out to their colleagues the human resource opportunities and constraints that will affect the achievement of strategic plans. In mergers and acquisitions, for example the ability of management within the company to handle the new situation and the quality of management in the new business will be important consideration.
Employee resourcing is not just about recruitment and selection. It is concerned with any means available to meet the needs of the firm for certain skills and behaviours. A strategy to enlarge the skill base may start with recruitment and selection but would also extend into learning and development programmes to enhance skill and modify behaviours, and methods of rewarding people for the acquisition of extra skills. Performance management processes can be used to identify development needs (skill and behaviour) and motivate people to make the most effective use of their skills. Competency frameworks and profiles can be prepared to define the skills and behaviours required and used in selection, employee development and employee reward processes. The main should be to develop a reinforcing bundle of strategies along these lines. Slatter, (1984) suggests that changes to the senior management team are an important step towards enacting a recovery. New senior managers are able to offer fresh insights into the causes of decline and the skills and motivation necessary to bring about organisational change.

Human resource retention strategies aim to ensure that key people stay with the organization and that wasteful and expensive levels of employee turnover are reduced. They will be based on an analysis of why people stay and why they leave (Armstrong, 2006). An analysis of why people leave through exit interviews may provide some information but they are unreliable—people rarely give the full reason why they are going. The reason why people remain with the organization or may want to leave it can be established through attitude surveys. These could segment respondents according to their length of service and analyze the answers of longer-serving employees to establish if there are any common patterns. The survey results could be supplemented by focus groups, which would discuss why people stay and identify any problems. The retention plan should address each of the areas which lack
of commitment and dissatisfaction can arise. The actions to be considered under each heading are listed below:

Problems arise because of uncompetitive, inequitable or unfair pay systems. Possible actions include: reviewing pay levels on the basis of market surveys; introduction job evaluation or improving an existing scheme to provide for equitable grading decisions; ensuring that employees understand the link between performance and reward; reviewing performance-related pay schemes to ensure that they operate fairly; adapting payment-by-results systems to ensure that employees are not penalized when they are engaged only on short runs; tailoring benefits to individual requirements and preference; involving employees in developing and operating job evaluation and contingent pay systems (Thomson, M. 1998). Dissatisfaction results if jobs are unrewarding in themselves. Jobs should be designed to maximize skill variety, task significance, autonomy and feedback and they should provide opportunities for learning and growth (Armstrong M. & Baron A, 2006).

Employees can be demotivated if they are unclear about their responsibilities or performance standards, are uninformed about how well they are doing, or feel that their performance assessments are unfair. The following actions can be taken: express performance requirements in terms of hard but attainable goals; get employees and managers to agree on those goals and the steps required to achieve them; encourage managers to praise employees for good performance but also get them to provide regular, informative and easily interpreted feedback; performance problems should be discussed as they happen in order that immediate corrective action can be taken and train managers in performance interview techniques such as counselling; brief
employees on how the performance management system works and obtain feedback from them on how it has been applied (Beer M. et al., 1984)

Resignations and turnover can increase if people are not given adequate opportunities for learning and development, or feel that demands are being made upon them that cannot reasonably be expected to fulfil without proper training. New employees can go through an ‘induction crisis’ if they are not given adequate training when they join the organization. Learning programmes and training schemes should be developed and introduced that: give employees the competence and confidence to achieve expected performance standards; enhance existing skills and competences; help people to acquire new skills and competences that they can make better use of their abilities, take on greater responsibilities, undertake a greater variety of tasks and earn more under skill- and competence based pay schemes; ensure that new employees quickly acquire and learn the basic skills and knowledge needed to make a good start in their jobs and increase employability, inside and outside the organization (Gratton L.A, 2000).

Dissatisfaction with career prospects is a major cause of turnover. To a certain extent, this has to be accepted. More and more people recognize that to develop their careers they need to move on, and there is little their employees can do about it, especially in today’s flatter organizations where promotion prospects are more limited. These are the individuals who acquire a ‘portfolio’ of skills and may consciously change direction several times during their careers. To a certain degree, employers should welcome this tendency. The idea of providing ‘cradle-to-gravee’ careers is no longer as relevant in the more changeable job markets of today, and this self-planned, multi-skilling process provides for the availability of a greater number of qualified people.
But there is still everything to be said in most organizations for maintaining a stable core workforce and in this situation employers should still plan to provide career opportunities by: providing employees with wider experience; introducing more systematic procedures for identifying potentials such as assessment or development centres; encouraging promotion from within; developing more equitable promotion procedures and providing advice and guidance on career paths (Delery J.E. et al., 1996).

This can be increased by: explaining the organization’s mission, values and strategies and encouraging employees to discuss and comment on them; communicating with employees in a timely and candid way, with the emphasis on face-to-face communications through such means as briefing groups; constantly seeking and taking into account the views of people at work; providing opportunities for employees to contribute their ideas on improving work systems and introducing organizations and job changes only after consultation and discussion (Huselid M.A. et al.; 1996). Employees can feel isolated and unhappy if they are not part of a cohesive team or if they are bedevilled by disruptive power politics. Steps can be taken to tackle this problem through: Teamwork – setting up self-managing or autonomous work groups or project teams; team building – emphasizing the importance of teamwork as a key value, rewarding people for working effectively as members of teams and developing teamwork skills (Slomaa M, 1999).

A common reason for resignation is the feeling that management in general, or individual managers and team leaders in particular, are not providing the leadership they should, or are treating people unfairly or are bullying their staff (not an uncommon situation). This problem should be remedied by: selecting managers and
team leaders with well-developed leadership qualities; training them in leadership skills and in methods of resolving conflict and dealing with grievances; introducing better procedures for handling grievances and disciplinary problems and training everyone in how to use them (Guest, D.E. 1999). According to Miles and Snow (1978) rapid turnover can result simply from poor selection or promotion decisions. It is essential to ensure that selection and promotion procedures match the capacities of individuals to the demands of the work they have to do. Creating unrealistic expectations about career development opportunities, tailored training programmes, increasing employability and varied and interesting work can, if not matched with reality lead directly to dissatisfaction and early resignation. Care should be taken not to oversell the firm’s employee development policies.

2.5 Contextual Review

Like any other process in strategic management, the implementation of turnaround strategies is faced with various challenges. One prime challenge is environmental turbulence and uncertainty. A changing and unpredictable environment will demand varied responses from organizations (Johnson and Scholes 2002). Such responses may negatively affect the implementation of the desired turnaround strategy of the affected organizations. Organizational culture and its influence also challenge the implementation of turnaround strategies in any organization. Organizational culture is the basic assumptions and beliefs that are shared by members of an organization that operate unconsciously and define in a basic taken-for-granted fashion an organizations view of it and its environment (Johnson and Scholes 2002).

Strategies can be seen as the outcome of the collective taken-for-granted assumptions and routines of organizations. It is therefore important to recognize the significance of
organizational culture in implementing turn around strategies. Mediheal Group of Hospitals limited is a public limited company incorporated in 1975 under the company’s Act. In early 2000s it started to experience financial and operational difficulties which resulted in a market diminution of the Company’s resource. Consequently it was unable to meet easy financial obligations. On 31st May 2006, the Board of Directors resolved that the company ceases operation and 2nd June 2006, the Debenture Holders place the company under receivership. Following a framework agreement between the government of Kenya, suppliers and debenture holders, the company was revived and commenced operations from 15th July 2006. One of the strategies that were adopted was human resource restructuring; however, the contribution of this strategy to the turnaround of the hospital has remained unclear. The purpose of the study is therefore to find out the effects of human resource restructuring on turnaround in Mediheal Group of Hospitals Headquarters, Eldoret.

2.6 Research Gap

Organizational turnaround studies typically assume that the degree of organizational turnaround varies with management practices, a clear vision and mission statement, and performance management systems. Organizational turnaround success is considered as a result of either selection of universally management strategies or by adaptation of internal management strategies to external environment. This perspective suggests that drivers of turnaround are internal to the organization and not external. Good management drives success and vice versa. We suggest that organizational success not only depends on good management practices but also on changes in external environment variables. Some turnaround studies do take into account the impact of such changes on organizational success. [(George A. Boyne and
Kenneth J. Meier, 2004); (George A. Boyne, 2006); (Boyne & Meier, 2009); (Abebe, M. A., Angriawan, A., & Liu, Y., 2011)] provides an analysis of impact of such shifts on organizational turnaround in public sector organizations leaving the private sector out. We suggest that both organizational strategy and environment influence the extent of turnaround success. Good management practices, favorable changes in external environmental variables, and changes in organizational inertia all contribute to turnaround success.

The perspective of this research is supported by (Hrebiniak & Joyce, 1985) and (Kobeg, Tegarden, & Wilsted, 2011). They suggest that choices of management practices and external constraints both can significantly impact turnaround. This chapter has reviewed literature relating to human resource restructuring, turnaround strategy and concluded with the contextual review about the hospital. The literature review so far has discussed general literature relating to the four main objectives of the study. Throughout the review no empirical study has been mentioned that relates to human resource restructuring on turnaround in hospitals particularly Mediheal Hospital and Fertility Centre. This study therefore attempted to fill this gap by examining the contribution of human resource restructuring on turnaround at Mediheal Hospital at Eldoret.

2.7 Theoretical Framework

The study was guided by Herzberg’s Motivational-Hygiene Theory (1966). Frederick Herzberg took the view that man lives at two levels, the physical level and the psychological level. His original study into the good and bad experiences at work of 200 engineers and accountant was designed “to test the concept that man has two sets of need; his need as an animal to avoid pain and his need as a human to grow
psychologically”. The respondents in the study were asked to recall times when they had felt exceptionally good about their jobs, and then to recall negative feelings they had experienced. His interpretation of the results led him to state his two-factor theory, or Motivation-Hygiene Theory, of motivation. According to him several factors led persistently to employee satisfaction while some others led persistently to dissatisfaction. The satisfiers were called “motivators” and the dissatisfies “hygiene factors”. Motivators appeared to be closely connected to the job, whilst hygiene factors were connected with the environment. Motivators appeared to produce motivated behaviour.

However hygiene factors produced either dissatisfaction or nil response. As a theory of motivation Herzberg’s ideas have been effectively discredited mainly on the grounds that there is no evidence to support his concept of two independent sets of factors in motivation. Critics (Campbel et al., 1970) have claimed that, in an empirical sense Herzberg’s work has been concerned more with job satisfaction/dissatisfaction than job behaviour. Nevertheless his work has led to what might be called the ‘job enrichment movement’. In spite of the critics levelled against the theory, it was found useful for this study in that it looked at the reactions of employees towards what would motivate them and what would not motivate them.

During a turnaround strategy human resource actions taken by the management can either create satisfaction or dissatisfaction which might contribute to failure to motivate employees. Though useful these studies did not focus on the likelihood of performance success arising from specific turnaround strategies. This study is important for a more complete picture of the content of corporate turnaround. The increasing importance of non-cooperative behaviour among firms competing in an
industry has resulted in the emergence of a new development in industrial organization economics that utilizes game theory or a mathematical tool through which to analyze the strategic actions of firms (Seth & Thomas, 1994).

2.8 Conceptual Framework

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource restructuring</td>
<td>Turnaround</td>
</tr>
<tr>
<td>Human resource planning</td>
<td>• Return to profitability</td>
</tr>
<tr>
<td>Human resource recruitment</td>
<td>• Competitiveness</td>
</tr>
<tr>
<td>Replacement of human resource</td>
<td>• Staff motivation</td>
</tr>
<tr>
<td>Human resource retention</td>
<td>• Efficiency</td>
</tr>
</tbody>
</table>

Figure 1.1: Conceptual Framework

Source: Researcher, 2016

Turnaround strategies are aimed at rescuing and turning around a declining organization. In this conceptual framework the independent variable which is human resource restructuring and is defined as human resource planning, recruitment, replacement and retention. The independent variable was turnaround, which was defined as return to profitability, competitiveness and staff motivation and efficiency. In the conceptual framework contribution of human resource restructuring is conceptualized as affecting turnaround of the organization.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Overview

This chapter presents a discussion on the research design, study area, target population, sampling technique, sample size, data collection processes, data analysis procedures and the Ethical consideration used to answer the research question as discussed below.

3.2 Research Design

Research design refers to the way a study is planned and conducted. It entails choosing the subjects who participate in the study, the techniques and approaches for collecting data for the subject and the procedures (Kumssa, 2011). Explanatory research design was used in this study. Explanatory research design shows the cause effect relationship between the independent variables and dependent variables. It gathers data at a particular point in time with the intention of describing the nature of the existing conditions, identifying the standards against which existing conditions can be compared and determining the relationship that exists between specific events (Orodho, 2005).

3.3 Study Area

The study was carried out in Uasin Gishu County in Kenya in the study was conducted at Mediheal Hospital and Fertility Centre Eldoret, which is a limited liability company established under the company’s Act Cap 486 of the Laws of Kenya. The company is run by a Board of Directors (BOD) who represents the
interests of stakeholders. Mediheal Group of Hospitals operates through 15 branches which include eleven (11) in Nairobi, three (3) in Karatina, Meru, and Eldoret and one (1) in Kampala Uganda. The company is headquartered in Nairobi. On 31st 2006, due to financial and operational problems the Board of Directors declared the company insolvent. In 2008, Board of Directors (BOD) reported the hospital has ly achieved the turnaround strategy.

3.4 Target Population

Target population is the entire group under study as specified by the objectives of the research (Kombo, 2006). The target population of the study was all informed employees of the hospital comprising 1 manager, 15 supervisors and 124 operatives totalling 140. These categories of employees were chosen because they were accessible. They were also considered to be in a position to supply the crucial information the researcher was interested in as it is in the employment records.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisors</td>
<td>015</td>
</tr>
<tr>
<td>Operatives</td>
<td>124</td>
</tr>
<tr>
<td>Manager</td>
<td>001</td>
</tr>
<tr>
<td>Total</td>
<td>140</td>
</tr>
</tbody>
</table>

**Source:** (Mediheal Group of Hospitals)

3.5 Sample Size

The sample size was obtained using the same formula used by Nassiuma (2000);

\[ \frac{Nc^2}{e^2} + (N - 1)e^2 = n \]

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

Using this formula a sample of 121 employees was selected.

### 3.6 Sampling Technique

The sample frame of the study was stratified into the 3 categories of employees. A stratified random sample was a useful blend of randomization and categorization, which enabled both a quantitative and qualitative process of research to be undertaken (Cohen, 2003). The advantage in stratified random sampling is that it ensures inclusion, in the sample of subgroups, which otherwise, would be omitted entirely by other sampling methods because of their small numbers in the population. Neyman allocation formula was used to allocate employees into 3 categories. The purpose of the method was to maximize survey precision, given a fixed sample size. With Neyman allocation, the "best" sample size for stratum h was:

$$n_h = \left( \frac{N_h}{N} \right) n$$

Where, $n_h$ is the sample size for stratum h, $n$ is total sample size, $N_h$ is the population size for stratum h, N is the total population. Hence,
Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Number of Employees</th>
<th>Calculation</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>1</td>
<td>$\frac{1}{1.35}$</td>
<td>1</td>
</tr>
<tr>
<td>Supervisors</td>
<td>15</td>
<td>$\frac{15}{1.35}$</td>
<td>11</td>
</tr>
<tr>
<td>Operative employees</td>
<td>124</td>
<td>$\frac{124}{1.35}$</td>
<td>109</td>
</tr>
<tr>
<td>Total</td>
<td>140</td>
<td></td>
<td>121</td>
</tr>
</tbody>
</table>

Source: (Author, 2016)

3.7 Data Collection Procedure

Data for the study was collected through Questionnaires and key informant interviews.

3.7.1 Questionnaires

The Questionnaire formed the main instrument of data collection. The Questionnaire was constructed so as to encompass important demographic characteristics of the respondents in the first section while the rest of the sections dealt with the specific objectives the study seeks to actualize. The questionnaire was used to collect data from the supervisors and non-supervisory staff and were administered and collected personally by the researcher in order to ensure a greater response rate. The advantages of using the questionnaire include; collection of information from a large sample in different areas, saving time, upholding confidentiality and no interview bias. Disadvantages of the questionnaire include low response rate, impersonal, no opportunity to probe for in-depth information. These short-comings will be overcome through conducting a pilot study and use of incentives.

3.7.2 Key Informant Interview

Data generation technique involved giving a chance to the most knowledgeable person. The key informant for this study was the manager of Mediheal Hospital. The
key informant was selected purposively on the basis of an in-depth knowledge of the issues of interest to the study.

A face-to-face interview was conducted using open-ended interview questions. This technique was advantageous in that the key informants was free to provide answers and the researcher probed further on most of the issues. Key informant interviews yielded qualitative data.

3.8 Validity and Reliability of research Instrument

3.8.1 Validity

Research instrument validity is refers to the instruments ability to measure what it is supposed to measure (Mugenda and Mugenda (2003). It means the degree to which results obtained from the analysis of data actually represent the phenomenon under study. Validation of the instruments was ensured through consultation, with supervisors and experts in the School of Human Resource Development for advice and guidance. Their views were incorporated in the study instruments.

3.8.2 Reliability of the Research Instruments

Reliability is the measure of the degree to which a research yields consistent results or data after repeated trials. It is the degree of consistency that the research instruments or procedures demonstrate. It was qualified by taking several measurements on the same subjects. Poor reliability degrades the precision of a single measurement and reduces the ability to track changes in measurement in a study (Mislevy, 2004). The Cronbach’s coefficient alpha was applied to test reliability of the research instrument. Cronbach’s coefficients alpha of the entire studied construct had alpha value ranging from 0.98 to 0.7 as recommended by Joppe, 2000.
3.9 Data Analysis and Presentation

The study initial data analysis was done using simple descriptive statistical measures such as, mean and standard deviation to give glimpse of the general trend. The data generated from this study was analyzed at two levels; first the questionnaire collected was verified for completeness and correctness. They were then coded and analyzed both quantitatively using the SPSS computer programme. The data was then summarized in the form of frequency tables and the findings were interpreted. Secondly, the qualitative data was analyzed by first transcribing, familiarizing with data, open coding then selective coding. After that, searching for themes and defining the themes before coming up with the report on the accounts.

However, correlation analysis was used to determine the nature of the relationship between variables at a generally accepted conventional significant level of $P=0.05$ (Sekaran, 2003). In additional Multiple regression analysis was employed to test the hypotheses. Multiple regression analysis is applied to analyze the relationship between a single dependent variable and several independent variables (Hair et al., 2005). The study utilized variable inflation factor (VIF) to handle the issue of Multi-Collinearity. The beta ($\beta$) coefficients for each independent variable were generated from the model, subjected to a $t$ –test, in order to test each of the hypotheses under study. The regression model that was used to test is shown below:

**Model Specification**

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon$$

Where, $Y =$ Turnaround

$\alpha =$ Constant

$\beta_1 \ldots \beta_4 =$ the slope representing degree of change in independent variable by one unit variable.
\[ X_1 = \text{human resource planning} \]
\[ X_2 = \text{human resource recruitment} \]
\[ X_3 = \text{replacement of human resource} \]
\[ X_4 = \text{human resource retention} \]
\[ \varepsilon = \text{error term} \]

All the above statistical tests were analyzed using the Statistical Package for Social Sciences (SPSS), version 20. All tests were two-tailed. Significant levels was measured at 95% confidence level with significant differences recorded at \( p < 0.05 \)

### 3.10 Ethical Issues

Creswell (2003) stated that the researcher has an obligation to respect the rights, needs, values and desires of the informants. Before the researcher was undertaken permission was seek from the relevant authorities; first, a letter of introduction was obtained from the University. The research introduction letter was used during both the pilot study and the actual research to legalize the study. The respondents were assured of their anonymity and confidentiality of proprietary data in both data collection phases is conveyed on the first page of the survey. The respondent identity is kept anonymous in the study and the participants of the interview were represented by a code.

Finally, high standards of integrity was maintained throughout the study so as to guarantee the accuracy of the data and, at the same time, respect participants’ personality, rights, wishes, beliefs, consent and freedom (Tharenou, Donohue & Cooper 2007).
CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS AND INTERPRETATION OF RESULTS

4.1 Overview

The chapter presents data analysis, presentations and interpretation of results using SPSS version 20.

4.2 Response Rate

Out of 121 questionnaires distributed to the respondents, only 119 questionnaires were returned, which gives a response rate of approximately 99% percent.

Table 4.1: Respond Rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Sample size</th>
<th>Responses</th>
<th>Return rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>1</td>
<td>001</td>
<td>100</td>
</tr>
<tr>
<td>Supervisors</td>
<td>12</td>
<td>011</td>
<td>100</td>
</tr>
<tr>
<td>Employees</td>
<td>109</td>
<td>107</td>
<td>99.9</td>
</tr>
<tr>
<td>Total</td>
<td>121</td>
<td>119</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Researcher, 2016)

4.3 Response Demographic Information

The researcher sought to establish the demographic information of the respondents paying close attention to their age bracket, job tenure, level of education and job designation. The age bracket of the respondents was put into account. From table 4.1, 35.29% (42) were between 31-40 years, 34.45% (41) are between 41-50 years, 17.66% (21) were more than 50 years, 10.08% (12) were between 25-30 years and 0.6% (2) was less than 23 years. As per the cumulative percentage, majority of the respondents were above 40 years. In relation to the education level, 63% (75) had a
Undergraduate degree, 4.2% (5) had a Doctorate, 16.1% (24) of the respondents had learnt up to the diploma level and 17.6% (15) post graduate level. The above findings indicated that majority of the staff had a diploma qualification or a degree. This shows that, for one to work in the aviation industry there is need for one to have knowledge and experience. In terms of job designation, 37.81% (45) of the respondents were in middle management, 62.19% (74) senior management. This distribution provided a diversified base of information given the contribution of the different job designations.

Table 4.2: Demographic Information

<table>
<thead>
<tr>
<th>Age bracket</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25yrs</td>
<td>03</td>
<td>02.52</td>
</tr>
<tr>
<td>25-30</td>
<td>12</td>
<td>10.08</td>
</tr>
<tr>
<td>31-40</td>
<td>42</td>
<td>35.29</td>
</tr>
<tr>
<td>41-50</td>
<td>41</td>
<td>34.45</td>
</tr>
<tr>
<td>More than 50yrs</td>
<td>21</td>
<td>17.66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>119</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>18</td>
<td>15.2</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>75</td>
<td>63.0</td>
</tr>
<tr>
<td>Post graduate</td>
<td>21</td>
<td>17.6</td>
</tr>
<tr>
<td>Doctorate</td>
<td>05</td>
<td>4.20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>119</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job designation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Mgt.</td>
<td>74</td>
<td>62.19</td>
</tr>
<tr>
<td>Middle Mgt.</td>
<td>45</td>
<td>37.81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>119</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source (survey data, 2016)

4.4 Findings on Specific Objectives of the Study

4.4.1 Contribution of Human Resource Planning on Turnaround

The first objective of the study sought to find the contribution of human resource recruitment on turnaround. The results are shown in table 4.3.
Table 4.3: Human Resource Planning

<table>
<thead>
<tr>
<th>Human resource planning</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource recruitment ensured that all appropriate skills were available for the</td>
<td>3.3</td>
<td>59.3</td>
<td>33.7</td>
<td>3.7</td>
<td>0</td>
</tr>
<tr>
<td>hospitals activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment was made on the strength and weaknesses of the then existing workforce</td>
<td>12.30</td>
<td>69.7</td>
<td>12.3</td>
<td>5.7</td>
<td>0</td>
</tr>
<tr>
<td>There was optimum deployment of knowledgeable and skilled employees</td>
<td>0</td>
<td>55.7</td>
<td>28</td>
<td>11</td>
<td>5.3</td>
</tr>
<tr>
<td>Management build a trusting relationship with employees</td>
<td>3.7</td>
<td>22.7</td>
<td>29.3</td>
<td>38</td>
<td>7.7</td>
</tr>
<tr>
<td>Employees were kept informed of how turnaround was progressing</td>
<td>15.3</td>
<td>46.7</td>
<td>4.3</td>
<td>33.7</td>
<td>0</td>
</tr>
<tr>
<td>Retrenchment of staff was necessary to cutting costs</td>
<td>0</td>
<td>55.7</td>
<td>28</td>
<td>11</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Source (survey data, 2016)

The study sought to find out whether human resource recruitment ensured that appropriate skills were available for correctly carrying out hospital activities, 3(3.3%), strongly agreed, 61(59.3%) agreed and 35(33.7%) disagreed. The results show that majority of the respondents (62.6%) were in agreement with the statement. On whether assessment was made on the strength and weaknesses of the then existing workforce, 13(12.30%) strongly agreed, 72(69.7%) agreed, 13(12.3%) were neutral and 6(5.7%) disagreed. This implies that most of the respondents (82.0%) agreed that assessment on strength and weaknesses of the then existing workforce was made. Similarly, the study sought to find out if there was optimum deployment of knowledgeable and skilled employees 53(55.7%) agreed, 29(28%) were neutral, 11(11%) disagreed and 5(5.3%) strongly disagreed. The result indicate that majority of the respondents (53(55.7)) agreed with the statement while others (29(28)) were neutral. Concerning management building trusting relationship with employees,
4(3.7%) strongly agreed, 23(22.7%) agreed, 30(29.3) were neutral, 34(38%) disagreed and 7(7.7%) strongly disagreed.

The results show that majority of the respondents (45.7%) disagreed that management had build trusting relationship with employees. On whether employees were kept informed of how turnaround was progressing, 16(15.3%) strongly agreed, 48(46.7%) agreed, 4(4.3%) were neutral and 35(33.7%) disagreed. The results indicate that majority (62.0%) conquered that employees were kept informed of how turnaround was progressing. Furthermore, the study sought to find out the retrenchment of staff was necessary to cutting costs, 57(55.7%) agreed, 29(28%) were neutral, 11(11%) disagreed and 4(4.3%) strongly disagreed. This implies that majority of the respondents (57(55.7) agreed that retrenchment of staff was necessary in cutting costs while (29(28%) were neutral. Upon being interviewed the managers gave the following responses regarding how retrenchment had worked to achieve turnaround for the company. Manager from department said, “Retrenchment helped our company to reduce the size of the workforce and hence led to cost savings. We could know operate more efficiently than before”. Retrenchment strategy created job opportunities which were used to hire new blood who brought freshness into the company and initiated changes that helped the hospital to achieve the turnaround”.

4.4.2 Contribution of Human Resource Recruitment on Turnaround

The study sought to find out if recruitment was aimed at bringing the right people with the right skills, knowledge and attitude into the organization, 9(8.7%) strongly agreed, 85(83%) agreed and 8(8%) were neutral. This implies that majority of the respondents (91.7%) agreed recruitment was aimed at bringing the right people with the right skills, knowledge and attitude into the organization. On whether recruitment
of human resource was aimed at supporting the business turnaround strategy, 3(3%) strongly agreed, 85(82.3%) agreed and 15(14.7%) were neutral. The results indicate that majority of the respondents (85.3%) were in agreement that Recruitment of human resource was aimed at supporting the business turnaround strategy.

In addition the study sought to find out if recruitment processes were based on approved staffing standards, 60(63%) agreed, 18(18%) were neutral and 20(19%) disagreed. This implies that majority of the respondents 60(63%) agreed that recruitment processes were based on approved staffing standards. Concerning whether new managers played a key role in the recruitment process, 14(15%) strongly agreed, 48(47%) agreed, 4(4.3%) were neutral and 35(33.7%) disagreed. The results show that majority of the respondents (63%) agreed that New managers played a key role in the recruitment process. Similarly, the study sought to find out whether recruitment assisted in turning around the hospitals performance 10(10.7%) strongly agreed, 49(47.7%) agreed, 40(41%) disagreed and 2(1.7%) strongly disagreed. This implies that majority of the respondents (58.4%) concurred recruitment assisted in turning around the hospitals performance. Finally the study sought to establish whether recruitment assisted in turning around the hospitals performance 13(12.3%) strongly agreed, 66(64.3%) agreed and 24(23.3%) were neutral. The result indicate that majority of respondents (87.6%) agreed that Recruitment assisted in turning around the hospitals performance.

Upon interviewed on human resource recruitment the manager stated

“New recruits were more efficient and committed to the organization than the retrenched staff. This led to improvement in productivity”. On the same M2 observed that “Fresh staff wanted to prove a point by introducing new ideas on how the work could be done more efficiently like introducing tight financial controls”. 
According to the manager who was interviewed, replacement of top managers as well as some of the staff that were thought to be non-essential reactivated the organization in that it introduced new blood with new ideas and new culture of performance.

Table 4.4: Human Resource Recruitment

<table>
<thead>
<tr>
<th>Human Resource Recruitment</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment was aimed at bringing the right people with the right skills, knowledge and attitude into the organization</td>
<td>8.7</td>
<td>83</td>
<td>8</td>
<td>0.3</td>
<td>0</td>
</tr>
<tr>
<td>Recruitment brought into the organization new people with new ideas</td>
<td>3</td>
<td>82.3</td>
<td>14.7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Recruitment processes were based on approved staffing standards</td>
<td>0</td>
<td>63</td>
<td>18</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>Recruitment of human resource was aimed at supporting the business turnaround strategy</td>
<td>15</td>
<td>47</td>
<td>4.3</td>
<td>33.7</td>
<td>0</td>
</tr>
<tr>
<td>New managers played a key role in the recruitment process</td>
<td>10.7</td>
<td>47.7</td>
<td>0</td>
<td>40</td>
<td>1.7</td>
</tr>
<tr>
<td>Recruitment assisted in turning around the hospitals performance</td>
<td>12.3</td>
<td>64.3</td>
<td>23.3</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source (survey data, 2016)

4.4.3 Contribution of Human Resource Replacement on Turnaround

The second objective of the study was to establish the contribution of human resource replacement on turnaround. The findings are shown in table 4.5
Table 4.5: Human Resource Replacement

<table>
<thead>
<tr>
<th>Human resource replacement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>There was a reduction non-essential staff</td>
<td>15</td>
<td>47</td>
<td>4.3</td>
<td>33.7</td>
<td>0</td>
</tr>
<tr>
<td>Redundancy processes were legally handled</td>
<td>1.3</td>
<td>44.7</td>
<td>37.3</td>
<td>34.3</td>
<td>3.7</td>
</tr>
<tr>
<td>There was replacement of top management with new blood</td>
<td>13.3</td>
<td>48</td>
<td>34.3</td>
<td>4.3</td>
<td>0</td>
</tr>
<tr>
<td>Replacement of staff involved redeployment of some staff to areas where there are services were needed most</td>
<td>15</td>
<td>47</td>
<td>4.3</td>
<td>33.7</td>
<td>0</td>
</tr>
<tr>
<td>Employees who were retained during retrenchment had their terms and conditions of service reviewed upwards</td>
<td>24</td>
<td>38.8</td>
<td>4</td>
<td>29</td>
<td>4.7</td>
</tr>
<tr>
<td>Replacement involved abolition of non-essential jobs</td>
<td>4.7</td>
<td>47</td>
<td>15</td>
<td>33.7</td>
<td>0</td>
</tr>
</tbody>
</table>

Source (survey data, 2016)

It emerged from the findings that 15(15%) of the respondents strongly agreed that during the turnaround there was a reduction in number of non-essential staff like clerical staff, cleaners and messengers. 48(47%) agreed, 4(4.3%) were neutral and 35(33.7%) disagreed. This implies that majority of the respondents conquered that reduction of staff was one of the strategies used to restructure human resource for turnaround. Regarding whether redundancy processes were legally handled 1(1.3%) strongly agreed, 46(44.7%) agreed, 38(37.3%) were neutral and 4(3.7%) strongly disagreed. The results imply that majority of the respondents agreed that redundancy processes were legally handled to secure turnaround. However, a reasonable number 38(37.3) were neutral on this issue. Additionally, the study sought to know whether there was replacement of top management with new blood during the turnaround, 14(13.3%) strongly agreed, 49(48%) agreed, 35(34.3%) were neutral and 4(4.3%) disagreed.
Concerning redeployment of staff to secure turnaround, the study revealed that 15(15%) strongly agreed, 48(47%) agreed, 4(4.3%) were neutral and 35(33.7%) disagreed. The results show that majority (62%) of the respondents were in agreement that staff were redeployed to secure turnaround. Similarly the study sought to find out whether the terms and conditions of employees who were retained were reviewed upwards, 23(24%) strongly agreed, 39(38.3%) agreed, 4(4%) were neutral, 30(29%) disagreed and 5(4.7%) strongly disagreed. The results indicate that the majority (62.3%) conquered that the salaries of staff who were retained were reviewed upwards. The research established that 5(5.7%) strongly agreed, 48(47%) agreed, 15(15%) were neutral and 35(33.3%) disagreed that there was abolition of non-essential jobs like clerical, cleaning and messengerial to secure turnaround.

Upon being interviewed the manager gave the following responses regarding how retrenchment had worked to achieve turnaround for the company. The Manager said, “Retrenchment helped our company to reduce the size of the workforce and hence led to cost savings. We could know operate more efficiently than before”. While also “Retrenchment strategy created job opportunities which were used to hire new blood who brought freshness into the company and initiated changes that helped the hospital to achieve turnaround”.

4.4.4 Contribution of Human Resource Retention on Turnaround

The third objective of the study was to determine the contribution of human resource retention on turnaround. The results are shown in table 4.6 below:
Table 4.6: Human Resource Retention

<table>
<thead>
<tr>
<th>Human resource retention</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive and equitable pay system was adopted</td>
<td>7</td>
<td>73.2</td>
<td>19</td>
<td>0</td>
<td>0.3</td>
</tr>
<tr>
<td>Jobs were designed so as to maximize on skill variety, task significance, autonomy and feedback, learning and growth</td>
<td>3</td>
<td>74</td>
<td>3.8</td>
<td>0.3</td>
<td>0</td>
</tr>
<tr>
<td>Clear performance standards/criteria were established for employees</td>
<td>12.3</td>
<td>64.3</td>
<td>23.3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employee commitment was emphasized</td>
<td>13.3</td>
<td>61</td>
<td>24.7</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>There were good processes for attracting, retaining, motivating and developing talented employees</td>
<td>22.3</td>
<td>68.3</td>
<td>9.3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employees were perceived as key resources in the hospital</td>
<td>4.3</td>
<td>68.3</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source (survey data, 2016)

The study sought to determine whether competitive and equitable pay system was adopted to facilitate turnaround, 7(7%) strongly agreed, 76(73.2%) agreed and 20(19%) were neutral. The results show that majority of the respondents (80.2%) were in agreement those competitive and equitable pay system was adopted to facilitate turnaround. On whether jobs were designed so as to maximize on skill variety, task significance, autonomy and feedback, learning and growth, 3(3%) strongly agreed, 76(74%) agreed and 4(3.8%) were neutral. The results show that majority (77%) of the respondents conquered that jobs were designed so as to maximize on skill variety, task significance, autonomy and feedback, learning and growth. In addition the study sought to find out whether there was clear performance standards/criteria established for employees, 13(12.3%) strongly agreed, 66(64.3%) agreed and 24(23.3%) were neutral.
The result implies that most respondents (76.6%) agreed that there was clear performance standard/criteria established for employees to facilitate turnaround which included setting of targets, laying down plans to achieve the targets and appraising performance to gauge whether the targets had been achieved. Regarding whether employee commitment was emphasised, 14(13.3%) strongly agreed, 63(61%) agreed, 25(24.7%) were neutral and 10(10%) disagreed. The results show that (74.3%) agreed with the statement that employee commitment was emphasized to facilitate turnaround. On whether there were good processes for attracting, retaining, motivating and developing talented employees, 22(22.3%) strongly agreed, 70(68.3%) agreed and 10(9.3%) were neutral. This implies that majority of the respondents (90.6) agreed that there were good process for attracting, retaining, motivating and developing talented employees.

These processes included clear career paths, competitive remuneration, training programs and better terms and conditions of employment. In addition the study sought to find out if employees were perceived as key resources in the hospital, 4(4.3%) strongly agreed, 70(68.3%) agreed and 9(10%) were neutral. The results show that majority of the respondents ((72.6%) were in agreement that employees were perceived as key resources in the hospital. According to the manager who was interviewed “Retention of essential skills was necessary for continuation of services and for formulation and implementation of the turnaround strategy”.
4.4.5 Turnaround

Table 4.7: Turnaround

<table>
<thead>
<tr>
<th>Turnaround</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company is back on profitability track</td>
<td>46.7</td>
<td>40</td>
<td>0</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td>Employees at the hospital are motivated</td>
<td>36.7</td>
<td>43.3</td>
<td>3.3</td>
<td>10</td>
<td>6.7</td>
</tr>
<tr>
<td>The hospital has a linear and more efficient staff</td>
<td>40</td>
<td>40</td>
<td>6.7</td>
<td>3.3</td>
<td>10</td>
</tr>
<tr>
<td>There is improved management of the hospital</td>
<td>46.7</td>
<td>33.3</td>
<td>3.3</td>
<td>6.7</td>
<td>10</td>
</tr>
<tr>
<td>There is good relationship between the management and employees</td>
<td>40</td>
<td>30</td>
<td>6.7</td>
<td>16.7</td>
<td>6.7</td>
</tr>
<tr>
<td>There is efficient and effective use of resources</td>
<td>36.7</td>
<td>33.3</td>
<td>6.7</td>
<td>20</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Source (survey data, 2016)

On whether the company was back to profitability track 48(46.7%) strongly agreed, 41(40%) agreed and 12(14%) disagreed. The results indicate that most of the respondents (86.7%) were in agreement with the statement that the company was back to profitability track. When interviewed M1 agreed that the company was now able to break-even after the new changes. This was mainly due to cost cutting measures undertaken by the company as well as promotional activities through advertising and improvement of facilities at the hospital. The study further sought to find out if employees at the hospital were motivated, 38(36.7%) strongly agreed, 45(43.3%) agreed, 3(3.3) were neutral, 10(10%) disagreed and 7(6.7%) strongly disagreed. This implies that majority of the respondents (80.0%) agreed that employees at the hospital were motivated. Upon being interviewed the managers said that employees were
motivated as a result of improved terms and conditions of service as well as improvement of working tools and equipment. Concerning the hospital having a linear and more efficient, 41(40%) strongly agreed, 41(40%) agreed, 7(6.7%) were neutral, 3(3.3%) disagreed and 10(10%) strongly disagreed.

The results show that most of the respondents (80%) agreed that the hospital had linear and more efficient employees. On whether there was improved management of the hospital, 48(46.7%) strongly agree, 34(33.3%) agreed, 3(3.3%) were neutral, 7(6.7%) disagreed and 10(10%) strongly disagreed. The results indicate that majority of the respondents (80%) concurred that there was improved management of the hospital. There was a new flat organizational structure which enhanced decision making and communication. Furthermore the study sought to find out whether there was good relationship between the management and employees, 37(40%) strongly agreed, 31(30%) agreed, 7(6.7%) were neutral, 17(16.7%) disagreed and 7(6.7%) strongly disagreed. The results imply that most of the respondents (70%) were in agreement that there was good relationship between management and employees. This was manifested through greater communication and corporation between the employees which produced teamwork. Finally the study sought to establish whether there was efficient and effective use of resources, 38(36.7%) strongly agreed, 34(33.3%) agreed, 7(6.7%) were neutral, 21(20%) disagreed and 3(3.8%) strongly disagreed. This indicates that majority of the respondents (70%) agreed that there was efficient and effective use of resources. Employees were better managed and controlled through clocking in and out and there were tighter controls for both stock and finance.
4.5 Correlation Analysis

Table 4.8: Correlation Results

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnaround (A)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resource planning</td>
<td>0.173</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resource recruitment</td>
<td>0.183*</td>
<td>0.266**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement of human resource</td>
<td>0.559**</td>
<td>0.194*</td>
<td>0.048</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Human resource retention</td>
<td>0.478**</td>
<td>0.306**</td>
<td>0.090</td>
<td>0.448**</td>
<td>1</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Source (survey data, 2016)

Correlation analysis is a technique of assessing the relationship between variables: human resource planning, human resource recruitment, replacement of human resource and human resource retention on the relationship with turnaround. Thus, the study analyzed the relationships that are inherent among the independent and dependent variables. The results regarding this were summarized and presented in Table 4.8. The study findings revealed that human resource planning was positively and not significantly associated with turnaround ($r = 0.173$, $p > 0.01$). Further, human resource recruitment was positively and significantly correlated to turnaround ($r = 0.183$, $p < 0.01$). It is expected that human resource recruitment will influence turnaround by 3.3% basing on coefficient of determination hence it was suitable in predicting turnaround. Moreover, replacement of human resource was positively correlated with turnaround ($r = 0.559$, $p < 0.01$).

In line with the above findings it is also expected that replacement of human resource will influence turnaround by 31.25% basing on coefficient of determination hence it was suitable in predicting turnaround. Additionally, human resource retention was indicated to have a positive and significant effect on turnaround ($r = 0.478$, $p < 0.01$).
hence It is expected that human resource retention will influence turnaround by 22.09% basing on coefficient of determination of multiple sourcing hence it was suitable in predicting turnaround. This implies that human resource recruitment, human resource retention and replacement of human resource are expected to influence turnaround positively.

4.6 Regression Results

Before regression analysis being done the following test was done to put into consideration the assumption of multiple regression models:

4.6.1 Assumptions of Regression Model

Multiple regression analysis makes the following assumptions:

4.6.1.1 Test of Normality

<table>
<thead>
<tr>
<th>Table 4.9: Test of Normality</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kolmogorov-Smirnov (KS) test</td>
<td>Shapiro-Wilk</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statistic</td>
<td>df</td>
<td>Sig.</td>
<td>Statistic</td>
</tr>
<tr>
<td>turnaround</td>
<td>0.243</td>
<td>119</td>
<td>0.061</td>
<td>0.849</td>
</tr>
<tr>
<td>Human resource planning</td>
<td>0.136</td>
<td>119</td>
<td>1.141</td>
<td>0.912</td>
</tr>
<tr>
<td>Human resource recruitment</td>
<td>0.158</td>
<td>119</td>
<td>0.067</td>
<td>0.887</td>
</tr>
<tr>
<td>Replacement of human resource</td>
<td>0.153</td>
<td>119</td>
<td>0.112</td>
<td>0.918</td>
</tr>
<tr>
<td>Human resource retention</td>
<td>0.276</td>
<td>119</td>
<td>0.555</td>
<td>0.875</td>
</tr>
</tbody>
</table>

a Lilliefors Significance Correction
Source (survey data, 2016)

The Kolmogorov-Simonov test and Shapiro Wilk was used to test normality of the data. The tests are supplementary to the graphical assessment of normality. The test statistics are shown in table 4.9. Testing if the data comes from normal distribution:

To examine the suitability of the data distribution Simonov test and Shapiro Wilk test will be carried, one of the following hypotheses will be rejected:
**H0:** The data are from a normal distribution. **H1:** The data are not from a normal distribution.

In this study, the p-values are more than 0.05. Therefore the study rejects the alternative **H1** hypothesis and accepts the null hypothesis **H0** that stated the data are from a normal distribution and therefore we concludes that the data comes from a normal distribution.

**4.6.1.2 Test of linearity**

![Histogram](image)
Figure 4.1: Linearity Plot

Linearity means that the amount of change or rate of change, between scores on two variables is constant for the entire range of scores for the variables. From the above figure 4.1 the graphical methods was used to examine the scatter plots which was within the trend line.

4.6.1.3 Test of Multicollinearity

Multicollinearity test was carried out to establish if the one or more predictor variables in a multiple regression model are highly correlated so that one can be linearly predicted from the others. Variance Inflation Factor (VIF) and coefficient of correlation between variables was used to test Multicollinearity as shown in Table 4.10.

Table 4.10 results showed that the entire variable had VIF which were greater than 1 and less than 10 (Haire et al., 2006). Hence we conclude that there was no
multicollinearity. Also all the coefficients of correlation were less than 0.8 in table 4.8 as recommended by Haire et al., (2006).

4.6.1.4 Test of Homoscedasticity

Homoscedasticity refers to the assumption that the dependent variable exhibits similar amounts of variance across the range of values for an independent variable.

**Figure 4.2: Scatter Plot**

From the above figure the findings revealed that the spread of the predicted variable are along the normal the best fit line.

Table 4.10 illustrates the model summary of multiple regression model, the results showed that all the four predictors (human resource planning, human resource recruitment, replacement of human resource and human resource retention) explained 39.8 percent variation of turnaround. This showed that considering the four study independent variables, there is a probability of predicting turnaround by 39.8% (R squared =0.398).
Table 4.10 : Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.631a</td>
<td>0.398</td>
<td>0.377</td>
<td>0.43546</td>
<td>1.363</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), human resource planning, human resource recruitment, replacement of human resource and human resource retention
b. Dependent Variable: turnaround
Source (survey data, 2016)

4.7 ANOVA Model

To test the suitability of the research model in examine the suitability of the multiple regression model for analysis, the distribution F-statistic test was used, using the following two hypotheses were hypothesis H0 was rejected:

\[ H_0: \text{The models are not appropriate; when the independent variables do not affect the dependent variables.} \]

\[ H_1: \text{The models are appropriate; when the independent variables do affect the dependent variables.} \]

Study findings in ANOVA table 4.10 indicated that the above discussed coefficient of determination was significant as evidence of (Sig. F) ratio of 247.8152 with p value 0.000 <0.05 (level of significance) and so we accept the alternative one and the models used are appropriate. Thus, the model was fit to predict turnaround using human resource planning, human resource recruitment, replacement of human resource and human resource retention.
Table 4.11: ANOVA Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>14.290</td>
<td>4</td>
<td>3.573</td>
<td>18.840</td>
<td>0.000^b</td>
</tr>
<tr>
<td>Residual</td>
<td>21.617</td>
<td>114</td>
<td>0.190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>35.907</td>
<td>118</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: turnaround  
b. Predictors: (Constant), human resource planning, human resource recruitment, replacement of human resource and human resource retention  

Source (survey data, 2016)

4.8 Test of Hypotheses

**Hypothesis 1 (H₀₁)** stated that human resource planning has no significant effect on turnaround. Findings showed that supplier relationship management practice had coefficients of estimate which was not significant basing on β₁ = -0.037 (p-value = 0.000 which was more than α = 0.05). The null hypothesis was accepted and it was concluded that human resource planning had no significant effect on turnaround.

**Hypothesis 2 (H₀₂)** stated that human resource recruitment practices has no significant effect on turnaround. However, research findings showed that human resource recruitment practices had coefficients of estimate which was significant basing on β₂ = 0.147 (p-value = 0.049 which was more than α = 0.05) hence the null hypothesis was rejected. This indicated that for each unit increase in human resource recruitment practices, there was 0.147 units increase in turnaround.

**Hypothesis 3 (H₀₃)** postulated that replacement of human resource had no significant effect on turnaround. Findings showed that replacement of human resource had coefficients of estimate which was significant basing on β₃ = 0.433 (p-value = 0.000 which is less than α = 0.05) implying that the null hypothesis was rejected and it was concluded that replacement of human resource has significant effect on turnaround.
**Hypothesis 4 (H₀₄)** postulated that human resource retention has no significant effect on turnaround. However, study findings showed that human resource retention had coefficients of estimate which was significant basing on $β₄ = 0.283$ (p-value = 0.033 which was less than $α = 0.05$) hence did not accept the hypothesis and concluded that human resource retention had a significant effect on turnaround.

The rule of thumb was applied in the interpretation of the variance inflation factor.

From table 4.12, the VIF for all the estimated parameters was found to be less than 10 which indicated the absence of multicollinearity among the independent factors (Hair, *et al.*, 2010). This implied that the variation contributed by each of the independent factors was significant independently and all the factors were included in the prediction model.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.504</td>
<td>0.366</td>
<td>4.113</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>HRP</td>
<td>-0.024</td>
<td>0.052</td>
<td>-0.037</td>
<td>-0.471</td>
<td>0.638</td>
</tr>
<tr>
<td>HR</td>
<td>0.060</td>
<td>0.031</td>
<td>0.147</td>
<td>1.950</td>
<td>0.049*</td>
</tr>
<tr>
<td>RHR</td>
<td>0.344</td>
<td>0.065</td>
<td>0.433</td>
<td>5.316</td>
<td>0.000*</td>
</tr>
<tr>
<td>RHR</td>
<td>0.317</td>
<td>0.094</td>
<td>0.283</td>
<td>3.367</td>
<td>0.001*</td>
</tr>
</tbody>
</table>

_a Dependent Variable: turnaround, * significant at p < 0.05

*HRP= human resource planning, HRR= human resource recruitment, RHR=Replacement of human resource and HRR= human resource retention with the relationship with turnaround_

Source (survey data, 2016)

**Hypothesis 1(H₀₁)** stated that human resource planning has no significant effect on turnaround. Findings showed that human resource planning had coefficients of estimate which was not significant basing on $β₁ = -0.037$ (p-value = 0.000 which was more than $α = 0.05$). The null hypothesis was accepted and it was concluded that human resource planning practice had no significant effect on turnaround.
Hypothesis 2 ($H_{02}$) stated that human resource recruitment has no significant effect on turnaround. However, research findings showed that human resource recruitment had coefficients of estimate which was significant basing on $\beta_2 = 0.147$ (p-value = 0.049 which was less than $\alpha = 0.05$) hence the null hypothesis was rejected. This indicated that for each unit increase in human resource recruitment, there was 0.147 units increase in turnaround.

Hypothesis 3 ($H_{03}$) postulated that Replacement of human resource had no significant effect on turnaround. Findings showed that Replacement of human resource had coefficients of estimate which was significant basing on $\beta_3 = 0.433$ (p-value = 0.000 which is less than $\alpha = 0.05$) implying that the null hypothesis was rejected and it was concluded that Replacement of human resource has a significant effect on turnaround.

Hypothesis 4 ($H_{04}$) postulated that human resource retention has no significant effect on human resource retention. However, study findings showed that human resource retention had coefficients of estimate which was significant basing on $\beta_4 = 0.283$ (p-value = 0.033 which was less than $\alpha = 0.05$) hence did not accept the hypothesis and concluded that human resource retention had a significant effect on turnaround.

The rule of thumb was applied in the interpretation of the variance inflation factor. From table 4.12, the VIF for all the estimated parameters was found to be less than 10 which indicated the absence of multicollinearity among the independent factors (Hair, et al., 2010). This implied that the variation contributed by each of the independent factors was significant independently and all the factors were included in the prediction model.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of findings, conclusion, recommendations and further research recommendations that are deemed important for the extension of the research.

5.1 Summary of Findings

The study collected data from 119 questionnaires with the main objective of the study was to investigate the contribution of human resource restructuring on turnaround. The specific objectives were: to examine the contribution of human resource planning on turnaround, to establish the contribution of human resource recruitment on turnaround, to determine the contribution of replacement of human resource on turnaround and to examine the contribution of human resource retention on turnaround.

5.1.1 Contribution of Human Resource Planning on Turnaround

Regarding contribution of human resource planning on turnaround the study found that human resource planning made a significant contribution to turnaround. Human resource planning is concerned with ensuring that the organization has the right number of people, with the right skills and doing the right jobs. This was important in the turnaround strategy for it ensure that the organization did not have employees they did not need.
5.1.2 Contribution of Human Resource Recruitment on Turnaround

It emerged from the study that human resource recruitment was important to securing turnaround. During recruitment an organization decides on how it is going to resource the organization so as to drive the turnaround strategy. Human resources is a key to organizational success as it is the people who plan, think and execute the policies of the organization.

5.1.3 Contribution of replacement of human resource on Turnaround

Replacement of especially top managers in a declining organization is a key role in turning around the organization. The study found that replacement of top management contributed significantly to the turnaround. This could be attributed to the fact that new managers come with new ideas and eject a new culture of performance in an organization.

5.1.4 Contribution of Human Resource Retention on Turnaround

In a turnaround situation it is important for the organization to retain its key staff in order that they may help in facilitating the turnaround. This study found that retention of human resource had a significant contribution to turnaround hence steps were taken to ensure that the organization did not lose the valued resources.

5.2 Discussion of the Findings

On contribution of human resource planning on turnaround the study found that human resource planning made a significant contribution to turnaround. This findings agrees with Quinn Mills (1983) who argued that human resource planning is a decision making process that combines three important activities; identification and acquisition of the right number of people with proper skills, motivating them to achieve high performance and creating interactive links between business objectives.
and people planning activities. It emerged from the study that human resource recruitment was essential to securing turnaround. The results agree with Keep (1989) as cited in Armstrong (2006) who says recruitment is intended to obtain the right basic material in the form of a workforce endowed with the appropriate qualities, skills, knowledge and potential for future training. The selection and recruitment of workers best suited to meeting the needs of the organization ought to form a core activity upon which most other HRM policies geared towards development and motivation could be built’.

Replacement of especially top managers in an organization whose performance is declining leads to turnaround. The study found that replacement of top management at Mediheal and Fertility Centre contributed significantly to the turnaround. The findings agree with Barke et al., (1997) who observes that new managers who can help bring about change. However, attempts to make change should be done carefully because change of business routines can cause problems and hence hinder the success of turnaround strategy. This study found that retention of human resource had a significant contribution to turnaround hence steps were taken to ensure that the organization did not lose the valued resources. In a turnaround situation it is important for the organization to retain its key staff in order that they may help in facilitating the turnaround. The outcomes of this study on retention agree with Armstrong (2006) who averse that retention strategies aim to ensure that key people stay with the organization and those wasteful and expensive levels of employee turnover are reduced. They are normally based on analysis of way people stay or why they leave the organization. In this study the employees who were retained were only those who were regarded essential to the implementation of the turnaround strategy to revive the ailing organization.
5.3 Conclusion

Based on the above findings the study concluded as follows:

First that HR restructuring played a key role in facilitating a turnaround strategy at Mediheal hospital and facility centre, Eldoret. Planning was important in ensuring that the organization had optimum staff. Furthermore, recruitment was necessary to ensure that the organization hired the people they needed to drive the turnaround. This recruitment was done mainly from the external sources. Additionally, it was important to replace some of the top management and even other staff who may have been responsible for decline in performance of the hospital. This would pave way for recruitment of the right people to drive to return the organization to profitability. Finally, retention of key staff by giving them incentives such as reviewing their terms and conditions of service was necessary so that the organization remained well staffed during the turnaround. The contribution of turnaround would enhance prudent policies on human resource planning; ensure that organization has the right number of people, with the right skills and doing the right jobs. Also on recruitment it will enhance organizational success as it is the people who plan, think and execute the policies of the organization. On replacement it will facilitate the new managers with new ideas and eject a new culture of performance in an organization. Human Resource Retention will also enhance steps to be taken to ensure that the organization don’t t loose the valued resources.

5.4 Recommendations

Based on the finding of the study it was recommended that;

First, current and future management of the hospital should be maintaining effective planning for HR. This will avoid overstaffing which could lead to resource wastage
and higher costs with the potential to lead the hospital to declining performance. Second, the hospital management should ensure that proper recruitment is done based on agreed staffing standards. This will ensure that the hospital recruits right people with the right skills to facilitate effective performance. Thirdly, replacement of top management should continue based on proper performance appraisal. This means that managers will not meet the set performance standards will be replaced with new blood. Finally, effort should be made to retain key staff to ensure that the organizations functional departments are well resourced. This will lead to efficiency and effectiveness in the hospital operations avoiding another turnaround situation.

5.5 Limitations of the Study

The research encountered difficulties during data collection and analysis. In particular time was a challenge as some of the respondents were off-duty during data collection process. Other respondents felt that information asked for was too confidential to be disclosed. Since this study was a case study it was limited in scope and by sample, the results of the sample may not be generalized to other hospitals in Eldoret. To mitigate these effects, the respondents were given an assurance that findings of the study would be kept confidential and used only for the intended purpose. This was to encourage them to participate freely in the study.

5.6 Suggestion for Further Studies

Given the scope and limitation of this study, the following areas are recommended for further study.

(i) Effect of environmental factors on turnaround

(ii) The role of top management on turnaround
REFERENCES


APPENDICES

Appendix 1: Letter of Introduction

27th November, 2013

Dear respondent,

I am a postgraduate student at Moi University, pursuing a course leading to the award of masters in Human Resource Development. In partial fulfilment of the requirements of the stated course, I am conducting a management research project entitled “The contribution of human resource restructuring on turnaround strategies. To achieve this objective you and your organization have been selected for the study. To this end, I kindly request your assistance to complete the attached questionnaire which forms an integral part of this research project. The information is needed and will only be used for academic purposes. Any information you give will be treated with strict confidentiality.

Your assistance and co-operation is highly appreciated.

Yours Faithfully,

James K. Komen
Appendix II: Questionnaire for Employees and Supervisors

The purpose of this Questionnaire is to assist the researcher collect data on the contribution of human resource restructuring on turnaround strategies. You are therefore requested to respond to the questions and statements in this Questionnaire as truthfully as possible. The information you give will be treated with utmost confidence and will be used for academic research purposes only.

Section A. General Information

1. What is your age
   - Below 25
   - 25-30
   - 31-35
   - 36-40
   - Over 40

2. What is your gender?
   - Male
   - Female

3. What is your job position?
   - Manager
   - Supervisor
   - Non-supervisor
   - Other .................................................................

4. How long have you been employed by the company?
   - Less than 6 months
   - 2-6 years
   - 6-9 years
5. Kindly indicate your highest level of education

- Phd
- Master Degree
- 1st Degree
- Diploma
- Certificate
- Other

Section B: Contribution of Human Resource Planning on Turnaround

Please state how much you agree or disagree with the following statements regarding Contribution of Human Resource Planning on Turnaround by ticking (√) the appropriate box.

**Key**

SA = Strongly Agree  A = Agree  N = neither  D = Disagree  SD = Strongly Disagree

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource planning ensured that all appropriate skills were available for the hospitals activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment was made on the strength and weaknesses of the then existing workforce</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There was optimum deployment of knowledgeable and skilled employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management build a trusting relationship with employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People were kept informed of how turnaround was progressing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retrenchment of staff was important in cutting costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section C: Contribution of Human Resource Recruitment on Turnaround

Please state how much you agree or disagree with the following statements regarding Contribution of Human Resource Recruitment on Turnaround by ticking (√) the appropriate box.

**Key**

SA= Strongly Agree A= Agree N=neither D=Disagree SD= Strongly Disagree

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>External staff were preferred to internal staff during recruitment in order to eject new blood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff recruitment was based on well-established and agreed staffing standards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There was optimum redeployment of existing knowledgeable and skilled staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality was preferred to quantity during staff recruitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff recruitment procedures were standardized</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment panels were carefully selected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section D: Contribution of Human Resource Retention on Turnaround

Please state how much you agree or disagree with the following statements regarding Contribution of Human Resource Retention on Turnaround by ticking (√) the appropriate box.

**Key**

SA= Strongly Agree A= Agree N=neither D=Disagree SD= Strongly Disagree

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive and equitable pay system was adopted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jobs were designed so as to maximize and skill variety, task significance, autonomy and feedback, learning and growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear performance standards/criteria were established for employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee commitment was emphasized</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There were good processes for attracting, retaining, motivating and developing talented employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees were perceived as key resources in the hospital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section E: Contribution of Human Resource Replacement on Turnaround

Please state how much you agree or disagree with the following statements regarding Contribution of Human Resource Replacement on Turnaround by ticking (√) the appropriate box.

**Key**

SA= Strongly Agree A= Agree N=neither D=Disagree SD= Strongly Disagree

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in top management was regarded as a precondition to turnaround</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top management played a key role in the success of a turnaround</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top management adopted a management style that empowered, encouraged and motivated employees to offer their innovative based</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance management is voluntary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers used their experience to bring about recovering and strategic change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement of top management staff was important to bring about organizational renewal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section F: Contribution of Human Resource Restructuring Turnaround

Please state how much you agree or disagree with the following statements regarding Contribution of Human Resource Restructuring on Turnaround by ticking (√) the appropriate box.

**Key**

SA= Strongly Agree A= Agree N=neither D=Disagree SD= Strongly Disagree

<table>
<thead>
<tr>
<th>Item</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company is back on profitability track</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at the hospital are motivated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The hospital has a linear and more efficient staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is improved management of the hospital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is good relationship between the management and employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is efficient and effective use of resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for taking your time to complete this questionnaire
Appendix III: Interview Schedule for the Manager

1) In your view what contributed to the decline in the performance of Mediheal Hospital and Fertility Centre, Eldoret.

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

2) What would you say were the contributions of human resource planning on the turnaround?

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

3) How did human resource retention of key staff assist in the turnaround?

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

4) What would you say was the contribution of human resource recruitment on the hospitals turnaround?

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

5) What role did the replacement of top management play in the turnaround?

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................