EFFECTS OF DOWNSIZING STRATEGIES ON EMPLOYEE MOTIVATION: A CASE STUDY OF FEED THE CHILDREN

BY

EDITH MWANDO

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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EDITH MWANDO

A Project Proposal Submitted to the School of Business in Partial Fulfillment of the Requirement for Master of Science Degree in Organizational Development (MOD).

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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STUDENT’S DECLARATION

I declare that this project has not been submitted to any other college, institution or university other than United States University in Nairobi.

Signed __________________________  Date: __________________________

Edith Waringa Mwando (ID 655818)

This project has been presented for examination with my approval as the appointed supervisor.

Signed __________________________  Date: __________________________

Dr. Joseph Ngugi Kamau

Signed __________________________  Date: __________________________

Dean, Chandaria School of Business
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ABSTRACT

The objective of this study was to investigate the effects of downsizing strategies on employee motivation at Feed the Children, guided by 4 key objectives as follows: To determine how early retirement affect employee motivation, to find out how work redesign affect employee motivation, examine the effect of outsourcing on employee motivation and to determine the effect of retrenchment on employee motivation. The researcher focused on finding out if the downsizing strategies that Feed the Children has used in downsizing motivated the remaining or surviving staff. To achieve this the researcher evaluated the various theoretical literature on the areas of downsizing and motivation. The review focused on the four main objectives and their effects on employee motivation.

In this study a descriptive survey research design was adopted with a case study for detailed analysis of effects of the strategies adopted by Feed the Children on employee motivation. The target population of the study comprised of all employees of Feed the Children Kenya office who are on renewable contract basis from the four regions of Nairobi, Kajiado, Turkana, and Samburu. The study used questionnaires in the data collection from all 110 Feed the Children Kenya employees. The researcher implemented both descriptive and inferential statistics in the analysis of data using Statistical Package for Social Sciences (SPSS) version 23.0. Descriptive statistics, regression and correlation analysis was used and results presented in tables and figures.

The first objective investigated Effect of Retirement as a Downsizing Strategy on Employee Motivation. The findings concluded that early retirement has significant effect on employee motivation. Majority of the staff felt they were well prepared by the organization on the early retirement which made them trust the organization despite the downsizing. It was established that voluntary early retirement is better than layoffs. The second objective determined the effect of Work Redesign as a Downsizing Strategy on Employee Motivation. The findings concluded work design has significant effect on employee motivation. Most of the staff felt a well-designed job would lead to increased employee well-being and may set the stage for thriving. It was determined that work redesign increases work performance and promotes productivity. The third objective investigated Effect of Outsourcing as Downsizing Strategy on Employee Motivation. The study concludes that outsourcing is insignificant on employee
motivation. Most of the staff did not feel outsourcing increased employee productivity. It was concluded that outsourcing did not affect the remaining employees directly therefore it did not influence their motivation. The fourth objective examined Effect of Retrenchment as Downsizing Strategy on Employee Motivation. The study concludes that retrenchment has significant effect on employee motivation. Due to the adequate preparation and proper coordination of the retrenchment process, staff felt they were well prepared and could still trust the organization. Most of the staff agreed that retrenchment is the best downsizing strategy for an organization experiencing funding challenges.

The study recommends for organization that want to implement early retirement as a downsizing strategy to ensure they have well documented and communicated policies on early retirement. It is crucial for employees are involved in the entire process of work redesign. Organizations can work with an external consultant to conduct the work design or redesign to avoid biasness. There should be clear policies for retrenchment. Employees should clearly be taken through the policy and also explained on the reasons for retrenchment.
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My sincere heartfelt gratitude goes to my lecture Dr. Joseph Kamau for the continued guidance and support during the research proposal period. He offered excellent and timely and useful feedback on my project proposal and ensured correct procedures and guidelines were adhered to.

Finally I would like to thank my family who supported and helped me to endure until the end and the Management and staff of Feed the Children for the support and cooperation I received during my entire study.
DEDICATION

This project is dedicated to my family whose encouragement and support gave me the drive to carry on and my discussion group members who were my inspiration and at hand to offer encouragement when the journey got tough.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

NGOs rely on the goodwill and generosity of others to cover the costs of their activities through grants and donations. Today, unfortunately, NGOs find that such funding sources are often insufficient to meet growing needs and rising costs (Viravaidya & Hayssen, 2001). This has resulted too many of the organizations having to cut down on their budget and adapt to the donor’s demands. One of the emerging approaches been used is employee downsizing. Although there are benefits that come with downsizing, the effect of employee motivation is mostly underestimated.

Downsizing has been defined as a deliberate organizational decision to reduce the workforce that is intended to improve organizational performance (Kozlowski, 1993). It has also been defined as the planned elimination of positions or jobs (Kets de Vries & Balazs, 1997). Downsizing is the systematic reduction of workforce through a set of activities by which an organization aims to improve efficiency and performance of the organization. Downsizing can also be part of a broader workforce strategy designed to align closely with the overall strategy of the business (Cascio, 2010).

Downsizing has become common in highly industrialized countries known for very stable employment practices, such as Japan and Sweden (Gandolfi, Renz, Hansson, & Davenport, 2012). While firms downsize their workforces for a myriad of reasons across the globe, there are common denominators that recur in management’s rhetoric. In the private sector, for instance, management often argues that firms need to downsize to reduce costs (Gandolfi & Hansson, 2011). Downsizing or making regular changes to the workforce make-up, quite often can outer perform those that make irregular changes to the structure of the organization, (Klarner & Raisch, 2013). Organizations that can downsize when needed are able to adopt to various competitive environments. However, the ability for an organization to make needed changes does require them to create a sense of stability, for this is a balance to ensure long-term sustainability (Klarner & Raisch, 2013). According to Datta (2010), on downsizing effects to surviving employees there is a general agreement that downsizing results into reduced organizational commitment among survivors. Therefore, lowered commitment of employees after painful downsizing periods is one of
the reasons why downsizing often does not show the intended long term effect (Brockner, 2015). The effects of downsizing extend beyond those employees who lose their jobs.

Downsizing was at its most extreme in the late 1980s and mid-1990s. In the United States alone, exactly 3.5m laborers lost their jobs to downsizing by 1987. The misfortunes had much to do with disposing of layers of middle managers. After the recession of 2007 – 2008 a lot of organizations experienced a decline in their revenue, there was a decline in the job growth and this caused many organizations especially the public sector to downsize their workforce to ensure sustainability. Cisco Systems, a company that has changed its workforce strategy in recent years, laid off 20 percent of its workforce in 2001 due to tough times. In 2008, the firm implemented employment downsizing only as a last resort, after deploying several other alternatives (Cascio, 2010). Raj (2014) found out Job cuts at multiple IBM locations in India are increasing significantly each year. He further affirms that hundreds more layoffs are expected within the coming year(s).

In Zimbabwe the hyperinflationary environment experienced by the country between the periods 2000 to 2008 exposed most organizations to downsizing (Kurebwa, 2011). In Kenya, studies have revealed that downsizing is causes negative effects, such as employee motivation suffering, heightened political behavior and anxiety among survivors (Mwangi, 2002). Around the world downsizing has been used by many organizations to improve performance and at the same time cut down on cost. Some organization would merge jobs to create one position as a way of enriching and enlarging a position and others would outsource the service as a way of cutting down on cost, There is a widespread belief that through cutting back the workforce, firm performance would be improved significantly (Sheaffer, Carmeli, Revivo & Zionit, 2009). After the recession of 2007 – 2008 a lot of organizations experienced a decline in their revenue, there was a decline in the job growth and this caused many organizations especially the public sector to downsize their workforce to ensure sustainability. Most of the organization could not sustain the high employee remuneration budget. Downsizing was the only solution to ensure the companies could have a future.

Downsizing is a kind of action which goes beyond employees’ psychological contract (Millward & Brewerton, 2002). Several researchers found that there was a series of physical and mental health conditions that are referred to as the “survivor’s syndrome.”
condition includes anxiety, low morale, less productivity, high levels of distrust and excessive cautiousness (Schiro & Baker, 2009). When downsizing organizations main aim is cutting costs, gaining profits, promoting productivity and increasing stock price, but in addition to this they suffer from low employee morale, less employee commitments, and lack of loyalty (Tai, Yen & Huan, 2007). Cameron (1991) argue that the how downsizing takes place is a much more significant factor in accounting for downsizing success than the degree of reduction in the workforce. Despite this evidence, most firms downsize to reduce costs and improve performance (Cascio, 2010).

Motivation is goal-oriented behavior it can be through incentives, rewards, and positions all designed to ensure employees deliver results in accordance to management desires (Armstrong, 2008). The main factors that determine employee motivation are satisfaction, appreciation, inspiration and compensation (Bowen, 2000). Been keen to how employees may be motivated enables organizations to come up with strategies and a work environment that encourage people to apply their efforts and abilities in ways that will further the achievement of the organization’s goals as well as satisfying their own needs (Levesque, 2007).

Greenberg (2010) defines motivation as the psychological process of arousing, directing, and maintaining behavior toward a goal. Arousal comprises what drives our actions and direction of comprises of what directs behavior towards a specific goal. Maintenance is concerned with people’s determination, their willingness to continue to apply effort until a goal is met (Greenberg, 2010). Due to the competitive environment that Organizations operate it is vital to have a high level of performance through people (Crouse, 2005). It is important for Organizations to retain employees who are crucial in the success of the organizations. Other competitors in the market would head hunt such key employees and provide to them a better benefit package then what the organization is providing to them. Motivation as defined by Nelson and Quick (2013) is the process of arousing and sustaining goal-oriented behavior. The authors posit that the word motivation comes from the Latin root word'movere which means to move. Wesson (2010) posit that formally, motivation can be defined as the energetic forces which originate from within and outside the employee and which initiates an effort related to work hence determining the intensity, persistence and direction to be taken, and is therefore very important because job performance is believed to be related strongly to both motivation and ability. Wesson (2010) go on to say
that motivation determines what an employee does at any given time and where their efforts will be channeled. There are two different ways that managers can use to motivate different employees at the workplace namely; using extrinsic motivators (those that are visible to others and are tangible) such as promotions, pay and benefits; and intrinsic motivators (those that are internally generated and associated with the task itself) such as performing meaningful work, feelings of achievement, responsibility, competitiveness and accomplishment (Luthans, 2011).

The motivation of the remaining employee will be influenced by the strategies that the organization uses in downsizing. An engaged and motivated employee can mean the difference between a successful organization and a dying organization (Griffin & Moorhead, 2010). When downsizing organization should implement strategies that will help them increase their performance by having motivated employees. Nohria, Groysberg and Lee (2008) clarifies influencing worker begins with distinguishing that to do their very best in, representatives must be in a climate that meets their essential enthusiastic motivations to get, guarantee, comprehend, and secure. Cole (2002) when discussing motivational theories argues that different people have different view when it comes to motivation which ranges from rational-economic view, social view, self-actualizing view and complex view. Beardwell (2004) explains that understanding of motivation is important especially in the formation of reward systems and strategies for it enables organization to improve the work for employees and make the jobs more satisfying.

Armstrong (2008) explains de-motivated employees will show signs of low morale, this can cause a great harm to the success of the organization. Motivated employees are the key to a successful organization. They will go and extra mile in ensuring the organization achieves its goals and objectives. Armstrong (2008) further explains that among the more some of the alarming signs of demotivated staff are high rates of absenteeism, tardiness, and high levels of employee turnover, sabotage, and low pride in their work, wastage, low job satisfaction, endless grievances, indiscipline and lack of team spirit. The responsibility for motivation is three-fold: it falls on the senior leadership, the direct manager and the employee (Bhuvanaiah & Raya, 2015). Each party plays a big role ensuring that the organization motivates its employees. Proper communication channels among the three parties ensures that all gaps that can cause de motivation are catered for.
Feed the Children was established in 1979. It is a non-profit organization whose stated mission is "providing hope and resources for those without life's essentials". It serves those in need in the U.S. and in ten other countries around the world. It provides food education essentials and disaster relief. Domestically, it operates five distribution centers (located in Oklahoma, Indiana, California, Tennessee and Pennsylvania). Feed the Children's domestic programs are more on distribution of food and essential items to needy homes. The organization has distributed more than 15,500 tons of food and relief supplies too many affected regions. FEED is the 25th largest charity in the US, according to the Chronicle of Philanthropy. The organization meets all 20 standards of the BBB Wise Giving Alliance and holds the BBB Wise Giving Alliance Charity Seal (Feed the Children, 2018).

In Africa FEED has offices in Kenya, Uganda, Tanzania and Malawi. In Kenya FEED begun its operation in 1993, with offices in Nairobi, Turkana, Kajiado and Samburu. Some of the programs the organizations run are School Feeding programs, Livelihood projects to different communities, Food and Nutrition lessons, Health and Sanitations to schools and the community. FEED Kenya also has a center at Dagoretti, Nairobi that homes Abandoned babies and physically challenged children. The organization also sponsors children in the communities. The organizations connect with donors, experts, partners, leaders and communities to achieve its vision of no child goes to bed hungry. Over the years FEED has been able to achieve its goal and implement their project at ease. But since 2016, the organization has been facing funding challenges which has caused the organization to do restructure the Kenya office. One of the strategies used when restricting was downsizing.

This is study looked at the various downsizing strategies that have been implemented by Feed the Children and how those strategies affect employees’ motivation. The main expectation is present the connection between downsizing strategies and Employee motivation (Feed the Children, 2018).

1.2 Statement of the Problem
Although Downsizing has been defined as a deliberate organizational decision to reduce the workforce that is intended to improve organizational performance (Kozlowski, 1993). Furthermore, downsizing has negatively affected numerous families of employees and has created a significant social tension (Mckee-Ryan & Kinicki, 2008). The employees leaving are greatly affected due to loss of employment they must adjust their life style as they look
for other employment in a world where jobs are not readily available. The surviving employees are faced with many questions of uncertainty. Survivors of organizational downsizing also concern themselves with issues related to justice not to mention their own feelings of job insecurity (Chipunza & Samuel, 2013).

Omar and Were (2015) focused on establishing the effect of employee downsizing on performance of retained workforce in commercial banks. Their findings established was job security; morale, productivity and workload had a significant influence on performance of retained workforce in commercial banks. Mwangi (2002) focused on determining the attitudes that survivors of downsizing have towards management and job security. Her findings suggested that workers suffer job induced stress because of downsizing. Kurebwa (2011) focused on organizational downsizing and Its Impact on Leavers and Survivors. The study concluded the attitudes and feelings that leavers and survivors had towards the downsizing process was negatively impacted. Lee and Corbett, (2006) examined the mechanisms through which downsizing affects employees’ affective commitment to the organization in two Korean banks. Their findings showed downsizing affects employees’ affective commitment to the organization both directly and indirectly, though its indirect impact is much stronger. Reinardy (2010) focused on examining the effects of downsizing on personnel. The findings indicated that most employees experienced a decline in trust, morale, satisfaction and commitment.

According to the Regional HR Manager of Feed the Children they have had to implement downsizing as an approach of restructuring. Since 2016 the organization has been facing funding challenges and to ensure sustainability and achieve its vision they had to downsize and close a few projects. Before downsizing the organization tried to make a few changes which include; reducing the benefits which include medical, training and development, Suspending of Salary review and increment reducing some of the employees’ contract from one year to three months. In 2018, the organization realized they had to downsize the funding had gone down and it was able to support some of the projects. The downsizing strategies that they implement included; Early Retirement, Work Redesign, Outsourcing, Retrenchment and Redundancies.

The organization has realized there has been high employee turnover with very good employees looking for employment elsewhere. The performance of the remaining staff has also declined, and their morale has gone down, increased level of uncertainty and
ambiguity, threat of job loss, lower commitment and increased absenteeism. Various study has been conducted on effect of downsizing strategies on the organization performance, but they have been a gap in linking it to the employee motivation in the NGO world. The researcher will carry out investigation to understand Downsizing strategies and its effects on employee motivation. The researcher will focus on finding out if the downsizing strategies that Feed the Children has used in downsizing motivated the remaining staff.

1.3 Purpose of the study
The objective of the study was to find out the effects of Downsizing strategies on employee motivation.

1.4 Research Question
1.4.1 How does early retirement as a downsizing strategy affect employee motivation?
1.4.2 Does work redesign as downsizing strategy affect employee motivation?
1.4.3 What are the effect of outsourcing as downsizing strategy on employee motivation?
1.4.4 What is the effect of retrenchment as downsizing strategy on employee motivation?

1.5 Significance of the Study
The result of this study will be useful to the following groups:

1.5.1 Scholars and Academicians
To the researcher, the study will provide answers to the question regarding the effect downloading strategies on employee motivation. Other researchers will take up the gap for the purposes of carrying out research in future. It will also provide literature review for existing literature.

1.5.2 Feed the Children
The finding of the study will be of great help to Feed the Children Management. They will be able to link downsizing strategies and employee motivation. This will help them to know if the strategies they are currently implementing in downsizing affects employee’s motivation positively or negatively. They will be able to improve on the strategies, come up with new strategies or continue implementing the current strategies. The human resource management will be able to mitigate staff turnover and come up with better strategies for motivating employees. This will help the organization have employees who will work to ensure they meet the goals and objectives of Feed the Children.
1.5.3 Donors and Partners

The study will provide an insight to the Donors and Partners of Feed the Children and those funding other organizations. They will be able to understand without their support or when they reduce the resource it influences employee’s motivation. Without a motivated staff the organizations might not be able to meet the requirements and objectives set by the donor on projects.

1.5.4 Other Nongovernmental Institutions

Study will be helpful to other NGO’s both international and locum in understanding downloading strategies and its effect in employee motivation. They will be able to see how different strategies trickle down to employees and how the employee is affected. This will help them come up with downloading strategies to ensure employees are always motivated to avoid poor performance and loosing employees who are very crucial to the organization. Having satisfied employees, they will be able to meet their overall objectives as organizations.

1.6 Scope of the Study

Feed the children is an international organization that was started in Kenya in 1993. Feed the Children has offices in Nairobi, Turkana, Samburu and Kajiado. The study took place between the months of August to December 2018. The limitation of the study was reaching out to all the staff of Feed the Children Kenya including those in the field. To mitigate this the study focused on the Nairobi office (Gigiri and Dagoretti Offices) which has 180 staff. The study will be based on the variables of Early Retirement, Work Redesign, Outsourcing and Retrenchment / Redundancies and how they affect employee’s motivation.

1.7 Definition of term

1.7.1 NGO

A Non-Governmental Organization (NGO) is any non-profit, voluntary citizens group which is organized on a local, national or international level. It is task oriented and driven by people with a common interest (Edwards, 2007).

1.7.2 Motivation

This is a set of processes concerned with the force that energizes behavior and directs it towards attaining some goal (Baron, 1983).
1.7.3 Downsizing
Downsizing is the systematic reduction of workforce through a set of activities by which an organization aims to improve efficiency and performance of the organization (Heinze, 2010)

1.7.4 Turnover
Turnover is defined as the degree of individual movement across the membership boundary of an organization (Price & Mueller, 1986).

1.8 Chapter Summary
The chapter addressed the background of downsizing strategies, employee motivation and Feed the Children. The chapter provides information on downsizing strategies and how it affects employee motivation. This chapter also presents the problem statement, the objective of the study and the research objectives. It also covers the significance of the study and the different groups the information will be useful to, the scope of the study and the definition of the key terms as used in the study. Chapter two presented a review of the literature focusing on the effect on Retirement, Work Redesign, Outsourcing, and Retrenchment on employee motivation. Chapter three provided an outline of the research methodology adopted for this research. A quantitative research methodology was adopted and arguments justifying the choice of this approach presented. The Chapter will also present details of research design, target population, a sample of the study, sampling techniques, research instrument, and the data collection process. Chapter four was a presentation of findings and interpretation of result in tables, graph and charts. Chapter five presented discursion, conclusion and recommendation of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
The main objective of this research was to determine the effects of downsizing strategies on employee motivation. The chapter will evaluate the various theoretical literature on the areas of downsizing and motivation. The review will focus on four objectives; To determine how early retirement as a downsizing strategy affect employee motivation, to find out how work redesign affect employee motivation, to examine the effect of outsourcing as downsizing strategy on employee motivation and to determine the effect of retrenchment or redundancies on employee motivation.

2.2 Effect of Retirement as a Downsizing Strategy on Employee Motivation
Organizational downsizing has been a common strategy in the business world from the 1980s, particularly during an economic decline (Tsai and Yen, 2008). Downsizing has been defined in many ways by different scholars. Downsizing is the systematic reduction of workforce through a set of activities by which an organization aims to improve efficiency and performance of the organization (Heinze, 2010). Mwangi (2002) argues that downsizing strategy entails reduction in workforce and not necessarily reduction in the assets of the organization. Most of the organization are embracing employee downsizing to cut down on cost and increase performance but downsizing did not necessarily add value or enhance productivity for a firm (Howard, 2002; Landry, 2004). Downsizing has proved unable to boost a firm’s stock prices and even had a negative impact on the firm (Rigby, 2002). Worrall (2000) observed the negative impact of downsizing in the public sector as breakdown of the psychological and reduced job security among managers Shah (2000), observed many firms conducted downsizing to maintain competitive advantages and upgrade technology levels, not necessarily because of organizational decline. In addition, globalization and merger/acquisition to reach an optimal economy of scale could also lead to the actions of downsizing (Hirschman, 2001; Tsai, 2001). Other reasons that causes organization to downsize includes; economic crisis, change in management, unnecessary workforce, merging of companies or firms, automation, outsourcing among others. In Kenya, Huka (2003) found that the biggest downsizing in the oil industry occurred in the period between 1992 and 1997. These firms in Kenya ended up downsizing due to performance of the national economy, competition due to liberalization
and declining profit margins. Regardless of the kind of reason an Organizations is downsizing they should ensure they use the right strategies in downsizing. Employee downsizing has possible drawbacks to the organization on employee performance, i.e. loss of organizational knowledge, job security, employee morale, productivity, efficiency and the workload. The downsizing memos are generally associated with negative effects on organization performance. Some organizational benefits expected from downsizing may include increase in productivity, improved quality, and enhanced competitive advantage, potential regeneration of success (Lent & Burke, 2009).

2.2.1 Early Retirement

This is where a company offers more substantial retirement benefits in exchange for an employee’s promise to leave at a certain period in the future (Cascio 2010). Management assume that early retirement opens promotional opportunities for younger workers, but one research study found that it is difficult to predict accurately how many older workers will take an ERI. After the recent financial crisis broke out and many of the economies entered recession, downsizing initiatives became even more unescapable. The International Labor Organization (ILO) estimated that layoffs caused by the world-wide recession will reach 50 million by the end of 2009 (Mortished, 2009). Similarly, downsizing was a response of many organizations to the economic downturn in the late1980s and early 1990s (Minda, 1997). Some of the reasons why organizations offer early retirement are cost savings; those employees who were employed a long time and are senior managers are paid more benefits compared to other (Bradley, 2018). Early retirement, as a form of employee reduction, are used to achieve immediate, savings in labor costs (Cline & Masaon, 2009). Another reason for early retirement is delayed layoffs Employees are key to any organization. Therefore, most organizations, prefer to delay layoffs if possible. An early retirement plan helps to delay layoffs while achieving cost savings (Bradley, 2018).

In Kenya early retirement has been one of the approaches that most companies are using in downsizing and layoffs. National Bank of Kenya offered early retirement to a target group of 150 employees, those aged above 35 and have served the bank for a minimum of 5 years. The main aim of the bank was to cut done on cost and at the same time improve efficiency. This followed a similar one the bank had implemented in 2014, that saw 200 employees exit under early retirement (National Bank of Kenya, 2018). Nation Media Group (NMG) laid off 150 employees through early retirement this is because its core newspaper business has
been affected by the spread of online publications, seeing its advertising revenues and circulations dropping. The company has undertaken similar downsizing in the last three years. In 2016 it laid off more than 150 employees in three radio stations and Swahili TV station (Nation Media Group, 2018). Several firms in Kenya including Britam. National Bank of Kenya, KCB Group and Standard Group have announced early retirement plans in recent years. The need for workforce reduction and freezes hiring has been brought about by the slow economy due to poor weather and prolonged electioneering period, which reduced last year’s forecast growth to a five-year low (Mugo, 2018).

Voluntary early retirement is understood as a retirement that is caused by a relative preference for leisure versus the feasible alternative of continuing work (Desmet, 2005). Involuntary early retirement refers to a retirement that results from a situation with (often unexpected) employment constraints (Smith, 2006). The legal advantages of a voluntary program if employees select themselves for early retirement, the employer will have far less exposure to claims that the terminations were discriminatory under applicable labor law. A voluntary program is more humane, since the employees who are best prepared for a job loss are the ones who will volunteer to terminate (Smith, 2006). A disadvantage of a voluntary program is that the employees who accept the program is outside the employer's control, that means the organization may loss key employees to the organization as they may choice the package. If the employer uses an involuntary program, it may be impossible to retain the ideal workforce due to legal restraints.

2.2.2 Positive Impact of Early Retirement

Early retirements programs have benefits both to the employee and organizations. The programs are considered by management to be an effective control for organizations to reduce workforce and other related costs, and to realign operations (Polisner, 1996). Others see early retirement program to be much less harsh than layoffs, reducing impact on decision-makers, as well as reducing the negative impact on remaining staff (Kets de Vries & Balazs, 1997). The program is a humane way of workforce reduction which is painless (Worth, 1995). Traditionally, companies pay older employee’s higher benefits than younger ones, while many believe that older workers’ pay rates may not be in line with their current job efficiency (Davidson et al., 1996). Early retirement program often improves career opportunities for younger employees, which are less expensive to the organization and require low benefits, especially on medical grounds (Mathys & Burack,
Majority of costs associated with early retirement incentives are charged to pension funds (Tomasko, 1991).

A survey by University of Sydney has found that people become more active, sleep better and reduce their sitting time when they retire. The study followed the lifestyle behaviors of 25,000 older Australians including physical activity, diet, sedentary behavior, alcohol use and sleep patterns. The research showed that retirement was linked to positive lifestyle change. Those who retired were physically active, reduced time spent in sitting and had better sleeping patterns (Ding, 2016). Another advantage is that it enables the staff to start a new career path. They find other source of income. One might find other activities that enables them to make. New income streams after retirement might include online writing or selling crafts or art online.

2.2.3 Negative Impact of Early Retirement

Although there are numerous benefits of early retirement there are scholars who feel this is not the best strategy when downsizing. In May 2013, the Institute of Economic Affairs published a report on retirement. The report indicated retirement can increase the like hood of depression and despair by 40%. It also increased the possibility of developing at least one physical disorder by approximately 60%. The study was conducted on about 9,000 retired people across eleven European Countries. It was established that majority experienced the same mental changes (Karief, 2015). Paul and Townsend (1992) provided evidence that staff who exited through early retirement incentive programs face serious boredom, experience financial problem. Gowan (1998) revealed that 49 percent of respondents, on his study on acceptance factors for early retirement, indicated that the decision for retiring was not desirable for them.

Although early retirement has seen us voluntary, those who accept it feel like they are no longer needed in the organization. By them not accepting the offer of retiring they will be in a company that does not see their need. Another challenge with early retirement program is the difficulty in predicting which suitable employees will choose an early retirement package. Employees who are very crucial to the success of the organization may choose the package, although the organization intention was to give the package to those who may not be too crucial to the success of the organization. It is impossible to predict what important knowledge, “institutional memory,” and critical skills the organization will lose
when employees separate under early retirement programs (Cameron, 1994). If an early retirement incentive program was not successful and few staff accepted the offering, a company may still be forced to resort to layoffs (Hawthorne, 1993). Miller Brewing Company’s early retirement incentive program was announced in 1992. Only 82 employees accepted the package. Due to the small number the management had to resort to layoffs and terminating a contract for 340 employees to reach to its target. Nevertheless, it is risky for an organization to lose many employees or the right employees through the early retirement program.

Early retirement program is a failure if the crucial employees or too many employees leave the organization (Hawthorne, 1993). By exiting of these many employees, the company might spend a lot of time and money in recruiting other employees. When DuPont announced an early retirement incentive program designed to reduce the number of employees by approximately 6,500, the offer was accepted by twice that number, leading to significant employee replacement cost (Appelbaum et al., 1987).

Managers believe that in many cases older employees have higher remunerations, as compared to younger workers, due to longevity of their employment rather than due to higher job efficiency (Kanfer & Ackerman, 2007). But the scholars critique this notion using the Employment life-cycle theory is common in business practice (Kanfer & Ackerman, 2007). The theory explains, during an employee’s career, his or her wages go up with age rather than with productivity. Accordingly, younger staff or new to the organization their wages are lower than their productivity and their older counterparts. According to Feldman (1994), there are several factors that influence early retirement decisions. They include; Age, Health, Longevity: The longer an employee has worked for a single organization, the higher the chances that he or she would choose to opt for an early retirement offer, Performance/skills dynamics, Spouse’s employment, Minor children. Employees with minor children are less likely to opt for an early retirement offer.

2.2.4 Dos and Don’ts of Early Retirement Programs (Infinity Benefits Solutions, 2018)

Dos
Always ensure the programs is suited for your organization. If the package is high or the organization is too generous to many employees many accept the package and key staff
may leave the organization. You may need to reconsider the package or use a different downsizing strategy. Identify the staff who you would like to remain in the organization, the key employees to the organization and let them know they are key to the organization and you would like them to stay. Poor performers may choose to stay, and key employees may leave and accept the package. This can be a huge loss to the organization this is because the staff may be adopted by your competitors. Carefully present the release document to your employees to ensure they understand. Explain the plan clearly, including all eligibility factors and provide enough time for employees to consider their options. To be safe, have all communications reviewed by any public relations personnel and legal counsel as necessary. (Beulen, 2015).

**Don’ts**

Ensure the program is communicated well to the employees by no means should the feel threaten or infers negative consequences. While it is crucial to inform employees of the layoff if the staff exiting in this program is not enough. Only ensure it is communicated properly. Do not have different benefits for different age groups. The package should be fair to all, although other benefits may differ especially those related to the number of years worked in the organizations, other benefits should be equal to all, (Beulen, 2015).

**2.3 Effect of Work Redesign as a Downsizing Strategy on Employee Motivation**

*Work redesign* is defined as changes in skill variety, task identity, task significance, autonomy, and feedback (Chen, 2008). It describes how ‘jobs, tasks, and roles are structured, enacted and modified and what the impact of these structures, enactments and modifications are on the individual, group, and organizational outcomes’ (Grant & Parker, 2009). Evangelista and Burke (2003) found that downsizings mean more working hours and workload for the remaining employees. It is important for managers to assess different units, obligations and internal tasks to effectively and fairly manage and balance the work among the remaining staff. Implementing work redesign is vital in such situations. When a firm enters the downsizing mode, the top managers need to redefine their goals for the restructured company to meet the demands of their business environment (Evangelista & Burke, 2003).

Work redesign comprises of such as eliminating functions, hierarchical levels (de-layering), groups, divisions, products, redesigning tasks, consolidating and merging units, and reducing overall work hours. A well-designed job may lead to increased employee
well-being and may set the stage for thriving, that is, when individuals surpass challenges at work and personally grow from them (Strümpfer, 2006). Job redesign also serves to create a unique bond between an individual employee and the organization. Employee develops a sense of belonging which fosters their commitment and motivation level Hartzell (2015). Job redesign ensures employees have quality work experience which promotes their productivity. Job redesign, when competently executed in appropriate organizational circumstances, generally increases the work satisfaction and motivation of employees whose jobs are enriched (Alber, 2007). Opatha (2002) considers job design to include the functions of arranging task, duties and responsibilities into an organizational unit of work. Ofuneke (2013) examined Downsizing Strategies and Corporate Performance Amongst Commercial Banks in Nigeria. The study found out that the different ways of effecting work redesign included elimination of functions, job redesign, and reduction of the overall work hours. Elimination of function focused on elimination of some roles contributing to efficiency and those roles cutting on costs which helps to improve organization performance.

Some of the reasons why Work redesign is a unique approach to motivation and company reorganization includes: (1) work redesign changes the relationship between a person and what he or she does in the job, the person is able to differentiate when between the person at work and the one outside work; (2) work redesign directly changes behavior, which tends to stay changed, the person adapts to new behaviors that help him fit in his position; (3) work redesign offers one's hands various opportunities for initiating other organizational changes; and (4) work redesign, in the long term, can result in organizations that rehumanize rather than dehumanize the people who work in them (Hackman, 1977). Some of the challenges organizations may face during workforce redesign include; the failure or inability to identify and categorize duties and assignments, the failure to identify when an employee is over-tasked and the failure to see when a business unit’s demands exceed its capacity.

The work redesign does not necessarily affect all employees negatively. While some see it a threat to their employment and less in control of their own fates, some employees may experience work redesign as liberating, exciting and empowering because it allows them to use their skills and capability to the full, avoid boredom, work more cooperatively with others, and encounter the workplace as a total learning environment (Grundberg, 2003). In
organizations, work design is one of the best ways to increase workforce performance. Work redesign can solve problems relating to skills, work overload, repetitiveness, and increase in working hours (Allwood & Lee, 2004). Well-designed jobs also lead to increased employee well-being (Strümpfer, 2006). Work redesign thus reduces job dissatisfaction and improves the motivational prospective of a job. Maxwell (2008) asserts that work design motivation and teamwork are positively related to productivity. Regarding this Aswathappa (2006) explained that, various approaches to job design are; job rotation, job engineering, job enlargement, and job enrichment. Turner and Lawrence (2005) point out that although it is not acknowledged that job redesign is a cure for organizations illness, it remains difficult to arrive at a "bottom line" estimate of the costs and benefits of job changes. And despite the recent popularity of work design as a research topic and change technique, many unanswered questions remain, especially regarding the application of work design as a downsizing strategy in motivation of remaining staff. Negative effect to work redesign to the employees include Lack of trainings, employees maybe require taking up additional jobs without been taken through a training.

The lack of training may be a disadvantage for employees and employers, and lead to problems such as lower productivity (Miranda, 2018). Another effect is increased workload; it may be difficult for some of the employees to adjust to their new responsibilities and this many affect their performance. The increase in work can cause employees to get frustrated, burned out and lower their overall productivity (Miranda, 2018). Poor performance can also cause employees to get stripped of their new responsibilities, which can cause embarrassment. Job redesign include the fact that a lot of human effort is required, personal biases could lead to inaccurate interpretations, and lastly, some employees may experience a rough time adapting to change which may terribly reduce their productivity at work (Erdogan, 2012)

2.3.1 Work / Job Redesign Methods

There are main methods for work redesign include; Work Simplification, Job Rotation, Job Enrichment, Job Enlargement (Chand, 2009). Work simplification is scientific approach to study work processes with view to simplifying the process such that the work process becomes more efficient and effective thereby raises productivity and reduces wastage of labor effort, material, space, time & energy in the process of producing a good or delivering a service (Agarwal, 2014). Job Rotation can be defined as lateral transfer of employees
among several different positions and tasks within jobs where each requires different skills and responsibilities (McEvoy, 1987).

Job Enrichment

Job enrichment refers to designing jobs so that workers have more responsibility for their accomplishment. In this way, workers are more motivated to accomplish their jobs at a higher level of performance (Chad, 2009).

Fredrick Herzberg et.al describe job enrichment as that type of improvement in the context of the job which may give a worker more of a challenge, more of a complete task, more responsibility, more opportunity for growth, and more chance to contribute his ideas. Job enlargement is an increase in job tasks and responsibilities to make a position more challenging. It is a horizontal expansion, which means that the tasks added are at the same level as those in the current position (Chad, 2009).

According to Herzberg’s theory of motivation, people have two sets of needs and requirements: motivator needs and hygiene needs. Motivator needs are linked to identity and how challenging it is. Outcomes such as; interesting work, autonomy, responsibility, being able to grow and develop on the job, and a sense of accomplishment and achievement,
help to satisfy motivator needs. Hygiene needs are related to the physical and psychological context in which the work is performed. Hygiene needs are satisfied by outcomes such as pleasant and comfortable working conditions, pay, job security, and good relationships with coworkers, and effective supervision (Davis, 2005). Herzberg’s two-factor theory provided real impetus to job redesign. Herzberg’s approach to job redesign involves improvement of the motivation factors, such as achievement, recognition, responsibility, advancement, and opportunity for growth. This approach assumes that job enrichment or redesign increases job satisfaction, which, in turn, increases motivation and better performance (Van de Ven & Ferry, 1980).

2.3.2 Employee Motivation
Motivated workforce is key to all organization. Motivation is goal-oriented behavior it can be through incentives, rewards, and positions all designed to ensure employees deliver results in accordance to management desires (Armstrong, 2008). Even when people have the right skills, clear work objectives, and a supportive work environment, they would not get the job done without ample motivation to meet those work objectives (Mullins, 2006). He elaborates that motivated employees are enthusiastic to exert a certain level of effort (intensity), for a certain amount of time (persistence), toward a distinct goal or direction (Mullins, 2006). Motivation is key to any discussion of work behavior because it is believed that it has a linked to good work performance; it is assumed that the motivated worker is the productive worker (Riggio, 2014). Having employees who are motivated assures the organizations of good returns and meetings its objective. Employees will work hard to ensure they meet their targets and be the best.

John Stacey Adams’ equity theory explains why pay and working environment alone do not determine motivation. It also explains why giving one person a promotion can demotivate others. Giving one person preference influences the other employees. When people feel fairly or advantageously treated they are more likely to be motivated; when they feel unfairly treated they are highly prone to feelings of disaffection and demotivation, (Osborne, 2010). During downsizing the strategies or methods used in selecting the staff to lay off plays a major role in motivation. A fair strategy should be used in downsizing. When employees feel they were not fairly treated during downsizing it will be reflected in the performance and morale to work. Many times, inequities can lead to an increase in absenteeism and even resignation of an organization (Greenberg, 1999). HRM plays a major role in employees’ perceived fairness of outcomes (Folger & Cropanzano, 1994). Employees trust the HRM will implement
strategies that are fair during Wages, salaries, promotions, bonuses, disciplinary actions and in downsizing. By implementing the law, HRM are sure of following a just process. Adams (1965) defines inequity as “inequity exists for person whenever he perceives that the ratio of his outcomes to inputs and the ratio of other outcomes to other inputs are unequal”. According to Adams (1965) the focus of the theory is on the exchange relationship where individuals give (inputs) something and expect something in return (outcomes). Employees give their expertise and skills in performing the assigned duties and in exchange expects to be given their benefits, they expect job security and job satisfaction. When downsizing occurs this affects the output expectations.

Maslow's hierarchy of needs theory states that people have a pyramid hierarchy of needs that they will satisfy from bottom to top. Important to the hierarchy of needs theory is that Maslow felt that unfulfilled needs lower on the ladder would inhibit the person from climbing to the next step (Cascio, 2010). When Maslow's hierarchy indicates that management has the duty to make sure the deficiency needs are met. This implies a safe environment and proper wages. it also creates a proper climate in which employees can develop their fullest potential; failure to do so would theoretically increase staff frustration and could result in poor performance, decrease job satisfaction, and increased turnover (Brockne, 2008).

According to Maslow's hierarchy of needs theory; job insecurity and the threat of layoffs brought by downsizing, will prevent the individual from their higher growth needs. They might work harder to get security, but without fulfilling their other needs. If security doesn't return they will fulfill their needs elsewhere or burn out (Osborne, 2010). This theory is relevant to our study because it affirms that job security affect motivation of employees and the reason for job insecurity here is downsizing. The remaining employees live with the fear of not knowing if they might also be laid off and when. This causes turnover, employees will start looking for other employment opportunities where they are assured of downsizing. High turnover is costly to the organizations and this affects their profits in addition to the poor performance. Hackman and Oldham followed through on the idea of motivational jobs and exclusively focused on job content in their job characteristics model (JCM; Hackman & Oldham, 1976). They argued that the job motivation could be assessed by the degree of task significance, task identity, and variety, as well as the autonomy and feedback directly from the job. Job characteristics were argued to lead to an extended job
design outcome which comprised of internal motivation, performance, absenteeism, and turnover. Hackman and Oldham when ahead and suggested three psychological conditions as arbitrating mechanism: having information of results, feelings responsible, and experiencing meaningfulness in the job. These conditions were influenced by feedback, autonomy, and the combination of task identity, task significance, and variety. This model assumed that peoples’ skills, knowledge, and ability, as well as general satisfaction with the work context, may impact the strength of the relations between the job characteristics and the critical psychological states, and between the latter and the work outcomes (Oldham, Hackman, & Pearce, 1976).

2.4 Effect of Outsourcing as Downsizing Strategy on Employee Motivation

Outsourcing is defined as the procurement of products or services from sources that are external to the organization (Rundquist, 2007, Ono & Stango, 2005). According to Chaffey (2008), judgments of efficiency are based on some idea of ‘wastage’ and reduction of cost more so when operational budget is on the downward trend. Essentially outsourcing addresses the issue as to whether an organization should make or buy intermediate inputs; an issue that has a long tradition in economics, dating back to the seminal work by Coase (Görg & Hanley, 2004) on the boundaries of an organization. Since then, a large body of literature has been concerned with analyzing the determinants of this “make-or-buy decision”, focusing on the role of incomplete contracts, specific assets and transactions costs (Bolton & Whinston, 1993). In a nutshell, organizations would prefer to “buy” as opposed to “make” if the cost of outsourcing is lower than in-house production. Hence, outsourcing can be used to economize on production cost, in particular labor cost (Abraham & Taylor, 1996) by substituting in-house production with the buying in of components. Supporters argue that outsourcing is simply about keeping costs down in response to competition, which will allow organizations to stay competitive (Kane, Schaefer & Fraser as cited in DeMaiolo, 2009). In addition, competition among organizations created by outsourcing ensures that lower costs are passed on to consumers in the form of lower prices. In this sense, outsourcing has an effect like a technological change that lowers cost in production (Hubbard & O’Brien, 2006).

Outsourcing, from the business perspective, allows organizations to offer competitive rates and expand efficiency. Another supporting argument emerges from Boston University Professor Nitin Joglekar [who]…found that less than 20% of workers affected by
outsourcing lose their jobs; the rest are repositioned within the firm, thus implying that increased efficiency. According to Litllor and Benson (2002), the first and most prominent reason for choosing outsourcing is to minimize business costs. Research has shown that companies can save as much as sixty percent of their business costs when they choose outsourcing. This is possible because those companies that supply outsourcing services have adequate resources, personnel etc. needed to conduct that business function under consideration. Additionally, such companies may be in other regions or countries that supply input at a lower price than in the country of normal operation. For instance, some Asian countries giving call care services charge very little for their services since labor supply in these countries is cheap and they can then trickle down these low costs to respective consumers in the Western world.

According to Landers (2006) the most commonly outsourced organizational activities can be classified into three general categories based on the type of activity. The first category requires highly skilled expertise or executive positions, such as accounting or financial activities. Organizations, most especially a start-up one, does not have to pay a monthly CFO salary. Instead, there are qualified CFO-level professionals that you can temporarily hire, only when necessary, to accomplish financial statements, provide financial analysis and perform general billing functions. The second category comprises of highly repetitive business tasks, such as secretarial or clerical duties, accounts payable, shipping inventory, distribution, human resource, sales and marketing. The last category is outsourcing highly specialized business functions, such as Information Technology (IT), Project Management (PM), engineering, construction or customer support. There are several effects of outsourcing on the outsourcer than on the service provider.

Outsourcing is normally depicted as a win-win strategy, with the outsourcer keen on cost cutting and the service provider on profit maximization, this may not always be the case. The conditions of the service contract, and especially the guarantees given to the employees regarding employment, career and pay may limit the benefits for some period. For the service provider it is crucially important that the OS process goes well to ensure that employees are committed and motivated to perform. Unwillingness to change, distrust and lack of commitment may seriously undermine the feasibility and success of the outsourcing operation. Thus far, limited attention has been paid to the human resource aspects of outsourcing and the impacts on employees (Benson, 1998; Khosrowpour & Subramanian, 1998).
1996; Logan, 2004). Relating to productivity, the main reasoning is that the productivity of organizations is determined by their potential to minimize production costs via allocating inputs to their most efficient use (Paul & Yasar, 2009). Organizations therefore assess the productivity of their in-house production and compare it to outside suppliers. If external suppliers can provide a comparable service cheaper — e.g. due to benefits of economies of scale and centralization of expertise — certain tasks may be subcontracted. According to Amiti & Wei (2006), one channel by which outsourcing may increase productivity is by allowing an organization to shed its relatively inefficient parts of the production process and expand its output in stages it has comparative advantage.

Similarly, Wamalwa (2003) argued that outsourcing is a viable option to any organizations because it takes away attention from dealing with other aspects of the business that have nothing to do with the core business functions of an organization. Companies can therefore concentrate on aspects of business that they encircle their business objectives, and this eventually improves their business functions. Feenstra (2007) notes through outsourcing the gain in firm productivity may translate to higher real wages due to the drop in prices for final goods. Lin & Ma (2009) found a positive, albeit weak relationship between material outsourcing and Korean productivity. By contrast, service outsourcing had a negative impact on total factor productivity in Korea. Outsourcing also gives companies/organizations the opportunity of expanding (Woolson & Speckhals, 2001). Since an organization is concentrating on their core business functions while other companies deal with other aspects, then chances are that productivity will be heightened and the level of quality emanating from such a business enterprise will increase.

The overall effect of such an approach is that many persons may now could improve their business values. This then gives them a platform for improving their business sizes. Outsourcing is also chosen by many enterprises because through this business approach, it is possible to save on valuable time (Smith, 2004). Usually, companies that outsource can make faster deliveries to their respective consumers. The overall result is that consumers' needs are satisfied. All clients consider prompt delivery as a positive business attribute and this may keep them coming back to that respective business.

2.4.1 Effects of Outsourcing on an Organization

Outsourcing has been faced with some problems in terms of possible adverse consequences identified with the potential loss of skill, knowledge and capacity, a reduction of quality of
services, short term disruption and discontinuity and damage long term competitiveness (Elmuti, 2003). Brown and Wilson (2012) point out that it has been suggested by a senior human resource practitioner that outsourcing is not a threat for the function or the business, but a threat to an individual. Carbaugh (2010) argues that outsourcing will lead to loss of managerial control. Carbaugh (2010) maintains that whether contracts signed to have another organization perform the function of an entire department or single task, the result is turning the management and control of that function over to another organization. A contract will be in place, but the managerial control will belong to another organization. The outsourcing organization will not be driven by the same standards and mission that drives the organization that is providing the services. They will be driven to make a profit from the services that they are providing to the outsourcing organization and other businesses like yours (Carbaugh, 2010). Beulen (2012) add that outsourcing will bring threat to security and loss of confidentiality.

The life-blood of any business is the information that keeps it running. Beulen (2012) maintain that some payroll, medical records or any other confidential information that will be transmitted to the outsourcing organization, there is a risk that the confidentiality may be compromised, if the outsourced function involves sharing proprietary organization data or knowledge such as product drawings, formulas among others. It is important to evaluate the outsourcing organizations carefully to make sure the organization’s data is protected and the contract has a penalty clause if an incident occurs (Beulen, 2012).

2.4.2 Outsourcing Effects on Employee Motivation

Outsourcing can have a range of effects on individual employees who are directly involved in it. First, outsourcing is readily perceived as a breach of the psychological contract with the original employer (Coyle, Shapiro & Kessler, 2002) and can therefore lead to a drop in motivation. Second, it evokes job insecurity and concern about a deterioration of working conditions (e.g. relating to place of work, duration of commuting etc.). Although these aspects may be covered in the outsourcing contract, it also happens that not all employees are hired by the new employer or remain on the pay role for a longer time (Due, 1992) which leaves tangible risks for some employees. Third, employees may consider outsourcing plans “as an underestimation of their talents and credibility”, which may lead
valuable staff to quit the organization (Gupta & Gupta, 1992). Fourth, employees may experience a loss of identity as they lose their original position and the link with their first employer; this may impede their integration with the new employer (Logan, 2004). Fifth, because of all this, employees may show a decline in trust and commitment (Benson, 1998).

Apart from effects on the employees that are directly involved because their work is being outsourced, there may also be indirect effects on other employees. For instance, partial outsourcing, which means that certain activities are retained at the outsourcing firm, implies that the remaining employees will have less opportunity to gain broad experience in their field and have less career chances (Greer, 1999). Depending on the way in which the OS process is managed, survivors may also respond with perceptions of uncertainty, distrust and reduced commitment, like what is known from the literature on downsizing (Allen, Freeman, Russell, Reizenstein, & Rentz, 2001; Mishra & Spreitzer, 1998). On the side of the service provider there may be effects as well. For instance, Pearce (1993) found that regular employees tended to lose trust in their employer when the latter hired contract workers from outside. Both direct and indirect human impacts of OS are important and deserve research attention, but it is also important to consider them because they can complicate the outsourcing process and undermine its outcomes. Better qualified employees may decide not to stay on board and look for another job, the transition process may be hampered by resistance to change and shifts in attitudes may negatively affect productivity (Logan, 2004).

Not all effects of outsourcing on employees are negative, though. Outsourcing also brings new training and career opportunities in a specialized environment. Employees who could not climb the career ladder because of a lack of positions in their domain of expertise, can have a much better chance within a specialized firm. Evidence for this was found in a study in the ICT-sector by Pinnington and Woolcock (1997) and in a case study on employees of a local authority in charge of housing benefits and the collection of council tax (Kessler, Coyle-Shapiro, & Purcell, 1999).

### 2.5 Effect of Retrenchment as Downsizing Strategy on Employee Motivation

The reason for retrenchment is normally described by referring to economic, technological, structural or similar reasons (Thomsons & Benjamin, 2006). Retrenchment can be described in terms of closing business altogether or in a place thereby eliminating certain
jobs. According to Beaumnt, (1991) retrenchment is a situation in which the employer terminates employees’ employment as they have become superfluous due to, for example an economic downturn. Redundancy and retrenchment do have common meaning, which is suggestive of a deliberate decision to reduce the workforce that is intended to improve organizational performance (Kozlowski, Chao, Smith & Hedlund, 1993 cited in Makawatsakul & Kleiner, 2003). This includes reductions in the form of transfers, voluntary retrenchment, layoffs, natural attrition, induced redeployment, involuntary redeployment and early retirement (Morrar, 2004). Retrenchment process affects the following; retrenching organization, the victims, the survivors, and the implementers of the retrenchment process. A study done by Tylezak (1991) explains that poor decision that relate to which staff to be retrenched that is followed by improperly coordinated process leaves retrenched employees suffering from shock, grief, anger, shame, despair, disbelief, fantasy and embarrassment affecting their emotional life. Worse still the remaining staffs are also affected by dismissal of their colleagues and suffer from uncertainty, insecurity, fear, guilt, injustice, mistrust as well as resentment which affect their performance. A study by Noer (1995) established that these negative effects can easily give birth to survivors’ syndrome and it consistently seen through a range of staff attitudes and perceptions. According to Noer, this is what finally makes performance deteriorate.

Another study by Cox (1993) employees who survive from retrenchment normally encounters difficulties when coping with bigger workload from former colleagues and organization registers much sick offs and consistent absenteeism that costs the organizations. As such, retrenchment is improperly managed lead to stressful working conditions, more job demands and decreased social support that affect performance. A study by Brockner (1998) established that survivors of retrenchment often show job dissatisfaction, reduces staff morale and productivity.

2.5.1 Advantage and Disadvantages of Retrenchment

The major advantages of retrenchment include an effective adjustment policy and should therefore be associated with high organization productivity and not strike (Cascio, 2002). It should also be associated with high quality of work life of the employees. Many retrenchment programs have been implemented in Nigeria, but report shows that these programs have not indicated how the immediate impact affects especially in terms of immediate work and organizational outcomes have been addressed (United Nations, 1999).
Some said that organizational performance and innovation increase because of retrenchment and reflected to improve service delivery, (Namatovu, 2000), isolated some of the advantages of retrenchment to include; Job restructuring, reduction of overstaffing, reduction of redundancy and overcrowding, efficiency improvement, innovation, training and allowances and salary enhancement. In its disadvantages, (Levine, 2000), found that retrenchment resulted in fiscal stress and human resources shrinkage that caused many difficult problems for workers and individual government managers. These problems are caused by methods used by managers/government to cope with the need to retrench and decrementalism (decrease in budget without loss of visible operating effectiveness). The major problem is decrease of human resources that result from cost cutting measures, which bring lower standard of living and abject poverty, loss of skills, energy, morale commitment, physical and mental health degradation, that results from employees withdrawing physically and emotionally.

Decremental also cause reduced co-operative attitudes, greater fear and distrust; poor communication, lowered performance goals, restriction of production and increased turnover Biller (2000) is of the view that organization costs increase because of retrenchment due to the package grant on retrenchment and catering for the needs of retraining those retained by the organization. Cascio (2002) support this view by saying that although lay-offs are intended to reduce the costs, some costs like the severance package, out-of-placement benefit, pension and administrative processing costs may increase. It seems the short run but even the long run, its achievement may be bleak. The retained workers become more productive and if the productivity theory of wags rules, the wage goes up pushing the wage bill up (Levine 2001). Retrenchment may create demoralization, dampen organization productivity and increase voluntary retrenchment, discourage the organization’s most talented and productive employees who will end up leaving the organizations (Hehn, 2001). Standing and Tolkman (2004) warn that the introduction of voluntary retrenchment arrangements may impose considerable financial burden on the organization.

2.5.2 Effects of Retrenchment on Employee Motivation

It is evident that retrenchment will have a substantial impact on the workers both the affected and those retained. However, the effect can be much more widespread, those employees who are left behind and officers who deal with the retrenchment exercise can
be affected by the process, especially if it is badly handled and creates unnecessary conflict. A poorly executed retrenchment process can lead to loss of productivity, low morale and decreasing economic performance (Bentley, 2005). While it will always be difficult to maintain employees’ morale during retrenchment exercise, there is likely to be better response to a process that appears to be based on clear grounds that employees and their representatives can understand and contribute towards (Bentley, 2005).

Although the effects of downsizing are most acutely felt by the workers and their immediate families, a large-scale retrenchment can have significant impacts on the nation’s economy because it leads to an increasing rate of unemployment and cripples’ local business, affects dependents on patronage of workers and their families, which can be hard hit as well. Socio economic impacts can be especially severe on the employees who have grown dependent on the service, not only for their livelihood but also for social services and facilities such as health care, housing, education, sanitation, water supply, electricity, and maintenance of the transports and communications infrastructure. Every country has basic national rules for dealing with collective job losses and reorganization (Biller, 2004). An important aspect of developing and implementing a retrenchment plan is ensuring compliance with national laws and the term of collective bargaining agreements. Minimizing the legal risk is an important factor to bear in mind from both a financial and reputational perspective.

Key aspects of it in this regard include severance payment to individual employees and the nature of consultation carried out with trade unions and other stakeholders (Bentley, 2005). An organization’s risk of being sued for discrimination, unfairness, or a range of other causes is such higher if the rationale behind selecting an individual over another cannot be explained and justified. Furthermore, retrenchment is not particularly a rare activity in both public and private sectors of many countries of the world today. The morale, the efficiency, and the discipline of the workers go together. Efficiency is materially affected by morale in the service, and in a similar manner, morale and efficiency influence the attitude of officers towards the disciplinary code. When morale is low, the employee is dejected and disgruntled; the productivity of such an officer becomes low, the employee is dejected and disgruntled; the productivity of such an officer becomes low. A study done by Nyamberi and Kiriago (2013) “effects of retrenchment on the morale and job security of surviving employees of Telkom Kenya Limited” established that retrenchment has both positive and negative effect on existing staff. On the negative effect, surviving employees’ morale
diminishes and is often traumatized at the work place; they feel like there is no job security and become less productive as they think of getting a job elsewhere. As such, staff retrenchment affects motivation of staff. A study done by Okibo (2012) on the effect of retrenchment on service delivery of retained civil servants in Kenya established that because of retrenchment, staff were left having a feeling of job insecurity and uncertainty with the job form civil service, most remaining staff lost their morale and thus affecting service delivery. Duncan, Sakwa and Kiriago (2013) examined the effects of retrenchment on the motivation and loyalty of surviving employees of Telkom Kenya Limited using descriptive statistic, specifically the mean scores and standard deviations. They found that the retrenchment process in Telkom Kenya affected various aspects of surviving employee’s motivation and loyalty.

Okibo (2012) examined the effect of retrenchment on service delivery of retained civil servants- A study of selected ministries in Kisii Central District, using descriptive statistical method. Findings revealed that downsizing reduced the span of control. It caused feelings of insecurity among the retained civil servants and reduced headcount resulting in work overload. Retrenchment lowered the morale of retained workers. Interestingly, there were improvements in service delivery by public servants due to the reforms that were instituted by the government. Okoye (2010) examined the effects of retrenchment on the morale of workers: A study of Enugu State Civil Services using chi-square statistics. Findings revealed that retrenchment is perceived differently with a negative perception as an organizational change and as well workers always try to resist it due to the uncertainly it comes with, it creates job insecurity and dampened the morale of workers.

2.6 Chapter Summary

The chapter reviewed the literature on the effects of downsizing strategies on employee motivation. The section has highlighted the different theories for employee motivation and downsizing. It also discussed the effect of early retirement on employee motivation. The section also discussed the effect of work design, outsourcing, Retrenchment on employee motivation. The next chapter will present methodology that will be used in data collection, analysis and interpretation of results.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the steps and actions that was followed in conducting the research, it captures the methodology that was used in conducting the research study. The research methodology focused on the following: research design, sampling techniques, population, data collecting methods and data analysis methods. To be more detailed the chapter presents the procedures used in selecting research subjects, developing the research instruments, gathering and analyzing data, and making meaning of the data that is collected.

3.2 Research Design
In this study a descriptive survey research design was adopted. Descriptive research entails gathering data, explaining phenomenon and then arranges, tabulates, represent and describe data collection, in the form of graphs and charts, to assist the audience know the distribution of data (Cooper & Schindler, 2011). It is used to describe the characteristics of a population being studied. The main use of descriptive design is to describe information or data using numbers (create number of pictures of the information) (Orodho, 2008). Kothari (2007) defines descriptive research studies as those which are concerned with explaining the characteristics of a specific person or of a group. The researcher used a case study for detailed analysis of downsizing strategies adopted by Feed the Children and their effect on employee motivation. A case study focuses on one organization selected from the total population of organizations in the same industry (Kapel, 2015). It is an intensive, descriptive and all-inclusive analysis of a single entity.

3.3 Population and Sampling Design

3.3.1 Study Population
The study population is to the total collection of elements which one would like to study or make inferences (Cohen, Manion & Morrison, 2013). The population of the study comprised all the employees of Feed the Children Kenya office who were on renewable contract basis. The organization was composed of 110 staff. The staff members were from various departments and units from Nairobi, Turkana, Samburu and Kajiado offices.

Table 3.1 Population Distribution Table

<table>
<thead>
<tr>
<th>Departments</th>
<th>Population (No. of Employees)</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>


3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Sampling refers to the way of selecting a part of population to represent a whole population of study (Saunders & Thornhill, 2003). Cooper and Schindler (2001) describe sampling as a process by which part of the population is selected and decisions are made about the whole population. A sampling frame comprises of a list of items from where a sample is drawn (Kothari 2007). The sampling frame for this study comprised list of employees of Feed the Children who were 98 in number. The list of employees was obtained from the Human Resource Manager of the organization.

3.3.2.2 Sampling Technique

The study adopted a non-probability sampling technique which was purposive sampling technique. In purposive sampling technique the researcher sought information from four specific predefined groups: administration, children services, programs and operations. This kind of sampling technique presented a diverse range of cases relevant to study questions thereby provided as much insight as possible into the effects of downsizing strategies on employee motivation.

3.3.2.3 Sample Size

The sample size refers to the number of units that were chosen from which data were gathered (Lavrakas, 2008). Denscombe (2014) describes sample size as the number of elements selected from a given population. Ligthelm and Wyk (2005) describe the sample size as a smaller set of the larger population. However, since the sample frame is small and manageable the sample population was based on census of 110 employees that work for Feed the Children, Kenya.

<table>
<thead>
<tr>
<th></th>
<th>33</th>
<th>34</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children Service</td>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>Operations</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Programs</td>
<td>37</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Feed the Children (2018)
3.4 Data Collection Methods

Primary data was collected by means of self-administered questionnaire given to all 98 Feed the Children Kenya employees. The questionnaires was divided into four sections. The first section included the general information for the organization/respondent; age, sex and department and the period they have worked for the organization. The second section addressed the first research question which was; the effect of early retirement as downsizing strategy. The third section addressed the effect of work redesign as downsizing strategy. The fourth section addressed the effect of outsourcing as downsizing strategy. The fifth section addressed the effect of retrenchment and the sixth section addressed the dependent variable which is employee motivation. The questionnaire presented a Likert of 1-5 to show the level of respondent’s agreement with the relating to research questions. Where 1-Strongly disagree, 2 – disagree, 3 – not sure, 4- agree, 5-strongly agree. The researcher gave the respondents the questionnaires to fill by themselves and pick later at an agreed time. Key guidelines on how to fill and complete the questionnaire was provided to each respondent.

3.5 Research Procedures

The research begun by seeking permission from the management of Feed the Children by writing a letter and addressing to them. The researcher then wrote introductory letter that will accompany the questionnaire. The letter explained the goal of the research, guidelines on how to answer the questionnaire, time span and it also addressed the confidentiality issue. The data collection method used is structured questionnaire. The questionnaires was first given to 10 respondents from a different organisations as a pilot study to assist the researcher fine tune the questionnaire for efficiency and objectivity. The researcher adapted the drop and pick later method indicating when the questionnaires will be collected. Follow up on the filling of the questionnaires was done using e-mails to ensure high response rates.

The questionnaire was subjected to overall reliability analysis of internal consistency. This was measured using the Cronbach alpha as a coefficient of internal consistency. Internal consistency measures the correlations between different items on the same test (or the same subscale on a larger test) and whether several items that propose to measure the same general construct produce similar scores. Bryman and Bell (2018) provide the following rules of thumb: >0.9 – Excellent, >0.8 – Good, >0.7 – Acceptable, >0.6 – Questionable, >0.5 – Poor and <0.5 – Unacceptable. The acceptable value of 0.7 was used as a cut–off of
reliability for this study. The results of pilot study reveal that all the variables had alpha values of more than 0.7; which indicated a significant degree of internal consistency. All items that return a Cronbach’s alpha coefficient of 0.7 or more have been considered reliable. Individual items in an instrument measuring a single construct were highly correlated to one another, which reflected the homogeneity of the items. As shown in Table 1.1, the overall Cronbach’s alpha is 0.983 which indicates a high level of internal consistency with the sample used.

Table 3.2: Reliability Test Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>No of items Retained</th>
<th>Cronbach’s Alpha</th>
<th>Items Deleted</th>
<th>Conclusi on</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early retirement</td>
<td>12</td>
<td>0.791</td>
<td>ER7, ER8, ER14</td>
<td>Reliable</td>
</tr>
<tr>
<td>Work redesign</td>
<td>11</td>
<td>0.902</td>
<td>WR9, WR10, WR11, WR13</td>
<td>Reliable</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>10</td>
<td>0.940</td>
<td>EO10, EO11, EO12, EO14, EO15</td>
<td>Reliable</td>
</tr>
<tr>
<td>Retrenchment</td>
<td>8</td>
<td>0.884</td>
<td>RD6, RD7</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee motivation</td>
<td>15</td>
<td>0.954</td>
<td>None</td>
<td>Reliable</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>56</strong></td>
<td><strong>0.983</strong></td>
<td></td>
<td><strong>Reliable</strong></td>
</tr>
</tbody>
</table>

3.6 Data Analysis Method

The researcher implemented both qualitative and quantitative techniques in analyzing the data. According to Wyse (2011), Qualitative research is an approach used to gain an understanding of underlying reasons, opinions, and motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. Quantitative research is an approach of quantifying problem by generating numerical data or information that can be transformed into useable statistics. The collected data for this study was coded and analyzed using the descriptive statistics, specifically mean and standard deviation to describe each variable under study. Descriptive analysis entails a process of transforming raw data into charts, tables, with frequency distribution and percentages, which is important in interpreting and making sense of the data (Mugenda & Mugenda, 2009). Factor analysis was used to measure the variability of the variables that were observed
and correlated. The data was analyzed using Statistical Package for Social Sciences (SPSS) program and presented using tables, and figures to give a clear picture of the research findings at a glance. This study implemented a multivariate approach and utilized multiple regression and correlational tests as a form of inferential statistical analysis in order to determine the relationship between the dependent and independent variables.

3.7 Chapter Summary
In this chapter data collection and the methods that were used to carry out the research were identified as well as the sampling design, sampling frame and sampling technique. Questionnaires and interviews were used to collect data. Descriptive statistics and correlation coefficient was used to analyze data with the help of SPSS. The next chapter will look at the data collected and presents it in the form of graphs, tables and charts.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents research findings for the data collected from employees of Feed the Children Kenya office who are on renewable contract basis from the four regions of Nairobi, Kajiado, Turkana, and Samburu. The findings have been organized into demographics, descriptive and inferential analysis.

4.2 Response Rate
Questionnaires were administered to all 110 Feed the Children Kenya employees who are on renewable contract basis from the four regions of Nairobi, Kajiado, Turkana, and Samburu. 81 questionnaires were received as complete. This represented 73.6% response rate which implied that the data was adequate for the study.

4.3 Demographic Characteristics
This section discusses the results of the general information about the respondents including the gender, age category, level of education, length of service and their department.

4.3.1 Gender of Respondents
The study sought to find out the distribution of gender across the respondents. As shown in Figure 4.1 most respondents were female represented by 58% as opposed to male respondents who were represented by 42%. From the results it is clear that majority of those that responded were female respondents.

![Figure 4.1: Gender.](image)

4.3.2 Age Brackets
The study sought to establish the age of the respondents, the results in Table 4.2 indicates that most of the respondents (53%) were aged between 25 and 35 years, 30% were aged
between 36 and 45 years, 7% were aged between 46 and 55 years, 9% were aged below 25 years while 1% were aged 55 years and above, this means that the greatest number of employees in Feed the Children Kenya were youth.

Figure 4.2: Age Distribution

4.3.3 Level of Education

The study sought to establish the highest level of education achieved by the respondents, the results in Table 4.3 indicates that most of the respondents (49%) had attained degrees, 22% had masters qualifications, 15% had diplomas, 7% had certificates and 6% had attained secondary certificates. These findings implied that most of the respondents were qualified to understand the nature of the study problem.

Figure 4.3: Level of Education

4.3.4 Length of Service

The study determined the working experience held by the respondents. The respondents who participated in the study had worked for Feed the Children Kenya in diverse years.
From the findings in Table 4.4, most of the respondents (60%) indicated to have a worked for less than 5 years, 20% had worked for for a period between 6-10 years, 9% had worked for a period between 11-15 years and 11% had worked for a period over 15 years.

![Figure 4.4: length of Service](image)

4.3.5 Department

The study determined the department the respondents worked in. Table 4.5 shows that, most of the respondents (40%) worked in programs department, 33% worked in children service department, 20% worked in adminstration and 7% worked in operations.

![Figure 4.5: Department](image)

4.4 Descriptive Analysis of Study Variables

4.4.1 Early Retirement as Downsizing Strategy

The study sought to find out the effects of early retirement as downsizing strategy. From the findings indicated on table 4.1, 38% of the respondents were of the opinion that early
retirement is the best strategy in ensuring improved overall organization’s cost efficiency. 31% agreed that early retirement had helped FEED achieve immediate, savings in labor costs. 57% agreed that early retirement had created career openings for younger workers. 40% of the respondents agreed that early retirement had created promotional opportunity for the remaining employees. 64% agreed that early retirement program is less harsh than layoffs. 42% agreed that early retirement as a downsizing strategy reduces the negative impact on remaining staff. 61% agreed that the employees at FEED were well prepared by the management for the early retirement. 48% agreed that they are prepared and ready psychologically and financially to retire early. 47% agreed that involuntary early retirement program is unfair and inhuman. 63% agreed that involuntary or forced early retirement makes them feel betrayed and abandoned. 64% agreed that fair procedures used in selecting employees for early retirement result in increased performance, job satisfaction and trust among survivors and 42% were of the opinion that people become more active, sleep better and reduce their sitting time when they retire.

Table 4.1 Early Retirement

<table>
<thead>
<tr>
<th>Early Retirement</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my opinion I believe that early retirement is the best strategy in ensuring improved overall organization’s cost efficiency.</td>
<td>15</td>
<td>24</td>
<td>24</td>
<td>33</td>
<td>5</td>
<td>2.90</td>
<td>1.17</td>
</tr>
<tr>
<td>Early retirement has helped FEED achieve immediate, savings in labor costs</td>
<td>7</td>
<td>17</td>
<td>44</td>
<td>25</td>
<td>6</td>
<td>3.05</td>
<td>0.99</td>
</tr>
<tr>
<td>Early retirement has created career openings for younger workers</td>
<td>7</td>
<td>25</td>
<td>11</td>
<td>42</td>
<td>15</td>
<td>4.23</td>
<td>0.88</td>
</tr>
<tr>
<td>Early retirement has created promotional opportunity for the remaining employees</td>
<td>11</td>
<td>28</td>
<td>21</td>
<td>25</td>
<td>15</td>
<td>4.33</td>
<td>0.88</td>
</tr>
<tr>
<td>Early retirement program is less harsh than layoffs</td>
<td>11</td>
<td>5</td>
<td>20</td>
<td>43</td>
<td>21</td>
<td>3.20</td>
<td>1.09</td>
</tr>
<tr>
<td>I feel early retirement as a downsizing strategy reduces the negative impact on remaining staff</td>
<td>5</td>
<td>16</td>
<td>37</td>
<td>28</td>
<td>14</td>
<td>3.30</td>
<td>1.05</td>
</tr>
<tr>
<td>The employees at FEED were well prepared by the management for the early retirement</td>
<td>11</td>
<td>7</td>
<td>21</td>
<td>32</td>
<td>28</td>
<td>3.59</td>
<td>1.28</td>
</tr>
<tr>
<td>I am prepared and ready psychologically and financially to retire early</td>
<td>16</td>
<td>24</td>
<td>12</td>
<td>24</td>
<td>25</td>
<td>3.17</td>
<td>1.45</td>
</tr>
<tr>
<td>Involuntary early retirement program is unfair and inhuman</td>
<td>9</td>
<td>27</td>
<td>17</td>
<td>21</td>
<td>26</td>
<td>3.28</td>
<td>1.34</td>
</tr>
</tbody>
</table>
Involuntary or forced early retirement makes me feel betrayed and abandoned. Fair procedures used in selecting employees for early retirement result in increased performance, job satisfaction and trust among survivors. I believe people become more active, sleep better and reduce their sitting time when they retire.

### 4.4.2 Work Design as Downsizing Strategy

The study sought to find out the effects of work design as downsizing strategy. From the findings indicated on table 4.2, 77% of the respondents were of the opinion work redesign is the best strategy in ensuring improved overall organization’s cost efficiency. 58% agreed that work redesign had helped FEED save on its operational cost. 91% agreed that a well-designed job would lead to increased employee well-being and may set the stage for thriving. 88% agreed that work redesign ensured employees had quality work experience which promotes their productivity. 75% agreed that work redesign was one of the best ways to increase workforce performance. 80% agreed that work redesign improved the quality of work done by employees. 61% agreed that work redesign had helped them to differentiate between the person at work and the one outside work. 57% agreed that they love and enjoy their work more after the redesign. 67% agreed that additional work without training leads to unproductivity from employees. 64% agreed that eliminating some roles through work redesign reduced cost which improved the organization performance and 80% agreed that work redesign solved problems relating to skills, work overload, repetitiveness, and increase in working hours.

### Table 4.2 Work Design

<table>
<thead>
<tr>
<th>Work Redesign</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my opinion I believe that work redesign is the best strategy in ensuring</td>
<td>4</td>
<td>11</td>
<td>9</td>
<td>61</td>
<td>16</td>
<td>3.741</td>
<td>0.985</td>
</tr>
<tr>
<td>improved overall organization’s cost efficiency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work redesign has helped FEED save on its operational cost</td>
<td>4</td>
<td>7</td>
<td>31</td>
<td>38</td>
<td>20</td>
<td>3.630</td>
<td>1.006</td>
</tr>
</tbody>
</table>

4.4.2 Work Design as Downsizing Strategy

The study sought to find out the effects of work design as downsizing strategy. From the findings indicated on table 4.2, 77% of the respondents were of the opinion work redesign is the best strategy in ensuring improved overall organization’s cost efficiency. 58% agreed that work redesign had helped FEED save on its operational cost. 91% agreed that a well-designed job would lead to increased employee well-being and may set the stage for thriving. 88% agreed that work redesign ensured employees had quality work experience which promotes their productivity. 75% agreed that work redesign was one of the best ways to increase workforce performance. 80% agreed that work redesign improved the quality of work done by employees. 61% agreed that work redesign had helped them to differentiate between the person at work and the one outside work. 57% agreed that they love and enjoy their work more after the redesign. 67% agreed that additional work without training leads to unproductivity from employees. 64% agreed that eliminating some roles through work redesign reduced cost which improved the organization performance and 80% agreed that work redesign solved problems relating to skills, work overload, repetitiveness, and increase in working hours.

### Table 4.2 Work Design

<table>
<thead>
<tr>
<th>Work Redesign</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my opinion I believe that work redesign is the best strategy in ensuring</td>
<td>4</td>
<td>11</td>
<td>9</td>
<td>61</td>
<td>16</td>
<td>3.741</td>
<td>0.985</td>
</tr>
<tr>
<td>improved overall organization’s cost efficiency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work redesign has helped FEED save on its operational cost</td>
<td>4</td>
<td>7</td>
<td>31</td>
<td>38</td>
<td>20</td>
<td>3.630</td>
<td>1.006</td>
</tr>
</tbody>
</table>
I believe A well-designed job may lead to increased employee well-being and may set the stage for thriving. Work redesign ensures employees have quality work experience which promotes their productivity. Work redesign is one of the best ways to increase workforce performance. Work redesign improves the quality of work done by employees. Work redesign has helped me to able to differentiate when between the person at work and the one outside work. I love and enjoy my work more after the redesign. Additional work without training my lead to unproductivity from employees. Eliminating some roles through work redesign reduces on cost which improves the organization performance. Work redesign can solve problems relating to skills, work overload, repetitiveness, and increase in working hours.

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe A well-designed job may lead to increased employee</td>
<td>3</td>
<td>0</td>
<td>6</td>
<td>69</td>
<td>22</td>
<td>4.086</td>
<td>0.711</td>
</tr>
<tr>
<td>well-being and may set the stage for thriving</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work redesign ensures employees have quality work experience</td>
<td>1</td>
<td>3</td>
<td>9</td>
<td>70</td>
<td>17</td>
<td>4.000</td>
<td>0.689</td>
</tr>
<tr>
<td>which promotes their productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work redesign is one of the best ways to increase workforce</td>
<td>3</td>
<td>7</td>
<td>15</td>
<td>57</td>
<td>19</td>
<td>3.815</td>
<td>0.910</td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work redesign improves the quality of work done by employees</td>
<td>3</td>
<td>6</td>
<td>11</td>
<td>58</td>
<td>22</td>
<td>3.914</td>
<td>0.897</td>
</tr>
<tr>
<td>Work redesign has helped me to able to differentiate when</td>
<td>4</td>
<td>7</td>
<td>28</td>
<td>52</td>
<td>9</td>
<td>3.543</td>
<td>0.895</td>
</tr>
<tr>
<td>between the person at work and the one outside work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I love and enjoy my work more after the redesign</td>
<td>6</td>
<td>14</td>
<td>24</td>
<td>43</td>
<td>14</td>
<td>3.444</td>
<td>1.084</td>
</tr>
<tr>
<td>Additional work without training my lead to unproductivity from</td>
<td>3</td>
<td>20</td>
<td>11</td>
<td>32</td>
<td>35</td>
<td>3.765</td>
<td>1.197</td>
</tr>
<tr>
<td>employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eliminating some roles through work</td>
<td>4</td>
<td>17</td>
<td>15</td>
<td>44</td>
<td>20</td>
<td>3.593</td>
<td>1.104</td>
</tr>
<tr>
<td>redesign reduces on cost which improves the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work redesign can solve problems relating to skills, work</td>
<td>1</td>
<td>9</td>
<td>10</td>
<td>52</td>
<td>28</td>
<td>3.975</td>
<td>0.922</td>
</tr>
<tr>
<td>overload, repetitiveness, and increase in working hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**4.4.3 Outsourcing as Downsizing Strategy**

The study sought to find out the effects of outsourcing as downsizing strategy. From the findings indicated on table 4.3, 62% of the respondents agreed that FEED had been able to refocus on its core business through outsourcing. 60% were of the opinion that outsourcing is the best strategy in ensuring improved overall operational cost efficiency. 58% agreed that outsourcing has helped FEED achieve cost savings in its operations. 38% agreed that outsourcing has led to increased employee productivity. 42% agreed that with outsourcing of some FEED operations the working condition has improved. 48% agreed that outsourcing has led to better use of time by employees. 64% agreed that outsourcing has led to improved reliability, responsiveness and assurance of services. 59% agreed that there was smooth transition of operations from FEED employed staff to the service provider and the reasons for the changes fully explained to the employees. 46% agreed that there has been improved quality of services offered by the outsourced firms and 62% agreed that they highly trust their employer despite engaging another firm to provide services initially provided by FEED staff.
Table 4.3 Outsourcing

<table>
<thead>
<tr>
<th>Outsourcing</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through outsourcing, FEED has been able to refocus on its core business</td>
<td>6</td>
<td>14</td>
<td>19</td>
<td>38</td>
<td>24</td>
<td>3.59</td>
<td>1.17</td>
</tr>
<tr>
<td>In my opinion I believe that outsourcing is the best strategy in ensuring</td>
<td>5</td>
<td>22</td>
<td>12</td>
<td>44</td>
<td>16</td>
<td>3.44</td>
<td>1.15</td>
</tr>
<tr>
<td>improved overall operational cost efficiency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outsourcing has helped FEED achieve cost savings in its operations</td>
<td>5</td>
<td>16</td>
<td>21</td>
<td>48</td>
<td>10</td>
<td>3.42</td>
<td>1.04</td>
</tr>
<tr>
<td>Outsourcing has led to increased employee productivity</td>
<td>11</td>
<td>15</td>
<td>36</td>
<td>28</td>
<td>10</td>
<td>3.11</td>
<td>1.13</td>
</tr>
<tr>
<td>With outsourcing of some FEED operations the working condition has improved</td>
<td>6</td>
<td>16</td>
<td>36</td>
<td>36</td>
<td>6</td>
<td>3.20</td>
<td>0.99</td>
</tr>
<tr>
<td>Outsourcing has led to better use of time by employees</td>
<td>6</td>
<td>20</td>
<td>26</td>
<td>35</td>
<td>14</td>
<td>3.30</td>
<td>1.12</td>
</tr>
<tr>
<td>Outsourcing has led to improved reliability, responsiveness and assurance</td>
<td>6</td>
<td>14</td>
<td>16</td>
<td>53</td>
<td>11</td>
<td>3.49</td>
<td>1.06</td>
</tr>
<tr>
<td>of services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There was smooth transition of operations from FEED employed staff to the</td>
<td>5</td>
<td>16</td>
<td>20</td>
<td>46</td>
<td>14</td>
<td>3.47</td>
<td>1.07</td>
</tr>
<tr>
<td>service provider and the reasons for the changes fully explained to us.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There has been improved quality of services offered by the outsourced</td>
<td>5</td>
<td>20</td>
<td>30</td>
<td>38</td>
<td>7</td>
<td>3.23</td>
<td>1.02</td>
</tr>
<tr>
<td>firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I still highly trust my employer despite engaging another firm to provide</td>
<td>1</td>
<td>17</td>
<td>20</td>
<td>42</td>
<td>20</td>
<td>3.62</td>
<td>1.03</td>
</tr>
<tr>
<td>services initially provided by FEED staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4.4 Retrenchment as Downsizing Strategy

The study sought to find out the effects of retrenchment as downsizing strategy. From the findings indicated on table 4.4, 33% of the respondents were of the opinion that retrenchment is the best strategy in ensuring improved overall organization’s cost efficiency. 46% agreed that retrenchment had helped FEED achieve cost savings in its operations. 66% agreed that staff were adequately prepared or sensitized on the retrenchment plans and reasons for the changes fully explained to them. 36% agreed that there has been increased productivity/performance of the surviving staff. 68% agreed that
there were clear grounds for the retrenchment that was explained to all. 74% agreed that there had been constant engagement and sensitization of staff on the changes the organization is facing which helped reduce speculations and insecurity. 79% agreed that they feel proud of FEED and give it their best despite the ongoing downsizing strategies and 56% agreed that retrenchment is the best downsizing strategy for an organization experiencing funding challenges.

**Table 4.4 Retrenchment**

<table>
<thead>
<tr>
<th>Retrenchment</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my opinion I believe that retrenchment is the best strategy in ensuring improved overall organization’s cost efficiency.</td>
<td>17</td>
<td>31</td>
<td>19</td>
<td>26</td>
<td>7</td>
<td>2.753</td>
<td>1.230</td>
</tr>
<tr>
<td>Retrenchment has helped FEED achieve cost savings in its operations</td>
<td>7</td>
<td>20</td>
<td>27</td>
<td>37</td>
<td>9</td>
<td>3.198</td>
<td>1.089</td>
</tr>
<tr>
<td>Staff were adequately prepared or sensitized on the retrenchment plans and reasons for the changes fully explained to them</td>
<td>5</td>
<td>11</td>
<td>19</td>
<td>42</td>
<td>24</td>
<td>3.679</td>
<td>1.105</td>
</tr>
<tr>
<td>There has been increased productivity/performance of the surviving staff</td>
<td>5</td>
<td>16</td>
<td>43</td>
<td>24</td>
<td>12</td>
<td>3.222</td>
<td>1.025</td>
</tr>
<tr>
<td>There has been constant engagement and sensitization of staff on the changes the organization is facing which has helped reduce speculations and insecurity.</td>
<td>7</td>
<td>5</td>
<td>20</td>
<td>53</td>
<td>15</td>
<td>3.630</td>
<td>1.042</td>
</tr>
<tr>
<td>I feel proud of FEED and give it my best despite the ongoing downsizing strategies</td>
<td>0</td>
<td>6</td>
<td>15</td>
<td>49</td>
<td>30</td>
<td>4.025</td>
<td>0.836</td>
</tr>
<tr>
<td>Retrenchment is the best downsizing strategy for an organization experiencing funding challenges</td>
<td>17</td>
<td>15</td>
<td>12</td>
<td>43</td>
<td>12</td>
<td>3.185</td>
<td>1.324</td>
</tr>
</tbody>
</table>

**4.4.5 Employee Motivation**

The study sought to find out the motivation of employees despite the ongoing downsizing strategies. From the findings indicated on table 4.5, 86% of the respondents agreed that they enjoy working at Feed the Children. 86% of the respondents were proud to work at the feed the children. 72% agreed that the benefits they receive motivates them to do well
at their work. 68% agreed that they are satisfied with the employee-review system at Feed the Children. 65% agreed that their company had a fair and equitable reward scheme. 58% agreed that HR Strategies at Feed the Children are fair during Wages, salaries, promotions, bonuses and disciplinary actions. 89% agreed that unfair treatment leads to poor performance, absenteeism and demotivated staff. 56% agreed that plenty of opportunity for advancement and growth exist at the organization. 83% agreed that their organization used training and development to motivate them. 52% agreed that financial incentives motivate them more than non-financial incentives. 67% agreed that salary is the most important attribute to employee motivation. 35% agreed that their salary is reviewed yearly. 35% of the respondents agreed that the salary structure at Feed the Children guarantees good balance of pays among the employees in the company. 77% agreed that Feed the children has a good and safe environment to enable them achieve you fullest potential and 52% agreed that the current appraisal tool is helpful in motivating the employees to perform better.

**Table 4.5 Employee Motivation**

<table>
<thead>
<tr>
<th>Employee Motivation</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
<th>Mean</th>
<th>Sdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>I enjoy working at Feed the Children</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>42</td>
<td>44</td>
<td>4.235</td>
<td>0.884</td>
</tr>
<tr>
<td>When asked what I do for a living, I am proud to say I work at Feed the Children</td>
<td>1</td>
<td>4</td>
<td>9</td>
<td>33</td>
<td>53</td>
<td>4.333</td>
<td>0.880</td>
</tr>
<tr>
<td>The benefits I receive motivates me to do well at my work</td>
<td>6</td>
<td>15</td>
<td>7</td>
<td>49</td>
<td>22</td>
<td>3.667</td>
<td>1.162</td>
</tr>
<tr>
<td>I am satisfied with the employee-review system at Feed the Children</td>
<td>7</td>
<td>20</td>
<td>5</td>
<td>52</td>
<td>16</td>
<td>3.494</td>
<td>1.195</td>
</tr>
<tr>
<td>Our company has a fair and equitable reward scheme</td>
<td>10</td>
<td>16</td>
<td>9</td>
<td>33</td>
<td>32</td>
<td>3.617</td>
<td>1.347</td>
</tr>
<tr>
<td>The HR Strategies at Feed the Children are fair during Wages, salaries, promotions, bonuses and disciplinary actions</td>
<td>15</td>
<td>20</td>
<td>7</td>
<td>43</td>
<td>15</td>
<td>3.235</td>
<td>1.335</td>
</tr>
<tr>
<td>I believe Unfair treatment leads to poor performance, absenteeism and demotivated staff</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td>37</td>
<td>52</td>
<td>4.296</td>
<td>0.968</td>
</tr>
<tr>
<td>There is plenty of opportunity for advancement and growth at our organization</td>
<td>7</td>
<td>17</td>
<td>20</td>
<td>33</td>
<td>22</td>
<td>3.457</td>
<td>1.225</td>
</tr>
<tr>
<td>Our organization uses training and development to motivate us</td>
<td>1</td>
<td>6</td>
<td>10</td>
<td>58</td>
<td>25</td>
<td>3.988</td>
<td>0.844</td>
</tr>
</tbody>
</table>
Financial incentives motivate you more than non-financial incentives
Salary is the most important attribute to employee motivation
My Salary is reviewed yearly
The salary structure at Feed the Children guarantees there is a good balance of pays among the employees in the company
Feed the children has a good and safe environment to enable you achieve your fullest potential
The current appraisal tool is helpful in motivating the employees to perform better

4.5 Inferential Analysis of Study Variables

4.5.1 Test for Normality

The normality of the variables was investigated using Skewness and kurtosis. Table 4.6 indicated that all the values did not exceed the absolute values of 1 for skewness and 1 for kurtosis indices and, therefore, the data set was considered to follow normal distribution.

Table 4.6 Test for Normality

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Skewness Statistic</th>
<th>Std. Error</th>
<th>Kurtosis Statistic</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Retirement</td>
<td>81</td>
<td>.417</td>
<td>.267</td>
<td>.098</td>
<td>.529</td>
</tr>
<tr>
<td>Work Redesign</td>
<td>81</td>
<td>-.075</td>
<td>.267</td>
<td>.754</td>
<td>.529</td>
</tr>
<tr>
<td>Retrenchment</td>
<td>81</td>
<td>-.104</td>
<td>.267</td>
<td>.995</td>
<td>.529</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>81</td>
<td>-.739</td>
<td>.267</td>
<td>-.247</td>
<td>.529</td>
</tr>
<tr>
<td>Employee Motivation</td>
<td>81</td>
<td>-.885</td>
<td>.267</td>
<td>-.312</td>
<td>.529</td>
</tr>
</tbody>
</table>

4.5.2 Exploratory Factor analysis

Exploratory factor analysis (EFA) was used to refine the variables. Kaiser Meyer-Olin Measure of Sampling Adequacy (KMO) Measures of Sampling Adequacy of manifest variables was 0.808 which was above the threshold of 0.6 and p-values for Bartlett’s test of Sphericity ($\chi^2=1337.914$, df=300, $p=0.00$) was significant (below 0.05). This implies that data was adequate for factor analysis to yield reliable and stable results as indicated in table 4.7.
Based on these Kaiser’s criterion, five factors, out of a total 19 factors, were imputed. Amongst themselves, they were able to explain 70.202 of the total variance in the data. The five factors imputed had eigenvalues greater than 1.0 in the initial solution with the threshold being eigenvalue greater or equal to 1.0.

### Table 4.8 Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative % of Variance</td>
</tr>
<tr>
<td>1</td>
<td>8.652</td>
<td>34.61</td>
<td>34.61</td>
</tr>
<tr>
<td>2</td>
<td>3.95</td>
<td>15.79</td>
<td>50.408</td>
</tr>
<tr>
<td>3</td>
<td>2.147</td>
<td>8.586</td>
<td>58.994</td>
</tr>
<tr>
<td>4</td>
<td>1.68</td>
<td>6.719</td>
<td>65.714</td>
</tr>
<tr>
<td>5</td>
<td>1.123</td>
<td>4.493</td>
<td>70.207</td>
</tr>
<tr>
<td>6</td>
<td>.940</td>
<td>.950</td>
<td>69.803</td>
</tr>
<tr>
<td>7</td>
<td>.892</td>
<td>4.695</td>
<td>74.498</td>
</tr>
<tr>
<td>8</td>
<td>.795</td>
<td>4.182</td>
<td>78.680</td>
</tr>
<tr>
<td>9</td>
<td>.679</td>
<td>3.576</td>
<td>82.256</td>
</tr>
<tr>
<td>10</td>
<td>.595</td>
<td>3.132</td>
<td>85.388</td>
</tr>
<tr>
<td>11</td>
<td>.472</td>
<td>2.483</td>
<td>87.870</td>
</tr>
<tr>
<td>12</td>
<td>.429</td>
<td>2.256</td>
<td>90.127</td>
</tr>
<tr>
<td>13</td>
<td>.394</td>
<td>2.075</td>
<td>92.202</td>
</tr>
<tr>
<td>14</td>
<td>.332</td>
<td>1.745</td>
<td>93.947</td>
</tr>
<tr>
<td>15</td>
<td>.323</td>
<td>1.700</td>
<td>95.647</td>
</tr>
<tr>
<td>16</td>
<td>.252</td>
<td>1.324</td>
<td>96.971</td>
</tr>
<tr>
<td>17</td>
<td>.239</td>
<td>1.258</td>
<td>98.229</td>
</tr>
<tr>
<td>18</td>
<td>.195</td>
<td>1.025</td>
<td>99.254</td>
</tr>
<tr>
<td>19</td>
<td>.142</td>
<td>.746</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

The results in table 4.9 indicate that the first component was outsourcing that had eight items. The second component was employee motivation that had seven items. The third component was retrenchment that loaded four items. The fourth component was work redesign that loaded three items and the last component was early retirement that had three items loaded. The factor loadings ranged from 0.574 to 0.897.

### Table 4.9: Exploratory Factor analysis

<table>
<thead>
<tr>
<th>Code</th>
<th>Outsourcing</th>
<th>Employee Motivation</th>
<th>Retrenchment</th>
<th>Work Redesign</th>
<th>Early Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM3</td>
<td>.672</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EM4</td>
<td>.755</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EM5</td>
<td>.801</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EM6</td>
<td>.698</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EM12</td>
<td>.652</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EM13</td>
<td>.827</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EM14</td>
<td>.718</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>RD3</td>
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<tr>
<td>RD4</td>
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<td>RD5</td>
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<td>.727</td>
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<td>RD8</td>
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<tr>
<td>EO1</td>
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<tr>
<td>EO2</td>
<td>.833</td>
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<td>EO3</td>
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</tr>
<tr>
<td>EO4</td>
<td>.808</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>EO5</td>
<td>.595</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>EO6</td>
<td>.785</td>
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<tr>
<td>EO7</td>
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<td>EO9</td>
<td>.729</td>
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</tr>
<tr>
<td>WR4</td>
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<td>.749</td>
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</tr>
<tr>
<td>WR5</td>
<td></td>
<td>.791</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WR6</td>
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<td>.846</td>
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</tr>
<tr>
<td>ER3</td>
<td></td>
<td></td>
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<td></td>
<td>.703</td>
</tr>
<tr>
<td>ER4</td>
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<td>.675</td>
</tr>
<tr>
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<td></td>
<td>.746</td>
</tr>
</tbody>
</table>

#### 4.5.3 Confirmatory factor analysis

The confirmatory factor analysis (CFA) was used to verify the data structure obtained in the exploratory factor analysis by assessing the goodness of fit for the model and measuring
the validity scores for the variables. Figure 4.6 shows that the model fits attained the threshold scores $\text{CMIN}/\text{DF}=1.628$; $\text{CFI}=.962$; $\text{RMSEA}=0.045$. These suggested a reasonably good-fitting model.

4.5.4 Convergent and discriminant validity

Convergent validity measures the degree of confidence that a trait/ item is well measured by its indicators and discriminant validity evaluates the degree to which measures of different traits/ items are unrelated. Convergent validity was assessed using average variance extracted (AVE). Table 4.10 indicates that AVE of all constructs were above the 0.5 threshold indicating that the latent variables accounted for at least fifty percent of the variance in the items. Discriminant validity for the measurement model was confirmed since the bold values measuring the square root of AVEs on the principal diagonal were greater than the correlation values in the off-diagonal.

![CFA model](image)

**Figure 4.6: CFA model**
Table 4.10: Convergent and discriminant validity

<table>
<thead>
<tr>
<th></th>
<th>Composite reliability</th>
<th>AVE</th>
<th>Outsourcing</th>
<th>Employee Motivation</th>
<th>Retrenchment</th>
<th>Work Redesign</th>
<th>Early Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing</td>
<td>0.916</td>
<td>0.57</td>
<td>0.761</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Motivation</td>
<td>0.912</td>
<td>0.59</td>
<td>0.423**</td>
<td>0.774</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retrenchment</td>
<td>0.817</td>
<td>0.52</td>
<td>0.322*</td>
<td>0.637***</td>
<td>0.727</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Redesign</td>
<td>0.792</td>
<td>0.56</td>
<td>0.442**</td>
<td>-0.02</td>
<td>0.089</td>
<td>0.749</td>
<td></td>
</tr>
<tr>
<td>Early Retirement</td>
<td>0.805</td>
<td>0.58</td>
<td>0.435**</td>
<td>0.761***</td>
<td>0.276†</td>
<td>0.033</td>
<td>0.765</td>
</tr>
</tbody>
</table>

Significance of Correlations: *** p < 0.001, ** p < 0.010, * p < 0.050, † p < 0.100

4.5.5 Structural equation model

The structural equation model was estimated to find the estimates of the relationships between study variables. Figure 4.11 shows that the model fits attained the threshold scores CMIN/DF=1.802; CFI=.957; RMSEA=0.048. These suggested a reasonably good-fitting model. The quality of the structural model was explained by $R^2$ on the endogenous latent variable. The structural model attained a predictive power of 73%. This implies that early retirement, work redesign, outsourcing and retrenchment share a variation of 73% of and employee motivation.
Table 4.8 indicates that the regression weight for early retirement was positive and significant ($\beta=0.971$, $t=6.489$, $p<.05$). This implies that a unit increase in early retirement would result in 0.971 unit increase in employee motivation. The regression weight for work design was positive and significant ($\beta=0.834$, $t=5.055$, $p<.05$) implying that a unit increase in work design would result in 0.834 unit increase in employee motivation. The regression weight for outsourcing was negative and insignificant. The regression weight for retrenchment was positive and significant ($\beta=0.687$, $t=4.503$, $p<.05$) implying that a unit increase in retrenchment would result in 0.687 unit increase in employee motivation.
Table 4.11 Regression estimates

<table>
<thead>
<tr>
<th>Path</th>
<th>B</th>
<th>Beta</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Motivation &lt;--- Early Retirement</td>
<td>0.971</td>
<td>0.672</td>
<td>0.15</td>
<td>6.489</td>
<td>0.00</td>
</tr>
<tr>
<td>Employee Motivation &lt;--- Work Redesign</td>
<td>0.834</td>
<td>0.223</td>
<td>0.165</td>
<td>5.055</td>
<td>0.00</td>
</tr>
<tr>
<td>Employee Motivation &lt;--- Outsourcing</td>
<td>-0.03</td>
<td>-0.029</td>
<td>0.081</td>
<td>-0.372</td>
<td>0.71</td>
</tr>
<tr>
<td>Employee Motivation &lt;--- Retrenchment</td>
<td>0.687</td>
<td>0.482</td>
<td>0.153</td>
<td>4.503</td>
<td>0.00</td>
</tr>
</tbody>
</table>

4.6 Chapter Summary

This Chapter explains the process followed in gathering data for this study. The chapter also presented the finding in a systematic way which is guided by the research question. A discussion of the findings is provided in chapter five on the findings and a comparison of the same with the literature on the topic.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction
This chapter presents the summary of the findings of the study, draws conclusions from the study and makes recommendations for the study. The discussion is made such that it links the study findings with the literature review in Chapter two. The chapter also contains a section of recommendations for future study.

5.2 Summary
The purpose of the study was to find out the downsizing strategies and its effects on employee motivation. The study was guided by the following specific objectives: Effects of Early Retirement as downsizing strategy on employee motivation, Effects of work redesign as downsizing strategy on employee motivation, Effect of Outsourcing as downsizing strategy on employee motivation, Effect of Retrenchment as downsizing strategy on employee motivation.

Descriptive research design was used to find out the downsizing strategies and its effects on employee motivation. Questionnaires were used to collect data. The sections contained in the questionnaires included; Background information, Effects of Early Retirement as downsizing strategy, Effects of work redesign as downsizing strategy, Effect of Outsourcing as downsizing strategy, Effect of Retrenchment as downsizing strategy and Employee Motivation. The target population of the study consisted of all staff of Feed the Children Kenya offices. A sample size of 110 respondents participated in the study recording 73.6% response rate. The data analyzed consisted of closed ended questions and the results were presented means, percentages, and frequencies in the form of graphs and tables. This study utilized a non-probability sampling technique. The study utilized a questionnaire to collect data from respondents, and the analysis employed both descriptive and inferential statistics. From the study, it can be noted that the female employees form the majority by 58% while female are represented by 42%. This can be explained majorly by the nature of work of Feed the Children. The organization has a facility that hosts children who are abounded and disabled, thus the need to have more female child carers. For the age category 53% of the staff are between the age of 25-35 years while only 1% are 55 years and above. In the level of education 49% of the respondents are degree holders while
22% are master’s holder. It was interesting to see there is about 6% who are secondary holders. The length of service of 60% of the respondents is 5 years while about 11% have worked with the organization for over 15 years. The department with highest respondents is Programs with 40% followed by children service that has 33% respondents. The findings of the first objective relating to early retirement showed 57% agreed that early retirement had created career openings for younger workers. 64% agreed that early retirement program is less harsh than layoffs. 61% agreed that the employees at FEED were well prepared by the management for the early retirement. 63% agreed that involuntary or forced early retirement makes them feel betrayed and abandoned. 64% agreed that fair procedures used in selecting employees for early retirement result in increased performance, job satisfaction and trust among survivors. From the inferential statistics, the regression weight for early retirement was positive and significant at the 0.05 level ($\beta=0.971$, T-value = 6.489, $p<0.05$).

In the second objective relating to work design 77% agreed work design is the best strategy in ensuring improved overall organization’s cost efficiency. 91% agreed that a well-designed job would lead to increased employee well-being and may set the stage for thriving. 88% agreed the work redesign ensured employees had quality work experience which promotes their productivity. 75% agreed that work redesign was one of the best ways to increase workforce performance. 67% agreed that additional work without training leads to unproductivity from employees. 80% agreed that work redesign solved problems relating to skills, work overload, repetitiveness, and increase in working hours. From the inferential statistics, the regression weight for work design was positive and significant at the 0.05 level ($\beta=0.834$, T-value = 5.055, $p<0.05$).

From third objective on outsourcing 60% of the respondents were of the opinion that outsourcing is the best strategy in ensuring improved overall operational cost efficiency. 62% agreed that they highly trust their employer despite engaging another firm. 58% agreed that outsourcing has helped FEED achieve cost savings in its operations. 62% agreed that they highly trust their employer despite engaging another firm to provide services initially provided by FEED staff. 59% agreed that there was smooth transition of operations from FEED employed staff to the service provider and the reasons for the changes fully explained to the employees. From the inferential statistics the regression weight
for outsourcing was negative and insignificant at the 0.05 level (\(\beta = -0.03\), T-value = -0.372, p.05).

The findings in the last objective in regards to retrenchment 74% agreed there has been constant engagement and sensitization of staff on the changes the organization is facing which helped reduce speculation and insecurity. 66% agreed that staff were adequately prepared or sensitized on the retrenchment plans and reasons for the changes fully explained to them. 79% agreed that they feel proud of FEED and give it their best despite the ongoing downsizing strategies. 54% did not agree with this. Biller (2000) is of the view that organization costs increases as a result of retrenchment due to the package grant on retrenchment and catering for the needs of re-training those retained by the organization. 56% agreed that retrenchment is the best downsizing strategy for an organization experiencing funding challenges. From the inferential statistics, the regression weight for work design was positive and significant at the 0.05 level (\(\beta = 0.687\), T-value = 4.503, p<0.05). This implies that a unit increase in retrenchment would result in 0.687 unit increase in employee motivation.

### 5.3 Discussion

#### 5.3.1 Effect of Retirement as a Downsizing Strategy on Employee Motivation

From the inferential statistics, the regression weight for early retirement was positive and significant at the 0.05 level (\(\beta = 0.971\), T-value =6.489, p<0.05). This implies that a unit increase in early retirement would result in 0.971 unit increase in employee motivation. The study concludes that early retirement has significant effect on employee motivation. The finding from the study sought to find out the effects of early retirement as downsizing strategy. Many of the employees felt they were well prepared by the management for early retirement. Early retirement is where a company offers more substantial retirement benefits in exchange for an employee’s promise to leave at a certain period in the future. Employees felt they were prepared and ready psychologically and financially to retire early.

From the study 57% of the employees agreed that early retirement has created career openings for younger workers. They can apply for higher positions that are vacant. There are many young people who have completed schooling but lack opportunities. This finding is in line with Miguel P. (2013) who indicated early retirement opens promotional and career opportunities for younger workers. From his study, ‘age and opportunity in
promotion’, that firms employ older workers only as favor of long employment relationships, preference goes to hire younger individuals. Early retirement program often improves career opportunities for younger employees, which are less expensive to the organization and require low benefits, especially on medical grounds (Mathys & Burack, 1993). Younger employees can take low salaries and benefits as compared to the older workers, who over time have had salaries and benefits increment.

From the findings 63% agreed that involuntary or forced early retirement makes them feel betrayed and abandoned. Involuntary early retirement refers to a retirement that results from a situation with (often unexpected) employment constraints (Smith, 2006). 47% felt involuntary early retirement program is unfair and inhuman. According to Smith (2006) a voluntary program is more humane, since the employees who are best prepared for a job loss are the ones who will volunteer to terminate. When employees are forced to retire, they may end up being miserable because they were not well prepared. Those who are well prepared can leave the organization and venture into other business. A disadvantage of a voluntary program is that the employees who accept the program is outside the employer's control, that means the organization may loss key employees to the organization as they may choice the package.

If the employer uses an involuntary program, it may be impossible to retain the ideal workforce due to legal restraints. Others see early retirement program to be much less harsh than layoffs, reducing impact on decision-makers, as well as reducing the negative impact on remaining staff (Kets de Vries & Balazs, 1997). From the study 64% agreed that early retirement program is less harsh than layoffs. The program is a humane way of workforce reduction which is painless (Worth, 1995). With early retirement the employees are given a good package which can help them start a new life. But with layoffs employees may leave the organization without any payments apart from the statutory. 42% agreed that early retirement reduced negative impact on the remaining staff. According to Ding (2016) those who retired were physically active, reduced time spent in sitting and had better sleeping patterns. Some of the reasons why organizations offer early retirement are cost savings; those employees who were employed a long time and are senior managers are paid more benefits compared to other (Bradley, 2018). Early retirement, as a form of employee reduction, are used to achieve immediate, savings in labor costs (Cline and Masaon, 2009).
From the study only 31% agreed that early retirement had helped FEED achieve immediate, savings in labor costs. The findings from the study differs with Bradley study.

Most of the staff did not agree that early retirement saves the organization cost. A survey by University of Sydney has found that people become more active, sleep better and reduce their sitting time when they retire. The study followed the lifestyle behaviors of 25,000 older Australians including physical activity, diet, sedentary behavior, alcohol use and sleep patterns. The research showed that retirement was linked to positive lifestyle change. Those who retired were physically active, reduced time spent in sitting and had better sleeping patterns (Ding, 2016). 42% of the respondent were in agreement to this research. They were of the opinion that people become more active, sleep better and reduce their sitting time when they retire.

5.3.2 Effect of Work Redesign as a Downsizing Strategy on Employee Motivation

From the inferential statistics, the regression weight for work design was positive and significant at the 0.05 level (β = 0.834, T-value = 5.055, p < 0.05). This implies that a unit increase in work design would result in 0.834 unit increase in employee motivation. The study concludes that work design has significant effect on employee motivation. Majority of the respondents agreed that work redesign has helped to improve the quality of work done by employees. From the finding 77% agreed work design is the best strategy in ensuring improved overall organization’s cost efficiency. 58% agreed that work design has helped FEED save on its operational cost. Ofuneke (2013) examined “Downsizing Strategies and Corporate Performance Amongst Commercial Banks in Nigeria”. The study found out that the different ways of effecting work redesign included elimination of functions, job redesign, and reduction of the overall work hours. Elimination of function focused on elimination of some roles contributing to efficiency and those roles cutting on costs which helps to improve organization performance. This was backed by 64% who agreed that eliminating some roles through work design reduced cost which improved the organization performance. 91% agreed that a well-designed job would lead to increased employee well-being and may set the stage for thriving. This is in line with Strümpfer (2006) who stated a well-designed job may lead to increased employee well-being and may set the stage for thriving, that is, when individuals surpass challenges at work and personally grow from them.
Job redesign also serves to create a unique bond between an individual employee and the organization. Employee develops a sense of belonging which fosters their commitment and motivation level Hartzell (2015). 88% agreed the work redesign ensured employees had quality work experience which promotes their productivity. 75% agreed that work redesign was one of the best ways to increase workforce performance. Erdogan (2012) research differs with this is study he states; Job redesign include the fact that a lot of human effort is required, personal biases could lead to inaccurate interpretations, and lastly, some employees may experience a rough time adapting to change which may terribly reduce their productivity at work (Erdogan, 2012). Maxwell (2008) asserts that work design, motivation and teamwork are positively related to productivity. This differs from a research done by Miranda (2018) who explains increased workload may be difficult for some of the employees to adjust to their new responsibilities and this many affect their performance.

The increase in work can cause employees to get frustrated, burned out and lower their overall productivity. 57% agreed that they loved and enjoyed their work more after the redesign. They are more challenged and motivated with the additional task and the change in position or role. According to Albert (2007) Job redesign, when competently executed in appropriate organizational circumstances, generally increases the work satisfaction and motivation of employees whose jobs are enriched. The lack of training may be a disadvantage for employees and employers, and lead to problems such as lower productivity (Miranda, 2018). Negative effect to work redesign to the employees include Lack of trainings, employees maybe require to take up additional jobs without been taken through a training. In the study 67% agreed that additional work without training leads to unproductivity from employees. It is important for any organization planning to use word redesign to include training in their program.

In the finding 61% agreed that work redesign had helped them to differentiate between the person at work and the one outside work. Employees’ well-being is well catered for. They are able to find time to accomplish their work and also find time for the other social life, life outside work. Well-designed jobs also lead to increased employee well-being (Strümpfer, 2006). Work redesign thus reduces job dissatisfaction and improves the motivational prospective of a job. Finding a balance between work and outside work is key for the wellbeing of all employees. Employees who have found the balance are able to
commit to their work. Work redesign can solve problems relating to skills, work overload, repetitiveness, and increase in working hours (Allwood & Lee, 2004). The work redesign does not necessarily affect all employees negatively. While some see it a threat to their employment and less in control of their own fates, some employees may experience work redesign as liberating, exciting and empowering because it allows them to use their skills and capability to the full, avoid boredom, work more cooperatively with others, and encounter the workplace as a total learning environment (Grundberg 2003). From the study 80% agreed that work redesign solved problems relating to skills, work overload, repetitiveness, and increase in working hours. This plays a big role in career development and advancement. Staff retention can be reduced when employees are able to see career growth in their position in the organization.

5.3.3 Effect of Outsourcing as Downsizing Strategy on Employee Motivation

From the inferential statistics the regression weight for outsourcing was negative and insignificant at the 0.05 level (\(\beta\)eta= -0.03, T-value = -0.372, p.05). The study concludes that outsourcing is insignificant on employee motivation. Many of the respondents agreed that FEED has been able to refocus on its core business through outsourcing. This agreed with Wamalwa (2003) who argues that outsourcing is a viable option to any organizations because it takes away attention from dealing with other aspects of the business that have nothing to do with the core business functions of an organization. 60% of the respondents were of the opinion that outsourcing is the best strategy in ensuring improved overall operational cost efficiency. According to Littler and Benson (2002), the first and most prominent reason for choosing outsourcing is to minimize business costs.

According to Amiti and Wei (2006), one channel by which outsourcing may increase productivity is by allowing an organization to shed its relatively inefficient parts of the production process and expand its output in stages it has comparative advantage. From the study the results indicate otherwise. Only 38% agreed that outsourcing has led to increased employee productivity. This means that most of the respondents agreed that outsourcing did not affect employee productivity. One of the factors that increases employee motivation in an organization is good working conditions. 42% agreed that outsourcing has led to improved working conditions. This means that most of the respondents did not see any improvement in the working conditions due to outsourcing. Employees may show a decline in trust and commitment (cf. Benson, 1998). This differs with the findings from the results.
62% agreed that they highly trust their employer despite engaging another firm. This means that majority of the staff were not affected by the outsourcing and it did not have an effect on their motivation. Brown and Wilson (2012) point out that it has been suggested by a senior human resource practitioner that outsourcing is not a threat for the function or the business, but a threat to an individual.

Supporters argue that outsourcing is simply about keeping costs down in response to competition, which will allow organizations to stay competitive (Kane, Schaefer & Fraser as cited in DeMaiolo, 2009). In addition, competition among organizations created by outsourcing ensures that lower costs are passed on to consumers in the form of lower prices. In this sense, outsourcing has an effect like a technological change that lowers cost in production (Hubbard & OBrien, 2006). From the study 58% agreed that outsourcing has helped FEED achieve cost savings in its operations. According to Littler and Benson (2002), the first and most prominent reason for choosing outsourcing is to minimize business costs.

Research has shown that companies can save as much as sixty percent of their business costs when they choose outsourcing. 64% agreed that outsourcing has led to improved reliability, responsiveness and assurance of services. This differs from the study done by Carbaugh (2010) who explains that outsourcing organization will not be driven by the same standards and mission that drives the organization that is providing the services. They will be driven to make a profit from the services that they are providing to the outsourcing organization and other businesses like yours (Carbaugh, 2010). The firm seeking service from the outsourced company cannot be assured that the firm will provide the service in the same standard or better that what the organization requires.

Pearce (1993) found that regular employees tended to loose trust in their employer when the latter hired contract workers from outside. This differed from the study, 62% agreed that they highly trust their employer despite engaging another firm to provide services initially provided by FEED staff. 59% agreed that there was smooth transition of operations from FEED employed staff to the service provider and the reasons for the changes fully explained to the employees. Outsourcing is also chosen by many enterprises because through this business approach, it is possible to save on valuable time (Smith, 2004). The employees in the organization are able to focus on the core business activities. In the study
48% agreed that outsourcing has led to better use of time by employees. Though the number is low we have employees who did not agree to it.

Outsourcing has been faced with some problems in terms of possible adverse consequences identified with the potential loss of skill, knowledge and capacity, a reduction of quality of services, short term disruption and discontinuity and damage long term competitiveness (Elmuti, 2003). From the study only 46% agreed that there has been improved quality of services offered by the outsourced firms. This means that 54% agree that outsourcing did not improve the quality of service or there was a reduction of quality of service. Majority of the respondent agreed that the outsourced firm was not able to go above the standard set by FEED when the service was carried out within the organization. Keeping in mind the outsourced firm is there to make profit and will need to decrease their cost on the input which may include; workforce, equipment’s among others to make as much profit as they can.

5.3.4 Effect of Retrenchment as Downsizing Strategy on Employee Motivation

From the inferential statistics, the regression weight for work design was positive and significant at the 0.05 level ($\beta = 0.687$, T-value = 4.503, $p < 0.05$). This implies that a unit increase in retrenchment would result in 0.687 unit increase in employee motivation. The study concludes that retrenchment has significant effect on employee motivation. Many of the respondents agreed that staff were adequately prepared on the retrenchment plans and the changes were fully explained to them. They agreed there were clear grounds for the retrenchment that was explained to them. 74% agreed there has been constant engagement and sensitization of staff on the changes the organization is facing which helped reduce speculation and insecurity. While it will always be difficult to maintain employees’ morale during retrenchment exercise, there is likely to be better response to a process that appears to be based on clear grounds that employees and their representatives can understand and contribute towards (Bentley, 2005).

From the study 36% agreed that there has been increased productivity/performance of the surviving staff. The number is low this means majority of the respondents did not agree to this. A study done by Nyamberi and Kiriago (2013) “effects of retrenchment on the morale and job security of surviving employees of Telkom Kenya Limited” established that retrenchment has both positive and negative effect on existing staff. On the negative effect,
surviving employees’ morale diminishes and is often traumatized at the work place; they feel like there is no job security and become less productive as they think of getting a job elsewhere. As such, staff retrenchment affects motivation of staff. A study done by Okibo (2012) on the effect of retrenchment on service delivery of retained civil servants in Kenya established that because of retrenchment, staff were left having a feeling of job insecurity and uncertainty with the job form civil service, most remaining staff lost their morale and thus affecting service delivery.

About 33% were of the opinion retrenchment is the best strategy of ensuring improved overall organization’s cost efficiency. Many of the respondents were not of this opinion. Biller, 2000), is of the view that organization costs increases as a result of retrenchment due to the package grant on retrenchment and catering for the needs of re-training those retained by the organization. (Cascio, 2002), support this view by saying that although lay-offs are intended to reduce the costs, some costs like the severance package, out-of-placement benefit, pension and administrative processing costs may increase. A study done by Tylezak (1991) explains that poor decision that relate to which staff to be retrenched that is followed by improperly coordinated process leaves retrenched employees suffering from shock, grief, anger, shame, despair, disbelief, fantasy and embarrassment affecting their emotional life. A study by Noer (1995) established that these negative effects can easily give birth to survivors’ syndrome and it consistently seen through a range of staff attitudes and perceptions. From the study 66% agreed that staff were adequately prepared or sensitized on the retrenchment plans and reasons for the changes fully explained to them. 79% agreed that they feel proud of FEED and give it their best despite the ongoing downsizing strategies. Due to the adequate preparation and proper coordination of the retrenchment process, staff felt they were well prepared and could still trust the organization.

From the study 46% agreed that retrenchment had helped FEED achieve cost savings in its operations. 54% did not agree with this. Biller (2000) is of the view that organization costs increases as a result of retrenchment due to the package grant on retrenchment and catering for the needs of re-training those retained by the organization. Cascio (2002) support this view by saying that although lay-offs are intended to reduce the costs, some costs like the severance package, out-of-placement benefit, pension and administrative processing costs may increase.
From the findings 56% agreed that retrenchment is the best downsizing strategy for an organization experiencing funding challenges. But from the different studies it is clear that retrenchment has many negative effect to the organization and the employees. Retrenchment may create demoralization, dampen organization productivity and increase voluntary retrenchment, discourage the organization’s most talented and productive employees who will end up leaving the organizations (Hehn, 2001). Standing and Tolkman (2004) warn that the introduction of voluntary retrenchment arrangements may impose considerable financial burden on the organization. A study done by Nyamberi and Kiriago (2013) “effects of retrenchment on the morale and job security of surviving employees of Telkom Kenya Limited” established that retrenchment has both positive and negative effect on existing staff. A study done by Okibo (2012) on the effect of retrenchment on service delivery of retained civil servants in Kenya established that as a result of retrenchment, staff were left having a feeling of job insecurity and uncertainty with the job form civil service, most remaining staff lost their morale and thus affecting service delivery.

5.4 Conclusions

5.4.1 Effect of Retirement as a Downsizing Strategy on Employee Motivation

The study concludes that early retirement as a downsizing strategy affects employee motivation. This because majority of the employees felt that is created career opening for younger workers as well as promotional opportunities for remaining employees. Fair procedures used in selecting employees for early retirement let to increased performance, job satisfaction and trust among the remaining employees. Employees felt voluntary early retirement is better than involuntary. The study also concluded that employees felt the early retirement program is less harsh than layoff.

5.4.2 Effect of Work Redesign as a Downsizing Strategy on Employee Motivation

The study concludes that work design as a downsizing strategy affects employee motivation. This was based on majority of employees who agreed that a well-designed job would lead to increased employee well-being and may set the stage for thriving. This also leads to increased workforce performance and productivity. The problems relating to skills, work overload and repetitiveness were solved with work design. Employees agreed they loved and enjoy their work more after the redesign.

5.3.4 Effect of Outsourcing as Downsizing Strategy on Employee Motivation
The study concludes that outsourcing as a downsizing strategy does not affect employee motivation. Majority of the employees did not agree that outsourcing increased their productivity. In relation to the working conditions, there was no improvement. Employees did not feel there was a better use of their time after the outsourcing. All these being factors that increase motivation were not addressed even that the outsourcing strategy was implemented.

5.4.4 Effect of Retrenchment as Downsizing Strategy on Employee Motivation

The study concludes that retrenchment as a downsizing strategy affects employee motivation. Mainly because majority of the employees agreed retrenchment is the best downsizing strategy for organization experiencing funding challenges. It was clear from the study to have a successful retrenchment it is important to ensure that employees are communicated on clear grounds or reasons for the retrenchment. Majority of the employees still trusted the organization and gave it its best despite the retrenchment.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Effect of Retirement as a Downsizing Strategy on Employee Motivation

From the finding it was clear that fair procedures used in selecting employees for early retirement resulted in increased performance, job satisfaction and trust which plays major role in employee motivation. It is important for organization that want to implement early retirement as a downsizing strategy to ensure they have well documented and communicated policies on early retirement. The policies should clearly indicate the procedures to be followed and all staff should be made aware of the policy. It is also important for organization to ensure they advocate for voluntary as opposed to involuntary or forced early retirement.

5.5.1.2 Effect of Work Redesign as a Downsizing Strategy on Employee Motivation

From the findings it was clear that a well-designed job would lead to increased employee well-being, productivity and performance. It is crucial for organization that was to implement work design to ensure that employees are involved in the entire process. It is also important to have an external consultant conduct the work design or redesign to avoid
biasness. The process should also be done once in 3 years to ensure to eliminate routine activities and work objectives that have already been met.

5.5.1.3 Effect of Outsourcing as Downsizing Strategy on Employee Motivation

From the findings it was evident that outsourcing did not have significant effect on employees’ motivation. For organization that want to implement the outsourcing strategy emphasis should be done on the effect it has on the organization performance and not employee motivation. They should also research on the effect outsourcing has on the employees who left and not on the remaining employees as conducted in this research.

5.5.1.4 Effect of Retrenchment as Downsizing Strategy on Employee Motivation

From the finding it was evident to have a successful retrenchment it is important to ensure that employees are communicated on clear grounds or reasons for the retrenchment. For organization that want to implement retrenchment, they should ensure that they have clear policies for retrenchment. Employees should clearly be taken through the policy and also explained on the reasons for retrenchment.

5.5.2 Recommendations for Further Research

The study focused on downsizing strategy and its effects on employee motivation at Feed the Children. This means the results were based on the culture, values and beliefs of one organization. There is need to carry out the research on several other organizations both NGO and private organizations in Kenya to give more reliable results. The study only focused on the effect the downsizing strategy had on the remaining staff. It is suggested that such a study is done to research on the effects it has on the outgoing staff. Another recommendation for further research is to study how the downsizing strategy affect the organization performance.
REFERENCES


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APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

EFFECTS OF DOWNSIZING STRATEGIES ON EMPLOYEE MOTIVATION; A CASE STUDY OF FEED THE CHILDREN

My name is Ms. Edith Mwando with ID Number 655818, a student at the UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA and currently pursuing a course of study in Master of Science degree in Organizational Development. Pursuant to the pre-requisite course work, I am currently carrying out a study on EFFECTS OF DOWNSIZING STRATEGIES ON EMPLOYEE MOTIVATION; A CASE STUDY OF FEED THE CHILDREN and this will involve use of questionnaires.

There are no correct and wrong answers to these statements and they are intended just to obtain opinions, views and feelings. Would you please kindly spare a few minutes of your precious time and answer the following questions. The information you will provide in this study will be treated with the utmost confidence and will be used strictly only for the academic purpose mentioned above.

Thank you for your cooperation.

Yours faithfully,

Edith Mwando
RESEARCHER
Appendix II: Research Questionnaire

Section One: General Organization/Respondent Information

1) Gender?
   □ Male
   □ Female

2) What is your age range?
   □ Below 25
   □ 25 – 35
   □ 36 – 45
   □ 46 – 55
   □ 55 and above

3) What is your highest level of education?
   □ Secondary
   □ Certificate
   □ Diploma
   □ Degree
   □ Masters and above

4) How long have you worked for FEED?
   □ Less than 5 years
   □ 6 – 10 years
   □ 11 – 15 years
   □ 16 years and above

5) Which department do you work in?
   □ Programs
   □ Children service
   □ Admin
   □ Operations
Section Two: Effects of Early Retirement as Downsizing Strategy

Use a Likert of 1-5 to show your level of agreement with the following statements relating to early retirement as downsizing strategy. *Where 1-Strongly disagree, 2 – disagree, 3 – not sure, 4- agree, 5-strongly agree.*

<table>
<thead>
<tr>
<th>Early Retirement as Downsizing Strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>ER1 In my opinion I believe that early retirement is the best strategy in ensuring improved overall organization’s cost efficiency.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER2 Early retirement has helped FEED achieve immediate, savings in labor costs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER3 Early retirement has created career openings for younger workers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER4 Early retirement has created promotional opportunity for the remaining employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER5 Early retirement program is less harsh than layoffs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER6 I feel early retirement as a downsizing strategy reduces the negative impact on remaining staff</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER9 The employees at FEED were well prepared by the management for the early retirement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER10 I am prepared and ready psychologically and financially to retire early</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER11 Involuntary early retirement program is unfair and inhuman</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER12 Involuntary or forced early retirement makes me feel betrayed and abandoned</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER13 Fair procedures used in selecting employees for early retirement result in increased performance, job satisfaction and trust among survivors</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>ER15 I believe people become more active, sleep better and reduce their sitting time when they retire</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
## Section Three: Effects of Work Redesign as Downsizing Strategy

Use a Likert of 1-5 to show your level of agreement with the following statements relating to work redesign as downsizing strategy. Where 1-Strongly disagree, 2 – disagree, 3 – not sure, 4- agree, 5-strongly agree.

<table>
<thead>
<tr>
<th>Work Redesign</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>WR1 In my opinion I believe that work redesign is the best strategy in ensuring improved overall organization’s cost efficiency.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR2 Work redesign has helped FEED save on its operational cost</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR3 I believe A well-designed job may lead to increased employee well-being and may set the stage for thriving</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR4 Work redesign ensures employees have quality work experience which promotes their productivity</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR5 work redesign is one of the best ways to increase workforce performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR6 work redesign improves the quality of work done by employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR7 work redesign has helped me to able to differentiate when between the person at work and the one outside work</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR8 I love and enjoy my work more after the redesign</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR12 Additional work without training my lead to unproductivity from employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR14 Eliminating some roles through work redesign reduces on cost which improves the organization performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>WR15 Work redesign can solve problems relating to skills, work overload, repetitiveness, and increase in working hours</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

## Section Four: Effect of Outsourcing as downsizing strategy

Use a Likert of 1-5 to show your level of agreement with the following statements relating to outsourcing as downsizing strategy. Where 1-Strongly disagree, 2 – disagree, 3 – not sure, 4- agree, 5-strongly agree.
### Effect of Outsourcing

<table>
<thead>
<tr>
<th>Effect of Outsourcing</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>EO1 Through outsourcing, FEED has been able to refocus on its core business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO2 In my opinion I believe that outsourcing is the best strategy in ensuring improved overall operational cost efficiency.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO3 Outsourcing has helped FEED achieve cost savings in its operations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO4 Outsourcing has led to increased employee productivity</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO5 With outsourcing of some FEED operations the working condition has improved</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO6 Outsourcing has led to better use of time by employees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO7 Outsourcing has led to improved reliability, responsiveness and assurance of services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO8 There was smooth transition of operations from FEED employed staff to the service provider and the reasons for the changes fully explained to us.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO9 There has been improved quality of services offered by the outsourced firms</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EO13 I still highly trust my employer despite engaging another firm to provide services initially provided by FEED staff</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

### Section Five: Effect of Retrenchment as Downsizing Strategy

a) Retrenchment is said to have some advantages and disadvantages to the implementing organization, some of the advantages and disadvantages are listed here-below. Use a Likert of 1-5 to show your level of agreement with the following statements. *Where 1- Strongly disagree, 2 – disagree, 3 – not sure, 4- agree, 5-strongly agree.*

<table>
<thead>
<tr>
<th>Advantages of Retrenchment</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>AR1 Reducing of over-staffing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>AR2 Reducing redundancy and overcrowding</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>AR3 Improved performance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
AR4: Inculcating discipline and efficiency in workers

<table>
<thead>
<tr>
<th>Disadvantages of Retrenchment</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>DR1 Decrease in human resources that result from cost cutting measures</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>DR2 Loss of skills, energy, morale commitment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>DR3 Physical and mental health degradation, that results from employees withdrawing physically and emotionally.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>DR4 Increased staff turnover</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

b) Use a Likert of 1-5 to show your level of agreement with the following statements. Where 1-Strongly disagree, 2 – disagree, 3 – not sure, 4- agree, 5-strongly agree.

<table>
<thead>
<tr>
<th>Retrenchment as Downsizing Strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>RD1 In my opinion I believe that retrenchment is the best strategy in ensuring improved overall organization’s cost efficiency.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>RD2 Retrenchment has helped FEED achieve cost savings in its operations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>RD3 Staff were adequately prepared or sensitized on the retrenchment plans and reasons for the changes fully explained to them</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>RD4 There has been increased productivity/performance of the surviving staff</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>RD5 There were clear grounds for the retrenchment that was explained to all of us</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>RD8 There has been constant engagement and sensitization of staff on the changes the organization is facing which has helped reduce speculations and insecurity.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>RD9 I feel proud of FEED and give it my best despite the ongoing downsizing strategies</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>RD10 Retrenchment is the best downsizing strategy for an organization experiencing funding challenges</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Section Six: Employee Motivation

Use a Likert of 1-5 to show your level of agreement with the following statements relating to employee motivation. *Where 1-Strongly disagree, 2 – disagree, 3 – not sure, 4- agree, 5-strongly agree.*

<table>
<thead>
<tr>
<th>Employee Motivation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>EM1 I enjoy working at Feed the Children</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM2 When asked what I do for a living, I am proud to say I work at Feed the Children</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM3 The benefits I receive motivates me to do well at my work</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM4 I am satisfied with the employee-review system at Feed the Children</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM5 Our company has a fair and equitable reward scheme</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM6 The HR Strategies at Feed the Children are fair during Wages, salaries, promotions, bonuses and disciplinary actions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM7 I believe Unfair treatment leads to poor performance, absenteeism and demotivated staff</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM8 There is plenty of opportunity for advancement and growth at our organization</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM9 Our organization uses training and development to motivate us</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM10 Financial incentives motivate you more than non-financial incentives</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM11 Salary is the most important attribute to employee motivation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM12 My Salary is reviewed yearly</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM13 The salary structure at Feed the Children guarantees there is a good balance of pays among the employees in the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM14 Feed the children has a good and safe environment to enable you achieve you fullest potential</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>EM15 Is the current appraisal tool helpful in motivating the employees to perform better?</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
Appendix III: Research License
This is to certify that Ms. Edith Mwando of United States International University Africa, has been licensed to conduct research in Nairobi on the topic: EFFECTS OF DOWNSIZING STRATEGIES ON EMPLOYEE MOTIVATION; A CASE STUDY OF FEED THE CHILDREN for the period ending 25/July/2020.

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Applicant Identification Number: 233203

Date of Issue: 25/July/2019

Director General

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off Waiyaki Way, Upper Kabete,
P. O. Box 30623, 00100 Nairobi, KENYA
Land line: 020 4007000, 020 2241349, 020 3310571, 020 8001077
Mobile: 0713 788 787 / 0735 404 245
E-mail: dg@nacosti.go.ke / registry@nacosti.go.ke
Website: www.nacosti.go.ke