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EFFECTS OF ORGANIZATIONAL RESTRUCTURING ON PERFORMANCE OF EAST AFRICAN BREWERIES LIMITED IN KENYA

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Abstract: The study sought to establish the effects of organizational restructuring on performance of East Africa Breweries Limited in Kenya. Specifically, the study sought to find out the effects of product divestment, employee downsizing, reformation of cooperate governance and cost restructuring affects performance of EABL in Kenya. The study adopted a descriptive research design and targeted 270 employees in EABL's offices where stratified random sampling was used to acquire a sample of 159 respondents. Primary data was analyzed through Statistical Package for Social Sciences (SPSS) version 21. The findings of the study revealed product divestment, employee downsizing and reformation of cooperate governance have a positive and significant effect on performance of East Africa Breweries Limited. The study recommends that EABL should focus on enhancing product divestment by disposing off peripheral units to focus on core business activities and focusing on combining acquisitions. There is also a need to increase employee downsizing by reducing the number of employees in top, middle and junior management levels. The study further recommends that EABL should consider reforming its corporate governance by changing the entire management team, retaining some of top management team and adding new members and terminating tenures of top management team.

Key Words: *Employee Downsizing, Reformation of Cooperate Governance, Cost Restructuring, Product Divestment, Performance*

Introduction

Organizational restructuring is a norm that has been widely used by companies, organizations and firms in both developing and developed countries. According to Singh and Bowman (2013), organizations adopt restructuring strategies to respond to poor performance, discover new and strategic opportunities, attain credibility status in capital markets and add firm's market value. Similarly, technological advances, stiff competition, increased managerial difficulties and shareholders demand increases performance pressures on firm's managerial teams and have also contributed to restructuring (Euske *et al*, 2006). According to Gibbs (2007), restructuring is a change in a firm's investment, governance, operational and financing structure. Norwel *et al* (2012) views restructuring as a process of reorganizing operations, ownership, legal or structures of a firm with the intention of becoming more profitable and organized in meeting existing firm's needs. Lebans (2006) adds that there exists other reason for restructuring including demerger, crisis response, ownership structure, a major business change such as repositioning, bankruptcy or buyout. An organization that has been effectively restructured attains lean operations, becomes better organized and efficient and remains focused on core business activities (Bowman, 2013). Lal *et al* (2013) asserts that organizational restructuring contributes to easing firms' performance by streamlining cost, improving welfare of employees, increasing revenues and productivity, enhancing operations efficiency and increasing shareholders' wealth. Bowman (2013) points out that organizational restructuring is attribute to demanding changes in policies formulated by human resource. Existing human resource policies in a firm contribute to smooth running of operations and at times demand to be changed according to changing scenario. In restructuring process, Hane (2012) posit a need to rationalize existing pay structure to maintain both internal and external employees' equity and motivate them into becoming more active in production.

Statement of the problem

Many changes have occurred in the beer industry in the recent past which has exposed EABL to competition challenges and dwindling performance. The changes include increase in competitors' numbers, increase in contrabands and counterfeit, high taxes and high cost of alcohol production inputs. Additionally, the formulation of Alcoholic Drinks Control Act in 2010 to regulate consumption, sale and advertisement of alcohol posed a performance and dominance challenge to EABL. The alcohol market has been expanding greatly with emergence of macro and micro brewers increasing competition on the available market. According to a report by KPMG Africa (2014), Keroche, being EABL's close competitor stated its intention of increasing its market share from the current 3% to 20%. The company, according to the report, had the capacity of achieving the target. The prevalent of changes in the beer industry calls for measures by EABL to improve performance and stand competitively in the markets.

Several studies have been conducted on influence of organizational restructuring on performance of organizations. Mushtaq and Srivastava (2011) focused on restructuring impacts on firms' operational aspects in Chinese Publicly traded firms and revealed a significant improvement on return on assets, revenues and total turnover on assets after restructuring had taken place. Airo (2010) focused on influence of acquisitions and mergers on corporate performance of construction firms in Egypt and revealed that mergers and acquisitions improved firm's profitability. In Kenya, Ngige (2012) examined the effects of restructuring on competitiveness and performance of Kenya's banking sector and found positive effects between organizational restructuring and competitive advantage of banks. Similarly, Mbogo and Waweru (2014) on turnaround responses on financially disadvantaged companies on NSE revealed that organizational restructuring resulted to 63% employees' layoff. Rainy *et al* (2014) on restructuring effects on organization performance amongst Kenya's mobile phone service provider revealed the three restructuring methods favorably affected the firm's market growth and market share. The studies have been conducted in different sectors such as banks, construction and mobile industries both locally, regionally and globally. Most of the studies have focused on the types of restructuring and impacts on financial performance. The existing studies reveal inadequacy of research done on effects of organizational restructuring on performance EABL. The study sought to fill the existing knowledge gap by establishing the effects of organizational restructuring on performance of EABL.

Objectives of the Study

i. To find out the effects of product divestment on performance of East Africa Breweries Limited in Kenya.
ii. To determine the effects of employee downsizing on performance of East Africa Breweries Limited in Kenya.
iii. To assess how reformation of cooperate governance affects performance of East Africa Breweries Limited in Kenya.
iv. To find out how cost restructuring affects performance of East Africa Breweries Limited in Kenya.

Literature Review

This study was guided by Game Theory, Social Exchange Theory, Agency Theory and Targeting and Segmentation theory. Game theory was idealized from a mixed-up equilibria strategy in games of two-person zero sum by John von Neumann in the year 1944. Game theory model is characterized by six features which are information, conflicting parties, desired outcomes, choices, outcome dependent and results of the choices made amongst all firms (Shubik, 1972). The theory provides a set of components and tools crucial in developing logical models for determining organizational responsive behavior. These models allow researchers to discount explanations of behavior where organizations act against each other’s objectives, neglect opportunities, or ignore strategic behavior of other parties. Social Exchange Theory proposed by Ekeh (1974) explains stability and social change as a process comprising of negotiated exchanges amongst involved parties. The theory postulates that all relationships by humans are subjectively formed by comparison of alternatives and cost benefit analysis (Fiske, 1992). According to the theory, relationships that are positive are expected to survive while negative relationships call for termination. The theory is also characterized by roles of trust, satisfaction, commitment, relational norms and cooperation that emerges and develops over time and that govern the nature of the relationship (Koch, 2012).

Agency theory was proposed by Meckling and Jensen (1976) and explains the relationship that exists between a business principal and an agent. In the relationship, the agent acts on behalf of the principal by making decisions pertaining to the business. The theory views organization as ‘a nexus of contracts’ that comprises of a series of association between a firm’s various stakeholders. This theory contributes to the study as it informs of reformation of cooperate governance. When the top management team fails to perform in respect to organizational goals and objectives, owners of organizations opt to reform the top management to improve performance. The organization can do this by bringing in a new team, reviewing the management’s tenure or to some extent reviewing the top management tenures.

The Transaction cost theory, developed by Coarse (1960) views transaction as the basic analysis and points out that understanding the costs associated with organizational transactions either internally or externally defines success achievements of the organization. The theory postulates that firms attempts to minimize the costs of exchanging resources with the environment while at the same time reducing costs of exchanges that are bureaucratic within the company. Williamson (1981) asserts that a company bears expansion and growth capability if its activities can be cheaply performed within the company operational environment rather than sourcing from market providers externally. The theory adds knowledge on practices that a firm can adopt on restructuring costs associated with running of operations within the firm. The baseline of cost restructuring is to reduce operational costs within a firm in order to enhance general performance.

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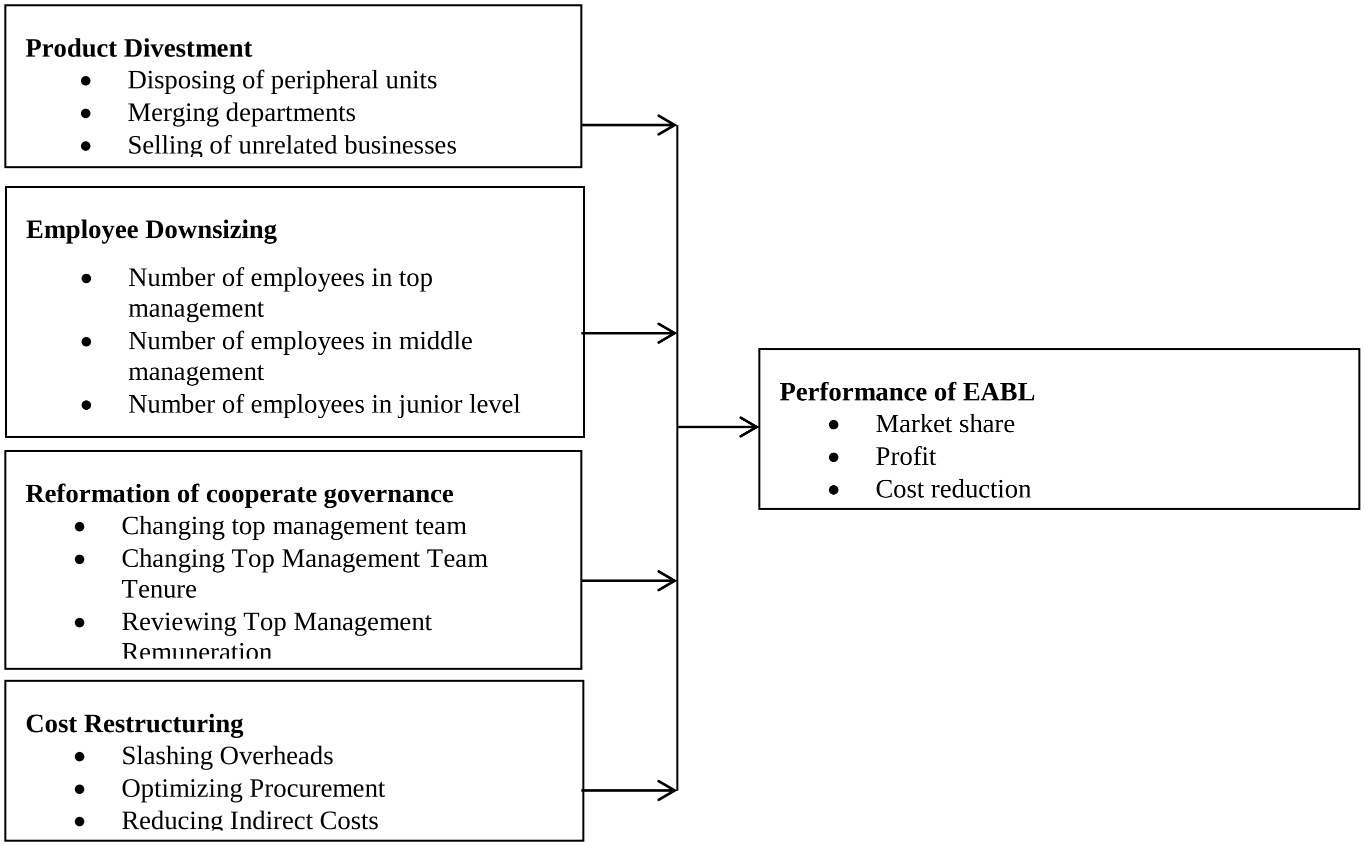
Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Empirical Literature Review

Oyedijo (2012) conducted a study to establish the effects of asset divestment strategy on performance of Nigerian corporate firms. The results of the study revealed a positive correlation between performance of firms and asset divestment. A study by Amboka (2012) that focused on organizational restructuring as a strategic performance approach adopted by Safaricom Limited focused on products and service differentiation by the firm. The findings of the study revealed that the restructuring process in products and services line contributed to considerable performance of the firm. A study conducted by Atikiya (2015) sought to establish the effect of cost reduction strategies on performance of manufacturing firms in Kenya. The results of the study revealed that asset divestment and cost restructuring strategies contributed to firm's performance. A research study of Mbogo and Waweru (2014) on turnaround responses on financially disadvantaged companies on NSE between 2002 and 2008 revealed that organizational restructuring resulted to 63% employees' layoff. Rainy *et al* (2014) study on restructuring effects on organization performance amongst Kenya's mobile phone service providers revealed that mobile service providers valued efforts contributed by employees towards achieving set objectives and goals.

Ruiters (2011) on exploring the effects of restructuring on South African staffs in the labor inspectorate department agreed that organizational restructuring was inevitable due to changes in technology and dynamics in demands of service provision. The results of the findings indicated that organizational restructuring initiatives by Southern Africa government affected the feelings of inspectors and contributed to poor performances. The study revealed that restructuring process lead to loss of qualified personnel as they felt dissatisfied with new responsibilities and opted to resign. Their positions were replaced by less skilled employees on temporal basis. Cheworei (2007) conducted a study on the effects of change management practices on organizational performance at the United Nation Secretariat in Kenya. The study findings revealed several managerial changes that had occurred in the organization including changing top management officials, strategic operational changes and restructuring. Jae *et al.* (2007) sought to establish the effect of organizational restructuring strategy on performance financial performance of hotels in United Kingdom. The results of the findings indicated that hotels that adopted cost reduction strategies and diversified their markets improved their financial performance as compared to others in the same field that did not use the strategies. Ngige (2011) conducted a study on organizational restructuring implications on long term competitiveness and performance of firms in the banking sector. The results of the study indicated that most of the banks included in the study had undergone restructuring where cost restructuring was one of the aspects.

Research Methodology

The study used a descriptive research design. The study targeted 270 EABL's employees working in various departments that the study targeted. This study applied Fishers sampling formula (Mugenda & Mugenda, 2013) in determining the sample size of the study. The formula is:

$$nf = \frac{z^2pq}{e}$$

Where;

nf =Fishers's value, z = 1.96 (Critical standard score from the cumulative standard normal table), p = probability of success, q = (1-p) probability of failure., e = allowed error (in this study was 0.05)

$$nf = \frac{(1.96)^2 * (0.5) * (.05)}{0.05}$$

$$nf = 384$$

In a population of less than 10,000 units, Zikmund (2010); Mugenda and Mugenda (2013) asserts that a sample size (n) can be calculated as follows:

$$n = \frac{nf}{1 + \frac{(nf - 1)}{N}}$$

Where

nf: Fishers's value

N= Target population.

$$n = \frac{384}{1 + \frac{(384 - 1)}{270}}$$

$$n = 159$$

Stratified random sampling technique was then adopted to determine the 159 respondents from the entire population. The study used questionnaires to collect primary data since they were found to be cheaper and their administration was quicker. The quantitative data collected from the field was analyzed through descriptive statistics such as percentages, pie charts, frequency distributions and frequency tables were applied in summarizing and relating variables from administered questionnaires. Correlation and regression analysis was also applied to establish if the independent variables predict the dependent variable. The model for this study is as illustrated below:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mathcal{E}$

Where: Y = Performance of EABL, X_1 = Product Divestment, X_2 = Employee Downsizing,

X_3 = Reformation of Cooperate Governance, X_4 = Cost Restructuring, β_0= Regression Constant or Intercept, $\beta_1, \beta_2, \beta_3$ and β_4= coefficients of various independent variables and Ɛ =error term.

Research Findings

The study administered a total of 159 questionnaires to respondents in finance, marketing, sales, information and technology departments in the firm's head office based in Ruaraka, Nairobi. Out of the issued questionnaires, only 115 questionnaires were filled and returned. This represented a response rate of 72.3% which is consistent with Mugenda and Mugenda (2013).

Descriptive Results

Product Divestment

The first objective of the study sought to find out the effect of product divestment on performance of EABL. Respondents were requested to indicate the level of agreement with statements on product divestment on performance using a scale of 1 to 5 where 5= Strongly Agree, 4= Agree, 3= Uncertain, 2= Disagree and 1= Strongly Disagree. The findings of the study are presented in table 1 below. The respondents agreed that EABL management restructured its business to sharpen focus by disposing off units that were peripheral to the core business (mean = 3.69), that EABL focused on combining acquisitions and divestitures to restructure the entire organization (mean = 4.28), that divestment involved cutting out and merging some departments (mean = 3.94) and that divestment in EABL aimed at pooling the firm's resources and using them to the optimum. Consequently, the respondents agreed on the statement that divestment in EABL was done to enable the company focus on core operational strengths and that divestment strategy at EABL provided optimum synergy for the company as shown by means of 3.73 and 4.04respectively. On average, however, respondent agreed on statements on product divestment as shown by an average mean of 4.11 and a small variation indicated by an average standard deviation of 0. 841. The study concurs with Oyedijo (2012) findings that firms that prioritized on divestment increased operational efficiencies and managers focused on business activities which added to general performance firms.

Table 1 Descriptive statistics on Product Divestment

Statement	Mean	Standard Deviation
EABL management restructured its business in order to sharpen focus by disposing off units that were peripheral to the core business	3.69	1.001
EABL focused on combining acquisitions and divestitures to restructure the entire organization	4.28	0.722
Divestment involved selling EABL's unrelated businesses redirecting its goals towards profit maximization	4.84	0.422
Divestment at EABL involved cutting out and merging some departments	3.94	1.004
Divestment in EABL aimed at pooling the firm's resources and using them to the optimum.	4.28	0.772
Divestment in EABL was done to enable the company to focus on core operational strengths.	3.73	1.067
Divestment strategy at EABL provided optimum synergy for the company	4.04	0.902
Average	**4.11**	**0.841**

Employee Downsizing

The second objective of the study sought to find out the effects of employees downsizing on performance of EABL. Respondents were requested to indicate the level of agreement on statements on employee downsizing on performance using a scale of 1 to 5 where 5= Strongly Agree, 4= Agree, 3= Uncertain, 2= Disagree and 1= Strongly Disagree. The findings of the study are presented in table 2 below. The respondents agreed that organizational restructuring reduced the number of employees in the top, middle and junior management levels as shown by means of 4.41, 4.31 and 3.60 respectively. The respondents also agreed that EABL's restructuring positively changed the company's commitments to its employees (4.39), that EABL tried to smoothen the restructuring process to minimize negative effects on workforce reductions (4.03), that benefit packages were offered to departing employees including compensation based on years of service (3.54), that restructuring process of EABL left staff members with questions about their future place in the organization (3.95) and that restructuring observed an improved performance from the reduction of labor costs (3.51).However, respondents were uncertain on whether the firm faced loss of faithfulness from its business partners as a result of employee downsizing. On average, the respondents agreed on the statements on employee downsizing as indicated by an average mean of 3.89 and average standard deviation of 0.997. The study findings correspond with Mbogo and Waweru (2014) findings that employee downsizing aims at reducing firms' operational costs which enhances its performance as shown by a mean of 3.21.

Table 2 Descriptive statistics on Employee Downsizing

Statements	Mean	Standard Deviation
Organizational restructuring reduced the number of employees in the top management levels	4.41	0.606
Organizational restructuring reduced the number of employees in middle management levels	4.31	0.616
Organizational restructuring reduced the number of employees in junior management levels	3.60	1.122
EABL's restructuring changed the company's commitments to its employees	4.39	0.660
EABL tried to smooth the restructuring process to minimize the negative effects on workforce reductions	4.03	1.006
Benefit packages were offered to departing employees including compensation based on years of service	3.54	1.158
The restructuring process of EABL left staff members with questions about their future place in the organization	3.95	1.038
EABL faced loss of faithfulness from its business partners as a result of employee downsizing	3.21	1.562
EABL observed an improved performance from the reduction of labor costs	3.51	1.211
Average	**3.89**	**0.997**

Reformation of Corporate Governance

The third objective of the study sought to assess how reformation of corporate governance affected performance of EABL. Respondents were requested to indicate the level of agreement on statements on reformation of corporate governance on performance using a scale of 1 to 5 where 5= Strongly Agree, 4= Agree, 3= Uncertain, 2= Disagree and 1= Strongly Disagree. The findings of the study are presented in table 3 below. The study findings revealed that respondents agreed on the statements that organizational restructuring changed the entire management team, retained some of its top management team and added new members and terminated tenures of top management team as shown by means of 3.91, 4.34 and 3.54 respectively. Consequently, respondents agreed that EABL's restructuring demoted top management team and promoted other staffs to top management level (4.58), that the restructuring reduced top management remuneration in a bid to cut down operational costs (4.51) and that introduction of new management affected employee's morale (3.75). On whether the organizational restructuring process resulted to resignation of some of the management team and contributed to general improvement in performance, the respondents agreed with the statements as shown by means 3.95 and 3.89 respectively. On average, all respondents agreed to the statements on reformation of cooperate governance as shown by an average mean of 4.06 and average standard deviation of 1.072 The findings of the study concur with Airo (2009) conclusions that to involvement of the top management team in the reformation process and explaining to them the reasons behind the move is one of the most important factor that contributes to a successful reformation of cooperate governance in a firm and positively impacts general performance of the firm.

Table 3 Descriptive statistics on Reformation of Corporate Governance

Statement	Mean	Standard Deviation
Organizational restructuring changed the entire management team	3.91	1.203
Organizational restructuring retained some of its top management team and added new members.	4.34	0.897
Organizational restructuring terminated tenures of top management team.	3.54	1.432
EABL's restructuring demoted top management team and promoted other staffs to top management level	4.58	0.541
EABL restructuring reduced top management remuneration in a bid to cut down operational costs	4.51	0.556
Introduction of new management affected employee's morale.	3.76	1.346
The restructuring process of EABL resulted to general improvement in performance.	3.95	1.212
The restructuring process of EABL resulted to resignation of some of the management team	3.89	1.393
Average	**4.06**	**1.072**

Cost Restructuring

The fourth objective of the study sought to find out the effects of cost restructuring on performance of EABL. Respondents were requested to indicate the level of agreement on statements on cost restructuring on performance using a scale of 1 to 5 where 5= Strongly Agree, 4= Agree, 3= Uncertain, 2= Disagree and 1= Strongly Disagree. The findings of the study are presented in table 4 below. The study findings revealed that respondents agreed with the statements cost restructuring reduced the EABL's overhead costs (4.63), that cost restructuring led to reduction in indirect costs of EABL such as expenses in utilities bills (4.86), that EABL introduced in-house activities when sourcing for goods and services (4.61) and that cost restructuring was done to convert EABL from an under-performing company to a better performing one (4.09). Respondents also agreed that cost restructuring led to cost reduction in EABL and increased the company's market share (4.35) and that cost restructuring enhanced EABL's dominance status in the industry (4.43). Consequently, respondents agreed that EABL's organizational restructuring focused on cost restructuring strategy because it offered different cost saving methods leading to more stable revenue development (4.56) and that the restructuring process enabled the firm to reduce its operational costs as shown by a mean of 4.17. The average mean of 4.46 and a small variation in responses indicated by average standard deviation of 0.512 shows that all respondents agreed to the statements on cost restructuring. The results of the study are consistent with Estin (2008) findings that firms undertaking cost restructuring benefits from the practice as it cuts down costs within the business but cautions that the process bears its negative side in the long run as it has the ability of negatively affecting general performance of a firm.

Table 4 Descriptive statistics Cost Restructuring

Statements	Mean	Standard Deviation
Cost Restructuring reduced the EABL's overhead costs.	4.63	0.348
Cost Restructuring led to reduction in indirect costs of EABL such as expenses in utilities bills	4.86	0.124
EABL introduced in-house activities when sourcing for goods and services.	4.61	0.468
Cost Restructuring was done to convert EABL from an under-performing company to a better performing one	4.09	0.845
Cost restructuring has led to cost reduction in the EABL and increased the company's market share	4.35	0.578
Cost restructuring enhanced the EABL's dominance status in the industry	4.43	0.521
EABL organizational restructuring focused on cost restructuring strategy because it offers different cost saving methods leading to more stable revenue development	4.56	0.431
Cost restructuring enabled EABL to reduce its operational costs.	4.17	0.788
Average	**4.46**	**0.512**

Performance of EABL

Trend analysis was conducted for the performance of East Africa Breweries Limited using market share (in%), profitability and operational costs as indicators of performance. The following sections present the trend lines. The study sought to assess change in EABL's market share after undertaking organization restructuring process. Figure 2 presents the findings. The findings show that EABL's market share has been increasing from 2013 through 2017. This implies that the company has been performing well in terms of market share and dominance in the beer market in Kenya.

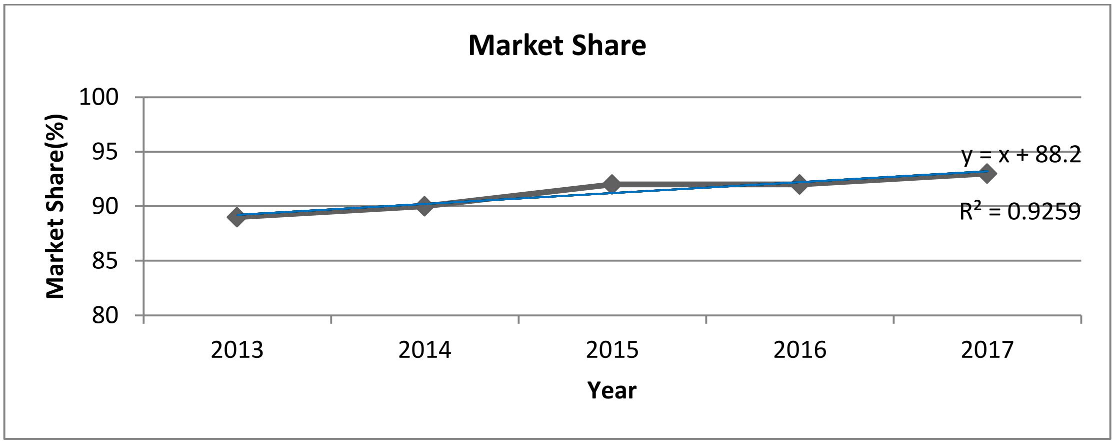


Figure 2 Market Share

The study also sought to assess EABL's profits for a period of 5 years from 2013 to 2017. The findings are presented in figure 3. The results show that the EABL's profits have been increasing from 2013 to 2016 but decreased in in 2017.Increase in profits can be attributed to introduction of new products in the markets over the years. The decline in the profits shown from 2016 to 2017 can be associated with the electioneering period in the country.

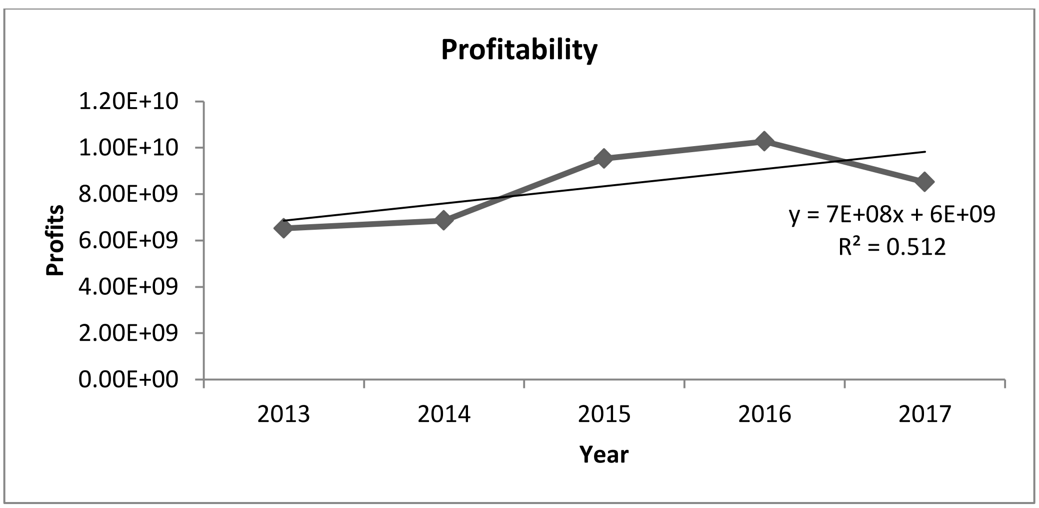


Figure 3 Profitability

The study further sought to assess variations in operational costs of EABL as a result of restructuring. The results of the findings are shown in figure 4. The results show that EABL's operational cost was increasing from 2013 to 2014 and declined from 2014 to 2017. The increase in the operational costs from 2013 was attributed to high number of employees in the company. The restructuring process in 2014 caused retrenchment in the firm which resulted to a decline in the operational costs.

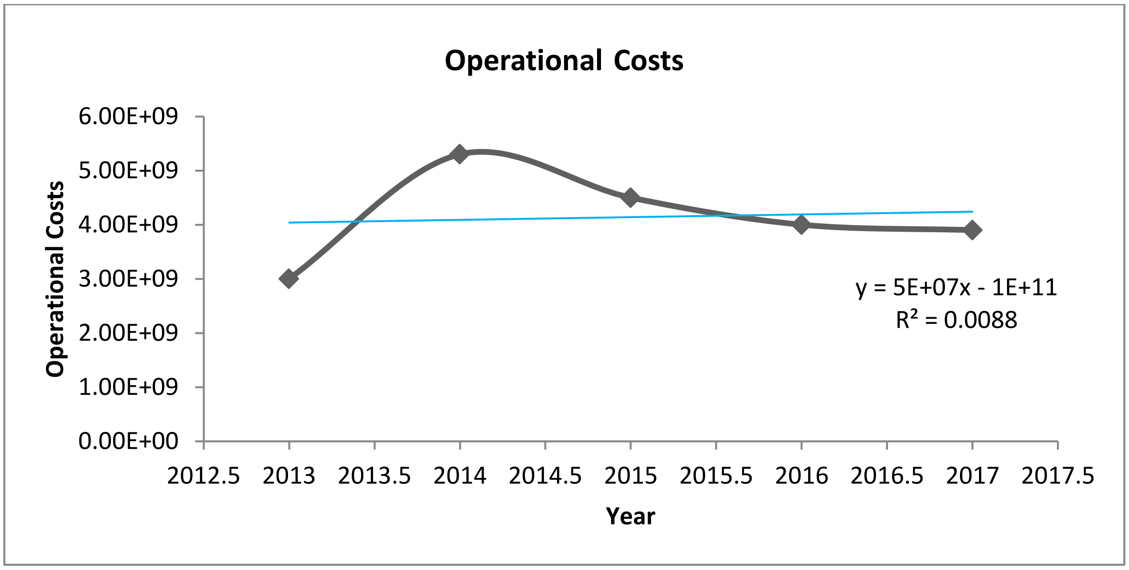


Figure 4 Operational Costs

Correlation Results

The results of the correlation analysis in table 5 indicate that the correlation between product divestment and performance EABL 0.389 and a p-value of 0.001. This means that the correlation is positive and significant implying that increase in product divestment will lead to increase in performance of EABL. The results are consistent with Lash and Wellington (2007) who revealed that if a firm manages to achieve product divestment, high returns in terms of profits are earned since the divestment creates a defensive position that enables a firm to cope with competition in the market. The correlation results further revealed that the correlation between employee downsizing and performance of EABL is 0.155 and a p-value of 0.142. The correlation is positive and significant implying that increase in employee downsizing will lead to increase in performance EABL. The findings concur with Mbogo and Waweru (2014) findings that employee downsizing aims at reducing firms' operational costs which enhances its performance.

The correlation results also indicate that the correlation between reformation of cooperate governance and performance of EABL is 0.375 and a p value of 0.001. The results indicate a positive and a significant relationship between reformation of cooperate governance and performance of EABL implying that increase in reformation of cooperate governance will lead to increase in performance of EABL. The results correspond with Airo's (2009) conclusions that involvement of the top management team in the reformation process and explaining to them the reasons behind the move is one of the most important factor that contributes to a successful reformation of cooperate governance in a firm that positively impacts general performance of the firm. Finally, the correlation results show that the correlation between cost restructuring and performance EABL is 0.455 and a p-value of 0. The results show that the relationship is positive and significant implying that increase in cost restructuring will lead to increase in performance of EABL. The results are consistent with Estin (2008) findings that firms undertaking cost restructuring benefits from the practice as it cuts down costs within the business but cautions that the process bears its negative side in the long run as it has the ability of negatively affecting general performance of a firm.

Table 5 Correlation Analysis

		Product Divestment	Employee downsizing	Reformation of cooperate governance	Cost restructuring	Performance of EABL
Product Divestment	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	115				
Employee downsizing	Pearson Correlation	-0.191	1			
	Sig. (2-tailed)	0.131				
	N	115	115			
Reformation of cooperate governance	Pearson Correlation	-0.1	-.263*	1		
	Sig. (2-tailed)	0.431	0.036			
	N	115	115	115		
Cost restructuring	Pearson Correlation	0.07	0.138	.341**	1	
	Sig. (2-tailed)	0.581	0.278	0.006		
	N	115	115	115	115	
Performance of EABL	Pearson Correlation	.389**	.155*	.375**	.455**	1
	Sig. (2-tailed)	0.001	0.142	0.001	0	
	N	115	115	115	115	115

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

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

Multiple Regression Analysis

The study further conducted a multiple linear regression analysis to establish the statistical significance of the relationship between organizational restructuring (Product divestment, employee downsizing, reformation of cooperate governance and cost restructuring) and performance of EABL. The multiple linear regression was conducted at 95% confident level (α=0.05). The summary results of the analysis are presented in table 6. The results show a strong relationship between Product divestment, employee downsizing, reformation of cooperate governance and cost restructuring and performance of EABL as indicated by R= .633. The model also indicated that R-squared which is the coefficient of determination was .589 implying that 58.9% of variation in performance of EABL can be explained by Product divestment, employee downsizing, reformation of cooperate governance and cost restructuring.

Table 6 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.633	0.589	0.528	0.258

The ANOVA results in table 7 also indicated that the overall model linking Product divestment, employee downsizing, reformation of cooperate governance and cost restructuring with performance of EABL was significant. The significance levels are confirmed by comparing the value of F calculated which is 38.326 and the value of F critical at (4, 114) which is 2.4472. The value of F calculated (38.326) is greater than the value of F critical (2.4472) implying that the overall model is statistically significant.

Table 7 ANOVA (Model Significance)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.825	4	1.706	38.326	.000b
Residual	3.953	110	0.067		
Total	10.777	114			

Table 8 presents the results of the model coefficients. The model coefficient shows that product divestment had a positive and significant effect on performance of EABL as shown by $\beta = 0.478$ and Sig = 0.000 <0.05. This implies that a unit change in product divestment results to an increase of 0.478 units performance of EABL. The findings are consistent with Oyedijo (2012) who sought to establish the effects of asset divestment strategy on performance of Nigerian corporations and revealed that firms that undertook asset divestment performed well and competitively in the market. The results presented also indicated that employee downsizing had a positive and significant effect on performance EABL as shown by $\beta = 0.243$ and Sig = 0.000 <0.05. This implies that a unit change in employee downsizing results to an increase of 0.243 units in performance of EABL. The results correspond with Mbogo and Waweru (2014) findings that employee downsizing aims at reducing firms' operational costs which enhances its performance.

The results presented further revealed that reformation of cooperate governance had a positive and significant effect on performance of EABL as shown by $\beta = 0.324$ and Sig = 0.000 <0.05. This implies that a unit change in reformation of cooperate governance would result in an increase of 0.324 units in performance of EABL. The findings are consistent with Airo (2009) conclusions that involvement of the top management team in the reformation process and explaining to them the reasons behind the move is one of the most important factor that contributes to a successful reformation of cooperate governance in a firm that positively impacts general performance of the firm.

Lastly, the results presented indicated that cost restructuring had a positive and but insignificant effects on performance of EABL as shown by β = 0.101 and Sig = 0.062 > 0.05. This implies that a unit change in cost restructuring would result to an insignificant increase of 0.101 units in performance of EABL. The results concur with Estin (2008) findings that firms undertaking cost restructuring benefits from the practice as it cuts down costs within the business but cautions that the process bears its negative side in the long run as it has the ability of negatively affecting general performance of a firm.

Table 8 Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Predictors	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.206	0.096		2.1458	0.203
Product Divestment	0.478	0.073	0.524	6.5479	0.000
Employee downsizing	0.243	0.042	0.521	5.7857	0.000
Reformation of cooperate governance	0.324	0.05	0.559	6.528	0.000
Cost Restructuring	0.101	0.11	0.081	0.9182	0.062

Conclusion

The study findings led to conclusion that product divestment positively and significantly influence performance of EABL. The study further established that focusing on various aspects of product divestment such as disposing off peripheral units to focus on core business activities, focusing on combining acquisitions and divestitures to restructure the entire organization, selling unrelated businesses and redirecting goals towards profit maximization, cutting out and merging some departments, pooling and using the firm's resources to the optimum and focusing on core operational strengths positively and significantly influence performance of EABL. The study findings also led to conclusion that employee downsizing positively and significantly influence performance of EABL. Remarkably, the study established that reducing the number of employees in top, middle and junior management levels, changing the company's commitments to employees, focusing on minimizing negative effects on workforce reductions and offering benefit packages to departing employees positively and significantly influence performance of EABL.

The study findings further led to conclusion that reformation of cooperate governance positively and significantly influence performance of EABL. This implies that changing the entire management team, retaining some of top management team and adding new members, terminating tenures of top management team, demoting top management team and promoting other staffs to top management level and reducing top management remuneration in a bid to cut down operational costs positively and significantly influence performance of EABL. The study findings lastly concluded that cost restructuring positively and significantly influence performance of EABL. The findings indicate that reducing overhead costs, reducing indirect costs such as expenses in utilities bills, introducing in-house activities when sourcing, aiming at converting a firm from an under-performing to a better performing one, aiming at reducing cost and increasing company's market share, focusing on enhancing firm's dominance status in the industry and focusing on cost restructuring strategy since it offers different cost saving methods leading to more stable revenue development positively and but insignificantly influence performance of EABL.

Recommendations for the Study

The study recommends that EABL should focus on improving product divestment since the practice leads to a positive and significant improvement on performances of EABL. EABL can do this by focusing on various aspects of product divestment such disposing off peripheral units to focus on core business activities, focusing on combining acquisitions and divestitures to restructure the entire organization, selling unrelated businesses and redirecting goals towards profit maximization, cutting out and merging some departments, pooling and using the firm's resources to the optimum and focusing on core operational strengths. The study recommends EABL to focus on employee downsizing since the practice leads to positive and significant effects on performances of EABL. EABL can achieve this by reducing the number of employees in top, middle and junior management levels, changing the company's commitments to employees, focusing on minimizing negative effects on workforce reductions and offering benefit packages to departing employees.

The study recommends that EABL should focus on reforming cooperate governance since the practice leads to positive and significant effects on performances of EABL. This can be achieved by changing the entire management team, retaining some of top management team and adding new members, terminating tenures of top management team, demoting top management team and promoting other staffs to top management level and reducing top management remuneration in a bid to cut down operational costs. The study recommends that EABL should focus on some aspects of cost restructuring since the practice leads to positive and insignificant effects on performances of EABL. EABL can achieve this by improving on practices such reducing overhead costs, reducing indirect costs such as expenses in utilities bills, introducing in-house activities when sourcing, aiming at converting a firm from an under-performing to a better performing one, aiming at reducing cost and increasing company's market share, focusing on enhancing firm's dominance status in the industry and focusing on cost restructuring strategy because it offers different cost saving methods leading to more stable revenue development

Conflict of Interest

No potential conflict of interest was reported by the authors

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