THE RELATIONSHIP BETWEEN RESTRUCTURING STRATEGIES AND PERFORMANCE: A CASE OF KENYA NATIONAL AUDIT OFFICE

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ABSTRACT

Organizational restructuring has received much attention because of its suggestions for organizations to regulate strategies concerning to the active business environment, and finally allow organizations to generate and maintain the competitive advantages. The main objective of this study was to analyze the relationship between organizational restructuring strategies and performance of Kenya National Audit Office. The study was guided by the following objectives; business process engineering, outsourcing, delayering and Virtualization. The study targeted 519 employees from Kenya National Audit Office headquarter Nairobi County. Stratified random sampling technique was used to draw the sample elements. The sample size of the study was 157 respondents from KENAO. Questionnaires helped in collection of primary data. The collected data was coded into SPSS and the analysis was done using descriptive and inferential statistics. The analysis of qualitative data was done by help on content analysis. The findings were presented in form of inferential statistics and in tables and graphs. Coefficient of correlation indicated existence of a strong positive correlation between the study variables. Coefficient of determination shows that a large proportion of variations of organizational performance can be traced by outsourcing, business process engineering and virtualization. The study concludes business process engineering positively influenced organizational performance. Business process redesign led to new ways of task organization, reduced overall cost on operation cost. The outsourced clients had delivered quality goods and services. Improved service delivery and improved operational efficiency at KENAO. Increased cost utilization at KENAO. Delayering was not done in line with the law. Delayering process did not consider the training needs of staffs. The study recommends that organizations should have good customer care procedures to attend to customers. Business process redesign aimed at improvement of staffs' performance and reduction of overall operational costs. Outsourcing should enable the organization to access to highly skilled expertise in different fields. Outsourcing should improve the level of skills and knowledge among in-houses staffs. Delayering process led to reduction in cost, optimal staff utilization and improved staff performance. Virtualizations led to improved employees' accountability.

Key Words: *restructuring strategies, performance, Kenya National Audit Office*

INTRODUCTION

Restructuring strategy has been described as the act of sorting out the lawful structures of a company for the intention of making it more beneficial. It helps in aligning the organization to its immediate operating environment so as to improve output quality (Jönsson & Schölin, 2016). Restructuring ensures that only appropriate positions exist within an organization. Restructuring strategy involves the removal of non-core business and business procedures, the consolidation of associated functions and business purposes and to a large extent reengineering of accessible procedures (Lema, 2010). According to Downs and Adrian (2012), restructuring strategy include regularly altering organizational management team, changing strategy, or infusing the firm with new virtualization that the business might pursue on new attainment or dealing in order to make a serious mass, and selling off extra or separate parts and hereby lessen the efficient attainment cost.

Organizational restructuring strategies and performance have been modified by managers in a number of industries so as to update cost, boost productivity and revenues, advance workers' wellbeing, enhance shareholders' wealth, improve competence and advance performance amongst other reasons. Inspiration for organizational restructuring strategy has been to reduce operational costs and improve the level of operational efficiency (Boumgarden, Nickerson & Zenger, 2012). According to Meier and O'Toole (2013) restructuring strategy enables organization in countering cash flow challenges they may be experiencing. O'Toole and Meier (2013) further indicate that a company can carry out restructuring so as to improve on liquidity position while minimizing risk and maximizing returns. Restructuring strategy has also been connected with attaining employee fulfillment; reducing employee turnover, improving efficiencies and communication.

Global Perspective of Restructuring Strategies

Globally, restructuring strategies have been found to help organizations achieve higher levels of operating efficiency. Pearce and Robinson (2010) viewed restructuring as a stage in strategy implementation where managers attempt to recast their organizational structure, leadership, culture and reward systems. This is mainly done to ensure cost competitiveness and improvement of quality demanded by customers. According to Bowman-Amuah (2004), the consequences of restructuring can be conceptualized in terms of intermediate effects which may have positive or negative outcomes.

Hetty, Van, Emmerik and Euwema (2008) study on organizational restructuring noted that organizational restructuring is a process that required a great deal of change in management. The study noted that communication has become one of the most important factors of successful implementation of organizational restructuring strategies. Ibrahim, Sulaiman, Kahtani and Abu-Jarad (2012) assessed the link between implementation of strategies and performance of a firm. The study was done in Indonesian context and the findings indicated that strategy implementation influenced performance of the firm in terms of Return on Equity (ROE).

Thompson, Gamble and Strickland (2004) analyzed how restructuring strategies influenced performance of an organization in Chinese context. It is noted that restructuring strategies may be prompted by several factors such as when strategy review reveals that the firm's long-term performance prospects have become untenable. This may be as a result of the portfolio being too big or too small, when a company's principal business falls prey to hard times, slow growth of the company or when there occurs a change in management and the new management wants to cement their leadership.

Hitt, Ireland and Hoskisson (2012) looked at challenges that an organization can reorganize during both good and bad times. The necessity to restructure might come up as a result of a range of forces such as business growth, products or client base variations, increase of product lines, or going into a combined business enterprise with another company with a purpose of reaching out to bigger markets. Hitt et al. (2012) further claims that there are various issues that influence the makeup of the organization, but the formation of the organization cannot be changed every time one of these aspects changes. Continuous restructuring brought about a situation of disorder and puzzlement within the firm. Firm restructuring in addition is not a solution to deprived product offering, awful strategy or filling of position with inappropriate persons.

Regional Perspective on Restructuring Strategies

From a regional perspective, Thorburn and Eckbo (2013) in Ghana assessed how restructuring strategies influenced performance of the firm. The study established that restructuring is mainly driven by environmental turbulences, poor systems of governance and reduction in the level of performance of an organization. In South Africa, Fujii, Iwata, Kaneko and Managi (2013) argued in their thesis that structure follows strategy to enhance performance. They strongly believed that a strategy is the long-term plan that an organization should develop, but for its success there has to be an organizational structure in place to provide an avenue for its implementation and enhance performance.

Shivambu and Hove (2014) assessed the impact of organizational restructuring in agricultural colleges. Organizational restructuring has become a modern strategy for responding to virtualizations, market and global changes and thus improving the competitiveness of the organization. Due to virtualizations, global and environmental changes, organizations are forced to change their structure in order to keep up with competitors in the industry.

Local Perspective on Restructuring Strategies

Wanza, Omwono and Katamei (2015) at key issues affecting implementation of strategies in the context of Kenyan CDF funded projects. The findings of the study indicated that structural, cultural and leadership factors significantly influenced implementation and subsequent performance of projects. To deal with these challenges, the study recommended the need for organization of workshops and seminars and stakeholder involvement and participation in implementation of projects.

Karanja (2015) analyzed a link between restructuring strategies and performance of organizations. The study revealed that portfolio restructuring led to improved asset quality management, enhanced decision making, and elimination of role duplication, improvement in internal efficiency, risk loss reduction and financial performance of commercial banks in terms of ROE. The study concluded that Kenya Commercial Bank had adopted restructuring strategies such as downsizing, debt restructuring, and portfolio restructuring strategies. The Auditor-General is established under the New Constitution and it is charged with the responsibility of auditing all accounts of the government and other State organs in Kenya. The Auditor-General is established as an independent office by Articles 229(1) and 248(3) of the Constitution of Kenya and Section 4(1) of the Public Audit Act, 2015. The Office is mandated to auditing the accounts of all governments and State organs in Kenya.

The Office has established offices in nine (9) regions across the country. Article 252(1)(c) empowers the Auditor-General to recruit its own staff. The Office currently employs over 1500 full time staff and 6 on a contract basis. Section 14 of the Public Audit Act, 2015 requires the Office to develop an organisation structure for consideration and approval by OAG's Audit Advisory Board (KENAO, 2017). In an effort to respond and sustain its capabilities in meeting the challenges posed by demands for accountability and good governance, the Office has embarked on a deliberate restructuring strategy which has affected the entire organization structure, the methods of carrying out its mandate and the staff (KENAO, 2017). In January 2016, the Office implemented a salary review and grading structure in consultation with the Salaries and Remuneration Commission. This was necessitated by the need to improve staff performance and harmonise salaries and allowances of all employees. A shorter grading structure was implemented in order to enhance efficiency and effectiveness (KENAO, 2017).

Organizational Performance

Companies and economies are restructuring to achieve a higher level of performance or to survive when the given structure becomes dysfunctional. The word structure used in an economic context implies a specific, stable relationship among the key elements of a particular function or process (Thomas, 2008). As part of the strategy implementation process once strategies have been formulated and implemented, strategy evaluation and control phase commence (Amboka, 2012).

Organization performance is expressed in the extent which an organization is able to attain the established objectives and goals through effective and efficient utilization of all available resources (Borman & Motowidlo, 2014). The term performance is sometimes confused with productivity. Productivity is a ratio depicting the volume of work completed in a given amount of time. Performance is a broader indicator that could include productivity as well as quality, consistency and other factors (Campbell, 2012). There are three key areas encompassed in organizational performance that describe the outcomes of the firm which include returns for shareholders, performance of the product market and financial performance.

Well performing companies often enjoy competitive advantage over the rest in the industry and are able to deliver on quality and superior products and service (Richard, 2009). Robbins (2003) suggested that efficiency or operating recovery strategies offer the best prospect for improved performance. They explicitly argued that for firms facing declining financial performance, the key to an improved performance initially rests in the effective and efficient management of the staff rationalization strategy (Pearce and Robbins, 2002). Salimath, Cullen and Umesh (2008) defined performance as the ability of the firm to attain the established goals in order to realize strategies of the business. Although most theoretical and empirical studies have used organizational performance, it is however not clearly explained. As such, there is relatively little agreement about which definitions are “best” and which criteria are to judge definitions (Verweire & Berge, 2004).

Kenya National Audit Office

Kenya National Audit Office (KENAO) came into existence in 2009. It is a public audit agency charged with the responsibility of auditing all government and State organs accounts. The establishment of KENAO was informed by the promulgation of the new constitution. KENAO audits accounts of both national and county governments and other State organs. Through this, it strives to enhance integrity and efficient use of public resources and funds.

KENAO plays a vital role in promoting accountability and good governance through the financial, compliance and performance evaluation audits thus promoting economic efficient and effective use of resources in the public sector in Kenya as well as supporting the public service towards results-based performance. In an effort to respond and sustain its capabilities in meeting the challenges posed by demands for accountability and good governance. KENAO has embarked on a deliberate restructuring strategy which has affected the entire organization structure, the methods of carrying out its mandate and the staff.

STATEMENT OF THE PROBLEM

In today’s globalized economy, competitiveness and competitive advantage have become the catchphrase for business around the world. Business global has been insistently trying to construct new competencies and abilities, to stay competitive and improved performance (Noruzy Dalfard, Azhdari, Nazari-Shirkouhi & Rezazadeh, 2013). As organizations look for ways to improve their performance in a gradually more worldwide marketplace, they have established that they can cut costs, uphold excellence and advance their performance by undertaking organizational restructuring strategy. For an organization to become gainful, it ought to put in place strategies that position itself in market authority and advance the organizations in general performance. Further, Wood, Van, Croon and Menezes (2012) urged that organizational restructuring has been familiar as a very important tool to tackle the competitive pressure in the market and also as a tool of enhancing the performance of these firms. The promulgation of the New Kenyan Constitution and introduction of devolved governance expanded the mandate of the Auditor General to forty-seven county governments. This devolved governance structure meant that the KENAO had to restructure in order to meet the mandate as stipulated in the Constitution. However, KENAO's budget was not amended immediately to be in tandem with the expanded mandate. This therefore called for restructuring to improve the efficiency of KENAO. A number of studies have been done to determine the link between restructuring strategies and how they influence the level of performance of an organization. For example, Hill and Phan (2015) did a study to determine how restructuring influenced performance of an organization. This study was done in USA a different setting in terms of context to the Kenyan one and thus the findings maybe different and not applicable in the Kenyan sector. In addition, the study only concentrated on economic performance which is more relevant to the private sector as opposed to public institutions. Karanja (2015) examined how restructuring strategy affected performance at the KCB Bank limited. The findings indicated that restructuring strategies had led to increase in loan recovery through debt and portfolio restructuring reducing non-performing loans, lower costs in the banks led to increase in profit earnings in the banks, restructuring made loan tracking easier hence lower default rate and merger and acquisition between S& L and KCB Bank led to increase in mortgage borrowing hence increase in bank returns on assets. The study however did not address a government affiliated organization which is highly bureaucratic as the case of KENAO. Ambok (2012) conducted a study on organizational restructuring as a strategic approach to performance at Safaricom Limited. The findings indicated that restructuring helped in reduction of recurring expenses and optimization of staff output. Though this study was done in Kenya it concentrated on a private sector whose findings may not apply in the case of a public institution as the case of KENAO. Therefore, this study wished to fill the knowledge gap by looking at the relationship between restructuring strategies and performance; a case of Kenya National Audit Office.

GENERAL OBJECTIVES

The main objective of this study was to analyze the relationship between restructuring strategies and performance of Kenya National Audit Office

SPECIFIC OBJECTIVES

1. To establish the relationship between delayering and performance of Kenya National Audit Office.
2. To examine the relationship between virtualization and organizational performance of Kenya National Audit Office

THEORETICAL REVIEW

This study was anchored on four theories Dynamic Capability Theory, Resource Based Theory, diffusion of innovations Theory and Expectancy Theory, these theories help in further expounding on each of the four study variables. These theories are explained in the following section:

Dynamic Capability Theory

The term dynamic capability is the integration and reconfiguration of both external and internal competences in response to ever turbulent business environment (Shuen, Pissano & Teece, 1997). Helfat (2007) defined dynamic capability lies in the capacities of firms create, modify and extend its resources endowment with the aim of gaining competitive advantage. Dynamic capabilities ensure that an organization uses its core competencies for modification of its competitive position that can be sustained over a long period of time.

The term ‘dynamic’ refers to the ability to renew proficiencies so as to adapt to the changing business environment (Teece, Pisano & Shuen, 1997).In business, dynamic capability refers to the ability of the business to respond to changes in the environment which helps in sustaining the level of competitiveness. Dynamic capabilities when fully embraced helps a business achieve enhanced performance and survive in a dynamic environment. In this context, the dynamic capabilities are defined as a firm’s strategy to constantly integrate, reconfigure, renew, and recreate internal and external resources in response to dynamic and rapidly shifting market environments. This helps a firm to gain or sustain the level of competitiveness in the market (Kulundu, 2014).

Dynamic capability helps an organization to deal with the ever-changing forces of the environment (Anand & Vassolo, 2008). The theory argues that the ever changing business environment require business to quickly respond through creativity (Eisenhardt & Martin, 2000) and thus, these three dynamic capabilities are essential. First, for an organization to meet these challenges, the organizations and their workers require the ability to study fast and to construct new resources according to new market demands. Second, new resources, like for instance knowledge, virtualization, and customer feedback, ought to be included in the organization. Third, existing resources ought to be altered or transformed (Schlemmer, 2008).

This theory helped in examining the relationship between business process engineering and organizational performance. The Business Process engineering process enables the firms to create dynamic capabilities through the reorganization of the available resources to ensure optimum performance.

Resource Based Theory

This theory was advanced by Wernerfelt (1977) and it argues that firms leverage on bundles of resources they have to gain competitiveness. According to this theory, strategic planning uses organizational resources to generate a viable strategy. This means that in order to develop a strategy an organization should check on the resources available for the implementation of a specific strategy like Change strategy. The theory provides theoretical underpinnings for understanding how resources can be managed strategically and efficiently. According to Wernerfelt (1977) firms possessing valuable, rare resources and capabilities would attain competitive advantage, which would in turn improve their performance. In the theoretical outstanding works of RBV theory Kearns and Lederer (2003) tried to properly demonstrate the link between resources of the firm, its capabilities and the ability to gain competitive advantage. It was noted that the basic and primary inputs into organizational processes are the individual resources of the firm such as tangible resources (financial capital, physical equipment), intangible resources (intellectual property, reputation, firm culture and organizational structure), and human resource.

Resource based theory sees the firm as a collection of assets, or capabilities. In the modern economy, most of these assets and capabilities are intangible. The success of corporations is based on those of their capabilities that are distinctive. Companies with distinctive capabilities have attributes which others cannot replicate, even after they realize the benefit they offer to the company which originally possesses them. According to Lau and Hurley (2007), the decision to outsource is a decision to replace a resource that the firm possesses with a resource in the external environment.

The resource acquired should therefore be of greater value and rareness and of lesser imitability and substitutability than the resource previously possessed by the organization. Hence, a comparison of the resources of the firm with the resources of vendor firms is more crucial in deciding which resources to outsource than comparing the firms’ resources to each other. According to Zingier (2002), there exists a wide range of resources in an organization including the asset base, processes within an organization, all the accumulated and stored knowledge and the human resources within an organization. Of these, human capital is the most important resources that an organization has in place in terms of their skills, competences and levels of experience. As emphasized by RBV, resources may help to increase efficiency by decreasing costs and increasing customers’ willingness to pay for the firm’s product.

In cases where the firm transfers some of the efficiency gain to its customers, it will improve its competitive position with respect to the other firms in the product market. And from a purely resource-based perspective, any resource that provides a greater competitive advantage than a substitute resource that can potentially be acquired through outsourcing should be internalized, while other resources should be outsourced. The theory links process engineering and outsourcing within the finance industry such that the firms must reorganize the physical capital, human capital and organizational capital with a view of optimally utilizing their resources to achieve the organizational and operational performance objectives.

Diffusion of Innovation Theory

Innovation is the process of translating an idea that is perceived as new by an individual or other unit of adoption (Rogers, 1983). Many researchers studying the adoption of new innovations have used the Diffusion of Innovation Theory (DOI) to discuss adoption characteristics. Rogers (1983) identifies five characteristics for successful adoption within the theory of DOI that include observability, triability, compatibility, complexity and relative advantage. Klein and Tornatzky (1982) point out that complexity, compatibility and relative advantage have significant influence on adoption of virtualization in an organization.

Relative advantage according to Rogers (1983) is the degree that a new idea in an organization is conceived to be better compared to an existing idea. Compatibility is the degree which an emerging form of innovation fits within the existing cultural contexts of the organization (Rogers, 1983). Various researches conducted by communication scholars have appreciated the significance of adoption characteristics like relative advantage, compatibility, and complexity in the adoption of different virtualizations innovations (Carter, 2005).

Tolba and Mourad (2011) recommend prioritizing the better understanding of the factors that affect diffusion of innovation by researchers and managers. Difficulties are always experienced in the adoption of new ideas even when it has obvious advantages because many innovations usually require a long period of time, often of many years from the time they become available to the time they are widely adopted. Across many individuals and organizations, the challenge that arises is how to speed up the rate of diffusion of an innovation (Rogers E1995).

This theory is relevant in this study as it will look into application of Virtualization in operations at KENAO by its employees and the value gained in adopting modern IT based operations. This theory further expands on impact of Virtualization on performance of the organization.

Expectancy Theory

This theory was advanced by Vroom (1964) and it argues that employees at the work place will be motivated to add more efforts in their activities when they are of the view that this would improve the level of performance (expectancy). An improvement in performance of an organization would result into rewards and these rewards are greatly valued by employees in an organization more than anything else. These results into a cycle that boosts the level of performance appraisal when it is followed with proper reward systems including better remuneration and job promotion (Vroom, 1964).

Lunenburg (2011) confirms that there are three key elements in the management of employee expectations: expectancy, instrumentality, and valence. These elements hold that an individual employee will be motivated to the degree that they believe that effort will lead to acceptable performance (expectancy), performance will be rewarded (instrumentality), and the value of the rewards is highly positive (valence) (Lunenburg, 2011). The Expectancy theory deals with outcomes. This theory explains a person's behavior in terms of the outcome or the goals an individual wants to achieve. The individual then makes choices or seeks alternatives to get that outcome. The outcome should be attractive enough to cause an individual to start working for it. The goal should also be achievable (Heneman & Schwab, 1972). Expectancy theory links effort, performance and outcome. The employee should have the belief that the more the effort, the better the performance and the better performance the higher will be the reward.

The reward has to be fascinated the person to motivate him to work for it that is, there should be a positive co-relationship between an individual's effort in performing a job and a desirable outcome for the individual which he values. Another variable related to Expectancy Theory as noted by Pousa and Mathieu (2010) is expectancy, which refers to the individual's belief that the outcome can be achieved. Increasing expectancy in an organization can be done by training employees and thereby making them more confident in their abilities. The third variable in the expectancy theory is the instrumentality, which is the means or actions required to get the outcome. To be motivated to do the work, the employee must trust that if the outcome is achieved, the person will get the reward. This in other words translates to an employee's personal outcome, which is the reward. If the employee takes certain steps, he will be able to achieve the outcome, which will result in the getting promised reward. Instrumentality requires establishing a relationship between the performance and the reward. The employee should know what level of performance will bring what reward. The employee also needs to have trust in fairness of the system and belief that the system will accurately determine the performance and then give the reward accordingly. The expectancy theory is also sometimes called the valence instrumentality-expectancy theory.

In this case, motivation is likely to occur when there is an existing relationship between performance and outcome where the outcome is viewed as a means of satisfying needs, and this is discovered during salary reviews. Armstrong (2006) suggests that there are two factors that determine the effort people put on their jobs. The first value is the reward given to individuals and how these rewards satisfy the needs for self-actualization, social esteem and security. The second value refers to the probability that all rewards are dependent on effort by individuals and relationship between effort and reward.

This theory is relevant in this study as it explains the relationship between delayering and how it affects performance. The employees' expectation of getting higher rewards for the effort they put into their jobs, serves as a motivation to them to work harder and earn more; this eventually results in improved organizational performance. This theory further expounds on the relationship created between delayering and performance in organization. As organizations carry out delayering, some jobs are shed off while new roles are created in line with the new goals.

RESEARCH METHODOLOGY

Research Design

Kothari (2004) noted that a research design is a formal structure that details how the researcher will go about collecting and analyzing the data. A research design helps in attaining the objectives of the study. A descriptive research design was employed to achieve the objectives of the study. According to Mugenda and Mugenda (2003), a descriptive design helps in collection of sufficient data in order to answer the research questions. According to Maxwel (2012), this design reduces the possible chances of biasness in the study that would affect reliability of the results.

Target Population

Mugenda and Mugenda (2003) define population as a whole set of individual cases or objects with familiar clear characteristics. The target population on the other hand is the proportion of the population that the researcher draws references for generalization purpose (Mugenda & Mugenda, 2003). The population at Kenya National Audit Office was 1180 from all the 8 hubs in Kenya. The study targeted 519 employees from Kenya National Audit Office headquarter Nairobi County.

Sampling Frame

A sampling frame lists all items that the researcher draws a representative proportion for attaining the study objectives. The list of all employees at KENAO head office in Nairobi formed the sampling frame for this study. A total number of 63 staff were sampled by the researcher from KENAO head office which was equal to 30% of the targeted population (Acharya, Prakash, Saxena & Nigam, 2013). Primary data was obtained through oral interviews and key informants.

Sample and Sampling Technique

Stratified random sampling technique was used to draw the sample elements. According to Levy and Lemeshow (2013), stratified random sampling involves stratification or segregation of sampling elements, followed by random selection of the subjects from each stratum. The goal of stratified sampling was to achieve a desired representation from various sub-groups (Mugenda, 2008) to allow for generalizations. For this study, since the sampling frame is clear, the study stratified the population based on the sampling frame above. After this, the study selected a sample of 30% which confirms to the provisions by Mugenda and Mugenda (2003) that the sample should be at least 30% of the population, hence the study's sample size was 157.

Data Collection Instruments

The study relied on primary data collected by use of questionnaires. Some questions on the questionnaire were structured while others were open-ended. The open-ended questions were used to limit the respondents to give variables in which the researcher was interested (Creswell, 2013). The study instruments were distributed among the targeted respondents using various points of reference like the managers of departments. The questionnaire comprised of questions related to both the dependent and independent variables. To enhance reliability and accuracy of the data, respondents were guarded during the questionnaire filling time. This ensured that few questionnaires were rejected.

Data Collection Procedures

The researcher obtained an introduction letter from Jomo Kenyatta University of Agriculture and Technology and from National Commission for Science, Virtualization and Innovation (NACOSTI) as an authority to collect data. Permission was then sought from relevant authorities before administering the research instrument. Due to the busy schedules of employees, the researcher opted to use drop and pick later method whereby the researcher dropped the questionnaire at respondents' place of work and left them for responses and then picked them up after they had been filled for a duration of one week.

Data Analysis and Presentation

Grbich (2012) defines data analysis as a device for dropping and organizing data to create findings that need understanding by the researcher. According to Rollinson (2014) data processing involves translating the answers on a questionnaire into a form that can be manipulated to make statistics. This involves coding, restricting, data entry, and monitoring the whole data processing procedure. SPSS Version (23.0) was employed in data analysis of the findings. The analysis was done using both descriptive and inferential statistics. The descriptive statistics included frequencies and percentages. The aim of using descriptive statistics was to enable the researcher to importantly illustrate an allocation of gains or measurement using statistics or indices. The data collected was aligned with the research questions and objectives so that conclusions were drawn for comprehensive observations and discussion that led to useful conclusions and recommendations for the research study. Content analysis was also used to analyze qualitative data from open ended questions. The Regression Model was:

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

Where: Y= Performance; β_0 = Constant; β_1 and β_2 are relationship between organizational restructuring strategies and performance of Kenya National Audit Office; ε = error term; X_1= Delayering; X_2= Virtualization

RESEARCH RESULTS

The study established that delayering had led to reduction in operation cost at KENAO, delayering considered available duties for realization of organizational mandate and delayering processes sifted out least qualified employees at KENAO. Delayering led to optimal staff utilization at KENAO, improved staff performance and delayering was done following adoption of new virtualization at KENA.

The study established that respondents agreed to a great extent that KENAO had introduced virtualization for staff to work with as supported, KENAO had acquired more computers for its staff to work with and staff remotely logged in and accessed the system. KENAO staff worked remotely in different locations linked to the central server and different functions at KENAO were performed virtually by staff from anywhere.

CORRELATION ANALYSIS

The study conducted correlation analysis to establish the relationship between the study variables and their influence to the organizational performance at Kenya National Audit Office in Kenya. The findings are presented in Table 1.

Table 1: Correlation Analysis

	Performance	Virtualization	Delayering
Performance	Pearson Correlation	1	
	Sig. (2-Tailed)		
	N	114	
Virtualization	Pearson Correlation	.701**	1
	Sig. (2-Tailed)	.000	
	N	114	114
Delayering	Pearson Correlation	.596**	.573**
	Sig. (2-Tailed)	.000	.000
	N	114	114

Table 1 indicates the findings of correlation analysis. Huber (2004) state the interpretation results of linear relationship between variables. A weak correlation ranges from "r" ranges from ± 0.10 to± 0.29; in a moderate correlation, "r" ranges between ±0.30 and ±0.49; while in a strong correlation, "r" ranges from ±0.5 and ± 0.9. From the findings, delayering had a Pearson correlation of 0.596; an indication of strong correlation between the variables. The p value was 0.00<0.05; an indication of that the study variable significantly influenced the study.

Virtualization had a Pearson correlation of 0.701; an indication of strong positive correlation. The p value was p= 0.00<0.05; an indication that the variable significantly influenced the study. Therefore, it's noted that all the independent variable had a significant relationship with organizational performance on relationship between restructuring strategies and performance of Kenya National Audit Office.

REGRESSION ANALYSIS

The researcher conducted regression analysis to establish the effects of restructuring strategies on performance at Kenya National Audit Office. The findings of Model Summary, ANOVA and Regression Coefficient are indicated in subsequent sections. The findings for coefficient of correlation and coefficient of determination are indicated in Table 2.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879[a]	.774	.729	1.57292

a. Predictors: (Constant), Outsourcing, Business Process Engineering, Virtualization and Delayering

From the findings, coefficient of correlation was 0.879 an indication of strong positive correlation between the study variables. Coefficient of determination R^2 was 0.774 which translates to 77.4%. This means that 77.4% variations of dependent variables can be traced by the independent variables; outsourcing, business process engineering, Virtualization and delayering. The residual of 22.6% can be attributed to other factors beyond the scope of the current study. The study conducted an ANOVA at 95% confidence level. The finding of $F_{Calculated}$ and $F_{Critical}$ are indicated in Table 3.

Table 3: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	617.032	4	154.258	93.325	.000[b]
Residual	180.167	109	1.653		
Total	797.199	113			

a. Dependent Variable: organizational performance
b. Predictors: (Constant), Outsourcing, Business Process Engineering, Virtualization and Delayering

From the findings, Table 3 shows that $F_{Calculated}$ was 93.325 and $F_{Critical}$ was 2.455. This indicates that $F_{Calculated} > F_{Critical}$ therefore, the overall regression model significantly influenced the study. The p value p= 0.00 < 0.05 an indication that at least one variable significantly influenced organizational performance of KENAO. The following coefficients were generated while determining the individual factor influencing organizational performance of KENAO. The findings are as indicated in the Table 4.

Table 4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	9.713	1.246		7.795	.001
Virtualization	.482	.084	.123	5.738	.000
Delayering of Staffs	.608	.082	.101	7.415	.000

a. Dependent Variable: Performance

The resultant equation becomes;

$$\mathbf{Y= 9.713 + 0.482\ X_1 + 0.608X_2}$$

Where: Y= Organizational Performance; X_1= Virtualization; X_2= Delayering

From the findings, if all factors (virtualization and delayering) were held constant, organizational performance of Kenya National Audit Office in Kenya would be at 9.713. A unit increase in virtualization would lead to an increase of organizational performance at 0.482. A unit increase in delayering at KENAO would lead to an increase in performance to 0.608. The p value of virtualization was 0.000 < 0.05 an indication that the study variable significantly influenced the study. This similar to a study by Shivambu and Hove (2014) who stated that virtualization had enabled virtualization of operations in organizations. Virtualization was not just for server consolidation, but for efficient use of shared resources. The study found out that the p value of delaying was p=0.00<0.05 an indication that the variable significantly influenced performance of KENAO.

CONCLUSIONS

The study further concludes that delayering negatively influence performance at KENAO. This was attributed by the following; delayering reduced staff motivation. Increased cost utilization at KENAO. Delayering was not done in line with the law. Delayering process did not cater for the training needs of staffs. Delayering was done following the adoption of virtualization at KENAO.

The study concludes that virtualization significantly influenced organizational performance. Virtualization influenced performance due to increased accountability of the employees. KENAO increased acquisition of computers for employees to work with for increased efficiency. Staffs worked remotely in different locations linked to the central server. Staffs performed different functions virtually from anywhere. Staffs remotely logged in and accessed the system and virtualizations have been introduced to all staffs at KENAO.

RECOMMENDATIONS

The study further recommends that delayering process should aim at motivating the staffs to be more efficient while performing their duties. Delayering process should lead to reduction in cost utilization, optimal staff utilization an improved staff performance. Delayering should be done in line with the provisions of the law and should sift out least qualified employees at the organization.

The study recommends that KENAO should introduce virtualization for staff to work with. The virtualization adopted at KENAO should improve employees' accountability. The staff should remotely log in and access the systems hence work in different locations linked to the central server. KENAO staffs should virtually perform different functions from anywhere.

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