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Turnaround Strategies and Their Influence on the Financial Performance of Organizations: A Case Study of Uchumi Supermarkets Ltd-Nairobi County Branches

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Purpose: The main purpose of this study was to establish the influence of turnaround strategies on the performance of Organizations: A case study of Uchumi Supermarkets Ltd, Nairobi branches.

Methodology: This study employed descriptive case study design. Uchumi supermarkets Ltd, Nairobi branches was the unit of study. This study purposively sampled 35 respondents from the 90 managers at all the management levels with equal representation. This was a 40% representation. This research was conducted through a case study to enable the researcher explore the matter in depth. Primary data was gathered by use of closed ended questionnaires, which were self-administered. A pilot study was conducted in order to establish the validity and reliability of data collection instruments. After data had been collected through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and keying into Statistical Package for Social Sciences (SPSS) computer software for analysis. SPSS was used to produce frequencies, descriptive and inferential statistics which were used to derive conclusions and generalizations regarding the population.

Results: The study findings indicated that debt restructuring, change management, asset restructuring are positively and significantly related to performance. The results also indicated that debt restructuring explains 24.6% of performance of Uchumi Supermarkets Limited. The results also indicated that Changes in management explains 45.2% of performance of Uchumi Supermarkets Limited. The results further indicated that asset restructuring explains 21% of performance of Uchumi Supermarkets Limited. The results also indicated that staff rationalization explains 8.2% of performance of Uchumi Supermarkets Limited.

Unique contribution to theory, practice and policy: The study recommended that organizations aiming to turnaround and improve their financial performance should include debt restructuring, change management and asset restructuring. . The study also recommends that Uchumi supermarkets limited should continue with the turnaround strategies like engaging human resource consultants to head hunt for key individuals for managerial positions, having structured and competitive salaries for key managerial positions and implementing performance based bonus pay programs for key staff because they lead to improved performance.

Key words: *debt restructuring, change management, asset restructuring, performance*

1.0 INTRODUCTION

Poor performance in organizations occurs frequently. Unless corrected, the severity of decline worsens to the point of financial distress where the firm is unable to satisfy its monetary obligations. To be corrected, an organization needs strong turnaround strategies. The performance of retail companies has not just affected the local firms but also the global ones. A study carried out by Sparks (2010) explains how reorienting the operations strategy of a supermarket such as Asda in the UK led the firm from doom to success. That was one of the strategies used by the supermarket after poor performance following Competitive pricing among the big firms and deflation in price of staple items. The supermarket prioritized the need to be customer focused, to be a price leader and to increase store productivity. In order to remain competitive, Martinelli (2003) elaborated on the following turnaround strategies as adopted by United Kingdom and United States of America retailers. This included understanding and meeting customer needs and behaviors, exercising massive control on supply chain and undertaking new store development programs. Since 1976 Uchumi supermarkets limited performed well as compared to its competitors. ln early 2000s Uchumi started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems. This resulted in a marked diminution of the Company's resources which culminated in its inability to meet its obligations on an ongoing basis (Wahome, 2004).Initial restructuring of Uchumi did not forestall the deteriorating performance of the Company. As a result, on 31st May 2006, the Board of Directors resolved that the Company ceases operations and on 2nd June 2006, the Debenture Holders placed the Company under receivership. Simultaneously, the Capital Markets Authority (CMA) suspended the Company's listing on the Nairobi Stock Exchange (NSE). Following a framework agreement between the Government of Kenya, suppliers and debenture holders, the company revived and commenced operations from 15th July, 2006 under Specialized Receiver Manager (SRM).The new management applied reorganization and repositioning strategies which increased the organizations revenue and provided strong internal controls therefore turning around the company towards a successful turnaround. (Kabii, 2009)

The turnaround strategy is meant to improve financial performance. It is aimed at improving productivity of the existing operations, the confidence levels of the total workforce and resources that could potentially be mined and ensuring that the full potential of land-based operations is achieved. Empirical studies have indicated that a company’s future can be improved by adopting a turnaround strategy (Marvasti, 2000). However, it has been difficult to establish whether a turnaround strategy can be successful in the case of diminishing diamond deposits, as current literature reveals little information regarding the successful turnaround strategies in the case of diminishing mining related deposits.

Performance of firms is of vital importance for investors, stakeholders and economy at large. For investors the return on their investments is highly valuable, and a well performing business can bring high and long-term returns for their investors. Furthermore, financial profitability of a firm will boost the income of its employees, bring better quality products for its customers, and have better environment friendly production units. Also, more profits will mean more future investments, which will generate employment opportunities and enhance the income of people. Many studies have been conducted to determine various financial and non-financial factors that can boost or have an adverse effect on the performance of firm. But still no single effective model has been established which captures maximum variation (Perrin, 2000).

1.1 Statement of the Problem

To succeed in an industry, an organization must select a mode of strategic behavior which matches the levels of environmental turbulence, and develop a resource capability which complements the chosen mode (Acur & Englyst, 2006). Kabii (2009) noted that turnaround strategy is an important tool to arrest and reverse the sources of competitive and financial weakness of an organization as quickly as possible. Turnaround in any business organization results in effective service delivery, skilled, responsible and accountability of workers, co-operative Governance and an improved business transformation with the objective of avoiding the need for stake holder's intervention and liquidation. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Several studies on turnaround strategies of organizations have been conducted. These studies include, Odongo, (2008) who offered a typology of turnaround strategies that vary in active organizations: from resistance, passive, conformity to proactive manipulation. However, the study did not address the strategic responses that are adopted by Uchumi supermarkets limited and the impact of such strategies on the performance.

Local studies such as Mutua (2010) dwelt on turnaround strategies by the deposit protection fund (DPF) board to changes in the external environment. The study had gaps since it did not link turnaround strategies to the performance of Uchumi supermarkets limited.Njihia (2009) investigated the turnaround strategies of Kenya Commercial Bank Limited to changes in the Kenyan banking industry but ignored the strategic responses adopted by Uchumi supermarkets limited and the impact of such strategies on the performance of Uchumi supermarkets limited. Although the above reviewed studies made important contributions on various aspects on organizations, they suffer from conceptual and contextual gaps since they did not address the adoption of turnaround strategies by Uchumi supermarkets limited and the impact of such strategies on the performance. This is the research gap that the study sought to address. The study sought to determine answers to the following question; what is the influence of turnaround strategies on the performance Uchumi supermarkets limited.

1.2 Objectives

i. To establish the effects of financing arrangements (debt restructuring) on performance of Uchumi supermarkets limited.
ii. To establish the effects of Changes in Management on performance of Uchumi supermarkets limited.
iii. To establish the effects of Asset restructuring on performance of Uchumi supermarkets limited.
iv. To determine the effect of staff rationalization on successful financial performance of Uchumi supermarkets limited.

2.0 LITERATURE REVIEW

2.1 Theoretical review

2.1.1 Strategic Leadership Theory

According to Boal and Hooijberg (2001), the essence of strategic leadership involves the capacity to learn, the capacity to change and managerial wisdom. Strategic leadership theories are concerned with the leadership of organizations and are marked by a concern for the evolution of the organization as a whole, including its changing aims and capabilities. Boal and Hooijberg (2001) stated that strategic leadership focuses on the people who have overall responsibility for the organization and includes not only the head of the organization but also members of the top management team.

Vera and Crossan (2004) identified a number of activities which are part of a strategic leadership process. The activities are; making strategic decisions, creating and communicating vision of the future, developing key competences and capabilities, developing organizational structures, processes and controls; sustaining effective organizational cultures and infusing ethical value systems into the organization. Strategic leaders with cognitive complexity would have a higher absorptive capacity than leaders with less cognitive complexity. To the extent that these leaders also have a clear vision of where they want their organization to go the absorptive capacity will have a greater focus. That is, strategic leaders look at the changes in the environment of their organization and then examine those changes in the context of their vision (Boal & Hooijberg, 2001).

This theory is relevant to the study as it highlights the functions of a leader and how they manage change and maintain proper organizational structures, processes and culture for success. The theory also emphasizes that the environment turbulence can also be maintained through strategic leadership.

2.1.2 Resource Based Theory

This theory argues that firms possess resources enable firms to achieve competitive advantage and lead to superior long term performance. Valuable and rare resources can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent that the firm is able to protect against resource limitation, transfer or substitution (Frawley & Fahy, 2006). Information system resources may take on many of the attributes of dynamic capabilities and may be useful to firms operating in rapidly changing environment. Information resources may not directly lead the firm to a position of superior sustained competitive advantage but they may be critical to the firm's long term competitiveness in unstable environments if they help it develop, add, integrate and release other key resources over time (Wade & Hulland, 2004)

Resources such as adequate finance and competent human resource are crucial for the effectiveness of market entry strategy management practices in a rapidly changing environment (Wade & Hulland, 2004). The dynamic capabilities which consist of the activities and mechanisms of managing resources in the creation of value which enables companies manage its activities for improvement in performance. It is expected that an organization that has adequate financial resources would have more influence on the effectiveness and success in change management programs, leadership and management of the external environment. This theory is also relevant to the study as it explains how resources at a firm's disposal are a critical factor to consider before implementing strategies, analyzing the environment or reviewing its leadership and top management team.

2.1.3 Pecking Order Theory

Pecking Order Theory, states that capital structure is driven by firm's desire to finance new investments, first internally, then with low-risk debt, and finally if all fails, with equity. Therefore, the firms prefer internal financing to external financing. (Frank & Goyal, 2003).This theory is applicable for large firms as well as small firms. Since small firms are opaque and have important adverse selection problems that are explained by credit rationing; they bear high information cost. Since the quality of small firms financial statements vary, small firms usually have higher levels of asymmetric information. Even though investors may prefer audited financial statements, small firms may want to avoid these costs. Therefore, when issuing new capital, those costs are very high, but for internal funds, costs can be considered as none. For debt, the costs are in an intermediate position between equity and internal funds. As a result, firms prefer first internal financing (retained earnings), then debt and they choose equity as a last resort (Zoppa & McMahon, 2002).

2.2 Empirical Literature Review

Azman (2003) carried out a study to investigate the effect of debt restructuring scheme on the performances of Malaysian firms. The study examined the effect of the Corporate Debt Restructuring Committee (CDRC) debt restructuring scheme on the companies' performances based on seven public listed companies which had successfully completed the scheme by the year 2000. The study analysed two areas, i.e., the companies' capital structures (using six leverage ratios) and the companies' financial performances (using three profitability ratios). The hypotheses of the study were: (a) there would be a significant decrease in the companies' leverage ratios after the restructuring process, and (b) there would be a significant increase in the companies' profitability ratios after the restructuring process. Based on the paired sample t-test, the Wilcoxon matched-pairs signed rank test and the effect size test, the study found little evidence to support the hypothesis on the capital structures but found sufficient evidence to support the hypothesis on the financial performances. Thus, the study concluded that the scheme did not greatly improve the companies' capital structures, but did improve the companies' financial performances.

Change management as postulated by Nigel (2006) is the very mechanism by which contemporary organizations deliver their strategy and remain competitive. Change management initiatives or efforts, as observed by (Kotter, 2005), have gone under many banners: total quality management, reengineering, right sizing, restructuring, cultural change and turnaround. Change management is the deliberate and coordinated actions taken to transform an organization to overcome environmental challenges in order achieve its objectives (Johnson and Scholes, 2003). Change management helps to guard against over simplification of employee concerns. Change management is the process, tools and techniques to effectively manage people and the associated human resource issues that surface when implementing change (Prosci, 2002).

Kotter (2005) stated that in almost every case of change management the basic goal has been the same: to make fundamental changes in how business is conducted in order to help cope with a new more challenging market environment. Academicians and practitioners are in agreement that change is a constant feature of organizational life (Causon, 2004) and that change is all about learning (Beer, Eisenstat & Spector, 2000). Few now doubt the importance of an organization's ability to identify where it needs to be in the future (Burnes, 2003). If organizations operated in a vacuum, the levers for change would be minimal (Staniforth, 2006).Yet the pressures on organizations to change are many and the levers are numerous in the environment that organizations operate in. Pearce and Robinson (2000), identify political, economic, social, technological and ecological factors as comprising the macro environment. This macro-environment (which they refer to as the remote environment) presents organizations with opportunities, threats and constraints. Ansoff and McDonnell (2000), state that the environment in which organizations operate in can be either relatively stable or turbulent. Either formally or informally, organizations thus develop strategies that often times dictate a change in an organization's status quo (Mbogo, 2003).

Palliam and Shalhoub (2002) found that corporate restructuring could be an impetus for organizational change. Corporate restructuring also positively correlated with companies' long term profitability. Significant cost reduction and increases in market shares are expected to result from corporate restructuring. Companies are to have sound knowledge of their industrial structures which are constantly changing before restructuring their operations. In the light of corporate restructuring, innovative approach is also needed to establish a viable competitive advantage (Proctor, 2001).

Howard (2006) conducted a study on staff rationalization Strategy Choices for Declining Entrepreneurial Firms: The Effects of Performance and Resources. The study found that staff rationalization has been described as the essence of entrepreneurship. Organizational ecologists theorize an inevitable progression from growth through maturity, revival, and eventually decline. During the organizational life cycle entrepreneurs choose between growth, stability, or staff rationalization strategies to overcome deteriorating trends in performance. Using survey data, the study tested a contingency model of strategic choice for declining entrepreneurial firms in the U.S. Small Business Administration database. The results indicated entrepreneurs choose growth strategy when their perceptions of resource availability and past financial performance are both high and when both are low, indicating entrepreneurs remain aggressive when faced with adverse conditions.

Anao's (2009) recommendation is that companies who embark on a staff rationalization process need to ensure that support is provided to those who remain after the current and any future staff reduction processes. ANAO further suggests that the needs of these staff members should be managed effectively. This will demonstrate that retained staffs are valued, that they have a future in the organization and that their continued abilities will ensure the fulfillment of operational requirements. The role of managers in assisting retained staff to cope with new working arrangements should also be addressed in formulating a retrenchment strategy. Anao's study points out that the importance of supporting retained staff is not identified in the staff reduction strategies of the Australian Public Service. In contrast, the Australian Geological Survey Organisation (AGSO) acknowledges that retained staff has an impact on an organisation's continuing operations. Staff rationalization may create demoralization, dampen organizational productivity and increase voluntary retrenchment, discourage the organizations' most talented and productive members who will end up leaving the organizations.

2.3 Conceptual Framework

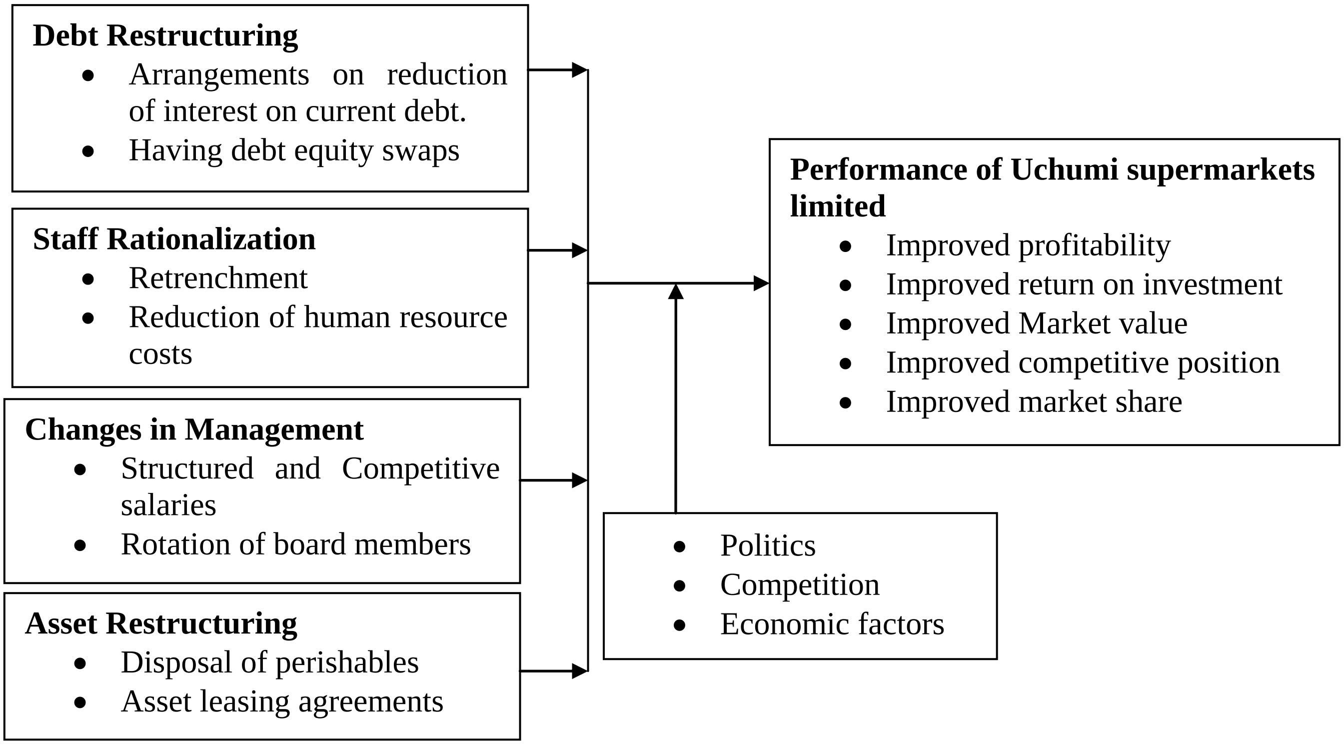

Figure 1: Conceptual Framework

3.0 RESEARCH METHODOLOGY

This study employed descriptive case study design. . The population for this study was drawn from 18 Uchumi supermarket Limited branches based in Nairobi county and constituted 90 managers of Uchumi supermarket Limited categorized into 5 main groups namely; The branch managers, Assistant managers, Finance managers, Human resource managers and Customer care managers. This study purposively sampled 35 respondents from the 90 managers at all the levels with equal representation. This was a 40% representation. The study used primary data. Primary data was gathered by use of closed ended questionnaires, which were self-administered. The subjects participating in the pilot study shall not be included in the final study to avoid survey fatigue. A pilot study was conducted in order to establish the validity and reliability of data collection instruments. . Ten questionnaires were piloted by issuing them to employees who were not included in the final study sample. The ten questionnaires were then coded and responses input into SPSS which was used to generate the reliability coefficient. The researcher used the most common internal consistency measure known as Cronbach's Alpha (α) which was generated by SPSS.). The recommended value of 0.7 was used as a cut–off of reliability for this study. SPSS was used to produce frequencies, descriptive and inferential statistics which were used to derive conclusions and generalizations regarding the population.

A multiple linear regression model was used to test the significance of the influence of the independent variables on the dependent variable. The multiple linear regression model is as laid below.

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$

Where:

Y = Financial Performance

X_1 = Debt restructuring

X_2= Changes in Management

X_3 = Asset restructuring

X_4 = Staff rationalization

e=Error term

β=coefficient of independent variable

α= constant.

4.0 DATA ANALYSIS, RESULTS PRESENTATION AND DISCUSSION

4.1 Response rate

The number of questionnaires that were administered was 35. A total of 34 questionnaires were properly filled and returned. This represented an overall successful response rate of 97% as shown on Figure 2.

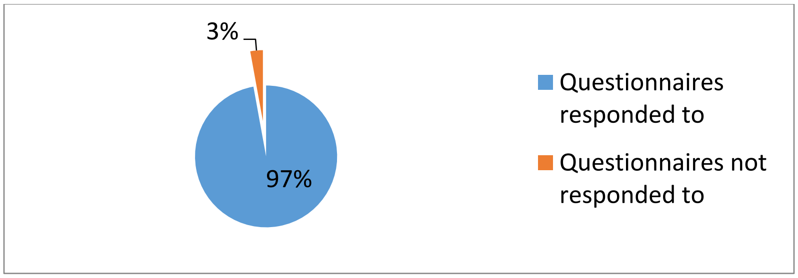

Figure 2 Response Rate

According to Mugenda and Mugenda (2003) and also Kothari (2004) a response rate of 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on these assertions from renowned scholars 97 % response rate is adequate for the study.

4.2 Demographics Analysis

4.2.1 Position in Employment

The respondents were asked to indicate their position in employment. The results are as indicated in the figure 3.

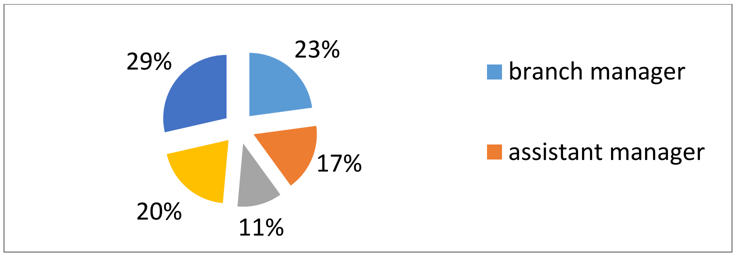

Figure 3: Position in the Company

Figure 3 shows that a majority 29% of the respondents indicated that they were customer care managers, 23% of the respondents were Branch Managers and the least participants were Finance managers.This is an implication of an ideal ratio of managers in each department at Uchumi supermarkets limited.

4.3 Descriptive statistics

4.3.1: Financing arrangements (debt restructuring) and performance of Uchumi supermarkets limited.

The study sought to find out the level of respondent's opinion on debt restructuring by Uchumi supermarkets. The summary of responses is as shown in Table 1. Initial indicated as DS-strongly agree, D-disagree, N-neutral, A-agree, SA-strongly agree.

Table 1: Debt Restructuring

	SD	D	N	A	SA	Total	Mean	Std Dev
The Company has successfully made arrangements to have the interest on current debt reduced	5.7%	5.7%	11.4%	51.4%	25.7%	100.0%	3.86	1.06
The company has successfully made arrangements to have the interest on new debt reduced	8.6%	14.3 %	17.1%	31.4%	28.6%	100.0%	3.57	1.29
The company has successfully made arrangements to have the debt rescheduled by the Government	8.6%	5.7%	11.4%	40.0%	34.3%	100.0%	3.86	1.22
The company has successfully made arrangements to have the debt rescheduled by the trade creditors	8.6%	11.4 %	22.9%	17.1%	40.0%	100.0%	3.69	1.35
The company has successfully made arrangements to have the debt rescheduled by the financial institutions	5.7%	11.4 %	25.7%	25.7%	31.4%	100.0%	3.66	1.21
The company has successfully made arrangements to have debt equity swaps	5.7%	8.6%	17.1%	8.6%	60.0%	100.0%	4.09	1.29
Average							**3.79**	**1.24**

Results on Table 1 show that majority 77.10% of all the respondents said that the Company has successfully made arrangements to have the interest on current debt reduced,60% of all the respondents agreed that the company has successfully made arrangements to have the interest on new debt reduced, 74.30% of all the respondents indicated that the company has successfully made arrangements to have the debt rescheduled by the Government, 57.10% of all the respondents indicated that the company has successfully made arrangements to have the debt rescheduled by the trade creditors and also the same percentage of respondents(57.10%) also agreed that the company has successfully made arrangements to have the debt rescheduled by the financial institutions.68.60% of the respondents also agreed that the company has successfully made arrangements to have debt equity swaps. The average mean of the responses indicated from the results was 3.79 which show that the respondents were agreeing on most of the statements while the standard deviation was 1.24 which indicates that the answers received were varied as they were dispersed far from the mean.

4.3.2: Changes in Management and performance of Uchumi supermarkets limited.

The study sought to find out the level of respondent's opinion on changes in management by Uchumi supermarkets limited. The summary of responses is as shown in Table 2. Initial indicated as DS-strongly agree, D-disagree, N-neutral, A-agree, SA-strongly agree.

Table 2: Changes in Management

	SD	D	N	A	SA	Total	Mean	Std Dev
Our business engaged human resource consultants to head hunt for key individuals for managerial positions	8.6%	2.9%	8.6%	37.1%	42.9%	100.0%	4.03	1.20
Our business has structured and competitive salaries for key managerial positions	5.7%	8.6%	11.4 %	31.4%	42.9%	100.0%	3.97	1.20
Our business has implemented performance based bonus pay programs for key staff	5.7%	8.6%	20.0 %	25.7%	40.0%	100.0%	3.86	1.22
Our business puts emphasis on working with transformational leaders	2.9%	14.3 %	20.0 %	22.9%	40.0%	100.0%	3.83	1.20
Our business regularly rotates its board members	0.0%	8.6%	11.4 %	42.9%	37.1%	100.0%	4.09	0.92
Our business has a competent board of directors	0.0%	0.0%	5.7%	51.4%	42.9%	100.0%	4.37	0.60
Average							**3.83**	**1.06**

Results on Table 2 show that majority 80% of all the respondents agreed that the Company engaged human resource consultants to head hunt for key individuals for managerial positions,74.3% of all the respondents stated that the business has structured and competitive salaries for key managerial positions,65.7% indicated that the business has implemented performance based bonus pay programs for key staff, 62.9% agreed that the business puts emphasis on working with transformational leaders and 80% said that the business regularly rotates its board members while those who agreed with the statement that the business has a competent board of directors were 94.3%.

The average mean of the responses indicated from the results was 3.83 which show that the respondents were agreeing on most of the statements while the standard deviation was 1.06 which indicates that the answers received were varied as they were dispersed far from the mean.

4.3.3: Asset restructuring and performance of Uchumi supermarkets limited.

The study sought to find out the level of respondent's opinion on asset restructuring by Uchumi supermarkets limited. The summary of responses is as shown in Table 3 below. Initial indicated as DS-strongly agree, D-disagree, N-neutral, A-agree, SA-strongly agree.

Table 3: Asset Restructuring

	SD	D	N	A	SA	Total	Mean	Std Dev
Our business successfully disposed off perishables as a way of restructuring the asset portfolio	0.0%	14.3%	20.0%	34.3%	31.4%	100.0%	3.83	1.04
Our business arranged factoring of receivables to reduce the carrying amount of receivables	0.0%	8.6%	5.7%	42.9%	42.9%	100.0%	4.20	0.90
Our business arranged asset leasing agreements to reduce the investments	2.9%	22.9%	11.4%	28.6%	34.3%	100.0%	3.69	1.25
Our business arranged the disposal of assets as way of restructuring their asset portfolio	5.7%	8.6%	22.9%	14.3%	48.6%	100.0%	3.91	1.27
Our business arranged the leasing of trading premises assets as way of restructuring their asset portfolio	2.9%	14.3%	22.9%	25.7%	34.3%	100.0%	3.74	1.17
Average							**3.87**	**1.13**

Results on Table 3 show that 65.7% of the respondents indicated that the business successfully disposed of perishables as a way of restructuring the asset, 85.7% agreed that the business arranged factoring of receivables to reduce the carrying amount of receivables while 62.9% of all the respondents said that the Company arranged asset leasing agreements to reduce the investments. Those respondents who agreed that the business arranged the disposal of assets as way of restructuring their asset portfolio were 62.9% while 60% indicated that the business arranged leasing of trading premises assets as way of restructuring their asset portfolio. In addition, the average mean of the responses indicated from the results was 3.87 which show that the respondents were agreeing on most of the statements while the standard deviation was 1.13 which indicates that the answers received were varied as they were dispersed far from the mean.

4.3.4: Staff rationalization and performance of Uchumi supermarkets limited.

The study sought to find out the level of respondent's opinion on staff rationalization by Uchumi supermarkets limited. The summary of responses is as shown in Table 4. Initial indicated as DS-strongly agree, D-disagree, N-neutral, A-agree, SA-strongly agree.

Table 4: Staff Rationalization

	SD	D	N	A	SA	Total	Mean	Std Dev
Retrenchment has led to financial performance improvements.	5.7%	17.1%	11.4%	28.6%	37.1%	35	3.74	1.29
Increased efficiencies brought about by the reduction of human resource costs improved financial performance.	0.0%	5.7%	17.1%	31.4%	45.7%	35	4.17	0.92
Human resource support was provided to those who remain after staff reduction processes	5.7%	14.3%	20.0%	25.7%	34.3%	35	3.69	1.25
Retained staffs are involved and consulted in formulating a retrenchment strategy	0.0%	14.3%	22.9%	37.1%	25.7%	35	3.74	1.01
Average							**3.84**	**1.12**

Results on Table 4 show that 65.7% of the respondents indicated that retrenchment has led to financial performance improvements, 77.1% agreed that increased efficiencies brought about by the reduction of human resource costs improved financial performance, 60% of all the respondents said that human resource support was provided to those who remain after staff reduction processes and 62.8% of the respondents agreed that retained staffs are involved and consulted in formulating a retrenchment strategy. The average mean of the responses indicated from the results was 3.84 which show that the respondents were agreeing on most of the statements while the standard deviation was 1.12 which indicates that the answers received were varied as they were dispersed far from the mean.

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4.4 Inferential statistics

4.4.1 Model summary

The model summary of the study is presented in table 5.

Table 5: Model summary

R	0.778
R Square	0.605
Adjusted R Square	0.552

The model shows that R was 0.778 which shows that the relationship between the predictor variables (Debt restructuring, Staff rationalization, Changes in Management and Asset restructuring) and dependent variable is positive. The coefficient of determination explains the percentage of variation in the dependent variable (Financial performance of Uchumi supermarkets Limited) that is explained by all the four independent variables (Debt restructuring, Changes in management, Asset restructuring and staff rationalization).The coefficient of determination also called the R^2 was 0.605. This means that the combined effect of the predictor variables (Debt restructuring, Changes in management, Asset restructuring and staff rationalization) explains 60.50% of the performance of Uchumi supermarkets Limited.

4.4.2: Analysis of Variance

Analysis of variance was presented in figure 6

Table 6: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.653	4	2.663	11.489	0.000
Residual	6.954	30	0.232		
Total	17.607	34			

The F value of 11.489 is significant at a significance value of 0.000 which is less than 0.05 at 5% level of significance. This shows that the overall model was significant. This shows that the combined effect of debt restructuring, changes in management, asset restructuring and staff rationalization were statistically significant in explaining the performance of Uchumi supermarkets Limited.

4.4.3: Regression coefficients

Regression coefficients of the model was presented in table 7.

Table 7: Regression coefficients

	B	Std. Error	t	Sig.
Constant	1.443	0.509	2.833	0.008
Debt Restructuring	1.146	0.399	-2.873	0.007
Staff rationalization	0.527	0.211	-2.496	0.018
Changes in management	1.688	0.338	4.995	0.000

Asset restructuring	0.594	0.263	2.254	0.032

The results for regression of coefficients of the study shows that there is a positive relationship between debt restructuring, changes in management, asset restructuring and staff rationalization and performance of Uchumi supermarkets Limited as supported by beta coefficients of 1.146,1.688, 0.594 and 0.527 respectively. This means that an increase in either of the variables will positively increase the performance of the company. The analysis also yields results that show all variables used in the study are statistically significant as the probability (p) values were 0.007, 0.000, 0.032 and 0.018 respectively which were not more than the conventional value of 0.05.

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

The first objective of the study was to determine the relationship between debt restructuring and performance of Uchumi supermarkets Limited. The regression results indicated that there is a positive relationship between debt restructuring and performance of Uchumi supermarkets Limited

The second objective of the study was to establish the effects of Changes in Management on performance of Uchumi supermarkets limited. The regression results indicated that there is a positive relationship between changes in management and performance of Uchumi supermarkets Limited

The third objective of the study was to establish the effects of Asset restructuring on performance of Uchumi supermarkets limited. The regression results indicated that there is a positive relationship between asset restructuring and performance of Uchumi supermarkets Limited

The fourth objective of the study was to determine the effect of staff rationalization on successful financial performance of Uchumi supermarkets limited. The regression results indicated that there is a positive relationship between staff rationalization and performance of Uchumi supermarkets Limited

5.2 Conclusions

Based on the findings of the study it can be concluded that debt restructuring, Changes in management, asset restructuring and staff rationalization are very important turnaround strategies which leads to improved performance of Uchumi supermarkets Limited. The study concluded that debt restructuring activities like arrangements to have the interest on current debt reduced arrangements to have the interest on new debt reduced and arrangements to have the debt rescheduled by the Government and creditors are among the critical turnaround strategies which lead to improved financial performance. The study also concluded that activities like engaging human resource consultants to head hunt for key individuals for managerial positions,having structured and competitive salaries for key managerial positions and implementing performance based bonus pay programs for key staff which show changes in management are also very critical turnaround strategies which leads to improved financial performance. The study concluded that restructuring assets by disposing off perishables, factoring of receivables to reduce the carrying amount of receivables and asset leasing agreements to reduce the investments are among the key asset restructuring turnaround strategies which leads to improved financial performance. The study also concluded that staff rationalization plays a great role in financial performance. Turnaround strategies like retrenchment, reduction of human resource costs and human resource support to those who remain after staff reduction processes leads to improved financial performance.

5.2 Recommendations

The study recommends that organizations aiming to turnaround and improve their financial performance should include debt restructuring activities like arrangements to have the interest on current debt reduced, arrangements to have the interest on new debt reduced and arrangements to have the debt rescheduled among their turnaround strategies. The study also recommends that Uchumi supermarkets limited should continue with the turnaround strategies like engaging human resource consultants to head hunt for key individuals for managerial positions,having structured and competitive salaries for key managerial positions and implementing performance based bonus pay programs for key staff because they lead to improved performance. Other organizations should also include those strategies in their turnaround strategies in a bid to improve their financial performance. Another recommendation by the study is that organizations in the same line of business like Uchumi supermarkets Limited embracing turnaround strategies in a bid to turn around their financial performance should also include asset restructuring assets like disposing off perishables, factoring of receivables to reduce the carrying amount of receivables and asset leasing agreements to reduce the investments.

The study recommends that Uchumi supermarkets Limited and other organizations having turnaround strategies should also use staff rationalization turnaround strategies like retrenchment, reduction of human resource costs and human resource support to those who remain after staff reduction processes because they lead to improved financial performance.

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