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EFFECT OF INSTITUTIONAL RESTRUCTURING ON PERFORMANCE OF THE PUBLIC SERVICE SECTOR IN KENYA: A CASE OF THE DIRECTORATE OF PUBLIC SERVICE MANAGEMENT

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Abstract: **Unprecedented number of institutions have reorganized their divisions, restructured their assets, streamlined their operations and spun-off their divisions in a bid to spur performance. This enabled them to respond quickly and more effectively to new opportunities and unexpected pressures so as to reestablish their competitive advantage. In the recent past difficult operating conditions have motivated institutions to restructure by either retrenching staff for downsizing their scope of operations. The general objective of this research project was to evaluate the effect of institutional restructuring on the performance of public service sector in Kenya. Chapter one explored the background of the study at the global, regional and local perspectives. Chapter two was guided by the transaction cost economic theory, stakeholder's theory, diffusion process theory and resource-based view theory. Chapter three presents the research design, population of the study, sampling frame, data collection instrument, data collection procedure and analysis. The study used descriptive research design because it enhanced systematic description that is as accurate, valid and reliable as possible regarding the responses. The study was conducted at Directorate of Public Service Management at Teleposta Towers. The sample population was senior management, middle level management and non-management staff. Data was collected using a questionnaire administered to the various respondents. The questionnaire was edited for completeness before being entered into the SPSS computer package for analysis. Both inferential statistics was used and findings were presented in form of tables. The finding indicated that through skills development there is improvement in service delivery and also and that knowledge expansion is as a result of skills development. Furthermore, the study finding shows that human capital, with proper training and experience is vital for the performance of public sector. The study finding further shows that quality service will create a strong bond between the client and the supplier. Finally, the study finding indicated that continuous improvement through staff development motivates employee to develop their career in the public sector. Regarding Operational restructuring strategy, the study confirms that operational restructuring strategy affect performance of public service in Kenya given by multiple linear regression model which revealed that operational restructuring strategy is significantly and positively affect performance of public service. Furthermore, the study established that leadership Styles had a significant and positive effect on the performance of public service in Kenya. The study also established that process restructuring strategy had significant and a positive effect on the performance of public service in Kenya. Finally, the study established that career development had significant and a positive effect on the performance of public service in Kenya. The study recommends that any proposed changes to the structure of Directorate of Public Service Management through operational restructuring should be costed not only for approval by senior management but also to determine the operational costs accruing. The study further established that leadership styles influence performance of public service and it is recommended that the company leadership should have strong leadership skills through continuance learning of new methods and to keep up with the changes in the environment in order to ensure commitment of the employees. The study also recommends that the Directorate of Public Service Management should ensure new service introduction, reduction of costs and improved innovation process to enhance performance of the of public service.**

Keywords: **Operational restructuring, leadership restructuring, process restructuring and staff development.**

1. INTRODUCTION

Restructuring generally refers to the reinstitution of the corporate operations to achieve higher levels of operating efficiency. Pearce and Robinson (2010) viewed restructuring as a stage in strategy implementation where managers attempt to recast their institutional structure, leadership, culture and reward systems to ensure cost competitiveness and quality demanded by the unique requirements of its strategies. Restructuring involves the elimination of non-core business and business processes, the consolidation of related operations and business functions and to a great extent, reengineering of existing processes. According to Wanyama (2010),restructuring involves frequently changing institutional management team, shifting strategy, or infusing the institution with new technology that the company may follow up on new acquisitions or business in order to build a critical mass, and selling off unneeded or unconnected parts and thereby reduce the effective acquisition cost**.**

Unprecedented number of companies across the world have reorganized their divisions, restructured their assets, streamlined their operations and spun-off their divisions in a bid to spur the company performance. It has enabled numerous institutions to respond quickly and more effectively to new opportunities and unexpected pressures so as to reestablish their competitive advantage. In the recent past difficult operating conditions have motivated companies to restructure by retrenching staff and downsizing their scope of operations. Restructuring is considered to be the type of change which may be rapid and could involve a good deal of upheaval in an institution, but which does not fundamentally change the paradigm (Airo, 2009).

In recent years, institutional restructuring has attracted much attention from academics not only because it concerns a wide range of aspects but also due to its implications for firms to adjust strategies regarding the dynamic business environment, and eventually enable firms to create and retain the competitive advantages. The idea of institutional restructuring is to allow the company to continue functioning in some manner. Firms may obtain a core competence of continually acquiring other firms, restructuring, and retaining certain firm assets, while divesting others (Abbaset*et al*, 2014).According to Khosa*et al*, (2015). institutions restructure to improve efficiency and sharpen their competitive edge in order to prosper and survive in a fiercely competitive environment. These authors also argue that for institutions to effectively compete they must evaluate their performance and where possible restructure their institutions to minimize costs and increase efficiency

Statement of the problem

The demands on the public service are substantial while the resources available to satisfy them are limited. This high demand is attributed to the bloated civil service coupled with low economic and high population growth rates. This has had a negative impact on service delivery and overall Government's ability to provide improved standards of living to its citizens (Republic of Kenya Handbook, 2010).The problem is that in spite of the reforms undertaken by the public sector in Kenya, it still performs poorly in service delivery to the citizens. The Kenyan Citizens are aware of their constitutional rights than ever before and can hold the government account in the provision of public services (Constitution 2010). Dissatisfaction with the public service has been exemplified by demonstrations by the civil rights groups in this country.

According to Republic of Kenya Handbook, 2007 it is noted that despite public sector reforms, public service delivery has not fully met the expectation of the users: Unmet targets, poor quality service, customer complaints, inefficiencies in service delivery, and bureaucratic tendencies are still a challenge. For instance passports and national identity cards are processed with grammatical errors and mistakes inconveniencing users unnecessarily. The lead time is high in that these documents are not processed within the required time. Unfortunately these inconveniences are extended to foreigners as well and this adversely affects their decisions and dealings with us and also undermines performance of the public service delivery it also paints a negative image to the Directorate responsible for human resource management and development in the entire civil service, in return the leadership of the nation is portrayed with a bad image across the global arena (Republic of Kenya: Evaluation of performance 2007).

A number of studies have been conducted on restructuring of both public and private institutions. Ayoo (2011) studied the effects of corporate restructuring on employee job satisfaction; Airo (2009) studied the impact of restructuring on performance of development financial institutions; Ochira (2009) conducted a study on the influence of restructuring on employee job satisfaction and empowerment; Riany (2012) studied the impact of restructuring on the performance of mobile phone service providers; Oluoch (2007) conducted a survey of the relationship between performance appraisal practices, motivation and job satisfaction of employees of commercial banks in Kenya; while Butilia (2006) carried out a survey of supervision styles and employee job satisfaction in commercial banks in Kenya among others.

These studies address employee job satisfaction, performance of financial institutions, employee empowerment, performance appraisal, and supervision styles. They do not address operational restructuring, reforming governance under leadership restructuring, process restructuring.

Their studies also fail to address efficiency in service delivery, customer satisfaction and levels of complaints. This research proposal aims at addressing these gaps. Additionally the past studies have gathered mixed and inconclusive results recommending for further studies to be undertaken. This has given only a partial understanding of the subject of institutional restructuring and performance. However, most of the studies conducted on performance in the public service sector have not addressed the influence of institutional restructuring on the performance of public sector in Kenya.It is against this background that this study seeks to identify the effects of institutional restructuring on performance of the public service sector in Kenya.

Objectives

i. Evaluate the effect of operational restructuring on the performance of public service sector in Kenya.

ii. Evaluate the effects of leadership restructuring on the performance of the public service sector in Kenya.

iii. Evaluate the effects of process restructuring on the performance of the public service sector in Kenya.

iv. Determine the effects of staff development on the performance of the public service sector in Kenya.

2. THEORETICAL REVIEW

Transaction cost economic theory

Transaction cost theory tries to give an explanation for why corporations exist, and why companies increase or source out activities to the external surroundings. The transaction fee concept supposes that agencies attempt to minimize the expenses of exchanging resources with the environment, and that agencies attempt to decrease the bureaucratic charges of exchanges in the employer. Companies are therefore weighing the costs of exchanging resources with the environment, against the bureaucratic costs of performing activities in-house.

Ronald Coase (Coase, 1988) set out his transaction cost theory of the firm in 1937, making it one of the first (neo-classical) attempts to define the firm theoretically in relation to the market. A firm’s interactions with the market may not be under its control (for instance because of sales taxes), but its internal allocation of resources is within a firm, market transactions are eliminated and in place of the complicated market structure with exchange transactions is substituted the entrepreneur who directs production.

Transaction cost theory concentrates on the relative efficiency of different exchange processes (Tirole, 1988). If for the firm-as-a-production-function view the internalization of one or more stages of production might generate technological economies (that is savings on the costs of physical inputs), for the firm-as-institution view it is able to lead additionally to transactional economies (that is savings at the charges of trade inputs, when reduced amounts of sources are required to get the intermediate inputs). An intermediate step between pure marketplace trade and vertical integration is using brief term and long time contracts.

The decision to enter durable contractual relationships by signing long term contracts and the alternative vertical integration strategy share the same motivation: the choice among these options is then a matter of degree. Unfortunately, this implies that it is difficult to distinguish between them empirically (Tirole, 1988). Following the transaction cost theory (Coase, 1937) firms evaluate the relative costs of alternative governance structures (spot market transactions, short term contracts, long-term contracts, vertical integration) for managing transactions. Transaction costs could be defined as the costs of acquiring and handling the information about the quality of inputs, the relevant prices, the supplier’s reputation, and so on.

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The exchange relationship may be one-time, occasional or recurrent; a frequent transaction (especially in the presence of specific assets) is more likely to be internalized (Williamson, 1979), since expected damages from opportunistic behavior are higher;

As far as there is uncertainty, complete contracts cannot be foreseen and the firm making the specific investment is disadvantaged when future contingencies impose to re-negotiate the contract terms. In assessing the developments of transaction cost theory and the contribution of the property rights theory in understanding firms" boundaries, Bolton and Scharfstein (1998) recognize that Coase"s insights have been refined and extended to a great extent, but argue that the literature still fails to consider the principal agent relationship between shareholders (who formally own companies" assets) and managers (who control their use). Transaction cost theory would predict opportunistic behavior on the part of the auto makers. Transaction Cost Economic Theory is relevant to the study because it links how cost related elements influence on the performance of the public service sector in Kenya. There is normally inevitable transition costs associated with moving from one (traditional) structure to another through operational restructuring including slowdowns, mistakes, other consequences associated with restructuring, and the costs of maintaining the new status. This theory supports the variable of operational restructuring on performance of public service sector in Kenya.

Stakeholder's theory

Ackermann and Eden, (2001) argue that allowing major stakeholders who are the top leadership of the institution to develop strategy has proven useful in performance of the institutions. They found that two assessments of stakeholders were important in the strategy development process.

The first assessment centered on identifying key stakeholders and determining the relative power of relevant stakeholders. The second and often neglected assessment aimed at mapping the stakeholders" perception of their power relative to other groups. Both assessments added to a good understanding of the stakeholders negotiating postures and provided a good basis aligning the new strategy with the needs of the key stakeholders. Stakeholder theory is primarily a management instrument. The attributes power, urgency and legitimacy of claims define an institution's stakeholders. Power and urgency must be attended to if managers are to serve the legal and moral interests of legitimate stakeholders. Stakeholder theory thus contains methods for identifying and managing stakeholders (Freeman, 2004).

Stakeholder theory is the managerial in the broad sense of that term. It does not simply describe existing situations or predict cause-effect relationships; it also recommends attitudes, structures and practices that, taken together, constitute stakeholder management. Stakeholder management requires, as its key attribute, simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of institutional structures and general policies and in case-by-case decision making (Freeman, 2004).Stakeholder theory is relevant to the study because it links how different stakeholders influence the performance of the public service sector in Kenya. Leadership have primary function which is to satisfy a range of stakeholders through the performance of various functions which include planning, organizing, staffing, leading or directing and controlling or monitoring. This theory supports the variable of leadership restructuring on performance of public service sector in Kenya.

Diffusion process theory

According to Schneberger & Jost, (1994), diffusion is defined as the process by which an innovation is adopted and gains acceptance by members of a certain community. A number of factors interact to influence the diffusion of an innovation. The four major factors that influence the diffusion process is the innovation itself, how information about the innovation is communicated, time, and the nature of the social system into which the innovation is being introduced (Rogers, 1995).In real sense, the underlying causes of instructional technology's diffusion problem remain a mystery to the public sector. There appear to be as many reasons for the public firm's employee's lack of utilization as there are instructional technologists.

Some instructional technologists blame an intrinsic resistance to change as the primary causes of public firm's technology's diffusion problem; others cite entrenched bureaucracies and inadequate funding (Schneberger and Jost, 1994). By better understanding the multitude of factors that influence adoption of innovations, public firms employee will be better able to explain, predict and account for the factors that impede or facilitate the diffusion of their products. Many of the products produced by public firms represent radical innovations in the form, institution, sequence, and delivery of

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instruction. The public firm's employee who understands the innovation process and theories of innovation diffusion will be more fully prepared to work effectively with clients and potential adopters (Schiffman, 1991).

Diffusion theory is relevant to the study because it links how technological advancement influences the performance of the public service sector in Kenya. This implies that automation can enhance performance of public service sector in Kenya. Such technological restructuring transforms the nature of human interaction with work enhancing performance (Krell, 2010.Technological restructuring transforms the nature of the marketplace by changing the relative cost, features and availability of products, (Krell, 2011).Diffusion of technology advances reduce costs for the public sector while improving the quality of goods and services and increasing the speed of service delivery its clients. By adopting new technology public institutions are able to minimize their operational costs, offer effective and highly efficient, tailor made services (Rees & Porter, 2008).This theory supports the variable of process restructuring on performance of public service sector in Kenya.

Resource-based view

This theory was developed by Pfeffer and Salancik (1978).The Resource-Based View (RBV) is an economic tool used to determine the strategic resources available to a firm. The fundamental principle of the RBV was that the basis for a strategic restructuring of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal.To transform a short-run competitive advantage into a sustained competitive advantage, it required that these resources be heterogeneous in nature and not perfectly mobile. Effectively, this translated into valuable resources that are neither perfectly imitable nor substitutable without great effort (Hoopes, et al 2003). If these conditions hold, the firm's bundle of resources could assist the firm sustaining above average returns. The resource-based view suggested that a firm's unique resources and capabilities provided the basis for a strategy (Hoopes, *at al* 2003).

The business strategy chosen should allow the firm to best exploits its core competencies relative to opportunities in the external environment. These included human, infrastructure, financial and physical resources. According& ding to resource based theory; institutions wished to maintain a distinctive product (competitive advantage) and would plug gaps in resources and capabilities in the most cost effective manner to do so. Outsourcing of cataloguing was easier to rationalize using resource-based theory as this emphasized that cost-effective solutions were required to some of the major activities, in order to fulfill the main aim of the institution (provide organized access to resources).

The resource-based view of the firm (RBV) views institutions as a collection of productive resources. The central assumption in this view is that institutions gain competitive advantage by their internal resources. An important distinction in resource-based view is that a resource provides institutions with sustained competitive advantage, and to do so there are different attributes for the resources that have to be fulfilled. This theory answers the question–Why do firms in the same industry vary systematically in performance over time?. The RBV posits that it is because internal capabilities and resources yield competitive advantage. Firms with different resources that are immobilecan generate competitive advantage. There are four attributes of resources that lead to competitive advantage: valuable, rareness, imperfectly imitable, and non-substitutable. A resource is valuable if it allows a firm to exploit an opportunity in the market, thwart competitive threats, and conceive of or implement strategies that improve efficiency and effectiveness.

A resource is rare if the number of firms in competitive arena possessing a resource is less than the number of firms needed to generate perfect competition (Barney 1991)**.**Resource-based view is relevant to the study because it links how resources adequacy influences the performance of the public service sector in Kenya. This implies that resources of the institutions can be a source for sustained performance and can determine the ultimate success of the public service sector. For instance without competent people both in managerial and employee positions, institutions will not be able to accomplish their goals. This means that the public sector will not be on a competitive edge with the private sector if it will not develop the skills for its staff. This theory supports the variable of staff development on performance of public service sector in Kenya.

Conceptual framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation (Reichel& Ramey, 1987). It is a tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny. It helps the research to explain the relationship among interlinked concepts

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such as the dependent and independent variables (Kombo, 2006). The conceptual framework comprises of four independent variables and one dependent variable. Mugenda and Mugenda, (2003) defined an independent variable as the one that the researcher manipulates in order to determine the effects on the other variable. The independent variables of the study are operational restructuring, leadership restructuring, process restructuring, and staff development while the dependent variable is performance of public sector. It will be conceptualized within the dependent-independent variable components and their indicators. The figure below shows a diagrammatic representation of the relationship between the dependent and independent variables.

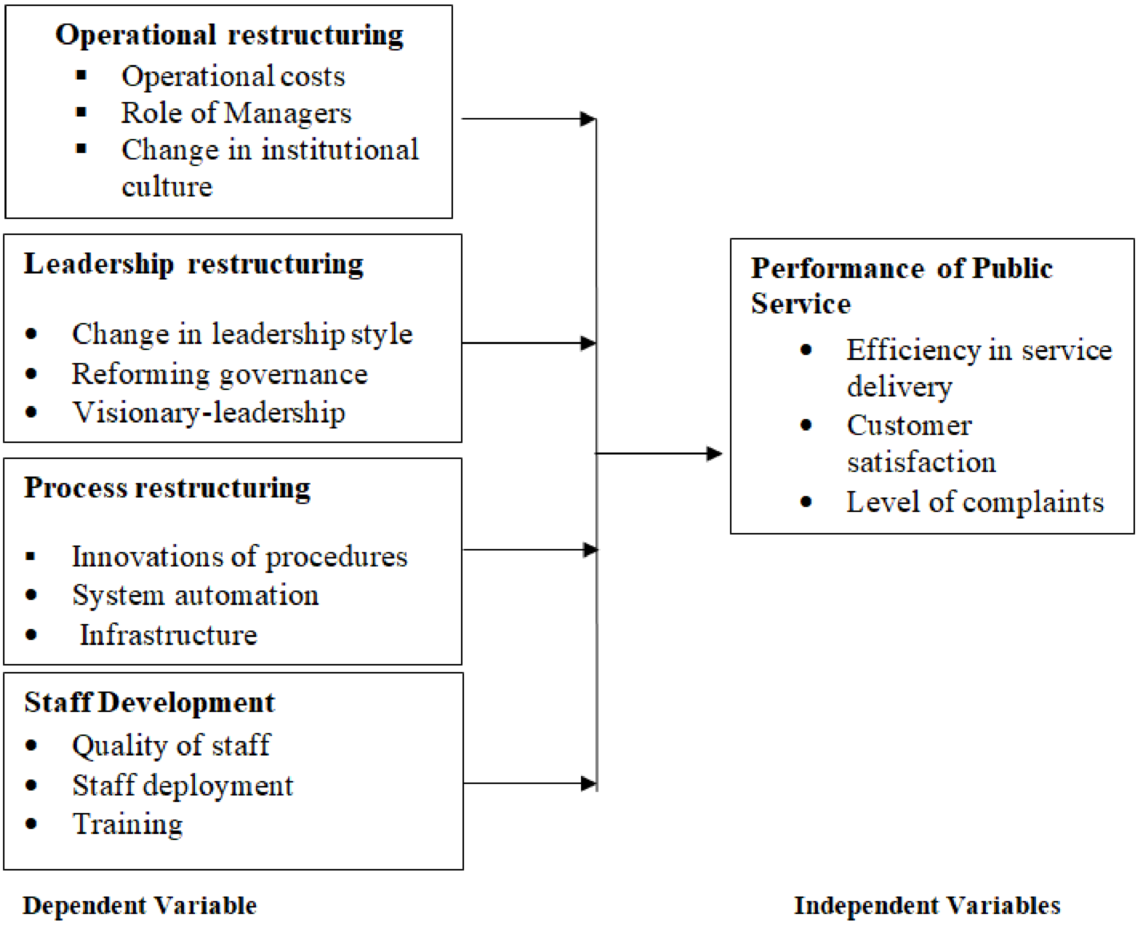

Figure 2.1: Conceptual framework

Critique of Literature Reviewed

Ngige, (2013) studied the effect of Corporate restructuring on the firm performance in the banking sector of Kenya. Study finding reveal that in a bid to gain competitive advantage and improve performance, banks were employing the restructuring strategy. The study concludes that the mode of restructuring adopted is dependent on the motive and objective of the bank. It was noted that mergers and acquisition strategy was geared towards increasing the capacity of the bank to offer its services, it was also considered as it brought about the economies of scale and also it aided in faster geographical expansion by the banks. However, the study was only limited to the banking sector despite the institution restructuring also having an influence on the public service sector in Kenya.

Halima, (2013) examined the effect of restructuring strategy on the performance of major commercial bank in Kenya. The study finding shows that restructuring in bank leads to improved performance by the banks. This is evident especially in the first year when restructuring is implemented. From a business perspective, restructuring is basically doing what is necessary to the organization to stop underperformance and manage crisis which cushions the organization from collapsing or being rendered obsolete by other organization. It is also indicated from the study that all the major banks under study had adopted restructuring formally. However, it also shows that this improvement is not static as

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further changes in the environment lead s to a decline in the performance which than call for further action to ensure sustainable improvement in performance. Nevertheless, the study did not exhaust the major factors that affect performance in the context of restricting strategy.

Cheruiyot (2015) conducted a study on the effect of restructuring on profitability of commercial bank in Kenya. The study finding shows that there is a positive relationship between Kenya Commercial Banks profitability and restructuring. When non-performing asset to net assets ratio is lower, asset quality of Commercial Banks in Kenya is high and this implies a positive trade-off between assets quality and profitability. This research also concludes that Kenya Commercial Banks profitability rises with increase in proper management of expenditures and also that a positive relationship between Kenya Commercial Banks profitability and capital adequacy exists. However, the study did not concentrate on the performance in totality but only concentrated on the profitability which is only one indicator of the performance.

Airo (2009) studied impact of restructuring on performance of development financial institutions, Ochira (2009) also conducted the study on the influence of restructuring on employee job satisfaction and empowerment the study findings show that the concentration is on the effects of restructuring on employee satisfaction ignoring the relationship between institutional restructuring and performance. From the portion of empirical studies above it is quite evident that the existing studied have not covered the entire public sector in Kenya while others have covered other context which have different operating environment dynamics from those of the public sector. The study also has given only a partial understanding of the subject of institutional restructuring strategies and performance. This study seeks to identify factors that will led to successful institutional restructuring on the performance of the public service sector in Kenya.

Summary of Literature

This chapter concentrates on various theories used in the study of factors that influences institutional restructuring on performance of the public service sector in Kenya; The main theories captured are transaction cost economic theory, stakeholders theory, diffusion process theory and resource-based view.The chapter has also conceptualized the research problem through a conceptual framework on operational restructuring, leadership restructuring, process restructuring and staff development. The chapter concluded by looking at critique of literature reviewed, summary of literature and the research gaps and it has identified various gaps that are related with this study which need to be filled. For instance the study will fill the knowledge gap by conducting on the effects of institutional restructuring on performance of the public service sector in Kenya.

Research Gap

A number of studies have been conducted on the restructuring Ayoo (2011) studied effects of corporate restructuring on employee job satisfaction in KCB Nairobi region. Nadwa (2010), focused on the factors that influence the implementation of strategic change at Development Bank of Kenya. Airo (2009) studied impact of restructuring on performance of development financial institutions and Ochira (2009) conducted the study on the influence of restructuring on employee job satisfaction and empowerment. Riany (2012) studied the impact of restructuring on the performance of mobile phone service providers. Oluoch (2007) conducted a survey of the relationship between performance appraisal practices, motivation and job satisfaction of employees of commercials banks in Kenya and Butilia (2006) did a survey of supervision styles and employee job satisfaction in Commercial Banks in Kenya among others.

Most of the above mentioned studies done locally have concentrated on the effects of restructuring on employee satisfaction ignoring the relationship between operational restructuring, reform governance, under leadership restructuring, process restructuring. The studies also fail to address efficiency in service delivery, customer satisfactory and level of complaints. This research project aims at addressing these gaps. Additionally the past studies have gathered mixed and inconclusive results recommending for further studies to be undertaken. This has given only a partial understanding of the subject of institutional restructuring and performance. However, most of the studies conducted on performance in the public service sector have not addressed the effect of institutional restructuring on the performance of the public service sector in Kenya.It is against this background that this study seeks to fill this gap in order to determine the effect of institutional restructuring on the performance of public sector in Kenya.

3. RESEARCH METHODOLOGY

The research design used in this study was descriptive research design.The target population of 333 (three hundred and thirty three elements) comprised employees of the Directorate of Public Service Management at senior, middle management and non-management drawn from the intern's staff at the Directorate of Public Service Management.The study utilized a sample size of 100 respondentas.The use of 100 respondents in the study was justified and is in line with the recommendations of Mugenda and Mugenda (2009) who indicated that a descriptive study should include at least 30% of the total population. Since the sample size of 100 represents 30% of the population it was deemed appropriate. Furthermore, a small sample size is feasible for the researcher to collect data from respondents.The researcher edited the completed questionnaires for completeness and consistency and data clean-up will followed. The data was then analyzed using descriptive statistics. The descriptive statistical tool (SPSS) was used by the researcher to describe the data.

Model

Analysis of data used multiple regressions to test the research questions

$Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_{3\,+}\, \beta_4 X_{4+}\, \varepsilon.$

Where,

Y= Performance (Dependent Variable)

βo: is the intercept or constant term, and β_1, $\beta_{2,}$ β_3 and β_4 are the coefficients of independent variables

X_1: Operational restructuring (Independent Variable)

X_2: Leadership restructuring (Independent Variable)

X_3: Process restructuring (Independent Variable)

X_4: Staff Development (Independent Variable)

ε: Error term

4. REGRESSION RESULTS

Regression analysis model summary

Table 4.1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716	.513	.490	.17912

A multiple linear regression analysis was performed to test the effect of the independent variables on the dependent variable. The average ratings for the four independent variables (operational restructuring strategy, leadership restructuring strategy, process restructuring strategy and staff development) were used as the indicators for input into the regression model. Three measures of performance of Public Service (efficiency in service delivery, customer satisfaction and level of complains of public services is reduced) were used. The coefficient of determination and standard error of the regression model are shown in Table 4.16 above. Results indicate that R squared was 0.513 indicating that the independent variables explained 51.3% of the improvement in performance of public service. This indicates the model had good explanatory power.

Further, the regression output in Table 4.2 presents the source of variance, mean of variances and the F value. The results indicate that the overall model was significant (f value = 22.383; $p < 0.05$) and could provide important results. This indicates that the model could provide some predictive significance and was a good fit.

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Table 4.2: Analysis of Variance of the Regression (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2.873	4	.718	22.383	.000
Residual	2.727	85	.032		
Total	5.600	89			

Further, the regression output on significance of the independent variables is presented in Table 4.3.

Table 4.3: Coefficients of Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.455	.054		8.416	.000
Operational restructuring	.545	.097	.716	5.646	.000
Leadership restructuring	.375	.113	.000	.000	0.000
Process restructuring	.286	.113	.000	.000	0.000
Staff development	.231	.083	.000	.000	0.000

From the data in the above table the established regression equation was;

$Y=0.455+0.545X_1+0.375X_2+0.286X_3+0.231X_4$

The results in Table 4.3 indicate that operational restructuring strategy significantly and positively influenced performance of Public Service. This indicates that operational restructuring strategy affect performance of public service in Kenya given by multiple linear regression model which revealed that operational restructuring strategy is significantly and positively affect performance of public service and thus for every unit increase in operational restructuring strategy performance of public service increases by 54.5%.Therefore, beyond cost reductions and productivity improvements, operation restructuring potentially and fundamentally enhances revenue channels. This effort reduces costs, enables the institution to recapitalize by itself and ensures that capital of existing shareholders is noted.

Further, leadership restructuring strategy has a significant and a positive effect on Performance of Public Service. The results shows that for every unit increase in leadership restructuring strategy performance of public service increases by 37.5%.This indicates that leadership styles were effective in influencing performance of public service in the country.

This has an implication that the leaders of an organization that encourages governance reforms as well as change in leadership style i.e. transformational leadership, transactional leadership as well as values based stand the chance of enhancing efficiency in service delivery as well as minimizing level of complains of public services. The role of the leader has become vital, especially in the public sector that is constantly changing. Therefore, the effect of leaders" influence on the performance of Public Service cannot be under estimated.

Process restructuring strategy had significant and a positive effect on performance of Public Service. The result shows that for every unit increase in process restructuring strategy, performance of public service increases by 28.6%.

These results indicate that the adoption of process restructuring operations provides a competitive advantage in organization by ensuring effectiveness and cost-cutting initiatives. In the organization process restructuring can create a competitive edge through providing the much needed skills which in turns enhances performance of public service.

Staff development had a significant and positive effect on the performance of public service. The result shows that for every unit increase in staff development, performance of public service increases by 23.1%.These results indicate that the career development was effective in influencing performance of public service in Kenya. This has an implication that the organization that engages its employees in works related learning, professional courses and seminars stand the chance of minimizing the cases of level of complains of public services and increasing efficiency in service delivery. Commitment towards the organization is degraded if there is a perception of under handed methods in promotion activities. By investing in their human resources, organizations are not necessarily motivated by the humanitarian objective of maximizing employee welfare or happiness, but rather they do so as a means to increase their productivity, to become more adaptable to emerging opportunities in the market place or to enhance their reputation with key stakeholders

5. CONCLUSION

Operational restructuring strategy

Regarding Operational restructuring strategy, the study confirms that operational restructuring strategy affect performance of public service in Kenya given by multiple linear regression model which revealed that operational restructuring strategy is significantly and positively affect performance of public service and thus for every unit increase in operational restructuring strategy performance of public service increases by 54.5%.Therefore, beyond cost reductions and productivity improvements, operation restructuring potentially and fundamentally enhances revenue channels. This effort reduces costs, enables the institution to recapitalize by itself and ensures that capital of existing shareholders is noted.

Leadership restructuring strategy

The study established that leadership Styles had a significant and positive effect on the performance of public service in Kenya. This indicates that leadership styles were effective in influencing performance of public service in the country. This has an implication that the leaders of an organization that encourages governance reforms as well as change in leadership style i.e. transformational leadership, transactional leadership as well as values based stand the chance of enhancing efficiency in service delivery as well as minimizing level of complains of public services. The role of the leader has become vital, especially in the public sector that is constantly changing. Therefore, the effect of leaders" influence on the performance of Public Service cannot be under estimated.

Process restructuring strategy

The study established that process restructuring strategy had significant and a positive effect on the performance of public service in Kenya. This implies that adoption of process restructuring operations provides a competitive advantage in organization by ensuring effectiveness and cost-cutting initiatives. In the organization process restructuring can create a competitive edge through providing the much needed skills which in turns enhances performance of public service.

Staff development

The study established that career development had significant and a positive effect on the performance of public service in Kenya. These results indicate that the career development was effective in influencing performance of public service in Kenya. This has an implication that the organization that engages its employees in works related learning, professional courses and seminars stand the chance of minimizing the cases of level of complains of public services and increasing efficiency in service delivery. Commitment towards the organization is degraded if there is a perception of under handed methods in promotion activities. By investing in their human resources, organizations are not necessarily motivated by the humanitarian objective of maximizing employee welfare or happiness, but rather they do so as a means to increase their productivity, to become more adaptable to emerging opportunities in the market place or to enhance their reputation with key stakeholders.

Recommendations

The study highly recommends that the Directorate of Public Service Management should pay more attention to all the above recommendations in order to remain relevant and competitive in service delivery.

Operational restructuring strategy

The study recommends that any proposed changes to the structure of Directorate of Public Service Management through operational restructuring should be costed not only for approval by senior management but also to determine the operational costs accruing. The implementation which is part of the operational costs also has to be projected and a new grade and pay structure developed, although this can easily result in an increase to the payroll. The study also recommends that in order to mitigate moral hazards, senior managers should assist functional managers to carry out operational restructuring through instilling culture of change within the Directorate of Public Service Management and propagating it to be adopted.

Leadership restructuring strategy

The study established that leadership styles influence performance of public service and it is recommended that the company leadership should have strong leadership skills through continuance learning of new methods and to keep up with the changes in the environment in order to ensure commitment of the employees. The leaders should display a consultative and participative leadership style which entails treating all employees with respect, trusting them to do their work, listening to the opinions of the employees, and encouraging employees to learn from their mistakes through training and by guiding them in the right direction. It is therefore recommended that the leadership explicitly communicate the goals, vision and future direction of the company to the employees.

Process restructuring strategy

The study further recommends that Directorate of Public Service Management should ensure new service introduction, reduction of costs and improved innovation process to enhance performance of the of public service. This will help the tap into clients' needs so well that new services generate their own source of reputation momentum. The study finally also recommends that the Public Service Management also should ensure that they adapt the new technology in order to cope with the fast changing technology. Technology innovation encourages ease of flow of information and fast delivery to the intended persons.

Staff development

Staff development was found in this study to be one of driving force of the performance of public service. It is thus essential that the Directorate of Public Service Management provide all the employees with equal opportunity to grow and develop as equal opportunities will give the employees stimulated and ensure that they have something to strive for. It is also recommended that the Directorate of Public Service Management invest in their human capital through constant training and development, since this will empower employees and enhance their sense of attachment to the business.

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