

**TITLE: MANAGEMENT OF RETRENCHMENT IN
KENYAN PUBLIC UNIVERSITIES**

BY

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ABSTRACT.

The Management of Retrenchment in Kenyan Public Universities is an investigation of the application of retrenchment as a cost reduction measure, how it should be managed, ways of making it effective and what not to do. Since the World Bank sponsored Structural Adjustment Programmes were taken up in the education sub-sector, it became apparent that the Kenyan public universities will have to operate income/profit generating projects, introduce cost-sharing and shed off excess staff.

To help in meeting the latter, the study attempts a survey of the current situation in Kenyan public universities and that of the British universities, particularly the University of Salford, during the 1981 -1984 financial reduction period, in an effort to draw out useful lessons and policy recommendations that can be useful to the Kenyan institutions.

It is opinionated herein that there is no one best way of introducing and managing change and that the leadership capabilities of those charged with its management are an important factor. Each organisation requires specific treatment and implementation model(s) for the realisation of the desired objectives.

In its conclusion, the study suggests that there is need for the reduction of unit cost in Kenyan public universities, the manipulative/variable applicability of the compensation policy, across the board reductions, improvement in conditions pertaining to staff morale and commitment. It suggests further that the universities should be turned around into learning organisations coupled with the introduction of HRM as an important factor in providing the environment enabling managers to think strategically.

CHAPTER ONE

GENERAL INTRODUCTION.

1.1 BACKGROUND.

The structural adjustment programmes (SAP's) advocated in Kenya by the World Bank and the International Monetary Fund (IMF) have not only been felt in the private sector in the form of liberalisation but also in the public sector in the form of privatisation. Along with these, the public universities have received a similar dose through an enhanced programme that is aimed at not only impacting upon the quality, efficiency and effectiveness of their programmes by provision of training opportunities to both academic and non-academic staff and provision of equipment but which also requires that the institutions of higher learning should :-

- operate income/profit generating projects,
- introduce cost-sharing in higher education, and
- shed off excess staff among the non-teaching cadre.

The argument is that the leaner the institutions become the fitter they should be. This is a turnaround strategy that aims at cost cutting and short-term results while protecting the long-term competencies.

1.2 STUDY OBJECTIVES.

The objective of this study will be the management of retrenchment/downsizing process as a cost reduction measure. The study will seek to cover a range of areas that should ultimately project on the all round picture of retrenchment practice. This will include :

- a broad perspective of the management of retrenchment,

- the experience of the University of Salford in the management of change and its efforts at continuity in the face of a reduced budget.
- to outline the situation in Kenyan public universities and the environment that has necessitated retrenchment.
- to give suggested recommendations for Kenyan public universities arising from the experience of British universities.

1.3 METHODOLOGY.

Due to time constraint the materials used in this study are mainly through library research in the form of books, journals and other relevant publications. Useful knowledge was also drawn from interviews with two senior managers at the universities of Salford and Manchester Metropolitan. Personal experience drawn from working in public universities in Kenya for fifteen years was also an invaluable asset.

1.4 SCOPE : A LOOK INSIDE .

Chapter one spells out the objectives of the study and lays out the structure, methodology and acknowledges the limitations of the study.

Chapter two comprises the literature review and gives the theoretical background and understanding of retrenchment practices in organisations. Reasons for retrenchment, good practice and poor practice are suggested. A brief discussion of voluntary redundancy is attempted.

Chapter three indicates the situation in which Kenyan public universities operate, outlines internal pressures, mission and objectives in a changing environment and the need for strategic planning.

Chapter four draws upon the experience of the British situation in general and the University of Salford in particular as it responded to reduced funding. It covers the issue of the management of change as an important aspect of retrenchment.

Chapter five seeks to draw out the lessons that can be borrowed by the Kenyan public universities from the British counterparts and also suggest policy recommendations that could contribute towards the attainment of organisational goals and a pointer to the future.

1.5 LIMITATIONS.

Most of the studies that have been undertaken on downsizing are in the private sector where the organisations are profit driven. Cost cutting and rationalisation are done for their survival in the competitive environment as opposed to the public institutions whose budgets are determined by Government financial resources. Services of such organisations are usually of a social nature that do not focus on profitability. Downsizing in public universities has not been heard of in Kenya before and therefore this study will draw heavily on the experience of both the private sector and British universities' experiences.

1.6 CONCLUSION .

This study is not exhaustive in any way but just a timely chip that forms part of a larger jigsaw that constitute the path for Kenyan public universities in their effort to cope with Structural Adjustment Programmes in the form of retrenchment, cost-sharing and a general reorientation of higher education's role in national development.

CHAPTER TWO .

LITERATURE REVIEW.

2.1 INTRODUCTION.

Retrenchment, downsizing, restructuring and other terms have been used in the literature interchangeably to describe the process that involves the reduction of staff numbers arising from a multiplicity of factors that range from industry decline, reduction in funding to poor practice in terms of Human Resource (HR) policies.

Kenyan public universities are faced with both a reduction in funding from the Government and poor human resource planning practices at a time of increasing need for higher education. It is therefore important to note from the outset that the decision to retrench affects only the non-teaching/support staff whose functions in the professional bureaucracy are peripheral. But as Mintzberg (1996) observed :-

" because the professionals work so independently, the size of operating units can be very large, and few first line managers are needed. The support staff is typically very large too, in order to back up the high-priced professionals ".

The World Bank (1988), in its support for this view observes that large numbers are characteristic of university organisations. It is the quest to maintain the balance between the large numbers of support staff that Mintzberg sees as necessary and the reduction in funding by the Government that the Kenyan public universities are grappling with.

2.2 DEFINITIONS.

According to the report of the Commission for Higher Education (CHE) sub-committee on retrenchment in Kenyan public universities (1995), retrenchment is seen as being concerned with:-

" the identification of the numbers to be retrenched from the non-teaching departments for grades I - IV and A - F as the bulk of these are surplus over and above the ideal establishment based on non-teaching to teaching staff ratios ".

According to the Employment Protection Act, (1978) U.K redundancy is defined as a situation that arises from either of the following conditions :-

“(a) the fact that his employer has ceased to carry on the business for the purposes of which the employee was employed by him , or has ceased to or intends to cease to carry on that business in the plant when the employee was employed, or (b) the fact that the requirements of the business for the employee to carry out more of a particular kind in the place where he was so employed , have ceased or diminished or are expected to cease or diminish ".

Salamon (1992) states that the term redundancy should be applied to :-

"any situation where changes in the organisation's economic, operational or technological position results in a reduced labour level , irrespective of whether the reduction is achieved through compulsory dismissals , involuntary severance , 'natural wastage', or employee transfers or whether it involves the lose of only a single job or a more significant reduction in part or in all of the workforce".

Lewis (1993), is categorical that neither law nor practice has defined the term Voluntary Redundancy (VR) precisely. He argues that in both areas redundancy is defined as :-

"a situation in which an employer dismisses employees because he or she requires few of them".

The reason for this can be a desire to reduce unit cost by a decrease in staffing. He defines VR as :-

"an agreement by both parties that is promissory in nature and in which the employer offers Redundancy Payment (RP) and the employee accepts it on grounds of redundancy".

Although downsizing has been defined in the same vein as redundancy, Train (1991), has looked at it not as a case of staff reductions but as that of restoring financial health. He argued that the real issues of downsizing are how it should be done and not whether it should be done at all.

Retrenchment thus defined is not a phenomenon that afflicts all organisations during their various stages of growth and which all must undergo, but rather a condition that hinges on various factors that are both internal and external to each organisation and vary in breadth and depth.

2.3 CONDITIONS LEADING TO RETRENCHMENT .

Organisations exist in an ever changing environment which, among other things is a catalyst to retrenchment/downsizing. According to Hitt et al (1994) an increasingly pervasive response to this experience (of change) is to engage in some form of downsizing. They reckon that in 1993 (in U.S.A alone) more than 615,000 workers were laid off, and the trend continued at the rate of 3,100 layoffs per day in 1994 . This, they argue was necessitated by a real or perceived internal or external threat - a performance decline, for example or a potential take-over. Usually the retrenchment actions are designed to improve efficiency, increase

productivity, reduce costs, or strengthen the organisation in one way or another.

Salamon (1992) has suggested the following as reasons that cause redundancy :

- "- Structural decline of the industry within which the organisation is based,
- Decrease in the level of economic activity resulting in declining sales and over capacity,
- Introduction of technological change within the organisation itself, such as computer-based processes, which not only results in a requirement for less labour to produce a given level of output but which is also often associated with a change in the level or type of skills required amongst the employees,
- Reorganisation of the work situation to obtain a more efficient use of existing plant and machinery and reduce costs".

He is quick to add that these reasons are not exhaustive and in no way applicable to all organisations uniformly. Many organisations are bound to have organisation-specific reasons propelling them towards downsizing. Applebaum et al (1987), established similar reasons as being responsible for need to downsize. Their addition was :-

"acquisition and mergers , leading to reduced personnel needs".

Goh (1986), in her MSc dissertation work found that reasons for redundancy in order of importance were :-

- Declining orders (48%)
- Restructuring organisations (21%)
- Departmental closures (15%)
- Automation / new technology (5%)
- End of contract (4%)
- Others (7%)

To all these reasons should be added the organisation-specific reasons that afflict the Kenyan public universities namely :-

- Reduced Government funding in the face of national institutional expansion,
- Lack of systematic/integrated human resource planning.

2.4 RETRENCHMENT IN CONTEXT.

2.4.1 THE ABC OF RETRENCHMENT .

Retrenchment can be very expensive in financial terms although the expected long term benefits are often well worth the costs. This means that there should be developed a retrenchment programme that meets the organisational mission and strategy.

Since no two organisations are the same both in their individual characteristics and in their stages of development, there is need to develop specific retrenchment procedures for each which should be operationalised within the broad guidelines usually approved by top management / management organ.

Nienstedt (1987) has suggested five stages of identifying excess positions in an organisations to enable effective retrenchment :-

- Make an overall assessment of the current structure,
- Collect whatever data that is necessary,
- Determine the optimal organisation structure,
- Ask the right questions, and
- Determine which specific positions are unnecessary.

2.4.1.1 Successful Retrenchment Procedures

Applebaum et al (1987), have suggested ten steps to be taken either in varying combinations or entirely in order to make retrenchment a success:-

i) Develop a plan and manage it :

Successful retrenchment can be dependent on the formulation and management of a well co-ordinated plan which focuses on the following:-

- the degree of severity of the excess positions;
- what skills will be shaded,
- the political mode in the organisation.

This in effect means that the managers involved in retrenchment should be capable of doing an organisational evaluation and audit and should have the ability and resolve in taking difficult decisions.

ii) Define the future organisation :

This entails defining the future positions that will be needed in the organisation through proactive planning and being able to implement those plans without succumbing too easily to either political/external or other/internal pressures.

iii) Defining the affected groups :

The groups of the affected staff should be analysed in terms of their skills and qualifications vis-à-vis those to be required in the near and far future.

iv) Identifying those who will need placement :

If a department is to be reduced those with the least seniority become surplus but those with 'critical skills' should be protected. Many times the last-in-first-out (LIFO) strategy is used in work situations where special skills are not crucial. Professionals therefore rarely fall in this category.

v) Plan for staffing the future organisation :

An overall plan for the staffing requirements of the future organisation is important by doing a demand and supply forecasting.

vi) Create placement opportunities :

This can be either or both of two ways : internal and/or external. Internal strategies include offers for early retirement incentives, terminating 'documented poor performers', anticipatory 'banking' of jobs , informing employees affected of openings at other locations, and providing incentives for voluntary separations. External strategies include seeking outplacement opportunities at other organisations.

vii) Keep communication open :

Those charged with the responsibility of implementing the process must keep in close touch with the employees and conduct workshops and offer support.

viii) Allow reasonable time :

For employees to find work elsewhere so that there is a smoothness in the process. The grapevine has described this as sending people to hell with a smile.

ix) Termination or lay-off if necessary :

There are times when the more painless internal strategies do not realise the targets set and managers then have to do the most dreaded of retrenchment tasks i.e. identifying those to be terminated and laid off involuntarily.

x) Provide for a healthy leaner organisation :

For better results , retain good employees and offer them recognition and career planning.

These ten steps are implemented using a downsizing model (approved by the organisation) which identifies the stages to be followed during the retrenchment process and a sample of which is provided below:-

Figure I.

Downsizing Model

- Problem recognition and initial decision
 - Strategic planning
 - Consideration of alternatives
 - Preparatory actions
 - Specific action plans
 - Downsizing programme components
 - Communication / Implementation
 - Helping displaced employees
 - Follow-up and rebuilding
-

Source: Applebaum et al (1987).

Although this model was developed for profit organisations, it can be used for public service organisations involved in turnaround strategies.

In comparison to the above Hitt et al (1994), have also provided a listing of effective downsizing practices :-

Figure II

EFFECTIVE DOWNSIZING PRACTICES

- Reduce the number of layers / levels rather than the number of individual positions .
 - Consider the interdependent relationships in the organisation before cutting particular positions. After making the reductions, possibly restructure the organisation .
 - Rightsize, rather than focus on how much to cut, seek the appropriate size. These should be a continuous process and not a one-off activity.
 - Identify, protect ,and mentor individuals with strong management /leadership talent in the organisation
 - Protect and promote the educational programmes in the organisation.
 - Emphasis should be laid on strategic leadership
 - Decentralise the organisation, empower key individuals and ensure their maximum operating and strategic flexibility.
 - Emphasise team over individual effort and team building among the remaining units .
 - Identify and protect competencies.
 - Continue to hire, grow, and develop, particularly in critical or priority areas.
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Source : Hitt et al. (1994).

Downsizing is not a cherished event in many organisations and the tactics of those responsible are so important to the success of the whole process that in most cases very senior officers are put in charge. The problems arising from lack of attention to the non-leaving staff have often been the cause of unfruitful results. But at times such unexpected outcomes are basically due to the use of ineffective downsizing practices by those in charge. Hitt et al have also provided insight in this area as shown in Figure III.

Figure III

- **INEFFECTIVE DOWNSIZING PRACTICES.**
- Implement voluntary early retirement programmes.
- Make across-the-board layoffs.
- Eliminate training and development programmes.
- Make deep (too deep) reductions of personnel.
- Place survivors in challenging jobs for which they have insufficient skills and expect them to 'learn from experience'.
- Emphasise employee accountability in place of employee involvement.
- Expect survivors to 'row harder'.
- Implement layoffs slowly in phases over time.
- Promise high monetary rewards rather than careers.

Source: Hitt et al (1994)

The use of voluntary early retirement may result in the exit from the organisation of those members of staff that the organisation may need most. This creates the problem of leaving poorer performers who find it difficult to obtain jobs elsewhere, leading to reduction in efficiency, effectiveness and the overall failure of achieving the expected outcomes of retrenchment. To avoid this the employees that should be targeted are those working in those departments that are a drain on the resources of the organisation.

To retrench on across-the-board basis is like making a cover up for poor performers at the expense of the organisations survival and managers may resist this in favour of a targeted retrenchment scheme. In public organisations, the training and development vote is the least catered for and the survivors normally do not receive the much needed enskiing in order to enable them perform well in their new roles.

Cutting too deep is dangerous and breeds situations that are stressful to the survivors. This should be avoided by striking the right balance between those remaining and the expected workload. The use of ratios in obtaining the right balance is important. The other danger is that they may not know how to tackle their new jobs and by the time they have gained on the job experience the cost of errors may be too great to warrant any repairs at all. An over zealous retrenchment may breed its own failures.

As mentioned earlier retrenchment is a process of change and would require the participation of all those involved being emphasised as opposed to emphasis on holding people accountable for duties they have not mastered. This would be expecting too much too soon and becomes easily comparable to the management by stress and blame associated with the Japanese work practices.

When those involved participate in the change process the likelihood that the managers will be in control of the situation is high making it possible to take a shorter time as opposed to making it a phased process. The latter situation causes confusion and does not provide for the required cutting edge by the remaining employees in terms of

establishing the confidence of performing in their new roles. Such are the reasons for lack of success among retrenching organisations. The former situation creates commitment because the employees are part of the process and therefore can positively wish to remain members of an organisation they have a strong belief in, accept its values and goals and have a readiness to exert considerable effort for.

2.4.1.2. ARGUMENTS AGAINST RETRENCHMENT.

Layoffs can offer "a quick fix" to an organisations financial problems and both Borough's (1992), and Hendrick's (1992), works argue that they enable companies to eliminate deadwood employees, streamline operations, decrease labour costs and enhance efficiency. Although this seems to be clearly possible, De Meuse et al. (1994), have given a collection of other commentators reasons for opposing retrenchment.

Arguments Opposed to Retrenchment.

- Fails to significantly improve corporate performance.
- Lower product quality and productivity because employees feel betrayed, angry, frightened and confused.
- Decreases productivity and slows dividend growth.
- Drops stock price due to perception company is in financial trouble.
- Lowers morale and job satisfaction resulting in higher tardiness, absenteeism and turnover.
- Increases employee work load.
- Increases employee stress resulting in increased health care expenses.
- Reduces company loyalty and commitment which may lead to higher turnover and employee law suits of unjust discharge.
- Depletes employee experience and skills base in company.
- Necessitates outplacement costs and severance pay agreements.

- Strains labour/union relations due to mistrust, paranoia and miscommunication.
- Strains community relations due to negative publicity.
- Overall costs outweigh benefits.

2.4.1.3. LEAST-COST ALTERNATIVES TO LAYOFFS.

Instead of resorting to the "quick fix" strategy, Perry (1986), has suggested alternative strategies such as :-

a) Survival Strategies:

Usually implemented when industry decline is widespread and demand and supply market forces are expected to resolve themselves. They include job sharing, leave of absence, work sharing, less paid time off, pay cuts and performance-based pay.

b) Divestiture/Disinvestment Strategies:

Usually implemented due to pervasive industry decline which is expected to last indefinitely. Actions will include acquisitions, and mergers.

c) Realignment Strategies:

These would normally include intrafirm (within industry) transfers, survival alternatives (job sharing, leave of absence and attrition), early retirement incentives, early retirement incentives and rehiring selected retirees as consultants, and resignations and rehiring selected persons as part-time consultants.

d) Maintenance Strategies.

These are usually implemented when it is believed that the situation afflicting the industry is cyclic in nature and therefore recovery is expected within a short time.

2.5 THE VR DANCE

Most organisations, (conditions allowing) would rather go for the Voluntary Redundancy option that in many ways swings the balance in favour of management. In assessing the usefulness of this option, Lewis (1993), contends that it provides both the motivational factors and the facilitating factors. The latter are those that make the circumstances of the use of VR most effective while the former are those that help the employers meet their objectives operationally and legally.

Included in the motivational factors that Lewis considered are:-

a) Cost-effectiveness :

As judged relative to compulsory redundancy because it negates the need for industrial action and maintains corporate image that could have otherwise been damaged by use of compulsion.

b) Reduced union opposition :

Three reasons are responsible for this:-

- division in union membership between those wishing to accept the terms offered under VR and those wishing to protect jobs.
- individualised decision making as opposed to collective decision making enabling management to control conflict by fragmenting it thus reducing the influence of the union.
- solves the problems associated with compulsion and perceived or objective unfairness as it allows for self-selection so that no union member is forced to leave or treated unfairly.

c) Increased managerial control:

Several ways have been suggested :-

- by asking the union to select those to be retrenched which at times results in criticisms of the union by members whose redundancy is delayed or prevented.

- by encouraging direct communication with employees which allows management to be more concise in dealing with employees by way of justifying the redundancies.
- by controlling the effect on the total number of those leaving while simultaneously reducing the scope of opposition.
- by quickening the process and avoiding negotiation with the union(s).

d) Organisational change :

Another plus for VR is that it enables in changing the whole organisation and presents an opportunity to rejuvenate the organisation by reducing the average age of its (VR) workforce and opening up promotion possibilities. Such change is achieved if management can direct its use by determining the individuals to leave and the restructuring component. Management can also use change in increasing its control over staffing, work practices, pay and productivity.

Lewis has identified the following as the facilitating factors :-

a) Availability of sufficient finance :

In all redundancy cases the RP is calculated as stipulated by law. For VR to be successful or attractive, funds have to be made available over and above this legal requirement

b) Workforce characteristics :

The factors under consideration here are age structure, employment duration patterns and earnings levels. A combination of these factors may determine the size of RP's available. An age structure centred around early retirement age category means more people may opt for a good financial deal while an old stable workforce with long employment duration also means huge RP's. This also applies to earnings levels.

c) Absence of union opposition to control :

As noted earlier a unified and disciplined union may present problems for a VR scheme as opposed to a situation where union opposition is minimal. At times the VR initiative can originate from the union with realistic and/or democratic motives as levers. The realistic motive presupposes the avoidance of compulsion and protection of members by negotiating good deals while the democratic motive emphasises the wishes of members.

d) Availability of work for stayers :

VR is usually considered as a slimming exercise of a continuing operation in order to increase productivity and reduce unit cost and that work will be available to stayers.

2.6. AVOIDING THE PITFALLS .

Four factors were identified by Lewis as being vital in avoiding drawbacks when operationalising a VR scheme :-

a) Selection :

How does management control selection of leavers under VR. In determining who leaves management may exclude certain categories of staff (e.g. those with key skills and experience) while targeting others (e.g. those with poor health and poor disciplinary record). Even when the volunteer pool is known, management may wish to retain the right of veto for any individual case.

b) Information :

Employees need accurate and detailed information in order to make an informed choice and it is management's responsibility that such

information is available to them. Although financial information will be given, management avoids advising them on what choice to make.

c) Timing of departures :

Management can either hasten or delay departures. A belief by workers that the financial package may be on for a limited period or that insufficient take-up will result in compulsion may hasten departures.

Other factors influencing departures include :-

- management's desecration
- reduction of extra-statutory RP after a certain duration
- fixed time period or continuous process.

d) The level of finance :

The problem here is finding the right balance between too much and too little money. British Telecom's Release 92 Scheme had the experience of offering a lucrative package and spending about £2 billion to retrench 29,000 employees instead of the initial target of 20,000 (Lewis 1993).

Lewis has also provided a model of the factors influencing the supply of volunteers which is categorised into management factors, union factors and individual choice factors (as in appendix 1).

2.7 CONCLUSION.

Any organisation implementing a retrenchment programme should therefore take all the precautions in order that it should be able to meet its desired objectives while effecting least disruptions in its level of performance both in product quality and/or service delivery. The managers responsible for the entire exercise are the most critical because they hold the key to its success or failure depending on their degree of flexibility. In most cases the 'tough-love' approach proved to be the

most appropriate. It is evident from the literature review that the changing environment within which organisations exist demands an approach that responds to prevailing circumstances. The realisation that a contingent approach is of increasing importance in practice helps in the ability to choose the right mix for a balanced retrenchment programme.

CHAPTER THREE

KENYAN PUBLIC UNIVERSITIES' SITUATION.

3.1 INTRODUCTION.

To understand the need for retrenchment in Kenyan public universities it is vital to comprehend the fact that it is not an isolated policy only affecting the education sub-sector but rather a component of an integrated Structural Adjustment Programme implemented throughout the entire economy as spearheaded by the World Bank and the International Monetary Fund.

Education's contribution in bringing about the SAP's was the implementation of the double intake in 1985 when an unprecedented 10,000 students were admitted into public universities up from a mere 4,000. Auma-Kapere (1994), observes that the strain placed on government resources was quite substantial and the government was caught up in a three dimension web reflecting political, economic and social interests. The move by the donor community (WB & IMF) was to put a lid on future student numbers admissible to only 10,000 for the next four to five years starting 1991 (Barber 1991), and also demand far reaching adjustments on the entire university system among them retrenchment, cost-sharing and income/profit generation projects.

The situation on retrenchment in universities is echoed in the civil service where the World Bank (1992), has observed that:-

"even if there was a one-time cut in the wage bill by the elimination of the excess workers, other steps would have to be taken to prevent the wage bill from growing . . . Merit increases (and promotions)

would need to be granted more selectively on the basis of performance. Vacancies would have to be frozen and eliminated except in areas which are critical to the proper functioning of the *universities*, and an effective system would be required for more effective establishment control. Independent of these developments, streamlining the functions and organisational structure of *universities* would create redundancies in some parts of the structure and entail retrenchment of workers".

3.2 INCREASED DEMAND FOR UNIVERSITY EDUCATION .

Whether the savings obtained from the retrenchment of several hundred staff will cater significantly for the increasing demand for university education is not an issue of consideration at all as it is negligible. What is hoped is that it is an initial step in the right direction. The numbers indicating increased demand were so great that the increase was almost at 7,500 per cent between independence in 1963 and 1991 as the figures below show :-

TABLE I.
STUDENT ENROLMENT AT THREE LEVELS

YEAR	PRIMARY	SECONDARY	UNIVERSITY
1963	891,553	301,553	565
1991	5,455,996	614,161	39,431

Source : Adopted from Auma-Kapere (1994).

Although it is an acknowledged fact that these numbers will be necessary for the country's development (if properly co-ordinated with the national manpower needs) the World Bank's strategy of keeping the enrolment constant can only be seen as the containment of unit cost. As properly articulated in the World Bank Policy study (1988), this is an adjustment strategy and the goal here is to reduce the economic costs

per student, or per completed cycle, at each level and not necessarily to reduce the total aggregate expenditure at any level.

3.3 STAFFING LEVELS.

The World Bank (1988), has recognised the fact that staffing in African universities is generous by comparison with the industrial countries. The large numbers of non-academic staff mostly operate municipal and student welfare services and to generally care for the campus. An example of Ghana shows that non-teaching staff in the three universities outnumber students and the ratio of non-teaching to teaching staff is 14 to 1. Guards, grounds crew and maintenance personnel numbered 902 in one of Ghanaian universities against 166 in a British university. A Nigerian example shows 52,000 staff for a student population of 77,000.

In Kenya by comparison, the CHE Sub-committee report (1995), showed that the size of non-teaching staff in the public universities was 14,231. The ideal number recommended by the World Bank and based on teaching staff to non-teaching staff ratio of 1 to 3 is 10,664. There is therefore over-staffing by some 3,567 employees who are being considered for retrenchment as shown below :-

TABLE II.

Non-teaching staff 'in-post' compared with 'ideal-establishment' in public

Universities as of April, 1995.

Department	In-post	Ideal	Difference (surplus +/deficit -)
1. Catering	2290	1716	+ 574
2. Accommodation	1450	1086	+ 364
3. Administration	5625	4215	+1410
4. Finance/Audit	692	519	+ 173
5. Estates/Housing	955	716	+ 239
6. Library	655	491	+ 164
7. Bookshop	125	94	+ 31
8. Games	188	141	+ 47
9. Health	445	333	+ 112
10. Technicians	1072	803	+ 269
11. Farm	734	550	+ 184

Source : CHE 1995

The table shows that all departments are over-staffed making it inappropriate to consider the redeployment option to retrenchment as an immediate course of action. What may be necessary and has become recognised in many retrenchment programmes is retraining of staff. But since the universities are seeking increased efficiency and reduced unit cost they would need to reduce the ratio of non-academic support staff to academic staff (and students) perhaps in part by using student labour in campus jobs and introducing new forms of working techniques such as teamworking.

Retrenchment for all the above numbers means a budgetary outlay that is geared to achieving it at once as opposed to the phased strategy. CHE (1995), estimates that approximately £10,208,912 or Ksh. 867,757,520 (at the exchange rate of £1=Ksh. 85) will be required for this exercise. A cost-benefit analysis should be done in all retrenchment

strategies to determine whether it will be economical to retrench or accommodate the financial implications of an option. It should be emphasised that while retrenchment tends to have a beneficial effect on the budget, cumulative budgetary savings can take a number of years to exceed initial costs (World Bank 1992). Lewis (1993), observes that:-

"employers may be able to take a cost-benefit approach to different forms of adjustment. For example, the cost of lay-offs and/or short-time working (such as those deriving from any contractual and/or statutory liabilities) can be set against the earnings which accrue, and the outcome may be compared with that produced from a similar exercise applied to other forms of adjustment".

3.4 MISSION AND OBJECTIVES.

According to Hitt et al (1994), organisations face a difficult situation of strategy and change because the latter implies stability and the former implies turbulence yet the two must be seen to co-exist and determine the kind of organisation that should emerge at the 'end' of every stage of change. They observe that:-

"the primary difficulty in both planning and executing a well orchestrated process of reconfiguration in any organisation is the paradox managers face ..., they must confront real time change occurring at an increasing pace and continually formulate and reformulate a vision for both the near and the far terms that ensures necessary linkages among the vision, mission and operations".

Whether the public universities will adapt their missions to the changing environment is an issue that requires urgent attention in order to refocus and utilise their strengths to meet the changing times. The requirement that there be cost-sharing, profit generation and staff reductions only means that new forms of accountabilities are being introduced which will

in the near future determine the direction the universities will take. According to CHE (1995), the general goals of the Kenyan public universities are :

" (a) production of high level manpower through teaching and learning , (b) carry out research for development and application of new knowledge for the benefit of the society at large , (c) to provide consultancies and other community-oriented services to the public , among others. But as we approach the close of the decade the shift is likely to be the provision of technical skills that will help meet the high level manpower requirements of the economy which should be reflected in the goals".

Auma-Kapere (1994), expressed similar views as those advocated by the government in the Sessional Paper No. 6 of 1986 on Education and Manpower Training for the Next Decade and Beyond by acknowledging that university education is the apex of formal education system aimed at educating high level manpower required by the country. The 1986 Paper further states that universities are also charged to teach, undertake research, develop and advance knowledge, store and disseminate such knowledge. Their programmes are thus expected to respond to the demands of national development and emerging needs and to provide solutions to problems facing society.

The specific objectives of university education are :-

- a) to develop, advance, preserve and disseminate knowledge and to stimulate intellectual life.
- b) to train and prepare high level manpower needed for development
- c) to provide, through research and consultancy, knowledge, skills and services to the society
- d) to promote cultural development at the highest ideals and values of

society; and

e) to facilitate the attainment of government's planned higher education objectives.

The important issues that the universities will have to address urgently are the refocusing of their mission for their own survival and utilisation of change agents in the best way possible so that they can achieve the balance that is necessary in ensuring a smooth functioning of the internal processes against the expectations of the stakeholders it serves. This can only be executed effectively if the universities have adequate resources that are allocated to the best advantage towards meeting the mission. The imbalance of spending a large portion of the budget on personal emoluments and particularly to staff whose activities do not contribute directly to the attainment of the universities broad objectives has been recognised and hence the need for retrenchment in the short run.

The usefulness of having a clear and well understood mission is so that organisations are able to look to the future during retrenchment and translate the process into rightsizing which is:-

" an integrated, internally consistent and externally legitimated configuration of organisational processes, products and people based on (a) a shared vision of the future of the organisation and (b) a clearly articulated mission and strategy supported by management, well understood by members of the organisation and in which members have a sense of 'ownership'" (Hitt et al 1994).

For the universities to realise their objectives in such changing environment, there is need that the development of highly adaptive workforce be undertaken during and after the retrenchment process. This should enable them not only to manage efficiently, effectively, improve educational quality and financial savings through cost reduction and

containment but also have the ability to suggest the direction of change relative to the economic and industrial requirements vis-à-vis the economic programmes that form the basis of their missions. As things stand now, Auma-Kapere observes that :-

"there is a danger that African universities will reinvent the wheel several times over unless they seek better methods and approaches to the organisation and management of the universities through strategic planning. Moves towards the development of management information systems, business plans, cost/profit centred approach and capacity to produce performance statistics, are relevant in African universities but lacking. Unless such reforms and systems are in place, universities will not be able to respond to initiatives being introduced by governments - staff reductions, salary cuts, . . . It is thus for the institutions to build into their ways of functioning and reform strategies appropriate mechanisms to evaluate risks and deal with uncertainties".

3.5 CONCLUSION .

With the benefit of retrospect the Kenyan public universities are in a good position of utilising the best of the practices available in their quest of retrenchment . Their worst moments is the rearing ugly head of the political implications that come along with this practice . At most times it has not been easy to justify the need for retrenchment in a not-for-profit organisation .

Mills and Sahn (1995), have observed that:-

"overstaffing in the public sector, the size of the wage bill and the attendant strain that is placed on the Government's limited budgetary resources have been used as justification for reducing the number of workers employed by the state, including those working for public enterprise ... Thus, the retrenchment of civil servants and parastatal workers, as well as the revitalisation of public sector pay scales and employment policies, have become essential

components of structural adjustment programmes in Sub-saharan Africa".

The education sub-sector and particularly higher education is no exception in the implementation of SAP's whose effects on staff reductions is yet to be fully felt and analysed. At the moment it suffices to say that retrenchment, although common in the private sector where the need to remain competitive in order to survive is the driving force, its practice in the public sector, where employment is 'life-long', is unique and whose success will be a milestone in World Bank programmes particularly the education sub-sector development.

CHAPTER FOUR.

THE BRITISH EXPERIENCE.

4.1 BACKGROUND.

Although British universities have a long history to their credit this study will cover the period that relates to their experience starting about 1981 when the Government policy sought to reduce their funding levels. Shortly prior to this period the important thing to note is that higher education was characterised by rapid expansion. Between 1946 and 1980 the number of students in British universities had grown from a modest 50,000 to over 560,000 full-time students. The magnitude of the need for expansion was pointed out in the Robins report (1963) which recommended an overall expansion of student numbers from 216,000 in 1962/3 to about 390,000 in 1973/4 and 560,000 in 1980 (Walford 1987).

This situation of growth was accompanied by such complacency that by 1981 when the government reductions were brought into force the universities were stunned because the White Paper projections were not only enormous in the size of the cuts expected but also because of the speed with which they would be implemented. Most universities had in fact treated the government reduced funding warnings as a 'bad spring' instead of a change of climate. The causes of the reductions were deep rooted and necessitated changes in the policies of the Conservative government which was experiencing poor economic performance. It chose to follow an ideology where financial constraints were portrayed as the inevitable consequence of market forces and the natural outcome of a failure to 'live within our means'. In Walford's words, it soon became clear that :-

"higher education was no longer to be seen as an investment in skilled manpower or personal development but a drain on resources causing unnecessary taxation".

It was with this kind of scenario that the government announced reductions in the level of funding on two fronts :

- the progressive withdrawal of subsidy from overseas students coupled with a policy of level funding for home students, and
- the reduction of annual expenditure on home students by amounts totalling 8.5 per cent.

The National Audit Office (1985), has observed that British universities management structures mainly the Universities Grants Committee (UGC) and the Committee of Vice Chancellors and Principals (CVCP) felt that these two aspects of policy were cumulative and were likely to produce overall losses of recurrent resources in the range of at least 11 per cent in university income over the period 1981 to 1984.

The Government, through the UGC hoped that the universities would be able to consider these reductions as a group and formulate strategies that would not only cope with the server cuts but also maintain and if possible increase the quality of education in British universities. In addition to the primary purpose of cutting public spending, the government also saw the cut-backs as presenting the UGC and the universities with an opportunity to restructure and reshape the university staffing system. On its part the UGC came up with a strategy for achieving the desired outcomes via reduced student numbers both in individual areas of specialisation and in overall numbers. It is this unique

relationship between the UGC and the universities on the one hand and the internal functioning of individual universities on the other that became the crucial factor in determining the way ahead during this time of uncertainty.

4.2 1981 AND BEYOND

When the cuts came in July 1981 the UGC issued two letters to the Vice Chancellors and Principals and emphasised the predicament facing it as the lack of a:-

"single definitive solution to these problems, partly because the rate at which resources are being removed from the university system necessarily leads to disorder and diseconomy whatever path of change is followed, and partly because reductions in resources are being imposed at a time when demand for university education is still rising" (Walford 1987).

The universities naturally considered the impact these would have on their organisational structures, management style and governance, planning and resource allocation processes, teaching, research, academic activities, administrative services and related activities of the institutions individually and severally. The two letters as missionary as they were in reshaping the British university system caused disruption, damage, and brought to an end the academic careers of thousands of staff whose contributions to British national development was still much needed in the academic community. They were also to exclude, in these traumatic years, 61,000 undergraduate students from university education who would have otherwise benefited from it. Yet the letters themselves were brief, unpretentious, and unassuming, somehow an anticlimax to the psychological build-up that had preceded their publication.

4.3 THE ROLE OF THE UNIVERSITY GRANTS COMMITTEE .

As noted the bridging structure between the government and the universities was the UGC and for this reason its role was quite vital during the period of reductions and after. The UGC's involvement in the control and direction of the run-down period and the consequent restructuring started effectively in 1980. Armed with the statistical and other data supplied by Vice Chancellors and those emanating from its own sub-committees, the UGC provided advice to the universities on the areas that should receive priority (NAO 1985).

On the whole it left it to the individual institutions to decide where to make the required financial savings and the consequential reductions in staff. There was no requirement that universities draw up and submit formal academic plans showing how they intended to cope with such reductions neither did it produce blueprint or written fast and hard rules of staff reductions against which to assess progress and monitor claims for redundancy compensation.

According to the UGC such action would have been outside its constitutional position and that it lacked the necessary resources and expertise to scrutinise and evaluate universities plans or even to device its own. But knowing the delicate nature of the situation, the UGC kept in constant touch with the universities on the implementation of all arrangements in respect to the reductions.

As noted earlier it issued letters advising on eligibility and implementation. It monitored returns from each university showing for each subject group the actual and expected staff reductions. But the lack of initial plans against which actions could be measured meant that the

UGC was unable to systematically compare and analyse outrun against forecasts.

The UGC's approach was prioritised so that it was possible to ensure that activities and commitments were reduced so that target reductions in expenditure could be achieved in the limited time allowed. In its view, the task of guiding the reductions in funding was seen as essentially one of damage limitation rather than a positive opportunity to reshape the system. It was thus caught up in a situation of matching government expectations against its self-belief on the one hand and the universities' view of its ability to deal with the situation on the other. In the words of the then Vice Chancellor of the University of Salford who has

"persuasively argued the necessary difference that there should be in committees that advise and committees that administer, . . . whereas in the past it was expedient to have a UGC which acted as an advisory committee to government, the cuts of 1981 had forced it to behave as an administrative committee. Administrative committees need to be representative of those being administered and should consist of accountable persons or bodies, in a way that was neither necessary nor desirable for an advisory committee. Clearly the UGC was not a representative or an accountable committee, yet it fell to their lot that they should act to administer these costs. It was better that academics themselves administer the cuts than let outsiders control and change the delicate communities that constitute universities" (Walford 1987).

It should not however be lost that the composition of the UGC played a big role in the actual allocations for these 'outsiders' maintained an impartial stance. In fact one of the reasons that the University of Salford was able to consolidate its internal strengths is for the fact that the Vice Chancellor, in his newness, was considered by many members of staff to be impartial - not having had the time to be influenced by certain

coalitions or departmental biases. It was on this basis that the UGC's responsibilities of managing the situation in the universities was to find ways of allocating funds to individual universities to reflect parity and objectivity. In reality the UGC had no clear cut way of allocating the funds and to understand the implications of this it is imperative that we look at the implications of the allocations in terms of the downsizing schemes at the University of Salford.

4.4 THE CASE OF THE UNIVERSITY OF SALFORD .

From Bosworth's (1984), account it is evident that although the UGC had been asked by the secretary of state to make its financial reduction recommendations of about 8 per cent, its recommendations actually ranged from 5 per cent to more than 40 per cent with the University of Salford uniquely marked out at 44 per cent - 10 per cent greater than that suffered by any other institution. The university's annual deficits were as follows :-

TABLE III.

YEAR	£
1981/82	2.06 million
1982/83	4.55 million
1983/84	6.35 million

Source: Adopted from Bosworth, 1984

The damage caused by such deficits was such that it made it mandatory for quick decisions to be made about the relative worth of activities that had previously been funded. The university took immediate steps to make savings of £ 1.2 million on recurrent expenditure in the first year leaving £800,000 to be met from elsewhere. But the targeted areas of containment namely 100 per cent maintenance and 20 per cent purchases including travel and conferences could only cover one years' activities. It

thus became obvious that the 70 per cent expenditure on staff salaries and wages would take significant reductions for the survival of the university. What the university did as a first step was to seek early retirement of all staff (both academic and non-academic) aged 50 years or over on 1st August 1982.

As noted earlier, since an operational turnaround strategy is best for the short-term period in terms of cost reductions the university first developed an academic plan by adopting the guidelines of the UGC and reducing its student numbers both significantly and substantially as shown below :-

TABLE IV.
STUDENT NUMBERS
PERCENTAGE REDUCTIONS BY SUBJECT GROUPS.

SCIENCE BASED		ARTS BASED	
Engineering	20%	Social Studies	50%
Physical Sciences	20%	Business Studies	50%
Mathematics	-	Arts proper	50%
<u>Biological Sciences 20%</u>			

Source : Bosworth (1984)

These reductions in student numbers also meant that some courses were discontinued altogether. Alongside this the university came up with an overall staffing plan :-

TABLE V.
STAFFING

DEC. 1981 POSITION <i>(Staff funded from UGC recurrent grant and student fees income)</i>		PROJECTED POSITIONS 1983/84	
Academic Sector		Academic Sector	
Academic Staff	487.5	Academic Staff	343.5
Technical Staff	320.5	Technical Staff	212.5
Clerical/Sec. & Admin. Staff	131.5	Clerical/Sec. & Admin. Staff	88.5
TOTAL	939.5	TOTAL	644.5
Non-academic Sector		Non-academic Sector	
Full-Time	345	Full-Time	244
Part-Time	170	Part-Time	130
TOTAL	515	TOTAL	374
REDUCTION IN STAFF NUMBERS			
Academic Sector		Non-Academic Sector	
Academic Staff	144	Full-Time	101
Technical Staff	108	Part-Time	40
Clerical/Sec. & Admin. Staff	43		
TOTAL	295	TOTAL	141

Source : Adopted from Bosworth (1984)

This unfolding scenario was not pleasant for most staff particularly those in academic positions and as a result many of those who left were the ones that the university would have wished to retain. Because of the loss of control on the situation it meant that with highly experienced staff being given government money to leave there were less experienced new staff being employed on more government money (Walford 1985). At Salford the methods offered for overcoming this confusion were early

retirement, voluntary severance and redeployment to start with but later expanded to include part-time appointments, self-financing appointments, special temporary promotions and limited term professorial appointments.

For the academic staff, being members of the University Superannuation Scheme (USS), it was the policy of the government to compensate them on the rules of the scheme's Premature Retirement Compensation Scheme (PRCS) upon certification by the university that their condition had been necessitated as a consequence of the restructuring of the university as a result of the reduction in grant (Bosworth 1984). But this did not extend to the non-academic staff under 50 years of age to whom only statutory redundancy payments were made available. On the whole the university achieved its target numbers and most recruitment now is through the open market. Only in the technical area (10 posts) and in the academic area (20 posts) the targets were not met by the desired date, that is, October 1983.

The university and the unions responsible for collective bargaining for staff in both academic and non-academic areas negotiated and agreed that transfers and redeployments could be done instead of enforced redundancy. The most delicate area was that involving academic staff where a Pro-Vice Chancellor was charged with the responsibility. In total the transfers and redeployments done at the end of the period, (on agreement) were as follows :-

Academic staff	7
Clerical staff	24
Technical staff	6
Manual staff	12

In all these the university has not overlooked the importance of retraining.

- Special staff status was introduced for those who agreed to early retirement in the interests of the university. Three can be identified for the purpose of this study and which were implemented at the University of Salford:-
- Special contract terms specifically tailored for each individual professor within a broad set of guidelines established by the Vice-chancellor and the Chairman of the university's governing body.
- Honorary staff status for retired members of academic staff (open to all those interested).
- Special form of association, less formal, but nonetheless welcome, for its retiring non-academic staff.

Part-time appointments were not only encouraged by the UGC but were also found highly necessary to cover for the protected areas but for which staff had left notwithstanding. Such appointments were drawn from either the recently retired members of staff (on agreement) or other qualified individuals. The university also recognised that this was necessary to relieve the remaining staff of the increased teaching load to enable them undertake their research activities and other academic enterprises.

There are now a number of self-financing appointments in the university where staff on normal contracts effectively earn their own salaries. This is on the basis that the departments have established projects that are self sustaining. Such areas include :

Bosworth has observed that the problems at Salford did not stop with the end of the run-down period. The university experienced both immediate-term and long-term problems.

The short-term problems noted included:-

- the coherent management of the run-down period,
- achieving of staffing plans, in co-operation with the unions
- maintenance of the image of the university and its reputation
- maintenance of staff morale
- maintenance of relations between staff and students and university and students' union.

The recognised long-term problems included:-

- a restatement of the university's goals as a framework within which all academic planning will occur
- a reassessment of the principles and mechanisms of resource allocation and the encouragement of individual academic activities,
- a reassessment of the non-academic services and the levels of service that the university could afford.

The fact that these issues persisted is a pointer to the fact that organisational management at a time of decline/reduction in funding is a critical factor of change and the issues at hand are only too delicate to be addressed within the right perspective of both the soft and hard HRM.

4.5 THE MANAGEMENT OF CHANGE

In most cases the immediate objective in situations as those of 1981 is organisational survival and financial solvency but it has become a known practice that what might seem to be desirable, expedient and pragmatic

decisions to ensure short-term survival do not themselves become inhibitors of long-term survival and future growth. In general terms the nature of an organisation is to guard itself against change, particularly that change which is not in accordance with the dominating value system of the organisation. Both Sizer (1982, 1986), and the Jarratt Committee Report (CVCP 1985), have argued that :-

"under conditions of financial stringency high quality managers are required who can overcome resistance to critical self-evaluation and change, who can obtain acceptance of the need for stronger central direction in universities than heads of departments and faculty have grown accustomed to".

The need for the above strategy is to enable university managers to adopt a proactive role in laying managerial guidelines and containment approaches for university management to enable them to advance warnings of reductions. It is not prudent that a university should sit passively as if waiting for a miracle to happen (read, waiting until a financial crisis was upon it) but rather it should take some financial contingency planning. Furthermore, it should build financial reserves to provide the maximum flexibility to adapt to reduced financial circumstances. Cyert (1978) has emphasised that :-

"in a static or contracting organisation a major managerial challenge is how to break the vicious circle which tends to lead to disintegration of the organisation; how to motivate the staff to recognise the need for long-term change and for new forms of growth in response to society's changing needs and new external opportunities, and to ensure their participation in its planning and subsequent implementation. High quality managers of appropriate academic standing are required who can overcome institutional inertia. If such managers of change are to be successful in developing and implementing a plan for significant reductions in core funding, possibly accompanied by similar student number reductions, which recognise the need to protect the

institutions strengths and requires selectivity in the allocation of resources ...".

Then the managerial guidelines to be considered for use are as given in appendix 2.

4.6 CONCLUSION

The fact that some British universities were able to pull through the period of financial cutbacks should not drive our attention away from those that came out really scarred. The management abilities of the vice-chancellors and their senior officers are the determinants of the extent of success that such a programme can achieve. More so particularly given the characteristics of the UGC which was charged with the implementation and monitoring of the programme and yet not belonging to the university 'community'. Indeed, universities are autonomous bodies but the fact that they do not generate their own funds to fully fund their programmes makes them dependent on the Central Government, Local Authorities and other donor organisations. But even in an environment of uncertainty universities must plan nonetheless. Jarratt (1986) stresses the importance of good planning and dismisses as nonsense those who suggest that planning stifles creativity. He argues that:-

"good planning,- looking to the future, determining what you want your place in it to be, designing the ways in which you are likely to get there, planning of this kind is itself a creative activity. It is disciplined creativity but so I suppose is most scientific invention and artistic achievement . . . if a university fails to plan its own future and merely reacts to the plans of others, the prospects for academic creativity within that institution must in my view be impaired simply by the implied loss of initiative "

Although this is the case, universities have found strength in the committee system that is vital in decision making and much so in times of crises. The

Vice Chancellors can also set up task forces, ad hoc committees, e.t.c to obtain information and reach out as channels of communication which has the effect of creating solidarity and gaining consensus in the decisions so made. Finally one person must be held accountable but in the process many heads must come together to reach a workable solution.

CHAPTER 5.

LESSONS AND RECOMMENDATIONS.

5.1 REDUCTION OF UNIT COST.

The first major question that the Kenyan public universities will have to address is how to keep unit cost down in order to increase efficiency and improve quality. This is the issue that is central in the introduction and implementation of the SAP's in the education subsector. The World Bank (1988), has observed that this will take more than commitment to put in place due to several issues that should be addressed as outlined below:-

- Need for analytical and planning capabilities that are nowhere plentiful and even exceedingly scarce.
- Due to deep rooted interests there will be a limitation on the extent of implementation of the desirable measures, which may be perceived in the short run as threats to these deeply ingrained interests of powerful groups in society (civil servants, professors, students). Determined and very high leadership will be needed to overcome resistance.
- The time that change takes seen against the expected speed of change is excruciatingly slow and great persistence will be required.

In the light of the foregoing it is the suggested recommendation of this study that the Government should strive to restore and improve the quality of education in the public universities in the interests of the universities and the nation as a whole. This may mean the amalgamation of individual campuses, academic departments and teaching programmes on the one hand and personnel reductions, especially the non-teaching staff, on the other. This latter case should be undertaken in such a way as to increase the average level of relevant training and experience of

those who remain, whether in the academic or non-academic areas. The elimination of living allowances and free room should be reduced to allow for the allocation of resources in the more deserving areas.

5.2 COMPENSATION PRACTICE.

One of the key features of a retrenchment scheme is its compensation (RP) policy. How attractive this is will be able to influence the numbers that come for the take up whether it is by self selection or otherwise. In British universities most academic staff were covered by the USS and other incentives that were specific to individual universities and thus greatly influenced the number of leavers. Among the non-teaching staff, only the statutory payment was used but as in the case of Salford, It was attractive enough to enable the university to achieve its desired target. Although it was difficult (during the study time) to establish the ages and employment durations of those who left it can be safely assumed that those who did leave had a reasonably high age and a long service history with a good earning level as to consider the RP attractive. These three are important determinants influencing take up.

Considering the formulas that have been used to determine extra-statutory RP, it is the suggested recommendation of this study that the Kenyan public universities should be able to manipulate the variables of the formula as to influence both the targeting and the leaving rate of those whose departure is desired.

Lewis (1993) has suggested that some or all of the extra-statutory RP can be reduced for dismissals occurring after a certain date so encouraging early volunteering, as shown below:-

Extra-statutory RP = 13 weeks' pay x a/b

where : a is the number of complete weeks between termination and 31st March 1993, with a minimum set at 25,
and : b is the number of complete weeks between 1st October 1992 and 31st March 1993.

He argues that :-

"since b is a period of 25 weeks each complete week of employment after the cut-off date of 1st October would mean a $1/25$ or 4 per cent reduction in the size of the extra-statutory RP. The formula can be adjusted to make more or less punitive".

The suggested recommendation of this study for the public universities is that the mode of computation of the safety net package upon take up be the sum of the following variables :-

- A lumpsum payment in lieu of notice which should be equivalent to three months of current salary,
- Severance payment which should be a payment of three months of current basic salary for each year worked in university service,
- A "golden handshake" which should be a constant lumpsum payment to all leaving staff whose magnitude will be dependent on grade and forms the main inducement payment. This can also be raised to influence take up, e.g. the introduction of an element of variability so as to allow for higher payment for those taking up the offer in the first three months and the amount going down with each subsequent month of delay.

5.3 ACROSS THE BOARD REDUCTIONS.

Although it is true that the non-teaching staff do not have a direct contribution in meeting the mission and objectives of the Kenyan public universities, the fact that they have been targeted as the retrenchable staff pre-supposes that the universities would wish to maintain all the

academic programmes and academic staff at current numbers. It is also safe to say that there are programmes that do not meet the national manpower needs and whose usefulness should therefore be reviewed with the view to reducing their size, merging with others or eliminating them altogether. The net effect will be reduced numbers of academic staff and students and reduced pressure on the financial and other resources available.

Given this limitation in the retrenchment scheme it is possible that those staff among the teaching cadre who may wish to leave the service are not eligible to do so and therefore reduce the possibility of the university meeting the desired resource levels to enable them operate effectively and efficiently. It also means that the universities cannot benefit from the suggested incentives of linkage with industry and commerce and exchange programmes mainly targeted at teaching staff.

The suggested recommendation therefore is that the Kenyan public universities should utilise across the board approach while protecting the areas and staff that fall in their areas of competence and are crucial in the development of centres of excellence that meet the national manpower development needs. This will enable the universities to have a wider choice spectrum and reduce the possibilities of unfair selection which may come about when targets are not met due to focused redundancy schemes. Another advantage will arise in the ability to control for the age structure of the remaining employees.

5.4 MAINTAINING MORALE AND COMMITMENT.

Most retrenchment schemes do not achieve the desired objectives of increased productivity, improved quality, efficiency, effectiveness and

reduced costs. Employees sometimes find themselves in a state of flux, unpreparedness and confused particularly where communication is not open and there is little or no ownership of the process. In such situations they may not even know the planned course of events by management causing reduced productivity, low morale and commitment. The flurry of activity that grips employees shortly dies out due to such factors as work overload, lack of experience in their new roles, feelings of insecurity and sympathy to those departed. All these are issues that will need to be delicately handled for the success of the scheme.

Borrowing from the University of Salford, it is the suggested recommendation of these study that:-

- the information on retrenchment action should be properly communicated to
- the employees to minimise the level of speculation and rumour on the cause and course of the scheme.
- the employees should be involved in the process through the established channels that management may consider appropriate so that the level of ownership of the scheme can be enhanced.
- the steps taken at Aston during the planning process demonstrate the power of employee involvement and should be emulated by the Kenyan public universities,
- the issues of recruitment and retraining during retrenchment should be taken seriously so that the skewed age structure arising from retrenchment should be rectified by acquisition of 'new blood' and to enable redeployment and transfers to be made.

Retraining should also be encouraged for career development so that the employees can see a future in the university and build new competencies

for their new roles in the institution. Those who understand 'the business we are in, where we are going and how we are going to get there' are able to make better decisions with regard to career development.

5.5 OTHER FORMS OF INDUCEMENTS.

Although it is possible that the more attractive the compensation package the more people will volunteer, there is no guarantee that the numbers targeted will be achieved. When this happens managers have often resorted to the compulsory redundancy option. At the University of Salford, apart from an attractive package, voluntary severance was dependent on several factors :-

- age profile made early retirement a main option, and
- those leaving were confident of obtaining other employment if they wanted it.

Other than an attractive package being offered, there is no indication that age profile and availability of employment opportunities elsewhere will influence take-up in Kenyan public universities. It is therefore recommended that Kenyan public universities should develop other forms of inducement in reducing the pressure on the resources available along the following lines:-

a) Integrated Chair Appointments:

This may not take entirely after the British version but instead the private sector should be approached to meet a portion of the research funds and the salary of the individuals engaged in research relevant to the private sector activity and whose contribution to the development of that industry would be beneficial. This can be some kind of joint research.

b) Staff Exchange Programmes:

The institutions can vigorously pursue exchange programmes with foreign universities whereby their staff will be able to obtain the training required by the changing times. They will also receive staff from those universities who will be able to teach while being paid by the parent universities and thus reducing costs.

5.6 CREATING A LEARNING ORGANISATION.

Implementing a retrenchment policy is not an easy scheme to undertake and as evidence suggests the likelihood that there will be resistance is high. The factors responsible for this need to be addressed objectively and pointedly by a seriously committed management. Staff involvement at the creation of the feeling of 'ownership' of the programme are vital ingredients that should not be overlooked at all. Most important is the creation of a learning organisation that will be able to cope with the expectations of the stakeholders and the changing and challenging times that the universities face.

The suggested recommendation of this study is therefore that Kenyan public universities should seek to introduce strategic human resource planning in their management process so that the constantly lacking common sense of good practice can be utilised for a successful implementation and management of the retrenchment period. The detail of this strategy covers areas that are crucial before, during and post-implementation periods which includes recruitment, retraining, reward and the support services for the stayers.

The effects of post-retrenchment turnover are well documented and positive advances should be made proactively so that the 'protected' staff are able to stay on and those to be recruited can be attracted to the institutions of higher learning so that the balance is maintained and focused at the utilisation of the competencies of the individual universities. It is for this reason that retrenchment should not be seen as an end in itself but as a means to achieving an end that should tie in with our broad recommendation as stated above.

5.7 THE NEED FOR HRM.

The advent of HRM has probably the most revolutionary approach in the management of people in the work place. Its view that people are an important source of organisational capabilities implies that :-

"the way they are managed affects the organisations ability to compete in the marketplace ...and indicates an attempt to integrate the individual into the organisation on the basis of commitment rather than compliance, and may imply an organic and developed structure rather than a bureaucratic and centralised one". (Lewis 1993).

It is argued correctly that that retrenchment is among the hard HRM approaches to people management but it can in itself be managed so that the pain is brought at the minimum. This may be looked at as putting both hard and soft strategies in one box of "tough love". What this means is that the managers' approach to retrenchment will be strategic and proactive rather than reactive. This will involve :-

"forming a view about whether the organisation's level of staffing is in keeping with its turnover and financial results. From this might flow policies for redundancy and/or redundancy avoidance or

minimisation. Where redundancy is considered necessary, a strategic approach would include regarding redundancy as an investment and using it as a vehicle for securing organisational improvements. Next the strategy might aim to minimise the disruption which can arise from redundancy, whether from union opposition or post-redundancy dislocation. It could also assist the organisation in preserving its good name, since this might affect staff recruitment, retention and commitment...finally, a strategic approach to redundancy would aim to minimise the likelihood of infringement of the law and legal challenges". (Lewis 1993).

It is not feasible that any single strategy can be suggested as a recommendation to be adopted by the Kenyan public universities in the implementation of retrenchment. It is of importance that a contingency approach which emphasises the organisation specific characteristics be adopted and in the interest of all stakeholders, a proactive stance as advocated by De Meuse (1994), be encouraged as guidelines for implementing reductions in force.

- P** Plan RIF with human resource department.
- R** Rally employees around a "new" corporate vision.
- O** Operate in ways that say "we're all in this together".
- A** Actively involve employees in operational decisions.
- C** Communicate, Communicate, Communicate.
- T** Treat terminated employees with respect and dignity.
- I** Increase support to "surviving" employees.
- V** View RIF as a means, not an end.
- E** Ensure executive management is throughout RIF.

Source: De Meuse et al. (1994).

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