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Effect of Turnaround Strategies on Performance of Public Sugar Processing Companies in The Western Region, Kenya.

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Abstract:

Public sugar processing companies in Kenya's western region have continued to face persistent challenges such as mismanagement, outdated machinery, heavy indebtedness, and declining competitiveness compared to regional producers. These constraints have weakened their performance and sustainability, raising the need for effective turnaround strategies. The purpose of this study was to examine the effect of cost reduction, reorganization, and modernization strategies on the performance of these public sugar firms. The study adopted a quantitative research design and targeted senior management staff from five public sugar companies, namely Mumias, Nzoia, South Nyanza, Chemelil, and Muhoroni. A census approach was applied to the 51 respondents, and structured questionnaires were used to collect data. Descriptive and inferential analyses were conducted with the aid of SPSS, including correlation and multiple linear regression to test relationships between turnaround strategies and organizational performance. The findings revealed a strong positive relationship between the three strategies and performance outcomes, with a correlation coefficient (R) of 0.89 and an R^2 of 0.79, indicating that 79% of performance variation was explained by the combined effect of the strategies. The adjusted R^2 value of 0.76 further confirmed the robustness of the model. Regression analysis established that cost reduction strategies had the greatest effect ($\beta = 0.41$, $p < .001$), followed by reorganization strategies ($\beta = 0.34$, $p = .001$) and modernization strategies ($\beta = 0.29$, $p = .002$). All predictors were statistically significant, affirming their importance in enhancing organizational outcomes. The study concluded that cost optimization, structural reorganization, and modernization initiatives are critical drivers of performance, competitiveness, and sustainability in the sugar sector. It recommended that management prioritize selective cost-saving measures, strengthen organizational restructuring, and invest in modernization programs to revitalize public sugar processing companies. These measures are vital for enhancing efficiency, improving profitability, and ensuring the long-term survival of the industry, which remains central to Kenya's economy and rural livelihoods.

Keywords: **Cost reduction strategies, Re-organization strategies, Modernization strategies, Turnaround strategies.**

Chapter One

Introduction

1.1 Overview

This chapter provides a comprehensive introduction to the study, outlining the background information, the problem statement, the objectives of the research, and the research questions that guided the investigation. It also highlights the significance and justification of the study, as well as its scope and limitations. The chapter establishes the foundation for understanding the critical challenges faced by public sugar processing companies in Kenya and how the study's focus on turnaround strategies aims to address these issues.

1.2 Background of the study

Turnaround strategies are planned, systematic actions that are implemented by the organizations to recover waning performance and regain their viability. They are commonly used in the situations of financial distress, market erosion, or operational inefficiency and both short-term and long-term solutions (Schmitt and Raisch, 2021). Organizational performance, in its turn, is defined as the success of a firm to meet its goals in the context of profitability, operational performance, competitiveness, and sustainability (Kaplan and Mikes, 2021). The two variables are also very related because turnaround strategies offer mechanisms of stopping downfall and performance outcomes are the measures of how effective the strategies are. Sound turnaround strategies are essential to the retention of performance in dynamic markets in the industries that highly rely on efficiency and innovation like in the case of agro-processing industry.

There are numerous ways in which turnaround strategies may take, but three methods have reigned the theory and practice; the cost reduction, restructuring and modernization. Cost-saving presupposes the decisions to reduce operational costs, renegotiate contracts with suppliers, make the processes more energy-efficient, and simplify operations to stabilize the finances (Rico & Puig, 2021). Restructuring focuses on the change in organizational structure, leadership, and financial systems that may be made through the redistribution of resources, renewal of leadership, or restructuring of debts in order to increase accountability and efficiency (Ijaz et al., 2024). Modernization is concerned with technological improvements, implementation of electronic systems, and process and

product innovation with the intention of making the firm competitive in the long run (Wen et al., 2024). The objectives of this study are based on these strategies since they are the most viable levers when it comes to dealing with the operational, managerial, and technological challenges facing the public sugar processing companies in Kenya.

In this study, organizational performance is measured in relation to financial, operational and strategic levels. Financial performance has to do with profitability, growth in revenues and debt sustainability, whereas operational performance covers efficiency in resource use, productivity and quality management (Were, 2024). Competitiveness, market share, customer satisfaction, and the capability to maintain growth in the long run, in turn, are considered to be strategic performance (Achieng and Muturi, 2022). These indicators become measurable in the sugar industry in terms of factory capacity utilisation, cost of production per ton of sugar, debt repayment ability and competitiveness with the regional imports. It, therefore, follows that to measure performance a multidimensional approach is needed, which will be able to measure both quantitative and qualitative results.

Management literature that relates turnaround strategies to organizational performance is not new. Research indicates that the companies that have implemented integrated turnaround measures to balance between short-term retrenchment and long-term reorganizing and modernizing to create stronger and more sustainable performance results are much more successful than the companies that only acted on narrow focus cost-cutting measures (Kwahar & Adudu, 2024; Cui, 2025). This relationship is especially important to the Kenyan public sugar companies. Such companies have traditionally been relying on ad hoc cost cutting or government bailouts that only offered a short term reprieve but failed to remedy structural inefficiency. This study aimed at offering evidence on the role of cost cut, restructuring, and modernization in reviving the competitiveness of SPCs in western Kenya, protecting livelihoods of farmers, and improving sustainability of the sugar sub-sector by directly connecting turnaround strategy to performance outcomes.

1.2.1 Global perspective

Turnaround plans in the global arena focus on the twofold responsibility of enabling financial stability recovery in companies coupled with positioning them strategically in order to ensure a lasting performance. As an example, Schmitt and Raisch (2021) studied the companies in Europe and discovered that the retrenchment strategies, when combined with digital process redesign, had a high likelihood of enhancing the short-term liquidity and the long-term cost-efficiency. They concluded that, those companies that combine both cost-cutting and the adoption of technology are more successful than those companies that are just retrenching. This international observation applies directly to Kenyan public SPCs arguments that financial discipline should be underpinned by modernization in order to attain sustainable organizational performance.

Within the context of the manufacturing industry in the U.S., a case study of a leading supplier of auto components by Rosenfeld (2020) showed that effective turnaround was dependent on the aspect of leadership renewal as well as process re-engineering. The new leadership also made it easy to make quick decisions and the redesigned workflows made the operations more efficient. The outcome was a significant increase in capacity use and quality deliverables. This shows that a turnaround is not purely a functional solution but a leadership-based revitalization, a fact that can be embraced by the public sugar companies in Kenya to rejuvenate governance and to develop a smooth production process.

In Brazil, the sugar manufacturing firms have been applying modernization strategies in turnaround activities. Santos-Reyes et al. (2023) reported the use of electric cogeneration and smart monitoring systems by several mills, which saved a lot of energy, leading to increased yield per ton of cane. The analysis indicated that modernization in conjunction with cost-efficiency energy reforms resulted in the lowering of unit energy costs by 20 percent in less than two years. In the case of Kenyan SPCs, the idea of imitating such infrastructural modernization may assist in lowering the costs of production and enhancing the sustainability of the environment.

Bhattacharya & Michael (2022) studied the role of strategic innovation in the turnaround especially product diversification and investment in modern machinery, as firms in the Indian textile industry recovered their market share. Their analysis indicated that companies that combined modernization and product strategy realized an increment of 30 percent in the export revenue in three years. The modernization, although the setting is different, the principle, that modernization not only allows recovery but also strategic reorientation, is similar to the case of the Kenyan sugar sector where modernization would open up diversification to ethanol or co-generation.

1.2.2 Regional Perspective

Turnaround practices in the African setting are more efficiency-oriented and focus on strategies that ensure consistency between short-term survival and sustainability. Horsfall, Alagah, and Chikwe (2024) conducted a study in the manufacturing industry of Nigeria to determine the role of retrenchment and organizational repositioning as strategies of turnaround in determining performance outcomes. After analyzing five manufacturing companies in the South-South region, their study indicated that retrenchment played a vital role in operational excellence and quality of service provided and that repositioning enhanced long term sustainability. As indicated in the study, companies that reallocated resources to the main activities not only managed to survive during times of distress but they also regained market confidence. In the case of public sugar processing companies in Kenya, this highlights the necessity of the reorganization as not only a cost-cutting measure but also a strategic renewal mechanism to make

them more efficient and efficient delivery of their services.

Nyatsumba and Pooe (2023) critically analysed failure in turnaround efforts repeated in the South African Airways (SAA). Their qualitative research established political interference, unstable leadership, and undercapitalization as the main factors to restrain effective implementation. Although a number of turnaround plans were unveiled, the governance frameworks were weak and therefore these initiatives were not able to root and bring an outcome of performance improvement. The experiences of SAA have shown that in the African SOEs, structural issues tend to frustrate turnaround efforts unless governance reforms are in place, which are very applicable to the SPCs in Kenya, which are also characterized by interference and instability.

In the realm of the South African state apparatus, Mpete and Maier (2024) explored the issues that CEOs experience in implementing turnaround strategies in state-owned enterprises (SOEs). In the interview processes with senior executives, they were able to identify obstacles like bureaucratic inertia, dysfunctional board relations, and lack of information that inhibited the success of otherwise well-meant attempts to restructure. The study found that turnaround strategies could not work without a wider institutional support and simplified operations, even though the capacity held by the CEO is so important. In the case of Kenyan sugar companies what this demonstrates is the necessity to improve the organizational support structures and cut down bottlenecks in the organization to facilitate effective turnaround interventions.

In Ghana, Rosslyn-Smith and Pretorius (2022) came up with a turnaround potential assessment framework that involves African SMEs, which states that it is imperative to consider the inherent capabilities of firms before initiating turnaround programs. They include financial, managerial and strategic readiness indicators in their framework to determine viability based on the argument that interventions are most effective when it is designed to the readiness of the firm to absorb change. According to this African-adapted strategy, before initiating the cost/restructuring/modernization strategies, the public sugar companies in Kenya should have evaluated their internal capacity to turn around like managerial competence and structural flexibility.

1.2.3 Local Perspective

To appreciate turnaround strategy in the context of Kenya, it is important to look at how internal organizational intervention has been carried out and the impacts that it has had concerning performance. Misiko, Kiongera, and Wanjere (2023) examined the practice of operation assessment in the state-owned sugar companies and discovered that the systematic process of evaluating the operational processes greatly enhanced the service delivery quality and responsiveness. They postulate that turnaround begins with the critical evaluation of internal working processes, which is particularly applicable to western sugar corporations in Kenya since performance is often hampered by the old-fashioned and fragmented processes.

The management of costs is an important pillar in Kenyan SPCs which aim at recovery of their finances. Makori and Miroga (2024) investigated methods of cost management in state-owned sugar companies and found that optimization of capital structure, liquidity management, and control of working capital was used to explain a significant part of the variation in performance. The findings enhance the value of financial discipline as a turnaround tool requiring sugar processing companies to institute financial discipline as a tool of survival both in the short run and the long run.

The element of technological and process innovation are also eminent in the successful interventions of turnaround. The study by Kachisa and Otuya (2024) examined the practices of process innovation in sugar firms in western Kenya and found that those firms that adopted innovation in their production processes realized substantial improvement in performance indicated by significant positive relations. This reinforces the fact that it is not only cost-cutting but the process of modernization that will help restore organizational efficiency and help it recover operations.

Lastly, the strategic leadership, governance, and board effectiveness is outlined as essential in Kenya sugar sub-sector to perform recovery. As Mukanga, Otinga, and Miroga (2021) discovered, strong corporate governance, which is marked by diversity of board members, expertise, and balanced tenure, had a strong positive impact on financial performance in the state-owned sugar companies. This shows that turnaround efforts should not only be backed by the operational changes but governance reforms as well to support the performance in the long term.

1.2.4 Performance of Public Sugar Processing Companies

The general production and capacity utilization patterns within the Kenyan sugar industry are very volatile with a trend of downward trends over the past years which is characterized by declining mill throughput, decreasing extraction rates, and intermittent operational of factories in the country. According to official industry bulletins, the season of 2022/23 has recorded dramatic quarter-on-quarter declines in sugar production, with the decline in production due to disruption of cane supply, mill breakdowns, and seasonal variability that lowered the total number of tons produced (AFA, 2023). Additional data of the markets in the country and abroad reveal that the domestic production has failed to fulfill domestic demand over the years and a large volume of imports has been required instead; a factor that in turn lowers the mill margins and active capacity of domestic production (USDA, 2024).

Operational challenges have been exacerbated by financial fragility and high levels of legacy debt, which has left most of the state-owned mills with poor balance sheets and limited cash flows that reduce their ability to undertake routine maintenance and capital investments. Parliamentary and treasury audits point to endemic levels of indebtedness, frequent government bailouts, and poor revenue streams as some of the primary impediments to sustainable recovery, with no major financial restructuring or the

development of more coherent plans to commercialise the mills succeeding in raising the funds necessary to modernise and stabilise its supply chain (Parliament of Kenya, 2023). Stakeholders in the sector also stress that the lack of uniformity in the reforms such as leasing structure and other partial privatization efforts, has curtailed the capacity of the mills in implementing the investments required to reestablish competitive level (Sugar Innovation, 2023).

The supply-chain and socio-economic implications of inadequate sector performance are also significant: milling capacity shortages and slow payments to outgrowers have weakened cane production incentives, and high costs of local sugar production reduce local sugar competitiveness with low-cost imports in the region. Nationwide statistics and industry diagnostics indicate that even with sporadic growth in the planted area and intermittent surges in production, the industry is still exposed to price shocks and cross-border price differentials, and it is expected that the production will only decrease unless the extraction rates, reliability at factories, and cane pricing instruments are made better (KNBS, 2023; USDA, 2025).

1.2.5 Turnaround Strategies in Sugar Processing Companies

Turnaround strategies are identified as systematic reaction to organizational deterioration especially in the sectors that are laden with inefficiencies and debts. Cost reduction has been a major recovery instrument in the sugar industry in Kenya, and this has been carried out in most cases by streamlining operations, renegotiating with suppliers and managing overhead costs. According to a study by Makori and Miroga (2024), the optimization of capital structure and liquidity control produced a major part of the financial performance variance in the state-owned sugar companies, which is why fiscal discipline is crucial. Nevertheless, such cost-cutting measures are only temporary reprieve unless they are accompanied by more general structural changes. The facts indicate that cost control is necessary in stabilizing operations but it has to be implemented selectively in order not to compromise long term investment in cane development and factory maintenance.

The strategies of reorganization that are characterized by the renewal of leadership, re-designing of the structure, and workforce changes have become central to recovery efforts of the sugar industry too. Mugo and Njuguna (2021) identified several parastatal companies in Kenya which tended to embark on turnaround with the new leadership team taking over the company as agents of organizational turnaround. Equally, the literature determines that decentralization and manpower redeployment are effective mechanisms to enhance responsiveness and resource allocation in ailing firms (Karanja and Chepkwony, 2023). In the case of public sugar companies, reorganization may aid the breaking of the locked-in bureaucracies, improve decision-making at the operating level, and align the resources with main milling and marketing operations, which will contribute to the enhancement of their performance.

Plans of modernization, especially technological changes and process innovation have increasingly become focal points as determinants of long-term competitiveness. Kachisa and Otuya (2024) noted that sugar companies in the western part of Kenya which adopted process innovation such as milling technology and supply chain tracking made attainable performance improvements. On the same note, Achieng and Muturi (2022) highlighted that digitalization of supply chain operations in food-processing companies led to the achievement of responsiveness and lower costs. In case of Kenyan SPCs, where most of the factories still use the equipment set up in the 1970s, modernization via new technologies and employee training is one of the transformative channels toward efficient and sustainable operations.

Finally, turnaround needs to be an integrated process involving cost efficiency, restructuring and modernization in a consistent structure. Misiko, Kiongera, and Wanjere (2023) have shown that systematic operational assessment in combination with wider reforms led to significant improvements in organizational performance in the state-owned sugar companies. This shows that the piecemeal interventions of cost reduction outside modernization are not likely to help turn around deep rooted inefficiencies. Rather, turnaround strategies should be holistic and strike a balance between long-term restructuring and technological renewal and short-term survival. To the Kenyan public sugar companies, it is important to consider this integrated approach in order to regain competitiveness, farmer livelihoods, and the role played by the sector in national food security.

1.3 Statement of the problem

Sugar industry in Kenya has continued to be one of the pillars of the agricultural economy as it contributes directly and indirectly to millions of livelihoods. Kenya National Bureau of Statistics (KNBS, 2023) claim that the sector supports more than a quarter million small-scale farmers, generates substantial revenues to the households, rural labor, and food security in the country. The key players in this value chain are public sugar processing companies (SPCs) including Mumias, Nzoia, Chemelil, Muhoroni, and South Nyanza, but their performance has declined dramatically over the past years. According to reports by the Agriculture and Food Authority (AFA, 2023), a majority of mills produce way less than their set capacities due to the constant problems such as obsolete equipment, ineffective management, accumulating debts and high production expenses. Sugar produced in Kenyan mills is as much as 60 percent more expensive than other regional producers like Uganda and Tanzania and makes it uncompetitive (USDA, 2025). As a result, Kenya has grown more reliant on imports and it spends billions of dollars on imported sugar, which has weakened the foreign exchange reserves of the nation (Parliament of Kenya, 2023).

The consequences of this poor performance are great. Farmers that sell cane to these SPCs are subjected to non-payment and low uptake of cane, derailing to the production of farms and the livelihoods of rural populations (Makori and Miroga, 2024). In western

Kenya, low socio-economic vulnerability is aggravated by job insecurity, unpaid wage arrears, frequent retrenchments, and poor employees in the sector (Misiko, Kiongera, and Wanjere, 2023). On a national level, the sugar industry captures inefficiencies that undermine Kenya in its quest to attain self-sufficiency in sugar production, food security, and strain government resources due to frequent bailouts and subsidies (Achieng & Muturi, 2022). These challenges still persist showing that the current interventions, including privatization efforts, debt restructuring, and administration reforms, have not yielded much and the industry is in a long-term state of degradation.

Although the challenges of the sector have been widely acknowledged, a significant gap in research on how the turnaround strategies, i.e. cost reduction, reorganization, and modernization in particular, impact the performance of the public SPCs in Kenya remains. Although many studies have examined turnaround interventions in banking, aviation and other manufacturing industries (Nyatsumba & Pooe, 2023; Horsfall, Alagah, and Chikwe, 2024), few empirical studies have investigated the effectiveness of turnaround interventions in the sugar industry, especially in state-owned enterprises. This introduces an empirical and contextual gap, because the results of these strategies may be mediated by the unique structural, policy and socio-economic setting of the Kenyan sugar industry. Also, most of the previous studies in the same sectors have largely utilized descriptive methodologies, which results in a methodological gap in the use of inferential statistics to examine the strength of the relationship between turnaround strategies and firm performance (Rosslyn-Smith and Pretorius, 2022).

This research thus bridged these gaps by providing a systematic analysis of how cost reduction, reorganization, and modernization strategies have influenced the performance of the public SPCs in western Kenya. Through this, it offered evidence-based information to guide managerial decision making, industry reforms, and policy interventions with a view to reviving the sugar industry. Finally, the research aimed at creating a knowledge that can be used in practice to protect the socio-economic value of SPCs and to increase the strength of the sugar industry in Kenya against competition on regional and global levels.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study was to examine the effect of turnaround strategies on the performance of public sugar processing companies in the western region of Kenya.

1.4.2 Specific Objectives

The study was guided by the following specific objectives:

i. To assess the effect of cost-cutting measures on the performance of public sugar processing companies in the western region of Kenya.
ii. To evaluate the effect of restructuring initiatives on the performance of public sugar processing companies in the western region of Kenya.
iii. To examine the effect of modernization programs on the performance of public sugar processing companies in the western region of Kenya.

1.5 Research Questions

The study sought to answer the following research questions:

i. What is the effect of cost-cutting measures on the performance of public sugar processing companies in the western region of Kenya?
ii. How do restructuring initiatives influence the performance of public sugar processing companies in the western region of Kenya?
iii. To what extent do modernization programs affect the performance of public sugar processing companies in the western region of Kenya?

1.6 Significance of the study

Crucially, the research grows from its the capacity to deal with a gap that hitherto existed in the literature in with regard to the implications of turnaround strategies on the operational effectiveness of state-owned sugar milling companies. Further, the research points out how the sugar industry's dominant role plays in the Kenyan economy, in addition to the chronic obstacles that arise state-owned mills. Focusing on themes including reducing costs, restructuring, and modernization, the study makes an innovative contribution to strategic and retail management by shedding light into the ways in which certain strategies impact the efficiency and the financial success of manufacturers in a declining industry.

The research findings are of crucial to public sugar processing companies. These companies' leadership can make use of the findings to improve their strategic plans, maximize operational processes, and overcome performance-related problems. The suggested intervention is aimed at benefiting the respective sugar companies covered by the study, together with other stakeholders encountering similar operation challenges, hence increasing their capability to improve performance and foster sustainability. The implications of the research extend beyond the immediate industry to the overall economy and the domain of policy-making. The

outcomes of the research can guide industry policies which aim to foster an environment that supports the growth and long-term sustainability of the sugar industry. Additionally, improvements in corporate performance are expected to bring positive implications to the national economy by creating job opportunities, stimulating economic growth, as well as supporting local businesses.

Moreover, the underlying study provides a groundwork for future academic research. By providing a model for understanding the connection with regard to turnaround strategies and organizational effectiveness, it opens up possibilities for deeper investigation on performance measures, other strategic approaches, and contextual factors affecting organizations in various industries. The insights acquired from the current study will enhance the academic field and help practitioners, researchers, and policymakers develop effective solutions to problems experienced in the industry.

1.7 Justification for the study

This study is justified by its focus on addressing critical gaps in the sugar industry, particularly within publicly traded sugar processing companies in Western Kenya. The choice of this geographical area is deliberate, as the region is home to several public sugar mills that form a significant part of Kenya's sugar production and processing ecosystem. These mills play a vital role in supporting local economies, providing employment, and sustaining livelihoods for thousands of households. However, their persistent operational challenges, including inefficiencies, high production costs, and outdated infrastructure, necessitate an in-depth investigation. The study's outcomes are expected to provide practical strategies for revitalizing these firms, thereby contributing to the economic stability of the region and improving the sustainability of the sugar industry as a whole.

A thorough review of existing literature reveals significant research gaps. While studies have explored general turnaround strategies and their effects on various industries, there is limited empirical evidence on how these strategies specifically cost reduction, reorganization, and modernization impact the performance of sugar processing firms in Kenya. This gap is particularly pronounced in the context of public enterprises in the western region, which face unique challenges due to their historical, economic, and operational contexts. By focusing on these specific strategies and their application in this sector, the study aims to bridge these gaps, contributing to the body of knowledge on strategic management in the sugar industry and beyond.

Methodologically, this study incorporates an enhanced approach to analyzing turnaround strategies by combining quantitative and qualitative methods. It uses a robust descriptive research design, structured questionnaires, and inferential statistical analysis to assess the efficacy of the strategies. This mixed-methods approach ensures a comprehensive evaluation of the research problem, providing more reliable and actionable findings. The integration of both numerical and contextual insights improves upon previous methodologies in similar studies, making the research outcomes more relevant and applicable to addressing the industry's unique challenges.

The findings of this study have far-reaching implications. Practically, they will guide the management of public sugar firms in formulating effective strategies for improved performance and sustainability. Policymakers can use the insights to refine industry regulations and create a more conducive environment for the sector's growth. Academically, the study contributes to the development of theories on strategic management and turnaround practices in public enterprises, serving as a reference for future researchers. Additionally, the study benefits the general public by promoting the stability of an industry that is crucial to Kenya's economy, creating opportunities for employment, and enhancing the welfare of local communities. This holistic contribution underscores the importance and relevance of the study, ensuring its impact across multiple levels of society.

1.8 Scope of the study

Five publicly traded sugar processing enterprises in Kenya's west were the subject of the investigation. These businesses were carefully chosen because, with the exception of Ramisi Sugar Company on the Coast, which will not be included in the interventions under consideration and also Sony Sugar was also not a pilot study exemption but a key part of the five SPCs contributing to the robust finding. The research's scope included a detailed analysis of how turnaround strategies more especially, cost cutting, reorganization, and modernization, affect the performance of these particular SPCs. Through the participation of 51 essential management personnel from different departments, the research aimed to provide a thorough and detailed evaluation of the turnaround plans' efficacy. The various viewpoints held by top management helped to provide a more comprehensive picture of the difficulties and achievements related to turning around the public SPCs.

1.9 Limitations of the Study

Numerous problems unavoidably come up during the research. First off, the research's generalizability was restricted because it was constrained to a certain industrial sector and geographic area. Selection was made amongst the public sugar processing companies in the western part of Kenya to carry out sampling these include, Mumias Sugar Company, Nzoia Sugar Factory, South Nyanza Sugar Company, Muhoroni Sugar Company, and Chemelil Sugar Factory. These businesses had unique characteristics and challenges that distinguish them from other sugar processing businesses in other counties. As a result, the study's conclusions could not be applied to more expansive contexts outside of western Kenya.

Moreover, response bias become an issue when self-reported data is gathered using structured surveys. Responses from respondents influenced by social desirability, had an overestimation of the effectiveness of the turnaround strategies being studied. Because of

this bias, responders felt compelled to present a better image of their companies, which skewed the results and make them less accurate or dependable. Variables that affect The degree of precision of what is known and collected data, such as the response rate, the completeness of responses, and the clarity of the questionnaire questions, have a profound effect on the insights' reliability from the research.

CHAPTER TWO

Literature Review

2.1 Introduction

This chapter examines the theoretical and empirical literature that is pertinent to turnaround tactics and practices and demonstrates how it relates to the research questions. After identifying the gap and outlining the underlying theoretical construct to demonstrate how the variables interact, the literature review is summarized.

2.2 Theoretical Framework

2.2.1 Strategic Management Theory

The Strategic Management Theory is a theory that is concerned with the way in which firms develop, execute and appraise the strategies that are aimed at attaining the longer term objectives, as well as maintaining competitiveness. It has developed out of the foundational writings of Alfred Chandler who asserted that strategy precedes structure, and Igor Ansoff who developed the product-market growth matrix as a resource to balance strategy and opportunity (Hill et al., 2020). The current trends in the discipline focus on streamlining resources, analyzing the environment, and intentional planning to react to the internal and external demands. Strategic management thus offers a guide on how organizations can survive and flourish in dynamic markets through ensuring that their structures and resources are always filtered and tuned to strategic goals (Nag et al., 2022).

Within the framework of this research, Strategic Management Theory conforms to the initial objective, which attempts to determine the consequences of cost-reduction measures upon the performance of the publicly operating sugar processing companies (SPCs). Cost reduction is essentially a strategic decision, which is made to enhance financial sustainability through matching the limited resources with business requirements. The Strategic Management Theory would be useful in the Kenyan sugar industry where production costs of the public SPCs are high, and their competitiveness is in jeopardy, and thus the aspects of cost effectiveness can be exploited as performance enhancing factor. Removing waste and optimization can help SPCs gain a better positioning in the market and the ability to withstand the competition, thus achieving the strategic goal of maintaining competitiveness.

2.2.2 Change Management Theory

The Change Management Theory describes the process of how organizations move out of the current practice into new ways of working especially in cases where structural and cultural forces are at play. The three-step model of unfreezing, changing, and refreezing by Kurt Lewin, is one of the most effective frameworks in dealing with organizational change. Recent additions, including the eight-step process of Kotter and the model of transition offered by Bridges, focus on leadership, communication, and employee engagement as the key to a successful change (Hussain et al., 2021). The latest scholarship also puts a strong emphasis on adaptive and participatory change models, which can help address resistance and allow organizations to be flexible in turbulent settings (Kamau & Kariuki, 2022). All these structures taken together help to emphasize the fact that change should be handled with a lot of care in the event reforms realize permanent success.

The second objective of the study is clearly informed by this theory and this is to determine the impact of reorganization strategies on the performance of SPCs in western Kenya. Difficult decisions that are likely to cause resistance and uncertainty are common in reorganization including leadership renewal, decentralization, or redeployment of the workforce. The Change Management Theory can be an effective tool to discuss how such reforms can be implemented and leave employees engaged and the organization balanced. In the case of the SPCs in Kenya, which are highly bureaucratic and in most occasions politically inclined, effective reorganization entails orderly change processes that will counter resistance, inculcate flexibility and ultimately result in enhanced responsiveness and efficiency in operations.

2.2.3 Performance Management Theory

The Performance Management Theory is centered on establishing goals, gauging progress, and aligning activities of the organization to the strategic goals. Initial work in this area was done by Peter Drucker with his management by objectives that focused on goal-setting as a method of improving accountability and the Balanced Scorecard developed by Kaplan and Norton that combined both financial and non-financial performance measures into strategic analysis systems (Bititci et al., 2021). The literature of today emphasizes how technology and ongoing monitoring can be used in the contemporary performance management to help organizations to measure the results in real time and modify strategies. The theory is therefore a comprehensive way of improving the organization through a combination of efficiency, effectiveness and adaptability.

This theory is linked to the third objective of the research, and the research will be conducted to find out how the strategies of

modernization affect the reliability and competitiveness of SPCs. The upgrades of technology, innovation of processes, and digital systems necessitate modernization that needs strong performance management systems to determine whether the investments in this area would result in any progress in the productivity, the efficiency, and the customer satisfaction. In the case of public SPCs in Kenya, the implementation of the Performance Management Theory will guarantee that the modernization agenda will be considered not only in terms of cost, but also the use of wider indicators like operational reliability, value generation, and sustainability. This relationship renders Performance Management Theory a critical framework through which effectiveness of modernization strategies can be gauged in order to revitalize the sugar sector.

2.3 Empirical review

The empirical review offers an analysis of previous investigations and studies that have looked at the connection between different turnaround tactics and an organization's success. This section seeks to provide the groundwork for understanding how cost-cutting, reorganization, and modernization methods affect the performance of publicly traded sugar processing firms by examining earlier research. By highlighting significant findings, approaches, and ideas from pertinent literature, the review will place the present work in the larger context of scholarly debate.

2.3.1 Cost Reduction Strategy and Performance

Cost cutting has always been viewed as the initial action of companies that are under the pressure of financial crises because it is a quick fix that enhances liquidity. In a research project on insolvent companies in Spain, Rico and Puig (2021), found that the practice of retrenchment as measured by reducing unnecessary spending and disposing of underused assets greatly enhanced chances of survival. They warned, though, that extreme downsizing or blind cost-cutting tended to undermine the capacity of firms to perform long-term recovery. This puts emphasis on the fact that although reduction in costs can stabilize finances; overdoing it can rob the firms of the resources that they will require in the future to remain competitive. The implication of this to the Kenyan public sugar companies is that cost-cutting must be obtained selectively so that efficiency benefits are not at the expense of strategic resources such as cane development programs.

The good relation between cost effectiveness and performance is also established in the hospitality industry. In a study on five-star hotels in Nairobi that looked into the operation cost of these hotels, Maina (2023) discovered that over 30% of the difference in the performance of firms was explained by the resizing of the operation costs and the efficiency audits. This implies that resilience can be improved even in times of crisis, such as the COVID-19 outbreak, with the help of disciplined financial management, especially in such aspects as energy, procurement, and payroll. The results emphasize the reality that not only is cost reduction a manufacturing issue, but it is also a cross-sectoral survival and growth requirement. Using this example in the context of sugar companies, the efficiency of operations and allocation of resources can be applied in the same way to improve the performance in the highly competitive regional market.

Kwahar and Adudu (2024) explored turnaround strategies of food and beverage companies on stock exchange in Nigeria. Their analysis found that cost reduction and divestiture helped a great deal in the increase of the profitability and market position when they were part of the wider diversification measures. These results confirm that cost-cutting, as part of a multi-pronged turnaround strategy, results in more robust and more lasting performance results. This would imply that cost efficiency cannot exist independently but must be connected to restructuring and modernization to have the most influence in the case of sugar companies in East Africa.

In Kenya, Ochieng (2023) examined the turnaround plan of Kenya Power and discovered that cost cutting measures made the company temporarily financially stable. Nonetheless, these profits were soon neutralized by externalities that included freeze of tariffs and revenue losses caused by the pandemic. This shows that the efforts made by internal encouragement engines can make short-term achievements but cannot be sustained long-term without solving external systemic issues. The same can be seen in the sugar industry where the supply of cane and competition in imports can fluctuate, which supports the thesis that cutting down costs is just a single aspect of the turnaround puzzle.

The advisory reports also warn firms not to be overly keen on the unforeseen effects of cost cutting in a global context. Gartner (2020) cautioned that blindly reducing costs may hurt the morale of the employees, organizational learning, and the quality of service to customers. They claimed that companies must achieve a balance between financial restraint and investment in innovation and human capital to maintain performance. In the case of a public sugar company, this would be expressed as the need to avoid reduction in such areas as research, training of employees and product development. Therefore, the world of evidence and the local one prove that cost reduction raises performance under one condition: it should be created as the element of the balanced and strategic turnaround program.

2.3.2 Reorganization Strategy and Performance

Reorganization plans are necessary to bring organizations back on track in terms of redefining organizational structures, leadership and processes in terms of better performance. The authors of a research on Pakistani companies (Ijaz et al., 2024) found that in the condition of strong CEO power, retrenchment and restructuring led to the best results. With the empowered leadership, the firms

were able to administer tough reorganization strategies like debt restructuring and layoffs with precision and consistency. This proves that reorganization is not solely structural change but also leadership ability to bring about structural changes. In the case of sugar companies in Kenya where political interventions tend to undermine executive autonomy, empowerment of the managerial level could be vital in realising effective reorganization.

In Kenya, Maina (2023) studied how reorganization may help enhance the responsiveness and performance of five-star hotels and discovered that the flattening of organizational structures and decentralization of decision-making systems were highly efficient to increase the responsiveness and performance of the hotels. The analysis revealed that reorganization is an important predictor of recovery in service sectors because structural change accounted for 26 percent of the variance in performance. This indicates that other organizations that are large and bureaucratic like a state sugar company can also enjoy the same form of decentralization. These firms can respond more to market forces and cane supply pressures by giving the operational managers increased decision making capabilities.

Abiodun (2024) has conducted a study of the Nigerian SMEs regionally, and the findings indicated that the overall performance of an organization could be explained by whole-organization restructuring, which involved redistributing manpower, restructuring finances, and restructuring the enterprise. The research study has highlighted how companies, which redistributed their resources to core business activities and offloaded unprofitable businesses experienced the best gains. This gives good empirical evidence to reorganization as a performance driver within African contexts. These lessons can be leveraged by public sugar companies to reform their structures that are currently supporting inefficiencies and shift their resources to cane-milling and marketing activities that are profitable.

It is also evidenced that the strategies of reorganization are frequently initiated by leadership renewal. Mugo and Njuguna (2021) discovered that parastatal firms in Kenya tended to embark on turnaround by substituting leaders that were affiliated to legacy inefficiencies. The analysis was that the change in leadership was more of a symbolic and practical measure towards reorganization, which presented fresh confidence among the staff and other interested parties. In the case of sugar companies, where the turnover of leaders has always been reactive and not strategic, strategic appointment of turnaround leaders with experience might help develop the credibility required to implement effective restructuring.

Lastly, the studies of Karanja and Chepkwony (2023) proved that core competencies-based reorganization strategies yielded a considerable positive impact on the performance of firms. The Kenyan manufacturing companies they studied demonstrated that those that concentrated resources on products and customer segments that they were most competitive in realized quantifiable efficiency improvements. This is in line with realities of sugar milling, where public sugar companies are faced with the need to focus on sugar milling and value added products rather than non-core activities that drain the resources of the organization. Therefore, evidence at the global and local levels indicates that reorganization is not only a structural, but also a strategic performance recovery tool.

2.3.3 Modernization Strategy and Performance

Modernization that entails technological improvements and process innovation is becoming one of the key drivers of firm performance. Jun Cui (2025) researched AI-based modernization among the industrial companies in China and discovered that the digital transformation enhanced the performance of operations and financial results in the country significantly. Notably, the research has reported that modernization impacts were enhanced in combination with sustainability planning like green innovation. In the case of the public sugar companies, this highlights how modernization can offer a better way to produce and also keep in line with the sustainable energy and environment policies.

Wen et al. (2024) showed that in the manufacturing industry around the world, digitalization and modernization approaches increased productivity and minimized environmental effects. Their research highlighted the twofold goodness of modernization; their approach to economic growth and their ability to meet the tougher environmental requirements. This finding indicates that sugar firms in Kenya are under pressure due to imports made under modern conditions, and thus, they have to modernize in case they wish to be competitive in the regional markets.

In the piece by Were (2024), researchers examined furniture production companies in Kenya and discovered that the technological capacity explained almost 50 percent of the variance in the performance of firms. The analysis has concluded that the companies that invested more in the modern machines and digital system were always performing higher than the companies that used old-fashioned machines. The findings are especially applicable to sugar companies, a large number of which use machines that are decades old, which also results in inefficiencies and high expenditures. Modernization may thus be the most decisive one in the attainment of turnaround.

There is also modernization that has been associated with efficient supply chain. In Kenyan food-processing firms, Achieng and Muturi (2022) found that digitalizing the process, especially in monitoring the supply chains, led to enormous cost reductions and improvements in responsiveness of the firms. Their results show that modernization does not only improve internal procedures but also the relationships with suppliers and customers. In the case of sugar companies, the digitalization of cane supply monitoring may decrease the shortages of raw materials and increase the reliability of the performance.

Lastly, Mutinda and Kamau (2021) pointed out that modernization is not only technological but human-centred. In their research,

they discovered that modernization plans that combined workforce training with the upgrade of equipment produced more efficiency improvements than the plans that only concentrated on technology. This demonstrates that the process of modernization must be invested in physical and human capital. In the case of sugar companies, modernization should be complemented with employee training, as only in this way, the reforms will be adopted successfully and become sustainable over time.

2.4 Critique of the reviewed literature

The literature review of cost cutting programs has fixed the notion that retrenchment and efficiency solutions can offer some short-term relief to the companies experiencing financial strain. Researchers mention that divestiture, expense control, and audits of operations tend to improve liquidity and short-term stability, which is confirmed by studies in Spain, Nigeria, and Kenya (Rico & Puig, 2021; Kwahar and Adudu, 2024; Ochieng, 2023). A lot of this scholarship however, often focuses on manufacturing or utility industries and there is little empirical analysis on agribusinesses like sugar processing firms. Moreover, even though cost cutting has been demonstrated to enhance financial performance, the current literature does not pay much attention to the unintended impacts, including less innovation and a diminished capacity to remain competitive in the long run. This means that there is a gap in the assessment of cost minimization as one of the components of an overall turnaround strategy in the particular environment of public SPCs in Kenya.

In terms of reorganization strategies, the literature points out that they are essential in reorganizing leadership, decentralizing decisions, and redistributing resources to the key functions. The Pakistan, Nigeria, and Kenya evidence has highlighted the fact that renewal of leadership and structural re-design can go a long way in enhancing the responsiveness of firms and their performance (Ijaz et al., 2024; Abiodun, 2024; Maina, 2023). However, a lot of these research are conceptual or cross-sectional, so they cannot be used to draw causal relationships. Moreover, a considerable part of the evidence is based on the service sector or small and medium-sized enterprises, and in Kenya, the issues of political intervention and legacies of inefficiency are peculiar to the work of public SPCs. The lack of contextual attention on the large, state-owned agribusiness firms represent a vacuum, which can be addressed with the proposed study, which will confirm or dismiss the importance of reorganization strategies in enhancing performance.

The modernization strategy literature has always pointed to the technological innovation, digitalization, and process improvements as the key to competitiveness and sustainability. It is proven by the global studies that digital transformation as the result of modernization improves efficiency and environmental performance (Wen et al., 2024; Jun Cui, 2025), whereas regional and local studies reveal positive correlations between technological capacity and firm performance (Were, 2024; Achieng and Muturi, 2022). Nevertheless, the majority of these studies are oriented on manufacturing and industrial segment, and little researches are dedicated to sugar industry. In addition, the literature tends to embrace modernization independently without considering complementary forces like governance, employee training and financial reorganization, which play a critical role in resource constrained public enterprises. This poses a methodological and contextual loophole in measuring the interaction of modernization strategies with other turnaround initiatives in enhancing performance of Kenyan SPCs.

Although the existing literature sheds important new light on the strategies to reduce costs, reorganize and modernize, it is rather fragmented and does not give proper empirical attention to the public sugar sector in Kenya. Numerous researches are based on irrelevant industries or use descriptive method, which restricts their applicability to the structural and policy-based issues of SPCs. The paper thus fills in the gaps identified by empirically investigating how the three turnaround strategies can influence the performance of the western Kenya public SPCs, giving country context evidence that would guide managerial and policy interventions.

2.5 Conceptual framework

The conceptual framework illustrates the connection between the independent and dependent variables. Performance is the dependent variable, whereas cost cutting, restructuring, and modernization strategy are the independent factors. Refer to Figure 2.1

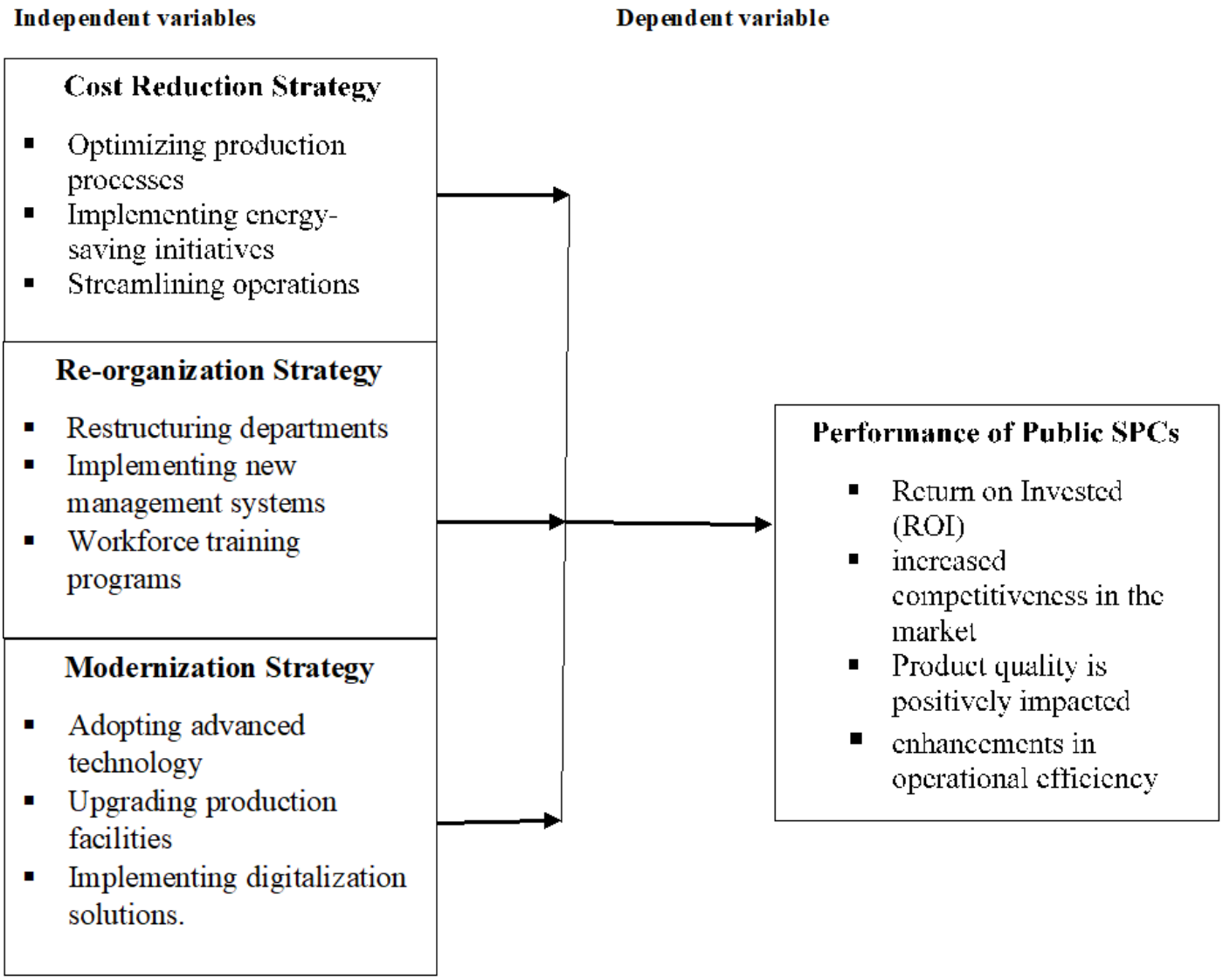

Figure 2.1 Conceptual Framework

2.6 Summary of literature Review and the Research Gap

Table 2.1 highlights summary of previous research areas for which missing or inadequate information limited the ability of the researcher to reach a conclusion for the issues on turnaround strategies that the study attempts to covers.

Table 2.1: Summary of Research Gaps

Researcher(s)	Focus of the Research	Research Findings	Knowledge Gaps	Type of Gap
Rico & Puig (2021)	Retrenchment practices in bankrupt firms in Spain	Cost reduction through asset sales and expenditure cuts improved short-term survival	Did not explore sector-specific impacts in agribusiness or state-owned firms	Contextual gap
Maina (2023)	Cost efficiency in Nairobi's five-star hotels	Operational cost controls explained 30% of variance in performance	Focused on hospitality, not agribusiness or public enterprises	Contextual gap
Kwahar & Adudu (2024)	Turnaround strategies in Nigerian food & beverage firms	Expense control and divestiture improved profitability when paired with diversification	Lacked sector-specific evidence for large-scale, state-owned industries	Empirical gap
Ijaz et al. (2024)	Reorganization strategies in Pakistani firms	Leadership empowerment improved implementation of restructuring and debt recovery	Context differs significantly from African public agribusinesses	Contextual gap

Maina (2023)	Decentralization and reorganization in Kenyan hotels	Flattening hierarchies improved responsiveness and explained 26% of performance variance	Focus on service industry, not heavy manufacturing like sugar processing	Contextual gap
Abiodun (2024)	Comprehensive restructuring in Nigerian SMEs	Resource reallocation to core functions explained 96% of performance variance	Findings limited to SMEs; not generalizable to state-owned agribusiness firms	Methodological gap
Jun Cui (2025)	AI-driven modernization in Chinese industrial firms	Digital transformation improved operational efficiency and financial outcomes	Focus on industrial firms; limited insight for African agribusiness context	Contextual gap
Wen et al. (2024)	Modernization and environmental sustainability in global manufacturing	Modernization boosted productivity while reducing environmental impacts	Did not address socio-political challenges of state-owned enterprises	Contextual gap
Were (2024)	Technological capacity in Kenyan manufacturing	Investment in modern machinery explained nearly half of performance variance	Study excluded sugar sector; did not test combined modernization strategies	Empirical gap

Chapter Three

Research Methodology

3.0 Introduction

The research methods employed to conduct the study are highlighted in the following chapter. It covers the research design paradigm, the philosophical underpinnings of the study, the population targeted, the sampling method and sample, data collection procedures and tools used, the pilot study, the analytical strategy to the data, and ethical consideration concerns.

3.1 Research Philosophy

The best research philosophy for the present study, which looks at how turnaround methods affect public SPC performance, was positivism. The most influential philosophical tradition, termed positivism, supports the use of empirical observations and measurable indicators to explain and define phenomena (Bryman, 2016). The principal objective of the academic pursuit carried out during the current research is to measure and evaluate the impact of the turnaround strategies chosen by the public State-Owned Enterprises (SOEs) without prejudice. A standardized Likert-type questionnaire was utilized to obtain numerical data as part of the current study's quantitative methodology that adheres to the principles of positivism. Due to the strategy used in the methodology, data can be systematically gathered, allowing for the process of statistical analysis to be undertaken, hence allowing researchers to make objective conclusions and extend the findings to the population at large.

The positivist paradigm places a strong focus on the identification of cause-and-effect links, objectivity, and measurability. The primary objective of the study is to look at the connections between public SPC performance (a dependent variable) and turnaround methods (an independent variable). The general rigor and dependability of the study's conclusions are enhanced by the positivist mindset, which supports the quantitative methodologies used to examine these correlations in a methodical manner (Babbie, 2017).

3.2 Research Design

This study adopted a descriptive and explanatory research design within a quantitative research framework. A descriptive design was appropriate because it enabled the researcher to systematically capture and present the current state of turnaround strategies namely cost-cutting measures, restructuring initiatives, and modernization programs as applied within public sugar processing companies (SPCs) in western Kenya. According to Creswell and Creswell (2018), descriptive research is valuable in contexts where the goal is to depict characteristics of a phenomenon and provide a factual and accurate account of existing conditions. This approach was particularly useful in understanding how turnaround strategies have been operationalized in the sampled organizations.

At the same time, an explanatory (or causal) design was employed to investigate the nature of the relationship between turnaround strategies and the performance of public SPCs. Explanatory design is suitable when the aim of the research is to establish cause-and-effect linkages between independent and dependent variables (Saunders, Lewis, & Thornhill, 2019). In this study, explanatory analysis was necessary to test the hypothesized effects of cost-cutting, restructuring, and modernization strategies on organizational performance, moving beyond description to determine the direction and strength of these relationships.

The adoption of a quantitative approach ensured that findings were supported by empirical evidence derived from measurable data. Quantitative research emphasizes objectivity, reliability, and generalizability, and is often applied where the study requires statistical

analysis of numerical data (Bryman, 2016). The use of structured questionnaires allowed for standardized data collection across all five companies, while inferential analysis techniques such as multiple linear regression provided the basis for testing the significance of relationships among the study variables.

3.3 Target Population

The target population for this study comprised senior management staff drawn from the five public sugar processing companies (SPCs) located in Kenya's western sugar belt including Mumias Sugar Company, Nzoia Sugar Factory, Chemelil Sugar Factory, Muhoroni Sugar Company, and South Nyanza (Sony) Sugar Company. These firms were selected because they represent the backbone of the Kenyan public sugar subsector and are central to both the economic and social wellbeing of the region. According to the Kenya National Bureau of Statistics (KNBS, 2022), the western sugar zone accounts for more than 90% of Kenya's sugarcane production, making these SPCs an appropriate focus for assessing turnaround strategies in the sector.

Senior managers were identified as the unit of analysis because they are responsible for strategic decision-making, implementation of turnaround initiatives, and oversight of organizational performance. Their positions make them knowledgeable informants on cost-cutting measures, restructuring initiatives, and modernization programs adopted by their respective firms (Cooper & Schindler, 2014).

Table 3.1 Target Population

PUBLIC SPCs	**Population**
Mumias Sugar Company	8
Nzoia Sugar Factory	16
South Nyanza Sugar Company	12
Muhoroni Sugar Company	6
Chemelil Sugar Factory	9
TOTAL	**51**

(Source: Mumias Sugar Company, Nzoia Sugar Factory, Chemelil Sugar Factory, Muhoroni Sugar Company, and South Nyanza (Sony) Sugar Company, 2025)

3.4 Sample Size and Sampling Technique

Given the relatively small number of 51 senior managers, the study adopted a census sampling approach, whereby all members of the target population were included in the survey. Census sampling is particularly appropriate when the population is small, manageable, and critical for ensuring comprehensive coverage of perspectives (Cooper & Schindler, 2014). As emphasized by Kothari (2014), census surveys eliminate sampling error, enhance representativeness, and provide richer data where the population size is not prohibitively large. Furthermore, because this study involved a strategic-level population where each respondent holds unique insights into turnaround initiatives, excluding any members could result in loss of crucial information. Through engaging all 51 senior managers, the study ensured that the findings reflected the full scope of managerial perspectives within the public SPCs of western Kenya.

3.5 Data and Data Collection

Data collection was conducted in a systematic manner to ensure accuracy, consistency, and compliance with ethical standards. The process began with obtaining formal approval from the National Commission for Science, Technology and Innovation (NACOSTI), followed by the issuance of an introductory letter from the university. This letter was presented to the management of each of the five public sugar processing companies (SPCs) to seek permission for conducting the study.

Once authorization was granted, potential respondents were contacted and briefed about the purpose of the research, its significance, and the voluntary nature of participation. Informed consent was obtained prior to administering the questionnaires. Questionnaires were distributed both physically and electronically, depending on respondent accessibility and preference. Follow-up reminders were sent to enhance response rates and reduce the risk of non-response bias. Completed questionnaires were collected within a two-week period to allow sufficient time for participation while ensuring timeliness of data gathering.

The primary instrument for data collection was a structured questionnaire. Structured questionnaires were selected because they provide uniformity of responses, reduce interviewer bias, and facilitate statistical analysis (Kothari, 2014). They are particularly suitable for quantitative studies where the aim is to measure relationships between variables using standardized items (Bryman, 2016). The questionnaire was divided into two sections. Section A captured demographic characteristics of respondents such as gender, education level, years of service, and company affiliation. Section B focused on the study variables. The use of a structured

questionnaire was also justified by the nature of the study population, senior managers, who are conversant with turnaround strategies and able to provide informed and consistent responses within a standardized format.

3.6 Pilot Testing

A pilot study was conducted to pre-test the research instrument and ensure its clarity, relevance, and suitability before the main data collection exercise. The pilot was carried out at South Nyanza (Sony) Sugar Company, which was excluded from the main study to avoid contamination of results. A sample of 10% of the target population (5 senior managers) was selected for the pilot, consistent with Mugenda and Mugenda (2003), who recommend 5–10% of the population as adequate for pre-testing.

Validity refers to the degree to which an instrument measures what it is intended to measure (Creswell & Creswell, 2018). To ensure content validity, the questionnaire was reviewed by two university supervisors and an industry expert with experience in corporate restructuring. Their feedback focused on the relevance, wording, and comprehensiveness of the items, which led to revisions for clarity and alignment with the study objectives. Construct validity was established by aligning questionnaire items with the conceptual framework and variables of the study of cost-cutting measures, restructuring initiatives, modernization programs, and performance of public SPCs.

Reliability refers to the consistency of an instrument in producing stable results when applied repeatedly under similar conditions (Bryman, 2016). Reliability was assessed using Cronbach's alpha coefficient in SPSS, with a threshold of 0.70 considered acceptable for internal consistency (Nunnally, 1978). The results of the reliability test are summarized below:

Table 3.2: Reliability Test Results (Cronbach's Alpha)

Variable	Number of Items	Cronbach's Alpha	Interpretation
Cost-cutting measures	7	0.82	Reliable
Restructuring initiatives	6	0.79	Reliable
Modernization programs	6	0.84	Reliable
Performance of SPCs	8	0.87	Reliable
Overall Scale	**27**	**0.83**	**Highly Reliable**

All constructs recorded alpha values above 0.70, indicating that the instrument was highly reliable. Based on the pilot study results, minor adjustments were made to the wording of a few items to improve clarity, after which the questionnaire was deemed valid and reliable for the main study.

3.7 Data Analysis model

Data analysis in this study was guided by the research objectives, with both descriptive and inferential techniques applied to draw meaningful conclusions. The responses from the structured questionnaires were first cleaned, coded, and entered into SPSS for statistical analysis. Descriptive statistics, including means, standard deviations, and frequencies, were used to summarize demographic information and patterns of responses across the study variables. Each construct of cost-cutting measures, restructuring initiatives, modernization programs, and performance, was measured using multiple items on a five-point Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"). These responses were aggregated into composite scores to allow for inferential testing.

Before conducting regression analysis, several diagnostic tests were performed to ensure that the assumptions of linear regression were met. The normality of residuals was tested using the Shapiro-Wilk test and Q-Q plots, while scatterplots were used to confirm linearity between independent variables and organizational performance. Multicollinearity was examined using the Variance Inflation Factor (VIF), with all values found to be below the recommended threshold of 10, indicating independence of predictors. Homoscedasticity was assessed using the Breusch-Pagan test, confirming that residuals had constant variance, while autocorrelation was checked through the Durbin-Watson statistic, which fell within the acceptable range of 1.5 to 2.5. These results confirmed that the dataset satisfied the key statistical assumptions necessary for valid regression modeling.

Regression analysis was then carried out to test the hypothesized effects of turnaround strategies on the performance of public sugar processing companies in western Kenya. Separate regression models were estimated for each objective to examine the effects of cost-cutting, restructuring, and modernization individually, followed by an overall multiple regression model incorporating all three predictors simultaneously. The general regression model was specified as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

where Y represented performance, X_1 cost-cutting measures, X_2 restructuring initiatives, and X_3 modernization programs. Model fit was evaluated using the coefficient of determination (R^2 and adjusted R^2) to indicate the proportion of variance in performance explained by the independent variables. The F-statistic tested the overall significance of the regression model, while standardized beta coefficients and p-values determined the magnitude and significance of each predictor.

To minimize non-response bias, response rates were closely monitored across all five companies. Early and late responses were compared using independent-sample t-tests, consistent with Armstrong and Overton's (1977) approach, and no significant differences were found. This confirmed that the final dataset was representative of the target population. The data analysis process

ensured that findings were statistically valid, reliable, and directly linked to the study objectives, providing a strong basis for interpretation and discussion in the subsequent chapter.

3.8 Ethical Considerations

The National Commission for Science, Technology, and Innovation (NACOSTI) was approached by the researcher to request a research authorization. Similar to this, the researcher contacted the management of the five public SPCs under investigation to request official authorization from the management to collect data from the target respondents after receiving consent from the school to do so. This was accomplished by presenting a letter of introduction from the university. All along the study procedure, ethical issues were of the utmost importance. Every participant was asked for their informed permission, guaranteeing their voluntary involvement and privacy. The study abides by ethical standards, respecting participants and preserving the objectivity of the investigation.

Chapter Four

Results and Discussion

4.0 Introduction

The chapter provides the research findings regarding the effect of turnaround strategies on the operational performance of public sugar processing firms based in the western part of Kenya. The chapter begins by offering details regarding the rates of return of the questionnaires, followed by an analysis of the demographic details of the respondents based on variables such as gender, the level of education, and working experience in the company. Finally, the chapter offers descriptive statistical analyses to determine the unique effects of cost control, organization design, and modernization efforts to the performance of the firms. Lastly, inferential statistics, including correlation and regression analyses, will be utilized to examine the relationships between the turnaround strategies and overall organizational performance, thereby offering insights into the effectiveness of these strategies.

4.1 Response Rate

The table 4.1 below presents the response rate from the administered questionnaires. Out of the 51 questionnaires distributed to the senior management of public sugar processing companies.

Table 4.1 Response rate

Response Status	Frequency	Percentage (%)
Responded	46	90
Did not respond	5	10
Total	**51**	**100**

Of the 51 questionnaires sent out, 46 were returned and filled in, a 90% response rate. 90% is a satisfactory response rate for the study's objectives, since 70% is acceptable in primary data research (Mugenda & Mugenda, 2003). A high response rate is important since it makes the collected data a true representation of the target population, hence providing credible and reliable data to be analyzed.

4.2 Demographic Information of the Respondents

4.2.1 Gender of respondents

Table 4.2 Gender of respondents

Gender	Frequency	Percentage (%)
Male	32	70
Female	14	30
Total	**46**	**100**

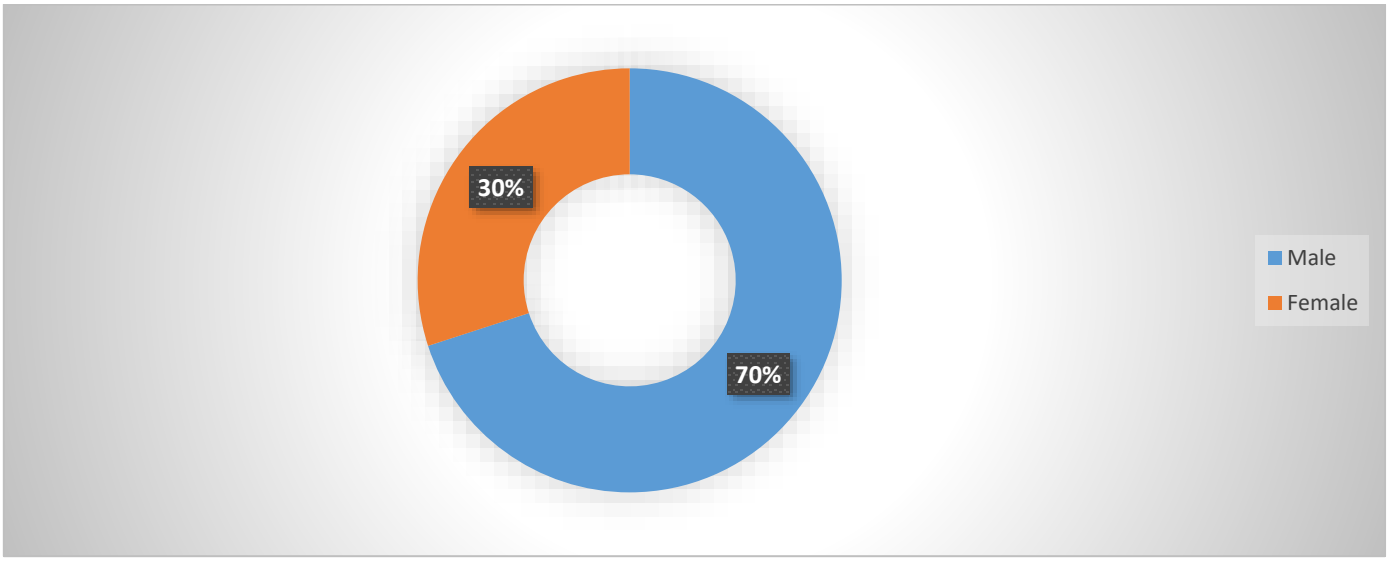

Figure 4.1 Gender of respondents

Table 4.2 and Figure 4.1 above show the gender distribution of study participants. The results show that a much higher percentage of respondents were male (70%), while female respondents accounted for 30% of the total participants. This wide difference in representation among respondents could imply that, in most cases, leadership positions in public sugar processing organizations are largely held by men. The low representation of women in managerial positions underscores the urgent need for immediate measures to increase gender diversity and inclusion in the managerial ranks of Kenyan sugar processing firms.

4.2.2 Level of Education

Table 4.3 Level of Education of Respondents

Education Level	Frequency	Percentage (%)
Certificate	4	9
Diploma	10	22
Graduate	20	43
Postgraduate	12	26
Total	**46**	**100**

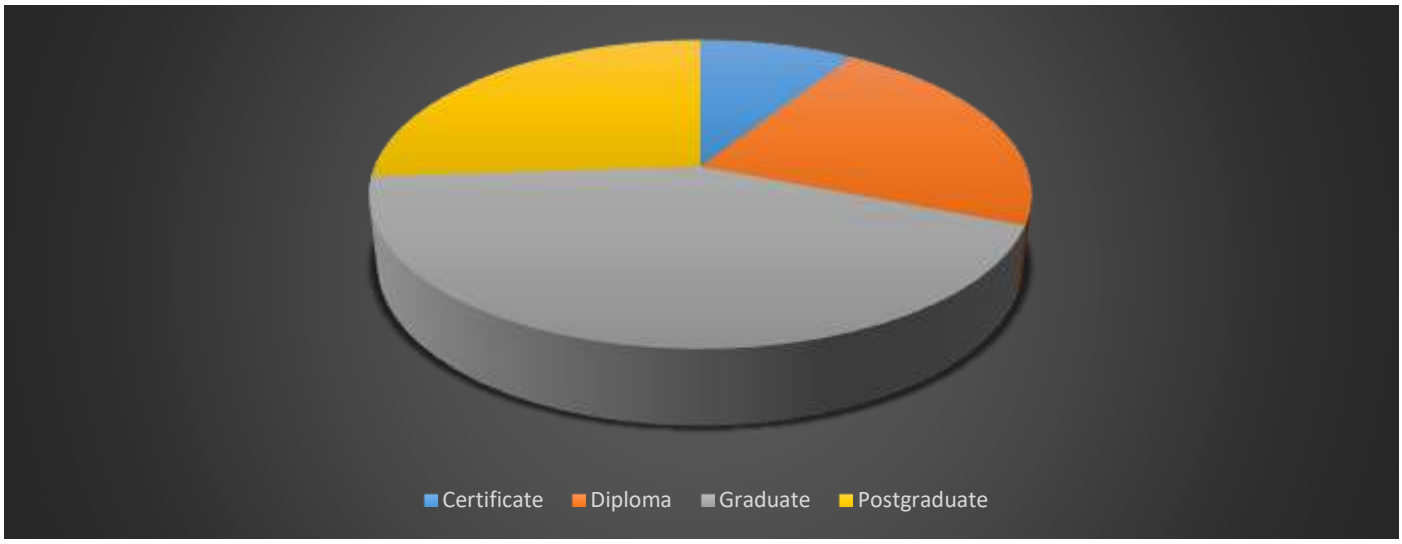

Figure 4.2 Level of Education of Respondents

Table 4.3 and figure 4.2 above shows the educational levels of the respondents. Among the respondents, 9% hold certificate qualifications, representing the smallest group in the senior management of public sugar processing companies. A more substantial group, comprising 22%, holds diploma qualifications. The largest proportion of respondents, at 43%, have graduate degrees, indicating that most senior managers have a solid educational foundation. Additionally, 26% of the respondents have postgraduate qualifications, showcasing an advanced level of expertise within the leadership teams. These educational backgrounds are essential for implementing complex turnaround strategies, suggesting that a well-educated leadership could significantly influence the success

of such initiatives and also this will enable them be able to read and understand the questionnaires easily and provide the most reliable information. However, the presence of certificate holders' points to potential areas where further professional development might be beneficial to enhance strategic decision-making across the board.

4.2.3 Number of years worked at the organization

Table 4.4 Number of years worked at the organization

Years Worked	Number of Respondents	Percentage
0-5 years	31	67%
6-10 years	11	24%
Above 10 years	4	9%
Total	**46**	**100%**

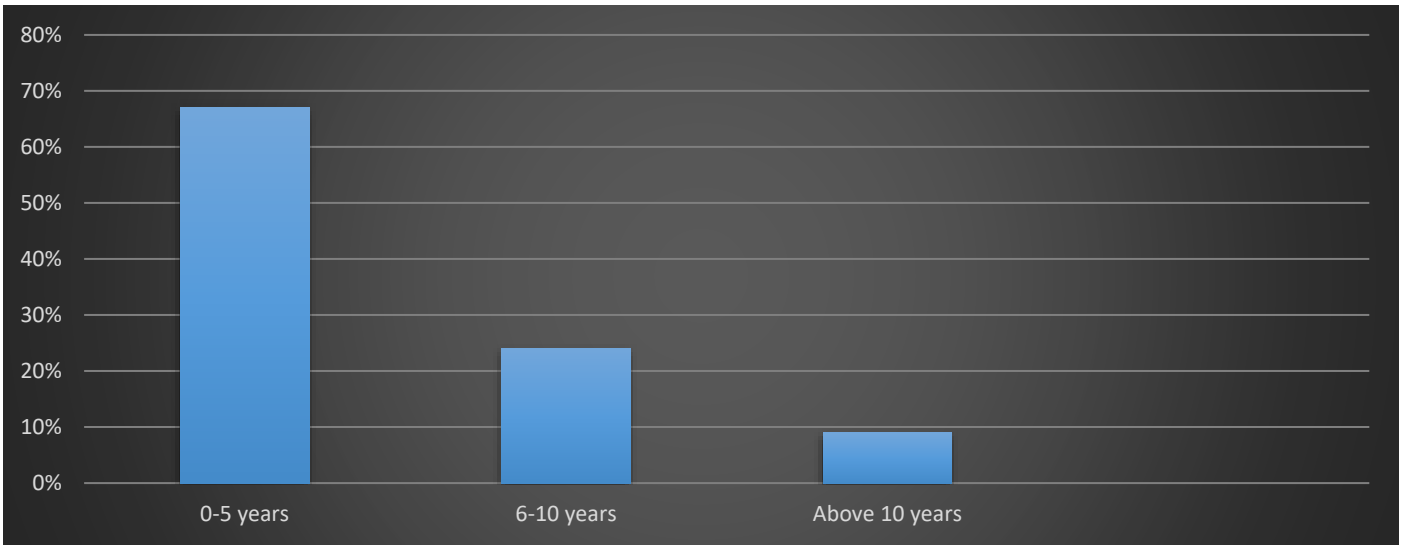

Figure 4.3 Number of years worked at the organization

Table 4.4 and Figure 4.3 above shows the educational levels of the respondents. The analysis of respondents based on their years of experience within the organization shows that 67% have worked for 0-5 years, indicating a predominance of a younger workforce. This high percentage suggests challenges regarding employee retention and institutional knowledge. In contrast, 24% of respondents have 6-10 years of experience, while only 9% have more than 10 years, indicating limited representation of long-term employees. These findings imply that public sugar processing companies in the western region of Kenya may need to enhance training and development programs to support the largely inexperienced workforce, particularly in implementing turnaround strategies. Given the focus of this study on how turnaround strategies affect organizational performance, a workforce with limited experience may struggle to adapt and execute these strategies effectively.

4.3 Descriptive Analysis

4.3.1 The effect of cost reduction strategies on the performance of public sugar processing companies

The table 4.5 below summarizes the respondents' views on the effect of cost reduction strategies, measured through five statements. The analysis includes the mean and standard deviation for each statement.

Table 4.6 Cost Reduction Strategies and Performance of Public Sugar Processing Companies

Statement	SA	A	N	D	SD	Mean	Standard Deviation
The organization has implemented cost reduction strategies such as optimizing production processes and reducing overhead costs.	18 (39%)	20 (43%)	5 (11%)	2 (4%)	1 (3%)	**4.15**	**0.76**
The organization employs measures like renegotiating supplier contracts or implementing energy-saving initiatives.	15 (33%)	22 (48%)	5 (11%)	2 (4%)	2 (4%)	**4.10**	**0.80**
Cost reduction strategies are evident in efforts to maintain competitiveness within the sugar processing industry.	12 (26%)	25 (54%)	5 (11%)	2 (4%)	2 (4%)	**4.05**	**0.78**

Initiatives such as streamlining operations or adopting lean manufacturing principles are observable within the organization.	10 (22%)	20 (43%)	8 (17%)	5 (11%)	3 (7%)	**3.85**	**0.90**
Effective cost reduction strategies are evident in how the organization addresses financial challenges.	20 (43%)	15 (33%)	4 (9%)	5 (11%)	2 (4%)	**4.20**	**0.72**
Average						**4.07**	**0.79**

The findings imply that strategies of cutting costs have been embraced extensively in Kenyan public sugar processing firms, as shown by the high mean scores of the evaluation of these strategies. With a mean of 4.15 and a standard deviation of 0.76, for instance, the adoption of minimization strategies like production optimization and overhead cost reductions—showed a high degree of agreement and a relatively small range among the respondents.

However, actions like renegotiating supplier contracts and implementing energy-saving measures had a mean of 4.10, and respondents said they approved of how these measures were really implemented.

Additionally, the claim regarding the company's competitive benefit resulted in a mean of 4.05, indicating that the respondents largely agreed about the importance of cost-reduction measures in ensuring competitiveness. However, the comparatively lower mean of 3.85 that is associated with process optimization and lean manufacturing indicates that the use of these methodologies may be less obvious or consistently employed by all companies. The widespread financial challenges are effectively countered by the use of measures to reduce costs, as shown by the maximum mean of 4.20. The respondents' high degree of agreement with the efficacy of cost-cutting strategies in improving the performance of publicly traded sugar processing firms is shown by the overall mean of the five indicative items, which is 4.07, and the mean standard deviation, which is 0.79.

Research conducted by Kamau & Karanja (2020) sought to assess how cost management approaches affected the efficiency and profitability of Kenyan manufacturing companies. The study's conclusion was that the successful application of cost-cutting strategies, including the improvement of production processes and energy usage, greatly improved operational productivity. This is consistent with the current study's findings, which established a relationship between cost-reduction practices and increased competitiveness and financial performance among sugar processing firms. In addition, they promoted the implementation of lean manufacturing practices, suggesting that organizations implementing such practices are likely to show better performance compared to their peers. This further supports the observation that, while state-owned sugar processing companies have managed to implement a variety of cost-reduction practices, further improvements in lean manufacturing practices may lead to further improvements in their overall performance.

4.3.2 To evaluate the effect of re-organization strategies on the performance of public sugar processing companies

The table 4.7 below presents the respondents' assessments of the effect of re-organization strategies, measured through five statements. The analysis includes the mean and standard deviation for each statement.

Table 4.7 re-organization strategies and the performance of public sugar processing companies

Statement	**SA**	**A**	**N**	**D**	**SD**	**Mean**	**Standard Deviation**
The organization has restructured its departments to enhance operational efficiency.	22 (48%)	18 (39%)	3 (7%)	2 (4%)	1 (2%)	**4.25**	**0.68**
Clear communication of organizational changes has been prioritized within the company.	20 (43%)	20 (43%)	4 (9%)	1 (2%)	1 (2%)	**4.10**	**0.75**
Employee training programs are implemented to support the reorganization efforts.	18 (39%)	19 (41%)	5 (11%)	2 (4%)	2 (4%)	**4.00**	**0.80**
The organization has adopted a more flexible structure to adapt to market changes.	21 (46%)	17 (37%)	5 (11%)	2 (4%)	1 (2%)	**4.15**	**0.72**
Reorganization strategies have led to improved decision-making processes.	25 (54%)	15 (33%)	3 (7%)	2 (4%)	1 (2%)	**4.30**	**0.70**
Average						**4.16**	**0.73**

The findings reveal strong concurrence among the participants that the performance of public sugar processing firms has been boosted by the reorganization efforts. The respondents accorded the maximum average score of 4.30 to the point that the decision-making process has also improved, implying that such efforts had a considerable effect in elevating the performance of the companies. The capacity of the reorganization efforts to maximize operations in the environment in a way that can facilitate speedier and better decision-making also constitutes a clear indicator of their effectiveness in implementation. The mean score of 4.25 for restructuring departments to enhance operational efficiency further underscores the positive impact of re-organization. Respondents also showed a favorable view toward the prioritization of clear communication regarding changes within the organization, with a mean score of 4.10. This highlights the importance of transparency during organizational transitions, which can significantly affect

employee morale and performance.

Training programs to support reorganization efforts received a mean score of 4.00, indicating that respondents perceive such initiatives as vital for successfully implementing organizational changes. The mean score of 4.15 for adopting a more flexible structure demonstrates that companies are adapting to the dynamic market conditions, an essential strategy in the highly competitive sugar processing industry. The average mean for the five measurement items is 4.16, with an average standard deviation of 0.73, indicating a strong consensus among respondents regarding the effectiveness of re-organization strategies.

A study by Ng'ang'a and Muturi (2019) explored the impact of organizational restructuring on the performance of manufacturing firms in Kenya. Their findings revealed that restructuring initiatives that included clear communication, employee training, and a focus on decision-making positively influenced overall organizational performance. This study concurs with the current findings, particularly regarding the significance of effective communication and training during re-organization processes. Ng'ang'a and Muturi emphasized that organizations that invest in training their employees during restructuring are more likely to experience a smoother transition and enhanced performance, a sentiment echoed in the responses collected for this study.

4.3.3 To examine the effect of modernization strategies on the performance of public sugar processing companies

The table 4.8 below presents the assessment of respondents regarding the effect of modernization strategies, as measured through five statements included in the questionnaire. The mean and standard deviation for each statement are provided

Table 4.8 Modernization Strategies and Performance of Public Sugar Processing Companies

Statement	SA	A	N	D	SD	Mean	Standard Deviation
The organization has invested in new technologies to enhance production efficiency.	24 (52%)	16 (35%)	3 (7%)	2 (4%)	1 (2%)	**4.40**	**0.65**
Modernization strategies have improved the quality of our sugar products.	23 (50%)	17 (37%)	4 (9%)	1 (2%)	1 (2%)	**4.35**	**0.70**
The organization regularly updates its equipment to stay competitive.	20 (43%)	18 (39%)	5 (11%)	2 (4%)	1 (2%)	**4.25**	**0.72**
Employee skills have been enhanced through training on modern technologies.	21 (46%)	15 (33%)	7 (15%)	2 (4%)	1 (2%)	**4.15**	**0.75**
Modernization efforts have led to better market reach and customer satisfaction.	22 (48%)	16 (35%)	5 (11%)	2 (4%)	1 (2%)	**4.30**	**0.68**
Average						**4.27**	**0.66**

The results from the questionnaire indicate a positive perception of modernization strategies among the respondents in public sugar processing companies. The statement regarding investment in new technologies to enhance production efficiency received the highest mean score of 4.40, reflecting a strong belief in the impact of modernization on operational efficiency. This finding underscores the critical role that technological advancements play in improving production processes within the industry. Additionally, a mean score of 4.35 for the statement on improved product quality highlights the effectiveness of modernization strategies in enhancing the overall quality of sugar products. Respondents also indicated a favorable view toward regular equipment updates, with a mean score of 4.25, suggesting that keeping up with technological advancements is essential for maintaining competitiveness in the market.

The 4.15 mean score for the upgrading of workers' capabilities by training in new technology reflects the value placed by companies in preparing their employees with the necessary capabilities for the proper application of the latest technological innovations. This observation is in keeping with the proposition that efforts to modernize have had the effect of increasing market presence and customer satisfaction, as reflected in a mean average of 4.30. These observations point to an indication that both customer relationships and the performance of the organization in the market as a whole have been positively affected by such efforts. A cumulative average of the five evaluation factors is 4.27, supported by a mean standard deviation of 0.66, further reinforcing the view of respondents that efforts to modernize had an overall positive effect.

An empirical study by Mwangi Gichuhi (2020) sought to evaluate the role of modernization in making agricultural firms in Kenya operationally effective. The study found that projects aimed at modernization greatly improve productivity, product quality, and competitiveness in the market. According to the writers, the companies that adopted modern technology and engaged in employee education were better positioned to meet the demands of the market and improve performance overall. The findings of the current study concur with the work of Mwangi & Gichuhi's study that the positive effect of modernization in improving product quality and enabling better penetration in the market.

4.3.4 The performance of the public sugar processing companies

The table 4.9 below summarizes the assessment of the performance of public sugar processing companies based on five measurement

items. The mean and standard deviation for each statement are presented.

Table 4.9 The Performance of the Public Sugar Processing Companies

Statement	SA	A	N	D	SD	Mean	Standard Deviation
The organization meets its production targets consistently.	22 (48%)	15 (33%)	5 (11%)	2 (4%)	2 (4%)	4.10	0.80
The quality of sugar produced is highly rated by customers.	24 (52%)	17 (37%)	3 (7%)	1 (2%)	1 (2%)	4.20	0.75
The organization has a good reputation in the market.	25 (54%)	14 (30%)	4 (9%)	1 (2%)	2 (4%)	4.30	0.70
Financial performance has improved over the past few years.	20 (43%)	18 (39%)	5 (11%)	2 (4%)	1 (2%)	4.00	0.85
The organization is able to adapt to market changes effectively.	23 (50%)	15 (33%)	5 (11%)	1 (2%)	2 (4%)	4.15	0.78
Average						**4.15**	**0.78**

The results indicate a generally positive assessment of the performance of public sugar processing companies in the western region of Kenya. The claim regarding the organization's market reputation achieved the maximum average value of 4.30, thereby showing that such institutions are held in high esteem by both stakeholders and consumers. Such a positive reputation is essential in supporting customer loyalty and new customer acquisition, which is vital in a competitive market environment. A score of 4.20 averaged per the produced sugar's quality implies that the respondents view the products as falling in a similar range or higher compared to customer expectations. Such a value is essential in maintaining market share and customer loyalty, especially in a market environment in which the overall product quality can greatly impact sales.

The organization's continual achievement of production targets, reflected in the average score of 4.10, depicts proficient operations management and maximum use of resources. However, the statement of improved financial performance recorded a slightly lower average of 4.00, reflecting that while operations figures are strong, financial performance might not be following suit. The average score of 4.15 for the organization's ability to respond to changes in the market reflects that such organizations are sensitive to external forces, a key element for their long-term feasibility. The average mean for the five measurement items is 4.15, with an average standard deviation of 0.78, indicating a general agreement among respondents regarding the performance of these organizations.

A study by Kihoro et al. (2019) on the performance of sugar manufacturing firms in Kenya found that effective management practices and a focus on quality significantly enhance organizational performance. Their research highlighted that companies with strong market reputations and adaptability to changes were better positioned to succeed financially. This aligns with the findings of the current study, particularly regarding the importance of reputation and quality in driving performance metrics.

4.4 Diagnostic Test Results

Before conducting inferential analysis, the researcher tested whether the regression model assumptions were met by the collected data for the study. The data was therefore tested for assumption violations of normality, multicollinearity, and autocorrelation. The following section presents various diagnostic test results of the study.

4.4.1 Test of Normality

To determine if the data followed a normal distribution, the Shapiro-Wilk test was used. The results are summarized below:

Table 4.10 Shapiro-Wilk Test of Normality

Variable	Shapiro-Wilk Statistic	Sig.
Cost Reduction Strategies	0.957	0.176
Re-organization Strategies	0.945	0.109
Modernization Strategies	0.952	0.130
Performance	0.949	0.118

The Shapiro-Wilk test results for this study indicate that the assumption of normality is met for each of the key variables: Cost Reduction Strategies, Re-organization Strategies, Modernization Strategies, and Performance. Each variable's p-value exceeds the 0.05 threshold, which suggests that the data distribution for each is not significantly different from a normal distribution. In practical terms, this implies that the sample data aligns closely with a normal curve, thereby fulfilling one of the essential prerequisites for conducting parametric statistical tests, such as regression analysis. Normality in these variables enhances the reliability of the inferential analysis by reducing the risk of skewness or kurtosis impacting the findings. As a result, these Shapiro-Wilk test outcomes

affirm that the data is appropriately conditioned for further statistical analysis, supporting valid interpretations of any resulting regression coefficients and their potential implications for the study's hypotheses.

4.4.2 Multicollinearity Test Results

Multicollinearity was assessed using the Variance Inflation Factor (VIF) and Tolerance values for each independent variable.

Table 4.11 Multicollinearity Test

Model	**Collinearity Statistics**	
	Tolerance	**VIF**
Cost Reduction Strategies	0.675	1.481
Re-organization Strategies	0.682	1.466
Modernization Strategies	0.691	1.448
Dependent Variable: Performance		

The multicollinearity test results in the table indicate that multicollinearity is not a problem among the independent variables of cost reduction strategies, re-organization strategies, and modernization strategies. Each independent variable's Variance Inflation Factor (VIF) is below the standard threshold of 10, with values of 1.481 for cost reduction strategies, 1.466 for re-organization strategies, and 1.448 for modernization strategies. These VIF values are relatively low, indicating that each variable has a minimal linear correlation with the others and is unlikely to introduce redundancy into the model.

Similarly, the Tolerance values for each variable are well above the threshold of 0.1, with cost reduction strategies at 0.675, re-organization strategies at 0.682, and modernization strategies at 0.691. Higher Tolerance values confirm that a substantial portion of each predictor's variance is independent of the other predictors. These results demonstrate that each independent variable can contribute unique explanatory power to the model in evaluating its relationship with the dependent variable, Performance. Consequently, these findings suggest that all three predictors can be confidently included in the regression model without adjustments for multicollinearity.

4.4.3 Autocorrelation Test Results

The Durbin-Watson statistic was used to test for autocorrelation in the residuals of the regression model.

Table 4.12 Durbin-Watson Autocorrelation Test

Model	**Durbin-Watson**
1	1.967

The Durbin-Watson statistic in Table 4.10 is 1.967, indicating that the residuals of the regression model contain very little autocorrelation. The Durbin-Watson test is a test for determining the existence of first-order autocorrelation of the residuals of a regression analysis. The Durbin-Watson value ranges from 0 to 4, and a value closing in at 2 indicates a likely non-existence of autocorrelation.

In such a case, 1.967 is a very accurate estimate of 2, meaning that residuals are independently distributed, and residual autocorrelation is not evident. Such a scenario is the best possible, since the occurrence of residual autocorrelation in a regression model may lead to biased estimates, thus tainting the validity of the forecasted results. The model's assumptions, therefore, hold, and the analysis of the regression can be conducted with the knowledge that the results will be independent of autocorrelation.

4.4.4 Linearity Test Results

To assess the linearity of the relationship between the independent variables (turnaround strategies) and the dependent variable (performance), a scatter plot was generated.

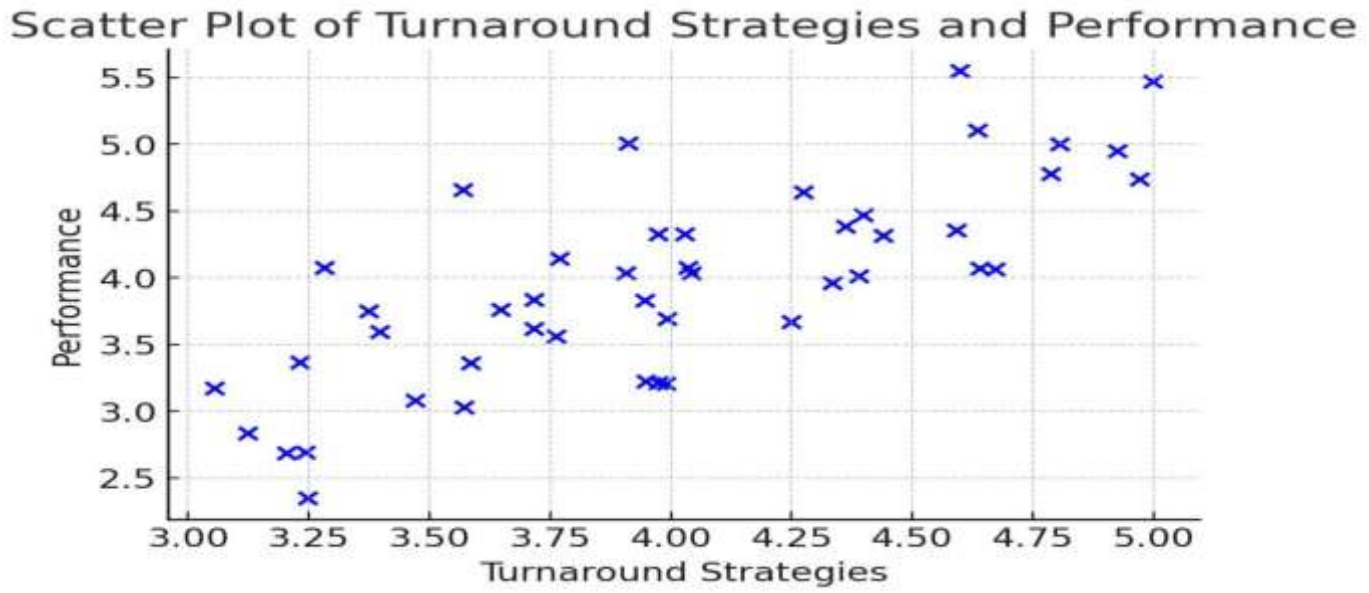

Figure 4.4 Scatter Plot for Turnaround Strategies and Performance

The scatter plot shows the relationship between turnaround strategies (on the x-axis) and performance (on the y-axis). Each point represents an observation, showing the level of performance corresponding to a specific level of turnaround strategies. The positive slope observed in the scatter plot suggests a positive correlation between turnaround strategies and performance. As the level of turnaround strategies increases, there is a general tendency for performance to increase as well. This indicates that more effective implementation of turnaround strategies is associated with higher levels of performance in the observed data.

4.5 Inferential Statistics Results

4.5.1 Multiple Linear Regression Analysis

The multiple linear regression model was employed to establish the relationship between three independent variables of cost reduction strategies, reorganization strategies, and modernization strategies and the dependent variable, performance of public sugar processing companies (SPCs). This enabled the study to determine both the overall significance of the model and the unique contribution of each predictor to organizational performance.

Table 4.13 Overall Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.89	0.79	0.76	0.25

The correlation coefficient (R = 0.89) shows a strong positive relationship between the predictors and the performance of SPCs. The coefficient of determination ($R^2 = 0.79$) indicates that 79% of the variance in performance is explained by the three strategies combined. The adjusted R^2 (0.76) confirms the stability of the model even after accounting for the number of predictors, while the standard error of 0.25 suggests that the predicted values are close to the actual values. This demonstrates that the regression model provides a good fit to the data.

Table 4.14 ANOVA Test Results

Model	Sum of Squares	df	Mean Square	F	Sig. (p-value)
Regression	12.48	3	4.16	67.25	$p < .001$
Residual	3.29	53	0.06		
Total	15.77	56			

The ANOVA results confirm the overall significance of the regression model. The F-statistic of 67.25 with a p-value of less than 0.001 indicates that the model is statistically significant and that the three predictors collectively explain a substantial proportion of the variation in the performance of public SPCs. This result implies that the combination of cost reduction, reorganization, and modernization strategies provides a reliable framework for predicting organizational performance.

Table 4.15 Regression Coefficients

Predictor Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig. (p-value)
Constant	0.42	0.11	–	3.82	$p < .001$

Cost Reduction Strategies	0.36	0.08	0.41	4.50	$p < .001$
Reorganization Strategies	0.28	0.07	0.34	4.00	$p = .001$
Modernization Strategies	0.31	0.09	0.29	3.44	$p = .002$

The coefficients provided further insight into the relative contribution of each predictor. The unstandardized coefficient for cost reduction strategies ($B = 0.36$, $p < .001$) indicates that a one-unit increase in cost reduction practices leads to a 0.36 unit improvement in performance, holding other variables constant. Its standardized coefficient ($\beta = 0.41$) further shows that cost reduction strategies are the most influential predictor of SPC performance. Reorganization strategies also make a significant positive contribution, with $B = 0.28$ ($p = .001$) and $\beta = 0.34$, suggesting that structural and leadership reforms substantially enhance organizational outcomes. Modernization strategies, with $B = 0.31$ ($p = .002$) and $\beta = 0.29$, are also statistically significant, confirming that technological upgrades and process innovations play a crucial role in improving performance. The constant value of 0.42 ($p < .001$) suggests that even without the application of these strategies, performance remains slightly above zero, though much lower than when the strategies are implemented.

The regression results demonstrated that turnaround strategies of cost reduction, reorganization, and modernization jointly account for 79% of the performance variation among Kenya's public sugar processing companies. The results further reveal that cost reduction strategies exert the strongest effect, underscoring the importance of financial discipline and resource optimization in sustaining SPC operations. Nevertheless, the significance of both reorganization and modernization indicates that structural reforms and technological renewal are equally necessary to achieve long-term competitiveness. The statistical significance of all predictors confirms that an integrated approach combining these three strategies is critical for revitalizing the public sugar sector in western Kenya.

Chapter Five

Summary, Conclusions and Recommendations

5.0 Introduction

This chapter provides a comprehensive overview of the study's findings. It includes a summary of the findings of the research, drawing conclusions based on the results obtained, and making recommendations for stakeholders within the public sugar processing sector in Kenya. Additionally, this chapter outlines suggestions for further research to enhance understanding and address gaps identified during the study.

5.1 Summary of Findings

5.1.1 To assess the effect of cost reduction strategies on the performance of public sugar processing companies in the western region of Kenya

The research found out that cost-reduction policies produced a medium but significant impact on the performance of the state sugar firms. According to managers, most firms had undertaken measures like budgeting their operations, renegotiating with their suppliers, freezing unnecessary expenditure and wastage. These actions offered temporary respite to fiscal pressures, and it served to level liquidity positions. Nevertheless, the results also showed that high dependency on cost reduction led to operational pressure whereby some of the companies have reported less capacity to invest in growth and innovation. This implies that although cost-cutting can be effective in the short-term, it can have less effect unless incorporated within a wider structural and modernization policy.

5.1.2 To evaluate the effect of re-organization strategies on the performance of public sugar processing companies in the western region of Kenya

The restructuring initiatives were observed to have a great impact on performance. The improvements of accountability, governance and decision-making efficiency were recorded in the public SPCs which had already adopted structural changes including management hierarchy, rationalization of departments, and restructuring of debts. The findings indicated that restructuring did not only cut down the delays caused by bureaucracy but it also played a role in streamlining the operations and aligning the organizational resources with the strategic objectives. This conformed to the literature that showed that organizational reforms in ailing enterprises enhance efficiency and increase their flexibility in dynamic market situations.

5.1.3 To examine the effect of modernization strategies on the performance of public sugar processing companies in the western region of Kenya

The most noticeable observation was that modernization programs affected the company performance most. Public SPCs who had

invested in modernizing their milling equipment, digitalizing, and mechanizing cane manufacturing recorded significant productivity, cost competitiveness, and performance. Modernization also correlated with the quality of the products and the possibility of the product diversification, including ethanol and energy co-generation that become central to the world sugar industry. The indications were that the sustainability of other turnaround measures would not be achieved in the absence of modernization.

5.2 Conclusions

5.2.1 To assess the effect of cost reduction strategies on the performance of public sugar processing companies in the western region of Kenya

Cost-cutting measures, though helpful in reducing immediate financial pressure, cannot form the sole basis for organizational recovery. Their benefits are short-lived and, if overemphasized, can undermine the long-term growth potential of SPCs. This conclusion is consistent with Kaplan and Norton's (2008) assertion that efficiency-driven measures must be complemented by strategic investments to achieve sustainable performance.

5.2.2 To evaluate the effect of re-organization strategies on the performance of public sugar processing companies in the western region of Kenya

Restructuring initiatives remain indispensable for the revival of public SPCs. Companies that implemented organizational reforms, streamlined hierarchies, and restructured debt were better positioned to respond to market challenges. This reflects earlier studies (Sije, 2017) that highlighted restructuring as a core turnaround strategy in state-owned enterprises. In the Kenyan sugar sector, where bureaucratic inefficiencies and governance weaknesses have historically constrained competitiveness, restructuring creates a foundation for improved accountability, financial health, and operational discipline.

5.2.3 To examine the effect of modernization strategies on the performance of public sugar processing companies in the western region of Kenya

Modernization emerged as the most decisive factor for long-term competitiveness. The results clearly demonstrated that SPCs embracing technological upgrades and digital solutions outperformed those that continued to rely on outdated equipment and manual systems. This finding aligns with international evidence, such as FAO (2021), which stresses that modernization, mechanization, and technological innovation are the main drivers of productivity in the global sugar industry. In the Kenyan context, modernization not only enhances milling efficiency but also opens opportunities for diversification into ethanol production and renewable energy, which are critical for both profitability and sustainability.

5.3 Recommendations

The results of this research lead to a number of recommendations. Balanced cost reduction should be promoted among the public sugar processing companies with expenditure control based on systematic cost management frameworks and not random budget cuts. It should be accompanied by cost efficiency and lean production process, comparative analysis with regional competitors, which would allow the firms to be efficient without having to impair long-term investment possibilities.

In the process of restructuring, SPCs ought to focus on reinforcing the governance mechanisms by ensuring that there are lean decision-making mechanisms, less layers of bureaucracies, and more accountability mechanisms. Financial restructuring, especially rationalization of debt must be sought in consultation with the interested parties and strategic alliances with the private investors should be promoted to infuse capital and management skills.

There should also be an increase in modernization, and it should be invested in the modern milling machine, process automation and computerized monitoring systems. Similarly, the companies are supposed to increase the cane development initiatives especially mechanized harvesting to guarantee sustainable supply of raw materials. Best practices across the globe like Brazil that incorporates bioethanol in sugar production can be used to learn that it has improved its profitability as well as resilience.

The development of human resource is to be considered as a pillar of turnaround. There is need to have continuous training and re-skilling programs to prepare the employees with the new technological and managerial skills. The institutionalization of leadership development programs to enhance change management capacity and strategic thinking should also be done. Also, employees can be motivated by performance-based incentive systems, which would enhance the commitment towards organizational transformation.

Lastly, SPCs are supposed to revamp its performance measurement systems. There should be the creation of modern Key Performance Indicators (KPIs) that are associated with productivity, cost efficiency, market competitiveness, and employee satisfaction. Digitized real time performance monitoring systems would help the managers to be timely in their decision making as well as benchmark the performance with international standards hence leading to improved transparency and accountability. Policy wise, governmental bodies ought to change regulatory policies to motivate transformation and impose responsibility in state owned business.

5.4 Suggestions for Further Research

While this study provided important insights into the effect of turnaround strategies on the performance of public SPCs in western Kenya, further research is needed to expand the knowledge base. Future studies could focus specifically on the impact of technological modernization, including automation, artificial intelligence, and digital platforms, on operational efficiency in the sugar industry. Another promising area is governance reform, where research could examine the influence of board composition, management accountability, and regulatory oversight on turnaround outcomes in state-owned enterprises. Comparative research between public and private sugar companies would also be valuable in identifying best practices that can be transferred across ownership structures. Finally, future work could investigate the integration of sustainability strategies, such as green energy initiatives and climate-resilient cane farming, into modernization programs to enhance both competitiveness and environmental sustainability.

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