EFFECT OF COST EFFICIENCY RESTRUCTURING STRATEGY ON FINANCIAL PERFORMANCE OF COFFEE COOPERATIVE SOCIETIES IN MERU COUNTY

ABSTRACT

This study sought to assess the effect of cost efficiency restructuring strategy on organizational performance of coffee cooperative societies in Meru County. The study was guided by the resource based theory. The research targeted top management team in the 42 coffee cooperative societies in Meru County, the study adopted a descriptive research design with a sample size of 121 participants who were the managers of the cooperatives, the study utilized census to get information from the respondents. The data gathering tools were structured questionnaire including both open-ended and closed-ended questions, as well as a quantitative part using a 5-point Likert scale. Quantitative methods which included measures of central tendency and dispersion such as Mean and standard deviation, as well as inferential statistics were used for data analysis and interpretation. The data collected was presented through; Textual method a narrative description of data gathered and Tabular Method a systematic arrangement of information into columns and rows. Finally, SPSS Version 27 was used to process and analyze the collected data, and its results informed the report's discussion, conclusions, and recommendations. The study established that cost efficiency restructuring had a positive significant relationship with the financial performance of coffee cooperative societies in Meru County. The study concluded that elimination of non-profitable products/services and reduction of inventory, improvement of business strategy through innovation management enhances financial performance. The study recommended that the organization should consider purchase of new equipment to cater for most profitable market niche. The current study suggests that further studies should be done that focus on different turnaround strategies on organizational performance

Key words: cost efficiency restructuring, resource based theory

Introduction

Background of the study

For a long period of time numerous developments have been introduced in business development, these developments include; important changes in corporate management include shifting hiring trends and reorganizations (Wandera, 2012). The ever changing turbulent business environment has forced many organizations to revolutionize their operations to secure survival (Hossari, 2007; Abidin et al, 2021). Since adapting to new cultural norms may be challenging, there are times when a company's survival depends on being able to quickly rebuild after experiencing some kind of disaster. A turnaround strategy

describes this kind of approach. Managers, as Johnson and Whittington (2008), must have the capacity to put a premium on the things that provide the greatest return in the shortest amount of time while still ensuring the long-term success and viability of their organizations.

The corporation uses measures of organizational performance to evaluate how effectively its leaders are allocating resources in an effort to achieve its stated goals within a certain time frame (Aguinis, 2019). Organizational performance, as defined by Chang, Chen, and Hu (2015), is the degree to which actual results meet or exceed the organization's intended goals and objectives. Measuring performance is important because it allows shareholders to evaluate the firm's leadership based on how well they have used the resources granted to them by the company (Alhyari, 2013).

There are several potential causes of a reduction in organizational performance in a competitive setting. If, for example, a business is having trouble with its operations and performance, it has to implement a turnaround plan that would successfully propel the firm out of its deteriorating performance patterns (Panicker & Manimala, 2015). Turnaround plan development and the possibility of a successful business recovery, according to Ganta and Suleiman (2015), are influenced by the severity of the financial performance fall and leadership failure.

Due to internal and external variables that affect the firm's business environment, many businesses throughout the world have performance challenges (Townsend, 2014). As a result, many businesses struggle to outperform their rivals in the marketplace. Turnaround plans are an alternate reaction to crises that aims to improve the company's odds of eliminating the danger impacting its operations and achieving the sustainable performance recovery sought by the company's stakeholders (Ganto & Suleiman, 2013). In United States of America, Apple Company went to a decade of performance decline after departure of the Steve Jobs as the company CEO in 1985; the market was taken over by their competitors with the low price products such as Microsoft. In 1997 the company change the top management and the CEO was brought back, with is leadership the company was able to turn itself around with successful rebranding and introduction of new technology such as the first iMac and presently Apple is one of the most reputable company in the world, producing some world class products and generating revenue of nearly $300 billion annually (Taylor, 2017).

Many companies in India that had been struggling but were on the verge of collapse having been saved and are now well on their way to a complete recovery. Some of the spectacular recoveries have all had one or more of the following strategies to call upon restoring lender confidence, removing failure team, identifying and motivating performers, downsizing

redundant assets and non-performing personnel, creating sustainable business strategy, increasing sales through direct customer contact and improved service and value pricing, maintaining creditor confidence with full timely disclosure of operational and financial results and rapid debt pay down, rebuilding core business and identifying opportunities for sustained growth, focusing the management on key performance issues and creating a successful management team (Ukey & Krishnarao, 2015).

According to Nnabuife and Onwuzuligbo (2015) in Nigeria, turnaround techniques were developed to increase the productiveness of ill or badly performing businesses in promising sectors. The study concluded that at any given time, between 20 and 30 percent of most companies in Nigeria are in need of a turnaround (Ollor & Dagogo, 2015).

Mokubung (2014) found that turnaround strategies may be used for failing projects after researching one at a water authority in South Africa. According to the research, a turnaround strategy only has to be implemented at the specific unit where the issue has been identified, rather than the whole company. The afflicted region will interact with other parts of the enterprise or organization via interfaces.

Locally, according to research conducted by Kenya, Rotich (2015) on the turnaround strategy and performance of Kenya's commercial banks, a turnaround situation exists when a company's economic performance has been declining for an extended period of time and has reached a point where the company's survival is threatened in the absence of significant efforts to improve performance. When a company's issues are widespread but not serious, a turnaround plan, which prioritizes increasing operational efficiency, may be the best course of action.

Coffee Sector Globally, Regionally and Locally

In developed nations globally, over fifty nations produce the coffee that is cultivated for international commerce (International Coffee Organization, ICO, 2010). More than 400 billion cups of coffee are drunk worldwide annually (Bagel, 2013). More than 25 million households, or more than 100 million people, rely on coffee for financial support (Ponte, 2002). Coffee is mostly eaten in Europe and the United States, yet it is grown on three different continents (America, Africa, and Asia) (ICO, 2014). More over half (56%) of the world's coffee comes from South America (ICO2014). Brazil, Peru, Colombia, and other lesser manufacturers make up this group. For the last century, Brazil has dominated the global coffee market. Its 2013 output of 36 million 60-kilogram bags accounted for almost a third of worldwide output (ICO, 2015). Despite higher average coffee prices during deregulation in the 1980s and 1990s, small-scale Brazilian producers still lost money

(Cleland, 2010). Small-scale coffee growers underachieved. While large-scale producers could afford to wait until coffee prices rose, small farmers had no such luxury. The countries of Ethiopia, Uganda, the Ivory Coast, Tanzania, Rwanda, and Kenya are among the most prolific producers of coffee in Africa. The percentage of yearly worldwide coffee production that was grown on the continent dropped from 33% in the 1970s (Bagel et al, 2013) to 16% in the 1990s and then to 13.1% in the 2000s. A year's worth of coffee harvesting on the continent has dropped from 19.7 million bags during the controlled period to 15.7 million bags during the free market era (ICO, 2015). As a consequence of the drop in output, farmer groups' effectiveness has decreased (ICO, 2015).

In terms of both global and continental output, East Africa has a stellar track record (Export Processing Zones Authority, 2016). Uganda was one of the top ten countries in the world for producing coffee for both domestic and international use (East African Finest Coffee Association, 2010). In the next five years, it is anticipated that the East African coffee market would expand at an estimated 7.5% annually (Mordor Intelligence, 2018). To assure efficiency and have a better chance of competing with other coffee producers' opponents, initiatives have been taken to increase the capitalization of the home market, succeed in the international market, and automate their coffee manufacturing processes (East African Finest Coffee Association, 2010).

Trading coffee goods in Kenya results in, amongst other things, the employment of entrepreneurs, an improvement in global cohesiveness, an increase in a nation's balance of payments as a result of an increase in foreign currency, and the expansion and development of infrastructure (Mordor Intelligence, 2018; Pendant, 2014). These elements not only helped to the success of the major four agenda of the Kenyan government, which ensured that there was sufficient of food inside our borders, but they also increased the achievement of vision 2030, which called for achieving an annual growth rate of 10 percent. Aside from that, coffee seeds are typically sold in their unroasted state and are then ground into coffee powder for use in beverages. Coffee is a popular beverage because of its ability to alleviate mental and physical weariness and increase alertness (Ruch &Fay, 2011). Coffee also has the therapeutic advantage of reducing the risk of a number of disorders, including Parkinson's disease, Alzheimer's disease, dementia, poor reasoning ability, type 2 diabetes, gallstones, and gout, to name a few (Stoffelen, 2016; Silvarolla, 2014).

Meru cooperative societies

In the county of Meru Small-scale farmers in Meru County are responsible for the production of coffee. The bulk of these farmers can be found in the sub-counties of Imenti South, Meru

Central, Buuri, Igembe, and Tigania East. These farmers cultivate Scott Labs (SL) 28, SL 34, Ruiru 11, and Batian, which are the three varieties of coffee that they produce (Coffee Board of Kenya, 2012). In most cases, the cultivation of coffee in Meru County takes place inside primary co-operative societies in the surrounding area. These societies eventually come together to create the enormous Meru Co-operative Union. The Meru Coffee Millers Union (MCMU) is comprised of 42 coffee cooperative organizations that are believed to have a total membership of 27,913 individual growers (Meru Coffee Millers, 2020). In accordance with Kenyan Legislation Cap 490, coffee producers are required to be members of a cooperative association (National Council for Law Reporting, 2012). Because of this, growers will be able to collectively manage and sell their own generated coffee seeds, which will allow for greater economies of scale. These cooperative organizations each possess a coffee factory, which allows coffee to be processed at a cost-effective level by supplying pulping storage and drying facilities to small scale farmers prior to the product being transported for distribution (Grisson & Guilla, 2014).

Farmers rely on these cooperative societies to market their coffee in the country. Each factory is usually headed by a manager elected by the members; however, there has been management concerned that has led to poor performance of the coffee cooperatives in the county, the farmers are made to pay for unnecessary expenses through deductions from their produce and use of outdated technology that is labour intensive while processing the coffee. Most of the coffee societies have tractors and Lorries which have no use to the farmers as they continue paying for their maintenance. Despite the burden heaped on the farmer and factory mismanagement, the commodity remains a major cash crop in many parts of the Meru County. Thus it is against this that a turnaround strategies need to be put in place to overturn poor management, assets retrenchment to improve the capital base of the cooperative societies, business process re-engineering to make the process simple quick and efficient and also the society need to reduce the cost of running.

Statement of the Problem

Kenya's coffee cooperatives' performance has declined significantly due to a number of reasons namely from the collapse of coffee quota system, which depressed coffee prices and the introduction of structural adjustment programs by the World Bank and the IMF. A failure in the quota system meant that Kenyan coffee cooperatives experienced the impact of falling worldwide prices since they lost the power enjoyed while being a whole coffee quota system able to controlling coffee prices. The number of tons of coffee produced in Kenya has decreased from 130,000 in 1988 to 51,538 in 2022. As a result, the coffee farmers'

cooperative was significantly hampered in its operations. The organizations closed down probably because their leadership lost the powers they once had, which affected them in the long run. As a result, many cooperatives amalgamated into new entities for survival in the market since previous management of those organizations lost their control. Many farmers in Meru County, like those in the rest of Kenya, have given up on cultivating coffee and even removed the plants from their fields as a result of the collapse of coffee cooperatives. Although with all that, there have been numerous initiatives that have been put in place by the government to encourage remaining coffee farmers and so far they have even increased their number.

The initiatives from the government and the development of organizations implementation helped the coffee cooperatives recover. The basis for cooperative growth in Kenya was laid out in seasonal paper number. 6 of 1997, titled "Cooperatives in a Liberalized Economic Environment." To help the struggling cooperatives, the government of Kenya created the Coffee Development Fund (CoDF) in 2005. Eventually, the government wrote off all of the coffee cooperatives' outstanding obligations. The president of Kenya formed a 19-member task team in 2016 after recognizing that the country's coffee cooperatives were still operating badly to investigate measures to revive the industry. Since then, several coffee producers who joined the Council of Governors in court and successfully sued the cabinet secretary of agriculture and the attorney general have rejected its suggestions. According to the research, the majority of the initiatives described included finance that originated from outside the cooperatives. The reverting of the poor state in the coffee cooperative societies need to come from the management themselves. This study therefore sought to identify the turnaround strategies that coffee cooperative societies would adopt to revert the situation at hands in the coffee industry. The research aimed at coming up with a model to guide the coffee cooperative societies on how to optimize their performance. The study, therefore sought to answer the question, what was the effect of turnaround strategies on the financial performance of coffee cooperative societies in Meru County? Since the county is ranked among the leading producers of coffee in Kenya (Coffee Board of Kenya, 2020).

Research Objective

The general objective of the study was to examine the effect of cost efficiency restructuring strategy on financial performance of coffee cooperative societies in Meru County.

Scope of the study.

The study targeted all the coffee cooperative societies in Meru County that have undergone or will be undergoing turnaround. The respondents were sampled from various cooperative

management levels o were deemed to have knowledge on turnaround strategies adopted by their respective firms. The study was informed by resource based, contingency and strategic choice theory. The study focused on cost efficiency restructuring, retrenchment, core activity reshuffling, and leadership change strategies as the independent variables, while the dependent variable was the financial performance of coffee cooperative societies. The study adopted a descriptive research design confined to 121 top management officials in the coffee cooperatives in Meru County. For the purpose of data collection, the study utilized questionnaire which was conducted within a period between January 2023 and April 2023.

LITERATURE REVIEW

Theoretical literature review

Resource Based View Theory

The theory of resource-based views were founded on the belief that the efficient and effective used of all usable resources that can be gathered by the business helps to decide its competitive edge, particularly where focus placed on the value of resources and their consequences for company performance (Conner, 1991). Therefore, the principle of resource-based opinion was based around the premise that it helped to assess the strategic edge by quickly and efficiently applying all useful capital that the organization can obtain. Resource-Based Perception of the Business where focus imposed on the value of resources and their consequences for company success (Rugman & Verbeke, 2002).

The nature of the Resource Based theory was that when resources held entirely by the organization was added to the creation of specific competencies, organizational performance was enhanced. Companies compose of numerous property collections: tangible and intangible assets/capabilities. In terms of the capital they possess, no two firms are alike. The tools a business maintains dictate how effectively the business conducts its operations. Ultimately, organizational performance due to owning desirable resources that enable the organization to conduct its operations better than rivals. The dynamic mix of properties, people and processes that organizations use to turn inputs into outputs determines organizational performance (Thompson & Strickland, 2003).

In this respect, the idea of re-engineering embedded in this specific philosophy further more practical to leverage external openings utilizing current tools in a new manner than to attempt to learn new expertise for each different opportunity, according to RBV proponents. Resources are assigned the key function in enabling firms to reach better corporate performance in the RBV model. According to Vergidis, Turner, and Tiwar, in order for a

company to execute strategic BPR initiatives, it must have access to financial resources to facilitate the comprehensive rethinking and trans-formative overhaul of business processes necessary to bring about significant improvements in organizational performance in areas such as cost, consistency, operation speed, and speed (2008). The resource-based view principle thus applies to this analysis in the context that, in this situation, the company rethinks BPR processes by its capital in order to gain greater organizational performance.

Empirical Literature

Cost Efficiency Restructuring Strategy and Organizational Performance

Cost Efficiency Restructuring Strategy enables businesses to reduce cost of operation without compromising quality of its products to maximize revenue. The majority of businesses use turnaround recovery tactics to save money. Many different strategies may be used to reduce overhead costs, all with the end goal of speeding up the rate at which a business begins to see returns on its investment (Gotteiner et al, 2019). Before coming up with more complicated methods, the procedures may increase a company's cash flow or stabilize its finances. Recovery plans often prioritize cost-cutting measures initially. Companies like cost-saving turnaround recovery solutions because they are simple to adopt, need minimal starting capital, and have a noticeable impact nearly immediately (Liu, 2020). Reducing R&D, increasing payable, removing pay raises, decreasing receivables, decreasing inventories, increasing investment diversification, and decreasing marketing efforts are all examples of cost-oriented turnaround initiatives, as outlined by Mann and Byun (2017).

Through reorganizing finances, the burden of debt repayments may be lightened, adding to the positive effects of the measures. This course of action is not without danger, however. When trying to rebound from a slump, companies can't depend only on decreasing costs since it might lead to low morale and high turnover rates among employees (Schoenberget al, 2013). Strategies aimed at reducing costs may potentially have unintended consequences, such as reducing funding for essential functions.

Ramazan et al, (2020) noted a positive relationship between cost leadership strategy and business performance of The International Air Transport Association (IATA) in Turkey. The study conducted a Quantitative research method using face-to-face and email survey techniques to collect data from a sample size of 351 respondents who were members of IATA. The study restricted itself to travel agencies while the current study will limit its scope to coffee cooperative societies in Meru County.

Influence of cost reduction strategy on performance of tea business in Mulanje area of Malawi: a descriptive research study Chisulo (2019) conducted. The study surveyed 117 members of the management teams of tea companies in the region. It was shown that there is a significant positive relationship (r=.820) between cost-cutting strategies and the success of the tea sector. With a p-value lower than 0.05 (p=0.000), the findings also demonstrated that cost-cutting measures correlate significantly with tea sector success. The current study was conducted in Meru county Kenya and focused on cost restructuring strategy on performance of coffee cooperative societies. There is a strong correlation between cost leadership strategy and organizational performance, according to research by Ochodo et al. (2020) on NHIF-accredited hospitals in Kenya. According to Mohamed et al. (2019), medium-sized mining operations in Taita Taveta County that adopted a cost leadership approach saw significant improvements in their bottom lines as a result.

Conceptual Framework

The diagrammed representation of the direct relationship between independent variables (cost retrenchment) and the dependent variable (organizational performance of coffee cooperative societies in Meru County) as shown in figure 1.

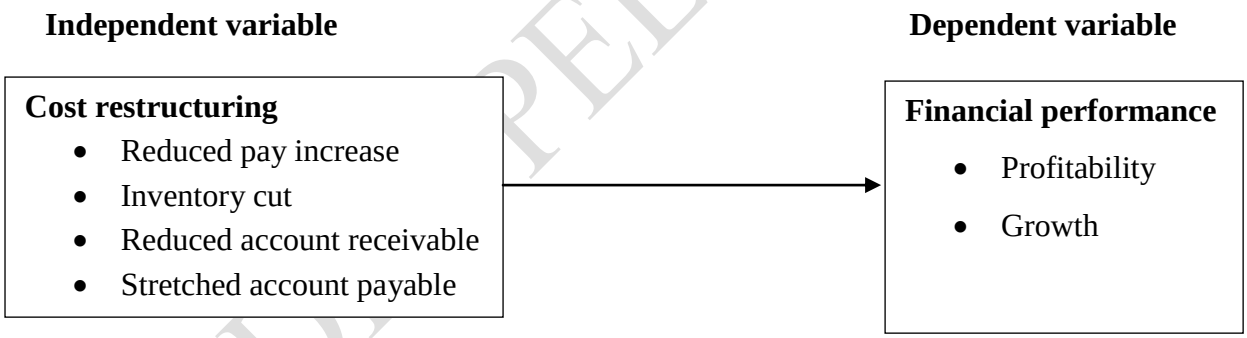

Figure 1: Conceptual Framework

Methodology

Research Design

In order to effectively handle a research subject, researchers carefully planned out how they integrate various facets of` their study in a way that makes sense (Kothari & Garg, 2014). The study will adopt a descriptive research design. Data collection with the purpose of describing individuals, groups, institutions, or events is an example of a descriptive research design, as outlined by Rahi (2017). According to Mugenda and Mugenda (2013), situational assessment

a part of a descriptive research, entails describing, evaluating, and reporting on the current or past state of affairs.

Researchers who used the descriptive research design in related fields of study include Songa and Cheluget (2016) on the factors influencing the way coffee was financed in Machakos and Karanja (2018) on the effects of liberalization measures implemented in the coffee industry on coffee production, quality, and profitability in Kenya. These examples lend support to the use of the descriptive research design in this particular line of inquiry. As a result, the design helped to build a link between the turnaround methods and organizational performance of Meru County's coffee cooperative societies.

Target Population

A population, according to Aila and Ombok (2015) and Mugenda and Mugenda (2013), a collection of participants who share certain characteristics and are employed in research. These characteristics allow the researcher to perform the study and get accurate information while collecting data from the population to solve a particular issue, Mugenda and Mugenda, (2013).

There are 42 coffee cooperative societies in Meru County that join together to form Meru Coffee Millers Union (MCMU) which was study's target group. The target population was 121 top management staff of the 42 coffee cooperative societies in Meru County (Meru Coffee Millers, 2020). An individual in charge of managing or administering a cooperative society was regarded as a manager for the purposes of this research.

Sampling Procedures and Techniques

The research used census methodology in coffee cooperative societies in Meru County serving as the unit of analysis. Census was used when covering small areas and give satisfactory response rates. Due to the relatively limited sample size (n=121), the researcher plans to conduct a census for each of the 42 cooperative groups. According to Fernandez et al. (2016), a census was an appropriate research method since it helps collect objective data representative of the views of the whole study population. There was no sampling error in a census, and since more specific information about the studied issue within the population was likely to be acquired, the census gives an accurate estimate of the population (Mertler, Vannatta, & LaVenia, 2021).

Research Instruments

Data from the research was gathered from both directly and indirectly. A data collecting method, according to Sullivan et al. (2016), the process of acquiring data points required for the research process. The real information that was gathered for the research study's objective

was presented in primary data. A data collecting instrument a tool used to gather data objectively and systematically for research purposes. Questionnaires, interviews, calendars, and publicly accessible information are all examples of data gathering tools. The study used questionnaire for primary data collection. The nature of questions in the research instruments was guided by the research objectives.

In order to gather data for the research project, respondents filled out questionnaires on paper using a pencil (Nayak & Narayan, 2019). A questionnaire including both open-ended and closed-ended questions, as well as a quantitative part using a 5-point Likert scale was the major utilized to gather data for this research. This questionnaire was consisting of six sections; Section A collected demographic information about the respondents, section B collected information on cost efficiency restructuring, section C information concerning assets retrenchment, section D collected information relating to Business process re-engineering while section E collected information relating to leadership change. Section F collected data relating to the performance of the organization.

According to Dempsey (2003), questionnaires were used because they were efficient data gathering tools that enabled respondents to express many of their thoughts in relation to the subject under investigation. According to Kothari (2003), questionnaire-based data collection yields accurate and reliable results since it is devoid of bias and researcher influence. A total of 121 respondents was self-administered the questionnaires before being selected for analysis. The evaluation of theoretical and empirical literature on the impact of turnaround methods on organizational performance in books, journals, and online sources will be used to gather secondary data.

Response Rate

Response is the percentage rate of the returned questionnaires. The targeted respondents in the study were 121 top management staff of the 42 coffee cooperative societies in Meru County. One hundred and eight (108) out of 121 respondents returned their questionnaires giving a response rate of 89%, which is an excellent response rate.

Reliability Test

A research instrument's reliability measured by how well its findings hold up when applied to a specified sample (Kothari & Garg, 2014). Measures of reliability range from test-retest consistency to that of a parallel form to that of internal consistency (Eisinga *et al.,* 2013). However, Cronbach's alpha was used to measure internal consistency in this investigation. Cronbach's alpha was a reliability coefficient with a range of 0–1, therefore for a research

instrument to be valid in a scientific study, it needed to have a score of 0–7 on the Cronbach's alpha scale. The greater the dynamic range, the more confident one may be in the results of a research. Cronbach's alpha coefficient was used as a reliability test in this study to examine the pre-test findings and decide whether or not they are appropriate for use in this research.

Respondent Demographic Information

The respondents' characteristics were analyzed in terms of gender, age, number of years in the factory and education level.

Gender of the Respondents

This study sought to establish the gender of the respondents involved in the study, respondents sampled were expected to consist of both male and female and the distribution was as shown in Figure 2.

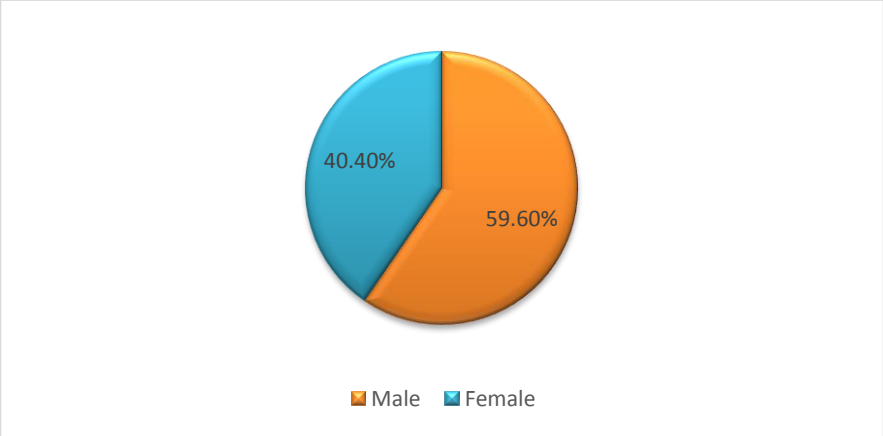

Figure 2: Gender of the Respondents

The results displayed in the table reveal that 59.6% of the survey participants were of male gender, whereas 40.4% were female. This underscores the importance of considering gender balance in the research. The inclusion of both male and female respondents was crucial to ensure a comprehensive representation of the workforce, highlighting the equal significance of both genders in assessing how organizational performance is impacted by turnaround strategies.

Respondents Age

The study sought to establish the respondent's composition on the basis of their age brackets with the aim of examining their views on the effect of turnaround strategies on Financial Performance of Coffee Cooperative Societies in Meru County, Kenya. As shown in Table 3.

Table 1: Respondent's Age

	Frequency	Percent	Cumulative

				Percent
Valid	18 - 25 years	5	4.6	4.6
	26 - 33 years	9	8.3	12.9
	34 - 40 years	17	15.8	28.7
	41 - 47 years	43	39.8	68.5
	48 and above	34	31.5	100.0
	Total	**108**	**100.0**	

The finding in the Table 1 reveals that a significant portion of the respondents fell within the age range of 41 to 47 years, constituting the majority at 39.8%. Furthermore, 31.5% of the participants were aged 48 years and above, while 15.8% fell between the ages of 34 and 40 years. Additionally, 8.3% of the respondents were in the age range of 26 to 33 years, and 4.6% were between 18 and 25 years old. This information indicates that the study included participants from a wide range of age groups, which can be advantageous for the research. It suggests that the study was able to gather perspectives from individuals with diverse life experiences and career stages, potentially leading to a more comprehensive understanding of how turnaround strategies impact organizational performance.

Years of Experience

The respondent's years of experience are important as it shows their level of interaction with the coffee cooperative societies and their ability to give credible responses. Figure 3 shows the distribution of the respondents' length of service in the workforce.

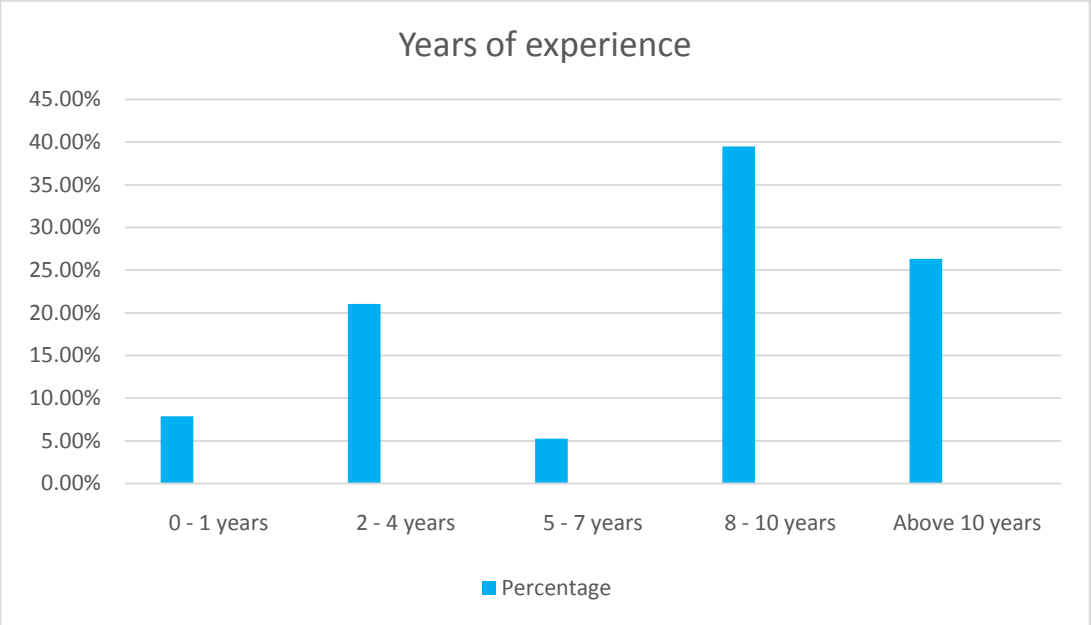

Figure 3: Years of Experience

Results in Figure 3 show that 39.47% of the respondents had an experience of between 8 and 10 years, 26.32% had an experience of over 10 years, 21.05 % of the respondents had an experience of between 2 and 4 years while 7.89% of respondents had an experience of one years and below. Another 5.26% respondents had an experience of between 5 and 7 years. This demonstrated that majority of the respondents had adequate work experience. It therefore can be inferred that the study targeted the right respondents with a good understanding of study interest. Reid and Sanders (2019) maintains that an employee must work in an organization for over five years in order to understand the operations of the organization and be in a position to seamlessly give information about its operations.

Education Level of the Respondents

The study sought to find the academic qualifications of the respondents. The study deemed it necessary to establish the education level of the respondents because differences in educational background increase the likelihood that diverse perspectives and opinions within an organization concerning turn around strategies. According to Tang, Vezzani & Eriksson, (2020), an individual's level of formal education reflects cognitive abilities and qualities. High levels of formal education are associated with a high ability to process information and to discriminate between varieties of alternative.

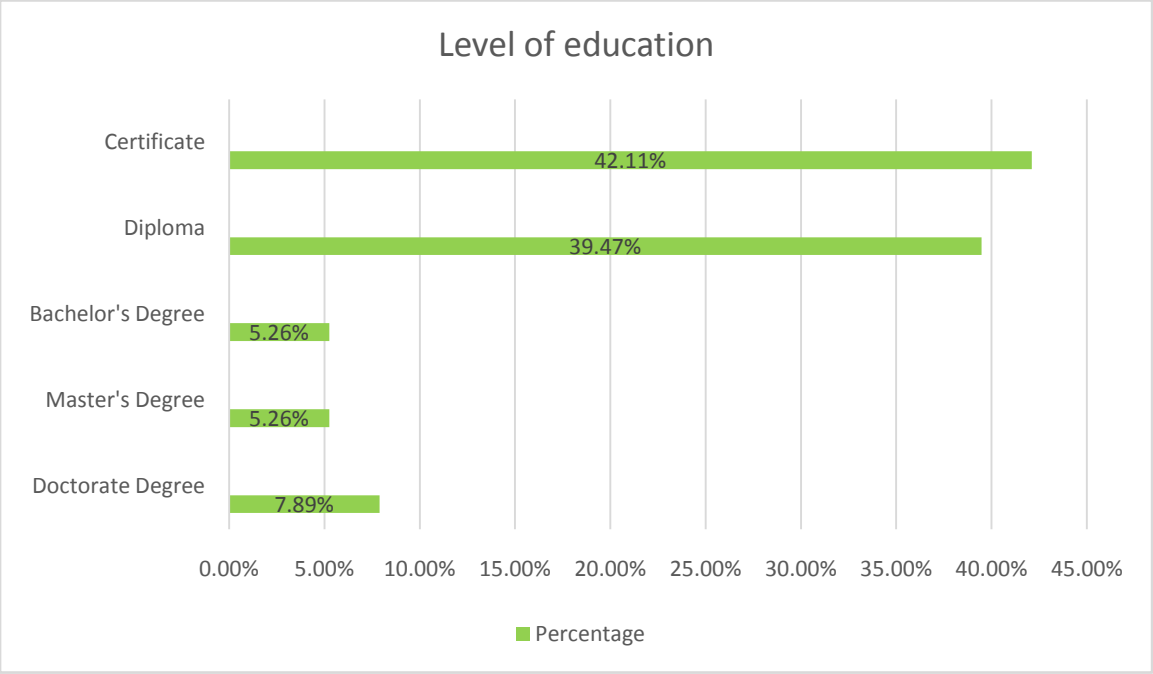

Figure 4: Respondent's Education Level

The results in Figure 4 show that 42.11% of the respondents had studied up to certificate level, 39.47% of the respondents had attained a diploma level while 5.26% and 5.26% of the respondents had bachelor and master degree respectively. Another 7.89% of the respondents had doctorate degree as their highest education level. The results imply that respondents had been exposed to diverse ideas that might enhance performance of coffee cooperative societies. It can therefore be inferred that the study targeted the right respondents with sufficient knowledge to appraise the concept of turnaround strategies and financial performance.

Results and Discussion

Descriptive Analysis of Study Variables

Descriptive statistics is meant to provide background to the study before further analysis can be carried out. This was done through presentation of Mean (M) and Standard deviation (SD) as per the study objectives. The findings are presented as follows.

Cost Efficiency Restructuring Strategies

The study sought to assess the effect of cost efficiency restructuring strategies on financial performance of coffee cooperative societies in Meru County. The respondents were given a list of statements describing cost efficiency restructuring strategies to rate their level of agreement. The findings are presented in Table 2.

Statements	N	Min	Max	Mean	Std. Deviation
Lowering labor and executive compensation expenses	108	2	5	3.95	0.985
Concentrating on raising production	108	1	5	3.92	1.124
Lowering marketing expenses without considering the target market	108	1	5	3.79	1.189
Strengthening financial oversight	108	1	5	3.87	1.234
Tightening the reins on monetary outlays	108	1	5	3.71	0.956
Establishing competitive supplier biding; delaying creditor payments; and accelerating debtor payments	108	1	5	3.84	1.128
Inventory reduction	108	1	5	4.13	1.166

Elimination of unprofitable goods and services	108	1	5	4.16	1.197
Aggregate mean and Std deviation				**3.921**	**1.122**
Valid N (LISTWISE)	108				

Table 2: Cost Efficiency Restructuring Strategies

The results in Table 2 indicate that respondents agreed that Cost Efficiency Restructuring Strategies affects the financial performance of coffee cooperative societies in Meru County, Kenya as indicated by the aggregate mean score of 3.921 and standard deviation of 1.122. This finding is supported by the findings of Komen (2014) who embarked on a study that sought to establish the effect of turnaround strategies on performance of public corporations in Kenya and the findings showed that cost reduction strategies have a greater effect on the performance of public corporations in Kenya.

Specifically, the respondents agreed that there is elimination of non-profitable products/ services in the coffee cooperative societies and that there is reduction of inventory as presented by mean score of 4.16 and 4.13 respectively and a standard deviation of 1.197 and 1.166 respectively. This finding is in accordance with Nacheri and Ogollah (2015) who conducted a study on the influence of turnaround strategy adoption on revenue performance of Kenya Revenue Authority and the study established that turnaround strategy adopted by Kenya Revenue Authority contributed to better revenue performance. The study findings were also supported by Akeem (2017) that sought to examine the application of cost control and cost reduction in organizational performance using a descriptive survey research and the findings revealed that cost control has a positive impact on organizational performance.

The respondents also agreed with the statements that the coffee cooperative societies are lowering labor and executive compensation expenses, concentrating on raising production and strengthening financial oversight as supported by a mean of 3.95, 3.92 and 3.87 respectively and a standard deviation of 0.985, 1.25 and 1.234 respectively. The finding concurs with Kegera and Nzulwa (2018) study that examined the effect of cost reduction strategies on organization performance: A Case of Kenya Forest Service and the study found out that planned recruitment and training has enhanced the performance of Kenya Forest Service through improved operations and reduction of conflict between the staff and members of the public as well as defining the job holder's position.

The respondents further indicated to be in agreement with the statements that the coffee SACCOs are establishing competitive supplier biding; by delaying creditor payments; and

accelerating debtor payments, there is lowering marketing expenses without considering the target market and that there is tightening of the reins on monetary outlays as shown by a mean of 3.84, 3.79 and 3.71 respectively and a standard deviation of 1.28, 1.189 and 0.956 respectively. The finding is similar to a study by Chisulo (2019) that investigated the influence of cost reduction strategy on performance of Tea Industry in Mulanje Region and the correlation results revealed that there was a strong positive association between cost reduction strategy and performance of tea industry.

Inferential Analysis

Tests of Assumptions of Regression Analysis

In statistical analysis, it is common for tests to depend on specific assumptions regarding the variables under examination. If these assumptions are not satisfied, the outcomes can become less reliable, potentially leading to either an overestimation or underestimation of the importance or magnitude of the observed effects. In the context of regression analysis, assumptions can be categorized into two types: those that remain valid even when the assumptions are violated and those that are sensitive to such violations.

Test for Normality

Regression analysis assumes that the data is normally distributed. Non-normally distributed data can distort relationship and significance tests hence statistical inference. Data that is normally distributed may lead to inaccuracy of results. This study tested normality using Shapiro-Wilk normality test and the results are as presented in Table 3.

Table 3: Test for Normality Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Cost efficiency	.252	78	.000	.762	78	.000
Financial Performance	.157	78	.000	.890	78	.000

Results from Table 3 indicates that the five variables had p-values of less than 0.05 for both Kolmogorov-Smirnov and Shapiro-Wilk tests and concludes that the data sets for these five

variables are normally distributed. This implied that the residuals follow a normal distribution as required for a linear regression.

Results of Regression Analysis

The study specifically sought to assess the effect of cost efficiency restructuring strategy on financial performance of coffee cooperative societies in Meru County, Kenya. Ordinary least squares regression was carried out to determine this relationship.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.705a [a]	.756	.756	1.167

a. Predictors: (Constant), cost efficiency

From the findings in Table 4 the value of adjusted R square was 0.750, an indication that there was variation of 75.0% on the performance of coffee cooperative societies in Meru County due to the adoption of cost efficiency restructuring strategies at 95% confidence interval. This therefore, means that factors not studied in this research contribute 25% of the financial performance.

Table 5: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.374	4	1.343	28.612	.000[b]
	Residual	44.968	104	1.363		
	Total	**50.342**	**108**			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), cost efficiency

From the ANOVA statistics in Table 5, the study established the regression model had a significance level of 0.000a which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (28.612>27.754) an indication that the model was significant.

Table 6: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.503	1.288		.863	0.000

Cost efficiency	.608	0.196	0.160	8.812	0.002

The finding as presented in Table 6 revealed that holding independent variable constant (cost efficiency) to a constant zero, the financial performance of coffee cooperative societies in Meru County would be at 0.503. A unit increase in efficiency restructuring strategies would lead to increase in the financial performance of coffee cooperative societies in Meru County by a factor of 0.608.

As shown in Table 6, the established regression equation by the study was:

$Y = 0.503 + 0.608X_1$

Where

Y = Financial Performance

X_1= cost efficiency restructuring strategies

The research also confirmed that implementing cost-effective restructuring methods was strongly correlated with the financial success of coffee cooperative societies in Meru County, as indicated by a statistically significant t-value ($t=8.812$, $P<0.05$). This result aligns with the conclusions drawn by Komen (2014) in a separate study investigating the impact of turnaround strategies on the performance of public corporations in Kenya, which similarly demonstrated that cost-cutting strategies have a substantial influence on the performance of such entities in Kenya.

The study sought to assess the effect of cost efficiency restructuring strategies on financial performance of coffee cooperative societies in Meru County. The study established that respondents agreed that cost efficiency restructuring strategies affects the financial performance of coffee cooperative societies in Meru County, Kenya. There is elimination of non-profitable products/ services in the coffee cooperative societies and reduction of inventory. The study also revealed that there is lowering labor and executive compensation expenses, concentrating on raising production and strengthening financial oversight.

The targeted population for the study comprised of 121 top management staffs of the 42 coffee corporative societies in Meru County which were sampled using census technique. Primary data was collected using questionnaires and analyzed using descriptive analysis and regression analysis technique. The findings are presented as follows: One hundred and eight (108) out of 121 respondents returned their questionnaires giving a response rate of 89%

accounted for by the researcher use of drop and pick method, personal visits, and follow-up through telephone calls and short messages explaining the purpose of the study.

Conclusion

The study concluded that cost efficiency restructuring strategies cause a definite increase in financial performance. Lowering labor and executive compensation expenses, concentrating on raising production and strengthening financial oversight would enhance organizational performance.

Recommendations

The study recommended that the organization should consider the best mean of lowering marketing expenses and tightening the reins on monetary outlays to enhance financial performance without straining the organization operations. The study also recommend for the organization to embrace elimination of unprofitable goods and services and reduction of inventory to focus on core and profitable channels of the business.

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