THE EFFECTS OF INTERNAL ENVIRONMENT ON CORPORATE
RESTRUCTURING: A CASE STUDY OF INSTRUMENTATION
ENGINEERS (EA) LTD

BY

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UNITED STATES INTERNATIONAL UNIVERSITY -
AFRICA

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THE EFFECTS OF INTERNAL ENVIRONMENT ON CORPORATE RESTRUCTURING: A CASE STUDY OF INSTRUMENTATION ENGINEERS (EA) LTD

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SPRING 2019
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University for academic credit.

Signed: ___________________________  Date: ___________________________

Varghese Samuel Binoy (ID. 634580)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________  Date: ___________________________

Dr. Joyce Ndegwa

Signed: ___________________________  Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT

The general objective of the study was to evaluate the effects of the internal environment on the corporate restructuring process which is being carried out in Instrumentation Engineers (EA) Ltd. The specific objectives of the study were: To evaluate the effect of organizational structure on corporate restructuring, to analyze the effect of resource allocation in corporate restructuring, to study the effects of organizational culture on corporate restructuring.

The study employed the descriptive research design to determine corporate restructuring. The target population was 58 employees of Instrumentation Engineers (EA) Ltd. Stratified random sampling method was used to select the sample size. The sample size consisted of 58 respondents. Self-administered structured questionnaires were issued to the respondents and the data was collected within two weeks. Descriptive statistics such as percentage frequencies, mean and standard deviation were employed in analyzing the collected data. Pearson’s product-moment correlation co-efficient was used to determine the strength of the relationship between the independent and dependent variables. Statistical Package for Social Sciences (SPSS) software version 22 was used to analyze data. The data was presented in the form of tables, figures and charts.

On the first specific objective to do with organizational structure and corporate restructuring, the study revealed that changes in the formal structure was necessary for organizational restructuring and that restructuring called for streamlining of processes as well as governance reformation and in most cases, downsizing the employment of the company. The results of the study revealed that restructuring led to the redirecting cash-flows to other parts of the business that were in need of resources. The study findings indicated that the mark of a good manager is based on how much value he/she brings to the organization.

With regard to resource allocation and corporate restructuring, the findings showed that organizations must employ work design in order to maintain a competitive edge in the market. The study findings also indicated that proper work design must be drawn to make sure that the company takes into account tasks that are necessary for it to achieve its objectives. Findings from the study revealed that the restructuring process helped in establishing employees that needed to be retained. The study results showed that both job
description and job specification simplify the process of restructuring as it helps in the recruiting process. The study results revealed that restructuring led to value creation in terms of operational efficiency especially in the area of talent management.

With regards to organizational culture and corporate restructuring, the findings revealed that organizational culture is extremely important to the organization since it affects the way employees make decisions. The study results revealed that organization culture in terms of communication plays an important aspect to every employee in getting the job done. The results also revealed that internal promotions encourage employees to work hard. The study findings revealed that hiring from outside is expensive as opposed to promoting from within.

The study concludes that the major changes to the organizational structure that impacted heavily on corporate restructuring included; streamlining of processes, changes in governance reformation and changes in the formal structure. The study concluded that with regards to resource allocation, work design is a vital element in order to maintain a competitive edge in the market. The study finally concluded that organizational culture greatly affects the ways employees make decisions as a part of internal communications and relation.

The study recommends that the changes in the organizational structure should be done in such a way that leads to the streamlining of processes and governance reformation. Cash flows should also be redirected to all parts of the business in order to achieve growth from all sectors. Job redesigning should take precedence and both job description and job specification should simplify the process of restructuring as it helps in the recruiting process establishing the employees that need to be retained. The study recommends that organizations need to check on their internal communications and relations and embrace teamwork, which is capable of building bonds in order to promote a healthy sense of unity, security and satisfaction.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Organization in the modern times undergo corporate restructuring in order to stay ahead of competition or, in other cases, are forced to restructure to stay in the “game”. Turbulent economic factors like recession, rapid technological innovation, high skilled jobs, spread of educated workforce and so on, have affected the way companies work and do business. Anderson, Schulman and Wood (2001) stated that companies restructure to cope with competitive pressures or the fact of rapidly changing external environments.

Competitions between firms of today are in the aspects of superior quality, speed, value for money, innovative technology and after sales services for the goods and services that they are offering to the market. To this regard, firms and organizations will have to restructure their businesses in order to stay in the market. The process of restructuring, according to Lawler and Mohrman (2003), will have a great impact on all of the organizational resources, most importantly on one of the most effective yet fragile resource; the human resources.

As a definition, in earlier books, corporate restructuring can be defined as “a major change in the composition of firms’ assets combined with a major change in its corporate strategy” (Hoskisson and Turk, 1990). It can be seen as a strategic move that the top level management and directors implement in order to align the business objectives and attain the business goals. In addition, it could also result in the implementation of new strategic plans and ideas (Balogun, 2007). In fact corporate restructuring is a major strategy that can help the firm boost up its performance, cope with turbulent times, pursue new opportunities and increase the market value of the organization, in some cases, in terms of billions of dollars (Bowman & Singh, 2013).

Due to environmental instability and uncertainty in the operating environment, many firms employ other strategic tools and actions such as mergers, acquisitions and outsourcing. This helps in cutting costs, gaining a larger capital and intellectual backing as well as higher market share in some cases (Malik, Ahmad & Hussain, 2010). In the cases of huge computer and electronic companies, like Dell and Apple, although American, all their production takes place in China where labor costs are comparatively
lower. When these organizations started out, their conception, design and manufacturing were done in their home country. Since their profit margins were low, they had to restructure their companies and move their production where labor costs are more affordable. The internet giant, Google, is also based in many parts of the world, with a major presence in China. According to Dessler (2011), human resource, which is part of the internal environment in an organization, is being restructured at all levels.

In addition to reducing costs, many companies restructure their entire organization in order to guide their operations and bring the manufacturing back in line. As an added advantage, they also toughen up their competition since the manufacturing overhead is low leading to a higher profit margin (Ngirande, Terera & Mutodi, 2014). A new favorite of modern firms is the strategy of downsizing. More and more companies adopt this method to remain in competition and thrive on comparatively higher profits. It also requires major restructuring as it effects the entire organizations operations, manufacturing, hiring and firing as well as management style. The ultimate goal is the same thing; to decrease the costs of manufacturing and operations as well as gain a competitive edge (Vermeulen, 2002).

As seen earlier, corporate restructuring involves changing the patterns and structure of the business in order to cope with the environment for survival of the company or to gain an edge over competitors and other threats. Hane (2012) state that restructuring involves major changes, as it involves eliminating or merging departments to gain an increased level of profitability and efficiency.

Corporate restructuring is a key strategy implemented to remain relevant in the world of business. Chew and Horwitz (2002) state that corporate restructuring may take form as a change in the operational structure, investment structure, financing structure and governance structure of a company. It may also involve diverse activities such as divestiture of under-performing business, spin-offs, acquisitions, stock repurchases and debt swaps, which are all a onetime transactions, but also structural changes introduced in day to day management of the business.

It is usually perceived that corporate restructuring dwells much more on changing structures in pursuit of short and long term gains. According to Hane (2012) there could be symptoms that may indicate the need for corporate restructuring. Such symptoms include: Parts of the organization are significantly under or over staffed; technology
and/or innovation are creating changes in workflow and production processes; new skills and capabilities are needed to meet current or expected operational requirements; organizational communications are inconsistent, fragmented and inefficient; significant staffing increases or decreases are contemplated; accountability for results are not clearly communicated and measurable resulting in subjective and biased performance appraisals; personnel retention and turnover becomes a significant problem; stagnant workforce productivity or deteriorating morale. Corporate restructuring has proven to be beneficial in a number of ways that are not limited to lowering operational costs and helping in better formulation as well as implementation of strategies (Anderson, Schulman & Wood, 2001).

Lal, Pitt and Beloucif (2013), believe that restructuring is conducted in order to increase shareholder value by altering the management team, financial systems and redesigning the organizational business model to combat challenges in the environment. Another possible reason for a restructure could be due to the incapacity to maintain skilled personnel and significant turbulence in the market that impact the business model. The sad reality of company restructuring is that may lead to major lay-offs and bankruptcy, although it is designed in a way to avoid these circumstances if at all possible (Cascio, 2012).

In many cases however, companies undergo mergers and acquisitions, in this case the organization may have to conform to the norms and structures of the organization it is merging with, which leads to restructuring (Maria, Angel & Javier, 2015). There are also instances where the shareholders may call for a restructure. This usually happens when the shareholders are not satisfied with the way the organization is being handled by the management. Companies that have shareholders need to present returns on investments at the end of their financial year, if on losses or low returns, it is common for the owners (shareholders) to force a management restructure (Lal, Pitt & Beloucif, 2013). Theft, dishonesty and misuse of funds by the management or workers could also lead to the decision of management restructure by the shareholders.

Globalization also plays a major role in organizational restructuring. As communication and transport is on the rise, anyone can buy anything from any part of the world. Due to this international trade, home trade is greatly affected. Customers now have the luxury or a variety of choice and quality. If a home market wants to remain competitive to this
outside threat, they have to increase quality of products and the range of what they offer. Chew and Horwitz (2002) states, that many companies and organizations adopt measures such as cost competitiveness to increase their performance due to increased globalization.

Kenya is on the run as a fast growing country, many organizations in the home country are also undergoing restructuring to respond to the competitive industry. Kenya Commercial Bank also went through this process in the recent years. Introduction of the new online platform coupled with an easy mobile banking technology saw the redundancy of several employees. Many jobs became unnecessary as a result of this new IT platform coupled with the mergers of some departments in 2009 (Omondi, 2010). Mutai (2012) also researched on Kenya Airways that had to undergo massive internal restructuring as a result of the airline's recent downturn. The organization was forced to outsource many of its functions to various companies with in the country.

A rather obvious result of restructuring is changes in the internal environment. Internal environment can play a vital role in company restructuring. Comprising of factors like company culture, hierarchies, chain of command, allocation of resources and overall internal structure of the organization. The internal environment or internal organization can help shape the business in many aspects and pave the way for success. Problems within the internal environment can also destroy the company completely if not addressed in time. In many matters, organizational culture might decide whether the restructuring process will work or fail. Mindset, values and attitudes of people are vital to the survival and blossom of the strategy. Social networks among the employees and the way they communicate can also dictate on how the restructuring process will be carried out. All of the above form the aspect of culture which in turn forms the organizational climate. For a strategy or plan, like organizational restructuring, to be implemented correctly and effectively, the organization climate must be suitable.

Instrumentation Engineers (EA) ltd (IEEAL) is an organization that offers a wide range of instruments for process industries. Started in 2010, they offer complete automation in industries as well as measure and record parameters for quality control. The range of products that they deal with varies from air compressors, steam boilers, pressure jets and other mechanical items to make manufacturing process automatic. They also offer installation of the machines that are built to specifications. One of the company’s major aims is concentrate on quality work; as a result they have strategic alliances with
companies like Honeywell, Armstrong, and John Thompson etc. their environmental goal is to minimize the carbon footing by offering efficient machines that are more environmentally friendly.

The company, which is headquartered in Kenya, is an ISO 9001 certified company that provides turnkey energy transfer solutions for industries. They maintain these standards through safe and sanitary work environments, good working conditions coupled with skilled and well trained staff. They also offer post implementation service support which adds to their professional resume in the market.

1.2 Statement of the Problem

In the present day Kenya, industries are struggling to remain in front of competition. Some companies are barely staying afloat. There are many contributing factors that have led to this type of situation. Although a quickly developing country, the nation’s manufacturing sector is not on full swing, the economy relies on heavy imports of goods since its primary source of income is tourism. To top this up, the economy frequently experiences unstable inflation rates, fluctuating import rates and interest rates.

The market in which IEEAL operates is very competitive. Many manufacturing and food industries are coming up, with several requiring automation. There is therefore a lot of opportunity, but equally high competition. With a competitive pricing strategy, the company runs on reduced profits and sometimes on breakeven levels. To add on, the industry also requires skilled labor and goodwill to obtain and retain orders from the market. The organization is therefore looking into a restructuring strategy to gain a competitive edge in the market.

There have been several studies in the past that have focused on corporate restructuring and increasing the company performance. A hand full of Egyptian companies, in the construction and technology sector, were studied from the years 1996 to 2005. Their results in restructuring yielded positive results as their profits improved (Ismail et al, 2010). It should be noted however, these industries, although improved their profits, did not change their rates of efficiency and cash flows. Another study by Jin et al. (2004) focused on Chinese companies that underwent restructuring. After comparing revenue changes, ROA (Return on Assets) and Asset turnover ratio, they discovered that there were increases in profits and revenue, but not much on asset turnover. This could be as a result of poor planning into resource allocation and company climate.
Some other research points to the human element in restructuring. HR planning must be given importance when undergoing corporate restructuring. This is one of the ways to ensure of organizational survival (DeCenzo & Robbins, 2008). Many more researchers have touched on the topics of technology, unexpected consequences, HR planning, economic factors, and unwillingness to change (McKinley & Scherer, 2000; David, 1991; Chen, 2003; Agarwala, 2007; Armstrong, 2009).

This study however, did not focus solely on financial performance and profits. It will also look at the internal environmental factors in an organization and the importance & role it plays in corporate restructuring. This kind of comprehensive study has not been attempted in Kenya before.

1.3 General Objective

The general objective of this study was to evaluate the effects of the internal environment on the corporate restructuring process at Instrumentation Engineers (EA) Ltd.

1.4 Specific Objectives

1.4.1 To evaluate the effect of organizational structure on corporate restructuring.

1.4.2 To analyze the effect of resource allocation in corporate restructuring.

1.4.3 To study the effects of organizational culture on corporate restructuring.

1.5 Significance of Study

The study focuses on facilitating corporate restructuring, as a result it is meant to benefit; the management, by ensuring a smooth transition; the employees, by ensuring better company procedures & improved working conditions; the stakeholders, by improved financial and organizational performance. It could also help future research, for studies conducted in similar organizations undergoing similar problems.

1.5.1 The Top Level Management

This project will enable the management to realize the importance of an effectively working internal environment, the advantages of a favorable organizational climate, proper utilization of resources and above all, an effective corporate restructuring method. This would result in efficient time, resource and knowledge management. The project also contains contingencies in case of unexpected outcomes or forces.
1.5.2 Employees

The workers and other employees in IEEAL would learn the role they play in the organization giving them the realization that they are part of something big. The study also aims at improving employee satisfaction and ensures a motivated workforce. In addition, a well performing company also offers the promise of job security and prosperous future.

1.5.3 Researchers

The study would benefit future researchers who plan to conduct studies relating to corporate restructuring and effects of the internal environments to the same. It would also assist other organizations undergoing similar restructuring processes.

1.6 Scope of the Study

The study was limited to the role of internal environment in the restructuring of the organization. The entire case solely focused on IEEAL (Instrumentation Engineers East Africa Limited) and hence its results was also limited to the same organization. The study was conducted in the company headquarters in industrial area, Nairobi. The study population consisted of every worker and employee throughout the entire various departments in the organization. Research was carried out from July 2017 to December 2017.

1.7 Definition of Terms

1.7.1 Restructuring

Norley, Swanson and Marshall (2012) defined restructuring as reorganizing a company’s operations, structure, legal and, in some cases, ownership with the intention and goal to make the organization more profitable, and organized to suit the present day needs.

1.7.2 Business Strategy

According to Shavarini et al. (2013) business strategy involves gaining a competitive edge by formulating and implementing plans.

1.7.3 Internal Environment

This refers to the internal components of the organization: the culture, structure, resources, rules and philosophies (Dessler, 2011).
1.7.4 Workplace Restructuring

This is different from corporate restructuring. Workplace restructuring deals with the allocation of employees i.e. the HR of the organization (Nahavandi & Malekzadeh, 1999). After restructuring, old offices could be closed, leaving the employees to be shuffled to new divisions or branches.

1.7.5 Downsizing

Chew and Horwitz (2002) defines this as; steps taken by the management in order to increase efficiency, productivity and competitiveness.

1.8 Chapter Summary

The chapter offers insights into the topic of corporate restructuring. Some previous studies were referred to explain the context and practice of the restructuring process. The study focuses on the background of the company IEEAL, and its need to restructure. The chapter also covered the problem that the company is facing and outlines the research questions which will be taken up in the next chapter of literature review. The chapter concludes with the beneficiaries of the study, as well as, the scope of the research.

Chapter two solely focuses on the literature review and the study’s objectives. It comprises of research in structure, culture and resource allocation. Chapter three focuses more on the methods of collecting data, how it is analyzed and details on the population and sampling method. The fourth chapter contains results and findings of the study. Chapter 5 consists of recommendations, summary of findings and discussions.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The previous chapter covered the topic matter on the effect of corporate restructuring and its effects on different organizations. Many aspects of restructuring were looked at with the help of foreign and domestic examples. Moreover, chapter one also looked at the organization which the study focuses on, a brief view of its challenges and what might assist the business to do better. The current chapter of literature review is aimed at in depth research of previous studies and cases. The entire chapter will is based on the research questions of chapter one, which are made up of: identifying the structural role of the organization and its capacity to impact strategy implementation.; What role does culture have on the internal environment and how will it affect corporate restructuring?; Does resource allocation have an important role in the internal environment and corporate restructuring?

2.2 Effects of Organizational Structure on Corporate Restructuring

Structure of the organization is basically the formal structure of authority, from the top directors to the basic workers. Authority can be defines as staffing, organizing and coordinating reporting relations (Martínez-León & Martínez-García, 2011). To put it in simpler words, whoever an employee reports to is his/her superior and whoever reports to him/her is the subordinate. When looking at structure from a broad view, it can be divided into two main categories, centralized and decentralized. Centralized structure contains hierarchical structures. Most of the businesses in Kenya follow this structure, whereby the channel is structured so that messages usually follow a top to bottom chain. It is common that by the time the message reaches the low level employees, most of the content is filtered out (Martínez-León & Martínez-García, 2011). This is not a favorable structure for strategy implementation as messages should be clearly communicated. Most problems in strategy implementation and follow up arise from this factor. An unsteady communication channel could possibly result to an opposite action than what was originally intended in the board room.
Corporate restructuring may involve key changes in the organizational structure of the firm, including redrawing of divisional boundaries, flattening of hierarchical levels, spreading of the span of control, reducing product diversification, revising compensation, reforming corporate governance and downsizing employment (Bowman and Singh, 2013).

Another effect of a centralized structure is, the time it takes a message to travel up and down the chain of command. For quick decision making, like implementation of a new strategy, a centralized structure is not recommended, unless of course there is a designated supervisor that reports directly to the top level management. Functional grouping and rigid departmental separation is common as the coordination in these structures is achieved through high levels of work division and specialization (Martínez-León & Martínez-García, 2011). In a decentralized organization however, the chain of command looks more flat as there are fewer hierarchies. The span of control extends a long way, enabling the middle level managers to act as mediators between the top level management and the workers. Employees in this structure are more independent and operate separately (Martínez-León & Martínez-García, 2011).

Organizational restructuring on the other hand, according to Davis, Eisenhardt and Bingham (2013), includes many changes to the formal structure of the company. It includes changing the hierarchies and in most cases, a complete redesign of the span of control. In terms of production, product diversification could be reduced if downsizing, or increased if merging. Restructuring also calls for governance reformation, streamlining processes and in most cases, downsizing the employment of the company (laying-off). It is vital to note that laying off workers and employees without making any changes to the company’s structure could possibly have adverse effects on the overall performance. If the former, level of resources are still kept despite layoffs, resources are underutilized and add up to overhead costs. It is therefore vital that downsizing must be accompanied by organizational restructuring to achieve a good effect on organizational performance (Bowman and Singh, 2013).

Restructuring is important in an organization as it deals with shuffling, rearranging activities and processes, within a business, to attain set corporate objectives. The most common goals organizations strive for while undergoing restructuring are: redirecting cash-flows, whereby surplus from a profitable part of the business could be channeled to
another that is in need of resources; channeling firms activities; reducing risks; utilizing
the nature of interdependence between perspective businesses (Cascio, 2012).

According to Bowman and Singh (2013), the restructuring processes would involve cost
reduction (improving the economy) and increasing profitability (increasing efficiency). If
any given organization would want to be successful in a competitive environment, it will
need to restructure and focus on its competitive advantage. Mergers and acquisitions
allow smaller companies to shape up into a bigger organization. This would give the
resulting organization added advantages of gaining economies of share and a larger
market share. Cascio (2012), further elaborates this point by stating that an organizations
growth and success/survival completely depends on its ability to combine its resources in
order to get the most optimum use. Restructuring an organization to undertake a merger
would therefore result into higher economies of scale. It’s therefore no surprise that larger
organizations could raise funds at lower costs, reducing the cost of capital and hiking
profits. Possessing more available funds will also allow the company to gather more
resources and put it to use, raising the bar of competition in its market.

Another importance of restructuring comes in when looking at innovation and
technology. Wu and Deilos (2009), claim that cross country and domestic competition are
different and can vary based on the geographical and market boundaries. The wider the
market, the more the competition. Mainly due to the fact that customers have more
variety to choose from. Contrary to popular beliefs, inventions and innovations in the
business world do not take place as a result of luxury or boredom, but rather out of the
need to meet the market demand and keep up with the competition.

According to Hane (2012), the single most common purpose of corporate restructuring is
to eliminate all the disadvantages of the organization and pool together all the advantages.
It is to be noted however, different businesses undergo restructuring at different times for
completely different reasons.

Bowman and Singh (1990) stated that corporate restructuring can be categorized under
three main sections. They shift according to business interests and the goals the particular
organization is trying to achieve. The issues and challenges that the company is facing
would also play a vital role in the category of corporate restructuring that the organization
would undertake.
Firstly, the portfolio restructuring which basically involves reconstructing the organizations major lines of business such as acquisitions and mergers (Bowman and Singh, 1990). This usually occurs when focus of the firm shifts or changes depending on many aspects of the environment, both internally and externally. The management may decide to pursue a strategic alliance in order to broaden their market reach, gain a larger customer base which will drive up sales or even a vertical merger in order to obtain raw materials or direct contact with the customers eliminating the need for added costs by middlemen. Hoskisson and Hitt (1994), state another possibility for a portfolio restructure, whereby the organization decides to undergo an alliance to prevent the dilution of its core assets.

Bowman and Singh (1990), put financial restructuring as the second category. Organizations that fit in this section undergo restructuring in order to increase its capital and ownership structure. Managers tend to look at the financial aspect of the firm to determine if the company would do better as a public firm or a private one. The reasons why most firms go private are due to inefficiency in agency related issues and lose control of ownership. On the other hand, businesses go public in order to attract sufficient financial capital to power high cost ventures and plans (Florin et al. 2003).

Finally comes organizational restructuring. This basically involves changing the structural properties of an organization. It is implemented or enforced to increase the organizational efficiency and effectiveness (Bowman and Singh, 1993). The prime reason that top management might choose this type of restructuring is to cope with the ever changing environment. It is therefore regarded as a purely strategic move. The organizational restructuring can also occur as a result of portfolio or financial restructuring i.e. organizational restructuring could be a bi-product of the first two types in the restructuring category.

**2.2.1 Value Creation**

The whole point of undergoing organizational restructure is to make profits. As seen previously, downsizing is one of such methods. The major expectation from downsizing is to increase the value creation processes, i.e. higher levels of efficiency at lower costs. According to Pike and Neale (1996), value creation can be achieved by looking at the financial structure from the views of owners or shareholders. Investing resources to create wealth and improving cash flow; changing ownership or mixing businesses, e.g. mergers,
Value creation is a subjective measure of how well a firm can utilize its assets from its main role of conduction of business and its subsequent generation of revenues. Value creation is also used as a general measure of an organization’s overall financial status over a given period of time and can be used to compare similar organizations across the same industry or to compare industries or sectors in totality. In essence, value creation deals with improving performance of the organization. Value can be created in a variety of areas such as improving sales volume, returns on investments, costs and overhead expenses, communication, marketing and so on. In short, value creation is very diverse and can be seen from a multiple of vantage points (Davis, Eisenhardt & Bingham, 2009). Therefore, the responsibility of creating value falls on the managers. Strategies in the organizational level are also affected by value creation and the skill and understanding of the managers and the effort they make to improve company performance. The mark of a good manager, from this point of view, is based on how much value he/she brings to the organization. Campbell, Goold and Alexander (1995), stated that value creation is fully based on the experience and ability of managers to diagnose a problem and formulate a solution in order to boost the business performance. Managers are therefore called on by the occasion, to identify the areas of the business that have problems, or probably why certain areas of the business fail to fully utilize their potential. They, then have to put measures in place, set deadlines, execute the plan and follow it up on a regular basis. It is also a vital that managers or overseers have a few contingencies in place so that other options are readily available in case the former plan fails to meet the set objectives.

2.2.1.1 The Five Structures of Value Creation

Initially published by Cappelli-Konijnenberg (1995), and later refined by Johnson and Scholes (2010), the five individual structures can be studied and utilized by managers to create value for the organization.

The asset structure, shows the sum of current and fixed assets that the organization has. It shows, in detail, how, when and where each asset is being utilized. This would enable any
decision maker to have an overview on the amount of output from the assets of the business, it could then be altered and restructured in a way that there is maximum worth or returns.

Capital Structure, as the label suggests, deals with the general funding of the business. It deals majorly in financing investments and funding or capital allocation of present and future projects.

Governance Structure, on the other hand is probably one of the trickiest of the five, governance structure deals with conflict resolution between the stakeholders. It also acts in ways of incentivizing all the interested parties in order to avoid political and legal problems.

Cost Structure deals with the organizational overhead costs. It focuses on reducing costs in areas of manufacturing, labor and general expenditures. Other strategies like outsourcing and relocation of manufacturing falls under this structure.

The organizational Structure looks at the company framework, hierarchies, and span of control, departmental divisions and a general organizational fabric. It identifies communication flow and improves on the overall structure to create value for the firm.

2.2.2 Organizational Hierarchy

The hierarchy of any given organization is basically the way he internal structure is setup. It deals with the structural height of the company (the chain of command) and the number of employees under each level (span of control). The hierarchy provides the organizational fabric and designates each and every employee to their duties. Additionally, it is also responsible for how fast and effectively information travels up and down the organizational levels.

2.2.2.1 The Chain of Command

Parikh (2010), notes that different companies or organizations set up their structural height to accomplish various duties and objectives. It goes without saying therefore, that the way in which organizations are set up can either make or break them. If set up wrongly, the chain of command could prevent the company from reaching its desired goals.
The chain of command is basically the different levels in the organization, starting all the way at the top (upper level management), towards the middle (mid-level management & supervisors) and finally, the lower level employees (workers, casuals, entry level staff and receptionists). It is only natural that large organization will employ a taller chain of command to better delegate the workload whereas, small and mid-size organizations will have a shorter chain of command (Ahmadi, 2012).

Although organized, a taller chain of command tends to be more bureaucratic since there are many levels of authority enforcing their own rules and schedules. Employee morale and satisfaction could also be lower in an organization with a tall structure since there are fewer opportunities to take up responsibilities or be heard by the management. In most cases it creates a big rift between the management and the workforce (Wang et. Al., 2011). On the flip side, Herbiniak (2006) states that, employees in a tall organizational structure have a clear understanding or view of their career progression or promotion as they follow the chain of command. Smaller companies, on the other hand use a shorter chain of command. There are fewer layers of control, meaning more people under one manager/supervisor. In such organizations, there is no need for separate departments since one individual could handle that section. Communication and decision making is faster, however there is no formal job ladder for the employees to climb.

2.2.2.2 The Span of Control

The span of control is the second most important part in a company structure. It basically refers to the number of employees/workers that fall under the supervision of the manager or executive i.e. the number of staff that the supervisor is responsible for (Wang et. al., 2011). In companies like this, the manufacturing vice president could have the procurement manager, production manager and head of distribution working under him. Therefore his span of control is the three individuals whom he/she is responsible for. If the organization has levels with wider spans of control, then the structure of said company is flatter. Looking at the alternative, any organization with fewer average span of control in its hierarchical levels, would have a tall structure (Ahmadi et. al., 2012: McNamara, 2008).

In companies with a narrow spans of control (tall structures), there are several layers or hierarchies which leads to slower information travel from the bottom to the top management and vice-versa. This makes it difficult for such companies to react quickly
and efficiently to fast changes in the environment. It therefore goes without saying, that organizations with a tall structure have less time to spend on the decision making process, leading to a less efficient and effective strategic planning process. McNamara (2008) explains that, flatter organizations have faster decision making skills since there is no need of approvals from many different levels of the company. Hence, there is faster communication going on through the organization, higher levels of management are more aware of the common concerns and problems of the company and therefore faster response is possible. Staff concerns and operational issues are reduced to the minimum.

2.3 The Effects of Resource Allocation on Corporate Restructuring

2.3.1 Human Resource Allocation

This study is grounded on internal environment which springs out from the changes in human resources policies. The current human resources policies of the organization may need to be changed in accordance with the changing scenario. The human resources department needs to enable change management. Bowman and Singh (1990) indicates that rationalization of the present pay structure should be accomplished in order to maintain the internal and external equity among the employees.

One of the major resource a company could have is human resources. At the chief of the human resources comes skill and the talent of the employees. Managing this factor efficiently and effectively can cause a huge change in the company. Many organizations fail to manage their talent well which leads to individuals in the organization stuck in a position or work that does not utilize their skills to the maximum efficiency. As a definition, talent management is basically the process of planning then recruiting, developing and managing, coupled with compensating the workforce throughout the entire company (Dessler, 2011). When considering a downsizing, it is important to note that the workforce must be placed strategically in order to ensure a smooth transition and an effective “jump-start” of the business.

According to Dipali Naidu (2017) the reasons why a company must give importance to talent management is obvious. Firstly there is the relation between talent management and the business performance. According to a study carried out by Hackett Group, organizations that followed the norms of proper talent management reported a fifteen percent increase in their company profits compared to their competitors.
Secondly, talent management is also a major source of value creation to (Dipali Naidu, 2017). Many organizations are known for their skill and attention to detail, which increases their monetary value in both goodwill and net worth. Watch making companies like Tag Heuer and Rolex are praised due to their pathological attention to detail which stems from skill and talent management of their artisans.

Thirdly, Dipali (2017) portrays employees as one of the greatest sources of innovation, be it technological or product ideas. In the modern market, hyper competition and reduced product life-cycles make it harder to sustain a competitive advantage. It is therefore necessary to promote room for innovation and skill development in the work place. Fourthly, the modern day employees are interested in personal talent development and are more loyal to their careers than the organization to (Dipali Naidu, 2017). Therefore it goes without saying that the better the company provides career skill utilization, the more the chances of retaining talent.

2.3.1.1 Analysis, Description and Specification of the Job

Having looked at the importance of retaining and promoting talent, a company undergoing restructuring must also need to know how to carry out this process. In the case of IEEAL, the company must analyze the posts for which they need employees. Analysis of the post will shed light on the duties and obligations that the work entails. In other words, it is a tool that ensures the right individual fits the right position. This planning, especially during downsizing, will also help the organizational heads to know of whom to retain and where to place them. It also helps in forming a much improved job structure and requirements (Watcher, Modrow-Thiel & Rossman, 1993).

There are several methods of examining job requirements, Decenzo & Robbins (2010) came up with a series of questions known as “The Position Analysis Questionnaire” which helps to categorize jobs into six categories on different aspects.

The next step is the job description which will come immediately after gob analysis. It is done in a sequence to avoid any problems or difficulties that many arise. If executed in a well-organized manner, it would offer the organization the ability to hire or retain the correct people of the job at hand. Another added benefit to a company undergoing downsizing is that, it reduces labor turnover which could have a negative effect on the organization since new workers would take time to blend into the organization. They may also need to be trained which requires additional time and other resources, this could
interrupt the flow of the business (Capko, 2001). The job description also highlights the responsibilities of each job at hand. It also covers aspects such as reporting relationships and so on which helps to measure the performance of the employee as well as the overall over all company objectives. (Chow & Kleiner, 2002).

Job specification goes hand in hand with the job description as it outlines the qualifications, skills, experience, expertise and abilities that the candidate is expected to have when applying for the post in question. Kraturerk & Khemarangsan (2012) stated that together, job description and job specification simplify the process of restructuring as it helps in the management of recruiting, compensating, retaining and developing processes. Furthermore it also helps the management in deciding whom to retain and whom not to.

2.3.1.2 Redesigning the Job

A simple work design was originally coined by Smith (1776) in the seventeenth century and later revised by Taylor (1911) in the early nineteenth century. It brought forth the concepts of division of labor in times like the scientific management era. It focused on designing jobs in different ways in order to achieve maximum efficiency. In the case of division of labor, work was split and delegated to a select number of people. This would effectively, speed up work as each member is only responsible for part of a job. Over the years work design has changed to accommodate teamwork and more complex patterns. Agarwala (2007) mentions that work design has been evolving in a tremendous pace over the past decades and organizations must keep this up in order to maintain a competitive edge in the market.

When an organization undergoes restructuring, it has to redesign many areas like costs, quality and services as well as pave the path for technological innovation. It is therefore likely that companies may merge tasks and combine skills increasing workloads for certain posts. This is common in the case of company downsizing as there are huge chances of redundancies and dismissals. Decenzo and Robbins (2010) state that during this period, a proper work design must be drawn up to make sure that the company must take into account tasks that are absolutely necessary for it to achieve its objectives. In other words, all other tasks that were previously undertaken, are optional or irrelevant.

There are two major methods of job redesigning, one is job enlargement and the other, job enrichment. As the name suggests, job enlargement adds tasks and duties to an
existing position, for instance, after downsizing, one accountant replaces a position where two accountants were needed. Job enrichment on the other hand redesigns the job in a manner where the new position would have added responsibilities, growth and recognition. Using the same example, a previous accountant could be promoted to take the place of a finance manager who has left the firm. He/she could be paid lower than the previous manager, but still perform the same role. Herzberg (1968) called this “vertical job landing”. It is of vital importance, that the redesigned job is occupied by a person who has the right job description and specification, so as to ensure a smooth transition in to their new responsibilities and tasks. In addition, it would also help an organization that is undergoing the restructuring process (Armstrong, 2012).

Job redesigning involves customized performance management processes which integrate an organization’s own tools and HR processes. In cases where they do not exist, organizations can design custom, turnkey tools as a means of driving performance management process from setting and aligning goals to coaching for optimal performance to development planning to evaluating performance. This is likely to enable the execution of business strategy by creating alignment, accountability and focus. Organizations should be able to deliver both the processes and tools to drive accountability and maximize performance at all levels of the organization starting at the top Agarwala (2007). In addition to the redesigned job, exceptional training that equips management with the skills and confidence to gain the commitment from their teams while driving accountability for results would be a significant step to undertake. Job redesigning is significant in setting and aligning goals, coaching for optimal results, recognition of exceptional results, developing talent and conducting effective performance evaluations.

2.3.2 Finance Allocation

Cascio (2012) defined the restructure of finance as changing the capital structure of the organization. This aspect touches on buyouts, leveraged recapitalizations and swapping equity. When looking at the topic of finance, one of the most important aspect is the financial structure of the organization. Bowman and Singh (2013) stated that the financial structure can be described as the flow of funds (which can either be credit or cash) and allocation of financial resources through the various areas of the business. The flow of capital through the business effects value addition on the areas where it is invested in. Financial restructuring is likely to involve changes in the capital structure of a firm,
including leverage buyouts, leveraged recapitalization as well as debt equity swaps. A common way for financial restructuring is increasing equity through issuing of new shares.

Many elements like the scale of investment on a project, the target of investment (revenue source), reinvested rate of earnings and combination of investments in active projects & contingency reserves make up the corporate financial structure (Donaldson, 1994). Also included are combination of debt and equity projects, allocation of costs (expenses) between current revenue activities and future, potential, revenue making projects.

It is therefore necessary that financial managers investigate and implement new methods on how to finance and structure their business as the modern environment is quite dynamic and rapidly changing.

2.4 Effects of Organizational Culture on Corporate Restructuring

Cabrera and Cabrera (2001) states that an organizations culture is fundamentally tied to the ideals and values of its founders. Other factors that play a valuable share on the corporate culture include socioeconomic factors, environment of operation and the regulatory. The case of IEEALL is not that far off, in addition, as it is situated in the capital city of Kenya, many aspects of community culture, demographics and other factors are also alive in the workplace.

Organizational culture is extremely important to any company. It is the main factor that gives the enterprise its values, norms and practices. As seen earlier, its genesis is from the strength and moral beliefs of the founder as well as experiences shared by the employees and success of the organization (Schein, 2009). In many ways, organizational culture will affect the ways in employees make decisions, feel, express, and most importantly, deal with the opportunities and treats that the companies deal with every day. Denison, Haaland, & Goelzer (2004) made this clear when they stated that culture plays a major role in the accomplishment of the organizational objectives.

Schein (2009) believed that the culture of an organization is the product of the relations between long-term operation of internal systems of an organization and external environment. It is the incorporations of certain aspects such as value, faith, awareness, thoughts and action. Its formless existence, however, can confine the action and performance of members of the organization and the organization itself. Schroeder and
Mauriel (2000) pointed out that the culture of an organization is the form revealed by common faith and expectations of an organization. Miner (2002) believes that the culture of an organization involve the key judgments of value, faiths, ways of thinking, and behavioral norms shared by all members of an organization. Schein (2009) mentioned that fine culture of an organization can improve organizational efficiency and raise productivity.

The culture in a company also stems from a variety of aspects, namely, company practices, tension and relations between members or employees of the organization, beliefs, norms, and other influences. It can however be categorized into three main aspects, starting with the most important one.

2.4.1 Systems in Place

This could relate to a number of different aspects in the organization. It basically refers to the most visible routines and tasks carried around the organization on a timely basis. It could be daily, weekly, monthly or annually (Schein, 2004).

When an organization restructures, the most important thing they should pay attention to is the employee hiring or promotional process. As jobs could be merged, and new positions available, the management must decide on who should fill the void. The promotional process is a very vital part of this as it sets the tone of employee morale and commitment. According to Schultz (2006) internal promotions encouraged employees to work hard since gaining recognition was “up for grabs”. It made the workers loyal and committed to reaching the organizational goals. Many of the top firms gained a competitive edge through a strong organizational core, namely a committed workforce and who was capable of carrying out their goals. A fluid transition is important since restructured organizations need employee support and morale if they are to kick start a new era in the organization.

Hiring from outside, on the other hand, will prove to be more expensive to the organization as opposed to promoting within. Bidwell (2003) found out that external recruitment increases costs by 18%, owing to advertisement costs, training and orientation costs. In addition, new employees also attained worse performance reviews. It is vital that companies undergoing restructuring must consider costs as well as the workforce morale.
To add on to the recruitment and promotion process, the organizational outlook towards company systems is also required. There is the closed and the open system approach. Schneider (1994) defined the closed system as a rational, useful and simple system. It majorly includes the inputs (raw materials, labor, and machines), processes (manufacturing, overhead) and output (goods, sales etc.). The main goal of this system is profit maximization and it involved converting funds and capital to factors of production & inputs to give a higher return. This system was applied by private and public firms alike, it was a very easy way to look at the internal organization.

However, the one thing it left out was the realistic factors that influenced the company, which brings in the open system. According to Schneider (1994), many companies ignored this system since it was more frightening to consider. It consisted of taking into account the external factors of the company like pressure groups (like green peace), media, legislation, terrorism, new entrants etc., it goes without saying therefore, that companies with an open systems proved to have a higher success rate. As an added advantage it makes the company culture to adopt a more flexible approach to deal with day to day threats and problems. It is therefore a highly recommended system for organizations undergoing the restructuring process.

2.4.2 Internal Communication and Relations

2.4.2.1 Motivation and Positive Reinforcement

Schroeder and Mauriel (2000) stated that when an employee is appreciated by their superior or peers, and feels like a valuable and intricate part of the organization, their morale and performance intensifies. Workers would start taking more responsibilities and as a result, be more effective. Another major way of incentivizing employees is by promoting social interactions amongst each other. Teamwork is a good way of promoting social interaction. It supports high satisfaction and relates the message that the employee is part of something bigger. This factor, on its own, is a great motivator to the workforce and all employees within an organization. Staff will start to realize that their contribution is essential to the success of a project and share credit of its accomplishments too. The company would also have an effective workforce since employees will be encouraged to work hard and keep deadlines since they do not want to let down their peers. Once the workers start to build bonds within the workplace, it is more likely that they will interact outside the walls of the organization. This is also very important as it promotes a healthy
sense of unity, security, satisfaction and would therefore lead to improved teamwork (Schroeder & Mauriel, 2000). When starting up after restructuring, employees need to be effective and responsible so as to ensure a smooth flow of day to day activities. The positive reinforcement method is one of the most effective ways to enforce that workers are in their best form.

2.4.2.2 Supportive Communication Structure

Organizations need to build a culture of teamwork in the work place. It is essential that every employee has access to relevant information to get the job done. For companies doing a complex project or undergoing a restructure, it is absolutely vital that the staff is kept well informed of decisions and progress of tasks undertaken. One of the best ways to pass information is through team meetings. Miner (2002) found out that regular meetings at the work place boosted the morale and enabled an effective flow of information.

Communication is also one of the most powerful tools used by managers and leaders. In an organization, the leaders are expected to supervise workforce, meet deadlines and incentivize workforce. Many studies conducted over the years show that managers spend seventy to eighty percent of their time communicating. This figure maybe on the rise as there are much more communication tools and facilities to reach people faster across wide distances. Barrett (2006), stated that communication is the effective transfer of meaning that a leader uses to influence a group or a single individual. It was also his belief that effective communication skills were the mark of a good leader; it is what gave him/her charisma and enabled other to look up to the individual. Without that effect, a manager or leader cannot accomplish much.

2.4.3 Organizational Values and Practices

Corporate culture stems from a combination of traditions, customs, values and practice that gives the organization its own personality. The internal culture in every organization is different and it is this organizational characteristic that makes it different from every other (Schein, 2012). When looking at any organization, organizational culture and corporate culture have to be differentiated. Corporate culture are the current norms and traditions in the industry as a whole. Organizations that hire from outside must realize that the employees coming in have values, practices and experiences gained outside the company. Organizational culture, as discussed previously, are the values and norms within the company (Schein, 2012).
Enforcing a culture that helps with achieving the organizational goals is absolutely necessary for the management. One way of doing this is by ensuring the employees are efficient and effective at what they do. A task monitoring system could play a vital role in this area. Superiors could be instructed to monitor work and validate feedback of the subordinates, creating a positive result on job effectiveness. Denison et al (2004), found out that employees following this system would feel more emotionally satisfied in their jobs their work is influencing the outcome of the organizational goals.

2.5 Chapter Summary

This chapter looked at the literature review of internal environment and how its various aspects affect the corporate restructuring process. Having reviewed the works of many authors it is now clear how the management must tackle the problems of the internal environment and enforce new practices to remain ahead of the competition and ensure a smooth transition during restructuring.

First off, various aspects of the organizational structure is observed. There are many ways and steps that can be implemented to ensure maximum utilization of the company structure hence creating value through alignment of hierarchy, chain of command and span of control. Secondly, resource allocation. Looking at the main issues of human resource allocation and how it can be improved by redesigning the job and how to head hunt for the best personnel. This area is coupled with the financial resource allocation. Recommending management on ways to plan contingencies, as well as budgeting techniques. Last but not least comes the effects of culture on corporate restructuring process. Highlighting aspects of systems and communication as well as values, norms and practices in the workplace as well as tactical approaches to improve organizational culture to have a flexible and effective company to combat external forces. Chapter three looks at the research methodology used as well sampling and the various justifications for data collection and analysis methods.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology that was used to survey the organization. Starting with the research design, moving to population description and finally, the sampling design. Also included was the data collection method, techniques, instruments for data collection and a brief description of the analysis process. The conclusion highlights procedures used for the research and a chapter summary.

3.2 Research Design

Creswell (2013) stated that research could consist of developing the research questions, collecting and analyzing data and developing a report that tackles the organizational problems. This research made use of descriptive research design since it includes the characteristics of the sample and relationships between variables. Kothari (2008) described descriptive survey as the process of collecting data by means of short interviews and mainly, obtaining information from questionnaires that was distributed to a sample of the population. To be specific, the type of research used was quantitative research. Information was collected through questionnaires with the upper and middle management. This method was chosen since it allows the researcher to have statistical (numerical) and descriptive information, which is more effective in determining the effect of the internal environment on the restructuring process. Primary data is also more reliable than second hand sources, which is an added benefit of the questionnaire method.

3.3 Population and Sampling Design

3.3.1 Population

The actual purpose of the population is to determine from which area the research should be focused on. It can also be defined as a significant group or portion of a whole, that a researcher is interested in, to conduct a study (Richardson, 2005). As seen in the literature review, the corporate restructuring incorporates all the levels of an organization. This is to ensure that a smooth and effective implementation takes place in the organization. The
population of the organization consisted of the CEO, 3 heads of department, 6 supervisors, 6 office staff and 42 workers.

Table 3.1 Population

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Population</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>1</td>
<td>1.72%</td>
</tr>
<tr>
<td>Heads of Departments</td>
<td>3</td>
<td>5.17%</td>
</tr>
<tr>
<td>Supervisors</td>
<td>6</td>
<td>10.34%</td>
</tr>
<tr>
<td>Office Staff</td>
<td>6</td>
<td>10.34%</td>
</tr>
<tr>
<td>Workers</td>
<td>42</td>
<td>72.41%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(Sourced from HR department)

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Sample frame is basically the list that contains the population for the study being undertaken (Cooper & Schindler 2010). The study consisted of all employees in Instrumentation Engineers (EA) Ltd, from the top levels of management all the way to the workers as at 30/05/2018. Information was sourced from the human resource department for more accurate results.

3.3.2.2 Sampling Technique

The sampling technique used in the study was census sampling. Creswell (2012), defined census sampling as a method of including all the members of the population into the sampling size. It was the most suitable method since the population was not particularly large. It also resulted to data collection with a high level of accuracy. In the case of Instrumentation Engineers (EA) Ltd, the sample will consist of; top management, middle management, low level management and basic workforce.

3.3.2.3 Sample Size

The census sampling of the organization consists of 1 CEO, 3 top level management staff, 4 supervisors, 8 departmental staff and 42 workers.
Table 3. 2 Study Sample

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Heads of Departments</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Supervisors and mid-level</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Office Staff</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Casuals &amp; Workers</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total number of Individuals</strong></td>
<td><strong>58</strong></td>
<td><strong>58</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Method

In terms of data collection, primary data was collected using self-administered, closed ended questionnaires. Individuals tend to be more open to anonymous questionnaires and therefore more honest responses were collected. Therefore, background information about job satisfaction, work environments and other factors were also put into the questionnaire. The questionnaires were dropped and picked by hand. It comprised of four sections, the first to get basic demographics of the respondent, the remaining three, based on the research questions of the study. The scales used ranged from 1 to 5 (1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree).

3.5 Research Procedures

The questionnaires were handed to the respondents during the month of June 2018. As agreed by the researcher and the respondent, the forms were given as a take-away to be filled at their time of leisure. It was then collected later on during the same week. In order to ensure a high response rate, the supervisors of each department were entrusted with personally collecting the questionnaires from each employee under their chain of command.

Prior to the distribution of the questionnaires, a pilot study was undertaken to study the reliability and time taken to fill the questionnaire. When doing a pilot test, a small sample of between 1% to 10% would be sufficient (Mugenda & Mugenda, 2010). Therefore, the questionnaire was distributed to 5 individuals who took between 15 to 20 minutes to fill it.
out. Furthermore, the pilot test also established the fact that the instructions on the document were clear with no problems in collecting and recording data.

3.6 Data Analysis Methods

The collected data was analyzed using quantitative methods since the data collected was numerical and could therefore, be subjected to a quantification approach. This information was then illustrated with descriptive statistics which helped to further simplify the data. It was presented using tables, possible graphs and figures. The packages involved to study and present the information were Microsoft Excel and SPSS (Statistical Package for Social Sciences).

Inferential statistics were employed to test significance of the relationship between internal environment variables and corporate restructuring. Correlation analysis was employed to determine the strength and direction of the relationship using the $p$-value. Linear regression was employed to test if there was a significant linear relationship between each of the internal environment variables (independent variables) and corporate restructuring (dependent variable).

3.7 Chapter Summary

This chapter gives a glance of the research design, population, sampling methods, data collection methods and data analysis. This is where the practical side of the research begins. Through census sampling, the top, middle and bottom level management was researched. The medium used was questionnaires. The chapter further emphasizes on the data collection methods, content of the questionnaires and details of the population. Analysis was done using descriptive statistics using a blend of Excel and SPSS. Chapter four contains findings and data analysis.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings of the study. It starts by presenting the findings on demographic data and then presents the results and findings of the effect of organizational structure on corporate restructuring followed by the findings on the effect of resource allocation in corporate restructuring and finally findings on the effects of organizational culture on corporate restructuring. A summary of the chapter is presented at the end.

4.1.1 Response Rate

An analysis of the response rate was carried out to determine the total number of the respondents who fully filled and submitted back the questionnaires. A total of 58 questionnaires were handed out by the researcher and 53 of them were received from the respondents. The study therefore had a response rate of 91% as shown in Table 4.1. In 2014, Cooper and Schindler stated that a response rate of above 70% would be ideal to conduct a proper data analysis.

Table 4.1 Response Rate

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>DISTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Questionnaires Issued</td>
<td>58</td>
</tr>
<tr>
<td>Questionnaires Verified</td>
<td>53</td>
</tr>
</tbody>
</table>

4.2 Demographic Analysis

In order to determine the demographic data for the study, the respondents were required to indicate their gender, education level, current position in the organization as well as the number of years of work in their current positions.
4.2.1 Respondents’ Gender

The study aimed to establish the respondents’ gender and therefore asked the respondents to indicate their gender. The findings are presented in Figure 4.1. It was noted that 56% of the respondents were male while 44% were female. The results from the study showed that male population was higher than that of females at Instrumentation Engineers EA Ltd.

![Figure 4.1 Respondents Gender](image)

4.2.2 Education Level

The study sought to find out the respondents’ level of education and hence asked the respondents to indicate their highest level of education attained. The findings are presented in Figure 4.2. From the study findings, it was noted that 87% of the respondents were middle university graduates, 8% were post graduates while only 6% had gone up to secondary level. The results indicate that majority of the respondents had at least a university degree and are therefore knowledgeable to provide relevant feedback to the questionnaire.

![Figure 4.2 Education Level](image)
4.2.3 Position in the Organization

The study sought to determine the positions attached to the different respondents in the organization. The findings are shown in Figure 4.3. From the findings of the study, it was noted that 67% of the respondents worked as factory workers while 13% worked as departmental staff, 12% worked as supervisors and finally 8% of the respondents were top level managers. This shows that the aspect of corporate restructuring was considered from all ranks in the organization.

Figure 4.3 Position in the Organization

4.2.4 Number of Years Working in the Organization

The respondents were asked to indicate the number of years they had worked in their current positions at IEEALL. The findings showed that 38% had worked in their current positions at IEEALL for less than a year, followed by 56% having worked for 1-5 years and finally 6% of the respondents had worked there for 6-10 years as shown in Figure 4.4, proving; most employees have enough experiences in the organization to provide relevant feedback.

Figure 4.4 Number of Years Worked in the Organization
4.3 Effect of Organizational Structure on Corporate Restructuring

4.3.1 Descriptives of Organizational Structure

The respondents were required to rate the various statements regarding the effect of organizational structure on corporate restructuring at IEEAL on a Likert scale using the following key: 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; and 5=Strongly Agree. This section had fifteen items.

Table 4.2 shows that restructuring called for streamlining of processes at IEEAL, which resulted in the highest mean of 4.71 and gave a standard deviation of 0.750. The mark of a good manager at IEEAL is based on how much value he/she brings to the organization, which resulted in a mean of 4.65 and a standard deviation of 0.590. Restructuring called for governance reformation which resulted in a mean of 4.31 and a standard deviation of 0.466. Changes in the formal structure at IEEAL was necessary for organizational restructuring which resulted in a mean of 4.13 and a standard deviation of 0.595. Restructuring led to the redirecting cash-flows to other parts of the business that were in need of resources which resulted in a mean of 4.12 and a standard deviation of 1.278. A tall chain of command leads to employee dissatisfaction and low morale which resulted in a mean of 4.06 and a standard deviation of 1.162. Lay-offs accompanied by organizational have achieved a good effect on organizational performance which resulted in a mean of 3.96 and a standard deviation of 1.236. A tall chain of command can prevent the company from reaching its desired goals which resulted in a mean of 3.67 and a standard deviation of 0.923. The restructuring process led to increased profitability which resulted in a mean of 3.63 and a standard deviation of 0.595. The restructuring process involved cost reduction which resulted in a mean of 3.63 and a standard deviation of 0.768. Restructuring called for lay-offs which resulted in a mean of 3.56 and a standard deviation of 0.850. A tall organization structure gives employees a clear view of career progression which resulted in a mean of 3.56 and a standard deviation of 0.802.

An organization with a narrow span of control in its hierarchical levels is likely to have a tall structure which resulted in a mean of 3.54 and a standard deviation of 0.727. Flatter organizations have faster decision making skills which resulted in a mean of 3.48 and a standard deviation of 1.000. A flat organization structure can aid in reducing staff
concerns and operational issues which resulted in a mean of 2.79 and a standard deviation of 1.054.

Table 4.2 Descriptives of Organizational Structure

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in the formal structure at IEEAL was necessary for organizational restructuring</td>
<td>0</td>
<td>0</td>
<td>11.5</td>
<td>63.5</td>
<td>25</td>
<td>4.13</td>
<td>0.595</td>
</tr>
<tr>
<td>Restructuring called for governance reformation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>69.2</td>
<td>30.8</td>
<td>4.31</td>
<td>0.466</td>
</tr>
<tr>
<td>Restructuring called for streamlining processes</td>
<td>0</td>
<td>5.8</td>
<td>0</td>
<td>11.5</td>
<td>82.7</td>
<td>4.71</td>
<td>0.750</td>
</tr>
<tr>
<td>Restructuring called for lay-offs</td>
<td>0</td>
<td>11.5</td>
<td>32.7</td>
<td>44.2</td>
<td>11.5</td>
<td>3.56</td>
<td>0.850</td>
</tr>
<tr>
<td>Lay-offs accompanied by organizational have achieved a good effect on organizational performance</td>
<td>5.8</td>
<td>5.8</td>
<td>25</td>
<td>13.5</td>
<td>50</td>
<td>3.96</td>
<td>1.236</td>
</tr>
<tr>
<td>Restructuring led to the redirecting cash-flows to other parts of the business that were in need of resources</td>
<td>5.8</td>
<td>11.5</td>
<td>5.8</td>
<td>19.2</td>
<td>57.7</td>
<td>4.12</td>
<td>1.278</td>
</tr>
<tr>
<td>The restructuring process involved cost reduction</td>
<td>0</td>
<td>11.5</td>
<td>19.2</td>
<td>63.5</td>
<td>5.8</td>
<td>3.63</td>
<td>0.768</td>
</tr>
<tr>
<td>The restructuring process led to increased profitability</td>
<td>0</td>
<td>5.8</td>
<td>25</td>
<td>69.2</td>
<td>0</td>
<td>3.63</td>
<td>0.595</td>
</tr>
<tr>
<td>The mark of a good manager is based on how much value he/she brings to the organization</td>
<td>0</td>
<td>0</td>
<td>5.8</td>
<td>23.1</td>
<td>71.2</td>
<td>4.65</td>
<td>0.590</td>
</tr>
<tr>
<td>A tall chain of command can prevent the company from reaching its desired goals</td>
<td>5.8</td>
<td>5.8</td>
<td>11.5</td>
<td>69.2</td>
<td>7.7</td>
<td>3.67</td>
<td>0.923</td>
</tr>
<tr>
<td>A tall chain of command leads to employee dissatisfaction and low morale</td>
<td>0</td>
<td>17.3</td>
<td>11.5</td>
<td>19.2</td>
<td>51.9</td>
<td>4.06</td>
<td>1.162</td>
</tr>
<tr>
<td>A tall organization structure gives employees a clear view of career progression</td>
<td>0</td>
<td>19.2</td>
<td>5.8</td>
<td>75</td>
<td>0</td>
<td>3.56</td>
<td>0.802</td>
</tr>
<tr>
<td>A flat organization structure can aid in reducing staff concerns and operational issues</td>
<td>5.8</td>
<td>44.2</td>
<td>21.2</td>
<td>23.1</td>
<td>5.8</td>
<td>2.79</td>
<td>1.054</td>
</tr>
<tr>
<td>Flatter organizations have faster decision making skills</td>
<td>5.8</td>
<td>13.5</td>
<td>13.5</td>
<td>61.5</td>
<td>5.8</td>
<td>3.48</td>
<td>1.000</td>
</tr>
<tr>
<td>An organization with a narrow span of control in its hierarchical levels is likely to have a tall structure</td>
<td>0</td>
<td>13.5</td>
<td>19.2</td>
<td>67.3</td>
<td>0</td>
<td>3.54</td>
<td>0.727</td>
</tr>
</tbody>
</table>

1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

4.3.2 Correlations for Organizational Structure

A Pearson’s correlation analysis was done to establish the relationship between the independent variable (organizational structure) and corporate restructuring. A value of $p<0.05$ was considered to be statistically significant. The results depicted a strong positive relationship between the variables ($r=0.226$, $p<0.05$) as indicated in table 4.3. Therefore, organizational structure greatly affects corporate restructuring. The results are as provided in Table 4.3.
Table 4. 3 Pearson Correlation Test for Organizational Structure

<table>
<thead>
<tr>
<th>Variables</th>
<th>Corporate Restructuring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Structure</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td></td>
<td>.226**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td>52</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.6.2 Regression Analysis of Organizational Structure and Corporate Restructuring

As indicated in Table 4.4, the research analyzed the relationship between the dependent variable (corporate restructuring) against organizational structure. The coefficient of determination (R squared) of 0.256 shows that the R2 value was 0.065 hence 6.5% of the variation in corporate restructuring was explained by the variations organizational structure while 93.5% is explained by other factors.

Table 4. 4 Organizational Structure Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1</td>
</tr>
<tr>
<td>1</td>
<td>.256a</td>
<td>.065</td>
<td>.053</td>
<td>.56443</td>
<td>.103</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organizational Structure  
b. Dependent Variable: Corporate Restructuring

The ANOVA analysis was done between organizational structure and corporate restructuring at 95% confidence level as shown in Table 4.5 and the findings show that the F Critical was 1.7078 and P-Value was 0.015 thereby indicating that there was significant relationship between dependent and independent variables.

Table 4. 5 Organizational Structure Anova Table

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.215</td>
<td>3</td>
<td>.394</td>
<td>1.7078</td>
<td>.015b</td>
</tr>
<tr>
<td>Residual</td>
<td>20.724</td>
<td>50</td>
<td>.231</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>22.939</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Corporate Restructuring  
b. Predictors: (Constant), Organizational Structure

The ANOVA table just tells us if the model can predict competitive advantage using the independent variables organizational structure. The value of p=0.015 is less than 0.05.
means that the model has predictive power. Consequently we reject the null hypothesis “the model has predictive value”.

### Table 4.6 Organizational Structure Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.051</td>
<td>.720</td>
<td>2.803</td>
</tr>
<tr>
<td></td>
<td>Organizational Structure</td>
<td>.157</td>
<td>.125</td>
<td>.175</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Corporate Restructuring

Based on Table 4.6, the significant level of organizational structure is greater than 0.05 which indicates that we can accept the null hypothesis that organizational structure does not predict corporate restructuring.

### 4.4 Effect of Resource Allocation on Corporate Restructuring

#### 4.4.1 Descriptives for Allocation of Resources

The respondents were required to rate the various statements regarding the effect of resource allocation on corporate restructuring at IEEAL on a likert scale using the following key: 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; and 5=Strongly Agree.

Table 4.7 shows that organizations must employ work design in order to maintain a competitive edge in the market which resulted in the highest mean of 4.69 and gave a standard deviation of 0.466 at IEEAL. The restructuring process helped in establishing employees that need to be retained which resulted in a mean of 4.33 and a standard deviation of 0.678. Both job description and job specification simplify the process of restructuring as it helps in the recruiting process which resulted in a mean of 4.33 and a standard deviation of 1.043. The redesigned job is occupied by a person who has the right job description and specification which resulted in a mean of 4.29 and a standard deviation of 1.126. The flow of capital through the business affects value addition on the areas where it is invested in which resulted in a mean of 4.19 and a standard deviation of 0.886. Restructuring led to value creation in terms of operational efficiency which resulted in a mean of 4.15 and a standard deviation of 0.937. A proper work design must be drawn up to make sure that the company takes into account tasks that are absolutely necessary for it to achieve its objectives which resulted in a mean of 4.02 and a standard deviation 0.816.
deviation of 0.852. Allocation of costs (expenses) between current revenue activities and future, potential, revenue making projects make up the financial structure which resulted in a mean of 3.87 and a standard deviation of 0.486. The restructuring process enabled the right individuals to be fitted in the right positions which resulted in a mean of 3.87 and a standard deviation of 0.345. The restructuring process has led to improved job requirements which resulted in a mean of 3.75 and a standard deviation of 0.556. The restructuring process has led to improved job structure which resulted in a mean of 3.63 and a standard deviation of 0.841. The restructuring process led to reduction in labor turnover which resulted in a mean of 3.62 and a standard deviation of 0.690. The restructuring process led to an increase in company profits which resulted in a mean of 3.58 and a standard deviation of 0.776. Restructuring led to changes in allocation of finance resources which resulted in a mean of 3.50 and a standard deviation of 0.939.

Table 4.7 Descriptives for Resource Allocation

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both job description and job specification simplify the process of restructuring as it helps in the recruiting process</td>
<td>6</td>
<td>0</td>
<td>8</td>
<td>29</td>
<td>58</td>
<td>4.33</td>
<td>1.043</td>
</tr>
<tr>
<td>Organizations must employ work design in order to maintain a competitive edge in the market</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>31</td>
<td>69</td>
<td>4.69</td>
<td>0.466</td>
</tr>
<tr>
<td>Proper work design must be drawn to make sure that the company takes into account tasks that are absolutely necessary for it to achieve objectives</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>75</td>
<td>19</td>
<td>4.02</td>
<td>0.852</td>
</tr>
<tr>
<td>The redesigned job is occupied by a person who has the right job description and specification</td>
<td>6</td>
<td>6</td>
<td>0</td>
<td>31</td>
<td>58</td>
<td>4.29</td>
<td>1.126</td>
</tr>
<tr>
<td>The restructuring process helped in establishing employees that need to be retained</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>44</td>
<td>44</td>
<td>4.33</td>
<td>0.678</td>
</tr>
<tr>
<td>The restructuring process has led to improved job structure</td>
<td>0</td>
<td>17</td>
<td>8</td>
<td>69</td>
<td>6</td>
<td>3.63</td>
<td>0.841</td>
</tr>
<tr>
<td>The restructuring process has led to improved job requirements</td>
<td>0</td>
<td>6</td>
<td>14</td>
<td>81</td>
<td>0</td>
<td>3.75</td>
<td>0.556</td>
</tr>
<tr>
<td>The restructuring process enabled the right individuals to be fitted in the right positions</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>87</td>
<td>0</td>
<td>3.87</td>
<td>0.345</td>
</tr>
<tr>
<td>The restructuring process led to reduction in labor turnover</td>
<td>0</td>
<td>6</td>
<td>33</td>
<td>56</td>
<td>6</td>
<td>3.62</td>
<td>0.690</td>
</tr>
<tr>
<td>Restructuring led to a change in the capital structure of the organization</td>
<td>0</td>
<td>17</td>
<td>21</td>
<td>62</td>
<td>0</td>
<td>3.44</td>
<td>0.777</td>
</tr>
<tr>
<td>The flow of capital through the business affects value addition on the areas where it is invested in</td>
<td>0</td>
<td>6</td>
<td>14</td>
<td>37</td>
<td>44</td>
<td>4.19</td>
<td>0.886</td>
</tr>
<tr>
<td>The restructuring process led to an increase in company profits</td>
<td>6</td>
<td>0</td>
<td>25</td>
<td>69</td>
<td>0</td>
<td>3.58</td>
<td>0.776</td>
</tr>
<tr>
<td>Restructuring led to value creation in terms of operational efficiency</td>
<td>0</td>
<td>8</td>
<td>14</td>
<td>35</td>
<td>44</td>
<td>4.15</td>
<td>0.937</td>
</tr>
<tr>
<td>Allocation of costs (expenses) between current revenue activities and future, potential, revenue making projects make up the financial structure</td>
<td>0</td>
<td>0</td>
<td>19</td>
<td>75</td>
<td>6</td>
<td>3.87</td>
<td>0.486</td>
</tr>
<tr>
<td>Restructuring led to changes in allocation of finance resources</td>
<td>6</td>
<td>14</td>
<td>6</td>
<td>75</td>
<td>0</td>
<td>3.50</td>
<td>0.939</td>
</tr>
</tbody>
</table>

1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree
4.4.2 Correlations for Allocation of Resources

A Pearson’s correlation analysis was done to establish the relationship between the independent variable (resource allocation) and corporate restructuring. A value of \( p < 0.05 \) was considered to be statistically significant. The results depicted a positive relationship between the variables \( (r = 0.061, p < 0.05) \) as indicated in Table 4.8. Therefore, resource allocation affects corporate restructuring.

Table 4.8 Pearson Correlation Test for Resource Allocation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Corporate Restructuring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Allocation</td>
<td>Pearson Correlation 0.061</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) 0.318</td>
</tr>
<tr>
<td></td>
<td>N 52</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.4.3 Regression Analysis of Allocation of Resources and Corporate Restructuring

As indicated in Table 4.9, the research analyzed the relationship between the dependent variable (corporate restructuring) against resource allocation. The coefficient of determination (R squared) of 0.614 shows that the R2 value was 0.376 hence 37.6% of the variation in corporate restructuring was explained by the variations resource allocation while 62.4% is explained by other factors.

Table 4.9 Allocation of Resources Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.614 ( a )</td>
<td>.376</td>
<td>.037</td>
<td>.68855</td>
<td>.113</td>
<td>2.692</td>
</tr>
</tbody>
</table>

\( a \). Predictors: (Constant), Resource Allocation  
\( b \). Dependent Variable: Corporate Restructuring

The ANOVA analysis was done between resource allocation and corporate restructuring at 95% confidence level as shown in Table 4.10 and the findings show that the F Critical was 6.4568 and P-Value was 0.005 thereby indicating that there was significant relationship between dependent and independent variables.
Table 4.10 Organizational Structure Anova Table

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.615</td>
<td>3</td>
<td>.384</td>
<td>6.4568</td>
<td>.005a</td>
</tr>
<tr>
<td>1 Residual</td>
<td>19.114</td>
<td>50</td>
<td>.031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20.729</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Corporate Restructuring
b. Predictors: (Constant), Resource Allocation

The ANOVA Table tells us if the model can predict competitive advantage using the independent variable resource allocation. The value of p=0.005 is less than 0.05 means that the model has predictive power. Consequently we reject the null hypothesis “the model has predictive value”.

Table 4.11 Organizational Structure Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.011</td>
<td>.544</td>
<td></td>
<td>2.767</td>
</tr>
<tr>
<td>Resource Allocation</td>
<td>.119</td>
<td>.121</td>
<td>.069</td>
<td>0.987</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Corporate Restructuring

Based on Table 4.11, the significant level of resource allocation is greater than 0.05 which indicates that we can accept the null hypothesis that resource allocation does not predict corporate restructuring.

4.5 Effect of Organizational Culture on Corporate Restructuring

4.5.1 Descriptives for Organizational Culture

The respondents were required to rate the various statements regarding the effect of organizational culture on corporate restructuring at IEEAL on a Likert scale using the following key: 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; and 5=Strongly Agree.

Table 4.12 shows that communication an important aspect to every employee in getting the job done at IEEAL which resulted in the highest mean of 4.63 and gave a standard deviation of 0.486. Organizational culture affects the ways employees make decisions followed suit with a mean of 4.38 and a standard deviation of 1.032. Employee appreciation by their superior or peers increases their morale and their performance
intensifies resulted in a mean of 4.35 and a standard deviation of 0.905. Internal promotions encourage employees to work hard resulted in mean of 4.35 and a standard deviation of 1.136. Superiors are instructed to monitor work and validate feedback of the subordinates, which resulted in a mean of 4.33 and a standard deviation of 0.834. Hiring from outside is expensive as opposed to promoting from within resulted in a mean of 4.33 and a standard deviation of 0.760. New employees come in with practices and experiences gained from outside within resulted in a mean of 4.00 and a standard deviation of 0.594. Building bonds promotes a healthy sense of unity, security, satisfaction and would therefore lead to improved teamwork resulted in a mean of 4.00 and a standard deviation of 0.343. Promotional process sets the tone for employee morale and commitment teamwork resulted in a mean of 3.85 and a standard deviation of 0.872. The organization considers relations between top management and subordinates to be excellent resulted in a mean of 3.67 and a standard deviation of 0.834. Building bonds has led to interactions outside the walls of the organization resulted in a mean of 3.31 and a standard deviation of 0.579. Subordinates’ feedback is valued by superiors resulted in a mean of 3.10 and a standard deviation of 0.913. Employees were well informed on decisions and progress during the restructuring period resulted in a mean of 2.6 and a standard deviation of 1.034. There are no cases of employees leaving for internal reasons resulted in a mean of 2.35 and a standard deviation of 1.136. New employees get the worse performance reviews resulted in a mean of 2.31 and a standard deviation of 0.755.
Table 4. 12 Descriptives for Organizational Culture

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational culture affects the ways employees make decisions</td>
<td>5.8</td>
<td>0.0</td>
<td>5.8</td>
<td>26.9</td>
<td>61.5</td>
<td>4.38</td>
<td>1.032</td>
</tr>
<tr>
<td>Internal promotions encourage employees to work hard</td>
<td>5.8</td>
<td>5.8</td>
<td>0.0</td>
<td>25.0</td>
<td>63.5</td>
<td>4.35</td>
<td>1.136</td>
</tr>
<tr>
<td>Promotional process sets the tone for employee morale and commitment</td>
<td>5.8</td>
<td>0.0</td>
<td>11.5</td>
<td>69.2</td>
<td>13.5</td>
<td>3.85</td>
<td>0.872</td>
</tr>
<tr>
<td>Hiring from outside is expensive as opposed to promoting from within</td>
<td>0.0</td>
<td>0.0</td>
<td>17.3</td>
<td>32.7</td>
<td>50.0</td>
<td>4.33</td>
<td>0.760</td>
</tr>
<tr>
<td>New employees get the worse performance reviews</td>
<td>5.8</td>
<td>69.2</td>
<td>13.5</td>
<td>11.5</td>
<td>0.0</td>
<td>2.31</td>
<td>0.755</td>
</tr>
<tr>
<td>New employees come in with practices and experiences gained from outside</td>
<td>0.0</td>
<td>5.8</td>
<td>0.0</td>
<td>82.7</td>
<td>11.5</td>
<td>4.00</td>
<td>0.594</td>
</tr>
<tr>
<td>Employee appreciation by their superior or peers increases their morale and their performance intensifies</td>
<td>0.0</td>
<td>5.8</td>
<td>11.5</td>
<td>25.0</td>
<td>57.7</td>
<td>4.35</td>
<td>0.905</td>
</tr>
<tr>
<td>Building bonds has led to interactions outside the walls of the organization</td>
<td>0.0</td>
<td>5.8</td>
<td>57.7</td>
<td>36.5</td>
<td>0.0</td>
<td>3.31</td>
<td>0.579</td>
</tr>
<tr>
<td>Building bonds promotes a healthy sense of unity, security, satisfaction and would therefore lead to improved teamwork</td>
<td>0.0</td>
<td>0.0</td>
<td>5.8</td>
<td>88.5</td>
<td>5.8</td>
<td>4.00</td>
<td>0.343</td>
</tr>
<tr>
<td>Employees were well informed on decisions and progress during the restructuring period</td>
<td>5.8</td>
<td>55.8</td>
<td>19.2</td>
<td>11.5</td>
<td>7.7</td>
<td>2.60</td>
<td>1.034</td>
</tr>
<tr>
<td>Subordinates’ feedback is valued by superiors</td>
<td>5.8</td>
<td>11.5</td>
<td>57.7</td>
<td>17.3</td>
<td>7.7</td>
<td>3.10</td>
<td>0.913</td>
</tr>
<tr>
<td>Communication an important aspect to every employee in getting the job done</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>36.5</td>
<td>63.5</td>
<td>4.63</td>
<td>0.486</td>
</tr>
<tr>
<td>The organization considers relations between top management and subordinates to be excellent</td>
<td>5.8</td>
<td>0.0</td>
<td>21.2</td>
<td>67.3</td>
<td>5.8</td>
<td>3.67</td>
<td>0.834</td>
</tr>
<tr>
<td>Superiors are instructed to monitor work and validate feedback of the subordinates</td>
<td>0.0</td>
<td>5.8</td>
<td>5.8</td>
<td>38.5</td>
<td>50.0</td>
<td>4.33</td>
<td>0.834</td>
</tr>
<tr>
<td>There are no cases of employees leaving for internal reasons</td>
<td>17.3</td>
<td>57.7</td>
<td>5.8</td>
<td>11.5</td>
<td>7.7</td>
<td>2.35</td>
<td>1.136</td>
</tr>
</tbody>
</table>

1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

4.5.2 Correlations for Organizational Culture

A Pearson’s correlation analysis was done to establish the relationship between the independent variable (organizational culture) and corporate restructuring. A value of \( p < 0.05 \) was considered to be statistically significant. The results depicted a positive relationship between the variables \( r=0.012, p<0.05 \) as indicated in table 4.5. Therefore, organizational culture affects corporate restructuring.
Table 4.13 Pearson Correlation Test for Organizational Culture

<table>
<thead>
<tr>
<th>Variables</th>
<th>Corporate Restructuring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture</td>
<td>Pearson Correlation .012</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) .761</td>
</tr>
<tr>
<td></td>
<td>N 52</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.5.3 Regression Analysis of Organizational Culture and Corporate Restructuring

As indicated in Table 4.14, the research analyzed the relationship between the dependent variable (corporate restructuring) against resource allocation. The coefficient of determination (R squared) of 0.236 shows that the R2 value was 0.056 hence 5.6% of the variation in corporate restructuring was explained by the variations in organizational culture while 94.4% is explained by other factors.

Table 4.14 Organizational Culture Model Summary

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.236a</td>
<td>.056</td>
<td>.044</td>
<td>.71803</td>
<td>.056</td>
<td>3.623</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>192</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.009</td>
<td>1.607</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), organizational culture
b. Dependent Variable: Corporate Restructuring

An ANOVA analysis was done between corporate restructuring against other core factors (organizational structure, resource allocation, organizational culture) at 95% confidence level, the F critical was 3.623 and the P value was (0.009) therefore significant the results are illustrated in table 4.15. This indicated that there was a relationship between the variables.

Table 4.15 Organizational Culture Anova Table

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>6.078</td>
<td>4</td>
<td>2.064</td>
<td>3.623</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>37.206</td>
<td>49</td>
<td>.407</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>43.284</td>
<td>53</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Corporate Restructuring
b. Predictors: (Constant), organizational culture
The ANOVA Table tells us if the model can predict competitive advantage using the independent variable organizational culture. The value of $p=0.009$ is more than 0.05 means that the model does not have predictive power. Consequently, we accept the null hypothesis “the model does not have predictive value”.

**Table 4.16 Organizational Culture Coefficients Table**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.004</td>
<td>.669</td>
<td>2.997</td>
</tr>
<tr>
<td></td>
<td>Organizational Culture</td>
<td>-.003</td>
<td>.138</td>
<td>-.022</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Corporate Restructuring

Based on Table 4.16, the significant level of organizational culture is less than 0.05 which indicates that we can reject the null hypothesis that organizational culture predicts corporate restructuring.

**4.6 Chapter Summary**

This chapter has highlighted the results and findings of the study. The first part provided an analysis of demographic data of the respondents, the second part dealt with organizational structure, the third part looked at resource allocation while the fourth section covered organizational culture. In chapter five this results are discussed and relevant conclusions and recommendations made with regard to corporate restructuring at IEEAL.
CHAPTER FIVE

5.0 DISCUSSION CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter highlights the discussion, conclusion, and recommendations of the study. Discussion on organizational structure is presented first, followed by discussion on resource allocation and finally discussion on organizational culture. Conclusion and recommendations of the study are also presented in a similar order.

5.2 Summary

The main purpose of the study was to determine the effect of the internal environment on corporate restructuring in IEEAL. The study was guided by three research objectives as follows: To evaluate the effect of organizational structure on corporate restructuring; to analyze the effect of resource allocation in corporate restructuring; and to study the effects of organizational culture on corporate restructuring.

The study adopted a descriptive approach to research design. The population of the study consisted of IEEAL’s employees working in different sections and whose total was 58. The sampling frame of the study was obtained from the human resource department. The sampling technique adopted by the study was stratified random sampling method which eliminated bias and gave each employee an equal chance of being selected in the study. Primary data was gathered using self-administered structured questionnaires. The questionnaires were distributed for three weeks as was scheduled. Descriptive statistics in particular means, standard deviation and percentage frequencies were used in analyzing the collected data. Pearson’s product-moment correlation co-efficient was employed to determine the strength of the relationship between the independent and dependent variables. Statistical Package for Social Sciences (SPSS) software version 22 was used to analyze data. The data was presented in the form of figures, tables and charts.

Looking at an analysis of the first objective on organizational structure, the findings revealed that changes in the formal structure at IEEAL were necessary for organizational restructuring. Restructuring called for streamlining of processes at IEEAL as a means of value creation. It is evident that restructuring led to the redirecting cash-flows to other parts of the business that were in need of resources. It was also evident that restructuring
called for governance reformation to a great extent and that changes in the formal structure were necessary for organizational restructuring. When it comes to organizational hierarchy, the findings revealed that the mark of a good manager is based on how much value he/she brings to the organization. However, the results pointed out to the fact that a tall chain of command leads to employee dissatisfaction and low morale. The result established a positive and significant relationship between the variables (p<0.05). The results showed that 6.5% of the variation in corporate restructuring was explained by the variations organizational structure and the p value was significant (p<0.05).

Looking at an analysis of the second research objective on resource allocation, the findings revealed that organizations must employ work design in order to maintain a competitive edge in the market and that proper work design must be drawn to make sure that the company takes into account tasks that are necessary for it to achieve objectives. The findings also revealed that the restructuring process helped in establishing employees that need to be retained and that both job description and job specification simplify the process of restructuring as it helps in the recruiting process. The results showed that the redesigned job is occupied by a person who has the right job description and specification as a means of human resource allocation. Under finance allocation, the results revealed that Restructuring led to value creation in terms of operational efficiency and that the flow of capital through the business affects value addition on the areas where it is invested in. It was also evident that allocation of costs (expenses) between current revenue activities and future, potential, revenue making projects make up the financial structure. The result established a positive relationship between the variables (p<0.05). The results showed that 37.6% of the variation in corporate restructuring was explained by the variations resource allocation and the p value was significant (p<0.05).

Finally, an analysis of the third research on organizational culture revealed that communication is key and that it plays an important aspect to every employee in getting the job done. With regards to internal communication and relations, the findings revealed that organizational culture affects the ways employees make decisions. With regards to systems in place, the findings revealed that hiring from outside is expensive as opposed to promoting from within and that internal promotions encourage employees to work hard. The findings also revealed that new employees come in with practices and experiences gained from outside. The results from the study again revealed that superiors are
instructed to monitor work and validate feedback of the subordinates and that employee appreciation by their superior or peers increases their morale and their performance intensifies. The result established a positive relationship between the variables (p<0.05). The results showed that 5.6% of the variation in corporate restructuring was explained by the variations organizational culture and the p value was significant (p<0.05).

5.3 Discussion

5.3.1 Organizational Structure and Corporate Restructuring

An analysis of the first research objective revealed that to great extent respondents acknowledged that changes in the formal structure was necessary for organizational restructuring and that restructuring called for streamlining of processes as well as governance reformation and in most cases, downsizing the employment of the company. Davis, Eisenhardt & Bingham (2013) state that organizational restructuring includes many changes to the formal structure of the company. It includes changing the hierarchies and in most cases, a complete redesign of the span of control.

The study findings also revealed that restructuring led to the redirecting cash-flows to other parts of the business that were in need of resources. Cascio (2012) noted that the most common goals organizations strive for while undergoing restructuring are: redirecting cash-flows, whereby surplus from a profitable part of the business could be channeled to another that is in need of resources; channeling firms activities; reducing risks; utilizing the nature of interdependence between perspective businesses.

As a way of value creation, the study findings revealed that the mark of a good manager is based on how much value he/she brings to the organization. This is in line with the findings by Goold and Alexander (1995) who stated that value creation is fully based on the experience and ability of managers to diagnose a problem and formulate a solution in order to boost the business performance. Strategies in the organizational level are also affected by value creation and the skill and understanding of the managers and the effort they make to improve company performance. Therefore, the responsibility of creating value falls on the managers.

When it comes to organizational hierarchy, the study findings revealed that a tall chain of command leads to employee dissatisfaction and low morale. This concurs with the
findings by Wang et. al (2011) who found out that a taller chain of command tends to be more bureaucratic since there are many levels of authority enforcing their own rules and schedules. Employee morale and satisfaction could also be lower in an organization with a tall structure since there are fewer opportunities to take up responsibilities or be heard by the management. In most cases it creates a big rift between the management and the workforce.

The study findings also revealed that the restructuring process involved cost reduction and led to increased profitability. Bowman and Singh (2013), state that the restructuring processes would involve cost reduction (improving the economy) and increasing profitability (increasing efficiency). If any given organization would want to be successful in a competitive environment, it will need to restructure and focus on its competitive advantage.

5.3.2 Resource Allocation and Corporate Restructuring

An analysis of the second research objective revealed that to a great extent respondents acknowledged that organizations must employ work design in order to maintain a competitive edge in the market. Agarwala (2007) mentions that work design has been evolving in a tremendous pace over the past decades and organizations must keep this up in order to maintain a competitive edge in the market. Work design has over the years changed to accommodate teamwork and more complex patterns.

The study findings also revealed that proper work design must be drawn to make sure that the company takes into account tasks that are necessary for it to achieve its objectives. This concurs with the findings by Decenzo and Robbins (2010) who stated that during the restructuring period, proper work design is key since all other tasks that were previously undertaken, are optional or irrelevant. When an organization undergoes restructuring, it has to redesign many areas like costs, quality and services as well as pave the path for technological innovation. It is therefore likely that companies may merge tasks and combine skills increasing workloads for certain posts.

The study findings revealed that the restructuring process helped in establishing employees that needed to be retained. This is in line with the findings by Watcher, Modrow-Thiel and Rossman (1993) who concluded that performing an analysis of the post sheds light on the duties and obligations that the work entails. In other words, it is a
tool that ensures the right individual are fitted in the right positions. This planning, especially during downsizing, aids management in knowing which employees to retain and where to place them. It also helps in forming a much improved job structure and requirements.

The study findings revealed that both job description and job specification simplify the process of restructuring as it helps in the recruiting process. This agrees with the findings by Kraturerk and Khemarangsan (2012) who noted that both job description and job specification simplify the process of restructuring as it helps in the management of recruiting, compensating, retaining and developing processes. Job specification goes hand in hand with the job description as it outlines the qualifications, skills, experience, expertise and abilities that the candidate is expected to have when applying for the post in question.

From the study findings, it is evident that restructuring led to value creation in terms of operational efficiency especially in the area of talent management. Many organizations are known for their skill and attention to detail, which increases their monetary value in both goodwill and net worth. The findings revealed that during restructuring, the redesigned job is occupied by a person who has the right job description and specification. This in line with the findings by Armstrong (2012) insisted that it is of vital importance, that the redesigned job is occupied by a person who has the right job description and specification, so as to ensure a smooth transition in to their new responsibilities and tasks. In addition, it would also help an organization that is undergoing the restructuring process.

5.3.3 Organizational Culture and Corporate Restructuring

An analysis of the third research objective revealed that to a great extent respondents felt that organizational culture is extremely important to the organization since it affects the way employees make decisions. Schein (2009) states that organizational culture affects the way employees feel, express, and most importantly, deal with the opportunities and threats that the companies deal with every day. Organization culture forms the genesis of the strength and moral beliefs of the founder as well as experiences shared by the employees and success of the organization. The study findings revealed that organization culture in terms of communication plays an important aspect to every employee in getting
the job done. This is in line with the findings by Denison, Haaland, and Goelzer (2004) who stated that culture plays a major role in the accomplishment of the organizational objectives.

With regards to systems in place, the findings from the study also revealed that internal promotions encourage employees to work hard. Schultz (2006) noted that internal promotions makes the workers to be loyal and committed to reaching the organizational goals. Many of the top firms gain a competitive edge through a strong organizational core, namely a committed workforce and who was capable of carrying out their goals. Again, the study findings revealed that hiring from outside is expensive as opposed to promoting from within. This agrees with the findings by Bidwell (2003) who found out that external recruitment increases costs by 18%, owing to advertisement costs, training and orientation costs. In addition, new employees also attained worse performance reviews. It is vital that companies undergoing restructuring must consider costs as well as the workforce morale.

The study findings also revealed that Employee appreciation by their superior or peers increases their morale and their performance intensifies. This is in line with the findings by Schroeder and Mauriel (2000) who stated that when an employee is appreciated by their superior or peers, and feels like a valuable and intricate part of the organization, their morale and performance intensifies. Workers would start taking more responsibilities and as a result, be more effective. The study findings also revealed that building bonds promotes a healthy sense of unity, security, satisfaction and would therefore lead to improved teamwork. This agrees with the study by Schroeder and Mauriel (2000) who found out that once the workers start to build bonds within the workplace, it is more likely that they will interact outside the walls of the organization. This is also very important as it promotes a healthy sense of unity, security, satisfaction and would therefore lead to improved teamwork. When starting up after restructuring, employees need to be effective and responsible so as to ensure a smooth flow of day to day activities. The positive reinforcement method is one of the most effective ways to enforce that workers are in their best form.

The study findings also revealed that superiors are instructed to monitor work and validate feedback of the subordinates. This agrees with the findings by Denison et al (2004), who noted that a positive result on job effectiveness is achieved when superiors
monitor work and validate subordinates’ feedback. It forms a way of ensuring the employees are efficient and effective at what they do and enforces a culture that helps with achieving the organizational goals which is absolutely necessary for the management. Employees following this system would feel more emotionally satisfied in their jobs their work is influencing the outcome of the organizational goals.

5.4 Conclusions

5.4.1 Organizational Structure and Corporate Restructuring

The study concluded that the major changes to the organizational structure that impacted heavily on corporate restructuring included; streamlining of processes, changes in governance reformation and changes in the formal structure. The also concluded that restructuring led to the redirecting cash-flows to other parts of the business that were in need of resources. Finally with regards to the chain of command, the study concluded that the mark of a good manager is based on how much value he/she brings to the organization and that tall chains of command lead to employee dissatisfaction and low morale.

5.4.2 Resource Allocation and Corporate Restructuring

The study concluded that with regards to resource allocation work design is a vital element in order to maintain a competitive edge in the market. The study also conclude that upon restructuring, value creation in terms of operational efficiency is vital. This is evident in the recruiting process whereby the organization is able to establish employees that need to be retained. Both job description and job specification simplify the process of restructuring as it helps in the recruiting process. The study also concluded that during resource allocation, a proper work design must be drawn to make sure that the company takes into account tasks that are necessary for it to achieve objectives.

5.4.3 Organizational Culture and Corporate Restructuring

The study concluded that organizational culture greatly affects the ways employees make decisions as a part of internal communications and relation. The study concluded that employee appreciation by their superior or peers increases their morale and their performance intensifies. The study concluded that building bonds promotes a healthy sense of unity, security, satisfaction and would therefore lead to improved teamwork.
Finally the study concluded that internal promotions encourage employees to work hard and that hiring from outside is expensive as opposed to promoting from within.

5.5 Recommendations

5.5.1 Recommendation for Improvement

5.5.1.1 Organizational Structure and Corporate Restructuring

The study recommends that the changes in the organizational structure should be done in such a way that leads to the streamlining of processes and governance reformation. Cash flows should also be redirected to all parts of the business in order to achieve growth from all sectors. The study also recommends that a flatter chain of command to be adopted which is more employee friendly as compared to a tall chain of command.

5.5.1.2 Resource Allocation and Corporate Restructuring

The study recommends that for organizations to achieve a competitive edge in the market, then proper work design must be implemented to establish the important tasks. Job redesigning should take precedence and both job description and job specification should simplify the process of restructuring as it helps in the recruiting process establishing the employees that need to be retained.

5.5.1.3 Organizational Culture and Corporate Restructuring

The study recommends that organizations need to check on their internal communications and relations and embrace teamwork, which is capable of building bonds in order to promote a healthy sense of unity, security and satisfaction. Management should also consider appreciation their subordinates, which is likely to increase employee morale and performance. Finally, management should put systems in place that ensure that internal promotions take place often as compared to external hires which is likely to save on costs.

5.5.2 Recommendations for Further Studies

This study has focused on the effect of the internal environment on corporate restructuring with a focus on IEEAL. The study recommends that further studies be conducted on other organizations to determine the effect of internal environment on restructuring. This will build on more evidence on how other variables related to the internal environment affect the process of corporate restructuring.
REFERENCES


27th August 2018

Dear Respondent,

I’m an MBA student at United States International University (USIU). As part of my Master’s Degree requirement I’m expected to successfully conduct Applied Research on a relevant topic in my area of concentration (Corporate Restructuring).

This study will look at **The Effects of the Internal Environment on the Corporate Restructuring: A Case of Instrumentation Engineers (EA) Ltd.**

I would like to request that you to spend some of your valuable time (10-15 minutes) to complete this questionnaire to the best of your knowledge. Thank you in advance for accepting to be a positive contributor to our society. Your responses will be treated with the confidentiality it deserves.

To maintain anonymity, I request that you DO NOT write your names on the questionnaire.

Attached is a copy of the introduction letter from the Dean, Chandaria School of Business at United States International University- Africa which certifies that I’m a student in the mentioned program.

Yours Sincerely,

Samuel Binoy (Masters Student)

For more information please contact on:
Tel. +254 736828817
Email- sbinoy16@gmail.com
APPENDIX II: QUESTIONNAIRE

The Effects of Internal Environment on Corporate Restructuring: A Case Study of Instrumentation Engineers (EA) Ltd

Part A: General Questions (please tick as appropriate):

1. Please indicate your gender:
   Male (…..)   Female (…..)

2. Please indicate your education level:
   Primary (…..)
   Secondary (…..)
   College (…..)
   University Graduate (…..)
   Post Graduate (…..)

3. Please indicate your position in the organization:
   Top level management (…..)
   Supervisor (…..)
   Departmental staff (…..)
   Factory worker (…..)

4. How many years have you worked for the organization?
   Less than 1 year (…..)
   1 – 5 years (…..)
   6 – 10 years (…..)
   11 – 15 years (…..)
   16 – 20 years (…..)
   More than 20 years (…..)
Part B: Effect of Organizational Structure on Corporate Restructuring

1. Using a scale of 1-5 with 1 being strongly disagree and 5 strongly agree, kindly indicate the extent to which you agree with the following statements regarding IEEAL’s organizational structure and corporate restructuring.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Changes in the formal structure were necessary for organizational restructuring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Restructuring called for governance reformation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Restructuring called for streamlining processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Restructuring called for lay-offs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Lay-offs accompanied by organization have achieved a good effect on organizational performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Restructuring led to the redirecting cash-flows to other parts of the business that were in need of resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. The restructuring processes involved cost reduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. The restructuring process led to increased profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. The mark of a good manager is based on how much value he/she brings to the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. A tall chain of command prevents the company from reaching its desired goals</td>
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<tr>
<td>11. A tall chain of command leads to employee dissatisfaction and low morale</td>
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<tr>
<td>12. A tall organization structure gives employees a clear view of career progression</td>
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<td>13. A flat organization structure can aid in reducing staff concerns and operational issues</td>
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<tr>
<td>14. Flatter organizations have faster decision making skills</td>
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<tr>
<td>15. An organization with a narrow span of control in its hierarchical levels is likely to have a tall hierarchy</td>
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</table>
Part C: Effect of Resource Allocation on Corporate Restructuring

1. Using a scale of 1-5 with 1 being strongly disagree and 5 strongly agree, kindly indicate the extent to which you agree with the following effects of resource allocation on corporate restructuring at IEEAL.

<table>
<thead>
<tr>
<th>1. Both job description and specification simplify the process of restructuring as it helps in the recruiting process?</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Organizations must employ work design in order to maintain a competitive edge in the market?</td>
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<td>3. A proper work design must be drawn up to make sure that the company takes into account tasks that are absolutely necessary for it to achieve its objectives?</td>
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<td>4. The redesigned job is occupied by a person who has the right job specification?</td>
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<td>5. The restructuring process helped in establishing employees that need to be retained?</td>
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<td>6. The restructuring process has led to improved jobs</td>
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<td>7. The restructuring process has led to improved job requirements?</td>
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<td>8. The restructuring process enabled the right individuals to be fitted in the right positions?</td>
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<td>9. The restructuring process led to reduction in labor turnover?</td>
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<tr>
<td>10. Restructuring led to a change in the capital structure of the organization</td>
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<tr>
<td>11. The flow of capital through the business affects value addition on the areas where it is invested in</td>
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<tr>
<td>12. The restructuring process led to an increase in company profits</td>
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<td>13. Restructuring led to value creation in terms of operational efficiency</td>
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<td>14. Allocation of costs (expenses) between current revenue activities and future, potential, revenue making projects make up the financial structure</td>
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<td>15. Restructuring led to changes in allocation of finance resources</td>
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</tbody>
</table>
Part D: Effect of Organizational Culture on Corporate Restructuring

1. Using a scale of 1-5 with 1 being strongly disagree and 5 strongly agree, kindly indicate the degree to which you agree with the following statements regarding IEEAL’s organizational culture and corporate restructuring.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organizational culture affects the ways employees make decisions</td>
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<td>2. Internal promotions encourage employees to work hard</td>
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<tr>
<td>3. Promotional process sets the tone for employee morale and commitment</td>
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<td>4. Hiring from outside is expensive as opposed to promoting from within</td>
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<td>5. New employees get the worse performance reviews?</td>
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<td>6. New employees come in with practices and experiences gained from outside</td>
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<td>7. Employee appreciation by their superior or peers increases their morale and their performance intensifies</td>
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<td>8. Building bonds has led to interactions outside the walls of the organization</td>
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<td>9. Building bonds promotes a healthy sense of unity, security, satisfaction and would therefore lead to improved teamwork</td>
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<td>10. Employees were well informed on decisions and progress during the restructuring period</td>
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<td>11. Subordinates’ feedback is valued by superiors</td>
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<td>12. Communication an important aspect to every employee in getting the job done</td>
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<td>13. The organization considers relations between top management and subordinates to be excellent</td>
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<td>14. Superiors are instructed to monitor work and validate feedback of the subordinates</td>
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<td>15. There are no cases of employees leaving for internal reasons</td>
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THANK YOU