THE IMPACT OF CORPORATE RESTRUCTURING ON THE PERFORMANCE OF FREIGHT COMPANIES: A CASE OF MITCHELL COTTS FREIGHTS KENYA LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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STUDENT’S DECLARATION

I Winnette Wanjiku Mungai 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- Africa in Nairobi for academic credit.

Signed: [Signature]  
Date: 26/06/2017

Winnette Wanjiku Mungai (ID No: 633536)

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

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Date: 30/7/2017

Fred Newa

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Date: 30/6/2017

Dean, Chandaria School of Business
ABSTRACT

The main objective of the study was to determine the impact of corporate restructuring on the performance of Mitchell Cotts Freights Kenya Limited. The study was guided by the following research questions: What is the impact of corporate restructuring on the efficiency of Mitchell Cotts Freights Kenya Limited? What is the impact of corporate restructuring on the performance of employees of Mitchell Cotts Freight Kenya Limited? What is the impact of corporate restructuring on the shareholder value of Mitchell Cotts Freight Kenya Limited?

The research design employed in this study is the descriptive research design in soliciting information on the impact of corporate restructuring on the performance of freight companies. A descriptive research is research that describes an occurrence, and it is used to document and describe the phenomenon of interest. For this study, the target population was the employees of Mitchell Cotts Freights Kenya Limited. According to the human resources department, the company had a total of 150 employees as at December 2016. The sampling technique that was used for this study was systematic random sampling and the study used a sample size of 30% of the total population that consists of 150 Mitchell Cotts Freight Limited staff, which translated into a sample of 45 respondents. From the sample size of 45 respondents only 36 responded resulting into an 80% response rate. The quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS). The study used descriptive analysis techniques to analyze data and Both Pearson correlation and Multiple Regression analyses were used to test for relationship between the independent variables and the dependent variable.

Analysis of the first objective revealed that restructuring in Mitchell Cotts Freight led to cost reduction and increased the company’s market share. The restructuring in the company was done in order to increase fierce competition with other local companies, react to changes in corporate governance and has since enabled the company obtain function efficiency and true value for the company's money.

Analysis of the second objective revealed that there was uncertainty on whether staff at Mitchell Cotts Freight feel less certain about their capacity to deal with their own professions and feel extraordinary frailty about their future with the organization due to the restructuring. It was also revealed that restructuring has changed the firm’s commitments to its employees.
and the firm offered help to both surviving and withdrawing staff during the restructuring process. Majority of employees felt that the top management effectively implemented the restructuring process. In addition, the vision and Objectives of restructuring were clearly communicated to all employees. Analysis of the third objective revealed that due to restructuring, the company has occasioned an aggressive combination of acquisitions and divestitures to restructure its portfolio. It was also noted that restructuring had improved shareholder dividends. On the other hand, restructuring had improved value and shareholders are assured of no hostile takeover by another organization.

The study concluded that Restructuring at Mitchell Cotts Freight has led to cost reduction and increased the company’s market share and this has been a success due to employee’s participation hence resulting into continuous competitive advantage as the firm has become a better performing one. It was also concluded that Corporate restructuring has transformed organizational commitments to its employees and the firm has been committed to help employees during the restructuring process through top management effectively implementing the restructuring process. In addition, it was also concluded that, the company has occasioned an aggressive combination of acquisitions and divestitures to restructure its portfolio as well as improved shareholder dividend which has ultimately resulted in improved value.

It was recommended that due to the benefits incurred from restructuring, firms need take the process seriously. It is also necessary to involve the employee’s full participation and thus guarantee competitive advantage to the firm. Firm’s need to improve commitments to its employees by offering help to both surviving and withdrawing employees during the restructuring process. There is also a need to increase involvement of the top management to guaranteed effective implementation of the restructuring process. In order for firms to maintain a high performance there is a need to undertake restructuring so as to improve shareholder dividends and also improve shareholders value. Firms also need to undertake restructuring so as to benefit from the different sources of revenues thus leads to more stable revenue development, increased the international breadth of knowledge and experience. Further studies should be done on other firms in the same industry to generalize the findings of the study.
ACKNOWLEDGEMENT

I acknowledge the contribution, support and guidance of my supervisor Mr. Fred Newa for the time he spent checking on the progress of this project. This gave me a lot of encouragement to continue. May God Bless him abundantly. My heartfelt gratitude also goes out to my family for their high levels of understanding and support during the period of doing this project. I also acknowledge the references of other writers for their work which assisted me in coming up with the project. Lastly, I would like to thank the Almighty God for the resources and energy to make this project become a reality.
DEDICATION

This work is dedicated to my precious parents and brothers for the encouragement, prayers, financial and moral support. I also dedicate it to my son, Immanuel who is my inspiration. May God bless them in a special way.
# TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>STUDENT'S DECLARATION</td>
<td>ii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>v</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>x</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xii</td>
</tr>
<tr>
<td>LIST OF ABBREVIATION AND ACRONYMS</td>
<td>xiii</td>
</tr>
<tr>
<td>CHAPTER ONE</td>
<td>1</td>
</tr>
<tr>
<td>1.0 INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background of the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the Problem</td>
<td>3</td>
</tr>
<tr>
<td>1.3 Purpose of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.4 Research Questions</td>
<td>5</td>
</tr>
<tr>
<td>1.5 Importance of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.6 Scope of the Study</td>
<td>6</td>
</tr>
<tr>
<td>1.7 Definition of Terms</td>
<td>7</td>
</tr>
<tr>
<td>1.8 Chapter Summary</td>
<td>7</td>
</tr>
<tr>
<td>CHAPTER TWO</td>
<td>8</td>
</tr>
<tr>
<td>2.0 LITERATURE REVIEW</td>
<td>8</td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>8</td>
</tr>
<tr>
<td>2.2 The Impact of Corporate Restructuring on the Efficiency of the Organization</td>
<td>8</td>
</tr>
<tr>
<td>2.3 The Impact of Corporate Restructuring on the Performance of Employees</td>
<td>17</td>
</tr>
<tr>
<td>2.4 The Impact of Corporate Restructuring on Shareholder's Value of the Organization</td>
<td>23</td>
</tr>
<tr>
<td>2.5 Chapter Summary</td>
<td>27</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 4.1: Response Rate ........................................................................................................... 36
Table 4.2: Descriptive on Impact of Corporate Restructuring On The Efficiency ................. 40
Table 4.3: Descriptive on Variables of Impact of Corporate Restructuring ......................... 42
Table 4.4: Descriptive on Impact of Corporate Restructuring on the Shareholder Value ...... 43
Table 4.5: Descriptive on Organizational Performance .............................................................. 45
Table 4.6: Correlation of Organizational Performance and other Independent Variables ...... 46
Table 4.7: Model Summary of Organizational Performance and other Independent Variables ................................................................................................................................. 46
Table 4.8: Anova of Organizational Performance and other Independent Variables .......... 47
Table 4.9: Coefficient of Anova of Organizational Performance and other Independent Variables ................................................................................................................................. 48
LIST OF FIGURES

Figure 4.1: Gender ................................................................. 37
Figure 4.2: Age ................................................................. 37
Figure 4.3: Level in the organization ..................................... 38
Figure 4.4: Duration in the Position ..................................... 38
Figure 4.5: Level of Education ........................................... 39
LIST OF ABBREVIATION AND ACRONYMS

ANOVA: Analysis of Variances
CEO: Chief Executive Officer
GDP: Gross Domestic Product
ICT: Information Communication Technology
ISO: International Organization for Standardization
KIFWA: Kenya International Freight and Warehousing Association
KPA: Kenya Ports Authority
KPLC: Kenya Power and Lighting Company
M&A: Mergers and Acquisitions
MBO: Management Buyouts
SD: Standard Deviation
SPSS: Scientific Package for Social Science
TQM: Total Quality Management
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The Kenyan economy has over the last ten years, suffered major shocks including post-election disturbances, high oil and fertilizer prices, the global economic and financial crisis, exchange rate volatility, high inflation rates and severe drought that affected most parts of the country (CBK, 2010). However despite the unfavorable business environment, the transport and logistics sector's growth has been on an upwards trend posting a growth in profitability during the period. Kenya Ports Authority has recorded a 2.9% increase of total throughput of cargo handled at the port of Mombasa in the last ten months. This is the average quantity of cargo passing through the port on a daily basis from arrival to loading onto a ship or from the discharge from a ship to the exit from the port complex. With a progressive turbulent business atmosphere, organizations are increasingly looking for better methods of gaining competitive edge over others. One of the strategies employed by the said firms to gain a sustainable competitive advantage has been use of corporate restructuring. Would successful corporate restructuring be the source of this impressive performance?

Research by the Kenya International Freight and Warehousing Association (KIFWA) found that as much as 37% of the potential value of a corporate restructuring in freight and logistics sector in Kenya is lost during strategy Implementation (Freight Logistics Magazine, 2015). It is concluded that success of corporate restructuring implementation has been a 10 to 30% (Raps & Kauffman, 2005). Freight companies play a very key role in the economic growth of any country. The sector has contributed 5.4% of the GDP in 2016 with a potential to contribute 8% to 15%. Kenya’s economy is heavily dependent on international trade. This means people in the logistics business have their fingertips on the pulse of the economy. The general economy has been relatively stable, with a little growth in some areas of import and export.

Mitchell Cotts Freight Kenya Limited is a key player in the transport and logistics industry in Kenya. Mitchell Cotts started trading in Kenya in January 1995 as a full subsidiary of the Mitchell Cotts Group although it had already done over 80 years of freight forwarding.
warehousing and transport operations as the Freight and Transport Division of Mitchell Cotts Kenya Limited. After running logistics in Kenya for nearly eight decades, Mitchell Cotts Freight Kenya Limited is one of the few firms that can tell the full story about doing logistics business in the country. Over the years Mitchell Cotts Freight has offered a unique combination of nearly 80 years of local experience and reputation in the market.

Facilitation and logistics play a key role in enhancing a country’s competitiveness, by reducing transactions costs and improve the combination of the country in World trade. Achieving a smooth logistics not solely reduces the cost of import but is significant to producers to be able to participate in the world production circles and eventually get in new business opportunities. Improving logistics includes many dimensions: improvement of logistics capabilities, the development or rehabilitation of the physical infrastructure, and the streamlining of trade connected procedures.

Kenya is a rather complicated country when it comes to logistics. Kenya is major entranceway country for the inside of Eastern Africa, through the Mombasa passageway. There is a dynamic private supplying services active on this passageway. At the same time several modes of transportation are competitive as well as a history railroad system and a burgeoning air freight organization for export of farming product. Until recently public policies have been lagging behind, resulting in serious bottlenecks in areas like customs or infrastructures (road and ports).

The port of Mombasa is critical in East Africa’s logistics business. The Mombasa port has come a long way in adapting to increasing volumes. The challenge is that the facility was never optimized for container operations, yet containerized traffic has grown rapidly. But recent efforts by KPA including construction of Berth 19 and additional dredging of the port to allow access for larger vessels have had a significant impact on efficiency. The decision to award a concession for the second container terminal to a private operator could take Mombasa port to the next level. By leveraging on the financial, technical, managerial and social strengths of the private sector, KPA can concentrate on achieving the desired outcomes from the operator while transferring the risks and costs that come from directly managing the container terminal. The Mombasa port has been able to handle a total throughput of 18.639 million tons, up from 18.106 tons handled in the same period last year.
This according to the management is an increase of 533,390 tons of cargo handled at the port between January and October 2016. The performance at the port has tremendously improved following recent expansion works including the new berth 19 commissioned in August 2016. Furthermore, the growth has also been driven by acquisition of new equipment to supplement operations, implementation of an integrated security system and upgrading of its ICT systems for faster documentation (Freight Shipping Logistics News, 2014).

Restructuring is not a new concept at Mitchell Cotts Freights Limited; most of the growth in the company is because of organizational restructuring. In 2010, the company laid off 65 of its staff members, marking the third retrenchment for the company within ten years. The organization carried out this retrenchment so as to fit in their current operating environment. The restructuring also resulted in some new roles being created and some of the impacted employees were considered for the new roles. This was done to accomplish a strategic reorganization was in line with the company’s performance ambition and overall business strategy (Mutegi, 2014).

In December 2006, Mitchell Cotts received the ISO 9001:2000 certification. The company itself opted to implement the ISO 9001:2000 certification process so as to assure their clients and suppliers that the company has good Quality Management System (QMS) in place. The company understands that an organization with an effective Quality Management System in place will typically meet the client expectations better (Mitchell Cotts Report, 2013).

With the changes in the business environment, most organizations need to reposition themselves periodically in terms of product-market segments served, value offered to target customer groups, capabilities built to deliver the value propositions, as well as value creating activities undertaken in-house or outsourced. The aim of repositioning is to sustain relevance and remain profitable and growing over the long haul (Das and Basu, 2004).

1.2 Statement of the Problem

Studies have been done in Kenya on corporate restructuring. For instance, merger restructuring and financial performance of commercial banks in Kenya has been studied (Chesang 2002). Bad debts, restructuring techniques and non-performing loans of commercial banks in Kenya has been studied before (Kiyai, 2003). Perception of KPLC
company employees towards business process management as implemented by the company during restructuring has been studied (Omondi, 2005). Whereas implementation of restructuring strategy at Kenya airways (Namatsi, 2010).

Currently business environment is perceived to have been rarely exceeded in complexity, turbulence and in rapid change. Factoring that performance is a vital goal of an organization, it is generally accepted that the structure and decision making in the firm is influenced by environment complication and volatility (May et al., 2000). Organization restructuring strategies help an organization to get the most from its workforce when the business significantly changes by developing a plan for corporate restructuring, layoffs and mergers (McKinley, Zhao and Rust, 2000). There has been growing need for mastery of the latest information technology in addition to a high level of competence in taking on board changes in the local and global industry trends toward efficiency and qualified human resources to reduce costs while increasing profitability (Levine, 2004), which calls for restructuring. Ikhide and Alawode (2010) point out that with proper restructuring, private firms can be able to stage a remarkable growth and revitalize their management efficiently.

Organizations must restructure to improve efficiency and sharpen their competitive edge if they hope to prosper in the fiercely competitive industry. According to Asika (2012), for private firms to compete and profitably survive in their local industry, they need to evaluate their performance and where possible restructure their organizations to minimize costs and increase efficiency. There is need to understand the factors influencing restructuring so that private firms which have not restructured can adopt the right ones to become successful.

The impact of restructuring on the financial performance of Indian pharmaceutical companies was assessed over the period from 2000 - 2001 to 2007 - 2008 (Mishra and Chandra, 2010). By using panel information estimation techniques, it was absolutely found that the profitability of a firm depends directly on its size, commerce efforts and exports and imports intensities however inversely on their market share and demand for the merchandise. Empirical findings suggests that restructuring does not have any significant impact on profitability of the firms in the long run possibly due to the resultant X-inefficiency and entry of new firms into the market. To the research knowledge there is scanty of research on the impact of corporate restructuring on organizations performance.
These studies are not enough considering the fact that organizations are moving towards restructuring. This study sought to fill the existing research gap by conducting a study to investigate the impact of corporate restructuring on organizations performance of private firms with a special reference to the case of Mitchell Cotts Freight Kenya Limited, to fill the existing research gap and to help improve the overall performance of the organization.

1.3 Purpose of the Study

The purpose of this study was to determine the impact of corporate restructuring on the performance of Mitchell Cotts Freights Kenya Limited.

1.4 Research Questions

1.4.1 What is the impact of corporate restructuring on the efficiency of Mitchell Cotts Freights Kenya Limited?

1.4.2 What is the impact of corporate restructuring on the performance of employees of Mitchell Cotts Freight Kenya Limited?

1.4.3 What is the impact of corporate restructuring on the shareholder value of Mitchell Cotts Freight Kenya Limited?

1.5 Importance of the Study

Findings of this study are expected to benefit the following institutions:

1.5.1 Management of Mitchell Cotts Freights Kenya Limited

The study will be useful to Mitchell Cotts managers and strategic decision makers in the company. The study will shed light on the appropriate impact that restructuring has on performance. It will reveal how various factors like the shareholder’s value, employee motivation, and efficiency will be impacted. The findings will help the management in designing effective strategies on corporate restructuring and a foundation to make better and clear decisions in the future.
1.5.2 Freight Companies

The study will be useful to freight companies as it will help them come up with good frameworks and policies for corporate restructuring that will help in streamlining its operations in order to ensure profitability.

1.5.3 Scholars

Findings will be of benefit to scholars and other researchers who are interested in the field of corporate restructuring because it will provide relevant materials for future research and explore gaps that have been left out in this study.

1.6 Scope of the Study

The purpose of the study was to determine the impact of corporate restructuring on the performance of private companies with reference to Mitchell Cotts Freights Kenya Limited headquarter which houses and sanctions all management functions and policies. The study was based in Nairobi since it is the headquarters of Mitchell Cotts and all management functions and policies are determined at the head office. Nairobi was thus a suitable scope since it also served diverse clients from the high class to the most noble based on the city’s urban structure. The staff were considered the respondents in this study. The population were employees both top management and junior staff. The study was carried out during the months of January 2017 to March 2017.

Mitchell Cotts Freight Kenya Limited, being a key player in the transport and logistics sector in Kenya has very many customers and functions hence it is very expansive. This limited the researcher in terms of finances to conduct the research in such an expansive organization since the researcher has to hire research assistants. To curb this, the researcher sought financial assistance from the employer. Due to stiff competition, firms rarely release their information to the public a factor which may affect data and information gathering by the researcher. However, the researcher used observation and questionnaires to obtain information.
1.7 Definition of Terms

1.7.1 Employee Performance
This is what is expected to be delivered by an individual or a set of individuals within a time frame. This could be in terms of results or effort, tasks and quality, with specification of conditions under which it is to be delivered (Rao, 2004).

1.7.2 Corporate Restructuring
The act of reorganizing the legal, ownership, operational or other structures of a company for the purpose of making it more profitable and better organized for its present needs (Norley, Swanson and Marshall, 2012).

1.7.3 Organizational Performance
An organization’s ability to achieve its objectives effectively and efficiently (Lebans and Euske, 2006).

1.7.4 Shareholder Value
This can defined as the sum of all strategic decisions that affect the firm’s ability to efficiently increase the amount of free cash flow over time (Lebans and Euske, 2006).

1.7.5 Efficiency
This can be defined as productive of desired effects which can be achieved under the conditions of maximizing the results of an action in relation to the resources used (Hall and Lobina, 2005).

1.8 Chapter Summary
This chapter has introduced abroad background of corporate restructuring as well as the company background and its link to restructuring. The problem of study has been identified and specific research questions have been developed to tackle the problem. The scope has been defined and the importance of the study has been emphasized. In chapter two, the literature review will be discussed while in chapter three, the research methodology for the study will be explained. Chapter four will present the findings of the study and chapter five will offer the study summary, discussions, conclusions and recommendations.
2.0 LITERATURE REVIEW

2.1 Introduction
In this chapter, the researcher will review literature related to the study under the following subheadings: effect of corporate restructuring on performance and survival of firms, effect of corporate restructuring on employee performance, effect of corporate restructuring on shareholder value and emerging trends of corporate restructuring. The researcher will also present a summary of the chapter.

2.2 The Impact of Corporate Restructuring on the Efficiency of the Organization
Corporate restructuring could be an impulsion for organizational change (Palliam and Shalhoub, 2002). Corporate restructuring is absolutely interconnected with companies’ long-term profitability. Significant price reduction and will increases in market shares are expected to result from corporate restructuring. Companies are to have sound knowledge of their industrial structures which are constantly changing before restructuring their operations. In this light, innovative approach is also needed to establish a viable competitive advantage (Proctor, 2011). In general, corporate restructuring can be viewed as a company’s expansionary program which incorporates mergers and acquisitions, takeovers and greenfield investment. On the other hand, it could be referring to divestiture, downsizing, downscoping and financial restructuring. Thus, the effects of corporate restructuring on financing decision and capital structure in particular cannot be denied (Marimuthu, 2009).

According to Cascio (2001), corporate restructuring is broadly used to denote significant changes in the structural components of organizations by management. He adds that restructuring is aimed at achieving personal, financial, strategic and/or operational objectives. On his part, Hayes (2001), differentiates restructuring into external (asset-based/portfolio restructuring) and internal (closure/sale for cost reduction restructuring). Corporate restructuring can lead to changes along three directions which include: assets and portfolio restructuring, financial engineering and organization and management restructuring.
Restructuring activity is generally associated with three motivations in the academic literature: to address poor performance to exploit strategic opportunities; and to correct valuation errors (Bartol and Martin, 2008). The literature distinguishes three different types of transactions, encompassing multiple forms of change in firm organization (Bowman and Singh, 2013).

2.2.1 The Concept of Corporate Restructuring

Corporate restructuring could be a profound amendment within the manner an organization operates, involving changes in its strategy, in its structure, and so on. The aim for restructuring isn’t solely the financial and economic improvement of the company’s performance, except for its survival. The decision to undertake corporate restructuring for a company involves a range of activities which include acquisition and divestiture of lines of business and assets, acquiring controlling shares in other companies, alteration in capital structure through a range of economic engineering initiatives and additionally effecting internal streamlining and business method re-engineering to enhance efficiency and effectiveness of the firm (Das and Basu, 2004). Economic changes have had a major impact on organizations in private and public sector. Some companies have had to downsize and terminate staff because of budgetary considerations. Others have reorganized and revitalized themselves in order to meet expected future requirements (Gowing, Kraft and Quick, 1998).

Corporate restructuring as a business strategy is the method of considerably changing a company’s business model, management team or financial structure to deal with challenges and increase shareholder value (Lal, Pitt and Beloucif, 2013). Restructuring could involve major layoffs or bankruptcy, though restructuring is typically designed to reduce the impact on staff, if possible (Cascio, 2012). Restructuring may involve the company’s sale or a merger with another company (Maria, Angel and Javier, 2015). Companies use restructuring as a business strategy to ensure their long-term viability. Shareholders or creditors may force a restructuring if they observe the company’s current business methods as deficient to prevent a loss on their investments (Lal, Pitt and Beloucif, 2013).
Corporate restructuring is outlined as the method involved in changing the organization of a business (Bowman and Singh, 2013). Corporate restructuring will involve creating dramatic changes to a business by cutting out or merging departments. It implies rearranging the business for increased efficiency and profit (Hane, 2012). In other words, it is a comprehensive method, by which an organization can consolidate its business operations and strengthen its position for achieving its objectives—synergies and continuing as competitive and eminent entity (Bowman and Singh, 2013; Hane, 2012).

The scope of corporate restructuring encompasses enhancing economy (cost reduction) and improving potency (profitability). When an organization needs to grow or survive in a very competitive environment, it must restructure itself and concentrate on its competitive advantage (Bowman and Singh, 2013). The survival and growth of firms in this environment depends on their ability to pool all their resources and place them to optimum use. A bigger company, resulting from the merger of smaller ones, can do economies of scale. If the dimensions are big, it enjoys a better corporate status. The status allows it to leverage the same to its own advantage by having the ability to raise larger funds at lower costs. Reducing the value of capital interprets into profits. Availability of funds permits the enterprise to grow in altogether and thereby become more competitive (Cascio, 2012).

2.2.2 The Concept of Organizational Efficiency

Mesh (2012) outline that organizational performance once in a while may be described as the capability of an employer, organization, or enterprise to supply desired results with a minimum expenditure of energy, time, cash, personnel, in addition to material.

The concept of organizational efficiency emanates from the standards of performance and effectiveness. A commercial enterprise agency should produce the proper services and products and it should produce them the usage of the fewest possible inputs if it's miles to have a strong organizational overall performance (Cheng, 2011). Organizational performance can be measured by using analysis of an employer's performance as compared to its corporate goals and objectives primarily based on three number one consequences - economic overall performance, marketplace performance and shareholder fee performance.
studies work on organizational performance need to include more than one performance measures. Such measures can be traditional accounting measures which include income boom, market share, and profitability. In addition, factors inclusive of consumer pride and non-monetary dreams of the owners also are very important in comparing performance, specifically amongst privately held corporations (Cheng, 2011).

This technique is regular with the concept of Kaplan and Norton (1996) inside the Balanced score Card that the performance of a company have to be measured in four perspectives – financial, client, learning and growth and internal commercial enterprise procedures. The balanced rating card directs that managers should use both financial and non-monetary measures to assess the enterprise of the firm. Inside the context of this study, organizational performance could be measured by means of 4 components – profitability, sales boom; market percentage and consumer pleasure.

2.2.3 Corporate Restructuring and Organizational Efficiency

A growing body of analysis indicates that corporate restructuring generates value for stockholders, and recent empirical evidence points to improvements in operation performance as a primary supply of these gains. According to Kaplan (2008), study firms taken private in management buyouts (MBOs) and notice that each financial (sales, income, etc.) and real (factor productivity) performance ensures improve once the acquisition. It is also discovered signs of asset productivity improvement in a sample of merged firms (Lichtenberg and Siegel, 2011). Management buyouts (MBO) is a special case of leveraged buyout (LBO) where the firm's management decided to make their firm private. Large borrowings are made by managers to buy the stocks held by shareholders. In general, managers who become the shareholders of the new entity formed through MBO, work harder to earn greater surplus to repay the debts (Das and Basu, 2004).

Jensen (2004) advances the theory that some forms of restructuring produce value by neutering the incentives of managers and owners in a way that enhances efficiency and by reducing agency prices. Shleifer and Summers (1988) suggest that company takeovers just transfer value from employees and alternative stake-holders of corporations to shareholders by breaking implicit contracts. Similarly, the likelihood that managers who take their firms
private in leveraged buyouts have private information regarding their firm's future prospects (Lowenstein, 1985).

Bowman and Singh (2013) summarized the findings of the corporate restructuring literature of 1990s that examined the impact of restructuring on performance. They classified restructuring activities into three categories, portfolio restructuring, financial restructuring and organizational restructuring.

2.2.3.1 Portfolio Restructuring

According to Stulz (1990), portfolio restructuring makes disposals in additions to a firm’s businesses, through asset sales, spin-offs, equity carve-outs or mergers and acquisitions (Stulz, 1990). Financial restructuring changes the firm’s capital structure through leveraged buy-outs, recapitalizations, and share repurchases or employee stock ownership plans. Organizational restructuring represents a modification from a functional to a business-unit design. These restructurings typically occur at the same time or consecutive. (Renneboog and Szilagyi, 2008).

Restructuring is not only for companies that are undergoing problems. It can be used to convert ailing companies to making them better. Most ailing companies may be saved if timely action is taken. But, management can sometime indicate the unwillingness to look the tiger within the eye, which means they refuse to target the important issues. According to Vance (2009), restructuring mainly involves three takes:- (i) identifying problems, (ii) identifying and executing solutions, and, (iii) finding the resources to keep the company going until restructuring takes effect.

Time and cash is what makes the simplest turnaround. It is essential to find the right resources that will help a troubled company and give them time to restructure. Most business failures rarely leads to bankruptcy (Vance, 2009). It is from the employers’ or managements’ or owner’s view point to mention that the business is unsuccessful when its value declines to the point where it is good for nothing, continues to work or discontinues operations in another person’s hands. Vance (2009) indicates that a company can decide to merely to end up and exit of existence. Regardless of how the failure happens, it leads to loss of wealth, jobs and an adverse impact on the company’s employees, customers and suppliers.
Successful enterprise level methods rely on the value creation insights, that involve understanding of managers concern on how to improve the performance of business. Value creation insights can be based on distinctive knowledge or expertise of reasons why some forms of business have performance issues or fail to maximize their potential and ways in which managers will; influence the business so as to raise performance (Campbell, Goold and Alexander, 1995). Value creation insights are extraordinarily diverse (Davis, Eisenhardt and Bingham, 2009). Value creation insights are concerning major areas of improvement: raising performance, high improvement of worth of the business, return on sales and sales volume. Value creation insights is connected to specific businesses that have performance opportunities and critical success factors, that the managers perceive.

Company executives usually restructure their companies for enhancing productivity, reducing costs or increasing shareholder value. Copeland and Koller (2000) argue that managers ought to restructure companies to enhance value; otherwise, external raiders can get a chance to take-over the company. Therefore, they claim that it is within the best interest of both managers and shareholders to keep the gap between potential and actual worth as close as possible. Management may improve operations by increasing revenue or reducing cost, acquiring or disposing of assets and improving the financial structure of the company. While divesting a business because it is an underperformer sounds simple, literature shows that it is not that simple. Companies take into account differences in human resources, research and design (R&D) - and knowledge profiles when divesting a business (Thornhill and Saunders, 2008). This suggests that underperforming businesses that have a fit with the business will not necessarily be divested. A CEO’s commitment to a business also has an influence on whether or not an underperforming business will be divested.

The most underlying principle for effecting corporate restructuring is to enhance the long-term sustainability and continuous existence of organizations through greater efficiency and cost-effectiveness (Yoon, 2008). Corporate restructuring is meant to either react to crisis or to be part of the company’s pre-emptive set-up for their survival within the industry. Whereas the restructuring process could be lengthy and a scrupulous one, it presents several
difficult tasks and needs analysis of social advantages and costs. The most challenging task is to influence the most suffered to understand the desirability of the reform efforts (Yoon, 2008). In the meantime, strategic analysis of re-engineering, restructuring and downsizing policies are perceived as the outstanding management model. With this, organizations are ready to influence their core competencies in crafting superior competitiveness (Morden, 2007).

2.2.3.2 Financial Engineering

Owners want to maximize the profit of a business. To do so, they need to develop a resource base and having related business enables a company to do this (Sparrow and Cooper, 2008). The total relatedness of a company can be increased by selling unrelated businesses and thus also brings a company back in line with its main businesses (Thornhill and Saunders, 2008). As a result of selling unrelated businesses, the company is redirected towards the goal of profit maximization. Given the fact that selling related businesses would effectively be limiting a company’s ability to generate profits, owners want to sell small units since they have the lowest impact on the company.

Since the dynamic environment within which companies operate is changing, financial managers should be ever alert to new and better ways of structuring and financing their business. The value-creation process involves the following: review the corporate financial structure from the shareholders’ viewpoint (Pike and Neale, 1996). Consider whether changes in capital structure, business combine or possession would enhance value; increase efficiency and cut back the after-tax value of capital through considered use of borrowing; improve operative cash flows through focusing on wealth creating investment opportunities, profit improvement and overhead reduction programs and divestiture; and pursue financially driven price creation using a number of new financing instruments and arrangements that is, financial engineering (Davis, Eisenhardt and Bingham, 2009).

Balogun et al. (2010) used Fruhan (1979) analogy and identified the following approaches to value enhancement: ability to command premium product prices, achievement of a reduced or lower than average cost structure, achievement of a reduced or below average capital
intensity, ability to get debt at below the normal cost, ability to get equity below the normal
cost, style of capital structure that is more efficient than that achieved by major competitors,
acquiring firms via the exchange of an overvalued equity, marketing overvalued equity and
buying undervalued equities.

2.2.3.3 Organizational Restructuring

Cappelli-Konijnenberg (1995) identified five individual structures that help in value creation,
that is, asset structure, capital structure, governance structure, cost structure and organization
structure. Johnson and Scholes (2010) expound on these dimensions and noted that, the asset
structure shows the composition of the total assets the firm exploits to realize its goals. The
capital structure deals with the form and relative amounts in which securities should be
issued to finance investments. It refers to a mixture of long-term debt and equity the firm
uses to finance its operations. Capital restructuring changes this mixture. The governance
structure is the different sets of incentives; safeguards and disputes resolution processes
accustomed to control and co-ordinate the actions of various stakeholders. A perfect
governance system provides managing directors enough freedom to figure and make them
accountable for what they did. The price structure includes prices of operations and
overheads. Changes in price structures like re-location of labor-intensive production to low-
labor price countries will improve the gain of enterprises. Organization structure such as the
number of divisions in an organization can, for example, affect the communication flow and
improving this by restructuring might, therefore, create value for the firm.

Organizations that pursue a ‘responsible restructuring’ approach, on the other hand, tend to
depend on their employees to offer continuous competitive advantage and embrace a variety
of practices (Cascio and Young, 2007). If this is the case, the organization can follow some
practices like: adopting skills training and sustained learning programmers for employees;
sharing of information; encouraging their employees to take part in the design and execution
of work processes; adopting organizational structures that are flattened; promoting
partnerships between workers and management; adopting a client centric approach in their
style and delivery of products and services; and compensate workers according to their skills
and organizational performance (Cascio, 2008). These practices should be applied together
along as a system so as to evoke good results. This approach to restructuring will produce enhanced performance and productivity amongst staff as well as longer-term financial performance for the organization (Cascio, 2008).

Several empirical studies on corporate restructuring has focused on consequence of merger and acquisition on firm performance. This is as a result of the fact that M & A has been the commonest form of corporate restructuring in the developing countries. Jin et al. (2004) examined the impact restructuring had on the operational aspects of the publicly traded firms in China. They used changes in revenue, profit margin, return on assets and the total asset turnover ratio before and after the restructuring as proxies for firm performance and conducted tests to determine whether restructuring resulted in significant changes. Their study showed that there were significant improvements in total revenue, profit margin, and return on assets following restructurings. They also found evidence of significant market anticipation and over reaction to the restructuring announcements. Ismail et al. (2010) conducted a study to explore improvements in the corporate performance of firms involved in merger and acquisition. Using a sample of Egyptian companies in the period from 1996 to 2005 in the construction and technology sectors, their results show that merger and acquisition in the construction sector has contributed in improving the profitability of firms while in the technology sector, no improvements were discovered.

According to Price Waterhouse Coopers (2010), in their study of the manufacturing sector in Nigeria, Akewushola and Elegbede (2012) found that corporate restructuring has operational advantages such as increased efficiency as a result of activities being carried out by specialized firms, and reduction in permanent staff, which then became variable costs related to the level of activity. Nordin (2008) asserts that restructuring of some value chain activities can generate operational efficiency by reducing capital investment and commitment as well as ensuring maximum utilization of the existing resources in a way that generates maximum value from the least possible inputs. Therefore, if done well, the restructuring can result in increased operational efficiency.

The common benefits of restructuring frequently cited in studies include improved accuracy, and the provision of timely and quick access to information, and the saving of costs (Cascio,
2002). Although it may be possible to identify many of the relevant organizational restructuring costs, according to Cascio (2002) it is more difficult to quantify the intangible benefits to be derived from the re-structured organization. Beyond cost reductions and productivity improvements, restructuring potentially and fundamentally affects revenue channels.

2.3 The Impact of Corporate Restructuring on the Performance of Employees

2.3.1 The Concept of Employee Performance

The world economy is currently globalizing at an unprecedented rate. Therefore, organizations are confronted with the urgent need to ensure that their employees are producing value for their time and worth in order to catch up with the competition in the globalized economy (Arup, 2008).

Sahu (2007), argues that the concept of performance is an “important and positive development within the sphere of human resource” in the current global economy. There are various views in which performance can be outlined; the importance of defining performance stems from the actual fact that for it to be measured or managed then it must be defined. For one, performance may be regarded as the “record of outcomes achieved” and this on the individual basis would boil all the way down to the record of the accomplishments of an employee. On the other hand, performance may be viewed as behavior and therefore delineated from outcomes, which might be compromised by the system that a company can adopt. In this regard a more comprehensive perspective of performance is reached once it is outlined as encompassing both.

There are two aspects in which employee performance are often taken into consideration: either as outcome and/or behavior (Rossi, 2012). On the one hand, employee performance is often taken as outcome within the sense that the goals and actions that the worker has achieved. Whatever workers do on their regular basis at their job encompass behaviors and however best they are carried out is important in determining the performance criterion (Vigaro, 2013). Employee performance can therefore be defined as how the individual employee executes the duties allocated to them by the management in a bid to reaching the larger organizational goals. This individual performance is assessed by the organization on
quarterly or annual basis, pin pointing the areas of strength and also the areas that must be improved. In some organizations, the worker is rewarded on the areas where they have shown strength; whereas their capacities are engineered to assist them overcome the areas in which they need improvement (Dechev, 2010; Samson and Daft, 2012).

Sanderson et al. (2009) argue that employee performance fall into two categories: they include elevated performance and normal performance. In this case, elevated performance comes from the individual staff “discretionary effort” that sees them going an additional mile attributable to their commitment to the organization or the team and its objectives and missions. This level of worker performance is spurred by what they term as commitment drivers, that makes the workers feel motivated to attain higher performance levels. On the other hand, standard performance consists of the standard level of output that an employee delivers in their typical course of fulfilling their duties. This Sanders et al. (2009) claim depends on “hygiene factors” whose absence in a company may simply erode productivity yet they do not essentially drive employee productivity.

Arguably, organizational managers anticipate to their workers delivering elevated performance. Commonly, several organizations seek to attain this before they get right the hygiene factors. Worth noting is that the proven fact that commitment factors cannot by themselves propel the staff to deliver improved performance unless the management has first put in place the fundamental hygiene factors (James, 2003; Dechev, 2010; Rossi, 2012). Most organization have their human resource managers concentrate their efforts on activities such as selection, training and recruitment in guaranteeing that their workers have acquired the desired capacities which will enable them to fulfill the demands of the tasks assigned to them. Notably, these alone cannot guarantee that the staff are going to be productive in their tasks. This makes it imperative for organizations to speculate into providing the hygiene factors which will lay the foundation for employees’ consequent exemplary performance (Kirkpatrick, 2006; Samson and Daft 2012; Vigaro, 2013).

2.3.2 Corporate Restructuring and Employee Performance

The competitiveness of an organization in an industry is fundamentally based on the size and effectiveness of the workforce which is the labor pool in employment (all those available for
work) and, although generally used to describe those working for a single company or industry, it can also apply to a geographic region like a city, country or state (Beck, Demigurc-Kunt, and Martinez, 2005). The term workforce generally excludes the employers or management and implies those involved in manual labor or actual production. According to Beck, Demigurc-Kunt, and Martinez (2005), workers may be unionized, whereby the union conducts negotiations regarding pay and conditions of employment. According to Craig (2009), these negotiations have the ability to affect the functioning of an organization depending on the power of the union and the terms projected. In the event of industrial unrest, unions provide a coordinating role in organizing ballots of the workforce, and are also instrumental in calling for work boycotts and strike actions (Bewley, 2004).

Employees often lose their jobs when companies merge, as duplicate positions are eliminated, and local communities suffer when a large company moves out or shifts its activities to other regions (Hill and Jones, 2010). For example, the 1998 merger of Exxon and Mobil, resulted in the combined company elimination of no less than 14,000 jobs. The results of mergers are mixed for stockholders. Share values often rise when a merger or acquisition is announced, if shareholders perceive benefits from synergies between the two firms (Post, Lawrence and Weber, 2009).

The psychological impact of staff reductions, including fears of how management will act in the future are among the fears that organizations and its employees have to face (Obilade, 2008). Some companies recognize these concerns by stating in writing the commitments continuing employees could count on receiving. These statements of commitment are called compacts, covenants or social contracts, signifying the special nature of the employee-employer relationship (Post, Lawrence and Weber 2009).

The competitiveness of an organization in an industry is essentially based on the size and effectiveness of the manpower which is the labor pool in employment (all those available for work) and, although typically accustomed to describe those operating for a single firm, it may also apply to a geographic area like a city, country or state (Beck, Demigurc-Kunt, and Martinez, 2005).
Many companies expand into new markets and industries to increase profitability. However, sometimes they also need to exit markets and industries to achieve the same goal. Restructuring, the process of divesting businesses and exiting industries to focus on core distinctive competencies, has become an increasingly popular strategy (Hatfield, Liebskind and Opler, 2006). Business restructuring is thus a response to declining financial performance; an inadequate multi business model; excessive diversification due to top managers' empire building rather than diversifying for greater profitability and innovations in the strategic management process that have reduced the advantage of vertical integration and diversification (Hill and Jones, 2010).

Armstrong (2010) notes that due to collective bargaining power and the power of numbers; organizations with huge employee base (workforce) find it difficult to effect changes which affect employees. This is necessitated by the fact that employees (people) generally resist change and the greater the number the higher the level of resistance.

According to Armstrong (2006), organizational emphasis is usually on creating a compelling employment offer. Bewley (2004) argues that this focus is individually focused, tailored to employees' needs and interests, and more in tune with the expectations of a diverse workforce. Armstrong (2001) further adds that the concept of effort bargain states that the task of management is to assess what level and type of inducements the organization has to offer in return for the contribution it requires from its workforce. Armstrong (2009) points out that increasingly, organizations are finding that success depends on a competent workforce and paying for competence means that an organization is looking forward, not back.

Broad organizational change, for example, that showed by restructuring and cutting back influences the unaltering condition of employment still expected by numerous staff today. The loss of employment stability and the consequent need to renegotiate profession desires can be viewed as a noteworthy infringement of the psychological/mental contract (Robinson and Rousseau, 1994). When organizations no longer compensate diligent work and commitment with lifetime employment, the old psychological/mental contract get no more holds (Mathys and Burack, 1993). After some time, surviving staff are prone to feel less
certain about their capacity to deal with their own professions and feel extraordinary frailty about their future (Appelbaum and Donia, 2009).

Businesses continuously assess their assumptions concerning how and where to compete. Rethinking strategically could lead to restructuring of business operations. Reorganization of business operations happens as organizations attempt to improve the standard of their products and services, reduce costs and improve the speed that which they respond to customers. Ancient ideas about a company's responsibility to its stakeholders could also be challenged once an organization begins to rethink its strategy. Repositioning the business will have important effects on people and communities. Facilities could also be closed; employees could also be dismissed from jobs eliminated within the redesigned production or service delivery systems. People who made long term career commitments to the company could also be pressured to take early retirement or face dismissal (Post, Lawrence and Weber, 2009).

Staff responds to the inexorably constrained offer of employment forever and profession advancement by withdrawing down the trust duty scale (Sparrow and Cooper, 2008, Smithson and Lewis, 2008). Moreover, on the grounds that staff has effectively seen a scaling back, surviving staff are accepted to progressively be living under the apprehension of being let go (Boroson and Burgess, 1992). The quick need of surviving staff in this manner knows the degree to which they ought to stress over the likelihood of future cutbacks (Appelbaum and Donia, 2009). The continuation of open correspondence channels, chances to question and the procurement of complete support systems are as vital now as they were in the number one spot up to the rebuild if the association is to guarantee the progressing backing of its staff.

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workforce and paying for competence means that an organization is looking forward, not back.

One of the sophisticated theories is Weick's model theory. It takes into account the high-stressed, fast-paced nature of today's business and reduces equivocality (Patching, 2000). Equivocality boils down to any lack of productivity due to an employee, on any level, having to check with superiors which is brought about by bureaucracy and unaligned organizational structure which greatly affect the management style of the organization (Ashcraft, 2005). In the Weick's model, there is an information system, which includes frequently and sometimes previously tackled issues (Harenstam, Bejerot, Leijon, Scheele and Waldenstrom, 2004). Employees have access to this information and use it to combat any ambivalence or inertia that might hinder making business decisions (Borjas, 2012). The decisiveness gained by using the information system leads to higher productivity due to easy with which structures can be modified to suit the prevailing or anticipated needs. Thus, it strengthens every employee and manager's ability to function more autonomously.

According to the research studies of Mbogo and Waweru (2014), on the corporate turnaround response by financially distressed companies listed on the NSE, they surveyed companies that were listed for the entire period of the study (2002-2008). The survey found that employee layoff was the most preferred course of action being carried out by 63% by the companies. Asset restructuring was the second most preferred turnaround strategy being carried out by 50% of the companies. Financial restructuring and top management change were the least preferred turn around strategies each one of them being taken by one company each.

The study by Riany et al., (2012) on the effects of restructuring on organization performance of mobile phone service providers in Kenya concluded that the three methods of restructuring have a favorable effect on the companies' market share and market growth. Their results indicate that financial restructuring had the greatest impact on a company's market share followed by portfolio restructuring and organization restructuring. It is distinct that organizational restructuring had the greatest impact on market growth rate.
2.4 The Impact of Corporate Restructuring on Shareholder's Value of the Organization

2.4.1 The Concept of Shareholder's Value

Shareholder's value can be defined as the sum of all strategic decisions that affect the firm's ability to efficiently increase the amount of free cash flow over time (Lebans and Euske, 2006). With the changes in the business environment, most firms need to reposition themselves periodically in terms of products-market segments served, value offered to target customer, capabilities built to deliver the value propositions, as well as value creating activities undertaken. The aim of repositioning is to sustain relevance and remain profitable. Such repositioning can be done through, mergers and asset buyouts which can help enhance market share and achieve economies of scale. Financial engineering helps to change the debt-equity mix and alter the ownership structure which normally leads to greater fund mobilization, lowering the risk as well as cost of capital reduction (Das and Basu, 2004).

Organizational restructuring, is normally an ongoing affair in a firm aimed at enhancing its cost competitiveness through downsizing of head counts and reducing costs of operations. These three modes explain how corporate restructuring can do to improve the performance of an existing firm, thereby enhancing its shareholder value which is the main objective of the firm. Shareholder value can be described as corporate value which is equal to the present value of future free cash flow less corporate debt obligations and preference shares existing on the date of valuation. Henceforth, in order to maximize on the shareholder value, the organization will need to maximize its corporate value. Corporate value can be maximized only if free cash flow from operations during each of the future years is maximized. To determine the corporate value, the relevant discount rate to be used for discounting the free cash flow from operations will be what the market expects it to be (Das and Basu, 2004).

2.4.2 Corporate Restructuring and Shareholder's Value

The “shareholder value approach” estimates the economic value of an investment by discounting forecasted cash flows by the cost of capital. The aggregate economic value of an organization, for example, a business unit or company is the entirety of the aggregate total of its equity and debt. The shareholder value is the difference of the value of the total firm and the market value of debt. The total value of the firm consists of three components, that is, the present value of cash flow from operations during the forecast period, “residual value” which
represents the present value of the business attributable to the period beyond the forecast period and the current value of marketable securities and other investments that can be converted to cash (Wayhan and Werner, 2009).

Cash flow from operations represents the difference between operating cash inflows and cash outflows. These cash flows are relevant for estimating the firm value because they represent the cash available to compensate creditors and owners. The cash flows are discounted to their present value using the weighted average cost of debt and equity capital (Guthrie and Datta, 2008). The shareholder value system portrays the vital connection between the corporate goal of generating shareholder value and the rudimentary valuation limits or value drivers: operating profit margin, working capital investments, cost of capital, sales growth rate, income tax rate, fixed capital investment, and value growth duration (Wayhan and Werner, 2009; Guthrie and Datta, 2008).

If the capital structure of the firm is not an optimum one from cost, liquidity and risk point of view, it is possible to alter the same through financial reengineering. If the latter is done judiciously and stock market appreciates the same, the discount rate used by the market will automatically improve leading to maximising the present value of the future free cash flow. This brings about a close linkage between corporate restructuring and maximization of shareholder value (Das and Basu, 2004). If the restructuring is carried out appropriately through adopting one or more of the three proposed modes and keeping in view of enhancing volume and operating margin, lowering discount rate, there will be a favorable impact on the shareholder value of the firm.

The relationship between a business and its shareholders often creates an implied understanding or a social contract as to how they will act toward each other (David, 2009). These implied understandings are in words of two leading scholars, the "ties that binds" (Donaldson and Dunfee, 2008). These social contracts are inevitably affected when a company's business strategy changes. Commitments to employee change; a company's community involvement and charitable contributions may also decline when it encounters severe economic problems which lead to the elimination of jobs (Obilade, 2008). Companies often try to smooth the process and minimize the negative effects of workforce reductions.
Benefits packages are offered to departing employees including compensation based on years of service, continuation of health care benefits for a period of time and support for retraining or education (Mowday, Steers and Porter, 1982). At Kodak, for example, job losses were tempered by severance payments to workers, job training, and efforts to place employees in new jobs (Post, Lawrence and Weber 2009).

Copeland and Koller (2000) argue that the fundamental objective of corporate restructuring is to continually reposition the organization against the fast changing business environment for maximization of shareholder's value. Additionally, managers should restructure companies to improve value; otherwise, external raiders will get an opportunity to take-over the company. Therefore, they claim that it is in the best interest of both managers and shareholders to keep the gap between potential and actual value as close as possible.

If a firm fails to enhance shareholder's value through corporate restructuring, at least the share prices will fall leading to loss in investor confidence, its ability to access the capital markets will reduce significantly and more shares will be issued in order to raise the required capital. A major risk in failing to enhance shareholder value is the possibility that these firms could become easy targets for take-over attempts by other firms, particularly with steady emergence of market for corporate control (Copeland and Koller, 2000).

Hence in order to enhance the shareholder value, the management takes all the necessary actions, which is relevant to the well-being of the organization. The series of tasks such as portfolio restructuring through mergers and acquisitions and divestiture, financial engineering and organizational restructuring have been undertaken by the Indian industry during the last seven years reflecting the growing concern for maximizing shareholder value and also the importance of corporate restructuring on achieving this objective (Das and Basu, 2004).

According to Abdel and Mentzenoit (2007) in their study of the Marconi telecommunications and information technology company it was found that gradual restructuring increases the shareholder's value. The diversification period between 1968-1996 and the restructuring period from 1996-2002 were examined. The restructuring of GEC/Marconi was a gradual one. It was examined after the announcement of a corporate sell-off whose proceeds are used
to increase focus, increases the shareholders’ value. However, shareholders’ value deteriorates after the announcement of an acquisition for expansion purposes. Overall, the restructuring of Marconi company, provides an example that counters the theory that managers destroy shareholders’ value when they reinvest the proceeds from asset sales for expansion through acquisitions.

2.4.2.1 Portfolio Restructuring

According to Das and Basu (2004), assets and portfolio restructuring can be altered significantly when a company decides to undertake a series of divestitures and acquisitions and mergers to bring in more focus to its business line or widen its activities to enter new markets. Several forces lead to mergers and acquisitions which include: increasing global competition, government deregulation, technological change, total quality management (TQM) and other reengineering movements, delaying, broader economic conditions, and corporate rationalization (Marks, 1994). Mergers are stressful not only for the executives embroiled in the pre and post merger discussions and plans but also for the employees involved (Burke, 1987). Executives are under stress for the following reasons: they have more work to do and less time to do it, there is a great deal of uncertainty about the future, and it is a time of insecurity for executives. They worry about losing their own jobs due to task redundancy or simply not fitting into the newly organized structure. Mergers and acquisitions represent a powerful source of organizational change (Gowing, Kraft and Quick, 1998).

2.4.2.2 Financial Engineering

Financial engineering leads to changes in existing capital structure. Capital structure can change due to corporate restructuring caused by infusion of large debt, change in equity due to either expansion of capital base or buyback of equity or composition of owners (Das and Basu, 2004). Financial engineering will facilitate amendment the debt-equity mix and alter the possession structure like infusion of foreign equity, redemption of share, issue of non-voting or stock and then on. This ends up in bigger fund mobilization, lowering of risk and additionally reduction in price of capital. Companies will need an expert to help in undertaking financial engineering because innovation is the key to achieving its objectives.
Outside experts are generally up-to-date on new and innovative instruments being developed and hence should be of great help to firms desirous of engineering their capital structure (Das and Basu, 2004).

2.4.2.3 Organizational Restructuring

According to Johnson (2004), organizational restructuring could be by way of changing the vision of the future, and others by changing competitive strategies or human resource methods. As firms evolve through varied life cycles, its leaders and staff should be ready to with success align with structure changes in order that they will evolve yet (Cascio, 2001). Organizational restructuring is also a part of the overall corporate restructuring and is designed to improve the overall efficiency and effectiveness of the organization through changes in structure, systems and processes, people and culture (Das and Basu, 2004). An organization tends to develop inefficiencies over a period of time, creating it in competitive.

General tendency is to clarify away the underperformance instead of initiate corrective action. To avoid such difficulties, internal streamlining measures are taken by the company, either proactive or reactive basis to extend efficiency and productivity. Any change introduced to an organization must be aligned with the ever-changing, dynamic and culturally diverse workplace, and the relationship between organization restructuring and its employees should be understood (Johnson, 2004). According to Hayes (2001) this is key to improving organization's ability to move through change effectively. Thus, organization restructuring often means making critical decisions about how to deploy or re-deploy talent and requires insight into where to best utilize talent and find the best fit between existing employees and the jobs that await them. Cascio (2001) points out that understanding the needs of individuals in the organization can be difficult but it helps in analyses which are useful in developing effective solutions for the entire workforce. Organization restructuring happens when the reporting hierarchy of a company changes.

2.5 Chapter Summary

This chapter has used materials and journals done by previous researchers to examine the impact of corporate restructuring on the organization efficiency, the impact of corporate restructuring on the employee performance, the impact of organization restructuring on the
shareholder's value, and the impact of corporate restructuring on efficiency performance. Chapter three will introduce the research methodology used in carrying out the research, state the research design, desired population and sampling design, the data collection method used, and as well as the procedure and the data analysis method used in the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter examined the methodology that was used in the actual study. It introduces the process through which collection, analysis and processing of the data collected and used to accomplish the objectives of this research was carried out. It covers research design, target population, and sampling techniques. It also lays down the data collection methods, approaches and instruments. The chapter also puts down the validity and reliability tests together with the data analysis tools used.

3.2 Research Design
Research design refers to a plan for selecting subjects, research sites and data collection procedures to answer particular research questions (Blumberg, Cooper, and Schindler, 2008). The design indicated which individuals were studied and when, where and under which circumstances they were studied, the plan and structure of the investigation that was used to obtain evidence to answer the research questions (Cohen, 2003). The research design employed in this study was a descriptive research design in soliciting information on the impact of corporate restructuring on the performance of freight companies. A descriptive research is research that describes an occurrence, and it is used to document and describe the phenomenon of interest (Marshall and Rossman, 2011). Descriptive design requires researchers to gather, present and interpret information for purposes of clarification. Descriptive research involves collecting data in order to test hypotheses or answer questions regarding the participants of the study. Descriptive study was undertaken to ascertain, explain and describe characteristics of variables associated with a subject population. It sought to answer questions such as who, what, when, where and how of any provided topic in its wake (Blumberg et al, 2008). This design was chosen because it was more effective in investigating the impact of corporate restructuring on the performance of the organization. The dependent variable was organizational performance while the independent variable was corporate restructuring.
3.3 Population and Sampling Design

3.3.1 Population

Mugenda and Mugenda (1999) define a population as a complete set of individuals, cases or objects with some common observable characteristics. A target population is that population to which a researcher wants to generalize the results of a study. For this study, the target population was the employees of Mitchell Cotts Freights Kenya Limited. According to the human resources department, the company had a total of 150 employees as at December 2016.

3.3.2 Sampling Design

This is a determination of who and how many people to interview, what and how many events to observe, or what and how many records to inspect. A sample is a group of cases, respondents, or records comprised of part of the target population, carefully selected to represent the population. (Cooper and Schindler, 2011)

3.3.2.1 Sampling Frame

According to Ducombe and Boateng (2009) a sampling frame is the register of all the population elements from which the sample will be drawn and which must closely related to the population. According to Cooper and Schindler (2011) a sampling frame is a list of elements from which the sample is actually drawn and closely related to the population. The sampling frame of the study came from the human resource department and it contained the list of all employees under the various departments within Mitchell Cotts Freight Limited. This will ensure that the sampling frame is current, complete and relevant for the attainment of the study objectives.

3.3.2.2 Sampling Technique

A sampling technique refers to the method that is used to select the members of a sample. The members of the sample are selected using either probability or non-probability procedures. Sampling techniques are broadly classified into probability and non-probability sampling (Mugenda and Mugenda 2003). The major advantage of probability sampling is that it ensures equal opportunity for all the components in a research target population.
The sampling technique that was used for this study was systematic random sampling.

The rationale for using the systematic random sampling in this study was based on the premise that unlike the simple random sampling the technique allows the researcher to employ a process in the random selection of the subjects in the study. In this way the technique ensured that the population of the study was sampled evenly through the systematic elimination of the clustered selection of the research subjects (Kothari 2011).

Through the use of the available sample frame, the application of the systemic sampling called for the researcher to select every \( k^{th} \) number on the list and then systematically includes it in the sample. In other terms, the researcher selected an integer as the starting number on the sample frame. In this study, the researcher selected the starting number on the list for this research. This integer helped the researcher to obtain the correct sample size (Albright et al., 2011). As proposed by Babbie (2010) the researcher selected the first element at random in order to ensure that human bias is eliminated.

### 3.3.2.3 Sample Size

Ligthelm and Van (2005) describes the sample size as a smaller set of the larger population. A sample size is a smaller grouping of the entire population under consideration and which should characteristically resemble or reflect the entire population so as to aid in making generalizable conclusions. The choice of a sample size is affected by several factors such as: the variance in the population, the desired precise of the estimate, required level of confidence, the range of error allowed, the number of subgroups of interest within a sample and the cost of research (De Vaus, 1991).

According to Cooper and Schindler (2003), a sample size of more than 10 to 30 percent is usually recommended for social sciences. The study used a sample size of 30% of the total population that consists of 150 Mitchell Cotts Freight Limited staff, which translated into a sample of 45 respondents.
The table below shows the calculation of the sample size.

Table 3.1: Sample Size

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Target Population</th>
<th>%</th>
<th>Sample Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mitchell Cotts Freight</td>
<td>150</td>
<td>30%</td>
<td>45</td>
</tr>
<tr>
<td>Kenya Limited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>150.3</td>
<td></td>
<td>45</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The study used both primary data and secondary data. The primary data was convenient for this study due to its tendency for accuracy and control, providing the researcher with the opportunity to make interpretations (Mugenda and Mugenda, 2003). This primary data was collected using a questionnaire. Questionnaire is a tool of data collection that consists of a list of questions, which are related to the objective of the study. They are commonly used in gathering data about classification of people, their attitudes and circumstances. They are also used in the in depth exploration of complex issues (Saunders et al., 2007). Some of the advantages of questionnaires is they are time effective and can facilitate the collection of information from large samples. In using questionnaires the respondents can also be able to uphold the confidentiality of the participants (Kombo and Tromp 2012). The secondary data, on the other hand was collected from relevant literature, addressing the particular variables investigated in this study.

The questionnaire was the core research instrument. The instrument had adequate queries that enabled it to answer the study questions. The questions were closed-ended. The questionnaire was deemed the most appropriate research instrument since it enabled the collection of unbiased information from a small and diverse sample. It is also preferred since it allowed the researcher to collect both qualitative and quantitative data at the same time. The respondents were the elements of the sample, being 45 employees drawn from all levels of the company under the study. In this study, respondents completed the questionnaire by themselves, at their own convenience. This study included 5-point likert's measurement
scale. Likert items were used to measure respondents' attitudes to a particular question or statement. To analyze the data it was coded as follows.

\[ \begin{align*}
    &1 = \text{Strongly disagree}, \\
    &2 = \text{Disagree}, \\
    &3 = \text{Neutral}, \\
    &4 = \text{Agree}, \\
    &5 = \text{Strongly agree}
\end{align*} \]

In order to ensure that all the relevant information for the different elements from the respondents of this research project was gathered, the questionnaire (Appendix I) was structured into five sections as below in relation to the research questions:

Section one aimed at collecting demographics data, section two sought to find out the impact of corporate restructuring on the organizational efficiency while Section three sought to ascertain the impact of corporate restructuring on performance of employees. Section four sought for information regarding the impact of corporate restructuring on shareholder's value.

3.5 Research Procedures

Mugenda and Mugenda (2003) point out that questionnaire pretesting entails conducting a preliminary test in data collection to crosscheck the tools and procedures. To guarantee that the procedures established in the questionnaires were suitable, the research tools were verified for validity and reliability through pilot study.

In planning a research study, research instruments were developed carefully to fit the research design and the plan of data analysis, so that the data that was collected facilitated the answering of the research questions. Validity is a property of the research instruments, which means they will represent how well the instruments will measure the variables of interest to the researcher. To test the validity of the research instruments that will be used, the questionnaire was prepared and submitted to the supervisor and other research experts for cross checking and also to assess the reliance of the content.

According to Kombo and Tromp (2012) this enabled the researcher to ascertain whether the questions are actually measuring the variables they are supposed to measure and if they also interpreted in the same way by the respondents. The researcher can then pinpoint and eliminate problems and, make necessary revisions on the questionnaire to ensure that the collected data will be reliable and valid.
In this study the researcher pretested five questionnaires with five employees of Mitchell Cotts Freight Kenya Limited that helped in ascertaining the accuracy and reliability of the instrument. Thus, the successful outcome of the piloting helped the researcher to minimize questionnaire non-response rate. After revision, the questionnaire was administered through email, phone and by physical mail. A cover letter from United States International University was also issued to each respondent explaining the purpose of the study, sampling method, anonymity assurance, and commitment to share the final report.

3.6 Data Analysis Methods

Data analysis involves examining the data that the researcher has collected in an experiment or survey and making inferences and/or deductions out of it. It also entails revealing the underlying structures of data; testing of the underlying assumptions and identifying relationships and/or anomalies between variables (Kombo and Tromp 2012).

Quantitative data analysis involves measuring the numerical values of data, out of which descriptions such as standard deviations and means are derived. The quantitative data used in this study was both discrete data (such as gender, education level etc) and continuous data (such as age). This quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS). This is because SPSS was able to handle large amount of data, and given its wide spectrum of statistical procedures purposefully designed for social sciences, it is also quite efficient (Martin and Kothari, 2011).

The study used descriptive analysis techniques to analyze data. The descriptive statistics was mean, which indicated the average performance of a group or a measure of some variable, and the standard deviation which indicated how spread out a set of scores is around the mean. To enable easy analysis, the questionnaires were first coded as per each variable in each question of the study. Coding involves assigning a numerical value to a non-numerical variable to minimize the margin of error and assure accuracy during the data entry (Collis and Hussey, 2013). Both Pearson correlation and Multiple Regression analyses were used to test for relationship between the independent variables and the dependent variable.
Regression Model

\[ Y_{op} = \alpha + \beta_1 (C) + \beta_2 (I) + \beta_3 (F) + \varepsilon \]

Where the variables are defined as: Yop - Corporate Restructuring, C - Organizational Efficiency, I - Employee Performance, F - Shareholder's value, \( \varepsilon \) - Error term while \( \beta_1, \beta_2, \) and \( \beta_3 \) are coefficients of determination and \( \varepsilon \) is the error term. This generated quantitative reports through tabulations, percentages, and measures of central tendency.

3.7 Chapter Summary

This chapter outlined the methodology that guided the collection and analysis of data in this study. The study adopted the descriptive research design as the design for the study since it sought to study the impact of corporate restructuring at Mitchell Cotts Freight Kenya Limited. The study identified the research population of this study as 150 employees of Mitchell Cotts, which was sampled using the systematic random sampling. The study adopted the questionnaire as the data collection tool in this study; and elaborated on how it shall was constructed, pretested and then used in collecting the primary data. The quantitative data collected in this study was analyzed using the Statistical Package for Social Sciences (SPSS).

The next chapter (chapter four) analyzes, presents and interprets the findings of the study in a systematic way as guided by the research questions. The chapter utilizes only data collected in the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results established from the data analysis done. The section analyses data on the respondent’s demography as well as those from the three specific objectives.

4.1.1 Response

From the sample size of 45 respondents only 36 responded resulting into an 80% response rate. As indicated in table 4.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>36</td>
<td>80</td>
</tr>
<tr>
<td>No Response</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2 Demography

This section presents findings on the demography based on gender, age, position/level in the organization, how long the respondent has been in the position and highest level of education as illustrated in the section that follows.

4.2.1 Gender

The study established that female formed the majority of the respondents at 58.3% while male were 41.7%. The little disparity between showed that the company has tried to maintain a balance the gender as shown in figure 4.1
4.2.2 Age

As indicated in figure 4.2, analysis of the age revealed that employees aged between 18-30 years were the majority with 22 respondents representing 61.1% while those aged 31-40 were 12 representing 33.3%, those aged 41-50 were only 2 and represented 5.9%.

4.2.3 Level in the organization

The study also set to analyze the various levels in the organization and it was established that Junior employees were 22 and formed 61.1% of the total population. Those in the intermediate level were 11 and represented 30.6%. Senior level employees were only 2 and represented 5.6% while one respondent failed to fill the question as indicated in figure 4.3.
Figure 4.3: Level in the organization

4.2.4 Duration in the Position

The study established that 30 respondents had worked in the same position for 1-5 years and this was the majority at 83.3%, those who had worked for 6-10 years were 5 representing 13.9%. Those who had worked for 16-20 years was only 1 and represented 2.8%.

Figure 4.4: Duration in the Position
4.2.5 Level of Education

When analyzing education levels certificate holders were 5.6% while diploma holders were 58.3%, Degree holders represented 30.6% and Postgraduate holders were also 5.6% as shown in Figure 4.5.

![Figure 4.5: Level of Education]

4.3 Impact of Corporate Restructuring on the Efficiency

The first objective was to establish the impact of corporate restructuring on the efficiency. On a five point likert scale, the respondents were asked to respond to the statement with 1 being strongly disagree and 5 strongly agree as shown in table 4.2.

4.3.1 Descriptive on Impact of Corporate Restructuring on the Efficiency

To establish if restructuring in Mitchell Cotts Freight led to cost reduction and increased the company’s market share 47% agreed. About 42% confirmed that Mitchell Cotts Freight pursued a ‘responsible restructuring’ approach that depended on the employees to offer continuous competitive advantage, however 28% disagreed. It was also noted that restructuring in Mitchell Cotts Freight was done to convert the organization from an under-performing company to a better performing one and this was confirmed by 69% of the respondents. The study also sought the establish if restructuring in Mitchell Cotts Freight involved a balance between gathering the best people and managing costs and only 20% disagreed while a majority who were 58% agreed.
The study also established the 47% of the respondents agreed that restructuring in Mitchell Cotts Freight was intended to react to a crisis as a pre-emptive plan for its survival in the industry. A majority summing up to 78% agreed that restructuring in the company was done in order to increase fierce competition with other local companies. It was also established that 58% agreed that the process was done to react to changes in corporate governance. The findings also established that 72% admitted that restructuring process enables the company obtain function efficiency and true value for the company's money. In addition, 56% agreed that the restructuring was consistent with the company's declared value. Furthermore, 70% agreed that restructuring contributed to institutional effectiveness.

Table 4.2: Descriptive on Impact of Corporate Restructuring on the Efficiency

<table>
<thead>
<tr>
<th>Variable</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reduction and increased the company's market share</td>
<td>1</td>
<td>3</td>
<td>10</td>
<td>28</td>
<td>8</td>
</tr>
<tr>
<td>Cost reduction and increased the company's market share</td>
<td>1</td>
<td>3</td>
<td>10</td>
<td>28</td>
<td>8</td>
</tr>
<tr>
<td>Depended on the employees to offer continuous competitive advantage</td>
<td>2</td>
<td>6</td>
<td>8</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Convert to a better performing one</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Involved a balance between best people and managing costs</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>React to a crisis as a pre-emptive plan for its survival in the industry</td>
<td>2</td>
<td>7</td>
<td>6</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Increase fierce competition with other local companies.</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>React to changes in corporate governance.</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Obtain function efficiency and true value for the company's money.</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>Consistent with declared value.</td>
<td>2</td>
<td>6</td>
<td>3</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Restructuring contributed to institutional effectiveness.</td>
<td>2</td>
<td>6</td>
<td>5</td>
<td>14</td>
<td>4</td>
</tr>
</tbody>
</table>
4.4 Impact of Corporate Restructuring on the Performance of Employees

The second objective was to establish the impact of corporate restructuring on the performance of employees. On a five-point Likert scale, the respondents were asked to respond to the statement with 1 being strongly disagree and 5 strongly agree as shown in table 4.3.

4.4.1 Descriptive on Impact of Corporate Restructuring on the Performance of Employees

There was uncertainty on whether staff at Mitchell Cotts Freight feel less certain about their capacity to deal with their own professions and feel extraordinary frailty about their future with the organization due to the restructuring and 33% disagreed while 39% agreed. There was also uncertainty on the company having a difficult task is in persuading the affected employees to understand the desirability of the reform efforts and while 28% disagreed while 39% agreed. It was also revealed that 42% agreed that restructuring has changed the firm’s commitments to its employees and however 33 were uncertain. A majority of 42% agreed that Mitchell Cotts Freight offered help to both surviving and withdrawing staff during the restructuring process while 33% were uncertain. Majority accounting for 44% disagreed that employees who made long term career commitments and have been pressured to take early retirement or face dismissal as a result of the restructuring however 36% agreed.

The findings also revealed that 50% of employees felt that the top management effectively implemented the restructuring process. In addition, 52.8% admitted that the vision and Objectives of restructuring were clearly communicated to all employees. On the other hand, 50% agreed that the restructuring had improved the working conditions for all employees. To investigate whether recent restructuring has made the employees feel very committed to the goals and objectives of the organization the findings revealed that 17% disagreed while 53% were in agreement. Lastly 61% of the respondents agreed that employees in Mitchell Cotts were encouraged to become involved and committed to the restructuring process as shown in the table.
Table 4.3: Descriptive on Variables of Impact of Corporate Restructuring

<table>
<thead>
<tr>
<th>Variable</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The staff feel less certain about their future with the organization due to restructuring</td>
<td>6</td>
<td>17</td>
<td>6</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Challenging task in persuading employees to understand the desirability of the reform efforts</td>
<td>7</td>
<td>19</td>
<td>3</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Restructuring has changed Mitchell Cotts Freight’s commitments to its employees</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Offered help to both surviving and withdrawing staff during the restructuring process</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>employees made long term career commitments and have been pressured to take early retirement or face dismissal as a result of the restructuring</td>
<td>8</td>
<td>22</td>
<td>8</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>The employees felt that the top management effectively implemented the restructuring process</td>
<td>3</td>
<td>8</td>
<td>6</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>The vision and Objectives of restructuring were clearly communicated to all employees</td>
<td>3</td>
<td>8</td>
<td>6</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>The restructuring has improved the working conditions for all employees</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>Recent restructuring has made the employees feel very committed to the goals and objectives of the organization</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Employees were encouraged to become involved and committed to the restructuring process.</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

4.5 Impact of Corporate Restructuring on the Shareholder Value

The third objective was to establish the impact of corporate restructuring on the shareholder value. On a five point likert scale, the respondents were asked to respond to the statement with 1 being strongly disagree and 5 strongly agree as shown in table.

4.5.1 Descriptive on Impact of Corporate Restructuring on the Shareholder Value

The findings revealed that 53% agreed that due to restructuring, the company has occasioned an aggressive combination of acquisitions and divestitures to restructure its portfolio. It was also noted by 64% of the respondents that restructuring had improved shareholder dividends. On the other hand, 56% of the respondents agreed that restructuring had improved value and
shareholders are assured of no hostile takeover by another organization however, 31% were uncertain.

Table 4.4: Descriptive on Impact of Corporate Restructuring on the Shareholder Value

<table>
<thead>
<tr>
<th>Variable</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occasioned an aggressive combination of acquisitions and divestitures</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>28</td>
<td>16</td>
<td>44</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved shareholder dividends</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>25</td>
<td>15</td>
<td>42</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved value and shareholders are assured of no hostile takeover by another organization</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>5.6</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>31</td>
<td>14</td>
<td>39</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders are impressed with the aggressive combination of acquisitions and divestitures to restructure the organization's portfolio</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>5.6</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>39</td>
<td>12</td>
<td>33</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders are impressed with managers' focus on diversification strategies because they offer different sources of revenues, leading to more stable revenue development</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>11</td>
<td>31</td>
<td>11</td>
<td>31</td>
</tr>
<tr>
<td>Mitchell Cotts Freight has increased the international breadth of knowledge and experience</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>8.3</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>12</td>
<td>33</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Restructuring in Mitchell Cotts has enabled the shareholders to monitor significant business transactions and arrangements</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2.8</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>14</td>
<td>39</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>The recent restructuring in Mitchell Cotts Freight has improved the company's cash flow through focusing on opportunities that are wealth creating</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>11</td>
<td>31</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Restructuring in Mitchell Cotts Freight has improved focus on board of directors</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>16</td>
<td>44</td>
<td>8</td>
<td>22</td>
</tr>
<tr>
<td>Restructuring in Mitchell Cotts Freight has ensured financial reporting misstatements cannot occur</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>33</td>
<td>11</td>
<td>31</td>
<td>10</td>
<td>28</td>
</tr>
</tbody>
</table>

A majority accounting for 50% of the total respondents noted that shareholders are impressed with the aggressive combination of acquisitions and divestitures to restructure the organization's portfolio, while 61% admitted that shareholders are impressed with managers' focus on diversification strategies because they offer different sources of revenues, leading to more stable revenue development.
With increased globalization restructuring 67% admitted that it had increased the international breadth of knowledge and experience. In addition 67% agreed that the process had enabled the shareholders to monitor significant business transactions and arrangements. The recent restructuring had also improved the company's cash flow through focusing on opportunities that are wealth creating and 64% agreed. On whether restructuring had improved focus on board of directors only 11% disagreed while 67% agreed. It was also noted by 58% of the respondents that the restructuring had ensured financial reporting misstatements cannot occur.

4.6 Organizational Performance

The study also sought to establish the factors affecting organizational performance. On a five point likert scale, the respondents were asked to respond to the statement with 1 being strongly disagree and 5 strongly agree as shown in table 4.5.

4.6.1 Descriptive on Organizational performance

Majority of the respondents accounting for 53% of the total noted that return on assets (ROA, %) is well above the industry average. It was also noted that 67% considers relations with suppliers to be excellent because they maintain genuine partnerships with them while 53% agree that the firm strongly involves their suppliers in the company's research and development processes.

In addition 47% noted that the value added per employee was well above the industry average. Only 42% said that the employees' trust into leadership was high. Seventy percent noted that the company has experienced a high sales growth over the last three years. On the other hand, 72% agreed that the firm retain existing clients and manages to attract new one.

In regard to reputation of the firm, 67% admitted that in the eyes of the customers it had improved with another 67% noting that the organization was efficient. There was however uncertainty on the firm having cases of employees leaving for internal reasons.
Table 4.5: Descriptive on Organizational Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on assets (ROA, %) is well above the industry average.</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Mitchell Cotts considers relations with suppliers to be excellent because they maintain genuine partnerships with them.</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Mitchell Cotts strongly involves their suppliers in the company's research and development processes.</td>
<td>4</td>
<td>11</td>
<td>5</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Value added per employee in Mitchell Cotts is well above the industry average.</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>Employees’ trust into leadership is high.</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>The company has experienced a high sales growth over the last three years</td>
<td>3</td>
<td>8</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Mitchell Cotts retain existing clients and manages to attract new ones.</td>
<td>2</td>
<td>6</td>
<td>3</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Reputation of Mitchell Cotts in the eyes of the customers has improved.</td>
<td>3</td>
<td>8</td>
<td>1</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Work organization at Mitchell Cotts is efficient.</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>There are no cases in Mitchell Cotts of employees leaving for internal reasons.</td>
<td>8</td>
<td>22</td>
<td>8</td>
<td>22</td>
<td>4</td>
</tr>
</tbody>
</table>

4.7 Inferential Statistics

The study set to establish the relationship that existed between the dependent and independent variables. To do so the study undertook a regression and correlation analysis as indicated in the following sections.

4.7.1 Correlation

A Pearson correlation analysis was done to establish the relationship between organizational performance against other independent variables and the result established a strong positive correlation between organizational performance and efficiency (R=0.726, P<0.05), Employee performance (R=0.56, P<0.05), and shareholders values (R= 0.775, p< 0.05). All the
An ANOVA analysis was done between organizational performance and the independent variables at 95% confidence level, the F critical was 25.665 and the P value was (0.000) therefore significant the results are illustrated in table 4.8.

Table 4.8: Anova of Organizational Performance and other Independent Variables

<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>&gt; 19.081</td>
<td>3</td>
<td>6.360</td>
<td>25.665</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>7.930</td>
<td>32</td>
<td>.248</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>27.011</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: organizational performance

b. Predictors: (Constant), shareholders value, employee performance, efficiency

The equation \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \) becomes:

\[ Y = -0.848 + 0.306X_1 + 0.334X_2 + 0.608X_3 \]

Where \( Y \) is the dependent variable organizational performance

\( X_1 \) – efficiency

\( X_2 \) – employee performance

\( X_3 \) – shareholders value

The regression equation established that taking all factors into account (shareholders value, employee performance, efficiency) all other factors held constant organizational performance decline by -0.848. The findings presented also showed that with all other variables held at zero, a unit change in efficiency would lead to a 0.306 increase in organizational performance. In addition, a unit change in employee performance would lead to 0.731 increase in organizational performance. Moreover, the study also showed that a unit change in shareholders’ value would result in 0.608 increase in organizational performance. Only the variables shareholders value, employee performance were significant \( (p>0.05) \).
Table 4.9: Coefficient of Anova of Organizational Performance and other Independent Variables

<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>-.848</td>
<td>.536</td>
<td></td>
<td>-1.581</td>
</tr>
<tr>
<td>Efficiency</td>
<td>.306</td>
<td>.171</td>
<td>.256</td>
<td>1.790</td>
</tr>
<tr>
<td>Employee</td>
<td>.334</td>
<td>.164</td>
<td>.228</td>
<td>2.034</td>
</tr>
<tr>
<td>Performance</td>
<td>.334</td>
<td>.164</td>
<td>.228</td>
<td>2.034</td>
</tr>
<tr>
<td>Shareholders Value</td>
<td>.608</td>
<td>.160</td>
<td>.507</td>
<td>3.800</td>
</tr>
</tbody>
</table>

4.8 Chapter Summary

This chapter presented the findings from the data analysis done. The section analyses data on the respondent’s demography as well as those from the three specific objectives. The next chapter will focus on the discussion where the findings will be compared to previous studies.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter was set on putting forth the discussions and recommendations in regard to the specific objectives of the study which are to determine the impact of corporate restructuring on the efficiency of Mitchell Cotts Freights Kenya Limited, to determine the impact of corporate restructuring on the performance of employees of Mitchell Cotts Freight Kenya Limited and to analyze the impact of corporate restructuring on the shareholder value of Mitchell Cotts Freight Kenya Limited.

5.2 Summary
The main objective of the study was to determine the impact of corporate restructuring on the performance of Mitchell Cotts Freights Kenya Limited. The study was guided by the following research questions: What is the impact of corporate restructuring on the efficiency of Mitchell Cotts Freights Kenya Limited? What is the impact of corporate restructuring on the performance of employees of Mitchell Cotts Freight Kenya Limited? What is the impact of corporate restructuring on the shareholder value of Mitchell Cotts Freight Kenya Limited?

The research design employed in this study is the descriptive research design in soliciting information on the impact of corporate restructuring on the performance of freight companies. A descriptive research is research that describes an occurrence, and it is used to document and describe the phenomenon of interest. For this study, the target population was the employees of Mitchell Cotts Freights Kenya Limited. According to the human resources department, the company had a total of 150 employees as at December 2016. The sampling technique that was used for this study was systematic random sampling and the study used a sample size of 30% of the total population that consists of 150 Mitchell Cotts Freight Limited staff, which translated into a sample of 45 respondents. From the sample size of 45 respondents only 36 responded resulting into an 80% response rate. The quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS). The study used descriptive analysis techniques to analyze data and Both Pearson correlation and Multiple Regression analyses were used to test for relationship between the independent variables and the dependent variable.
Analysis of the first objective revealed that restructuring in Mitchell Cotts Freight led to cost reduction and increased the company’s market share. Majority also confirmed that Mitchell Cotts Freight pursued a ‘responsible restructuring’ approach that depended on the employees to offer continuous competitive advantage. It was also noted that restructuring in Mitchell Cotts Freight was done to convert the organization from an under-performing company to a better performing one. The study also established that restructuring in Mitchell Cotts Freight involved a balance between gathering the best people and managing costs and restructuring in Mitchell Cotts Freight was intended to react to a crisis as a pre-emptive plan for its survival in the industry. The restructuring in the company was done in order to increase fierce competition with other local companies, react to changes in corporate governance and has since enabled the company obtain function efficiency and true value for the company's money. The restructuring was consistent with the company's declared value and contributed to institutional effectiveness. There was a strong positive correlation between organizational performance and efficiency.

Analysis of the second objective revealed that there was uncertainty on whether staff at Mitchell Cotts Freight feel less certain about their capacity to deal with their own professions and feel extraordinary frailty about their future with the organization due to the restructuring. Majority agreed that there was also uncertainty on the company having a difficult task is in persuading the affected employees to understand the desirability of the reform efforts and while. It was also revealed that restructuring has changed the firm’s commitments to its employees and the firm offered help to both surviving and withdrawing staff during the restructuring process. Majority of employees felt that the top management effectively implemented the restructuring process. In addition, the vision and Objectives of restructuring were clearly communicated to all employees. Restructuring had improved the working conditions for all employees making them very committed to the goals and objectives of the organization. There was a strong positive correlation between organizational performance and employee performance.

Analysis of the third objective revealed that due to restructuring, the company has occasioned an aggressive combination of acquisitions and divestitures to restructure its portfolio. It was also noted that restructuring had improved shareholder dividends. On the other hand,
restructuring had improved value and shareholders are assured of no hostile takeover by another organization. It was also noted that shareholders are not only impressed with the aggressive combination of acquisitions and divestitures to restructure the organization’s portfolio, but also with managers’ focus on diversification strategies because they offer different sources of revenues, leading to more stable revenue development. Increased globalization restructuring had resulted into increased international breadth of knowledge and experience, enabled the shareholders to monitor significant business transactions and arrangements, as well as improved the company’s cash flow through focusing on opportunities that are wealth creation. There was a strong positive correlation between organizational performance and shareholders’ value.

5.3 Discussions

5.3.1 Impact of Corporate Restructuring on the Efficiency

The findings established that restructuring in Mitchell Cotts Freight led to cost reduction and increased the company’s market share 47% agreed. Indeed, economic changes have had a major impact on organizations in private and public sector and Gowing, Kraft and Quick, (1998) some companies have had to downsize and terminate staff because of budgetary considerations. Others have reorganized and revitalized themselves in order to meet expected future requirements. Restructuring could involve major layoffs or bankruptcy, though restructuring is typically designed to reduce the impact on staff, if possible (Cascio, 2012).

It was also noted that restructuring in Mitchell Cotts Freight was done to convert the organization from an under-performing company to a better performing one and this was confirmed by 69% of the respondents. Lal, Pitt and Beloucif (2013) also established that in their study that companies use restructuring as a business strategy to ensure their long-term viability. Shareholders or creditors may force a restructuring if they observe the company’s current business methods as deficient to prevent a loss on their investments. Hane, (2012) also noted that corporate restructuring involves creating dramatic changes to a business by cutting out or merging departments. It implies rearranging the business for increased efficiency and profit. In other words, it is a comprehensive method, by which an organization can consolidate its business operations and strengthen its position for achieving its
objectives—synergies and continuing as competitive and eminent entity (Bowman and Singh, 2013; Hane, 2012).

The study also established the 47% of the respondents agreed that restructuring in Mitchell Cotts Freight was intended to react to a crisis as a pre-emptive plan for its survival in the industry. Bowman and Singh (2013) noted that the scope of corporate restructuring encompasses enhancing economy (cost reduction) and improving potency (profitability). When an organization needs to grow, or survive in a very competitive environment, it must restructure itself and concentrate on its competitive advantage. Cascio (2012) adds that the survival and growth of firms in this environment depends on their ability to pool all their resources and place them to optimum use. A bigger company, resulting from the merger of smaller ones, can do economies of scale. If the dimensions are big, it enjoys a better corporate status. The status allows it to leverage the same to its own advantage by having the ability to raise larger funds at lower costs. Reducing the value of capital interprets into profits. Availability of funds permits the enterprise to grow in altogether and thereby become more competitive.

The findings also established that 72% admitted that restructuring process enables the company obtain function efficiency and true value for the company's money. A growing body of analysis indicates that corporate restructuring generates value for stockholders, and recent empirical evidence points to improvements in operation performance as a primary supply of these gains. According to Kaplan (2008), study firms taken private in management buyouts (MBOs) and notice that each financial (sales, income, etc.) and real (factor productivity) performance ensures improve once the acquisition. It is also discovered signs of asset productivity improvement in a sample of merged firms (Lichtenberg and Siegel, 2011). Management buyouts (MBO) is a special case of leveraged buyout (LBO) where the firm's management decided to make their firm private. Large borrowings are made by managers to buy the stocks held by shareholders. In general, managers who become the shareholders of the new entity formed through MBO, work harder to earn greater surplus to repay the debts (Das and Basu, 2004).

The result established a strong positive correlation between organizational performance and efficiency (R=0.726, P<0.05), The findings presented also showed that with all other
variables held at zero, a unit change in efficiency would lead to a 0.306 increase in organizational performance. Richard (2009) established that organizational performance has always been directly associated with the value creation of the entity. Organizations are constantly striving for better results in order to have a competitive advantage and among the common measures of the organizational performance are effectiveness and efficiency (Robbins, 2000). According to Villegas and Valldares (2005) for firm to achieving a high levels performance there is a need for a firm to have the right knowledge and be efficient in order to be assured of high performance. However, they add that the challenge faced by most managers in the dynamic economy is evaluation of performance against rival results.

5.3.2 Impact of Corporate Restructuring on the Performance

According to the findings it was revealed that 42% agreed that restructuring has changed the firm’s commitments to its employees. Arup (2008) notes that the world economy is currently globalizing at an unprecedented rate. Therefore, organizations are confronted with the urgent need to ensure that their employees are producing value for their time and worth in order to catch up with the competition in the globalized economy. Sahu (2007), argues that the concept of performance is an “important and positive development within the sphere of human resource” in the current global economy. The findings revealed that a majority of 42% agreed that Mitchell Cotts Freight offered help to both surviving and withdrawing staff during the restructuring process while 33% were uncertain. Dechev (2010); Samson and Daft (2012) noted that in some organizations, the worker is rewarded on the areas where they have shown strength; whereas their capacities are engineered to assist them overcome the areas in which they need improvement.

Majority accounting for 44% disagreed that employees who made long term career commitments and have been pressured to take early retirement or face dismissal as a result of the restructuring however 36% agreed. Employees often lose their jobs when companies merge, as duplicate positions are eliminated, and local communities suffer when a large company moves out or shifts its activities to other regions (Hill and Jones, 2010). For example, the 1998 merger of Exxon and Mobil, resulted in the combined company elimination of no less than 14,000 jobs. The results of mergers are mixed for stockholders.
Share values often rise when a merger or acquisition is announced, if shareholders perceive benefits from synergies between the two firms (Post, Lawrence and Weber, 2009).

The findings also revealed that 50% of employees felt that the top management effectively implemented the restructuring process. James (2003) noted that organizational managers anticipate to their workers delivering elevated performance. Commonly, several organizations seek to attain this before they get right the hygiene factors. Worth noting is that the proven fact that commitment factors cannot by themselves propel the staff to deliver improved performance unless the management has first put in place the fundamental hygiene factors (Dechev, 2010). In addition, 53% admitted that the vision and Objectives of restructuring were clearly communicated to all employees. Armstrong (2010) notes that due to collective bargaining power and the power of numbers; organizations with huge employee base (workforce) find it difficult to effect changes which affect employees. This is necessitated by the fact that employees (people) generally resist change and the greater the number the higher the level of resistance.

The result established a strong positive correlation between organizational performance and Employee performance ($R=0.56$, $P<0.05$). The regression analysis also showed a unit change in employee performance would lead to 0.731 increase in organizational performance. Previous researchers have found a complex association between job satisfaction and organizational performance. This has been due to the difficulty in establishing whether job satisfaction brought about performance or the other way round (Linz, 2002). However, previous study by Yousaf (1998) indicated a significant positive correlation between job satisfaction, performance, and organizational commitment. He concluded that more the workers are satisfied with their job the higher the organizational commitment and job performance.

On the contrary other scholars like Shaw, Delery& Abdullah (2003) failed to disclose a significant relationship between organizational commitment and performance whereas Riketta (2002) meta-analysis on job performance and organizational commitment established that remuneration was an important aspect of job satisfaction and turnover rate. Results found
by Rotenberry & Moberg (2007) indicated that employees who are more involved in their job were good performers compared to those with foul attitude towards work.

5.3.3 Impact of Corporate Restructuring on the Share Holders Value

The findings revealed that 53% agreed that due to restructuring, the company has occasioned an aggressive combination of acquisitions and divestitures to restructure its portfolio. The aim of repositioning is to sustain relevance and remain profitable. Such repositioning can be done through, mergers and asset buyouts which can help enhance market share and achieve economies of scale. The relationship between a business and its shareholders often creates an implied understanding or a social contract as to how they will act toward each other (David, 2009). These implied understandings are in words of two leading scholars, the “ties that binds” (Donaldson and Dunfee, 2008).

It was also noted by 64% of the respondents that restructuring had improved shareholder dividends. Corporate value can be maximized only if free cash flow from operations during each of the future years is maximized. To determine the corporate value, the relevant discount rate to be used for discounting the free cash flow from operations will be what the market expects it to be (Das and Basu, 2004). On the other hand, 56% of the respondents agreed that restructuring had improved value and shareholders are assured of no hostile takeover by another organization however, 31% were uncertain. According to Abdel and Mentzenoit (2007) in their study of the Marconi telecommunications and information Technology Company it was found that gradual restructuring increases the shareholder's value. The diversification period between 1968-1996 and the restructuring period from 1996-2002 were examined. The restructuring of GEC/Marconi was a gradual one. It was examined after the announcement of a corporate sell-off whose proceeds are used to increase focus, increases the shareholders' value. Overall, the restructuring of Marconi Company, provided an example that counters the theory that managers destroy shareholders’ value when they reinvest the proceeds from asset sales for expansion through acquisitions.

A majority accounting for 50% of the total respondents noted that shareholders are impressed with the aggressive combination of acquisitions and divestitures to restructure the organization’s portfolio. According to Das and Basu (2004), assets and portfolio
Restructuring can be altered significantly when a company decides to undertake a series of divestitures and acquisitions and mergers to bring in more focus to its business line or widen its activities to enter new markets. In addition, 67% agreed that the process had enabled the shareholders to monitor significant business transactions and arrangements. Any change introduced to an organization must be aligned with the ever-changing, dynamic and culturally diverse workplace, and the relationship between organization restructuring and its employees should be understood (Johnson, 2004).

The result established a strong positive correlation between organizational performance and shareholders' values ($R = 0.775$, $p < 0.05$). Moreover, the study also showed that a unit change in shareholders' value would result in a 0.608 increase in organizational performance. This result implies that an increase in organizational performance led to a rise in shareholders' value. Much of the literature related to stakeholder theory has established that treating shareholders well by managing their interests helps an organization create value and is therefore vital with regard to the firm's performance (Freeman, Harrison & Wicks, 2007; Harrison, Bosse & Phillips, 2010). Existing empirical literature, reviewed by Freeman, Harrison, Wicks, Parmar, and de Colle (2010), supported the existence of a positive relationship between oriented stakeholder management and organization performance, measured in the amount of financial returns (Choi & Wang, 2009). From a stakeholder perspective, financial performance metrics are very vital as they are core interest to stakeholders and they determine the utility received by the various stakeholders as a part of the firm's success (Barney, 2011).

5.4 Conclusion

5.4.1 Impact of Corporate Restructuring on the Efficiency

Restructuring at Mitchell Cotts Freight has led to cost reduction and increased the company's market share and this has been a success due to employee's participation hence resulting into continuous competitive advantage as the firm has become a better performing one. The study firm has also involved a balance between gathering the best people and managing costs although most of the restructuring in the firm has to react to a crisis as a pre-emptive plan for its survival in the industry. The process has also resulted in the company obtaining function
efficiency and true value for the company's money and has contributed to institutional effectiveness.

5.4.2 Impact of Corporate Restructuring on the Performance

Corporate restructuring has transformed organizational commitments to its employees and the firm has been committed to help employees during the restructuring process through top management effectively implementing the restructuring process. The vision and Objectives of restructuring process have also been put up by organizations to ensure a clearly communication to all employees. Restructuring processes have resulted into an improvement in the working conditions for all employees hence fastening commitment towards achievements of goals and objectives of the organization.

5.4.3 Impact of Corporate Restructuring on the Share Holders Value

The company has occasioned an aggressive combination of acquisitions and divestitures to restructure its portfolio as well as improved shareholder dividend which has ultimately resulted in improved value. The shareholders with the various procedures taken towards restructuring of the organization's portfolio, and has also allowed for effective monitoring of business transactions and arrangements. The firm has also benefited from improved company's cash flow through focusing on opportunities that are wealth creating.

5.5 Recommendations

5.5.1 Recommendations for improvement

5.5.1.1 Impact of Corporate Restructuring on the Efficiency

Due to the benefits incurred from restructuring, firms need take the process seriously. It is also necessary to involve the employee's full participation and thus guarantee competitive advantage to the firm. The organizations also need to involve a balance between gathering the best people and managing costs in order to fully benefit from the exercise.

5.5.1.2 Impact of Corporate Restructuring on the Performance

Firm's need to improve commitments to its employees by offering help to both surviving and withdrawing employees during the restructuring process. There is also a need to increase
involvement of the top management to guaranteed effective implementation of the restructuring process. Organizations also need to ensure effective communication of the vision and Objectives of restructuring to ensure all employees are put on board, and also to improve working conditions for all employees making them more committed to the goals and objectives of the organization.

5.5.1.3 Impact of Corporate Restructuring on the Share Holders Value

In order for firms to maintain a high performance there is a need to undertake restructuring so as to improve shareholder dividends and also improve shareholders value. Firms also need to undertake restructuring so as to benefit from the different sources of revenues thus leads to more stable revenue development, increased the international breadth of knowledge and experience. This should also be done to effectively enable the investors to effectively monitor the business activities.

5.5.2 Recommendations for further Studies

This study focused on determining the impact of corporate restructuring on the performance of Mitchell Cotts Freights Kenya Limited. The study focused on its impact on efficiency, performance and shareholder value. Further studies should be done on other firms in the same industry to generalize the findings of the study.
REFERENCES


APPENDICES

Appendix 1: Questionnaire

Section A: Background Information

1. Please indicate your gender:
   □ Male □ Female

2. Please indicate your age:
   □ 18-30yrs □ 31-40 yrs □ 41-50 yrs □ 51 and above

3. Please indicate your position/level in the organization
   □ Junior □ Intermediate □ Senior

4. Please indicate how long you have been in this position
   □ 1-5 Years □ 6-10 Years □ 11-15 Years □ 16-20 Years □ 21 and above

5. Please indicate your highest level of qualifications
   □ Certificate □ Diploma □ Degree □ Post-graduate □ Other
   Indicate................................................................................

Section B: Corporate Restructuring and Efficiency

6. Using a scale of 1-5 with 1 being strongly disagree and 5 strongly agree. Please indicate the degree to which you agree with the following statements regarding Mitchell Cotts Freight's restructuring and its efficiency.

   -KEY: 1=Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5= Strongly Agree

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>Restructuring in Mitchell Cotts Freight led to cost reduction and increased the company’s market share</td>
<td></td>
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<td>Mitchell Cotts Freight pursued a ‘responsible restructuring’ approach that depended on the employees to offer continuous competitive advantage</td>
<td></td>
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Restructuring in Mitchell Cotts Freight was done to convert the organization from an under-performing company to a better performing one.

Restructuring in Mitchell Cotts Freight involved a balance between gathering the best people and managing costs.

Restructuring in Mitchell Cotts Freight was intended to react to a crisis as a pre-emptive plan for its survival in the industry.

Restructuring in Mitchell Cotts Freight was done in order to increase fierce competition with other local companies.

Restructuring in Mitchell Cotts Freight was done to react to changes in corporate governance.

Restructuring in Mitchell Cotts Freight enabled the company to obtain function efficiency and true value for the company's money.

Restructuring in Mitchell Cotts Freight was consistent with the company's declared value.

Mitchell Cotts Freight restructuring contributed to institutional effectiveness.

7. Please indicate the degree to which you agree with the following statements regarding Mitchell Cotts Freight's restructuring and employee performance.

<table>
<thead>
<tr>
<th>Statement</th>
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<th>4</th>
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<tbody>
<tr>
<td>The staff at Mitchell Cotts Freight feel less certain about their capacity to deal with their own professions and feel extraordinary frailty about their future with the organization due to the restructuring</td>
<td></td>
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<tr>
<td>Mitchell Cotts Freight had a difficult task in persuading the affected employees to understand the desirability of the reform efforts</td>
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<tr>
<td>Restructuring has changed Mitchell Cotts Freight's commitments to its employees</td>
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<tr>
<td>Mitchell Cotts Freight offered help to both surviving and withdrawing staff during the restructuring process</td>
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<tr>
<td>The vision and Objectives of restructuring were clearly communicated to all employees in Mitchell Cotts Freight</td>
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<tr>
<td>The restructuring in Mitchell Cotts Freight has improved the working conditions for all employees</td>
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<tr>
<td>Recent restructuring in Mitchell Cotts Freight has made the</td>
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Mitchell Cotts Freight restructuring contributed to institutional effectiveness.

7. Please indicate the degree to which you agree with the following statements regarding Mitchell Cotts Freight's restructuring and employee performance.

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<td>The employees in Mitchell Cotts Freight felt that the top management effectively implemented the restructuring process</td>
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<td>The vision and Objectives of restructuring were clearly communicated to all employees in Mitchell Cotts Freight</td>
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<td>The restructuring in Mitchell Cotts Freight has improved the working conditions for all employees</td>
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<td>Recent restructuring in Mitchell Cotts Freight has made the</td>
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employees feel very committed to the goals and objectives of the organization

Employees in Mitchell Cotts were encouraged to become involved and committed to the restructuring process.

8. Please indicate the degree to which you agree with the following statements regarding Mitchell Cotts Freight's restructuring and shareholder value.

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<td>Due to restructuring, Mitchell Cotts Freight has occasioned an aggressive combination of acquisitions and divestitures to restructure its portfolio</td>
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<td>Restructuring in Mitchell Cotts Freight has improved shareholder dividends</td>
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<td>Restructuring in Mitchell Cotts Freight has improved value and shareholders are assured of no hostile takeover by another organization</td>
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<td>Shareholders are impressed with the aggressive combination of acquisitions and divestitures to restructure the organization's portfolio</td>
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<td>Shareholders are impressed with managers' focus on diversification strategies because they offer different sources of revenues, leading to more stable revenue development</td>
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<td>With increased globalization, restructuring in Mitchell Cotts Freight has increased the international breadth of knowledge and experience</td>
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<td>Restructuring in Mitchell Cotts has enabled the shareholders to monitor significant business transactions and arrangements</td>
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<td>The recent restructuring in Mitchell Cotts Freight has improved the company's cash flow through focusing on opportunities that are wealth creating</td>
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<td>Restructuring in Mitchell Cotts Freight has improved focus on board of directors</td>
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<td>Restructuring in Mitchell Cotts Freight has ensured financial reporting misstatements cannot occur</td>
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Section C: Organizational Performance

9. Using a scale of 1-5 with 1 being strongly disagree and 5 strongly agree. Please evaluate the organizational performance in the last three years
Return on assets (ROA, %) in Mitchell Cotts is well above the industry average.

Mitchell Cotts considers relations with suppliers to be excellent because they maintain genuine partnerships with them.

Mitchell Cotts strongly involves their suppliers in the company’s research and development processes.

Value added per employee in Mitchell Cotts is well above the industry average.

Employees’ trust into leadership is high.

The company has experienced a high sales growth over the last three years.

Mitchell Cotts retain existing clients and manages to attract new ones.

Reputation of Mitchell Cotts in the eyes of the customers has improved.

Work organization at Mitchell Cotts is efficient.

There are no cases in Mitchell Cotts of employees leaving for internal reasons.

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Thank you for your time
Appendix 2: Introduction letter

Winnette Wanjiku Mungai,

P.O BOX 8539-00300,

Nairobi, Kenya.

To whom it may concern,

RE: CORPORATE RESTRUCTURING AND PERFORMANCE AT MITCHELL COTTS FREIGHTS LIMITED

I am a student undertaking Masters in Business Administration (Strategic Management) at United States International University. As part of my course work I am undertaking a research study titled Impact of Corporate Restructuring on Performance of Freight Companies in partial fulfillment of my degree requirements.

I have chosen your organization as one in which I want to carry out this study in order to realize the purpose of my study. This because I believe your organization possesses the relevant information that will help me determine the answers to my research questions. The purpose of this letter is therefore to request your assistance and permission to conduct the study in your organization and among staff using a structured questionnaire.

I declare to abide by the university rules and guidelines concerning research undertaking and note that any information I obtain from the study will be confidential and purely for academic purposes.

Your assistance will be highly appreciated.

Yours Sincerely,

Winnette Mungai