

**MIDLANDS STATE UNIVERSITY**



**DEPARTMENT OF ACCOUNTING**

AN INVESTIGATION ON THE IMPACT OF RESTRUCTURING ON ORGANIZATIONAL  
PERFORMANCE.

A CASE OF TELONE (PVT) LTD

**BY**

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*DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE BACHELOR OF  
COMMERCE ACCOUNTING HONOURS DEGREE*

**Gweru Zimbabwe, May 2018**

**APPROVAL FORM**

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## **DEDICATION**

This dissertation is dedicated to my mother Mary Tipedze, my father Christopher Tipedze and my wife to be Caroline Gwarada for their continued moral and financial support. May God richly bless you.

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I would like to extend my appreciation to Mr Kazembe my academic supervisor who assisted me in the compilation of this research study. It is through his guidance that I managed to achieve this milestone. He put frantic effort in trying to correct me and help me on whatever challenge that I encountered in carrying out the study.

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Over and above I thank the almighty Lord, my protector throughout this journey to greatness.

## **ABSTRACT**

Turbulent working environment, increased costs, poor revenue generation and low shareholder wealth, resulted in many organizations ceasing their operation. It is against this background that management of TelOne (Pvt) Ltd decided to restructure the company. For the period 2015 to 2017, the performance of the company was quite low despite its adjustments to governance structure, organizational configuration and strategic reorientation. Most of these strategies could not work as employees themselves did not believe in the changes of ownership and resultant management which came up with new ways of doing business. The researcher aimed to investigate the impact of restructuring on organization performance.

A review of existing literature from journals, books, websites and published documents was done and the target population constituted of 40 employees from Finance, marketing, IT, and human resources departments together with management. Descriptive survey was adopted by use of 33 respondents. A stratified random sampling was used. The researcher prioritized convenience sampling by targeting people at the work place once associated with during work related learning. Questionnaires were administered and interviews conducted to gather data. Data was analyzed using descriptive statistical analysis, grouped, sorted using excel and the modal responses drawn. Pie charts, frequency distribution tables and graphs were used to present the data. Data validity and reliable was assured using the concept of triangulation, review of company documents and gathering of data from the most affected departments in the organization.

The research findings establishes that the implementation of the restructuring improved market share of the company and assured continued survival in the industry although it did not fully enjoy the benefits of restructuring due to poor implementation measures. The study concludes that management focused much on downsizing among other things which demoralized the employees. The recommendations of the study were that management should engage employees and other stakeholders and inform them whenever there is need for change. Furthermore there must be a restructuring policy, assistance of outgoing employees and exploration of other measures such as business reengineering and down scoping rather than retrenching employees. The study suggested further research of similar study to enable generalization of findings.

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## CHAPTER 1

### INTRODUCTION

#### **1.0 Introduction**

This chapter focuses on the background of the study, problem statement, and research questions objectives, delimitation of the study and its justification. Much concern will be on the impact of restructuring on organizational performance especially on the financial performance of TelOne (Pvt) Ltd between the years (2015-2017).

#### **1.1 Background of the study**

TelOne (Pvt) limited is Zimbabwe's multimedia telecommunication company providing internet, data and voice services. It is entirely owned by the government and a main player in the national Information Communication Technology (ICT) industry. The company is Zimbabwe's sole fixed landline service provider with a guiding policy of connectivity for everyone in Zimbabwe by 2020.

At the beginning of 2016 the company embarked on the transformation strategy which saw it involved in a restructuring scheme with the thrust of transforming the organization into an enterprise of high value to its shareholders. In his report, Board chairman, Mr Shamhu (2016), also pointed out that in their ongoing optimization efforts, the company was involved in a restructuring scheme on which it broadened the organizational structure by reducing layers of top level management, centralized its operations and gave involuntary package to some employees. This move was undertaken with the motive of cutting cost by 20% whilst increasing revenue by 11% every year.

The human resource policy also targeted at reducing the number of permanent employees by 30% to 1500. The company also renovated its technologies and internal equipment as well as designed its systems to become more capital intensive. At some point in time the company hired staff at short term contracts in order to cut costs. The company also migrated from being a fixed telecommunication and had gone into a national broadband project of providing Wi-Fi and internet service to clients, aiming to spur back TelOne to profitability and sustainability by 2019.

The employee culture index stood at 10% which may have been caused by low motivation due to

feeling insecure of job loss during the restructuring phase. Table 1.1 below will give an insight of the financial performance, indicating yearly revenue, operating profits and total costs/ revenue percentage from 2014 to 2016.

**Table 1.1 Financial Performances from 2014 to 2016.**

Year	2014	2015	2016
Revenue	\$157mil	\$138 mil	\$114 mil
Operating Profit	\$7 mil	\$8.2 mil	\$(6.7) mil
Total Costs to Revenue	96 %	93 %	106 %

**Source: TelOne Sustainability Report 2016**

According to table 1.1 above, despite making ongoing restructuring efforts, the company's 2016 financial performance shows a steady decline from the previous robust position by recording a loss of \$ 6.7 million representing 181% decrease in operating profits compared with the prior year period 2015.

The company has set a yearly financial goal of increasing revenue by 11% which was never realized between the periods under review. Over the years the company's revenue has been reduced by a double digit percentage, between 2015 and 2016 there was a 17% decline of revenue from \$138 million to \$114 million. In her report, Mrs Chipo Mutasa(2016) the Managing Director, emphasized the need to work towards realization of the company's objectives of cost cutting and profit maximizing. However, according to the 2016 reported financial statement, the company has seen its Total cost/ revenue increasing from 93% to 106% which was quite a disappointing performance.

In her audit report on 2 February 2017 the Auditor General, Mrs M.Chiri, highlighted that, there was imminent controversy on why costs remain high and continuously rise, causing the organization to realize a loss in 2016. She recommended that management should embark on cost control measures and cost benefit analysis as tools for promoting cost firmness (TelOne Annual Report 2016).According to Olalekan and Tajudeen (2015), the relationship between

management cost control practices and organization's performance dispirits employees in actual production as management typically set unachievable goals especially in service industry. The fluctuations of the company's profits despite management's effort to cut costs through restructuring underscores the need to carry out this research to investigate the impact of restructuring on organizational performance, within the Telecommunication fraternity.

## **1.2 Statement of problem**

It has been TelOne( Pvt) Limited's target to cut costs by 20% per annum, through organizational restructuring, Such effort seemed to be fruitless as the company continued to struggle to sustain its operations due to huge costs which outweigh its revenue ,thus stressing the need to investigate the impact of restructuring on organizational performance within the Telecommunication industry.

## **1.3 Main research topic**

An investigation on the impact of restructuring on organizational performance.

## **1.4 Sub-research question**

- What forms of restructuring took place at TelOne?
- What are the factors that necessitated restructuring?
- What were the benefits of restructuring to the company?
- What were the challenges faced on the implementation of restructuring?
- What measures were put in place to ensure successful implementation of restructuring?

## **1.5 Research objectives.**

- To identify the forms of restructuring that took place at TelOne (Pvt) Ltd.
- To establish the factors that necessitated restructuring.
- To identify the benefits of restructuring to the company.
- To identify challenges faced on implementing restructuring.
- To suggest measures that were employed to ensure successful restructuring implementation.

## **1.6 Delimitation**

- The research is focused on impact of restructuring on organizational performance within the Telecommunication industry, with the case being TelOne (Pvt) Ltd.
- Data will be collected from TelOne branch in Gweru.



- The company's operational performance will be reviewed from 2015-2017.
- Data will be gathered from TelOne management and staff specifically within the Finance, marketing, information technology and human resource departments.

### **1.7 Significance of the study To the Researcher**

- The research is in partial fulfilment of Bachelor of Commerce Accounting (Honors) Degree at Midlands State University.

### **Midlands State University**

- The research is of significance to the university as it may be used by future students for reference.

### **Telone (Pvt) Limited**

- If the research discoveries are acceptable, it may be of great help to TelOne (Pvt) Limited's management on how best they can improve their strategies towards maximizing shareholder's wealth through restructuring.

### **1.8 Limitation of the study**

- Some respondents would not want to give confidential company data to third parties so the researcher had to give assurance that he was going to use it strictly for academic purposes.

### **1.9 Assumption of the study**

- The respondents have enough knowledge, expertise, and experience to give more relevant and reliable data.
- The sample of respondents chosen represents the true and fair view of the whole population.

### **1.10 Definition of terms**

- Cost control - According to Premalal (2015) it is a process of reviewing costs to eliminate avoidable spending. In general, it is a technique by which an organisation slashes all expenditures that are of no benefit to the organisation at large.

- Restructuring-A set of distinct, crucial measures taken in order to increase the attractiveness of an organisation and enhance its value Haroun (2015).
- Operational performance is defined by Oluwagbmiga (2015) as measure of the overall firm's operational health over a given period of time.

### **1.11 Chapter Summary**

This chapter focused on establishing the need to research the effectiveness of restructuring on the financial performance of a company in the Telecommunication sector. The scenario of TelOne (Pvt) Limited is being used as a case study. An overview of restructuring and financial performance is given relating to the problems within the company. The following chapter discussed the literature review.

## CHAPTER 2

### LITERATURE REVIEW

#### **2.0 Introduction**

This chapter presents the literature relevant to the area under study. Literature review is a depiction of what other scholars have published in a certain study. According Elvis(2014), Literature review is the examination, appreciation and expansion of the views of other scholars who carried out related studies. It summarizes the information from other scholars who have carried out their research in the same field of study. It identifies the relationship between organizational restructuring and organizational performance.

#### **The concept of restructuring.**

According to Grant (2013) restructuring is the corporate management term for the act of dismantling or reorganizing a company for the purpose of making it more efficient and ultimately more profits. Marimuthu (2014) asserted that corporate restructuring involves the rebuilding of the organization which requires the company to do away with existing culture in restoring diversified corporations back into sound footing. Shareholders might force a restructuring if they noticed that the company's current business strategies are inadequate to prevent a loss on their investments (Norley, Swanson and Marshall 2013).

#### **2.1.0 Forms of restructuring.**

According to Powell and Yawson (2015), company restructuring can be in three forms which are portfolio, organizational and financial restructuring.

#### **2.1.1 Organizational restructuring.**

According to Balogun (2015), organizational restructuring constitutes of flattening of the hierarchy levels, narrowing the span of control, downsizing, mandatory premature retirement and buyouts and reforming governance. Cameron and Green (2013) also found out that organizational restructuring may constitute the outright or the closure of unprofitable or non-productive business units in order for the company to focus more on core business. Riany (2017) further established that organizational restructuring has the greatest impact on market growth rate but however it has very little impact on market share and performance compared to portfolio and financial portfolio.

Johnson and Scholes(2015),pointed out that restructuring of governance reforms involves transforming disputes resolution processes, safeguards and coordination of several stakeholders which enable managing directors to have enough freedom at work and be answerable for own actions. Eisenhardt and Bingham (2016) stipulated that organizational restructuring involves redrawing divisional boundaries and streamlining processes to transform flow of communication and ultimately value creation of the firm.

### **2.1.2 Activities done on organizational restructuring involve: Downsizing.**

According to Wise (2014), downsizing is an act of retrenching workers in order to cut staff costs. In their findings Bowman and Singh (2013), shows that layoffs alone without other organizational changes have unfavorable impact on performance. Downsizing pronouncements combined with organizational restructuring are likely to have a positive, though small effect on performance.

### **Mergers and Takeovers.**

Ismail ( 2013) stated that mergers and takeovers became popular over the years in the firm's attempt to improve performance through synergies. A merger is the coming together of two organizations of the same size to form one company ( Maclure, 2013). Nelson (2016) added on to say that, a merger should be done on relatively co-equal basis while a takeover is when another company takes over the operations of another and establish itself as the original owner.

### **2.1.3 Portfolio restructuring.**

Portfolio restructuring is the changing of configuration of a portfolio by selling of unwanted assets or assets types and replacing them with preferred assets (Maria, Angel and Javier, 2015). According to Rabin (2015) portfolio restructuring is the transformation in the lines of operations, assets owed by the company, liquidation and spinoffs so as to raise capital. On his research concerning the effects of restructuring in Motor companies in Kenya, Maikah (2015) found out that portfolio restructuring has superior influence on performance as compared to organizational restructuring.

### **2.1.4Activities undertaken under portfolio restructuring include the following Divestitures**

A divestiture is the sale or winding up of a branch to either a third party or the management of the company that is divested (Sparow, 2015). Unlike spin-offs, divestitures are regarded as arm's length dialogues amongst the buyers and traders. Thompson (2014) pointed out the same opinion and added that the vending corporation obtains some form of payments for the assets sold which include, securities cash and further assets among others.

### **Spin-offs.**

Spin-off transactions are a form of portfolio restructuring. According to Lal, Pitt and Beloucif (2013), a spin-off is a matter which includes the delivery of at least eighty percent of the share capital that belong to the subsidiary to the owners of the mother company.

### **Asset restructuring.**

Asset restructuring comprises a sale of resources belonging to a company (Sutherland, 2013). According Mbogo and Waweru (2014), asset restructuring involves selling assets that are not essential thus non-profit making assets in order to increase the financial well-being of the company.

#### **2.1.5 Financial restructuring.**

Barto (2016) defines it as activities done by the firms to transform their debt and equity structure which include share purchase to achieve balanced operative results. It is resorted to enable a balance in debts, short term and long term financing, to achieve reduction in finance charges and improve share market value.

#### **2.1.6 Activities undertaken under financial restructuring.**

##### **Recapitalization**

Recapitalization is the reformation of an organization equity and debt mixture mostly with the aim of having a balanced capital structure. It can take the exchanging of one form of funding for another Elvis(2014).

##### **Debt restructuring.**

Companies also employ in debt restructuring to recover high debt within the organization. According to Mbogo (2013) debt restructuring involves the swapping of the current debt with a new contract or modifying bill payments. It takes the form of exchange of equity for debt or

lowering monthly payments, and lowering interest rates. It can be ordered by the court or a mutual agreement between two parties. In a study by Strivastava, (2014), on the impact of debt restructuring on financial performance, it was noted that, most companies that went through debt restructuring were having stability on their financial structure as it improved the cash flow movement. However, according to Cameron and Green ( 2013), restructuring of debt has little impact on financial performance as it might be a route to bankrupt.

### **2.2.0 Factors necessitated restructuring**

Some existing studies have provided evidence of factors that drive the need for a company to undertake a restructuring scheme.

#### **2.2.1 Cost**

According to Arocen(2013 ), the need to cut costs such as labor cost has caused companies to downsize their organization. Mayhew-Sanders (2015) also noted that, if a company engages in restructuring, it tends to be more cost effective. Proponents of worker downscaling have long claimed that downsizing embodies a rational instrument that management can use to increase company's effectiveness and efficiency.

#### **2.2.2 Need to maintain competitiveness**

According to Saboo and Gopi (2013) an organization can improve its competitiveness in the market through restructuring as it gains more market share by offering better service delivery.

#### **2.2.3 Need to improve shareholders' wealth**

Oghoghomeh and Anthony (2013) also commented to say that most companies that undertook restructuring schemes have found themselves maximizing shareholders wealth as much effort will be directed towards restoration of the company to a prosperity position. Udoka and Anyingang (2016) conducted a research and came up with the same indication that the need for maximizing shareholder's wealth is a major driver of restructuring in most companies.

#### **2.2.4 Changes in technology**

With the rapid change in technology, most firms are found to be absolute in both human and equipment which stresses the need to restructure their operations to meet the requirements of customers, Burnes(2014). The swift advances in technology and competition and increased difficulties in business conditions have caused the load on management to deliver superior performance, hence the need for restructuring (Schulte and Wabnitz. 2014). In his investigation

about the implications of technological change on growth of Small and Medium Sized Enterprise, Bolaji(2017) found out that the main implication is the rise of economic system compelled by the knowledge factor, he then emphasized the idea of organization to transform this knowledge into better innovative services through coping with the current technologies, rather than relying on labor and capital alone in driving organizational growth.

### **2.2.5 To create synergy**

According to Maclure (2013), synergy enables the cost effectiveness among new businesses as workers shared knowledge and skills in their area of specialization. Sulaiman (2013) further highlighted that companies that merged their operations enjoyed more corporate strength through synergy. However, Lachowicz (2014) noted that this synergy will only exist when assets are used jointly rather than in a separate business unit.

### **2.2.6 High cash flow problems**

Giddy (2015) identified technical insolvency and bankruptcy as major causes of business failure which can be addressed when a company restructured its long-term and short-term capital structure.

### **2.2.7 Reported losses**

Sulaiman (2013) pointed out that the key driver for the restructuring exercises was to maximize profits as it was a major objective among various organizations.

## **2.3 Benefits of restructuring to the company**

Organizations engage restructuring schemes with the hope of achieving company objectives and enjoy certain benefits associated with the scheme. However, according to Baker and Kiyamaz (2014), restructuring is a challenging process which consumes resources and time with no guarantee of success; as such some organizations may not enjoy the benefits whilst some will find it very fruitful. Researches that have been done articulated the benefits of restructuring in the following ways.

### **2.3.1 Improved Profits**

As articulated before, profits are one of the drives for restructuring. On his investigating on Oil and Gas industry in Nigeria about the effects of restructuring, Sulaiman (2013) realized that restructuring played a pivotal role in improving profitability of a company in the post-restructuring era.

Findings by Reddy and Mantravadi (2013) on the effects of restructuring on several industries in India revealed that banking organizations which had gone under restructuring experienced a positive change on their profitability; unlike those in pharmaceuticals, electrical equipment and textile industry who were experiencing negative changes in profits.

Furthermore, Parzaskis(2013), carried out a study in Greece on the impact of restructuring on 50 companies listed on the Athens Stock Exchange, and found out that restructuring has resulted in decreases in profits among most of the companies.

### **2.3.2 Improved Liquidity**

Some evidence brought forward over the years indicated that organizations benefited from restructuring through improved liquidity especially on sale of company non-profit generating assets. In his comparison of 13 Indian companies listed on Bombay Stock Exchange on the liquidity performance, Selvam(2013) found out that 90% of them have their liquidity position enhanced through restructuring.

However, Ismail(2013) also conducted an investigation on Egyptian companies in the technology and construction industries and the findings indicated no improvements in liquidity among both sectors although the two enjoyed improvements in profitability.

### **2.3.3 Continued existence**

In addition, other researchers found out that companies are able to stay in operational existence due to restructuring scheme. After carrying out a research in Nigeria focusing on bank restructuring effects, Olalekan and Adebayo (2013), concluded that survival is one of the end results of bank restructuring as competitive advantage will be enhanced. However, according to Powell (2015) in his research of UK firms listed on London Stock Exchange argued that restructuring increase the probability of speedy market exit via takeover in an acquisition restructuring.

### **2.3.4 Improved financial performance**

Some studies pointed out that, one of the benefits of restructuring in many companies is the enhancement in economic performance. Sahni(2013) carried out an analysis on the effects of restructuring on operational performance of companies. The research was aiming on organizations that had gone for international acquisitions and the ones that went through local acquisitions and the findings depicted that restructuring had a favorable effect on the



organization's financial ratios in companies that had gone through local acquisitions. Conversely, those that had acquired internationally had considerably suffered negative impact on their performance. Furthermore, Platt, Tse and Atiase (2015) also carried out an investigation on which they found out varied outcomes on the improvement in financial performance, their finding brought strong conviction that restructuring increased return on capital employed and company income.

### **2.3.5 Increased market share**

Furthermore, as alluded before, companies engage in acquisition and mergers which boost their market share though the main goal will be synergy. According to Maclure (2013), companies buy other companies to enter new markets as well as grow their revenues. As such a merger can stimulate expansion of two companies' marketing thereby facilitates an increase in sales and ultimately market share.

Lachowicz (2014) emphasized that vertical merging with a supplier or distributor improves a company's market power as it results in extended value chain

### **2.3.6 Improved productivity**

Some scholars found out that companies do enjoy better productivity as the end result of restructuring engagement. Companies that pursued in restructuring had a tendency of relying on their employees to constantly deliver competitive advantage and embrace several practices (Cascio,2014). The organization can embark on some exercises like sustained learning programs, training, adopting flattened organization structure, promoting management and employee partnerships as well as promoting customer centric strategy in their delivery of services (Cascio,2014). He added on to say that this approach does give rise to improved performance and productivity among employees as well as sound financial performance for the company. Arocena and Blazquez(2013), realized that companies that undertook restructuring enjoyed improvements in productivity and generate higher economic value in their assessment of Spanish electric power sector. However, Munoz-Bullon(2013) who was carrying a research on relationship between restructuring and productivity in the Spanish manufacturing industry found out that ,there is no effect on productivity when a firm undertakes restructuring.

### **2.3.7 Improved shareholder value**

Company executives often reorganize their companies for enhancing shareholder wealth. Bowman and Singh(2013) opined that managers should restructure companies to improve value, otherwise, external raiders will get an opportunity to take over the company. However, Paulone (2013) viewed that restructuring through acquisition and mergers do not maximize shareholders wealth.

## **2.4 Challenges faced on implementation of restructuring**

Companies engage in restructuring schemes with the hope of enjoying some benefits; however, their efforts might seem to be helpless as they could not yield the expected results due to a number of factors. Researches that have been done ascertained these factors and most of them are linked to mismanagement of human resources. Among other things are the following factors

### **2.4.1 Strong feeling of being irrelevant to the company by workers**

Cascio (2014) articulated that most organizations failed to have successful implementation of restructuring as they fail to value human resource. He came up with two types of restructurers , the one group who viewed employees as a cost which need to be cut by downsizing or layoffs , the other group viewed employees as valuable assets which need to be improved to meet current organizational demands. According to Soylu and Due (2013), most organizations found it necessary to retrench employees as a cost cutting measure, forgetting the fact that employees are the most useful asset they can use whenever change arises.

### **2.4.2 Focusing much on downsizing**

In a research by Mbogo and Waweru (2014), about corporate turnaround strategies, findings were that many organizations are focusing much on downsizing and have failed to achieve their objectives. He recommended that organizations need to explore other initiatives rather than placing preference on human capital. Mayhew-Sanders (2013) also suggested organizations should base their new appointment on position basing on merit rather than seniority and favoritisms.

### **2.4.3 Inadequate knowledge and inexperience**

Marimuthu (2014) identified that organizations are supposed to equip themselves with adequate knowledge on how best they can implement the restructuring otherwise it will be of total failure. Lawson (2015) also pointed out that when facing financial challenges, most organizations

prefer organizational restructuring yet they don't have the necessary knowledge and experience of the process, as a result employees end up resisting the change due to fear of the unknown.

#### **2.4.4 Inept handling of outgoing employees**

Failure by organizations to treat the outgoing with dignity and respect as well as failure to provide assistance through finance transition, redeployment and outplacement is another blunder that can make it unsuccessful to restructure the organization (Cascio (2014). Mayhew-Sanders (2015) also pointed out that redundant workers must be provided reasonable severance package to help them in smooth transitions. In unionized organization, management must bargain with the workforce on the underlying causes of the restructuring, together with issues such as transfers, recalls, seniority, and benefits.

Bad treatment of retrenched employees will affect worker morale and ultimately trust in the management as employees will end up having the same anticipation when they encounter the same situation in the future.

#### **2.4.5 Government regulations**

Academics have proven that laws by governments often affect the goals that management expects when they device restructuring. This usually victimized companies that undertook downsizing schemes. In a study by Sanchez-Bueno and Munoz-Bullon(2013) on the investigation on the effects of downsizing on Spanish firms, they concluded that organizations that downsized, were not necessarily overtaking organizations that did not and the likely clarification was that, Spanish laws on employment severance, placed boundaries on the practice of redundancies to guard employees from unfair firings. Mayhew-Sanders (2015), stipulated out that the National Employment Standards retrenchment payments are mandatory for firms with at least 15 workers and consequently it's very disappointing that the benefits of staff layoffs may come up at an extra staff redundancy cost.

#### **2.4.6 Failure to engage in supplementary strategic measures in realizing anticipated goals.**

Scholars have noticed that management failed to explore other measures of cost reduction which may actually solve the problems which the company is facing and follow others in downsizing in a manner termed "cloning effect". According to Cascio (2014), most companies are involved in downsizing in an attempt to cut costs and failed to acknowledge other cost cutting measures such as revoking of job offers, promotion and freezing of salaries as well as recommending employees

to take unpaid vacation leaves. Clear Ridge Capital (2013) further pointed out that managers must consider other tactics such as redeployment of workers to other employers, reduction in working hours and job redesigning; as such they end up failing as they would have used a wrong approach to a certain problem.

## **2.5 Measures to ensure successful implementation of restructuring**

Some existing literature has stressed the need to exercise the restructuring process with caution and due care otherwise the company can still make the same mistakes that it has done before, they came up with the following recommended measures to enable successful implementation of restructuring.

### **2.5.1 Communicate effectively**

Some existing researches established that constant communication plays a pivotal role during implementation of restructuring as it creates sense of belonging, thus employees will feel that whatever decision made might affect them as a team.

Holbeche(2013), pointed out that management should maintain effective communication with employees throughout the stressful period of restructuring. In addition the consequences of improper communication, such as failing to inform the employees who are considering an early retirement option that the employer has decided to provide more favorable benefits in future may be in violation of the labor act. The employer should carefully communicate with any displaced employees to remove the impression that the restructuring process was done without following the proper way. The employer must effectively communicate the vision of restructuring with remaining employees undertaking new responsibilities.

### **2.5.2 Exercise transparency**

Furthermore, management should spell out clearly their objectives on restructuring to various stakeholders such as employees. According to Schulte and Wabnitz(2014) , firms should facilitate a high level of transparency to whoever is influenced or influence the restructuring scheme. Bolman and Deal (2013) also pointed out that management should gather information in advance for questions that may be asked by employees concerning restructuring.

### **2.5.3 Consider timing and secrecy**

Several studies also confirmed that organization must be willing to exercise secrecy in a timely manner possible to ensure successful implementation of restructuring. According to Hoang,

Lapumnuaypon and Kamolrat (2013), the benefits of restructuring are enjoyed by those companies that move secretly and cautiously.

#### **2.5.4 Establish performance indicators**

Some researchers viewed that organizations under a restructuring scheme should set standardized expectation that will enable them to review progress on the impact of the scheme. According to OrgChart(2014) it is critical for management to set performance metrics to measure changes and the actual outcomes. Standard operating procedures must be set together with performance indicators to allow performance appraisal and ultimately efficient performance. ( Clear Ridge Capital 2013)

#### **2.6 Chapter summary**

This chapter has used journals and materials done by previous scholars to investigate the impact of corporate restructuring on organizational, forms of restructuring, factors necessitated restructuring, benefits of restructuring to the company, hindrance to successful implementation of restructuring, and possible measures to ensure effective implementation of restructuring. The next chapter will entail the methodology used on carrying out the study.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter will describe the formulation of a research design and methodology used to achieve the specified objectives of the study. The chapter organization encompasses the research design, population, sampling design, data collection methods, research instruments, data presentation, data analysis and summary.

#### 3.1 Research design

According to Engberg(2014), a research design is the arrangement of data collection and analysis conditions in a manner that intends to combine the research purpose with economy in procedure. In fact, research design constitutes a blueprint with the conceptual structure under which the research is conducted. Although there are other classes of research namely casual and explanatory research, the researcher used descriptive research. The researcher decided to use descriptive research because the research utilizes an approach of case study by means of quantitative and qualitative data which relies on primary data from questionnaires and interviews. This approach gives the researcher an opportunity to choose either qualitative or quantitative data to come up with characteristics of population under study and helps in identifying the effectiveness of restructuring on organizational performance.

#### 3.2 Descriptive research design

It involves the study which is much concerned with a description of a certain group together with its association with something else. According to Farthing (2015), this approach is also handy when putting together the results obtained by previous researchers. It helps to determine the extent to which two variables co-vary. In descriptive research design, the researcher must clearly define what one wants to measure and find sufficient method of measuring it along with clear cut definition of the population. There must be clear provision for protection against bias and maximization of reliability. With this approach, there must be clear objectives of the study with sufficient precision to ensure that relevant data is collected; therefore it suited the research concerning the impact of restructuring on organisational performance at TelOne (Pvt) Ltd.

#### Case study approach

The researcher found it necessary to use this approach because it gives detailed data about the situation under the study. According to Cooper and Schindler (2014), a case study approach is thorough, holistic and encompasses an in-depth exploration as it provides a confirmatory role of the areas under study. Behind this approach the assumption is that selected case can provide an insight on what takes place in the pool from which the case has been drawn from. The case of TelOne (Pvt) Ltd was used to gather first hand data from the respondents rather than collection of data from different organizations which may compromise the results as the findings may not suit to the situation at hand.

### **3.2.1 Justification of using descriptive research design approach**

The approach suited the objectives and needs of the study as it sets clearly the questions in a structured manner. It allows prearranged design for analysis which is quite economic as there will be less cost associated with mistakes. It reduced labour costs of tabulating unnecessary tables which may not be useful at the end of research or otherwise redoing some tables as the researcher found out that relevant data is omitted. Unlike explanatory design which is flexible, this approach is very rigid. This disallows bias and maximise reliability which enabled the researcher to come up with conclusive results. This research design was found useful in answering what, how, when and why questions which were crucial throughout the investigation process. It also constitutes structured and well-designed instruments of collecting data. It was very useful in coming up with advanced decisions concerning operational procedures. In addition it possessed the appropriate characteristics which were quite favourable for the study. It also necessitated the decision making using outcomes from the data collected.

### **3.3 Population**

According to Vonk(2016), target population is well defined group of people that are being investigated. Target population is a collection of households, services, group of things and events that are suited to undertake a research (Markey,2013).For the purpose of this study the researcher targeted a population of 40 people from finance , human resources, information technology and marketing departments together with management at TelOne (Pvt) Ltd.

#### **3.3.1 Sample**

Jalil(2013) emphasis the need to select a portion of the whole population through a sampling frame. He opined that a sample size must be at least 30% of the total population. A complete enumeration of all items in the population is called a census of inquiry. A number of respondents

will be framed to come up with a sample that will be a representative of the total population. In this research, the author used a sample of 33 employees representing 82.5% of the total population.

### **3.3.2 Stratified random sampling**

According to Creswell (2013), stratified sampling approach involves the researcher subdividing the whole population into strata and then randomly selects the subject in relation to strata proportion under study. If a population from which sampling needs to be applied does not constitute a homogeneous group, it is wiser to use stratified random sampling to obtain a representative sample. The whole population needs to be divided into sub-population called strata and then select items from each stratum to constitute a sample. For the purpose of this study the strata were accorded basing on the departments, however top management was retained on their own strata. Other strata comprised of Finance, human resource, IT and marketing department.

### **3.3.3 Justification of stratified random sampling**

Stratified random sampling permitted the researcher to establish sub groups within the targeted population. The fact that each stratum is more homogeneous than the total population, it enabled the researcher to get a more precise estimate from each stratum and by accurately estimates the results of each stratum, the author managed to come up with more detailed and reliable data. Unlike simple random sampling, the researcher realised that such technique provide a more refined representation of the whole population. Furthermore the compilation of stratum was quite simple for the researcher to come up with.

### **3.3.4 Sample size**

The table below is going to highlight the sample size used by the researcher, the total population as well the percentages of the strata.



**Table 3.1 Sample size**

Department	Population	Sample	Percentage	interviews
Top Management	5	3	60%	3
Human resources	7	6	85.7%	
IT	6	5	83.3%	
Marketing	10	9	90%	
Finance	12	10	83.3%	
<b>Total</b>	<b>40</b>	<b>33</b>	<b>82.5%</b>	<b>3</b>

### **3.3.5 Convenience Sampling**

Convenience sampling is a non-probability sampling which considers the proximity of respondents. According to Sommer (2018), it includes the people who are easy to reach for example at work place or at school. This technique was found to be of great importance in this study as the researcher included the people once associated with during work related learning in the sample. It was inexpensive to gather data and consumed less time as the participants were readily available. However, there are some limitations associated with convenience sampling for example the possibility of under or over representation of the population. Bias may also creep in if some people choose to take part while others do not.

### **3.4 Types of data**

According to Hox and Boeije(2013) there are two types of data which can be used in research namely primary data and secondary data.

#### **3.4.1 Primary data**

Primary data comprises of data that is original in character, that which is still afresh and collected for the first time. According to Hox and Boeije (2013), primary data can directly match the problem and the associated respondents. This type of data seems to be more reliable and is unlikely to be biased and it actually addresses the questions at hand. Mackey (2013) describes primary data as that which constitutes first-hand data produced by witnesses of an event. It can

be gathered through interviews, observation, surveys and questionnaires. For the purpose of this research, researcher has used questionnaires and interviews to investigate further the impact of restructuring on organisational performance.

### **3.4.2 Secondary data**

It constitutes of data which have been collected by someone else and has been passed through statistical process before. The data could have been used for other purposes. It can be found through numerous ways which include written and electronic data which may be accessed on the internet. The researcher used secondary data obtained from company's reports, minutes of the board meetings as well as company websites to complement primary data. According to Caswell(2015) secondary data is easier to gather than primary data. Secondary data was found internally from company documents and externally from outside sources for example textbooks. Secondary data was used since it is not time consuming as the data was readily available.

### **3.4.3 Weaknesses of secondary data**

Secondary data can be rendered obsolete with the passage of time but for this research, only relevant data was used. Some of the sources may not be reliable, hence the need to carefully scrutinize and assess the authenticity of the sources. Furthermore, the data might be inadequate as it could have previously been meant for a narrow or wider area of study compared to the current situation.

## **3.5 Research instruments**

These are tools used to gather data from the respondents and include among other things, interviews and questionnaires. According to Godfred (2013) the research instruments on which the researcher bases his study shall have a strong bearing to the relevance and reliability of data in addressing the situation at hand. To meet the objectives of this study, the researcher uses questionnaires and complements it with interviews to gather sufficient and appropriate data.

### **3.5.1 Questionnaires**

This is quite a popular method of gathering data specifically on big enquiries. It is strongly adopted by research workers, government, private and public organisations. It comprises of questions typed or printed on a form. According to Godfred (2013) the questionnaire form is intentionally designed in a systematic way to enable the respondents to produce the data. The questionnaire will be given to the respondents who shall read, understand and fill in the places

provided on the questionnaire itself. The respondents were required to answer the questionnaire by themselves.

### 3.5.2 Justification of questionnaires

The researcher decided to use questionnaires because it was free from bias of the interviewer, as the questions were clearly stated. Furthermore, they provided enough time for the respondents to give well thought answers specifically for this research. Every respondent was reached even those who always move from the work environment were to be accessed on their email addresses. Appointments were clearly scheduled at an agreed time to drop and pick the forms. The confidentiality assurance given to the respondents also allows them to give faithful and reliable data which was useful for the study. Furthermore the questionnaires helped the researcher to gather more data from many respondents within a short period of time.

### 3.5.3 Likert scale

According to Jalil(2013) this technique is used to complement questionnaires by measuring the degree of agreement or disagreement to certain questions or opinions in the study. The scale comprises of the item part (statement or question) and the evaluative part (own respond). It classifies people’s opinions about particular issues in a study area. It is not time consuming and avoids unnecessary answers from the respondents. The researcher used a five scale Likert scale to group various opinion and perspectives towards the restructuring scheme established at TelOne (Pvt) Ltd. Below is the Likert and the rankings.

**Table 3.2 Likert scaale**

Level of agreement	Tick box	rankings
Strongly agree	<input type="checkbox"/>	5
Agree	<input type="checkbox"/>	4
Uncertain	<input type="checkbox"/>	3
Disagree	<input type="checkbox"/>	2
Strongly disagree	<input type="checkbox"/>	1

Source: A book by Creswell (2013), page 352

### **3.5.4 Justification of the likert scale**

It is easy to interpret and it gave room for respondents to give opinions they feel comfortable with.

### **3.5.5 Interviews**

Interviews involve the interaction of two or more individuals requiring oral verbal stimuli whereby the interviewer asks questions and the interviewee also verbally responds to the questions (Godfred,2013).They can range from informal to formal interviews with various types which includes focused and non-directive interviews to mention but a few. For the sake of this study the researcher used both structured and unstructured interviews to further carry out the investigation process. For individuals at managerial level, structured interviews were applied as it was much formal with predetermined questions, prescribed in an orderly manner.

### **3.5.6 Justification of interviews**

To maximise the validity and reliability of data collected, the researcher saw the need to complement questionnaires with interviews. Unlike questionnaires, personal interviews allow more data to be gathered in a greater depth. In addition, misinterpretation of the question can be avoided through open conversation. The language of the interviews was prescribed in such a way that it suited the educational levels of the interviewees. The researcher was able to draw meaning from whoever was going to be interviewed by observing on their facial expressions and eye contact which was not possible with questionnaires alone. The respondents were given a platform to express their views without a boundary, unlike in a questionnaire form.

### **3.5.7 Ethical considerations**

According to Godfred (2013), ethical consideration depicts the way in which, individuals, and society may be influenced or affected by the conducts of others. For the purpose of this study, the researcher had to protect the data from third parties who would have used it for their own benefits. The data collected from TelOne Private Limited was for the purposes of research alone. The researcher asked for permission first to carry out the study at the organization and respected the confidentiality policy of the organisation .To comply with confidentiality , data collected was kept safely and not shared with other parties except for the academic supervisor of this study.

### **3.6 Validity**

The researcher managed to ensure the validity of the study through pilot testing whereby questions that were not related to the study were either nullified or restructured to make them

suitable. The sub-research questions were considered in coming up with the questions on the questionnaire and interviews to enable achievement of the intended research objectives. The concept of triangulation was also essential as only two research instruments (questionnaires and interviews) were used. The company documents were reviewed to match the level of consensus between the secondary data with primary data. Comparisons were done on the two instruments to launch differences and similarities on their validity to the study. Upon picking of the questionnaire from the respondents, the researcher also inspected to verify whether the respondents have provided the stipulated data.

### **3.6.1 Reliability**

Data is considered reliable when two or more people using the same research instruments managed to come up with similar results. The same question was repeated in a different way to establish deviations in the replies. Answers that remained unchanged were said to be reliable. Interviews were used to comprehend questionnaires, such that reliable conclusion could be reached. Only departments that were directly influenced by the restructuring scheme were considered in the population to maximise reliability. As noted by Jalil(2013) the sample size must be at least 30% thus the researcher decided to use a sample of 75% to facilitate reliable data to be collected.

### **3.7 Data analysis**

According to Business Dictionary (2013), data analysis involves a logical and sequential examination of each element on a given data. The researcher considered the modal responses to reach conclusion. Collected data was grouped, sorted and assembled in relation to the question numbers in order to solicit the points and establish a sequential pattern. The summarizing of the data collected was mainly done taking into consideration the frequency of replies in the questionnaires and interviews. Interpretative and descriptive validities consumed most of the time as there were numerous recursive answers which seemed to be similar in nature from different respondents.

### **3.8 Data presentation**

The findings both from interviews and questionnaires were summarized using both qualitative and quantitative approach in the form of tables, pie chart, bar graphs and tables. This enabled the data to be presented in a way that can be easily understood and interpreted. According to Potter

(2013), if data is presented on diagrams, it will be better understood and help more in making informed decision.

### **3.9 Interview presentation and analysis**

The researcher analysed the interview responses using descriptive statistical analysis. Data responses of the same nature were grouped together taking into consideration their modal frequencies. Statements that deviated from what other respondents pointed out were looked into as matters of concern to be included as main research findings. A brief summary of the responses was given per each question that was asked.

### **3.10 Chapter summary**

This chapter highlighted the methodology that was used. It has illustrated the research design, population, samples, and research instrument. It has also explained on the data collection method, data validity and reliability, data analysis and the summary. The following chapter will presents the research findings.

## CHAPTER 4

### DATA PRESENTATION AND ANALYSIS

#### 4.0 Introduction

The purpose of this chapter is to present and analyze data that was collected from employees of Talone (Pvt) Ltd. In a bid to answer the research questions, the researcher gathered data using questionnaires and interviews. Data presentation and analysis enabled the researcher to come up with findings on different forms of restructuring, factors which necessitated restructuring, challenges that hindered the effective implementation of restructuring, benefits derived from restructuring and measures that were employed to ensure successful implementation of restructuring. Data was presented using tables, graphs, pie charts and descriptive analysis.

#### 4.1 Response rate

The response rate shows the actual number of successful interview and questionnaire respondents expressed as a percentage of the target sample. The study targeted a sample of 33 employees and out of 30 questionnaires handed out; 25 questionnaires were completely filled and 3/3 top management were successfully interviewed. This gave the study a response rate of 84.8%. The following table shows a questionnaire and interview response rate:

**Table 4.1 Total Response rate**

Department	Targeted sample	Questionnaire respondents	Interviewed	Response rate%
Management	3		3	100
Human Resource	6	5		83.3
IT	5	4		80
Marketing	9	7		77.7
Finance	10	9		90
Total	<b>33</b>	<b>25</b>	<b>3</b>	<b>84.8</b>

The researcher did not achieve a questionnaire response rate of 100%, the reason being that some of the employees could not be reached and some did not return the questionnaires. A response rate of 84.8% falls within the scope proposed by National Survey of Student Engagement of 77%. According to Fosnacht (2017), response rate depend upon organizational size thus a 29% response rate in big organization and 80% in small to medium institution are considered satisfactory to provide dependable results.

## 4.2 Demographic Responses

### 4.2.1 Gender

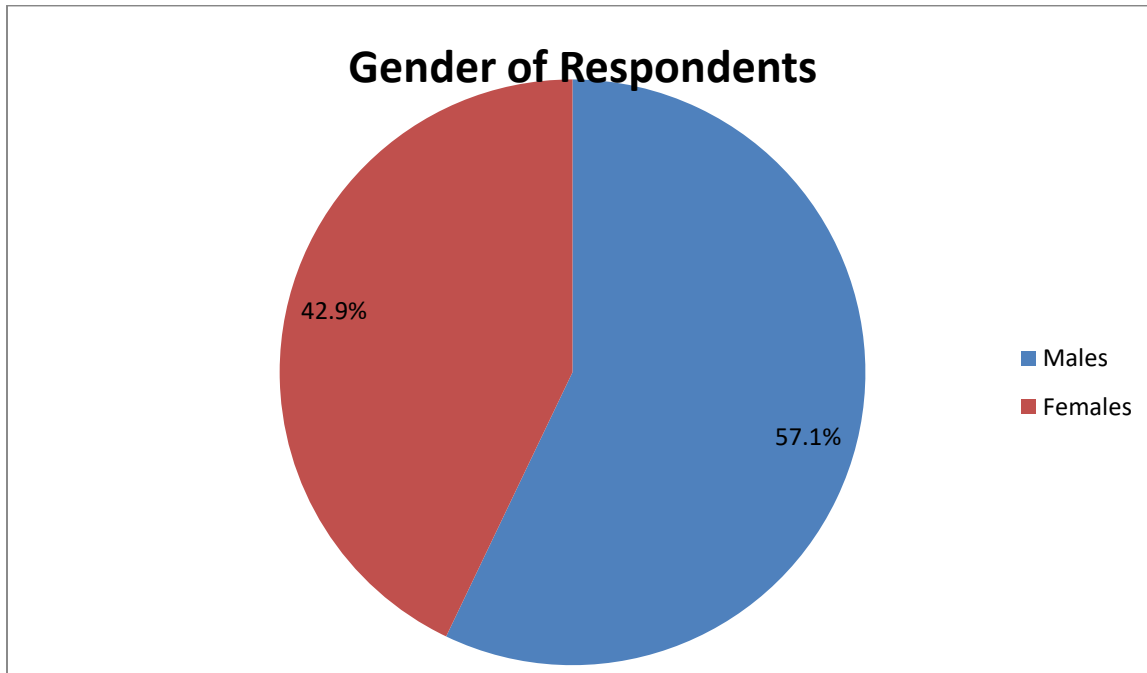
The population was asked to indicate their gender and the results indicated that 57.9% were male whilst 42.9% were females. This proved that, there are more male than female employees at TelOne (Pvt) Ltd. Below is a highlight of gender profile of the employees.

**Table 4.2 Gender respondents**

Respondents	Males	Females	Total respondents
Management	2	1	3
Human resources	3	2	5
IT	2	2	4
Marketing	4	3	7
Finance	5	4	9
<b>Total</b>	<b>16 (57.9%)</b>	<b>12 (42.9%)</b>	<b>25 (100%)</b>



**Fig4.1 Gender Profile of respondents**



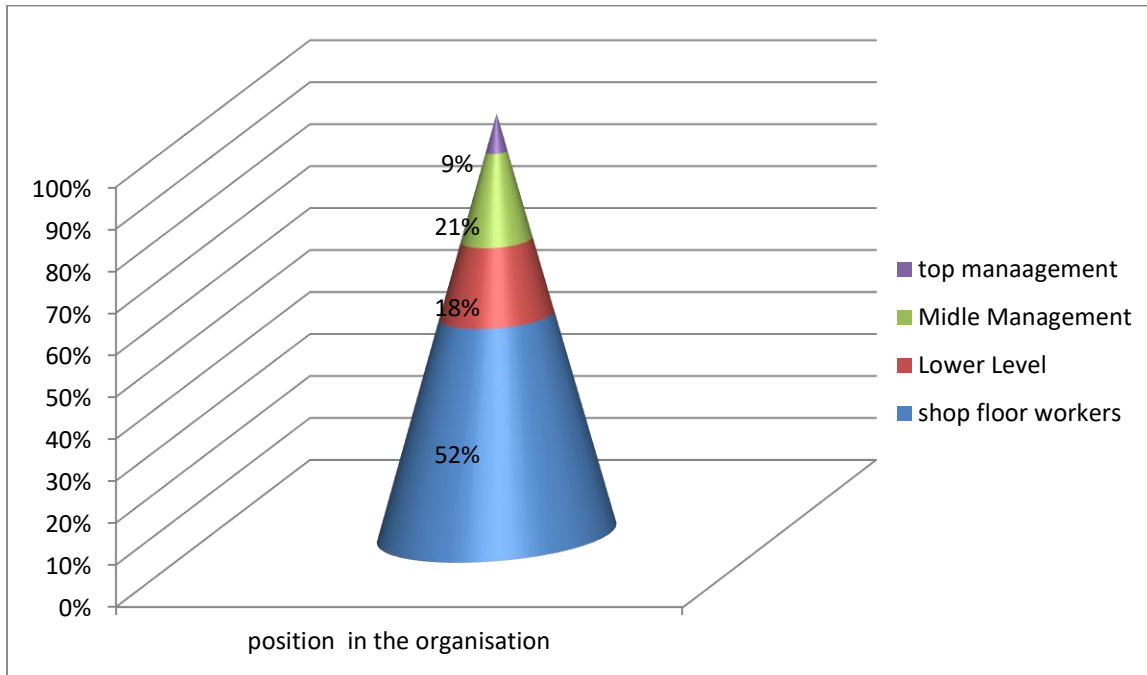
**4.2.2 Position in the organization**

The population was asked to indicate their level within the organization and the results indicated that 9% were top management, 21% were middle level management, 18% were lower level management and 52% were shop floor workers. These results show that many of the respondents were shop floor workers. **Table 4.3** below will give an illustration of employee level in the organization.

**Table 4.3 Employee position in the organization**

Management level	Top management	Middle level	Lower level	Shop flow workers	Total
Number of employees	3	7	6	17	33
Percentage (%)	9%	21%	18%	52%	100

**Fig4.2 Employee level**



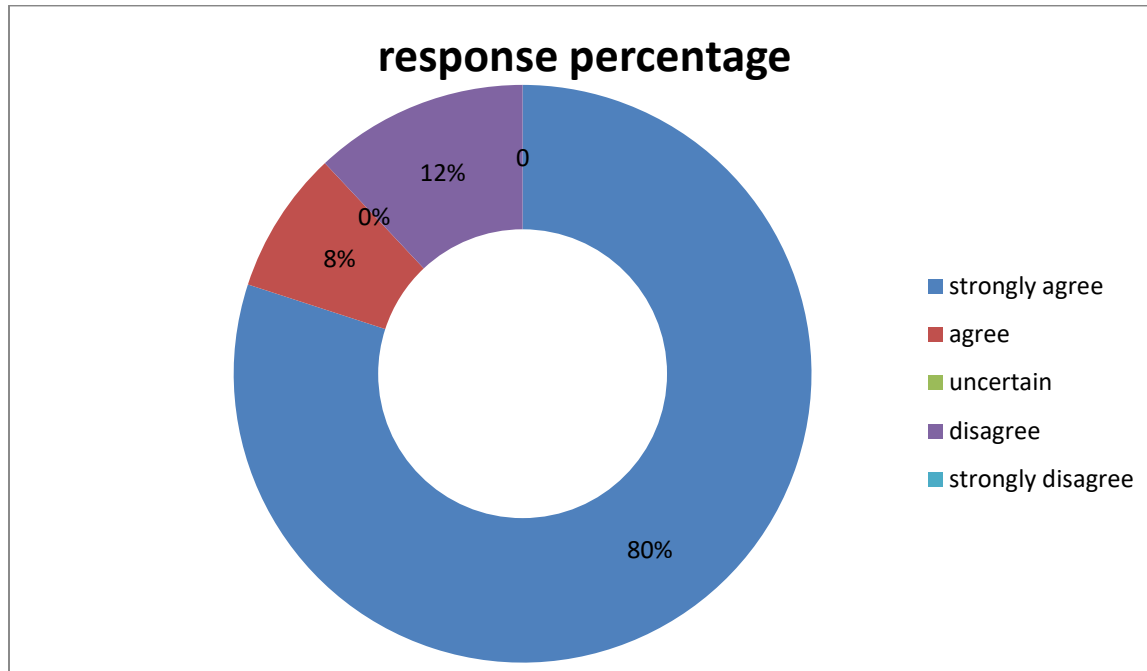
**4.3 The following techniques were implemented by the company in its restructuring.**

The researcher directed this question, to obtain an understanding of the activities that were undertaken on the restructuring scheme done by management. The responses gathered are going to be presented on the following tables.

**Table4.4 Downsizing**

	<b>Strongly agree</b>	<b>Agree</b>	<b>uncertain</b>	<b>disagree</b>	<b>Strongly disagree</b>	<b>total</b>
<b>Number of respondents</b>	20	2	0	3	0	25
<b>percentage</b>	<b>80%</b>	<b>8%</b>	<b>0</b>	<b>12%</b>	<b>0</b>	<b>100%</b>

**Fig 4.3 Downsizing was involved in restructuring**

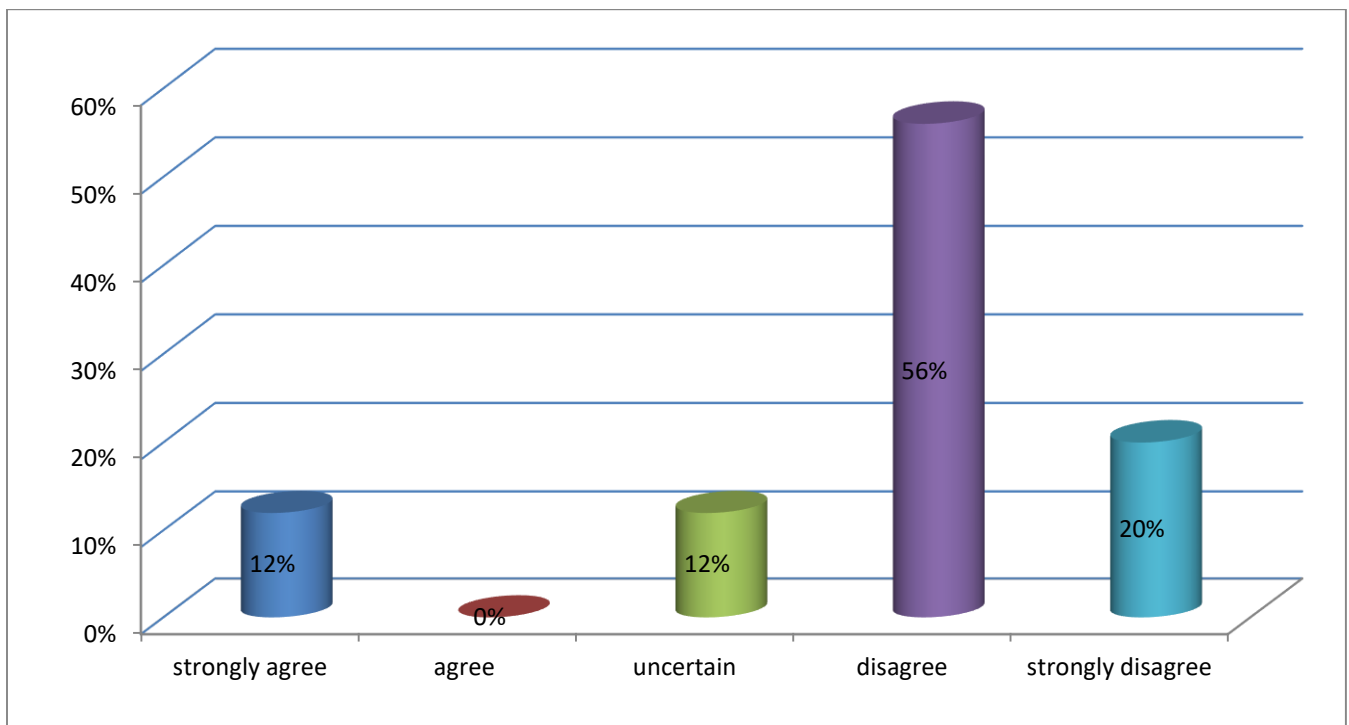


Among the 25 questionnaires administered (80%) strongly agreed that downsizing was undertaken during the restructuring phase. They were complemented by (8%) of the participants who agreed on the same perception. Upon answering the interview **question 1**, all the interviewees confirmed that they undertook downsizing as a way of cutting down labor cost as suggested by Wise(2014). It can be drawn from **fig 4.3**, that 12% of the respondents disagreed with the fact that restructuring included downsizing. A mode of 22 participants representing 88% were in total agreement that TelOne (Pvt) Ltd has reduced its workforce as a restructuring technique. Analysis showed that those who disagreed might not be familiar with the term downsizing.

**Table 4.5 Mergers**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>total</b>
<b>Number of respondents</b>	3	0	3	14	5	25
<b>percentage</b>	<b>12%</b>	<b>0</b>	<b>12%</b>	<b>56%</b>	<b>20%</b>	<b>100%</b>

**Fig4.4 Merging was involved in restructuring**

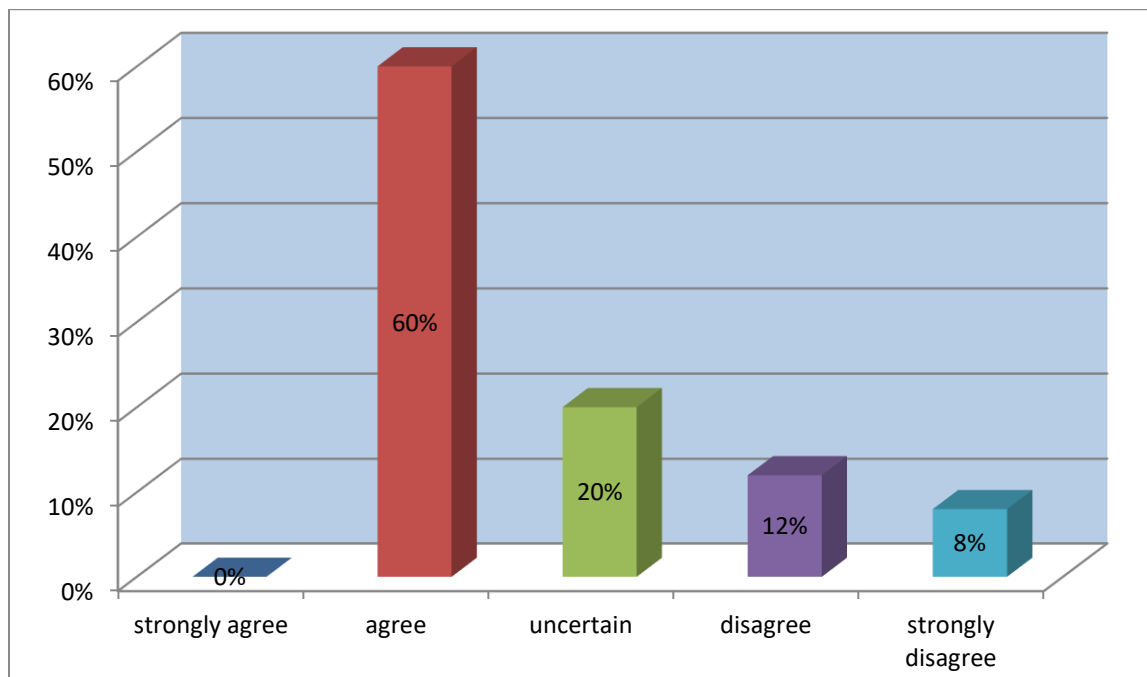


Majority of the respondents representing(56%) disagreed with the fact that merging of entities was one of the restructuring activities, 5/25(20%) strongly disagreed whilst 3/25 (12%) were uncertain whether merging took place and the other 12% of the participants agreed that merging was one of the activities undertaken during restructuring. In overall 76% of the respondents disagreed that mergers was involved at the time of restructuring. The interviewees also complemented that they did not merge their activities with other entities as it increases the risk of takeover in their responses to interview **question 1**. This is in line with the views shared by Nelson(2016) who pointed out that merging should be done on co-equal basis otherwise another entity may end up being taken over.

**Table 4.6 Debt restructuring**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
<b>Number of respondents</b>	0	15	5	3	2	25
<b>percentage</b>	<b>0</b>	<b>60%</b>	<b>20%</b>	<b>12%</b>	<b>8%</b>	<b>100%</b>

**Fig 4.5 Debt restructuring was one of the activities undertaken.**

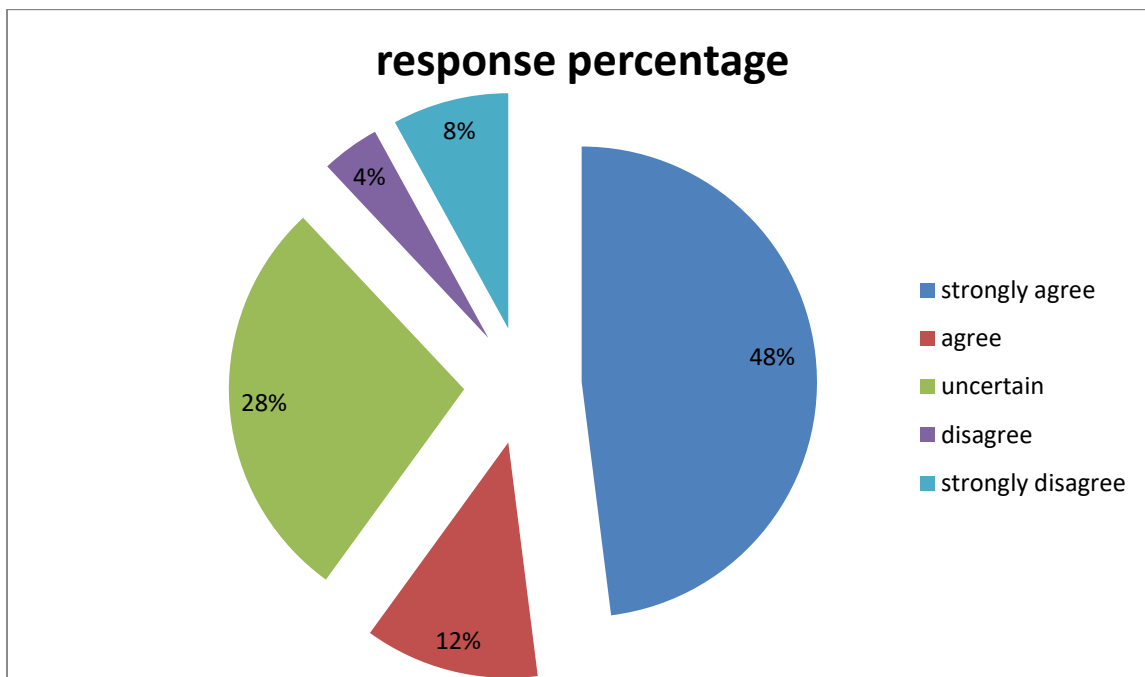


As indicated in fig 4.5 above, (60%) of the respondents agreed that debt restructuring was one of the activities that were undertaken at the time of restructuring and (20%) were uncertain. However 3/25 representing 12% of the participants disagreed and 2/25(8%) strongly disagreed that debt restructuring was involved in the restructuring scheme. In this case 60%, who agreed, were in line with the views shared by Strivastava, (2014) who opined that most companies undertook debt restructuring to improve the company’s financial well being. The top management who were interviewed also confirmed that they were involved in debt restructuring.

**Table 4.7 Recapitalization**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
<b>Number of respondents</b>	<b>12</b>	<b>3</b>	<b>7</b>	<b>1</b>	<b>2</b>	<b>25</b>
<b>percentage</b>	<b>48%</b>	<b>12%</b>	<b>28%</b>	<b>4%</b>	<b>8%</b>	<b>100%</b>

**Fig 4.6 Recapitalization was involved in restructuring.**

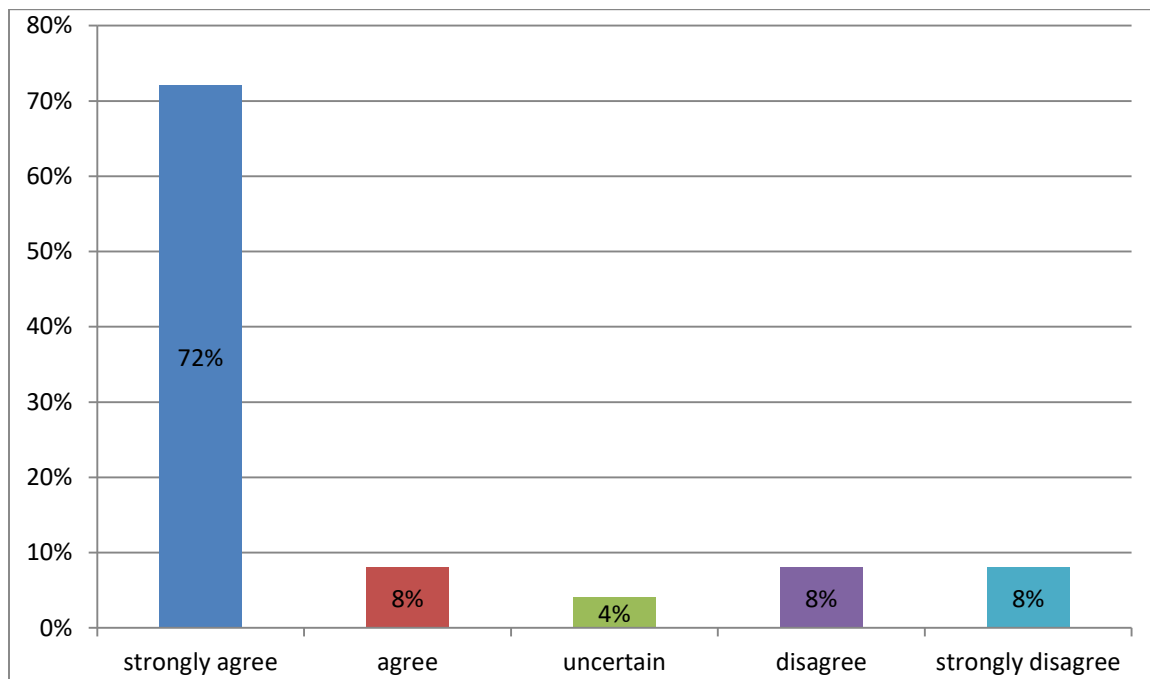


Out of the 25 respondents, 12 (48%) strongly agreed that recapitalization was one of the activities done during restructuring, 3/25 (12%) agreed on the same issue, 7/25(28%) were not certain whether recapitalization was done. However, 8% were in strong disagreement that recapitalization was involved in the restructuring scheme with the support of 4% who disagreed. This gave rise to the modal response of 60% representing 15 employees who were in agreement with the views of Elvis (2014) who articulated that restructuring should include among other things capital restructuring as a way of improving the liquidity of the company. All the interviewees were of the same opinion, to say recapitalization was indeed undertaken in their responses to interview question 1.

**Table 4.8 Spinoffs**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
<b>Number of respondents</b>	<b>18</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>25</b>
<b>Percentage</b>	<b>72%</b>	<b>8%</b>	<b>4%</b>	<b>8%</b>	<b>8%</b>	<b>100%</b>

**Fig 4.7 Spinoff was involved in restructuring.**

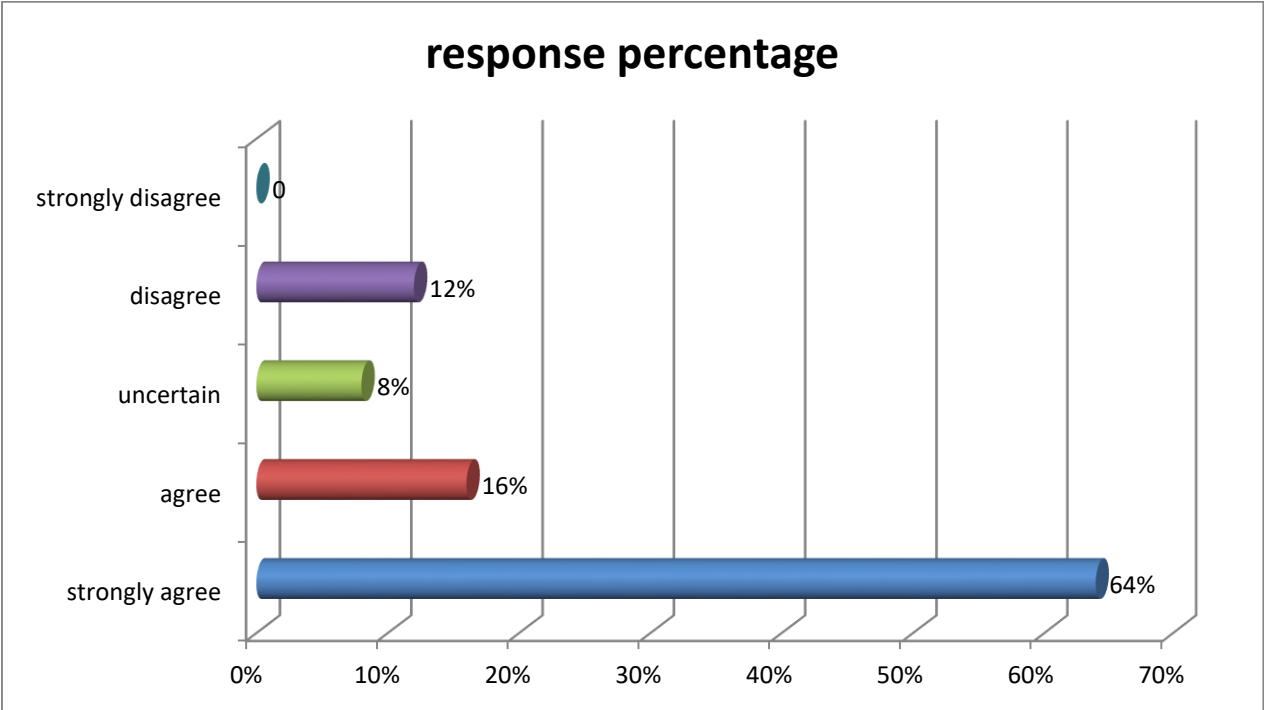


It can be depicted from the table 4.8 above that 18 out of 25 participants strongly agreed that spinoff was involved during the restructuring representing 72%, 8% of the employees also shared the same view in agreeing that spinoff was undertaken. Only 4% of the participants was uncertain whilst 2(8%) were disagreeing and 8% strongly disagreed. It can be drawn that 80% of the respondents were in agreement of the involvement of the activity at the time when restructuring took place. The findings were confirmed by the policy makers who were interviewed and mentioned out that they included spinoffs in the restructuring scheme as suggested by Tack (2015).

**Table 4.9 Assets sale**

	Strongly agree	Agree	uncertain	disagree	Strongly disagree	Total
Number of respondents	16	4	2	3	0	25
Percentage	64%	16%	8%	12%	0	100%

**Fig 4.8 Assets sale was undertaking in the restructuring scheme.**



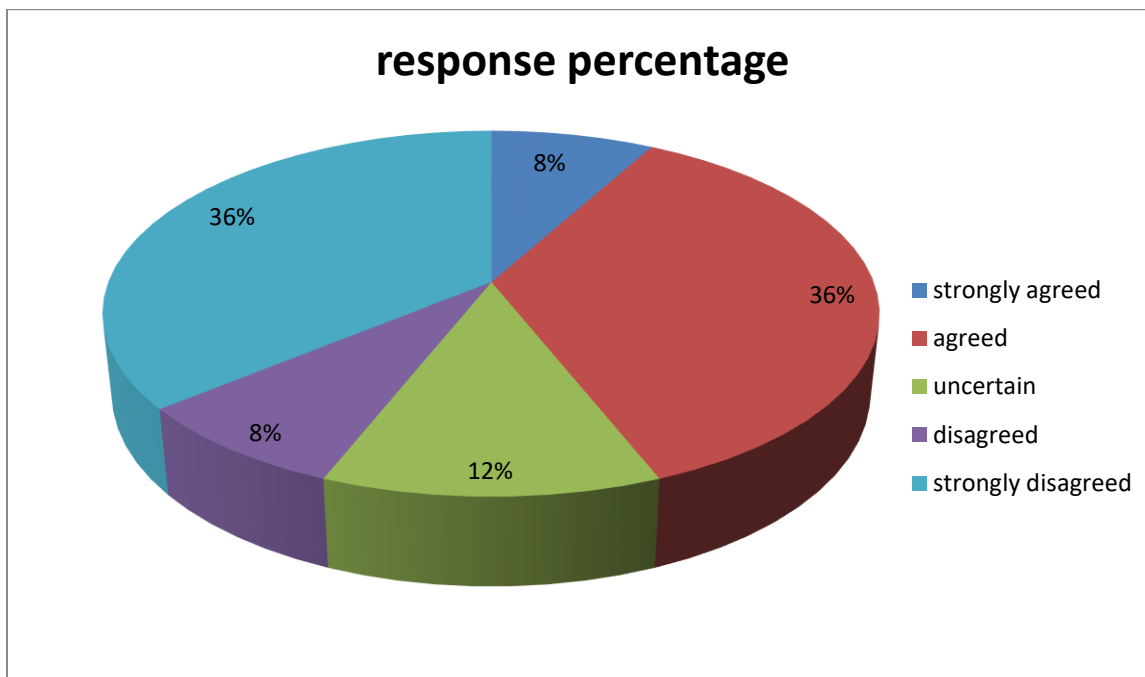
As indicated on table 4.9 above (64%) strongly agreed that assets were sold during the restructuring phase and 4/25(16%) agreed on the same opinion with 8 % of the respondents being uncertain on whether assets were sold for the purpose of restructuring or not. However 12% were not agreeing that assets were sold for the purpose of restructuring. The modal responses of 80% were in agreement that assets sale was one of the activities undertaken. Majority of the interviewees also mentioned out that they sold non-profit generating and idle assets to increase cash inflow. This is in line with the views of Mbogo and Waweru (2014) who underscored the need for a company to sell assets that are not essential to the organization as a way of financial restructuring.



**Table 4.10 Divestures**

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Number of respondents	2	9	3	2	9	25
percentage	8%	36%	12%	8%	36%	100%

**Fig 4.9: Divesture as one of restructuring activities.**



From the table 4.10, it can be noted that 9/25(36%) agreed to the fact that divestiture was one of the activities done by management for the purpose of restructuring and 8% of the participants were strongly agreeing whilst 12% of the employees were uncertain on the matter. However on the other side 9 (36%) was strongly disagreeing on the issue together with the other 2 employees (8%) who disagreed that such kind of activity was never done during restructuring. In this case the responses were quite neutral as there was a balanced portfolio with the level of agreement. Majority of the interviewees also confirmed the views shared by Tack(2015) regarding divestment as they pointed out that they actually received cash consideration after selling one of their division during restructuring.

#### 4.4 The following factors necessitated restructuring

The researcher included this statement with the intention to establish factors which drove management of TelOne (Pvt) Ltd into the implementation of restructuring scheme. The research findings are presented in **Table 4.11** below followed by the analysis as noted by the researcher.

**Table 4.11 Restructuring drivers**

<i>Driver</i>	<i>Strongly agree</i>	<i>agree</i>	<i>uncertain</i>	<i>disagree</i>	<i>Strongly disagree</i>	<i>Total%</i>
(i) Cost reduction	88%	4%	0%	8%	0%	100
(ii) Technology change	72%	12%	8%	8%	0%	100
(iii) Financial distress	8%	72%	4%	12%	4%	100
(iv) Create synergy	60%	12%	8%	12%	8%	100
(v) Low shareholder wealth	56%	20%	4%	16%	4%	100
(vi) Decreases in profits	64%	12%	0%	4%	20%	100

##### 4.4.1 Cost reduction

The study shows that (88%) strongly opined that cost reduction influenced management to implement restructuring, (4%) just agreed on the issue. Only 8 % disagreed on the matter. This depicted that cost reduction was one of the factors which facilitated the implementation of restructuring as shown by the level of agreement by the mode of 23/25 representing 92% which is in line with the views shared by (Arocen, 2013). All of the interviewees confirmed that cost reduction was indeed the driving force for the restructuring scheme.

##### 4.4.2 Technological change

As shown from the table above 18/25 (72) % strongly perceived that the change in technology has caused the restructuring scheme, 3/25(12%) just agreed on the matter while 2/25(8%) were

uncertain if technological change could be regarded as a push factor and 2/25(8%) disagreed with view. In overall 21/25(84%) of the participants, constituting the mode agreed that technological change facilitated restructuring and shared the same view with (Burnes, 2014). Upon answering **interview question 2**, the majority of the interviewees concurred that the rapid change in technology has facilitated the restructuring to a larger extent.

#### **4.4.3 Financial distress**

It can be noted from Table **4.11** above that (72%) of the participants agreed that the need to address financial distress necessitated restructuring, 2/25(8%) strongly agreed with the view. Only one of the participants was unsure if financial distress was a factor to consider, while 3/25(12%) were in disagreement of the findings by (Giddy, 2015) who claimed that when the company is facing financial difficulties, restructuring became necessary. Only 4% of the 25 respondents strongly disagreed with the perception. Considering the frequency of responses 20/25 (80%) conceded that financial distress necessitated restructuring at TelOne (Pvt) Ltd. As they were responding to **interview question 2**, the majority of the interviewees confirmed that the company was indeed facing hardships to fund its operations, hence the need for restructuring.

#### **4.4.4 Create synergy**

From the data gathered 15/25(60%) strongly agreed that the company restructured in a bid to create synergy, while 3/25 (12%) agreed on the issue and the other 12% disagreed on the matter. Only 2/25 (8%) were uncertain if synergy caused the restructuring scheme. However the other 2 participants (8%) were strongly in disagreement that synergy could be a causing factor of restructuring. Taking the modal frequency into consideration, it can be seen that 72% of the respondents shared the same view with Maclure (2013) who supported that organizations undertook restructuring to create synergy. The interview participants concurred the same view, as they suggested that they felt the need to ensure the sharing of skills and ideas through the scheme.

#### **4.4.5 Low shareholder wealth**

From the 25 participants 56% strongly agreed that the need to increase shareholder wealth was another driving factor for the restructuring scheme at TelOne (Pvt) Ltd, 20 % of the respondents agreed that shareholder wealth is a factor to consider while 4% was not quite certain about the

relevancy of shareholder wealth in facilitating restructuring. From the table 4.11 above, 16% of the participants disagreed that restructuring was caused by low shareholder wealth while one of the respondents strongly disagreed. The same point of view was contemplated by all the policy makers who were interviewed. The aggregation of those who agreed gave a mode of 76% as 19/25 shared the same opinion with Udoka,( 2016) who opined that organizations that undertook restructuring were mainly influenced by low shareholder wealth.

#### 4.4.6 Decreases in profits

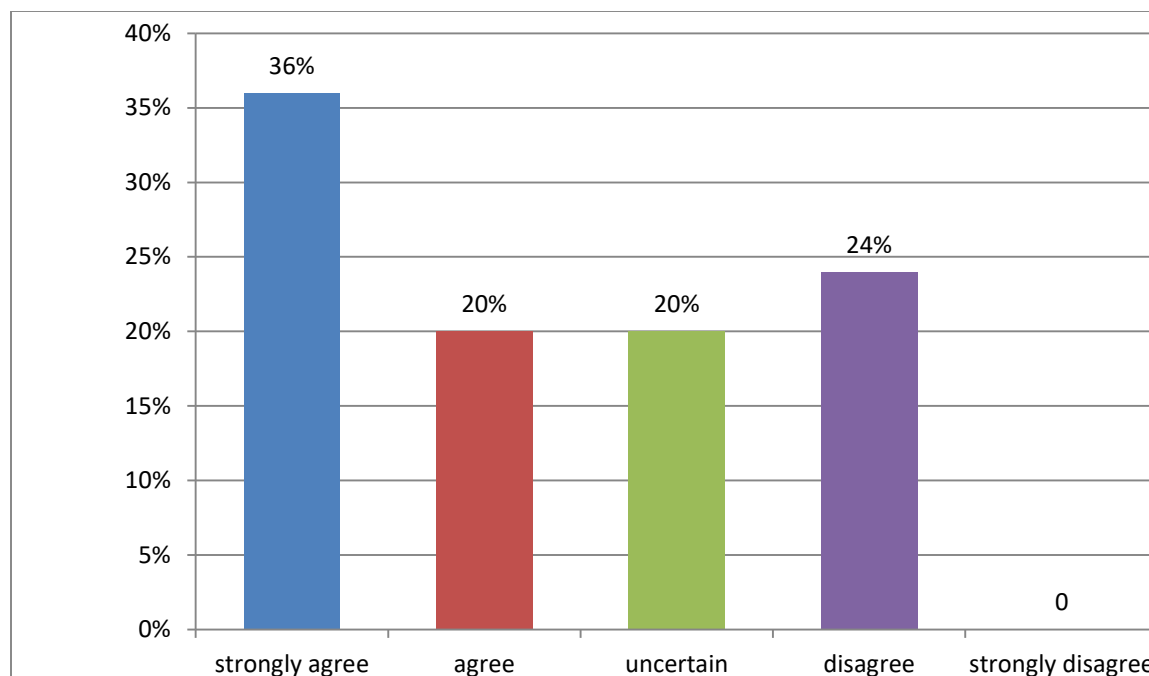
From the data gathered 64% of the actual respondents strongly agreed that the company decided to undertake restructuring as a result of decreases in profits. The idea was supported by (12%) who also conceded that profits decreases necessitated the restructuring scheme. One of the participants disagreed; representing 4% of the respondents and the other (20%) strongly disagreed on the view. It can be seen that 76% shared the same perception with Sulaiman,( 2013) who opined that the need to maximize profits is a major factor necessitating restructuring. The interview participants also confirmed that the need to improve profitability has raised concern for management to redesign the way of doing business.

#### 4.5 The following were the benefits derived from restructuring

The researcher directed this question to determine the level at which the company achieved its set goals and further establishment of other benefits derived from restructuring. The data will be presented in tabular form, followed by a graph and commentary as noted by the researcher. **Table 4.12: Improved market share.**

	<b>Strongly agree</b>	<b>agree</b>	<b>uncertain</b>	<b>disagree</b>	<b>Strongly disagree</b>	<b>total</b>
<b>Number of respondents</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>25</b>
<b>percentage</b>	<b>36%</b>	<b>20%</b>	<b>20%</b>	<b>24%</b>	<b>0%</b>	<b>100%</b>

**Fig 4.10 Responses on market share.**

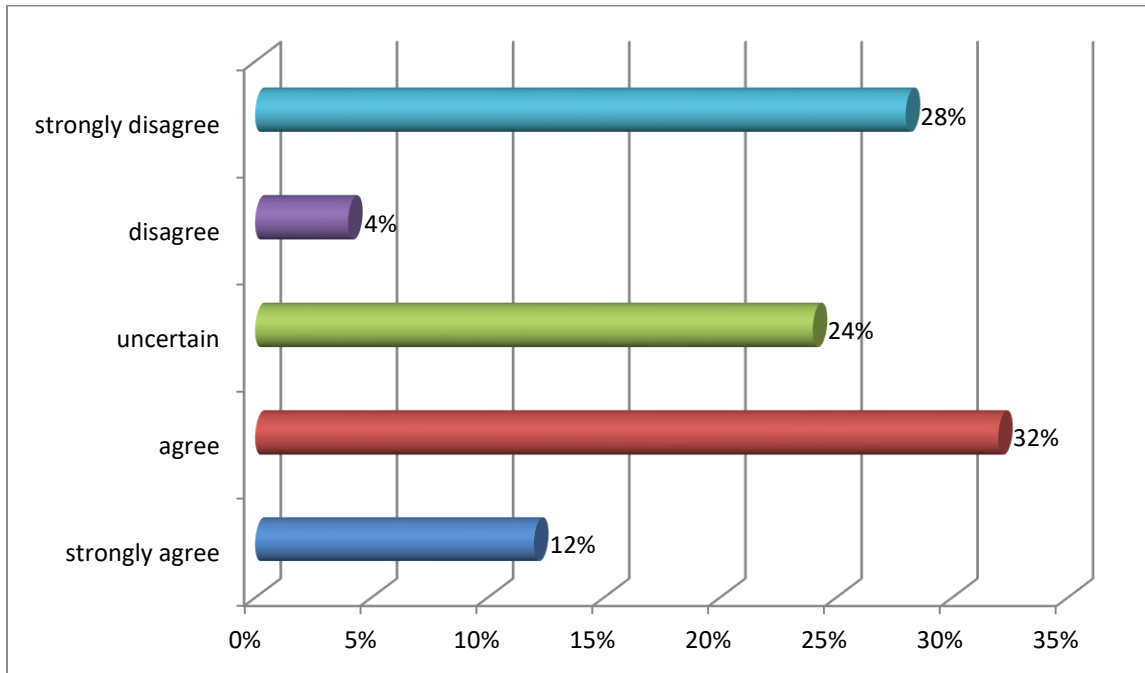


Among the 25 employees who answered the questionnaire booklet form, (36%) strongly agreed that the company gained market share as a result of the scheme and 5/25(20%) employees just agreed. These people shared the same view with Maclure(2013) who suggested that, organizations that undertook restructuring were bound to extend their focus to customers and ultimately boosted their market share within the same trade whereas 5/25 (20%) was uncertain on whether restructuring has improved market share of the organization. However 24% of the respondents did not concede that the scheme improved market share of the organization. 56% of the population constituted the modal response in agreeing about the matter .In their respond to **interview question 3**, the majority of the participants indicated that the company’ s competitive edge was boosted by the restructuring and ultimately the market share.

**Table 4.13 Increased profits**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Uncertain</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
<b>Number of respondents</b>	<b>3</b>	<b>8</b>	<b>6</b>	<b>1</b>	<b>7</b>	<b>25</b>
<b>percentage</b>	<b>12%</b>	<b>32%</b>	<b>24%</b>	<b>4%</b>	<b>28%</b>	<b>100</b>

**Fig 4.11 Responses on whether the company enjoyed profits.**



The fig 4.11 above indicated that 12% strongly agreed that the company enjoyed profits and 32% just agreed on the same question. Those who were not certain constituted 24% of the total respondents, 7/25(28%) were strongly against the idea and was supported by the 4% who just disagreed that restructuring would increase profits. The modal response of 44% confirmed the view of (Sulaiman, 2013) who found out that after restructuring most companies in the oil and gas industries were seen having their profits increased by a double digit percentage. The minority of the interviewees pointed out that the company as yet has not enjoyed profits as it is still recovering costs emanated from restructuring.

**Table 4.14 Increased productivity**

	<b>Strongly agree</b>	<b>Agree</b>	<b>uncertain</b>	<b>disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
<b>Number of respondents</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>9</b>	<b>4</b>	<b>25</b>
<b>Percentage</b>	<b>8%</b>	<b>32%</b>	<b>8%</b>	<b>36%</b>	<b>16%</b>	<b>100</b>

**Fig 4.12 : Responses on increased productivity.**

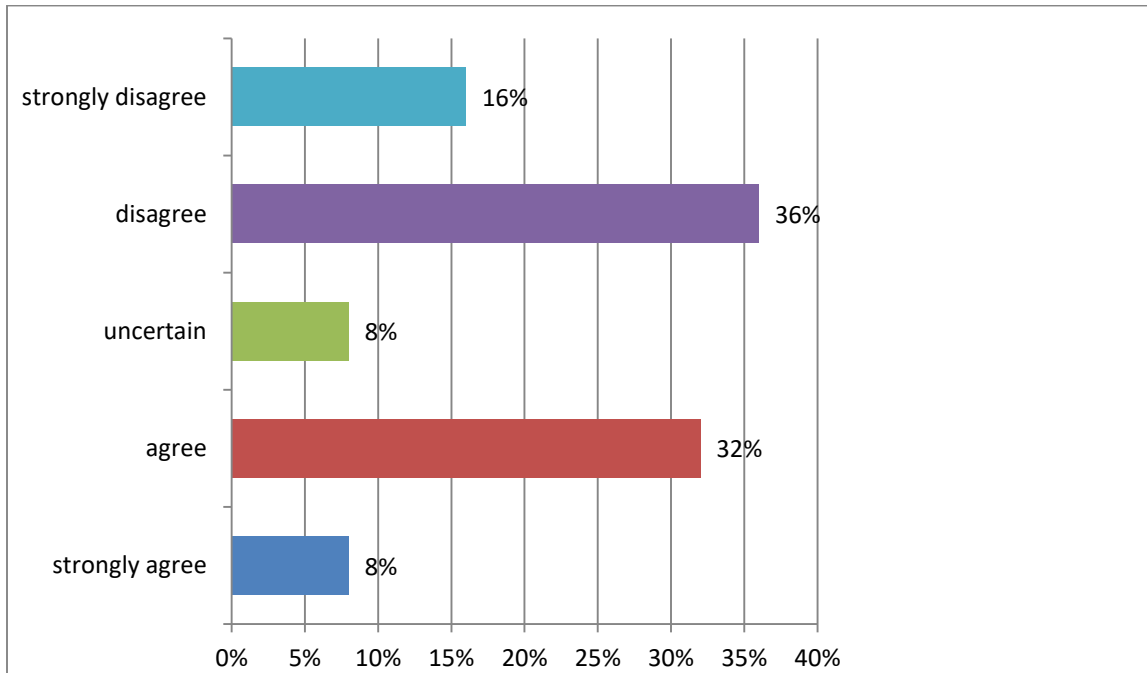


Fig 4.12 above depicts that 36% disagreed that productivity was enhanced by restructuring. They were also supported by 16% of the participants who strongly disagreed and shared the same point of view with Munoz-Bullon(2013) who found out no relationship between productivity and restructuring. However, 32% agreed plus 8% strongly agreed that the company' s productivity was seen growing over the time of restructuring, this view was also emphasized by (Arocen, 2013), who realized that productivity was enhanced by Spanish-electric companies that were involved in restructuring. Only 2/25 (8%) were uncertain as to whether the restructuring improved productivity at TelOne (Pvt) Ltd. The analysis shows that a mode of 52% was arguing that no productivity was increased by restructuring. The majority of the interview participants indicated that management faced resistance to change from employees and a lot of them were demotivated with the move to restructure and ultimately a downfall in productivity.

**Table 4.15 Continued survival**

	<b>Strongly agree</b>	<b>Agree</b>	<b>uncertain</b>	<b>disagree</b>	<b>Strongly disagree</b>	<b>Total</b>
<b>Number of respondents</b>	<b>4</b>	<b>10</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>25</b>
<b>Percentage</b>	<b>16%</b>	<b>40%</b>	<b>20%</b>	<b>24%</b>	<b>0%</b>	<b>100</b>

**Fig4.13: Responses on continued survival.**

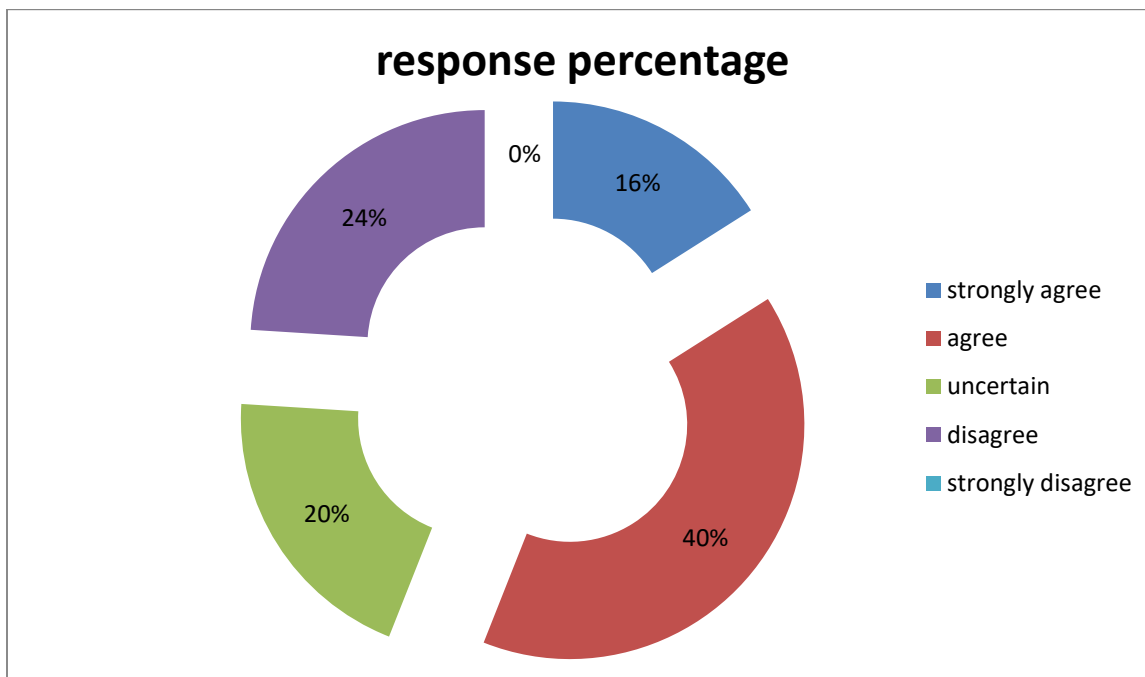


Fig 4.13 above depicts that 40% among contributors agreed that the company was guaranteed continued survival by the restructuring scheme and they were complemented by (16%) who strongly agreed that the existence of the company in the industry was reinforced by the scheme. However (20%) were uncertain about the matter and (24%) who disagreed, supporting the idea of (Powell, R and Yawson,A, 2015) who argued that most companies that came across restructuring had suffered market exist as the risk of take over arose especially those that integrated their activities through merging. It can be noted that 56% of the employees constituted the modal response as they agreed and were seconded by the entire interview participants who



confirmed the continued survival of the company regardless of the economic melt-down in the country upon answering **interview question 3**.

**4.6 The following are the challenges that hindered the successful implementation of restructuring.**

This statement was also included in the questionnaire to establish the bottlenecks that made it difficult for the company to fully enjoy the benefits of restructuring. The responses are going to be presented in tabular form on table 4.16 below.

**Table 4.16 drawbacks of restructuring**

<b>Drawback</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>uncertain</b>	<b>disagree</b>	<b>Strongly disagree</b>	<b>total</b>
Improper handling of departing employees	12%	48%	16%	12%	12%	100%
Poor communication	12%	64%	0%	24%	0%	100%
Lack of knowledge by management	0%	12%	0%	60%	28%	100%
Lack of stakeholders engagement	40%	12%	0%	48%	0%	100%
Failure to appreciate the value of employees	8%	60%	0%	32%	0%	100%

**4.6.1 Improper handling of departing employees**

As articulated from the data gathered, 48% agreed to the opinion that poor handling of retrenched or outgoing employees has made it difficult for the company to successfully implement the scheme. This affected the moral of the remaining employees who were in fear of being the next victims whereas 12% of the employees strongly agreed with the same view and this confirmed with findings by Mayhew-Sanders (2013). However, 16% were quite uncertain whilst 24% of the population was disagreeing with half of them strongly argued that ill treatment of outgoing employees could not have influence to the remaining workers .In overall, 60% of the

respondents constituted the mode as they agreed with the view. All the interviewees pointed out that the departing employees were being taken care of.

#### **4.6.2 Poor communication**

The table 4.16 indicated that 64% agreed that there was no communication from management concerning the idea of restructuring; this might have caused them to resist whatever change that was going to happen within the organization. They were also seconded by 12% of the participants who strongly agreed to the effect that restructuring was made unsuccessful because of delays in communication whereas 24% were disagreeing on the issue. In overall, the mode of 76% agreed that poor communication hindered the effectiveness of the restructuring scheme. However upon answering **the interview question 5**, the majority of the participants pointed out that constant communication to all stakeholders was ensured through the circulars as suggested by Donia(2013).

#### **4.6.3 Lack of knowledge by management**

Of the 25 who answered the questionnaire, 60% disagreed to the fact that lack of knowledge by management was a drawback in the implementation of restructuring; they were also supported by 28% who strongly disagreed on the same opinion. However 12 % shared the same view with Lawson (2015) who ascertained that lack of knowledge about the restructuring exercise may be a limitation to the organization. The mode of 88% disagreed that management lacked experience of the scheme.

#### **4.6.4 Lack of stakeholders engagement**

From the table 4.16 above, 40% of the employees who answered the questionnaires strongly agreed that failure to involve the individual concerned has made it difficult for the company to fully realize the benefits of restructuring. They were supported by (12%) who also perceived the same way with Schulte( 2014) who cited lack of stakeholder involvement as a major drawback of restructuring . On the other hand, 48% of the respondents were not agreeing to the view. When aggregating the values of the findings, it can be noted that the mode constitutes of 52% involving the ones who conceded with the same opinion.

#### **4.6.5 Failure to appreciate the value of employees**

For those who answered the questionnaires 60% agreed to the fact that failure to appreciate the value of employees is a major drawback of restructuring and they were seconded 8% who strongly viewed the statement to be true. However 32% disagreed on the same point of view. The analysis indicated that the mode of 68% shared the same idea with Soylu and Due (2013) who suggested that many organization forgot that employees are the most valuable assets which should be retained whenever change occurs. The interview participants mentioned that employees are the most valuable assets the company has to retain but sometimes a sacrifice of layoff is required as a cost cutting measure.

**4.7 The following measures were employed to ensure successful implementation of restructuring.**

This question was also administered with the intension of establishing the measures that were made in place to make restructuring a success. The responses are presented in tabular form on **table 4.17** below.

**Table 4.17 Measures employed to ensure successful restructuring.**

Measure	Strongly agree	Agree	Uncertain	disagree	Strongly disagree	Total
Formulate clear plans	12%	20%	28%	0%	40%	100%
Careful selection of employees to retrench	12%	20%	0%	36%	32%	100%
Help employees to make transition	12%	24%	0%	40%	24%	100%
Ensure transparency	12%	12%	24%	32%	20%	100%

**4.7.1 Formulate clear plans**

From the 25 respondents who returned the questionnaire, 40% strongly disagreed that management formulated clear plans of restructuring while 28% were not really certain on the matter. On the other hand 20% of them were in total agreement that clear plans were actually

formulated whereas 12% strongly agreed on the issue. By merely looking at the frequency table above it can be noted that a mode of 40% disagreed and were supported by Marimuthu(2014) who argued that many organizations in Kenya were failing to implement restructuring as they could not clearly formulate plans beforehand. Upon answering the interview question the whole of management pointed out that a plan was drafted before they implemented the scheme to make it a success.

#### **4.7.2 Careful selection of employees to retrench**

As indicated on the table 36% of the employees who answered the questionnaire booklet disagreed that management carefully selected employees who were victims of retrenchment. They were also supported by 32% who strongly disagreed that there was careful selection. On the other hand 20% of the participants agreed on the issue of selection and were supported by 12% of the staff members who strongly agreed on the matter. The analysis indicated that 17/25 was not agreeing representing a mode of 68%.The majority of the interview participants appreciated that the selection of employees to let go was indeed a challenging process in their response to interview question 4 but they suggested that they hired experts in the human resource section to tackle the problem.

#### **4.7.3 Help employees to make transition**

From the findings 40% of the respondents disagreed that management assisted employees to make smooth transition, 24% also disagreed that management assistance was there to the outgoing employees. This was in violation to the view of Mayhew-Sanders (2013) who emphasized that outgoing employees should be given severance packages and transfer arrangement organized. However 24% agreed on the matter with a complement of 12% who strongly agreed that employees were actually receiving help during the restructuring phase. The analysis depicts that 16 /25 were not agreeing representing a mode of 64%

#### **4.7.4 Ensure transparency**

As depicted from the table 32% disagreed that transparency was actually exercised on the implementation of the scheme, 20% were strongly disagreeing that this measure was employed at the company. However 24% were uncertain about the openness of management on the restructuring issue. All of these participants were not sharing there same view with

Schulte(2014) who stressed the need for management to exercise high level of transparency when they undertake a restructuring scheme. Of the total respondents, 24% agreed on the availability of transparency with the percentage constituting of half who were agreeing and the other half who were strongly agreeing on the view. A mode of 52% of the employees was arguing on the availability of transparency. The majority of the interview participants were not really confident on the issue of transparency, and this brought out a deep conviction that the objective of the scheme was not clearly stated to employees.

#### **4.8 Are there any measures that may be employed to enhance restructuring?**

This question gave room for the respondents to suggest any other measures that they thought management could have employed to enhance the effectiveness of restructuring.

The findings indicated that 9/25(36%) of the respondents managed to fill in the gaps provided on the questionnaire. Of the 9 participants, 4 stressed the need for the company to collaborate with research institution and vocational training centers so that the personnel will be upgraded on their knowledge and skills as restructuring may come up with new job requirement for new position. They suggested that proper training of employees should be done for them to be familiar and suitable in the organization. Only 1 of the employees highlighted that; the company should implement the new structures concurrently with already existing systems of doing business, thus parallel method of implementation, whereas 3/9 also pointed out that, there must be active participation and communication to all individual concerned in the restructuring processes which ultimately result in sound decision making. The other one also pointed on the need for a policy on down scoping which favors employee retention and changes in suppliers and other business activities. He also pointed on the need for a restructuring policy, down scoping policy as well as reengineering of the business.

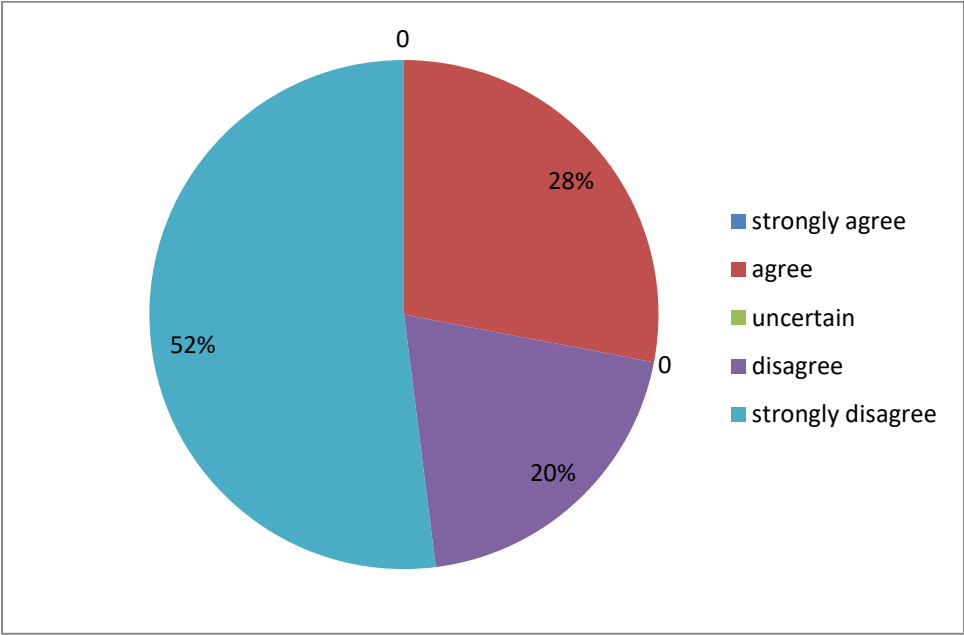
#### **4.9 Restructuring was effective in achieving set goals**

This statement was also included in the questionnaire booklet, to find out whether the intended organisational goals were achieved as a result of the scheme. The findings will be presented on table 4.18 below followed by a pie chart

#### **Table4.18 Responses on the effectiveness of restructuring.**

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Number of respondents	0	7	0	5	13	25
percentage	0%	28%	0%	20%	52%	100%

**Fig 4.14 Effectiveness of restructuring**



As depicted on fig 4.14 above, 52% strongly disagreed that the restructuring scheme was effective in meeting the organizational objectives, 20% disagreed on the same matter. This was confirmed as the company failed to meet its objective of cutting costs by 20% per annum. On the other hand 28% just agreed that TelOne (Pvt) Ltd was able to realize its target, thus a mode of 72% were doubting the effectiveness of the scheme in attaining the organizational goals. The results by Sahni(2013) were confirmed by the majority management who were suggesting that restructuring was very fruitful when they answered **interview question 3** regarding benefits derived from restructuring.

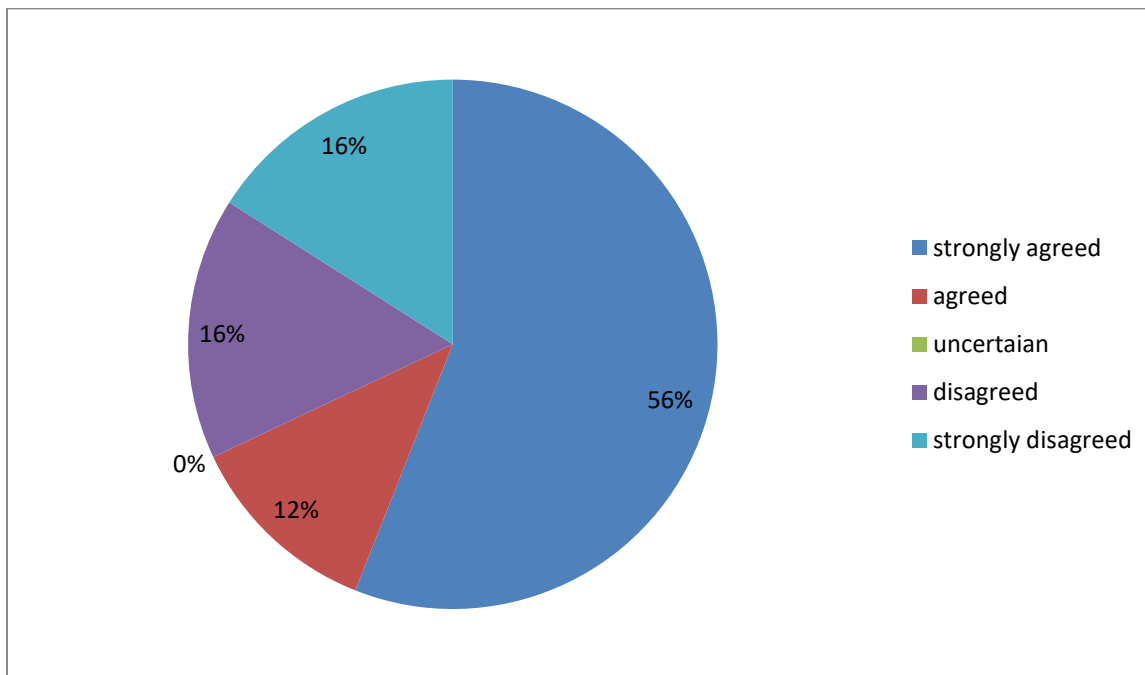
**4.10 Restructuring was the best course of action to take**

The researcher administered the question to find out whether restructuring was the best exercise to eliminate the problems that was faced by the organization. The responses are presented in tabular form on Table 4.19 below followed by a brief analysis.

**Table 4.19 Employee responses on restructuring as the best course of action.**

	Strongly agree	agree	uncertain	disagree	Strongly disagree	Total
Number of respondents	14	3	0	4	4	25
Percentage	56%	12%	0	16%	16%	100%

**Fig 4.15 Responses on restructuring as the best course of action to take.**



The fig 4.15 depicts that (56%) of the employees strongly agreed that restructuring was indeed the best course of action to take as the company was facing a hard time to make ends meet, 12% also agreed on the same matter. However 32% were not agreeing that restructuring could solve the financial and operation problems for example increase in costs but it was rather a cost driver. The table depicts a mode of 68% when aggregating the number of respondents who agreed on the same views. All the management interviewed was of the opinion that restructuring was the

best action to take. However to Cascio(2014) argued that the organization should try to take other tactical measures beside restructuring, in meeting desired goals, such actions include among others, freezing of salaries, and recommending employees to take unpaid vacation leaves.

#### **4.11 What are your personal views concerning restructuring?**

Only 40% active participants managed to fill in the gaps provided to answer this question. The study shows that 20% conceded that restructuring was indeed a necessary move to take given the prevailing conditions. They cited the advantages of restructuring which included; cost cutting if managed properly, improved innovation, enhanced input to output ratio, flexibility to the changing business environment. This was supported by Burnes(2014). However 12% were viewing restructuring as a bad scheme as it may cause job insecurity and may increase cost burden if the need to retrain employees and purchase new capital equipment arise as supported by Bowman and Singh (2013).

The company experienced some drawbacks during the implementation of the scheme such as employee resistance to change. The situation became worse than it used to be in the previous years as cost continued to rise year after year. Those who were neutral about restructuring constituted 8% .Of course the two supported that restructuring was a better option to take but they went on to condemn management on focusing much on downsizing as a way of cutting cost, forgetting the importance of retaining its workforce. The respondents stressed the need for the company to give back to the community through employment creation rather than retrenchment of employees. They also emphasized the idea of exercising transparency whenever the organisation wants to change the way of doing business as articulated by Bolman and Deal (2013).

The respondents also expressed their desire to be engaged before and during the time of restructuring, citing themselves as the ground breakers at grassroots level without whom, the company cannot sustains its operations.

#### **4.12 Analysis and summary of interviews**

For the purpose of this study the researcher scheduled three interview sessions with 3 top level management. The exercise was indeed a success as all of them were very cooperative and gave



their maximum contribution to the study. A descriptive analysis and summary of the questions asked and their responses will be given in this section.

### **Question 1. What forms of restructuring took place at TelOne (Pvt) Ltd?**

All of the 3 top level management who were interviewed indicated that three forms of restructuring actually took place at TelOne (Pvt) Ltd, they went on to name the modes of restructuring suggested by Powell and Yawson (2015) which are organisational, financial and portfolio restructuring. However, from the three forms of restructuring the management revealed that they put maximum focus on organisational restructuring. One of them went on to say that the organisation targeted to remain with about 1500 permanent employees after downsizing. They all acknowledged that, activities such as downsizing, recapitalisation, spinoffs, assets sale and debt restructuring were undertaken during the course of restructuring.

### **2. What factors necessitated the restructuring scheme?**

All the three interviewees pointed out that the need to cut costs and increase revenue were the major causes for restructuring. Minority of the management also emphasized that low profits recordings has also necessitated the need for restructuring. Majority of the respondents also highlighted that by virtue of being a manager one will become a steward to the shareholders of the company, therefore the need to enhance shareholder dividends has also made it mandatory for the company to undertake restructuring. This was concurred by Oghoghomeh and Anthony (2013) who found out that companies that undertook restructuring were seen having increased shareholder wealth.

All the respondents pointed out that, stiff competition from mobile operators such as Econet Wireless, NetOne, and Telecel forced the company to go an extra mile to restructure its organisational operations. In addition, 66% also revealed that the company was experiencing delays in communication, slowness in decision making hence prioritised restructuring to reduce red tape through delayering of management levels on the organisational structure. The same view was also supported by Eisenhardt (2016) who underscored the need to transform the flow of communication through redrawing divisional boundaries.

### **3. What were the benefits of restructuring to the company?**

This question seemed to be difficult for the management to answer as their facial expression could tell that they did not want to label themselves as failures yet they were the policy makers. Minority has made it clear that as yet, the company enjoyed little benefits as it is still on the period of recovering the costs incurred during the restructuring. However the other two were really confident that the company enjoyed some benefits such as assurance of continued survival. Adebayo and Olalekan (2013) reinforced the view as they found out the continued existence of Nigerian banks after restructuring scheme. The management supported their arguments by citing the names of companies that liquidated regardless of TelOne (Pvt) Ltd's operational existence after it implemented the restructuring scheme.

#### **4. What were the challenges faced in the implementation of restructuring?**

All of the interviewees pointed out that the company faced resistance especially in the mobilization of personnel who were supposed to take out new duties on their job description, and fit in the new administration. They also indicated that it was not an easy job for them to select employees whom they were supposed to retrench considering the impact of restructuring on employee morale. This complies with the views obtained from the questionnaires regarding the ineffective selection of employees to retrench. One of the interviewee also noted that the company was facing lack of funds to cater for employee severance packages and financial assistance for outgoing employees. The failing of management to provide financial assistance was against the views shared by Mayhew-Sanders(2013) concerning the provision for management assistance of outgoing employees. All of them also cited on the need for retraining and man power development which arose as a result of restructuring together with the costs associated with such activities.

#### **5. What measures were put in place to ensure successful implementation of restructuring?**

The study depicted that all of the interviewees pointed out that constant communication was made in place to keep the individuals concerned informed. They cited that, circulars were written to the entire stakeholders, be them shareholders or employees to make sure they receive intended information concerning the operational proceedings of the company. However according to the results from the questionnaires, it was noted that there was no effective communication. Donia(2013) stressed the need for management to effectively communicate the vision and the objectives of restructuring to the employees considering new responsibilities.

The respondents also pointed out that management were very transparent to everyone and tried to give explanations to areas of concern. Schulte and Wabnitz (2014) confirmed that high level of transparency is necessary to whoever is influenced or influence the restructuring. Majority of the questionnaire respondents were disagreeing that transparency was exercised. They believed that, such a measure played a pivotal role to make restructuring a success.

#### **4.13 Chapter summary**

In this chapter, data that was collected through interviews and questionnaires has been analysed using descriptive statistics and presented using pie charts, graphs and tables. The next chapter will give the summary, conclusion and recommendations based on the findings.

## **CHAPTER 5**

### **SUMMARY, MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the summary of the study as guided by, research questions and research objectives; the conclusions arrived at based on the findings and recommendation for enhancing organizational performance in telecommunication industry as well as suggestions for further study.

#### **5.1 Summary**

The study was focusing on the impact of restructuring on organizational performance. Chapter one looked on the background of the study, reviewing the financial performance of TelOne (Pvt) Ltd from the period 2015 to 2017 together with authoritative remarks from the company management and other stake holders. The chapter also highlighted the statement of the problems emphasizing much on the continuous increase in costs despite the effort made by the company to undertake a restructuring scheme. The research was guided by research questions and objectives which were clearly stated. The researcher also specified the delimitation, significance, limitation and assumptions of the study, key definitions and chapter summary.

Chapter 2 of the study constitutes of the literature review which gave an examination, acknowledgement and a description of the works of other scholars who carried out related studies. The forms of restructuring have been reviewed together with the activities involved in each type of restructuring. Driving factors which necessitated the scheme, benefits of the scheme, challenges faced during restructuring and measures implemented by management to make the restructuring a success were also examined, citing the relevant literatures that supported or shared different opinions. The leading authors included Maclure (2013) who emphasized that the effectiveness of any organization is enhanced by restructuring, together with Sulaim (2013) who was focusing much on profitability as one of the end results of restructuring. A chapter summary was also given to recap the contents of the chapter.

The study progresses to Chapter 3 outlining the research methodology, Descriptive research design and the case study approach was reviewed. The population comprised of 40 employees

and a sample of 33 was targeted. Both primary and secondary data were used to carry out the study. Questionnaires and interviews were used in gathering data and the justification around each instrument was reviewed in the chapter. The researcher also reviewed the likert scale, data presentation and analysis indicating how the questionnaires and interviews were analyzed as well as the chapter summary.

Chapter 4 also went on to outline the data presentation and analysis. Data collected with an aid of the research instruments was presented through the use of pie charts, tables and graphs. A descriptive statistical analysis was used to analyze the findings taking into consideration the respond with the highest frequency as a modal response on which the opinion were based upon and conclusion drawn. A brief summary of interview responses was also given in the same chapter together with the chapter summary.

## **5.2 Major research findings**

### **5.2.1 Research objective 1: To identify forms of restructuring that took place.**

The researcher found out that the forms of restructuring that took place at TelOne (Pvt) Ltd include organizational, financial and portfolio restructuring as pointed out by all of the top management who were interviewed. It was also deduced from interviewees that the company focused much on organizational restructuring. This was also confirmed by the bulk of questionnaire respondents who agreed that downsizing was indeed undertaken as a means of organizational restructuring. Majority of the participants shared the same opinion that the company exercised downsizing, assets sale, recapitalization, spinoffs, divesture and debt restructuring during the restructuring scheme except for merging which was regarded as a cause of company take-over by Nelson (2016).

### **5.2.2 Research objective2: Establishment of factors that necessitated restructuring.**

Of the suggested drivers of restructuring, majority of those who answered the questionnaires agreed that the need to cut costs, rapid change in technology, need for synergy creation, decreases in profits and financial distress necessitated the implementation of restructuring. The issue of cutting costs was confirmed by the entire interview participants who also revealed that indeed cost cutting was the major objective of the restructuring scheme. The top managers interviewed also pointed out that, stiff competition from mobile operators was also a driving

factor. This view was also shared by the study undertaken by Saboo and Gopi (2013). Majority of policy-makers interviewed stipulated that the organizational hierarchy was too tall to the extent that there was no room for innovation due to delays in decision making and flow of communication which was indeed supported by Bingham (2016).

### **5.2.3 Research objective 3: Establishment of the benefits derived from restructuring**

The findings depicted that the company enjoyed some benefits as majority of the respondents conceded that the company's market share was enhanced and continued survival was assured as a result of the new dispensation. However the majority of those who answered the questionnaires disagreed that the company's productivity was enhanced by restructuring and were seconded by the interview participants who linked the decrease in productivity to low motivation of employees.

### **5.2.4 Research objective 4: Challenges faced on the implementation of restructuring**

It was noted that management faced resistance from employees who claimed that they were not informed about the scheme and from the employee's point of view; management did not give the value to employees as they prioritized retrenchment as a way of cutting labor costs.

From the findings improper handling of outgoing employees, poor communication and lack of stakeholder engagement have made it difficult for the company to fully enjoy the benefits of restructuring, despite it being the best course of action to take given the prevailing situation.

### **5.2.5 Research objective 5: Measures that were employed to ensure successful implementation of restructuring.**

The study established that there was no transparency by management regarding the issue of restructuring and the selection of employees to retrench was not done properly. It was also noted that employees were not receiving assistance from management for them to make smooth transition. From management's point of view, the company was in financial predicament to the effect of not affording to cater for retrenchment costs as well as personnel retraining costs.

## **5.3 Conclusion**

The study was very successful as it attained the research objectives. The conclusion of study is based on the research findings and the literature reviewed. The study established that

restructuring in the organization could increase market share and assurance of continued survival though worker layoffs and loss of perks and amenities for remaining workers. Restructuring could make it possible for the organization to respond quickly to new opportunities hence reestablishing the company's competitive edge.

Further , the study established that decreases in profits, need for fast decision making, need for synergy, increase in costs, stiff competition, low shareholder value ,rapid change in technology and financial distress could necessitate the company to undertake restructuring.

Apart from the above mentioned points, it was noted that the company faced drawbacks for it to successfully implement restructuring which included resistance to change, and lack of funds to help outgoing workers to make transit. Lack of transparency and stakeholder engagement also made it difficult to implement the restructuring scheme.

Finally lack of clear and documented plan could also make the restructuring ineffective as poor planning could be planning to fail. This has affected the profitability and efficiency of product line of the company.

#### **5.4 Recommendations**

The study recommends for restructuring policy in the organization as it increases market share though employee layoffs, reduction in bonuses and loss of perks and amenities for remaining employees as supported by Maclure(2013). This will see the company responding more quickly to the ever changing business environment and reestablishes its competitive advantage.

The study also recommends for proper selection procedures on new appointments, as supported by Mayhew-Sanders (2013), new appointments must be based on merit rather than seniority and favoritism. Furthermore, there must be collaboration between research institutions, vocational training centers and organizations so that employee knowledge and skills will be upgraded to fit in the new job responsibilities as suggested by Cascio (2014).

In addition the study recommends for a policy on down scoping rather than focusing on employee layoffs. According to Mbogo and Waweru (2014) organization must not rely on downsizing alone as it has little impact on financial performance. This can see the organization having enhanced quality work, improved performance, reduced risk of failure, better decision

making and problem solving as well as enhanced activity designing to keep track of available resources in improving performance.

Finally the organization should have effective communication whenever it considers reengineering of business processes and redesigning the existing way of doing business which can enhance organizational performance (Donia 2013). This can also lead to better service delivery, reliability and quality of products, product flexibility, development of capable research teams, which can ultimately increase profits and improved customer base.

### **5.5 Suggestions for further studies**

Available literature on the impact of restructuring on organizational performance has proved to be scanty in relation to the study. The study may contribute to the body of knowledge by establishing that restructuring has an impact on organizational performance in telecommunication sector hence the reason why similar studies are recommended to explore other findings on restructuring and ensure generalization of the outcomes of this study.



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APPENDIX ONE:



To whom it may concern

**RE: APPLICATION FOR PERMISSION TO CARRY A RESEARCH AT YOUR ORGANIZATION**

I am a student at Midlands State University, undertaking a Bachelor of Commerce (Honors) degree in Accounting. I was once attached at Telone (Pvt) Ltd in Bulawayo for the period from 1 September 2016 to 1 August 2017. The research topic is entitled “**An investigation of the impact of restructuring on organizational performance.**”

My study is driven to investigate five issues which are: forms of restructuring which took place, factors that necessitated the restructuring, benefits obtained of the restructuring, challenges that hindered the successful implementation of the restructuring and the measures employed to make sure that the restructuring was successful.

You are assured that the facts received from respondents will be strictly used for academic purposes only.

Yours faithfully

Justice Tipedze

Reg no// R143935P

## APPENDIX TWO

### QUESTIONNAIRE



**Dear Respondent**

**Re: INVITATION OF YOUR CONTRIBUTION IN MY RESEARCH STUDY**

My name is Justice Tipedze, a student at Midlands State University studying Bachelor of Commerce Accounting (Honours) Degree. I am doing my research on the topic entitled “**An investigation on the impact of restructuring on organisational performance**”. I am interested in views concerning questions that shall be asked on the questionnaire booklet. You are assured that the research finding shall be used for academic purposes only.

The core objectives of the investigation are: to establish the forms of restructuring that took place at TelOne (Pvt) Ltd, to identify factors that necessitated the restructuring scheme, to establish the benefits derived from restructuring, to identify challenges that hindered the implementation, as well as measures employed to ensure successful implementation of restructuring.

Your cooperation in this regard will be appreciated

Yours faithfully

Justice Tipedze

**Reg number (R143935P)**

**Instructions**

- Tick in the relevant box.
- Write your opinion in the spaces provided if need be.

**Section A: Demographics**

**1 Please indicate your gender** Male  Female

**2 Please indicate your department**

Human Resources  Marketing  Finance  Information Technology

**3 Please indicate your level in the organization**

Top management  middle level management  lower level management

Shop floor worker

**Section B**

**1 The following Techniques were implemented by the company in its restructuring**

<i>Restructuring activity</i>	<i>Strongly agree</i>	<i>agree</i>	<i>uncertain</i>	<i>disagree</i>	<i>Strongly disagree</i>
(i) <i>Down sizing</i>					
(ii) <i>Divestures</i>					
(iii) <i>Asset sales</i>					
(iv) <i>Mergers</i>					
(v) <i>Spin offs</i>					
(vi) <i>Recapitalization</i>					
(vii) <i>Debt restructuring</i>					

**2 The following factors necessitated restructuring**

<i>Driver</i>	<i>Strongly agree</i>	<i>agree</i>	<i>uncertain</i>	<i>disagree</i>	<i>Strongly disagree</i>
(i) Cost reduction					
(ii) Technology change					
(iii) Financial distress					
(iv) Create synergy					
(v) Low shareholder wealth					
(vi) Decreases in profits					

**3 The following were the benefits derived from restructuring**

<i>Benefits</i>	<i>Strongly agree</i>	<i>agree</i>	<i>uncertain</i>	<i>Disagree</i>	<i>Strongly disagree</i>
(i) Improved market share					
(ii) Increased profits					
(iii) Increased productivity					
(iv) Continued survival					

**4 The following are the challenges that hindered the restructuring implementation.**

<i>Drawback</i>	<i>Strongly agree</i>	<i>agree</i>	<i>uncertain</i>	<i>disagree</i>	<i>Strongly disagree</i>
(i) Improper handling of departing employees.					
(ii) Poor communication					



(iii)Lack of knowledge by management					
(iv)Lack of stakeholders engagement					
(v)Failure to appreciate the value of employees					

**5 The following measures were employed to ensure successful implementation of restructuring**

<i>Measure</i>	<i>Strongly agree</i>	<i>Agree</i>	<i>Uncertain</i>	<i>disagree</i>	<i>Strongly disagree</i>
(i)Formulate clear plans					
(ii)Careful selection of employees to retrench					
(iii)Help employees to make transition					
(iv)Ensure transparency					

**6 Are there any other measures that you may think of?**

.....  
 .....  
 .....

**7 The restructuring was effective in achieving set goals**

Strongly agree  agree  uncertain  disagree  strongly dis agree

**8 Restructuring was the best course of action to take**

Strongly agree  agree  uncertain  disagree  strongly dis agree

**9 What are your personal views concerning restructuring?**

.....

**End of Questions.**

**Thank you for your time**

## **APPENDEX THREE**

### **Interview guide**

1. What forms of restructuring took place at TelOne (Pvt) Ltd?
2. What factors necessitated the restructuring scheme?
3. What were the benefits of restructuring to the company?
4. What were the challenges faced in the implementation of restructuring?
5. What measures were put in place to ensure successful implementation of restructuring?