

# Journal of Strategic Management



**ISSN Online: 2616-8472**



**Stratford**  
Peer Reviewed Journals & books

## **Effect of Restructuring on Organisational Performance. A Study of Selected Small and Medium Enterprises (SMEs) in an Emerging Economy**

**Abiodun, Olumuyiwa Olatubosun**

**ISSN: 2616-8472**

# Effect of Restructuring on Organisational Performance. A Study of Selected Small and Medium Enterprises (SMEs) in an Emerging Economy

Abiodun, Olumuyiwa Olatubosun

MSc. Management and International Business

Birmingham City University

[Olumuyiwa.Abiodun@mail.bcu.ac.uk](mailto:Olumuyiwa.Abiodun@mail.bcu.ac.uk)

*How to cite this article:* Abiodun O., O. (2024). Effect of Restructuring on Organisational Performance. A Study of Selected Small and Medium Enterprises (SMEs) in an Emerging Economy. *Journal of Strategic Management*, 8(2), 84 - 108. <https://doi.org/10.53819/81018102t2420>

## Abstract

This study investigated restructuring and organisational performance of SMEs in emerging economies using a study of chosen SMEs in Lagos state, Nigeria. A quantitative research approach based on the survey method was employed for this study using a sample of 400 respondents in selected areas in Lagos state selected through purposive sampling and simple random sampling techniques. The data was collected using a structured questionnaire and analysed through descriptive and inferential statistical tools such as Regression analysis to test of the hypotheses. The findings revealed the independent variable can account for R-square value (89.3%) of the dependent variable, thereby indicating there is a significant effect of strategy restructuring on organisational performance. Also, the outcomes of this study revealed that the independent variable can report for R-square value (95.1%) of the dependent variable thus process restructuring has a significant effect on organisational performance. The outcomes of this study also revealed R-square value (83.7%) of the dependent variable can be described for by the independent variable; hence, there is a significant effect of manpower restructuring on organisational performance. Finally, the study outcomes revealed R-square value (96.2%) of the dependent variable can be described for by the independent variable, thus there is a significant effect of financial restructuring on organisational performance. Therefore, it was concluded that the significant positive effect of restructuring has on organisational results of SMEs in an emerging economy such as Nigeria, with financial restructuring having the most dynamic and significant effect organisational performance. It was recommended among other things that organizations and management should focus on appropriate restructuring through appropriate policies and processes in a manner that enhances employee and organisational performance.

**Keywords:** *Restructuring, Strategy, Organisational Performance, SMEs.*

<https://doi.org/10.53819/81018102t2420>

## 1. Introduction

Small and medium enterprises (SMEs) have been regarded as major drivers of economic activities and performance in emerging economies such as Malaysia, Bangladesh, South-Africa and Nigeria, just to mention a few. This is because of the significant input of SMEs into the Gross Domestic Product of such emerging economies (Ndiaye, Razak, Nagayev & Ng, 2018; Mer & Viridi, 2024). As a result there has been arguments for business researchers and professionals to carry out divers investigations in to strategic management applications to boost SMEs performance outcomes.

The global business environment is known to be volatile, uncertain, complex and ambiguous (VUCA), thereby affecting the businesses, both big and small, resulting in a paradigm shift of not carrying business as usual (Aladejebi, 2020; Simpson & Mulhaney, 2023). In essence, interests has been raised on restructuring of business organisations which can influence and maintain organizational performance. Mayr and Lixl (2019) stated that restructuring involves significant changes in an organization's operations, financial model, or structure with the goal of increasing performance, increasing profits, and adapting new market conditions. Due to the volatility in both the internal and the external environment, it is crucial for leaders, executives, and managers of business organizations and companies to understand the restructuring process.

This study is centered on investigating the dimensions of restructuring and the effect on performance of SMEs. The study uses the context of SMEs in an emerging economy such as Nigeria, which is considered as one of the most populous sub-African nations with high volume of socio-economic activities with a vibrant SMEs industries (Central Bank of Nigeria, 2023). A restructuring involves adjusting an organisation's operations, people and systems. It may also involve reorganizing departments or changing ownership (Kwaning, Churchill & Opoku, 2014; Wairimu & Omwenga 2022). It is important to SMEs, both in developed and emerging economies, that they undergo restructuring in order to navigate the dynamics of the VUCA business environment. This is because it will enhance their operations, competitiveness, performance. From a strategic management perspective, comprehension of restructuring allows for the management of internal processes within an organization, which can improve financial and non financial performances (Gavurova, Cepel, Belas & Dvorsky, 2021). Based on the foregoing, it is necessary to investigate restructuring dimensions as it applies to SMEs in an emerging economy such as Nigeria and the effect on organisational performance.

### 1.2 Statement of the Problem

Small and medium enterprises performance have been fluctuating in response to the changes in the environment. Most SME owners and employees lack adequate understanding of the strategic management process and components such as restructuring. This is because it involves a series of managerial decision making that constitute variety of factors and elements. The nature of business and operations of SMEs, makes them vulnerable to a myriad of environmental factors which requires that SME owners and entrepreneurs must constantly evaluate their business environment through the lenses of strategic restructuring.

Moreover, owners and managers of small businesses do not fully engage in strategic thinking due to inadequacies in time, cost, skills, expertise, knowledge and information, as well as education and training. The problem in this study is to expatiate how dimensions of restructuring can help in

making informed decisions that impact on business performance. SMEs are no longer exempted from challenging environmental circumstances and need to position themselves in a proactive manner. In recent times, it has been observed that SMEs fail or fold up in their first five years of operations (Adebisi & Bakare, 2019; Adesina & Eretan, 2020), and the main problem attributed to this, is based on lack of effective application of strategic management concepts such as restructuring. Umar (2023) explained that integrating the dimensions of restructuring (strategy restructuring, process restructuring, manpower restructuring, and financial restructuring) serve as a major problem for organizations because each dimension are independent and interdependent myriads of factors that require strategic in nature. Hence this study seeks to bridge the gap in theory and practice by investigating the effect restructuring on organizational performance of SMEs in Nigeria.

### 1.3 Objectives of the Study

The aim of this study was to investigate restructuring and organizational performance of SMEs in Nigeria using a study of selected SMEs in Lagos state. The specific objectives of the study include to:

- i. determine the effect of strategy restructuring on organizational performance.
- ii. ascertain the effect of process restructuring on organizational performance.
- iii. evaluate the effect of manpower restructuring on organizational performance.
- iv. appraise the effect of financial restructuring on organizational performance.

### 1.4 Research Questions

- i. To what extent does strategy restructuring affect organizational performance?
- ii. What is the effect of process restructuring on organizational performance?
- iii. How does manpower restructuring affect organizational performance?
- iv. To what extent is the effect of financial restructuring on organizational performance?

### 1.5 Significance of the Study

The findings from this study hopes to be significant by providing insight on the utilization of the dimensions of restructuring to enhance organizational performance of SMEs, as well as to face the challenges in the Nigerian business environment. The findings of this study would be of significance to SME owners, entrepreneurs, managers by providing information on how best to increase performance of SMEs through application of the restructuring dimensions and components. The study also serves as a source of knowledge and understanding to academic, scholars, researchers and students as a means of reference material to aid their knowledge in organizational restructuring and organizational performance as further study and literature building. Finally, the findings would be of significance to government and policy makers by providing insight on restructuring and SME performance measures towards the improvement of emerging economies such as Nigerian.

## 2. Literature Review

### Conceptual Review and Development of Hypotheses

In the business context, restructuring can be referred as organizational restructuring or corporate restructuring. It is all about reevaluating and reviewing existing management practices and organizational behaviours (Mayr & Lixl 2019). Restructuring is also referred to as changing the organization's structure and systems to achieve greater adaptability and viability in relation to current, potential, and emerging environmental changes. It involves overhauling management processes, strategies and structures in order to increase competitiveness or profitability (Notanubun, Ririhena & Batlolona, 2019; Umar 2023). Restructuring involves a proactive decision-making process to redefine the core business of the company and find a common thread that will ensure its survival and growth.

According to Kwaning Churchill and Opoku (2014) restructuring exercises and practices are ongoing processes that need to be carried out continuously to deal with the ever-changing environment, exploit new opportunities, and combat impending threats. Restructuring can take on many different forms, including mergers and acquisitions (M&A), financial restructuring, downsizing of companies, process or product restructuring, and work reorganization. (Kazmi, 2008; Thompson & Strickland, 2014; Umar, 2023).

### Strategy Restructuring and Organisational Performance

The strategy restructuring process involves re-examining, rearranging, and evaluating the current company vision, mission and objectives as well as its strategies. It also includes assessing the effectiveness of these in light of the new circumstances. This type of corporate restructuring involves reviewing and changing core business lines, revisiting the portfolio and making changes, reevaluating the ways in which the organisation can be coordinated, and reviewing the current priorities of resource allocation. Restructuring in strategy is linked to performance based on the importance to define what the company should be doing in the future. Also, strategy restructuring is important to assess the competitiveness of current strategies in light of changing environmental conditions and make necessary changes (King et al. 2022; Umar 2023). The above leads to the development of hypothesis one, which is stated as;

- i. *H<sub>0</sub>: There is no significant effect of strategy restructuring on organizational performance.*

### Process Restructuring and Organisational Performance

Process restructuring is a method of identifying processes that need to be altered or transformed. It is important to do this because over time, a business can create redundant processes that consume resources and slow down the work. Management must therefore identify ineffective operational processes and replace them through the use of new technology with more creative, innovative, and cost-effective processes that will generate a valuable product for customers. (Kwaning et al., 2014; Umar, 2023). The above leads to the development of hypothesis two, which is stated as;

- ii. *H<sub>0</sub>: Process restructuring has no significant effect on organizational performance.*



## Manpower Restructuring and Organisational Performance

People are recognised as a source of competitive advantage because they are responsible for ensuring that organisational structures and processes are capable of producing desired outcomes (Wheelen & Hunger 2019). As a result, people should be handled properly and manpower restructuring should be done in a strategic manner. Senior management will be responsible for transforming contractual workers into loyal employees. Human resource managers need to create internal structures and processes to improve the ability and capabilities of employees to adapt to changes (Wairimu & Omwenga, 2022). The above leads to the development of hypothesis three, which is stated as;

- iii. *H<sub>0</sub>: There is no significant effect of manpower restructuring on organizational performance.*

## Financial Restructuring and Organisational Performance

According to Dziobek & Pazarbasioglu (2007) as cited by Umar (2023), restructuring financial resources allows organisations to improve their overall performance and operations, such as improving the ability to pay and make a profit, increasing the efficiency, and gaining shareholder confidence. Financial restructuring is the process by which a company in financial distress or cash flow issues can renegotiate and reduce the equity set up to increase or restore liquidity (Notanubun, Ririhena & Batlolona, 2019). The above leads to the development of hypothesis four, which is stated as;

- iv. *H<sub>0</sub>: There is no significant effect of financial restructuring on organizational performance.*

## 2.1 Theoretical Review

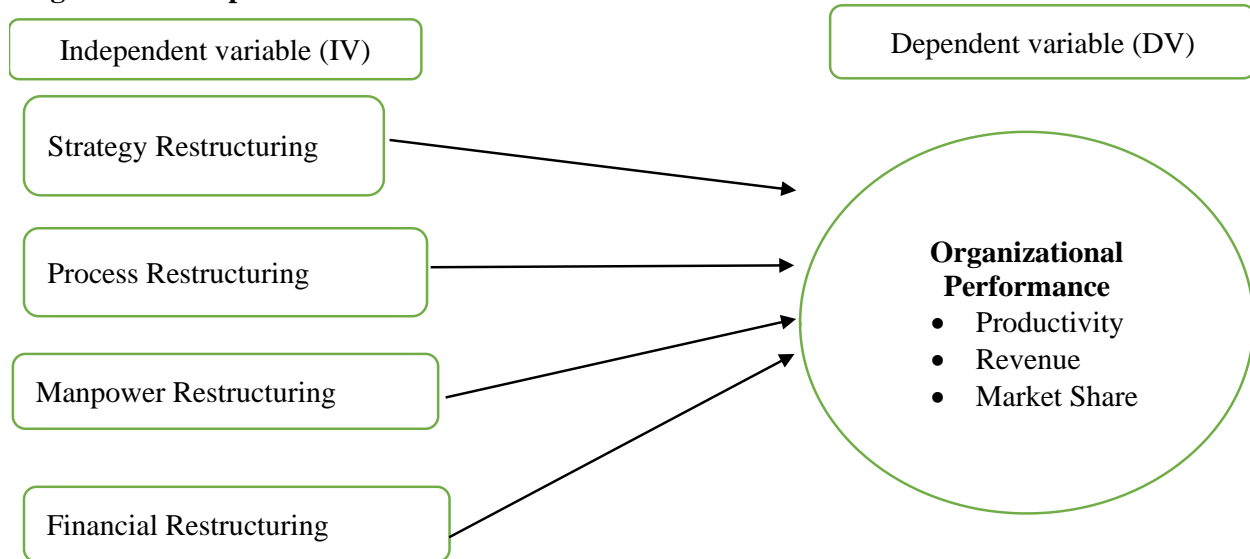
### Resource-Based View (RBV) Theory

The key theory in this research is the RBV theory that asserts the competitive advantage in a firm resides within the boundaries of organisational resources and capabilities to overcome challenges of external environment. The competitive advantage of a company is not determined by assessing environmental threats and opportunities, but rather the unique capabilities and resources that it possesses (Barney 2001). The resource-based firm view predicts that certain resources controlled and owned by firms can generate competitive advantage, and ultimately superior firm performance (Thompson & Strickland 2014; Wheelen & Hunger 2019). The key theory for this study is the Resource-Based Theory or View (RBV) that focuses on the competitive advantage of a firm. Strategic management relies on the efficient use of organizational resources in order to achieve performance. The efficacy of restructuring is based on resources, capabilities and systems of an organization that are important in achieving desired performance (Barney 2001; Sandada, Poee & Dhurup, 2014). In order to apply the resource-based approach to restructuring, the understanding of the dynamics behind resource development and deployment is most critical.

## 2.2 Conceptual Model of the Study

The model of this study is grounded on investigation of restructuring strategy and organizational performance of SMEs. The model considers restructuring as the independent variable and organizational performance as the dependent variable as adjusted from prior reports of Sandada, Poee and Dhurup (2014) and Wairimu and Omwenga (2022) as well as Umar (2023) which is expressed in the figure below:

**Figure 1: Conceptual model**



*Source: Researcher (2023) adapted from Wairimu and Omwenga (2022) as well as Umar (2023)*

## 3. Methodology

### Research Design

The design of this research is focused on effectiveness of the investigation of the research phenomenon. Kothari (2018) termed the research design as the procedure indicating the steps, actions and activities used in collection and analyses of data. It is a structure or plan for conducting the research thus it lays the foundation for conducting the project. However, the research problem determines the type of design to be used. This study adopted a descriptive research design in investigating the research problem. Also making use of a survey method that is made up of cross-sectional investigation of the study variables. To realize this study, a methodology consisting of primary data through quantitative survey would be conducted in a sample group of SMEs in Lagos State.

The population of a study is the totality of the objects or elements being studied and to which the inference and generalisations of findings would be applied (Saunders, Lewis & Thornhill, 2014). The population of the study was attained from the data of SMEs by the small and medium enterprises development association of Nigeria survey of 2023 recording 21,003,018 SMEs in Lagos state, Nigeria.

But, as a result of the large makeup of the study population, there is need for a sample to be used for this study. In essence, the Yamane (1967) method was used to arrive at the appropriate sample size.

The formula is  $n = \left( \frac{N}{1+N(e^2)} \right)$   $n$  = Sample size  $N$  = Total Population = 21,003,018,  $e$  = Precision estimate. Confidence level is 95% and + or - 5% =  $\left( \frac{21,003,018}{(1+21,003,018 (0.05^2))} \right) = \left( \frac{21,003,018}{(1+21,003,018 (0.0025))} \right) = 399.9923 = 400$ .

This study employed multistage sampling procedures consisting of purposive sampling and simple random sampling to choose 80 SMEs in terms of their, owners, managers and employees each in the five sectional areas in Lagos state namely Ikeja, Badagry, Ikorodu, Epe and Lagos Island.

A constructed questionnaire was employed to collect data from primary sources. It is easy to analyze data with a structured questionnaire and it guides respondents in the right direction when answering research questions. This study used questionnaire items from other studies, such as Umar (2023). The questionnaire used a 5-point Likert scale to gauge respondents' opinions about the research variables. The scale goes from strongly agree to strongly disagree. The questionnaire is divided in two sections. Section A is devoted to the demographics of the respondents. This includes gender, age, education, number of years running an SME, etc. Section B is intended to gather information about relevant study variables.

### Validity and Reliability of Research Instrument

Validity and reliability are based on the measurement of the research tool. This involves assigning individual scores that represent a characteristic of individuals who have been gathered using the research instrument. A pilot survey was conducted on a small group of respondents with similar characteristics to those of the surveyed SMEs, as described by Umar (2023) in order to further confirm the reliability of the tool.

Kothari (2018) states that the Alpha values of each variable should be no less than 0.6 in order for statements to be considered reliable. 20 copies of the survey were used as a pilot test. The questionnaires were given to the same respondents as those who participated in the study.

### Data Analysis Techniques

Both descriptive and inferential techniques of statistical application were utilized for the purpose of data analysis. In the section of descriptive analysis, the frequency distribution, standard deviations, mean percentages and simple percentages were used. Regression analysis is used to



test the hypothesis, thus to determine the statistical confidence between research variables. The analysis was done with statistical packages for Social Science (SPSS) version 20.0

#### 4. Analysis and Interpretation of Data

This study investigated the effect of restructuring on organisational performance based on a study of selected, owners, managers and employees of SMEs in carefully chosen areas in Lagos state. A total of four hundred (400) respondents participated in the study, and the same number of questionnaires were distributed, from which two hundred ninety-three (293) were properly completed, returned, and deemed suitable for data analysis, yielding an approximate response rate of 73.3%. The data analysis was carried out using descriptive statistics such as counts of frequency, percentages as well as means and standard deviation while inferential statistics in the form conjunction with Regression analysis.

**Table 1: Frequency Distribution of Demographic Data of Respondent**

RESPONSES		Frequency	Percentage (%)
Respondent's Gender	Male	172	58.7
	Female	121	41.3
	<b>Total</b>	<b>293</b>	<b>100.0</b>
Respondent's Age	21 to 30years	10	3.4
	31 to 40years	100	34.1
	41 to 50years	165	56.3
	Above 50years	18	6.1
	<b>Total</b>	<b>293</b>	<b>100.0</b>
Respondents Highest Level of Educational Qualification	O' Level certificate.	47	16.0
	B.Sc/ BA /HND Degree	144	49.1
	M.Sc/MA/MBA Degree	102	34.8
	Ph. D.	0	0.0
	<b>Total</b>	<b>293</b>	<b>100.0</b>
Number of years owning and working in Small Medium Enterprises:	Less than a year	0	0.0
	1 – 5 years	101	34.5
	6 – 10 years	100	34.1
	Above 11years	92	31.4
	<b>Total</b>	<b>293</b>	<b>100.0</b>
Industry /Sector of the Small Medium Enterprises:	Manufacturing	109	37.2
	Agriculture	84	28.7
	Services	90	30.7
	Information Technology	10	3.4
	<b>Total</b>	<b>293</b>	<b>100.0</b>

*Source: Field Survey, 2024*

Table 1 shows that 58.7% are males and 41.3% are females, which indicates that both genders were included in the sample for this study. Table 4.1 also shows that 3.4% are aged between 21-30 years old, 34.1% between 31-40 years of age, 56.3% between 41-50 years of age, and 6.1% older than 51. Majority of respondents are employed with a median age between 40 and 50 years. Table 1 also reveals that 16.0% have O' Level certificates, 49.1% hold B.Sc/BA/HND degrees, 34.8% M.Sc/MA/MBADegrees and 0.0% Ph.D. degrees. The majority of respondents in the SMEs are highly educated and knowledgeable, and they understand the importance and implications of this study. Table 1 shows the years of experience for respondents. 0.0% have less than a year experience, 34.5% own or work in SMEs and have between 1-5 years of experience, 34.1% own or work in SMEs with 6-10 years of experience, 31.4% own or have more than 11 years of experience. The majority of respondents are experienced in SMEs. Finally, Table 1 revealed that 37.2% respondents had SMEs within the manufacturing sector. 28.7% respondents had SMEs within the agricultural sector. 30.7% respondents were in the services sector.

### Analysis of Respondents' Opinion According to Research Questions

Where SA= Strongly agree (5), A=Agree (4), UD = Undecided (3), D = Disagree (2), SD = Strongly Disagree (1).

**Table 2: Respondents opinion on strategy restructuring**

Questionnaire Items		SA	A	U D	D	SD	Total	Mean	Std Dev
The evaluation of business strategy is done regularly in response to external factors such as inflation rate and foreign exchange rate.	<b>Frequency</b>	237	56	0	0	0	<b>293</b>	<b>4.81</b>	<b>0.97</b>
	<b>Percent</b>	80.9	19.1	0.0	0.0	0.0	<b>100.0</b>		
Most SMEs rearrange their policy as a way of being ready for any change in the business environment	<b>Frequency</b>	264	20	9	0	0	<b>293</b>	<b>4.87</b>	<b>0.51</b>
	<b>Percent</b>	90.1	6.8	3.1	0.0	0.0	<b>100.0</b>		
Strategy restructuring helps in managing unforeseen circumstances in business activities	<b>Frequency</b>	270	12	9	2	0	<b>293</b>	<b>4.88</b>	<b>0.40</b>
	<b>Percent</b>	92.2	4.1	3.1	0.7	0.0	<b>100.0</b>		
Restructuring of long-term plans improves business performance to adapt to changes in the environment	<b>Frequency</b>	280	13	0	0	0	<b>293</b>	<b>4.96</b>	<b>0.33</b>
	<b>Percent</b>	95.6	4.4	0.0	0.0	0.0	<b>100.0</b>		

Source: Field study, 2024

Table 2 shows that only 80.9% of the respondents strongly agreed with the statement that “The evaluation of business strategy is done regularly in response to external factors such as inflation rate and foreign exchange rate” 19.1% of the respondents agreed, 0.0% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus the majority of the respondents stated that evaluation of business strategy is done regularly in response to external factors such as inflation rate and foreign exchange rate. This was further indicated by a mean of 4.81 and a standard deviation of 0.97 respectively.

Table 2 revealed that only 90.1% of the respondents strongly agreed that “Most SMEs rearrange their policy as a way of being ready for any change in the business environment”, 6.8% of the respondents agreed, 3.1% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents strongly agreed that most SMEs rearrange their policy as a way of being ready for any change in the business environment. This was further indicated by a mean of 4.87 and a standard deviation of 0.51 respectively. Furthermore, Table 2 revealed that only 92.2% of the respondents strongly agreed that “Strategy restructuring helps in managing unforeseen circumstances in business activities” 4.1% of the respondents agreed, 3.1% of the respondents were undecided, 0.7% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents strongly agreed that strategy restructuring helps in managing unforeseen circumstances in business activities. This was further indicated by a mean of 4.88 and a standard deviation of 0.40 respectively.

Finally, table 2 revealed that only 95.6% of the respondents strongly agreed that “Restructuring of long-term plans improves business performance to adapt to changes in the environment” 4.4% of the respondents agreed, 0.0% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents strongly agreed that restructuring of long-term plans improves business performance to adapt to changes in the environment. This was further indicated by a mean of 4.96 and a standard deviation of 0.33 respectively.

**Table 3: Respondents opinion onthe effect of process restructuring**

Questionnaire Items		SA	A	UD	D	SD	Total	Mean	Std Dev
Process reorganisation is a critical activity for most SMEs	<b>Frequency</b>	232	61	0	0	0	<b>293</b>	<b>4.79</b>	<b>0.70</b>
	<b>Percent</b>	79.2	20.8	0.0	0.0	0.0	<b>100.0</b>		
We regularly engage in the reformation of operations to efficiently manage and utilise business resources.	<b>Frequency</b>	234	41	15	3	0	<b>293</b>	<b>4.73</b>	<b>0.67</b>
	<b>Percent</b>	79.9	14.0	5.1	1.0	0.0	<b>100.0</b>		
The day to day operations are restructured to assist most SMEs in managing unforeseen circumstances in business activities.	<b>Frequency</b>	254	39	0	0	0	<b>293</b>	<b>4.87</b>	<b>0.49</b>
	<b>Percent</b>	86.7	13.3	0.0	0.0	0.0	<b>100.0</b>		
Process restructuring helps increase business performance of SMEs.	<b>Frequency</b>	290	3	0	0	0	<b>293</b>	<b>4.99</b>	<b>0.10</b>
	<b>Percent</b>	99.0	1.0	0.0	0.0	0.0	<b>100.0</b>		

*Source: Field study, 2024*

Table 3 shows that 79.2% of the respondents strongly agreed with the statement that“Process reorganisation is a critical activity for most SMEs”, 20.8% of the respondents agreed, 0.0% of the respondents are undecided, and 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents revealed that process reorganisation is a critical activity for most SMEs. This was further indicated by a mean of 4.79 and a standard deviation of 0.70 respectively.

In addition, table 3 shows that only 79.9 of the respondents strongly agreed with the statement that “We regularly engage in the reformation of operations to efficiently manage and utilise business resources” 14.0% of the respondents agreed, 5.1% of the respondents were undecided, 1.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents revealed that SMEs regularly engage in the reformation of operations to efficiently manage and utilise business resources. This was further indicated by a mean of 4.73 and a standard deviation of 0.67 respectively.

Table 3 revealed that only 86.7% of the respondents strongly agreed that “The day to day operations are restructured to assist most SMEs in managing unforeseen circumstances in business activities”, 13.3% of the respondents agreed, 0.0% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents strongly agreed that the day to day operations are restructured to assist most SMEs in managing unforeseen circumstances in business activities. This was further indicated by a mean

of 4.87 and a standard deviation of 0.49 respectively. Finally, table 3 revealed that only 99.0% of the respondents strongly agreed that “Process restructuring helps increase business performance of SMEs 1.0% of the respondents agreed, 0.0% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents strongly agreed that process restructuring helps increase business performance of SMEs. This was further indicated by a mean of 4.99 and a standard deviation of 0.10 respectively.

**Table 4: Respondents opinion on how does manpower restructuring**

Questionnaire Items		SA	A	UD	D	SD	Total	Mean	Std Dev
Most SMEs rightsize the number of employees recruited to achieve desired performance.	<b>Frequency</b>	242	51	0	0	0	<b>293</b>	<b>4.83</b>	<b>0.59</b>
	<b>Percent</b>	82.6	17.4	0.0	0.0	0.0	<b>100.0</b>		
We do manpower restructuring based on the allocation of resources and budgets for business activities.	<b>Frequency</b>	252	41	0	0	0	<b>293</b>	<b>4.86</b>	<b>0.47</b>
	<b>Percent</b>	86.0	14.0	0.0	0.0	0.0	<b>100.0</b>		
Manpower usage is based on the kind of business structure we have	<b>Frequency</b>	264	20	9	0	0	<b>293</b>	<b>4.87</b>	<b>0.51</b>
	<b>Percent</b>	90.1	6.8	3.1	0.0	0.0	<b>100.0</b>		
Manpower restructuring helps increase business performance of SMEs.	<b>Frequency</b>	281	12	0	0	0	<b>293</b>	<b>4.96</b>	<b>0.33</b>
	<b>Percent</b>	95.9	4.1	0.0	0.0	0.0	<b>100.0</b>		

*Source: Field study, 2024*

Table 4 shows that 82.6% of the respondents strongly agreed with the statement that “Most SMEs rightsize the number of employees recruited to achieve desired performance”, 17.4% of the respondents agreed, 0.0% of the respondents are undecided, and 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents revealed that most SMEs rightsize the number of employees recruited to achieve desired performance. This was further indicated by a mean of 4.83 and a standard deviation of 0.59 respectively.

In addition, table 4 indicated that only 86.0% of the respondents strongly agreed with the statement that “We do manpower restructuring based on the allocation of resources and budgets for business activities” 14.0% of the respondents agreed, 0.0% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents revealed that SMEs do manpower restructuring based on the allocation of resources and budgets for business activities. This was further indicated by a mean of 4.86 and a standard deviation of 0.47 respectively.

<https://doi.org/10.53819/81018102t2420>



Table 4 revealed that only 90.1% of the respondents strongly agreed that “Manpower usage is based on the kind of business structure we have”, 6.8% of the respondents agreed, 31% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents strongly agreed that manpower usage is based on the kind of business structure of SMEs. This was further indicated by a mean of 4.87 and a standard deviation of 0.51 respectively.

Finally, Table 4 revealed that only 95.9% of the respondents strongly agreed that “Manpower restructuring helps increase business performance of SMEs” 4.1% of the respondents agreed, 0.0% of the respondents were undecided, 0.0% of the respondents disagreed and 0.0% of the respondents strongly disagreed. Thus, a large number of the respondents strongly agreed that manpower restructuring helps increase business performance of SMEs. This was further indicated by a mean of 4.96 and a standard deviation of 0.33 respectively.

**Table 5: Respondents opinion on financial restructuring**

Questionnaire Items		SA	A	UD	D	SD	Total	Mean	Std Dev
We consider the evaluation of financial resources critical to achieving business stability.	<b>Frequency</b>	234	41	15	3	0	<b>293</b>	<b>4.73</b>	<b>4.67</b>
	<b>Percent</b>	79.9	14.0	5.1	1.0	0.0	<b>100.0</b>		
Most SMEs regularly check their capital based in terms of owners' contributions and debt to balance financial status.	<b>Frequency</b>	264	20	9	0	0	<b>293</b>	<b>4.87</b>	<b>0.51</b>
	<b>Percent</b>	90.1	6.8	3.1	0.0	0.0	<b>100.0</b>		
The reorganisation of financial resources helps in ensuring that most SMEs have the cash to run business and remain profitable.	<b>Frequency</b>	270	12	9	2	0	<b>293</b>	<b>4.88</b>	<b>0.40</b>
	<b>Percent</b>	92.2	4.1	3.1	0.7	0.0	<b>100.0</b>		
Financial restructuring helps in increasing the business performance of SMEs.	<b>Frequency</b>	275	18	0	0	0	<b>293</b>	<b>4.94</b>	<b>0.21</b>
	<b>Percent</b>	93.6	6.4	0.0	0.0	0.0	<b>100.0</b>		

*Source: Field study, 2024*

Table 5 shows only 79.9% strongly agree with the statement that "We consider the assessment of financial resources to be critical in achieving business stability". 14.0% agreed, 5.1% were undecided. 1.0% disagreed. 0.0% strongly disagreed. Thus, a large number of the respondents revealed that they consider the evaluation of financial resources critical to achieving business stability. The standard deviation was 0.67 and the mean was 4.73.

Table 5 revealed that 90.1% strongly agreed with the statement "Most SMEs check their capital regularly based on owners' contributions and the debt to balance financial situation". 6.8% strongly agreed, 31.0% were undecided while 0.0% strongly disagreed. The table 4.5 shows that a majority of respondents strongly agreed with the statement "Most SMEs regularly check capital based on owners' contributions and their debt to balance financial situation". However, 6.8% of respondents also agreed. 31% of respondents were undecided. This was further indicated by a mean of 4.87 and a standard deviation of 0.51 respectively]

Table 5 also revealed that only 92.2% strongly agreed with the statement that "The reorganisation financial resources helps to ensure that most SMEs are able to operate their business and remain profitable". 4.1% strongly agreed, 3.1% were undecided while 0.7% strongly disagreed. A large number of respondents strongly agreed that reorganisations of financial resources help to ensure that most SMEs are able to operate their business and remain profitable. The standard deviation was 0.40 and the mean was 4.88.

Finally, Table 5 showed that only 93.6% strongly agreed with the statement "Financial Restructuring helps to increase the business performance of SMEs". 6.4% strongly agreed, 0.0% were undecided. 0.0% disagreed. A large number of respondents strongly agreed that financial reorganization helps to increase the performance of SMEs. The standard deviation was 0.21 and the mean was 4.94.

**Table 6: Respondents opinion on Organisational performance**

Questionnaire Items		SA	A	UD	D	S D	Total	Mean	Std Dev
We measure performance in terms of increased level of operational efficiency and usage of resources.	<b>Frequency</b>	249	41	3	0	0	<b>293</b>	<b>4.84</b>	<b>0.37</b>
	<b>Percent</b>	84.9	14.0	1.0	0.0	0.0	<b>100.0</b>		
We have had increase in our sales revenue and volume year on year.	<b>Frequency</b>	264	20	9	0	0	<b>293</b>	<b>4.87</b>	<b>0.51</b>
	<b>Percent</b>	90.1	6.8	3.1	0.0	0.0	<b>100.0</b>		
Our business performance is based on enhanced customer patronage and satisfaction.	<b>Frequency</b>	281	12	0	0	0	<b>293</b>	<b>4.96</b>	<b>0.20</b>
	<b>Percent</b>	95.9	4.1	0.0	0.0	0.0	<b>100.0</b>		
We measure performance in terms of increased profitability	<b>Frequency</b>	285	8	0	0	0	<b>293</b>	<b>4.97</b>	<b>0.11</b>
	<b>Percent</b>	97.3	2.7	0.0	0.0	0.0	<b>100.0</b>		

*Source: Field study, 2023*

Table 6 shows only 84.9% strongly agree with the statement "We measure our performance by increased operational efficiency and resource usage". 14.0% agreed, 1.0% were undecided. 0.0% disagreed. 0.0% strongly disagreed. Thus, a large number of the respondents revealed that SMEs

measure performance in terms of increased level of operational efficiency and usage of resources. This was further indicated by a mean of 4.85 and a standard deviation of 0.37 respectively.

Table 6 revealed that 90.1% strongly agreed with the statement "We've seen an increase in sales volume and revenue year-on-year". 6.8% strongly agreed, 31.1% were undecided. 0.0% strongly disagreed and disagreed. A large number of respondents strongly agreed that SMEs had increased sales revenue and volume from year to year. The standard deviation was 0.51 and the mean was 4.87.

Table 6 also revealed that 95.9% strongly agreed with the statement "Our business performance is based upon enhanced customer patronage and satisfaction". 4.1% of respondents agreed. 0.0% were undecided. 0.0% disagreed. 0.0% strongly disagreed. A large number of respondents strongly agreed that SMEs' business performance was based on increased customer patronage and happiness. This was further indicated by a median of 4.96 and a Standard Deviation of 0.20.

Table 6 revealed, finally, that only 97.3% strongly agreed with the statement "We measure performance by increased profitability". 2.7% strongly agreed, 0.0% were undecided, and 0.0% strongly disagreed and disagreed. A large number of respondents strongly agreed that SMEs evaluate performance based on increased profitability. The standard deviation was 0.11 and the mean was 4.97.

### **Test of the Hypotheses**

**H<sub>0</sub>:** There is no significant effect of strategy restructuring on organizational performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945	.893	.806	1.105

a. Predictors: (Constant): strategy restructuring

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.551	1	6.551	4.022	.016
	Residual	308.694	292	1.625		
	Total	315.245	293			

a. Dependent Variable: Organisational performance

b. Predictors: (Constant) strategy restructuring

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.988	.205		14.576	.000
	strategic restructuring	.136	.018	.144	2.008	.016

a. Dependent Variable: Organisational Performance

R-square was calculated 0.893 showing 89.3% of strategy restructuring has significant relationship on organisational performance. The regression table shows F value is 4.022 at .016 significant level ( $p < 0.05$ ) which demonstrating that the null hypothesis one should be rejected and the alternative hypothesis one should be accepted stated as there is significant effect of strategy restructuring on organizational performance.

**Hypothesis Two**

**H<sub>0</sub>:** Process restructuring has no significant effect on organizational performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.975	.951	.916	1.105

a. Predictors: (Constant), process restructuring

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.551	1	6.551	2.525	.011
	Residual	308.694	292	2.594		
	Total	315.245	293			

a. Dependent Variable: organisational performance

b. Predictors: (Constant) process restructuring

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	F	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.090	0.203	0.234	14.265	0.000
	process restructuring	0.110	0.052	0.011	1.121	0.001

a. Dependent Variable: organisational performance

R-square value = .951 represents R square value indicating 95.1% of the independent variable on dependent variable. The regression table demonstrates that F value is 2.525 at .011 significant level ( $p < 0.05$ ) which shows that the null hypothesis should be rejected and the alternative hypothesis should be accepted, thus process restructuring has significant effect on organizational performance.

**Hypothesis Three**

**H<sub>0</sub>:** There is no significant effect of manpower restructuring on organizational performance.



**. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915	.837	.816	1.008

a. Predictors: (Constant) manpower restructuring

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.551	1	3.551	1.368	.001
	Residual	308.694	292	2.594		
	Total	315.245	293			

a. Dependent Variable: Organisational performance

b. Predictors: (Constant) manpower restructuring

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	f	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.000	0.203	0.234	14.265	0.000
	manpower restructuring	0.120	0.046	0.078	1.529	0.02

a. Dependent Variable: Organisational performance

The R-square value = .837 shows the goodness of fit of the regression, thus 83.7% of manpower restructuringsignificantly affects organisational performance. The regression table shows F value is 1.368 at .001 significant level ( $p < 0.05$ ) which shows that the null hypothesis three should be rejected and the alternative hypothesis three should be accepted, thus there is significant effect of manpower restructuring on organizational performance.

### Hypothesis Four

**H<sub>0</sub>:** There is no significant effect of financial restructuring on organizational performance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981	.962	.905	1.158

a. Predictors: (Constant) financial restructuring

ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.551	1	3.551	1.368	.001
	Residual	308.694	292	2.594		
	Total	315.245	293			

a. Dependent Variable: Organisational performance

b. Predictors: (Constant) financial restructuring

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	F	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.000	0.203	0.234	14.265	0.000
	Financial restructuring	0.120	0.046	0.078	1.529	0.02

a. Dependent Variable: Organisational performance

R-square value = .962 shows the goodness of fit of the regression, thus 96.2% of financial restructuring significantly affects organisational performance. The regression table shows F value is 1.368 at .001 significant level ( $p < 0.05$ ) which demonstrates that the null hypothesis four should be rejected and the alternative hypothesis four should be accepted stated as there is significant effect of financial restructuring on organizational performance.

## 4.2 Discussion of Findings

This research investigated the restructuring of organizations and organisational performance by using a study on SMEs in an emerging economy such as Nigeria.. Following are the discussions made in relation to the study results from data analysis and testing of hypotheses.

The majority of respondents said that strategy restructuring was critical to achieving the right plans and action in an organisation. Gavurova and al. (2021) had previously stated that strategy is a key component to SME performance. The findings were in disagreement with Kwaning et al. (2014) based upon the argument that restructuring strategy is dependent on the size of an organisation, which could require strategic decisions if the organization was small and informal.

The study also found that process restructuring had a significant impact on the performance of organizations. The majority of respondents attributed process restructuring to organizational performance, based on the reorganization required in business systems and activities. Mayr and Lixl (2019) argue that process and procedure restructuring contributes to the overall effectiveness of organizational-based work designs and tactic. The findings are also in agreement with Okeke et. al. (2016) regarding the importance of SMEs adjusting their processes to both internal and external factors.

The findings of the study showed that manpower restructuring has a significant impact on organizational performance. Majority of respondents said that recruitment and selection processes are critical for aligning organizational performance. This is consistent with the work of Wairimu & Omwenga (2022) based on how people influence strategic corporate restructuring and performance of Kenyan insurance firms. The findings of this study provide the ideology that manpower restructuring makes it essential for implementation of overall organisation restructuring as people need to be on board of restructuring as the most critical element for SMEs performance.

Final findings showed that financial restructuring has a significant impact on the performance of organizations. Most respondents agreed that financial restructuring was necessary to ensure efficient business operations. Financial restructuring is beneficial to SMEs, as it allows them to have the right mix of debt and equity for their financial and capital base. The study confirmed the findings of Umar (2023) on capital restructuring for organizational performance.

## 5.1 Summary, Conclusion and Recommendation

This study examined the restructuring and organizational performance using a study of selected SMEs in Lagos state. The primary findings of the study indicate that the majority of respondents were men aged 41 to 50 with M.Sc/MA/MBA degree as their highest level of education. In addition, the majority of respondents have experience in SMEs for 1 to 5 years in the manufacturing sector earning N5 million and N50 million. Based on data analysis and hypothesis testing, the following findings are summarized:

- i. Firstly, 89.3% of strategy restructuring significantly affects the organisational performance of SMEs in an emerging economy such as Nigeria.
- ii. Also 95.1% of process restructuring has significant effect on organizational performance of SMEs in an emerging economy such as Nigeria.

- iii. Thirdly, 83.7% of manpower restructuring has significant effect on organizational performance of SMEs in an emerging economy such as Nigeria.
- iv. Finally and most substantially 96.2% of financial restructuring has significant effect on organizational performance of SMEs in an emerging economy such as Nigeria

Based on the summary of major findings in this study, the main conclusion is that there is a significant effect of restructuring on organisational performance in SMEs in Lagos state. The conclusion is based on the research objectives and questions, thereby considering the respective effects and relationships of restructuring in terms of strategy, process, manpower and financial, on organisational performance. This study established that financial restructuring has the most significant effect organisational results and outcomes such as productivity, sales and profit. This means that through proper structuring of finances in SMEs there can be enhancement in organisational performance. This is followed by process restructuring, strategy restructuring as well as manpower restructuring. This study concludes that restructuring of SMEs provides an atmosphere for enhanced performance through ensuring that the organisation is flexible and adaptive to internal and external environment.

### 6.1 Contributions to Knowledge

The findings of this study contributed to knowledge by providing insights on restructuring as essential in strategic management of contemporary business organizations as a tool for driving organizational performance. The study utilized a theoretical framework which includes theories such as the goal setting theory and resource-based view theory. The implications of the findings of this study are based on critical insights into the effectiveness of restructuring of organisation on organizational performance.

### 7.1 Recommendations

In line with the findings and deductions of this study, it was attributed and recommended have been suggested:

- i. Organisations and management should focus in the appropriate restructuring through appropriate policies and processes in a manner that enhances employee and organisational performance.
- ii. It is also recommended that the use of restructuring should be integrated with organisational strategy, size and technology for efficiency in matching employee and organisational behaviour.
- iii. Furthermore, it is recommended that restructuring of organisations should be done in a manner that aligns with the realities of the business environment.
- iv. Lastly, it is recommended that government and key policy stakeholders understand restructuring in SMEs to adequately formulate and implement appropriate policies that can improve organisational performance and overall quality of business operations

### **8.1 Limitations of the Study and Suggestions for Further Studies**

This research work was focused on restructuring and organisational performance using SMEs in selected areas in Lagos State based on a survey method, hence further studies can be done in terms of:

- i. For future research purposes, it is suggested that there should be additional research that looks for gaps.
- ii. The study employed a quantitative approach; subsequent research should employ a qualitative approach or a combination of the two.



## References

- Adebisi, S. A. & Bakare, N. A. (2019). Survival strategies and sustainability of small and medium enterprises in a volatile environment. *Management Dynamics in the Knowledge Economy*, 7 (4),553-569.
- Adesina, B. D. & Eretan, G. O. (2020). Nexus between strategic management and firm performance: A study of selected manufacturing companies in Nigeria. *International Journal of Creative Research Thoughts (IJCRT)* 3559 – 3574..
- Barney, J.B. (2001). Resource-based theories of competitive advantage: A ten year retrospective on the resource-based view. *Journal of Management*, 27, 643-650.
- Conțu, E. G. (2020). Organizational performance – theoretical and practical approaches; study on students’ perceptions. *Proceedings of the 14th International Conference on Business Excellence*, 10 -14 July, 398-406.
- Fuertes, G., Alfaro, M., Vargas, M., Gutierrez, S., Ternero, S. & Sabattin, J. (2020). Conceptual framework for the strategic management: A Literature Review—Descriptive, *Journal of Engineering*, (1)1, 11-19.
- Gavurová, B., Cepel, M., Belas, J., & Dvorský, J. (2021). Strategic management in SMEs and its significance for enhancing the competitiveness in the V4 countries -A comparative analysis. *Management & Marketing: Challenges for the Knowledge Society* 15(4), 557-569.
- Harwood, I. K., Nakola, J. O. & Nyaana, D. N. (2016). Effects of organizational restructuring on firm performance: a case of national bank of Kenya. *Global Journal of Advanced Research*, 3(1),43-49
- Hsin-Pin, Fu, Tien-Hsiang, C., & Ming-Ji, W. (2001). A case study of SMEs organizational restructuring in China. *Industrial Management & Data Systems*, 101(9), 492-501
- Ion, E. & Criveanu M. (2016). Organizational performance – A concept that self-seeks to find itself. *Academica Brâncuși” Publisher*.1-5.
- King, D.R., Meglio, O., Gomez-Mejia, L., Bauer, F. & De Massis, A. (2022), Family business restructuring: a review and research agenda. *Journal Management. Studies.*, 59: 197-235.
- Koeh, L. & Were, M. (2016). Strategic management as an organizational performance tool. *Journal of Business Management*, 2(5), 14-29
- Kothari, C.R. (2018). *Research methodology, methods and techniques* (2<sup>nd</sup> ed). New Delhi: New Age International limited.
- Kwaning, C. O., Churchill, R. Q. & Opoku, A. K. (2014). The impact of organisational restructuring on the financial performance of public banks: a post restructuring assessment of Agricultural Development Bank, Ghana. *Research Journal of Finance and Accounting*, 5(16),106
- Mayr, G. & Lixl, D., (2019). Restructuring in SMEs-A multiple case study analysis. *Journal of Small Business Strategy*, 29(1), 85-98.
- Mer, A., & Viridi, A. S. (2024). Decoding the Challenges and Skill Gaps in Small-and Medium-Sized Enterprises in Emerging Economies: A Review and Research Agenda.

<https://doi.org/10.53819/81018102t2420>

Contemporary Challenges in Social Science Management: Skills Gaps and Shortages in the Labour Market, 112, 115-134.

- Notanubun, Z., Ririhena, R. L. & Batlolona, J. R. (2019). The effect of organization restructuring on organization performance viewed from employee performance and leadership effectiveness at Maluku provincial education office. *Journal of Education and Learning*, 13(1), 118~124
- Ndiaye, N., Razak, L. A., Nagayev, R., & Ng, A. (2018). Demystifying small and medium enterprises' (SMEs) performance in emerging and developing economies. *Borsa Istanbul Review*, 18(4), 269-281.
- Okeke, M.N., Onuorah, A.N & Jakpa U.G. (2016). Impact of strategic management on the performance of small and medium scale enterprises (SMES) in Nigeria: a study of selected SMES in Delta state. *Global Journal of Applied, Management and Social Sciences*, 11,57 –66.
- Porter, M. E. (1991). Towards a dynamic theory of strategy. *Strategic Management Journal*, 12(8), 95-117.
- Qarashay, D. M. S. & Alzu'bi, F. A. (2018). The effect of strategic management on the organizational performance using the balance scorecards approach to measure performance: A case study in the nursing department at Al-Khalidi hospital and medical center. *International Journal of Business and Management*; 13(4), 259 – 271.
- Rahman, A., Islam, H., Islam, R. & Sarker, N. K. (2020). The effect of management by objectives on performance appraisal and employee satisfaction in commercial banks. *European Journal of Business and Management*, 12(20), 15 - 27
- Samada, S., Alghafisa, S. & Al-Zuman, A. (2018). Examining the effects of strategic management and organizational culture on organizational performance. *Management Science Letters* 8, 1363–1374.
- Sandada, M., Pooe, D. & Dhurup, M. (2014). Strategic planning and its relationship with business performance among small and medium enterprises in South Africa. *International Business & Economics Research Journal*, 13(3), 659-671
- Simpson, N., & Mulhaney, A. (2023, April). The Death of Business as Usual: The Impact of VUCA on the Sustainability of SMEs. In *The International Research & Innovation Forum* (pp. 65-83). Cham: Springer International Publishing
- Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2020). Overview of SMEs. Retrieved from: <https://smedan.gov.ng/>. Accessed on 28 February 2024
- Thompson, A. A & Strickland, A.J. (2014) *Strategic management*. New York: McGraw-Hill Publishing.
- Umar, M. A. (2023). Corporate restructuring: a strategy for improving organizational performance. *International Journal of Strategic Decision Sciences (IJSDS)*, 14(1), 11
- Wairimu, M. V. & Omwenga, J. (2022). Influence of strategic corporate restructuring on performance of insurance firms in Kenya. *International Journal of Advanced Research and Review*. 7(12), 27-43

- Waweru, P. K. & Omwenga, J. (2015). The influence of strategic management practices on performance of private construction firms in Kenya. *International Journal of Scientific and Research Publications*, 5(6), 1-36.
- Wheelen, T.L. & Hunger, J. A. (2019). *Strategic management and business policy: Toward global sustainability*. (13<sup>th</sup> ed). New York