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EFFECTS OF CORPORATE RESTRUCTURING ON PERFORMANCE OF INTERNATIONAL ORGANIZATIONS: A CASE OF INTERNATIONAL FINANCE CORPORATION

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ABSTRACT

Organizational structures incorporate a network of roles and relationships and usually help in the process of ensuring that collective effort is explicitly organized to achieve specified ends. Organizational performance in today's business world is a major focus for many organization, both profit and nonprofit. Performance should be broader based to include effectiveness, efficiency, economy, quality, consistency behavior and normative measures. This study sought to explore the effects of corporate restructuring on performance of international organizations with special references to International Finance Corporation. The study adopted a descriptive research design. The target population was 120 employees of International Finance Corporation at the Field office in Nairobi. The study used stratified random sampling to select 60. The study collected both primary and secondary data. Primary data was gathered using semi-structured questionnaires. The researcher selected a pilot group of 10 individuals from the target population to test the reliability of the research instrument. Descriptive statistics was used to summarize the data. This included percentages and frequencies. Tables and other graphical presentations were appropriately used to present the data that was collected for ease of understanding and analysis. The study revealed that organization structure should be flexible enough to respond quickly to change, challenge and uncertainty. The study found that proper management comprises of planning, organizing, staffing, directing, and controlling for the purpose of accomplishing a goal. The established that competitiveness of an organization in an industry is fundamentally based on the size and effectiveness of the workforce. The study established that the structure of an organization needs to be costed not only for approval by senior management but also to determine the operational costs.

Key Words; *Organizational Structure, Management Style, Workforce Size, Operational Costs, Performance*

INTRODUCTION

All organizations have some form of more or less formalized structure which has been defined by Borjas (2012) as comprising all the tangible and regularly occurring features which help to shape their members behaviour. The organizational structures incorporate a network of roles and relationships and usually help in the process of ensuring that collective effort is explicitly organized to achieve specified ends. Rose (2008), argues that Human Resource (HR) systems and the organization structure should be managed in a way that is congruent with organizational strategy. Lewis and Cooper (2005), explained that there is a HR cycle which consists of four generic processes or functions that are performed in all organizations.

According to Hellgren and Sverke, (2003), there are no absolute standards against which an organization structure can be judged. There is never one right way of organizing anything and there are no absolute principles that govern organizational choice. The fashion for delayering organizations has much to commend it, but it can go too far, leaving units and individuals adrift without any clear guidance on where they fit into the structure and how they should work with one another, and making the management task of coordinating activities more difficult (Jones and Arnold, 2003). Traditional organization structures consist of a range of functions operating semi-independently and each with its own, usually extended, management hierarchy (Hellgren and Sverke, 2003).

According to Cascio, (2002), corporate restructuring is broadly used to denote significant changes in the structural components of organizations by management. He adds that structuring is aimed at achieving personal, financial, strategic and/or operational objectives and categorized corporate restructuring into portfolio structuring, financial restructuring and organizational restructuring. Hayes (2002) differentiates structuring into external an internal.

According to Johnson (2004), organizational structuring could be by way of changing the vision of the future, and others by changing competitive strategies or human resource strategies. As companies evolve through various life cycles, its leaders and employees must be able to successfully align with organizational changes so that they can evolve as well (Cascio, 2002).

Johnson (2004) notes that any change introduced to an organization must be aligned with the ever-changing, dynamic and culturally diverse workplace, and the relationship between organization restructuring and its employees should be understood. This, according to Hayes (2002) is the key to improving organization's ability to move through change effectively. Thus, organization structuring often means making critical decisions about how to deploy or re-deploy talent and requires insight into where to best utilize talent and find the best fit between existing employees and the jobs that await them. Cascio (2002) points out that understanding the needs of individuals in the organization can be difficult but it helps in analyses which are useful in developing effective solutions for the entire workforce. Organization structuring happens when the reporting hierarchy of a company changes.

Organizational restructuring requires much more time than is normally allowed in some structural adjustment programmes advanced by many organizations, (Beck, Demigurc-Kunt, and Martinez, 2005). For a great number of organizations, no amount of toying with reforms can turn organization around to sustained growth without restructuring owing to the endemic focus on short term profitability; since restructuring of an ailing institution is also an expensive affair.

Firm’s performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization's operations and strategies (Venkatraman and Ramanujam, 2001). It is also the extent to which an individual meets the expectations regarding how he should function or behave in a particular context, situation, job or circumstance. Oakland (1999) is of the view that performance is what people do in relation to organizational roles.

Performance measurement systems provide the foundation to develop strategic plans, assess an organization's completion of objectives, and remunerate mangers (Alderfer, 2003). Although assessment of organization performance is still very important, it is also complicated (Andersen and Segars, 2001). While consensual measurement of performance promotes scholarly investigations and can clarify managerial decisions, marketers have not been able to find clear, current and reliable measures of performance on which marketing merit could be judged (Manogran, 2001).

The financial performance of institutions is usually measured using a combination of financial ratios analysis, benchmarking, measuring performance against budget or a mix of these methodologies. The common assumption, which underpins much of the financial performance research and discussion, is that increasing financial performance will lead to improved functions and activities of the organizations. The subject of financial performance and research into its measurement is well advanced within finance and management fields. It can be argued that there are three principal factors to improve financial performance for financial institutions; the institution size, its asset management, and the operational efficiency (Fitzgerald, Johnston, Brignall, Silvestro and Voss, 2000).

With organizations operating in very volatile environment, the managements concern is how to achieve organizational performance. Organizational performance involves recurring activities to establish organizational goals, monitor progress towards the goals, and make adjustments towards achieve those goals more effectively and efficiently (Carter, 1997). The question is why some organizations perform better than others.

STATEMENT OF THE PROBLEM

According to Claessens and Laeven (2005), organizations have undergone substantial structural reforms since the 1997 financial crisis. Banks in restructuring perceive that the structural and managerial reforms will improve banks' solvency and profitability. Fisher and White (2000) add that many banks internationally have reduced or restructured their organizational and functional structures. According to Kimberly (2012), restructuring may not bring the desired results; in 2007, Equity Bank restructured to merge departments and functions to reduce the payroll budget, however, in recent times, the bank has been hiring top management staff and expanding the merged functions, an indication of failed restructuring (Kimberly, 2012).

There has been growing need for mastery of the latest information technology in addition to a high level of competence in taking on board changes in the local and global industry trends toward efficiency and qualified human resources to reduce costs while increasing profitability (Levine, 2004), which calls for restructuring. Ikhide and Alawode (2010) pointed out that with proper restructuring, banks would be able to stage a remarkable growth and revitalize their management efficiently. According to Asika (2012), for banks to compete and profitably survive in the local banking industry, they need to evaluate their performance and where possible restructure their organizations to minimize costs and increase efficiency.

There is need to understand the effects of corporate restructuring on performance of international organizations so that organization which have not restructured can adopt the right ones to become successful. IFC has been restructuring over the last 1 year, (IFC, Report, 2013). They attribute their steady growth to the restructuring, however many banks are adopting restructuring, some with failure. There is limited empirical evidence on the effects of corporate restructuring on performance of international organizations, this study seek to fill the existing research gap by conducting a study to explore the effects of corporate restructuring on performance of international organizations, with special references on International Finance Corporation, to help improve the overall restructuring process.

Objectives of the Study

i. To establish the effects of organizational structure on performance of International Finance Corporation.
ii. To assess the effects of management style on performance of International Finance Corporation.
iii. To determine the effects of workforce size on performance of International Finance Corporation.
iv. To explore the effects of operational costs on performance of International Finance Corporation.

LITERATURE REVIEW

Theoretical Review

Weick's Model Theory of Organizing

One of the sophisticated theories of organizational structure is Weick's model theory of organizing. It takes into account the high-stressed, fast-paced nature of today's business and reduces equivocality (Patching, 2000). Equivocality boils down to any lack of productivity due to an employee, on any level, having to check with superiors which is brought about by bureaucracy and unaligned organizational structure which greatly affect the management style of the organization (Ashcraft, 2005).

In the Weick's model, there is an information system, which includes frequently and sometimes previously tackled issues (Harenstam, Bejerot, Leijon, Scheele & Waldenstrom, 2004). Employees have access to this information and use it to combat any ambivalence or inertia that might hinder making business decisions (Borjas, 2012). The decisiveness gained by using the information system leads to higher productivity due to easy with which structures can be modified to suit the prevailing or anticipated needs.

Henri Fayol’s Management Theory

Henri Fayol’s 14 Principles of Management have been a significant influence on modern management theory. His practical list of principles helped early 20th century managers learn how to organize and interact with their employees in a productive way.

Fayol (1949) identified six groups of activities or essential functions to which all industrial undertakings give rise – technical activities (production, manufacture, adaptation); commercial activities (buying, selling, exchange); financial activities (search for and optimum use of capital); security activities (protection of property and persons); accounting activities (stocktaking, balance sheet, costs, statistics); and managerial activities (planning, organization, command, co-ordination, control). Our primary concern in this paper, as with Fayol (1949), is with the last of these, the managerial activities, which are concerned with drawing up the broad plan of operations of the business, with assembling personnel, Co-ordinating and harmonizing effort and activity (Fayol, 1949). For Fayol (1949), to manage is to forecast and plan, to organize, to command, to co-ordinate and to control, to foresee and provide means examining the future and drawing up the plan of action, to organize means building up the dual structure, material and human, of the undertaking, to command means maintaining activity among the personnel, to co-ordinate means binding together, unifying and harmonizing all activity and effort and to control means seeing that everything occurs in conformity with established rule and expressed command.

Empirical Review

Mico (2013) did a study on governance and enterprise restructuring in Southeast Europe: gross domestic product and foreign direct investments. The purpose of this paper is to examine corporate governance mechanisms' influence on governance and enterprise restructuring in Southeast Europe (Western Balkans) transition economies: Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Serbia. Hence, the basic hypothesis to test governance and enterprise restructuring is that it is influenced by gross domestic product and foreign direct investments dynamics.

Jin-young (2013) did a study on post-crisis restructuring of the corporate governance of Korean companies. The purpose of this paper was to identify both the problems and their solutions in the corporate governance systems of Korean business groups (chaebols) in the wake of the Asian financial crisis.. In this paper, the author focused on how chaebols should be restructured to improve the Korean economy. In order to figure out how they should be restructured, the author explains the positives and negatives of their current structure and how these can be modified/eliminated to make stronger corporate governance.

Tony (2001) did a study on corporate restructuring: the pitfalls of changing industry structure**.** Industries have life cycles and the transition from one stage to the next can have considerable strategic implications for incumbent firms. Restructuring companies and other companies bringing about change in an industry have a vital role to play in the process of industry transition and restructuring. Their participation in the process, however, is not always as successful as it might be. Too often the restructuring companies and other firms acting as change catalysts themselves eventually fail to survive. An understanding of the nature of industry dynamics and the insight required to take best advantage of situations encountered before, during and after industry transition are key ingredients of successful restructuring moves. An understanding of industry dynamics requires informed research and information as its basis.

Jianwen (2005) conducted a study on corporate restructuring, performance and competitiveness: an empirical examination. This study investigates the effects of corporate restructuring – scale and scope, on the financial performance and long-term competitiveness during the 1980s in a data set of 107 manufacturing firms. Hypotheses were tested using Ordinary-least square (OLS) Regression model. Overall, this study found that: corporate restructuring scope is inversely associated with firms' performance, as expected; the effects of restructuring scope on changes in competitiveness offer partial support for our hypotheses; there was no support for the hypothesized relationships between restructuring scale and performance, and between restructuring scale and changes in competitiveness. Implications for future research in corporate restructuring are discussed.

Jun (2009) conducted study on the diversified business groups and corporate restructuring in China. This paper aimed to explore the roles different ownership structures, the joint effect of related and unrelated diversification strategies, and previous performance levels have on the restructuring strategies of such firms. Multiple regression and ANOVA analysis are used to examine the impact of ownership structure types, match between diversification strategies, and previous performance on the change of business scopes of the sample business groups. Compared to other ownership types, government owned business groups tend to increase their business scope during asset restructuring, while private business groups tend to decrease their scopes through divestitures and spinoffs. Poor previous performance is also found to be negatively related to change in business scopes. The match between related and unrelated diversification strategies of the business groups leads to increase in business scopes, while mismatch between these two strategies tends to lead to decrease in business scopes.

Tony (2001) conducted a study on corporate restructuring: the pitfalls of changing industry structure. Industries have life cycles and the transition from one stage to the next can have considerable strategic implications for incumbent firms. Restructuring companies and other companies bringing about change in an industry have a vital role to play in the process of industry transition and restructuring. Their participation in the process, however, is not always as successful as it might be. Too often the restructuring companies and other firms acting as change catalysts themselves eventually fail to survive.

Michael and Scott Latham, (2012), the study revealed pulling off the comeback: shrink, expand, neither, both. In this paper, the authors aimed at building a prescriptive framework to help managers in turning around their ailing organizations. Their framework focused on the extent of contractionary and expansionary initiatives needed to rebuild long-term competitive advantage. They make the case that managers engaging in a pro-active and balanced approach to scaling down and growing their organizations can boost the success of their recovery efforts.

Rachel and Scott (2002) did a study on restructuring corporate real estate and facilities in mergers, acquisitions and consolidations**.** Corporate mergers, acquisitions and major divisional consolidations put high-profile, fast track demands on corporate real estate and facilities groups to: (1) reformulate site and facilities portfolios to support new global business goals and objectives; (2) implement the programs and projects needed to restructure these portfolios; and (3) take a global approach to site and facilities utilization and management for the new merged entity.

METHODOLOGY

The study used descriptive research design in form of cross sectional survey. The study adopted a descriptive research design since the study intends to gather quantitative and qualitative data that would describe the effects of corporate restructuring on organizations performance with specific interest on International Finance Corporation. The target population was the employees of International Finance Corporation at Nairobi Field Office. This included the employees on permanent contracts of employment which is 120 employees. The sampling technique employed was stratified random sampling. This is because the respondents were stratified into four categories i.e. top management, middle level, low level management and support staff. The study collected both primary and secondary data. Primary data was gathered using semi-structured questionnaires where the respondents were issued with the questionnaires. Descriptive analysis was used to analyse quantitative data. The Statistical Package for Social Sciences (SPSS) computer software was used for analysis to generate data array. Content analysis was used to test data that is qualitative in nature. In addition, a multiple regression was used to measure the quantitative data and was analyzed using SPSS too.

RESULTS

Effects of Organizational Structure on Performance

The study sought to establish the extent to which respondents agreed with the above statements relating to effects of organizational structure on the performance of International Finance Corporation.

Table 1: Statements relating to effects of organizational structure on the performance

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
HR systems and the organization structure should be managed in a way that is congruent with organizational strategy	25	27	2	1	0	1.62	0.25
Traditional organization structures should consist of a range of functions operating semi-independently and each with its own, usually extended, management hierarchy.	21	30	3	1	0	1.71	0.25
there are no absolute standards against which an organization structure can be judged	21	28	4	2	0	1.76	0.23
Organization structure should be flexible enough to respond quickly to change, challenge and uncertainty.	23	29	2	1	0	1.65	0.25
flexibility of organizational structure should be enhanced by the creation of core groups use of part-time, temporary and contract workers to handle extra demands	20	32	3		0	1.69	0.27

From the research findings, majority of the respondents agreed that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy as shown by a mean of 1.62, organization structure should be flexible enough to respond quickly to change, challenge and uncertainty as shown by a mean of 1.65, flexibility of organizational structure should be enhanced by the creation of core groups use of part-time, temporary and contract workers to handle extra demands as shown by a mean of 1.69, Traditional organization structures should consist of a range of functions operating semi-independently and each with its own, usually extended, management hierarchy, as shown by a mean of 1.71, there are no absolute standards against which an organization structure can be judged as shown by a mean of 1.76. The study further revealed that Organizational structures can inhibit or promote performance, depending how effectively the supervisory relationships and workflow influence productivity. These define departmental structure and the reporting hierarchy, without defined policies and procedures that are consistently enforced throughout the organization, performance management strategies can fail to achieve their desired goal of improving product and service quality for end-user customers.

Effects of management style on performance of International Finance Corporation

The study sought to establish the extent to which respondents agreed with the above statements relating to effects of management style on the performance of International Finance Corporation.

Table 2: Statements relating to effects of management style on the performance

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
Organizational method should allow managers to break down the entire operation of a department into several phases.	23	29	3	0	0	1.64	0.25
Proper management in organizations should be geared at getting people together to accomplish desired goals and objectives efficiently and effectively.	22	26	4	2	1	1.80	0.22
Proper Management comprises of planning, organizing, staffing, directing, and controlling for the purpose of accomplishing a goal	16	32	5	0	2	1.91	0.24
Dividing operational functions into sections allows management to obtain a clear picture of what the goals of a department are and how to implement the goals most effectively	21	28	4	1	1	1.78	0.23
Dividing operational functions may allow managers to respond rapidly to factors that affect the internal or external expectations of company.	20	33	2	0	0	1.67	0.27
Leadership function of the organizational management is vitally important to successful management.	24	27	4	0	0	1.64	0.24
Ideal leader is a person who has the ability to connect with employees and others who are instrumental in facilitating the goals of the organization.	22	29	3	1	0	1.69	0.25

From the research findings, majority of the respondents agreed that; Leadership function of the organizational management is vitally important to successful management, Organizational method should allow managers to break down the entire operation of a department into several phases as shown by a mean of 1.64 in each case, Ideal leader is a person who has the ability to connect with employees and others who are instrumental in facilitating the goals of the organization as shown by a mean of 1.69. Dividing operational functions into sections allows management to obtain a clear picture of what the goals of a department are and how to implement the goals most effectively as shown by a mean of 1.78, Proper management in organizations should be geared at getting people together to accomplish desired goals and objectives efficiently and effectively as shown by a mean of 1.80. Proper Management comprises of planning, organizing, staffing, directing, and controlling for the purpose of accomplishing a goal as shown by a mean of 1.91.

Effects of Work Force Size on Performance

The study sought to establish the extent to which respondents agreed with the above statements relating to effects of work force size on the performance of International Finance Corporation.

Table 3: Statements relating to effects of work force size on performance

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
The competitiveness of an organization in an industry is fundamentally based on the size and effectiveness of the workforce	18	33	3	1	0	1.76	0.26
negotiations have the ability to affect the functioning of an organization depending on the power of the union and the terms projected	24	27	2	1	1	1.69	0.24
organizations with huge employee base (workforce) find it difficult to effect changes which affect employees	20	31	2	1	1	1.76	0.25
Organizations are finding that success depends on a competent workforce and paying for competence means that an organization is looking forward, not backward.	23	29	2	0	1	1.67	0.25

From the research findings, majority of the respondents agreed that; Organizations are finding that success depends on a competent workforce and paying for competence means that an organization is looking forward, not backward as shown by a mean of 1.67, negotiations have the ability to affect the functioning of an organization depending on the power of the union and the terms projected as shown by a mean of 1.69. Organizations with huge employee base (workforce) find it difficult to effect changes which affect employees, the competitiveness of an organization in an industry is fundamentally based on the size and effectiveness of the workforce as shown by a mean of 1.76 in each case. the above findings concurs with Armstrong (2009) who points out that increasingly, organizations are finding that success depends on a competent workforce and paying for competence means that an organization is looking forward and not looking back.

Effects of Operational Costs on the Performance

The study sought to establish the extent to which respondents agreed with the above statements relating to effects of operational costs on the performance of International Finance Corporation.

Table 4: Statements relating to effects of operational costs on the performance of International Finance Corporation

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
The structure of an organization needs to be costed not only for approval by senior management but also to determine the operational costs	17	36	1	0	1	1.76	0.28
Visual meetings and trainings help reduce operational costs	15	34	3	1	2	1.93	0.26
Operational travel is important as clients sometimes prefer face to face meetings and this helps the organization meet its objectives	20	34	1	0	0	1.65	0.28
Consultants are experts who help the organization deliver its objectives	16	35	1	2	1	1.85	0.27
Training is important to make employees more competitive	27	25	1	2	0	1.60	0.25

From the research findings, majority of the respondents agreed that; Training is important to make employees more competitive as shown by a mean of 1.60, Operational travel is important as clients sometimes prefer face to face meetings and this helps the organization meet its objectives as shown by a mean of 1.65, The structure of an organization needs to be costed not only for approval by senior management but also to determine the operational costs objectives as shown by a mean of 1.76, Consultants are experts who help the organization deliver its objectives as shown by a mean of 1.85, Visual meetings and trainings help reduce operational costs as shown by a mean of 1.93, the study further established that reduced costs, enables the institution to recapitalize itself and ensures that capital of existing shareholders is noted, the above findings concurs with Cascio, 2002). That though it may be possible to identify many of the relevant organizational restructuring costs, according to Cascio (2002) it is more difficult to quantify the intangible benefits to be derived from the re-structured organization

Regression Analysis

Table 5: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889	.0790	0.746	.32561

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the above table the value of adjusted R squared was 0.746 an indication that there was variation of 78.6 percent on performance of International Finance Corporation due to changes in Organizational structure, management style, work force size, and operational cost at 95 percent confidence interval. This shows that 74.6 percent changes in performance of International Finance Corporation could be accounted to Organizational structure, management style, work force size, and operational cost. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above is notable that there extists strong positive relationship between the study variables as shown by 0.899.

Table 6: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.188	4	.547	2.568	.001[b]
	Residual	10.65	50	.213		
	Total	12.838	54			

From the ANOVA statics, the study established the regression model had a significance level of 0.3% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (2.226>1.997) an indication that Organizational structure, management style, work force size, and operational cost all the performance of International Finance Corporation. The significance value was less than 0.05 indicating that the model was significant.

Table 7: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.508	1.031		1.463	.001
	Organizational structure	.581	.228	.203	2.548	.002
	Management style	.357	.127	.270	2.811	.003
	Work force size	.306	.105	.160	2.914	.001
	Operational costs	.366	.113	.250	3.239	.000

From the above regression it was revealed that holding Organizational structure, management style, work force size, and operational cost to a constant zero, the performance of International Finance Corporation would be at 1.438, a unit increase in Organizational structure would lead to an increase in the performance of International Finance Corporation by a factors of 0.581, a unit increase in management style would lead to increase in performance of International Finance Corporation by factors of 0.357, a unit increase in Work force size would lead to increase an in performance of International Finance Corporation by a factor of 0.306, and a unit increase in Operational costs would lead to an increase in performance of International Finance Corporation by a factors of 0.366 and . All the variables were significant as their significant value was less than (p<0.05).

CONCLUSIONS

The study revealed that organization structure should be flexible enough to respond quickly to change, challenge and uncertainty which will enhance organization performance; from the finding the study concludes that organizational structure affects the performance of International Finance Corporation.

The study found that proper organization management during the restructuring process, through planning, organizing, staffing, directing and controlling aligned to organization objective influence the performance of the organization, thus the study concludes that management style during restructuring affects performance of International Finance Corporation.

The study found that workforce through proper staffing affects the organistion performance during the restructuring process, this enhance proper implementation of restructuring strategy, thus the study concludes that workforce size affects the performance of International Finance Corporation.
The study established that cost of restructuring influence the implementation process which influence the organization performance , thus the study concludes that operational costs affects the performance of International Finance Corporation.

RECOMMENDATIONS

Senior managers should regularly review objectives, strategies and processes associated with people management practices in their organisations and make changes or introduce innovations accordingly. Senior managers should monitor the satisfaction and commitment of employees on a regular basis using standardized surveys.
Senior managers need to monitor employee perceptions of the culture of their organisations, examining areas which contribute towards a people-orientated culture. Organisational changes are made, as necessary, to promote job satisfaction and employee commitment. HRM practices are reviewed across the organisation in the following areas: recruitment and selection, appraisal, training, reward systems, design of jobs (richness, responsibility and control), and communication.
Senior managers need to receive adequate training and support to provide effective vision and direction for the organization's 'people management' strategies. The central element of each organization's philosophy and mission should be a commitment to the skill development, well-being and effectiveness of all employees

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