

THE RESTRUCTURING NATURE

Karolina WIELICKA

Silesian University of Technology, Faculty of Organization and Management; karolina.wielicka@polsl.pl,
ORCID: 0000-0001-5475-6661

Purpose: This article aims to systematize the concept of restructuring and its types.

Design/methodology/approach: The article uses literature analysis as a research tool. The issue covers domestic and foreign publications of the last quarter of a century.

Findings: The activities carried out as part of the restructuring process are unique and unrepeatable. They cannot be directly copied or mapped in another organization. The concept of restructuring has been and is currently considered by authors in four approaches as a market phenomenon resulting from changes in the environment, as a microeconomic phenomenon, as a result of the systemic-industrial restructuring of the national economy and in meso- and macro-economic approach.

Research limitations/implications: An article from a literature review is limited by its subjective selection.

Originality/value: The article updates contemporary knowledge about the restructuring process. Its value is the diagrammatic representation of overlapping approaches to restructuring.

Keywords: restructuring, definition, classification.

Category of the paper: Literature review.

1. Introduction

Restructuring is a "natural" need, the causes of which can be traced to weaknesses in the organization's management system and control area, as well as changes in the environment. In some economic sectors, such as education, mining, and hospitality, restructuring is a continuous process going from reform to reform. As early as a quarter of a century ago, the causes of restructuring were identified, among other things (Gabusiewicz, 1999):

- transformations of system assumptions and economic changes;
- the high dependence of enterprise development on relations with the environment;
- the need to transform the organization model from a closed to an open system;
- competition affecting the functioning of the organization;
- the organization's constant striving for development.

J. Stoner and H. Wankel believe that the main reason for restructuring is the threat of bankruptcy, liquidation or takeover by other entities (Stoner, Wankel, 1994). Changes in organizations are the result of phenomena that need to be recognized. These phenomena (causes) affect the type of changes implemented in restructuring and can be classified differently depending on the extent, type of change, duration, effect, or cost (Famielec, Kożuch, 2018). This article aims to systematize the concept of restructuring and its types.

2. Restructuring in theoretical terms

Companies have continuously operated in complex and changing conditions, forcing them to adapt to environmental changes constantly. In domestic and foreign literature on management, one can find a number of definitions of the restructuring concept, which emphasize various aspects of the concept. The following table presents selected definitions showing the diversity of approaches in terminology over the years.

Table 1.
Selected definitions of the restructuring concept.

Autor	Definition		Autor
	in domestic terms	in foreign terms	
A. Stabryła, 1995	Restructuring is a set of diagnostic and design activities aimed at improving the management and operating enterprise system. Implemented changes mainly concern the transformation of the organizational form, decision-making systems and human resources	Restructuring is all major changes in the organization's strategy that force transformation of rules and principles in the way the company operates, but also involves changes in the area of human resources (employment structure and qualifications).	D. Thierry, 1995
J. Stachowicz, 2001	Restructuring includes activities involving the reconstruction of the existing economic structure of the enterprise in order to modernize it, improve its flexibility, innovation and adaptability to changes in the environment. Its result should be an increase in the efficiency of the organization's management.	Restructuring applies to companies that have generated a negative financial result indicating the need to take corrective measures in the structure of the organization, otherwise the company faces bankruptcy.	S. Slatter, D. Lovett, 2001
R. Borowiecki, 2006	Restructuring is a fundamental reconstruction of an enterprise relating to the main areas of its operation, and its application results in numerous changes relating to modernization and adaptation of the organizational structure and operating principles to the current requirements of the economy.	Restructuring is a radical and fundamental change in all areas of a company's operations.	J.M. Brett, A.H. Reilly, L.H. Stroh, 2006

Source: own elaboration based on: Thierry, 1995; Slatter, Lovett, 2001; Brett, Reilly, Stroh, 2006; Stabryła, 1995; Stachowicz, 2001; Borowiecki.

Restructuring is seen as a change of a special, unique nature. Its specificity is evidenced by such features as (Głód, 2011; Chmielewski, Płoska, 2018):

- radicality: restructuring involves solutions that have not been applied in the company before, requiring the rejection of an old approach and the adoption of a new one;
- global: often the implemented changes include all areas of the organization's functioning, making the process multifaceted, complex and requiring consistency between activities;
- long-term: the design and implementation of the activities covered by the restructuring is a long-term process, so the evaluation of the results itself may only occur after several years;
- orientation to the environment: restructuring results from the need to adapt the organization to changes in the environment, by which it should lead to the adaptation of the organization's structure and operating principles to the current and future environmental conditions;
- cost-intensity: restructuring changes are expensive from both a social and financial point of view;
- planning: the implementation of restructuring changes is carried out in a planned manner, by a previously developed action plan.

A common feature is the perception of restructuring as a change of a radical nature involving fundamental areas of the organization. According to R. A. Weber, a change is a transformation of policy, organizational structure or the employee approach to increase the enterprise's efficiency level (Szplit, Fudaliński, 2002). Inherent in the economy is change, which makes it necessary to find newer and newer management solutions that allow companies to achieve their goals (Jaki, 2014).

3. Restructuring areas

The restructuring process can concern the economic, organizational, technical or social areas (Miłkowska, 2011). In the literature, there is a division of restructuring due to various criteria. The purpose of implementing restructuring activities is the most common criterion for the division of restructuring. The breakdown of restructuring according to the criterion adopted is shown in the figure below.

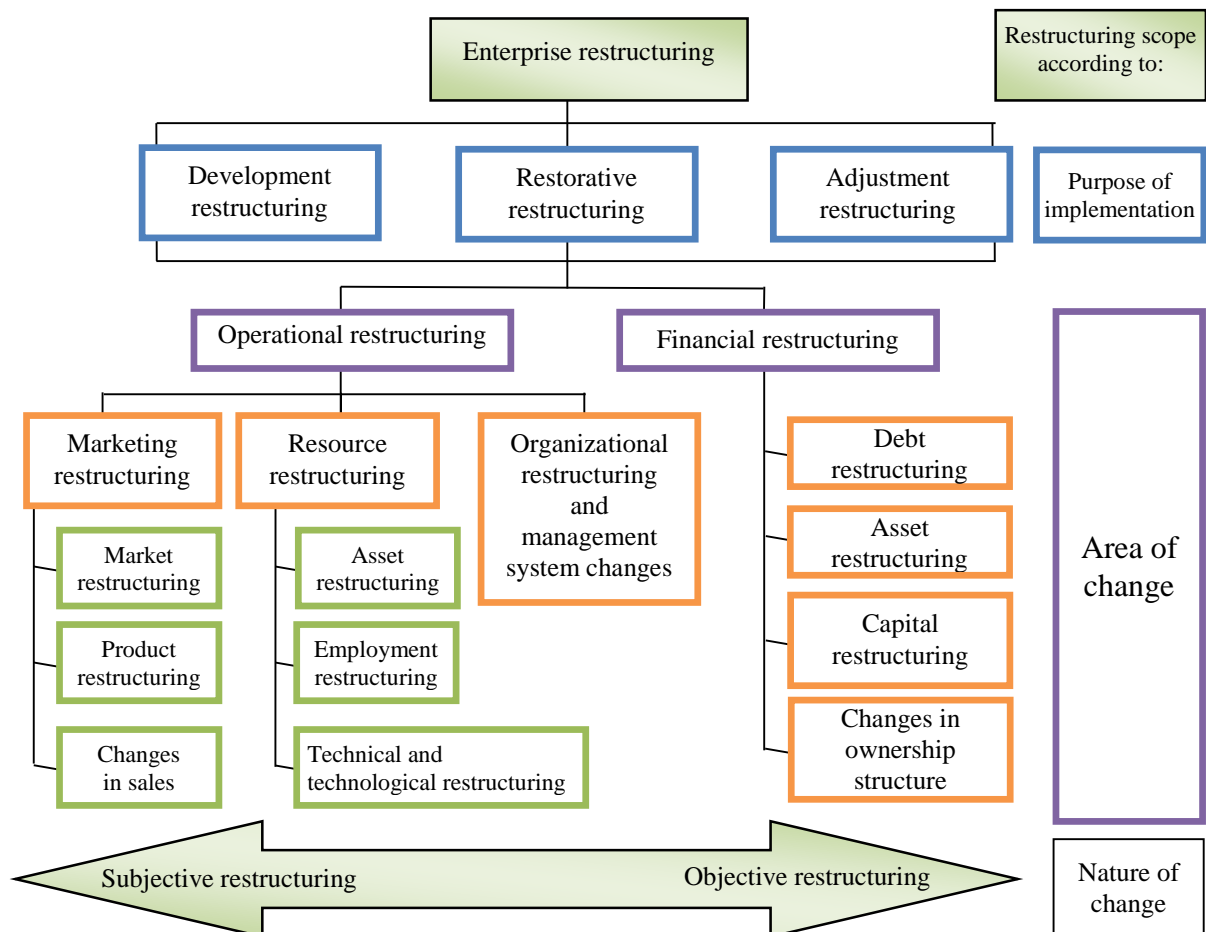


Figure 1. Types of restructuring.

Source: own elaboration based on: Kaczmarek, 2018; Romanowska, 2011; Cabała, Bartusik, 2006; Dźwigoł, 2010; Stabryła, 2000; Suszyński, 2003.

Restructuring is viewed differently depending on the enterprise's size, the problem's scale and the purpose it is intended to serve. As a result of the company's restructuring process, changes of various sizes, types and directions take place, shaping its current and future property, capital or organizational structure. According to the criterion of purpose, restructuring can be divided into corrective and development and adjustment. Another division (according to the criterion of the nature of the changes) divides restructuring into object and entity restructuring (Stabryła, 2010). The essence of restructuring cited division of restructuring by its scope (macro, meso and micro). Areas of activity can also classify restructuring. In such a view, organizational, asset, financial and operational restructuring are specified.

Developmental restructuring (dynamic, creative restructuring) is a period of long-term changes (from 2 to 5 years) relating to the area of the organization's strategy. The restructuring measures aim to guarantee the company's future development (in the sense of innovation). It is implemented by setting ambitious, exorbitant strategic goals. It may concern the acquisition of a new market, the implementation of innovative technology, carrying out fundamental modernization and upgrading, or increasing the quality of the organization of work, the products offered, the technologies used and the entire management system (Lachiewicz, 2007;

Walkowiak, Mietlewski, 2007). Developmental restructuring should lead to consolidation of the organization's position in the domestic and foreign markets (Brzeziński, 2007).

Restorative restructuring occurs when the business is threatened (Dźwigoł, 2007). It consists of restoring the initial state, before the "complications" began to occur (Stabryła, 2009). Mostly, it results from a long-term crisis or unfavorable economic situation of the company, so often its purpose is to ensure liquidity and financial stability (Penc, 2007). The result of corrective restructuring is to save the organization from the threat of liquidation or bankruptcy.

Adjustment (adaptive) restructuring means ongoing and effective implementation of designed changes in response to identified changes in the organization's environment. Speed and precision in defining changes can help the company not to allow the occupied market position to deteriorate (Borowiecki, Kwieciński, 2001). A successive (phased) course characterizes it. It has a medium-term time horizon (Trocki, 2002). Its purpose is (as in the case of the previous types of restructuring) to adapt the organization to new conditions in the environment, and thus ensure or restore its good position in the market (Gabrusiewicz, 1999).

Employment restructuring is a process aimed at adjusting the employment structure to the organization's conduct strategy (Lachiewicz, 2005). The reason for implementing employment restructuring should be the need to adapt the potential of employees to the current and future needs of the organization (Gębczyński, 2004). The restructuring process can be implemented through outplacement (Kaloshina, Galimova, 2003), downsizing (Dlouhy, Casper, 2021), social reconversion (Gruchelski, 2022) or employee retraining.

Financial restructuring distinguishes between debt, asset and capital restructuring. The most common variety of financial restructuring is debt restructuring, which seeks an agreement between creditors and the debtor (hospital). The task of asset restructuring is to increase the profitability of the organization as a result of sales, leases and the use of strategic alliances concerning the permanent transfer of resources between strategic partners. In turn, the task of capital restructuring is to increase the efficiency of capital use (Garstka, 2006).

Organizational restructuring is used to adjust the organizational structure and procedures to implement the adopted strategy (Wąsowicz, 2023). Its scope encompasses various areas of the organization's functioning, starting with the liquidation of unprofitable departments, through their merger, and ending with the modernization. The assumptions of lean management and reengineering concepts can be considered as the basis for changes in the organizational area.

From a systemic perspective, restructuring can be considered by subject and object. The objective of subjective restructuring is to increase the efficiency of operations in the technical-technological and product area. In contrast, the subjective one refers to changes in the form of ownership and legal form, legal and economic transformations and changes in the organizational structure, e.g. in sales or separation of organizational units from the structure as independent entities (Lis, Kotelska, 2022).

According to J. Sapijaszko, the critical factor affecting the success of restructuring is the time in which problems are noticed. The sooner the difficulties are noticed, the greater the chances of achieving the planned result and the smaller the losses (Sapijaszka, 1997). Identification of the cause/need for restructuring activities includes identifying problem areas and identifying the causes of the unfavorable situation. This is coupled with an assessment of the organization's current position and conducting a strategic analysis. The purpose of this activity is to thoroughly diagnose the current state of the organization and its environment and identify external conditions that allow the organization to develop (Tabaszewska, 2007). The restructuring process ends with an assessment of the implementation of the designed program. The success of the entire project depends on the method of implementation. Implementation of the restructuring program requires (Głód, 2011):

- determining how the tasks defined within the restructuring program will be implemented;
- determine the budget needed to carry out the restructuring and monitor deviations during the implementation of the program;
- allocating resources to implement specific activities;
- "adjusting the organization's systems, procedures and policies".

The restructuring process is initiated by conducting a thorough analysis of the organization, which leads to identifying the causes of the unfavourable situation within the company. In addition, the authors recommend conducting an analysis of the organization's environment to identify current and future opportunities and threats. The second element is the scope of the proposed restructuring. The authors point out the need to restore the company's competitiveness and improve its efficiency in the use of financial resources, referring to corrective and developmental restructuring.

4. Summary

The restructuring process is carried out in a complex and changing environment, the various elements of which form the basis for restructuring activities. In addition to changes in the environment, the restructuring process can be dictated by the internal needs of the company (Zakrzewska-Bielawska, 2005). In each case, restructuring will require a systemic approach that divides the organization into different areas of operation. The systemic approach, in effect, should lead to a more efficient way of finding a solution to the organization's specific problem. Important with such an approach are the relationships linking the various subsystems, for example, the relationship between competence and information flow (Dźwigoł, 2009).

The concept of restructuring has been and is currently considered by authors in four approaches (Borowiecki, 2003):

- restructuring as a market phenomenon resulting from changes in the environment, which are characterized by global scope and unpredictability (the changes are abrupt and related to the various phases of the cycles of economic processes);
- microeconomic restructuring: restructuring activities taking place in one or more areas of the company are conscious, planned and purposeful, their undertaking is the result of changes in the environment or management decisions;
- systemic-industrial restructuring of the national economy: in this case, the outcome of restructuring activities depends on the effectiveness and efficiency of the market mechanism. In this view, restructuring includes the privatization of enterprises, an increase in competitiveness as a result of the relaxation of pricing policies, the leveling of barriers to the movement of capital, etc.;
- meso- and macro-economic restructuring: the former involves transformations in selected sectors, industries, and economic regions, and the latter - transformations in the economy of the whole country.

The activities carried out as part of the restructuring process are unique and unrepeatable, as they cannot be directly copied or mapped in another organization. Each enterprise has its different conditions in which it operates and thus has a wide range of possibilities for shaping the relationship between it and the turbulent environment.

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