Int Journal of Social Sciences Management and Entrepreneurship 8(4): 825-837 2024

ISSN 2411-7323

www.sagepublishers.com

CORPORATE RESTRUCTURING AND PERFORMANCE OF CEMENT MANUFACTURING FIRMS IN MACHAKOS COUNTY, KENYA

[1] Masinde Michael Mukinusu, [2] Dr. Gitau Robert

[1]Masters Student, Jomo Kenyatta University of Agriculture and Technology
[2]Lecturer, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT

Corporate restructuring is the process of redesigning one or more aspects of a company. Turbulent and ever changing working environment has severely affected businesses resulting in losses thus drop in performance. It is evident that most of them have resorted to restructuring to turn around this situation. The purpose of this study is to determine the influence of corporate restructuring on the performance of cement manufacturing firms in Machakos County, Kenya. Specifically, the study sought to determine the extent to which financial restructuring affect the performance of cement manufacturing firms in Machakos County, Kenya and to assess the effects of developmental restructuring on performance of cement manufacturing firms in Machakos County, Kenya. The study adopted a survey research design. The target population of this study consisted of all the Cement Manufacturing firms, operating in Machakos County. The sampling frame of this study was all the 400 employees of six cement manufacturing in Machakos County. The study used stratified random sampling to select 10% of the target population. The researcher theretofore took a sample of 40 which is above 10% of the population of 400. This study used primary data. Questionnaires were used in the collection of data. The study employed a multiple Regression analysis to estimate the causal relationships between elements under study. With the aid of Statistical Package for Social Sciences (SPSS) the research performed a multiple regressions analysis on primary data. The results of analyzed data were presented using tables and charts with a brief description thereafter. The study concludes that financial restructuring has a positive and significant effect on performance of cement manufacturing firms in Machakos County, Kenya. The study also concludes that developmental restructuring has a positive and significant effect on performance of cement manufacturing firms in Machakos County, Kenya. Based on the findings, the study recommends that the management of cement manufacturing firms in Kenya should embrace developmental restructuring by prioritizing innovation and technology adoption. By investing in research and development, firms can explore new production methods and sustainable practices that not only improve efficiency but also reduce environmental impact.

Key Words: Corporate Restructuring, Financial Restructuring, Developmental Restructuring, Performance of Cement Manufacturing Firms in Machakos County, Kenya

Background of the Study

Corporate restructuring is the process of redesigning one or more aspects of a company. According to Norley *et al*. (2021) restructuring as the act of reorganizing the legal, ownership, operational or other structures of a company for the purpose of making it more profitable and better organized for its present needs. It is the process of making changes in the composition of a firm's one or more business portfolios in order to have a more profitable enterprise. Corporate restructuring, started during the period of the Third Wave of mergers in the United States in the late 1960s as a measure designed to improve the company's efficiency and protect it against hostile takeovers (Sinkey, 2020). Corporate restructuring has been due to various reasons e.g. to position the company to be more competitive, survive an adverse economic climate, or poise the corporation to move in an entirely new direction. The fundamental reason for carrying out corporate restructuring is to further enhance the long-term survival of firms through greater efficiency and cost-effectiveness.

The Corporate Restructuring takes place in various forms. These include: financial restructuring which always take place due to a drastic fall in the output mostly sales by the company mainly because of the adverse economic conditions. According to Nazir & Alam (2022), financial restructuring is the reorganizing of a business' assets and liabilities. Here, the firm may reorder and restructure its finances, changing its cross-holding pattern, debt-servicing schedule and other equity holdings. All this is done to sustain the firm in the market minimizing losses and maybe start to build profitability. Second is organizational restructuring which entails changing the structure of an organization, such as reducing the hierarchical levels, downsizing the employees, redesigning the job positions and changing the reporting relationships. This is done to cut the cost and pay off the outstanding debt to continue with the business operations in some manner. Third is operational restructuring which involves singling out of operational underperforming sectors within the company and forming a strategy to bring a turn round in the fortunes. Operational restructuring involves identification of resource and expertise gaps within the company, rationalizing operations to bring about efficiency and aligning revenues and costs for better management and cost reduction. Last is developmental restructuring that involves innovations and application of update technological to help bring a turnaround in performance of the firm.

Mexican cement producer CEMEX initiated a restructuring plan when its debt sky rocked to an all-time high of $7.2 billion. Even though the ratings of CEMEX and its subsidiaries continue to reflect the company's high leverage and limited free cash flow prospects, the company had a $17.629 billion of total debt and $611 million of cash and marketable securities. Due to this the company initiated a financial restructuring plan with intentions of cutting back the huge debt accumulated. The refinancing proposal was to reduce CEMEX's refinancing risk by pushing back the maturity of $7.2 billion of debt that fell due during 2013 and 2014. In exchange for rescheduling the maturity of $500 million of this debt until 2016 and $5.2 billion to 2017

Locally, the rising middle-class and interest from foreign investors continues to spur real estate sector. The country also being an economic hub in the region; attracts various multi-nationals due to its strategic geographical positioning. The Government of Kenya in its Vision 2030 envisages massive infrastructural development involving a wide range of sectors including ports, railways, special industrial zones, general housing for human settlement and undertaking road construction and rehabilitation estimated at Kes 20 billion per annum over a ten year period, (2005-2015). The National Housing policy envisages 150,000 units per year to bridge the housing shortfall. These trends will definitely call for increased cement production. Kenya thus continues to record significant growth in infrastructure-led consumption. However, since most of the capacity additions by the firms are for cement grinding, the country will continue to import the key cement

ingredient - clinker. This presents additional opportunities for growth. However, the economy still remains vulnerable to global forces such as the increase in international commodity prices, high international fuel prices, fluctuations in the exchange rate, rainfall patterns and rising global food prices. For instance, the Kenyan economy faced considerable turmoil for the last one year chiefly due to severe drought, food shortages, spiraling inflation, and currency depreciation. This led to increased food prices and reduced purchasing power in the economy. The increase in fuel, power and transport costs particularly impacted negatively to the cost of cement manufacturing and distribution.

The Kenyan cement sector consists of 6 operating cement manufacturing firms, in which 4 companies namely; savannah cement, Athi River Mining (ARM), Mombasa Cement and National Cement are privately owned, while Bamburi Cement Ltd is owned by Lafarge (multinational company) and East African Portland Cement is a Parastatal controlled by the Government of Kenya. The industry has a current installation of 5 rotary kilns with a capacity to produce 3.3 million tons of clinker in a year and 14 cement grinding mills with an annual grinding capacity of 5.1 million tons of cement. Bamburi Cement Company leads other local firms in cement production and sales.

Statement of the Problem

Turbulent and ever changing working environment has severely affected businesses resulting in losses thus drop in performance. It is evident that most of them have resorted to restructuring to turn around this situation**.** According to Hoskission and Turk (2020), restructuring enhances the prospects for improved performance for firms via strategic reorientation, organizational configuration and governance structure adjustment. Rising activity majorly growth of the construction industry has led to the demand for cement in Kenya increasing at a rate of 21.8% (KNBS Economic Survey, 2015). However, this rise in demand has not translated to a healthier balance sheet for the countries cement manufacturers. This is due to tight competition between the cement producers. According to ARM Cement, the average net profit margins for Kenya's cement firms hit an all-time low of 11% in 2014 adding more pressure on the producers. In 2013, the Mining ministry imposed a Ksh 7 levy on any 50 kg bag of cement produced thereby increasing the competition. Also, the East African Council of Ministers approved the cutting down of levy on non-east African cement products from 35% to 25%. With this announcement, there will be more influx of cheap cement into the country pushing further the competition.

The impeding competition from outside producers and the cement sector being key in a country's growth as per the Vision 2030 makes it a key area of focus. Yet with all this focus, there is no single study which has been undertaken specifically on corporate restructuring of the cement manufacturing firms. This study sought to determine the how financial, operational, developmental and structural restructuring are impacting performance of this cement manufacturing firms.

Objectives of the Study

General Objectives of the Study

The Purpose of this study is to determine the influence of corporate restructuring on the performance of cement manufacturing firms in Machakos County, Kenya

Specific Objectives

i. To determine the extent to which financial restructuring affect the performance of cement manufacturing firms in Machakos County, Kenya.
ii. To assess the effects of developmental restructuring on performance of cement manufacturing firms in Machakos County, Kenya.

Theoretical Review

Weick's Model of Organizing

This model was first introduced by Karl Weick in 1970s. While studying the systems design approach, Weik manipulated the design approach then applied it to the social psychological level where he asserts that it's all about organizing, not organizations and it's about the process, not structure. He says the word, organization, is a noun and it is also a myth and it's a group of events, linked together, that transpire within concrete walls and these sequences, their pathways, their timing, are the forms we erroneously make into substances when we talk about an organization (Weick 1974).

Weick defines organizing as "the resolving of equivocality in an enacted environment by means of interlocked behaviors embedded in conditionally related process" (Weick, 1969). Information processing is key to the organizing process because it is a large factor in the sense-making process people use when they organize. When handling information by the organizers it goes through three stages of: Enactment where they define the situation and begin the process of dealing with the information, selection where they narrow the equivocality by deciding what to deal with and what to leave along, ignore, or disregard, and lastly retention where they decide what information, and its meaning, they will retain for future use.

According to Ashcraft (2005), equivocality reduces to any lack of productivity due to an employee, on any level, having to check with superiors which is caused by bureaucracy and unaligned organizational structure which greatly affect the management style of the organization. This theory relates well with structural restructuring as it involves employees and the hierarchical structure within an organization. It takes into consideration the link between the management and low placed employees, highlighting the communication between the two which is very essential for any organization to operate.

Quality Management Theory

Total Quality Management (TQM) is a quality improvement body of methodologies that are customer-based and service oriented. TQM was first developed in Japan having been started by Joseph Juran, W Edwards Deming, and Armand Feigenbaum, and then spread in popularity. TQM refers to a set of customer based practices that intend to improve quality and promote process improvement; there are also several different theories at work guiding TQM practices. TQM is the way of managing for the future, and is far wider in its application than just assuring product or service quality – it is a way of managing people and business processes to ensure complete customer satisfaction at every stage, internally and externally.

The core of TQM is the management interfaces, both externally and internally, and at each interface lie a number of processes. This core must be surrounded by commitment to quality, communication of the quality message, and recognition of the need to change the culture of the organization to create total quality. These are the foundations of TQM, and they are supported by the key management functions of people, processes and systems in the organization. According to Heizer & Render, quality is the ability of a product or service to meet customer/user needs. These may include performance, appearance, availability, delivery, reliability, maintainability, cost effectiveness and price. It is, therefore, imperative that the organization knows what these needs and expectations are. A wide range of tools and techniques is used for identifying, measuring, prioritizing and improving processes which are critical to quality. These process improvement

tools and techniques include: DRIVE (Define, Review, Identify, Verify, and Execute), process mapping, flow-charting, force field analysis, cause and effect, brainstorming, Pareto analysis, Statistical Process Control (SPC) etc. The European Foundation for Quality Management (EFQM) proposes a model of excellence leading to improved business results. The model is based on the concept that an organization will achieve better results by involving all people in the continuous improvement of their processes. Investors in people have drawn attention to the importance of employees' engagement for building effective relationship between an organization and its people.

Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo, 2022). Conceptual frameworks are used to explain how the independent variables affect the dependent variable. The Study uses performance of cement manufacturing firms as dependent variable and corporate restructuring elements (financial restructuring and developmental restructuring) as independent variables.

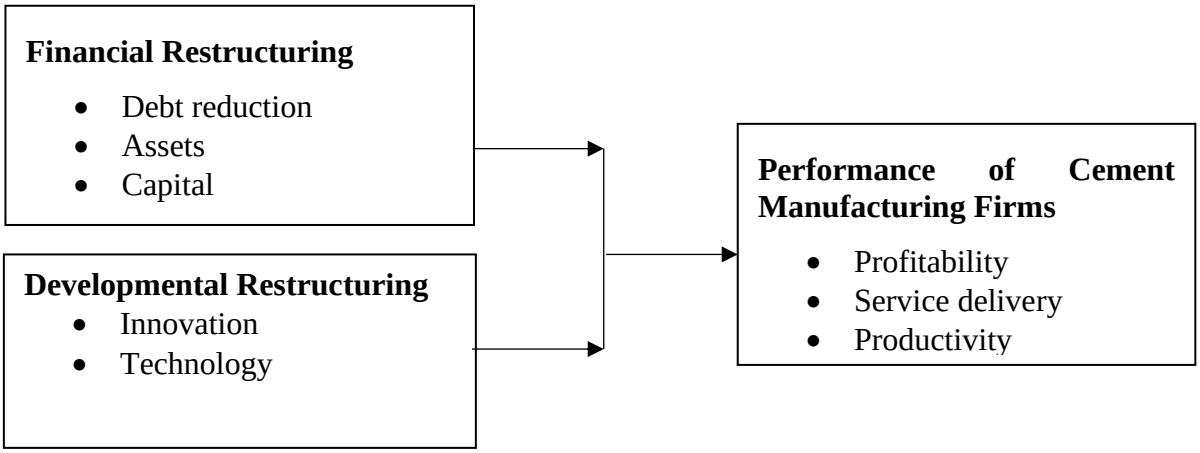

Figure 2. 1: Conceptual Framework

Financial Restructuring

Financial restructuring is the reorganizing of a business' assets and liabilities. The process is often associated with corporate restructuring where an organization's overall structure and its processes are revamped. Most businesses hold liabilities, which are debts or other obligations that arise as a result of past transactions. These economic factors will often have the most significant impact on the success or failure of that business, so financial restructuring is likely to focus on effectively managing assets and reducing liabilities. Financial restructuring involves the infusion of debt to either finance leveraged buyouts or to buy back stocks from equity investors, or to pay dividends. (Fox & Marcus, 2020) argue that changes in capital structure can be achieved by recapitalization, conversion of debt into equity and stock purchase. According to Bowman, *et al*. (2020), this type of restructuring is identified by changes are in the firm's capital structure. Changes can include debt for equity swaps, leverage buyouts, or some form of recapitalization. The largest returns in financial restructuring come from leveraged and management buyouts. Increased emphasis on cash flows and changes in managerial incentives can be the intermediate effects of financial restructuring.

Developmental Restructuring

Developmental restructuring comprises a number of tasks and processes generally aiming at developing and implementing growth opportunities within and between organizations. The developmental process is one that involves a lot of people for example product development, designers, pricing, marketing, technical, management who are all needed so as to combine forces to deliver a product that their customers want. Good business developmental practices will help identify, maintain and encourage relationship building within a firm, building rapport with both suppliers and customers.

Innovations are defined as the implementation of a new idea, a new product or a new principle of organizing the production process (Schumpeter 2020). A successful restructuration depends upon innovations (Chapman and Walker 2020, Hayter 2020). Innovations increase efficiency in production and organization by reducing labor costs; in implementation of new technologies; by reorganizing the production process; or by introducing new design-intensive, higher quality products in new markets.

Innovations are connected to the technology concept by the focus on new products, new production processes and new forms of organization. The concept of technology includes all types of knowledge (Malecki, 2020). Thus, the capacity to create new knowledge is crucial for one-company towns challenging increased international competition. Table 1 shows different forms of learning discussed by social scientists.

Empirical Review

Recent literature in corporate restructuring addresses and proposes strategy implementation where managers attempt to rationalize and recast their organizational structure, leadership, culture, and reward systems to ensure a basic level of cost competitiveness, capacity for responsive quality, and the need to shape each one of the terms to accommodate unique requirements of their strategies.

Mintzberg, Lampel, Quinn and Sumantra (2020) pointed out that change in organizations is greatly spoken about, yet all too often done in bits and pieces. There are two major dimensions of change; about strategy- the direction an organization is headed, and about organization- the state it is in. Both have to be considered when changing an organization. The main concern in this study however is on organization, particularly organization structure (reorganizing, revitalizing). An organization can easily change.

Komera and Lukose (2022) undertook an empirical analysis of post-bankruptcy performance. They have examined stock returns and operating performance of 101 firms that emerged as “no longer sick” from the BIFR proceedings during the period 1992 to 2006. As per the short term and long term analysis of market performance using various expected return models and estimates, shows no sign of significant abnormal returns in comparison to the results from the US market.

RESEARCH METHODOLOGY

Research Design

The study adopted a survey research design. The reason of using the descriptive research design in this study is that it provides anopportunity to use both quantitative and qualitative data, in order to find data and characteristics about the population or phenomenon that is being studied.

Target Population

The units of observation in this study are six Cement manufacturing firms in Machakos County. More specifically, the key informants were the management in the cement manufacturing firms and Key policy informants.

Table 3. 1: Target population

Category	Target population	Sample size
Bamburi cement	80	8
East Africa Portland cement	80	8
Savannah cement	60	6
Simba cement	70	7
Mombasa cement	60	6
ARM cement	50	5
Total	**400**	**40**

Source: Machakos County government (2019)

Sampling Frame

The sampling frame of this study was all the 400 employees of six cement manufacturing in Machakos County.

Sampling Technique and sample size

The study used stratified random sampling to select 10% of the target population. According to Gay as quoted in Mugenda and Mugenda (2021), at least 10% of the total population formsa representative sample in descriptive survey and 10% to 30% is a good representation of the target population. In stratified random sampling, a population is stratified first and then random sampling is done. The researcher theretofore took a sample of 40 which is above 10% of the population of 400.

Table 3. 2: Sample Size

Category	Target population	Sample size
Bamburi cement	80	8
East Africa Portland cement	80	8
Savannah cement	60	6
Simba cement	70	7
Mombasa cement	60	6
ARM cement	50	5
Total	**400**	**40**

Source: Researcher (2019)

Data collection Instruments

Types of data include primary and secondary data. This study used primary data.

Primary data can be collected by use of questioners, interviews guides, focused groups discussions and observations guides. This research study used semi structured questionnaires to collect primary data from each of the respondents. Questionnaires were used in the collection of data because they are very economical in terms of time, energy and finances.

Pilot testing

The questionnaires were tested in order to check their content, construct and face validity. Content validity was tested to ensure that the content that the instruments contained is adequate sample of the domain of content it was supposed to represent. Face validity deals with format of the instrument and includes aspects like clarity of printing, font size and type, adequacy of workspace, and appropriateness of language among others. Construct validity determined the nature of psychological construct or characteristics measured by the instrument. Experts, supervisors and peers from the Department of Business and Economics in JKUAT helped in the reviewing to ensure the instruments accurately measure the variablesit intended to measure in the study.

Data Analysis

The completed questionnaires were edited for completeness and consistency**.** Pearson coefficient correlation analysis was used to determine the relationship between each of the effects of supplier management practices and supply chain performance.

The study employed a multiple Regression analysis to estimate the causal relationships between elements under study. With the aid of Statistical Package for Social Sciences (SPSS), the research performed a multiple regressions analysis on primary data to estimate the beta values of factors and t-test to determine the significance of the coefficients at 95% confidence level. F – Test statistics was used to determine the overall significance of the model at confidence level of 95%. The results of analyzed data were presented using tables and charts with a brief description thereafter.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Descriptive Statistics Analysis

Financial Restructuring and Firm Performance

The first specific objective of the study was to determine the extent to which financial restructuring affect the performance of cement manufacturing firms in Machakos County, Kenya. The respondents were requested to indicate their level of agreement on various statements related to financial restructuring and the performance of cement manufacturing firms in Machakos County, Kenya. The results were as shown Table 4.1.

From the results, the respondents agreed that the adoption of financial restructuring positively impact the operational efficiency of their firm (M=3.995, SD= 0.896). In addition, the respondents agreed that their firm experience improved accuracy and timeliness in business transactions. (M=3.900, SD= 0.876). Further, the respondents agreed that the implementation of financial restructuring facilitates seamless and real-time exchange of business documents among firms (M=3.887, SD= 0.782).

The respondents agreed that their organization witnesses a reduction in paperwork and manual data entry errors due to financial restructuring (M=3.855, SD= 0.685). The respondents also agreed that financial restructuring enables their organization to establish stronger and more efficient supply chain connections with their business partners (M=3.797, SD= 0.698). In addition, the

respondents agreed that financial restructuring improve the competitiveness and market reach of their organization (M=3.771, SD= 0.727). Further, the respondents agreed that their organization experience cost savings and improved cost management through the implementation of financial restructuring (M=3.765, SD=0.777).

Table 4. 1: Financial Restructuring and Firm Performance

	Mean	**Std. Deviation**
The adoption of financial restructuring positively impacts the operational efficiency of our firm.	3.995	0.896
Our firm experience improved accuracy and timeliness in business transactions	3.900	0.876
The implementation of financial restructuring facilitates seamless and real-time exchange of business documents among firms.	3.887	0.782
Our organization witnesses a reduction in paperwork and manual data entry errors due to financial restructuring	3.855	0.685
Financial restructuring enables our organization to establish stronger and more efficient supply chain connections with their business partners.	3.797	0.698
Financial restructuring improves the competitiveness and market reach of our organization.	3.771	0.727
Our organization experience cost savings and improved cost management through the implementation of Financial Restructuring	3.765	0.777
Aggregate	**3.853**	**0.777**

Developmental Restructuring and Firm Performance

The second specific objective of the study was to assess the effects of developmental restructuring on performance of cement manufacturing firms in Machakos County, Kenya. The respondents were requested to indicate their level of agreement on various statements related to developmental restructuring and performance of cement manufacturing firms in Machakos County, Kenya. The results were as shown Table 4.2.

From the results, the respondents agreed that their organization actively encourages creative thinking and innovation among employees (M=3.973, SD= 0.874). In addition, the respondents agreed that they regularly implement new ideas and processes to improve their operations (M=3.964, SD= 0.558). Further, the respondents agreed that their management supports and invests in innovative projects and initiatives (M=3.840, SD= 0.772). In addition, the respondents agreed that they have structured processes in place for evaluating and implementing innovative solutions (M=3.833, SD= 0.660).

As shown in the results, the respondents agreed that their organization effectively integrates new technologies to enhance productivity (M=3.815, SD= 0.835). Further, the respondents agreed that they provide employees with the necessary training to use new technologies (M=3.750, SD= 0.676). In addition, the respondents agreed that their technology infrastructure supports their goals for growth and efficiency (M=3.734, SD=0.729).

Table 4. 2: Developmental Restructuring and Firm Performance

	Mean	Std. Deviation
Our organization actively encourages creative thinking and innovation among employees.	3.973	0.874
We regularly implement new ideas and processes to improve our operations.	3.964	0.558
Our management supports and invests in innovative projects and initiatives.	3.840	0.772
We have structured processes in place for evaluating and implementing innovative solutions.	3.833	0.660
Our organization effectively integrates new technologies to enhance productivity.	3.815	0.835
We provide employees with the necessary training to use new technologies.	3.750	0.676
Our technology infrastructure supports our goals for growth and efficiency.	3.734	0.729
Aggregate	**3.844**	**0.729**

Correlation Analysis

This research adopted Pearson correlation analysis determine how the dependent variable (performance of cement manufacturing firms in Machakos County, Kenya) relates with the independent variables (financial restructuring and developmental restructuring).

Table 4. 3: Correlation Coefficients

		Firm Performance	Financial Restructuring	Developmental Restructuring
Firm Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	37		
Financial Restructuring	Pearson Correlation	.815**	1	
	Sig. (2-tailed)	.003		
	N	37	37	
Developmental Restructuring	Pearson Correlation	.838**	.319	1
	Sig. (2-tailed)	.001	.031	
	N	37	37	37

From the results, there was a very strong relationship between financial restructuring and performance of cement manufacturing firms in Machakos County, Kenya (r = 0.815, p value =0.003). The relationship was significant since the p value 0.003 was less than 0.05 (significant level). The findings are in line with the findings of Bowman, *et al*. (2020) who indicated that there is a very strong relationship between financial restructuring and firm performance.

The results also revealed that there was a very strong relationship between developmental restructuring and performance of cement manufacturing firms in Machakos County, Kenya (r = 0.838, p value =0.001). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Schumpeter (2020) who indicated that there is a very strong relationship between developmental restructuring and firm performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (financial restructuring and developmental restructuring) and the dependent variable (performance of cement manufacturing firms in Machakos County, Kenya).

Table 4. 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.877[a]	.769	.770	.10472

a. Predictors: (Constant), financial restructuring and developmental restructuring

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.769. This implied that 76.9% of the variation in the dependent variable (performance of cement manufacturing firms in Machakos County, Kenya) could be explained by independent variables (financial restructuring and developmental restructuring).

Table 4. 5: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	112.028	4	28.007	245.68	.002[b]
	Residual	3.654	32	.114		
	Total	115.682	36			

a. Dependent Variable: performance of cement manufacturing firms in Machakos County, Kenya
b. Predictors: (Constant), financial restructuring and developmental restructuring

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 245.68 while the F critical was 2.668. The p value was 0.002. Since the F-calculated was greater than the F-critical and the p value 0.002 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of financial restructuring and developmental restructuring on performance of cement manufacturing firms in Machakos County, Kenya.

Table 4. 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.311	0.082		3.793	0.002
	Financial Restructuring	0.387	0.091	0.388	3.593	0.003
	Developmental Restructuring	0.392	0.102	0.393	3.843	0.001

a Dependent Variable: Performance of firm in Machakos County

The regression model was as follows:

$$Y = 0.311 + 0.387X_1 + 0.392X_2 + \varepsilon$$

According to the results, financial restructuring has a significant effect on performance of cement manufacturing firms in Machakos County, Kenya β1=0.387, p value= 0.003). The relationship was considered significant since the p value 0.003 was less than the significant level of 0.05. The findings are in line with the findings of Bowman, *et al*. (2020) who indicated that there is a very strong relationship between financial restructuring and firm performance.

In addition, the results revealed that developmental restructuring has significant effect on performance of cement manufacturing firms in Machakos County, Kenya β1=0.392, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in linewith the results of Schumpeter (2020) who revealed that there is a very strong relationship between developmental restructuring and firm performance.

Conclusions

The study concludes that financial restructuring has a positive and significant effect on performance of cement manufacturing firms in Machakos County, Kenya. Findings revealed that debt reduction, assets and capital influences performance of cement manufacturing firms in Machakos County, Kenya.

The study also concludes that developmental restructuring has a positive and significant effect on performance of cement manufacturing firms in Machakos County, Kenya. Findings revealed that hierarchical levels, no. of employees and job positions influences performance of cement manufacturing firms in Machakos County, Kenya.

Recommendations

The study recommends that the management of cement manufacturing firms in Kenya should adopt a comprehensive financial restructuring strategy that focuses on optimizing capital allocation and reducing debt levels. By carefully analyzing their financial positions, firms can identify areas where costs can be minimized and resources can be redirected towards high-impact projects, such as modernization of production processes or investment in sustainable technologies.

The study also recommends that the management of cement manufacturing firms in Kenya should embrace developmental restructuring by prioritizing innovation and technology adoption. By investing in research and development, firms can explore new production methods and sustainable practices that not only improve efficiency but also reduce environmental impact.

REFERENCES

Armstrong, S. J & Overton, T. S. (2020) Estimating non response bias in mail surveys.Burt, R. S. (2020). The contingent value of social capital Administrative Science

Bamberg, Giinter, and Klaus Spremann, eds. Agency Theory, Information, and Incentives. Berlin: Springer-Verlag, 2020.

Beixin Lin, Zu-Hsu Lee, Lance G. Gibbs, (2022) Operational restructuring: reviving an ailing business, *Management Decision, 46*(4), 539–552.

Burns, W. J. & McKinnon, S. M. (2020). In formation and Managers: a Field Study.Chenhall, R. H. (2022) Integrative Strategic Performance Measurement System Daft, R. L (2020). Organization Theory and Design

Corbin, J. (2020) Basics of Qualitative Research: Grounded Theory Procedures andTechniques, Sage, London.

Cousins, P. D., Handfield, R. B, Lawson, B. & Petersen, K. J. (2022) Creating supply chain relational capital: The impact of formal and informal socialization processes.

Dasanayake, S. W. S. B. & Mahakalanda, I. (2022). A Literature Survey on Organizational Culture and Innovation

Forehand, G.A & Von G. (2020). Environmental Variations in Studies ofOrganizational Behavior

Hofstede. G. M. H. B. (2020). The Confucius Connection: from Cultural Roots toEconomic Growth

Saffold, G. S. (2020). Culture Traits, Strength, and Organizational Performance: Movingbeyond Strong Culture

Hofstede, G. (2020). Culture's Consequences, Sage London ijcrb.webs.com

Human, S. E & Provan, K. G. (2020). An emergent theory of structure and outcomes in smallfirm strategic manufacturing networks

Jap, S. D. & Anderson, E. (2021) Safeguarding inter organizational performance andcontinuity under ex post opportunism.

Jensen, Michael C., and William H. Meckling (2020). Theory of the Firm, Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics 3*(1), 305-360.

Kaplan, R .S & Norton, D. P. (2021). The Strategy-focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment.

Koka, B. R. & J. E. Prescott (2021) Strategic alliances as social capital

Kotter, J. P., & Heskett, J. L. (2020). Corporate culture and performance.

Krause, D. R., Hand field, R. B., &, Tyler B. B (2022). The relationships between supplier development, commitment, and social capital accumulation and performanceimprovement.

Krause, D. R., Pagell, M. & Curkovic, S. (2021) toward a measure of competitive priorities for purchasing

Lee, D.Y. & Dawes, P. L. (2022). Guanxi, trust, and long term orientation in Chinese business markets

Lim, B. (2020) Examining the organizational culture and organizational performance link.

Limon, J. A. & Canadas Reche, J. L. (2023). Are theories about social capital empirically supported? Evidence from the farming sector

Manuel (2021) A resource-based view of human resource management and organizational capabilities development.

Matthews, R. L. & Marzec, P.E (2023). Social capital, a theory for operations management:a systematic review of the evidence.

Mugenda, O. M and Mugenda A. G. (2021). Research methods: Quantitative and qualitative Approaches: Nairobi: ACTS Press.

Omondi,G.(2023) *Corporate News-East Africa seeks higher tariffs for cement imports.(Nation Media Group)* Retrieved From, http://www.businessdailyafrica.com/

Perrone, V., Zaheer, A. & McEvily, B. (2021) Free to be trusted, Organizational constraintson trust in boundary spanners

R. Roskin, (2020). Corporate culture revolution: the management development imperative.

Reichers, A. & Schneider, B. (2020). Climate and culture: an evolution of constructs, in Schneider, B. (Ed.), Organizational Climate and Culture. Jossey-Bass,

Ricardo R, & Wade D, (2021).Corporate Performance Management: How to Build a Better Organization through Measurement Driven Strategies Alignment.

Smith, K. G., Collins, C. J. & Clark, K. D. (2022) Existing knowledge, knowledge creation capability, and the rate of new product introduction in high

Sondergaard, M. (2022). Hofstede Consequences A Study of Reviews, Citations and Replications, Special Issue on Cross-national Organization Culture.

Stannack, P. (2020). Perspective on Employees Performance

Tichy, N. M., (2020). Managing Change Strategically The Technical, Political, and Cultural Keys. Organizational Dynamics (autumn)

Villena, V. H., Revilla, E., & Choi, T. Y. (2023). The dark side of buyer supplier relationships:A social capital perspective.

Wee, H. M., Peng, S. Y & Wee, P. K. P. (2023) Modeling of outsourcing decisions in global supply chains.

Wheelwright, S. C. (2024). Manufacturing strategy

William P. M. Corporate Restructuring in East Asia: Promoting Best Practices. *Finance & Development, 38*(1), 1-10.

Zinbarg, M. (2022). Research methods. (1st Ed.). Pearson publishers. New jersy.