IMPACT OF REORGANISATION ON THE PERFORMANCE OF AHMADU BELLO UNIVERSITY PRESS LIMITED

BY

Kassim Shika YUSHA'U

JULY, 2014

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A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc) DEGREE IN ACCOUNTING AND FINANCE

DEPARTMENT OF ACCOUNTING,
FACULTY OF ADMINISTRATION,
AHMADU BELLO UNIVERSITY, ZARIA,
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DECLARATION

I declare that the work in this Thesis entitled **IMPACT OF REORGANISATION ON THE PERFORMANCE OF ABU PRESS LIMITED** has been carried out by me in the Department of Accounting. The information derived from the literature has been duly acknowledged in the text and a list of bibliography provided. No part of this thesis was previously presented for another degree at this or any other Institution.

Kassim Shika YUSHA'U	______________________	_______________
MSc/ADMIN/0847/2010-2011	Signature	Date

CERTIFICATION

This Thesis entitled **IMPACT OF REORGANISATION ON THE PERFORMANCE OF ABU PRESS LIMITED** by **Kassim Shika YUSHA'U** has been read and its meets the regulations governing the award of the degree of Master of Science in Accounting and Finance of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

____________________________ ________________
Dr. Ahmad Bello **Date**
Chairman, Supervisory Committee

____________________________ ________________
Dr. Salisu Abubakar **Date**
Member, Supervisory Committee

____________________________ ________________
Dr. Ahmad Bello Dogarawa **Date**
Head, Department of Accounting

____________________________ ________________
Professor Adebayo A. Joshua **Date**
Dean, School of Postgraduate Studies

DEDICATION

This Thesis is dedicated to my beloved mother: Hajiya Fatima Yusha'u Muhammad *(In Blessed Memory)*. May the Almighty Allah grant her soul Aljannah Firdausi, Amin.

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ABSTRACT

Reorganisation is a financial and corporate management strategic device to salvage undertakings facing difficulties. Ahmadu Bello University Press Limited had been sustaining substantial trading losses in the past and this led the management opting for reorganisation to salvage the company from total collapse. Eventually, after few years of the exercise there was no empirical evidence to substantiate whether the company had responded to the exercise. This study examines the impact of the reorganisation exercise on the performance of ABU Press Limited. Both Operational and Financial Performance indicators are studied. Profitability, turnover, efficiency, asset turnover and cost to profit margin were used as financial performance variables, while, productivity, quality of personnel, fixed asset investment, incentives and advertisement expenses are variables used for operating performance. Data for the study were sourced from annual financial statements and staff personal record files of the company, for the period of 2000-2005 and 2007-2012 dichotomised as pre and post reorganisation time span. Sample paired test was used as tool for the analysis to assess any significant difference recorded during the two periods. The results revealed that reorganisation has significant impact on the financial as well as operating performance variables except two variables; efficiency and incentives, which show no significant impact. The study concluded that, reorganisation has significant impact on financial and operating performance. The study recommends among other things; introduction of new products and customer oriented marketing activities to boost revenue, capital and management reorganisation should be pursued vigorously, shift in ownership structure of the university presses in the country to enhance profitability and productivity.

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CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Change and adaptation to change remain a constant phenomenon in the lives of business organisations. Reorganisation is a financial strategic device to salvage undertakings facing difficulties. The purpose of reorganisation may varies from one firm to another, but its central objective is to improve performance in line with the value added objective of a firm (Edward, Harbir, Michael and Raja; 1999). They further, described reorganisation as an agent of change and transformation that involves the review, refocusing and redesigning of one or more aspects of an organisation due to a number of different factors.

Kaplan (1989) identified with other scholars that viewed reorganisation in a broader perspective to have included merger and acquisition, recapitalisation, managerial restructuring, staffing, takeovers, downsizing, rightsizing, privatisation, management buyout and organisational change among others. Vetsuypens and Hite (1989) viewed that organisational restructuring recently, has included the redrawing of divisional boundaries, flattening of hierarchic levels, spreading of spans of control, reducing product diversification, revising compensation, streamlining process, and reforming governance. The downsizing of employee ranks is often a by-product of reorganisation.

Ahmadu Bello University Press Limited (ABU Press Limited) was established in 1973 with the mandate of promoting academic excellence through scholarly publishing i.e. publish and print books and other related materials, especially for the tertiary institutions. It operates within Printing and Publishing Industry with main focus on scholarly publishing to meet the needs of tertiary institutions. It plays an important role as a media in the achievement of the University main mandate of teaching and research.

University Presses have no commercial focus from their initial conception. The main objective is to complement and service teaching and research activities in academia generally, particularly in the owner institutions. University Presses world over were established as non-profit making organisation, and so they are usually not incorporated and hope to be like their counterparts such as Oxford University Press and Cambridge University Press at United Kingdom, Harvard University Press and Indiana University Press at United States of America etc. Funds for operation are allocated to the press by the institutions and annual receipts, especially surpluses, ploughed back into the institution to enhance scholarship, or even to expand the press to be able to cope with expanded activities (Areo; 2009). Nigerian University Presses were not in exception, they were established with the aforementioned premise.

Over the years, realities such as inadequate funding, inconsistent policies and challenges faced by publishing and printing industry in Nigeria like any other manufacturing outfit changed the tides and subdue them to commercial activities to cater for themselves. From the perspective of their Universities, inadequate subvention from Government and quest for Internally Generated Revenue (IGR) to meet their huge overhead have changed their corporate objectives of scholarly publishing and printing to revenue generating outfits.

Presently, Nigerian Universities that owned Presses includes; Universities of Lagos; Ibadan;

Benin; Ilorin; Jos; Maiduguri; ABU, Zaria; UNN, Nsukka; OAU, Ile-Ife; UDU, Sokoto; Bayero University, Kano, Unilag Press etc. Among all these University Presses in Nigerian Universities system, only ABU Press was incorporated as Limited Liability Company (independent business entity). These yet to be incorporated University Presses were identified with problems of bureaucratic and administrative bottleneck that made them difficult to operate at optimum capacity, as they are operating as a unit of their respective Universities, under Libraries, Vice-Chancellor's office, Bursary or Registry Departments.

ABU Press was incorporated as a Limited Liability Company on 30th January, 1978. It is one of the Companies established and solely owned by the Ahmadu Bello University to diversify its sources of revenue. It's an independent and fully commercialized venture with its own Management and the Board of Directors. The activities of ABU Press Limited have been seen to be undermined by its ownership structure (institutional private/single ownership) and the University set-up. The Managing Director is appointed by the University Management from the senior academic staff who may not have any printing, publishing or business background, as an addition to his other responsibilities of teaching and research (part-time) and most time last for only within the tenure of the Vice-Chancellor that appointed him. This put the Company at the mercy of University politics and crises. Such insecurities threatened the corporate existence of the company and this becomes even more serious considering that the bulk of printing work handled by the Company comes from the University units.

An investigation committee set-up by the University management on allegations of mismanagement against the Managing Director, ABU Press Limited in February, 2001 and the Yashim Technical Consultants Report that undertook Technical Assessment of the

Company's Machinery in June, 2002 identified several problems tagged as stumbling block to its performance. These included: in adequate share capital (450,000 shares of N1.00 each); inability to attract and engage qualified and technical manpower due to poor conditions of service; eroded working capital; obsolete machinery and equipment that resulted to sub-standard output production; low patronage; arm-chair marketing strategy and delay in payment of printing Orders serviced for the University, among others.

The aforementioned problems, among others, have continuously undermined the company's capability to generate funds and publish scholarly works. Yashim (2002) further reveals that due to the company's inadequate working capital; inventories and spare parts could simply not replenished timely and the company heavily relies on the quality and price of raw materials available on the local market (within Zaria, Kaduna or Kano) which may not necessarily be adequate or appropriate for the kind of durability and competition expected. Strong competition posed by other commercially oriented presses continues to jeopardize and threaten its market, as they are accessing and utilising modern equipment and procedures. Furthermore, the report observed that the company's potential for growth is favourable, but its ownership structure frustrates several efforts to raise additional working capital. Hence, the company is unable to effectively compete favourably with other commercial presses.

In 2006, with the view to addressing the aforementioned identified problems among others, the management of ABU Press Limited opted for reorganisation exercise aimed at repositioning and refocusing the company toward profitability (reverse the trend of sustaining substantial trading losses over the years) to salvage the company from total collapse. This is to meet its redefined objectives of serving as revenue vehicle to Ahmadu Bello University (its sole Owners), as well as to provide the needed services required by its community. The reorganisation programme implemented actualised the Management restructuring: A Managing Director with cognate working experience in Printing and Publishing was recruited outside the University environment for the first time. The Company Accountant, Internal Auditor and other staff of the Bindery Division of Kashim Ibrahim Library (KIL) were redeployed to their respective Bursary, Internal Audit and KIL respectively. The vacant positions of technical staff were filled through internal and external advertisement. Organizational restructure: A simple, functional and cost effective organisational structure that separated the company into four departments namely: Finance & Administration; Marketing & Product Development; Editorial & Publication and Production was designed and adopted.

On Layoff, the staff found not suitable due to over-age, over staffing, unproductive, not trainable and those whose schedule of duties were phased-out due to technological advancement were disengaged and terminal benefits due to them were settled accordingly. The staff conditions of service (remunerations and scheme of service) were reviewed upward to attract qualified and technical personnel. Staff training and development programmes cutting across senior and management categories were introduced, nominated and sponsored. This is in addition to a Tailor made programme introduced in conjunction with Nigerian Publishers Association for middle level staff of Editorial, Computer and Marketing disciplines. The share capital of the company was increased from 450,000 ordinary shares of N1.00 each to 50 million authorized and 20 million issued and fully subscribed share capital of N1.00 each. The increase in share capital facilitates the acquisition and installation of some needed modern pre-press, press and post press printing machinery and equipment. Whereas most of the obsolete machinery and equipment were disposed-off to cater for the installation of newly acquired machinery and equipment. Customer focussed marketing activities such as Radio jingles, newspaper adverts and interviews, participation in local and international Book fairs, sales promotion, cataloguing, exhibition etc were introduced and new products and market were developed to cater for the expected improved capacity and patronage.

Although reorganisation is always targeting performance improvement, its success, or how quickly the improvements manifest, is a subject of empirical inquiry. However, Andreas and Florian (2010) states that, reorganisation is one of the most complex and fundamental phenomena that management confronts, as numerous reorganisation exercises have failed in practice, which has resulted in vast criticism of the process. There is therefore, the need to ascertain the results of the reorganisation programme of the ABU Press Limited.

1.2 Statement of the Research Problem

Substantial literatures exist on the interaction between reorganisation and firm performance. The findings of these studies established divergent results. The positions of such researches are unresolved. While some researchers such as Kaplan (1989), Megginson *et al* (1996), Asante (1998) and Jerome (2008) concluded that, reorganisation significantly impacted on the performance of firm, others such as Dash (2004), Laitinen (2011) and Asediolen (2004) among others concluded that it is destructive. The literatures and their conclusions range from one organisation and industry to another, and from developed to developing economies. The findings of some studies such as Atikson *et al* (1995), Simons (2000), Einarsson & Persson

(2007) and Barbosa & Louri (2005) on reorganisation and firm performance further argued that reorganisation impacted more on financial than operating performance indicators of a firm; while other researchers such as Vetsupens & Hite (1989), Ramamurti (1997), Kaplan & Norton (2001) Jonad (2004) and Xiang & Chao (2004) hold a contrary view that it is operating performance that is better explained and influenced by reorganisation than financial performance of a firm. It has been noted that most of these studies were carried out in the context of developed countries, the results of which cannot be adopted/applicable to developing nations such as Nigeria; given the differences in nature of economies, technological advancement and high level of business sophistication. To the best of the researcher's knowledge, no such study conducted on the impact of reorganisation on the performance of Nigerian University owned Presses, may be considering their unique nature and mode of operations. University presses is an arm of the university that is frequently misunderstood and occasionally attacked by faculty and administration (Harvard University Press, 2004). Their main objective is to compliment and service teaching and research activities in academia generally and their university in particular. But found themselves with renewed mandates of serving their objective and commercially oriented to cater for themselves, as well as for profit making.

Reorganisation is expected to improve performance of a firm. This performance can be profitability from financial performance perspective and productivity from operating performance perspective among several other performance indicators. However, the question still remains as to the extent and significance does the reorganisation impacted on operating performance of ABU Press Limited? Does reorganisation influence the financial performance of ABU Press Limited? The study therefore, seeks to examine the impact of implementation of reorganisation exercise on the financial and operating performance of ABU Press Limited.

1.3 Objectives of the Study

The main objective of this study is to examine the impact of reorganisation on the performance of ABU Press Limited. The specific objectives are:-

1. To determine the impact of reorganisation on financial of ABU Press Limited.
2. To examine the impact of reorganisation on the operational performance of ABU Press Limited.

1.4 Research Hypotheses

In line with the objectives of the study, the following hypotheses have been formulated in null form:-

H_{01} Reorganisation has no significant impact on the financial performance of ABU Press Limited.

H_{02} Reorganisation has no significant impact on the operating performance of ABU Press Limited.

1.5 Scope of the Study

The study appraised the impact of reorganisation programme on the financial and operating performance of ABU Press Limited for the period of twelve (12) years. The period 2000-2005 and 2007-2012 are dichotomised as pre and post reorganisation periods respectively. The year

2006 was observed as the base year (i.e the year or period when most of the reorganisation exercise took place). It is our opinion that the desired result may not show immediately within the same year of implementation, hence, the need to regard the 2006 as base period.

The financial performance is proxied by profitability, turnover, efficiency, asset turnover and cost to profit margin. The operating performance is proxied by productivity, quality of personnel, machinery and equipment, incentives and advertisement cost.

1.6 Significance of the Study

The study is expected to contribute toward the needs for managers to understand and overcome certain difficulties and uncertainties associated with reorganisation exercise for improved performance. The study will add to the sparse literature that examines the relationship between reorganisation and firm performance especially in the light of developing nations. The study will also serve as guide/blue print to management and other stakeholders of Nigerian University Presses to reorganise the operations of their University Presses for improved performance and to serve as a resource material to other Universities nursing the idea of establishing a new University Press. Finally, the study is expected to guide policy makers of Nigerian University Presses in coming with sound policies related to reorganisation and their performance.

CHAPTER TWO
LITERATURE REVIEW AND THEORETICAL FRAME WORK

2.1 Introduction

This chapter covers the concepts, reviews of related literatures and presents the theoretical framework on the impact of reorganisation on firm performance.

2.2 The Concept of Reorganisation

Andreas and Florian (2010) described corporate reorganisation as a key area in strategic management, finance and organisational theory. Although various fields of study have greatly contributed to the literature, numerous reorganisations have failed in practice, which has resulted in vast criticism of the process. An organisation opting for reorganisation mostly adopts either to diversify (i.e expansion of corporate activities) or to refocus (i.e to concentrate) on its main business. Corporate reorganisation entails a range of activities that include Portfolio, Financial and Organisational restructuring. Corporate reorganisation has recently faced widespread criticism due to its low-turnaround success rate and the sharp increase in insolvency filings.

The word "reorganisation" is being use in a general sense, but exactly what it encompasses will differ from firm to firm. It may refer to firms that have made changes to organisational and or capital structure. However, in reorganisation, if the firm's competitiveness has been increased, bankruptcy avoided, and large lay-offs have been prevented, then the final conclusion will be very different and positive compared with pre reorganisation period (Matsuura; 2004). Reorganisation had been viewed by Xiang and Chao (2004) to have combined proven strategies with rigorous theoretical analysis. They added that reorganisation emphasises execution. All the reorganisation theories in the world weigh less than a simple and well executed plan. Furthermore, Liangrong (2009) state that getting rid of bad debts, laying off redundant workers and hardening budget constrains in short term; with the ultimate goal of achieving sustained improvement in efficiency and competitive viability in the long term are some of the reorganisation strategies adopted by Chinese Government to speed up China's enterprise reform. From this perspective therefore, reorganisation can be seen as the process of setting and achieving improved sales, profit goals, customer service and relationship marketing, new product development and re-engineering, as well as integration.

The Management efficiency and information hypotheses are important theories to prove the value potential of corporate reorganisation. The Management hypothesis calls for management to restructure corporations by bundling corporate resource in its core expertise. It posits that Management of large corporations is generally unable to address the unique peculiarities of each segment in diversified corporations and concludes that, its performance is inferior to smaller specialized firms. The Information hypothesis posits that, low information is provided to investors on the separate business of conglomerates, as financial market participants short-changed them with conglomerate discount in the valuation. It was further observed that, post-restructuring information on individual business unit is processed, which lowers the conglomerates discount and increase shareholders value (Andreas and Florian; 2010). These two hypotheses have been tested extensively by a variety of researchers in the financial field, indicating that corporate reorganisation offers an opportunity for companies to create shareholders value. Achleitner (2000) and Charifzadeh (2002) summarize a cluster of studies that confirm both hypotheses. Similarly, Bowman, Singh, Useem and Badhuri (1999) summarize a set of studies and find positive effects of portfolio restructuring based on the two aforementioned hypotheses.

Business Dictionary (2009) described reorganisation as restructuring of a firm's operations in order to concentrate on core activities and outsource peripheral that require reduction in workforce. Ajayi (2005) viewed reorganisation as a corporate management term of an act of recognising the legal, ownership, operational or other structures of a company for the purpose of making it more profitable or a response to a crises or major change in business. Financial Dictionary (2009) defined reorganisation as an act of reorganising a company or business outfit in order to attain greater efficiency and to adapt to new market. Major corporate restructuring transaction include mergers, acquisitions, recapitalisation, tender offers, privatisation, leveraged buyouts, divestitures, spin-offs, equity carve-outs, liquidations and reorganisations.

Reorganisation represents an essential reconstruction of an enterprise strategy, structures, processes and tuning them with the new reality. It is the process of making major changes in organization structure that often involves re-orientation, reducing management levels and possibly changing components of the organisation through divestiture, acquisition, as well as shrinking the size of the work force to achieve market focus, invent new products and change the rules of competition through technology. Reorganisation tends to create a reward structure to improve motivating force, build individual learning to acquire the new skills necessary for the success of the transformed company (Liběna, 2001).

According to Akpan (2002), commercialisation of public enterprises under a management contract with a private sector company so as to turn such businesses into profit-making commercial ventures without government subsidy forms an integral part of reorganisation. As the main goal of commercialisation is to promote greater efficiency and productivity even if government still retains full or partial ownership of the organisation. CBN (2004) advanced an argument that, its recapitalisation programme was designed to ensure a diversified, strong and reliable banking sector that would ensure safety of depositors, investors, money and to play an active role in the development of Nigerian economy and to become competent players in both Africa and the global financial system. As a form of reorganisation, Delong (2001) indicates that motivation, strengthening of business financial position in anticipation of expansion, reducing future obligation and divert those committed funds to company's expansion projects to make it stronger in the long run are among the several reasons why recapitalisation remain an attractive option to firm.

Richard (2009) attributed organisational performance to three specific areas of firm outcomes: Firstly, financial performance includes profits, return on assets, and return on investment. Secondly, product market performance includes sales, market share, etc. Finally, the shareholder return comprised total shareholder return and economic value added among others. Therefore, firm performance refers to the overall actual output or results of an organisation as measured against its intended output (i.e. goals and objectives).

Though reorganisation has been characterised by negative connotations of being seen as way of increasing unemployment especially in the developing economies, where unemployment is on the increase and associated cost of implementing the exercise, Pierre (2009) opined that economic uncertainty is not the only issue challenging companies today. Markets and customer taste are fast changing and competition from non-traditional sources is at the increase. Consequently, companies with entrenched or outdated business models are at high risk of business failure. The stronger and profitable companies are also not immune, due to the fact that it becomes difficult for them to meet performance targets. However, virtually all organisations need to consider one form of reorganisation or another, because when viewed more broadly, reorganisation accords the opportunity for companies to examine their operating models.

This study considers organisational operating performance to include: productivity, quality of personnel, machinery and equipment, incentive to employee and advertisement to generate patronage. These are believed to improve the capacity and productivity. The productivity refers to a contribution per employee to the total sales recorded by the organisation for a giving period (usually one year). Quality of personnel is the value addition gained by the organisation due to level of academic qualifications and experience of the employee. It is believed that the higher the academic qualification and experience of employee the higher the productivity or contribution to the organisation. Modern machinery and equipment owned by the organisation is believed to improve the quality of production and reduce the process and cost of production. Incentives and bonuses provided by the scheme of service to motivate employee to work harder will of no doubt increase productivity and efficiency in service delivery. Increase productivity brings excess capacity and the need for more patronage. As a result the advertisement and aggressive marketing drive is essential to attract more patronage.

Furthermore, the study considers organisational financial performance to include: profitability, asset turnover, efficiency, turnover and cost to profit margin of the organisation for a giving period (usually one year). These are believed to be influenced by the increase in productivity and efficiency. Return on asset as a measure of profitability has been defined as the net income after taxes divided by total assets. It is a measure of company's profitability expressed as a percentage of its total asset. It is also a ratio that measures how effectively firm has generated profit with its available assets. It indicates managerial efficiency and how capable the management of the firm has been converting the firm's assets into net earnings (Bnet Editorial, 2009). Asset turnover measures the efficiency of utilising asset to generate sales. Efficiency measure how effectively a business uses its assets and manages its operations. It evaluates management effectiveness in reducing cost and wastages to maximize profit. It is the ratio of operating cost to revenue generated. Turnover refers to the total cash and credit sales recorded from the ordinary cause of business operation for giving period (usually one year). Total cost to operating profit margin is the aggregate profit margin on the company's total cost. It measures the management ability to generate profit from operational activities through reduced cost of sales, prime, production and administrative costs (Bnet Editorial, 2009).

Reorganisation means the process of revitalising and rejuvenating an organisation to enhance productivity and profitability for improve performance. It is an avenue to be utilised by organisations yeaning for management excellence, innovation and ability to regularly review business models, renew market approaches and revise operations to sustain growth. Reorganisation encompasses diverse approaches and proper some common performance improvement practices that every company may apply to improve its performance on a regular basis. This can be achieve by identifying areas of underperformance (weakness), analyse available options prospects) and adopt strategies to enhance operation (action plan). It also evaluates critical market trends and events by utilising the findings therein to aid management decision making.

Xiang and Chao (2004) described reorganisation as practical innovations to rescue troubled companies and driving underperforming companies to top performance. They added that reorganisation simply means nothing other than simple and well executed revival plan to resuscitate ailing business organisation. Reorganisation therefore, is a corporate management and financial strategic device to salvage organisation facing difficulties.

2.3 The Concept of Financial Performance

Otley (2003) states that what gets measured gets generally done and what is not measured may suffer in comparison. The concept of performance is a controversial issue in finance largely due to its multidimensional meanings. In analysing a firm performance, emphasis should be made in formulating an adequate description of the concept of a firm’s performance which will reveal the divergent dimensions upon which the firm performance may be evaluated. Webster Dictionary (1990) defined firm performance as “what is accomplished”. Venkatraman and Varadarajan (1986) see it as “the time test of any strategy”. Though the definitions vary from one angle, circumstance or person to another, for this purpose, firm performance has been seen as an outcome of a firm’s strategy or assessment of how well a firm has succeeded in achieving its objectives.

Performance measurement systems were developed as a means of monitoring and maintaining organisational control, which is the process of ensuring organisation aims at strategies that lead to the achievement of its overall goals and objectives. Performance measures may be characterised as financial and non-financial. It plays a vital role in every organisation as they are often viewed as forward looking indicators that assist management to predict a company's economic performance and many times reveal the need for possible changes in operations (Nanni, Dixon and Vollmann 1990; Otley, 1999 and Simons, 1999).

According to Atkinson, Banker, Kaplan and Young (1995) information on the finances and performance are crucial for organisation to be successful. The control systems and performance measurements allow the managers to find a balance between profitability, growth and control in short- and long term perspectives. It remains an important mechanism to practice when striving to achieve a desired profit and strategy in every establishment (Simons, 2000). Kaplan and Atkinson (1998) advance that process of control involves "setting performance targets, measuring performance, comparing performance and the targets," and if necessary, taking action in response to the variance. Atkinson *et al.* (1995) also sees performance measurement as a part of the control system which is a set of methods and tools used to keep the organization in track and strive towards the achievement of the objectives.

Traditional financial (accounting) performance measures, such as Earnings Per Share (EPS), Earnings on Invested Capital (EOIC), Return on Investment (ROI), Return on Assets (ROA) and Return on Equity (ROE), appeared in the late 1910s (Epstein, 1925; 1930 and Sloan, 1929). Since then, they have been used in various forms to measure financial performance of corporations. In support, Barbosa and Louri (2011) described financial measurement as tools that indicate the financial strengths, weaknesses, opportunities and threats, and they are being measured by return on investment, sales growth, residual income, earning per share and dividend yield. They concluded that, the success of any reorganisation means to ascertain if there is financial gain from the exercise.

The choice of performance measures is one of the most critical challenges facing organisations (Ittner and Larcker, 1998; Knight, 1998). Poorly chosen performance measures routinely create the wrong signals for managers, leading to poor decisions and undesirable results. There are enormous hidden costs in misused performance measures. Shareholders pay the bill each day in the form of overinvestment and acquisitions that do not pay off. This does not imply that management is poor but may simply be due to wrongly chosen performance measures, which in turn push management to take improper decisions (Ferguson and Leistikow, 1998 and Knight, 1998).

It is pertinent to note that, the purpose of using performance measurements within an organisation is mainly to inform, motivate and govern the stakeholders to get a view of the past, present and future outcomes of the company (Ax, Johansson & Kullvén; 2002). Performance can be measured both financially and non-financially. Financial performance measurements have traditionally been and continue to be the most widely used (Kaplan & Atkinson, 1998). The financial performance measurements are used to determine profitability, cost control and productivity analysis (Ax *et al.*, 2002). Also, Kaplan and Atkinson (1998) argue that the most widely used measure of financial performance indicator is profitability. Therefore, the profit results will indicate if the company's strategies and tactics are yielding the desired results or not. This conclusion is in line with the finding of Einarsson and Persson

(2007) in their study “What gets measured gets done” a study within the newspaper industry in Sweden that financial measures are more used than non-financial measures, as all the four newspaper industries sampled in the study measure their financial performance with operating margin and consider it most appropriate and useful performance measurement for them.

In contrast, Kaplan & Norton (2001) is of the view that, focusing on financial measurements only to assess performance of the organisations is wrong, because financial measures only look on past actions and they promote short-term behaviour and sacrifices long-term value creation. Other writers in Strategic Accounting such as Bhimani & Smith (2007) call for a balance of financial and non-financial information to support strategic processes.

Internal stakeholders of the organisation such as managers and employees are looking up to profit for the settlement of their bonuses and other incentives, while external stakeholders such as creditor, investors, shareholders etc are looking up to profit for the settlement of financial commitments, increase in share prices and dividend earnings. All these are at the expense of increased productivity and non profitable value additions of the company within the same period under review. In line with the above, profitability, as well as the productivity of organisation should be measured concurrently in order to evaluate organisational performance. This is to encompass both the financial and operating performance. The study considers profitability, turnover, efficiency, asset turnover and cost to profit margin as proxies of financial performance.

2.4 The Reorganisation and Financial Performance

Empirically, results of studies on post-reorganisation performance reveal a diverse spectrum of conclusions, with some companies been very successful in their reorganisation efforts and others have destroyed shareholder value. Several researches have been conducted on the area of reorganisation of both public and private organisations for better performance. Previous studies conducted to assess the effect of reorganisation on financial performance of firms have revealed inconclusive results. These could be as a result of differences in the nature of the reorganisation, environment the studies conducted, variables used, methodologies adopted and sample size used.

For instance, Laitinen (2011) found no significant relationship between the financial restructuring and firms' performance in his study on the effect of reorganisation on firm performance of small entrepreneurial distressed firms in Finland. Conversely, Azhagaiah and Kumar (2011) conclude that Indian manufacturing corporate firms involved in merger and acquisition have achieved an increase in the liquidity position, operating performance, profitability, financial and operating risk, as well as increase in overall efficiency of acquirer firms. The study covered the period 2004 to 2010, examines the financial data of 605 firms with 3 years before and 3 years after the reorganisation, using a parametric statistical t-test and ratio analysis to measure the corporate performance. These results were obtained though empirical results show mixed results of pre-and post-merger values.

Brickley and Van Drunen (1990) conceptualised the consequence of restructuring in term of a sequence of intermediate effects, which may have positive or negative outcomes. In the case of financial restructuring, intermediate effects could be an emphasis on cashflows and changes in managerial incentives. Performance measures such as return on equity and investment are used to allow comparison of post-restructuring accounting performance and pre-restructuring records.

A study by Iqbal and Shekhar (1995), examined the impact of downsizings on both stock returns and annual returns on equity, using a sample of 187 layoffs from 1986-1989. They found that shareholders reacted negatively to layoffs by dropping stock price on the day of announcements by 0.3%. They compared the stock reactions with the layoffs announcements by financially weak and healthy firms. They attributed the negative returns associated with layoffs by financially healthy firms to disruptions expected within the firms following layoffs. Furthermore, the authors examined the impact of layoffs on equity return and found evidence of a decline in earnings after the layoffs. Other studies, however, furnish more affirmative evidence on the value of organisational restructuring.

Most of the studies often use sector-level data to explain the phenomenal growth/performance of an organisation, Yuan, Zhang and Junxi (2008) complements the literature by using firm level data and conducted a comparative study of performance between family-owned and state-owned firms in China from 1999-2004, with all the listed firms as population. The study analyse financial performance using revenue per employee; revenue per unit of cost; net profit per employee; return on assets and market-to-book ratio as proxies, other firm characteristics, such as size, leverage, firm age, sales volatility, innovation and marketing, institutional environment and industry as control variables. The results of the study confirm that, family-owned firms achieve significantly better performances than state-owned enterprises. This result may have been different, if it considers other methods, data and tools of analysis.

Edward *et al* (1999) in their study on the effect of financial restructuring on firm performance considered portfolio, financial and organisational restructuring with average sample sizes of 154, 35 and 207 respectively in the United State of America, discovered that statistical significance improvement has shown in performance following restructuring event on portfolio and average percentage change in performance is positive for financial restructuring. They concluded that financial and portfolio restructuring have positive and significant impact on firm performance.

Dash (2004) examined the economic consequences of mergers on the shareholders of the acquirer firm. He employed event study methodology to assess the extent of value creation by mergers. He discovered that on average, mergers lead to value destruction, irrespective of their pattern over a long period of time and even relatively greater in case of unrelated mergers. The study draws a contradictory conclusion to the popular belief that reorganisation is a means of corporate salvation and declares it as a myth. Moeller, Schilingemann and Stulz (2005) analysed the performance of acquirer firms through two major merger waves that occurred during 1998 to 2001 period. They found that shareholders lost $240 billion in that merger event and discovered that even when the target shareholder benefits were taken into account the net effects were still negative $134 billion.

In line with the above, Isabel and Susana (2010) discovered that family ownership has a significant positive influence on acquirer shareholder valuation and 32% negative effect on shareholders ownership valuation. The study analysed family versus nonfamily firms' returns under different legal environments on merger and acquisition announcement, utilizes 124 databases of European-listed firms in 15 countries with acquired firms being worldwide public or private firms in 23 countries over the period 2002 – 2004. The authors also observed that a weaker legal and institutional environment in the target country has a positive influence on acquirer shareholder valuation.

Indhumathi, Selvam and Babu (2011), in the recent study described merger and acquisition as the major force in the changing environment. The policy of liberalisation, decontrol and globalisation of the economy has exposed the corporate sector to domestic and global competition. It is true that there is little scope for corporate firms to learn from their past experience. Therefore, to determine the success of a merger, it is to be ascertained if there is financial gain from it. The study was limited to a sample of corporate firms which underwent merger during the period of 2002-2005 to compare the performance of the acquirer and target corporate firms before and after reorganisation, using ratio analysis and independent t-test. The study found that the shareholders of the acquirer corporate firms increased their financial performance after the merger event.

Edward *et al* (1999) described recapitalisation as one of the most important agent of reorganisation and it means increase of long term financing of the organisation and it includes increase of debt stock, issuing of additional shares to existing or new shareholders to substantially sustain economic trend. They concluded that recapitalisation justifies the significant increase in productivity.

Contrary to Edward *et al* (1999) assertion above which claimed significant increase as a result of recapitalisation, Asedionlen (2004) in a study conducted to assess the impact of recapitalisation of banking sector in Nigeria, opined that recapitalisation though increased liquidity in short term, but not guaranteed high asset quality and good profitability.

Brickley and Drunen (1990) in an illustrative study of organisational restructuring using the database of 222 announcements of changes in the structure of 179 firms from 1980 to 1984 within the United States discovered positive improvement in a company's unit structure of management responsibilities, while, mergers showed negative impact. Healy, Pelpu and Ruback (1992) also discover signs of asset productivity improvements in a sample of merged firms. They concluded that management buyouts, mergers and other types of corporate restructuring generate operating efficiencies by altering managerial incentives, reducing agency costs and improving factor productivity. Also, Kaplan (1989) and Lichtenberg and Siegel (1989) in their study on firms that were taken private in management buyouts found that both financial (sales, income, etc.) and real (factor productivity) performance measures improve after the buyout. In contrast, a number of other studies report results at odds with the view that corporate restructuring generates long run improvements in value. For example, Ravenscraft and Scherer (1989) detect no evidence of improvements in post-takeover operating performance using ratio analysis in the sample of merged firms.

2.5 The Concept of Operating Performance

Critical success factors are suggested to be used in order to help the organisation measure and evaluate performance. These measurements and evaluations create profitability and productivity in the short and long run respectively. Such success factors are for example quality, time; cost reduction, customer service and product performance (Atkinson *et al*., 1995). This indicates that the financial outcome is based on operational factors such as customer satisfaction (external factor) and knowledge resources (internal factor). Logically, operating performance of a firm means its operational efficiency, which are attributed to its plant and machinery and, in particular, its employee. It simply refers to its non numeric activities that may not be easily quantified (Howard, 2004). In contrast, Tian and Zeitun (2007) holds that corporate performance may be measured by variables which involve productivity, profitability, growth and it may even include customer satisfaction.

Both operating and financial performance measures are closely related to one another. It is pertinent to note that, the personal wealth of a firm may influence the level of risk a company investors or managers may be willing to assume and to determine the resources available to support the business in evaluating the performance of that firm.

Ichniowski, Shaw and Prennushi (1997) attributed the positive effect of reorganisation on the intrinsic and indirect effect of the organisational practices induced by a greater implication of the workers. The indirect decision-making may creates strong productivity on account of know-how and specific knowledge. Introduction of new organisational practices should improve the effectiveness of the production process, increases participation, reduce cost and motivation, as well as versatility.

Interestingly, researchers such as Atikinson *et al* (1995) and Edward *et al* (1999) and most stakeholders tend to benchmark managerial accounting indicators against the financial measures in six dimensions; workers compensation (workers compensation expenses over the sales), quality (frequent errors in production process) shrinkage (defects, sales return inward, inventory loss or damage); productivity (payroll expenses over the production output) and operating expenses (total operating expenses over the sales) (Wright, 2005). Selvarajan (2007) added that firm performance can also be measured using perceived performance approach (i.e subjective performance measures) where Likert-like scaling is used to measure firm performance from the top management perspectives. The study considers productivity, quality of personnel, investment on machinery and equipment, incentives and advertisement cost as proxies of operating performance.

2.6 The Reorganisation and Operating Performance

Studies on the relationship between the reorganisation and firm performance have revealed divergent results. The results of such studies that explicitly linked organisational restructuring to performance are mixed. Some reports positive impact of organisational changes on performance and others report at odds. In all the cases, however, the effects are modest in magnitude (Edward *et al*, 1999). A study by Matsuurat (2004) assesses corporate reorganisation that took place at Japan in the 1990s using corporate panel data and paired sample test as method of analysis. His study concludes that there is no great difference in the growth rate of value-added between a company that has undergone reorganisation and one that has not. But labour productivity increases sharply immediately after reorganisation, while there was a temporary decrease in employment following the reorganisation of a corporation. In the long-term it will not decline as sharply as that of a firm which has not been reorganised.

However, employees do not benefit from the fruits of the reorganisation exercise in terms of increase in wages/remuneration.

Brickley and Van Drunen, (1990) attributed organizational restructuring effects to greater employee satisfaction, increase turnover and efficiency, as well as better communication. These effects may have some impact on operating performance of the corporation. The ultimate effect may be perceptible in a few years or over a long period of time. Ichniowski *et al* (1997) was in line with other empirical studies that tried to estimate the impact of organisational innovations on firm performance, and more particularly, on factor productivity. MacDuffie (1995) in his study on representative industrial samples has difficulties in establishing a significant link between new work practices and firm performance. Cappelli and Neumark (1999) note that few organisational practices have a significant effect on labour productivity, using the same American data.

Edward *et al* (1999) in the study on effect of organisational restructuring on firm performance considered portfolio, financial and organisational restructuring with average sample sizes of 154, 35 and 207 respectively. They discovered a small and sometimes negative impact on performance for organisational restructuring. They concluded that, going by the evidence, organisational restructuring has no positive impact on firm performance and buyouts are followed by no significant reductions in employment, once post-buyouts divestitures are taken into account.

Black and Lynch (2001) founds that an increase in productivity is not as well clearly related to new organisational practices as to the way in which they are implemented. This result contradicts that of the study conducted by Caroli and Van Reenen (2001) using French data and they establish a positive impact of organisational changes on productivity when firms employ a highly qualified labour force. Other French studies obtain similar results such as Greenan and Guellec (1994), Coutrot (1996) and Greenan (1996). All these studies estimate a production function incorporating a variable of an organisation. Those estimates may depend on the parametric form retained for the production function and suppose that the effect of reorganisation is homogeneous within the firms.

Shleifer and Smith (1988) suggest that corporate takeovers merely transfer value from employees and other stakeholders of firms to shareholders by breaking implicit contracts. Jensen (1986) and others advance the theory that some types of reorganisation create value by altering the incentives of managers and owners in a way that enhances efficiency and by reducing agency costs. In support of this, Lowenstein (1985) discusses the possibility that managers who take their companies private in leveraged buyouts have private information about their firm's future prospects.

Ramamurti (1997) in a very comprehensive albeit descriptive study appraises the impact of the 1990 reorganisations and privatisation of Ferrocarilla Argentinos, the Argentine Railroad then the largest in Latin America on perfromance. The author documents a 370% improvement in labour productivity, decline in operating subsidies to almost zero and a massive decline in employment from 92,000 to 18,682 workers (78.7%). Consumers also benefit from expanded and better quality services delivered at lower costs. Freight rate declines by 20% in real terms over 1991 to 1994 as a concessionaire competes more aggressively with trucks.

Martin and Parker (1997) assess the impact of privatisation on 11 major firms privatised in the UK in the 1980s, using several performance indicators that include profitability (measured as return on capital employed), efficiency (annual growth in value added per employee) and technical efficiency with Data Envelopment Analysis (DEA) as technique of analysis. The evidence indicates that privatisation had mixed results in Britain. While most of the enterprises record increased productivity growth after privatisation, the result is disappointing in some of the cases. The same is true for other performance measures. According to the authors, the rationale for the use of several performance indicators is the need to overcome measurement bias.

Eckel, Eckel and Singal (1997) examined the effect of the British Airways (BA) 1987 privatisation on the stock prices of competitors and on fares charged in those routes where BA competes directly with foreign airlines. They find that stock prices of US competitors fall on average by 7%. This means that stock traders anticipated a much more competitive upon privatisation. Furthermore, airfares on routes served by BA fall by 14.3% relative to those on other transatlantic routes around the time of privatisation. As a check on the results, the authors also appraise market reactions to Air Canada's two-phase privatisation (first from 100% state ownership to 57%, then to zero). Air Canada's fares do not decline after the first privatisation, but fall a significant 13.7% after complete divestiture. Unlike BA, however, there is no significant competitor stock price effect since Air Canada does not compete with other carriers in many routes.

Despite claims of an impressive level of privatisation activity across Africa and the upsurge in research on the operating performance of privatised firms in both developed and developing economies, empirical knowledge of the privatisation programme in Africa is limited**.** The African Economic Research Consortium (AERC) sponsored several innovative studies on privatisation. These studies includes study by Jerome (2002) that appraised the qualitative and quantitative evidence relating to allocative and productive efficiency in the telecommunication sector in the wake of commercialisation and deregulation in 1992. The study found that the reforms undertaken resulted in increased profitability of the incumbent operator, network expansion, modernisation, and productivity gains. These results were confirmed by a recent study by the author also sponsored by AERC, which appraises the post-reorganisation performance of some privatised enterprises in Nigeria. The study examined profitability, productive efficiency, employment, capital investment, output, prices and taxes as variables. It compares average value before and after privatisation within the period 1988 to 1999. The study utilised DEA to assess changes in the level of technical efficiency in the selected enterprises. The results showed significant increases in the selected indicators and associated privatisation with increase in technical efficiency in the affected enterprises (Jerome; 2008). In line with the above, Asante (1998) assessed the privatisation of Ashanti Goldfields Company Limited, which was then Africa’s largest privatised enterprise, and Ghana Commercial Bank using several accounting ratios. The study found significant improvement on the performance indicators used in the study after reorganisation. The conclusion was justified as most of the performance indicators increased after privatisation, although some were statistically insignificant. In the same vein, Oyieke (2002) used Kenya Airways as a case study to examine the effects of reorganisation on public sector borrowing requirements. The study documents substantial improvements in the public sector and the net worth of Kenya Airways as a result of privatisation.

Theoretically, a large number of literatures have dealt with the consequences of Privatisation as a form of reorganisation in terms of efficiency gains, different incentive structures and increased competitive pressure. Only a few empirical studies look at privatisation programs either on a national or international scale. Galal *et al*. (1992), Megginson *et al* (1994; 1996) and Boubakri and Cosset (1998) were among the leading and more comprehensive empirical studies sponsored by World Bank on the post-privatisation performance. The studies found statistical significant impact of privation programme on the selected performance variables at post-privation period.

Galal *et al.* (1992) analyses the post-privatisation performance of 12 companies from the most regulated industries in Britain, Chile, Malaysia, and Mexico. The study looked at the economic consequences of privatisation from an international perspective; Megginson *et al.* *(*1994) compared the pre- and post-privatisation financial and operating performance of 61 companies from 18 countries and 32 industries that either experienced a full or partial privatisation through public share offerings during the period of 1961-1990; Megginson *et al.* (1996) took at international perspective and its focus was more on privatisation programs in developed countries. In contrast, the last study focused on the financial and operating performance of newly privatised firms in developing countries. In spite of the differences in the nature and scope of these studies, they all found significant improvements on performance of the enterprises after the reorganisation.

In a sharp contrast to aforementioned study of Galal *et al* (1994), Engelbert, Dockner, Mosburger and Schahauser-Linzatti (2005) in a study to ascertain the changes in operating and financial performance of Austrian firms privatised within 1985-1995, using ratio analysis to measure operating and financial performance. The study empirically evaluates the performance of the privatised firms choosing profitability, efficiency, investment, capital structure, employment and liquidity as variables. The study found no significant difference between the performances of private ownership and privatised firms at post privatisation period. The study also found that the cumulative returns for the privatised firms are significantly below private firms. These results imply that privatisation in Austria was less successful compared to international evidence.

Interestingly, reorganisation reveals a discern striking and robust positive effects of ownership restructuring on the growth of labour productivity, total factor productivity and profitability in the reformed state owned enterprises. The result proved success and reversed the trend of declining productivity and profits as a result of the evolution of reform policy for the state owned enterprises in Nanjing. The study conducted by Xiao-yuan, Louis and Bulent (2004) also revealed that privatisation had no effect on firm performance in a group fixed-effects model but significant positive effects in a firm fixed-effects model of the sampled firms. The study examined the contrast in the experience of ownership reforms between Urban and Rural enterprises, using a panel of industrial enterprises within the period 1994 to 2001 at Jiangsu province, China.

Motasam and Almas (2009) evaluates the financial and operating performance of privatised firms in the large-scale privatisation program in Sweden from 1989-2007. The study analysed the accounting data of those Swedish enterprises that experienced full or partial change in government ownership and evaluates their performances prior to and after the reorganisation. They computed a number of accounting ratios namely; profitability; operating efficiency; capital investment; capital structure; employment level and liquidity of firms deems fit and appropriate to evaluate the performance of the firms prior to and after the reorganisation, utilizing both the Wilcoxon and Standard test. Empirically, the study found no support for improvements in profitability, efficiency, and other financial variables. The operating performance of reorganized firms has not been very strong.

Conversely, in a study that examined the change in financial and operating performance of 79 companies from 21 developing countries that experience full or partial privatisation over the period 1980 to 1992, using performance measures adjusted for market effects in addition to unadjusted performance measures. For both unadjusted and market-adjusted performance measures, the study documented significant increases in profitability, operating efficiency, capital investment spending, output (adjusted for inflation), total employment and dividends. The study also found a decline in leverage following privatisation (significant only for unadjusted leverage ratios). The result deduced that reorganisation yields greater benefits for companies operating in developing countries with high income per capita and for companies whose governments surrender voting control (Narjess and Jean-Claude, 1998).

Jonad (2003) in a study using French Manufacturing firms data over 1995 to 1999 discovered a significant positive impact of reorganisation on the performance of information technology and work reorganisation on firm. In his recent study Janod (2004) that assessed the impact of reorganisation on joint information technology and work reorganisation on firm performance utilising the same selective matching methods on a panel data of 2,404 French manufacturing firms in 1997. The study reveals striking results that the joint implementation of organisational and technological innovations leads to a higher increase in factor productivity. More surprisingly, the addition of innovative organisational practices induces a higher performance improvement in firms that already have new technologies of communication in the reorganised firms. He concluded therefore that in the absence of work reorganisation, information technology seems to be costly gimmick. Reorganisation exerts a positive effect on factor productivity. Thus, reorganisation would improve firm performance through a more efficient use of labour and capital, without requiring any increase of the production factors.

In their contribution to ascertain the resultant effect of business reorganisation on firm performance, Li-hsuan, Shaw and Bruce (2011) dwelled further to include technical innovation and its relation to firm performance. The study affirmed that implementation of business reorganisation and technical innovation ensured better firm performance. The study analysed the impact of Total Quality Management (TQM) practice and efforts of business organisations to obtain International Standard Organisation (ISO) certification to enhance their future growth. The efforts proved significant increase in business growth rate. They concluded that technical innovation and business reorganisation were seen as independent driving forces for promoting firm performance.

Studies conducted by Osterman (1994), Gittleman *et al* (1998) and Batt (2002) concluded by promoting the advantages of using high commitment human resources practices. Furthermore, Huselid (1995); Osterman (2000); Guthrie (2001); Cappelli and Neumark (2001); Carolli and Van Reenen, (2001) have found empirical links between the use of such practices and overall firm-level performance. While yet others studies such as Batt (1999), Ichiniowski *et al.* *(*1997) and Ichiniowski and Shaw (1998) have gone in more detail, but narrowed the scope of their analysis to particular industries. Finally, a number of recent studies have used individual workers data to study the relationship between new workplace practices and workplace safety and health (Askenazy, (2001), Brenner *et al.* (2004) and Askenazy and Caroli (2006)).

2.7 Theoretical Framework

Inclusive performance and enterprise models, as well as stakeholders, firm and organizational theories are found to provide the theoretical framework of the study of this nature. The models and theories are reviewed with a view to selecting the one that most appropriately explains the study.

a) Inclusive model focuses on the responsibility of management to a coalition of stakeholders (Goodpaster, 1993 and Collier and Roberts, 2011).

b) Performance model concentrated on direction dimension that emphasised the responsibility of the board of directors to attend to strategic positioning and planning in order to enhance the performance and sustainability of the organisation (Rossow, 2005) and Enterprise model refers to the way in which the organisation directs and control its own affairs (Rossow and Vanvuuren, 2004).

c) The stakeholders' theory holds that managers must be accountable of their stewardship over the resources entrusted to them to a coalition of various stakeholders (Jensen 1976; Chang, 1999 and Donnel, 2000). Stakeholders have a stake in, and are affected by the organisation's success or failure. It is the sole reason among others that if, organisation is not doing well reorganisation came into being, as a result of either inability or failure of the management and board to discharge their responsibilities effectively.

d) Firm or Agency theory as viewed by Jensen (1976) being a contractual relationship between principal (shareholder) and the agent (Board and Management) to perform certain services on behalf of the principal. In this case the principal delegates some or all the decision making authority to the agent. The theory concentrates on resolving the agency problems due to the fact that, managers will not solely act to maximize the shareholders investment, instead protect their own interests. This possible fact gives rise to conflict between them. Failure of this contractual relationship to work effectively makes the organisation operations and performance to dwindle and the situation forces reorganisation to take place. According to Davies, Schoorman and Donaldson (1997) Agency theory is a good way to explain relationship where the parties' interests can be brought more into alignment by using appropriate monitoring and a well-organised compensation system. Agency theory is said to be built around seven key ideas which are; self interest, adverse selection, moral hazard, signaling, incentives, information asymmetry, and the contract (Macintosh, 1994). However, the Agency theory is criticized by some researchers. They argue that the theory is an "unrealistic description of human behaviour" and that "labeling all motivation as self-interests do not explain the complexity of human action" (Jensen & Meckling; 1994 and Doucouliagos (1994) cited in Davis *et al* (1997).

e) In stewardship theory managers are not motivated by individual goals only, but organisational interest. Their objectives are more associated with that of the principals'. Davies *et al* (1997) argue that the behaviour of a steward has a higher utility due to its pro-organisational and collectivistic behaviour in relation to the individualistic and self-serving behaviours associated with agency theory. Stewardship theory emphasised that steward seeks to achieve the organisational objectives, protects and maximizes shareholders' wealth through organisational performance. By doing so the steward's utility function is improved in efforts to satisfy most stakeholders groups (i.e. stakeholders interests) are well served since the organisational wealth is increased. Therefore it can be said that the behaviour of a steward is more organisational oriented. However, stewards have of course a kind of self interest since he or she must earn income to survive. The difference between the self-interest in agency theory compared to stewardship theory is that a steward realises the trade-off between personal needs and organisational objectives. By working towards organisational objectives, the steward personal needs will also be achieved *(*Davis *et al*, 1997).

f) Conversely, organisation theory is a field of study related to the behavior of organisations and companies. Through particular methods like analysis, generalisation and observation, organization theory tries to determine how companies and organizations will behave in certain situations. The theory viewed an organisation as mechanisms that behave in certain ways, because it must consider risk factors that stem from the fact that organisations are lead by people who are prone to making mistakes.

Organisation theory is closely related to organisational behaviour which study how people inside the organisation act and think. It noted that analysing a true human behavior within a group of people is difficult. Nothing can be predictable about people because every individual is shaped by culture, social environment, politics, racial perspectives and religious views. All these factors blend into the organisation, making it very difficult to study. The theory resolved the great challenge of how the organisation could integrate human and material resources in order to achieve maximum proficiency. Organisation theory tries to explain and guide those who want to improve the value of a company that they need to know how to organise and achieve organisational goals. Those who want to monitor and control performance will need to understand how to achieve results by reorganising the activities and designing organisational processes.

The modern or system approach is a modern organizational theory that breaks structure into mutually dependent subsystems. These systems are connected through communication, balance and decision making. Included within each system are the individual employees, the roles, patterns of behavior and physical environment. Modern theories of organization combine elements of the classical and neo-classical theories. The systems approach looks at the structure of the organization and how it must adapt to the environment and the employees within the organization. Modern theories tend to be based on the concept that the organization is a system which has to adapt to changes in its environment. In modern theory, an organization is defined as a designed and structured process in which individuals interact for objectives (Hicks and Gullet, 1975).

The Stakeholder theory centered on the need for managers to be accountable of the human and materials resources entrust on them. While, Agency theory concentrates on identifying and resolving disputes that may arises between the managers and owners of an enterprise. Stewardship theory support organisational interest similar to that of the owners. These theories do not take into cognizant the robust approach toward re-engineering the business organisation for improved performance. Instead they concentrated on accountable stewardship, agent and principal relationship in term of benefits and managers assimilation with owner's interest in the case of Stakeholders, Agency and Stewardship theories respectively. While, Organisation theory helps explain how the management effectiveness and efficiency of human and material resources guarantee improved financial and operating performance of an organisation. Improved capacity, quality production and customer satisfaction believed to increase volume of production, patronage and profitability of an organisation. Organisation theory guides towards proper planning, coordination and control that brings improved productivity and profitability.

This study therefore, draws its theoretical framework from the organisational theory. The theory stresses the need to know and overcome certain difficulties and norms of managing the affairs of an organisation. It spells out clearly how to organise the entity and it mitigates the problems identified with other theories. Organisational theory gives rise to reorganisation of firms for efficient performance. Research on firm performance emanated from Organisation theory and strategic management (Murphy, 1996).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study examines the impact of reorganisation on the financial and operating performance of ABU Press Limited. In accordance with this objective, this chapter presents the research design, method of data collection, technique of data analysis and measurement of variables.

3.2 Research Design

Though, various types of research design exist, which includes experimental, case study; descriptive; survey; historical; ex-post facto; correlation etc. To achieve the objectives of the study, pre-post facto and case study research designs was adopted. The study compares two (2) periods: 2000 – 2005 and 2007 – 2012 as pre and post reorganisation periods respectively, while 2006 is considered as base year. This research design is considered appropriate for the study of this nature because it allows for testing of expected differentials between the two periods (before and after) reorganisation. The study involves the measurement of five variables each to examine the differentials on financial and operating performance between the two periods among the variables. The period seems adequate to lead the study to a logical conclusion.

3.3 Source and Method of Data Collection

There are mainly two sources of data collection, namely; the primary and secondary sources. The study, being quantitative the data suitable for the analysis were extracted from financial statements. The study utilized secondary source of data collection. The values of profit before and after tax; turnover; total assets; operating expenses; total costs; number of employees; investment on machinery/equipment; incentives/bonus to staff and advertisement costs were extracted from the Audited Financial Statements of ABU Press Limited. The values on educational qualifications were extracted from the staff personal record files. Weights were assigned to get aggregate values (4 = B.Sc/HND and above qualifications, 2= Diploma and its equivalent and 1= SSCE/ its equivalent and below.

3.4 Data Analysis Technique

Though, there are many techniques of data analysis that can be used in a research of this nature, this study utilized Independent t-test and sample paired t-test using Statistical Package for Social Science (SPSS) 17.0 in testing the formulated hypotheses as tools of analysis. The study compares the performance of ABU Press Limited before and after the periods of reorganisation. The Paired sample test was used as tool of analyses.

Roscoe (1969) described sample paired test as a statistical technique used to compare two population means in the case of two related/correlated samples. Paired sample t-test is used in ‘before-after’ studies, or when the samples are the matched pairs, or when it is a case-control study. Sample paired t-test assumed that only the matched pairs can be used to perform the test, data are normally distributed, variance of two samples is equal and cases must be independent of each other. The technique considered suitable and effective in comparing two related group of data (period) pre and post reorganizational performance to ascertain if there are differentials in financial and operating performance and to determine the extent to which such can attributed to reorganisation.

The technique provides that null hypothesis is rejected when the calculated value is greater than the table value. This shows significant mean difference between the two paired samples. The hypothesis is accepted when the calculated value is less than the table value. This shows no significant mean difference between the two paired samples.

3.5 Measurement of Variables

The table below contains the measurement of all variables of the study.

Table 3.1 Variable Measurement

S/N	Variable	Measurement
1.	**Financial Performance:**	
a.	Profitability	Profit after Taxation /(loss) / Total assets
b.	Turnover	Natural Log of total Sales
c.	Efficiency	Operating Expenses / Total sales
d.	Asset Turnover	Total Sales / Total Assets
e.	Cost to Profit Margin	Profit before Taxation /(loss) / Total Cost
2.	**Operating Performance:**	
a.	Productivity	Total Sales / Total no. of Employee
b.	Quality of Personnel	Educational Qualifications
c.	Machinery and Equipment	Natural Log of Investment on Machinery & Equipment
d.	Incentives	Natural Log of Staff welfare Training & Development Expenses
e.	Advertisement	Natural Log of Advertisement, Marketing and Distribution Expenses

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The chapter starts with the preliminary analysis of the sample using descriptive statistics. This followed by the presentation of results of the model estimations and the inference drawn from the tests of the hypotheses. Similarly, findings are discussed and policy implications are analysed.

4.2 Descriptive Statistics

The sample descriptive statistics is first presented in Table 4.1 where mean, standard deviation, variance and standard error of the data for the variables used in the study are described. The descriptive statistics are presented below:-

Table 4.1 Descriptive Statistics

	Variable	Mean		Std. Deviation		Std. Error Mean	
		PRE	POST	PRE	POST	PRE	POST
Pair 1	Profitability	-9.0850	16.5483	9.79765	7.47256	3.99987	3.05066
Pair 2	Turnover	17.1317	18.3050	.35718	.50171	.14582	.20482
Pair 3	Efficiency	.3467	.2967	.04346	.06412	.01591	.02801
Pair 4	Asset Turnover	91.6517	165.2650	47.44546	24.90901	19.36953	10.16906
Pair 5	Cost to Profit Margin	-18.1450	30.3300	19.09704	17.70916	7.79633	7.22973
Pair 6	Productivity	504.2750	1331.4317	165.62926	396.17283	67.61786	161.73688
Pair 7	Quality of Personnel	123.3467	146.6267	6.49897	4.62509	2.65319	1.88818
Pair 8	Machinery & Equipment	9.7517	12.96496	1.73801	.701407	4.30129	.349646
Pair 9	Incentives	13.7500	12.5967	1.20232	2.04911	.49909	.82830
Pair 10	Advert Cost	11.9533	14.4317	1.40796	.36041	.57480	.14714

The statistics in Table 4.1 shows a higher mean and lower standard deviation of profitability at post reorganisation period of 16.5483 (from negative to positive) and 7.47256 respectively. This shows improved profitability at post reorganisation period.

The post reorganisation turnover mean and standard deviation shows higher and lower of 18.3050 and .04412 respectively. This deduced a higher revenue generation at post reorganisation period.

However, the lower mean and higher standard deviation of Efficiency at post reorganisation period of .2967 and .06346 suggest the inefficiency operations of the ABU Press Limited after reorganisation.

The Asset turnover of post reorganisation mean of 165.2650, which is higher than 91.6517 and standard deviation of 24.90901 lower than 47.44546 shows an increase in asset utilisation after reorganisation.

The mean of cost to profit margin ratio changing from the negative of -18.1450 before to 30.3300 and lower standard deviation of 17.70916 after reorganisation suggest positive increase in the cost to profit margin ration at the post reorganisation period.

The productivity of ABU Press Limited doubled after reorganisation with 1331.4317 post reorganisation mean, but with higher standard deviation figure of 396.17283 after reorganisation.

The weight or value of quality of personnel increased after reorganisation with lower standard deviation of 4.62509 and higher mean value of 146.6267. This shows improved qualitative staffing engaged at post reorganisation period compared with the period before reorganisation.

The company witnessed increased installation of machinery and equipment after reorganisation with higher mean value of 12.96496 and lower standard deviation of 4.30129 at post reorganisation period.

The mean value of Incentives of 12.5967 and standard deviation of 1.04911 shows lower and higher mean and standard deviation respectively at post reorganisation proved no increase of incentives to staff. This may suggest that expenses incurred by ABU Press Limited on staff welfare, training and development reduced after reorganisation.

The higher mean value of 14.4317 and lower standard deviation of .36041 after reorganisation of Advertisement costs shows increased commitment toward marketing and advertisement to generate revenue.

4.3 Presentation and Interpretation of Results

This section presents the paired sample t-test results of the dependent variables (Financial performance represented by Profitability, Turnover, Efficiency, Asset turnover and Cost to profit margin; and Operating performance proxied by Productivity, Quality of personnel, Machinery and equipment, Incentives and Advertisement cost). The analysis of the results followed thereafter on the difference between the two periods (pre and post). The sample paired test used to test for difference and, or impact in each performance indices between the two periods on financial and operating performance.

4.3.1 Reorganisation and Financial Performance

Table 4.2: Profitability Impact trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Profitability performance levels	Pre	6	-9.085000	9.79765	3.99987	5	5.407	1.96	.003
	Post	6	16.5483	7.47256	3.05066				

Calculated p < 0.05, calculated t > 1.96 at df 5
Source: SPSS 17.0 Output Result

The result of the paired sample test presented in Table 4.2 reveals that profitability as an indicator of financial performance significantly improved after the reorganisation of ABU Press Limited. This is due to the fact that calculated mean significant (p) value of 0.003 is less than 0.05 alpha level of significance (at 5%) and calculated t-value of 5.407 is higher than the 1.96 critical t-value at df 5. This informed that reorganisation has significant impact on profitability. The profitability level improved greatly at the post reorganisation period considering the difference in mean from (accumulated losses before to substantial profit after reorganisation). The expectation of the reorganisation policy is to mitigate the problem that may hinder profitability by turning around the fortune of the Organisation toward achieving its primary objective of profit making. The trend may suggest that the Company attract more patronage and profitability that absorbed the accumulated losses recorded prior to the reorganisation.

Table 4.3: Turnover Impact trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Turnover performance levels	Pre	6	17.1317	.35718	.14582	5	8.170	1.96	.000
	Post	6	18.3050	.50171	.20482				

Calculated p < 0.05, calculated t > 1.96 at df 5
Source: SPSS 17.0 Output Result

The paired sample test result presented in Table 4.3 shows that turnover tremendously improved after the reorganisation. The calculated mean significant (p) value of 0.000 which is less than 0.05 alpha level of significance (at 5%) and calculated t-value of 8.170 that is higher than the 1.96 critical t-value at df 5. The result statistically shows significant impact of reorganisation on turnover of the Company. This meaning that turnover of the company has increased rapidly as a result of reorganisation. This can be achieve by aggressive marketing, customer focus initiative, introduction of new products, improved quality output and competitive pricing.

Table 4.4: Efficiency trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Efficiency performance level	Pre	6	.3467	.04346	.01591	5	1.421	1.96	.060
	Post	6	.2967	.06412	.02801				

Calculated p > 0.05, calculated t < 1.96 at df 5
Source: SPSS 17.0 Output Result

Table 4.4 of the paired sample test reveals decrease in mean value and increase in standard deviation of efficiency respectively after reorganisation. The result shows that the calculated mean significant (p) value of 0.60 which is greater than 0.05 alpha level of significance (at 5%) and calculated t-value of 1.421 that is less than 1.96 critical t-value at df 5. The result statistically confirmed that reorganisation has no significant impact on Efficiency. The mean value at post reorganisation period increased, but failed to prove significant impact. This can be due to incurring high cost of implementation of the reorganisation exercise on payment of terminal benefits to disengaged staff, recruitment expenses and perhaps under utilisation of human and materials resource (inefficiency). The efficiency variable informs how best management effectively utilise resources. The result deduced that reorganisation failed to effectively increase efficient utilisation of human and materials resources in ABU Press Limited.

Table 4.5: Asset Turnover trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Asset Turnover performance levels	Pre	6	91.6517	47.44546	19.36953	5	3.156	1.96	.025
	Post	6	165.2650	24.90901	10.16906				

Calculated p < 0.05, calculated t > 1.96 at df 5
Source: SPSS 17.0 Output Result

The Paired sample test statistical computations presented in Table 4.5 reveals an increase in post reorganisation mean and decrease in Standard deviation after reorganisation. The calculated mean significance (p) value of .025 is less than 0.05 alpha level of significance (at 5%) and calculated t-value of 3.156 is higher than the 1.96 critical t-value at df 5. The period after reorganisation witnessed significant impact of reorganisation on Asset turnover. This variable ascertain the management efficiency in assets utilisation.

Table 4.6: Cost to profit margin trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Cost to profit Margin performance levels	Pre	6	-1.814501	19.09704	7.79633	5	4.418	1.96	.007
	Post	6	30.3300	17.70916	7.22973				

Calculated p < 0.05, calculated t > 1.96 at df 5
Source: SPSS 17.0 Output Result

The Paired sample test computation in Table 4.6 shows a significant impact of Cost to profit margin influenced by the reorganisation exercise in ABU Press Limited. The calculated mean significance (p) value of .007 which is less than 0.05 alpha level of significance (at 5%) and calculated mean t-value of 4.418 that is higher than the 1.96 critical t-value at df 5. This variable expresses management effectiveness in reducing costs and wastages to guarantee enhanced pre tax profit.

Based on the results presented and interpreted in Tables 4.2 to 4.6 on financial performance indicators, the null hypothesis which states that, reorganisation has no significant impact on financial performance of ABU Press Limited is rejected. The four (4) out of five (5) variables of financial performance selected and interpreted; Profitability (p .003: $p<0.05$), Turnover (p .000: $p<0.05$), Asset turnover (p .025: $p<0.05$), and Cost to Profit margin (p .007: $p<0.05$) reveal there is significant impact of reorganisation on financial performance of ABU Press Limited. Likewise, there is evidence of improved financial operations in the organization after reorganisation. This may be attributed to increase patronage by customer, improved quality production, marketing strategy and competitive pricing. The asset turnover increased proportionally with the increase in profitability. This may be as a result of acquisition and installation of new machinery and equipment. However, the results further reveals that reorganisation has no significant impact on Efficiency variable (p .060: $p>0.05$).

Hence, being that the four variables namely; Profitability, Turnover, Asset Turnover and Cost to profit margin influenced the single variable of Efficiency, it holds that reorganisation has significant impact on the financial performance of ABU Press Limited. This achieved one of the main objectives of the study. This positive finding on Profitability, Turnover, Asset Turnover and Cost to profit margin is not strange, as it is consistent with the findings of Kaplan (1989); Lichtenberg and Siegel (1989); Megginson *et al* (1996); Narjess and Jean-Claude (1998); Asante (1998); Edward *et al* (1999); Claessens and Djankovic (1999); Oyieke (2002); Yuan *et al* (2008); Jerome (2008); Indhumathi *et al* (2011) and Azhagaiah and Kumar

(2011). The finding on Efficiency indicator also supports the conclusion of Dash (2004) that reveals value destruction as a result of reorganisation.

The main finding that reveals significant impact of reorganisation on financial performance contradicted those of the studies by Asedionlen (2004); Engelbert *et al* (2005); Moeller and Sehlingemam (2005); Motasam and Almas (2009); Isabel (2010) and Laitenen (2011).

4.3.2 Reorganisation and Operating Performance indicators

Table 4.7: Productivity Impact trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Productivity levels	Pre	6	504.2750	165.62926	67.61786	5	6.139	1.96	.002
	Post	6	1331.4317	396.17283	161.73688				

Calculated p < 0.05, calculated t > 1.96 at df 5
Source: SPSS 17.0 Output Result

The result of the sample paired test in Table 4.7 reveals that reorganisation has significant impact on productivity index as an indicator of operating performance. The reason being that, the calculated mean significance (p) value of .002 which is less than 0.05 alpha level of significance (at 5%) and calculated t-value of 6.139 that is higher than the 1.96 critical t-value at df 5. The result also, shows higher mean value of 1331.43 after reorganisation against 504.27 before reorganisation. The period after reorganisation witnessed significant increase in productivity than the period prior to the reorganisation exercise. This deduced that reorganisation had positively influenced the individual contribution toward the success of the Organisation.

Table 4.8: Quality of Personnel Impact trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Quality of Personnel levels	Pre	6	123.3467	6.49897	2.65319	5	6.442	1.96	.001
	Post	6	146.6267	4.62509	1.88818				

Calculated $p < 0.05$, calculated $t > 1.96$ at df 5
Source: SPSS 17.0 Output Result

The paired sample test result presented in Table 4.8 reveals differentials in quality of personnel index as indicator of operating performance after the reorganisation exercise conducted by ABU Press Limited. The result shows the calculated mean significance (p) value of .001 which is less than 0.05 alpha level of significance (at 1% level of significance) and calculated t-value of 6.442 higher than the 1.96 critical t-value at df 5. The results also, show higher mean value of 146.62 and lower standard deviation of 4.625 after reorganisation. The trend posits that reorganisation has significant impact on quality of personnel. It is expected that qualitative and experienced personnel should produce or achieve good result in shorter period, improve capacity, quality of output and service delivery generally.

Table 4.9: Machinery and Equipment Impact trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Machinery and Equipment	Pre	6	12.7517	.73801	.30129	5	2.216	1.96	.018
	Post	6	9.964906	1.101407	4.496466				

Calculated $p < 0.05$, calculated $t > 1.96$ at df 5
Source: SPSS 17.0 Output Result

Table 4.9 shows positive difference in investment on machinery and equipment index as indicator of operating performance after the reorganisation. The calculated mean significance (p) value of .018 which is less than 0.05 alpha level of significance (at 5%) and calculated t-value of 2.216 that is higher than the 1.96 critical t-value at df 5. The result shows that there is significant impact of reorganisation on Machinery and Equipment. This suggest that modern and qualitative machinery and equipment were acquired and installed after reorganisation to replaced the outdated ones in used prior to reorganisation. This may be as a result of improve revenue generation, profitability and increase in Company's share capital (recapitalisation).

Table 4.10: Incentives Impact trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Incentives level	Pre	6	12.7500	2.20232	.49909	5	1.332	1.96	.240
	Post	6	13.5967	1.04911	.82830				

Calculated p > 0.05, calculated t < 1.96 at df 5
Source: SPSS 17.0 Output Result

The results in Table 4.10 reveals no significant difference in incentives to staff as an indicator of operating performance after the reorganisation exercise. This is justify by the calculated mean significance (p) value of .240 which is higher than 0.05 alpha level of significance and calculated t-value of 1.332 that is lower than the 1.96 critical t-value at df 5. The performance of ABU Press Limited after reorganisation provides evidence that there is no significant impact of reorganisation on incentives. The cost of staff welfare, training and development, bonuses, medical bills increase marginally, but it failed to show significant impact. This may suggest that at the period prior to reorganisation witnessed the service of unqualified and aged personnel with outdated style that require training at short interval to keep the Organisation on track. The trend deduced that the Company incurred huge cost towards their training and development, unlike at post reorganisation period where much younger, academically sound and experienced personnel were absorbed that reversed the trend.

Table 4.11: Advertisement Cost Impact trend

Variable	Period	N	Mean	Std.dev	Std.err	df	t Value	t Critical	Sig (p)
Advert Cost levels	Pre	6	11.9533	1.40796	.57480	5	4.783	1.96	.005
	Post	6	14.4317	.36041	.14714				

Calculated p< 0.05, calculated t > 1.96 at df 5
Source: SPSS 17.0 Output Result

Table 4.11 shows that reorganisation strongly impacted on advertisement as an indicator of operating performance at post reorganisation period of ABU Press Limited. This is deduced by the fact that the calculated mean significance (p) value of .005 that is less than 0.05 alpha level of significance (at 5%) and calculated t-value of 4.783 which is higher than the 1.96 critical t-value at df 5. The result further reveals that period after reorganisation witnessed improve advertisement and marketing activities than the period prior to the reorganisation exercise. The result suggests that a steady advertisement and marketing programme was recorded at post reorganisation period. This may includes; marketing drives, sales and distribution, participation in tender, promotional outing, attending Book fair and exhibition.

The results presented and interpreted in tables 4.7 to 4.11 the interaction between reorganisation and operating performance, the null hypothesis which states that reorganisation has no significant impact on operating performance of ABU Press Limited is rejected. The results of four (4) out of five (5) indicators of operating performance selected and interpreted namely; Productivity (p .002: $p<0.05$), Quality of Personnel (p .001: $p<0.05$), Investment on Machinery and Equipment (p .018: $p<0.05$) and Advertisement (p .005: $p<0.05$) provides evidence that there is significant impact of reorganisation on operational performance of ABU Press Limited. The statistical computations proved tremendous improvement in the operating performance of the organisation at post reorganisation period. This may be as a result of increased productivity, improve quality of production and service delivery and aggressive marketing. However, there is exception in the case of Incentives (p .240: p>0.05). This result shows no difference or insignificant impact of reorganisation on incentives.

Therefore, since the four variables; Productivity, Quality of Personnel, Machinery and Equipment and Advertisement influence the one variable of incentives, we hold that reorganisation has significantly impacted on the operating performance of ABU Press Limited. This achieved the second main objective of the study. This finding that proves significant impact of reorganisation on operating performance is in line with the findings of the studies of Vetsupens and Hite (1989); Brickley and Drunen (1990); Healy *et al* (1990); Greenan and Guellec (1994); Coutrot (1996); Greenan (1996); Martin and Parker (1997); Ramamurti (1997); Edward *et al* (1999); Cappelli and Neumark (1999); Li-hsun *et al* (2001); Caroli and van Renan (2001); Janod (2004); Xiang and Chao (2004); Engelbert *et al* (2005); and Azhagaiah and Kumar (2011). The finding on insignificant impact of reorganisation on Incentives agrees with that of Shleifer and Smith (1988) and Matsuurat (2004). However, the finding on significant impact of reorganisation on operating performance contradicted the findings of Ravenscraft and Scherer (1989); Iqbal and Shekhar (1995); MacDuffie (1995); Eckel *et al* (1997); Edward *et al* (1999); Black and Lynch (2001) and Xian-Yuan *et al* (2004).

4.4 Summary of Findings

The following are the summary of the major findings of this study:

1. The study reveals significant impact of reorganisation on profitability.

2. The study provides evidence that reorganisation has significant effect on turnover.
3. The study reveals indifference and insignificant impact of reorganisation on efficiency.
4. There is a significant impact of reorganisation on asset turnover.
5. There is significant impact of reorganisation on cost to profit margin.
6. Reorganisation has improved the productivity of the Company.
7. Reorganisation has improved the quality of personnel of ABU Press Limited.
8. There is significant impact of reorganisation on investment on machinery and equipment.
9. There is no significant impact of reorganisation on incentives.
10. The study reveals significant impact of reorganisation on advertisement.

4.5 Implications of the Findings

The study has theoretical and practical implications. These implications represent the contributions of the study which are expected to benefit the existing body of knowledge within the finance and corporate management research, management and other stakeholders of ABU Press Limited in particular; and other Nigerian University Presses; Printing and Publishing Industry, as well as corporate organizations in general. The implications includes among others:-

a) Implementation of reorganisation by Management provides effective monitoring and efficient mechanism to ensure optimum utilisation of human and materials resources for enhanced performance.

b) Reorganisation actualised the repositioning and turning around of ABU Press Limited toward sustained profitability, growth and improved productivity. This implies that the policy plays a prominent role in repositioning and turning around the fortune of business organization.

c) Reorganisation identified areas of weakness that require management to take drastic action through peer review of costs against benefits and to make deliberate efforts to reduce/control costs and wastages.

d) Reorganisation expresses turnover growth, profitability and productivity. This suggests the need to keep the tempo and sustain the growth and mitigate the possible problems associated with development (growth).

e) The reorganisation programme reveals poor staff welfare package and scheme of service. This informed the need to improve the staff welfare package, scheme of service and training through favourable labour policies (upward review of remunerations, training policy and workmen compensation scheme) for sustainable development.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The study examined the impact of reorganisation on financial and operating performance of ABU Press Limited. The study emanated from the fact that reorganisation is a complex policy with divergent end results and Nigerian University Presses are not exceptions. To best of our knowledge, no such study has been conducted within Nigerian University Presses. This makes it necessary to find out what the position may be within this unregulated sub-sector of Nigerian economy (Printing and Publishing Industry). The data were analysed using sample paired t-test as tools of analysis with the aim of finding empirically the post financial and operating performance result upon reorganisation. The study examine the impact of reorganisation on financial and operation performance of ABU Press Limited.

The study is predicated on the premise that reorganisation is a corporate salvation that will rescue the dwindling fortune of ABU Press Limited. Therefore, the study revealed the roles played by reorganisation in determining and influencing the level of financial and operating performance of the Company. The financial performance consists of profitability, turnover, efficiency, asset turnover and cost to profit margin. This formed the basis of formulating hypothesis one of the study that Reorganisation has no significant impact on financial performance of ABU Press Limited. On the other hand, the remaining variables constitute operating performance indicators, which formed the basis of the second hypothesis of the study that Reorganisation has no significant impact on operating performance of ABU Press Limited.

The study finds that reorganisation has significant impact on financial and operating performance of ABU Press Limited. The results contribute to the finance and its related literature by providing evidence supporting the significant impact of reorganisation on firm performance within Nigerian University Presses, a sub-sector of Printing and Publishing Industry of the Nigerian economy. In addition, the results could provide a framework to Management, shareholders and other stakeholders of Nigerian University Presses among others of the in-depth, insight knowledge in the complex interactions between reorganisation and firm performance.

5.2 Conclusion

In line with the research findings, the study concludes as follows:-

i. Reorganisation had changed the tide from accumulated losses over the years to steady profitability growth. The trend supports the significant impact of reorganisation on profitability of firm.

ii. The company recorded improved turnover growth that led to profitability. This confirmed the significant impact of reorganisation on turnover.

iii. Reorganisation expected to improve capacity and optimum utilisation of human and material resources. The post reorganisation performance proves underutilisation of capacity and inefficient operations. This hold that reorganisation has no significant impact on efficiency in ABU Press Limited.

iv. The ratio of asset over sales improved with reorganisation and justified the significant impact of reorganisation on asset turnover.

v. The margin of cost of operation to profit margin improved with reorganisation. This deduced the significant impact of reorganisation on cost to profit margin.

vi. The capacity and productivity in term of quality and quantity of output enhanced after reorganisation and portrayed its significant impact on productivity.

vii. Reorganisation has significant impact on quality of personnel. Recruitment of qualified and experienced personnel tends to improve quality and quantity of output.

viii. Reorganisation has significant impact on investment in machinery and equipment. Improved profitability actualised more investment on machinery and equipment to support the quest for capacity expansion.

ix. Reorganisation has no significant impact on incentives. The post reorganisation performance shows improved output. Expenses incurred towards staff welfare, training and development shows inverse relation.

x. Reorganisation policy implemented by ABU Press Limited has significant impact on advertisement. The marketing strategy adopted, improved promotional and advertisement yield enhanced turnover and profitability.

5.3 Recommendations

In line with the findings and conclusions of the study, the following recommendations are proffered. The recommendations are divided in respect of shareholders and management that are directly responsible in running the affairs of ABU Press Limited and other Nigerian University Presses as follows:-

5.3.1 Shareholders (Owners)

i. The Shareholders should change the ownership structure of the company by inviting other investors (institutional self accounting units and members of the university community) to subscribe and hold shares. This will guarantee additional investment to cater for the acquisition and installation of modern machinery and equipment, overhaul the existing ones and human capital development to improve returns.

ii. The University Management (ABU) should encourage all units of the University to negotiate and patronize ABU Press Limited on publishing and printing services to safeguard the document (security) and ensure circulation of its limited resources within the system.

iii. Presently, only ABU Press is a limited liability company within the Nigerian University System. Therefore, Management and Council of Universities (other than ABU) should incorporate their University Presses to make it competitive in service delivery and reduce the huge burden of running the Presses from their limited resources. The incorporation drive should merge publishing and printing activities under the University Press, to enable it to generate more revenue to support the publishing of scholarly titles, which form part of their mandates.

5.3.2 Management

iv. The Management of ABU Press Limited should carefully evaluate the reorganisation programme implemented and to ensure its sustenance to achieve the desired benefits.

Reorganisation paves way for improved patronage, capacity utilisation and quality of production. This will guarantee profitability growth.

v. The Management of ABU Press Limited should explore the window of opportunities and establish strong business relationship with alumni of Ahmadu Bello University to attract more patronage. This will improve revenue generation.

vi. The Management of ABU Press Limited should take drastic and strategic action that will ensure optimum utilisation of human and materials resources, as well as to introduce deliberate policies to reduce costs and wastages (efficiency). This will boost profitability index and improve efficiency.

vii. The Management of ABU Press Limited should improve the staff welfare package, scheme of service, training and development programme to boost staff morale. This will guarantee efficiency and enhanced performance.

viii. Further research in area of replicating, using firms from another sector of the economy, utilising different model, variables, techniques of data analysis is recommended.

5.4 Limitations of the Study

This research work examined the reorganisation exercise implemented by ABU Press Limited to ascertain the impact on its financial and operating performance. Like any other research, it has limitations due to the nature of the study such as:

1. The more robust econometric techniques of data analysis tools such as; Generalize Method of Moment Estimation (GMM), Data Envelopment Analysis (DEA) etc could

have been used to analyse the data, but due to the dearth of data, that could not be achieved. However, all the necessary data to conduct the analysis had been obtained.

2. The population and sample size could have been many, but due to non availability of data from other Nigerian University Presses that could not be achieved.

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APPENDIX I

SAMPLE PAIRED RESULT

	Variables	Mean	N	Std. Deviation	Std. Error Mean	t-value	df	p-value	Remarks
Pair 1	Profitability	-9.085000	6	9.79765	3.99987	5.407	5	.003	Sig.
	Profitability	16.5483	6	7.47256	3.05066				
Pair 2	Turnover	17.1317	6	.35718	.14582	8.170	5	.000	Sig.
	Turnover	18.3050	6	.50171	.20482				
Pair 3	Efficiency	.3467	6	.04346	.01591	1.421	5	.060	N. Sig.
	Efficiency	.2967	6	.06412	.02801				
Pair 4	Asset Turnover	91.6517	6	47.44546	19.36953	3.156	5	.025	Sig.
	Asset Turnover	165.2650	6	24.90901	10.16906				
Pair 5	Cost to Profit Margin	-1.814501	6	19.09704	7.79633	4.418	5	.007	Sig.
	Cost to Profit Margin	30.3300	6	17.70916	7.22973				
Pair 6	Productivity	504.2750	6	165.62926	67.61786	6.139	5	.002	Sig.
	Productivity	1331.4317	6	396.17283	161.73688				
Pair 7	Quality of Personnel	123.3467	6	6.49897	2.65319	6.442	5	.001	Sig.
	Quality of Personnel	146.6267	6	4.62509	1.88818				
Pair 8	Machinery & Equipment	12.7517	6	.73801	.30129	2.216	5	.018	Sig.
	Machinery & Equipment	9.964906	6	1.101407	4.496466				
Pair 9	Incentives	12.7500	6	2.20232	.49909	1.332	5	.240	N. Sig.
	Incentives	13.5967	6	1.04911	.82830				
Pair 10	Advert Cost	11.9533	6	1.40796	.57480	4.783	5	.005	Sig.
	Advert Cost	14.4317	6	.36041	.14714				

SPSS 17.0 Out put