

Review Article

Difficulties in organizational restructuring: A systematic literature review

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ABSTRACT

Organizational restructuring, an essential process for companies to remain adaptable and competitive, encounters several challenges, as highlighted in a comprehensive literature review of 90 studies conducted between 2000 and 2020. The review, based on data from WoS and Scopus, identifies major obstacles such as leadership difficulties, employee resistance, communication breakdowns, and legal-ethical concerns. These issues have a considerable effect on employee morale, turnover rates, and overall organizational performance. The study offers valuable insights for both practitioners and scholars, proposing strategies like leadership training, fostering employee engagement, ensuring transparent communication, and upholding legal and ethical responsibilities, especially in scenarios involving downsizing and mergers and acquisitions. These approaches aim to improve the success rate of restructuring initiatives. This review contributes to the academic discourse on restructuring challenges and lays the groundwork for future research on effective restructuring practices.

Keywords: Organizational restructuring, Restructuring challenges, Leadership and strategy, Employee resistance and engagement, Difficulties

INTRODUCTION

In today's corporate landscape, organizational restructuring serves as a critical mechanism for ensuring adaptability and enhancing efficiency, though it also brings about considerable challenges. This Systematic Literature Review (SLR) addresses a gap in research by examining 90 academic studies from 2000-2020, sourced from the Web of Science (WoS) and Scopus databases. It identifies key challenges such as leadership struggles, employee resistance, communication issues, and legal-ethical dilemmas, all of which influence employee morale, turnover, and organizational performance.

This review offers valuable strategies for both practitioners and academics to navigate these challenges, advocating for leadership development, increased employee engagement,

transparent communication, and adherence to legal and ethical guidelines, particularly in cases of downsizing and mergers.

The SLR integrates theoretical models, examines existing literature on leadership and strategy, and considers the legal, ethical, and cultural dimensions. These findings are then synthesized into practical strategies and future research directions. This scholarly work enhances the understanding of restructuring complexities and advances discussions on effective organizational transformation within the field of organizational studies.

Organizational restructuring, involving practices like mergers, acquisitions, downsizing, and reconfigurations, is essential in today's rapidly changing market environment (Cording et al., 2008; Soderstrom and Weber, 2019). It plays a key role in

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maintaining competitiveness and operational efficiency, requiring flexibility (Girod and Whittington, 2017). However, restructuring efforts often encounter significant obstacles, sometimes leading to unintended negative outcomes that undermine their objectives (Puranam and Vanneste, 2016; Tåg, 2013). Addressing these obstacles is crucial to achieving the full benefits of restructuring.

This paper aims to fill a gap in current research by not only examining the necessity and methods of restructuring but also focusing on the challenges and practical strategies to overcome them. Through a detailed analysis of leadership difficulties, employee resistance, communication breakdowns, and legal and ethical concerns, the paper offers actionable solutions for effective restructuring. It seeks to contribute to both the success of restructuring initiatives and the broader success of organizational transformation in modern business environments.

Study objective

The objective of this research is to significantly contribute to the ongoing discussions on organizational restructuring by providing practical insights into managing its complexities and challenges. Titled "Challenges in Organizational Restructuring: A Systematic Literature Review," this study meticulously explores the inherent difficulties of restructuring processes. By integrating theoretical foundations with practical implications, the study draws from influential works such as those by Fernandez and Rainey (2006) and by (2005), catering to both scholarly and practitioner audiences (O'Reilly et al., 2010; Cording et al., 2008). Its primary goal is to synthesize existing knowledge while offering practical insights, thereby contributing substantially to the field.

The study's key objectives include:

- **Identification and critical analysis of major themes:** This involves pinpointing and critically examining the primary themes and challenges in restructuring, as explored in works by Gilley et al. (2009) and Van de Ven and Sun (2011).
- **Examination of the impact of challenges:** The research investigates how these challenges affect organizational performance, employee morale, and strategic development, with insights from Heavey and Simsek (2017).
- **Evaluation of theoretical models:** It assesses the theoretical frameworks utilized in existing studies on restructuring, scrutinizing their strengths and weaknesses, drawing on works by Balogun and Johnson (2004) and Soderstrom and Weber (2019).
- **Identification of research gaps:** The study highlights existing research gaps and proposes areas for future exploration, following methodologies from Eisenhardt and Graebner (2007) and Welch et al. (2011).

Ultimately, this research aims to make a substantial, multifaceted contribution to the discourse on organizational restructuring, equipping stakeholders with the knowledge necessary to effectively navigate its challenges.

Scope and limitations

This SLR comprehensively examines challenges associated with organizational restructuring, focusing on peer-reviewed literature from 2000 to 2020. It covers various industries and organizational contexts, offering a broad understanding of the subject.

However, the review is subject to certain limitations:

- **Publication bias:** By concentrating on peer-reviewed journals, the review may favor articles reporting significant or positive outcomes, potentially excluding studies with null or negative results (Dwan, Gamble et al., 2013).
- **Language bias:** Limiting the review to English-language articles could result in missing important findings from non-English studies, thus affecting the universality of the insights (Morrison et al., 2012).
- **Cultural and contextual variations:** The findings may not fully reflect the influence of cultural, regulatory, or industry-specific factors on restructuring challenges (Taras et al., 2016).
- **Methodological differences:** Insights may vary due to differing research designs and methodologies in the studies analyzed (Gough et al., 2012).

Despite these limitations, this SLR provides a valuable compilation of the current challenges in organizational restructuring, offering significant insights for scholars, practitioners, and policymakers.

Methodology

This SLR adopts a structured methodology to explore the challenges in organizational restructuring:

- **Eligibility criteria:** Studies were selected based on their peer-reviewed status, relevance to organizational restructuring, and publication in English. Exclusion criteria were based on Moher et al. (2009).
- **Information sources:** Comprehensive searches were conducted using databases like Scopus and Web of Science, up until the finalization of this review.
- **Search strategy:** A combination of specific and broad keywords such as "organizational restructuring" and "restructuring challenges" defined the search scope. The search period spanned from 2000 to 2020, as guided by Bramer et al. (2017).
- **Selection process:** The process involved an initial screening of titles and abstracts, followed by a full-text review of selected articles. This resulted in 90 studies

being included for analysis (Haidich, 2010), with the selection process visualized in Figure 1.

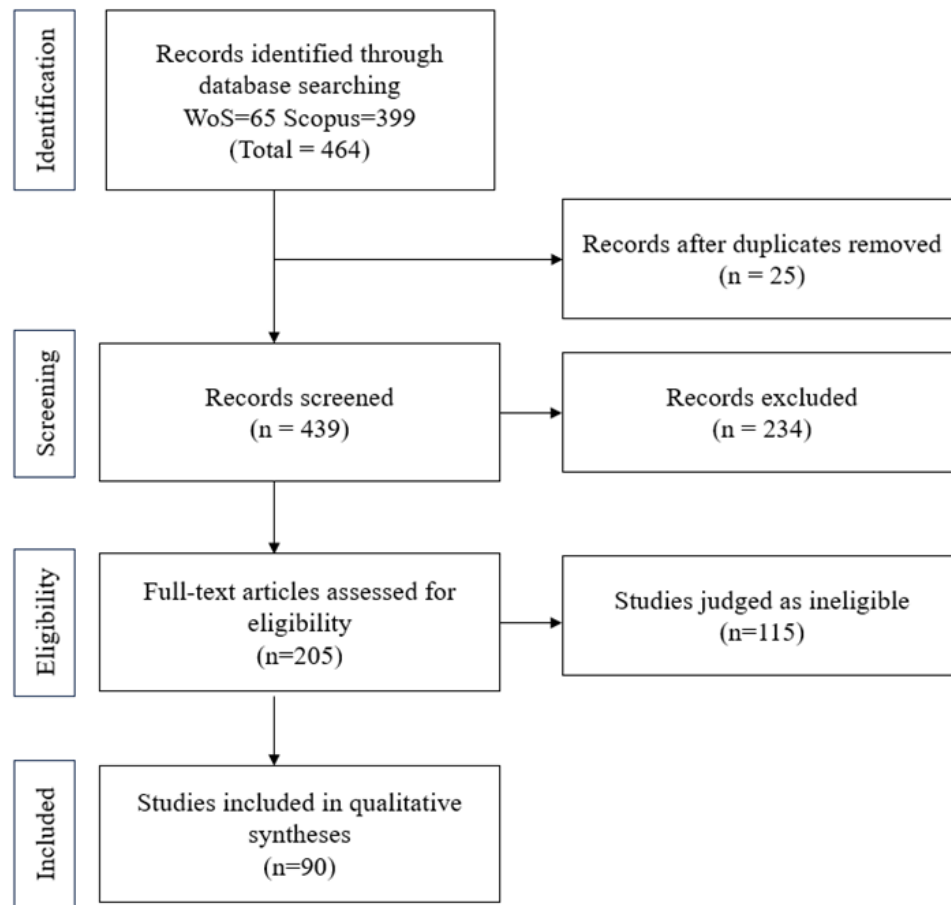


Figure 1. Selection process of studies.

Data collection process: The extraction of data was conducted following a standardized protocol, utilizing multiple independent reviewers to ensure accuracy.

Data items: Information such as authorship, year of publication, research methodology, sample characteristics, and key findings were systematically cataloged.

Study risk of bias assessment: A quality assessment checklist was employed to evaluate potential biases in the studies, ensuring methodological integrity (Mokkink et al., 2010).

Effect measures: Relevant metrics, including risk ratios or mean differences, were utilized for assessing outcomes.

Synthesis methods: A thematic analysis was conducted to create a coherent narrative, supplemented by a meta-analysis where applicable, to statistically combine results (Thomas and Harden, 2008).

Reporting bias assessment and certainty assessment: The review meticulously examined possible reporting biases and confirmed the robustness of the evidence.

This methodology provides a solid foundation for the SLR, facilitating a comprehensive and authoritative exploration of the diverse challenges associated with organizational restructuring.

Theoretical framework

The theoretical framework of this systematic literature review analyzes organizational restructuring within the timeframe of 2000-2022, a period marked by rapid technological advancements and heightened global interconnectedness, significantly influencing organizational structures. By incorporating foundational organizational theories, the framework aims to dissect the intricate challenges of restructuring, synthesizing essential insights to offer a holistic view of the factors that contribute to the success or failure of

such initiatives. This provides a nuanced understanding of organizational change in the current business landscape.

Dynamic capabilities theory

Dynamic Capabilities Theory is a vital concept in strategic management that addresses how organizations adapt to rapidly evolving environments (Teece, 2007). This theory asserts that organizations must continuously integrate, build, and reconfigure their capabilities to succeed in dynamic markets, especially during restructuring (Arthurs and Busenitz, 2006). It categorizes capabilities into three essential components:

Sensing: The capacity to identify emerging opportunities and threats.

Seizing: The efficiency in leveraging these opportunities through strategic actions.

Transforming: The flexibility to adjust resources in alignment with market changes and organizational strategies (Helfat and Peteraf, 2009; Teece, 2007).

Research indicates that organizations with strong dynamic capabilities are better equipped to manage the complexities of restructuring. Their adaptability to shifting needs and competitive landscapes enhances resilience and fosters innovation (Pisano, 2017; Arthurs and Busenitz, 2006). Leadership plays a crucial role in nurturing these capabilities by fostering a culture of learning, adaptability, and innovation. Leaders who encourage teamwork, continuous improvement, and a shared organizational vision can strengthen resilience against restructuring challenges (Makkonen et al., 2014; Arthurs and Busenitz, 2006).

In summary, Dynamic Capabilities Theory offers valuable insights into how organizations can enhance their adaptability. The development of these capabilities is critical for navigating uncertainties during restructuring and achieving sustained success within their respective industries.

Ambidexterity theory

Ambidexterity Theory, a key concept in strategic management, explores how organizations balance existing capabilities with the pursuit of new growth opportunities. This theory posits that organizational success hinges on the simultaneous management of exploratory (innovation-oriented) and exploitative (efficiency-oriented) activities (O'Reilly and Tushman, 2013; Gibson and Birkinshaw, 2004).

Within the context of restructuring, Ambidexterity Theory emphasizes the need for a flexible organizational culture to adapt to changes effectively (Raisch and Birkinshaw, 2008; Junni et al., 2013). Balancing exploratory and exploitative activities allows organizations to navigate restructuring

challenges while maintaining a competitive advantage (He and Wong, 2004; Jansen et al., 2009).

Leadership is vital in promoting ambidexterity by fostering adaptability, providing strategic direction, and effectively allocating resources, thus creating an environment that supports both types of activities (Gibson and Birkinshaw, 2004; O'Reilly and Tushman, 2008). This dual approach enhances organizational agility and resilience (Carmeli and Halevi, 2009; Rosing et al., 2011).

Additionally, the structural framework of an organization significantly impacts ambidexterity. Implementing flexible team structures, decentralizing decision-making, and promoting continuous learning are essential for achieving a balance between exploration and exploitation (Jansen et al., 2006; Sheremata, 2000).

In conclusion, Ambidexterity Theory highlights the importance of balancing capability utilization and exploration for effective restructuring. Organizations that adopt this dual approach, focusing on adaptability and learning, are more likely to overcome restructuring challenges and achieve favorable outcomes.

Social exchange theory

Social Exchange Theory examines the dynamics of human relationships, particularly the perceived costs and benefits associated with organizational restructuring. It posits that employees' perceptions of fairness, trust, and reciprocity play a crucial role in determining their reactions to organizational changes (Cropanzano et al., 2017; Colquitt, Scott, and LePine, 2007).

During restructuring, employees weigh the benefits, such as job security and career advancement, against the costs, including increased workloads or uncertainties in their roles. A favorable balance encourages their support for change initiatives (Rousseau, Ho, and Greenberg, 2006; Frazier et al., 2017). Research indicates that perceptions of equitable treatment and trust in the organization are fundamental in promoting positive employee behaviors during restructuring (Dirks and Ferrin, 2001; Ballinger and Rockmann, 2010).

For organizations, applying social exchange theory involves fostering transparent communication, providing support to employees, and involving them in decision-making processes. These practices can mitigate resistance, enhance commitment, and increase the likelihood of successful restructuring outcomes (Kim et al., 2013; Biron and Bamberger, 2010; Datta et al., 2010).

In summary, social exchange theory emphasizes the significance of perceived fairness, trust, and reciprocity in employees' adjustment to restructuring. Effectively managing these perceptions is vital, as positive dynamics in social

exchange can facilitate smoother transitions and successful organizational restructuring results.

Psychological contract theory

Psychological Contract Theory focuses on the implicit, unspoken agreements between employees and organizations, which are particularly critical during restructuring processes. These contracts, shaped by perceptions of organizational culture, fairness, and trust, significantly influence employees' reactions to changes (Guest, 2004; Zhao et al., 2007; Bal et al., 2008).

When employees perceive restructuring as a violation of these psychological contracts, it can lead to feelings of betrayal and decreased commitment, jeopardizing the success of restructuring efforts (Restubog et al., 2007; Gakovic and Tetrick, 2003). Managing these contracts is essential for fostering adaptability and receptiveness during restructuring. Effective strategies include transparent communication, equitable treatment, and providing support to employees (Dulac et al., 2008; Deery et al., 2006).

Leaders play a crucial role in shaping and maintaining these psychological contracts. Their empathy, openness, and support can significantly influence employees' psychological well-being during restructuring (Epitropaki, 2013; Griep et al., 2016). Addressing employees' concerns and aligning expectations contribute to a positive psychological contract, fostering trust and engagement.

In summary, psychological contract theory highlights the importance of unspoken agreements in shaping employee-organizational relationships during restructuring. Understanding and effectively managing these contracts are vital for sustaining employee morale, reducing resistance, and achieving successful restructuring outcomes (Bal et al., 2010).

LITERATURE REVIEW

This study examines scholarly publications from 2000 to 2022, aiming to identify and clarify the intricate challenges associated with organizational restructuring. Grounded in foundational theories Dynamic Capabilities, Ambidexterity, Social Exchange, and Psychological Contract Theory this review categorizes insights into four thematic areas: Leadership and Strategy, Employee Resistance and Engagement, Communication and Trust, and Legal, Ethical, and Cultural Aspects (Kuipers et al., 2014; Battilana et al., 2010).

Dynamic capabilities theory emphasizes the necessity for adaptability in changing environments, stressing the continuous integration and reconfiguration of competencies as essential during restructuring efforts (Teece, 2007). Ambidexterity Theory focuses on the importance of balancing exploratory and exploitative activities through effective

leadership and strategic management, which is critical for achieving optimal results (Jansen et al., 2009). Social Exchange Theory addresses the human aspects of transitions, underscoring the significance of fairness, trust, and reciprocity in shaping employee reactions to change (Cropanzano et al., 2002). Psychological Contract Theory examines the implicit agreements between organizations and employees, influencing their attitudes toward restructuring and levels of engagement (Bal et al., 2008; Vantilborgh et al., 2016).

This review integrates these theoretical frameworks to provide a comprehensive perspective on organizational restructuring, linking theoretical insights with practical implications.

Leadership and strategy

Effective leadership and a clear strategic vision are vital for the success of organizational restructuring (Hitt et al., 2002; Magrum and Weber, 2018). Leaders must leverage insights from dynamic capabilities (Eisenhardt and Martin, 2000) and ambidexterity theory (Andriopoulos and Lewis, 2009; O'Reilly and Tushman, 2011) to promote adaptability, innovation, and learning. One common challenge during restructuring is the lack of strategic direction, which can create confusion and hinder decision-making (Balogun and Johnson, 2004; Graetz and Smith, 2010). Striking a balance between operational efficiencies and strategic vision is essential (Gibson and Birkinshaw, 2004; Junni et al., 2013).

To ensure successful restructuring, leaders must demonstrate commitment to change, maintain open lines of communication, and empower their teams (Herold et al., 2008; Aiken and Keller, 2009). Articulating a clear vision, setting achievable goals, and involving employees in the strategy formulation process fosters engagement and commitment (Lines, 2004; Cummings et al., 2016).

A thorough understanding of both internal dynamics and external market conditions is crucial. Leaders should stay informed about industry trends, competitive pressures, and organizational capabilities to guide their strategic decisions (Barney, 2001; Porter and Heppelmann, 2014; Teece, 2014).

In summary, the interconnected roles of leadership and strategy are essential in organizational restructuring. Effective leadership, coupled with a coherent strategy, enables organizations to navigate the complexities of restructuring and achieve successful outcomes.

Employee resistance and engagement

Organizational restructuring often generates uncertainty and resistance among employees, highlighting the need for effective management of expectations and trust, as suggested by social exchange and psychological contract theories (Cropanzano et al., 2003; Conway and Briner, 2009). Factors such as job insecurity and disruptions to established routines

can intensify this resistance (Vakola et al., 2004; Oreg et al., 2011).

To mitigate resistance, organizations should employ participative change management, ensure strong communication, and provide the necessary support and resources (Lines, 2005; Frahm and Brown, 2007). Engaging employees in the change process promotes commitment and increases the likelihood of successful outcomes (Shin et al., 2012; van den Heuvel et al., 2014). Offering resources such as training facilitates adaptation to new roles and reduces resistance (Bareil et al., 2007; Choi and Ruona, 2011).

Organizational justice significantly influences employee reactions. Ensuring fairness and transparency in decision-making enhances trust and commitment, thereby minimizing resistance (Greenberg, 2001; Colquitt et al., 2006). Addressing emotional factors is equally important; recognizing and responding to employees' emotional needs can help alleviate anxiety and foster a positive attitude toward change (Kiefer, 2005; Fugate et al., 2008).

In summary, effectively managing employee resistance and promoting engagement are crucial during restructuring. Strategies that foster inclusivity, facilitate clear communication, allocate resources, and ensure fairness are essential for eliciting a positive workforce response and optimizing restructuring outcomes.

Communication and trust

Effective communication and trust are foundational to the success of restructuring initiatives (Frahm and Brown, 2007; Lewis, 2011). Transparent and consistent communication helps alleviate uncertainties and fosters employee commitment during organizational changes (Elving, 2005; Men and Jiang, 2016). Trust between management and employees, shaped by past interactions, significantly influences their responses to restructuring efforts (Schoorman et al., 2007; Dirks and Ferrin, 2002).

Building trust requires transparent communication, perceived fairness, and visible commitment from management to the change process (Bordia et al., 2004; Schweiger and DeNisi, 2009). Encouraging two-way communication that invites employee input creates an inclusive atmosphere, enhancing their connection to the changes (Johansson and Heide, 2008; Rafferty and Griffin, 2006).

The choice of communication medium, tailored to the message and audience, is also critical (Klarner et al., 2011; Maitlis and Sonenshein, 2010). Middle managers are key players in this process, serving as information conduits, and should be adequately prepared to address concerns and facilitate smooth

transitions (Balogun, 2003; Huy, 2002; Rouleau and Balogun, 2011; Men, 2014). Effective communication that nurtures commitment, trust, and a positive perspective can have a transformative effect on the restructuring process (Muthusamy, 2019; Vakola, 2014).

In conclusion, communication and trust are closely interlinked and essential in the context of restructuring. A strategic communication approach that is transparent, timely, and inclusive is fundamental for establishing trust, minimizing resistance, and ensuring the success of restructuring initiatives.

Legal, Ethical, and Cultural Considerations

Organizational restructuring extends beyond strategic objectives, necessitating careful consideration of legal, ethical, and cultural complexities (Carroll and Shabana, 2010; Weber et al., 2012). Legally, organizations must adhere to labor laws, financial regulations, shareholder responsibilities, and industry-specific guidelines (Barbieri, 2009; De Stefano, 2019). Compliance with legal standards ranging from notifying employees to safeguarding stakeholder interests is essential to avoid repercussions and maintain credibility (Rasool et al., 2020).

From an ethical standpoint, restructuring reflects an organization's ethical values, which encompass transparent communication and consideration of broader societal impacts, including environmental implications (Crane and Matten, 2007). Ignoring these aspects can damage brand reputation and stakeholder relationships (Haugh and Talwar, 2010).

Cultural factors are especially crucial in global restructuring contexts, where an understanding and respect for diverse cultural norms are imperative (Stahl and Voigt, 2005; Tsui et al., 2007). Emphasizing inclusivity, diversity, and effective governance practices is essential, as is the cultural intelligence of leaders in managing these transitions (Livermore, 2010; Selzer and Foley, 2018).

In conclusion, the integration of legal, ethical, and cultural considerations is vital in restructuring. Paying meticulous attention to these aspects can prevent issues, build stakeholder trust, and facilitate a smoother restructuring process.

This literature review examines key elements in organizational restructuring leadership, employee dynamics, communication, and legal-ethical aspects through the lenses of Dynamic Capabilities, Ambidexterity, Social Exchange, and Psychological Contract Theories. These frameworks offer insights into addressing restructuring challenges. Figure 2 synthesizes these perspectives, visually depicting the strategies derived from the review to tackle specific difficulties in restructuring.

| | Leadership and Strategy | Employee Resistance and Engagement | Communication and Trust and Legal | Ethical, and Cultural Consideration |
|--------------------------------------|--|--|--|--|
| Dynamic Capabilities Theory | <ul style="list-style-type: none"> ● Offer insights on how leaders can develop and adjust their strategic processes to respond to and capitalize on changing environments, thus aiding decision-making and the realignment of resources. | | | |
| Ambidexterity Theory | <ul style="list-style-type: none"> ● Provide a framework for leaders to balance the exploitation of existing competencies with the exploration of new opportunities, which is crucial in restructuring. It suggests practical ways to maintain operational efficiency while fostering innovation, thus mitigating strategic difficulties. | | | |
| Social Exchange Theory | | <ul style="list-style-type: none"> ● By understanding the dynamics of reciprocity, organizations can improve their relationships with employees, enhancing engagement and reducing resistance. | <ul style="list-style-type: none"> ● To inform the development of communication strategies that build trust through fair and reciprocal exchanges, helping to alleviate communication barriers and build a stronger organizational culture. | |
| Psychological Contract Theory | | <ul style="list-style-type: none"> ● To guide managers in understanding and managing employee expectations, thereby mitigating resistance and enhancing engagement by upholding, renegotiating, or redefining the psychological contracts during restructuring. | | <ul style="list-style-type: none"> ● To help address ethical considerations and manage the change process in a way that is sensitive to employee perceptions and cultural values, potentially reducing legal and ethical conflicts. |

Figure 2. Synthesizes how these theoretical frameworks contribute to identifying and resolving specific difficulties.

DISCUSSION

This section critically examines academic literature on organizational restructuring, employing a systematic framework to integrate key themes and challenges faced by organizations (Tranfield et al., 2003; Rousseau et al., 2008).

Leadership and strategy

Effective leadership and strategic planning are fundamental to successful organizational restructuring (Heracleous and Barrett, 2001; Skogstad et al., 2007). Leaders must clearly articulate a vision and cultivate a culture of adaptability. For instance, IBM's transformation under Lou Gerstner in the 1990's, shifting focus from hardware to services, exemplifies how deep employee engagement and commitment are pivotal during restructuring (Doz and Kosonen, 2008; van Knippenberg et al., 2004). Aligning the organization's strategy with its environment termed strategic congruence and maintaining flexibility are essential for resilience amid market and internal changes (Helfat and Peteraf, 2015; O'Reilly and Tushman, 2008).

Employee resistance and engagement

Addressing employee resistance and fostering engagement are crucial for effective restructuring (Oreg et al., 2011; Rafferty and Griffin, 2006). Resistance often arises from job insecurity, threats to identity, and status loss (Oreg, 2006; Terry and

Jimmieson, 2003). For example, in airline mergers, employees may fear role changes and job cuts. Engaging employees in decision-making and providing support can reduce resistance and enhance engagement. Transparent communication is vital in easing these concerns and facilitating smoother transitions (Ford et al., 2008; Lines, 2005).

Communication and trust

Transparent and timely communication is critical in restructuring, as it helps build trust among organizational members (Men, 2014; Mazzei, 2014). Keeping employees informed reduces uncertainty and alleviates anxiety, enhancing their sense of belonging and confidence in the organization's direction (Bordia et al., 2004). Established trust strengthens commitment and encourages collaboration, aligning employees with restructuring goals (Fulmer and Gelfand, 2012).

Strategies such as town-hall meetings, feedback loops, and regular updates from leadership reinforce communication. Equipping middle managers to effectively convey information and address concerns bridges the gap between senior leadership and frontline staff, reinforcing trust throughout the organization (Shockley-Zalabak et al., 2000).

Legal, ethical, and cultural considerations

Legal, ethical, and cultural considerations are critical in organizational restructuring (Greenwood et al., 2008; Deephouse and Suchman, 2008). Compliance with labor laws and maintaining organizational reputation, including respect for employee rights and adherence to anti-discrimination policies, is essential (Bitektine, 2011; Marquis and Qian, 2014).

Ethically, restructuring, especially during downsizing or mergers, requires balancing strategic needs with responsibilities to treat employees respectfully and provide fair severance and support (Treviño et al., 2006).

Cultural factors are crucial in global restructuring, where understanding and respecting diverse cultural norms are key. Emphasizing inclusivity and aligning with cultural values can enhance the effectiveness and harmony of restructuring efforts (Weber et al., 2009).

Implications for practice

Leadership and Strategy: Two key elements are essential. First, having a “Strategic Vision” where leaders clearly articulate restructuring goals helps guide the organization and reduce uncertainties (Berson and Avolio, 2004). Second, maintaining an “Adaptive Strategy” is crucial, advising organizations to regularly adjust their goals in response to changing business environments (Teece, 2007).

Employee Engagement and Resistance: An inclusive approach is recommended. “Inclusive Decision-making” involves employees in the restructuring process, fostering ownership and smoother transitions (Battilana and Casciaro, 2012). Additionally, “Training and Support” equip employees with necessary skills and reduce anxiety about changes (Ford et al., 2008).

Communication: Effective communication is central to restructuring success. “Transparent Communication” ensures clarity and consistency in messaging, which builds trust and prevents misinformation (Lewis, 2006). Establishing “Feedback Mechanisms” encourages two-way communication, making employees feel valued and heard (Men, 2014).

Legal, Ethical, and Cultural Considerations: Organizations should adhere to “Ethical Guidelines” to ensure fairness, particularly in sensitive decisions like layoffs (Kaptein, 2008). In diverse environments, “Cultural Sensitivity” is key. Understanding and aligning with different cultural contexts using frameworks like the Competing Values Framework can enhance restructuring efforts (Stahl and Voigt, 2008).

This comprehensive approach, which includes strategic clarity, adaptive planning, inclusive decision-making, employee training, transparent communication, ethical practices, and cultural sensitivity, creates a robust restructuring strategy.

These principles, grounded in academic research, address the multifaceted challenges of restructuring and set a solid foundation for future exploration in this complex field.

CONCLUSION

This review highlights the dynamics of organizational restructuring, focusing on leadership, employee engagement, communication, and legal, ethical, and cultural aspects. Effective leadership, strategic planning, and transparent communication are crucial for building trust and guiding restructuring efforts. Adherence to legal, ethical, and cultural standards ensures alignment with regulations and internal values.

The rise of AI introduces new dimensions to restructuring:

- **Workforce transformation:** AI impacts job roles, necessitating employee retraining programs.
- **Process optimization:** AI enhances efficiency but poses integration challenges.
- **Decision-making structures:** Incorporating AI into decision-making may encounter resistance, emphasizing the need for effective change management.
- **Ethical and legal challenges:** AI brings ethical and legal complexities that organizations need to address proactively.
- **Cultural adaptations:** Integrating AI may require significant shifts in organizational culture, particularly for traditionally non-tech companies.

These AI-driven challenges provide a rich area for future research, offering critical insights for shaping organizational restructuring strategies in an era of digital transformation.

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