

The Impact of Covid-19 on Organisation Restructuring in Insurance Sector in Oman

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Abstract: Restructuring and organisational change leads managements to organise and replan their ability to recharge their firms batteries to arise against external crisis. Nevertheless, organisation redesign drains financial resources and offset the firms directions lead to series errors and internal confusion. Addressing the situation during pandemic on insurance sector as one of various business division organisations in Sultanate of Oman been raid by the serious environmental shifts. The research will take place taking workers opinions from various departments on the restructuring process and their satisfaction inside the firms. The study hand down the company's restructuring attempts. The pandemic pushed managers to work under pressure establishing new restructuring procedures and receive unexpected reactions inside the company. However, the current condition blinds and blur management visions to an illusion state stops identifying other companies experience implementing different restructuring techniques revealed in earlier scholarly researches.

Keywords: Restructuring, Flat Structure, Pandemic, Change Management, Risk Control, Organisational Design.

1. INTRODUCTION

Organizational restructuring due to a worldwide pandemic is very much common on a global scale. Companies feel the need to restructure the setting of the company in different ways ranging from human resource, organizational culture to company funds. Previously done research on how Covid-19 has affected organization structure point out to how companies have had to adapt to working from home and digitalization of the services companies provide [1]. Much research is still being conducted regarding the possible impacts of organizational restructuring. Such a sort of corporate action has been generally taken due to the significant problems in an organization that are observed to cause certain forms of financial damage & also leading the whole organization at risk. The expectation is that the organization will be able to mitigate the financial damage and boost the sector by reforming [2]. This study mainly focuses on providing an in-depth understanding of the Organizational Restructuring that has been taking place in an organization due to the current pandemic of the Covid-19. This study is being conducted on an insurance company called the Orient Insurance Company that are conducting their business in the Sultanate of Oman. The questionnaire consisting of different queries regarding the topic will be circulated through online sources to the main Manager & 15 to 20 other subordinates of the company. The period of about 3 to 5 months was required for the study to be conducted. The research questions have been prepared based on different circumstances and issues that could arise due to restructuring in the organization. The research is being carried out by overcoming major obstacles that restrict the availability of the information from the company. The low number of employees in Orient Insurance company can reduce the accuracy of the information needed, also the sample which is to be collected can only be relied upon when there is a large sampling-size which is absent in the company. The continuous influence of Covid-19 has led to a restricted meeting with the managers, workers, and other employees to gain the primary source of information needed that could increase the productivity of the research. Co-operative work within the group has also weakened due to the online learning method to organise the parts of the research more precisely, shared knowledge and direct interaction could eradicate and solve the existing doubts that are expected to arise during the collection of research information. Taking into consideration the current crisis strikes businesses and organisation from operating normally, this research will shed a light on the transformation and how those firms restructuring and adapting during an external environmental factor. How the internal changes can perform well during and

after the pandemic. Although the future still hides new experiences and challenges, the research will show results of the decision taken by the firm in restructuring, the economy, the relation with workers and the consumers.

2. LITERATURE REVIEW

2.1-Organisational Restructuring

Previous research that has been done by multiple individuals regarding the topic of organisational restructuring. The publications mentioned below explain the meaning of organisational restructuring, the importance of implementing such a decision and how it can help a company. The organisation structure will be defined as the formal relationships between employees at a specific level of hierarchy and span of control [3]. Organisation structure is the arrangements of communications, authority, power, and duties in the firm and how those roles are drifts between every level in the hierarchy[4]. Further explanation regarding the organisational structure is explained by [5] where the author mentions that it is simply the relationship between the management staff and its employees, and the tools used to ensure that the relationships are strengthened. This is done through effective communication and constant collaboration. The tools that are used to form such relationships are a formulation of units or even departments and effective communication channels. Organisations switch their plans and strategies to reach and determine gain and align their productions to work and support the strategic goals and purpose [6]. Organisation Restructuring is the preparation and plans to reorganize resources and direct them to accomplish high competition for a dynamic external environment [7]. Restructuring is an internal fixation been done by the top managers due the information system been viewed basically if goals were blurred and the path changed. The Process of transformation can be done only if the process is incorporated positively in the daily days and normal routines in the company [8]. The exact change of an existing organisation inner structure called reorganisation to cause shifts in the environment and personal changes [9].

Organisational restructuring is essential for a company at one point in time. [6] mention in the article that some of the most popular gains companies experience are processed/product innovative ideas, financial gains, and preventing conflicts at workplaces. Process innovation can happen at the workplace where managers or even employees come up with innovating ideas on how the services provided can be improved in creative ways. In the publication [6], the authors mention an example of a company called HP where employees and managers found ideas on product innovation after implementing the decision of organisational restructuring. Sales improved after adopting new ideas. One of the most popular gains companies ends up experiencing after the organisational restructuring is financial gains. Due to financial reasons, companies may end up changing the structure of the company to save the image of the company and even boost the operations of the company's performance. Workplace conflicts are popular in most companies. Conflicts can range from power gains to even territorial wars among workers. For a company to prevent such a situation, organisational restructuring is considered to prevent further problems and even deescalate tension among workers. This could cause tension among workers and eventually affect the company's performance. Despite mentioning all the important points regarding Organisational restructuring, the authors of the articles and journals mentioned above, have left the point of how organisational restructuring happens during a pandemic crisis like Covid-19 where most companies are affected financially, mentally, and physically.

2.2-Factors Affecting Organisational Restructuring

In this section, the publications mentioned below highlight the factors that would encourage a firm to consider an organisational change. Companies go through various organisational changes that are meant to bring about a positive impact within and outside the firm. The main points will be explained in point form to show the ideas brought forth by different authors about the factors that affect companies to undergo organisational restructuring.

- Organisations around the world feel the need to change the structure of the organisation due to different reasons. [10] mention that organisations restructure based on the competitive pressure which is meant to improve how the workers perform and bring about efficiency within the company. However, this is mostly linked to the economic environment that drives the ambition of the company.
- Technological changes around the world are one of the reasons companies and firms undergo organisational changes. This is mainly to allow efficiency by introducing technological changes within the company that will give the firm a chance to solve the complex problems in either department. Whereas human labour can be used in carrying the simpler tasks with the sole purpose of saving time and boost the level of efficiency. Not only does this encourage the companies to go through organisational restructuring but allow the firm to adapt to the changes [11].

- In addition, [11] mention that globalization is one of the leading factors that push companies to go through organisational restructuring. This involves companies to change markets and discover new opportunities which in turn necessitates the firms to go through such changes depending on the countries and policies. This is one of the leading forces that affect most companies to go through restructuring either on a domestic level or an international level.
- Each country has its policies and rules that companies must follow whether internationally or globally. For example, when companies interact, get involved or partner up with another company, organisational restructuring is expected since the changes made are meant to improve the relationship between two or more firms. This reference is quite common between companies to ensure the continuity of the partnership [11].

2.3- Management Styles

Previous research points out to have about 6 different types of management styles that exist in today's world based on the previous research done. This publication has focused on the 6 different types of management styles, its advantages, and disadvantages. The authors of this publication have gone on to describe the different management styles and what should be expected with each. These management styles are:

- a) Participative management style- This is the type of management that tends to involve different people from different departments in various tasks like solving problems together and coordinating to come up with a decision. This type of management is mainly meant to promote and enhance productivity and improve the efficiency of human labour. Moreover, this type of management style tends to prepare workers with the necessary work ethics and their upcoming promotions and responsibilities. Firms will be involved in a rotational shift therefore participative management style is most effective [12].
- b) Autocratic Management Style- This is the type of management style that involves the manager simplifying the work for the employees and issuing instructions to be followed by the workers without having to consider any input or feedback from them. This type of style is meant to give maximum control to the manager over how the tasks are done and how the employees should follow them.
- c) Paternalistic Management Style- This type of management style can also be described as the 'father-like' since the manager tends to take care of the employees in return for their loyalty and coordination. Numerous cases have evolved whereas firms believe this to be the most effective type of management style that results in a higher performance among workers and builds a strong sense of loyalty. [12]
- d) Democratic Management Style- This is a type of management style whereas employees get a chance to express their views and offer feedback to how things are done in the workplace. Such type of management style is mainly purposed to involve the employees and workers in important decision making so that they can feel like a part of the organisation, develop within the organisation, and be satisfied with their jobs.
- e) Persuasive Management Style- This is a type of management style where managers tend to convince the subordinates that their way of doing things is the right way and it is in the company's best interests. For a firm to implement this type of style, such people must be aware of the situation and can interpret effectively to suit the company's needs.
- f) Laissez-Faire Management Style- This is a type of management style whereas managers are least involved in the company's decision-making process and the employees are given free-will act accordingly. Such type of management style is exerted in places where there is little or no authority in the workplace like campaigns in political rallies. Politicians tend to avoid being involved in minor day-to-day activities. [12]

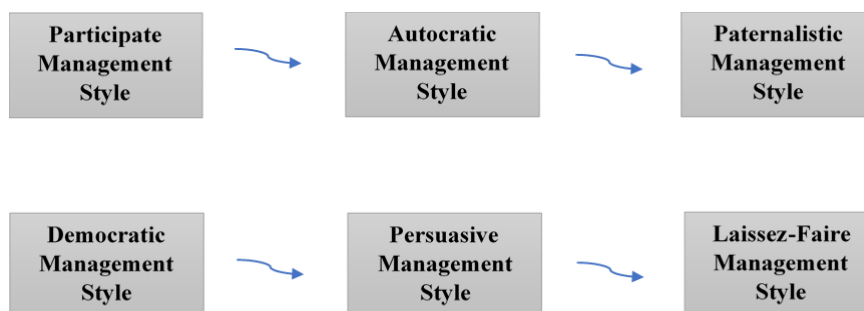


Figure 1

2.4- Management Under Crisis

There have been numerous publications regarding crisis management relating to different events across the globe ranging from the earthquakes in Japan to the floods in America. The publication that corresponds to the current pandemic situation happening all over the world is about how countries, firms and individual businesses can apply strategic responses to the current crisis. According to [13], there are four strategic responses, corporations can apply to when dealing with such a situation.



Figure 2

- a) Retrenchment- This means the reduction of commodities, expenses or anything that might lead to the bankruptcy of the company. This tends to make the firms concentrate on activities that keep the company afloat.
- b) Persevering- This strategy is somehow like retrenchment but aimed at supporting a company's activities. Firms that apply this strategy tend to look at the consequences in the long term.
- c) Innovating- This is a type of strategy where companies that manufacture products tend to look in a new direction and use the current crisis as an opportunity to come up with new ways of earning revenue for the firm.
- d) Exit- This is when firms decide to stop the company's activities because of recurrent expenses that the company cannot afford to pay in the short and long term [13].

3. METHODOLOGY

3.1 Research Design

Descriptive survey research will be used to examine the restructuring of Orient Insurance company. Descriptive Research design is applied to explain a certain phenomenal occurred showing how and why it happened with collecting data and analyse it quantitatively [14]. This research will be distributed to the employees of the company knowing the frequencies, average, calculations, and percentages of the responses of the data been giving to stop on the spotlight goals of the investigation to finalise finding and conclusions at the end of the research.

3.2 Population of the study

The research study will only target the branch available in Sultanate of Oman located in Muscat since the main headquarters located in the United Arab Emirates. The population of the research will be based on the whole employees of the branch that contains about 36 employees including managers working inside the organisation. the survey will focus on different levels of employments, departments and management located in the firm to analyse the pandemic effects inside the country without mentioning the impacts strikes other branches outside the Sultanate.

3.3 Sampling technique and sampling size

The research will make use of Non-Probability technique since it is the most used in academic research than Probability method. Non-Probability sampling technique uses convenience and personal judgmental criteria of samples from the population [15]. Convenience is the main key to access proper trusted knowledge and data from participates in the survey since one participator is a relative of an author of the research. The survey will be given to 14 employees inside the Orient Insurance company which will represent the sampling size. The sampling size will be 38.8% of the population regarding the minor number of workers available in the only branch in Oman.

3.4 Research Instruments

In this chapter, we are mainly using two main research instruments to support our study, which is a Questionnaire and the Interview. In the questionnaire, we have included two types of questions which includes both open-ended and closed-ended questions for the answerer.

The questionnaire has several relevant advantages that compelled us to choose them, which includes the fact that Questionnaire offers a quick & precise way to get results, it is a fast and simple to get results from the web and mobile platforms. This means that you can obtain insights in as little as 24 hours or a lesser phase, based on the size and complexity of the questionnaire. Another advantage that the questionnaires possess is that Questionnaires are Inexpensive, they are one of the most affordable technique to collect quantitative data as they could be shared through online sources such as survey-monkey which are free of cost. On the other hand, the questionnaire also has certain disadvantages that must be looked upon which is mainly- Differences in understanding and interpretation, this means that certain issues may arise as the questions are not presented face to face with the answerer that they might probably interpret the question in a different manner that might cause the chances of irrelevant answers.

An interview is set to be conducted with the Manager of the Insurance company through an online platform called the MS Teams. These interviews also have certain pros & cons that must be addressed, one of the advantages of the online interview is that Interviewee from remote locations can be easily interviewed as barriers due to the distance can be avoided. One of the main disadvantages of these online interviews is the Technical internet connectivity issues that might arise which could affect the continuity of the interview.

4. DATA ANALYSIS

The following analysis targeted Orient Insurance company with a sample of 14 participants. The survey will peel covers from the body of the organization, shed lights on important changes before and after the pandemic in factors like Organizational restructuring, job satisfaction, management styles, preferred workplace, and financial effects. The survey taken online was sent to 14 employees in different departments inside the organization. The feedback data has been analysed in every question to understand the real aspects of the covid-19 pandemic that affect the company and how the changes and restructuring implemented is reflected by the employees.

4.1. Restructuring locations

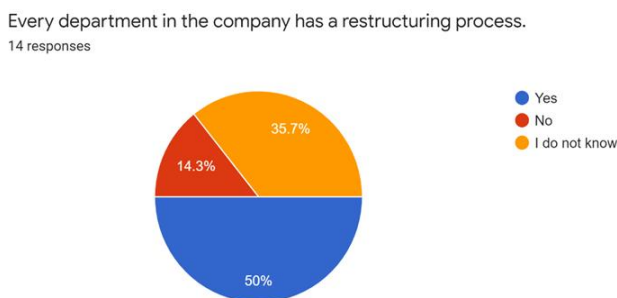


Figure 3

After analysing this figure, half of the responses received came from the option 'yes' that approved there is a restructuring process in place existing within every department in Orient Insurance. However, 14.3% of the responses indicated that a restructuring process does not exist within the company. Lastly, 35.7% of the people who answered the survey lack awareness about the existence of a restructuring process.

4.2. Pandemic impact on the company's Finance

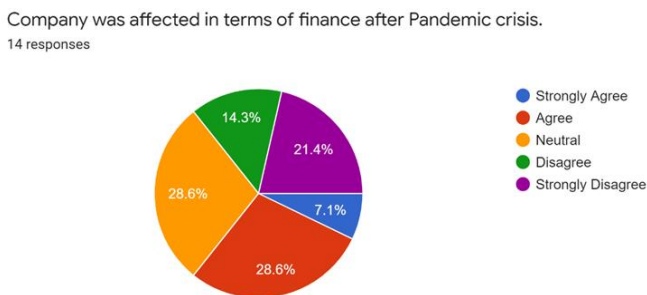


Figure 4

The graph represents the various answers to the finance issue because the sample was taking from different departments in the company. 28.6% was repeated with employees that agree to the claim and the others may guess that incident happened. 21.4% of the workers disagree and approved that financial resources remain active even during the pandemic. The Covid-19 crisis produced a huge economic shock caused a sharp reduction in trade, finance, and exchange rates [16].

4.3. Productive workplace During Pandemic

What is the most productive place to work after Covid-19 pandemic?
14 responses

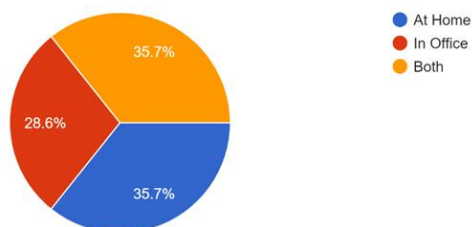


Figure 5

The graph reveals that employees prefer working at home than in the office. About 35.7% of the employees chose the best environment to work under the pandemic crisis is home. In the other hand, 28.6% of the sample have a preference working at the office even in the difficult situations and restrictions caused by the government. Work from home sounds like a favourite option for different professionals most sectors adapt roughly to the crisis except IT operations [17].

4.4. Skills learnt during the pandemic.

What skills have you gained under Covid-19 pandemic crisis?
14 responses

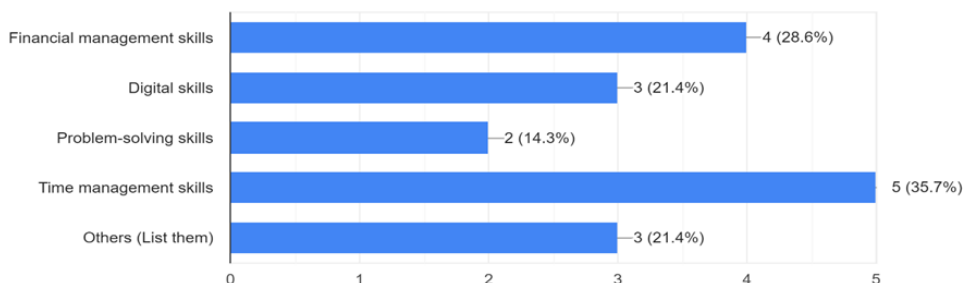


Figure 6

During the pandemic, workers discovering new skills caused by change management, restructuring and the new tasks been giving to the employees. About 35.7% of workers gained Time management skills as the most skilled experienced and secondly financial management skills with a percentage of 28.6%. The third skill is Digital skills with 21.4% and finally problem-solving skills with a percentage of 14.3%. Time Management skills provoke practices like goals identification, work delegation, determine the best use of time and prioritize time to organizational goal tasks [18].

5. SUMMARY

This paper examined how organizations reaction to change and restructuring during an unexpected crisis. The research observes the workers reactions and responses during the pandemic powered by powerful unescapable external environment taking place in Sultanate of Oman as a part of the global pandemic impact. After analysis finding arises and recommendation will be introduced to solve the puzzle and fill the missing gaps the company fell into. the section will demonstrate important finding revealed from the research followed by a conclusion, suggestions suppressed the flaming issues rise. Lastly expressing the limitations been faced through the progress of the examination with future research possibilities in the fields of management.

5.1 Summary of Findings:

Exploring and digging deep under new circumstances can reveal surprises. The business economy diverse quickly, most organisations change their carriers and reduce their staff caused by a financial decrease in cash flow. However, orient insurance kept operating under their management style during the pandemic. Change management causes stress among workers counterattacks this sudden change as a part of human nature [19]. In the other hand, the company implemented various department restructuring that generated new task and opportunities for workers to fill inside the firm. Organisations practice restructuring to reduce social distancing and unpredictable market failure [20]. Productivity indicator shows a significant rise and satisfaction from workers due to the understanding management that took consideration of their views and suggestions under democratic management environment. Democratic leadership encourage interactions inside the firm while the belief in people generate workers commitments, increase efficiency, involvement, and satisfaction [21].

The papers of [22] stats that global economics received deadly strikes from a pandemic that is relevant to the 2008 international financial crisis. Therefore, orient insurance employees agree on such an impression and the negative external influence caused by pandemic through their activities, salaries, and sales. Working at home examined as desirable, ideal, comfortable, and safe premises to run their duties and job responsibilities pre-pandemic and during the crisis. Governmental regulations and practising social distancing provoke workers to remain home for safety manners. About 31% of home workers and comfortable and will not return to their job facility until they receive vaccines based on morning consult source [23].

5.2 Conclusion

- Various restructuring attempts monitored and revealed implementing it though almost every departments from changing the hierarchy of management, workplace, infrastructure that took lots of effort and time to show results. 50% of workers acknowledge slow restructuring.
- The research shows a harmful financial effect striking the company while the workers sense the situation even though they are not from the financial department and affected the resources and process of development.
- According to the sever situations, workers prefer to monitor working during covid-19 pandemic rather than physical office presence. Although the company implement change management in the facility in that difficult period.
- The statistics taking from the subordinates of orient insurance reveals weak workers skills that are essential and important in crisis management and strategic planning like digital skills and problem-solving skills.

5.3 Recommendations:

- Retarget the restructuring compass in the right direction and precisely and to the main and important jobs and departments like IT department and their infrastructure and operations. Avoid restructuring jobs that do not affect the current changes necessary. Change management and management under risk should take place for a smooth and fast restructuring process in the future.
- Restructure the main tall hierarchy to a flat structure model that eliminate useless lines, reduce high management numbers, and give the remaining managers more responsibilities to lead additional workers in this crisis. This module increases teamwork and generates productivity.
- Train and develop employees on new skills and workshops related to digital transformation, crisis management and strategic planning to give them useful experience dealing with upcoming and unknown changes in the future.
- Provide remote workers with the newest hardware and software technology after restructuring the IT department roles to increase the functionality of their homework and provide distance grouping and meeting with the management to keep in touch and monitor work progress online.
- Introduce the Participative Management style module and avoid autocratic restricting model after restructuring previous departments to make sure workers in every section can monitor freely under the management main goals and role to increase competence.

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