

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Economics**



**Bachelor Thesis**

**Organizational Restructuring**

**“Delihoffmann Catering”**

**Selvins Andres Hurtado Hoffmann**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Andrés Hurtado

Economics Policy and Administration  
Business Administration

Thesis title

**Organizational Restructuring**

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### Objectives of thesis

The aim of the thesis is to make an internal diagnose of a company and to analyze and redefine the formal organizational structure of the business.

### Methodology

Comparative and descriptive methods will be used in the thesis. Also internal and external analyses (PESTEL and SWOT analysis) will be done.

**The proposed extent of the thesis**

40 – 50 pages

**Keywords**

Restructuring, Management, leadership, performance

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**Recommended information sources**

Fred R. David (Strategic Management 13th edition 2011)

George R. Terry (Principles of Management)

Harold Koontz (Essentials of Management)

Jhonson, Scholes, Whittington (Fundamentals of Strategy 2008)



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## **Declaration**

I hereby declare that I have worked on this bachelor thesis titled “Organizational Restructuring”. I have dedicated my time and my effort in analyzing and searching for useful information. I have been supervised by Ing. Mansoor Maitah, Ph.D. which helped me out completing my thesis in a structured and formal way. All the information sources, books and literature that you will find in this thesis are listed in the Reference section.

Prague, 29<sup>th</sup> November 2020

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**Selvins Andres Hurtado Hoffmann**

## **Acknowledgement**

First, I want to thank all the people that always believed in me and always cared about my future. Thank you for always pushing me and trying to get the best of me. This acknowledgement goes to my family especially my mom, my dad and my girlfriend, Stephanie Macchiavelli who were next to me through this stage of my life. All the support and guidance from these important persons made it possible to achieve all my goals and gave me the opportunity to experience new things.

# Organizational Restructuring of “DELIHOFFMANN CATERING”

## **Abstract**

This bachelor thesis studies the organizational restructure of a company. During this project I took in consideration a literature review, a practical part, and some recommendations for the improvement of the company.

Organizations need to adapt as they cannot function with the same systems all the time. Taking advantage of the changes and recent events that affected companies is that they need to make these changes. Companies, its employees and its leaders all need to contribute to these changes and evolve by engaging with the company during the organizational restructuring.

Organizational restructuring consists of critical decisions, this can lead to positive and negative impacts. Therefore, it is important to concentrate on all the negative aspects of a company and restructure it to get positive outcomes.

As a conclusion it is important for a company to always focus on the impacts of restructuring strategies as they will always reveal the best path for a company and its employees.

**Keywords:** organizational restructuring, contingency theory, organizational charts, process of management.

# Organizační Restrukturalizace „DELIHOFFMANN CATERING“

## Abstrakt

Tato bakalářská práce zkoumá organizační restrukturalizaci společnosti. Během tohoto projektu jsem vzal v úvahu literární rešerši, praktickou část a některá doporučení pro zlepšení společnosti.

Organizace se musí přizpůsobit, protože nemohou neustále fungovat se stejnými systémy. Využívání změn a nedávných událostí, které ovlivnily společnost, spočívá v tom, že tyto změny musí provést. Společnosti, její zaměstnanci a vedoucí pracovníci musí k těmto změnám přispět a vyvíjet se prostřednictvím spolupráce se společností během organizační restrukturalizace.

Organizační restrukturalizace se skládá z kritických rozhodnutí, což může vést k pozitivním i negativním dopadům. Proto je důležité soustředit se na všechny negativní stránky společnosti a restrukturalizovat ji, aby bylo dosaženo pozitivních výsledků.

Závěrem je důležité, aby se společnost vždy soustředila na dopady restrukturalizačních strategií, protože vždy odhalí nejlepší cestu pro společnost a její zaměstnance.

**Klíčová slova:** organizační restrukturalizace, teorie nepředvídaných událostí, organizační schémata, proces řízení.

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# 1 Introduction

Organizational restructuring is the process in which we analyze a company in terms of internal factors and external factors. We use all collected information, and we implement all the fundamentals to improve and make some changes in a company. The process of restructuring is very important as it allows to see how the company performance is. With all the information gathered from this process of restructuring a manager can make changes to the different areas. This includes increasing sales, decreasing production costs, decreasing number of unnecessary employees etc.

Organizational restructuring is applied mainly in companies which are experiencing some deficits or want to innovate or become a bigger company. An advantage of this is that the manager has an overview of the factors that affect and benefit the company helps to think in strategies that will be useful for the business objectives.

All theories and fundamentals needed for restructuring are found in the first part of this thesis. It is necessary to fully understand and learn the fundamentals, this is useful for a manager as there are ranges of strategies and decisions that can be made over a business.

DeliHoffmann Catering was established in 2010, it is a business in the food industry. It all started as a small family business offering catering service in one school, throughout the years that school grew potentially and the number of students increased. At the beginning DeliHoffmann Catering started with only 3 workers, including the manager, now a days it has 12 workers and offers different catering services for schools, special events and weddings.

Since it was established no changes were made in the structure of the business including mission, vision & goals and the internal information has not been updated, for example the organization chart. In this project I will elaborate a proffer to update the company structure taking in consideration all the internal and external changes. This proffer will help DeliHoffmann Catering to work more efficiently and help them adapt the structure to their future projects.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The objective of these thesis is to regularize and improve the organization and management of “Delihoffmann Catering”. DeliHoffmann is a small business dedicated to the food service, it is a catering. Although they have some problems in the management of products and organization, I see a potential in their products and the service they provide, so I will come up with strategies which will help in financial and organizational terms.

### **2.2 Methodology**

This thesis will consist of three parts, the first part will focus on the theory and fundamentals needed to understand administration and to define the organizational restructure. In the second part, I will introduce the practical part in which I will be analyzing the company in different aspects such as internal and external factors, for this I will use PESTEL analysis and S.W.O.T. analysis which are important indicators to analyze the strength and weaknesses of the company. Also, I will be making interviews for a better understanding and knowledge of the company behavior. And finally, in the third part I will present some recommendations for Delihoffmann Catering to improve the structure, adapt the company to the actual internal and external environments and make the company more efficient.

### **3 Literature review**

#### **3.1 The concept of Administration**

According to Herbert A. Simon, administration is “when two men co-operate to roll a stone that neither could have moved alone, the rudiments of administration have appeared”. (Herbert, A., 1962)

Administration can also be defined as the activities of groups co-operating to accomplish common goals.

“In practical term administration involves more than co-operating to achieve a common goal. Other things to be considered include”:

- Methods of co-operation.
- How workers are selected to do the job.
- How workers are motivated or induced to put in their best.
- How the job is divided among the workers.
- How the workers are taught how to do the job.
- How the activities of various workers are co-ordinated.

Once the concept of administration has been explained, it is important to know the fundamentals so that it can be applied in a company.

#### **3.2 Management**

According to Harold Koontz, “Management is the process of designing and maintaining an environment in which individuals, working together in group, efficiently accomplish selected aims” or "Management is the art of getting things done through others and with formally organized groups." (Kootz,H. & Weihrich,H., 2008)

According to George R. Terry, "Management is a distinct process consisting of planning, organizing, actuating and controlling; utilizing in each both science and art, and followed in order to accomplish pre-determined objectives". (Terry, G., 1960)

### **3.2.1 The process of Management**

In 1916 according to Henri Fayol, a French engineer came up with the 5 functions of administration for managers to perform. Nowadays companies use 4 of them: planning, organizing, commanding, controlling. (Robbins, S., Coulter, M., 2012)

#### **Planning**

The process of planning involves setting goals, develop coordinated plans to execute activities for the company. This process also establishes strategies to complete the goals or objectives for the company.

#### **Organizing**

Is the determination of the work that needs to be done according to the planification. Organizing also specifies how the work will be done and who is going to do it.

#### **Leading**

In this step the manager is the host. The manager has the job to motivate, influence and lead the group and the activities executed by the company.

#### **Controlling**

Is one of the most important steps, it involves controlling and making sure that the activities proposed in the planification and organization processes are accomplished.

Mistakes usually appear in the part of the process; you can take advantage and see what other changes can be made.

### **3.3 Organizational Structure**

Organizational structure is the formal arrangement of all the job positions jobs within an organization, this visually represents jobs according to the hierarchy and lines of authority. this visual representation can also be called organizational chart.

The process of designing this structure is done by managers or the board at the beginning of the operation of a company or it can be also modified according to the size and tasks of the business over time. This mentioned process involves six key elements: work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization. (Robbins, S., Coulter, M., 2012)

### **3.3.1 Functional structure**

The functional structure of a business is one of the alternatives or types of designing the formal structure, it is characterized by its simplicity of grouping tasks and activities by business function.

This type of structure promotes specialization of labor, allows fast decision making and leads to efficient use of technical talent. It is considered as a disadvantage the lack of opportunity in career development due to poor delegation of authority.

### **3.3.2 Divisional structure**

Also called decentralized structure, the divisional type of structure, is defined by Fred R. David as a division of functional activities in one of four ways: by product or service, customer, process or geographical area. Tasks in this form could be done both centrally and in each separate division.

This structure could lead to problems in communication, short terms narrow thinking because each area is fully concentrated in one objective and every person has a specific work to do and there is lack of fraternization between areas. Otherwise, an advantage is the rapid decision making due to the authority that each area has.

## **3.4 Restructuring**

According to the book “Business Organization”<sup>1</sup> restructuring is defined as a decision made by a company after determining that both external and internal aspects give rise to rethinking the structure, processes, projects and relationships inside and outside the company.

Some internal and external causes that led to taking the decision of restructuring the organization are the following:

#### **Internal causes:**

- Detection of internal operational problems.
- Need to change strategies.
- Slow economic flow.
- Expansion of the company.

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<sup>1</sup> This book is originally in Spanish, it is called “Organización de Empresas: análisis, diseño y estructura”.

- Create or maintain competitive advantage.
- Initiative to improve job performance.

**External causes:**

- Growing competition that generates pressure.
- Changes in the market.
- Changes in the demand of interest groups and consumer behavior.
- Modifications in the economic, political or legal situation of the country. (Fincowsky, E., 2013)

Fred R. David says that restructuring “could also be called downsizing, rightsizing, or delayering—involves reducing the size of the firm in terms of number of employees, number of divisions or units, and number of hierarchical levels in the firm’s organizational structure”. This reduction is done to make the organization more efficient and effective.

This idea comes back from mid-1990’s where European companies were forced to downsize laying off managers and employees due to the recessionary economic conditions. (David, F., p.229, 2011)

**3.5 Mission**

Fred R. David refers to the mission of a company such as the declaration of the organizations reason of being and establishing whom it wants to serve. It is crucial for the development of the objectives the business wants to achieve. (David, F., p.99, 2011)

**3.6 Vision**

According to Fred R. David the vision of a business states in one sentence, what the organization wants to become or where they aim to get in a near future. This allows the effective formulation of strategy and plans that needs to be done to reach the objectives. (David, F., p.99, 2011)

**3.7 Values**

The author Gerry Jhonson says that corporate values are the principles that guide an organization’s strategy. They can also be defined as the moral ideas that conduct the tasks



and plans that the organization follows in order to accomplish their objectives. (Johnson, G. et al, 2009)

### **3.8 Objectives**

According to Jhonson, Scholes and Whittington, corporate objectives are “statements of specific outcomes that are to be achieved.” These authors refer to the objectives from a business point of view more linked to financial goals expressed as desired profit levels, growth, or desired sales. (Johnson, G. et al, 2009)

### **3.9 Contingency theory**

Donaldson states that “the contingency approach says that the effect of one variable on another depends upon some third variable, W. Thus, the effect of X on Y when W is low differs from the effect of X on Y when W is high.

He also states that “The most effective organizational structural design is where the structure fits the contingencies”. This explains how the contingency theory applies to the structural design of businesses due to the idea stated by Donaldson that says that there is no general or effective way to manage a business because each one has specific characteristics and have different objectives that want to achieve. This theory tries to explain the factors that can determine the effectiveness of a firm and its interdependence with the structure. (Donaldson, L., p. 6, 2001)

### **3.10 Environment**

In agreement with Jhonson, Scholes and Whittington, the environment of a business encompasses all the elements abroad that can have a potential impact in it. These elements can be illustrated in 3 layers: Macroenvironment, Industries and Competitors.

In order to understand the factors that a business has to deal with, the elements are explained below. (Johnson, G. et al, p.24, 2009)

#### **3.10.1 Macro-environment**

According to Jhonson, Scholes and Whittington, the macro-environments has the highest-level layer which includes the socioeconomic factors that can affect almost all companies such as political, economic, social, technological, environmental, and legal. (Johnson, G. et al, p.25, 2009)

All of these can be analyzed by the PESTEL framework.

### **3.10.1.1 PESTEL Analysis**

A PESTEL analysis is used to identify the macro forces that faces an organization.

Standing for Political, Economic, Social, Technological, Environmental and Legal, the PESTEL framework categorizes the environmental influences in the following six. (Johnson, G. et al, p.25, 2009)

- **Political factors:**
  - Security control
  - Political restrictions
  - Government control for national carriers
  
- **Economic factors:**
  - Natural growth rates
  - Fuel prices
  - Interest rates
  - Unemployment rate
  
- **Social factors:**
  - Distribution of income
  - Levels of education
  - Wealth of people
  
- **Technological factors:**
  - Investment on investigations
  - Internet connectivity
  - Automation
  
- **Environmental factors:**
  - Environmental policies
  - Availability of natural resources
  - Pollution

- **Legal factors:**
  - Employment law
  - Consumer law
  - Import/export law
  - Health and safety law

### **3.10.2 Industries**

The layer that follows is the macro-environment and is closer to the company, according to Jhonson, Scholes and Whittington is the *INDUSTRY*. The industry is defined as a group of companies that produce or offer the same product or service, including also similar products that can be considered as substitutes. In the public sector the word sector is more commonly used for the same purpose.

In organizations, no matter the sector or industry they belong, it is very important that managers comprehend the competitive forces that they have to deal with because they reflect the attractiveness of that industry and the likely success or failure that actions taken will mean. (Johnson, G. et al, p.29, 2009)

Michael's Porter five forces are described below as the competitive forces framework:

#### **3.10.2.1 Competitive forces**

The five forces framework called also competitive forces are a tool that helps identify the attractiveness of the industry and the levels that each force affects the business. Porter explains that factors can affect in a low, medium or high way to the company, in simple words, when these five forces are high, then industries are not attractive to compete in because this will mean too much competition and pressure that the business has to deal with at least to have reasonable profits.

The five forces are: the threat of entry into an industry; the threat of substitutes to the industry's products or services; the power of buyers of the industry's products or services; the power of suppliers into the industry; and the extent of rivalry between competitors in the industry. (Johnson, G. et al, p.30, 2009)

- **The threat of entry**

How easy or difficult for a new business to enter an industry is defined by entry barriers.

Jhonson, Scholes, Whittington describes barriers as “the factors that need to be overcome by new entrants if they are to compete successfully. High barriers to entry are good for existing competitors, because protecting them from new competitors coming in”. (Johnson, G. et al, 2009)

The higher the barriers, the lower the risk.

Just to mention some barriers to entry: economies of scale, access to supply or distribution channels, legislation or government action, differentiation.

- **The threat of substitutes**

Jhonson, Scholes and Whittington state that substitutes are “products or services that offer a similar benefit to an industry’s products or services, but by a different process”. Customers can switch to another alternative causing the reduction in demand for some products or services. (Johnson, G. et al, 2009)

- **The power of buyers**

Buyers can have a very high bargaining power that can cause their suppliers to make low profits because of the pressure.

How high is the buyer’s pressure can depend for example if there are concentrated buyers, when there are few large buyers that cope a very high percentage of the demand, few retailers dominate the market. Another reason for the increase in this power can be the low switching cost, it can occur that buyers can choose to buy from one supplier or another at almost the same price and conditions so they have a stronger position and can demand almost what they need or want because suppliers are desperate for selling.

- **The power of suppliers**

Suppliers are considered the companies or persons that supply businesses with what they require in order to produce or offer a product or service. For example, raw materials, equipment and even services such as finance and labor are considered supplies.

Similar to the above force, in this case, suppliers have a greater power when there are few suppliers of one product that dominate the market or when they are able to cut out buyers.

- **Competitive rivalry**

Competitive rivals are considered businesses that offer similar products or services to the same customer group, they are not substitutes.

Just to mention, a factor that can affect the level of rivalry between competitors are the exit barriers, the highest the barriers the highest the rivalry. For example, high closure costs, high specialized assets.

### **3.10.3 Competitors and markets**

The next level of the business environment, the one closest to the company involves competitors and markets according to Johnson, Scholes and Whittington, two companies can be in the same industry but because of their capabilities, type of customers etc. can't be fully compared, that is why there is a more specific group called market or strategic group. (Johnson, G. et al, p.41, 2009)

#### **3.10.3.1 Strategic groups**

Strategic groups are defined as “are organizations within an industry or sector with similar strategic characteristics, following similar strategies or competing on similar bases. These characteristics are different from those in other strategic groups in the same industry or sector”. (Johnson, G. et al, 2009)

The two major categories to recognize in strategic groups are scope of activities and resource commitment. The first one involves aspects such as geographical area, distribution channels used, number of market segments, extent of product diversity, the second one consists on similar size of organization, product or service quality, marketing effort, among others.

As explained before, the environment affects almost every company including the levels of an organization, it is important to mention the analysis that helps to identify the key issued from the environment that can have an impact in the strategy development which can be summarized in the SWOT analysis.

#### **3.10.3.2 S.W.O.T.**

S.W.O.T. analysis is the strategic technique which helps identify strengths, weaknesses, opportunities and threats from a company.

It summarizes the key factors from a business environment and the strategic capability of an organization that are most likely to impact on strategy development as well as generate strategic options and asses future courses or action. (Johnson, G. et al, p.81, 2009)

The S.W.O.T. is described below:

- **Strengths**

It covers all the resources that the company has and the activities that it carries out in an effective way and allows to have competitive advantages over the competition.

- **Weaknesses**

They are the activities that the company performs incorrectly and can be improved or the resources that it should have, but currently it does not have them.

- **Opportunities**

Includes environmental trends that are positive for the company.

- **Threats**

Negative trends in the environment outside the organization that may have unfavorable impacts on the organization if precautions are not taken. (Robbins, S., Coulter, M., p.239, 2012)

## **4 Practical Part**

DeliHoffmann Catering was established in 2010, it is a business in the food industry. It all started offering catering service in one school, throughout the years that school grew potentially and the number of students increased. At the beginning DeliHoffmann Catering started with only 3 employees, including the manager, now a days it has 12 workers and offers different catering services for schools, special events and weddings.

Below I will describe the actual mission, vision, and objectives. In this practical part an internal analysis will be applied describing the actual mission, vision and objectives of the company.

Also, an external environment analysis will be applied to identify the social economic factors affecting the company. This external analysis includes PESTEL analysis which describes the following 6 forces: political, economic, social, technological, environmental, and legal.

### **4.1 Internal Analysis**

#### **4.1.1 Mission**

Our mission is to provide good quality food with excellent service to satisfy our clients.

#### 4.1.2 Vision

Consolidate Delihoffmann as the number one catering in Santa Cruz, Bolivia.

#### 4.1.3 Objectives

The company does not have their objectives defined. However, interviewing the manager we got the following objectives:

- Satisfy the needs and requirements of their clients
- Offer high quality food
- Offer high standard service

#### 4.1.4 Organizational Chart

The organizational structure of Delihoffmann is integrated by 12 workers distributed in 8 job positions. The company started with only 3 workers including the owner, with the time activities and responsibility increased as the school also increased in number of students and structure in general. At this point the company added some catering services such as attending special events and weddings.

In the following image, the actual organizational structure is shown.

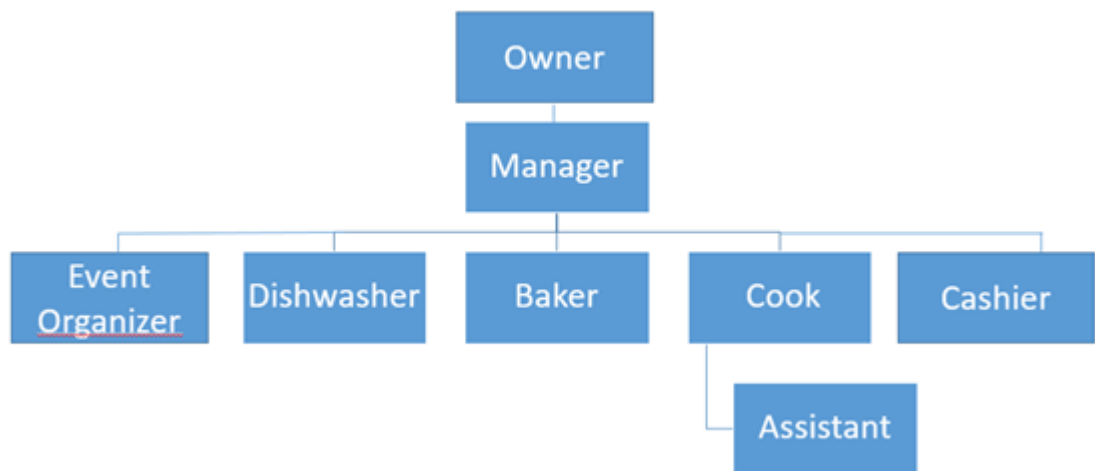


Figure 1 Own creation - Actual Organizational Chart

Job Position	Number of employees
Owner	1
Manager	1
Event Organizer	1
Dishwasher	2
Baker	2
Cook	3
Cashier	1
Assistant	1
Total	12

**Figure 2 Own creation - Number of employees and job positions**

#### **4.1.5 Interviews**

I interviewed the manager and all the workers at DeliHoffmann Catering in order to gather internal information to identify internal problems, get to know the behavior of the employees in the working place and the internal processes of the company.

To conclude my interviews for the areas described above a poll was created, including questions such as:

- Do you feel that the activities that you perform aim at the company objective?
- What aspects do you think that the company should change or adjust?
- Are you satisfied with the activities that you perform at the company?
- From 1 to 10 1 being bad and 10 being good, how do you qualify the internal communication at the company?
- Do you think that the instructions about your tasks given are clear?
- Do you receive enough information about your assigned position? Ex. Employee Operations Manual

#### **4.1.6 Conclusion**

After all the results and interviews I concluded the following:



- Workers consider that communication is not the appropriate.
- Not all workers understand the specific tasks given as they don't have an immediate superior to whom they have to report or ask.
- Workers think that they carry out tasks which supposedly are out of their obligation.
- Workers complained that sometimes their working hours are more due to the lack of organization.

## **4.2 External Analysis**

To analyze the impact of the external environment on the activities of the company, the PESTEL factors were considered as mentioned below:

### **4.2.1 Political factor**

Bolivia went through a dictator government for the last 14 years. Bolivia was ruled by Evo Morales, who became president in 2005 and lasted until 2019 after people started to protest against the government due to a fraud in the presidential elections. As mentioned, in 2019 presidential elections took place and a fraud was identified by the population and reported to the international organizations such as OEA<sup>2</sup>. Even though the OEA declared there were irregularities in the presidential elections and therefore there must be another presidential election, Evo Morales refused to leave the presidency. This caused people to stand up, protest and start a strike in Bolivia stopping all kinds of activities. The strike lasted 21 days until Evo Morales left the country and a transitional government took control in Bolivia until a date for new presidential elections was set.

Due to these events there is a general confusion and instability in the population. People and industries were affected.

### **4.2.2 Economic factor**

In the last years, the economy in Bolivia is not favorable to the food industry due to the stagnation of the GDP, decrease of sales in the industry and increasing unemployment rates. Unlike the great growth in sales in restaurants between 2016 and 2018 sales decreased significantly, this led to the closure of a large number of businesses in the food industry in the last years. This decrease in sales has a direct relationship with factors such as the

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<sup>2</sup> “OEA” is the Spanish acronym for “Organizacion de los Estados Americanos”

population uncertainty because of the economic situation and social problems linked with presidential elections mentioned before.

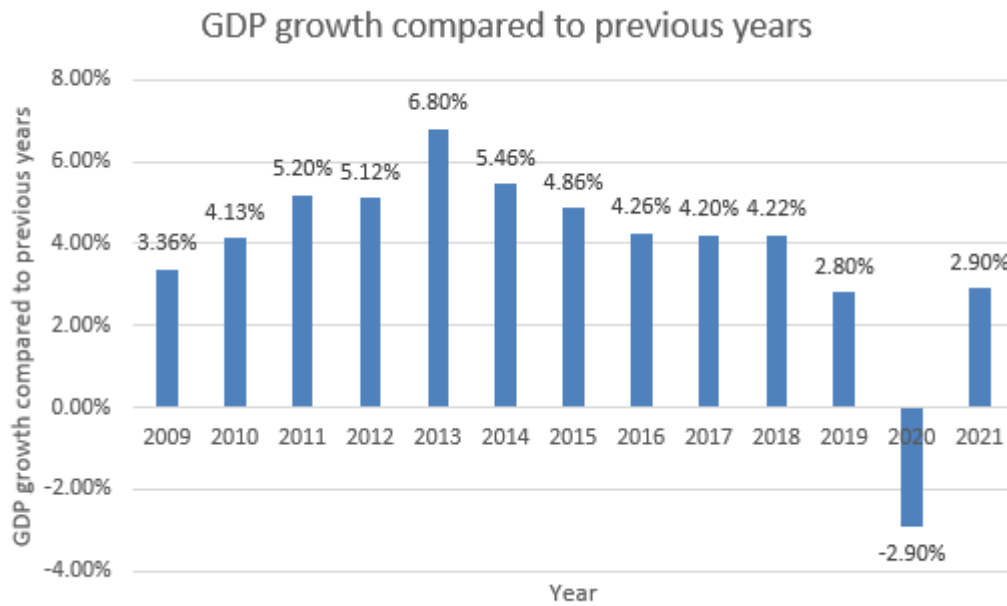


Figure 3 Source "National Taxes Service (SIN: Servicio Impuestos Nacionales"<sup>3</sup>)

In Figure 4 we can see that the GDP in Bolivia has been stagnated between years 2016 and 2018 with almost no changes, in 2019 it decreased significantly reaching only 2.8% and even in 2020 it is estimated that it will be negative due to different factors throughout the year. These figures differ from years before (2011 to 2015) where GDP in the country reached its maximum which was 6.8%.

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<sup>3</sup> "SIN" in Spanish acronym for the organization called "SIN: Servicio de Impuestos Nacionales"



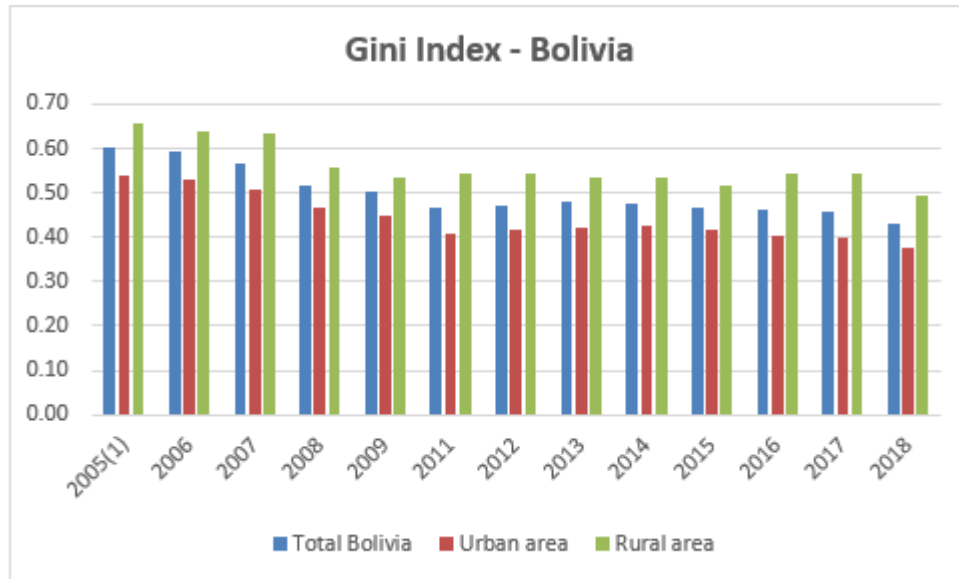
**Figure 4 Source: "Statista, GDP growth rate in Bolivia"**

Unemployment rate has also a significant impact on the unfavorable economic situation the country is overcoming. Although unemployment rates in Bolivia decreased between 2015 and 2018, in 2019 unemployment reached 3.6% setting the highest percentage in the last 10 years.

#### **4.2.3 Social**

The social factor can be analyzed from different aspects, in relation to the company it is important to mention the following: levels of wage inequality shown with the Gini index, the trends in food consumption in the country and the trends in population migration in Bolivia and more specifically in the city where Delihoffmann operates.

The Gini Index, which demonstrates how income is distributed in a society and its level of inequality measured between 0 and 1 where 0 means everybody has equal income and 1 where all the country's income is earned by a single person. In Bolivia, this index decreased since 2005 demonstrating that the distribution of income is distributed little by little better between all population sector in the country.



**Figure 5 Own creation - Data based on "National Statistics Institute - INE<sup>4</sup>")**

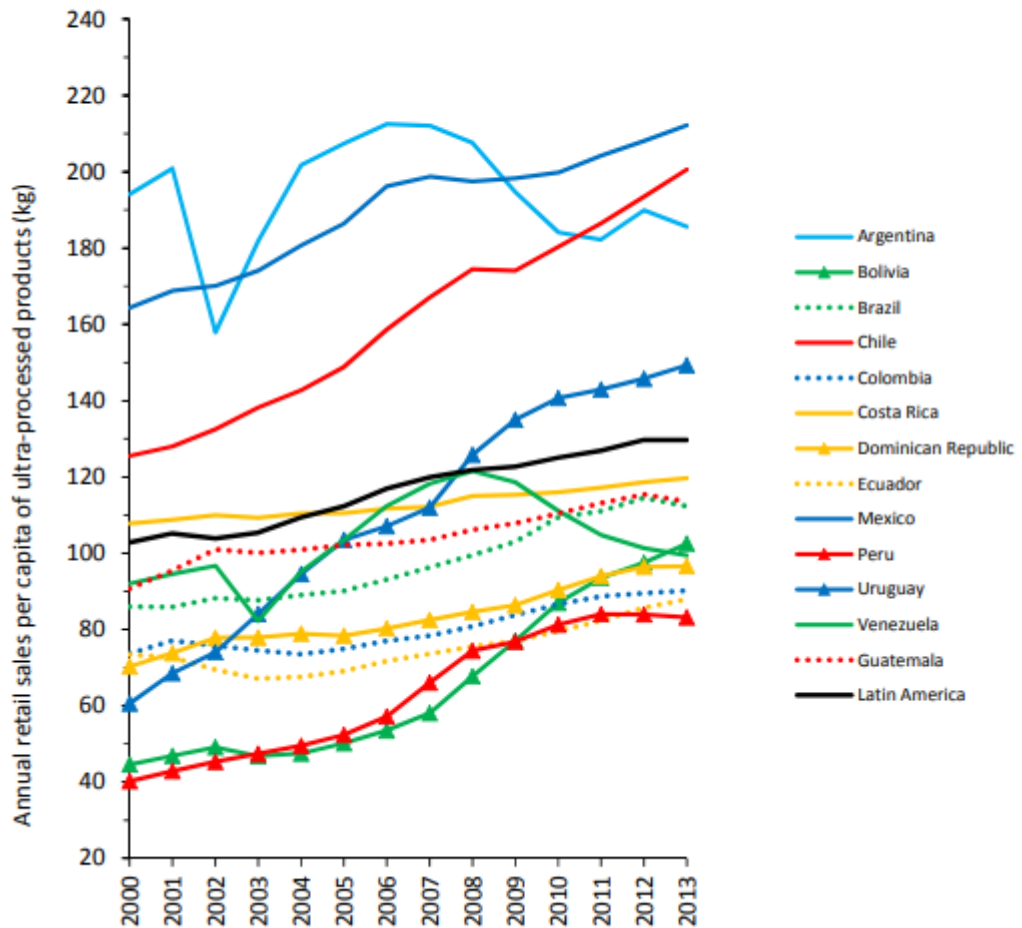
According to studies, trends in food consumption in Bolivia have changed in a similar way to other developing countries in Latin America undergoing the transition characterized by replacing traditional diet with a more occidental diet rich in high density foods and an increase in fast food consumption. Modern life and technology has also an impact in the social factor as more people is consuming food outside their houses due to time and commodity.

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<sup>4</sup> "INE" in Spanish acronym for organization "Instituto Nacional de Estadística"

**Figure 4**

Annual retail sales per capita of ultra-processed food and drink products in 13 Latin American countries, 2000–2013



**Figure 6 Source "Pan American Health Organization, Ultra-processed food and drink products in Latin America, 2015"**

Regarding the country's population, the inhabitants increase year after year as it can be seen in the chart below. Population density in the country is 11 per Km<sup>2</sup> (28 people per mi<sup>2</sup>), the total land area is 1,083,300 Km<sup>2</sup>.

Santa Cruz de la Sierra, where Delihoffmann Catering operates, is the most populated department in the country and is the one with the highest internal migration compared to the other departments. People moves to Santa Cruz de la Sierra looking for new job opportunities because it is the department with the highest commercial activity representing 33.3% of the total number of companies in the country, as shown in the chart below. All these statistics help Delihoffmann Catering because it is demonstrated that there are positive opportunities of population growth and the increasing tendencies of food consumption.

**BOLIVIA: COMPANYS REGISTRATION ACCORDING TO  
EACH DEPARTMENT, JANUARY 2020  
(NUMBER OF COMPANIES AND PERCENTAGES)**

DEPARTMENT	QUANTITY	PERCENTAGE
Santa Cruz	489	33.3
La Paz	482	32.8
Cochabamba	214	14.6
Potosi	64	4.4
Oruro	61	4.1
Chuquisaca	57	3.9
Tarija	51	3.5
Beni	42	2.9
Pando	10	0.7
<b>TOTAL</b>	<b>1470</b>	<b>100</b>

Table 1 Own creation - Data based on "FUNDEMPRESA<sup>5</sup>, Statistics from trade registry Bolivia, 2020"

Bolivia Population (LIVE)  
**11,737,514**

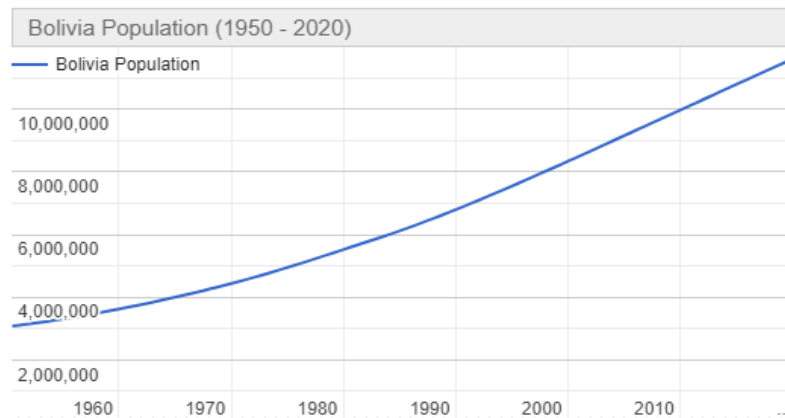


Figure 7 Source "World Meters, Bolivia population"

<sup>5</sup> "FUNDEMPRESA" in Spanish acronym for the organization called "Conseccionaria de Registro de Comercio de Bolivia)

DEPARTAMENTO DE RESIDENCIA HABITUAL	Población	CENSO 1992		Población	CENSO 2001		Población	CENSO 2012	
		Inmigrantes	Emigrantes		Inmigrantes	Emigrantes		Inmigrantes	Emigrantes
BOLIVIA	6.327.161	13,8	13,8	8.149.783	15,2	15,2	9.919.827	13,7	13,7
Chuquisaca	452.586	10,5	24,1	528.424	13,4	31	575.712	13,9	33,4
La Paz	1.875.609	7,4	7,4	2.331.717	6,5	9	2.699.396	5	9,1
Cochabamba	1.097.138	18,9	11,4	1.433.370	19,1	13	1.741.280	17,8	11,4
Oruro	339.015	16,7	39,6	390.577	15,8	41,6	490.857	14,7	30,3
Potosí	643.140	5	34,5	706.402	5	42,6	811.873	6	39
Tarija	283.799	20,3	11,8	375.626	24,3	11,7	472.544	21,6	9,8
Santa Cruz	1.327.331	22	3,9	1.974.109	25	3,6	2.600.964	19,7	3,5
Beni	273.718	13	19,3	360.667	12,9	25,1	419.591	13,2	26,6
Pando	34.825	22,9	26,8	48.891	32,7	23,2	107.610	41,3	10,6

Table 2 Source "National Statistics Institute Bolivia (INE, Instituto Nacional de Estadística Bolivia)

#### 4.2.4 Technological

In the past few years Bolivia has been undergoing a digital transformation. The Bolivian government and private companies have been incorporating new technology companies which are helping significantly in the economic growth.

Financial digital investment in Bolivia grew from 8.67% to 11.67% between 2017 and 2018, which allows it to now be in third place in the ranking of this item, after Panama, which remained in first place (going from 15.58% to 17.17%), and from Argentina, which moved up from fifth to second place.

Most of the investments made where in the following areas:

- Bolivia Tech Hub is an incubator and accelerator which helps entrepreneurs in the technology area to grow and contribute.
- Bolivia has increased the amount of software exportation. This is because of the low cost and good quality services. Even though prices are low Bolivia exports around \$30 million per year.
- 83% of invoices are processed electronically

According to the research, the country that has increased its levels of investment in digital financial innovation the most in the last year is Bolivia, with a growth of 3%, followed by Panama with 1.58% and Argentina with 1.4%.

Taking in consideration all the previous points I see that Delihoffmann Catering needs to take advantage of all the mentioned points and start investing in technology such as electronic invoices and try new markets such e-commerce.

#### **4.2.5 Environmental**

There are no environmental factors, are laws that have a direct impact on the companies specially on the food industry in Bolivia. However, there are several factors and laws which are important to mention:

##### **4.2.5.1 Resources**

Bolivia is a resource-rich country. Lots of resources can be found in Bolivia, these are grouped in three categories: *Renewable Natural Resources*, *Conditionally Renewable Natural Resources* and *Non-Renewable Natural Resources*.

Renewable resources: water, agriculture, livestock and energy resources

Conditionally Renewable Natural Resources: forests and fauna.

Non-Renewable Natural Resources: lithium, gas & petroleum, and minerals (zinc, silver, tin, lead, and gold).

These non-renewable natural resources are mainly exported to neighboring countries such as Argentina and Brazil, and other countries such as China. Santa Cruz, Tarija, and Chuquisaca are the departments that cover the production and supply of the country. Santa Cruz being the first one, has a large production of livestock followed by Beni. Most of Bolivia's territory is covered with forest, more than 40% is forest. Bolivia counts with more than 21 national parks to preserve the fauna.

##### **4.2.5.2 Laws**

Bolivia has environmental regulations and institutions established for 2 decades, even though it is not possible to find an official and recurring response over time for part of the institutions responsible for doing so by Law 1333 of Environment (General Regulation of Environmental Management articles 35, 36). To describe the actual environmental situation in the country there are several laws to mention such as the Environment Law declared in 1992 and the Universal Declaration of the Rights of Mother Earth in 2010.

The purpose of this Environmental Law is the protection and conservation of the environment and natural resources, regulating man's actions in relation to nature and



promoting sustainable development to improve the quality of life of the population. (Official Gazzete of Bolivia, 1992)

The second law, Universal Declaration of the Rights of Mother Earth “aims to link the three concepts of: (i) the rights of Mother Earth; (ii) Holistic Development; and (iii) Living Well” or “Vivir Bien”. The objective is to guarantee “the ability of the components and life systems of Mother Earth to regenerate.” This is done in part by the adoption of the precautionary principle, use of holistic management and development, and adoption of the indigenous worldview. (Earth Law Center, 2016)

#### **4.2.6 Legal**

Delihoffmann Catering belongs to the food industry sector, this type of businesses in Bolivia have their activities subject to legal provisions such as the general labor law, the commercial code, the civil code, and internal taxes.

In recent years, new regulations have been established by the government and restaurants were affected by salary increases and regulatory changes, which led to many companies closing their restaurants, as indicated by data from Fundempresa, in 2017 they closed 39% of the companies that opened and 24% in 2018.

In the last year (2019), the number of business that start to operate in the country has decreased 40% in comparison to 2018, according to FUNDEMPRESA and the majority of this new companies are “one person” and small types of companies meaning that they do not generate or create numerous sources of work.

After analyzing the legal factor, it has not a positive impact in the activities of the company because of high internal taxes and constant changes in general labor law and increasing salary policies, although all the companies in the country are regulated by the same laws.

#### 4.2.7 Conclusion

Factor	Level of impact in the Company		
	High	Medium	Low
Political	X		
Economic	X		
Social		X	
Technological			X
Environmental			X
Legal		X	

Figure 8 Own creation - Data based on external analysis

In the table we can see the level of impact that each factor has in the company. Below a brief description:

- The political factor has a high impact on the company, due to all the political events mentioned there is a general confusion and instability in the population.
- The economic factor also shows a high impact on the company as the food industry has been affected by the stagnation of the GDP, decrease of sales in the industry and increase in unemployment rates.
- As previously stated, that there are positive opportunities of population growth and also the increasing tendencies of food consumption. Therefore, the level of impact that the social factor has on the company is medium.
- Considering the level of impact that the technology factor has on the company is low, the company needs to take advantage of all the points mentioned previously and start investing in technology such as electronic invoices and try new markets such as e-commerce.
- The environmental factors generally have a low level of impact in the companies, these is because companies are not affected directly or indirectly be the commerce of the natural resources or laws applied in the environmental area.

- As stated before the food industry has to deal with high internal taxes and constant changes in general labor law and increasing salary policies this is why the table reflects that the legal factor has a medium level of impact in the company.

## **5 Discussion of results**

In this chapter, the proposal made for the company will be presented taking into consideration the internal and external analysis made, with the objective that the organization can correct the deficiencies identified related to internal problems, problems in processes and updating of structure and mission, vision, values and objectives.

As it was mentioned before, the goal of organizational restructuring is to make the company more efficient adapting it's structure, processes, and goals to the actual internal and external environment.

### **5.1 Mission**

At Delihoffmann Catering, we are committed to provide a unique experience by offering high quality food and impeccable service through continuous improvement.

### **5.2 Vision**

Be the leading provider of catering service in the city with the highest quality food to satisfy our customers needs and wants thorough the best utilization of resources and a family spirited team.

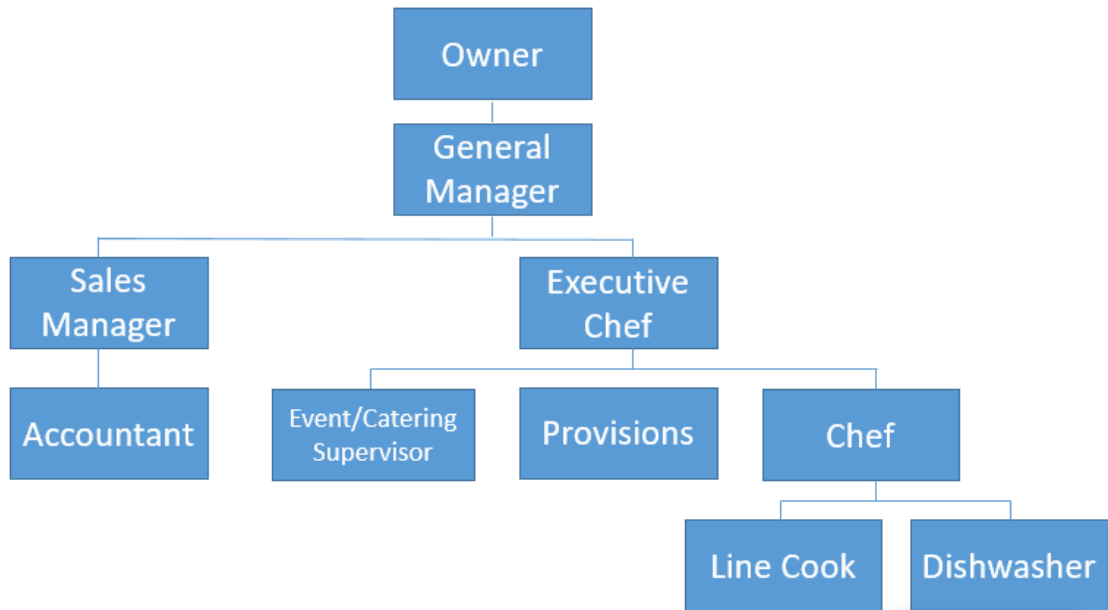
### **5.3 Objectives**

- Offer high quality, fair priced and diverse food options.
- Provide excellent customer service based on continuous improvement.
- Adapt our services to the needs and wants of customers creating memorable experiences.
- Increase profitability year over year.

### **5.4 Values**

- Quality
- Responsibility
- Professionalism
- Teamwork
- Integrity

## 5.5 Organizational Chart



**Figure 9 Own creation: Proposed Organizational chart**

Job Position	Number of employees
Owner	1
General Manager	1
Sales Manager	1
Executive Chef	1
Accountant	1
Event/Catering Supervisor	1
Provisions	2
Chef	2
Line Cook	4
Dishwasher	2
Total	16

**Table 3 Own creation – Recommended number of employees and job positions**

## **6 Conclusion**

Due to the constant changes that affect the internal and external environment of a business, all companies must periodically reconsider its structure, processes, and goals to stay competitive and updated in the sector.

Organizations are dynamic systems that cannot be effectively run in the same way, there is not a correct or unique administrative manner to apply in all business. Every company has its own internal characteristics and external factors that can affect their activities.

Organizational Restructuring consists of identifying these aspects in a company and recommend and apply changes in the organizational structure, internal processes, and goals to work efficiently and smoothly.

According to the research from previous chapters, it is shown that the analyzed company “Delihoffmann Catering” started as a family business and with the time it increased in number of employees and services offered because of also an increasing demand. The company hasn’t adapt its structure and objectives to the evolution of the environment political and economic changes in the country.

After all the analysis, in the practical part of the thesis it is recommended taking into consideration also the definitions and literature review, that the company changes its structure, reformulates the mission, vision, objectives and values to improve the organization’s efficiency and be able to accomplish all the new activities that want to be held.

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