

**Turnaround Antecedents, Actions and Outcomes  
of Selected State Owned Enterprises in Kerala:  
A Multiple Case Study Approach**

*Thesis Submitted to*  
**Cochin University of Science and Technology**  
*for the Award of the Degree of*  
**Doctor of Philosophy**  
*under the Faculty of Social Sciences*

*by*

**Suja Karthika**

*Under the Supervision of*

**Dr. K. B. Pavithran**



**School of Management Studies**  
**Cochin University of Science and Technology**

**Kochi – 682 022**

**November 2018**

**Turnaround Antecedents, Actions and Outcomes of  
Selected State Owned Enterprises in Kerala:  
A Multiple Case Study Approach**

*Ph.D. Thesis under the Faculty of Social Sciences*

*Submitted by*

**Suja Karthika**

School of Management Studies  
Cochin University of Science and Technology  
Kochi – 682022, Kerala, India  
Email: sujakarthikaphd@gmail.com

*Supervising Guide*

**Dr. K. B. Pavithran**

Professor (Retd.)  
School of Management Studies,  
Cochin University of Science and Technology  
Kochi – 682022, Kerala, India  
Email: dr.k.b.pavithran@gmail.com

School of Management Studies  
Cochin University of Science and Technology  
Kochi - 682 022

November 2018



**School of Management Studies**  
**Cochin University of Science and Technology**  
Kochi - 682 022, Kerala, India



---

**Dr. K. B. Pavithran**

Professor (Retd.)

dr.k.b.pavithran@gmail.com

---

## Certificate

This is to certify that thesis entitled “**Turnaround Antecedents, Actions and Outcomes of Selected State Owned Enterprises in Kerala: A Multiple Case Study Approach**” is a record of bonafide research work done by Ms. Suja Karthika, Full-Time research scholar, under my supervision and guidance.

The thesis is the outcome of her original work and has not formed the basis for the award of any degree, diploma, associateship, fellowship or any other similar title and is worth submitting for the award of the degree of Doctor of Philosophy under the Faculty of Social Sciences of Cochin University of Science and Technology. All the relevant corrections and modifications suggested by the audience during the pre-synopsis seminar and recommended by the Doctoral committee have been incorporated in the thesis.

Place: Kochi-22

Date: 29-11-2018

**Dr. K. B. Pavithran**

Supervising Guide



## *Declaration*

I hereby declare that this thesis entitled “**Turnaround Antecedents, Actions and Outcomes of Selected State Owned Enterprises in Kerala: A Multiple Case Study Approach**” is a record of the bona-fide research work done by me and that it has not previously formed the basis for the award of any degree, diploma, associateship, fellowship, or any other title of recognition.

Place: Kochi-22  
Date: 29-11-2018

**Suja Karthika**



---

## Acknowledgements

*Honestly, I have been waiting to write this acknowledgement for the longest time. But finally when am to write, words fail. Emotions overrule and an ocean of gratitude is forming violent waves inside me. Let me start off by saying that this work was never about "me". Without the unwavering and wholehearted support of many people this would have been a distant dream, especially for a person like me, with a varied background. My guide, Dr. K.B. Pavithran, Retd. Professor and Ex-Director, SMS, CUSAT, has been nothing short of a father figure, whose encouraging and disciplined guidance gave me the strength and courage to take up the less treaded path of case study research. His better half Ms. Neena Krishnan, in the many interactions we have had, has also given me valuable life lessons, which I will treasure forever. My respectful thanks are also due to Prof. (Dr) M. Bhasi, Dean of Social Sciences, for being my ever supportive member of Doctoral Committee, and also for the snippets of research wisdom you would instill whenever I approached you. Thank you Prof. (Dr) D. Mavoothu, Director SMS, for all the help and encouragement you have shown over the years. Thanks are also due to Prof. (Dr) Molly P. Koshy (Ex-Director, SMS), for being considerate especially during my trying maternal times. Thanks are also due to all the Faculty members of SMS, in whose depth of knowledge I have stood in awe and also for being inspirational academicians. Thanks to all the staff members at SMS, but a heartfelt thanks to Ms. Bindu Saji (Section Officer) and Ms. Bindu Suresh (P.A. to the Director), for your love, care and encouragement. I would also like to thank Mr. Padmakumar Ex-Director RIAB, for all your support and insightful guidance on Public Sector and for facilitating a relatively easy access to the case study sites. Ms. Priya, staff member RIAB, has also helped immensely throughout the period of study; thanks are due to you too. The Managing Directors of the four state owned enterprises, thank you from the bottom of my heart for facilitating the data collection and all the staff for your cooperation and support. Finally I would like to place on record my gratitude to this illustrious university, CUSAT, for giving me the opportunity to proudly call it my alma mater.*

Now, the hands shiver again and the eyes filled up with gratitude as I recollect the role played by the following people in my life and this work. Rakesh Krishnan, my soul, my husband, saw this dream with me and was there at every step giving every ounce of energy needed to do this. He will be more proud of this, than I am. I have bore both my children, Ritvik R. Menon and Slokahi K. Menon, while doing this research and many a time their kicks inside the womb has germinated ideas, parenting them taught me discipline to do work, innocent questions made me think and finally, the twinkle in their eyes when they see me working, summed up my motivation to complete this thesis. Coming to my parents, all my academic achievements are dedicated to my father Dr. P. K. Sundaresan, without him being the epitome of academic success; I may not have wanted to be one ever. My mother Ms. Chandrika Sundaresan, has also been a source of encouragement with her zeal to achieve diverse things at her age. I'm also a daughter to two other lovely souls, whom the society calls, my parents-in law but for me, are like my own. Thank you, Mr. Krishnan K. Menon and Ms. Shyama Krishnan for being my strong pillars of support, when I needed it the most. Thanks to my brother Mr. Shreeshankar, his wife Ms. Veena Nair and my brother in law Mr. Ramesh Krishnan for being there. Thanks are also due to all my school, college and work friends for being the people you have been. My Meenu, thank you for believing in me the most and being proud of my achievements, when you yourself are a super achiever. I have made friends for life in this research journey and thank you dear girls for being there always. Dr. Devi Soumyaja, I'm taking the liberty to call you my friend, thank you for the last minute push, without which this would not have been possible.

From being a normal school going girl, to being an artist to being interested in academics, life has been throwing curve balls which have been caught not so badly. I owe everything that has happened, happening and will ever happen to one entity; my dear God. I know you are there and will be there forever. A mere thank you won't suffice to sum up what you mean to me. But nevertheless, thank you for everything and also thank you for telling the universe to conspire to make things happen for me....

*This work is hence dedicated to you My God and my family.*

*Suja Karthika*



## **Abstract**

With structural metamorphosis happening to the economies, accelerated after the globalization era, economies are increasingly becoming capitalist. Private sector is celebrated to be vehicles of national growth and aid in the rapid development of a nation. However, the public sector enterprises play a pivotal role especially in a country like India, where the distribution of economic benefits is largely disproportionate. Some of these Public Sector Enterprises, scaled heights and remain to be diamonds of national success, but a large number of them have disappeared, some have lost its relevance completely, and yet some others are just surviving. Organizational decline is a condition in which a substantial, absolute decrease in an organization's resource base occurs over a specified period of time, while Turnaround management is known to be a process of recovery following a persistent performance decline, aiming for swift performance improvement through “reducing and/or redeploying assets, reconfiguring internal arrangements, and restoring external confidence and relationships”. The literature on growth and its antecedents far surpasses studies on decline and its antecedents and outcomes. There is a dearth of comprehension in dissecting the irresolute factors that lead apparently successful organizations to performance decline and, also on firms that has been able to overcome a decline and turnaround its performance. In the public sector context more so, empirical evidence is drawn mostly from the private sector, which has different institutional and organizational characteristics.

The State Owned Enterprises (SOE) in Kerala, which was constituted to bring about industrial development and economic equality, has often been vehicles of losses for the State Exchequer. However in the year 2008-09, the sector showed strong signs of resurgence, with 24 loss making units turning profitable. The present study aims to understand the turnaround antecedents, actions and outcomes of selected enterprises, through comprehensive case method. The major research questions that

was attempted to be answered were, the reasons for the performance decline of the selected SOEs of Government of Kerala, the strategies adopted to turnaround the selected SOEs of Government of Kerala, and the individual and combined impact of these strategies on the turnaround of SOEs of Government of Kerala.

Case study as a research strategy was used to comprehend the dynamics present in a distinct setting and was an empirical investigation of an existing phenomenon within its natural context bounded by space and time. The study employs a multiple embedded case design, where four case units are studied as contexts to understand the phenomenon of successful and non-successful turnarounds and its antecedents and outcomes. Government of Kerala has 38 SOEs under the industries department which is categorized into 7 sectors based on the domain of business; companies with contemporary business viability and significant products, which faced performance decline and attempted to turnaround during the period 2001-02 and 2013-14 was selected to study the phenomenon under investigation. Multiple sources of evidence was required to ensure converging lines of enquiry and the synergistic effect led to enhanced substantiation. Three sources of evidence namely, Open Ended Interviews (TMT and other important personnel), Formal Survey (employees with relevant experience), and documentary evidence (audited and published Annual Reports of the company during the period 2001-02 to 2013-2014) was used. Each of the three sources of evidence was analyzed independently. The written up field notes of the open ended interviews were analyzed using QDA Miner, and both content (code frequency) and thematic analysis (multidimensional scaling and agglomerative clustering) was done on the coded segments. The data from the formal survey was checked for reliability and theoretical patterns through factor analysis. The descriptive statistics pointed to the status of the variable in the organization. The documentary evidence was subjected to financial analysis including ratio analysis, input cost analysis, turnover and other trend calculations as required, in addition to analyzing the supporting factual text data. Subsequently, the chain of evidence was

built to corroborate the evidences from the above three sources, from which final reflections in the form of causal networks and effect matrices were drawn up. After the individual cases were thus analyzed, a cross case synthesis was developed. A cross case synthesis was done to ascertain the decisive endogenous and exogenous factors that led organizations to performance decline, and comprehensive, discriminating causal networks were developed for successful and unsuccessful turnarounds. A catalogue of the strategies adopted during the decline restricting and recovery phase was developed and its impact on the turnaround outcome was assessed through strategy by case matrices, antecedent matrices and logic models. Conclusively, the distinctive logic models were pattern matched to theory, to identify congruence and divergences.

Important findings of the study indicated that the most decisive factors, which relatively had the strongest impact on the performance decline of firms under study, were predominantly endogenous in nature - Lack of organizational slack, input cost increase and management weakness. Competition was the only exogenous factor which had as much impact. For the successfully turned around firms, where the factors that contributed to performance decline were majorly exogenous in nature, the high impact strategies that were adopted during the decline restricting phase were employment freeze and salary and emolument freeze (retrenchment), product expansion and focus on the core (repositioning), voluntary retirement scheme (reorganization) and working capital support, interest freeze and other rates freeze and concessions (macro level initiatives). During the recovery phase, the high impact strategies adopted included, product expansion and market expansion (repositioning) and plant level changes (reorganization). The unsuccessful turnaround firms did not have a clearly discernible decline restricting phase or a recovery phase. However, the high impact decline restricting strategies that were adopted, for such organizations, where the reasons for performance decline were mostly endogenous in nature, were short term asset retrenchment (retrenchment strategy), product expansion (repositioning strategy), managing director initiatives and plant level

changes (reorganization strategies) and working capital support, interest freeze and other rates freeze and concessions (macro level initiatives). The high impact recovery strategies were product expansion and market expansion, both repositioning strategies strategic in nature.

Successful and unsuccessful turnarounds are the results of self initiated recovery and the inability to achieve it respectively. Literature on the topic lends explanations such as conditions of Publicness, success breeds failure archetype leading to inertial tendencies, and lack of cognizance as the reasons for the same. Firm based decline has more potential of turning around, as internal rectifications and changes are easier to make and much less complex than exogenous factors where there is interplay of manifold dimension. The present study presented an antithesis, however. It become imperative then to devise pliant long term managerial strategies which are not episodic and building dynamism into the system is of paramount significance. Blanket recommendations include, performance expectations of the state owned enterprises be legitimized at the policy level, in addition to the compulsory participation in professional associations and networking organizations at the state, national and international level. Additionally it is recommended to facilitate Fractional Autonomy, market support, maintenance of adequate slack, performance monitoring system, resources audit, collaborations with the private/public sector to avail mutual benefits etc. Finally, the three requisite rudiments for successful strategy implementation are the attitude and behaviour of people involved, the unstinting dedication towards the strategy and the continual learning that assist strategy implementation. It becomes imperative then to build such a culture in the public sector organizations. The findings of the study and the recommendations formulated under the aegis of governmental agencies can be translated to bona fide state level policies, prompting lasting changes in the sector. Though it is highly context specific, the findings can be replicated to complimentary contexts elsewhere in the country to ensure successful turnarounds and thereby safeguarding the relevance and significance of the state owned enterprises in India.

# Contents

## *Chapter 1*

<b>INTRODUCTION.....</b>	<b>01 - 08</b>
1.1 Decline and Turnaround.....	02
1.2 State Owned Enterprises in Kerala.....	05
1.3 Public Sector Restructuring and Internal Audit Board (RIAB) and Resurgence .....	06
1.4 The Current Study .....	07
1.5 Significance of the study.....	08
1.6 Thesis Organization.....	08

## *Chapter 2*

<b>LITERATURE REVIEW AND CONCEPTUAL MODEL .....</b>	<b>09 - 43</b>
2.1 Introduction .....	09
2.2 Organizational Performance Decline .....	10
2.2.1 Performance Decline – Reasons (Endogenous and Exogenous) ....	11
2.2.2 Performance Decline – Dysfunctional Consequences .....	12
2.2.3 Performance Decline – Other Approaches.....	13
2.3 Endogenous and Exogenous Factors of Decline .....	13
2.3.1 Lack of organizational slack .....	14
2.3.2 Management Weakness .....	15
2.3.3 Munificence .....	16
2.3.4 Competition.....	17
2.3.5 Political Interference.....	17
2.4 Soft Factors .....	18
2.4.1 Internal Conflict .....	19
2.4.2 Cultural Rigidity.....	20
2.4.3 Union Commitment .....	21
2.4.4 Communication.....	22
2.4.5 Organization Commitment.....	24
2.5 Turnaround .....	25
2.5.1 Turnaround – Nature of Strategic Choices .....	26
2.5.2 Turnaround – Turnaround Process .....	27
2.5.3 Turnaround – A Combined Approach.....	28
2.5.4 Turnaround – Public Sector .....	30
2.6 Strategic Choices Studied – The 3 R’s.....	32
2.6.1 Retrenchment .....	32
2.6.2 Reorganization .....	32
2.6.3 Repositioning .....	38
2.7 Research Gap .....	41
2.8 Conceptual Model.....	42

### *Chapter 3*

<b>RESEARCH METHODOLOGY .....</b>	<b>45 - 78</b>
3.1 Statement of the Problem .....	45
3.2 Major Research Questions .....	46
3.2.1 Sub Research Questions.....	46
3.3 Propositions.....	47
3.4 Scope of the Study.....	48
3.5 Operational Definitions .....	49
3.5.1 Performance Decline .....	49
3.5.2 Turnaround Attempt .....	50
3.5.3 Retrenchment .....	50
3.5.4 Reorganization .....	51
3.5.5 Repositioning .....	51
3.5.6 Successful and Unsuccessful Turnaround/Continued Failure.....	52
3.5.7 Decline Restricting Strategies .....	52
3.5.8 Recovery Strategies .....	52
3.5.9 Decline Restricting Phase and Recovery Phase .....	53
3.6 Research Design .....	53
3.6.1 Philosophical Presuppositions and Assumptions .....	54
3.6.2 Case Study Method .....	56
3.6.3 Multiple Embedded Case Study Design .....	59
3.6.4 Unit of Analysis .....	59
3.6.5 Case Unit Selection .....	59
3.7 Sources of Evidence .....	61
3.7.1 Open Ended Interviews.....	62
3.7.2 Formal Survey.....	62
3.7.3 Documentary Evidence.....	63
3.8 Analysis Overview of the Sources of Evidence .....	64
3.8.1 Analysis Overview of Open Ended Interviews .....	65
3.8.2 Analysis Overview of Formal Survey .....	69
3.8.3 Analysis Overview of Documentary Evidence .....	70
3.8.4 Bringing together the Sources of Evidence.....	71
3.9 Cross Case Synthesis.....	73
3.10 Quality Criteria for the Research Design .....	75
3.11 Limitations of the Study.....	78

### *Chapter 4*

<b>THE SOARING AMPLITUDE (Case A).....</b>	<b>79 - 157</b>
4.1.1 About the Company.....	79
4.1.2 Sources of Evidence .....	81
4.1.3 Open Ended Interviews - Reasons for Performance Decline .....	82

4.1.3.1	Inter Coder Agreeability .....	83
4.1.3.2	Code Frequency.....	84
4.1.3.3	Code Co-occurrence and 2D Map .....	95
4.1.3.4	Coding By Variable .....	99
4.1.4	Formal Survey (Reasons for Performance Decline) .....	102
4.1.4.1	Reliability, Factor Analysis and Descriptive Statistics .....	104
4.1.5	Documentary Evidence (Reasons for Performance Decline) ....	109
4.1.6	Building the Chain of Evidence, Causal Network and Effect Matrix.....	115
4.1.7	Turnaround Analysis .....	121
4.1.8	Open Ended Interview (Turnaround Initiatives) .....	121
4.1.8.1	Code Frequency (Turnaround Initiatives) .....	122
4.1.8.2	Coding by Variable (Turnaround Initiatives) .....	127
4.1.9	Formal Survey (Turnaround Initiatives) .....	130
4.1.10	Documentary Evidence (Turnaround Initiatives) .....	134
4.1.11	Time Ordered Growth Gradient.....	143
4.1.12	Effect Matrix (Turnaround Initiatives) .....	146
4.1.13	Segmented Causal Network.....	150
4.1.14	Logic Model.....	153
4.1.15	Case Propositions .....	154
4.1.16	Recommendations for Recovery.....	156
<b>THE CAUSTIC SPIRAL (Case B) .....</b>		<b>159 - 227</b>
4.2.1	The Company's Story.....	159
4.2.2	Industry Profile .....	160
4.2.3	Sources of Evidence .....	162
4.2.4	Open Ended Interviews - Reasons for Performance Decline ..	163
4.2.4.1	Inter-Coder Agreeability.....	163
4.2.4.2	Code Frequency.....	164
4.2.4.3	Code Co-Occurrence and Dendrogram.....	174
4.2.4.4	Coding by Variable – Heat Map Plots .....	180
4.2.5	Formal Survey (Reasons for Performance Decline) .....	182
4.2.6	Documentary Evidence (Reasons for Performance Decline) ....	187
4.2.7	Building the Chain of Evidence, Causal Network and Effect Matrix.....	195
4.2.8	Turnaround Analysis .....	201
4.2.9	Open Ended Interview (Turnaround Initiatives) .....	201
4.2.9.1	Code Frequency (Turnaround Initiatives) .....	201
4.2.10	Formal Survey (Turnaround Initiatives) .....	206
4.2.11	Documentary Evidence (TA Initiatives) .....	208
4.2.12	Time Ordered Growth Gradient.....	214

4.2.13 Effect Matrix (Turnaround Initiatives) .....	217
4.2.14 Segmented Causal Network.....	219
4.2.15 Logic Model.....	220
4.2.16 Case Propositions .....	224
4.2.17 Recommendations for Recovery.....	226
<b>THE COILED SLUMP (Case C).....</b>	<b>229 - 289</b>
4.3.1 About the Company.....	229
4.3.2 Wire, Cables and Conductor Industry .....	231
4.3.3 Sources of Evidence .....	232
4.3.4 Open Ended Interviews - Reasons for Performance Decline .....	234
4.3.4.1 Inter-Coder Agreeability.....	235
4.3.4.2 Code Frequency.....	237
4.3.4.3 Code Co-Occurrence and 2-D Map.....	246
4.3.4.4 Coding by Variable – Heat Map Plots .....	246
4.3.5 Formal Survey (Reasons for Performance Decline) .....	248
4.3.5.1 Reliability Measures and Descriptive Statistics .....	250
4.3.6 Documentary Evidence (Reasons for Performance Decline) ....	254
4.3.7 Building the Chain of Evidence.....	261
4.3.8 Turnaround Analysis .....	267
4.3.9 Open Ended Interviews .....	267
4.3.9.1 Code Frequency and Bubble Plot (Turnaround Initiatives) .....	268
4.3.10 Formal Survey (Turnaround Initiatives) .....	270
4.3.11 Documentary Evidence (Turnaround Initiatives) .....	273
4.3.12 Time-Ordered Growth Gradient .....	278
4.3.13 Effect Matrix (Turnaround Initiatives) .....	281
4.3.14 Segmental Causal Network.....	282
4.3.15 Logic Model.....	284
4.3.16 Case Propositions .....	286
4.3.17 Recommendations for Recovery.....	288
<b>THE BUNGLED PILL (Case D).....</b>	<b>291 - 339</b>
4.4.1 About the Company.....	291
4.4.2 Industry Profile .....	292
4.4.3 Sources of Evidence .....	292
4.4.4 Open Ended Interviews - Reasons for Performance Decline ....	293
4.4.4.1 Inter Coder Agreeability .....	294
4.4.4.2 Code Frequency.....	294
4.4.4.3 Code Co-occurrence and 2D Map .....	300



4.4.4.4	Coding By Variable .....	303
4.4.5	Formal Survey (Reasons for Performance Decline) .....	305
4.4.5.1	Reliability, Factor Analysis and Descriptive Statistics .....	306
4.4.6	Documentary Evidence (Reasons for Performance Decline) .....	309
4.4.7	Building the Chain of Evidence, Causal Network and Effect Matrix .....	314
4.4.8	Turnaround Analysis .....	318
4.4.9	Open Ended Interviews (Turnaround Initiatives) .....	318
4.4.9.1	Code Frequency .....	319
4.4.9.2	Coding by Variable .....	322
4.4.10	Formal Survey (Turnaround Initiatives) .....	323
4.4.11	Documentary Evidence (Turnaround Initiatives) .....	325
4.4.12	Time Ordered Growth Gradient.....	329
4.4.13	Effect Matrix (Turnaround Initiatives) .....	332
4.4.14	Segmented Causal Model.....	334
4.4.15	Logic Model.....	335
4.4.16	Case Propositions .....	336
4.4.17	Recommendations for Recovery.....	338

**CROSS CASE SYNTHESIS ..... 341 - 378**

4.5.1	Case Ordered Factor Evaluation Matrix.....	341
4.5.2	Synthesis of Formal Survey Results (Performance Decline) .....	343
4.5.3	Antecedent Matrix (Performance Decline) .....	348
4.5.4	Cross-Case Causal networks.....	351
4.5.5	Cross Case Combined Causal Network .....	354
4.5.6	Strategy Evaluation Matrix (Strategy by Case Matrix) .....	358
4.5.7	Antecedent Matrix (Turnaround) .....	360
4.5.8	High and Low Impact Turnaround Strategies.....	364
4.5.9	Extent of Implementation.....	365
4.5.10	Final Logic Model .....	366
4.5.11	Pattern Matching.....	371
4.5.12	Cross Case Propositions .....	377

**Chapter 5**

**FINDINGS, DISCUSSIONS AND RECOMMENDATIONS..... 379 - 396**

5.1	Findings of Cross Case Analysis – Performance Decline.....	379
5.2	Findings of Cross Case Analysis – Turnaround .....	382
5.3	Pattern Matching – Summarized Findings.....	385
5.4	Cross Case Propositions – Summarized Findings.....	385

5.5	Discussion.....	386
5.5.1	Managerial Implication.....	392
5.5.2	Policy Implication.....	392
5.5.3	Theoretical Implication.....	393
5.6	Recommendations.....	393
5.7	Conclusion.....	395
<b>REFERENCES.....</b>		<b>397 - 428</b>
<b>APPENDICES.....</b>		<b>429 - 471</b>
<b>LIST OF PUBLICATIONS.....</b>		<b>473 - 474</b>

## List of Tables

Table 3.1	Case Unit Details .....	61
Table 3.2	Minutia of the Sources of Evidence .....	64
Table 3.3	Quality Criteria for Research Design.....	77
Table 4.1.1	Emergent Codes and Operational Definitions .....	83
Table 4.1.2	Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons.....	84
Table 4.1.3	Coding Frequency (Reasons for Performance Decline).....	85
Table 4.1.4	Similarity Matrix of Codes Assigned.....	96
Table 4.1.5	Experience of Employees – Formal Survey.....	103
Table 4.1.6	Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey .....	106
Table 4.1.7	Summarizing Evidences – Building the Chain of Evidence.....	116
Table 4.1.8	Effect Matrix (Reasons for Performance Decline).....	120
Table 4.1.9	Inter-coder Agreeability of Turnaround Attempt Codes.....	122
Table 4.1.10	Code Frequency Table (TA Initiatives) .....	123
Table 4.1.11	Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies .....	133
Table 4.1.12	Details of the Retrenchment Strategies Implemented.....	135
Table 4.1.13	Macro Level Initiatives Aiding Turnaround .....	142
Table 4.1.14	Effect Matrix (Turnaround) .....	147
Table 4.1.15	Case Propositions – Case A .....	155
Table 4.2.1	Chlor – Alkali Product wise National Data .....	161
Table 4.2.2	Emergent Codes and Operational Definitions .....	163
Table 4.2.3	Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons .....	164
Table 4.2.4	Coding Frequency (Reasons for Performance Decline).....	165
Table 4.2.5	Agglomeration table showing the Node formation based on similarity .....	176
Table 4.2.6	Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey .....	184

Table 4.2.7	Competitor Analysis – Significant Ratios.....	194
Table 4.2.8	Summarizing Evidences – Building the Chain of Evidence.....	196
Table 4.2.9	Effect Matrix (Reasons for Performance Decline).....	199
Table 4.2.10	Inter-coder Agreeability of Turnaround Attempt Codes.....	202
Table 4.2.11	Code Frequency Table (TA Initiatives).....	206
Table 4.2.12	Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies.....	207
Table 4.2.13	Cost Saving using Technological Interventions in the Plant.....	210
Table 4.2.14	Particulars of Asset Retrenchment and Macro Level Initiatives Implemented.....	211
Table 4.2.15	Effect Matrix (Turnaround).....	217
Table 4.2.16	Case Propositions – Case B.....	225
Table 4.3.1	Emergent Codes and Operational Definitions.....	234
Table 4.3.2	Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons.....	235
Table 4.3.3	Coding Frequency (Reasons for Performance Decline).....	236
Table 4.3.4	Similarity Matrix of Codes Assigned.....	238
Table 4.3.5	Frequency of Employee Category.....	249
Table 4.3.6	Experience of Employees – Formal Survey.....	249
Table 4.3.7	Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey.....	251
Table 4.3.8	Selling expenses as a percentage of the sales.....	259
Table 4.3.9	Summarizing Evidences – Building the Chain of Evidence.....	262
Table 4.3.10	Effect Matrix (Reasons for Performance Decline).....	267
Table 4.3.11	Inter-coder Agreeability of Turnaround Attempt Codes.....	267
Table 4.3.12	Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies.....	272
Table 4.3.13	Effect Matrix (Turnaround).....	282
Table 4.3.14	Case Propositions – Case C.....	287

Table 4.4.1	Emergent Code and Operational Definition.....	293
Table 4.4.2	Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons.....	294
Table 4.4.3	Coding Frequency (Reasons for Performance Decline).....	295
Table 4.4.4	Similarity Matrix of Codes Assigned.....	302
Table 4.4.5	Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey .....	307
Table 4.4.6	Summarizing Evidences – Building the Chain of Evidence.....	315
Table 4.4.7	Effect Matrix (Reasons for Performance Decline).....	318
Table 4.4.8	Inter-coder Agreeability of Turnaround Attempt Codes.....	319
Table 4.4.9	Code Frequency Table (TA Initiatives) .....	320
Table 4.4.10	Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies .....	324
Table 4.4.11	Macro Level Initiatives Aiding Turnaround .....	328
Table 4.4.12	Effect Matrix (Turnaround) .....	333
Table 4.4.13	Case Propositions – Case D .....	333
Table 4.5.1	Case Ordered Factor Evaluation Matrix .....	343
Table 4.5.2	Formal Survey Results – A Case by Case Comparison .....	347
Table 4.5.3	Antecedent Matrix (Performance Decline – Critical Factors) .....	349
Table 4.5.4	Antecedent Matrix (Performance Decline – Moderately Critical Factors).....	351
Table 4.5.5	Strategy Evaluation Matrix (Strategy by Case Matrix) .....	359
Table 4.5.6	Commonly Adopted Turnaround Strategies .....	360
Table 4.5.7	Antecedent Matrix for Turnaround Strategies adopted.....	363
Table 4.5.8	Extent of Generic Strategy Implementation.....	366
Table 4.5.9	Cross Case Propositions.....	378
Table 5.1	Findings of causative factors and its relative impact, on performance decline, based on Turnaround Outcome.....	380
Table 5.2	The relative impact of Decline Restricting and Recovery Turnaround Strategies .....	382



## List of Figures

Figure 2.1	Conceptual Model/Idea Context .....	43
Figure 3.1	Research Design of the Study .....	58
Figure 4.1.1	Return on Investment for the period 2002-2014 .....	80
Figure 4.1.2	Horizontal Code Frequency Chart Showing the Reasons for Decline .....	86
Figure 4.1.3	2D Map Showing clusters of grouped Reasons for Performance Decline .....	97
Figure 4.1.4	Bubble Plot – Reasons for Performance Decline v/s Employee Positions .....	101
Figure 4.1.5	Employee Category – Formal Survey .....	102
Figure 4.1.6	Experience of Employees - Formal Survey .....	103
Figure 4.1.7	Input Cost Analysis (2002-2014) .....	112
Figure 4.1.8	Trend of Major Cost Elements (2002-2014) .....	112
Figure 4.1.9	Available Slack and Recoverable Slack (2002-2014) .....	113
Figure 4.1.10	Potential Slack (2002-2014).....	113
Figure 4.1.11	Product composition year on year from 2002-03 to 2005-06.....	115
Figure 4.1.12	Causal Network (Decisive, Evidenced Reasons for Decline) .....	118
Figure 4.1.13	Pie Chart Showing the Code Frequency of Turnaround Initiatives.....	124
Figure 4.1.14	Bubble Plot – Turnaround Initiatives v/s Employee Designations .....	129
Figure 4.1.15	Repositioning Strategies Implemented .....	138
Figure 4.1.16	Change in Product Wise Composition of Total Sales .....	139
Figure 4.1.17	Turnover and Expenses Trend with Corresponding M.D. Change .....	140
Figure 4.1.18	Time Ordered Growth Gradient .....	146
Figure 4.1.19	Segmented Causal Model.....	152
Figure 4.1.20	Logic Model .....	154
Figure 4.1.21	Recommendations – Word Cloud .....	157
Figure 4.2.1	Return on Investment for the period 2002-2013 .....	160

Figure 4.2.2	Horizontal Code Frequency Chart Showing the Reasons for Decline .....	166
Figure 4.2.3	Dendrogram showing Clusters formed of the codes assigned .....	176
Figure 4.2.4	2D Map Showing clusters of grouped Reasons for Performance Decline.....	177
Figure 4.2.5	Heat Map Plot – Reasons for Performance Decline v/s Departments.....	182
Figure 4.2.6	Employee Category – Formal Survey .....	182
Figure 4.2.7	Experience of Employees - Formal Survey .....	183
Figure 4.2.8	Available Slack and Recoverable Slack (2003-2014).....	189
Figure 4.2.9	Potential Slack (2003-2013).....	189
Figure 4.2.10	Decisive Costs as Components of Total Cost (2003-13).....	192
Figure 4.2.11	Equity Ratio (2003-13) .....	192
Figure 4.2.12	Average ECU Realization.....	193
Figure 4.2.13	Causal Network (Decisive, Evidenced Reasons for Decline) .....	1198
Figure 4.2.14	Bubble Plot – Turnaround Initiatives v/s Employee Designations.....	206
Figure 4.2.15	Turnover and Total Cost with Change in M.D. ....	212
Figure 4.2.16	Time Ordered Growth Gradient.....	216
Figure 4.2.17	Segmented Causal Model.....	222
Figure 4.2.18	Logic Model.....	223
Figure 4.1.19	Recommendations – Word Cloud .....	227
Figure 4.3.1	Return on Investment for the period 2002-2014 .....	231
Figure 4.3.2	Horizontal Code Frequency Chart Showing the Reasons for Decline .....	237
Figure 4.3.3	2D Map Showing clusters of grouped Reasons for Performance Decline.....	239
Figure 4.3.4	Heat Map Plots - Reasons for Performance Decline v/s Departments.....	247
Figure 4.3.5	Experience of Employees - Formal Survey .....	250
Figure 4.3.6	Available Slack (Current Ratio) (2002-2014).....	255
Figure 4.3.7	Components of Current Assets (2002-2014).....	255



Figure 4.3.8	Potential Slack (2002-2014).....	256
Figure 4.3.9	Jelly Filled Telephone Cable Sales (2002-2014) .....	258
Figure 4.3.10	House Wiring Cable Sales (2002-2014) .....	258
Figure 4.3.11	Raw material and Employee Cost as components of Total Costs (2002-2014) .....	260
Figure 4.3.12	Capacity Utilization (2002-2014) .....	261
Figure 4.3.13	Causal Network (Decisive, Evidenced Reasons for Decline) .....	264
Figure 4.3.14	Code Frequency of Turnaround Initiatives .....	270
Figure 4.3.15	Bubble Plot – Turnaround Initiatives v/s Employee Designations.....	270
Figure 4.3.16	Change in Sales Turnover .....	277
Figure 4.3.17	Turnover and Total Cost with Change in M.D .....	277
Figure 4.3.18	Time Ordered Growth Gradient.....	280
Figure 4.3.19	Segmented Causal Model.....	284
Figure 4.3.20	Logic Model.....	285
Figure 4.3.21	Recommendations – Word Cloud .....	289
Figure 4.4.1	Return on Investment (2002-14).....	292
Figure 4.4.2	Horizontal Code Frequency Chart Showing the Reasons for Decline .....	296
Figure 4.4.3	2D Map Showing clusters of grouped Reasons for Performance Decline .....	302
Figure 4.4.4	Bubble Plot – Reasons for Performance Decline v/s Departments .....	304
Figure 4.4.5	Employee Category – Formal Survey.....	305
Figure 4.4.6	Experience of Employees - Formal Survey .....	306
Figure 4.4.7	Available Slack (2002-2014) .....	311
Figure 4.4.8	Recoverable Slack (2002-2014).....	311
Figure 4.4.9	Potential Slack (2002-2014).....	311
Figure 4.4.10	Sales Turnover Based on Drug Policy .....	313
Figure 4.4.11	Input Cost Analysis (2002-14).....	314
Figure 4.4.12	Causal Network (Decisive, Evidenced Reasons for Decline) .....	316

Figure 4.4.13	Pie Chart Showing the Code Frequency of Turnaround Initiatives.....	320
Figure 4.4.14	Coding by Variable – Turnaround Initiatives .....	322
Figure 4.4.15	Turnover and Total Expenses with Change in M.D.....	327
Figure 4.4.16	Time Ordered Growth Gradient .....	331
Figure 4.4.17	Segmented Causal Model.....	334
Figure 4.4.18	Logic Model.....	336
Figure 4.4.19	Recommendations – Word Cloud .....	339
Figure 4.5.1	Cross Case Causal Network – Successful Turnaround .....	352
Figure 4.5.2	Cross Case Causal Network – Unsuccessful Turnaround.....	353
Figure 4.5.3	Cross Case Combined Causal Network .....	358
Figure 4.5.4	High and Low Impact Turnaround Strategies .....	365
Figure 4.5.5	Logic Model for Successful Turnaround .....	368
Figure 4.5.6	Logic Model for Unsuccessful Turnaround .....	370
Figure 4.5.7	Pattern Matching for Successful Turnaround .....	374
Figure 4.5.8	Pattern Matching for Unsuccessful Turnaround .....	376

.....❧.....

**INTRODUCTION****Contents**

- 1.1 *Decline and Turnaround*
- 1.2 *State Owned Enterprises in Kerala*
- 1.3 *Public Sector Restructuring and Internal Audit Board (RIAB) and Resurgence*
- 1.4 *The Current Study*
- 1.5 *Significance of the study*
- 1.6 *Thesis Organization*

Competition at the global level, exponential technological growth and turbulence, burgeoning costs of capital, and other vexing factors drag most companies through arduous times. Some organizations come out of these tough times victorious, while others grapple in the labyrinth of failure. Firms are also not immune from internal problems, fueling the performance decline. Traditionally, literature and theories have focused on organization success and growth (Mckinley, 1987; Trahms, Ndofor, & Sirmon, 2013; Whetten, 1987), and has overlooked the pertinence of decline and its dysfunctional consequences on the organization (Cameron, Kim, & Whetten, 1987; Gopinath, 1995; Mellahi & Wilkinson, 2004; Solnet, Paulsen, & Cooper, 2010; Weitzel & Jonsson, 1989). The study of organizational decline is an area of preminent significance due to its colossal social consequences as a result of the disarray caused to the economy (Khandwalla, 1984; Weitzel & Jonsson, 1989). But not all

organizations continue to fail. Some are able to alter their trajectory from continual failure to sustained success by adopting turnaround strategies (Wild, 2010). Businesses recreate and realign strategies to overcome the decline and equip themselves to function in a competitive landscape (Yandava, 2012). However, empirical studies on turnaround are also limited, often leading to deficiency in an exhaustive understanding of this complex phenomenon (Barker & Duhaime, 1997; Hambrick & Schecter, 1983; Khandwalla, 1984).

The inability of markets to be the drivers of growth has forced enterprises to do a relook at their traditional business activities and reformulate their strategies for sustainable existence. When the environment becomes this forbidding, companies with internal complexities, like a state owned enterprise, need to be all the more mindful about not being pulled into decline (Bozeman, 2010). Although such organizations are based on socio economic amelioration, revenue generation becomes imperative for survival. If the enterprise fails, it affects all the stakeholders equally; principally, the government which is the major shareholder of the firm. It is in this context that, organizational decline and turnaround of public sector enterprises becomes an area of paramount significance.

## **1.1 Decline and Turnaround**

**Organizational decline** has been studied and operationalized through varied approaches by eminent scholars around the world. “Organizational decline is a condition in which a substantial, absolute decrease in an organization's resource base occurs over a specified period of time” (Cameron, Kim, et al., 1987). Organizational decline has been

studied primarily from two angles. Firstly, attempts have been made to generically classify the reasons for decline as emanating from within the organization (internal/endogenous) and environment generated (external/exogenous) in different contexts (Chowdhury & Lang, 1996; Gopinath, 1995; Levine, 1978). Another predominant approach is to understand the dysfunctional consequences of decline in organizations that has gone through the decline phase (K. S. Cameron, Kim, et al., 1987; Hoffi-Hofstetter & Mannheim, 1999; Rosenblatt & Sheaffer, 2001; Whetten, 1987).

**Turnaround** management is known to be a process of recovery following a persistent performance decline (Balgobin & Pandit, 2001; Yandava, 2012), aiming for swift performance improvement through “reducing and/or redeploying assets, reconfiguring internal arrangements, and restoring external confidence and relationships” (Paton & Mordaunt, 2004). Turnaround as a phenomenon has been conceived by academicians and practitioners in primarily three ways (Murphy, 2008); as situation or a condition where the organization has failed and requires action to overcome this failure (Arogyaswamy & Yasai-Ardekani, 1997; Hofer, 1980); as a process of transforming from a struggling to a balanced organization (Mone, Mckinley, & Barker, 1998; Jackson, 2001) and as an end state or outcome where the organization is able to make sustained profits (Rosenblatt & Sheaffer, 2001; Slatter, 1984). The strategic choices that an organization may adopt to overcome the decline may be decline restricting (retrenchment actions) and recovery strategies (Arogyaswamy & Yasai-Ardekani, 1997; Hambrick & Schecter, 1983; Pearce & Robbins, 1994) or, operational and strategic broadly (Hofer, 1980). Adopting and

averaging the successful strategies adopted by the private sector, (Boyne, 2004) introduced the “3R’s” strategies for public sector turnaround. Termed as Retrenchment, Repositioning and Reorganization these broad strategies can be adopted in the decline restricting or the recovery stage to affect a successful turnaround (Beerli, 2012).

Also known as restructuring, downsizing and down scoping, **Retrenchment** stands for all those activities undertaken to mitigate the conditions responsible for the financial downturn and primarily includes cost and asset reductions (Robbins & Pearce, 1992). Retrenchment is considered as an immediate action to combat momentous problems (Murphy, 2008), and is a proximate step succeeding the trigger for change and consists of stabilization activities which would be the springboard for return to growth (Haron, Rahman, & Smith, 2013). **Repositioning** is an entrepreneurial strategy that focuses on growth and innovation (Schendel, Patton, & Riggs, 1976). The strategy urges to find markets, customers and products that offer sizeable profits and centralizing actions of the organization to achieve it (Hambrick & Schechter, 1983; Schoenberg, Collier, & Bowman, 2013). It can also be reconfiguration of assets to form a new core business that has viability and extended scope than the existing products (Byerly, Lamont, & Keasler, 2003). **Reorganization** broadly applies to any change in the internal management of the organization (Boyne, 2004) and essentially involves transformation (substantial or intermittent) of the structure, process, culture and leadership (Andrews, Boyne, & Walker, 2006). A successful turnaround is often associated with a change in the top leadership and is frequently touted to be a prerequisite to ensure a smooth transition

from an ailing organization to a performing one (Hofer, 1980; Meyers & Murphy, 2009). Now that the pertinent concepts are introduced, the following section details the milieu of the present study.

## 1.2 State Owned Enterprises in Kerala

There are 96 active public sector enterprises in the state of Kerala, which has been categorized into 13 sectors based on the nature of its activities. Out of these enterprises, the largest number belongs to the Development and Infrastructure Agencies forming 20.83% (20 in number), followed by the plantation/agro and livestock based units having 12 enterprises (12.50%) and Welfare agencies at the third position with 11 SLPEs (11.46%) (Bureau of Public Enterprises, 2016). 62 enterprises among the 96 are wholly owned by the state government whereas, eight are statutory bodies and another eight are jointly owned by the State and the central governments. The legislative authority of these enterprises is vested with 28 government departments. The Industries department has the highest number of state owned enterprises under it (38 in number). The sector provides employment to 142894 persons in different capacities, where the average investment per employee is ₹ 28.38 Lakhs, average turnover ₹ 22.38 lakhs, and negative average profitability per employee is ₹ -1.42 lakhs.

With a total investment of ₹ 40556.65 crores, the state owned enterprises have garnered net sales of ₹ 32624.96 crores (2014-15). As per the (Bureau of Public Enterprises, 2016) report, only 44 of the 96 enterprises have made profits (₹ 700.96 crores), where as 46 enterprises made losses to the tune of ₹ 2731.01 crores. Moreover, the accumulated

losses as on March 2015, stands at ₹ 11757.58 crores with the overall return on investment at -4.43% (Bureau of Public Enterprises, 2016). This presents a grim picture of the performance of these enterprises. However, its existence is still relevant as these enterprises contributes “ ₹ 8610.05 crores to the state exchequer in the way of tax and duties” (Bureau of Public Enterprises, 2016). Their cumulative turnover formed 4.4% of the Gross State Domestic product, pointing to the inevitable and pertinent role it plays in the State’s economy (Comptroller and Auditor General of India, 2018).

### **1.3 Public Sector Restructuring and Internal Audit Board (RIAB) and Resurgence**

The Public Sector Restructuring and Internal Audit Board, popularly known as RIAB, is a governmental agency that came into force in the year 1994, with an aim of executing State Owned Enterprises (SOE) reform initiatives. Its primary function is managing macro level funding, and monitoring performance management of SOEs (RIAB, 2018). With working collaborations with national and international agencies of repute, RIAB is touted to be a critical agency in the functioning of SOEs in the state.

As part of evaluating the performance of SOEs in Kerala, the Department of Industries and Commerce, Government of Kerala (GoK) held a national conference in New Delhi in 2009 called Resurgence, where the current developments of SOEs of the state was presented to the best minds of the country, soliciting their comments on performance improvement (RIAB, 2009). The impetus to conduct such a conference



was the fact that, 24 loss making SOEs had turned profitable and turned around in the year 2008-09 (RIAB, 2009). Deliberations at the conference, led to a strong voice for the development of detailed case studies of such turnarounds, so that it could be replicated in similar contexts elsewhere in the country. It is from this conference proceeding that the idea for the present study germinated, leading to dialogues with RIAB and their complete support in completing the same.

#### **1.4 The Current Study**

The present study is an attempt to understand antecedents (performance decline), action (turnaround strategies) and outcome (turnaround success v/s non-success) of selected state owned enterprises in Kerala. Through four empirical field based case studies, the decisive endogenous and exogenous factors that contributed to performance decline are deciphered, while the imperative retrenchment, reorganizing and repositioning strategies adapted to turnaround the firm is also studied in detail. Cross case synthesis and Pattern Matching lead to the development of an array of common decisive factors that result in performance decline aiding in early cognition and remedial action. The retrenchment, reorganizing and repositioning strategies that have the most impact on turnaround is also catalogued. The study lends an intensive comprehension of the complex phenomenon, giving business and policy makers a ready repertoire of early warning signals to detect decline and a list of the most effective strategies that can be adopted within the constraints of Publicness.

## 1.5 Significance of the study

The State Owned Enterprises were established primarily to serve the social and economic interests of the state, and every tax payer is a part owner of these enterprises. Their good performance is a necessity to ensure that the people of the state have subsidized goods and services. The cogs of the wheel are turning, and ardent advisers of privatization are now opposed by proponents of renationalization. In this scenario, it is highly imperative that the SOEs are sustainable. The findings of the study and the recommendations formulated under the aegis of agencies like RIAB or Kerala State Industrial Development Corporation (KSIDC) can be translated to bona fide state level policies, prompting lasting changes in the sector.

## 1.6 Thesis Organization

The thesis report is organized into five chapters. The minutiae of the chapters are; Chapter I is an introduction to the Study. Chapter II discusses the existing, accessible literature on the concepts under study. The research design adopted for the study and its methodology is elucidated in Chapter III. Chapter IV has five sub-chapters dealing with four independent, individual case studies named The Soaring Amplitude (Case A) and The Caustic Spiral (Case B); representing successful turnarounds, The Coiled Slump (Case C), and The Bungled Pill (Case D) representing unsuccessful turnarounds. The fifth sub chapter discusses the Cross Case Synthesis. Chapter V concludes the thesis with major findings, discussions, policy and managerial implications and major recommendations.

.....❧.....

---

---

**LITERATURE REVIEW AND CONCEPTUAL MODEL**

---

---

**Contents**

- 2.1 *Introduction*
- 2.2 *Organizational Performance Decline*
- 2.3 *Endogenous and Exogenous Factors of Decline*
- 2.4 *Soft Factors*
- 2.5 *Turnaround*
- 2.6 *Strategic Choices Studied – The 3 R's*
- 2.7 *Research Gap*
- 2.8 *Conceptual Model*

**2.1 Introduction**

This chapter looks at the extant, accessible and available literature on the constituents of the conceptual model. Seminal, relevant studies in the decline and turnaround area are collated and encapsulated, to arrive at apposite themes and to identify gaps. The blueprint of this chapter is; first, seminal studies in organizational performance decline area is scanned and summated, followed by a literature scan of the congruous endogenous and exogenous factors that contribute to decline. Next the turnaround literature is rehashed to highlight relevant approaches, and finally, literature of the pertinent strategies selected to study is compiled. The research gap emerges from this comprehensive literature scan, leading conclusively to the conceptual model development.

## 2.2 Organizational Performance Decline

The burgeoning threats of global crisis and lackluster economic scenario send warning signals to underperforming companies. Accompanied with ever changing consumer demands and regulatory environment, these indisposed companies face looming threat of losses. Several companies which fail to counteract this non-encouraging environment fail in terms of operational successes, ultimately leading to permanent failures. This pertinent aspect of an organization's life is however under researched (Mellahi & Wilkinson, 2004; Solnet et al., 2010), signifying the need to study it in element. Moreover, since there is an enhanced focus on public sector revitalization, the impediments that causes poor performance of these enterprise needs to be theoretically validated, to develop policy for productively managing them (Jas & Skelcher, 2005). Before the seminal literature on decline is discussed, some most cited definitions are enumerated, as decline does not have a universally accepted, common definition. "Organizations enter the state of decline when they fail to anticipate, recognize, avoid, neutralize, or adapt to external or internal pressures that threaten the organization's long-term survival" (Weitzel & Jonsson, 1989). "Decline occurs when the organization fails to maintain the adaptiveness of its response to a stable environment, or when it fails to either broaden or increase its domination of a niche which has diminishing carrying capacity" (Greenhalgh, 1983). The literature on decline can be abridged to have two major recurring themes; a. the nature of reasons for decline being endogenous or exogenous and b. the dysfunctional consequences of decline. Studies not belonging to both these themes are also reviewed

under other approaches. Each of the three themes is addressed in the following paragraphs.

### **2.2.1 Performance Decline – Reasons (Endogenous and Exogenous)**

In the classical study of (Levine, 1978), public sector performance decline was deliberated to be caused by internal and external factors, which were political and economic in nature, namely; “political vulnerability, problem depletion, organizational atrophy and environmental atrophy”. Following (Levine, 1978), (Whetten, 1980) annexed the typology and included “organizational atrophy, vulnerability, loss of legitimacy, and environmental entropy” as the factors that led public sector organizations to decline. (Tushman, Newman, & Romanelli, 1986) focused on external factors like “industry discontinuities and product life-cycle shifts” to be dominant reasons for performance decline in addition to “internal dynamics”. In addition to the erosion of the external market niche of the firms, the internal cause of “success breeds failure” was added to the repertoire of reasons for decline (Whetten, 1987). In the study of 32 chemical and fertilizer industries in Europe, it was found that organizational inertia, cost inefficiency and strategic competition were the factors that led to chronic failure (Witteloostuijn, 1998). Emphasizing the role of complacency of management (internal factor) as the major causative factor for decline, (Chowdhury & Lang, 1996), studied decline among 20 cases. (Toren & Nvo-ingber, 1989) discussed the extensive role of external environment that caused performance decline of Israeli University. Psychological leadership failure (internal factor), and its imperative role in decline was studied using a sample of 230 firms

(Carmeli & Sheaffer, 2009). The lack of slack as an internal reason for decline was discussed in (Daniel, Lohrke, Fornaciari, & Turner, 2004). The role of top management teams and their strategic decision resulting in decline was elucidated in (Carmeli & Schaubroeck, 2006). The literature summarizes the critical role of both internal and external factors in causing performance decline in organizations.

### **2.2.2 Performance Decline – Dysfunctional Consequences**

The dysfunctional consequences of decline was ascertained by studying its impact in 334 higher education institutions in the US, leading to the conclusion that, the consequences included, “significantly more scapegoating of leaders, resistance to change, low morale, fragmented pluralism, withdrawal of leader credibility, conflict, and curtailment of innovation than under conditions of growth” (Cameron, Kim, & Whetten, 1987). (Whetten, 1987), vouched for these reasons, further explaining why theoretically it is relevant, also adding “threat rigidity effects” and “short-term orientation” as pertinent consequences. The impact of organizational decline on inhibition and stimulation of adaption, and the necessity to develop dynamic decline models was urged in (Mckinley, 1993). Brain drain as a dysfunctional consequence of organizational decline was theoretically established in (Rosenblatt & Sheaffer, 2001). Essaying the consequences of decline in public sector enterprises, where decline was perceived to be an event for which only internal reactions were required, to it being strategic, the human costs of decline, its impact on structure and strategy was ascertained in (Bozeman, 2010). Conclusively, it can be seen that, though there are limited studies in this approach, the

consequences discussed are deemed to be life threatening for organizations, making an insight into it, a necessity.

### **2.2.3 Performance Decline – Other Approaches**

In the seminal paper (Weitzel & Jonsson, 1989), organizational decline was looked at from a novice perspective of it having five stages, namely “Blinded, Inaction, Faulty Action, Crisis and Dissolution”. The model, if applied, aided in early recognition of decline and thereby it’s curtailment. Combining the role of causes and consequences, (Gopinath, 1995), explicates the role of triggers in early cognition of decline. Studies like (Mellahi & Wilkinson, 2004; Trahms et al., 2013) have synthesized the organizational decline and turnaround literature. The decline of 500 Brazilian companies have been identified as a “reduction” form of decline through empirical indicators (Torres, Menezes, Ribeiro Serra, & Ferreira, 2010).

It can be concluded that, of the three approaches in studying decline, the relatively most researched and significant one is that of “Reasons for Decline”. This is because, only if the exact reasons for performance decline is determined, can matching strategies be adopted to turnaround the organizations facing decline. This makes, a thorough literature scan of the most pertinent and repeatedly voiced endogenous and exogenous factors, essential. The following sections explicate the literature review of these factors.

## **2.3 Endogenous and Exogenous Factors of Decline**

The following section, as mentioned above, describes the pertinent endogenous and exogenous factors that could have an impact on decline, as concluded from the literature review of decline.

### 2.3.1 Lack of organizational slack

Lack of organizational slack is considered to be one of the foremost endogenous reasons for performance decline of organizations, as it is posited to curtail the ability of the firm to innovate, and profitably make use of opportunities in the environment, pushing the firm to decline or forcing it to remain in a state of decline (Gopinath, 2005; Hambrick & Schechter, 1983; Levine, 1978; Mordaunt & Cornforth, 2004). The slack level, additionally, is an important determinant in strategy selection and implementation in the turnaround process. The amount of cushion assets in a firm aid in strategic choices and execution and determine the turnaround success (Barker & Duhaime, 1997; Bruton, Oviatt, & White, 1994; Rasheed, 2005; Smith & Graves, 2005). Slack is defined as the “the pool of resources in an organization that is in excess of the minimum necessary to produce a given level of organizational output” (Nohria & Gulati, 1996). (Geiger & Cashen, 2002) added “available resources” to the operational definition to encapsulate not only the currently available slack in the organization but also the potential slack (in form of debt). It is typically studied as a multidimensional concept, as proposed by (Bourgeois & Singh, 1983) and used in several studies (Daniel et al., 2004; David, 1999; Liang, 2007; Marlin, 2014). Ensuing the categorization followed in the seminal work of (Wiseman & Bromiley, 1996), slack has been divided into available slack indicated by current ratio (current assets by current liabilities), recoverable slack (selling, general and administrative expenses by sales) and potential slack mirrored through debt equity ratio and the interest coverage ratio.



Conclusively for the purpose of this study, lack of organizational slack is operationally defined as “*The absence of pool of resources in an organization that is in excess of the minimum necessary, and is measured multidimensionally through Available Slack (Current Ratio), Recoverable Slack (SGA/Sales) & Potential Slack (Debt Equity Ratio & Interest Coverage Ratio).*”

### **2.3.2 Management Weakness**

Organization studies and organizational psychology approach takes the opposite of the deterministic approach, and contends a more voluntaristic approach, highlighting the role of management as principal decisions makers (Hambrick & Schechter, 1983; Mellahi & Wilkinson, 2004; Mone et al., 1998). One of the primary reasons frequently touted to be the reason for the performance decline is, the lack of cognition and associated response to the decline distress signals, by the management of the firms (Weitzel & Jonsson, 1989). “Even when decline becomes apparent, the interaction of economic, psychological and social processes can blind management into inappropriate or delayed actions, thus worsening the situation” (Gopinath, 1995). From over extending the organization’s limited resources (Argenti, 1976) to having narcissist behavior when a business scenario changes (Maccoby, 2000), to exhibiting escalating commitment. Escalating commitment occurs when, managers time and again fail to rectify an error in decision making committed by them, and continue to invest resources in the abortive event, leading to a rigidity that forestalls organizations from innovating and exploring new market niches (Chowdhury & Lang, 1996; Staw, 1976; Witteloostuijn,

1998). Copious authors have looked at this Threat Rigidity in various contexts. Theorists suggest that decline inhibits cognitive processes, decision making, and limits the number of options considered by managers, thereby reducing organizational change and adaptation (Rosenblatt & Sheaffer, 2001). The organizations rely on well learned practices and often fail to innovate even at the operational level (Hoffi-Hofstetter & Mannheim, 1999). This lack of innovation coupled with the existing complacency of the managers often make State owned enterprises, the last to respond to changes in the competitive arena and more habitually non responsive (Cameron, Kim, et al., 1987; Mckinley, 1993; Wiseman & Bromiley, 1996). Operationally, management weakness has been defined as “*Can be manifested as crisis in leadership, complacency of leadership or escalating commitment to a failing course of action by the top management*”.

### **2.3.3 Munificence**

One of the pertinent exogenous factors that play a pivotal role in the performance decline of an organization is low munificence. Emanating from (Aldrich, 1979), conceptualization of the three main environmental dimensions, munificence has been defined as the “extent to which a given task environment is capable of sustained growth ” (David, 1999; Hedberg, Nystrom, & Starbuck, 1976). The diminishing munificence in a task environment, affects the performance adversely (Carmeli & Sheaffer, 2009; Castrogiovanni, 2002), while soaring munificence is reported to aid growth and permanence of firms (Dess & Beard, 1984). Low munificence warrants timely and vital turnaround strategies as it hastens decline of firms (Abebe, 2009). Operationally munificence is defined as “*the environment’s carrying capacity to support the operations of an organization*”.

*and is affected by the intensity of the competition as well as the political and social conditions”*

#### **2.3.4 Competition**

Competition is yet another imperative exogenous factor that has an influence on performance decline of organizations. In the contemporary business milieu, competition has become profound, owing to exponential growth in communication and information technology and worldwide integration, forcing businesses to shift their elemental objective to survival (Storey, 1995). Characterized by declining demand, price competition and strategic competition, the individual profit of companies are intensely depended on competition (Sim, 2009; Witteloostuijn, 1998). With accelerated and acute competition from the private sector, Indian public sector companies have no way but to adopt and acclimatize with the agility and competitiveness of the competing private sector, which was not the scenario earlier, where the public sector enjoyed near monopoly statuses (Singh & Mishra, 2013). A contemporary, “entrepreneurial, corporatized mode of state activism” is warranted in the light of elevated competition (Chatterjee, 2017), making competition a critical antecedent of performance decline. Here, Competition has been operationally defined as the “*Intense Rivalry in which the sellers within a sector contend fiercely on price and non price factors*”.

#### **2.3.5 Political Interference**

Owing to the fact that, the very pertinent capital and revenue sources in the public sector, is predominantly budget appropriations and not sales (Levine, 1978), politics and public sector cannot be divorced.

Hence, it becomes yet another important reason, that often contribute to public sector decline. A public sector enterprise is “endowed and constrained by political authority” (Bozeman, 2010), and coupled with dwindling resource bases, habitually become reasons for performance decline (Musteen, Liang, & Barker, 2011). Political interference is postulated to be a reason for decline and also a deterrent for successful turnaround strategy implementation (Beeri & Navot, 2014). Several empirical studies in the world (Akbar, Németh, & Niemeier, 2014; Appiah-Kubi, 2001; Comin, 2008; Parker & Hartley, 1991) and in India (Bhatnagar & Saini, 2007; Mansi, Pandey, & Ghauri, 2017) have explicitly cited political interference as a pertinent reason for the decline of public sector enterprises they have studied. Operationally for the current study, political interference has been defined as “*Interference from ruling/opposition parties in circadian affairs and strategic decisions of the organizations*”.

## **2.4 Soft Factors**

The above discussed factors represent the “hard” side of the causative reasons for decline. It is argued that the “soft” aspects of the organization needs to be studied as it gives deeper insights to “hard” factors and better explains the reasons for performance decline and success/non-success of turnaround strategy implementation (D. B. Bibeault, 1998; Hambrick & Schecter, 1983; Hoffi-Hofstetter & Mannheim, 1999). The present study in line with this argument, attempts to examine the below mentioned soft factors from a voluntaristic perspective. Some of these factors also emerged from the pre-study interviews conducted to ratify the antecedents identified from the theory, where the need to

understand selected factors assiduously was indicated. Since the below mentioned constructs can be studied most effectively on the basis of perceptions, tools have been used to measure the same.

#### **2.4.1 Internal Conflict**

The first factor is the concept of political vulnerability and is defined by (Levine, 1978) “Political vulnerability is characterized by frailty and instability, which make the organization fail to respond to the environmental shifts and budget constraints”. Political vulnerability has been studied here using one main construct that augments the vulnerability; which is internal conflict. From the pioneer studies in the decline and turnaround literature, internal conflict has been studied as a cause and consequence of organizational decline (Francis & Timothy, 2004; Hambrick & Schechter, 1983). Declining organizations face political vulnerability characterized by elevated levels of fallibility, the reasons for which may be more pronounced like the lack of proficiency or image, or less like internal conflict or change of leadership (Levine, 1978). Conflict is seen increasingly when there is a competition for resources when it is scarce (at the time of decline). Decline and weakening in organizations stir rebellion, which eventually cease with the tyranny of ineptitude. Organizations characterized by such dysfunctional attributes may bring about decline too (Cameron et al., 1987). Internal conflict has been studied through two dimensions namely the conflict norms present in the organization and also the perceived conflict resolution norms. Conflict norms are the standards that control the perception of group members about conflict, and effect the extent to which conflict influences

performance and members' outlook (Bettenhausen & Murnighan, 1985). Open or closed norms about conflicts can have resulting positive or negative impacts on performance of the individual and the team (Jehn, 1995). The conflict resolution style was also assessed to see at which level conflicts were solved. Operationalized as "*The conflict norms and conflict resolution norms that reflect the level of political vulnerability of the firm*", it has been measured using the a 9 item scale adapted from (Jehn, 1995).

### **2.4.2 Cultural Rigidity**

The next soft factor that is conjectured to have an impact on decline and also turnaround, is "Cultural Rigidity" existing in the public sector firms. Cultural Rigidity is an offshoot of the environment of the sector. Excessive cohesiveness and strong organization culture lead to group think and conformist behavior, paralyzing the organization in terms of timely responses to the changes in the environment (Maheshwari, 2007). Employees often resist changes and decisions that are outside the organizational norms (Gopinath, 1995; Rosenblatt, Rogers, & Nord, 1993; Rosenblatt & Sheaffer, 2001). Cultural rigidity in the present study is measured through the levels of group think present in the organization.

Groupthink is defined as the concurrence-seeking tendency that can obstruct shared decision-making processes and lead to poor decisions that, in turn, stimulate ignominy (Janis, 1972). It is often touted to be responsible for provoking irrational decision making, often not letting management to take timely decisions, forcing declining performance and wrong strategy selection (Barker & Barr, 2002; Gopinath, 1995). Cognitive prejudices induced by group think lead to flawed decisions often pushing

the organization to more trouble (Rosenblatt et al., 1993; Weitzel & Jonsson, 1989). Group think especially at the decision making level of the organization, has been considered to effect the perception of real problems in the environment to be simpler than they really are and adopted matching frivolous strategies too (Clapham, Schwenk, & Caldwell, 2005; Dutton, Dukerich, & Harquail, 1981; Haslam et al., 2006). It was studied presently as a multi dimensional construct consisting of dimensions that are relevant to organizational setting and focused on the behavioral aspects of group think. Concurrence seeking dimension of the scale measured three symptoms of group think namely, “pressure on dissenters, collective rationalization, and self-censorship”, while the second dimension called Group identity measured three other symptoms of group think that included, “belief in inherent group morality, illusion of unanimity, and illusion of invulnerability”. The last dimension measured the symptoms of defective decision making including “incomplete survey of alternatives and objectives, failure to reexamine preferred choice, poor information search, selective bias in processing information, and failure to develop contingency plans” (Choi & Kim, 1999). Operationalized as “*Concurrence-seeking tendency that can obstruct shared decision-making processes and lead to poor decisions, measured through the concurrence seeking, degree of group identity and the symptoms of defective decision making*”, it is measured using a 12 item scale used by (Choi & Kim, 1999).

### **2.4.3 Union Commitment**

It has been categorically said that major public sector decisions are political decisions, however it’s degree and type may vary (Bozeman & Pandey, 2004). In the Indian context, the trade unions play a decisive role

in the industrial relations and they are especially strong in the public sector (Beale & Noronha, 2014). Unions tend to have a formidable hand in pay and other benefits related decisions and also their opinion has to be considered in taking important strategic decisions. Customarily, organization and unions were weighed to be hostile systems and concurrent loyalty to both was hard to imagine (Barkin, 1950). It was studied to be competing with organizational commitment of the employees leading to dual allegiance or dual commitment (Reddy, Gajendran, & Gayathri, 2000). It is in this context that the perceived union commitment of the employees was measured. Two dimensions of the construct namely Union Loyalty and Responsibility to the Union has been studied. Union loyalty is the affective attachment to the union, and mirrors a sense of pride in being a union member and a consciousness of the instrumental disposition of the union membership, whereas responsibility to the union is a sense of duty towards the union and readiness to take up routine responsibilities of union membership (Kelloway, Catano, & Southwell, 1992). Operationally defined as “*The degree of affective commitment to the union (union loyalty) and the of duty towards the union (responsibility to the union)*” it is measured using a 10 item scale measuring the constructs studied from the shorter scale developed for union commitment by (Kelloway et al., 1992).

#### **2.4.4 Communication**

For organizations facing performance decline and attempting turnarounds, it is imperative to focus on communication as it increases participation and lowers constrictions (Hoffi-Hofstetter & Mannheim, 1999). Lack of Communication, especially of strategic and vertical in



nature, is time and again found to be a significant endogenous factor leading to performance decline and expedited it (K. Arogyaswamy & Yasai-Ardekani, 1997; Trahms et al., 2013). Effective communication is de rigueur especially during the pre decline and decline process, as only communication with clarity and sense, will make the employees sentient about the severity of the decline and its consequences (Bozeman, 2010; De Vries & Balazs, 1997). It also plays an influential role in the turnaround situation, as turnaround entails changes at the meso and micro level and dearth of effective two way communication can lead to failures of turnaround initiatives (Haron, Rahman, & Smith, 2013; Larkin & Larkin, 1994; Mayfield, Mayfield, & Iii, 2015). The importance of vertical and feedback communication is especially so in the case of public sector or state owned enterprises (Mapetere & Mhonde, 2012; Reissner & Pagan, 2013) where the resistance to change is considerably high owing to the cultural rigidity. It may be noted that the communication construct was considered to be a multi-dimensional concept and dealt with three aspects of vertical communication. The quantity of strategic information in form of strategies and policies developed, that was communicated within the organization was the first aspect measured. The second aspect of communication that was measured was the quantity of vertical communication; the flow of communication from top to bottom and bottom to top. The third and the final aspect that was measured was the satisfaction of management's response with the bottom-up feedback (Postmes, Tanis, & Wit, 2001). It has been proven through empirical studies that people's sense of belonging to the organization is related more strongly to their appreciation of the management's communications

(Clampitt & Downs, 1993; Postmes et al., 2001). It was measured using a 12 item scale adapted from (Postmes et al., 2001) and operationally defined as *“Perceived quantity and quality of vertical communication measured through three dimensions namely quantity of strategic information, quantity of vertical communication and satisfaction of management’s response with the bottom-up feedback”*

#### **2.4.5 Organization Commitment**

The organization commitment exhibited by the employees in the public sector, is an integral predictor of its performance (Noblet, Rodwell, & McWilliams, 2006; Williams, Rayner, & Allinson, 2012). It is a much stronger indicator of behavior in the organization, when compared to constructs like job involvement (Moon, 2000), because of its durable and long lasting nature (Noblet et al., 2006). The perceived commitment levels of the employees have been assessed to study the resultant employee attitude as during the preliminary pre-study interview, serious concerns were raised about the dysfunctional employee attitudes showcased by the public sector employees, and the necessity to assess the same scientifically. Organization Commitment is aimed to measure the degree of the employees’ identification, involvement and ultimate relationship with an organization (Shagholi, Zabihi, Atefi, & Moayedi, 2011). Public sector employees are expected to have higher levels of organization commitment owing to the democratic internal environment and the superior welfare benefits (Reddy et al., 2000). Operationalized as the *“Degree of the employees’ identification, involvement and ultimate relationship with an organization”*, it is measured using the tri component

model of commitment (Allen & Meyer, 1990) using the 18 item adapted scale of (Wasti & Can, 2008).

Now that, decline, and its possible antecedents' literature has been reviewed and synthesized, the next logical progression is to scan and assimilate the literature for the recovery process i.e. turnaround. The following paragraphs will look at turnaround literature in detail.

## **2.5 Turnaround**

When organizations face endogenous and exogenous problems that drive it to decline, there are two routes it can take; one that of recovery and the other, continued failure, finally leading up to dissolution. If the organization chooses the former path, then it is imperative to develop and implement matching strategies that will aid in turning around the ailing organization to a profitable one. It is in this context that, Turnaround Management assumes paramount significance. Before the themes and contexts of turnaround literature are discussed, some definitions of Turnaround are cited. "Turnaround is defined as the recovery of a firm's performance following a consistent decline, with potential threat to its existence" (Yandava, 2012). "A turnaround means basically a significant improvement in the performance of an organization so that indicators of health predominate over indicators of disease" (Khandwalla, 1984). "Turnaround management strategies (TMS) were defined by (Pandit, 2000) as the actions taken to bring about a recovery in performance in a failing organization". Turnaround has been studied both conceptually and empirically by scholars around the world, bulk of the work emerging before the year 2000. The primary classification of themes includes nature

of strategic choices, turnaround process as stages and a combination of both these. The next section describes these themes.

### **2.5.1 Turnaround – Nature of Strategic Choices**

(Schendel et al., 1976) can be considered as the first study to emerge in this area, which spoke about the turnaround strategies that declining firms could adopt and consisted of efficiency and entrepreneurial oriented strategies. Another seminal paper that emerged was (Hofer, 1980), which looked at apposite strategy selection based on the operating and strategic health of firm and gave an assemblage of strategies that could be adopted, namely revenue generating, cost cutting, asset reduction and combined effort strategies. The organizational responses could also entail “asset/cost surgery, selective product/marketing pruning, and a piecemeal strategy” found out (Hambrick & Schechter, 1983), in their large sample study of 770 organizations. (Thietart, 1988), also discussed the gamut of strategies that could be adopted like “organizational decentralization, reorientation of marketing effort, product differentiation, asset divestiture, efficiency improvement and vertical integration”. Stressing the crucial role “strategic change” played in the turnaround dynamic (Barker & Duhaime, 1997), developed a model and tested it, proving its indispensability in the turnaround process, as there was a tendency for researchers to focus on retrenchment (efficiency/operational) measures as the corner stone for turnaround. The role of strategic change in turnaround was studied using 597 UK firms affirming the role of strategic repositioning, refocusing, and acquisitions in the turnaround of firms, using a vigorous, novice turnaround identification methodology (Wild, 2010). A synthesis of

turnaround literature show that in addition to the traditional strategies like “cost efficiencies, asset retrenchment, focus on the firm’s core activities and building for the future”, two new change facilitating paradigms were added, namely “reinvigoration of firm leadership and culture change” (Schoenberg et al., 2013). In a multiple case study of SMEs, the importance of adopting a “multiple strategy approach” for effective turnaround and growth was elucidated (Bamiatzi & Kirchmaier, 2014). The role of managerial cognitions, structuring activities, and organizational politics management in overcoming decline was dealt in this study of a school district (Rosenblatt et al., 1993). Now that some of the seminal studies which deliberated turnaround from the perspective of strategic choices alone were reviewed, the next section looks at studies that considered it as a process.

### **2.5.2 Turnaround – Turnaround Process**

(Bibeault, 1982) presented turnaround as a model having multi stages where, the first stage emphasized on survival tactics and the second on growth. Furthering this and making it an all encompassing one, (D. K. Robbins & Pearce, 1992), introduced a two stage model of turnaround where the strategy selection was to be based on the severity of decline and the turnaround was actualized in two phases - retrenchment and recovery; where cost and asset reduction was adopted in the former and efficiency maintenance and entrepreneurial expansion was implemented in the latter. (Kamala Arogyaswamy, Barker, & Yasai-Ardekani, 1995a) also conceived turnaround to have two stages, but renamed the first stage as “decline stemming” and not retrenchment. A

four stage model was proposed in (Chowdhury, 2002), consisting of decline, response initiation, transition and outcome by quoting “Chrysler Corporation Turnaround” as a supporting case. The responses to decline by firms was explicated through a contingency framework by (Mone et al., 1998), conceiving turnaround as a process. (Trahms et al., 2013) incorporated 20 years of empirical research in the turnaround area to develop on the model developed by (D. K. Robbins & Pearce, 1992) and adjoin to it soft factors, like managerial cognition and stakeholder management making a comprehensive and inclusive turnaround model. In a theory testing case study, management accounting tools, and other case study methods were used, to empirically assess the turnaround process of Asian Airlines and test the turnaround process model (Haron et al., 2013). The seminal papers/cases discussed above, focused on the phase/stage aspect of turnaround, establishing that turnaround is best captured when strategies are implemented in stages based on the severity of decline of the firms.

### **2.5.3 Turnaround – A Combined Approach**

A combination of the above two approaches were seen in studies, pointing to the precondition of successful turnaround being apposite strategy selection in predominantly two phases. Some of the seminal papers are reviewed here. Strategic choices and phased implementation was the central theme of (Evans, Chitnomrath, & Christopher, 2013), where they studied 101 companies that underwent turnaround in Thailand. The reasons for decline and turnaround strategies adopted among 228 SMEs in Finland, revealed the use of “management change, cash

generation, market reorientation, cost-cutting and retrenchment” as the main turnaround strategies adopted by successfully turned around firms (Collett, Pandit, & Saarikko, 2014). Incorporating a voluntaristic perspective, the strategic choice of small businesses have been proven to be a result of the synergy between the resources availability and perceived performance (Rasheed, 2005). 166 bankrupt UK firms were studied to understand the impact of intensity, implementation and timing of operational, asset, managerial and financial restructuring, which concluded that there was significant differences in strategy implementation in recovery and non recovery firms (Sudarsanam & Lai, 2001). (Solnet et al., 2010) in their study of the tourism sector looked at the decline triggers and possible turnaround strategies that could be adopted and, the ineffectiveness of strategic choices in turning around schools in Texas was studied by (Rutherford, 2014).

Turnaround has also been studied from totally diverse emerging perspectives, elevating the critical role it plays in an organization’s life cycle. Turnaround to have an holistic approach and “firm specific transformation capabilities” was the finding of (Yandava, 2012), where the focus on core functioning and a tectonic shift in performance coherence was warranted. (Arend, 2008) looked at the role of strategic factors in strategic choices for turnaround from a resource based view. Applying resource based view to the turnaround process, (Yeh & Fang, 2011), studied how shedding or adding of resources will aid firms to turnaround using a sample of 76 successfully turnaround Taiwanese firms. After reviewing seminal papers in generic turnaround, the review focus in now shifted to the turnaround in public sector.

#### **2.5.4 Turnaround – Public Sector**

Public sector turnarounds and for that matter decline too, is distinct from the private/generic turnaround due to its idiosyncratic nature. The loose interaction between “institutional, financial, client and internal process domains” makes cognition of decline triggers more complex and sometimes not even possible, leading to inappropriate strategy selection (Paton & Mordaunt, 2004). Also metrics used for measuring decline and turnaround in the private sector differs widely from the public sector, owing to the manifold, innate mantles of politics and government influence on the business decisions (Jas & Skelcher, 2005). Recognizing this difference, studies have been done in the public sector to understand the augmented complexity that “Publicness” adds to the already complex phenomenon of turnaround. Aligning and allegorizing the strategies adopted in the private sector (Boyne, 2004), introduced suitable strategies that could be adopted in the public sector namely, retrenchment, reorganization and repositioning in the context of UK public firms. The limitation in implementing each of the above mentioned strategy in the context of “public” and the varying success it may accrue was elucidated in the study, which called for further systematic research in this area. Consolidating turnaround research from the private sector, a befitting seven stage model and strategic choices like retrenchment, reorganization and repositioning were recommended for the public sector (George, 2006). To assess the effect of turnaround management strategies on a group level organizational outcome, the impact of retrenchment, reorganization and repositioning on organizational citizenship behavior was assessed, by studying 126 English local authority senior managers,



revealing the stronger impact of reorganization and repositioning on group level outcomes (Beeri, 2012b). The role of leadership in turnaround, especially the moral and corruption angle was investigated by studying three state owned enterprises in China (Huang & Snell, 2003). The much celebrated turnaround of the Indian Railways was essayed through the stage theory perspective, concluding that the department is poised for “growth, institutionalization and sustainability” (Anand & Mathew, 2007). The turning around of a state owned enterprise (Scooters India Limited), was described as a case where a combination of strategic measures like leadership change and repositioning and operational measures brought about a successful turnaround (Maheshwari & Ahlstrom, 2004). In his study of “mismanaged complex organizations”, (Khandwalla, 1984), studied nine Indian turnaround cases elucidating 13 steps for successful turnaround in the Indian context. Some studies have also looked at contrasting results of public sector turnarounds. Based on the study of 34 local authorities, empirical evidence was provided to support the claim that turnaround management strategies were ineffective in public sector contexts owing to the its inseparability of being a political move than strategic (Beeri & Navot, 2014). A study conducted in Texas of 169 school districts, also pointed to the finite success turnaround initiatives had (Rutherford, 2014). The turnaround of a public sector bank traced by conducting a longitudinal case study, revealing that deep rooted changes were not implemented leading to non-success of changes implemented (Awasthy, Vijayalakshmi, & Gupta, 2013).

Conclusively it can be inferred that the research on public sector turnaround is scant, and there are mixed outcomes and contrasting

perspectives. Public sector becomes a context where achieving turnarounds is infrequent, but not unattainable. This peculiarity augments the need for the present study; to understand comprehensively the successful and unsuccessful turnarounds achieved by the firms. Next, the literature on the strategic choices selected for the study namely retrenchment, reorganization and repositioning is discussed.

## **2.6 Strategic Choices Studied – The 3 R's**

Averaging the strategic choices made by firms during turnarounds, it can be deduced that retrenchment, reorganization and repositioning (3R's) are the essentially adopted strategies. Though described by various terminologies, a judicious combination of these strategies has led to turnaround success in most of the studies discussed till now. The next sections will look at literature on the 3R's selected.

### **2.6.1 Retrenchment**

Also known as restructuring, downsizing and down scoping, Retrenchment stands for all those activities undertaken to blunt the conditions responsible for the financial deterioration. It principally includes cost and asset reductions (D. K. Robbins & Pearce, 1992). Defined as contraction of a firm's cost and asset base (Mone et al., 1998), it is mostly the first strategy implemented by a financially troubled firm (Hofer, 1980). It is deliberated to be an immediate measure to contest consequential problems (Murphy, 2008). Retrenchment measures are quick fix answers when change is prompted, and consists of activities which would restore equilibrium immediately, and sustained growth later (Haron et al., 2013). (Hambrick & Schechter, 1983) in their iconic paper

posited that reductions in assets, costs and withdrawal of major products facilitated turnaround in mature industrial units, rather than an exhaustive strategic change. Cutbacks and increases in efficiency were major contributors to the success of a turnaround; as such activities improved the short term profitability and freed pertinent resources for the long run (K. Arogyaswamy & Yasai-Ardekani, 1997). Stakeholder and creditor support loss, which is often an offshoot of performance decline, can be neutralized and turned back in favor of the organization if such, on the face retrenchment activities are undertaken. Retrenchment is considered as an elemental efficiency oriented strategy to improve the cash flows in turn to ensure recovery from the causes of the decline (Smith & Graves, 2005). (Boyne, 2004) appraised 13 empirical studies of organizational turnaround to understand the impact of retrenchment. Seven studies found that divestment of assets and/or reductions in costs were associated with significant improvements in the performance of failing firms. Retrenchment was chosen as the course of action if the perceived severity of decline was high, i.e. strongly positively associated, as per the study conducted by (Musteen et al., 2011) among 110 uniformly experienced MBA students. The common retrenchment actions consisted of emphasis of divestiture, elimination of product lines, downsizing and minimizing expenditures. (O'Neill, 1986), analyzed the banking industry to find out that the reduction of overheads and operating expenses aided in the reversal of financial decline. Case histories also emphasis the need of retrenchment to ensure business survival with Ford and General Motors both undertaking considerable and much-needed retrenchment in the late 1990s (Holden, 2005). Businesses that perform poorly are likely to use

defensive strategies such as retrenchment based on product and market consolidation and cost leadership (Thietart, 1988). It was found that asset retrenchment was positively related to a performance improvement in growth industries (Morrow, Jr, & Busenitz, 2004) whereas cost retrenchment had a similar relationship with performance in declining industries. The “temporal consideration” and effectiveness of retrenchment as a strategic response in the turnaround process, was ascertained using paired samples of 96 US firms, shedding light on the timing of its implementation (Tangpong, Abebe, & Li, 2015).

The criticisms for adopting retrenchment as the primary step of turnaround attempt and also as the only one, have invited a limited amount of criticism. Challenging the path breaking article by (D. K. Robbins & Pearce, 1992), (Vincent & Mark, 1994) came out with the findings using the same samples and analysis as the former that, retrenchment is not essentially the only vital strategy that can bring ailing companies out of their misery. Identification of effective tailor made strategies is required, and the declining firms are urged not to blindly follow retrenchment measures, as most of them may further deepen the decline. Strategic reorientations contribute much more to turnarounds than retrenchment, according to the authors. Cost efficiency strategies must be halted after a period of time as it might damage the core strength of the firm namely its assets and resources (Sudarsanam & Lai, 2001). (John & Timothy, 2004) study of 97 U.S. firms affirmed that, retrenchment as a strategy to contest decline befits the organization, based on the severity of decline faced by it. Through a mediated model, their study stated that the sources and severity of decline must be the guiding factors

for investigating the matching retrenchment activities namely, cost or asset reduction. The excessive focus on retrenchment as a turnaround strategy was critiqued and it was concluded that in this present economic environment a sustainable turnaround strategy is one that focuses on the core capabilities, rather than a finance based approach (Yandava, 2012).

A scrupulous scan of the literature resulted in the identification of various actions, both operational and strategic that is commonly adopted as retrenchment measures. The major classification is in terms of efficiency oriented moves and stability oriented attempts. Cost efficiency is considered to be the first move which intend belt tightening, and buys the much needed time to devise more complex strategies. Cost reductions also aim to quickly improve the cash flows (D. B. Bibeault, 1998). These strategies find takers in industries, as the effect is instantaneous and requires diminutive or no capital outlay (K. Robbins & Pearce, 1993). Asset retrenchment on the other hand, is a stability oriented action that is often taken once the organization regains control of the decline situation. The existence and relevance of the assets are appraised in terms of their value addition and if found out to be blood drawers rather than life givers, a decision whether to continue to own it is taken. Assets are partly or fully divested for monetary or other consideration. (Morrow, Sirmon, Hitt, & Holcomb, 2007), (Evans et al., 2013) and (Schoenberg et al., 2013) in their respective papers have reviewed and synthesized the most commonly adopted strategies and includes, collecting and reducing accounts receivable, cutting inventory, stretching accounts payable, eliminating pay increases as cost retrenchment/reduction measures. Asset retrenchment measures included disposal of non-core assets, disposal of investments,

intangible asset write-off and, financial restructuring consisted of measures like debt write-off (principal and/or accrued interest), deferment of principal and/or accrued interest, change in interest rate, capital injection from new investors, capital injection from existing shareholders etc.

The over emphasis on cost and efficiency oriented strategies as the predominant and mostly the only strategy adopted while attempting turnaround, has been questioned by researchers (Wild, 2010). A finance based balance sheet approach alone would not contribute to long term viability, but an integrated turnaround strategy, which addresses the entire value chain would (Yandava, 2012). Added to this, the superior impact and befitting nature of reorganization and repositioning strategies to the public sector turnaround (George, 2006), leads to the inclusion of these strategies as important strategic choices, a public sector company can make while attempting turnaround.

### **2.6.2 Reorganization**

Reorganization broadly applies to any change in the internal management of the organization (Boyne, 2004). Strategies included in the gamut of reorganization are: requisite levels of transformation in culture, process, and leadership primarily, and a host of other metrics, which aid in performance progress to effect turnaround (Berry, 1994; Douglas & Judge, 2001; Julnes & Holzer, 2001). Change of leadership and sometimes the top management is the key to recovery and is an universally followed turnaround strategy (Hofer, 1980; Murphy, 2008; O'shaughnessy, 1995; Schendel et al., 1976). The formative reasons for changing the leadership is twofold according to turnaround literature; a. they are the “problem/cause

for decline due to inability of recognizing the triggers (D. B. Bibeault, 1998; Gopinath, 1995), because of escalating commitment (Whytel, Saks, & Hook, 2014) etc) and also because of their inability to cope with decline (Wright, Kanter, Stein, & Jick, 1993). The change in CEO is usually an indication of the company's willingness to change and the current situation being inadmissible, both to the external and internal stakeholders, most importantly the employees (K. Arogyaswamy & Yasai-Ardekani, 1997; Daily & Dalton, 1995). Replacement of the CEO can bring in fresh perspectives, in addition to impersonal assessment of the current crisis and envisaging feasible, matching, long term curative strategy selection (Iii & Duhaime, 1997). While (Kesner & Dalton, 1994) study showed that 75 percent of the CEO replacement was done from outside the organization, (Grinyer & McKiernan, 1990) study found that 55 percent of the "sharp benders" had successful CEO change implemented. Appointing a pro-change, charismatic leader will help organization, to unshackle the "motivational investment in the prevailing norms and power structure and unblock inertia" (Jas & Skelcher, 2005). Even though CEO replacement is a classical turnaround strategy, its effect on successful turnaround is challenged due to the lack of large sample empirical studies (Kamala Arogyaswamy, Barker, & Yasai-Ardekani, 1995b; Castrogiovanni, Baliga, & Kidwell, 1992; Chapman, Soosay, & Kandampully, 2003).

It is also imperative to make complimentary changes in the organization, to facilitate the changes warranted by the turnaround process. One of the most important metrics in this sense, is the very culture of the organization (Awasthy et al., 2013). The consequences of cultural rigidity on decline and turnaround have been discussed in the

previous sections. Organization culture is often touted to be an important determinant of organization effectiveness (Denison, 1990; Schraeder, Tears, & Jordan, 2005). Culture in an organization, through personal values effect employee attitudes and result in positive work behavior, leading to effectiveness of the organization (O'Reilly, Chatman, & Caldwell, 1991). But when this culture becomes rigid and creates failure in recognizing the performance decline of an organization, it will lead to delay in apposite responses, snag the opportunity to turnaround the performance, and ultimately drive the organization to permanent failure. The incumbent culture in the organization must be one that supports and nurtures the new strategies planned for execution.

Structural and procedural internal changes like in the production system, internal control system, organization size reduction, change in sales and service system, change in purchase system etc are some of the reorganization measures posited advisable to be adapted during the turnaround process (Evans et al., 2013). The level of turnaround success is, to a good extent determined by the leadership acumen of the top management, in combination with several other internal factors like an accepting culture, governance style, structure and process, employee skills and attitude as well as the palpable and cryptic properties of the firm during the implementation (Chowdhury, 2002).

### **2.6.3 Repositioning**

Repositioning is an entrepreneurial strategy that focuses on growth and innovation (Schendel et al., 1976). The strategy has two facets; focusing on the core and providing innovative market offers (Boyne, 2004).



Successful turnarounds have been correlated when, markets with the greatest potential of generating high margins, are targeted and tapped (Schoenberg et al., 2013). Turnarounds have been effective, when the most successful product line of the firm has been concentrated on; the most lucrative, loyal and less price susceptible customer segment is refocused on and also when the distinctive competitive advantage of the firm is brought under the spotlight (Hambrick & Schecter, 1983; Sudarsanam & Lai, 2001). This inward looking strategy is the most suited when the exogenous environment is unfavorable, and does not provide ample business opportunities that can be made use of profitably (Kamala Arogyaswamy et al., 1995). Every customer focused business will be market inclined (Carson, Cromie, McGowan, & Hill, 1995) and will be an originator and propagator of “market intelligence” that will be extensively used in the firm (Jaworski & Kohli, 1993). Such firms perceive and act upon opportunities better than the inward focused rivals (Day, 1994). It is in such a context that, a strategy like providing innovative market offers becomes pertinent. (Harker, 1998) recommends steps like “environmental comprehension” and “market selection” leading to innovative market offer followed by “well managed relationships”. When the existing assets are realigned to match the new changed core business to suit the changes in the exogenous environment, it becomes one of the most suited strategies for turnaround (Byerly, Lamont, & Keasler, 2003). In the public sector however, the extent to which the “innovate market offer” facet of repositioning can be applied is limited, due to the political and bureaucratic convulsion (Beeri, 2012a). That said, a public manufacturing concern competing with the private sector will have to plan and execute strategies on all four 4P’s if it has to

survive in the market (Burton, 1999; Lamb & Crompton, 1985). It can be concluded that, of the above mentioned strategic choices that a public sector enterprise can make, repositioning could be the most challenging.

Concluding the literature review on 3R's, and assimilating the essence of turnaround literature, it can be adjudged that, there should be a temporal consideration in the selection of strategies in the turnaround process, to achieve the desired turnaround outcome (successful v/s unsuccessful) in any context (generic or public). The recommended progression of strategies implemented is; retrenchment measures followed by reorganization and repositioning measures (Kamala Arogyaswamy et al., 1995; D. K. Robbins & Pearce, 1992; Tangpong et al., 2015). The retrenchment, reorganization and repositioning strategies can be hence operational or strategic, or decline restricting or recovery in nature and can be adopted at different phases of the turnaround process. Additionally, on account of being public sector enterprises, and being government owned, the macro level initiatives taken in favor of the company to aid the turnaround process is also assessed, based on the notion that government policies make a considerable impact on functioning of a public sector enterprise (Anand & Mathew, 2007; Maheshwari & Ahlstrom, 2004).

It may be noted that most of the studies cited above were conducted in the western contexts and also dealt with generic turnarounds. There is hence dearth of context specific studies in non-western milieu which are evidence base, identifying the definite causes for decline and the recovery paths undertaken leading to successful or unsuccessful turnarounds

(Schoenberg et al., 2013; Sudarsanam & Lai, 2001). Especially in the public sector context in a transition economy like India, where managers have constrained autonomy to reconfigure resources to aid turnaround (Maheshwari & Ahlstrom, 2004; Peng, 2013), it is all more engaging to understand how state owned enterprises achieve turnaround. The next section elucidates this research gap.

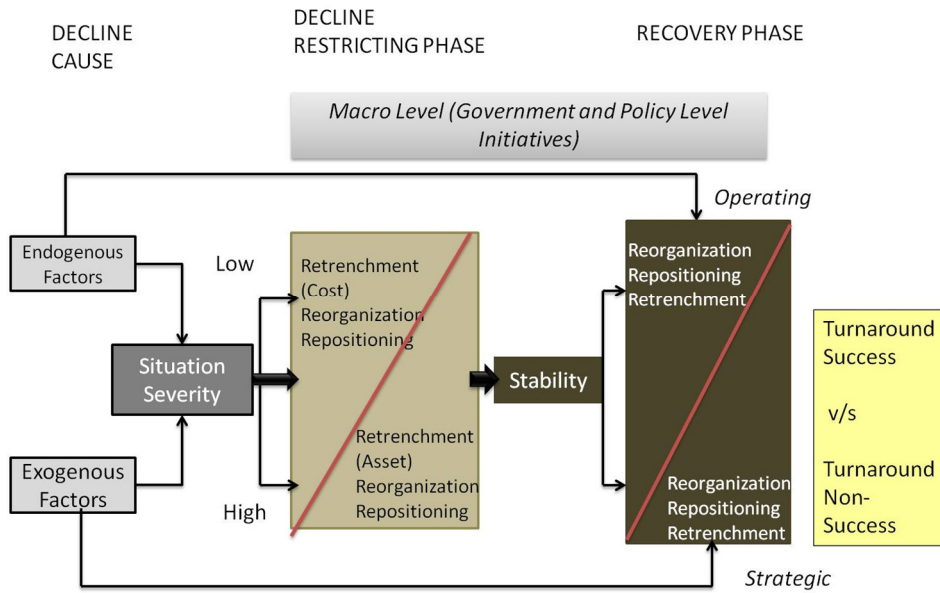
## **2.7 Research Gap**

The research spotlight on decline and turnaround were mostly during the 1970s leading until to 1990s and scanty works after 2000 (Ribeiro, Ferreira, & Almeida, 2013). However, there is dearth of comprehension in dissecting the irresolute factors that lead apparently successful organizations to performance decline (Cameron et al., 1987; Gopinath, 1995; Mellahi & Wilkinson, 2004; Solnet et al., 2010; Weitzel & Jonsson, 1989). The literature on growth and its antecedents far surpasses studies on decline and its antecedents and outcomes (Mckinley, 1987; Trahms et al., 2013; Whetten, 1987). While studies on decline are warranted, the research lens must also be focused on firms that has been able to overcome a decline, and turnaround its performance (Barker & Duhaime, 1997; Hambrick & Schechter, 1983; Khandwalla, 1984). There is nonetheless paucity in empirical research work in the area of decline and turnaround, leaving grey areas in our understanding of the phenomenon. In the public sector context more so, empirical evidence is drawn mostly from the private sector, which has different institutional and organizational characteristics (Borins, 2010; George, 2006; Paton & Mordaunt, 2004). The public-sector environment differs substantially, where performance is a function of legal and political

decisions, and products and services still possess a pseudo-monopolistic status, reflecting on asymmetrical effects of strategies on turnaround (Anand & Mathew, 2007; Beeri, 2009, 2012b; Boyne, 2004; Maheshwari & Ahlstrom, 2004). Consequently there is privation of empirical research and theory building in relation to the public-sector context. The present study attempts to fill these gaps by studying public sector organizations that faced performance decline and unravel the decisive factors that led to this decline; also studying the initiatives (3R's) taken to turnaround and their extent of implementation, using field based empirical comprehensive case studies.

## **2.8 Conceptual Model**

Based on the extant literature, the phenomenon conceived as a conceptual model (Figure 2.1), that will be empirically tested in the organizational setting, addresses the reasons for decline categorized as endogenous (internal) and exogenous (external) leading to the severity of decline (Cameron et al., 1987; Gopinath, 1995; Levine, 1978). This performance plunge necessitates an attempt to turnaround the organization, played out through stages namely decline restricting and recovery phase (Chowdhury, 2002; Mone et al., 1998). The turnaround strategies namely Retrenchment, Repositioning, Reorganization and Macro Level Initiatives is studied in-depth owing to its relevance and applicability to the public sector (Boyne, 2004) and its nature; operational v/s strategic (Hofer, 1980) is assessed comprehensively through the model to evaluate the turnaround outcome; successful v/s unsuccessful turnaround (D. K. Robbins & Pearce, 1992).



**Figure 2.1:** Conceptual Model/Idea Context

.....✂.....



**RESEARCH METHODOLOGY****Contents**

- 3.1 *Statement of the Problem*
- 3.2 *Major Research Questions*
- 3.3 *Propositions*
- 3.4 *Scope of the Study*
- 3.5 *Operational Definitions*
- 3.6 *Research Design*
- 3.7 *Sources of Evidence*
- 3.8 *Analysis Overview of the Sources of Evidence*
- 3.9 *Cross Case Synthesis*
- 3.10 *Quality Criteria for the Research Design*
- 3.11 *Limitations of the Study*

**3.1 Statement of the Problem**

The State Owned Enterprises in Kerala, which was constituted to bring about industrial development and economic equality, has often been vehicles of losses for the State Exchequer. However in the year 2008-09, the sector showed strong signs of resurgence, with 24 loss making units turning profitable. The turnaround of these enterprises was facilitated due to the policy initiatives at the Government, Ministry and the Enterprise level. The present study aims to understand the turnaround antecedents, actions and outcomes of selected enterprises, through comprehensive case method. The findings are intended to be useful for replication within the State as well as outside it.

## 3.2 Major Research Questions

To understand comprehensively the problem stated above, and to empirically study it through the conceptual model developed in the previous chapter, the following major and sub research questions are stated.

- 1) What were the reasons for the performance decline of the selected State Owned Enterprises (SOEs) of Government of Kerala (GoK)?
- 2) What were the strategies adopted to turnaround the selected SOEs of GoK?
- 3) What was the individual and combined impact of these strategies on the turnaround of SOEs of GoK?

### 3.2.1 Sub Research Questions:

- 1) What were the endogenous reasons (internal factors) that contributed to the performance decline of the SOES?
- 2) What were the exogenous factors (external factors) that contributed to the performance decline of the SOEs?
- 3) What were the Macro Level (Policy Level) initiatives taken to turnaround the SOEs during the decline restricting phase and the recovery phase?
- 4) What were the Retrenchment, Repositioning and Reorganizing strategies adopted at the strategic and operating level during the decline restricting phase?



- 5) What were the Retrenchment, Repositioning and Reorganizing strategies adopted at the strategic and operating level during the recovery phase?
- 6) To what extent where/are these strategies implemented?

### **3.3 Propositions**

Propositions are theoretical periscopes to guide data collection and analysis; and aids in directing attention to factors that should be addressed within the scope of study (Yin, 2011). These propositions are based on the conceptual model as explicated in the previous chapter, and attempt to help bring focus to the study. The propositions of the study are stated as under.

- P1. Endogenous factors primarily caused the performance decline of the organization.
- P2. Exogenous factors primarily caused the performance decline of the organization.
- P3. A combination of endogenous and exogenous factors led to the performance decline of the organization.
- P4. The macro level (policy level) initiatives taken during the decline restricting and recovery phase had an impact on the turnaround of the organization.
- P5. The retrenchment strategies adopted during the decline restricting phase had a relatively stronger impact on the turnaround of the organization.

- P6. The retrenchment strategies adopted during the recovery phase had a relatively lower impact on the turnaround of the organization.
- P7. The reorganization strategies adopted during the decline restricting phase had a relatively lower impact on the turnaround of the organization.
- P8. The reorganization strategies adopted during the recovery phase had a relatively stronger impact on the turnaround of the organization.
- P9. The repositioning strategies adopted during the decline restricting phase had an impact on the turnaround of the organization.
- P10. The repositioning strategies adopted during the recovery phase had an impact on the turnaround of the organization.
- P11. The operating level strategies had a stronger impact on the turnaround of the organization.
- P.12. The strategic level initiatives had a stronger impact on the turnaround of the organization.

### **3.4 Scope of the Study**

To conduct the study and to do so in the research method chosen, it was imperative to pick a typical context and chose further. This was essential to ensure that the general setting of the study would be more or less the same. The population or the universe of the unit of analysis was the State Owned Enterprises under the Industries department, Government of Kerala. To ensure the presence of the phenomenon and its rival, organizations that faced successful and unsuccessful turnarounds were

chosen deliberately and the place of the study naturally became where these organizations were located. All the four organizations chosen were in the state of Kerala and while one each was in Trivandrum and Alappuzha districts, two of the units of analysis were in Ernakulam. As later sections will explain, the data sources or sources from which the requisite evidences were collected included, Open Ended Interviews and Formal Survey (Primary Source) and Annual Reports and other documentary evidence (Secondary Source). Primary Evidence collection was carried out during the period January 2015 to June 2017, and documentary evidence spanning a period from 2002-2014 constitute the time period aspect of the scope of the study.

### **3.5 Operational Definitions**

The following constructs have been commonly used in all the cases and are important constituents of the conceptual model. The most pertinent theoretical definitions and the operational definition coined for the current study are presented in the following paragraphs.

#### **3.5.1 Performance Decline**

“Organizational decline is a condition in which a substantial, absolute decrease in an organization's resource base occurs over a specified period of time” (K. S. Cameron, Whetten, et al., 1987). Return on investment as a metric for measurement of performance decline has been used predominantly in studies, to operationally measure decline and turnaround (Barker & Duhaime, 1997; Hambrick & Schecter, 1983; Wild, 2010) and an average period of two years of negative ROI has been generally used (Doh & Pearce, 2002; Harker, Micheal; Harker, 1998; Vincent & Mark, 1994).

Operationally, Performance decline is defined as, a negative/decrease in Return on Investment (ROI)<sup>1</sup> for a period of 2 or more consecutive years where ROI is the ratio of Net profit by the Capital employed.

### **3.5.2 Turnaround Attempt**

“Turnaround’ is taken as referring to substantial and rapid performance improvement (involving, for example, reducing and/or redeploying assets, reconfiguring internal arrangements, and restoring external confidence and relationships) sufficient to re- establish business viability in the face of actual or impending failure” (Paton & Mordaunt, 2004). ROI change as a metric for turnaround measurement is commonly employed (Evans et al., 2013; Harker, Micheal; Harker, 1998; Vincent & Mark, 1994), with a Positive ROI change for a minimum of two years indicating turnaround.

Operationally, Turnaround Attempt is defined as any retrenchment, reorganization or repositioning effort taken by the organization; intended to reverse the decline and is actualized when a positive ROI is achieved for a minimum of two consecutive years .

### **3.5.3 Retrenchment**

Retrenchment deals with stability and efficiency. It includes a reduction in the scope or size of the organization and is often the first step in any recovery strategy (Robbins & Pearce, 1992).

---

<sup>1</sup> Return on Investment is calculated as per the formula given in the (Bureau of Public Enterprises, 2016). Capital Employed includes, Net fixed assets including capital work in progress plus working capital.

Retrenchment is operationally defined as the response to decline and accounts for any cost efficiency, asset restructuring or financial restructuring measures planned and executed during the decline restricting or recovery phase with the intention of aiding in turning around the organization or sustaining the turnaround achieved.

#### **3.5.4 Reorganization**

Reorganization broadly applies to any change in the internal management of the organization (Boyne, 2004).

Operationally, Reorganization appertains to any alterations in the process, structure, culture and leadership of an organization as a response to the organizational performance decline, planned and executed during the decline restricting or recovery phase with the intention of aiding in turning around the organization or sustaining the turnaround achieved.

#### **3.5.5 Repositioning**

Repositioning is an entrepreneurial strategy that focuses on growth and innovation (Schendel, Patton, & Riggs, 1976).

Operationally, Repositioning is the response to performance decline that emphasizes focusing on the core business and developing innovative market offers that will aid the organization to turnaround or sustain a turnaround achieved. It can be adopted during the decline restricting or recovery phase.

### **3.5.6 Successful and Unsuccessful Turnaround/Continued Failure**

Successful turnaround is when the firm achieves a period of profitability post a period of failure, whereas, unsuccessful turnaround is when the firm fails to achieve a sustained period of profitability post a period of failure (Evans et al., 2013; Tangpong et al., 2015).

Operationally, successful and unsuccessful turnarounds have been defined as follows. An organization has achieved successful turnaround if there is a Positive ROI for a continuous period of more than 2 years after a period of decline. An unsuccessful turnaround would be an organization, where there was Positive ROI for a continuous period of 2 years after a period of decline, followed by negative ROI in the succeeding year.

### **3.5.7 Decline Restricting Strategies**

A set of strategies adopted as an immediate step after decline with the focal intention of achieving survival and creating positive cash flow (Bibeault, 1998).

Decline restricting strategies are defined for the purpose of this study as, operational or strategic level actions that are adopted to curtail the decline and restrict it further and could be retrenchment, reorganization and repositioning in nature.

### **3.5.8 Recovery Strategies**

The strategies adopted during the advanced stage of turnaround, where a shift in focus occurs towards, growth and development (Robbins & Pearce, 1992).

Recovery strategies are operationally defined as operational or strategic actions that are adopted to improve the long term growth of the company and could be retrenchment, reorganization and repositioning in nature.

### **3.5.9 Decline Restricting Phase and Recovery Phase**

“The turnaround process is a series of integrated steps with two key phases – the decline stemming phase and the recovery phase. In the decline stemming/restricting phase, an attempt is made to stabilize the company, and steps like strengthening stakeholder support, undertaking retrenchment activities to improve efficiency and cash flows, and improvement of internal management and decision-making processes etc are undertaken. The aim of the recovery phase is to ensure that the causes of the decline are addressed and surmounted” (Smith & Graves, 2005).

Operationally, Decline Restricting Phase is the period immediately succeeding the performance decline and could have a positive or negative ROI, where the decline restricting strategies are adopted typically. Recovery phase is defined for the purpose of the study as, the period immediately succeeding the decline restricting phase and preceding the turnaround phase or coinciding with it, where the recovery strategies are adopted.

## **3.6 Research Design**

Before the research design is explained in detail, the logic and reasoning behind the choice of the research method; case study - is described in the following paragraphs.

### 3.6.1 Philosophical Presuppositions and Assumptions

The Philosophical Presuppositions and Assumptions are espoused in the paragraphs below.

Ontology is associated with beliefs about reality that exists. It is the knowledge claim or the philosophical underpinning of the research (Creswell, 2003). The ontology that this study bases itself is Critical Realism (Archer, Bhaskar, Collier, Lawson, & Norrie, 1998; Bhaskar, 1975; Sayer, 1998) or Subtle Realism (Blaike, 2007). Critical Realism assumes the middle ground, between positivism and interpretivism and is thus a better gradation of realist ontology (Zachariadis, Scott, & Barrett, 2013). Ontologically, the reality is seen to subsist independently of the observation of participants, but is reachable only through their perceptions and judgments. Their perceptions and interpretations are of paramount significance, as the multiplicity in viewpoints will help in a deeper and more meaningful understanding of the already complex phenomenon being studied (Ritchie, J. Lewis, 2003). The phenomenon under study namely, Organizational performance decline and Turnaround is a reality that exist independently. But to understand and study it holistically, the experiences and narratives of the employees belonging to the respective organizations is very much a necessity.

Epistemology brackets the knowing of the reality and the basis of that knowledge. The study assumes largely, a post-positivist stance. The intention is to garner a greater approximation of truth, while recognizing the undeniability of the biases of the researcher and the complexities of claims of universal generalization (Biersteker, 1989; Henderson, 2011;



Poole & Jones, 1996). This approach facilitates the use of inductive and deductive methods in symmetry throughout the research process and at the analysis and interpretation of data (Ritchie, J. Lewis, 2003). The use of qualitative and quantitative methods to arrive at the truth, values the varying forms of enquiry and is treated as per its individual ontology (Clark, 1998; Creswell & Clark, 2011). Existing theory and published research was used at the beginning of the research to design the study, aid in unit selection, and development of instruments for the field. The focus, however on the field, was to collect exhaustive and comprehensive perspectives of the participants through qualitative approach and confirm and support these perspectives through quantitative methods. While the initial analysis was to understand and make sense of the detailed descriptions, the second stage included triangulation of evidences from all the forms of inquiry to reach meaningful conclusions. As a last step, these understandings were annexed to existing theories to make consequential contributions.

The axiological assumption or reflexivity mirrors the values that govern a study. The study assumes “Emphatic Neutrality” (Given, 2008; M. Q. Patton, 2002). This means that the all efforts are taken to steer clear of discernible, apprehensive and methodical bias. A non-partisan approach is adopted for the collection of data, its analysis, interpretation and reporting. The chain of evidence is maintained with a corroborative intention and to maximize neutrality. Once the ontology, epistemology and axiology are espoused, the chosen research method is elaborated.

### 3.6.2 Case Study Method

“A case study is an empirical enquiry that investigates contemporary phenomenon within its real life contexts, especially when the boundaries between the phenomenon and the context are not clearly evident. It often attempts to answer the how and why of a phenomenon on which the investigator has no control” (Yin, 2011). Case study is an empirical enquiry, which uses multiple sources of evidence, in explanation of a phenomenon being studied (Neale, Thapa, & Boyce, 2006; Noor, 2008). Case studies have been used for different purposes by different authors. Case studies are extensively used for theory development, theory testing and theory elaboration (Eisenhardt, 1989; Ketokivi & Choi, 2014). The present study attempts a theory testing angle, where the conventional “hypothetico-deductive” approach is followed, but the difference being that the theory provides the basic logic to test the propositions. Concurrently, the general logic is amplified by the contextual idiosyncrasies, and is eventually empirically tested in the typical context (Ketokivi & Choi, 2014). The phenomenon under study being turnaround, its antecedents and outcomes, makes it a multilayered, complex phenomenon. In such scenarios, methodological propriety that methodological tradition is warranted and should be the chief feature of research design (M. Patton, 1990). Case study method provides the flexibility, necessary to describe the complex phenomenon in an organizational setting, simultaneously being adequately onerous (Blackburn, 2014; Strauss, 1987).

Turnaround is recommended to be studied over a minimum period of total seven years, for the turnaround to play out from decline to turnaround outcome, in phases (Robbins & Pearce, 1992; Wild, 2010). Since studying turnarounds entails extended time periods, case study suits the best, as the chronology of the actions and decisions presents rich information that can be used for rigorous interpretation and logical relationship inference (Harker, 1996). The research tradition in the area points to the extensive use of case studies, to gain in-depth insight into this complex phenomenon. While (Haron et al., 2013), (Decker, 2016), (Pan & Chen, 2014), (Bamiatzi & Kirchmaier, 2014), (O'Quinn & Mulqueen, 2007) and (Pascale & Rohlen, 1983) etc are some of the most cited case studies on generic turnarounds, (Paton & Mordaunt, 2004), (Maheshwari & Ahlstrom, 2004), (Khandwalla, 1984), (Anand & Mathew, 2007) etc are some of the seminal case study works in the public sector turnaround contexts. While there has been a spectrum of case studies in the turnaround management area, there is solicitation for more rigorous case studies, so that the complexities are better explained (Whittington, 2008; Wild, 2010). Conclusively, case study is chosen as the research method to study the topic selected. The finer aspects of the method and its application in this study are elaborated throughout this chapter. The research design is developed to suit the methodology and the problem under study, and is depicted in the Figure 3.1; the elements of which are deliberated in the ensuing paragraphs.

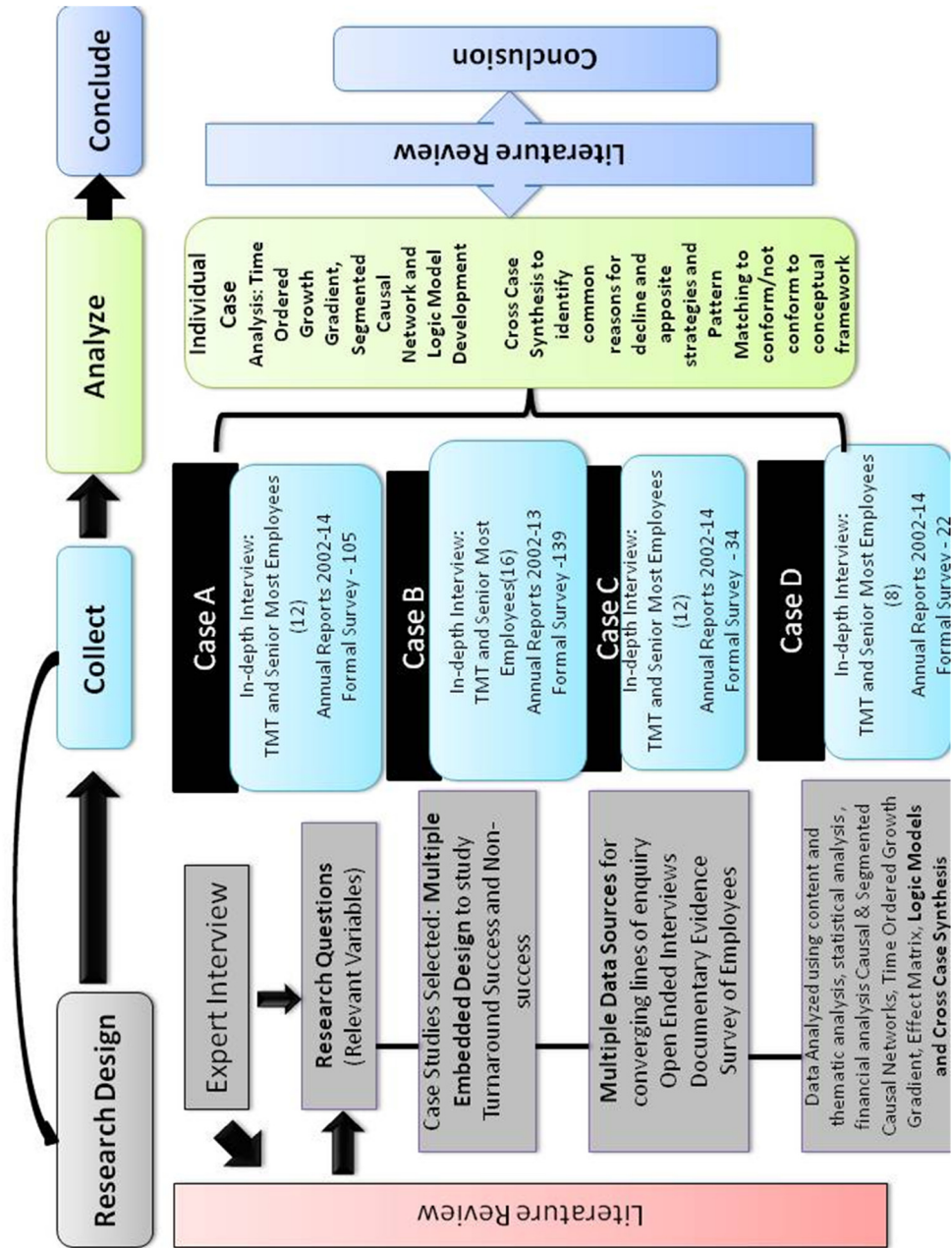


Figure 3.1: Research Design of the Study

### **3.6.3 Multiple Embedded Case Study Design**

Multiple embedded case study design is broken down to explainable components for better cognition. A multiple study design involves the selection of more than a single case unit. The evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust (Cathain, Murphy, Nicholl, & Cathain, 2010; Fox, 2007; Herriott & Firestone, 1983; Lopez-Fernandez & Molina-Azorin, 2011; Mellahi & Wilkinson, 2004). It becomes embedded when focus is also given to “subunits” within an independent case, providing superior prospects for an all-embracing analysis and augmenting the insights into a case. In multiple design, a two tail design is chosen where a minimum of four cases are studied, two in each theoretical condition, mostly extreme in nature, so that it either “(a) predicts similar results (a literal replication) (b) predicts contrasting results but for predictable reasons (a theoretical replication)” (Yin, 2011). The multiple cases or the unit of analysis are state owned enterprises (defined in the next paragraph), while the employees with relevant experience constitute the embedded unit.

### **3.6.4 Unit of Analysis**

The unit of analysis is a State owned Enterprise of Government of Kerala under the Industries department, which has experienced performance decline in the time period between 2001-02 and 2013-14 and has made turnaround attempts to reverse this decline.

### **3.6.5 Case Unit Selection**

There are 117 state-owned enterprises in Kerala, out of which 96 are currently operational. Of these, 38 SOEs function under the industries

department and is categorized into 7 sectors based on the domain of business (Bureau of Public Enterprises, 2014). The basic financial results for 10 years (2002-2013), were received from RIAB of the said 38 enterprises. The firms that exhibited the phenomenon under study (successful turnaround) and its rival (unsuccessful turnaround) were determined by calculating the ROI patterns. Four companies from the list was selected, which had contemporary business viability and significant products but had faced performance decline in the past 12 years (2002 - 14) and attempted to turnaround. To respect its sovereignty, the real names of the companies will be masked and proxy names; A, B, C and D respectively, will be used henceforth. The specifics of the organizations' chosen, viz the industry, its ownership status, it's ranking among the state owned enterprises in terms of capital invested and turnover, and also the basic pertinent macro financials like the contribution to state and central exchequers are enlisted in Table 3.1. It may be noted that while two companies are from chemical sector, one each belong to electronics and electrical industry. The four state owned enterprises selected for study, are indeed wholly state owned, with the exception of company B, where there is part ownership of public and financial institutions, though not substantial. As can be observed, among the state owned enterprises under the Industries Department (thirty eight in number), company A has the highest amount of capital invested, followed by C, B and D. Also, while companies A, B and C occupy the 4<sup>th</sup>, 6<sup>th</sup> and 8<sup>th</sup> position respectively in the turnover tally, company B ranks further below at rank 18. Cumulatively the companies contribute ₹ 1411.32 lakhs to the state exchequer making their survival relevant to the state.

**Table 3.1:** Case Unit Details

Name	Industry	Ownership	Capital Invested Rank Position	Turnover Rank Position	Contribution to State Exchequer	Contribution to Central Exchequer (% of Total)
A	Electronics	Wholly Owned by GoK	1	4	₹ 533.32 Lakhs	2.64 %
B	Chemical	GoK, Public and Financial Institutions	11	6	₹ 213.9 Lakhs	3.78%
C	Electrical Industry	GoK & Public	5	8	₹ 449.18 Lakhs	2.43 %
D	Chemical	Wholly Owned by GoK	12	18	₹ 214.92 Lakhs	0.84 %

### 3.7 Sources of Evidence

Multiple sources of evidence are required to ensure converging lines of enquiry (Yin, 2011) and their synergistic effect will lead to enhanced substantiation of constructs and the phenomenon (Eisenhardt, 1989). Each of the data source is analyzed exclusively and when arrayed together, the layers of data, reveal sweeping details of the phenomenon under study (Baxter & Jack, 2008). Interviews, observations and archival records are the common sources used (Myers, 1997; Pan & Chen, 2014; Soltani, Lai, & Mahmoudi, 2007). Data triangulation, whereby different methods and perspectives help produce a more comprehensive set of findings is the cornerstone of this study (Arora & Stoner, 2009; Barker & Barr, 2002; Noble & Smith, 2015).

### **3.7.1 Open Ended Interviews**

Open Ended Interviews with top management team constitute the major line of enquiry which was more of a guided discussion than an ordered set of queries (Beeri, 2012a; Chowdhury & Lang, 1996; Haron et al., 2013; Jas, 2013; Mapetere & Mhonde, 2012; Murphy, 2008; Rubin, Rubin, & Rolle, 2014; Szkuta, Pizzicannella, & Osimo, 2014; Thong, Yap, & Seah, 2000; UMR Research Limited, 2008). Employees of the organization, mainly members of the top management team, senior most employees and major union representatives were selected using purposive sampling. Criterion sampling (a sub-type of purposive sampling) was specifically used, as they satisfied the criteria of being employees of the organization adorning strategic, powerful roles and, were considered apposite for maximizing understanding of the phenomenon (Onwuegbuzie & Collins, 2007). The interviews were conducted with prior appointments and lasted between an hour and an hour and a half. The semi structured interview schedule was developed on the basis of the insights from the literature review, and after several rounds of deliberations with experts from academics and also industry representatives. The schedule consisted of pointer questions, that maneuvered the interviews around factors that led the organization to performance decline, and also on the pertinent strategies implemented to recover and turnaround. The semi structured interview schedule is shown in Appendix II (Questionnaires, p.456).

### **3.7.2 Formal Survey**

In an embedded design, a study may even call for the conduct of a survey at each case study site (Yin, 2011). The second source of evidence



used was a formal survey (Preston & Karahanna, 2009). Adapted scales were used to study the factors that led to performance decline and the perceived severity of decline (as mentioned in Chapter II). Additionally, adapted scales were also used to understand the extent of implementation of the selected turnaround strategies, namely retrenchment, reorganization and repositioning. The scale was a combination of the scales adapted from (Beeri, 2009b; Musteen et al., 2011), which measured the extent of implementation of generic retrenchment reorganization and repositioning strategies applicable to the public sector. Both the Organization Performance Decline and Turnaround Strategy implementation questionnaires are shown in the Appendix II (Questionnaires, p. 459). The sample was selected using the sample list given by the administration department; the inclusion criteria insisted the employment being permanent with a minimum experience of 5 years. Also the factory workers were avoided from the sample frame on advice of the HR department, as their ability to give bona fide answers to the questions was limited. Based on the number of employees as per the source list, samples were drawn for the individual cases. This sample was exclusive of the personnel interviewed in the open ended interview. While census was done in two cases (C & D), simple random sampling was done in the other two (A & B). The detailed sampling process followed, is elaborated in the individual case studies wherever applicable.

### **3.7.3 Documentary Evidence**

Evidence of events in the past is chronologically collected from published sources, in the form of audited Annual Reports of the case units studied. It is considered to be one of the most easily available, but a

crucial source of evidence, as the incidence and character of strategic moves is explicitly stated in the annual reports. The notes often elaborate the intended strategy, governance and operational aspects of the firm etc (Wild, 2010). Annual reports have been used in various studies like (Geiger & Cashen, 2002; Harker & Harker, 1998; Harker & Sharma, 2000; Mathew & Ogbonna, 2009; Metz & Kulik, 2008; Schoenberg et al., 2013; Witteloostuijn, 1998), to collate and analyze, both financial and non financial data. It is used to compare and corroborate the interview data (Luke, 2008) to arrive at factual conclusions. The hardcopy of the annual reports for the years under study was collected and in two cases returned after making copies. Table 3.2 shows the minutia of the sources of evidence.

**Table 3.2:** Minutia of the Sources of Evidence

Source of Evidence	A	B	C	D
<b>Open Ended Interviews</b>				
Instrument Used	Semi Structured Interview Schedule			
Sampling Method	Purposeful Sampling - Criterion Sampling			
Sample Size	12	16	12	8
<b>Formal Survey</b>				
Instrument Used	Adapted Scales			
Sampling Method	Simple Random Sampling	Simple Random Sampling	Census	Census
Sample Size	105	139	34	22
<b>Documentary Evidence</b>				
Annual Reports	2002-2014	2003-2013	2002-2014	2002-2014

### 3.8 Analysis Overview of the Sources of Evidence

The methods and tools used to analyze the sources of evidence for the individual cases are explained in the following paragraphs, since it will be repeated with site specific data for all the four cases.

### **3.8.1 Analysis Overview of Open Ended Interviews**

Field notes which are made during the interview, are corrected, edited and transferred to a word document ready for analysis. The written-up field notes were subsequently subjected to analysis. “Codes are tags or labels, for assigning units of meaning to the descriptive or inferential information compiled during a study. Codes are usually attached to chunks of varying size- words, sentences, phrases, or whole paragraphs” (Miles & Huberman, 1994). At the first stage, a “Start List” of codes was developed and operationally defined, based on the conceptual framework and related theory. Codes that emerged from the preliminary interviews with RIAB personnel were added to the theory generated code list, thus completing the start list of codes. A code book was then developed consisting the start list of codes. The code book is enumerated in the Appendix to this chapter (Table 3.A). As the first step, codes from the start list were applied to segments of written up field notes. As a result of the field experience, codes surfaced progressively that were more grounded empirically and revealed imperative local factors (Miles & Huberman, 1994). Such “Emergent Codes” were applied to the notes as deemed right. Once the codes were assigned and the code list updated with the emergent codes and its operational definitions, the Inter Coder Reliability was ascertained. There were two other social scientists, who coded the written up field notes using the Code Book (with the operational definitions of the codes). This ensured, enhancement of an unambiguous definitional lucidity of the codes and assured reliability of the measures (Miles & Huberman, 1994). The reliability co-efficient is a measure of agreements and disagreements between the coders and a score

of 0.7 or above is an acceptable level of reliability (Oleinik, 2011). When there are two or more coders, the best measure of inter-coder reliability is Krippendorff Alpha- KALPHA (Swert, 2012) and the acceptable norm is a KALPHA value of 0.7 or above (Hayes & Krippendorff, 2007). The inter-coder agreement used in the present study employs the segment overlap criterion to ascertain the KALPHA score.

Once the validity of the measurements was ascertained, the next stage of analysis was embarked upon. Though a theory guided design is the keystone for the analysis, data is analyzed to bring to light emerging themes, and thereby maximizing findings and enhancing its reliability and validity (Namey, Guest, Thairu, & Johnson, 2007). Content analysis and thematic analysis are the two preeminent qualitative analysis strategies used to analyze the data. Content analysis is a methodical coding and cataloging approach, used to explore textual information unobtrusively to determine trends and patterns of words used, their frequency, their relationships, and the structures (Grbich, 2012; Mayring, 2014). It is a subjective categorization process through an organized process of coding (Awasthy et al., 2013; Hsieh & Shannon, 2015; Myers, 1997). The next major line of analysis is thematic. Thematic Analysis is an independent qualitative descriptive approach (Vaismoradi et al., 2013) and is mainly described as “a method for identifying, analyzing and reporting patterns (themes) within data” (Braun & Clarke, 2006). While content analysis is a quantitative approach within the qualitative umbrella approach, thematic analysis assumes a pure qualitative approach.

Before the specifics of the analysis are explained the software used to analyze the data is introduced. A software package for analyzing qualitative data, QDA Miner, codes text and graphical data, and can be used for annotating, recalling and evaluating the coded data. Using an extensive array of exploratory tools, QDA Miner, assists in identification of patterns in coding, association between the codes and other categorical or numeric characteristics (Provalis Research, 2011). The present study used the QDA Miner Lite version. QDA Miner has been extensively used in many published research papers, thesis and other academic works in the areas of education, psychology, health, medicines and life sciences, political science, public policy, sociology, communication, media studies, management science, market research, library and information sciences etc (Provalis Research, 2017).

Since the analyses will be repeated in all the cases, the fine points of the respective analysis are elucidated in the subsequent paragraphs. Coding frequency and coding by variable are the two content analysis techniques employed in the study. Coding Frequency is employed to understand the frequency of the codes assigned to phrases. The main intention here being, to assess the most repeated codes and hence identify the most decisive reasons for the performance decline or the most adopted turnaround strategies. The output is a table showing category of the codes, the code names, some statistics namely, Count (number of times a code has been used), Cases (number of cases in which the code appears), Percentage Count (Percentage of coding associated with the code), Percentage Cases (Percentage of cases containing the code). The

graphical representations of the coding frequency used in this study are the horizontal graphs and pie charts.

Coding by variable is the second analysis done as a content analysis technique. The relationship between the codes assigned and the subgroup of cases which could be the employee category/department variable is explored through coding by variable analysis. The output is generated either as a heat map plot or a bubble chart. Bubble charts are graphic representations of contingency tables, where relative frequencies are represented by circles of different diameters. Heat map plots are used to understand the functional relationship between the related codes and group of values of an independent variable (employee category/departments) (Provalis Research, 2011).

Two thematic analysis techniques are adopted. The basis of both the analyses is the co-occurrence of the codes. Code co-occurrence is defined as the application of two or more codes to a discrete segment of text from a unique respondent (Guest & McLellan, 2003). Code co-occurrence is obtained in QDA Miner by computing similarity or co-occurrences of codes in cases, and the application of hierarchical cluster analysis and multidimensional scaling. The similarity measure used in dimensional scaling and clustering is Jaccard's co-efficient.

Predominantly there are two outputs used in the present study, both based on multidimensional scaling (MDS) and average linked hierarchical clustering. The two dimensional concept maps are proximity values of all the codes calculated, graphically represented. While each point represents a code, its size shows the relative frequency and its color the membership to the cluster formed as a result of applying hierarchical clustering.

The distances between the codes show their co-occurrences. These maps aid in recognizing logical, purposeful dimensions that reflect the observed similarities (Provalis Research, 2011). The code co-occurrences are also displayed through a dendrogram which uses an average linked hierarchical clustering scheme to create clusters from a similarity matrix. “A dendrogram also known as a tree graph, has the vertical axis made up of the items/codes, and the horizontal axis represents the clusters formed at each step of the clustering procedure. Codes that tend to appear together are combined at an early stage, while those that are independent from one another or those that do not appear together tend to be combined at the end of the agglomeration process” (Provalis Research, 2011).

### **3.8.2 Analysis Overview of Formal Survey**

Reliability of the selected scales is measured initially using Cronbach’s alpha. An alpha score of 0.7 and above is considered as an appropriate measure to consider a scale reliable (Nunnally, 1978). The reliability analysis has to be conducted for each case for the same set of variables and items, as alpha score is very specific to a sample (Tavakol & Dennick, 2011). Hence, since the test is administered to a fresh set of sample in each case, the alpha score is measured every time to ensure internal consistency of the scale and thereby its reliability. After overall reliability is assessed, an exploratory factor analysis is done to reduce the items to meaningful and relevant dimensions (Beeri, 2012b). To assess the suitability of data to be analyzed into factors, the sampling adequacy and co-relations among items are habitually examined. Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test of Sphericity was used as common measures of the above and a score of 0.5 and above (KMO) and a

significance value of ( $p < 0.01$ ) for Test of Sphericity was to be attained (Kline, 2011). After deleting items for not loading satisfactorily, each of the dimensions were loaded into relevant factors with satisfactory total variance. Mean score as a measure of central tendency and standard deviation as a measure of dispersion is used to describe the dimensions of the variables studied using the formal survey.

### **3.8.3 Analysis Overview of Documentary Evidence**

Both financial and non financial data from the annual reports are analyzed to corroborate the findings from the two other sources. To substantiate the reasons that emerge from the open ended interviews and formal survey, calculations such as ratio analysis, decisive cost component analysis, several trend calculations etc are undertaken. Based on the reasons cited for decline from case to case, predominantly, financial ratios to calculate the available, recoverable and potential slack is used, in addition to the decisive cost component analysis. To ascertain the cost retrenchment, the net reductions in total cost; selling, general and administrative, factory (Robbins & Pearce, 1992) over the period of the study is found out and is ensured that the positive change in ROI matches with the reductions in total cost. The Asset Retrenchment is measured by calculating the reductions in the short term assets (inventories, sundry debtors and cash and cash equivalents) and also Long Term Assets (Freehold Land, Buildings, Plant and Machinery, Equipments, Furniture and Fixtures and Vehicles). Additionally, factual data in the form of text from the annual reports are reported chronologically to validate the findings of the open ended interviews.



### **3.8.4 Bringing together the Sources of Evidence**

Once all the sources of evidences are analyzed independently, the next step warrants an amalgamation of these evidences so that one corroborates the other and can be considered legitimate. Once veracity and the relevance of the factors/strategies are proved, they become eligible for further analysis to draw final conclusions. The next paragraphs explain the final tools used to arrive at logical findings and fitting conclusions.

The evidences from the three sources are brought together in a partially ordered matrix with variables as the key element, termed **Chain of Evidence**. The basic purpose of a matrix is to understand how the analysis was developed, check the translation fidelity of the constructs and the logical validity of the conclusions (Miles & Huberman, 1994). Once the factors/strategies are identified from the Chain of evidence as legitimate, a causal network is developed. A **Causal Network**, is an integrated map of the case phenomena that has local causal significance (Miles & Huberman, 1994). It displays the most important dependent and independent variables of study and their hypothesized relationship (both direction and strength). Based on the causal network, an **Effect Matrix** is developed. The effect matrix shows the effect of the independent variable on the outcome variable (performance decline/turnaround) and its relative position (immediate v/s distant) or the nature of the strategy (decline restricting v/s recovery). Based on the effect matrixes of both the decline and turnaround parts of the study, the next set of summative analysis are done to cement the findings from an individual case.

Bringing together of all the sources of evidence is done using a time ordered matrix namely the **Growth Gradient** where, the underlying variable that changes with time is the financial performance of the company (Miles & Huberman, 1994). The return on investment will be plotted for the period under study. The performance decline phase and the turnaround are delineated in the growth gradient based on time. It elucidates the factors and events that have led the organization to decline and the turnaround strategies adopted when its incidence has been proven empirically (as far as possible).

Next a **Segmental Causal Model** is developed. Cumulatively, a segmented causal model shows the entire turnaround process as a causal network, segmented on the basis of time (Miles & Huberman, 1994). The first segment represents the performance decline phase which shows the prominent reasons for the performance decline of the firm. The central segment represents the turnaround phase where the major strategies that had an impact on the turnaround of the firm are elucidated. The last segment depicts the outcome of the turnaround, successful v/s unsuccessful.

The case ends by putting the empirical findings into a **Logic Model** and pitches it against the theory. The logic model is an evaluative technique, which portrays a complex chain of events over a period of time. It matches empirically evidenced events to the theoretically predicted ones (Stake, 1995; Yin, 2011). Introduced by (Wholey, 1979), this technique has been used and recommended in several studies like (Cheadle, Beery, Greenwald, Nelson, & Pearson, 2003; Kohn, 1997; Starkey, 2010). The logic model in the present study portrays performance decline, its identified

and evidenced antecedents (endogenous and exogenous factors), severity of decline, decline restricting and recovery phase (pertinent evidenced strategies adopted during each phase), finally leading up to the turnaround outcome of success v/s non-success. Finally, judgments about the individual case propositions are drawn concluding the analysis of the individual case.

### **3.9 Cross Case Synthesis**

Cross case synthesis is an analysis technique used when there is a minimum of two cases in a study, with the intention of “aggregating the findings across a series of individual case studies” (Yin, 2011). When the numbers of cases are limited, predominantly techniques like word tables and matrices are employed for the analysis (Baxter & Jack, 2008; Darke, Shanks, & Broadbent, 1998; Hoon, 2013; Ketokivi & Choi, 2014; Yin, 2011). Cross case synthesis as an analysis technique has been successfully used in several studies such as (Andersson, Carlsen, & Getz, 2002; Koners & Goffin, 2007; Lawton, Rajwani, & O’Kane, 2011; Marks & Gersten, 1998; Picucci, Callicoatte, Brownson, Kahlert, & Sobel, 2002; Stronge, Ward, & Grant, 2011).

In the present study, after the findings from the individual cases are arrived at, a cross case synthesis is done to ascertain the common decisive endogenous and exogenous factors that led organizations to performance decline. To arrive at this, as a first step, a **case ordered factor evaluation matrix** is developed where the presence of the endogenous and exogenous factors in all the four cases are examined side by side, to identify the core variables that have significance across the four cases. An

**antecedent matrix** is developed next, “which is a matrix ordered by the outcome variable, and shows all the core variables and the changes that these variables induces in it” (Miles & Huberman, 1994). Once this is done, a cross case causal networking is attempted. “**Cross case causal networking** is a comparative combined analysis of all the cases in a sample, using variables estimated to be the most influential in accounting for the outcome or the criterion” (Miles & Huberman, 1994). In this study comprehensive, discriminating causal networks were developed for successful and non successful turnarounds to find out if there are any noteworthy differences among the causative factors.

Now the evidences from turnaround part of the four case studies is synthesis in a similar fashion using a **case ordered by strategy matrix** for determining and developing a catalogue of commonly adopted strategies during the decline restricting and recovery phase. From independent effect matrices, an antecedent matrix for the strategies is developed, enumerating the nature of the strategy (whether decline restricting or recovery) and its relative impact on the turnaround. From this antecedent matrix, a summative assessment of the high and low impact strategies taken at the strategic and operating level is determined. As a next step, logic models depicting the entire process; from the causes of decline, to the strategies adopted, to its outcome is developed for both successful and unsuccessful turnarounds. Finally **pattern matching** as an analysis technique is employed to assess the deviation from the conceptual model proposed. Cross case propositions are also looked conclusively to draw cumulative conclusions.

### **3.10 Quality Criteria for the Research Design**

While quantitative research has well developed and established models of validity and reliability, aided by statistical and precise procedures to ascertain the same (Willis, 2007), qualitative research has come up with comparable equivalents but from a host of different paradigms (Baxter & Jack, 2008; Denzin & Lincoln, 2005; Eisenhardt, 1989; Ketokivi & Choi, 2014; Kohn, 1997). The four key criteria in assessing the rigor and trustworthiness of a case study as proposed by (Yin, 2011) is followed in the present study and is discussed below.

Also known as truth value, construct validity is defined as “establishing correct operational measures for the concepts being studied (Yin, 2011). Having clearly defined operational measures are pertinent because, it is accepted that in qualitative studies, there is existence of manifold realities in the form of the personal experiences of the researcher which may culminate in methodological bias, leading to erroneousness in presenting the respondents’ perspectives (Breitmayer, Ayres, & Knafl, 1993; Denzin & Lincoln, 2005; Noble & Smith, 2015; Zhou & Creswell, 2012). (Yin, 2011) therefore suggests the use of multiple sources of evidence and building a chain of evidence to minimize the bias and maximize the construct validity. The study employs both these tactics at the data collection and data analysis stages respectively, to enhance the construct validity of the measures studied.

Internal Validity is referred to be able to “establish a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships” (Yin, 2011).

Data reduction, data display and drawing conclusions has been touted to be the most important steps in reaching valid conclusions and determining causal relationships (De Massis & Kotlar, 2014; Miles & Huberman, 1994; Suter, 2012). The tactics suggested by (Yin, 2011) include doing pattern-matching, explanation-building, addressing rival explanations, and using logic models, all, at the data analysis stage. The outcome of using all these tactics in the study is reflected in robust findings so as to the decisive reasons and its relative impact on the performance decline, and the important turnaround strategies adopted and its relative impact on the turnaround of the firms under study.

The next quality criterion is applicability or external validity. Defined as “establishing the domain to which a study’s findings can be generalized” (Yin, 2011), it is the equivalent of statistical generalization in quantitative research. The use of multiple case studies using replication logic to aim at analytical generalization is recommended by (Darke et al., 1998; Kohn, 1997; Onwuegbuzie & Leech, 2004; Ritchie, J. Lewis, 2003; Su, Linderman, Schroeder, & Van De Ven, 2014). The study uses replication logic, both literal and analytical replication to select the cases, and thereby making the results applicable to similar contexts and to a broader theory.

The last quality criterion discussed is reliability, also known as consistency. (Yin, 2011) defines it as “demonstrating that the operations of a study-such as the data collection procedures-can be repeated, with the same results”. Stability and transparency in methods will lead to trustworthiness which is expected out of reliability of a qualitative case study (R. Cameron, 2011; Hancock & Alogzzine, 2006; Koners & Goffin,

2007; Neale et al., 2006). A case study protocol is one of the most definitive tools used, to improve the reliability of case study research as it is prepared with the aim of guiding the case study researcher to carry out data collection in the most befitting manner from a single case sit (Barratt, Choi, & Li, 2011; Yin, 2011). The case study protocol developed and used in the current study is given in the Appendix to Chapter 3.B (p. 437). A database of the raw data is also maintained to enhance the consistency of the study, so that a subsequent independent researcher can use the same protocol and data base, to produce similar or akin findings and results (Baxter & Jack, 2008; Noble & Smith, 2015).

The Table 3.3 summarizes the test of quality criteria, the case study tactic recommended by (Yin, 2011), the phase of research in which it is applied ad whether the tactics is adhered to in the present study.

**Table 3.3:** Quality Criteria for Research Design

Test	Case Study Tactic	Phase of Research in which tactics occur	Adhered
<b>Construct Validity</b>	1. Use multiple sources of evidence	• Data Collection	Yes
	2. Establish chain of evidence	• Data Collection/Analysis	Yes
<b>Internal Validity</b>	1. Do pattern-matching	• Data Analysis	Yes
	2. Do explanation-building	• Data Analysis	Yes
	3. Address rival explanations	• Data Analysis	Yes
	4. Use logic model	• Data Analysis	Yes
<b>External Validity</b>	1. Use theory in single-case studies	• Research Design	Yes
	2. Use replication logic in multiple-case studies	• Research Design	
<b>Reliability</b>	1. Use case study protocol	• Data Collection	Yes
	2. Develop case study database	• Data Collection	

### 3.11 Limitations of the Study

- 1) Considering the method of the study,, statistical generalization is not claimed; however analytical generalization and replication in similar contexts can be made.
- 2) Due to the fact that, protracted timescales were necessary to establish whether and to what extent an attempted turnaround has actually succeeded and been sustained, the study draws heavily on reflective accounts offered by crucial figures in the turnaround, while noting the limitations of this approach (selective recall, post-rationalization etc.)
- 3) Although, all efforts were taken to steer clear of discernible, apprehensive and methodical bias, it is accepted that a minimal level of inevitable bias may have crept into the study.
- 4) The study period is limited to 2014, due to the non availability of Comptroller and Auditor General (CAG) audited and published annual reports of the companies under study. Since the CAG audit is the final and mandatory step of annual report finalization, the study was confined to the latest available CAG audited annual reports (and thereby last year of study) while the data collection was undertaken.

.....✂.....



---

---

## THE SOARING AMPLITUDE (Case A)

---

---

### 4.1.1 About the Company

The electronics major was established by the Government of Kerala in 1972 and started its operations with the production of Black & White Television sets. Some of the other products being manufactured initially included calculators, radios, voltage stabilizers, and inverters. Over the years the company has diversified its business while retaining focus on the electronics sector. Today, the company has 4 manufacturing facilities, Equipment complex in Karakulam, Communication Complex ('KCC') in Kulathoor, Controls in Aroor, and Transmission Equipment Unit in Mudadi; and one business centre which hosts the IT Business Group ('ITBG') in Vellayambalam. The company also holds 100% holdings in two subsidiary companies which it operates. These are Component Complex Ltd ('KCCL'), situated in Kannur district and Electro Ceramics Ltd ('KECL') situated in Kuttipuram in Malappuram district. The company owns approximately 106 acres of land and approximately 67,000 Square Meters of built up area in Kerala across its facilities. The company also has 7 branch offices spread across India at Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi. The current set of products includes, Processor Based Ground Mine, PBGM

Presetter, Echosounder V2, EM LOG V2, Retransmission Unit, Underwater Telephone System, XBT Probe, Steering Gear Control System, Search and Rescue Beacon, Space Application, Proximity Card Reader, Control and Instrumentation Items, Pneumatic Power Cylinders, Pneumatic Actuator, Electronic Reverse Counter, Led Aspects, Pressure Transducers.

Opening up of the economy, led the flourishing company, to face tough competition from outside the country and also from the rapidly mushrooming indigenous players in the sector. After the liberalization, the company was grossly underperforming, the wrath of which was borne by the company till 2008. Return on investment from the year 2001-02 to 2013-14 has been shown in the following graph (Figure 4.1.1).

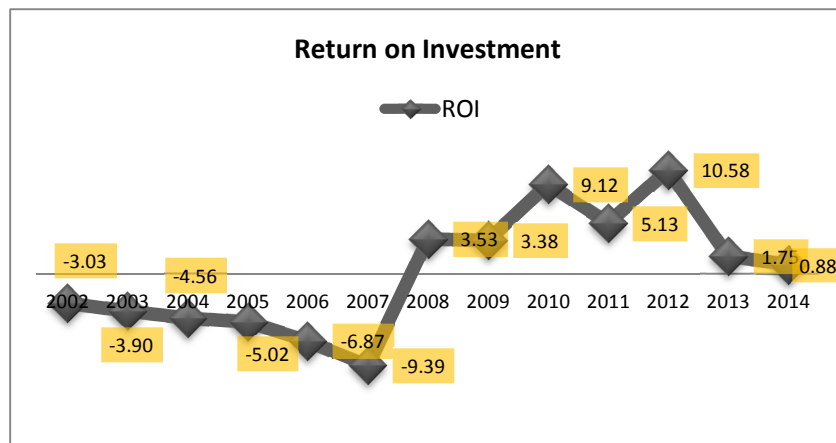


Figure 4.1.1: Return on Investment for the period 2002-2014

#### **4.1.2 Sources of Evidence**

Evidence was collected from three sources mainly; open-ended interviews, formal survey and documentary evidence. Permission to collect data was granted by the Chief Managing Director (CMD), and was collected during the period 29/05/2017 to 9/06/2017. The sites visited to collect the data included; Main Office (Valayambalam), Equipment complex (Karakulam), Communication Complex (Kulathoor), Controls Group (Aroor) and IT Business Group (Vellayambalam). Major part of the time spent in the company, was at the main office and the ITBG department in Valayambalam, Tivandrum, Kerala, while two days each was spent in Equipment complex (Karakulam), Communication Complex (Kulathoor), Controls Group (Aroor) respectively.

The open-ended interviews were conducted with personnel with relevant experience to ensure the accuracy of accounts, and authenticity of the information. Interviews were conducted with 12 personnel, which included all the top management team members (except for the managing director), union representatives of major unions, and senior most employees of the organization. Interviews were conducted after taking prior appointment with the respondents, and lasted for one to one and a half hours. The profile of the employees interviewed given in the Appendix to Chapter 4.I (p.439) shows that the accumulated experience on an average is close to 28 years, which makes them the ideal for narrating the incidents that led up to decline of the organization, and the turnaround measures taken to overcome it.

The second source of evidence was the formal survey. The inclusion criteria mandated the employees to be permanent and have a minimum of five years experience in the organization. From the source list given by the administration department, employees with relevant experience were selected from the main office Valyambalam and the Aroor complex, to fill up the surveys. Of the 201 employees from the sample list (from the two sites) who matched the inclusion criteria, 108 employees were selected through simple random sampling using random number tables. The questionnaires were distributed at the beginning of the site visit and collected back towards the end of the two week data collection period. The third source of evidence was documentary in nature and included annual reports from the year 2001-02 to 2013-14. Original copies of the annual reports were received to be used for the study.

#### **4.1.3 Open Ended Interviews - Reasons for Performance Decline**

Field notes were made during the interview, which were then corrected, edited and transferred to word documents, ready for analysis. The written-up field notes were subsequently subjected to analysis. At the first stage, a “Start List” of codes were developed and operationally defined, based on the conceptual framework, related theory and preliminary interview. These codes were applied to the segments of written up field notes. As a result of the field experience, codes surfaced progressively that were more grounded empirically and revealed imperative local factors (Miles & Huberman, 1994). The emergent codes conceived, operationally defined and applied in this case are enlisted in the Table 4.1.1.

**Table 4.1.1: Emergent Codes and Operational Definitions**

<b>Emergent Code</b>	<b>Parent Code</b>	<b>Operational Definition</b>
Manpower Shortage	Performance Decline (PD)/ Endogenous	The existing manpower strength in the organization was deficient for the concurrent requirement.
Economic Reforms	PD/Exogenous	The major economic reforms introduced by the Central Government namely, Liberalization, Globalization and Privatization which led to the opening up of the economy to foreign competition in the year 1991.
Rapid Technology Change	PD/Exogenous	The continuous, incremental, and most of the times exponential changes in the technology used in the electronic industry.
Valued Employee Turnover	PD/Endogenous	The sizeable turnover of, the most talented employees when given an opportunity through VRS, which was actually intended to reduce the number of inconsequential posts in the organization.
Staffing Mismatches	PD/Endogenous	The mismatch between the expected and actual knowledge level and skill sets of the employees, working in the organization (with reference to specific job profiles).

#### 4.1.3.1 Inter Coder Agreeability

Once the codes were assigned, the Inter Coder Reliability was ascertained. The reliability co-efficient is a measure of agreements and disagreements between the coders and a score of 0.7 or above is an acceptable level of reliability (Oleinik, 2011). When there are two or more coders, the most recommended measure of inter-coder reliability is Krippendorff Alpha- KALPHA (Swert, 2012) and the acceptable norm is a KALPHA value of 0.7 or above (Hayes & Krippendorff, 2007).

**Table 4.1.2:** Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons

<b>CODE</b>	<b>PERCENT</b>	<b>ALPHA</b>
Competition	95.8%	0.833
Economic Reforms	97.2%	0.900
Employee Attitude	99.3%	0.797
Inadequate Marketing	100.0%	1.000
Input Cost Increase	97.2%	0.873
Lack of Governmental Support	97.8%	0.858
Lack of Organizational Image	100.0%	1.000
Lack of Organizational Slack	95.8%	0.855
Manpower Shortage	94.4%	0.813
Poor Financial Mismanagement Practices	100.0%	1.000
Products with Low Contribution to Total Sales	98.6%	0.902
Rapid Technology Change	98.6%	0.933
Shift in Demand	95.7%	0.800
Staffing Mismatches	97.1%	0.818
Valued Employees' Turnover	96.4%	0.781
<b>TOTAL</b>	<b>97.4%</b>	<b>0.768</b>

Table 4.1.2 shows the KALPHA values for the codes assigned to the reasons for performance decline and the overall inter-coder reliability. As can be observed, an alpha value above 0.7 is present for the all the codes assigned and an overall reliability of 97.4% or 0.768 indicating good measure of agreement between the coders and hence suggestive of the accuracy of operational definitions.

#### 4.1.3.2 Code Frequency

Once the inter-coder agreeability was ascertained, further analysis was done on the written up, edited and coded data. Coding Frequency was adopted as a content analysis technique, to understand the frequency of

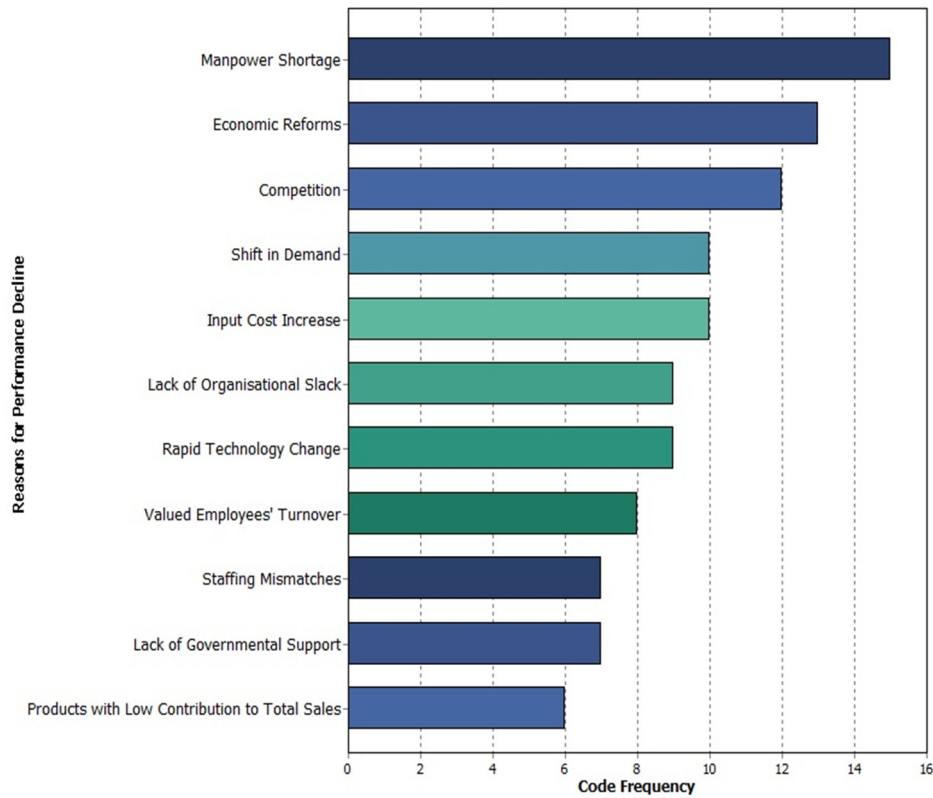
codes assigned to phrases. The main intention here being, to assess the most repeated codes and hence identify the most decisive reasons for the performance decline of the firm. The coding frequency (Table 4.1.3) shows the 16 most cited reasons from the codebook that had the highest frequency. The table shows the category of the codes, the code names and the following statistics:

- Count (number of times a code has been used)
- Cases (number of cases in which the code appears)
- Percentage Count (Percentage of coding associated with the code)
- Percentage Cases (Percentage of cases containing the code)

**Table 4.1.3:** Coding Frequency (Reasons for Performance Decline)

Category	Code	Count	% Codes	Cases	% Cases
Endogenous	Manpower Shortage	15	7.0%	7	58.3%
Exogenous	Economic Reforms	13	6.1%	9	75.0%
Exogenous	Competition	12	5.6%	7	58.3%
Exogenous	Shift in Demand	10	4.7%	9	75.0%
Endogenous	Input Cost Increase	10	4.7%	6	50.0%
Endogenous	Lack of Organizational Slack	9	4.2%	5	41.7%
Exogenous	Rapid Technology Change	9	4.2%	5	41.7%
Endogenous	Valued Employees' Turnover	8	3.8%	5	41.7%
Endogenous	Staffing Mismatches	7	3.3%	7	58.3%
Exogenous	Lack of Governmental Support	7	3.3%	5	41.7%
Endogenous	Products with Low Margin	6	2.8%	5	41.7%
Endogenous	Employee Attitude	2	0.9%	2	16.7%
Endogenous	Poor Financial Mismanagement Practices	2	0.9%	2	16.7%
Endogenous	Lack of Organizational Image	2	0.9%	2	16.7%

Excluding the last three factors, namely, employee attitude, poor financial management practices and lack of organization image, owing to the fact that it was very sparingly mentioned in the interviews, the remaining pertinent factors are represented graphically (Figure 4.1.2) as below. The bottom axis shows the frequency of the codes assigned whereas; the vertical axis shows the names of the codes assigned.



**Figure 4.1.2:** Horizontal Code Frequency Chart Showing the Reasons for Decline



As can be seen from the coding frequency table and the horizontal chart, it is clear that the most cited reason for performance decline of the organization was manpower shortage with a frequency of 15 and appearance in 58.3% cases. Economic reforms were the next most cited with a frequency of 13, but was mentioned in more number of cases (75%). Competition, another pertinent reason, was mentioned 12 times and appeared in 58.3% of the cases. Shift in demand and input cost increase were the next most important reasons, both having a frequency of 10, but were mentioned in 75% and 50% of the cases respectively. Other reasons also included, Lack of organizational slack and rapid technology change which were cited 9 times each and both these codes appeared in 41.7% cases. Valued employees turnover was the next reason cited with a frequency of 8 and presence in 41.7% of the cases. Staffing mismatches and Lack of governmental support were two other reasons cited both having a frequency of 7 but appearing in 58.3% and 41.7% cases respectively. Products with low contribution to total sales, was the final reason cited to have caused the performance decline. It was cited 6 times and appeared in 41.7% cases. Other factors like employee attitude, poor financial management practices and lack of organizational image were also cited by a few respondents, but due to the absence of significant representation were not considered for further analysis.

In the next section, the reasons as explicated through the code frequency table and horizontal chart is evaluated and described in detail.

The most pertinent reason according to the respondents that led to the performance decline of the organization was **manpower shortage**. With the loss of business as a result of economic reforms, the company in later years was forced to offer voluntary retirement scheme to reduce the number of employees and thereby the employee cost burden. However, out of the 699 employees who accepted the scheme, a substantial percentage was the best brains in the firm. In addition to this talent drain during the 1990s, a freeze on recruitment was also enforced. From the year 1985 there were yearly recruitments of engineering graduates as trainees and were inducted effectively into the system. The company had resourceful employees at every grade and this contributed substantially to the success of the firm. This came to a grinding halt in 1990 and since then, there has been no systematic recruitment in the company. In an industry where talent drives innovation, the company has been seriously affected as a result of this attrition and lack of talent infusion. This has been one of the primary reasons for its sickness. Additionally, over the next few years, the company faced a considerable challenge of reduction in permanent staff due to retiring of senior employees. The percentage reductions in executives and supervisors cadre were more drastic than workmen. Out of the 2000 odd employees of the company, only 530 were permanent employees with only 268 executives and supervisors. There were very few employees in the category of deputy general managers and above. The middle management was weak and had only few permanent employees. This put additional strain on the top management team, as they had to look into the day-to-day functioning of the organization which was not their dominant responsibility. For achieving the growth aspirations of

the company, a stable technical manpower was essential. Finally, the salary levels being offered were low, compared to the industry and to the central public sector units. The average salary of comparable category in central PSU was 30-50% higher than the current salary levels in the company. This also contributed to momentous levels of attrition in the organization. The results of all these factors were an acute shortage of manpower at crucial positions in the organization.

The next pertinent reason cited by the respondents was the **economic reforms** introduced by the Government of India during the year 1991. The strategy adopted by the company during its early years, was to develop technology for self reliance and new products which resulted in technology collaborations for manufacture of superior equipments and systems, most of which were eventually indigenized. Several products in consumer electronics, power electronics, digital electronics, mass communication and related areas were developed in the company's research and development facility. Banking on these facilities, the company was able to maintain its focus and position in the electronic sector for nearly two decades. This also helped build a very strong brand, both in industry and consumer electronics which continue to be its strength even today. With liberalization and opening up of the economy in the early 1990s, India's business landscape changed forever, when multinationals were given entry into the Indian market. With new technology and products at competitive prices, the company, like many of its contemporaries faced tough competition in the electronic sector. The detachment of its research and development wing for developing into a centre of national excellence

in research and development in electronics further weakened the company's ability to compete in the new market scenario.

The third factor that was mostly cited in the interviews was **competition**. The company had to face stringent competition once the economy opened up and the quasi monopolistic status it held, gave away to it being an irrelevant player, as the market was flooded by better quality products at much cheaper prices. The firms, who were partners for technology collaborations, were now doing business on their own, making products of the company redundant. The best selling products of the company namely TV, Radio etc got completely wiped off by the competition. The company decided to diversify and started manufacturing telephone exchanges and was supplying to Department of Telecommunication (DoT). DoT was restructured to a company form of organization, namely Bharat Sanchar Nigam Limited (BSNL), and now the products had to compete with lower priced similar products as the customer (BSNL) was now looking at the cheapest bidders. While DoT promoted indigenously produced products and services, BSNL looked at the cost of the product rather than its origin. Another vertical of the company namely, the control and instrumentation SBU also faced stiff competition and ceased to be the champion business vertical. It was at this juncture trading in computer hardware and software was started. But regrettably today, even that vertical is cluttered with large number of players. Similarly at every stage of new product introduction, the company had to face tough competition. The various verticals of the company face stiff competition even today.

The fourth factor was **shift in demand**. The company initially produced consumer products like TV and radio which had huge demand. The arrival of foreign made, cheaper priced TV and radio, pushed down the demand for these products. The markets dwindled and finally the consumer electronics line of products was discontinued. The next focal area was telephone exchanges and due to the change in DoT to BSNL (as mentioned in the previous paragraph), the company lost business in that product line too. As telephone exchanges also reached a point of saturation, the company started producing control and instrumentation products. They tied up with Hitachi and Control Bailey (France) and were doing extremely well in the market. But again, the changing business scenario put an end to this excellent business division and Indian manufactured products ceased to be a profitable market. The company also had many turnkey projects which also ceased to exist as a result of decline in demand for indigenous products. Thus, when the company turned its attention to a business vertical which had scope and would commit its resources, there would be a conspicuous shift in demand, forcing it to cease operations.

The next factor was **Input cost increase**. With two major divisions losing its business, and the manpower in these divisions remaining jobless, the company started facing a huge crisis. The consumer electronics was an assembly line based production process, and hence had employed a sizeable number of employees. Additionally, there were employees responsible for marketing, sales, after sales service etc. The excess manpower was a huge burden on the already shrinking business. The situation of the company was getting dire and the employees' salaries

were too hefty for the company to bear. Major downsizing had happened in the company as it could not bear the employee cost. Though it could curtail costs for the time being, employee costs continued to rise making the revenue earned insufficient for earning profits. Added to this, material costs continued to rise as well, forming the major portion of costs during latter years.

**Lack of Organizational Slack** was the next factor that contributed to performance decline as per the open ended interviews. The organizational slack i.e. the amount of uncommitted resources in the organization that can be used to fund organizational activities was in an upsetting state. The company could in no way boast of excess funds, in addition to what was required to run the minimum given level of production. One of the reasons for the company's weak financial position in the past has been the lack of systems for efficient working capital management. Due to the acute shortage of funds there was a phase when even the loans were not serviced. Another contributing factor was the accumulating bad debts. Especially between years 1990 to 2000 the collection of dues aggravated and a significant portion of ₹ 3449 lakhs were time barred debts which was written off much later, during the year 2009- 2010. Most importantly, Government of Kerala has been the single largest source of funds for the company. However, over a period of time this had also resulted in certain challenges. Key factor among these was the high financing costs, with the average interest rate on capital loans exceeding 15% along with highly leveraged capital structure (debt equity ratio of approximately 2:1).

The next factor was **Rapid Change in Technology**. In the year 1994, the company had a technical tie up with Control Bailey (France) which signified the kind of technical excellence and innovative engineering that the company had during those years. However, there was a tectonic shift from analog systems to digital systems. This change in technology had started to affect the business of the organization. As time passed by there was a shift from mass communication to point to point communication which also affected the company. The company still had the capacity to carry out most of contemporary functions, however, times changed and simulation and integrated systems started putting the company on the back foot. The prohibitive cost of technology and lack of funds for the same, led to stagnation in technology up gradation. Absence of induction of fresh talents worsened the situation. As a result, many products of the company became outdated and eventually were discontinued.

The next factor was **valued employees turnover**. The organization faced strong pressures due to talent drain during and before the decline period. There was talent drain during the 1990 owing to better avenues for finding jobs as the economy had opened up and brought with it bigger and better opportunities. It was unfortunate however, that the crème layer of most talented employees took this as an opportunity to steer away from a sinking ship and left the organization. This was also an important impediment for a company like this, whose success wholly depended on new technology and its flawless implementation. But as times passed, with falling orders and subsequent reduction in turnover, the salary packages started reducing, sometimes frozen for years without revision, forcing the best set of employees to leave the organization. About 746

employees left the organization leaving it to cripple in the dark for lack of innovative ideas and path breaking products.

**Staffing mismatches** was the next issue. Talent acquisition was a challenge faced by the company in an industry where competition of qualified and experienced resources is very stiff. Despite having its operation in a state which is rich in electronic manpower, the company could not leverage the brand equity and attract and retain quality manpower. The company's core business operations were highly technology intensive and required considerable investments for skill development. Many of the existing staff had received international training during the 1980s which they have subsequently indigenized and perfected. Some of skills acquired are still proving to be of value to the company though it may not have much longer shelf life. One of the reasons for erosion of technical skill was lack of appropriate training. While the VRS took away the cream layer of the employees, a huge gap in recruiting new hands, left a huge void as far as manpower was concerned. There was certainly a gap in the knowledge level of employees. This made the organization incompetent in the technological paradigm. The quality of manpower had to be addressed as there was a dearth in employees (permanent, with experience of the business).

According to the interviews **lack of governmental support** was an area of concern. The then technology partner Hitachi had an offer for Aroor complex for technology, financial and marketing support and the complex had to give them the infrastructure and manpower required for the same. However government was not ready for a joint venture with a



private player then, and the division lost all of its business. Pointedly, as the years have passed, apart from financial aids here and there, the company has not received any form of marketing or related support from the government. This meant that the company had to fight an internal devil and an external one too.

The final factor was **products with low margin**. Most of the products that the company sold had very low margins, and it was only because of the volumes that best selling products did, these products were there in the product portfolio.

Now that a preliminary understanding of the most cited reasons is garnered, further probing is done to understand the underlying patterns in the data and among the codes, thereby connecting the antecedents of performance decline in the chronology of events.

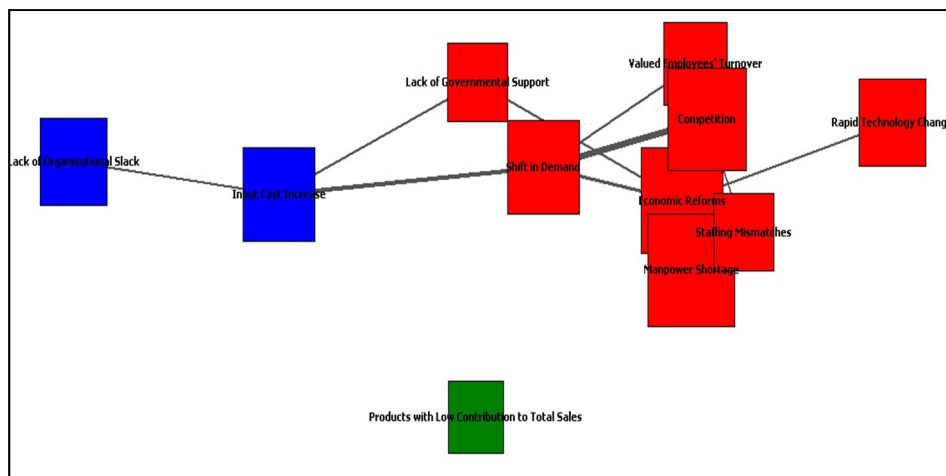
#### **4.1.3.3 Code Co-occurrence and 2D Map**

Once the reasons have been explained in element, an examination of the underlying patterns, if any, was done using a Thematic Analysis technique. The similarity matrix as shown in the Table 4.1.4, shows the similarity co-efficient of the codes assigned. Calculated using Jaccard's co-efficient, the similarity index (ranging from 0-1), shows the co-occurrence of codes. A high similarity index indicates that the codes appear concomitantly.

Table 4.1.4: Similarity Matrix of Codes Assigned

Reasons For Performance Decline	ER	ICI	LGS	LOS	MS	PLM	RTC	SID	SM	Cm
Economic Reforms	1									
Input Cost Increase	0.5	1								
Lack of Governmental Support	0.556	0.57	1							
Lack of Organizational Slack	0.273	0.57	0.429	1						
Manpower Shortage	0.778	0.44	0.5	0.2	1					
Products with Low Margin	0.4	0.38	0.25	0.25	0.5	1				
Rapid Technology Change	0.556	0.38	0.25	0.11	0.333	0.111	1			
Shift in Demand	0.636	0.67	0.4	0.4	0.455	0.4	0.4	1		
Staffing Mismatches	0.778	0.44	0.5	0.2	0.75	0.5	0.5	0.455	1	
Competition	0.6	0.44	0.333	0.2	0.4	0.333	0.5	0.778	0.556	1
Valued Employees' Turnover	0.556	0.38	0.429	0.25	0.333	0.25	0.429	0.556	0.5	0.71

The two dimensional map based on multi-dimensional scaling and hierarchical clustering as depicted below (Figure 4.1.3), shows three clusters (represented by three different colors), the squares representing the codes, and its size the relative frequency. It also shows the co-occurrence represented by distance between them and their associations through lines between.



**Figure 4.1.3:** 2D Map Showing clusters of grouped Reasons for Performance Decline

From the code frequency chart and the 2-D map it can be clearly seen that there was the predominance of exogenous or external factors that led to the organization performance decline.

The most potent cluster was the one in red and had economic reforms in the centre. Economic reforms, manpower shortage and staffing mismatches had a similarity score of 0.778 indicating that the codes have co-occurred frequently, obliquely meaning that one has led to another, either as an antecedent or as an outcome. As was narrated in the previous paragraphs, economic reforms and the opening up of the economy

brought in foreign players and elevated the indigenous players to technically proficient and capable of producing cheaper goods. This meant that the employment opportunities for the technically skilled worker grew exponentially, and valued employees left the organization, leading to manpower shortage. The manpower shortage was also driven by the voluntary retirement scheme introduced as a result of the drastic fall in revenue caused by the economic reforms, and the inability of the company to sustain large number of employees. To the already dwindling staff size, technical incompetency was added as an additional problem, as hiring of fresh talents was frozen for years together. There was lack of technically skilled staff to ensure that the company runs on a rapidly changing technology platform, indicating that more than the actual shortage, the quality and the ability of the manpower to overcome the decline and uplift the company to better performance were absent.

The next strongest co-occurrence and association were between economic reforms and shift in demand (0.636) and competition (0.600) respectively. Competition was an obvious result of economic reforms and the increased competition based on the technology and pricing, shifted the demand to newer technologically adept and much cheaper products. Rapid changing technology was also an offshoot of the economic reforms, which facilitated technology transfer across the boundaries with minimum impediments. Valued employee turnover had a high similarity score with competition (0.714). As mentioned above, the presence of multinational companies presented the employees with better opportunities, which prompted them to leave the organization creating a severe talent drain.

It can be seen that, lack of governmental support was felt during the economic reforms (0.556) as the company was not given any form of support, whereas the company was functioning in a completely protected environment till then. Offers to collaborate and work were also rejected by the then government.

The second cluster was blue in color and consisted of lack of organizational slack and input cost increase. Shift in demand had prompted the company to produce diversified products which in turn had led to an increase in the raw material prices (0.667). Lack of organizational slack was closely associated to input cost increase, as, input costs swell was one of the formative reasons that led to reduction in excess funds available to the company (0.571). The final cluster (green) had only one component; Products with Low contribution to total sales, showing that this factor was mentioned disjointedly from the other reasons but was a pertinent issue.

#### **4.1.3.4 Coding By Variable**

Bubble plot was used to understand the functional relationship between the related codes and group of values of an independent variable. Here, the pertinent reasons for performance decline (the codes assigned) were pitched against the respondents' position in the organization (independent variable), to understand the prominent source of citation for each code. As depicted in Figure 4.1.4, the bubble plot, displayed the cross tab table result, where the bubble size shows the relative frequency of the code. For example economic reforms as a decisive reason for decline was mostly cited by the Chief General Managers (69.3% cumulatively), followed by the second level or deputy level managers and

engineers (30.8%). Shift in demand, was cited by almost all categories of employees and almost univocally too, reflecting similar relative frequencies (10-20%), represented by bubbles of similar sizes. Rapid shift in technology was mentioned by Chief General Managers, general managers and deputy general managers (55.5%, 33.3% and 11.1% respectively). It may be noted that employees who had firsthand experience of the exponential change in technology and bore its brunt spoke about it the most. The impact of competition on the performance decline of the firm was explicated mostly by Chief General Managers responsible for planning and marketing, as they had faced the onslaught of competition and its fury (74.6%). Lack of governmental support was again mentioned largely by Chief General Managers of the production departments, as they felt that, if extended marketing support was given to the products these complexes produced, they could have been more successful in bringing more revenue to the firm. The turnover of employees, most valuable to the organization in terms of their contribution, was also a defining reason for the performance decline, according to respondents. 75% mentioning of this factor came from chief general managers. Input cost increase was also perceived by most respondents as a causative factor for decline, the top level managers being more aware and concerned about it, than the middle level (70% cumulatively). Staffing mismatches as a result of valued employee turnover and manpower shortage, was considered to be a pertinent reason for the decline by most of the chief general managers, general and deputy managers univocally as they were burdened with more work, due to the incompetence of the existing staff to carry out work as stipulated.

Manpower shortage as a probable antecedent for the above factor was also a pertinent one according to most of the interviewees, as can be seen from the bubble graph. Manpower shortage as a pertinent reason was mentioned mostly by respondents working in the factory and included the Chief General Manager of both the factories complexes visited (66.5%), where it was felt the most. Products with low contribution to total sales were yet another factor, however felt by respondents who were in the thick of producing these; manager, deputy manager and deputy engineers forming 66.7% of the code.

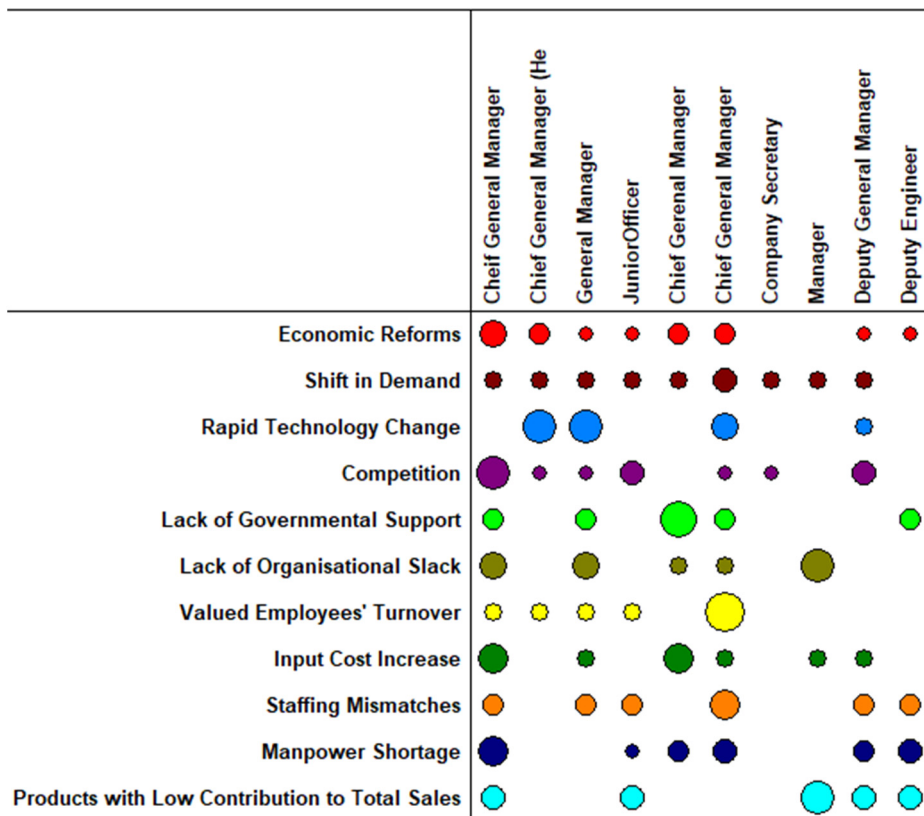
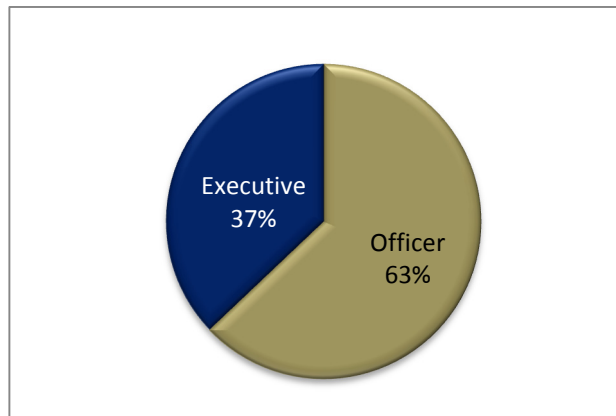


Figure 4.1.4: Bubble Plot– Reasons for Performance Decline v/s Employee Positions

#### 4.1.4 Formal Survey (Reasons for Performance Decline)

The questionnaires distributed was collected back, the data entered and was readied for analysis. All 108 questionnaires were received back; making the response rate of 100%. After deletion of 3 questionnaires for having several missing entries, the final sample size stood at 105. The following paragraphs elucidate the results obtained.

The descriptive statistics were looked at first. As can be seen the graph (Figure 4.1.5), the officers were represented more in the formal survey, with 63% of the respondents being in the category (Freq: 66). With more experience, they were more informed about the functioning of the organization. The survey respondents also consisted of 37% executives who were second in grade to the officers (Freq: 38).



**Figure 4.1.5:** Employee Category – Formal Survey

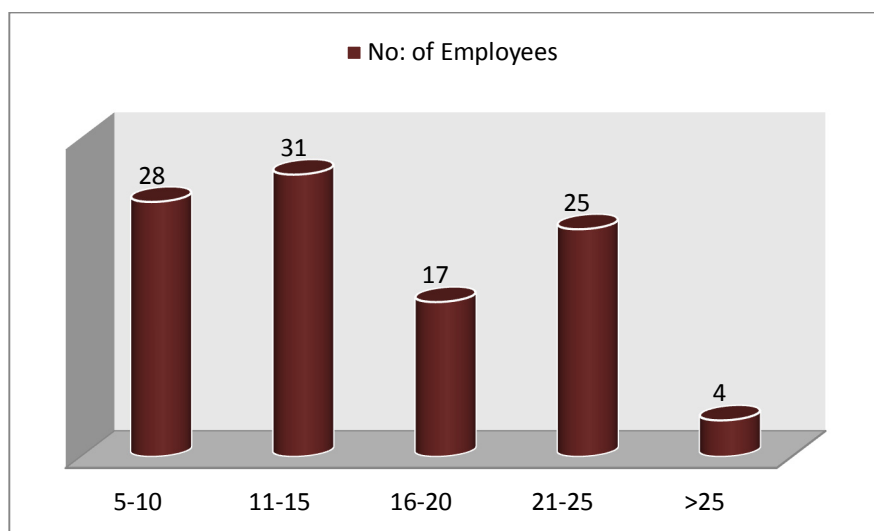
The following table (Table 4.1.5) and graph (Figure 4.1.6) shows the experience of employees who were respondents of the formal survey. As can be seen from the table, cumulatively about 73.33% of the



employees surveyed had 10 or more years of experience in the company (Freq: 77). This meant that they have seen the turnaround of the company which was initiated and came into a reality starting 2007-08. Considering that the data was collected the year 2017, and the period of the study started from 2000, 43.8% of respondents had witnessed both the decline and turnaround of the organization. This enhances the quality of their responses as they have witnessed the phenomenon under the study.

**Table 4.1.5:** Experience of Employees – Formal Survey

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5-10	28	26.6	26.6
	11-15	31	29.5	56.2
	16-20	17	16.2	72.4
	21-25	25	23.8	96.2
	>25	4	3.8	100.0
Total	105	100.0	100.0	



**Figure 4.1.6:** Experience of Employees - Formal Survey

#### 4.1.4.1 Reliability, Factor Analysis and Descriptive Statistics

The reliability of variables was ascertained to understand the internal consistency and the inter-item correlation. All the constructs studied had a reliability score above the acceptable value of 0.7. Factor analysis was conducted on the available sample for each of the variable, to ensure that the scales retained the factor structure as proposed by theory and also for validation of the same, due to it being adapted. Principal component analysis was used here to extract the factors and, varimax rotation was applied on the structure of factors to facilitate simplified and lucid interpretation of the factor solution.

The Organization Commitment variable loaded into three sub dimensions namely Affective Commitment, Normative Commitment and Continuance Commitment (in tandem with the theory) with satisfactory total variance (63.868%) and with a score of 0.63 for Kaiser-Meyer-Olkin (KMO) and a significant ( $p < 0.01$ ) for the Bartlett's Test of Sphericity. Communication construct too, loaded to three factors namely Strategic Communication, Vertical Communication and Satisfaction with Management Responsiveness, with a total variance of 67.727% and all as proposed by the theory with satisfactory sampling adequacy of 0.754 and significant correlation among items at  $p < 0.01$ . The cultural rigidity construct, was next subjected to exploratory factor analysis and had a three factor solution to include, Concurrence Seeking, Group Identity and Symptoms of Defective Decision Making with a total variance of 69.831% and a KMO of 0.754 and Bartlett's Test of Sphericity significant at ( $p < 0.01$ ). Union Commitment loaded to two sub dimensions, and

reflected the theoretical proposition. Union Loyalty and Responsibility to the Union were the two sub dimensions, which had sampling adequacy of the acceptable 0.626 (KMO), a significant test of Sphericity ( $p < 0.01$ ) and 63.299% of the total variance explained. The next variable studied Internal conflict, loaded to two factors with a total variance explained of 62.548%, and with adequate sampling adequacy measures and significant correlation tests (KMO-0.665,  $p < 0.01$ ). The two sub dimensions that emerged out of the factor analysis were named Conflict Norms and Conflict Resolution and mirrored the operational definition used in the study. Perceived severity of decline, the last variable studied gave a one factor solution which explained 57.049% of the total variance, and had above the acceptable KMO value (0.616) and a significant test of Sphericity ( $p < 0.01$ ). Cronbach's Alpha scores were re-ascertained for the sub dimensions, and as can be seen from the below table (Table 4.1.6), all the sub-dimensions too had acceptable reliability scores. The table also shows the main descriptive statistics namely, mean scores and standard deviation, which is an indication to the present levels of the variables in the firm, and may prove to be corroboratory evidence for any of the reasons for performance decline as discussed in the open ended interviews.

**Table 4.1.6:** Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey

Variable	Sub Dimensions	$\alpha$	Mean	Standard Deviation	Minimum	Maximum
Organization Commitment						
	Affective Commitment	0.917	5.56	0.82	2.80	6.80
	Normative Commitment	0.903	5.03	1.40	1.66	6.50
	Continuance Commitment	0.730	5.37	1.028	2.42	5.85
Communication						
	Strategic Communication	0.708	3.73	0.96	1.50	6.25
	Vertical Communication	0.757	4.17	1.51	1.00	7.00
	Satisfaction with Management Responsiveness	0.713	4.56	1.53	1.00	7.00
Cultural Rigidity						
	Concurrence Seeking	0.740	4.38	1.40	1.00	6.67
	Group Identity	0.868	4.58	1.26	1.33	7.00
	Symptoms of Defective Decision Making	0.836	3.38	0.94	2.20	6.60
Union Commitment						
	Union Loyalty	0.820	4.78	0.99	1.80	6.80
	Responsibility to the Union	0.721	4.90	1.23	1.00	7.00
Internal Conflict						
	Conflict Norms	0.856	5.38	1.18	2.00	6.33
	Conflict Resolution	0.839	4.56	1.18	1.20	6.20
	Perceived Severity of Decline	0.724	4.85	0.80	1.71	6.28

Organization Commitment, often an important antecedent of employee performance, was measured here. As can be seen from the table (Table 4.1.6), mean scores above 5 for all the three dimensions of the tri-component model, namely Affective Commitment (5.56), Normative Commitment (5.03) and Continuance Commitment (5.37), reflect a generally committed set of employees. Empirically it has been proven that

affective and normative commitment leads to desirable organizational outcomes, such as performance and organizational citizenship behavior (Meyer et al., 2002) encouraging the employees to perform extra role behaviors, enhanced team performance and increased work performance (Fedor, Caldwell, & Herold, 2006; Lavelle et al., 2009). It may be noted that this is true of the organization under study, as the employees were an enthused lot and the top management did not complain about their negative attitude being detrimental to the functioning of the organization.

Communication construct was considered to be a multi-dimensional concept and dealt with three aspects of vertical communication. The quantity of strategic information in form of strategies and policies developed, that was communicated within the organization was the first aspect measured. As can be seen, the employees perceived that it was minimum in the organization with a mean score of 3.73. There was apparently a dearth of information regarding the strategies and policies adopted by the company among the employees. The second aspect of communication that was measured was the quantity of vertical communication; the flow of communication from the top to bottom and from the bottom to the top. The employees opined that the quantity and quality of vertical communication in the organization was above average. The organization had some practices ingrained in the system that did let employees share their opinion with the top management. The instance of unions partaking in coining the revival strategy is a testimony to this fact. The third and the final aspect that was measured was the satisfaction of management's response with the bottom-up feedback. It may be noted that, the employees had satisfaction in this regard with a mean score of

4.56. It has been proven through empirical studies that people's sense of belonging to the organization is related more strongly to their appreciation of the management's communications (Postmes et al., 2001. Considering the organization had gone through a period of performance decline and could sustain the turnaround it achieved, it is imperative to keep up communication as it increases partaking and lowers constraint (Hoffi-Hofstetter & Mannheim, 1999).

Operationalized as concurrence seeking tendency and enhanced group identity leading to symptoms of defective decision making, the extent of cultural rigidity in the organization was found out. The results show that the concurrence seeking symptom, where there is a pressure for uniformity was perceived by the employees (mean score: 4.38) and they thought the presence of group identity to be there (mean score: 4.58). Though there was comparably lower pressure to think alike, the groups felt that they were more influential and impregnable than they were in reality. A stimulating finding however is that, this group identity and concurrence seeking was not leading to further defective decision making (3.38). These dimensions of group think has been manifested positively, leading to lower defective decision making as proposed in studies such as (Aldag & Fuller, 1993; Sniezek, Sniezek, & A., 1985) as the commitment and tenacity to the group's decisions and actions are augmented due to the group discussions based on mutual shared information (Choi & Kim, 1999).

The next variable studied was union commitment of the employees. The affective commitment measured through union loyalty had a lower mean score of 4.78, while the employees perceived that they are more

willing to do circadian affairs of the union as a part of their membership in the union (Mean Score: 4.90). This could be because; by virtue of their membership, employees are responsible in documented ways to be part of the activities of the union. Their union commitment can be deduced to be not competing with their organization commitment. The next variable studied was the perceived internal conflict in the organization. A high mean score of 5.38 means that conflict norms in the organization was open and conflicts were dealt openly in the organization. The degree to which conflicts were resolved in the work organization had a mean score of 4.56, pointing to the fact that though there was an environment in the organization where the conflicts were openly dealt with, the resolution was not as satisfactory. Finally, the perceived severity of decline was measured and it had a mean score of 4.85, pointing to the fact that the perception of severity of decline as being moderately high was in concurrence with the reality.

Conclusively, in the present case there were no factors from the open ended interviews, which needed ratification from the formal survey. However, it is important to know the levels of these variables, as, its interplay with other pertinent factors lead to a more comprehensive understanding of the phenomenon, which will be explicated in the cross-case synthesis chapter.

#### **4.1.5 Documentary Evidence (Reasons for Performance Decline)**

The annual reports from 2001-02 to 2013-14 have been analyzed exhaustively and, both financial and non financial data was scrutinized to find corroboratory evidences for the reasons emerged through the open

ended interviews and formal survey. The first section deals with the financial analysis while the second section looks at explicit and implicit statements in the annual report affirming the prevalence of the reasons cited for performance decline.

Input cost increase has been cited as one of the major reasons for the performance decline of the organization. The major input costs, namely, material cost, employee cost, interest and bank charges and purchase for resale against the total costs was compared from 2002-2014. As can be seen from the graph (Figure 4.1.7), from 2002-2006 interest cost was the major cost component with it constituting on an average about 38.42% of the total cost, going as high as 41.59% till the year 2006. The government funds which was the major source of finance for the company, proved to be an impediment with the average interest rate on capital loans exceeding 15%. The company, in an effort to revive its performance and drastically reduce the interest burden, conceived and proposed a Onetime Settlement (OTS) with a consortium of banks from whom the loans were taken. The Government of Kerala approved this scheme in 2007, at ₹ 57.85 crores in 5 installments at a simple interest rate of 6%. This initiative brought down the interest burden and as can be seen from the Figure 4.1.8, ceased to be the major cost component. Employee costs and material cost has always been increasing, forming on an average 13.88% and 15.97% respectively of the total cost, but has not been a substantial issue that led the organization to performance decline (2002-07).



**Lack of organizational slack** was yet another reason that led to the performance decline according to the open ended interviews. To verify if the documentary evidence reflected this lack of slack, available slack (current ratio), recoverable slack (SGA/Sales) and potential slack (debt equity ratio and interest coverage ratio) for the period under study was calculated. The available slack, which mirrors the liquidity of the company, had a trifling position till the turnaround year. The current ratio was in a range of 1.39 to 0.82 till 2006, the major current liability being trade payables. The business did not have adequate working capital and also had major debts to be serviced, making their liquidity position feeble. Once the OTS was done, the liquidity position improved drastically. Next the recoverable slack was looked at. Here, the SGA/Sales ratio was calculated to understand how much percent of the administrative expenses were converted to sales. A high ratio is recommended as it indicates a superior operating leverage of the essential functions. However, as shown in the graph (Figure 4.1.9) the SGA/Sales ratio was low in the range of 0.29-0.27, pointing towards ingrained incompetence in the structure and practices of the organization. Next, the potential slack looked at the un-utilized debt capacity, which could be used by the organization to come out of the decline situation. The ability of the firm, to raise funds through debt financing was measured through two ratios namely debt equity and interest coverage ratio (Figure 4.1.10). With dwindling business revenue, the company had relied heavily on government funding in the form of loans, as the major source of finance for several years. This meant that, the debt had outweighed the equity owned by the firm about 300% on an average till

2006. A heavy reliance on debt financing also meant an equally heavy servicing of the loans. The interest bearing capacity of the firm was at alarming levels of below 1 from 2002-06. The revenue generated by the company, after the operational expenses was hardly enough to service the loans. Both the debt equity and interest coverage ratio saw a change after 2006, when the OTS was carried out, which changed the financial landscape of the company. Thereby, as mentioned in the open ended interviews, the company had indeed suffered from illiquidity and heavy loan burden (lack of forms of organizational slack) during the decline period adding to the severity of decline.

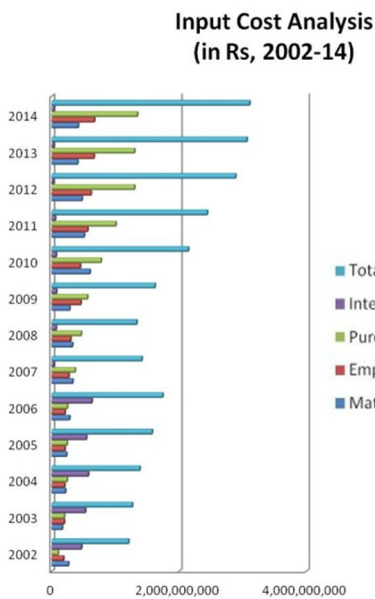


Figure 4.1.7: Input Cost Analysis (2002-2014)

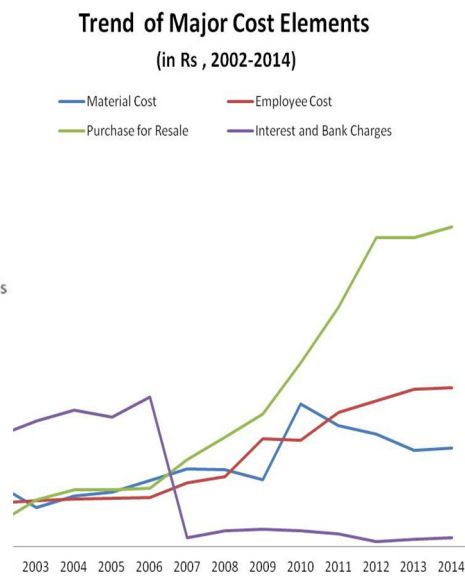
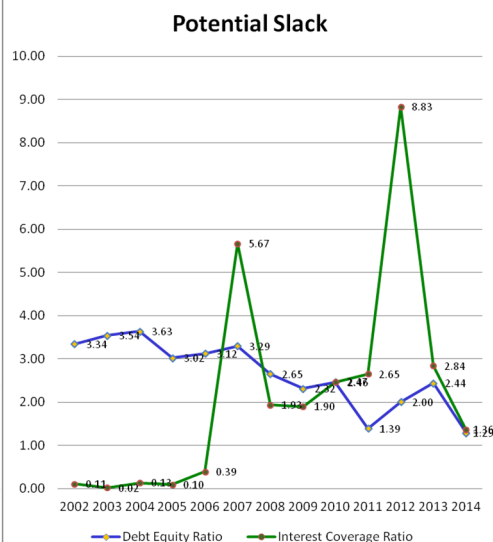
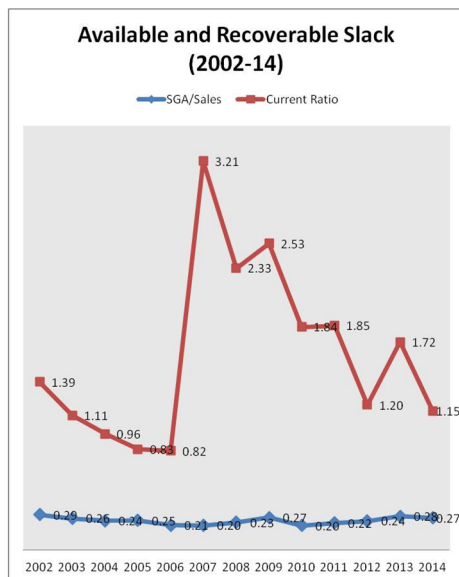


Figure 4.1.8: Trend of Major Cost Elements (2002-2014)



**Figure 4.1.9:** Available Slack and Recoverable Slack (2002-2014)

**Figure 4.1.10:** Potential Slack (2002-2014)

Several industry reports like (Ministry of Electronics and Information Technology, 2005), (Corporate Catalyst India, 2011) mention the effect economic reforms had on the sector and further, the disregard, hardware sector of the industry received on account of the booming and more lucrative software sector. Reasons like economic reforms shift in demand, rapid technology change and competition, which were mentioned to be the most critical factors for performance decline of the organization can be understood more decisively through these reports. While the focus of electronics industry before the economic reforms was primarily the consumer segment with companies producing television sets, radios, electronic watches, video cassette recorders, tape recorders, computers etc, and later analog telephone exchanges, the post reform period saw a transformation of the industry, to a position of convergence of technologies. The company could not compete

with the influx of competition and had to turn its focus on more niche areas like strategic and industrial electronics to sustain itself. The national production trends of the period 1999-2000 to 2004-2005 have been given in Appendix to Chapter 4.I (p.440), to validate the conclusion. For yet another set of factors, there were explicit statements in the annual reports corroborating its role in the performance decline of the firm. Factors like manpower shortage, staffing mismatches, valued employees turnover has been mentioned explicitly in the annual reports, as quoted below.

“The current qualified and experienced manpower is in fact insufficient to meet the manufacturing operational requirements. The market condition prevailing in the electronic manufacturing sector is not favorable, Due to the superannuation of experienced employees there is a substantial outflow of fund and due to lack of manpower enhanced level of production is difficult”. (2003-04)

Shift in demand and products with low contribution to total sales was tried to be verified by looking at the product composition year on year from 2002-03 to 2005-06 (Figure 4.1.11). The changing product portfolios, with products like traffic signal systems, UPS, ID card projects etc being added on a year on year basis. Additionally, the increasing share of product composition was being garnered by cybernetics, related products and IT related services. Products in the mass communication vertical, digital telephone exchanges, electrical and mechanical items and industrial electronics etc forming inconsequential part of the total product portfolio, indicated that the company was still holding on to products that had a low contribution to the total sales.

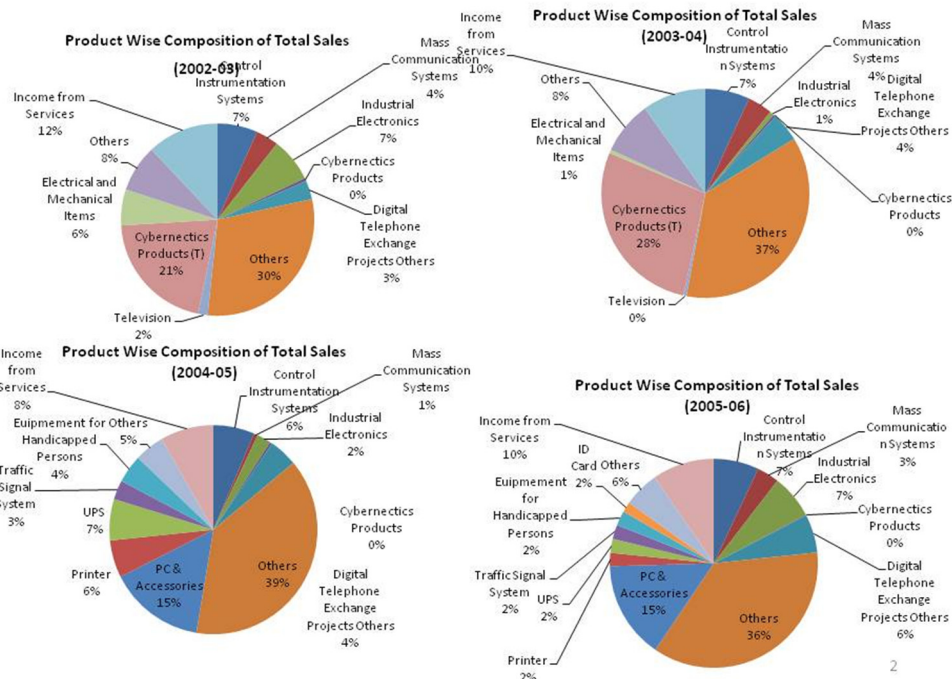


Figure 4.1.11: Product composition year on year from 2002-03 to 2005-06

#### 4.1.6 Building the Chain of Evidence, Causal Network and Effect Matrix

Evidences from the three sources have been brought together in a partially ordered matrix with variables as the key element. The basic purpose of a matrix is to understand how the analysis was developed, check the translation fidelity of the constructs and the logical validity of the conclusions (Miles & Huberman, 1994). The matrix includes:

- The decisive reasons for decline those having triangulating evidence from any of the two sources of evidence.
- The summary judgments from the three sources of evidence
- The effect of the variable on the outcome variable namely Performance Decline
- Inclusion decision to the Causal Network

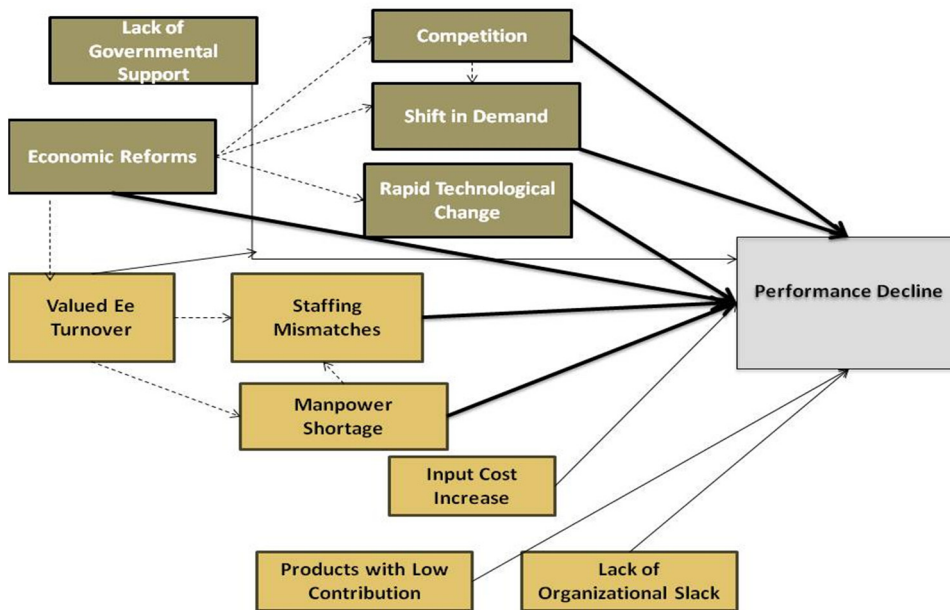
**Table 4.1.7: Summarizing Evidences – Building the Chain of Evidence**

Reasons	Evidence		Effect on Performance Decline	Inclusion Decision
	Open Ended Interviews	Documentary Evidence		
<b>Economic Reforms</b>	Mentioned in 75% of the cases and is cited as the major root reason.	Explicit mention in Industry Reports	Positive	Y
<b>Shift in Demand</b>	Mentioned in 75% of the cases	Shift in product composition and explicit mentions in the industry reports	Positive	Y
<b>Manpower Shortage</b>	Mentioned in 53.8% of the cases.	Talent Drain and VRS Package (Explicit Statement)	Positive	Y
<b>Competition</b>	Mentioned in 53.8% of the cases.	Industry Reports (MeitY)	Positive	Y
<b>Staffing Mismatches</b>	Mentioned in 58.3% of the cases	Result of Manpower Shortage and Valued Employee Turnover (Explicit Statement)	Positive	Y
<b>Input Cost Increases</b>	Mentioned in 50% of the cases.	Major Cost Elements' Analysis	Positive	Y
<b>Lack of Organizational Slack</b>	Mentioned in 41.7% of the cases.	Available, Recoverable and Potential Slack Analysis	Positive	Y
<b>Lack of Governmental Support</b>	Mentioned in 41.7% of the cases.	Delay in project approvals and also no market support	Positive	Y
<b>Valued Employees' Turnover</b>	Mentioned in 41.7% of the cases.	Explicit statement in the AR	Positive	Y
<b>Rapid Technology Change</b>	Mentioned in 41.7% of the cases.	Explicit Statements in the Industry Reports and Product Composition Change YoY	Positive	Y
<b>Products with Low Contribution to total sales</b>	Mentioned in 41.7% of the cases.	Product wise decomposition of total sales	Positive	Y

The chain of evidence (Table 4.1.7) shows that, the factors emerged through the open ended interviews were indeed based on reality and thus with verifiable supporting evidences, these could be concluded to be valid and legitimate reasons for performance decline of the organization. All relevant factors mentioned in the open ended interviews could be validated through a second source of evidence (in this case all from documentary evidence), and is therefore eligible to be taken for concluding analysis. Clearly, there is a predominance of exogenous factors that triggered the fall in performance of the organization. The individual and cumulative role of these factors in terms of the strength of its effect on performance decline, and its occurrence in terms of chronology, was analyzed next, using a Causal Network.

The selected variables are now incorporated into a **Causal Network**, which is an integrated map of the case phenomena that has local causal significance. The independent and dependent variables are displayed in boxes, while the directional association among them are shown by arrows of varying thickness (thicker the line, stronger the relationship) (Miles & Huberman, 1994). The figure below (Figure 4.1.12) was the Causal network developed based on the factors that led the organization to performance decline, also displaying its strength and incidence. The two color tones, yellow and green, represent the endogenous and exogenous factors respectively. As is evident from a cursory glance, the effect of exogenous factors on the performance decline of the organization was much stronger than the endogenous factors. Economic reforms, though was an event in past and hence chronologically distant from the performance decline, can be positively

concluded to be the core cause of the decline, as it propelled a host of changes in the business environment, which made doing business with the existing capabilities nearly impossible.



**Figure 4.1.12:** Causal Network (Decisive, Evidenced Reasons for Decline)

Consequently, economic reforms had a strong direct effect on the performance decline of the firm. Next, a set of exogenous factors, all emerged as an outcome of the economic reforms, namely competition, shift in demand and rapid technology change, also had a strong direct effect on the performance decline. Being a traditional, technology driven company with sizeable fixed expenses, the company could not compete with the new players in the market either on price or on technology. This affected the business revenue of the firm as most of its products became obsolete.



There were two endogenous factors which had a strong impact on the performance decline. Manpower shortage which was induced by the turnover of a large number of talented, valued employees, and the inability of the firm to replace requisite staff in their place had a strong effect on the performance decline. The shortage of staff meant that, personnel not equipped to handle a piece of work, was compelled to take it up causing undue delays and dissatisfaction among customers. The valued employee turnover though distant in terms of chronology, had a direct moderate impact on the performance decline and a high impact through its effect on the manpower shortage and resultant staffing mismatches. Input cost increase, lack of organizational slack and products with low contribution to sales, all endogenous in nature had direct positive effect on the performance decline, but its effect was not as strong as the factors mentioned above. While input cost increase and lack of organizational slack had moderate impact, products with low contribution to sales had comparatively lower impact. Similarly, lack of governmental support, an exogenous factor, had direct positive impact but its strength was exiguous compared to the other exogenous factors.

There are several inter-linkages between the factors, which has been represented by dotted lines in the causal network. Economic reform was the source from which issues like competition, shift in demand, rapid technology and valued employee turnover stemmed. Valued employee turnover, as mentioned in the above paragraph caused manpower shortage and manpower shortage led to staffing mismatches. Categorically, the factors that had an impact on the performance decline of the firm have

been mapped based on evidences available. The last stage of analysis for the reasons of decline involves the development of an **Effect Matrix** (Table 4.1.8). Based on the causal network, it shows the effect (high, moderate, low) of the independent variables on the outcome variable (performance decline) and its relative position (immediate v/s distant).

**Table 4.1.8:** Effect Matrix (Reasons for Performance Decline)

<b>Endogenous Reasons</b>	<b>Immediate v/s Distant</b>	<b>Effect on PD</b>	<b>Exogenous Reasons</b>	<b>Immediate v/s Distant</b>	<b>Effect on PD</b>
Manpower Shortage	Immediate	High	Economic reforms	Distant	High
Staffing Mismatches	Immediate	High	Shift in demand	Immediate	High
Lack of Organizational Slack	Immediate	Moderate	Competition	Immediate	High
Input Cost Increase	Immediate	Moderate	Rapid Technology Change	Immediate	High
Valued Employee Turnover	Distant	Moderate	Lack of Governmental Support	Distant	Moderate
Products With Low Contribution To Total Sales.	Immediate	Low			

The effect matrix also reveals that though the endogenous factors were more in number, the cumulative strength of effect of exogenous factors was much higher. Hence, it was deduced with certainty that the company faced performance decline which was precipitated by exogenous factors, leading to endogenous issues that could be corrected only if the

company aligned itself to match the requirements of the external business environment. It is in this context, it becomes imperative to understand the turnaround initiatives taken by the company and its effectiveness in achieving its goals.

#### **4.1.7 Turnaround Analysis**

The following section looks at the organization's response to performance decline and the strategies adopted in reality. As in the case of performance decline, the turnaround strategies have been studied by analyzing the three sources of evidence namely open ended interviews, formal survey and documentary evidence. The data is then brought together using an effect matrix, time ordered growth gradient, segmented causal network and logic model to get a holistic picture of the case.

#### **4.1.8 Open Ended Interview (Turnaround Initiatives)**

As in analyzing the performance decline, the inter rater agreeability of codes assigned to the turnaround initiatives was first assessed, followed by the code frequency and coding by variable, to understand the predominant retrenchment, reorganization and repositioning strategies adopted. The codes assigned for the turnaround initiatives were assessed for its reliability and also construct validity. The Krippendorff alpha value was calculated based on the segment overlap criterion for each of the code and the overall reliability score is shown in Table 4.1.9. An acceptable Krippendorff's alpha score, here all above 0.7 shows that the operational definitions of the constructs can be validated and further analysis can be carried out.

**Table 4.1.9:** Inter-coder Agreeability of Turnaround Attempt Codes

<b>CODE</b>	<b>PERCENT</b>	<b>ALPHA</b>
Collaborations and Business Alliances	98.1%	0.923
Employment Freeze	97.1%	0.827
E-Tendering	100.0%	1.000
Fractional Autonomy	99.0%	0.918
Internal Control Systems	100.0%	1.000
M.D. Initiatives	98.0%	0.847
Market Expansion	100.0%	1.000
One Time Settlement	98.0%	0.847
Product Diversification	91.0%	0.768
Rapid Technology Absorption	95.2%	0.774
Rebranding	100.0%	1.000
Salary and Emolument Freeze	96.1%	0.780
Technological Interventions	100.0%	1.000
Timely Decision Making	95.1%	0.781
Union and Employee Cooperation	95.2%	0.774
VRS Scheme	97.1%	0.854
<b>TOTAL</b>	<b>97.3%</b>	<b>0.730</b>

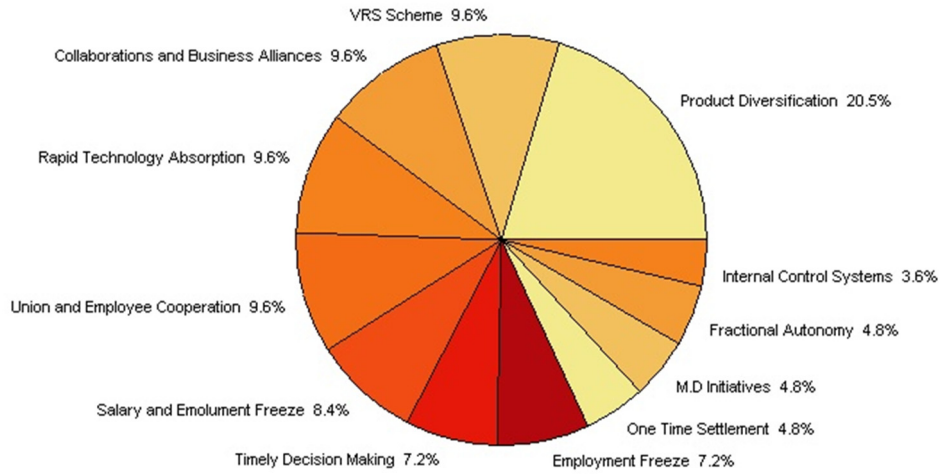
#### 4.1.8.1 Code Frequency (Turnaround Initiatives)

The code frequency table (Table 4.1.10) and the corresponding graph (Figure 4.1.13), reveal that the most prominent strategy adopted to turnaround the organization, was Product Diversification, mentioned 17 times in 75% of the cases. Voluntary Retirement Scheme (Freq 8, 58.3% cases), Collaborations and Business Alliances (Freq 8, 50.0% cases), Rapid Technology Absorption (Freq 8, 50.0% cases) and Union and Employee Cooperation (Freq 8, 25% cases) followed, for the second array of weighty strategies adopted, according to the personnel interviewed. Salary and emolument freeze (Freq 7, 33.3% cases), timely decision

making (Freq 6, 41.7% cases), employment freeze (Freq 6, 41.7% cases), one time settlement (Freq 4, 33.3% cases), fractional autonomy (Freq 4, 33.3% cases) and CEO initiatives (Freq 4, 33.3% cases) were also other relevant strategies adopted to turnaround the firm.

**Table 4.1.10: Code Frequency Table (TA Initiatives)**

Category	Code	Count	% Codes	Cases	% Cases
Repositioning	Product Diversification	17	8.0%	9	75.0%
Reorganization	VRS Scheme	8	3.8%	7	58.3%
Repositioning	Collaborations and Business Alliances	8	3.8%	6	50.0%
Reorganization	Rapid Technology Absorption	8	3.8%	6	50.0%
Reorganization	Union and Employee Cooperation	8	3.8%	3	25.0%
Cost Retrenchment	Salary and Emolument Freeze	7	3.3%	4	33.3%
Reorganization	Timely Decision Making	6	2.8%	5	41.7%
Cost Retrenchment	Employment Freeze	6	2.8%	5	41.7%
Financial Restructuring	One Time Settlement	4	1.9%	4	33.3%
Macro Level Initiatives	Fractional Autonomy	4	1.9%	4	33.3%
Reorganization	CEO Initiatives	4	1.9%	4	33.3%
Reorganization	Internal Control Systems	3	1.4%	3	25.0%
Cost Retrenchment	Technological Interventions	1	0.5%	1	8.3%
Repositioning	Rebranding	1	0.5%	1	8.3%
Repositioning	Market Expansion	1	0.5%	1	8.3%
Reorganization	E-Tendering	1	0.5%	1	8.3%



**Figure 4.1.13:** Pie Chart Showing the Code Frequency of Turnaround Initiatives

The pie diagram is a pictorial representation of the strategies adopted, excluding the least mentioned strategies namely Technological Interventions, Rebranding, Market Expansion and E-Tendering as there had been sparing mention about these strategies and hence not considered for further analysis.

As disclosed through the code frequency, though the most predominant individual strategy adopted was product diversification (repositioning in nature), the umbrella strategy that was adopted the most was Reorganization. The reorganization efforts done as per the interviews are elucidated in the following paragraphs. The accentuating operational expenses and the rapidly diminishing business revenue pushed the company to take up drastic measures to reduce the internal cost. The first step in this direction was to offer a **Voluntary Retirement Scheme** (in 2000 and 2002) which was taken up by about 699 employees. The company had

faced backlashes on account of the technology and the products being obsolete owing to swift technology changes. However, the company had been resilient and the interviewees recounted several instances where the company absorbed new technology and beneficially converted them to match with their current platforms. For example, associating with companies like Control-Bailey and Hitachi, the control and instrumentation SBU of the company was touted to be one of the foremost players in the segment signaling **Rapid technology absorption**. The employees had a huge role to play in this survival story, as the employees unanimously decided to give up their salary revisions (from 1999 - 2005), in order to lessen the burden on the company. The trade union had completely agreed to the plan and, had partaken in developing a revival package for bringing the company out of its crisis. Thus the **Union and Employee Co-operation** facilitated by management was seen to be one of the contributing strategies to the successful turnaround of the firm. Another reorganization strategy or rather a backdrop for effective strategy development was the **Timely Decision Making** ability of the top management team. The company started to focus and concentrate on areas they were technologically proficient in. If one area was weak, the company would switch focus to a new area which had scope. For example, when the consumer products faced a setback, the company started producing telephone exchanges for Department of Telecommunications. The company survived one of its toughest periods due to this timely decision. This can be considered as one of the most promising features of the company and an inherent strength. **MD Initiatives** played a substantial role in ensuring continuity of the strategies conceived and implemented. The spinoﬀ of the organization to

into logical strategic business units (SBU), which was independently responsible for revenue generation, cost control and profit generation, was a strategic decision by one M.D, reaping huge benefits till date. Unlike any of the companies studied, this firm enjoyed fractional autonomy, where the management was empowered to take critical decisions, without much political interferences, which in turn, aided them to make timely decisions and aided successful turnaround. The last reorganization strategy was the introduction of **Internal Control Systems**, which prescribed and exacted superior performance. May it be stringent financial controls or performing to the target set, the company functions smoothly irrespective of who is at the centre, which is a rarity among public sector enterprises.

Repositioning strategies was, though few in numbers, the most effective according to the employees of the organization. **Product Diversification** was the most critical strategy adopted to ensure that the company came out of its performance decline. Every SBU of the company has seen a host of products being manufactured over the years, according to the needs of the market. The Communication Complex, for example, saw the manufacture of telephone exchanges, later computers and now is assembling camera for traffic enforcement. The company has always stepped into new business areas through diversification when the existing businesses lacked market. The company was foraging into new business areas like products for ISRO, Defense, Solar, LED etc which had future scope. It was looking at surveillance and security systems as another major line of business and was making investments for the enhancement of production. **Collaborations and Business Alliances** was another repositioning strategy adopted by the company to sustain in the market. The company being a consistent partner



of the Defense Department (DRDO and ISRO), had chosen an alliance in a business niche where the competition was minimal. The special projects group manufactures products and equipments for the Indian Navy. The company had also collaborated with central and state government departments as a project partner for several projects. The company had also associated with the Kolkata Metro for developing and implementing their ticketing system.

Further, the retrenchment measures which included cost retrenchment and financial restructuring, is looked at. Cost retrenchment was done through, **Salary and Emolument Freeze**. After 1992 the employees enjoyed the next salary revision after 16 years i.e. in 2008. All the emoluments were stopped, and the annual increment in the range of ₹ 16-32 was given. This allowed the company to contain the cost while it was trying to rebuild the business. The next cost retrenchment measure implemented was, **Employment Freeze**. The company froze its fresh recruitment from 1995 to 2013 and new recruitment was done only in dire circumstances. The **One Time Settlement** was one of the major strategies that gave a fresh lease of life to the organization and helped it to cross the red line after so many years. In 2007, the company settled its dues with a consortium of banks, aiding it to ease up its finances and reduce their ₹ 200 crore liability.

#### **4.1.8.2 Coding by Variable (Turnaround Initiatives)**

The major turnaround strategies when compared against the employee category show the percentage of employees who have mentioned these strategies in the interviews (Figure 4.1.14). As is evident, Product

diversification had been cited by almost all the personnel interviewed. The Chief General Managers (CGMs) have cited it the most (cumulatively 64.6%), pointing towards the veracity of the information. Collaborations and Business Alliances were mentioned by two CGMs (62.5%) and were also voiced by GM and DGM (12.5% respectively). MD Initiatives was not mentioned by all the respondents; however one of the CGM (25%) and other middle level employees mentioned about the same. The introduction of VRS as a turnaround strategy was agreed upon by most of the respondents, with all categories of employees having identical views. Rapid technology absorption was also not quoted by all employees; however, the CGMs belonging to the technical departments spoke about it the most (75%). Timely decision making was also mentioned by CGMs the most, as they had witnessed it across the years and now was in a position to execute the same. The presence of internal control systems to ensure consistent performance in the organization was mentioned by a CGM, Manager and a Junior Officer; top, middle and low level employees respectively showing its legitimacy. The Union and employee co-operation was mentioned by the employees associated with the factories, where it played out in the best form as a turnaround strategy. A CGM (25%), a Deputy Engineer (37.5%) and a Junior Officer (37.5%) spoke the most about this initiative. The partial autonomy that was given to the company to take formative business decisions also aided them to turnaround opined the top management team, four CGMs, 25% each. Employment freeze as an effective turnaround strategy was mentioned again by the top management team mostly and by the Finance and HR department specifically because they were the ones who implemented it.

Salary and emolument freeze on the other hand, was mentioned by employees belonging to other departments and at all levels, as they had initiated and burn the brunt of it for several years (28.6% - CGM, 42.9% - Deputy Engineer and 14.3% each by General Manager and Junior Officer). One time settlement as a turnaround strategy was mentioned 50% by the CGMs, while the remaining 50% of it was mentioned by other middle level employees. Once the turnaround strategies were expounded through the open ended interviews, the other sources of evidences are looked to substantiate the same.

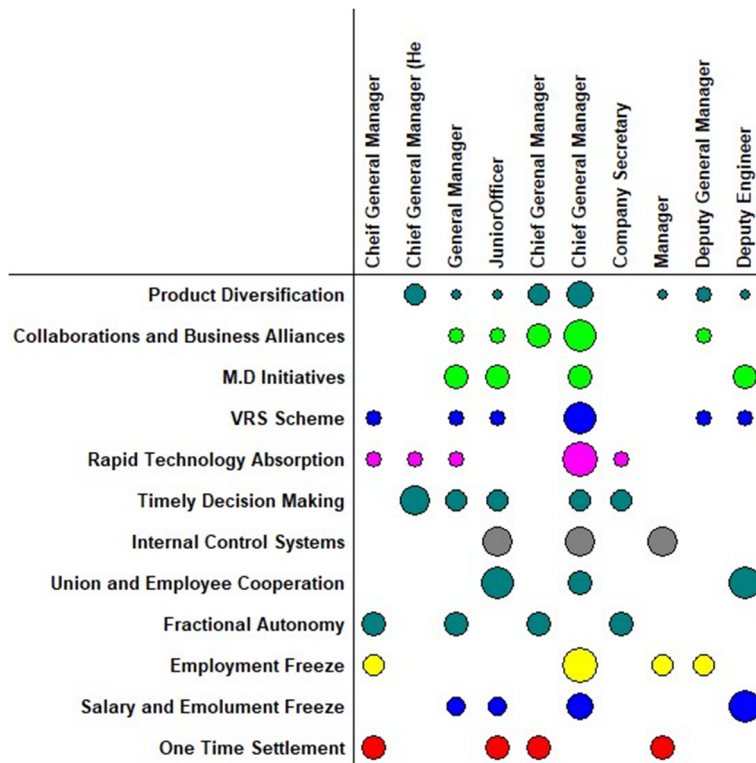


Figure 4.1.14: Bubble Plot – Turnaround Initiatives v/s Employee Designations

#### 4.1.9 Formal Survey (Turnaround Initiatives)

The extent of implementation of generic turnaround strategies was analyzed to ascertain and verify, the specific nature of strategies and the perceived extent of implementation of these strategies in the firm. The Table 4.1.11 shows the three predominant generic strategies and its bisection into relevant factors based on factor loadings and satisfactory total variance. Exploratory Factor analysis of the turnaround strategies yielded distinct clusters which had a theoretical structure. Retrenchment loaded to two theoretically explicated factors namely Cost and Asset retrenchment (KMO – 0.765 and Bartlett’s Test of Sphericity significant at  $p < 0.01$ ) with a total variance explained of 67.93%. Repositioning also, loaded to two distinctive factors as proposed by theory with a total variance of 59.77% (KMO – 0.759, and Bartlett’s Test of Sphericity significant at  $p < 0.01$ ). Reorganization, however loaded to three sub-dimensions, as theoretically proposed, namely; Leadership, culture and structure and process, the total variance explained being 63.689% and a significant Bartlett’s Test of Sphericity and KMO of 0.787. The reliability scores of these factors were above the acceptable value of 0.7 as can be seen from the table.

Retrenchment strategies primarily consist of efficiency strategies that are aimed to restrict further performance decline and bring about provisional stability. The retrenchment strategies loaded to two factors namely Cost Retrenchment and Asset Retrenchment. **Cost Retrenchment** included decline restricting strategies i.e. the immediate reaction of the company to the performance decline. It included organizational/strategic level initiatives to reduce cost and bring about more efficiency and also

cost reduction/rationalization at the micro level including departmental level cost reduction initiatives. A mean score of 4.55 show that the employees acknowledge the adoption of cost arresting strategies like salary and emolument freeze, employment freeze etc.

The second factor was **Asset Retrenchment**, predominantly including disposal of fixed assets to raise funds and rationalizing the presence of non-beneficial fixed assets. A mean score of 2.27 reveal the employees' perception that asset retrenchment as a turnaround strategy was not adopted or implemented as a principal one by the company.

The next set of generic strategies were repositioning in nature where an attempt is made to “determine the markets, products and customers that have the potential to generate the greatest profits and refocusing the firms activities on these areas” (Hambrick, Donald C; Schecter, 1986). The **Innovate Market Offers** factor, discussed strategies entailing actions such an developing new products and services, extended availability of products and services, extended marketing efforts (reaching out) to new consumers and developing customer oriented strategies. A relatively high mean score of 5.94 affirm the findings of the open ended interviews, where product diversification and collaborations and business alliances emerged as the top mentioned strategies adopted.

The next factor dealt with strategies that reviewed the core of the business. This strategy encompassed improving company's internal and external image, bettering customer relationships through dedicated machinery in the organization set up, increased time and efforts to research customers' needs etc. The employees have a positive perception

about the extent of implementation of strategies to the effect of **reviewing core of the business**, as is reflected in a mean score of 4.75.

The third set of generic strategies discussed includes, reorganization efforts, which has been categorized into three factors based on the loadings. Leadership, culture and structure and process were the factors and included a variety of metrics for organization improvement. A successful turnaround is often associated with a change in the top leadership and is frequently touted to be a prerequisite to ensure a smooth transition from an ailing organization to a performing one (Hofer, 1980; Meyers & Murphy, 2009). **Leadership Changes** could be a change in the Managing Director, replacement of senior and middle managers, internal promotions of employees with significant experience etc. The extent to which leadership change was implemented in the firm was perceived to be not very high as the mean score of 3.45 revealed.

The next factor related to the **Change in Culture**, which was evident in the past years for the performance improvement of the organization. This included, transformation of the organization to a learning one, changes in the human resources management style, reshaping and improving the organization's functional climate etc. Like the role of leadership, there has not been a tectonic shift in the culture of the organization that propelled it to turnaround. The organization has always been a culturally strong one, with the founding managing director leaving an imprint of professionalism and earnestness in the very DNA of the firm. Hence as a turnaround strategy, cultural shift was not perceived to be implemented to a desirable extent by the employees. A mean score of 3.52 points to the same.

The third factor relates to the possible **Structural and Procedural Changes** that have been implemented in the organization to progress its performance. The structural changes include internal reorganization in terms of centralization/decentralization, standardizing operating systems, reducing the number of employees etc. Process related actions include introduction of staff surveys, improved investments on staff skills training, development and implementation of an organizational level working plan, negotiation of new labor agreements to downsize and include flexible workers etc. Again, as mentioned in the previous paragraph, the organization already had a strong set of systems and practices in place, however, like mentioned in the open ended interviews, internal control systems were put in place to tighten it further and hence the employees have perceived the strategy to be implemented to a marginally better extent than the other two reorganization strategies (3.70).

**Table 4.1.11:** Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies

Construct/Factor Name	Reliability Score	Mean	Standard Deviation
<b>Retrenchment Strategies</b>			
Cost Retrenchment	0.74	4.55	0.98
Asset Retrenchment	0.75	2.27	0.75
<b>Repositioning Strategies</b>			
Innovative Market Offers	0.83	5.94	0.57
Reviewing Core	0.73	4.75	0.71
<b>Reorganization Strategies</b>			
Leadership	0.80	3.45	1.23
Culture	0.75	3.52	0.43
Structure and Process	0.82	3.70	0.56

Looking at the responses of largely middle level employees of the organization, the respondents were more or less in sync with the findings of the open ended interviews. While repositioning strategies were adopted and implemented to the largest extent, retrenchment and reorganization strategies followed, in that order. Now, the documents are scanned once again to unearth the evidences and to understand beyond doubt the strategies adopted by the company to come out of its decline phase.

#### **4.1.10 Documentary Evidence (Turnaround Initiatives)**

The comprehensive analysis of annual reports of the company from 2002-2014, threw light on the chronology and specifics of the strategies mentioned in the previous paragraphs. The retrenchment strategies were looked at first. The company had mostly adopted cost and financial restructuring strategies to overcome the decline. The specifics of the strategies and the year in which it was adopted as appearing in the annual report, has been displayed verbatim in the Table 4.1.12.



**Table 4.1.12: Details of the Retrenchment Strategies Implemented**

<b>Year of Adopting the TAS</b>	<b>Particulars of the Strategy</b>	<b>Nature of Strategy</b>
1999	Freezing of Wage Revision and Annual Increments, No Leave Encashment, No Medical Reimbursement	Cost Retrenchment
1995	Freezing the fresh recruitment unless it's a dire necessity.	Cost Retrenchment
2002	The liabilities of National Financial Institutions namely Industrial Development Bank of India, Industrial Financial Corporation of India and Industrial Credit & Investment Corporation of India have been settled fully.	Financial Restructuring
2004	The Authorized Capital of the Company has been increased to ₹ 105 crores in the Extra-Ordinary General Meeting held on 06/08/2004 and an amount of ₹ 23 crores have been allotted by Government on 23/12/2004.	Financial Restructuring
2005	An agreement was reached with M/s. Peerless General Finance & Investment Company Ltd to settle the final installments of 7.10 crores at ₹ 5 crores Government had vide G.O (MS) No. 163/05/ID dated 19/12/2005 sanctioned ₹ 4 crores as loan and directed to pay the balance one crore from the company	Financial Restructuring
2007	Government of Kerala approved One Time Settlement of the company's dues to the Consortium Banks at ₹ 57.85 crores.	Financial Restructuring
2011	Government Vide Order No. G0(MS) No.183/II/ID dated 26.08.2011 has approved conversion of ₹ 84.37 Crore of it's loan into equity. The Company also received an amount of ₹ 4 crores from MXXX Cements Ltd towards equity investment/or the implementation of Tool Room cum Training Centre at Kuttipuram during the year.	Financial Restructuring

The table reveals that financial restructuring had been adopted predominantly, with the intention to reverse the decline by settling long term loans and entering into an OTS to release the firm from its interest burden, and thereby free some funds for further internal investments. The strategy adopted after the turnaround period (2007), were the ones adopted for sustaining the turnaround achieved. Financial restructuring measures like increase in authorized capital and conversion of loans to equity has also been adopted.

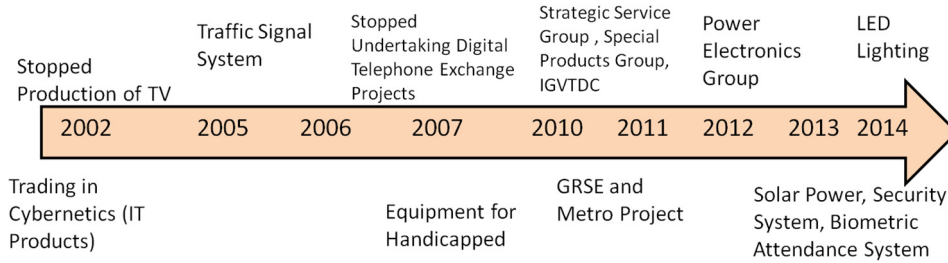
Cost Retrenchment through Total cost reduction and Asset Retrenchment (Short term and long term) are customary steps taken, and these calculations are done to see if the company had adopted any of it in a significant manner. Total cost retrenchment is a year on year change in the total of selling, general and administrative, factory expenses. Table in Appendix to Chapter 4.I (p. 441) brings to light that total cost reduction has been actualized only during the year 2002-03 where there has been a reduction of 20.43%. During all the years under study, there has been an increase in the total cost in range of 1.04-34.36%. During the year 2002-03, the major reduction was in the factory expenses (24.93%), followed by selling expenses (13.90%) and administration expenses (12.38%). Looking at the annual reports, reduction in the orders received during the said period plus the voluntary retirement scheme adopted during the time were the major causes for this reduction in cost.

The extent of asset retrenchment is ascertained by looking at the short term asset retrenchment, where a negative change is expected in the short term assets including inventories, sundry debtors and cash and cash

equivalents. It may be observed from the Table in Appendix to Chapter 4.I (p.442) that short term asset retrenchment has happened in 2002-03 (-11.8%), 2004-05 (-0.75%) and also in 2013-14(-8.08%). The further probe-worth decrease was in 2002-03 and it can be seen that among short term assets, the drastic reduction was seen in the Cash and cash equivalents, which reduced by 85.66% from the previous year value. Again the implementation of the VRS, could have depleted the cash resources of the firm. However, this cannot be touted as a deliberate strategy to attempt short term asset retrenchment, as a substantial reduction in Inventories and trade receivables was not visible (8.94% and 7.02% respectively).

Long term asset retrenchment is the reduction of the gross block values of the fixed assets, done with the aim to sell off unused fixed assets to generate internal funds. The Table in Appendix to Chapter 4.I (p.443) shows that there has been no consequential selling of any assets with the purpose of generating funds to facilitate the turnaround of the firm. The reductions have been negligible instances of -0.87% and -0.20%, which do not warrant further probe.

The annual reports are now analyzed to ratify the repositioning strategies said to be adopted by the company during the years. Product diversification, collaborations and business alliances have been the major steps taken to turnaround the firm as per the open ended interviews and the formal survey. The annual reports from the year 2002 – 2014, show the following timeline of new product introduction and also reveal the collaborations entered by the firm over the years (Figure 4.1.15).

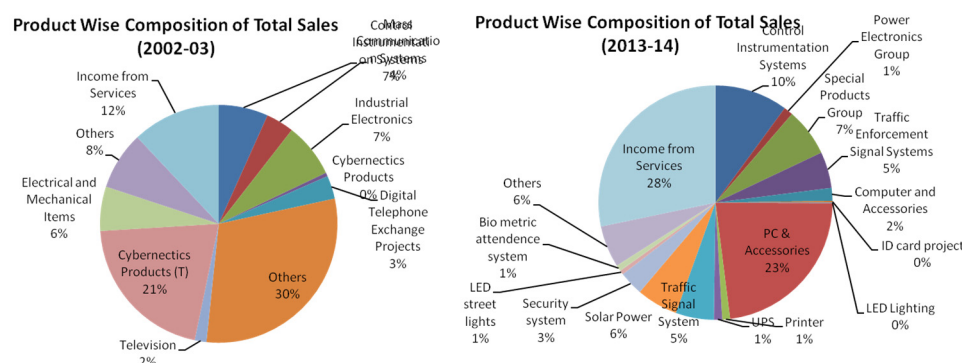


**Figure 4.1.15: Repositioning Strategies Implemented**

As the Figure 4.1.15 represents, the company has been an effective decision maker, as far as diversifying into products, and closing down slow moving lines were concerned. The company stopped producing televisions and digital telephone exchanges in the year 2002 and 2006 respectively, moving onto more lucrative products like traffic signal systems, strategic products, power electronics, special products etc. Moreover, recognizing their weakness in producing quality products in some of the categories, owing to the lack of manpower expertise and updated technology, the company judiciously decided to assemble and trade in products like computer hardware, biometric systems etc. Successful collaborations have also been made to scale up the products produced. Important collaborations include associating with the defense departments like DRDO and NPOL to mass produce products developed indigenously by them. The strategic electronic group also collaborated with ISRO producing strategic products. Other collaborations included Garden Reach Shipbuilders and Engineers Limited (GRSE) and ticketing system for Kolkata Metro Project etc.

The product wise composition of the total sales from 2002-03 to 2013-14 (Figure 4.1.16), show the change in the gamut of products

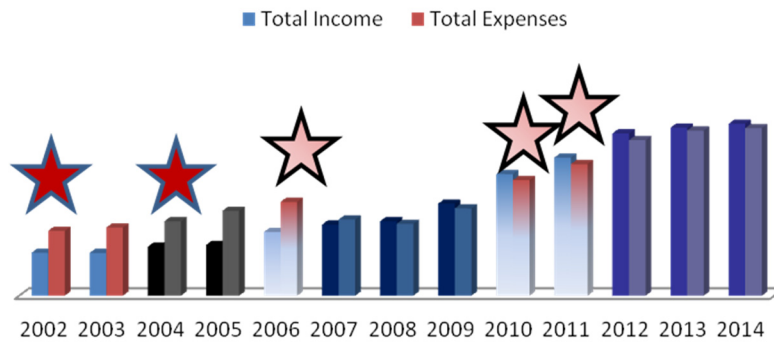
produced and traded by the company pointing to the product diversification they have attempted, which has contributed to the successful turnaround of the firm.



**Figure 4.1.16: Change in Product Wise Composition of Total Sales**

Next the Reorganization efforts taken by the company as reflected in the annual reports is explicated. Leadership change is touted to be one of the foremost strategies adopted while the organization attempt to turnaround. It is imperative for reintegration. It can be observed that the Managing director position has been adorned by different persons over the years specifically in 2002, 2003, 2004, 2006, 2010 and 2011. Sometimes in the same year two or more persons have decorated the M.D posts (2006, 2010 and 2011). The longest duration a person has served on the post was 4 years, and it may be noted that he was an internal employee, who had served the organization for 28 years prior to being appointed as the MD. To see if the change in the M.D posts, have brought about any significant changes to the functioning of the organization and thereby resulting in an enhanced turnover or reduced overall cost, a graph (Figure 4.1.17) mirroring the change in MD and the simultaneous

turnover and overall cost data is presented. Till 2007, the company was making losses and there had been a consistency increase in the total cost. However from 2007 a change in the trend has been seen, thanks to the OTS and other turnaround strategies. From then till 2014, there is an upward trend in both the turnover and the cost but nothing noteworthy that coincides with the change in MD. The red star shows the years, during which a new M.D occupied the post whereas, the pink star shows the years where more than one change occurred to the post in the same year.



**Figure 4.1.17:** Turnover and Expenses Trend with Corresponding M.D. Change

Another important reorganization measure that was adopted was the Voluntary Retirement Scheme. Quoting the annual reports verbatim, fine points of the strategy are explicated below.

*“As part of the restructuring efforts of the Company approved by Government of Kerala vide its Order No. G.O (MS) No. 36/99/ID dated 8.3.1999 The Company has introduced a Voluntary Retirement Scheme during the year and relieved 622 employees under the Scheme and incurred ₹ 26.82 crores as benefits to the relieved*

*employees and PF and other statutory dues. As per the directive of Government vide letter No. 15476/D3/99/ID dated 9.10.2000 the fund required for VRS was taken as loan from KIRFB at 12% interest. The reduction of employees saved around ₹ 50 Lakhs per month on account of salary and other benefits. However, the interest burden on the loan offset the saving and favorable orders from Government on our request to release funds for settling the KIRFB loan taken for VRS is awaited.” (2001-02)*

*“As demand for communication equipment based on C DAC technology has become practically Nil, the Production Units in SEU and Mudadi rendered idle. In order to reduce the unproductive cost, a VRS has been introduced and 77 employees have been released on August 2002 and settled their benefits amounting to ₹ 195.51 Lakhs from own funds. This enabled the Units to sustain operations with limited orders.” (2002-03).*

As per the annual reports, the other reorganization strategies also included winding up M/s. Counters Ltd, (2005-06) and merger of 4 subsidiary companies at Kannur viz. Component Complex Ltd., Crystals Ltd., Resistors Ltd. and Magnetics Ltd. into one Company under the name Component Complex Ltd. (2007-08). Both these steps were taken to attempt and restructure the organization for rationalization of the structure of the firm. The incidence of implementation of superior internal control systems was materialized through the setting up of a "Debt Recovery Cell" at unit level for evaluation and scrutiny of irrecoverable Sundry Debtors.

The macro level initiatives are the government level measures taken in favor of the company, which aided in turning around the firm. The following table (Table 4.1.13) reveals the timeline of such initiatives. The strategies were primarily financial assistance in nature, to settle the long term dues of the company. Allowing moratorium and conversion of loans to equity were other beneficial steps taken by the various governments during the period under study.

**Table 4.1.13: Macro Level Initiatives Aiding Turnaround**

Year	Particulars of the Strategy
2002	During the year Government of Kerala has released ₹ 6.86 Crores for settlement of dues to the company and ₹ 0.25 Crores for the restructuring of Counters Limited as loan carrying interest @ 18.5%.
2003	During the year Government of Kerala has released ₹ 17.54 Crores for One Time Settlement to Financial Institutions and debenture dues of the company and ₹ 2.58 Crores for VRS package of Subsidiary and other Companies.
2004	Ministry of SSI, Agro & Rural Industries, New Delhi, has vide reference No_ 21/01/MTR/Kerala/2001/TR-I dated 10.8.2001 conveyed the approval of Government of India to render financial assistance to State Government under the Mini Tool Room Scheme for upgrading the existing Mini Tool Room being run the company at the additional estimated cost of ₹ 1431 lakhs funded as Government of India (75% cost of machinery) State Government/Company the balance of machinery and infrastructure.
2005	Government vide G.O.(Rt) No. 641/2004 /ID dated 5/7/2004 decided that the loan from KMML is interest free.
2007	Government vide order No.G.O.(Rt) No. 1259/07/ID dated 24/9/2007 has frozen the interest on Government loan to the extent of ₹ 110.58 crores, the company's investment in Subsidiary & Associate Companies.
2012	As a part of rehabilitation of the Company, Government of Kerala has frozen the interest and granted the moratorium on repayment of principal on Government Loan up to the financial year 2015-16



The evidences from the three sources were used to bring to light the retrenchment, repositioning and reorganization strategies adopted by the company, which had a consequential impact on the turnaround and its sustainment.

#### **4.1.11 Time Ordered Growth Gradient**

Bringing together of all the sources of evidence has been done using a time ordered matrix namely the Growth Gradient where, the underlying variable that changes with time is the financial performance of the company (Figure 4.1.18). The return on investment has been plotted for the period under study i.e. from the year 2001-2002 to year 2013-2014. The critical events, in this case the major reasons for decline and the turnaround initiatives are plotted along the timeline. The legend under the chart shows the color codes assigned to the events. The turnaround period has been demarcated into two phases namely; decline restricting and recovery. In the decline restricting phase, an immediate arresting of the decline is attempted. The recovery phase on the other hand focused on growth oriented strategies whereby growth and stability is restored to the organization.

The most pertinent reasons that led the organization to performance decline occurred before the period of the study, and hence are figuratively placed at the beginning of the timeline. Economic reforms and its many consequences like increased competition, shift in demand, rapid change of technology etc, had a major role in the performance decline and made its effect felt in the early period (2002-03). As a result of the VR scheme implemented in 2002-03 period, there was Valued Employee Turnover

and the resultant manpower shortage was increasingly felt during this period. Lack of organizational slack peaked in 2004-05 with available slack (0.83), recoverable slack (0.24) and potential slack (0.13 and 3.63) all at an all time low respectively. The effect of increase in input cost also was felt progressively during this period, where the interest payable component formed anywhere between 34.43% - 41.43%. Staffing mismatches was felt at its peak, when the company overcame the losses and started doing better business and there was a heightened pressure on the firm to deliver on the quality and quantity promised. During the 2006-07 period, the products portfolio had products that did not contribute substantially, but taking up substantial fixed costs.

The respective timeline of the repositioning, retrenchment and reorganization strategies adopted were posited in the documentary evidence. Hence we will look at the strategies adopted based on the turnaround phase it was implemented. It may be observed that predominantly all the retrenchment measures were implemented during the decline phase leading up to the decline restricting phase (2002-09). While salary, emolument and employment freeze were measures taken before the period under study, it was in execution during the period and was a decline restricting strategy. The financial restructuring initiatives like settlement of loans, enhanced authorized capital, and the onetime settlement, all belonged to the decline restricting category as they were undertaken with the intention of containing the decline. Conversion of loans to equity and equity investments from peer company, can be considered as a recovery strategy as both of it gave the firm under study, the financial space to enhance business capabilities. While trading in

cybernetics, traffic signaling system and manufacturing equipments for handicapped people were all repositioning strategies that were undertaken during the decline and its restricting phase, the strategies that propelled the company to growth and sustainability was undertaken during the recovery phase. Repositioning strategies viz Strategic Service, Special Products, IGVTDC, GRSE and Metro Project, Power Electronics, Solar Power, Security System, Biometric Attendance System and LED Lighting were all recovery strategies, when the company was trying to build back the business it lost, through product diversification and collaborations. Reorganization strategies that were adopted in decline and restricting phase, included the VR scheme (2001-02 and 2002-03) whereby about 699 employees left the organization. Other strategies were winding up and merger of loss making subsidiary companies which relieved the firm from some of its idle fixed costs. The establishment of debt recovery cell was a recovery measure, and was done as a part of intensifying the internal control systems. The last set of strategies was the government level macro initiatives. Except for freezing of interest rate and granting moratorium, all other strategies were decline restricting in nature, aiding the company to come out of its losses.

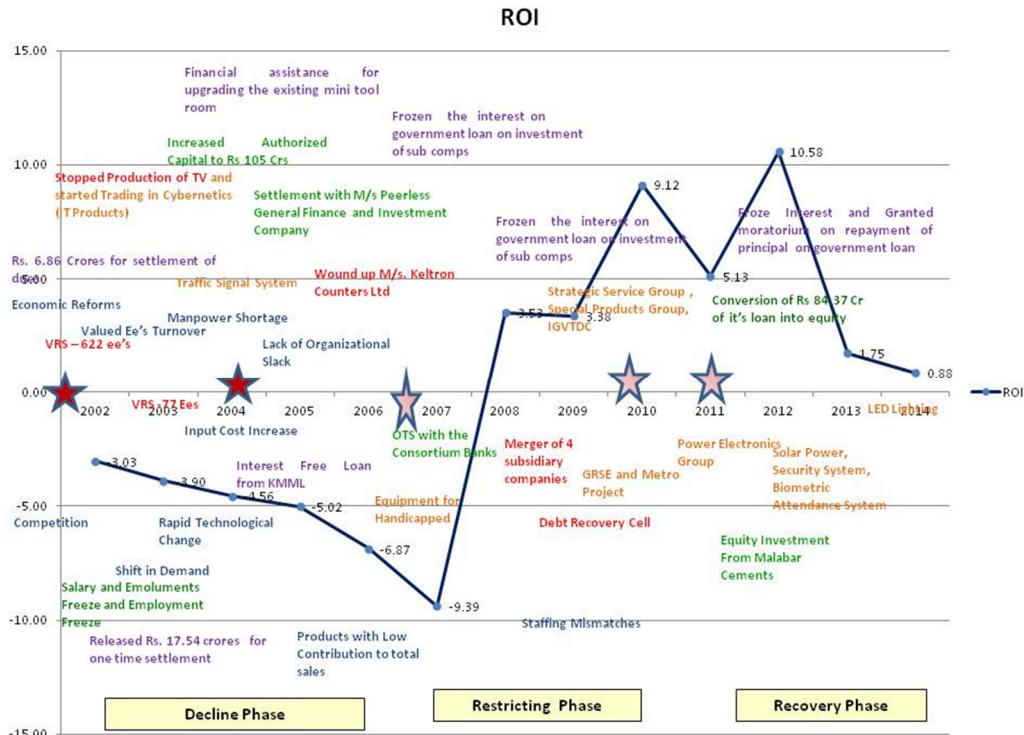


Figure 4.1.18: Time Ordered Growth Gradient

Color Coded as Follows:

**Pertinent Reasons for performance decline that are present during the years under study (Placed on the matrix where the phenomenon has been evident in the highest degree)**

Repositioning Initiatives

Retrenchment Initiatives

Reorganization Initiatives

Macro level Initiatives

Change of Managing Director ★

#### 4.1.12 Effect Matrix (Turnaround Initiatives)

The effect matrix based on the growth gradient shows the nature of the strategy (whether Decline Restricting – DR or Recovery- REC) and its relative effect on the turnaround (and its sustainability), at varying levels viz High, Moderate and Low (Table 4.1.14).

**Table 4.1.14:** Effect Matrix (Turnaround)

Strategy Implemented	Nature of Strategy	Impact on TA	Strategy Implemented	Nature of Strategy	Impact on TA
Salary and Emoluments Freeze	DR	High	LED Lighting	REC	Low
Employment Freeze	DR	High			
Increased Authorized Capital to ₹105 Crs	DR	High	Solar Power, Security System, Biometric Attendance System	REC	High
Settlement with M/s Peerless General Finance and Investment Company	DR	Moderate	VRS - 622 Ees + 77 ees	DR	High
OTS with the Consortium Banks	DR	High	Wound up M/s. Keltron Counters Ltd	DR	Low
Conversion of ₹ 84.37 Cr of loan into equity	REC	High	Merger of 4 subsidiary companies	DR	High
Equity Investment From Malabar Cements	REC	Low	Debt Recovery Cell	REC	Moderate
Total Cost Retrenchment	DR	Low	M.D Initiatives	DR	High
Short Term Asset Retrenchment	DR/REC	Low		REC	Moderate
Long Term Asset Retrenchment	DR	Low	M.D Change	DR	High
Stopped Production of TV and started Trading in Cybernetics (IT Products)	DR	High	₹ 6.86 Crores for settlement of dues	DR	Mod
Traffic Signal System	DR	Moderate	Released ₹ 17.54 crores for one time settlement	DR	High
Strategic Service Group , Special Products Group, IGVTD	REC	High	Financial assistance for upgrading the existing mini tool room	DR	Low
GRSE and Metro Project	REC	Moderate	Interest Free Loan from KMML	DR	Mod
Equipment for Handicapped	DR	Low	Frozen the interest on government loan on investment of sub comps	DR	High
Power Electronics Group	REC	High	Froze Interest and Granted moratorium on repayment of principal on government loan	REC	High

The retrenchment strategies that had a high impact on turnaround and its sustainability were decline restricting in nature. While salary and emolument freeze and employment freeze together helped saving crucial funds during the time of decline, increased authorized capital and the OTS ensured that the company can repay its long term debts, and see green at the bottom-line in years. The only recovery retrenchment strategy that had a high impact on the turnaround sustainability was the loan conversion to equity. While loan settlement with M/s Peerless General Finance and Investment Company had a moderate impact on the TA, Equity Investment From MXXX Cements, Total Cost Retrenchment, Short Term Asset Retrenchment and Long Term Asset Retrenchment, all decline restricting strategies (except for the equity investment which was a recovery strategy) had a relatively low impact on the turnaround of the firm.

Of the eight repositioning strategies identified and corroborated, four had a high impact on the turnaround and its sustainability whereas two had moderate and two had relatively low impact. The strategies which had a relatively high impact on the turnaround were Trading in Cybernetics (IT Products), Strategic Services, Special Products, IGVTDC, Power Electronics, Solar Power, Security System, and Biometric Attendance Systems, of which only trading in cybernetic was a decline restricting strategy, the others being all recovery in nature. The Traffic Signal System and the GRSE and Metro Project were initiatives that had an impact on the turnaround but not as much as the above mentioned strategies as their contribution to the sales were comparatively less. The strategies that had

relatively least impact on TA were producing Equipment for Handicapped, and LED lighting business of the firm. While the present benefits of the LED business of the company is beyond the scope of the study, with the available data it can be confirmed that the business is only in the early stages of its execution and hence its impact till the year studied is concluded to be low.

The reorganization strategies and its impact on the turnaround and its sustainability were assessed now. The reorganization strategy that had the highest impact on the turnaround of the firm was the voluntary retirement scheme (a decline restricting measure) which helped save funds, and rationalize and realign the existing workforce for the jobs available. While winding up of the subsidiaries did not have as much impact, the merger of the four subsidiaries restructured the operations of the company more profitably, and thus had a high impact on the turnaround. As a part of tightening the internal control systems, the debt recovery cell was instituted which was a recovery strategy. However, its impact on the turnaround and its sustainability was relatively moderate. During decline restricting phase, the change in MD and initiatives taken by the person in charge, like restructuring the organization to strategic business units independently responsible for revenue and profit generation etc had a high impact on the turnaround. However as a recovery strategy the change in MD, and the initiatives taken did not have as much as impact.

Next the macro level initiatives were considered. The decline restricting strategy which had the highest impact on the turnaround of the

firm, and which can be named as the most pertinent turnaround strategy, was the initiation of one-time settlement. The freezing of interest rate on the investment in subsidiary companies also had high impact on the turnaround, as it brought more liquidity and freed current assets of the company. The ₹ 6 crore worth settlement of dues and the interest free loan from a peer company, were both decline restricting strategies which had relatively moderate impact on the turnaround. The financial assistance provided for upgrading the mini tool room, had the lowest impact on the turnaround of the company. The interest rate freezing and the granting of moratorium were recovery strategies, but had a strong impact on the sustainability of the turnaround of the firm.

The overall impact of the three turnaround strategies, namely retrenchment repositioning and reorganization is assessed diagrammatically through the segmented causal network in the subsequent paragraphs.

#### **4.1.13 Segmented Causal Network**

The segmented causal network as shown below (Figure 4.1.19), is a comprehensive causal network of the turnaround; showing its antecedents, actions and outcomes compartmentalized on the basis of time. The first segment displays the performance decline phase which extended from 2002 to 2007. As discussed in the earlier paragraphs, the more poignant reasons for the performance decline were exogenous in nature like economic reforms; which triggered a host of other causative factors like competition, rapid change in technology and shift in demand on which the company had no control (purely exogenous). These exogenous factors however resulted in some endogenous factors which ultimately became



momentous reasons for the performance decline. Valued employee turnover, manpower shortage and staffing mismatches, all endogenous in nature had a high impact on the performance decline, while endogenous factors like lack of organizational slack, input cost increase and products with low contribution to total sales also had effects of varying degrees on the decline. Lack of governmental support was another exogenous factor which had an impact, but comparatively low.

The next phase was the turnaround phase, delineated as decline restricting and recovery phase. The decline restricting phase consisted of the decline phase (2002-2007) and the decline restricting phase (2008 and 2009). An assessment of the effect matrix reveal that retrenchment strategies adopted during the decline restricting phase had the most impact on the turnaround, followed by the macro level initiatives. Reorganization strategies had a relatively lower impact on the turnaround, whereas the repositioning strategies adopted during the decline restricting phase, had the least impact on the turnaround. The cumulative impacts of the respective strategies have been arrived at by tallying and giving weights to the respective strategies based on its individual impact on the turnaround. The varying thickness of the arrows show the varying degrees of impact of the strategies on the turnaround; thicker the line, stronger the impact.

The recovery phase extended from 2010 to 2014. As affirmed by the segmented causal model, the set of strategies that had the most impact and aided in sustaining turnaround achieved was the repositioning measures. While retrenchment strategies adopted at the recovery phase

came second in cumulative impact on the sustainability of turnaround, reorganization strategies had relatively a much lower impact. The recovery phase macro level strategies had the least impact on the sustained turnaround of the firm.

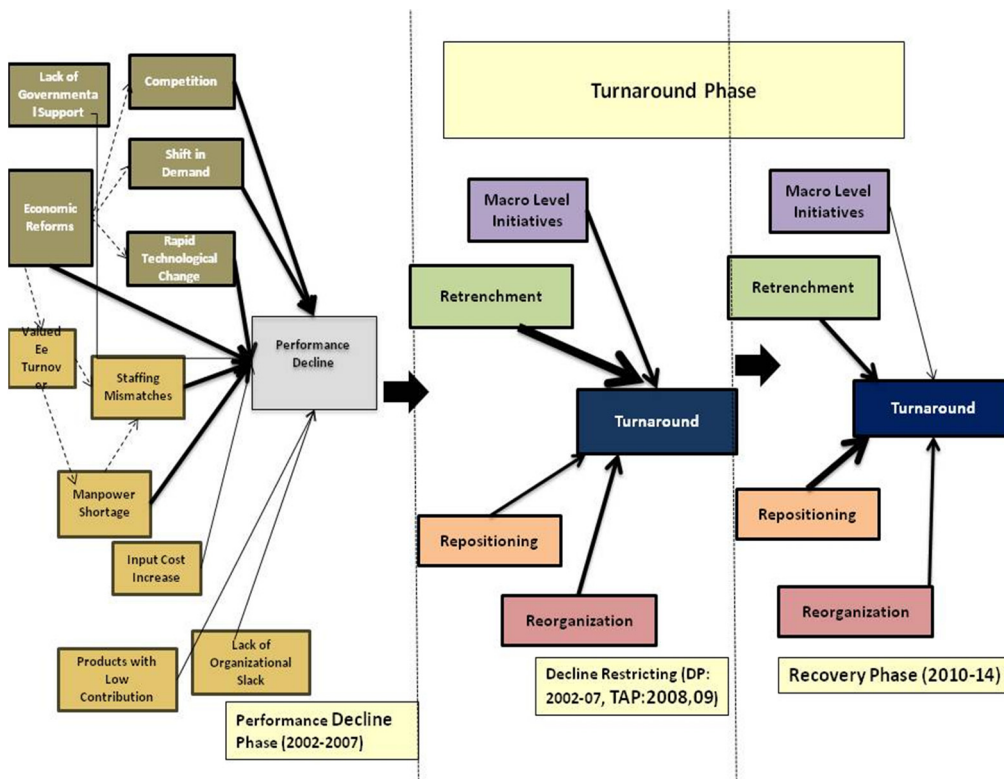


Figure 4.1.19: Segmented Causal Model

#### **4.1.14 Logic Model**

The evidences from the field has been analysed, triangulated and concluded finally through the Logic model (Figure 4.1.20). The model reflects the conceptual model, and will be used in the cross case synthesis to pitch against it and pattern match. A predominance of exogenous factors and a host of endogenous factors led to the performance decline, where the severity of decline was high. The very fact that the company could not exercise control over most of the reasons that led to its decline augmented the severity of the decline. Strategies that matched the exogenous factors were developed in the decline restricting and recovery phase which aided in turning around the firm. Product diversification and collaborations helped the company to stay afloat in a highly competitive, technology intensive industry thereby combating and containing the effect of most of the exogenous factors. Financial restructuring and cost retrenchment measures aided the company to fight the endogenous factors like increasing input costs and lack of organizational slack. The recovery strategies predominantly focused on sustaining the turnaround it achieved, by identifying profitable areas of business which had immense scope in the future. As can be observed from the logic model, there was a judicious mix of the 3R's both strategic and operational in nature, conceived and implemented in the decline restricting and recovery phase, which bolstered in achieving a successful turnaround manifested through the positive return on investment in the range of 10.58 to 0.88% in the years from 2008-2014.

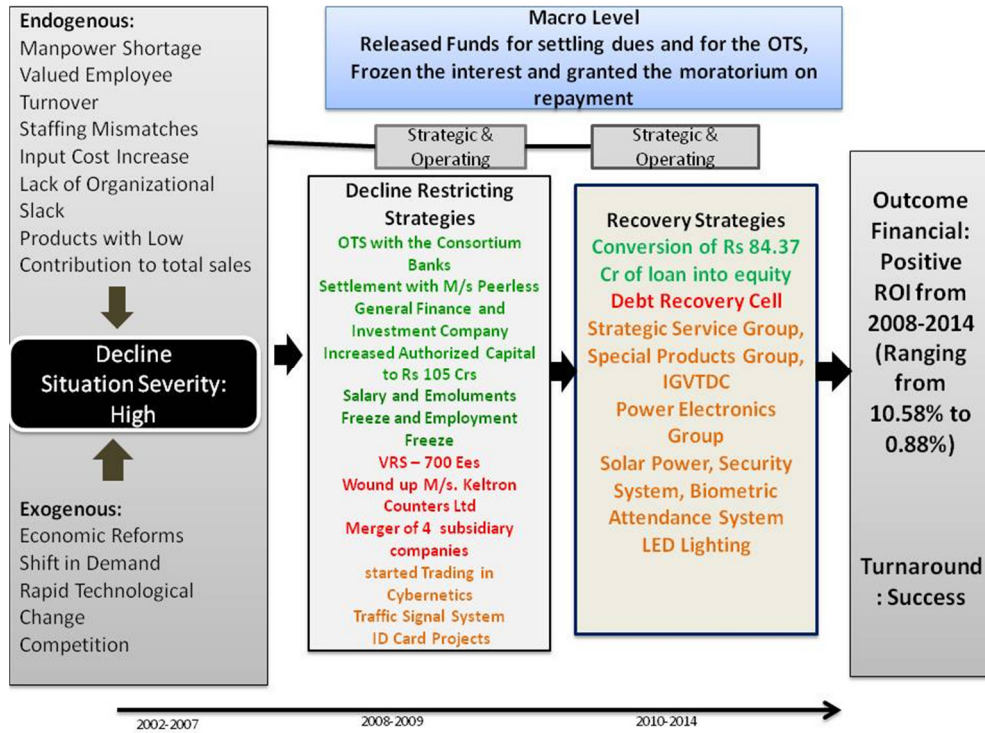


Figure 4.1.20: Logic Model

#### 4.1.15 Case Propositions

The propositions posited to empirically validate the theory and to find deviations if any, is reviewed as the last step of the individual case analysis. The table (Table 4.1.15) shows the propositions and, as concluded from the above results, if it is supported or not supported by the evidences collected, scrutinized and juxtaposed.

**Table 4.1.15: Case Propositions – Case A**

<b>Propositions</b>	<b>Supported/Not Supported</b>	<b>Propositions</b>	<b>Supported/Not Supported</b>
P1 Endogenous factors primarily caused the performance decline of the organization.	Not Supported	P7 The reorganization strategies adopted during the decline restricting phase had a relatively lower impact on the turnaround of the organization.	Not Supported
P2 Exogenous factors primarily caused the performance decline of the organization.	Not Supported	P8 The reorganization strategies adopted during the recovery phase had a relatively stronger impact on the turnaround of the organization.	Not Supported
P3 A combination of endogenous and exogenous factors led to the performance decline of the organization.	Supported	P9 The repositioning strategies adopted during the decline restricting phase had an impact on the turnaround of the organization.	Supported
P4 The macro level (policy level) initiatives taken during the decline restricting and recovery phase had an impact on the turnaround of the organization.	Supported	P10 The repositioning strategies adopted during the recovery phase had an impact on the turnaround of the organization.	Supported
P5 The retrenchment strategies adopted during the decline restricting phase had a relatively stronger impact on the turnaround of the organization.	Supported	P11 The operational level strategies had a stronger impact on the turnaround of the organization.	Not Supported
P6 The retrenchment strategies adopted during the recovery phase had a relatively lesser impact on the turnaround of the organization.	Supported	P12 The strategic level initiatives had a stronger impact on the turnaround of the organization.	Supported

The table announces very clearly that the reasons for performance decline was a mix of endogenous and exogenous factors and not one category alone, thereby not supporting the first two propositions but supporting P3. The macrolevel initiatives did have a positive impact on the turnaround and hence the proposition relating to its role in turnaround (P4) was supported by the evidence in this case. In the case of retrenchment strategies, its role in turnaround as postulated, turned out to be a reality in this case. Retrenchment measures were more effective during the decline restricting phase, than it was during the recovery phase. As far as reorganisation was concerned, the proposition that during the decline restricting phase its impact on turnaround is lower as per theory (P7), was not supported in this case, as the VRS initiatives and the mergers had a relatively major role in helping the organisation turnaround. But the proposition that it has a vital role in the recovery phase (P8), was not supported here as it was not the case. Repositioning strategies that were adopted during both the phases had an impact on the turnaround and its sustainability and hence both the propositions were supported by the data and analysis. In this case, majority of high impact strategies adopted were of strategic in nature, leading to the support of P12.

#### **4.1.16 Recommendations for Recovery**

The respondent's recommendations for sustained growth and achieving performance excellence are summarized here. The suggestions given during the interviews were collated and subjected to text mining analysis using R program to get the word cloud (Figure 4.1.21). The employees surmised that the company requires autonomy in the realms of manpower, finance and R&D, especially in the manpower department. It was

opined that the state PSU's must adopt policies similar to central PSU's. In CPSUs the pay is performance linked which is flexible and attractive. Such an environment will encourage the employee and give them the impetus to raise the company to the next level. Most of the responses related to employees and their salary related aspects. The respondents also felt that a Government company should take the efficiency related best practices from the private sector, and the private sector should adopt some of the procedural aspects of the public sector. Ultimately the company can think about partnering with other institutions in the value chain. A joint venture for eg with defense manufacturer can help turn fortunes of the company.

According to the respondents, the company will never be killed nor would it die as it has a lot of fixed valuable assets that it can bank on, in case of emergencies. The foundation is very robust and this fundamental strength helped to withstand the severe decline and should be used judiciously to propel growth.

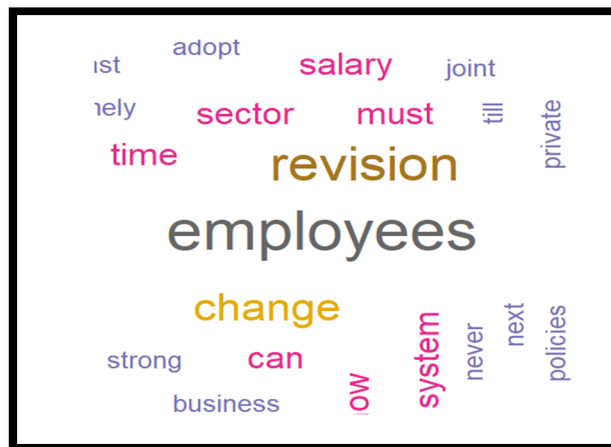


Figure 4.1.21: Recommendations – Word Cloud

.....✪.....





---

---

## THE CAUSTIC SPIRAL (Case B)

---

---

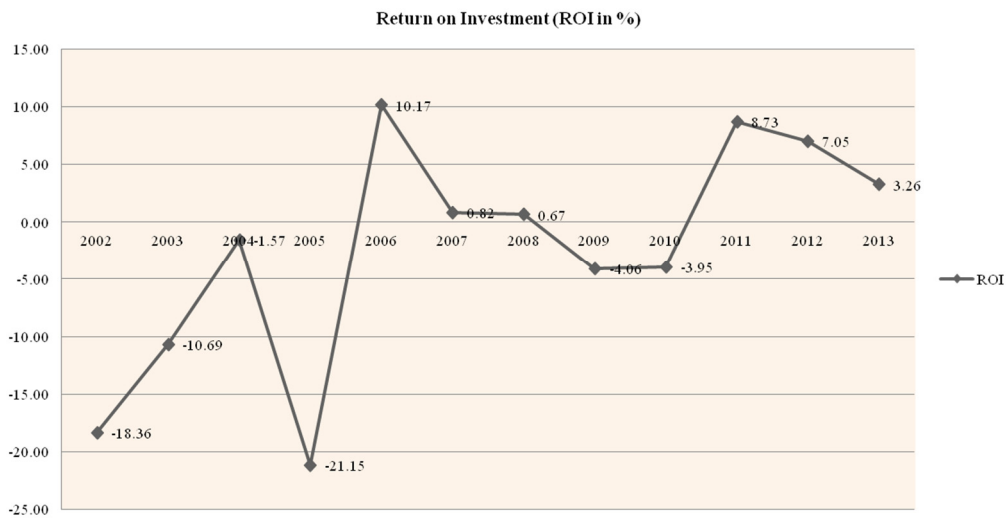
### 4.2.1 The Company's Story

Started in the year 1954, this company was originally privately owned, and later, was taken over by the state government. Producing Caustic soda (Lye and Flakes), Liquid Chlorine, Hydrochloric acid and Sodium hypochlorite, the company belongs to the chlor alkali sector. The present capacity of the company is 175 TPD<sup>1</sup> and its products serves customer industries like, pharmaceuticals, mineral processing, petrochemicals, rayon, textiles, plastics, aluminum, paper etc. The company uses a co-product process, where the electrolysis of brine decomposes it into caustic soda, chlorine and elemental hydrogen , producing an electro chemical unit (1.1 units of chlorine is co-produced when one unit of caustic soda is produced). Due to the widespread concerns of the then used mercury cell technology, which was considered to be intensely polluting, in 1997, the new technology of membrane cell was adopted. The company hence became environmental friendly, meeting all the government pollution norms. The company was poised for growth, with a 25 TDP capacity addition and 125TPD bipolar electrolyser system, making it technologically proficient to attract more business. Posing a threat to this growth potential

---

<sup>1</sup> Tons Per Day (Unit of measurement for the Plant Capacity)

was the financial condition of the firm. Nil capital infusion, mammoth role of debt in financing, ever increasing operational costs, etc had added to the financial pressure, mirrored through a run-down, ROI pattern as shown in Figure 4.2.1.



**Figure 4.2.1:** Return on Investment for the period 2002-2013

## 4.2.2 Industry Profile

The chlor alkali sector is a constituent of the basic chemical industry, producing three focal products namely, Caustic Soda, Soda Ash and Chlorine. These chemicals find applications in a number of industries such as textiles, chemicals, paper, PVC, water treatment, alumina, soaps & detergents, glass, chlorinated paraffin wax, among others. The Chloralkali process is an industrial process for the electrolysis of sodium chloride solution (brine). Depending on the method, several products besides hydrogen can be produced. If the products are separated, chlorine and

sodium hydroxide (caustic soda) are the products; by mixing, sodium hypochlorite or sodium chlorate is produced, depending on the temperature. There are different processes for the electrolytic production of chlorine; the diaphragm cell process (Griesheim cell, 1885), the mercury cell process (Castner membrane cell process (1970) etc (Gujarat Cleaner Production Center - ENVIS Center, 2015). However in an effort to phase out the heavily polluting mercury cell process, the industry in the last decade has reduced the mercury consumption from 51.52T/yr to 1.59 t/yr in 2011, and mercury emissions from 9.4t/yr to 0.04t/yr (Alkali Manufacturers' Association of India, 2012). On account of their co-production, the market dynamics for caustic soda and chlorine are heavily influenced by each other. Internationally, it is chlorine based, whereas, in India, it is influenced by caustic soda (StarFinvest Pvt Ltd, 2013). The Table 4.2.1 shows the current chlor-alkali national data.

**Table 4.2.1:** Chlor – Alkali Product wise National Data

<b>Caustic Soda (as on 31<sup>st</sup> March, 2018)</b>	
Installed capacity	38.80 lakh MT per annum
Production	32.42 Lakh MT
Imports	4.47 Lakh MT
Exports	1,61,077 MT
<b>Chlorine (as on 31<sup>st</sup> March, 2018)</b>	
Production	<b>28.72 Lakh MT</b>
<b>Hydrogen (as on 31<sup>st</sup> March, 2018)</b>	
Production	<b>9077 Lakh Nm<sup>3</sup></b>

Source: Alkali Manufacturers' Association (<http://ama-india.org/industry-data/>)

### 4.2.3 Sources of Evidence

After gaining requisite permissions from the Managing Director and the HR department, data was collected for a period spanning 8/01/2015 to 22/01/2015. Since the administrative headquarters and the plant were located at one site (Udyogamandal, Ernakulam) and the company did not have any other relevant branches, the entire data collection was carried out there. The first and the primary source of evidence; open ended interviews were conducted with sixteen employees of the organization. While eight of them belonged to the top management team, six were senior most employees and two - union representatives. The sample profile given in the Appendix to Chapter 4.II (p.444), shows that, the employees represented all the departments of the organization and together had an experience of 22 years, making their accounts more authentic and legitimate. The formal survey was conducted among employees with requisite experience and were chosen based on the staff list provided by the administration department. From the list of 215 employees, personnel to be part of the formal survey were selected using simple random (random number generation). Questionnaires were distributed to 140 respondents and the final sample size stood at 139 after the questionnaires were collected back and checked for completeness. The tertiary source of evidence; the annual reports were given in hard copy by the finance department, and audited and published annual reports from 2002-03 to 2012-2013 was received and used for the study.

#### **4.2.4 Open Ended Interviews - Reasons for Performance Decline**

To the start list of the codes (Appendix 3A), codes that emerged from this case site and had local implication were added as emergent codes. The following table (Table 4.2.2) gives the emergent codes and their operational definition as added to the final code book.

**Table 4.2.2:** Emergent Codes and Operational Definitions

<b>Emergent Code</b>	<b>Parent Code</b>	<b>Operational Definition</b>
Demand Turbulence	PD/Exogenous	Demand Turbulence is characterized by cyclical, random or declining demand
Electricity Cost	PD/Endogenous	The considerable increase in the per unit of electricity consumed, which is an essential raw material for electrolysis process for producing the main product.
Employee Cost Increase	PD/Endogenous	The substantial increase in the employee cost, which in turn has escalated the operating expenses.
Loss of Competitive Advantage	PD/Endogenous	Competitive Advantage is lost when the company fails to cater to the present needs of the market and when the products are obsolete which result in customer base attrition
Capital Scarcity	PD/Endogenous	The paucity of own funds that can be used for any expansion plans.

##### **4.2.4.1 Inter-Coder Agreeability**

Once the applicable codes from the start list and the above emergent codes were applied to the segments of text, this case was also subjected to inter-coder agreeability test. As can be seen from the Table 4.2.3, all the codes applied, had a satisfactory Kalpha value of above 0.7 and an overall score of 0.852, enabling further conduct of analysis.

**Table 4.2.3:** Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons

<b>CODES</b>	<b>PERCENT</b>	<b>ALPHA</b>
Political Interference	97.2%	0.873
Lack of Organizational Slack	94.4%	0.813
Munificence	98.6%	0.902
Competition	93.1%	0.813
Demand Turbulence	98.2%	0.942
Electricity Cost	98.6%	0.933
Employee Cost Increase	93.1%	0.813
Loss of Competitive Advantage	100.0%	1.000
Lack of Governmental Support	95.7%	0.800
Delay in Project Approval and Funding	95.10%	0.813
Unionism	98.2%	0.942
Capital Scarcity	100.0%	1.000
<b>Total</b>	<b>97.9%</b>	<b>0.852</b>

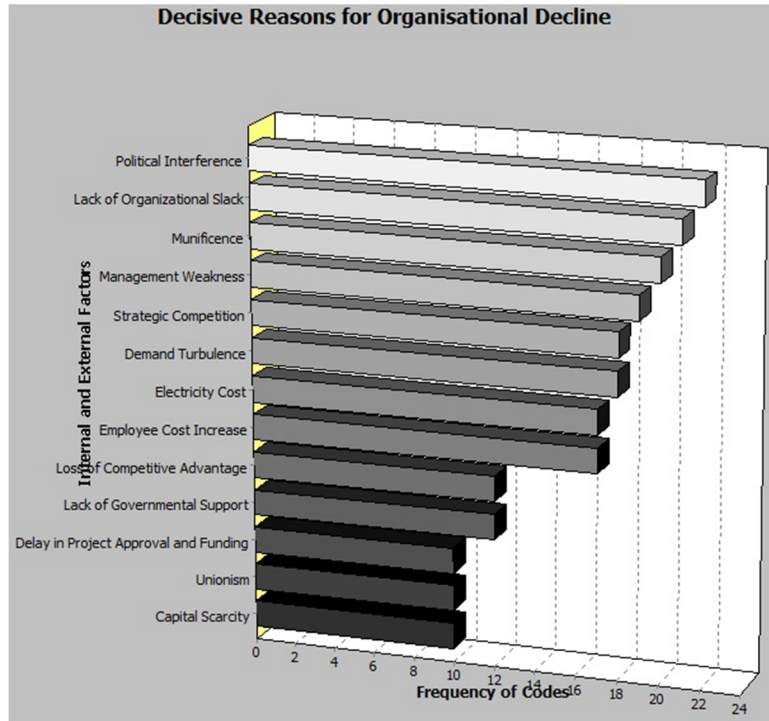
#### 4.2.4.2 Code Frequency

The code frequency table (Table 4.2.4) reveals that the most cited cause was exogenous in nature and was political interference (22 times and in 65.5% cases). Lack of Organizational Slack, an endogenous factor followed the most cited coded reason for decline (21 times and in 68.8% cases). Low Munificence was also touted to be one of the reasons for performance decline of the firm, which had a count of 20 but cited only in 56.3% of the cases. Competition and demand turbulence followed with equal count (18 times) but the former mentioned in more cases (62.5%) than the latter (56.3%). The next formative factor was very decisive and hence was mentioned in 81.3% of the cases and was electricity cost. The

fluctuating electricity rates were indeed a big predicament for the company. Another input cost namely employee cost and its increase was also mentioned 17 times but in fewer number of cases (68.8%). Loss of competitive advantage (endogenous) and lack of governmental support (exogenous), both pertinent factors were mentioned 12 times each and appeared in 43.8% of cases as well. The last three relevant reasons were delay in project approval and funding (Freq: 10, 50% cases), unionism (Freq: 10, 48.3% cases) and finally Capital scarcity (Freq: 10, 31.3% cases). The ensuing horizontal graph (Figure 4.2.2) depicts the table pictorially.

**Table 4.2.4: Coding Frequency (Reasons for Performance Decline)**

Category	Code	Count	% Codes	Cases	% Cases
Exogenous	Political Interference	22	5.0%	10	62.5%
Endogenous	Lack of Organizational Slack	21	4.8%	11	68.8%
Exogenous	Low Munificence	20	4.5%	9	56.3%
Endogenous	Management Weakness	19	4.3%	9	56.3%
Exogenous	Competition	18	4.1%	10	62.5%
Exogenous	Demand Turbulence	18	4.1%	9	56.3%
Endogenous	Electricity Cost	17	3.9%	13	81.3%
Endogenous	Employee Cost Increase	17	3.9%	11	68.8%
Endogenous	Loss of Competitive Advantage	12	2.7%	7	43.8%
Exogenous	Lack of Governmental Support	12	2.7%	7	43.8%
Exogenous	Delay in Project Approval and Funding	10	2.3%	8	50.0%
Endogenous	Unionism	10	2.3%	7	43.8%
Endogenous	Capital Scarcity	10	2.3%	5	31.3%



**Figure 4.2.2:** Horizontal Code Frequency Chart Showing the Reasons for Decline

The decisive reasons for decline categorized as endogenous and exogenous has been explained in detail in the following paragraphs. The foremost reason, if the respondent citations are taken into consideration (% of cases cited), was the increasing **electricity cost** and its negative effect on the performance of the organization. The production process necessitates the passing of electricity through brine to produce caustic soda and the resultant by-products. The plant works non-stop as the production is continuous in nature. This would mean that electricity cost would become a mammoth expenditure for the company. Owing to the burgeoning power tariffs, the company was in losses from 1997-2003. But, the setting up of the Electricity Regulatory Commission of Kerala in



2003, eased the burden and there was a capping of the tariff increase till 2012. But 2012 saw the introduction of differential pricing system for power. The electricity cost had subsequently increased to ₹ 4.72/unit on an average. The electricity purchased during the financial year 2013-14 was 1423.32 Lakh KWH, at a total amount of 6717.08 Lakhs forming an alarming 38% of the total cost.

Another pertinent reason was **political interference** according to the respondents. For elucidating this further some snippets from the company's past are narrated here (as explained by the respondents). The increasing electricity cost had forced the company to look for ways to supplement the power supply from Kerala State Electricity Board (KSEB) and an opportunity was presented to the company in the form of a Hydel project in Barapole in Kannur. There were companies willing to build operate and transfer the project at as low as ₹ 2.25 per unit. The government however opposed this private partnership, and the project could not be commissioned as a result. Another incident being, a project was proposed to convert the plant from mercury cell technology to membrane cell technology (a non polluting and safer approach of production) was initially planned to be equity funded (i.e. from government). However the ministry changed and the equity funding did not happen. Since the project was underway, the company had no choice but to fund it through debt. The company had to take ₹ 72 crore loan at an exorbitant interest rate of 18.5%, of which the company still owes ₹ 35 crores. Another instance being, the company had entered into a couple of leases with the aim of garnering cushion funds. It leased 8 acres

of its land to Kerala State Industrial Enterprises (KSIE) and the respondents felt that these leases were made under government pressure and vested interests, the result of which being inaccurate contracts being drawn and non renewal of contracts on time.

**Lack of organizational slack** was the next decisive factor, and was endogenous in nature. There had been recurring citations about the lack of funds and the high debt repayments which made the slack position of the organization very brittle. Plans of diversification, and for that matter all investments were halted at the conceiving stage itself due to the paucity of funds. High debt financing and lack of own reserves had led the company to this slack tight position, according to the respondents. Further evidences will be examined from the documents to ratify this factor.

The next decisive factor was **low munificence** which led the organization to decline. Low munificence was the outcome of several factors, and its combined negative effect on the business environment of the company. The market was controlled by many external factors, and the competitive nature of the market, along with the location disadvantage, made selling the products a prodigious task. The products produced by the company have very limited market in the state with only two or three buyer industries only operating here. The next factor related to its main products. The price at which caustic soda was sold in the Mumbai, Delhi and other North Indian markets was close to ₹ 4000 per metric ton. However markets like Mumbai can easily import caustic soda at much cheaper rates, to the tune of a 20 feet container at \$ 1500. The domestic market of the products of the company was strong but has been declining

over the last few years. Another threat that the company faced was the import threat. Caustic soda being a byproduct in the international market customarily, there had been instances of dumping the same in the Indian market, challenging the indigenous producers. The second product it produces, chlorine, also had certain challenges to face. Companies which use chlorine as raw material was looking for substitute products like hydrogen peroxide. One of the major customers of chlorine was the paper industry. Since most of them have export interest, the use of chlorine had been eliminated from their production. This had impacted the chlorine market and thereby the company. Added to this scenario, the traditional market that existed for chlorine had shrunk owing to the imminent ban that is going to be implemented by 2020. The next factor that contributes to low munificence was the policy governing the chlor-alkali industry. The Performance Achievement Trade policy by the central government stipulated a 5% reduction in the specific energy consumption per ton by the 2015. To achieve this target, latest technologies had to be inducted which entailed capital investment. The company was able to comply with the present reduction norms, but in the future if the targets go up, the company may not be able to comply.

Another major reason that was attributed to the performance deterioration was **management weakness or inefficiency**. The inefficiency started from the top management and the board, which is the ultimate authority, and the MD or CMD had to comply with the decisions of this board. According to the respondents, none of them are industry practitioners or even are remotely industry oriented, the validity of their decisions and their ideas of running the company were mostly politically motivated or

that of a layman's. A case of mismanagement that was cited was the lease of land to Bombay Suburban Electricity Supply (BSES). The company leased about 20 acres of land to BSES for electricity production using naphtha technology. BSES had to supplement the electricity production of KSEB. KSEB had to pay maintenance and establishment costs to BSES even if it used the electricity or not. The company could have easily kept a favorable clause for providing it with subsidized electricity from the surplus produced by BSES. Whenever a strategy is formulated and ready for implementation it is bombarded with different warranted and unwarranted suggestions which ultimately makes the strategy unimplementable. Most of the plans remain plans and some other becomes obsolete by the time it is ready for implementation. The management appeared to be old school and lacked convincing power, innovative thinking and the willingness to work hard to make plans work.

**Competition** was the next pertinent factor. The products of the company were consumed by a number of other industries. While that number came down, the number of competitors increased. The market was flooded with the main and by products and since there was excess supply, prices had to be cut down accordingly. There were 8 manufacturers in Tamil Nadu who used the same process and the resultant product had the same quality. Since there was no variability in product, place and promotion, the only marketing factor that was applicable was the price. These companies offered deep discounts, in addition to which the transportation cost was eliminated. They offered additional promotions as well, for eg one competitor of the company “Chemfab Alkalis Limited” gave free acid to the customers whereas the company under study gave

HCL for a price. The company simply could not compete in such a market, which was completely buyer dominated. Another threat that the company faced was from imports. Internationally chlor alkali units produce chlorine as a main product and caustic soda as by-product. Since they don't have a market there, it is dumped at throw away prices to countries like India. As the caustic soda prices are internationally pegged, the Indian producers breathe a sigh of relief if the prices increase internationally. The competitor companies, nearly 34 of them, have downstream products. There were no such downstream products for the company, and hence if there was no demand, the company had no place to hide.

**Demand turbulence** was the next pertinent reason for performance decline according to the employees of the organization. The demands for all its products were cyclical in nature and subjected to market fluctuations. When there was demand for Caustic soda, there would be nil/limited demand for Chlorine and HCL. But production of one automatically produced the other two, and hence finding continuous demand for both was a task in itself, and practically impossible. Additionally, only 25% of the present production of caustic soda could be sold in Kerala market. For rest of the 75% there existed no market in the state. Moreover being a mother chemical and industrial in nature, the margins were very feeble.

**Employee Cost Increase** was yet another factor considered to have an influence on the performance decline of the firm according to the respondents. One of the major internal reasons for the decline faced by the company was the increase in cost of production, the important constituents of which were the increasing electricity cost and the wages

and salaries. The annual salary burden was ₹ 45 crores. As far as the employee costs were concerned, only 50% of the employee cost was the actual salary. The rest accounted for PF, Medical allowances and gratuity. To reduce this salary burden, employment of personnel on contract basis was envisaged. However the contract staff and their agreements were burning the pockets of the company. With their efficiency dubious, the appointment of the contract staff was being questioned by majority of the respondents. Paradoxically however, the labor costs cannot be controlled beyond a point as it is a public sector undertaking with social obligations.

**Loss of competitive advantage** was yet another endogenous factor that had a significant impact on the performance decline as per the respondents. There has been customer base attrition of the company over the years. The company had major consumers in FACT (petrochemical), Travancore Rayons, Grasim etc. All these companies or the respective divisions have closed down. Presently one of the major consumers is Kerala Minerals and Metals Limited (KMML) for the HCL produced by the company. The stock capacity of HCL is 2.5 days and the company produces 400 tons per day. So if there is a shut down in any of customers' plant, the production in this company will have to be stopped. For example, a major consumer KMML had been shut down for 28 days in the past which affected the production of the company. If the product had to be sold elsewhere, then freight charges have to be paid which is more than the price received for HCL. In this scenario the product was sold at a loss.

**Lack of governmental support** was also reported to have an impact on the decline of the organization. The company had credit worthiness and

would be eligible for loans if supported by government of Kerala. The lack of support in form of necessary permissions and approvals for the Barapole Hydroelectric project, conversion to membrane cell technology plant and drawing up unfavorable lease contracts were all examples of lack of support from the government.

Delay in project approval and funding was one form of lack of governmental support. The government of Kerala had not been supportive of the activities of the company both financially and policy wise, as per the respondents. Although social obligations guide the continuance of such an enterprise, without financial support, the company would cease to exist. The quantum of delay in decision making was crippling the company according to the respondents. An example here would be the Vikram Sarabhai Space Centre (VSSC) project. A letter stating that an MOU was signed by company and VSSC was sent to the government in May 2011, the response for which came in August 2012 and that too with a lot of ambiguity. Due to the effort of executives, the project was eventually commissioned, but it did have to face a lot of unnecessary delays from the government's side. There was an urgent need for the government to intervene at the policy level to ensure that these delays are eliminated.

**Capital Scarcity** was also said to have had an influence on the performance decline of the firm. The equity of the company remained at a stagnant 21 crores, whereas the asset base of the company was over 100 crores. This showed how much the company depended on debt funding to run the business. When the company decided to change from mercury cell based technology to membrane cell technology, the company

needed about ₹ 72 crs. In fact the plant abolition was a result of the government's anti pollution policies. That was the time when the company needed fund in the form of capital infusion, and the then government showed willingness to let the firm sell its shares. Unfortunately, the government changed and so did the plans and the company had to take a loan from a consortium of banks at an exorbitant rate of 18.5%. The company had fallen into a debt trap hence forth and still owes ₹ 32 crores in this regard. The scope for future expansion and modification can become a reality, only if the government provides funds. The company does not have its own funds that can be used for internal ploughing back.

**Unionism** was the final factor that was deduced to have an influence on the performance of the firm. According to the respondents, the company suffered from resistance to change, which was a very strong force in letting the company, not to grow. Union was the nodal force which fueled this resistance, and it was one of the main reasons for the downhill road that the company was taking. The union's commands were met by the management and usually there was no bargaining. There were no strict no's and hence the company was strike free.

#### **4.2.4.3 Code Co-Occurrence and Dendrogram**

Once the decisive reasons for performance decline of the firm has been understood in aspect, the codes are subjected to thematic analysis. The agglomeration table given below (Table 4.2.5), shows the agglomeration sequence and the similarity index of the codes. The node is formed between the codes that are the most similar (eg: Lack of Organizational Slack and Munificence – 0.818 similarity score). The dendrogram as



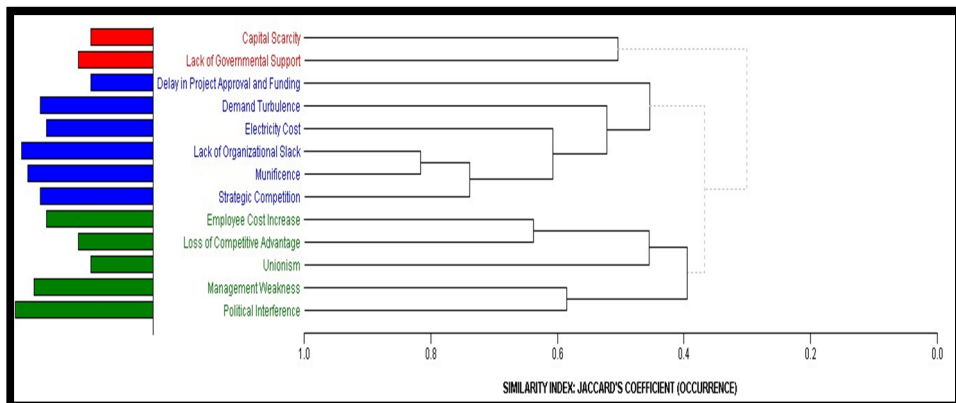
shown below (Figure 4.2.3), was obtained at a stress level of 0.22253 which means that the clustering process was stopped when the improvements in the clusters became less than the convergence value set (0.000001) or the maximum iterations limit has been exceeded (500). A lower stress value indicates that the solution was arrived at the minimum stress and it is so in this case. The  $R^2$  value stands for the proportion of variance explained by a particular clustering of observations (Penn State Eberly College of Science, 2018). This value is of importance, as dendrogram uses the average link method and joins clusters with small variances. Higher the  $R^2$  value, the more different each cluster is. The  $R^2$  was 0.7876, which meant that the clusters seen in the dendrogram were 78% different from each other. The items on the vertical axis of the dendrogram represented the objects or variables, in this case the codes assigned to the reasons for decline. The horizontal axis represents the distance between the codes. Each code can be treated as a leaf; the similarity between them makes it form branches, which means higher the branch, the more unrelated or less co-occurrence the codes have. The different colors show the identifiable clusters that have been formed.

A Conceptual map is also presented, where the clusters are displayed in a two dimensional space, for better visualization of the clusters and their relationships (Figure 4.2.4). As can be seen from the dendrogram, the largest cluster (blue in color) contains 6 factors, out of which, for the exception of lack of organizational slack, all were exogenous to the organization. The similarity between lack of organizational slack and munificence was interesting, since in a low munificent environment if the company wants to excel, it needs organizational slack. On

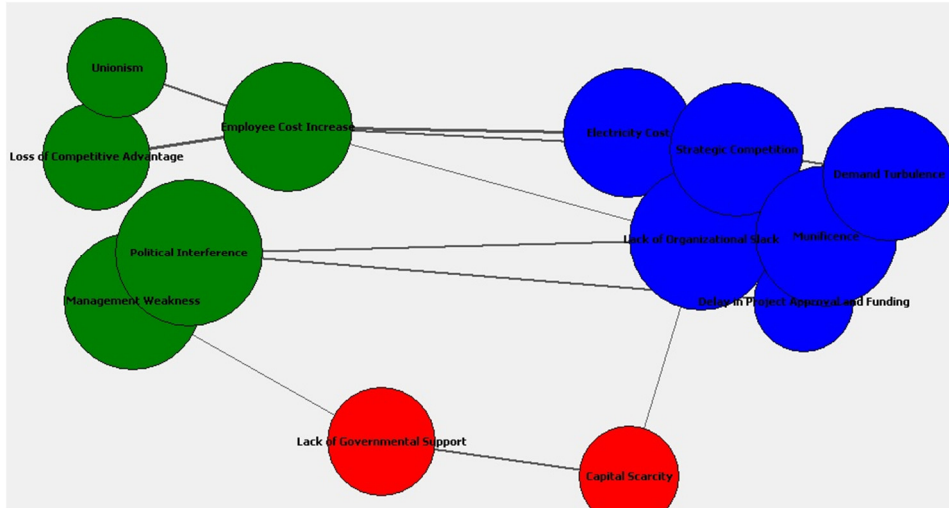
the contrary, if the environment does not have passable carrying capacity, there is no scope for an organization to have slack resources, unless the company was a capital rich one. In the present case, lack of organizational slack especially capital, was the main culprit, nonetheless. The next branch was formed with munificence and competition.

**Table 4.2.5:** Agglomeration table showing the Node formation based on similarity

Node	Group 1	Group 2	Similarity
1	Lack of Organizational Slack	Munificence	0.818
2	Node 1	Competition	0.739
3	Employee Cost Increase	Loss of Competitive Advantage	0.636
4	Electricity Cost	Node 2	0.605
5	Management Weakness	Political Interference	0.583
6	Demand Turbulence	Node 4	0.518
7	Capital Scarcity	Lack of Governmental Support	0.5
8	Node 3	Unionism	0.45
9	Delay in Project Approval and Funding	Node 6	0.449



**Figure 4.2.3:** Dendrogram showing Clusters formed of the codes assigned



**Figure 4.2.4:** 2D Map Showing clusters of grouped Reasons for Performance Decline

One of the major reasons for the low munificence faced by the company was competition. With increasing competition from private players in neighboring states to import threats, the business environment was being made unfavorable due to the presence of intense competition in the sector. This could be the reason why the respondents spoke about the two phenomenons in conjunction and led to a similarity score of 0.716. The next important element of the most dominant cluster was the electricity cost increase. The inability of the company to face competition primarily emanates from its inability to compete with them on prices, electricity cost being a considerable reason for the same. The increasing input cost, most importantly the rising electricity cost had an impact on the production cost, resulting in relatively high prices. Hence their co-occurrence score of 0.643 had a logical reason. The next factor in the blue cluster was demand turbulence. Demand turbulence could be

perceived as an antecedent of low munificence, as the cyclical demand of the main and byproducts, makes the market for the products challenging resulting in lower turnover. This could be the reason why munificence and demand turbulence had a similarity score of 0.500. The last factor in the cluster was delay in project approval and funding, which was yet another antecedent to low munificence (similarity score of 0.545). Added to the ultra competitive market of the company, when the structure within which it has to function does not lend adequate timely support, it becomes all the more challenging to conduct business. When the projects approvals are delayed and the funding deferred, the company lost out on precious opportunities.

The next cluster (green in color) had five factors grouped together based on their similarity scores. The most cited factor in the cluster was political interference (represented by the relative diameter of the circle). It can be seen that political interference and management weakness had a strong concurrence of 0.538, indicating its connected mention by the respondents. The inability of management to take prudent, timely decisions was caused by the unnecessary political interferences as per the interviews. This led to a policy paralysis of sorts. Employee cost increase was the next factor in this cluster and was seen to have high similarity scores with loss of competitive advantage (0.636). The excess employee strength and the resultant cost has been a major factor that has led to the erosion of competitive advantage of the company. It has been unable to compete on the price front owing to this factor.

Also, employee cost increase added to the input cost escalation and thereby curtailed the excess slack that the company could possibly have had. A similarity score of 0.467 and the line joining the two bubbles representing lack of organizational slack and employee cost increase is indicative of it. Unionism, another constituent of the cluster also can be considered as an antecedent of employee cost increase (0.500 similarity score); the reason being the interference of the unions in determining employee wages, salaries and other emoluments and their non-cooperation in cost reduction through salary and wage rationalization.

The final cluster represented by red color represents two pertinent reasons for performance decline of the organization. The capital scarcity faced by the company was due to the non supportive stance by the state government, as per the respondents and a similarity score of 0.500 was suggestive of the same. Capital scarcity also had an impact on the lack of organizational slack (similarity score of 0.455 and the line connecting the two in the 2D map), naturally so, due to the paucity of long term internal funds, required for further expansions. Lack of governmental support also had an adverse effect on the management of the firm (similarity score of 0.455 and the line connecting the two in the 2D map), as timely approvals and favorable resolutions on management decisions were not given by the government. This led to rendering a host of company's projects to be obsolete at the idea stage itself.

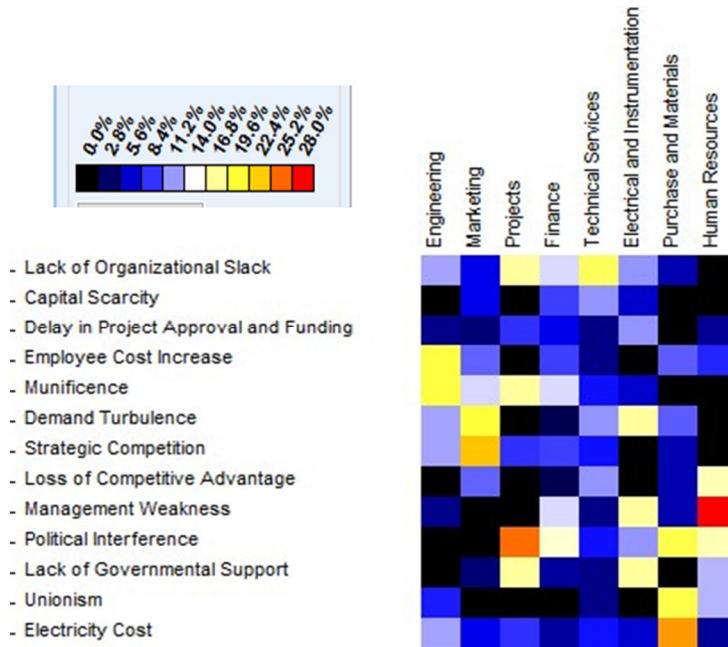
From the above paragraphs it was clear that the first cluster with the most number of factors was predominantly an exogenous cluster, consisting of all exogenous factors that have had an impact on the

performance decline of the firm. Lack of organizational slack being the only endogenous factor that had presence in this cluster; however, was the strongest endogenous outcome of all these external factors. The second cluster represented mostly endogenous factors, which had led to performance decline, again except for political interference. Its intense effect on the management weakness of the company would have placed it in the same cluster. The last cluster was a mix of endogenous and exogenous factors, one an outcome of the other. In conclusion, the as per the open ended interviews, there had been an admixture of factors that had led this organization to performance decline.

#### **4.2.4.4 Coding by Variable – Heat Map Plots**

The heat map plot in this case, attempts to understand the functional relationship between pertinent reasons for decline and the department wise distribution of responses of such reasons. The plot (Figure 4.2.5), shows department wise relative frequency of the codes assigned to reasons for performance decline. The respondents from the engineering department mostly commented about the absence of market (Munificence, demand turbulence and competition), funds (lack of organizational slack) and increasing costs (employee cost increase and electricity cost increase); cumulatively at 84.4%. The marketing department respondents' major area of concern was the role competition played in the performance decline of the firm (22.6%, light orange cell), followed by demand turbulence (19.4%), munificence (12.9%) and some endogenous factors that were unfavorable. The project department spoke majorly about the impediments that they faced while proposing and implementing projects

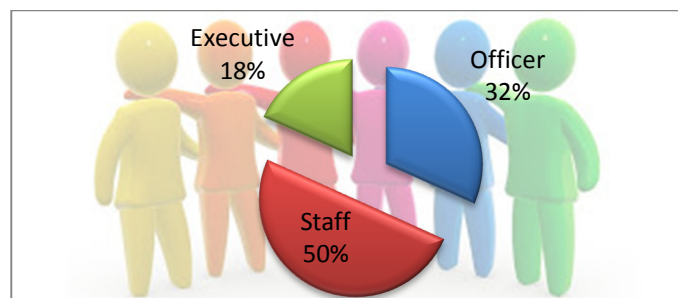
as a major reason for performance decline. Factors like political interference (25%, dark orange cell), lack of governmental support (16.7%), munificence (16.7%) and delay in project approval and funding (8.3%), were the major contents of the interviews of respondents from this department. Except for unionism, the Finance department had responses for all other factors that contributed to the performance decline of the firm. While political interference got the highest relative share (15.2%, white cells), lack of organizational slack, management weakness, and munificence were mentioned equitably (13%, light blue cells). The respondents from the technical services department had a well rounded opinion about the factors that led the organization to performance decline, as is evident from the absence of a black cell (0%) under it. The electrical and instrumentation department respondents' major concerns were two exogenous factors namely demand turbulence and lack of governmental support (16.7% each) and one endogenous factor; management weakness (16.7%). The purchase and materials department respondents were primarily citing increasing electricity cost as the reason for the performance decline (23.8%, orange cell), followed by the role played by unionism and political interference (19% each). Finally the human resource department respondents considered management weakness to be the major cause for performance decline (28%, red cell) and some exogenous factors (political interference, lack of governmental support and delay in project approval and funding ) also contributing to decline.



**Figure 4.2.5:** Heat Map Plot – Reasons for Performance Decline v/s Departments

### 4.2.5 Formal Survey (Reasons for Performance Decline)

A total of 140 questionnaires were distributed to such employees who met the inclusion criteria. All were returned, and was checked for missing values leading to the discarding of one incomplete questionnaire. Hence a total of 139 questionnaires, were subjected to analysis.

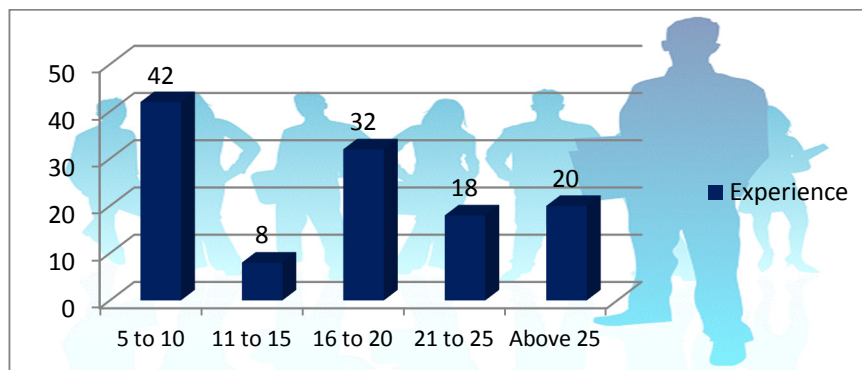


**Figure 4.2.6:** Employee Category – Formal Survey



The respondents belonged to three categories as shown in the chart (Figure 4.2.6). 50% of them were regular staff members (70 in number), while 32% were officers (44 in number) and 18% executives (25 in number). Irrespective of the positions they held, it was their experience in the organization that mattered to elicit the appropriate legitimate responses.

From the chart (Figure 4.2.7), it was seen that the majority of the employees interviewed had more than ten years of experience (65% of the respondents), which would make them the right candidates to respond to the survey, both the decline and turnaround. While 35% of the employees had experience between 5 to 10 years, 6.67% had 11 to 15 years of experience and 26.67% had 16 to 20 years of work experience with the company. Also 15% of them had 21-25 years of experience and it's encouraging to see some of the senior most employees also responding to the survey (16.67% with 25 years of experience).



**Figure 4.2.7:** Experience of Employees - Formal Survey

Although factor analysis and reliability tests were done for the formal survey in the previous case, as mentioned in the research methodology chapter, it is repeated due to the fact that, the questionnaire

is administered to a fresh set of sample. Factor analysis done on this set of data revealed identical theoretical factor structures as the former case, and further analysis was carried out to understand the position of the variables under study. Reliability and descriptive statistics of the sub dimensions (wherever applicable) is enlisted in Table 4.2.6. As the table shows, all the constructs have acceptable reliability scores of Cronbach's alpha of 0.7 or above and hence we look at the mean scores to understand the constructs.

**Table 4.2.6:** Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey

Variable	Sub Dimensions	Cronbach's Alpha Score	Mean	Standard Deviation
Shared Vision		0.863	5.58	0.33
Organization Commitment				
	Affective Commitment	0.772	5.67	1.17
	Normative Commitment	0.703	5.21	1.00
	Continuance Commitment	0.708	5.29	0.96
Communication				
	Strategic Communication	0.861	4.16	1.32
	Vertical Communication	0.727	3.78	1.25
	Satisfaction with Management Responsiveness	0.825	3.72	1.09
Cultural Rigidity				
	Concurrence Seeking	0.756	4.12	0.81
	Group Identity	0.708	4.57	0.93
	Symptoms of Defective Decision Making	0.700	3.88	0.58
Union Commitment				
	Union Loyalty	0.865	5.42	0.78
	Responsibility to the Union	0.765	5.61	0.16
Internal Conflict				
	Conflict Norms	0.856	4.00	0.83
	Conflict Resolution	0.839	4.87	1.16
Perceived Severity of Decline		0.821	3.75	0.48

The levels of perceived organization commitment of the employees were measured and the scores of the three dimensions namely affective, normative and continuance commitment cumulatively show a positive attitude of the employees towards the organization. Mean scores of 5.672, 5.216 and 5.299 for affective, normative and continuance respectively, reveal that the attachment of the employees to the organization surpassed their sense of obligation or their continuance intention. Like in Case A, this firm too had a set of employees who were committed to the organization and showed positive work behavior.

The three dimensions of communication namely quantity of strategic information, vertical communication and satisfaction with management response was perceived at different levels by the employees. While employees felt that there was reasonable communication of strategies and policies adopted by the company to the middle and bottom level (mean score of 4.164), the perception of the vertical communication, and satisfaction with management response was relatively poor. Mean scores of 3.782 and 3.721 was suggestive of this perception. The reason could be that, though the company had daily meetings at the top level management to discuss and deliberate the operational plans and actions, its inclusion perimeter was confined to the top level, triggering a dissatisfaction of the vertical communication systems and practices existing in the organization.

The next construct studied was groupthink represented by three dimensions namely concurrence seeking, group identity and symptoms of defective decision making. As the mean scores reveal, the employees of this organization had relatively an embellished sense of group identity

(4.572). However, their concurrence seeking, which reflected the pressure on dissenters, collective rationalization, and self-censorship was not as high (4.127). Unlike some of the other cases, here the concurrence seeking and sense of group identity had a positive impact on their decision making, which is reflected through a reduced symptom of defective decision making score (3.88).

Unionism came up as one of the decisive reasons that led to the performance decline of the organization in the open ended interviews, and hence it becomes all the more imperative to understand the perceived level of union commitment among the larger sample of employees in the organization. Union loyalty which measures the affective attachment to unions and Responsibility to the Union which embodied the sense of duty toward the union, needed to be hence measured conscientiously in this case. High mean scores of 5.421 and 5.610 reveal that there was a strong presence of unionism and relatively high levels of union commitment among the employees of the organization. Earlier studies have revealed that unionism and excessive union commitment lead to organizational ineffectiveness (Cameron, 1985), as it is in this case, and also leads to increased rigidity (groupthink manifestations).

The next variable explored was the perceived internal conflict. Since it was considered to be an important antecedent of performance decline, the level of perceived internal conflict in the organization was measured through two dimensions namely, conflict norms and conflict resolution norms. It was seen that the employees take a neutral stand on the presence of conflict norms in the organization (4.00) which meant that

the conflicts were dealt not as openly as expected (inching towards closed norms). However they perceive a stronger existence of conflict resolution norms in the organization (4.87), aiding in fluid conflict resolution when there is an open conflict. However, there were no indications of internal conflict being a causative factor of the performance decline, through any other source of evidence.

Finally, the employees of the organization surveyed felt that the severity of decline faced by the organization was only moderately severe (3.75) and if the right internal plans and policies were designed and implemented, the external environment problems could be solved.

#### **4.2.6 Documentary Evidence (Reasons for Performance Decline)**

Now the third source of evidence i.e. documentary evidence was analyzed to corroborate (wherever applicable), evidences from the other two sources. Annual reports for the period 2003-2013 have been analyzed for financial as well as non financial data that lends support and affirmation to the findings of the previous two sources.

The first decisive factor that needed supporting evidence from the annual reports was lack of organizational slack. All the three forms of slack namely available, recoverable and potential slack was measured over the period from 2003-2013. It may be noted that as shown in the chart (Figure 4.2.8) the company had an downcast available slack measured in the form of current ratio. As is apparent, the current ratio for the period ranged from 0.51 to 0.92, having very poor liquidity, especially during the peak decline period in 2005. Next, the recoverable slack was

looked at to understand the operational efficiency of the firm. A higher ratio is considered to be the best for the organization, but as can be seen from the graph, the average ratio was 0.206, denoting that, only about 20.6% of the administrative expenses were being converted to sales on an average, exhibiting the inefficient and rigid structure and practices of the firm. The potential slack was measured next using two metrics, namely the Debt equity ratio and the Interest coverage ratio. The debt equity ratio depicted an alarming picture of the financial condition of the firm. It was evident that, the company, over the years has taken both short term and long term loans to finance all their expansion activities, while the equity remained at a stagnant ₹ 21.21 crores. This meant that, they were overburdened with debt and had 5 times more debt than the equity in years like 2005-06. If the company did generate enough revenue to cover the interest burden, the shareholders would be benefitted, and to see if the case was so, the interest coverage ratio was looked at. An interest coverage ratio of 1.5 is accepted as a minimum to consider the position of the company to be ok. The graph (Figure 4.2.9) however presents a dismal picture. Not even during a single year, has the company been able to reach this mark, showing that the debt situation of the company was jeopardous and needed corrective actions. The debt levels were high and the company had been unable to generate adequate revenue to comfortably cover the interest expenses, putting, the potential slack in a precarious position. It can therefore be deduced that, the lack of all forms of slack did contribute to the performance decline of the firm.

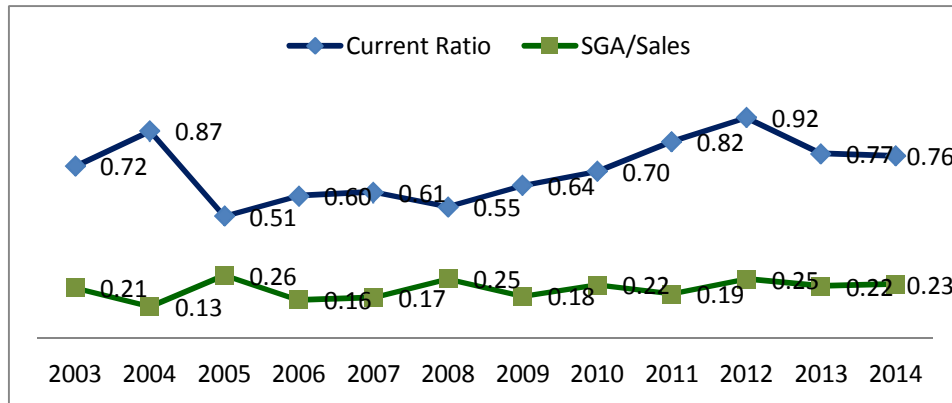


Figure 4.2.8: Available Slack and Recoverable Slack (2003-2014)

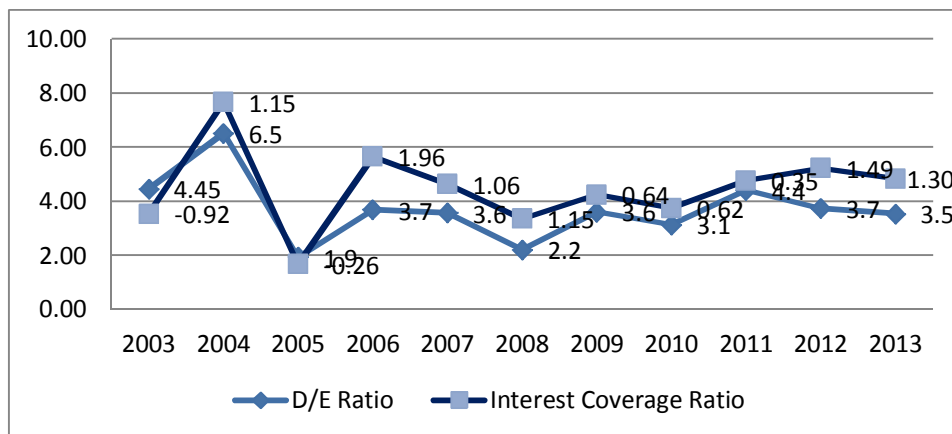


Figure 4.2.9: Potential Slack (2003-2013)

Next we look at the input cost increase, and investigate its legitimacy as an antecedent to performance decline. As can be seen from the chart (Figure 4.2.10), the total cost components were electricity cost, employee cost and other raw material costs, the increase of which has been cited as pertinent reasons for the performance decline of the organization. The Figure 4.2.10 clearly shows that, electricity cost was

indeed the major cost component of the firm and on an average formed 39.67% of the total cost under the period studied. As an individual cost component, it had gone as high as 46.31% of the total costs in the year 2003 and increased on an average of 6.2% year-on-year. The next cost component that was analyzed was the employee cost. It can be seen from the graph that, employee cost was the second highest cost component in years 2003, 2005, 2012 and 2013, forming on an average 20.69% of the total cost. When the company has not been able to generate adequate revenue, a burgeoning employee cost is an issue. Electricity is one of the major raw materials used in the production of the company, but there are other raw materials like salt and its transportation, the fluctuating and increasing prices of which had increased costs of the company, thereby having an impact on the profitability. The other raw material costs as a percentage of the total cost had been averaging on 21.41%, slightly over the total employee costs, indicating that the other raw material costs were also important constituent of the total cost and an additional reason for performance decline. It may be noted that out of 11 years under study, other raw material cost add-on to be the second highest cost component during seven years, pointing to the crucial role it plays in the input cost increase antecedent of performance decline.

Moving on to another important factor that many cited as a reason for the performance decline; capital scarcity. Figure 4.2.11 shows the plight of the organization. For 10 years there has been no capital infusion as the flat straight line of equity capital suggests. However, the assets owned by the company were way above the capital it owns. To understand this better, the Equity Ratio was calculated which throws light



on the general financial strength of the company. The Equity Ratio reflects the amount of assets that has been financed by the owners' funds (Shareholder's Fund/Total Assets). The equity ratio as presented in the Figure 4.2.11 show the abysmal state of the company. The equity ratio was in the range of 0.15 to 0.30. This means that for every rupee invested in the assets of the firm, on an average, only 20% was the shareholder's contribution. On the contrary, 80% of it was financed through debt. This was an indication of how solvent and sustainable the business was. The low ratio showed the excess use of debt in the capital structure, and how the company was also grappling with the interest costs as a result. Capital scarcity was also an indication to the Lack of governmental support and delay in funding.

To reflect the demand turbulence and low munificence, the average electro chemical unit realization, is the depicted in the graph (Figure 4.2.12). As can be seen from the graph there has been negative growth during four years of the period studied (2008, 2010, 2011 and 2014). On the other hand, the maximum growth on a year-on-year basis has been 22.02% indicating that there has not been an exponential growth in the demand for the product. Owing to the decline in demand and competition, the average ECU realized has been on a declining path. To substantiate the intense and sizeable presence of competition, which was touted to be one of the formative reasons for the performance decline of the organization as per the open ended interviews, a competitor's analysis has been carried out. The pertinent financial ratios of the company have been compared with a chlor alkali manufacturer in the government sector namely Gujarat Alkalis and Chemicals Ltd

(GACL)<sup>2</sup> and a close competitor from the private sector namely Chemfab Alkalis Limited<sup>3</sup>.

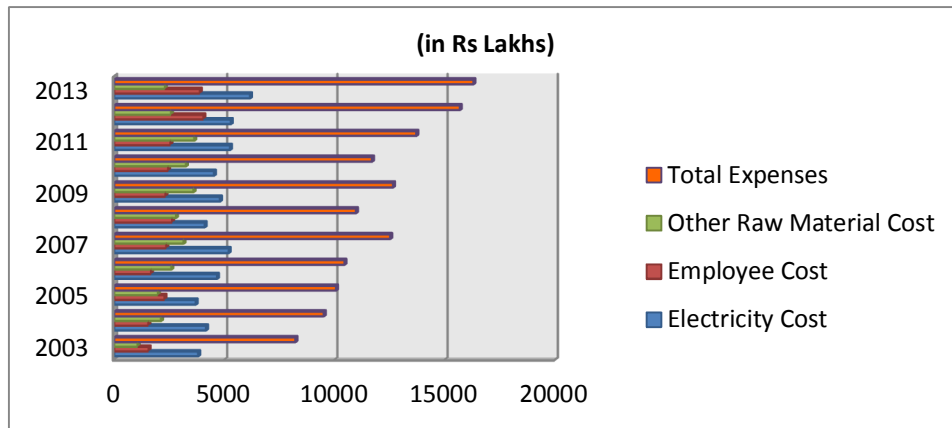


Figure 4.2.10: Decisive Costs as Components of Total Cost (2003-13)

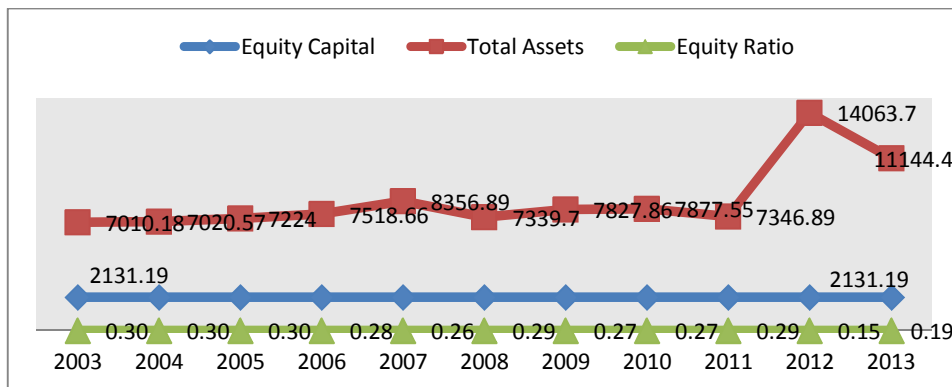
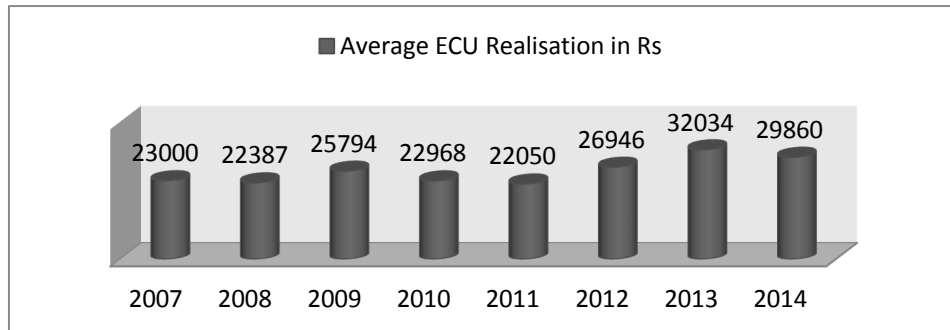


Figure 4.2.11: Equity Ratio (2003-13)

<sup>2</sup> Gujarat alkalis and chemicals Ltd established in the year 1973 is promoted by the government of Gujarat. It is the largest producer of caustic soda in the country with a ton per day (TPD) capacity of 1087. With two production units located at Vadodra and Dahej, the company manufactures in addition to the main products, products like hydrogen peroxide, phosphoric acid, potassium hydroxide, protection carbonate et cetera

<sup>3</sup> Chemfab alkalis Ltd is a privately owned company located in Pondicherry, manufacturing products such as caustic soda lye into grades, liquid chlorine, hydrogen gas, hydrochloric acid and sodium hypochlorite. It is the first company in India to introduce and successfully implement exchange membrane cell technology in chloralkali production



**Figure 4.2.12:** Average ECU Realization

Important ratios signaling the management efficiency, profitability and growth and financial strength for the year ending 2012-2013 has been compared for the three companies, also showing the peer average to understand the position of the company among the competitors as far as its performance was concerned (Table 4.2.7). All the management efficiency ratios like return on equity and assets and return on capital employed paints a very pathetic picture of the company. The enhanced presence of debt in the capital structure of the firm, and the relatively lower turnover could probably be the reason why the company studied has such contemptible figures. Moving on to profitability and growth ratios, although the company's ratios were close to the peer average and reflected the average efficiency with which the industry was able to generate profits, in lieu of the costs incurred; the competitors were able to achieve far better results. This was a clear indication that compared to its competitors; the company had an expanded expense structure which was condensing the profit margins. The current financial strength or liquidity of the firm was also assessed in relation to its peers, and as was evident from the table, its ability to financially deal with the current obligations was limited and constrained.

The debt equity presented the most disturbing finding of all. The debt component in the capital structure of the company was alarmingly high when compared to its peers. One of them did not even have debt financing at all, aiding in greater profit generation. The debt to equity was at a fatal 10 times higher than the peer average. The company's diminished cash flow was insufficient to meet its debt, both short term and long term, again stressing on the excess of debt used, especially in comparison to the peers. The company's competition and its deplorable performance with respect to them have been validated through this competitor analysis.

**Table 4.2.7: Competitor Analysis – Significant Ratios**

<b>Competitor Analysis: Significant Ratios</b>				
<b>Management Efficiency</b>	<b>Company B*</b>	<b>CAL**</b>	<b>GACL**</b>	<b>Peer Average</b>
Return On Equity (%)	5.05	13.57	9.42	7.34
Return On Assets (%)	0.95	9.49	6.47	3.34
Return On Capital Employed (%)	2.03	10.61	8.95	3.65
Fixed Assets Turnover (x)	0.38	0.9	0.92	0.72
<b>Profitability &amp; Growth</b>				
Gross Profit Margin (%)	5.09	18.51	11.75	5.51
Operating Profit Margin (%)	1.69	24.07	19.69	0.09
Net Profit Margin (%)	-2.19	14.01	9.6	4.26
<b>Financial Strength</b>				
<b>Liquidity</b>				
Quick Ratio (x)	0.52	1.11	1.05	1.36
Current Ratio (x)	0.77	1.19	1.24	1.62
Cash Ratio (x)	0.012	0.05	0.26	0.23
<b>Leverage Ratio</b>				
Debt Equity Ratio	4.1	0	0.08	0.38
<b>Coverage Ratios</b>				
Cash Flows to Long Term Debt (x)	-0.08	1.06	0.46	3.37

The annual reports were examined for factual information to validate lack of governmental support and delay in project approval and funding as important reasons for performance decline of the organization. A 50 TPD addition to enhance the plant capacity from the present 175 TPD to 225 TPD was proposed in the year 2006, but the government has not approved it till the period the data was collected (in 2015). This delay had abiding impact on the ability of the company to capture markets, and contend with the competitors on volumes. Another instance of lack of governmental support and delay in project approval was the objection of the Barapole project and also the coal based power plant project, both of which entailed a project study cost of ₹ 22.18 lakhs. Finally the proposal of getting electricity at cheaper rates from the power grid has also been denounced by the government, all displaying nonchalance on part of the government may it be in funding (lack of equity capital infusion) or project approvals.

#### **4.2.7 Building the Chain of Evidence, Causal Network and Effect Matrix**

To adjudge the conclusive evidences from the three sources and also to build the chain of evidence, a partially ordered matrix was developed. The matrix (Table 4.2.8) shows the summary judgments from the three sources of evidences and, if corroborated at least by two sources were taken as compelling reasons for performance decline of the organization and considered for conclusive analysis.

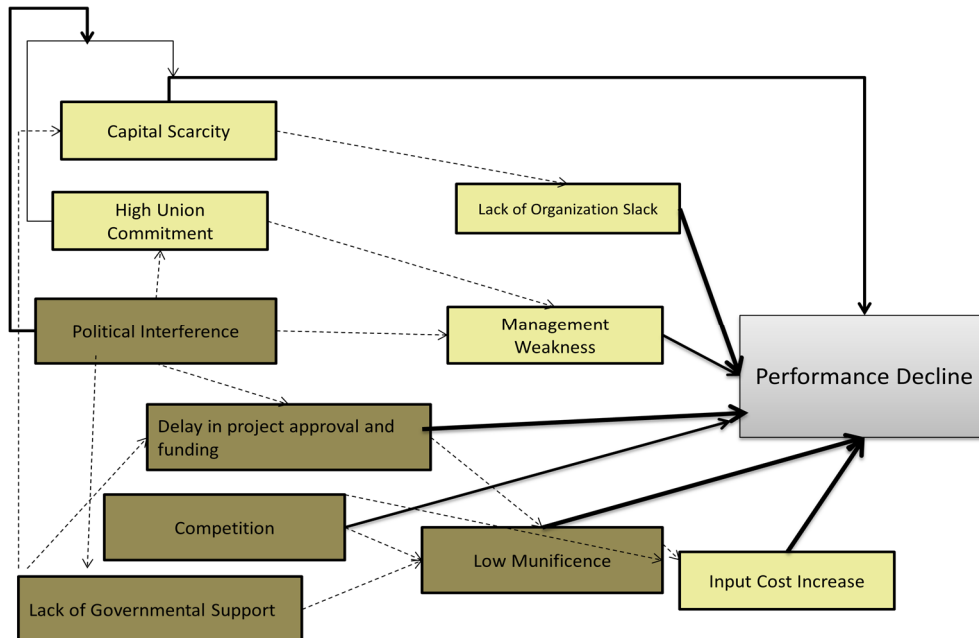
**Table 4.2.8: Summarizing Evidences – Building the Chain of Evidence**

Reasons	Evidence			Effect on Performance Decline	Inclusion Decision
	Open Ended Interviews	Documentary Evidence	Formal Survey		
Lack of Organizational Slack	Cited in 68.8% cases and the second highest cited factor	Available Slack way below the industry slack. Low recoverable slack and potential slack much varied from acceptable levels.	N.A	Positive	Yes
Capital Scarcity	Cited in 31.3% of the cases and a constituent of the first cluster.	The average proportion of assets financed by the equity was 0.25, which means that there is high debt financing	N.A	Positive	Yes
Input Cost Increase (To include electricity cost, other raw material and employee cost increase)	The most discussed reason with 81.02% cases mentioning this as the most explicit reason for decline	Forming a formidable 81.78% of the total cost on average year on year.	N.A	Positive	Yes
Political Interference	The reason which has been cited, sometimes as undertones and in other instances very unequivocally in 62.50% cases.	Power Grid (KSEB) & Barapole Project	N.A		Yes
Management Weakness	Reasoned as the primary reason for all the ensuing factors by 56.30% of the cases	BSES Long Term Agreement Mismanagement	N.A	Positive	Yes
Union Commitment of Employees	Another reason that was cited by 43.80% cases and formed part of the endogenous cluster	N.A	Both Union Loyalty and Responsibility to the union is perceived to be high (5.42 & 5.61)	Positive	Yes
Low Munificence (Demand Turbulence as an off-shoot)	Pointed out to be another important factor and featured in 56.30% of the cases.	Lowering of the ECU realization	N.A.	Positive	Yes
Competition	A factor that was mentioned in 62.50% of the cases and formed a part of the prominent cluster.	Diminutive revenue increase YoY and Competitor Analysis	N.A.	Positive	Yes
Delay in project approval and funding	Reasoned in 50% of the cases and was a part of the most important cluster	50 TPD expansion plan proposed in 2006, not yet approved.	N.A.	Positive	Yes
Lack of Governmental Support	Mentioned in 43.8% of the cases.	No capital infusion and delay in project approvals and funding	N.A.	Positive	Yes

The chain of evidence reveals that most of the factors exposed through the open ended interviews were demonstrated to have effect on the performance decline of the organization. The above stated factors, both endogenous and exogenous are hence decided to be included in further analysis.

To draw definitive conclusions, a **causal network** was developed, where the factors were depicted in a network based on their causal significance, to reflect their effect on the outcome variable namely, performance decline. As the causal network explicates, the lighter tone boxes shows endogenous or factors internal to the organization, while the darker tone boxes display the exogenous factors. One glance at the network model (Figure 4.2.13), divulge that there is an equitable presence of both endogenous and exogenous factors that acted in bringing down the performance of the organization. From the sources of evidence, it can be concluded that the formative reasons or the reasons that had the strongest direct impact on the performance decline of the firm were lack of organizational slack, input cost increase, low munificence and delay in project approval and funding (depicted by the thickness of the line). The next array of factors that had a direct effect on the performance of the firm but relatively less as compared to the above mentioned factors were competition, capital scarcity, management weakness and political interference. Lack of governmental support and high union commitment were factors that had a direct but relatively the least impact on the performance decline of the firm. It may be also noted that the factors present a web of complex interdependence. For example, the low munificence environment in which the firm operates was a result of

intense competition, lack of governmental support and delay in project approval and funding, all of which had led to a situation, where getting business was a task and successfully functioning, another. Similarly, political interference can be deduced to be the root reason for high union commitment of the employees, delay in project approval and funding and management weakness. Political impedance makes management decisions weak and favorable to a political stance, delays project approvals and funding, and infiltrate and compete with the organization commitment of the employees in the form of high union commitment. The lack of governmental support and to an extent political interference led to a scarcity of capital which shrunk the slack available, condensing the operations and further expansion plans.



**Figure 4.2.13:** Causal Network (Decisive, Evidenced Reasons for Decline)



Finally based on the causal network, an effect matrix (Table 4.2.9) was developed which demarcated the reasons as being endogenous or exogenous, their effect on the outcome variable (namely high, low and moderate) and its incidence, (immediate or distant).

**Table 4.2.9:** Effect Matrix (Reasons for Performance Decline)

<b>Endogenous Reasons</b>	<b>Immediate v/s Distant</b>	<b>Effect on PD</b>	<b>Exogenous Reasons</b>	<b>Immediate v/s Distant</b>	<b>Effect on PD</b>
Lack of Organizational Slack	Immediate	High	Low Munificence	Immediate	High
Capital Scarcity	Distant	Mod	Competition	Immediate	Mod
Input Cost Increase	Immediate	High	Delay in project approval and funding	Immediate	High
Management Weakness	Immediate	Mod	Political Interference	Distant	Mod
Union Commitment of Employees	Distant	Low	Lack of Governmental Support	Distant	Low

In essence it can be concluded that, may it be in quantity (number) or quality (strength of effect), both endogenous and exogenous reasons have played equitable role in the performance decline of the organization. Lack of slack presents a crucial issue, as any shortage in the cash flow can lead to very severe shortage of funds and stall the operations (Sharfman, Wolf, Chase, & Tansik, 1988) and has been an decisive reason for the

performance decline of the organization. A high munificence environment has the ability to aid a resource deficient organization to come out of bankruptcy (David, 1999), however this organization had the paradox of both these factors and hence the low munificence environment had certainly played a role in the decline. Similarly input cost increase and delay in project approval and funding, had a relatively high impact on the decline, on account of the former escalating operational costs, while there was lethargic revenue growth, and the latter making the company and its project irrelevant because of the delay in implementation.

Capital scarcity and management weakness had a relatively moderate impact on the decline of the firm. The inability of management to recognize, seize and convert opportunities to revenue is a problem that often leads organizations to decline (Weitzel & Jonsson, 1989). This has been precisely the case here. Lack of equity compelled the organization to take long term loans at exorbitant rates, forcing them to a debt trap. Political interference has been identified as a common issue faced by the public sector enterprises world over (Mansi et al., 2017). Here too it played a nefarious role in rendering the management to be not very strong and creating union commitment that competed with the organizational commitment. Apart from low munificence, competition is one external factor that can lead an organization expeditiously to performance decline (Mahmoudi, 2007). Competition also had a moderately strong impact (relatively) on the performance decline of the organization.

Lack of governmental support makes the munificence low and delays the organization process, as it is a government owned company. High union commitment does not have a positive effect on the institutional effectiveness (Cameron, 1985), and was so in the case of this organization.

#### **4.2.8 Turnaround Analysis**

Once, the reasons for the performance decline of the firm were assessed, the analysis moves on to understand the turnaround strategies adopted by the company to overcome this decline. Like for performance decline, three sources of evidences namely, open ended interview, formal survey and documentary evidence were analyzed independently; collated and triangulated at the end, to arrive at the most effective set of retrenchment, repositioning and reorganization strategies adopted.

#### **4.2.9 Open Ended Interview (Turnaround Initiatives)**

The interview transcripts were coded as per the code book and the following table shows the inter-rater agreeability scores. All the assigned codes have a KALPHA value of 0.7 or above, and an overall Krippendorff's value of 0.826, indicating the validity and reliability of its operational definitions.

##### **4.2.9.1 Code Frequency (Turnaround Initiatives)**

The following table (Table 4.2.10) shows the coding frequency of the strategies implemented to turnaround the organization. The table reveals that the organization had attempted to bring about changes in the plant to effect cost reduction, and it has been the most prominent strategy as per the respondents (code frequency of 21 and appearance in 56.3% of

the cases). There were many changes implemented in the plant to affect cost reductions. After shifting to membrane cell technology from mercury cell process (in 1997), there has been constant up gradations. Automations have been done systematically, especially after the major failure of the rectifier transformer, where 80% of the production was disrupted and the plant was shut down for about 3 months. It was after this incident that online monitoring was strictly implemented. About 600 motors have been mechanized and all of them were computer controlled. A multi fuel boiler was installed in the plant which worked with liquid fuels like furnace oil, and also with LNG and hydrogen.

**Table 4.2.10:** Inter-coder Agreeability of Turnaround Attempt Codes

<b>Code</b>	<b>PERCENT</b>	<b>ALPHA</b>
Changes in the Plant	97.1%	0.854
Asset Restructuring	92.90%	0.834
Macro Level Initiatives	93.10%	0.792
M.D Initiatives	95.1%	0.781
Daily Meetings	100.0%	1.000
Head Count Reduction	98.0%	0.847
Innovative Alliances	100.0%	1.000
Employee Rotation	97.60%	0.929
E-Tendering	100.0%	1.000
Increment Freeze	100.0%	1.000
ISO	100.0%	1.000
<b>Total</b>	<b>96.10%</b>	<b>0.826</b>

The elemental hydrogen that was produced as a byproduct during the co-product process was used in addition to the main fuel- furnace oil in the continuous caustic soda concentration and flaking unit. Another

inventiveness taken by the company, was to purchase steam from The Fertilizers and Chemicals Travancore Limited (FACT), a government of India owned manufacturer and marketer of fertilizers and caprolactam. This enterprising move was instituted in the year 2009, and initially was not a very rewarding. Later on, however, it proved to be a profitable one. Electricity being the major cost element, a thorough energy monitoring system had been undertaken in a phased manner. Timely technical interventions as suggested by the audit like, replacement of motor pumps in the cooling tower, interactive solar power grid for energy requirements of the administrative building, retrofitting to zero gap technology<sup>4</sup> etc had been adopted.

Asset restructuring followed as next most commonly adopted strategy (code frequency of 10 and appears in 43.8% of the cases) to turnaround the organization according to the respondents. The lease agreement with M/S BSES Kerala power Ltd for 15 years (in 1999), selling of 49 cents of land to the grama panchayath (in 2010), where the company was located and the leasing of 8.53 acres of land and power to mortgage to M/S Kerala State Industrial Enterprises Limited (KSIEL) for 30 years in 2010, were the major asset restructuring strategies adopted by the company according to the respondents.

Macro level initiatives (code frequency of 10 and appears in 37.5% of the cases) secured the position of third most adopted strategy, that aided in successful turnaround of the company. A government revival

---

<sup>4</sup> Maintaining uniform gap between anode and cathode so that they are in contact with the membrane there by saving electrical energy to a large extent.

package was received by the company in the year 2003. The then tariff of ₹ 3.52/unit of electricity was frozen at ₹ 2.52/unit, thereby saving the company from the brink of being referred to BIFR. Also on recommendation of the government, Kerala Minerals and Metals Limited (KMML), a government owned company, advanced ₹ 20 crores for capacity addition.

M.D Initiatives with a code frequency of 9 and presence in 43.8% of the cases was the next strategy (reorganization in nature) adopted by the company. The managing directors over the years have brought in productive systems like infallible reporting systems, management information system and production cost analysis. In addition to this, through their far sightedness and fortitude, they have been instrumental in capacity addition by not burdening the company and availing trade finances from peers, by negotiating with the government. Daily meetings also had an impact on the turnaround according to the respondents (code frequency of 7 and appears in 37.5% of the cases). The daily meetings, according to the respondents, have been very effective and has aided in interdepartmental coordination and on the spot decision making. The full analysis- i.e. cost, energy consumption, production, safety etc was now available for all the senior managers to look at, in the software system. It was constantly updated and hence the intraday decisions were also based on hard facts and were speedy.

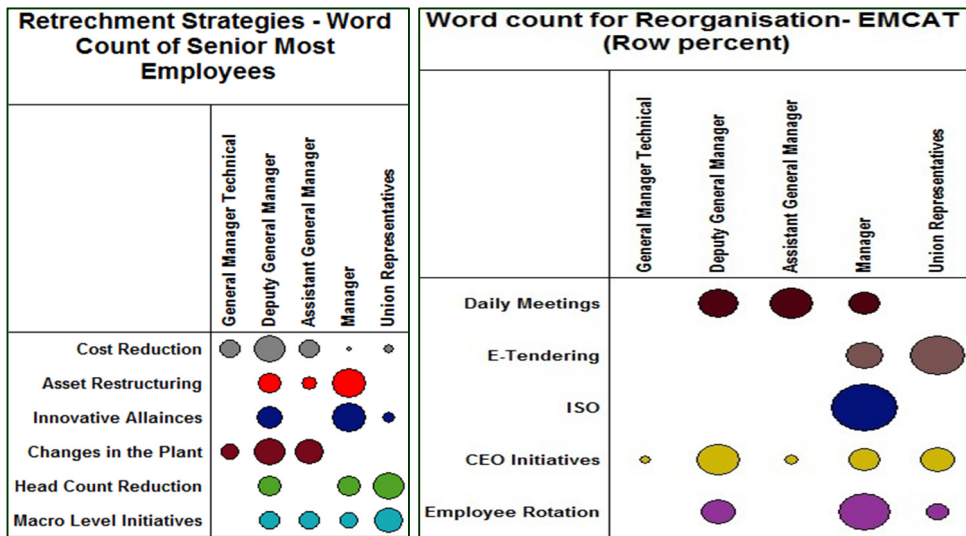
Head count reduction was adopted to bring down the expanding employee costs (code frequency of 7 and appear in 25% of the cases). In 2004, a Voluntary Retirement Scheme was introduced and 53 employees retired from the services of the company using this. The company had received ₹ 194 lakhs from government of Kerala towards subsidy for

implementation of the same. This ensured that there was no cash outlay from the company's pocket. Furthering this move, the employee strength was brought down from 1200 in 2001 to 696 in 2010. The vacant positions remain unfilled, and new recruitments were frozen. Innovative alliances were yet another strategy adopted (code frequency of 5 and appears in 25% of the cases). One such major alliance was the joint venture with Vikram Sarabhai Space Centre (VSSC). A five TPD plant was commissioned where Sodium Chlorate was produced and would be sold to VSSC, which will convert it into Ammonium Bichlorate which would be used as solid fuel for the launch of space vehicles. VSSC would sell/supply this to ISRO, as it was importing its fuels till now. Since the funding was from VSSC, the project was planned and implemented at a fast pace and the company was reaping its benefits.

Some of the respondents also opined that as a reorganization strategy, employee rotation was adapted (code frequency of 3 and appears in 18.8% of the cases). The employees of the organization, owing to a reduced staff number, was subjected to job rotation, so that the vacant position's work was also taken care of by the existing employees and recruitments could be minimized. As reorganization measures, E tendering and ISO were also implemented to ensure quality standards and make processes and procedures of the organization transparent. There was also a phase when the salary increments were curtailed to reduce the employee cost burden of the company, both of which was mentioned only once in the interviews.

**Table 4.2.11: Code Frequency Table (TA Initiatives)**

Category	Code	Count	% Codes	Cases	% Cases
Retrenchment	Changes in the Plant	21	4.8%	9	56.3%
Retrenchment	Asset Restructuring	10	2.3%	7	43.8%
Macro Level Initiatives	Macro Level Initiatives	10	2.3%	6	37.5%
Reorganization	M.D Initiatives	9	2.0%	7	43.8%
Reorganization	Daily Meetings	7	1.6%	6	37.5%
Reorganization	Head Count Reduction	7	1.6%	4	25.0%
Repositioning	Innovative Alliances	5	1.1%	4	25.0%
Reorganization	Employee Rotation	3	0.7%	3	18.8%
Reorganization	E-Tendering	3	0.7%	2	12.5%
Retrenchment	Increment Freeze	1	0.2%	1	6.3%
Reorganization	ISO	1	0.2%	1	6.3%



**Figure 4.2.14: Bubble Plot – Turnaround Initiatives v/s Employee Designations**

### 4.2.10 Formal Survey (Turnaround Initiatives)

The formal survey reflects the perception of employees surveyed about the implementation of generic strategies adopted by the firm. The principal strategies and its sub dimensions' mean score and standard deviation are displayed in the Table 4.2.12. The Cronbach's alpha



reliability score was above 0.7 for all the factors with acceptable factor loadings.

**Table 4.2.12:** Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies

Construct/Factor Name	Reliability Score	Mean	Standard Deviation
<b>Retrenchment Strategies</b>			
Cost Retrenchment	0.768	5.45	1.02
Asset Retrenchment	0.828	4.00	1.53
<b>Repositioning Strategies</b>			
Innovative Market Offers	0.913	2.62	1.14
Reviewing Core	0.712	3.31	1.24
<b>Reorganization Strategies</b>			
Leadership	0.918	4.26	1.39
Culture	0.869	3.23	1.08
Structure and Process	0.885	4.01	1.28

Among the generic retrenchment strategies that the company could have adopted, the employees felt that Cost Retrenchment was implemented to the largest extent reflected by the highest mean score for any strategy (5.45). Through plant level changes, cost reduction was effectuated to a large extent. Asset retrenchment was also adopted as a retrenchment strategy, in the form of long term leasing. But its implementation was perceived to be lesser effective than cost retrenchment measures (mean score – 4.00). The next set of generic strategies was repositioning in nature and entailed building innovative market offers and reviewing core of the business. One an inward looking process, while the other an outward looking one. Corroborating the open ended interviews

employees felt that the company had failed in utilizing marketing strategies effectively in the turnaround process. A meager score of 2.62 and 3.31 respectively for building innovative market offers and reviewing core of the business points to the same. Generic reorganization strategies and its implementation in the company were gauged next. Like the open ended interviews opined, Leadership effectiveness was an important variable during the turnaround process according to the employees. A relative high mean score of 4.26 was evidence for the same. Some process related changes (daily meeting etc) were actualized and the employees perceived its implementation to be nominal (mean score – 4.01). The employees also perceived that the third component of reorganization, namely culture did not see a substantial change as is evident from the score of 3.23. The overall response was more or less in tune with the open ended interviews, while dimensions of retrenchment and reorganization were adopted and implemented chiefly, repositioning was adopted the least.

#### **4.2.11 Documentary Evidence (TA Initiatives)**

As a third source of evidence the annual reports are scanned thoroughly for supporting evidences for the strategies adopted to turnaround the organization. First the retrenchment strategies are looked at. Cost savings was the mechanism through which cost efficiency was consummated. Technological modifications and alternate use of heating methods were adopted to achieve this. The elemental hydrogen that is produced as a byproduct during the co-product process was used in addition to the main fuel- furnace oil in the continuous caustic soda concentration and flaking unit. This was initiated during the year 2006

and till 2014, and had cumulatively saved an amount of ₹ 13.336 crores. The enterprising move of buying steam from FACT was instituted in the year 2009, and though initially was not a very rewarding; later on, proved to be a profitable one. The aggregate savings from using steam as an alternate fuel source was ₹ 78.989 crores. Electricity being the major cost element, a thorough energy monitoring system was undertaken in a phased manner. Timely technical interventions as suggested by the audit was done, and led to a collective savings of ₹ 126.37 lakhs as reflected in the annual reports during the period 2009-14. Table 4.2.11 shows the above stated savings.

Next “the company envisaged total cost reductions and also short term asset reductions. As can be seen from the Table in Appendix to Chapter 4.II (p.445), total cost reductions i.e. the total of administrative, factory and selling expenses were realized only during two periods 2008 and 2010. However, short term assets which consisted of cash and cash equivalents, inventory and trade receivables were reduced during the periods, 2005, 2008, 2011, 2013 and 2014 Table in Appendix to Chapter 4.II (p.446). The retrenchment of short term assets was effected through a reduction in the level of inventory by 51%, 2%, 46%, 8% and 36% during the years 2005, 2008, 2011, 2013 and 2014 respectively” (Karthika & Pavithran, 2017). Long term asset retrenchment was attempted in the years 2004 and 2005, especially in 2005 where there was a 13.5% reduction in long term assets due to the selling of machinery Table in Appendix to Chapter 4.II (p.447).

**Table 4.2.13: Cost Saving using Technological Interventions in the Plant**

Measures	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Use of Hydrogen</b>										
Furnace Oil saved (KL)	148.78	201.61	319.9	437.66	208.7	193.71	352.174	592.16	774.5	707.6
Average Rate	12213	15723	14874	16289	19830	24225	23824	26847	38406	41042
Cost Savings in Lakhs	18.17	31.82	47.58	71.29	41.39	46.93	83.9	158.98	297.45	290.41
<b>Use of Steam</b>										
Furnace Oil saved (KL)						386	1030	0.846	1060	780
Average Rate						24225	23824	26847	38406	41042
Cost Savings in Lakhs						93.51	245.39	0.23	407.1	320.13
<b>Electrical Energy Saved</b>										
KWH saved						638000	511000	945000	965000	150000
Rate						3.74	3.47	3.5	3.54	4.46
Cost Savings in Lakhs						23.86	17.73	33.08	34.16	6.69

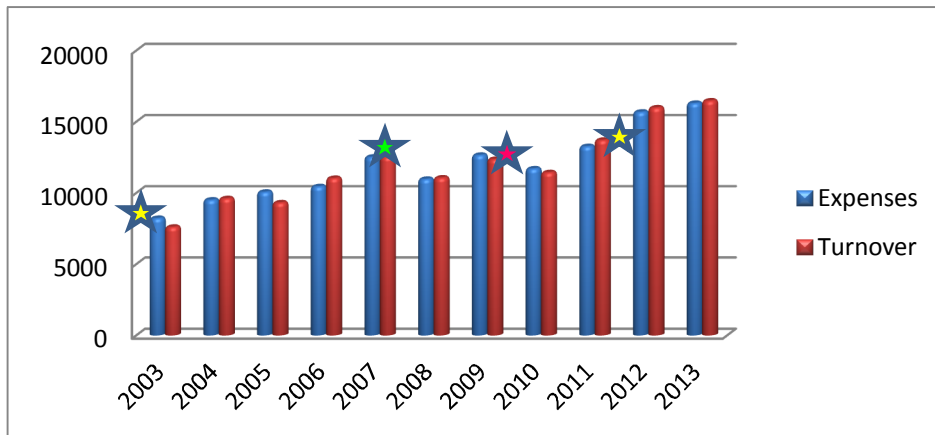
The details of the asset restructuring measures adopted are enlisted with the macro level initiatives taken by government through the years, which had an impact on the turnaround of the firm, as reported in the annual reports in the following table (Table 4.2.14).

**Table 4.2.14:** Particulars of Asset Retrenchment and Macro Level Initiatives Implemented

<b>Year of Adopting the TAS</b>	<b>Particulars of the Strategy</b>	<b>Nature of Strategy</b>
1999	As directed by the Government of Kerala vide G.O No. (MS) No. 165/98/ID dated Thiruvanthapuram, 24-11-1998, the Company has leased out 20 acres of land to M/s. BSES Kerala power Ltd for 15 years. The lease deed has been registered on 23-07-1999.	Asset Retrenchment (Ongoing Strategy)
2009	The company has entered into a lease agreement with KSIE for setting up a container freight station on 8.53 acres of land on a leased based profit-sharing agreement as per government order GO (rt) no: 801/2009	Asset Retrenchment
2001	G.O (MS) NO. 4/2003/ID dated 06.01.2003 and support of this restructuring package, government has freezed the power tariff rate at the August 2001 rate of ₹ 2.42 per kilowatt hour till the implementation of the Barapole hydel project by the company in July 2004.	Macro Level Initiative
2005	As per the letter from KIRFB No 3120/1-0/2005-06/D.206A the interest rate on KIRFB loan reduced from 12% to 6% with effect from 01.12.2005 which resulted in cost savings of ₹ 90.33 lakhs during the year.	Macro Level Initiative
2006	As per the Government direction, KMML advanced ₹ 20 crores to the company to finance caustic soda capacity addition projects	Macro Level Initiative

Supporting evidences for reorganization strategies are looked at next. M.D initiatives were cited to be one of the major reorganization strategies adopted according to the open ended interviews. Though there was no direct supporting data, the M.D changes and the subsequent

changes in turnover and overall cost (increase/decrease) is reproduced in the following graph (Figure 4.2.15).



**Figure 4.2.15:** Turnover and Total Cost with Change in M.D.

The graph shows that the managing directors were changed during the years 2007, 2009 and 2011 (shown by the star above the respective year). The yellow star shows that the same managing director had adorned the post from 2003-06 and from 2011-13. He had technical background and though the company had gone through a loss during his initial period, he had initiated and commissioned a 25TPD plant without taking a loan. This was achieved by availing advance trade finances from KMML. He also ensured that the plant was up-to-date technically. During his latter tenure the daily meetings of department heads, cost analysis systems and MIS etc was adopted. The other M.D's effectiveness was not reflected through the financials as, during their tenure the company was at loss or earned meager profit. Head count reduction was another reorganization strategy adopted by the company. In 2004, a Voluntary Retirement Scheme was introduced and 53 employees retired from the services of the

company using this. In 2007, as per the recommendations of the Kerala Productivity Council, the workers in the company have been reduced from 746 to 681. The vacant positions remain empty and new recruitments were stopped. However, the result of this move on the balance sheet was negligible, considering the swell in the basic salary over the years. Other reorganization measures included implementation of ISO, the annual report mentioning of the same is as under “*Your company has secured the ISO 9001:2000 Certification on 4<sup>th</sup> April 2006 for the quality management system implemented in the company with respect to the Manufacture and Supply of Caustic Soda and Chlorine related chemicals.*” In the year 2008, the company also started transporting its major raw material, salt through an alternate mode of transport namely inland barges, thereby reducing the transportation cost. Energy audits were also taken up in 2009 and a detailed energy audit was conducted through Academy of Conservation of Energy, Vadodara. The various proposals in the report were evaluated, along with measures identified in house.

The innovate alliance that was initiated as a repositioning strategy was that; An MOU was signed between the company and VSSC in March, 2010, for setting up of 5 TPD sodium chlorate plant at the company premises and supply of the sodium chlorate produced to the Ammonium Perchlorate Experimental Plant (APEP) of VSSC at Alwaye. The project was fully funded by VSSC. Another proposed repositioning measure which was mentioned in the annual report but not materialized till the period of data collection was; in 2007 the company was developing proposal for selling Hydrogen gas to Hindustan Organic Chemicals Limited (HOCL) and producing chlorinated rubber /latex. The company

also launched EKO CLEAN which was a branded hygiene product formulated from one of the byproduct Sodium Hypo chlorite, which was hitherto sell for industrial applications in the year 2007. However it was marketed only for a year.

#### **4.2.12 Time Ordered Growth Gradient**

The entire case was brought together on the footing of the major reasons for decline and the turnaround strategies adopted on a chronological course (Figure 4.2.16). The variable that changes with time in the time ordered growth gradient was the ROI of the company. The major endogenous and exogenous factors that led the organization to decline have been listed as per its conspicuous incidence. Political interference was evident significantly during the period 2002-2005, when the Barapole hydel electricity project was stalled (2004) and the proposed equity funding for the conversion from mercury cell to membrane cell technology (starting from 1997 till 2006) was also affected, both of which had significant effect on the performance decline of the firm. The lack of organizational slack was felt the strongest during the 2003-04 period when the recoverable and debt equity ratio (potential slack) was the lowest and highest ever respectively. Capital scarcity (represented by the equity ratio) started its worst phase in 2006 and continued with little to no improvement till 2012. Simultaneously there was an increase in the competition which started to be felt increasingly from the year 2006. Input cost increase has been a major reason for the performance decline of the firm and from 2004 it has been steadily increasing owing to increase in electricity costs, employee costs and other raw material costs, having a direct impact on the performance decline. Delay in project approval and



lack of governmental support instances were felt the most during 2004 and 2006 respectively. Low munificence was felt the highest during the period 2010-11 when the average ECU realization touched an all time low. High union commitment is a phenomenon that was prevalent in the company and hence cannot be assigned to a timeline.

Retrenchment strategies adopted included, use of elemental hydrogen as an alternate fuel source in 2004 at the start of the decline restricting phase and, the completion of the last leg of membrane cell conversion of 25 the TPD plant in 2006 again at the onset of the decline restricting phase. Other retrenchment measures included asset restructuring through long term lease to KSEI 2009, use of steam as an alternate fuel source to reduce furnace oil consumption again in 2009, introduction of Horizontal Saturate and Secondary Brine Purification System and Zero Gap Technology in 2011 and 2012 respectively to effect long term cost savings all in the recovery phase. Reorganization measures undertaken during the period included the voluntary retirement scheme implemented in the decline restricting phase in 2004, introduction of ISO and E-tendering in 2005 and 2006 respectively, both in the decline restricting phase. Alternate transportation mode through inland water barges was taken up in 2008; while the head count reduction as recommended by the productivity council of the state was also taken up in 2008 during the decline restricting phase. Energy Audits became a norm during 2010, and the important departmental daily meetings practice started from 2011, all in the recovery phase. Repositioning efforts were few in number, however their implementation has been also depicted in the time ordered growth gradient. The launch and discontinuation of EKO clean was in 2007

during the decline restricting phase, while the strategic business alliance with VSCC which led to the Sodium Chlorate plant happened in 2011 during the recovery phase. The macro level initiatives were taken mostly during the decline restricting phase and included, power tariff freeze (2001), KMML Trade Advance (2006), and KIFRB Loan Interest Restructuring (2005).

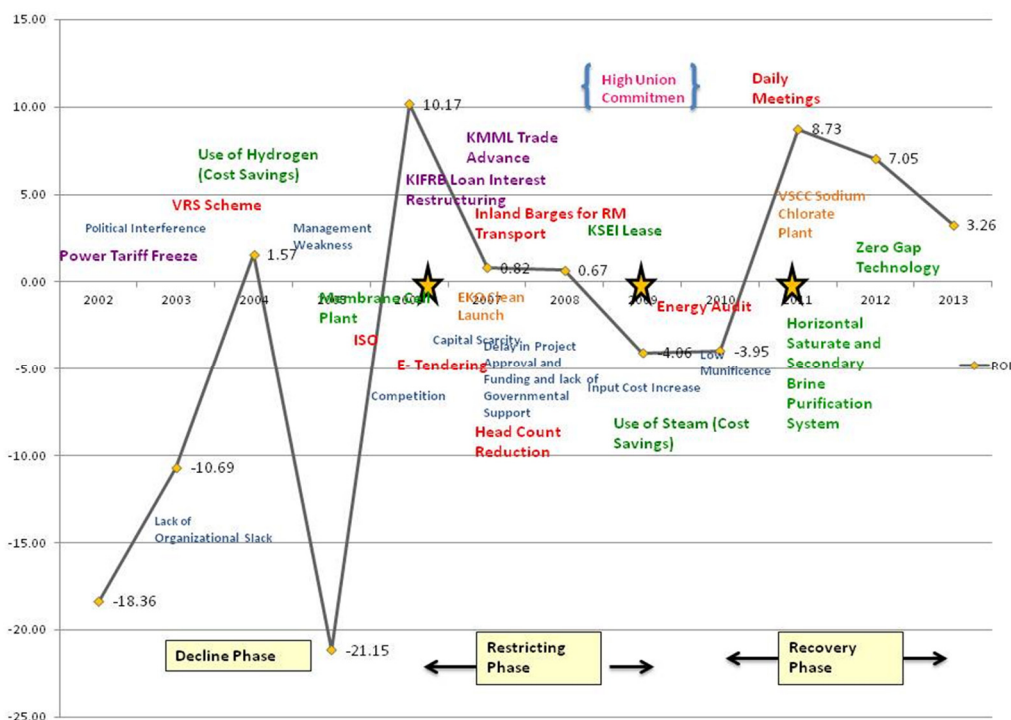


Figure 4.2.16: Time Ordered Growth Gradient

Color Coded as Follows:

**Pertinent Reasons for performance decline that are present during the years under study (Placed on the matrix where the phenomenon has been evident in the highest degree)**

Repositioning Initiatives

Retrenchment Initiatives

Reorganization Initiatives

Macro level Initiatives

Change of Managing Director ★

### 4.2.13 Effect Matrix (Turnaround Initiatives)

The effect matrix (Table 4.2.15) was developed expounding the nature of the strategy based on the time of its adoption (whether decline restricting or recovery), and its individual direct relative impact on the turnaround of the firm.

**Table 4.2.15:** Effect Matrix (Turnaround)

Strategy Implemented	DR/REC	Impact on TA	Strategy Implemented	DR/REC	Impact on TA
Use of Hydrogen (Cost Savings)	DR	High	M.D Change	DR/REC	Mod/High
Membrane Cell Technology Adoption	DR	High	VRS Scheme	DR	Low
KSEI Lease	DR	Low	Head Count Reduction	DR	Mod
Use of Steam (Cost Savings)	DR	High	ISO	DR	Low
Short Term Asset Retrenchment	DR	Mod	E- Tendering	DR	Low
Long Term Asset Retrenchment	DR	Low	Inland Barges for RM Transport	DR	High
Cost Retrenchment	DR	Mod	Energy Audit	REC	High
Horizontal Saturate and Secondary Brine Purification System	REC	High	KMML Trade Advance	DR	Mod
Zero Gap Technology	REC	High	Power Tariff Freeze	DR	High
VSCC Sodium Chlorate Plant	REC	Mod	KIFRB Loan Interest Restructuring	DR	High
EKO Clean Launch	DR	Low			

The retrenchment strategies adopted during the decline restricting phase that had relatively high impact on the turnaround was the use of Hydrogen as an alternate fuel source which helped making cumulative savings of ₹ 13.336 crores and other plant level changes like Membrane Cell Technology Adoption, Use of Steam Short Term Asset Retrenchment and Cost Retrenchment were decline restricting strategies that had relatively moderate impact on the turnaround while, the KSEI Lease and long term asset retrenchment were decline restricting strategies that had the minimal or relatively low impact on the turnaround of the company. The retrenchment recovery strategies that had relatively high impact on the turnaround of the firm were, Horizontal Saturate and Secondary Brine Purification System, and Zero gap technology.

Two repositioning strategies were adopted, one as a decline restricting strategy (EKO Clean Launch) and the other as a recovery strategy (VSCC Sodium Chlorate Plant). While the former had relatively low impact, the latter had a moderate impact on the turnaround of the firm because of the limited revenue received by the company in this respect. The M.D change which was a considerably important reorganization strategy, led to fruition during the recovery phase more than the decline restricting phase. When the right person adorned the position, it brought new capacity to the company and altered its internal operations. The other reorganization strategy adopted as decline restricting and had relatively high impact was the inland transport scheme developed for transportation of raw materials which led to substantial cost savings. Other decline restricting reorganizing strategies adopted were head count reduction which had a relatively moderate impact and the Voluntary Retirement

scheme, ISO and E-tendering which had relatively the lowest impact on turnaround. Energy audit was the only high impact recovery reorganization strategy. While all the macro level initiatives were decline restricting in nature, Power Tariff Freeze and KIFRB Loan Interest Restructuring had relatively high impact on turnaround while, KMML Trade Advance had a moderate impact.

Summating the nature of the strategies and its impact, it can be inferred that, retrenchment strategies were adopted the most and decline restricting retrenchment strategies had relatively, the highest impact on turnaround. The decline restricting reorganization and macro level initiatives had the second highest impact on the turnaround, while recovery retrenchment efforts had relatively high impact on the turnaround of the firm.

#### **4.2.14 Segmented Causal Network**

The segmental causal network depicts the performance decline phase; decline restricting phase and recovery phase, delineated on the basis of time (Figure 4.2.17). The performance decline period of this company was from 2003-05 and both endogenous and exogenous factors uniformly contributed to this. While lack of organizational slack and input cost increase were the endogenous factors that had relatively the highest impact on the performance decline, low munificence and delay in project approval and funding were the exogenous factors that had as much as impact. Capital scarcity, management weakness and political interference, all endogenous in nature had moderate impact on decline; whereas competition was the only exogenous factor that had a relatively moderate

impact on the decline of the firm. While high union commitment (prompted by political interference) was an endogenous factor that had low impact on the turnaround, lack of governmental support (exogenous) too had an equivalent effect. The next phase was the decline restricting phase which lasted from 2006 to 2010 which saw nominal profits in the years 2006, 2007 and 2008 but slipped back to loss during the last two years namely 2009 and 2010. The effect of the strategies adopted on the turnaround, as encapsulated through the effect matrix points that the during the decline restricting phase, retrenchment initiatives had the relative highest impact, followed by reorganization and macro level initiatives and then by repositioning efforts. In the recovery phase, that coincided with the turnaround phase in this case (2011-2013), the company made profits and saw a dominance of retrenchment strategies (mostly plant level changes for cost reduction), as the most effective and with relatively the highest impact on the turnaround of the firm. Reorganization strategies though adopted at the recovery phase were not as effective and the repositioning strategies also had a disregardable presence in the turnaround dynamic. The macro level initiatives were close to nil during the recovery phase.

#### **4.2.15 Logic Model**

The final logic model is a succinct graphical representation of the case, as a result of evidence collection, building chain of evidences, analyzing impacts through effect matrices and inspecting timeline through time ordered growth gradient (Figure 4.2.17). As can be seen, the performance decline has major casuative factors in both endogenous and

exogenous factors and looking at the performance of the company, the situation severity is relatively moderate as the periods of decline of this company has been short run.

The operational and strategic initiatives taken during the decline restricting phase, which had the most impact were retrenchment, macro level initiatives, reorganisation, and repositioning in that order. The decline retrenchment measures were adopted mostly at the plant level, to curtail costs and also with the intent to bring in long term cost savings. The short term asset retrenchment and total cost retrenchment were also adopted, to address the slack and scarce capital situation. While the macro level initiatives looked at creating some slack funds by waiving and realigning interest charges and funding through trade advances (thereby not increasing the debt), power tariff freezes was pointed towards containing the input costs of the firm. The reorganisation strategies again looked at rationalising costs by arranging alternate modes of transport and also by eliminating excess staff in the organisation. Though it did not bring down costs substantially, it can be considered as an important effort. The initiatives taken by the M.Ds during the decline restricting phase were not as effective as the ones taken during the recovery phase, nevertheless capacity addition through raising of trade finances can be assessed as an impactful strategy. All the recovery retrenchment efforts were again plant based, and focused on creating efficiency, reducing internal operational costs and also improve the quality of the product. Here two endogenous factors that led to decline were being addressed. One the curtailment of the increasing input costs, the second being an attempt to tackle the increased competition by producing superior quality

products. By ingraining a practice of point accountability, the M.D in the recovery state was trying to overcome the management weakness. Similarly the intention of strategic alliances were to kick start a drive for self sustainability limiting the dependence on the state government. On the whole, there has been an effort to match the strategies adopted to the reasons for decline. The result of this matching was the turnaround success that this company achieved through a positive ROI in the last three years of the study (2011,2012,2013).

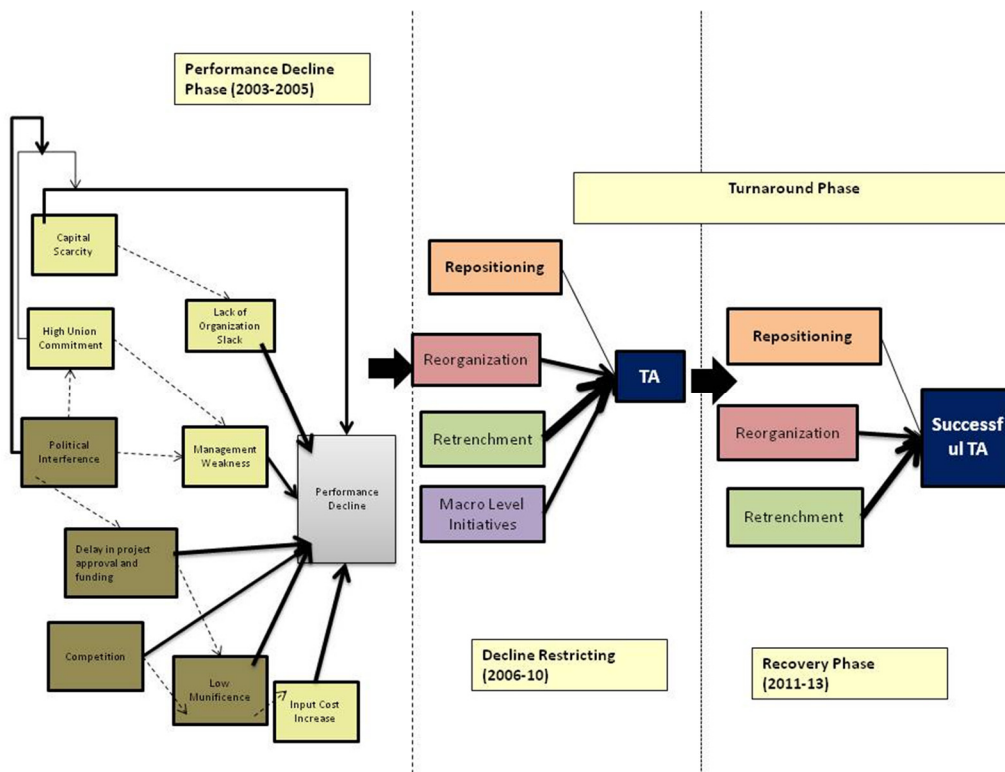


Figure 4.2.17: Segmented Causal Model



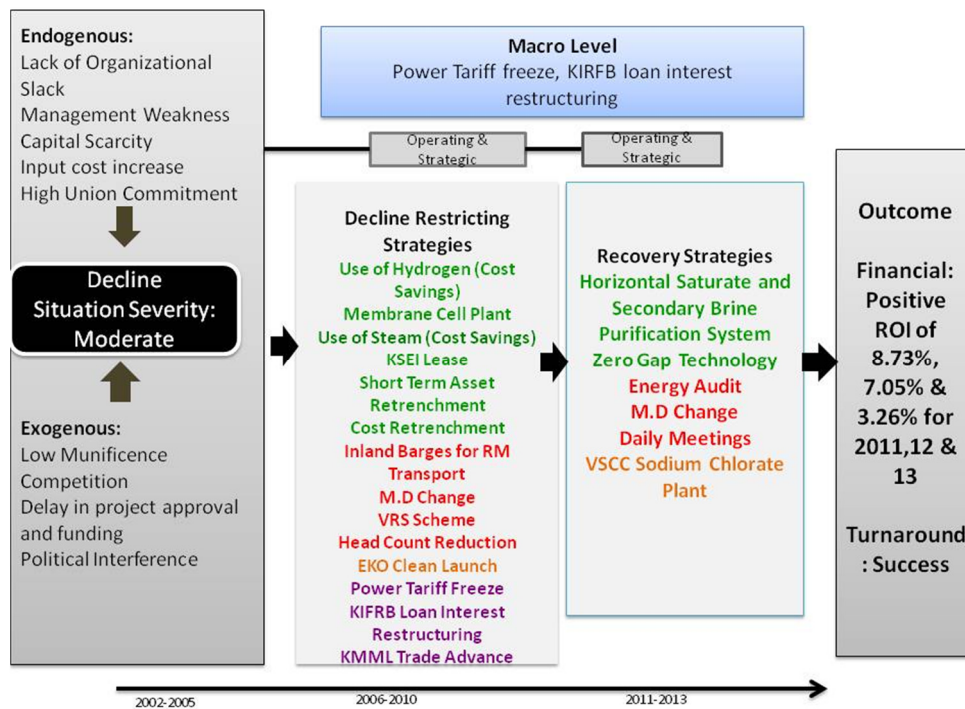


Figure 4.2.18: Logic Model

#### 4.2.16 Case Propositions

The case concludes by looking at the propositions supported/not supported by evidences analyzed. The reason for decline since was a combination of both endogenous and exogenous factors, propositions one and two are not supported but three is. Since the macro level initiatives in the decline restricting phase was effective and had an impact on the turnaround, proposition four is accepted. Since theory posits that the retrenchment efforts have more impact during the decline restricting phase than the recovery phase, this case presents an antithesis of the same. Here the retrenchment strategies adopted in both the phases; restricting and recovery had a relatively stronger impact on the turnaround and hence proposition five is supported and six is not. As far as reorganization measures were concerned, it had stronger impact on turnaround in the restricting phase, than the recovery phase posing an antipode of the conceptual model. This means that propositions seven and eight are also not supported. Repositioning measures taken during the restricting phase had negligible impact on turnaround and hence proposition nine was not supported, while its impact on turnaround in the recovery phase, though moderate, was confirmed and hence proposition ten was supported. Regarding the nature of the strategies implemented, it can be concluded that, there was prepotency of strategic level measures than operational level measure, leading to the support of proposition twelve over proposition eleven.

**Table 4.2.16: Case Propositions – Case B**

<b>Propositions</b>	<b>Supported/Not Supported</b>	<b>Propositions</b>	<b>Supported/Not Supported</b>
P1 Endogenous factors primarily caused the performance decline of the organization.	Not Supported	P7 The reorganization strategies adopted during the decline restricting phase had a relatively lower impact on the turnaround of the organization.	Not Supported
P2 Exogenous factors primarily caused the performance decline of the organization.	Not Supported	P8 The reorganization strategies adopted during the recovery phase had a relatively stronger impact on the turnaround of the organization.	Not Supported
P3 A combination of endogenous and exogenous factors led to the performance decline of the organization.	Supported	P9 The repositioning strategies adopted during the decline restricting phase had an impact on the turnaround of the organization.	Not Supported
P4 The macro level (policy level) initiatives taken during the decline restricting and recovery phase had an impact on the turnaround of the organization.	Supported	P10 The repositioning strategies adopted during the recovery phase had an impact on the turnaround of the organization.	Supported
P5 The retrenchment strategies adopted during the decline restricting phase had a relatively stronger impact on the turnaround of the organization.	Supported	P11 The operational level strategies had a stronger impact on the turnaround of the organization.	Not Supported
P6 The retrenchment strategies adopted during the recovery phase had a relatively lesser impact on the turnaround of the organization.	Not Supported	P12 The strategic level initiatives had a stronger impact on the turnaround of the organization.	Supported

#### **4.2.17 Recommendations for Recovery**

The recommendations made by the respondents were collated and analyzed to present the results thereof. Main theme of the recommendations was electricity cost control. By adopting Open Access, the company could buy electricity at a market fixed rate and hence at lower rates when applicable, from the central power grid. The electricity costs could be contained or eased out if the company gets open access. Kerala belonged to the S2 corridor which had no connectivity to any other corridor, but presently, it has been linked with S1 making open access doable. In fact, this company was the first PSU to do so. Power was especially cheap in the Eastern Corridor and hence could be purchased at as low as 1.30/unit. Transmission issues will be there, which will be resolved progressively as the system becomes operational. However, the trading needs to be scrutinized and watched carefully, so that the benefits of the system can be reaped. Captive power plant was also mooted as a solution to the power problem. Petcoke that is going to be produced by Cochin Refineries as a byproduct could be used to fuel the plant. The investment for a 12MW plant would be 70crs, which could be problem for the capital starved company. The employees also suggested downsizing. According to them the number of employees can be reduced as, the company was close to complete automation. As far as the employee costs were concerned, only 50% of the employee costs were actual salary. The rest was accounted by PF, medical allowances, gratuity etc. If this can be eliminated by reducing the number of staff and appointing employees on contract basis, then cost cutting was possible. On business opportunities and diversification, the employees opined that

the major prospect of the company was the planned expansion of Cochin Refineries limited, which would need chlorine as a raw material, and in turn help the firm boost its business. But this was an opportunity as well as a threat. Cochin Refineries is a huge organization and is capable of conceiving and executing capital intensive projects. They can easily start a captive production plant for chlorine.

The only possible direction that diversification can take, was that of downstream chlorine products like PVC. It was also suggested that the company could diversify into upstream products and manufacture its own raw material, example salt. The existence of a water treatment plant and chlorine in the company makes a packaged drinking water project also, a feasible extension. With the munificence looking sharpened, it was now the responsibility of the company, to make use of it to their advantage.

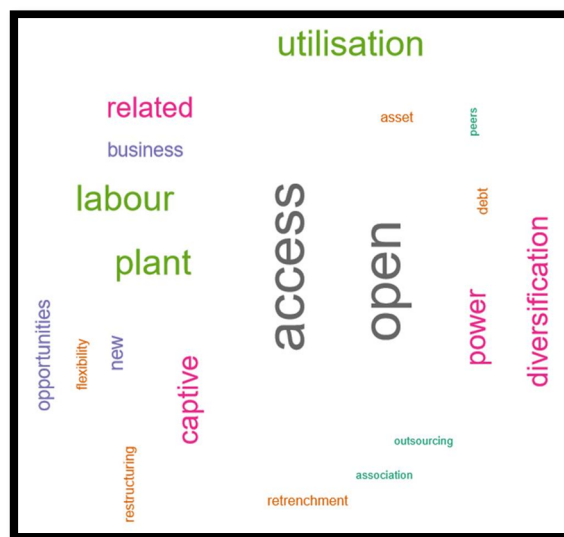


Figure 4.1.19: Recommendations – Word Cloud

....&O&....



---

---

## THE COILED SLUMP (Case C)

---

---

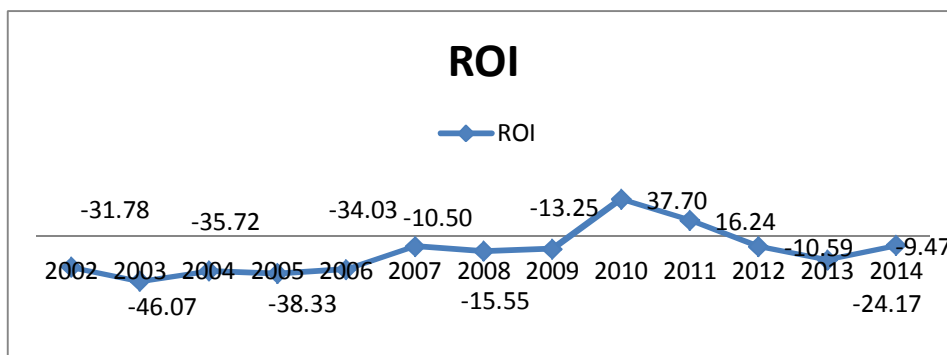
### 4.3.1 About the Company

Established in the year 1964, this wholly state owned enterprise has been a competent player, manufacturing high quality electric cables and wires in technical collaboration with M/s Kelsey Engineering and Co. Serving primarily the public sector, the company had a consistent customer base in electricity boards of various states, telecom department and railways. The company with a legacy of being a forerunner in the industry was the manufacturer of the most sought after paper insulated lead sheathed telecommunication cables which it manufactured in association with Hindustan Cables, and also one of the only two manufacturers of telephone cables in India and the only one in South India. With the progress in cable technology, paper insulated cables gave way to the much more sophisticated Jelly Filled Telephone cables which were better suited for communication. It was one among those, who first perceived the opportunity inherent in this new development. It soon went into technical collaboration with M/s. General Cables Inc., USA, world leaders in the communication cable field and manufactured them in India to exacting standards.

With 13 Board of Directors and a Managing Director managing the company, it has three production units and one registered office located in Irumpanam, Thiruvalla, Pinarayi and Ernakulam South respectively. The company employs a total of 300 odd people at the managerial, executive and plant level. The company which was traditionally a manufacturer of underground cables had widened its product portfolio to include self support Ariel cables which functions as an alternative to underground cables due to geographic and economic reasons. The company has also joined the energy conservation drive by manufacturing and marketing, All Aluminum Alloy Conductors (AAAC) in addition to the much in demand Aluminum Conductor Steel-Reinforced cables (ACSR). The company's bare conductors and weather-proof cables are being used by several Electricity Boards in India and are being produced meeting the Indian Standard Specifications not compromising on the quality. Another remarkable product manufactured by the company is the signaling cables that are being used by Indian railways in several parts of the country.

The other products include Self Supported Aerial Cable, PVC Drop Wire, Bare Conductors, Flat Twin Cable and Railway Signaling Cables. Manufacturing of house wiring cables at a new plant in Thalassery (Kannur District, Kerala) was the company's effort to tap the consumer wire market. The potency of the move is still purported however. In spite of having a strong product base, the company was unable to reach its potential, as was evident from the Figure 4.3.1, showing the ROI which followed a debile pattern. Except for the two years i.e. 2010 and 2011, the company had not been able to give positive returns on investment (ROI).





**Figure 4.3.1:** Return on Investment for the period 2002-2014

With innovative products being introduced based on incremental changes in the production line, the present dynamic leadership was striving to bring the company out of its continuous losses. With market expansion and product innovation planned, this company has the heart to improve its current performance. However, factors that are emblematic to a state owned enterprise and competition was playing spoilt sport for the company.

### 4.3.2 Wire, Cables and Conductor Industry

The wires, cables and conductor industry are an element of the ever growing electrical industry. The increasing impetus given to power, light and communication over the past decade has propelled the growth of this sector. From being an unorganized sector, the industry is emerging as predominantly organized one. Internationally, China, USA, Japan, UK and South Korea are the forerunners in the sector (Onicra, 2015). In India the size of the industry is touted to be a strong ₹ 40,000 crores (Sinha, 2016). It holds the sixth largest potential market for wire and cable industry in comparison to the world (Onicra, 2015). Though the business

model was volume driven, quality and technical specifications make it an industry of high precision and ensuing competition (The Times of India, 2012). The mother industry i.e. electrical industry is expected to grow double in size in the next five years and as a reflection of this growth, the wires and cable industry is projected to grow at a CAGR of 15% (Power Watch India, 2016). Since power and infrastructure are the cornerstones for any developing nation, India presents a host of opportunities for the sector. The railways, a pertinent customer of the sector has ₹ 80,000 crores of planned guaranteed investments. Similarly, development of nearly 100 Smart Cities, National Highway Building Project and the Digital India campaign all give prospect to the industry (Sinha, 2016). As Make in India campaign gains momentum, the indigenous producers of wires and cables have an expanded scope of business.

### **4.3.3 Sources of Evidence**

The company had given permission to collect data from its headquarters and Irumpanam plant for a period of two weeks commencing from 27/06/2016 to 11/07/2016. The three sources of evidence were collected first hand during this period from both sites. About eight days were spent in the headquarters, as bulk of the open-ended interviews, documentary evidence and questionnaire responses were to be collected from there. The rest of the four days was spent in the Irumpanam plant where, one day was spent in familiarizing with the process of production and the nature of machinery and products. The remaining three days was spent conducting interviews with selected personnel and observing their work behavior.

Twelve employees of the organization, mainly members of the top management team, senior most employees and major union representatives were selected using purposive sampling. The interviews were conducted with prior appointments and lasted between an hour and an hour and a half. The profile of the interviewees is given in Table in Appendix to Chapter 4.III (p.448) and shows that the average experience of the employees was 25 years. This accentuated the veracity of the information shared by them, and also made their opinion highly valuable.

The second source of evidence used was the formal survey. The sample was selected using the sample list given by the administration department, the inclusion criteria insisted on the employment being permanent with a minimum experience of 5 years. Also the factory workers were avoided from the sample frame on advice of the HR department, as their ability to give bona fide answers to the questions was considered to be limited. A census of the remaining employees was done in the two sites visited (headquarters and Irumpanam Plant) and the final sample size was 38.

The third source of evidence constituted the audited and published Annual Reports of the company during the period 2001-02 to 2013-14. The company had limited copies of annual reports, especially, the older ones, and hence the annual reports were photocopied and returned at the end of the data collection period. The analysis of annual reports was used to corroborate and supplement the evidence from the other two sources.

### 4.3.4 Open Ended Interviews - Reasons for Performance Decline

The major reasons that contributed to the performance decline of the Company were concluded based on the results from the three sources of evidence. A congruence of the evidences, lead to selection of the pertinent reasons for the performance decline of the company. The emergent codes conceived, operationally defined and applied in this case are as shown in Table 4.3.1.

**Table 4.3.1:** Emergent Codes and Operational Definitions

<b>Emergent Code</b>	<b>Parent Code</b>	<b>Operational Definition</b>
Delayed Product Delivery	Endogenous Factors	Instances of delivering the products manufactured on order, after the stipulated time. This concurrent delay in completion and delivery attracts Liquidated Damages to be paid by the company, which is an additional financial burden.
Products with Low Margin	Endogenous Factors	Introduction of new products that require existing or new resources, but with very low contribution.
Lack of technically qualified employees	Endogenous Factors	The factory requires technically qualified engineers in the right positions to ensure threadbare supervision and also to facilitate commonplace repair and maintenance.
JFTC Mismanagement	Endogenous Factors	Relates to a specific episode, where the flagship product of the company (Jelly Filled Telephone Cables) became obsolete and as a result an entire production facility remained idle for 5 years.

#### 4.3.4.1 Inter-Coder Agreeability

Once the codes were assigned, the Inter Coder Reliability was ascertained. Table 4.3.2 shows the Kalpha values for the codes assigned to the reasons for performance decline and the overall inter-coder

reliability. As can be observed, an alpha value above 0.7 is present for the all the codes assigned and an overall reliability of 0.729 (92%) is a good measure of agreement between the coders and hence an indication to the accuracy of the operational definitions.

**Table 4.3.2:** Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons

<b>CODE</b>	<b>PERCENT</b>	<b>ALPHA</b>
Capacity Underutilization	95.0%	0.844
Delayed Product Delivery	92.9%	0.830
Employee Attitude	88.4%	0.749
Inadequate Marketing	92.0%	0.827
JFTC Mismanagement	96.3%	0.881
Lack of long term planning	97.6%	0.929
Lack of Organizational Slack	87.6%	0.745
Lack of Technically Qualified Employees	90.0%	0.702
Low Productivity	92.0%	0.830
Management Weakness	96.7%	0.930
Obsolete Technology and Aging Techniques	92.5%	0.754
Overstaffing/Employee Cost Increase	95.2%	0.873
Political Interference	92.6%	0.795
Products with Low Margin	92.9%	0.834
Raw Material Price Increase	90.1%	0.726
Competition	96.3%	0.891
Total	92.0%	0.729

#### **4.3.4.2 Code Frequency**

Once the inter-coder agreeability was ascertained, further analysis was done on the written up, edited and coded data. The coding frequency (Table 4.3.3) shows the 16 most cited reasons from the codebook that had the highest frequency. The information in the above table is presented graphically in the horizontal chart (Figure 4.3.2) given below.

**Table 4.3.3: Coding Frequency (Reasons for Performance Decline)**

Category	Code	Count	% Codes	Cases	% Cases
Endogenous	Lack of Organizational Slack	14	6.8%	7	53.8%
Endogenous	Management Weakness	12	5.9%	8	61.5%
Endogenous	Employee Attitude	11	6.8%	6	46.2%
Endogenous	Low Productivity	11	6.1%	7	53.8%
Endogenous	Inadequate Marketing	11	5.9%	5	38.5%
Endogenous	Delayed Product Delivery	9	4.7%	6	46.2%
Endogenous	Raw Material Price Increase	9	4.7%	5	38.5%
Endogenous	Products with Low Margin	8	5.0%	6	46.2%
Exogenous	Political Interference	7	3.5%	7	53.8%
Endogenous	Overstaffing/Employee Cost Increase	7	3.5%	5	38.5%
Endogenous	Lack of Technically Qualified Employees	6	4.0%	6	46.2%
Endogenous	Obsolete Technology and Aging Techniques	6	3.3%	5	38.5%
Endogenous	JFTC Mismanagement	6	3.1%	6	46.2%
Exogenous	Competition	6	3.1%	6	46.2%
Endogenous	Lack of long term planning	5	3.5%	5	38.5%
Endogenous	Capacity Underutilization	5	3.1%	4	30.8%

The chart and the table, clearly show the most pertinent reason for the performance decline of the company, as per the interviews was, the lack of organizational slack (Freq: 14, mentioned in 53.8% cases), followed by management weakness (Freq: 12, mentioned in 61.5% cases), Low Productivity (Freq: 11, mentioned in 53.8% cases), Inadequate Marketing (Freq: 11, mentioned in 38.5% cases), Employee Attitude (Freq: 11, mentioned in 46.2% cases), Delayed product delivery (Freq: 9, mentioned in 46.2% cases), products with low margin (Freq: 8, mentioned in 46.2% cases), raw material price increase (Freq: 9, mentioned in 38.5% cases), political interference (Freq: 7, mentioned in 53.8% cases), overstaffing/employee cost increase (Freq: 7, mentioned in 38.5% cases),

competition (Freq: 6, mentioned in 46.2% cases), lack of technically qualified employees (Freq: 6, mentioned in 46.2% cases), JFTC mismanagement (Freq: 6, mentioned in 46.2% cases), obsolete technology and aging techniques (Freq: 6, mentioned in 38.5% cases), lack of long term planning (Freq: 5, mentioned in 38.5% cases) and capacity underutilization (Freq: 5, mentioned in 30.8 % cases).

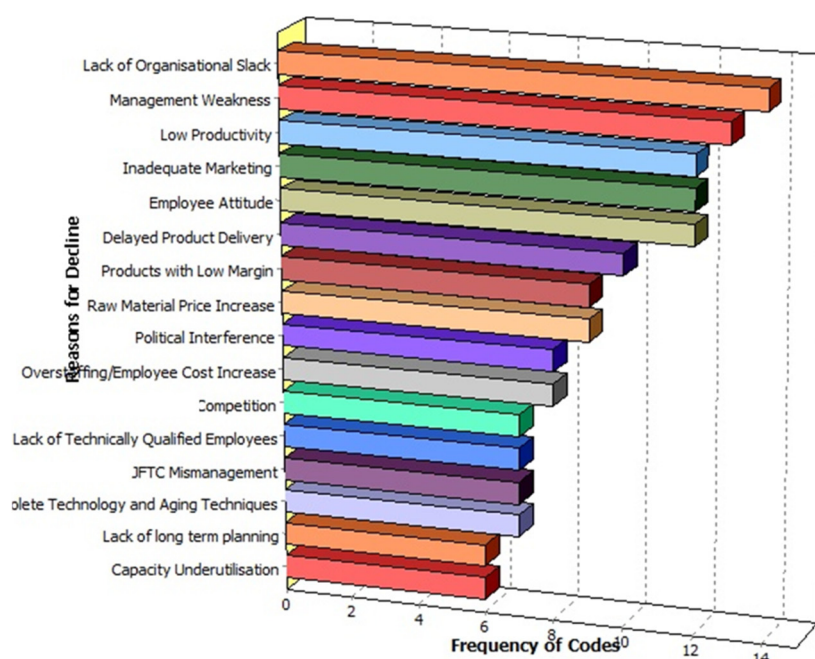


Figure 4.3.2: Horizontal Code Frequency Chart Showing the Reasons for Decline

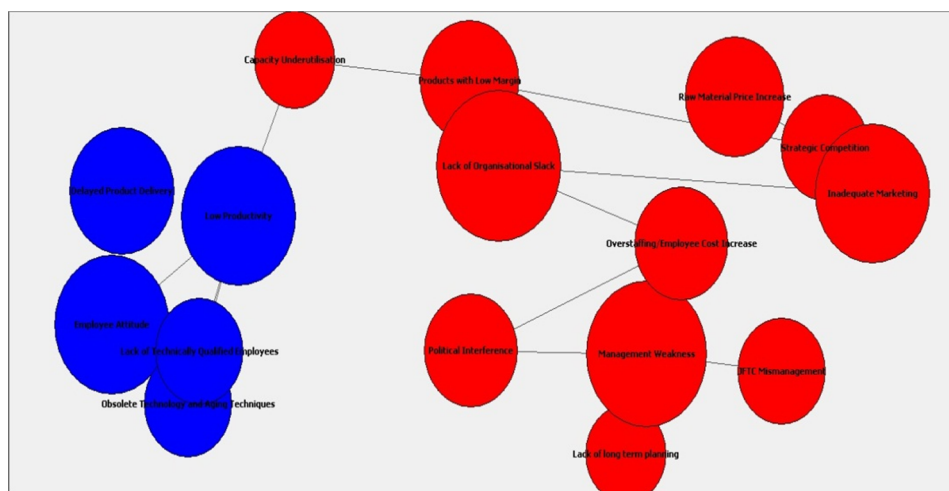
#### 4.3.4.3 Code Co-Occurrence and 2-D Map

Before each of these reasons are evaluated and described in detail, an examination of the underlying patterns, if any, was done using a Thematic Analysis technique using a two dimensional chart. The similarity matrix as shown in the Table 4.3.4, shows the similarity co-efficient of the codes assigned.

Table 4.3.4: Similarity Matrix of Codes Assigned

Reasons	CU	DPD	EA	IM	JFTC	LLTP	LOS	LTQE	LP	MW	OTAT	ECl	PI	PLM	RMPI
Capacity Underutilization	1														
Delayed Product Delivery	0.25	1													
Employee Attitude	0.29	0.38	1.00												
Inadequate Marketing	0.13	0.22	0.11	1.00											
JFTC Mismanagement	0.11	0.20	0.22	0.38	1.00										
Lack of long term planning	0.14	0.11	0.13	0.13	0.43	1.00									
Lack of Organizational Slack	0.38	0.44	0.33	0.50	0.30	0.22	1.00								
Lack of Technically Qualified Employees	0.25	0.33	0.83	0.10	0.33	0.25	0.30	1.00							
Low Productivity	0.57	0.44	0.50	0.09	0.18	0.22	0.40	0.63	1.00						
Management Weakness	0.09	0.40	0.18	0.44	0.56	0.50	0.36	0.27	0.25	1.00					
Obsolete Technology and Aging Techniques	0.13	0.38	0.67	0.00	0.38	0.29	0.20	0.83	0.50	0.30	1.00				
Employee Cost Increase	0.29	0.22	0.11	0.43	0.22	0.50	0.50	0.22	0.33	0.44	0.11	1.00			
Political Interference	0.22	0.44	0.33	0.33	0.30	0.38	0.27	0.44	0.40	0.67	0.33	0.50	1.00		
Products with Low Margin	0.67	0.33	0.22	0.38	0.33	0.25	0.44	0.20	0.44	0.27	0.10	0.38	0.30	1.00	
Raw Material Price Increase	0.29	0.00	0.11	0.43	0.38	0.29	0.33	0.22	0.33	0.30	0.11	0.43	0.20	0.38	1.00
Competition	0.25	0.20	0.10	0.83	0.33	0.11	0.44	0.09	0.18	0.40	0.00	0.38	0.30	0.50	0.57





**Figure 4.3.3:** 2D Map Showing clusters of grouped Reasons for Performance Decline

The pertinent reasons for decline as represented by the two dimensional map (Figure 4.3.3) gives a comprehensive picture, and were indicative of the predominance of endogenous factors that led the organization to performance decline.

The potent cluster was the red one and **Lack of Organizational Slack** was one of the most prominent causative reasons for decline. The organizational slack i.e. the amount of uncommitted resources in the organization that can be used to fund organizational activities was in a perturbing condition. The management lamented about the lack of working capital. The working capital was in most cases provided by the Kerala State Power and Infrastructure Finance Corporation Limited (KSPIFC). Kerala State Electricity Board (KSEB), the major customer of the firm, also advanced money, which the firm used as working capital. In case one of these agencies' payments was delayed, the company grappled

without working capital and was often forced to borrow from banks at exorbitant rates due to the lack of credit worthiness. With increasing fixed costs and a mismatched rise in revenue, the company had been facing the working capital crunch for some years now. Given this situation, without any form of slack to serve as buffer, the cash flow quandary was creating dysfunctional consequences. One such instance being the lack of funds often leading to production delays as, raw material purchases were delayed and concurrently production schedules were disrupted, and the company was many a time compelled to pay liquidated damages.

Another area of concern was the potential slack i.e. the amount of resources that could be generated by the firm in future. In addition to the lack of day to day funds, the company was in serious need for funds for further investments to expand the business. Funding for all its new projects were requested from the government and the company was in no position to generate its own funds. Even if the company turned green operationally, the accumulated losses would eat up the profit, leaving no internal funds. A detailed analysis of the related financials has been done in the documentary evidence analysis section that will substantiate these interpretations.

The next decisive reason was the **Management Weakness** and it can be manifested as crisis in leadership, complacency of leadership, and escalating commitment. In this case, the **Jelly Filled Telephone cables** episode, and the introduction of House Wiring cable product line show management weakness, and lack of long term planning as an integral indication of the same. **Political interference** had led to a non-beneficial

decision (House Wiring Cable Division) which contrived the management to show commitment towards a failing course of action and failed to rectify an error in decision making committed by them, and continued to invest resources in the abortive event. The jelly filled telephone cables (JFTC)<sup>1</sup> was introduced in 1998 and a dedicated production line was installed for the orders placed by Barath Sanchar Nigam Limited (BSNL)<sup>2</sup>. However due to the rapid diminishing of land phone connections owing to the introduction of mobile technology, the orders started dwindling. As a result, the capacity utilization of a major unit of the company came down drastically, affecting the profitability and incurring a heavy loss of ₹ 9.05 crores in the year ending 2002. This continued to affect the company's operations till the year 2007, as the unit remained almost idle. It was in February 2007, that the unit was utilized to produce another product; power conductors which were in demand. Further, a plan to enhance capacity utilization by diversifying to production of Cross linked polyethylene (XLPE) cables and enameled copper wire was drawn up with an investment of ₹ 6 crores. The gist of this episode was that an entire unit with 150 odd employees remained idle for five years creating a sizeable dip in the company's profitability as all the fixed costs remained as it is, with no incoming revenue.

---

<sup>1</sup> Jelly Filled cables are telephone cables filled with petroleum jelly that makes it well insulated, fire and water resistance and perfect for use for laying underground.

<sup>2</sup> BSNL is a India State Owned telecommunications company which began operations in 2000 headquartered in New Delhi and boasts a 60% market share in the fixed telephony and broadband services in India

As a takeoff from the existing power cables and conductors, the company decided to enter the very competitive house wiring cable market, which was dominated by very proficient and fiercely competitive private players. Though house wiring cables were manufactured by the company in the existing facility in a limited manner, a dedicated facility was envisaged to be set up. The new facility was started in Kannur district of Kerala in 2010, with an initial investment of ₹ 12.75 crores. Insiders and veterans in the company strongly believe that this was comprehensibly, a political move. As a result of this move, there was an internal unrest and 160 new appointments to the unit were interrupted, and a court order to the effect was issued. As a quick fix, the company did personnel rearrangement and appointed existing employees to the new unit. The relevance of this product and unit was still a big question mark. Though the product was of high quality, and made of purest copper used for the manufacture of sophisticated telephone cables, the sales was and is indigent. Calculated to bring in a turnover of ₹ 30 crore (Business Line, 2010), this unit is still grappling to contribute even a respectable amount to the overall turnover.

**Competition** is an added pressure on State Owned enterprises. Privately owned, more proficient companies in terms of resources and market share, often threaten the existence of these State Owned Enterprises. The company competed with small scale industries as far the orders for power conductors and cables from the state electricity board were concerned. As per government directive 50% of the state board's orders were given to small scale sector (about ten in numbers) and the rest to this firm. In other state boards, the company competed with indigenious

private players. In the house wiring product segment, the company had big time private players as competitors. One look at the nature of competition, it was quite obvious that the company could not compete in scale (both high and low). The pricing was also conspicuously competitive. The only way to survive this clutter was to offer competitive prices. The products of the company operate in a business to business environment where products are manufactured as per the orders received. Some of the orders, like the one from the State Electricity Board have been long standing and was more or less consistent. Nonetheless, these orders would not help the company to overcome the accumulated losses and turn profitable. The company did not have a **Marketing Department**, which was appalling considering that it competed with private players in all the product categories. The lack of a well thought of marketing policy was dampening the turnover of the company like never before. The marketing and sales personnel were not authorized to give discounts, commissions or even credit to customers. Every change in price was to be approved by the board which made the company too stiff in the dynamic market of wires and cables. Added to this big limitation, it was opined that the company does not take the required effort to market their products well and find new markets.

**Cost of Raw material** was a major cost element of the company. Raw material was sourced from northern part of the country from companies like National Aluminum Company Limited (NALCO)<sup>3</sup> and involved the transportation cost till the southernmost state. This formed a

---

<sup>3</sup> National Aluminium Company Limited (NALCO) is a Navratna CPSE under Ministry of Mines, Govt. of India.

sizeable amount and was the largest component of the total costs. Another important cost element was the **employee cost**. Compared to its private competitors, the company had far too many employees, essentially not contributing much to the productivity but forming a huge cost burden. **Capacity underutilization** was another connected issue and a reason for performance decline. Lack of funds delayed the whole production cycle, sometimes raw material was not received on time and at other times; requisite orders were not there, to run the plants at full capacity. Infirmity of employee productivity was another factor contributing to this capacity under utilization which will be discussed in the subsequent paragraphs. The installed capacity was underutilized in spite of having requisite orders. The average capacity utilization was 50.21% which was credibly low, compared to industry standards. In order to improve the capacity utilization and as a part of revenue generation enhancement, many new products were introduced by the present Managing Director. According to the employees, this was not a prudent move as products like, paper insulated conductors and enameled copper wires were reported to have **low margins** (the audited annual reports have not furnished details of the same for further corroboration).

The preceding paragraphs explain in detail the reasons for performance decline that forms the first and the major cluster as elucidated by the respondents. It can be observed that almost all the reasons are firm level and have a domino effect on one another. For example the lack of organizational slack was effected by an increase in competition (a reduction in revenue) and by an increase in the employee cost (increasing expenses), making the availability of cushion funds

unattainable. Similarly political interference had a role to play in the escalation of employee cost by inducing powerlessness in termination of unnecessary jobs that became a burden to the company. It also had repercussion on the weakness of the management leading to poor decisions such as JFTC mismanagement and led to lack of long term planning.

The second cluster was comparatively smaller in size consisting of five highly commutual factors. **Low productivity** was one of the major reasons touted to be causing performance decline in the organization. There were marked antecedents and outcomes of this low productivity. Machinery breakdown was one such key reason cited. Lack of timely modernization had hampered the production cycle, with constant breakdowns happening to 50 year old labor intensive machinery. Only scant incremental changes had been made to the machineries and most of its value had been completely depreciated. **The aging machines and obsolete technology** was indeed an area of concern. Coupled with this exigency, there was a **dearth of technical experts** in the factory. No engineers were employed in the factory, which meant that technical snags were not immediately resolved and the supervision was not thread bare. Another antecedent inferred was the reservation in **employee attitude**. According to all the senior employees, attitude of the employees was appalling both in the factory and administration. A barrage of negative comments and grievances about the commitment levels of both middle level and lower level management was received. A senior manager with 23 years of experience in the company blatantly put it in perspective and said categorically *“80% of the employees in this organization are not*

*committed*". Lower level employees proclaimed that abysmally low emoluments were the reason for their lack of commitment. Middle level managers were criticized by the lower level employees for their lack of technical knowhow and also for being not committed to the vision of the Managing Director. The middle level management opined that the low lever employees were lethargic hence very under productive and did not fear reprimanding as they had trade unions' political support. The outcome of the low productivity was the delay in delivering products on time and there by attracting **Liquidated Damages (LD)** for the concurrent delay on a regular basis. The payment of Liquidated Damages was affecting the already grim financial situation of the firm in addition to the loss of goodwill.

#### **4.3.4.4 Coding by Variable – Heat Map Plots**

From the heat map plot (Figure 4.3.4) it was apparent, that the departments that had direct and close relationship to the production process, have raised related concerns and the administrative departments have spoken mostly about the firm level issues. Departments like Production (demarcated for analysis to two prominent unions and plant head of the unit) and, Quality assurance focused on reasons like low productivity, capacity underutilization, lack of technically qualified employees, employee attitude, products with low margin and delayed product delivery. The administrative departments like Project Development, Purchase, Finance, Planning, HR and Sale, Civil and Maintenance, and Marketing was harping on an another set of issues namely, lack of organizational slack, management weakness, overstaffing/employee cost



increase, raw material price increase, inadequate marketing, lack of long term planning, strategic competition and political interference.

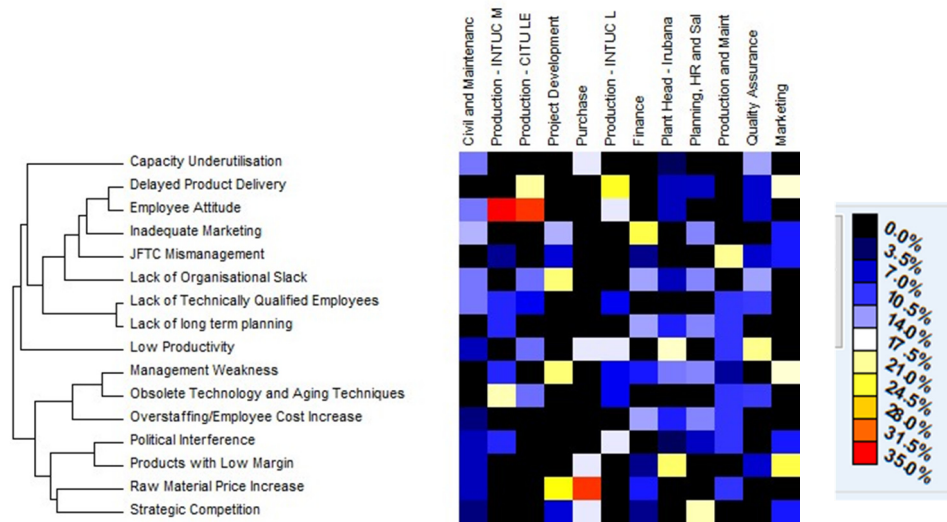


Figure 4.3.4: Heat Map Plots - Reasons for Performance Decline v/s Departments

For the Civil and Maintenance department the major reason they felt was the cause for the performance decline was Inadequate Marketing (14.9%). The INTUC union leader’s top cause for the performance decline was the employee attitude (35%, red cell). The top cause as per the CITU leader was also the detrimental employee attitude (33.3%). The project development and the purchase department cited Raw material price increase as the main reason for the decline; 25.9% and 33.3% respectively. The Finance department had the same thought as the Civil and Maintenance department, and cited Inadequate marketing as the top reason (23.8%, bright yellow cell). The plant head in Irupanam, felt the introduction of new products with low margin had been a considerable burden on the

company and cited it as one of the major reasons for the performance decline (22.6%). The Planning, HR and Sales department currently handling these three diverse portfolios, opined competition to have had the biggest impact on the performance decline of the organization (20%). Another sub-department of the production felt that JFTC mismanagement was the major cause for the performance decline of the organization (21.1%). The quality assurance department cited Low productivity to be the apex reason for the performance debacle (21.4%). The Marketing department also felt like the plant head, that products with low margin has been a causative reason for the decline of the organization (23.8%). One of the most interesting observations is that all the Unions (leaders representing unions), opined about the detrimental employee attitude prevalent in the organization and that as a major reason for the performance decline. For the union leaders to have this opinion about the workers, whom they represent, was indicative of how grave an issue this is in the organization.

#### **4.3.5 Formal Survey (Reasons for Performance Decline)**

The 38 questionnaires distributed was received back, and subjected to further analysis. Four questionnaires were discarded because of incomplete responses and were not usable. The data from remaining 34 questionnaires (constituting the final sample) were coded, checked for extreme values and prepared for further analysis. The nature of respondents was first analyzed by looking at their category of employment and their work experience with the company (Table 4.3.5).

**Table 4.3.5:** Frequency of Employee Category

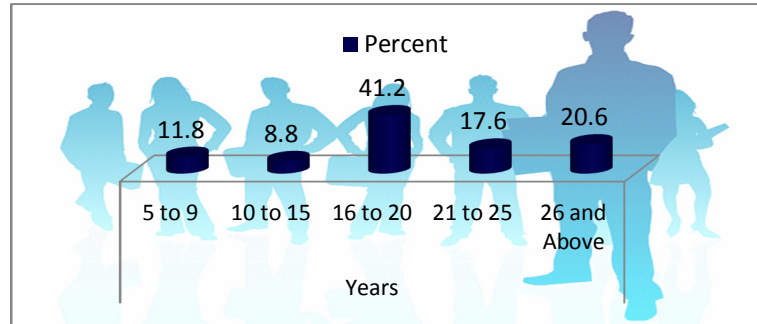
		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Officer	23	67.6	67.6	67.6
	Executive	11	32.4	32.4	100.0
	Total	34	100.0	100.0	

As can be observed from the above table and graph, the employees surveyed belonged to two categories, Officer and Executive. The officer category employees are seniors with essentially more experience and more education while executive employees are ranked lower. Of the 34 employees surveyed, 68% of them were officers and the remaining were executive employees.

The following table (Table 4.3.6) and graph (Figure 4.3.5) shows the experience of the employees surveyed. It is evident from the table and graph that a majority of the employees had a work experience of 16 to 20 years in the company making them aware of the performance decline phase and the turnaround phase.

**Table 4.3.6:** Experience of Employees – Formal Survey

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	5-9	4	11.8	11.8	11.8
	11-15	3	8.8	8.8	20.6
	16-20	14	41.2	41.2	61.8
	21-25	6	17.6	17.6	79.4
	>25	7	20.6	20.6	100.0
	Total	34	100.0	100.0	



**Figure 4.3.5:** Experience of Employees - Formal Survey

#### 4.3.5.1 Reliability Measures and Descriptive Statistics

Though the reliability analysis was conducted before on the same set of variables and items, it had to be repeated again, as alpha is score that is very specific to a sample (Tavakol & Dennick, 2011). Both the established sample size norms for exploratory /principal factor analysis, namely the minimum sample size recommendations or the ratio of subjects to variables, do not let this data set to be subjected to EFA/PCA. A sample size (N) of 50 is suggested as a minimum according to (Barrett & Kline, 1981; Comrey & Lee, 1992; Guadagnoli & Velicer, 1988). A subject to item ratio of a minimum 5:1 has been recommended by (Gorsuch, 1983; Hatcher, 2005). Hence, the factor structure as established through the first two cases has been retained and used in this present case. The reliability values as calculated for the dimensions of constructs are as under. It is apparent from the table (Table 4.3.7) that all the sub-dimensions of the constructs have acceptable reliability (0.7 and more). Table 4.3.7. presents the descriptive statistics namely mean and standard deviations of the variables and its dimensions as applicable.

**Table 4.3.7:** Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey

Variable	Sub Dimensions	$\alpha$	Mean	Standard Deviation	Minimum	Maximum
<b>Organization Commitment</b>						
	Affective Commitment	0.81	4.21	0.68	2.40	6.20
	Normative Commitment	0.78	4.39	0.98	2.17	6.00
	Continuance Commitment	0.86	4.68	0.85	2.43	6.29
<b>Communication</b>						
	Strategic Communication	0.76	3.22	0.81	1.25	5.00
	Vertical Communication	0.82	3.01	1.12	1.00	6.00
	Satisfaction with Management Responsiveness	0.76	2.70	0.86	1.33	5.00
<b>Cultural Rigidity</b>						
	Concurrence Seeking	0.86	3.91	0.60	2.33	5.00
	Group Identity	0.88	4.19	0.75	2.00	6.00
	Symptoms of Defective Decision Making	0.89	4.51	0.41	2.50	5.50
<b>Union Commitment</b>						
	Union Loyalty	0.803	4.1242	0.89	2.22	5.89
	Responsibility to the Union	0.735	4.5441	1.06	3.00	7.00
<b>Internal Conflict</b>						
	Conflict Norms	0.72	4.3	1.19	2.50	5.75
	Conflict Resolution	0.795	5.45	0.91	1.50	6.50
	Perceived Severity of Decline		3.82	0.89	2.91	6.09

As can be observed from the result table (Table 4.3.7), the affective component had the lowest relative score of 4.217. The employees' need of wanting to belong to the organization can be seen as the lowest here, whereas the continuance commitment i.e. the need to stay due to the perceived costs of leaving, has the highest mean score (4.680). Normative commitment which is the sense of obligation to belong to the organization has an intermediate score of 4.397. These mean scores reflect the attitude of the employees towards the organization. The comments made about employee attitude in the open ended interviews, are being corroborated through these scores. The employees of this organization perceive that cost of leaving the organization was high, due to typical idiosyncratic perks of being a public sector employee. Therefore they prefer to continue to work here, but with only frail affective attachment to the goals and values of the organization. When the continuance commitment is high the employees, tend to work only as much needed or the bare minimum (Buchanan, 1974). This is detrimental to the organization, as commitment of employees is essential for the survival and effectiveness of large work organizations because the fundamental responsibility of management is to maintain the organization in a state of health necessary to carry on its work (Williams et al., 2012). Negative work behaviors had been reported, which had an impact on the performance of the organization.

Moving on to the communication levels, present in the organization, employees perceived that strategic communication was minimum in the organization with a mean score of 3.22. There was limited information exchange regarding the pertinent policies and strategies among the employees of the organization. The employees opined that the quantity

and quality of vertical communication in the organization was very poor and employees seldom got an opportunity to express their opinions and contribute constructively to the strategy development. A meager mean score of 3.014 is a testimony to this fact. The employees had high dissatisfaction as far as the management's responsiveness was concerned with a rock bottom mean score of 2.75. The employees felt that their feedback was not being considered with the importance it deserved and their opinions were neglected.

The results also show that the concurrence seeking symptom where there is a pressure for uniformity was not perceived by the employees (mean score: 3.91) as much as they thought the presence of Group identity to be there (mean score: 4.19). Though the concurrence seeking tendencies of the groups were relatively less, they had an enlarged sense of group identity, which prompted a ballooned image of the strength of the group, contrary to the reality. This thought had the potential, to force them to take irrational untimely decisions (Haslam et al., 2006) which is reflected through the symptoms of defective decision making score of 4.51. Thus it can be concluded that though the concurrence seeking was relatively less, there was an enhanced sense of group identity that had led to defective decision making.

The role of union commitment was assessed next. The affective union commitment measured through union loyalty had a lower mean score of 4.12, while the employees were ready to fulfill their responsibilities to the union by partaking in circadian affairs of the union as a part of their membership (Mean Score: 4.54). To understand the approach towards

internal conflicts in the organization, the levels of perceived conflict norms and conflict resolution was appraised. As the mean score indicates, there was an openness to conflict as it was dealt openly in the organization (Mean: 4.34). However whether it resulted in functional consequences was beyond the scope of this study. The employee also perceived that there was a conflict resolution mechanism in the company and internal conflict though was present was not hampering its performance (Mean: 5.45). As a result of cultural rigidity and lack of communication, the employees perceived the severity of decline to be 3.82. Whether this assumption was inbred in reality was the question.

#### **4.3.6 Documentary Evidence (Reasons for Performance Decline)**

The annual reports spanning the years from 2001-2002 to 2013-2014 were analyzed critically to substantiate wherever possible, the findings from interviews and formal survey. The results have been elaborated in the ensuing paragraphs.

Lack of Organizational Slack had been one of the formative reasons for the performance decline of the company. The available, recoverable and potential slacks are the important measures of organizational slack. Available slack has been measured through the Current Ratio, recoverable slack used SGA Expenses by Sales ratio and potential slack the Debt Equity Ratio and Interest Coverage Ratio. The available slack as shown by the Current Ratio (Current Assets/Current Liabilities – Figure 4.3.6) was not very bleak and did not reflect the grave lack of liquid funds as echoed in the interview results. This kindled further probing, and an analysis of the current asset components showed that, the organization did



have very shallow cash and bank balance and the bulk of the current assets were receivables (Figure 4.3.7). This meant that a delay in payment by any debtor would disrupt the entire functioning of the organization as they were cash strapped.

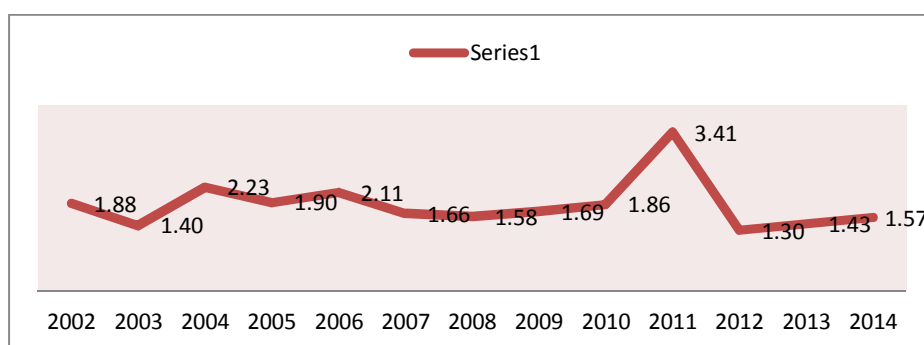


Figure 4.3.6: Available Slack (Current Ratio) (2002-2014)

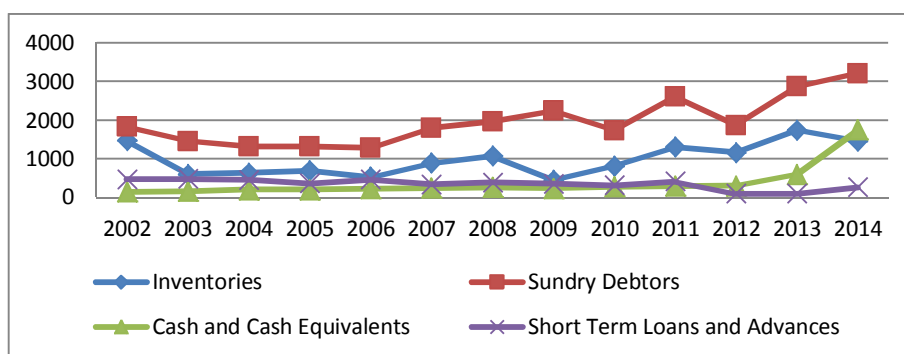
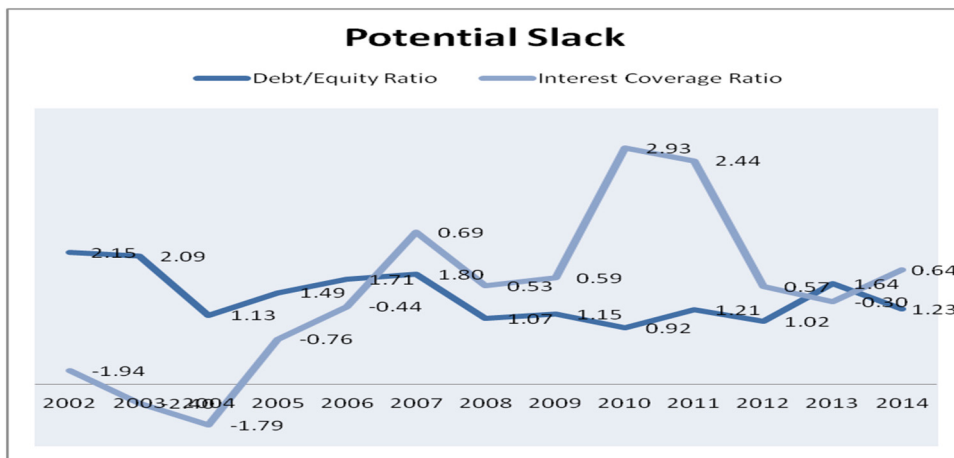


Figure 4.3.7: Components of Current Assets (2002-2014)

The debt equity ratio, an indication of the potential slack, averaged to 1.43 in the years from 2002-2014 (Figure 4.3.7). The incidence of substantial debt financing had harmed the company as it became a huge burden servicing it. The burgeoning interest cost had resulted in the interest coverage ratio to touch the acceptable 1.5 range only 5 years in

the past 12 years. The ineptitude in generating sufficient revenue was reflected here and most of the time fresh loans/debt financing was resorted to service the debt. The lack of potential funds to make investments stalls the growth of the company and also makes it incapable of developing strategies to curtail decline which needs further investments.



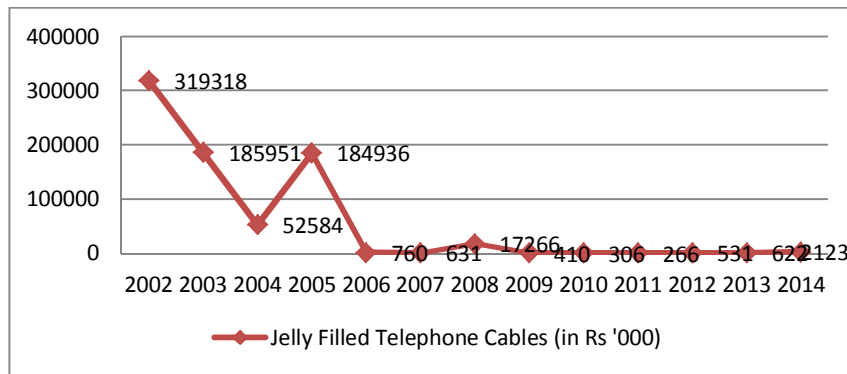
**Figure 4.3.8:** Potential Slack (2002-2014)

The inefficiency in decision making and the lack of long term planning of the top management team had been a common sentiment shared by all the respondents of the interviews. Two episodes have been specifically mentioned in the open ended interview results; Jelly Filled Cables and House Wiring Cables episodes. The sales trends of Jelly Filled Cables and House Wiring Cables over the years prove to be a testimony to this fact. Jelly filled cables were manufactured against orders still, but as the Figure 4.3.9 shows, it did burn a hole in the pocket of the company. The sales figures of the house wiring cables in Figure 4.3.10 was also a similar story. Though there was production of house wiring cables in

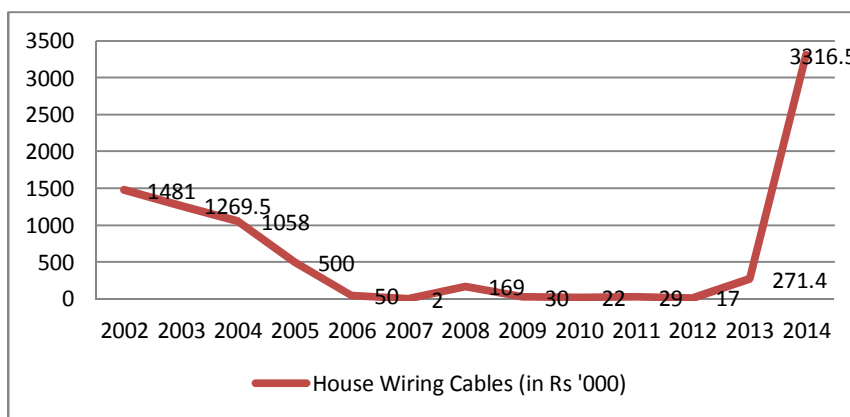
small scale in the existing facilities, the decision to start an exclusive production unit (in 2010) cannot be justified by cables sales for the years from 2002-2009. However after the unit began functional, there was not much change in the revenue generated, except for the last year under study i.e. 2013-2014. The sudden growth was fueled by some private sector construction company orders. However due to the restrictions on pricing to match the competition, and also non provision of credit facility had brought down the sales considerably while the study was conducted (2016) as per the respondents. In essence, touted to bring in revenue worth of ₹ 30 Crore per annum, it was struggling to do even ₹ 4 crores per annum after 3 years of its exclusive production, and forms only a miniscule 2% of the total turnover (year ending March, 2014). Another reason that was opined through the interviews was the lack of adequate marketing efforts by the company. To find validation for this argument, the selling expenses as a percentage of the sales was looked at. It was appalling to see that on an average the selling expenses were a meager 2% of the total sales which was quite low for any company, unless it was a monopoly. The table 4.3.8 elucidates the selling expenses as a percentage of the sales turnover.

Increasing input costs have been a growing concern for the company and was cited as one of the pertinent reasons for decline. The raw material prices forms the largest cost component and which is followed by the employee cost. As can be understood from the Figure 4.3.11 the average raw material cost on a year on year basis a whopping 73.61% of the total cost, sometimes going as high as even 82% (2009-2010). The employee cost which includes salary and other emoluments formed on an average 16.53% of the total costs. It was the second largest

cost component and the company had been bearing the increasing salary burden with questionable incremental benefits from the same. Capacity underutilization had been pointed out as another relevant reason for the performance of the organization to decline. Figure 4.3.12 shows the capacity utilization of the company over a 13 year period for two of its important products namely ASCR conductors and PVC and Copper covered conductors. The average capacity utilization was 50.21% which was credibly low, compared to industry standards.



**Figure 4.3.9:** Jelly Filled Telephone Cable Sales (2002-2014)

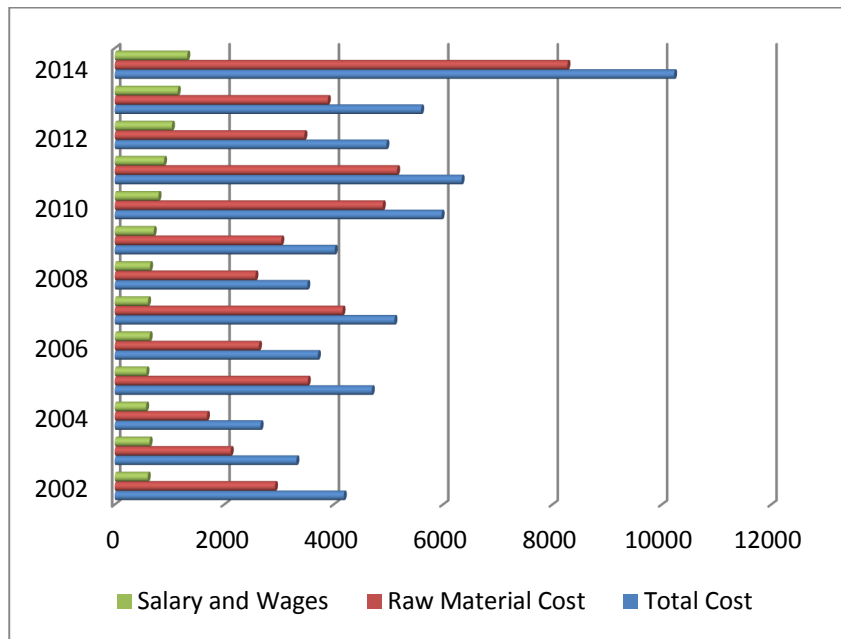


**Figure 4.3.10:** House Wiring Cable Sales (2002-2014)

Table 4.3.8: Selling expenses as a percentage of the sales

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales Turnover (in ₹'000)	3430.76	2924.36	3464.61	4194	3684.87	5143.31	3216.36	4967.83	7686.5	7256.46	5369.53	4747.81	11123.54
Selling Expenses (in ₹ '000)	148.38	87.69	76.61	108.71	64.28	91.73	81.44	135	225.17	208.65	NA	NA	NA
	4.3	3.0	2.2	2.6	1.7	1.8	2.5	2.7	2.93	2.9	-	-	-

In addition to the above evidences, the annual reports were thoroughly analyzed for explicit statements that indicated reasons for the performance decline of the organization. Certain other statements explicitly point out operational flaws, which could be indication of some of the reasons cited. It can be noted that there were explicit statements like lack of orders as reasons for decreased turnover. Comments on the lack of systematic internal control systems were indicative of the management weakness.



**Figure 4.3.11:** Raw material and Employee Cost as components of Total Costs (2002-2014)

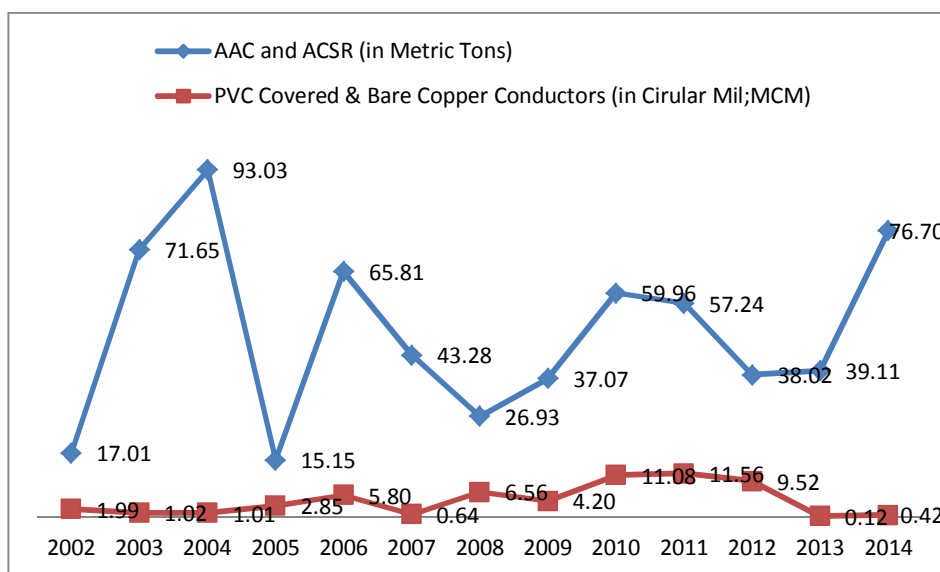


Figure 4.3.12: Capacity Utilization (2002-2014)

### 4.3.7 Building the Chain of Evidence

The table below (Table 4.3.9) summates and triangulates the sources of evidence, to select only corroborated evidences for the inclusion in further conclusive analysis.

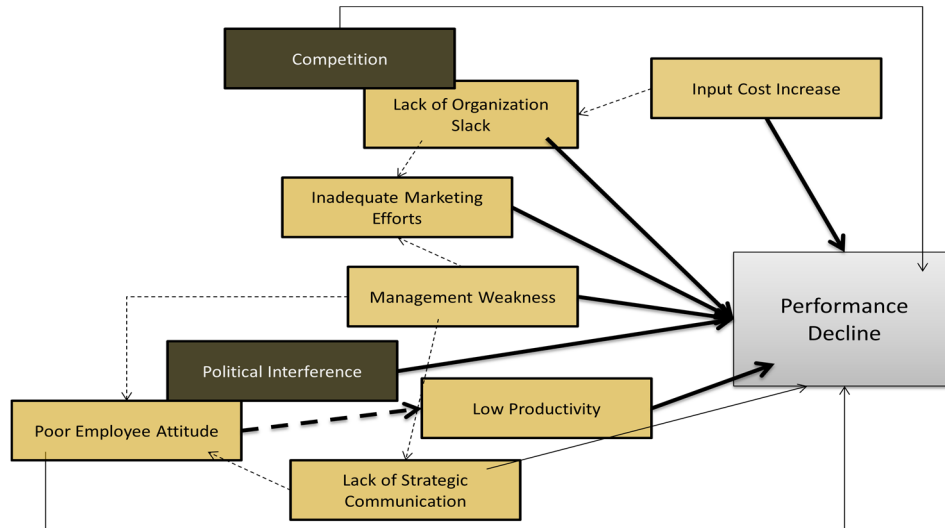
**Table 4.3.9: Summarizing Evidences – Building the Chain of Evidence**

Reasons	Evidence		Effect on Performance Decline	Inclusion Decision	
	Open Ended Interviews	Documentary Evidence			Formal Survey
Lack of Organizational Slack	Cited as the most important reason (Freq: 14) and mentioned in 53.8 % cases	Current Ratio, D/E Ratio and Int Coverage Ratio	NA	Positive	YES
Low Productivity (Antecedents - Obsolete Technology and Aging Machines, Lack of Technically Qualified Ec's, Outcomes – Capacity Underutilization and Delayed Product Delivery)	Mentioned in 53.8% cases. Antecedents on an average mentioned in 43.6% cases and Outcomes feature in 38.5% cases. Forms the second major cluster	Capacity Utilization (Avg:50.1%)	NA	Positive	YES
Management Weakness	Manifested through JFTC Mismanagement and House Wiring Cable Unit (61.5% cases)	Sales Turnover data (JFTC and HWC) Lack of Internal Control Systems	NA	Positive	YES
Political Interference	Manifested through House Wiring Cable Unit (53.8% cases)	Sales Turnover data (HWC)	NA	Positive	YES
Input Cost Increase	Raw material and Employee cost Increase (53.8 % cases)	Cost Element Analysis	NA	Positive	YES
Inadequate Marketing	38.5 % cases and cited as top reasons for decline by major two departments.	Meager Selling Expense as a percentage of Sales Turnover	NA	Positive	YES
Employee Attitude	46.2% cases and also the top reason cited by the major unions	NA	OCA & OCN lower than OCC	Positive	YES
Communication	NA	NA	SC, VC & SMR - Low	Positive	YES



Encapsulating the reasons for decline, it was visible that the chief reasons that can be attributed to the performance decline were endogenous in nature.

The causal network displays the most important dependent and independent variables of study and their hypothesized relationship (both direction and strength). The causal network shows the constructs (that has been corroborated by the evidences) that has led to the performance decline of the organization. As can be seen (Figure 4.3.13), all of them have a positive direct relation to the outcome variable i.e. the performance decline. The analysis points to the fact that, among the selected variables; lack of organizational slack, low productivity, the weakness of management and poor employee attitude was expected to have a relatively stronger impact on the performance decline of the organization. The drop in the availability of slack is often considered as a reason for the severity of the decline of an organization (Lohrke, Bedeian, & Palmer, 2004). Productivity had been often considered as an important measure of an organization's performance (Robertson & Seneviratne, 1995). The productivity of this company had been criticized to be low. Some antecedent reasons that effected productivity as discussed in the results section included Obsolete Technology and Aging Machines, and Lack of Technically Qualified employees to help find solutions to both perilous and minor technical snags that occur very frequently in the factory.



**Figure 4.3.13:** Causal Network (Decisive, Evidenced Reasons for Decline)

In addition to this, the hindering attitude of the employees affected the productivity negatively. The precarious outcome of this was capacity underutilization, in spite of requisite orders, and also delayed product deliveries attracting liquidated damages. Hence this dependent variable was deemed to have an imperative role in bringing down the performance of the organization.

Management weakness has been manifested through escalating commitment and complacency in this case. The commitment to the failing course of action and investing additional resources in the same (Armstrong, Williams, & Barrett, 2004) has been illustrated through JTFC and house-wiring cable episodes. The complacency of the management was demonstrated through the inaction for five years where an entire plant and all its resources remained idle. Both these episodes along with the absence of a champion Managing director (except for the

last two years under study) had certainly impacted the performance of the firm and made it unresponsive to environmental changes. Management weakness was also reflected through inadequate marketing and deficient levels of strategic communication in the organization, for which the management is largely responsible. Hence, management weakness can be considered as an important variable affecting the performance decline of the firm.

Poor employee attitude had been reported through negative work behaviors, and dominance of continuance commitment reveal how detrimental it was to the functioning of the organization. Its effect on productivity and the general learning culture of the firm was inimical. The role of this variable hence acquires a position in the list of causative factors, and a change in it is expected to bring about a change in the performance of the organization.

The other five variables, namely inadequate marketing, political interference, input cost increase, competition and inadequate communication were also predicted to have significant positive relationship with performance decline. Based on the degree of affect on the dependent variable, inadequate marketing efforts and input cost increase is expected to have more impact on the dependent variable as bettering the marketing efforts will certainly result in increased turnover, which in turn would reflect in better bottom lines. Similarly a reduction in the input costs will consequently bring down the total expenses thereby improving the profit margin. Political interference is a reality in public sector enterprises and the market forces play a minor role in comparison to the role that politics

play in the public sector set-up (Piening, 2013). Hence the amount of control one can exercise internally on this variable and the other causative factor; competition is dubious, but it positively has an effect on the performance decline of the organization. Finally inadequate communication can also be considered to have had an impact in the performance decline though its relation may not be as strong as the ones mentioned above.

Based on the causal network, the effect matrix (Table 4.3.10) was developed as the last stage of analysis, to understand the relative strength (high, moderate and low) and nature of occurrence (distant v/s immediate) of the important causative factors of decline. Like mentioned in the above paragraphs, there was a preeminence of endogenous factors that led the organization to decline. Factors like Lack of Organizational Slack, Low Productivity, Management Weakness, Inadequate Marketing and Input cost Increase were endogenous factors that were immediate causes of performance decline and had relatively equally high impact. Lack of Strategic Communication was the other endogenous factor which had relatively moderate impact on the decline, but was an immediate cause that needed attention. Employee attitude, had a relatively moderate impact on the decline but was distant a cause, when compared to the other endogenous factors. There were only two exogenous factors that played a role in the decline of the firm, namely political interference and competition. While both the factors were immediate in nature, the relative impact of the former was higher than the latter on the performance decline.

**Table 4.3.10:** Effect Matrix (Reasons for Performance Decline)

Endogenous Reasons	Immediate v/s Distant	Effect on PD	Exogenous Reasons	Immediate v/s Distant	Effect on PD
Lack of Organizational Slack	Immediate	High	Political Interference	Immediate	High
Low Productivity	Immediate	High	Competition	Immediate	Mod
Management Weakness	Immediate	High			
Inadequate Marketing	Immediate	High			
Employee Attitude	Distant	Mod			
Lack of Strategic Communication	Immediate	Mod			
Input cost Increase	Immediate	High			

### 4.3.8 Turnaround Analysis

Turnaround analysis consists of the independent analysis of the three sources of evidence pertaining to the predominant turnaround strategies adopted namely retrenchment, repositioning and reorganization.

### 4.3.9 Open Ended Interviews

The reliability of the codes assigned to the turnaround initiatives was ascertained. All the codes had high alpha scores, ensuring the validity and reliability of the constructs (Table 4.3.11).

**Table 4.3.11:** Inter-coder Agreeability of Turnaround Attempt Codes

CODE	PERCENT	ALPHA
Employment Freeze	100.0%	1.000
Financial Restructuring	100.0%	1.000
Market Expansion	100.0%	1.000
MD Initiatives	93.1%	0.792
Product Expansion	100.0%	1.000
<b>Total</b>	<b>97.8%</b>	<b>0.955</b>

#### 4.3.9.1 Code Frequency and Bubble Plot (Turnaround Initiatives)

The frequency of codes assigned to pertinent strategies adopted by the organization, to propel itself from the declining performance, cited by the respondents has been represented in the Figure 4.3.14. The bubble chart (Figure 4.3.15) shows the coding frequency by the variable, here the employee designations. Bubble charts were used to extend the understanding of the frequency of the codes and ascertain the agreement of employees regarding the dominant strategy adopted.

Product expansion and extension was the main strategy envisaged and executed by the organization as per the result (51.4%). New products that had been introduced include cross-linked polyethelene (XLPE) conductors (in the year 2007), house wiring cables (in 2010) and paper insulated wires and enameled copper wires with an investment of ₹ 10.35 crs in 2013. Turnkey projects had also been undertaken, where orders include manufacturing of the products, supplying it, installation, launching and handing over to the customers. Such projects had been undertaken in the famed Sabarimala<sup>4</sup> and Allepy district of Kerala. New products currently proposed to be introduced include solar cell and batteries. The organization also plans to replace the Aluminum Conductor Steel-Reinforced cables (ACSR) with STACIR conductors (a high temperature and low sag (HTLS) conductor which has long term reliability, high current capacity, easy and rapid installation, low sag tension property etc) and Shaped Wire Compact Concentric-Lay-Stranded Aluminum Conductor, Steel-Supported (ACSS/TW) which is a concentrically stranded conductor with one or

---

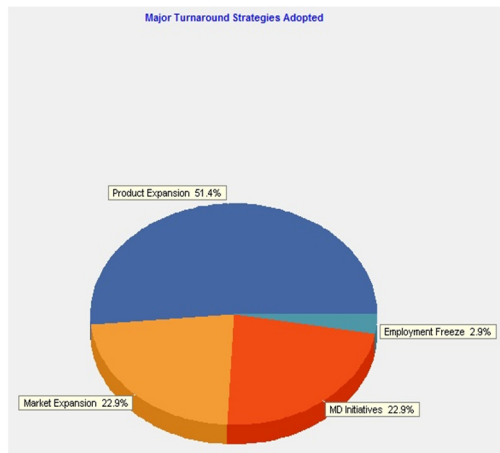
<sup>4</sup> Sabarimala is a prominent Hindu pilgrimage centre located at the Periyar Tiger Reserve in the Western Ghat mountain ranges of Pathanamthitta District, Kerala

more layers of trapezoidal shaped hard drawn and annealed 1350-0 aluminum wires on a central core of steel. Both these proposed products however require substantial imports (mostly from Korea and Japan) in terms of raw material and also technology.

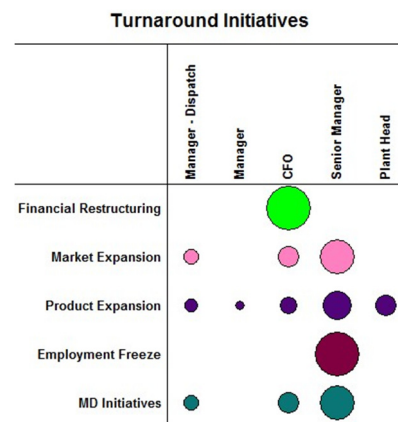
Product expansion was followed by market expansion (22.9%), and a paramouncy of repositioning strategies can be observed. The major market for the company's products has been traditionally within the state. The company had started to explore markets outside the state, and had successfully captured business, from few electricity boards outside the state. In Karnataka for example, the state board namely Karnataka Power Transmission Corporation Limited, had formed four distribution companies: Bangalore Electricity Supply Company (BESCOM), Mangalore Electricity Supply Company (MESCOM), Hubli Electricity Supply Company (HESCOM) and Gulbarga Electricity Supply Company (GESCOM). The company had started supplying its products to BESCOM and HESCOM. The company had also garnered orders from the Goa State Electricity Department. The company nevertheless, had to compete with indigenous private players in these markets and hence required to be supremely price competitive.

Expanding the product and the market portfolios were the brain child of the Managing Director present Managing director who took charge in the year 2012. Other initiatives like shortening project approval time, managing idle manpower by sending the employees on deputation etc were initiatives, taken by the past Managing directors and reported by the interviewees (22.9%). Employment freeze was initiated as part of the cost cutting measures. The retirement posts were left vacant and

recruitment of permanent nature was temporarily stopped from the year 2004-05. An interesting anomaly was noticed in the bubble chart; a turnaround strategy that was mentioned by a single respondent. Financial Restructuring as a pertinent strategy was mentioned only by the CFO. The company had increased the authorized share capital to ₹ 3800 Lakhs in an extra- ordinary general meeting (held on 15-06-2011) and further increased the same to ₹ 4200 lakhs in the AGM held on 29-09-2011 and after necessary approval and filings issued shares to the effect in 2013. The analysis of documentary evidence proves that financial restructuring was indeed done, but it was discouraging to know that the top management team was either not aware of it or did not consider it as a worthy measure.



**Figure 4.3.14:** Code Frequency of Turnaround Initiatives



**Figure 4.3.15:** Bubble Plot – Turnaround Initiatives v/s Employee Designations

### 4.3.10 Formal Survey (Turnaround Initiatives)

The generic turnaround strategies that could be implemented and its perceived extent of implementation are now discussed. The possible



retrenchment measures were cost and asset retrenchment. While cost retrenchment includes the decline restricting measures or immediate steps to arrest decline, asset retrenchment is a recovery measure. A mean score of 3.130 show that the employees believe that the company was parsimonious in taking immediate steps to curtail the performance decline. Some of the initiatives that could be taken were eliminating pay increases, temporary closing down of subsidiaries, decreasing overall operational expenses, partially or temporarily exiting from specific product lines, exercising stronger financial control and liquidating inventory as quickly as possible etc. Except for eliminating pay increases of the employees, none of the strategies mentioned in this factor had been explicitly evident from the other sources of evidence as well. The overall cost reduction was not seen to be a deliberate attempt to facilitate turnaround as was also apparent from the documentary evidence. A mean score of 3.07 reveals that the employees felt that asset retrenchment was the least used strategy among the adoptable strategies for the turnaround. The documentary evidence substantiates this opinion of the employees and it can be noted that there had been no significant reduction in the long term fixed assets of the firm.

Next, the repositioning generic strategies namely focusing on core and innovative marketing offers' extent of implementation was looked at. As can be seen from the response, the employees perceived that company was implementing innovative market offers increasingly (mean score of 4.87). The analysis of the interview responses and also the documentary evidence (annual reports) suggest the same. The employees perceive that the implementation of focusing on core was only second in line to the innovative market offers strategy (mean score: 4.47).

As is apparent from the response, the employees felt that out of the possible strategies that could be adopted to reorganize the organization, people and leadership related changes was the most adopted (mean score: 4.12). The qualitative results and the annual report information show that the top management had gone through many changes, in terms of the persons adorning the top position, but its effect on turnaround cannot be directly measured using the methodology chosen. The mean score value of 3.63 was a clear indication that, in spite of changes to the top management, the philosophy of the organization and the general culture has remained more or less the same. The employees perceived that if not revolutionary, cosmetic changes have been made to the structure and some process related changes have also been adopted by the company (Mean Score: 3.95).

**Table 4.3.12:** Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies

Construct/Factor Name	Reliability Score	Mean	Standard Deviation
<b>Retrenchment Strategies</b>			
Cost Retrenchment	0.712	3.130	0.782
Asset Retrenchment	0.793	3.079	1.022
<b>Repositioning Strategies</b>			
Innovative Market Offers	0.860	4.879	0.945
Reviewing Core	0.876	4.473	0.835
<b>Reorganization Strategies</b>			
Leadership	0.729	4.126	1.336
Culture	0.789	3.637	1.163
Structure and Process	0.859	3.952	<b>1.941</b>

### **4.3.11 Documentary Evidence (Turnaround Initiatives)**

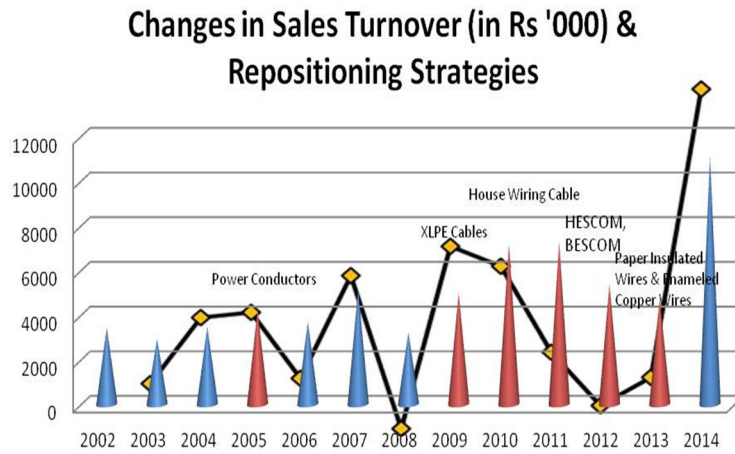
The annual reports through the year 2002 to 2014 have been analyzed to substantiate the findings from the other two sources of evidence. The results of the annual report analysis show cost retrenchment measures as indicated by a reduction in the total cost of the firm. It was evident from the Table in Appendix to Chapter 4.III (p.449) that a total cost reduction (reduction in the selling, general and administrative, factory expenses) had been accomplished during the years 2003, 2004, 2006, 2008, 2012 and 2013. Out of these years the major cost element that saw a fall in 2003 and 2004 was the factory related expenses. This was however not a deliberate attempt, as one of the company's flagship product "Jelly Filled Telephone Cables" had become obsolete and as a result its manufacturing unit remained idle from 2002 to 2007. A consequent reduction in factory expenses was reflected in the years 2002, 2003 and 2006. In 2008 also a major decrease has been seen in the factory expenses. The annual report for that year in its introductory paragraphs to the shareholders state that, "the decrease in turnover was due to shortage of orders". This could be the reason for the reduction in factory expenses, as the company manufactures products based on the orders received. In the year 2012 however there was a reduction in all the costs namely factory, admin and selling expenses. This cost reduction in all the major cost components can be seen as a result of reduction in turnover by 26% (from ₹ 72.56 crores in 2010-2011 to ₹ 53.69 crores in 2011-2012) due to the non receiving of anticipated orders from KSEB. The total cost reduction in the year 2013 was only 6.18% which was not substantial to mirror in the profit margin. Moreover the company had made losses to the tune of ₹ 7.74 crores in 2013.

Asset retrenchment was measured by looking at the cutback in short term assets and long term assets Table in Appendix to Chapter 4.III (p.450). Short term assets include inventories, sundry debtors and cash and cash equivalents. A decrease in the short term has been seen in the years, 2002, 2003, 2004, 2009, 2010 and 2012. Like mentioned in the earlier paragraph, the main reason for the reduction in short term assets during the period 2002, 2003 and 2004 was the underutilization of the capacity and the manufacturing unit at Thiruvalla (JFTC plant) remaining idle. In the years 2009 and 2010 there had been a short term asset reduction of 11.04% and 3.31% respectively. In the year 2009, the reduction had been mainly in the inventory (-57.77%). This could be because the company had been able to increase the turnover by 54.45%. As the sales were order based, the inventory of finished goods had been reduced considerably (by 90%) as the goods had been sold off and value realized in the same period. This led to a reduction in the inventory level and thereby contributed to the overall short term asset reduction in the year ending 2009. The retrenchment in 2010 was not substantial (3.31%) and was made in the sundry debtors. In the year ending 2012, was an overall reduction of 20.70% in the short term assets, consisting of a 10.57% decrease in inventory and 28.23% decrease in sundry debtors. It is interesting to note that the decrease in sundry debtors was the highest during the period ending 2012, and it could be attributed to a faster collection of the receivables. A remarkable coincidence was that, the present Managing Director had taken charge during this period and this shift in policy was among her preliminary initiatives. Moreover there was a marked reduction in the orders received from the main customer i.e KSEB.

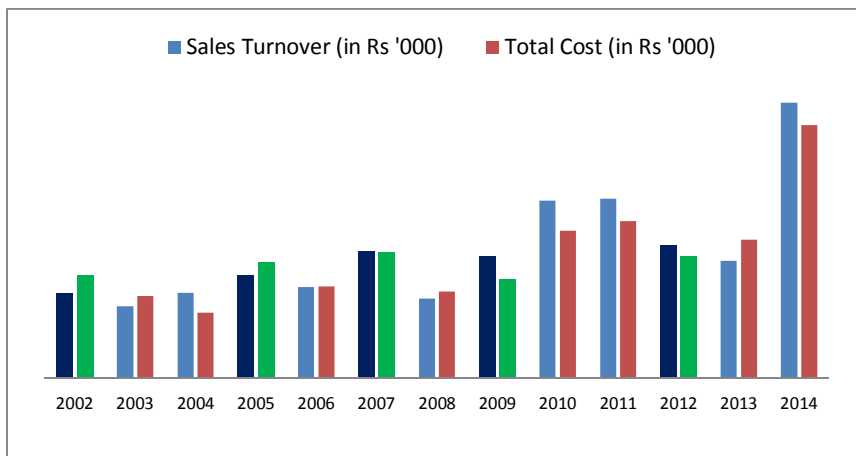
Long term asset retrenchment was looked through the reduction in gross block values of Freehold Land, Buildings, Plant and Machinery, Equipments, Furniture and Fixtures and Vehicles. It's apparent from the Table in Appendix to Chapter 4.III (p.451) that, there has been no major sale of any long term asset to generate funds to aid the ailing organization. A meager reduction in assets have been made in the years ending 2003 (0.04%), 2004 (0.04), 2009 (0.12) and 2012 (0.70). The period during 2011-2012 saw the sale of old equipments as a conscious effort to generate funds. However this cannot be reported as an effective strategy, as the amount generated from this sale was not substantial to have an effect on the bottom-line.

The change in sales turnover was assessed along the timeline to see if the introduction of new products and projects and market expansion had a noteworthy impact on the turnover of the firm. The cones in red show the years when a new product was introduced and the line graph show the percentage change trend (0-100%). As can be seen from the graph (Figure 4.3.16), during the turnaround years, i.e. 2010 and 2011, repositioning strategies, had a moderate impact on the turnover of the firm. It may be noted that, product expansion, market expansion and new markets introduction incessantly through the year 2009 – 2012, intended to have long term impact, was showing only during the last year of the study, where there was a substantial improvement in the turnover of the firm.

To understand if a change in the top management, in this case the Managing Director, had brought positive changes to the firm, the turnover and total cost over the thirteen year period was analyzed. The graph (Figure 4.3.17) shows the turnover and the total cost during the period 2002-2014, where the bars in dark blue and green denote the years during which a new M.D took charge. It can be seen that after the M.D took charge in 2002, there was a continuous reduction of cost for the next two years but the revenue increased only once (2004) during his tenure. This reduction in cost (as explained in the above paragraphs) was as a result of an idle plant and stoppage of production. The next two instances of change in M.D. had only one year each in the position and their contributions cannot be considered substantial. In 2009, a new M.D. took charge. There was a repeated increase in revenue for the next two years and it coincided with the turnaround years (2010 and 2011). Although there was cost escalation from 2009 to 2010, it remained more or less same in 2011, which was indicative of some sort of cost control. The present M.D. took charge during the latter part of 2012, and as the graph shows there was a dip in the turnover and cost in 2012. In 2013, the turnover was seen to reduce, while the total costs escalated. The last year under study, 2014, saw a substantial increase in the revenue but alarmingly a subsequent increase in costs too. It may be concluded hence that the initiatives by the managing directors, had minimal impact on the turnaround, however like in most successful turnaround attempts, there was the presence of a new leader at the time of change for this company as well.



**Figure 4.3.16:** Change in Sales Turnover



**Figure 4.3.17:** Turnover and Total Cost with Change in M.D.

### 4.3.12 Time-Ordered Growth Gradient

The performance decline phase and the turnaround phase has been delineated in the growth gradient based on time (Figure 4.3.18). It elucidates the factors and events that led the organization to decline and the factors are mentioned when its incidence had been proven empirically (as far as possible). For example, the most critical shortage of organizational slack was felt during the years 2006 and 2013, both periods constituting performance ebbs of the company. JFTC mismanagement that happened during the early 2000s had a ripple long term effect on the performance of the company. An idle plant with 250 odd employees were underutilized for five years, after which power conductors were manufactured, using incremental changes to the plant. Average capacity utilization of the major plants was 50.21% with it touching an all time low of 15.15% in 2005. In spite of sufficient orders, the lack of productivity had contributed to the underutilization of the capacity. The employee attitude had been found to have a detrimental impact on the productivity. The raw material price increase had been one of the major cost elements eating up a major share of the turnover and thereby the possible profits of the company (highest in 2009). Political interference and management weakness were two factors that have shown to impact the performance of the company, the JFTC mismanagement, and house wiring cable episodes being testimony to the same. The quantity and quality of vertical communication happening in the organization was found to be inadequate as per the perception of the employees, contributing further to the internal under performance of the organization.



The turnaround initiatives included, repositioning strategies like introduction of new products namely XLPE conductors, house wiring cables (exclusive plant), paper insulated wires and enamel copper wires. Turnkey projects were taken up in addition to the market expansion initiatives (finding new takers for the products in HESCOM, BESCO and Goa Electricity department). The reorganization strategies primarily included the changes in the MD position. The presence of a new managing director was felt during the turnaround period. The revenue saw an increase and costs did not increase exponentially, resulting in profit generation even though meager. But the change in managing director position cannot be considered a purposeful strategy by the company or its owners; the government. The fact that new recruitment to the post was done based on merit, as per policy of the government, was a boon to the company. The changing managing directors had developed and implemented strategies which had varying degrees of impact on the performance of the firm. The M.D from 2012-2016, was observed to have done the maximum relatively. The major retrenchment efforts included a financial restructuring whereby the authorized capital of the company was increased to ₹ 4200 lakhs in 2013. Further retrenchment strategies included an employment freeze started in 2005; however there was no significant impact of it on the employee cost. The cost and asset retrenchment was adopted as a deliberate turnaround strategy only in the year 2011-12, but this did not have an impact on the performance of the firm.

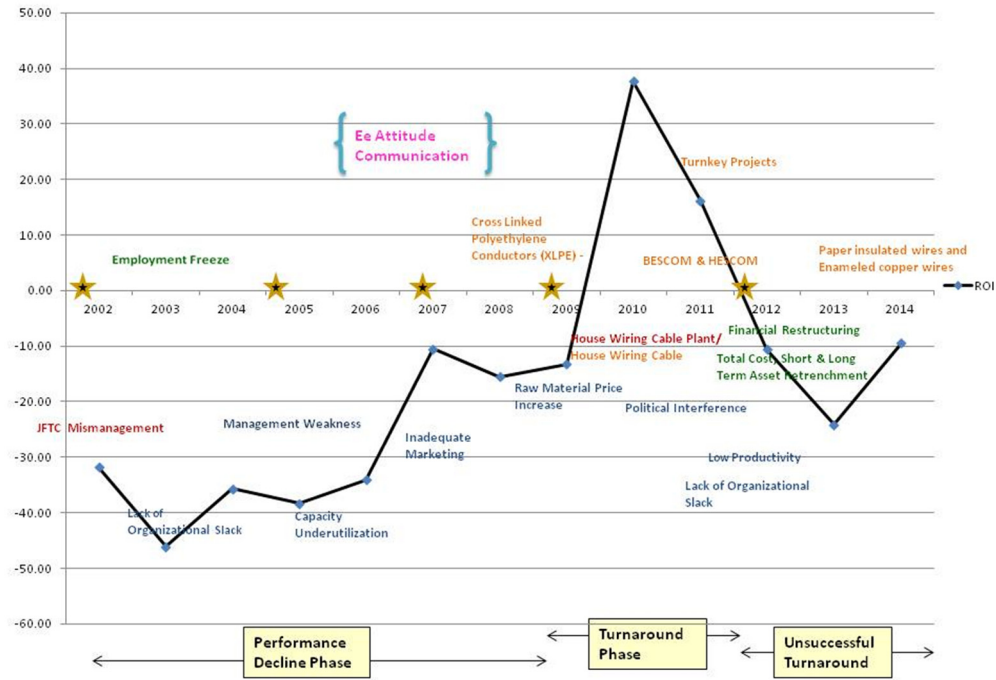


Figure 4.3.18: Time Ordered Growth Gradient

Color Coded as Follows:

**Episodic Events** (Pertinent Reasons for Performance Decline)

**Pertinent Reasons for performance decline that are present during the years under study (Placed on the matrix where the phenomenon has been evident in the highest degree)**

**Repositioning Initiatives**

**Retrenchment Initiatives**

**Change of Managing Director** ★

### **4.3.13 Effect Matrix (Turnaround Initiatives)**

Before the effect matrix (Table 4.3.13) is elaborated, it was observed that unlike the first two cases studied; this case did not have a discernible two stage turnaround. The firm did turnaround, but only for a two year period (2009-10 and 2010-2011). The company had slipped back to decline after this period, which is why this case represents the first unsuccessful turnaround. So, although the turnaround strategies implemented in the company could be categorized into decline restricting and recovery (owing to its nature), it should be kept in mind that, all these strategies were not adopted during the decline restricting phase or the recovery phase distinctively. Repositioning strategies adopted, namely Turnkey Projects, Paper insulated wires and Enameled copper wires (product expansion) BESCOM & HESCOM (market expansion), were all recovery in nature as it was adopted with the intention of enhancing the revenue growth, and to lead the company to sustainability. While Turnkey Projects and BESCOM & HESCOM had relatively high impact on turnaround, new products like Paper insulated wires and Enameled copper wires had only moderate impact. The introduction of Cross Linked Polyethylene Conductors (XLPE), yet another repositioning strategy, was decline restricting in nature and had relatively high impact on the turnaround. Retrenchment measures taken included strategies like Employment Freeze, Total Cost Retrenchment, Short Term Asset Retrenchment, Long Term Asset Retrenchment and Financial Restructuring. While only Short Term Asset Retrenchment, a decline restricting strategy had relatively high impact on turnaround, Employment Freeze and Total Cost Retrenchment, both decline restricting, had relatively moderate

impact. The retrenchment strategies that had relatively the lowest impact on turnaround were Long Term Asset Retrenchment (decline restricting) and Financial Restructuring (recovery). Reorganization strategies in this case included only leadership based ones, and both the changes in Managing Director position and the M.D. Initiatives were decline restricting in nature with relatively high impact on the turnaround of the firm.

**Table 4.3.13: Effect Matrix (Turnaround)**

Strategy Implemented	Nature of Strategy	Impact on TA	Strategy Implemented	Nature of Strategy	Impact on TA
Employment Freeze	DR	Mod	Turnkey Projects	REC	High
Total Cost Retrenchment	DR	Mod	BESCOM & HESCOM	REC	High
Short Term Asset Retrenchment	DR	High	Paper insulated wires and Enameled copper wires	REC	Low
Long Term Asset Retrenchment	DR	Low	House Wiring Cable	DR	Low
Financial Restructuring	REC	Low	M.D Change	DR	High
Cross Linked Polyethylene Conductors (XLPE)	DR	High	M.D Initiatives	DR	High

#### 4.3.14 Segmental Causal Network

Cumulatively, a segmented causal model, as shown in the Figure 4.3.19 shows the entire turnaround process as a causal network,

segmented on the basis of time. The left most segment represent the performance decline phase which highlighted the prominent reasons for the same. Factors like, lack of organizational slack, low productivity, inadequate marketing efforts, lack of strategic communication and poor employee attitude were wholly internal, and could be corrected through matching strategic intervention at the organizational level. Management weakness and input cost increase though was considered as endogenous factors, had extraneous elements in it that could not be fully controlled. The last set of factors namely, political interference and competition was purely external and control over these factors was nearly impossible at the firm level for this company. Conclusively, there was a clear predominance of endogenous factors over exogenous ones, causing performance decline of the firm.

The central segment represented the turnaround phase where the major strategies that had an impact on the turnaround the firm were elucidated. The major strategies adopted were repositioning in nature which was principally recovery in nature. Its impact on the current turnaround cannot be determined with accuracy, but there was a positive trend towards increasing turnover as a result of this strategy. The M.D change in 2009 and the initiatives brought in had an impact on the turnaround on the firm, but not as much as the repositioning measures; making reorganization the second most effective strategy in this case. Retrenchment had the least impact on the turnaround of the firm relatively.

The outcome of this frail strategy selection was a turnaround that could not be sustained. From the above paragraphs it was apparent that

the company had initiated limited-targeted strategies to overcome the performance decline. The un-sustained performance improvement was a natural outcome of this lack of focused strategies intended at correcting and overcoming the major reasons for the performance decline.

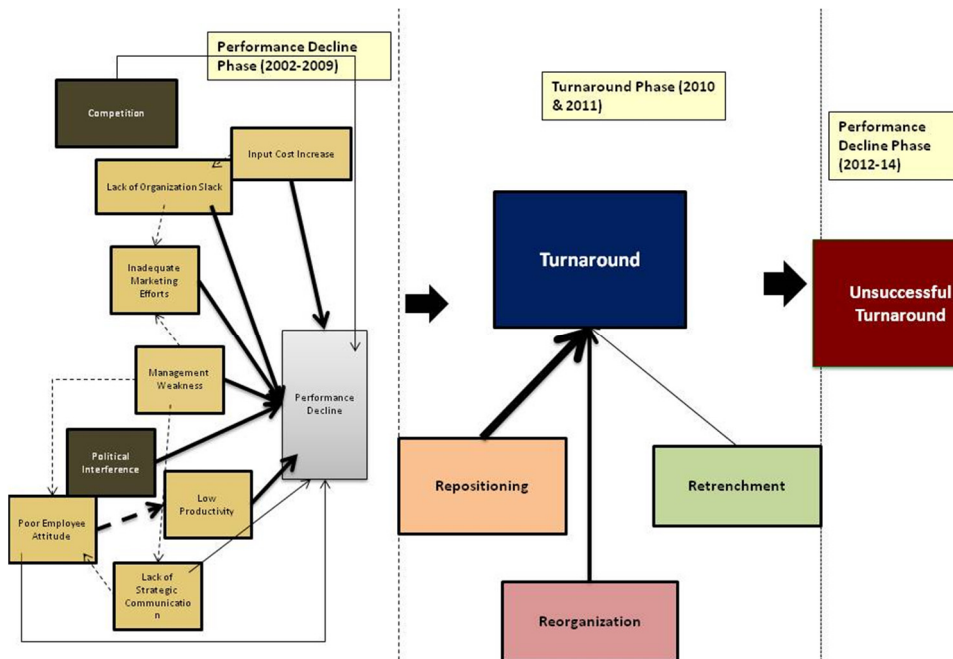


Figure 4.3.19: Segmented Causal Model

### 4.3.15 Logic Model

The case ends by putting the empirical findings into a Logic Model. The logic model shows the most pertinent reasons for the performance decline of the organization and as was evident, it is mostly endogenous in nature (Figure 4.3.20). The firm therefore had to develop matching strategies at the operational and strategic level to attenuate these shortcomings. Conversely, a look at the implemented strategies show that

there has been an attempt to increase the turnover of the firm by broadening the product portfolio and expand the existing market. The managing director was changed to bring about performance augmentation. Financial restructuring had the potential to boost the organizational slack level. But the other causative factors for performance decline have not been addressed through strategic interventions at the operational or the firm level. The new product selection had also been criticized to have very low contributions and margins. It was imperative for sustained turnaround to develop strategies that match the reasons for performance decline. The effect of this strategy selection and implementation was an inorganic un-sustained turnaround.

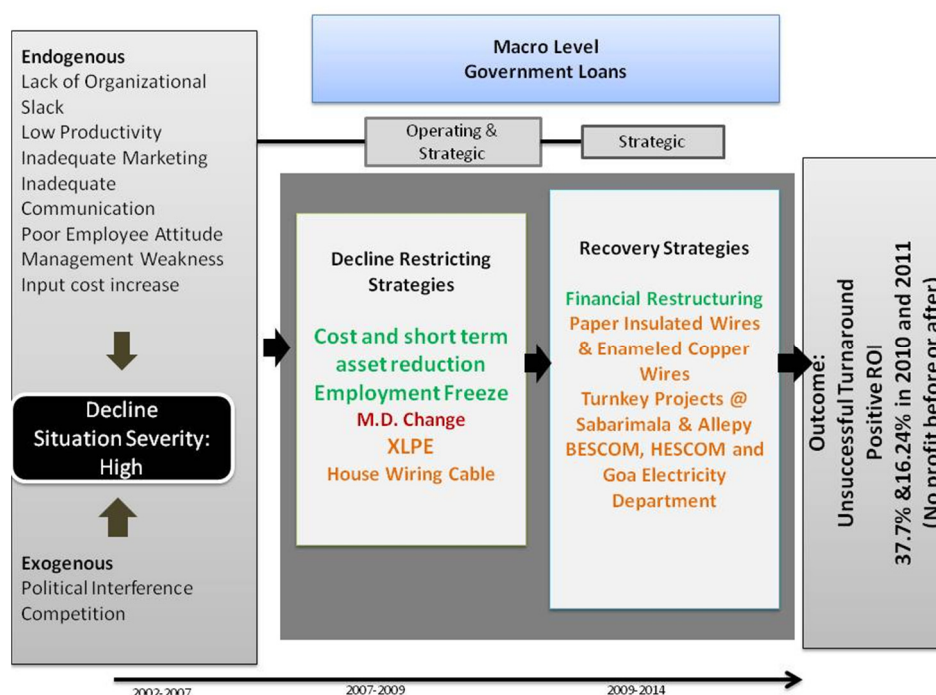


Figure 4.3.20: Logic Model

#### **4.3.16 Case Propositions**

The extent of support, evidences from this case leads to the propositions were ascertained (Table 4.3.14). Due to the predominant presence of endogenous factors in the causative reasons for decline, proposition one is supported while P2 and P3 are not supported. Since there was no evidence about the macro level initiatives having an impact on the turnaround, P4 was not supported. Since the case did not have a two stage turnaround, the specific strategy implementation during phases is irrelevant. However, if the nature alone is taken into consideration, the decline restricting retrenchment and reorganizing measures had a relatively stronger impact on the turnaround, lending partial support to the propositions P5 and P7. The recovery repositioning strategies also had an impact on the turnaround lending partial support to P9. This means that P6, P8 and P9 were not supported by the evidences in this case. More than operational measures, strategic measures like product and market expansion had a greater impact on the turnaround, hence supporting P12 and not supporting P11.



**Table 4.3.14: Case Propositions – Case C**

<b>Proposition</b>	<b>Supported/Not Supported</b>	<b>Proposition</b>	<b>Supported/Not Supported</b>
P1 Endogenous factors primarily caused the performance decline of the organization.	Supported	P7 The reorganization strategies adopted during the decline restricting phase had a relatively lower impact on the turnaround of the organization.	Partially Supported
P2 Exogenous factors primarily caused the performance decline of the organization.	Not Supported	P8 The reorganization strategies adopted during the recovery phase had a relatively stronger impact on the turnaround of the organization.	Not Supported
P3 A combination of endogenous and exogenous factors led to the performance decline of the organization.	Not Supported	P9 The repositioning strategies adopted during the decline restricting phase had an impact on the turnaround of the organization.	Not Supported
P4 The macro level (policy level) initiatives taken during the decline restricting and recovery phase had an impact on the turnaround of the organization.	Not Supported	P10 The repositioning strategies adopted during the recovery phase had an impact on the turnaround of the organization.	Partially Supported
P5 The retrenchment strategies adopted during the decline restricting phase had a relatively stronger impact on the turnaround of the organization.	Partially Supported	P11 The operational level strategies had a stronger impact on the turnaround of the organization.	Not Supported
P6 The retrenchment strategies adopted during the recovery phase had a relatively lesser impact on the turnaround of the organization.	Not Supported	P12 The strategic level initiatives had a stronger impact on the turnaround of the organization.	Supported

### 4.3.17 Recommendations for Recovery

The recommendations as made by the employees of the organization, has been assimilated through the word cloud. The main theme revolved around employee related aspects. According to the respondents, the government has a policy to safe guard the existence of public sector enterprises. However, the employees must ready their mind and develop a positive attitude to ensure the success of the organization. In order to improve the commitment and productivity of the plant level employees, they must be reprimanded if an occasion demands it. Their salary structure must be improved and brought at par with the current living expenses so that they are committed to the organization. There is absolutely no training given to the employees. The factory worker has to learn by doing and often the mistakes he make are costly. Commenting about the aging machines, the employees opined that, the ageing machinery in the factories must be replaced at least incrementally to better production. Also the need for internal meetings was harped about. Regarding the business aspect of the company; the main customer of the organization was KSEB and to increase the volume of production, the orders from KSEB are to be increased. Production must be in full swing and capacity must be utilized to the fullest. The company boasts of an important resource but totally underutilized one. It had about 47 acres of land in the Irupanam unit alone. Only a few acres of land have been used to house the present factory and other premises. The underused land could be made use for purposes that are not labor-intensive and investment oriented but continuously revenue generating. The company can think about setting up of godowns, container freight stations et cetera. It should

be however, company owned and operated, so that additional revenue can be generated. While it is important to recognize and align the business strategies to match the reasons for decline, the company has the potential for prospective growth, which should not be undermined.

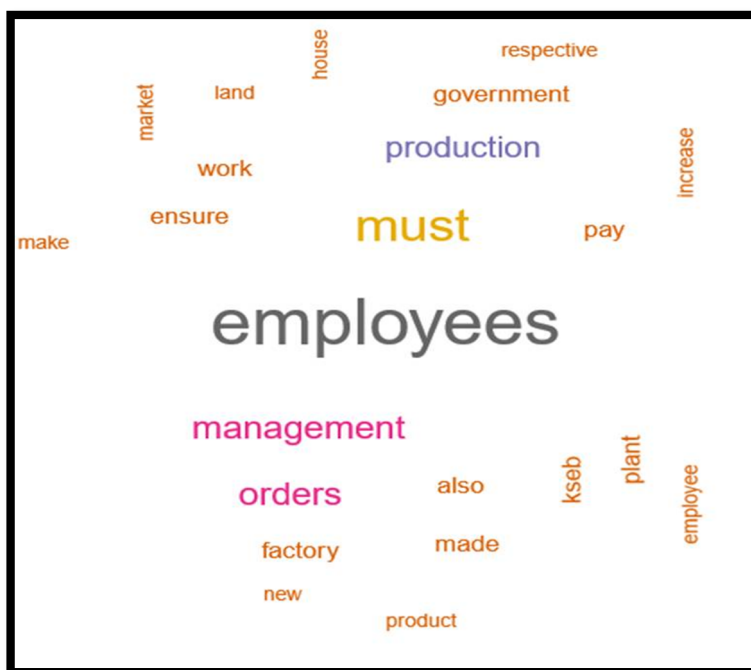


Figure 4.3.21: Recommendations – Word Cloud

.....❧.....



---

---

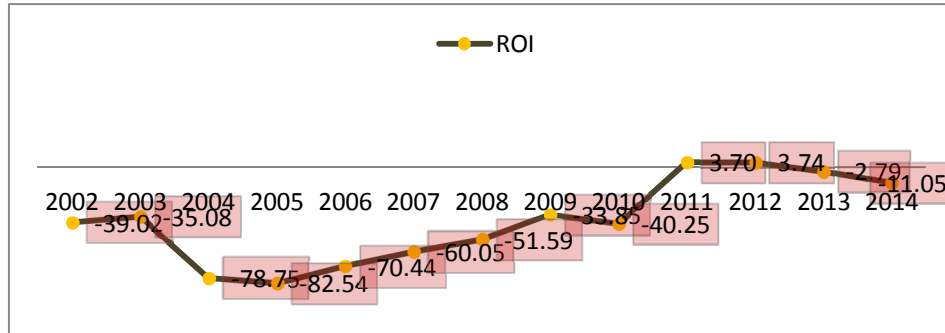
## THE BUNGLED PILL (Case D)

---

---

### 4.4.1 About the Company

Established in the year 1974, this sole state owned medicine manufacturer in the state has been a prominent name in the pharmaceutical industry. “Cure for All” being its mission, the company manufactures essential and critical drugs for the State Health Departments. Wholly State owned, the company’s major customer is Kerala State Medical Service Corporation (KMSCL), and major products include, Amoxyllin Capsules, Tablets (e.g.: Azithromycin, Folic Acid, Ibuprofen, Norfloxacin, Paracetamol, Salbutamol etc), Liquids (e.g.: Benzyl Benzoate Application Bottle, Cephalexin Oral Suspension (Dry) Bottle), Dry Powders (e.g.: ORS Packets WHO Formula, Purified Talc Packet) etc. Helmed by 14 Board of Directors, including the Managing Director, the company had 106 employees at the managerial staff and workmen level. Due to ill-conceived and mismanaged projects, the company had been facing a period of acute decline as the disastrous ROI patterns show (Figure 4.4.1). However, through strong intervention from the government, the company was starting to show signals of recovery, as it turned around during 2011-12 period.



**Figure 4.4.1:** Return on Investment (2002-14)

#### 4.4.2 Industry Profile

India is unquestionably the world's largest manufacturer of generic drugs. Having a market size of \$33 billion, it is poised for a year on year growth of 22.4% in the 2014-2020 period (IBEF, 2017). The biggest advantage of the Indian pharmaceutical industry is robust innovation capabilities and structural cost benefits (FICCI, 2018), and the biggest opportunity being the expansive population of India, which lets multinationals and local manufactures to co-exist (KPMG, 2006). Challenges in the form of emerging regulatory environment, alternate means of doctor engagement etc poses the challenges for the industry (FICCI, 2018).

#### 4.4.3 Sources of Evidence

The three sources of evidences was collected from the Administration Block and Formulation Plant of the company located in Alappuzha district, Kerala after getting prior permission from the Managing Director of the firm. The period of data collection spanned from 30/08/2016 to 9/09/2016. The open ended interviews were conducted with eight prominent members of the organizations and included three members of

the available top management team, three senior most employees and two union representatives. The average experience of the respondents was approximately 24 years, making their accounts of events laden with veracity (respondent details given in appendix to chapter 4.IV, p.452). The interviews were conducted with prior permissions and lasted anywhere between one to two hours. Since the inclusion criteria stipulated employees of permanent nature with minimum five years of experience to be included in the formal survey, there were only 22 employees who satisfied these criteria. The other employees were either contract employees or in case of permanent employees, were new joiners. A census survey of the eligible 22 employees was done. Finally as documentary evidence, original annual reports for the period 2001-02 to 2013-14 were collected and as instructed by the company, returned after making copies.

#### **4.4.4 Open Ended Interviews - Reasons for Performance Decline**

To the written up, edited field notes, codes from the start list was assigned and further emergent codes were applied. There was only one emergent code that evolved for this case, and the code and its operational definition is given in Table 4.4.1.

**Table 4.4.1:** Emergent Code and Operational Definition

<b>Emergent Code</b>	<b>Parent Code</b>	<b>Operational Definition</b>
Vitamin A Plant	PD/Endogenous	The setting up of a Vitamin A plant by the company which was touted to have huge potential market, but suffered from a very complicated long winding process which ultimately became a failure affecting the company's performance for years.

#### 4.4.4.1 Inter Coder Agreeability

Once all the codes were assigned, the inter coder agreeability was ascertained. The Table 4.4.2 shows the KALPHA values of individual codes and overall reliability. All the codes assigned for the reasons for decline, had a KALPHA score of 0.7 or above and an overall score 0.852 indicating validity of the constructs.

**Table 4.4.2:** Inter coder Agreeability (KALPHA) values for Codes assigned to decline reasons

<b>CODE</b>	<b>PERCENT</b>	<b>ALPHA</b>
Competition	100.0%	1.000
Delay in Project Approval and Funding	96.2%	0.750
Employee Attitude	100.0%	1.000
Lack of Governmental Support	96.4%	0.869
Lack of Long Term Planning	96.4%	0.838
Lack of Organizational Slack	93.1%	0.813
Management Weakness	100.0%	1.000
Manpower Shortage	100.0%	1.000
Obsolete Technology and Aging Machines	100.0%	1.000
Political Interference	100.0%	1.000
Valued Employees' Turnover	96.2%	0.750
Vitamin A Plant	98.2%	0.942
<b>TOTAL</b>	<b>97.9%</b>	<b>0.852</b>

#### 4.4.4.2 Code Frequency

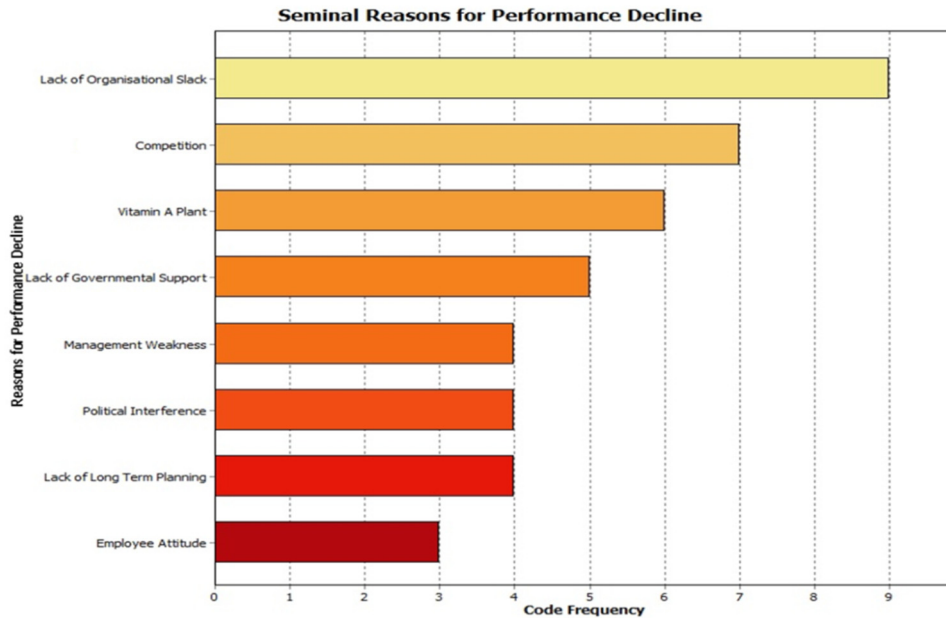
Once the codes were assigned and the validity and reliability of the codes were ensured, the codes were subjected to code frequency analysis. The code frequency table (Table 4.4.3), show codes that were repeated the most, and hence formative reasons for performance decline. Barring the



last four codes for low frequency, the remaining codes are graphically displayed in the horizontal chart as well (Figure 4.4.2).

**Table 4.4.3:** Coding Frequency (Reasons for Performance Decline)

Category	Code	Count	% Codes	Cases	% Cases
Endogenous	Lack of Organizational Slack	9	11.40%	7	87.50%
Exogenous	Competition	7	8.90%	5	62.50%
Endogenous	Vitamin A Plant	6	7.60%	5	62.50%
Exogenous	Lack of Governmental Support	5	6.30%	3	37.50%
Endogenous	Management Weakness	4	5.10%	4	50.00%
Exogenous	Political Interference	4	5.10%	4	50.00%
Endogenous	Lack of Long Term Planning	4	5.10%	3	37.50%
Endogenous	Employee Attitude	3	3.80%	2	25.00%
Endogenous	Valued Employees' Turnover	2	2.50%	2	25.00%
Exogenous	Delay in Project Approval and Funding	2	2.50%	2	25.00%
Endogenous	Manpower Shortage	2	2.50%	2	25.00%
Endogenous	Obsolete Technology and Aging Machines	1	1.30%	1	12.50%



**Figure 4.4.2:** Horizontal Code Frequency Chart Showing the Reasons for Decline

It can be seen from the table and graph that the most repeated code, and hence the pertinent formative reason for decline according to the respondents, was Lack of Organizational Slack (Freq: 12, and appeared in 87.50% cases). Following it, were factors like competition (7, 62.5% cases), Vitamin A Plant (6, 62.5%), lack of governmental support (5, 37.5%). Management weakness and political interference both had a frequency of 5 and appeared in 50% of the cases each. Lack of long term planning had a frequency of 4 and appeared in 37.5% of cases. Finally employee attitude as a relevant factor had a frequency of 3 and appearance in 25% of the cases. Now, these seminal reasons for decline are explained in detail to understand the events and factors that led this organization to performance decline.

The most pertinent reason as indicated by the respondents was the **lack of slack** in the organization. The absence of adequate turnover to cover the burgeoning fixed expenses, and also the irregularity in payment by the major customer of the company (another government institution), all contributed to this lack of slack. However the crucial problem was the presence of accumulated losses, which the company had been writing off during the past ten years. Therefore, even if the company was able to make operating profits, the net situation became red owing to the accumulated losses.

**Competition** was the second major factor that was touted to be a decisive reason for performance decline. The company being the only government owned pharmaceutical manufacturer in state, used to enjoy near monopoly in supply of generic medicines to the State Health department. In 2007, a centrally functioning purchase and sourcing agency started, changing the system to tenders, and fierce price competition ensued. Till then while the company got price preference to the tune of 15%, now it was close to nil. The competition was so stiff that the, private players undercut the prices grossly. For example, when the company quoted 25 paise for paracetamol, the competitors quoted 15 paise. In such a scenario the company was forced to sell at 15 paise because it was the lowest quote as per the government's central purchase committee policy. Due to economies of scale and huge volumes, this did not prove to be a dampener for the competitors. However due to high input costs, the company could not afford to reduce prices to this extent. The firm could not also compete with the multinational corporations, as, their per unit costs were much less, and they had substantial market share in the prescription market.

One of the major reasons for the company's performance decline was the **Vitamin A plant**, which was a visionary but not a well thought out, ambitious project. Vitamin A was a basic drug used for formulation of other vital drugs. The plant set up in 1982-83 using technical inputs from M/S Roche Products, had faced three major stumbling blocks. The first; it was a 15 stage chemical process and ensuring success in each stage was a huge challenge. Each step's output was the input for the next step. It took one month to get the final end product. It was a process oriented production, and there was no continuous batches produced. The second issue was the lack of raw material. The raw material used for production was lemon grass oil and was sourced from Wayanad, Kerala. Lemon grass oil had a good export market and the producers found it more beneficial to export, than to sell it as raw material for drug houses in the state. The only solution to this raw material crunch was to import the raw material, which was close to impossible. The third impediment was that, globally, vitamin A became cheaper and the very product manufactured ceased to have a sizeable market. Heavy investments were made in the plant and in procuring raw materials, but due to the non-success of the process and the fall in prices of the product, the plant and the product, became obsolete. Finally it was closed down in 2004, however contributing accumulated losses for the company.

**Management Weakness** was the next reason cited. According to the respondents, the management, to include the Board of Directors was inefficient and weak. Especially the Board, who were political appointees, did not have any expertise in the field, which made them incompetent leaders and poor ultimate decision makers. Vitamin A plant was the

example cited repeatedly to suggest management weakness. They felt that the incompetency and inefficiency of the management was reflected in taking up a non viable project and not even trying hard enough to make it successful. The respondents cited that the decisions were lagged, which led to the inability in capturing markets.

The next factor cited as a formative reason was **Political Interference**. It was interesting but intimidating to note that, a change in the ruling party in the state determined the volume of business that the company did. Each government has a unique drug policy, which was reflective of their party policy. While one party had a protectionist attitude, the other had a cataclysmic attitude. However, the very volume of business to be dependent on the political party at the helm of a state was a major impediment to the progress of the company, and a pertinent factor that led it to decline.

The next pertinent factor discussed was **lack of governmental support**. The company did not have any open market deals and its singular customer was the government. And this meant that, the government policy assumed a huge role in the very existence of the company. If the government's requirement of medicines were sourced from the company it would have been highly profitable, however that was not the scenario. For example, in the year 2013-14, out of the 250 crores of orders given out by KMXXX, only ₹ 13 crores was given to the company (only a meager 5.2% of the total order size).

**Lack of long term planning** was the next factor mentioned by the respondents. Lack of planning was reflected in the conceiving and implementation of projects by the firm. The operational aspects of

functioning too suffered from this lack of planning. For example, the employees opined that the budgeting was just a projection exercise by the finance department with minimum input from other departments.

The final pertinent factor that had a bearing on the performance decline of the company was the **employee attitude**. According to the respondents, the attitude of the employees were detrimental to the organization and negative workplace behaviors like giving vigilance cases against the company and giving false news that got misreported in papers to tarnish the image of the firm etc has taken place. Moreover, the respondents feel the employees had no commitment and also there was an acute lack of knowledge which makes them resist new projects. The implicit perception of political support, added to the incompetence of employees. Conclusively, employee attitude had also been an important reason for performance decline.

Now that the decisive reasons for performance decline have been understood in detail, the underlying patterns if any, was assessed next.

#### **4.4.4.3 Code Co-occurrence and 2D Map**

As the co-occurrence table (Table 4.4.4) and the 2D map (Figure 4.4.3) shows, there were some underlying patterns of these factors (reasons), which are explicated now. Multidimensional scaling and clustering done on the codes, result in the similarity matrix (showing how often the codes occur jointly), and the also the two dimensional concept map, which visually represents the clusters formed and the association strengths of the same. Though there were two clusters formed, the major one being red, is disjoint and for a good reason. As is evident, management weakness and

lack of long term planning had the strongest similarity index of 0.67, showing that the factors were mentioned concomitantly, also indicating how lack of long term planning and management weakness had a symmetrical relationship. Lack of long term planning could have made the management weak; on the other hand, a weak management could have failed to do long term planning. Again lack of organizational slack was analogously mentioned with management weakness (0.40 similarity index score). This registered the fact that, the ineptitude of management certainly reflected in sketchy levels of slack.

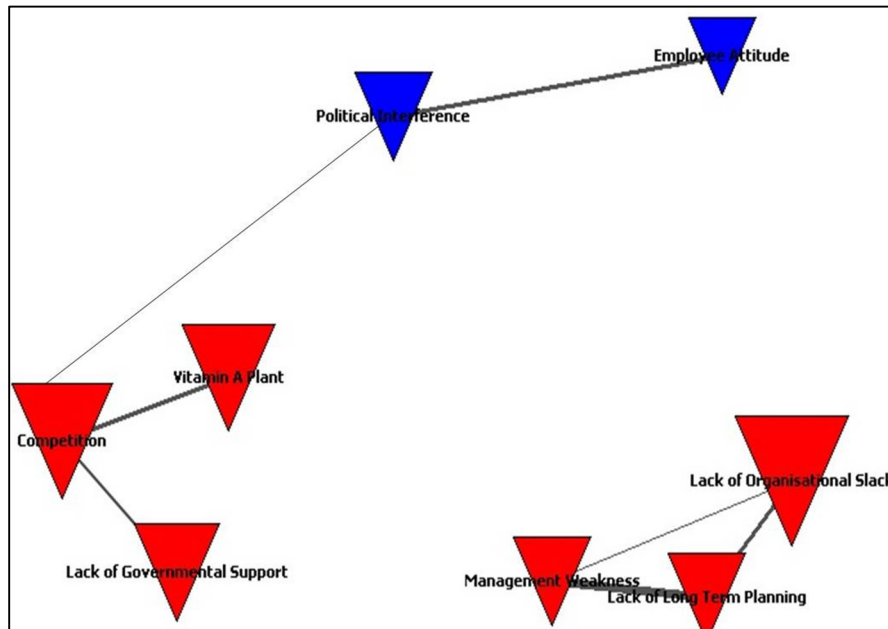
The same cluster had a disjoint segment. Competition, being the central factor here, had co-occurrence with Vitamin A plant and lack of governmental support. Competition had a major role to play in the downfall of Vitamin A plant, both in terms of heightened competition and subsequent increase and decrease in demand for the raw material and end product respectively, as mentioned in the previous paragraphs. The lack of governmental support in protecting the market for the company's products, and forcing it to undercut prices owing to the contrived presence of private players in the bidding process, justified the co-occurrence of the codes.

The second and final cluster, blue in color, shows two factors and its relationship. The employee attitude had a relatively high similarity index of 0.50 with political interference. This reveals the implicit political support that employee perceives, is in fact tenacious. It is on the basis of this support, they exhibited unfavorable work place behaviors. Finally political interference was also associated with competition (0.40). This co-occurrence had explanation again in the fact that, the drug policy of

every government was a reflection of the political party, and the heightened role of private players in the context was ultimately a political decision. Once the underlying patterns were identified and reasoned, the coding by variable analysis was attempted.

**Table 4.4.4:** Similarity Matrix of Codes Assigned

Reasons for Performance Decline	EA	LGS	LLTP	LOS	MW	PI	Com
Employee Attitude	1						
Lack of Governmental Support	0	1					
Lack of Long Term Planning	0	0.25	1				
Lack of Organizational Slack	0	0.14	0.5	1			
Management Weakness	0	0.3	0.67	0.4	1		
Political Interference	0.5	0.18	0	0.1	0.1	1	
Competition	0.07	0.43	0.06	0.2	0.2	0.45	1
Vitamin A Plant	0	0.21	0	0.2	0.2	0.33	0.46



**Figure 4.4.3:** 2D Map Showing clusters of grouped Reasons for Performance Decline



#### **4.4.4.4 Coding By Variable**

Once the formative reasons for decline and its latent patterns were analyzed, it would be beneficial to see the sources of these citations, to cement the veracity of the reasons. For this purpose, the reasons (codes) are pitched against the independent categorical variable (departments) and the graphical representation of the cross tab results is presented in the bubble chart (Figure 4.4.4). As can be seen, competition as a decisive reason for decline was mentioned by members belonging to almost all the departments. However, majority of the responses came from the marketing and quality control (QC) departments (57.2%), represented by bubbles of relatively bigger diameter. Lack of organizational slack was mentioned by members belonging to almost all the departments (11.1% each) but was the prominent concern of the Finance department respondents (33.3%), which is natural due to the fact that they were the ones responsible for managing the finances of the firm, and felt the pinch of lack of slack the most. Lack of governmental support was mentioned by largely members belonging to the production and marketing departments (40% each), as both these departments faced the direct implications of non-support, in the form of limited orders and heightened competition. Political interference as a contributing factor to decline was cited by employees belonging to four departments namely, Purchase, Engineering and Project, Marketing and QC (25% each). Political influence at the employee level, was reflected in the Engineering and Project and QC responses, as they directly dealt with employee attitude, while Purchase and Marketing, dealt with the macro level political interferences, which led the organization to grapple with limited business. The opinions on

employee attitude came mostly again from Engineering and Project (66.7%) and QC (33.3%) departments, due to their direct, everyday interaction with the employees and their detrimental attitude. Management weakness was also opined by members belonging to four departments (25% each), all of which had at one point or the other, bore the brunt of management weakness. Vitamin A plant and the decisive role it played in the decline dynamic was opined by employees of almost all the departments. The Engineering and Project (33.3%) spoke the most about it due to their first hand experience in implementing it, and direct appraisal of its flaws. Finally, lack of long term factor was mentioned the most, by the finance department (50%) and 25% each by the stores and production department respondents.

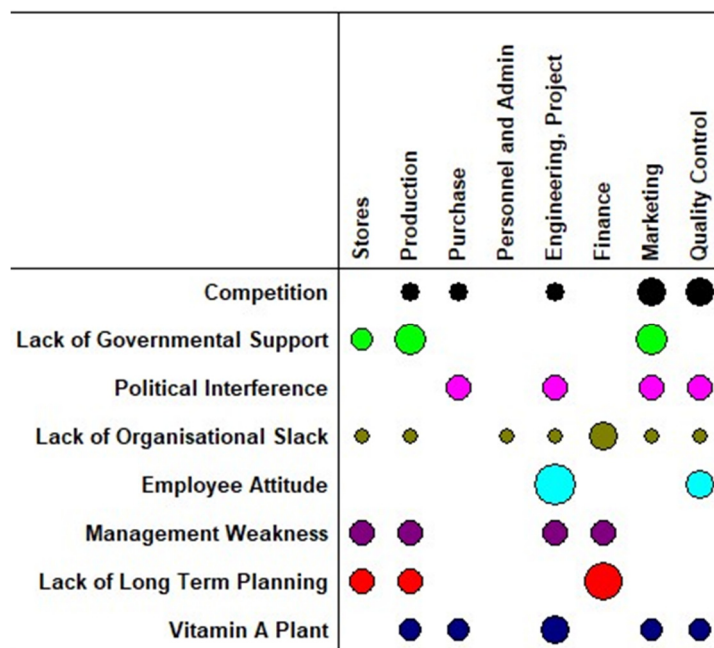
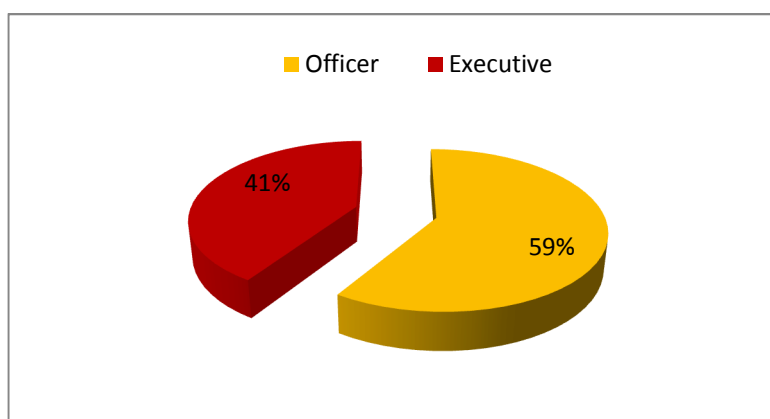


Figure 4.4.4: Bubble Plot – Reasons for Performance Decline v/s Departments

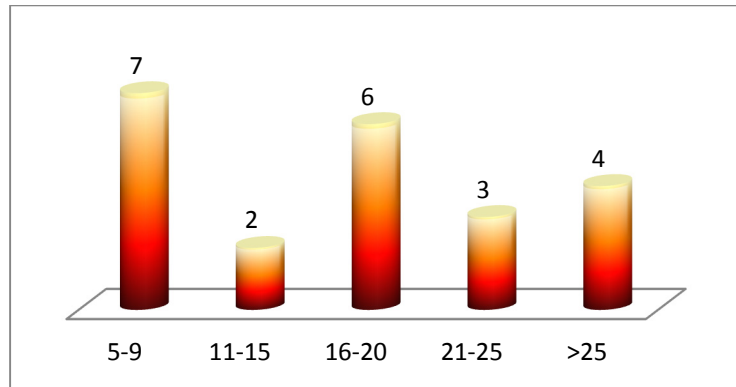
The open ended interviews were analyzed hence, for understanding the decisive reasons for performance decline. Now the other sources of evidence, namely Formal survey and Documentary Evidence are appraised.

#### **4.4.5 Formal Survey (Reasons for Performance Decline)**

The second source of evidence i.e. the formal survey conducted in the firm is now analyzed. All the 22 questionnaires were filled up and since were judged to be complete, were subjected to further analysis. The descriptive statistics shows the employee category and the experience of the employees. Figure 4.4.5 showed that majority of the respondents belonged to the officer category (59%) and the rest from the executive category (41%). Next their experience was looked at. Figure 4.4.6 shows that majority of the employees (63.63%), had an experience of 11 years and above, making them attune with decline and turnaround of the organization.



**Figure 4.4.5:** Employee Category – Formal Survey



**Figure 4.4.6:** Experience of Employees - Formal Survey

#### **4.4.5.1 Reliability, Factor Analysis and Descriptive Statistics**

Since the questionnaires were subjected to a new set of samples, reliability scores were re ascertained to ensure that it was still reliable, with an alpha score of above 0.7 for all the constructs. Like the pervious case (Case C), sample limitation imposed the use of the factor structure previously determined. The Table 4.4.5 shows the reliability and mean scores of the variables studied through the formal survey.

**Table 4.4.5:** Reliability Scores and Descriptive Statistics of the Variables studied through Formal Survey

Variable	Sub Dimensions	$\alpha$	Mean	Standard Deviation	Minimum	Maximum
Organization Commitment	Affective Commitment	0.87	3.80	1.02	2.40	6.20
	Normative Commitment	0.76	4.09	1.17		
	Continuance Commitment	0.84	4.95	0.64	3.14	5.71
Communication	Strategic Communication	0.76	3.27	1.07	1.50	6.25
	Vertical Communication	0.75	3.03	0.88	1.75	5.00
	Satisfaction with Management Responsiveness	0.83	3.06	0.80	1.67	4.67
Cultural Rigidity	Concurrence Seeking	0.70	4.93	1.42	2.00	7.00
	Group Identity	0.72	4.74	0.86	2.00	5.33
	Symptoms of Defective Decision Making	0.77	4.98	0.93	2.50	6.00
Union Commitment	Union Loyalty	0.81	3.76	1.04	2.40	5.60
	Responsibility to the Union	0.84	3.79	0.73	2.00	5.33
Internal Conflict	Conflict Norms	0.71	3.72	0.84	1.60	5.20
	Conflict Resolution	0.62	3.89	1.05	2.33	6.00
Perceived Severity of Decline		0.76	3.97	0.48	2.27	4.82

The factor which evolved from the open ended interview, which needed distinguishing evidence support from the formal survey, was employee attitude. Organization commitment levels were explicitly stated to be low for the employees of this organization. It may be noted that, the measured levels of dimensions of organization commitment was; Affective

Commitment (3.80), Normative Commitment (4.09) and Continuance Commitment (4.95). As was apparent from the mean scores, there were relatively higher levels of perceived continuance commitment, naturally so, as the cost of leaving a government job was high. The affective commitment was the lowest, which can suffice as the explanation for anti-organization behaviors like filing cases, and spreading false allegations about the company in the press etc. The aggregate impact of the deplorable commitment levels was the dysfunctional work attitude; the employees were exhibiting in the organization, which was one of the formative reasons for performance decline.

The levels of communication dimensions were looked at next. Strategic Communication (3.27), Vertical Communication (3.03) and Satisfaction with Management Responsiveness (3.06), all had poor mean scores. This was surely an indication of the inferior communication channels existing in the firm and also a reflection of the organizational processes in place. The dimensions of cultural rigidity that implied the presence of group think, were both relatively high with Concurrence Seeking having a mean score 4.93 of and Group Identity having a mean score of 4.74. This in turn connoted that the chances of defective decision making could be high, which was in fact mirrored in high mean score of 4.98 for Symptoms of Defective Decision Making. Although political interference was manifested through employee attitude, as they had an implicit perception of eternal political support, the same was not echoed in the union commitment scores. In fact, the union presence in the organization was comparatively lesser when compared to the other cases, where there were strong union leaders with stark and sharp opinions. The

meager mean scores of 3.69 and 3.76 for Union Loyalty and Responsibility to the Union was testimony to this. The conflict norms indicated to be mid way between being an open and closed one, having a mean score of 3.72. While the conflict resolution score was also not encouraging at 3.89, this could have been the reason why there was fragmented commitment which could have been repaired through effective communication. Finally, Perceived Severity of Decline was measured and appalling enough, the employees had perceived the severity to be low, distant from the reality (3.97).

The results of the formal survey concludes by finding supporting evidence for employee attitude through organization commitment scores and also be putting in perspective the alarming levels of other variables in the organization which needs cursory attention.

#### **4.4.6 Documentary Evidence (Reasons for Performance Decline)**

Now that the evidences from the first two sources were analyzed, corroboratory evidences were explored through the third source, namely documentary evidence. The annual reports for the period 2002-2014, have been analyzed to unearth financial and non financial data to support the findings from the previous cases and also to add new relevant findings. The foremost reason cited for the performance decline was lack of organizational slack. To confirm its veracity, the time series representation of the three forms of slack values; namely available, recoverable and potential is espoused now. The available slack was calculated using the current ratio and as Figure 4.4.7 shows, the current ratio had been in the range of 0.99 - 0.17, averaging at 0.43, which was in tune with the industry

average, of comparable private sector competitors. Next, the recoverable clack, which is calculated as SGA/Sales was looked at. The ability of the management to convert the selling, general and administration costs to sales and the presence of excess cost planted as resources in the firm was estimated here. While a low ratio indicates inefficiency of the management to convert the expenses to sales, a high ratio is also deemed to be dangerous, as it shows the over allocation of resources. Barring 2004-05, where the ratio was erratic at 190.50. This was because in 2004, after the Vitamin A plant was shut down, there was a period of uncertainty and the company had minimal orders and was facing employee unrest. While the selling expenses came down by 95%, the administration expenses shot up by a whopping 423%, due to the VRS which was executed in the year with 163 employees leaving the organization. The administration expenses shot up from 2 crores to 13 crores that year. Additionally, the year also saw the reduction of sales by nearly 97%, all of which contributed to such a high SGA/Sales figure. Next the debt equity and interest coverage ratio trend, which signals the potential slack, was looked at. The debt situation of the company was acutely dire, as was evident from the Figure 4.4.9. While the paid up capital has remained at a meager 9 crores, the debt had gone as high as 98 crores, showing the appalling situation and near bankruptcy levels of the company. An attempt to reduce the debt has been done as part of turnaround (2011), which led to a decrease, however way beyond the acceptable range. The interest coverage ratio of the firm has remained at the negative levels throughout the period 2002-2010, indicating that the company's earnings could not even cover the interest burden, exposing the deplorable financial condition of the firm. The findings of the open ended



interview that lack of slack was indeed the gravest of the reason for the organizational decline was proven hence.

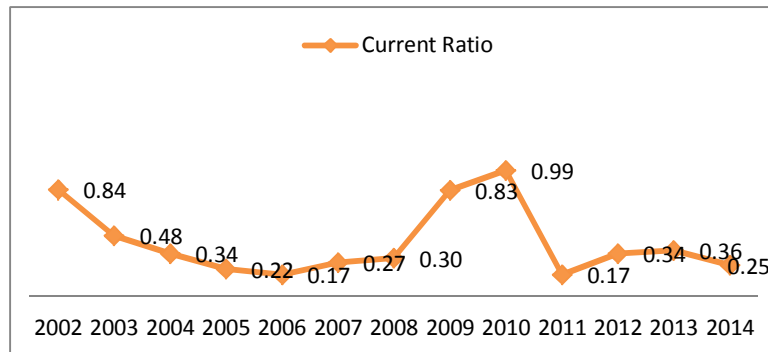


Figure 4.4.7: Available Slack (2002-2014)

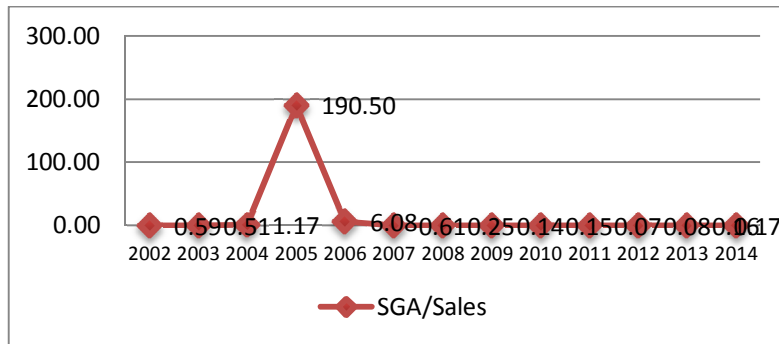


Figure 4.4.8: Recoverable Slack (2002-2014)

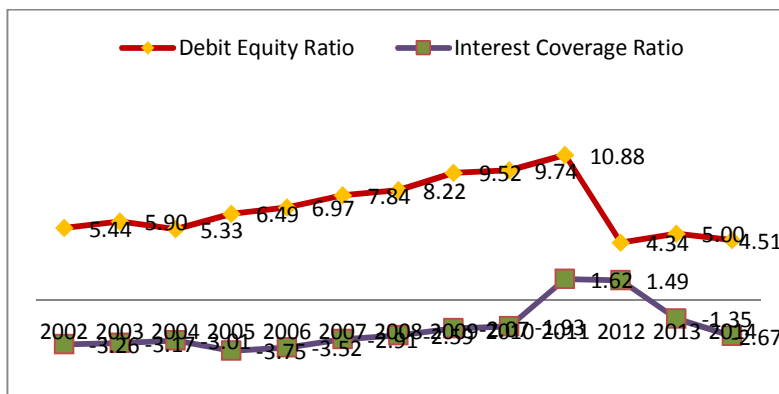


Figure 4.4.9: Potential Slack (2002-2014)

For some of the factors that led to decline, as per the interviews, explicit statements are cited from the annual reports. An instance of management weakness and lack of planning was cited as below:

*“During the year, the company had received an order from the Directorate of Health Services, Government of Kerala for supply of medicines worth ₹ 250 lakhs, on the condition that the entire order should be executed before 31-03-2006, otherwise liquidated damages of 10% will be deducted from the bills. But, the company could execute orders only for ₹ 23.78 lakhs upto the target date.”*

The incident throws light on the weakness of management and its inefficiency in executing an order, which was commonplace business for them. Also inability of the firm to utilize the dilapidated Vitamin A plant, which was observed during the site visit, was yet another testimony to this fact. Lack of governmental support was conceived as lack of orders from them and in years 2012 and 2013, it was explicitly mentioned in the annual reports as under, also showing the presence of competition:

*‘The loss is due to the lack of orders from KMSCL as in the previous years. The supply of the company is almost wholly to KMSCL.’ (2012-2013)*

*“Lack of adequate orders from KMSCL has also been a contributing factor to this loss”. (2013-14)*

Another instance of lack of governmental support has been sighted when in the annual report of 2007-08 a statement that, “Rs. 30 lakhs as advance from Government of Kerala, which is long pending and has not been confirmed yet” was reported.

The political interference in the decline dynamic had been predominantly seen in the drug policy followed by the government. The Figure 4.4.10 depicts the sales turnover, over the period under study and the two color tones show the different parties ruling the state (Yellow rule 2002-05, Red rule 2007-2011 and back to Yellow 2012-14). As is quite evident when the party with the protectionist approach comes to the power, there is a clear tilt in the drug purchase policy in favor of the company, whereas there is plunge in turnover when the other party rules, corroborating the findings of the open ended interviews.

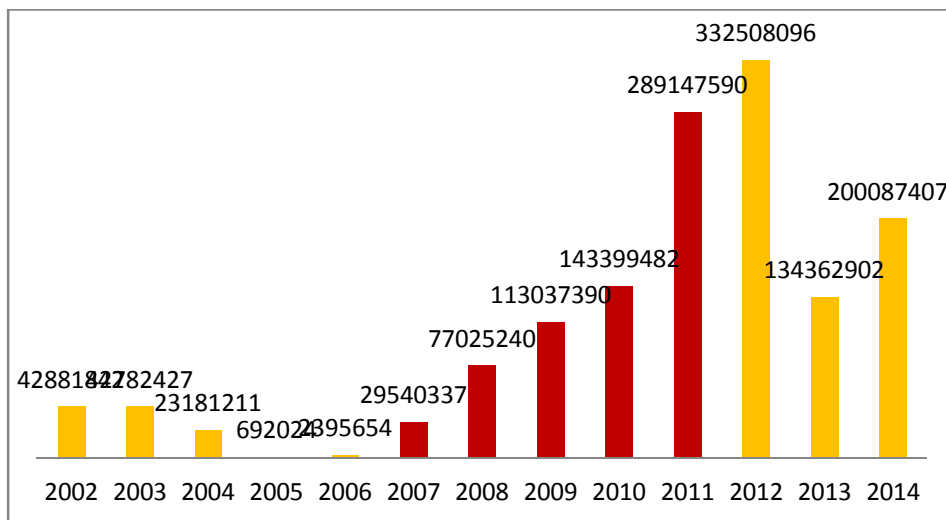


Figure 4.4.10: Sales Turnover Based on Drug Policy

Scanning through the annual reports, the presence of a variable not cited in the open ended interviews was noted, and due to its criticality, was further analyzed. Annual reports 2008-09 and 2009-10, spoke about input cost increase as a reason for the performance decline of the firm. Consequently the input cost analysis was done, and as is

evident from the graph, raw material has been the most significant component of input costs forming on an average 54.8% of the total cost, going as high as 61.31% in 2011-12. The salary component forms 25.05% on average, while the interest component a substantial 30.45%, which saw a reduction after 2012.

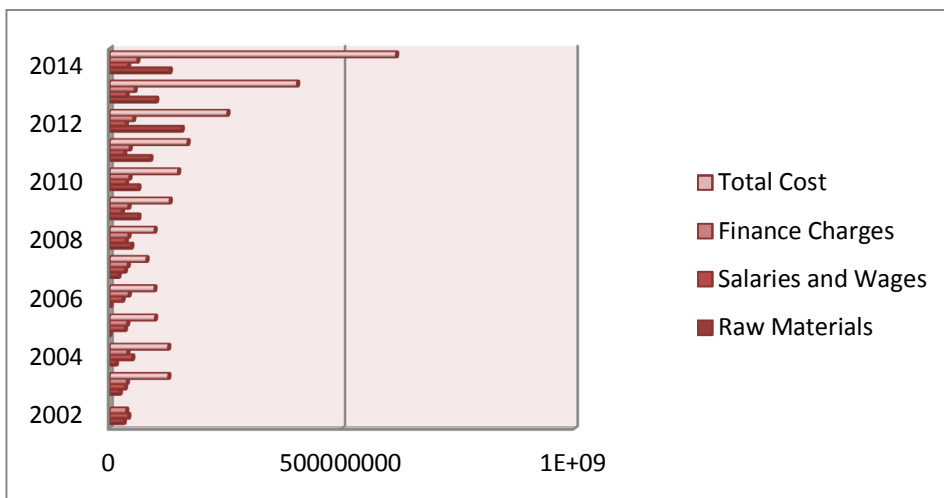


Figure 4.4.11: Input Cost Analysis (2002-14)

All the sources of evidence were now analyzed to form conclusive findings of the critical factors that contributed of performance decline. The chain of evidence, effect matrix and causal network will consolidate the findings.

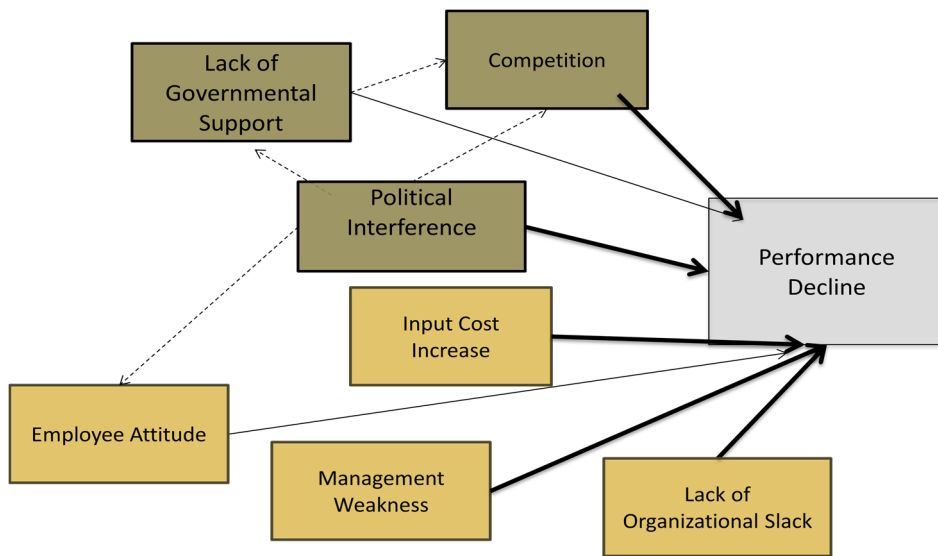
#### 4.4.7 Building the Chain of Evidence, Causal Network and Effect Matrix

The chain of evidence, which attempts to summarize the findings from the three sources and judge its veracity, to be eligible for further analysis is done through Table 4.4.6.

Table 4.4.6: Summarizing Evidences – Building the Chain of Evidence

Reasons	Evidence			Effect on Performance Decline	Inclusion Decision
	Open Ended Interviews	Documentary Evidence	Formal Survey		
<b>Lack of Organizational Slack</b>	Mentioned in 87.5% cases	Dire situation of Available, Recoverable and Potential Slack (Ratio Analysis from Annual Report)	N.A	Positive	Y
<b>Management Weakness</b> (Vitamin A Plant & Instances of Lack of long term planning )	Appears in 62.5% Cases.	Explicit Mention in the Annual Reports	N.A	Positive	Y
<b>Competition</b>	Mentioned in 62.5% cases	Explicit Mention in the Annual Reports	N.A	Positive	Y
<b>Political Interference</b>	Mentioned in 50% cases	Turnover trend	N.A	Positive	Y
<b>Lack of Governmental Support</b>	Mentioned in 37.5% cases	Explicit and Implicit mention in the annual report	N.A	Positive	Y
<b>Input Cost Increase</b>		Explicit mention in annual reports. Input cost Analysis	N.A	Positive	Y
<b>Employee Attitude</b>	Mentioned in 25% cases	N.A	Low Affective and Normative Org Comm	Positive	Y

As was evident from the chain of evidence, almost all the factors that emerged out of the open ended interview had supporting evidences, from a minimum of one other source, except for Input Cost Increase. It being mentioned explicitly in the annual reports and having solid, financial analysis evidence to back, was considered legitimate and hence included in the final tally of factors. Of the seven factors that had an impact on the performance decline, four were endogenous, while the other three exogenous in nature. To understand the strength of the relationships between the reasons and decline and additionally to analyze its chronology, the causal network is developed.



**Figure 4.4.12:** Causal Network (Decisive, Evidenced Reasons for Decline)

As the causal network (Figure 4.4.12) reveals, factors that had the direct, relatively strongest impact on performance decline was lack of organizational slack, management weakness, political interference, input cost increase, and competition. In impact too there was dominance of

endogenous factors. With the financial situation being dire, accentuated by lack of potential slack and spiraling input costs, the company was pushed to decline. Management weakness manifested through incompetent decision making and no commitment to strategy implementation, political interference determining the very turnover of the company in a market, where the competition from private players was escalating, all contributed substantially to performance decline. Lack of governmental support, and employee attitude, exogenous and endogenous respectively, had direct impact on the turnaround, but was not as strong as the other factors mentioned. Finally, the interconnections (represented by the dotted lines) were looked at. Political interference had a bearing on many other constructs like lack of governmental support, competition and employee attitude. The determination of drug policy at the government level and also the division of the state health department's requirements among competition, all, had a political undertone to it and hence the interconnection. Also the unspoken knowledge and sense of security of political backing had a bearing on the employee attitude, giving them an inflated sense of security leading to negative workplace behaviors. Now that the reasons for decline have been put in perspective, the decline analysis concludes by developing the effect matrix. The Effect matrix (Table 4.4.7), reveals that, the endogenous factors that were immediate and had a high impact on the decline, were marginally higher than the exogenous factors that were immediate and had high impact. It could be concluded hence that, though the reason for decline were a mix of endogenous and exogenous factors though there was a dominance of endogenous factors in number and strength.

**Table 4.4.7:** Effect Matrix (Reasons for Performance Decline)

<b>Endogenous Reasons</b>	<b>Immediate v/s Distant</b>	<b>Effect on PD</b>	<b>Exogenous Reasons</b>	<b>Immediate v/s Distant</b>	<b>Effect on PD</b>
Lack of Organizational Slack	Immediate	High	Competition	Immediate	High
Management Weakness (Vitamin A Plant and Lack of Long term planning )	Immediate	High	Political Interference	Immediate	High
Input Cost Increase	Immediate	High	Lack of Governmental Support	Distant	Mod
Employee Attitude	Distant	Low			

#### 4.4.8 Turnaround Analysis

The turnaround analysis was now undertaken. Evidences from the three sources namely, open ended interviews, formal survey and documentary evidence was analyzed to get a conclusive idea about the turnaround strategies undertaken and its effect on the turnaround and its sustainability.

#### 4.4.9 Open Ended Interviews (Turnaround Initiatives)

Before the code frequency and coding by variable analysis was carried out, the inter-coder agreeability of the codes assigned to the turnaround initiatives was ascertained. As can be seen from the Table 4.4.8, the Kalpha values for the codes assigned and the overall reliability



(0.928) was above 0.7, indicating the validity of operational definitions of all the constructs.

**Table 4.4.8:** Inter-coder Agreeability of Turnaround Attempt Codes

<b>CODE</b>	<b>PERCENT</b>	<b>ALPHA</b>
Employment Freeze	100.0%	1.000
E-Tendering	100.0%	1.000
M.D. Initiatives	100.0%	1.000
Macro Level Initiatives	100.0%	1.000
Market Expansion	100.0%	1.000
Product Expansion	90.9%	0.822
VRS Scheme	100.0%	1.000
<b>TOTAL</b>	<b>98.3%</b>	<b>0.928</b>

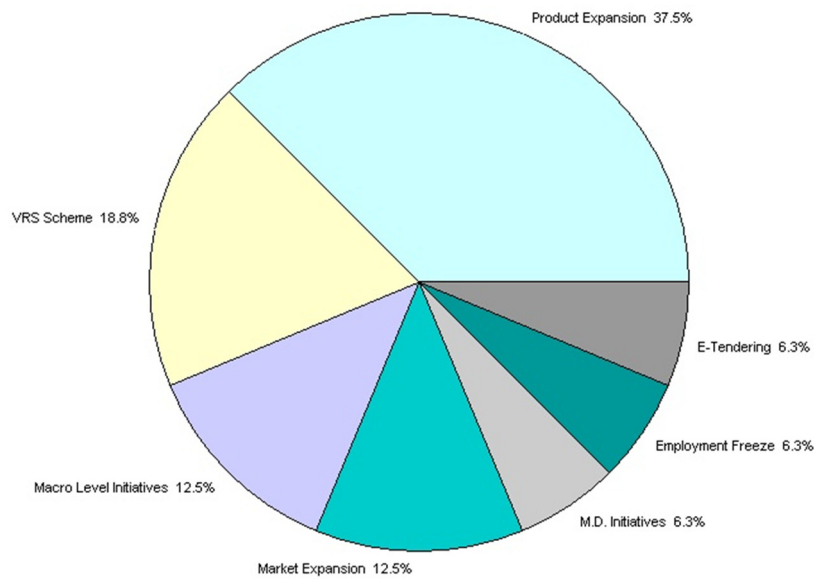
#### **4.4.9.1 Code Frequency**

Table 4.4.9, shows the frequency of the codes assigned the turnaround initiatives. According to the respondents, and most used strategy was product expansion which was repositioning in nature (Freq-4, appearance in 50% cases). The next predominant strategy adopted by the company to affect turnaround was, the voluntary retirement scheme, reorganization in nature (Freq-3, appearance in 37.5% cases). The next two strategies adopted had the same frequency (2), and was mentioned in 25% of the cases. Macro level initiatives and market expansion were these strategies. The next three strategies were mentioned only once during the interview. However due to its relevance in the bigger scheme of things and also because of the possibility of finding supporting evidence to other sources, these strategies, namely CEO initiative's, employment freeze and

e-tendering were considered for further analysis. The Figure 4.4.13 depicts the frequency table in a pie chart form.

**Table 4.4.9:** Code Frequency Table (TA Initiatives)

Category	Code	Count	% Codes	Cases	% Cases
Repositioning	Product Expansion	6	7.60%	4	50.00%
Reorganization	VRS Scheme	3	3.80%	3	37.50%
Macro Level	Macro Level Initiatives	2	2.50%	2	25.00%
Repositioning	Market Expansion	2	2.50%	2	25.00%
Reorganization	M.D. Initiatives	1	1.30%	1	12.50%
Retrenchment	Employment Freeze	1	1.30%	1	12.50%
Reorganization	E-Tendering	1	1.30%	1	12.50%

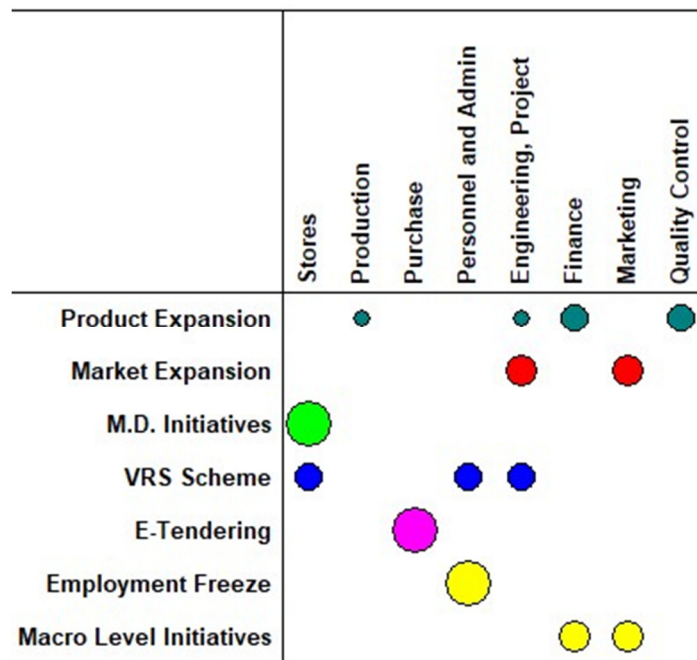


**Figure 4.4.13:** Pie Chart Showing the Code Frequency of Turnaround Initiatives

Now, the strategies adopted, are described in element. To facilitate the turnaround, and improve the turnover of the firm, the company envisaged to diversify into products such as beta-lactam and injections. New plants had been set up exclusively for the production of the same. Moreover, the company also decided to set up a NABL accredited lab, which could help in containing quality checks costs for the company and also be an additional source of revenue, as the services of the lab could be made available to outside customers. The next predominant strategy, according to the employees was voluntary retirement scheme. Introduced in the year 2003, it was primarily intended for the vitamin A plant employees, which had been wound up in the same year. However, 163 employees made use of this VRS, draining the technical talent of the firm. The macro level initiatives taken by the government also aided the company to turnaround, according to the employees. Price support and financial aids were the macro level initiatives taken in favor of the company. Market expansion, was attempted by the company, due to the constrained orders KMXXX were giving them. Health departments of state like Andhra Pradesh and Telegana, were approached for orders and was well received. The major initiative taken by the managing director was the installation of two new machines in the factory, on which the entire production of the company was hinging on presently. Employment freeze was actualized by leaving the retirement posts vacant and by not appointing fresh recruits. E-tendering, as a reorganization procedural measure was also introduced.

### 4.4.9.2 Coding by Variable

The coding by variable was done between the codes assigned for turnaround initiatives and the departments of the company, to see and understand the source of the responses (Figure 4.4.14).



**Figure 4.4.14:** Coding by Variable – Turnaround Initiatives

Product expansion as a turnaround strategy was dominantly mentioned by the members of the finance and quality control department (33.3% each). The members from the production and engineering and project departments also spoke about product expansion (16.7% each). The VRS scheme was cited by members of three departments, namely personal and administration, engineering and project and also stores (33.3% each). The macro level initiatives as a turnaround strategy was

quoted by the members belonging to the finance and marketing departments alone (50% each), as financial aid and price support were the benefits directly dealt by these two departments. Market expansion on the other hand, as a considerable turnaround strategy was mentioned by members of only two departments, namely engineering and project and marketing. This was rightly so, because the market expansion was relatively recent strategy, the chances of the other respondents knowing being limited. M.D initiatives, employment freeze, and e-tendering as turnaround strategies, were mentioned only by members of singular departments, namely stores, personnel and administration, and purchase respectively.

The evidence from the open-ended interviews has been analyzed and collated, exposing the dearth of effective, pointed strategies that would have aided the company. The next section deals with the extent of implementation of generic strategies in the firm, analyzed through the formal survey.

#### **4.4.10 Formal Survey (Turnaround Initiatives)**

The formal survey conducted to gauge the extent of generic strategy implementation in the company, has been analyzed now. Due to the sample limitations, the factor structure established through the first two cases are maintained here as well. As is evident from the table, the employees perceived that cost retrenchment (3.79) was relatively adopted to a greater extent than asset retrenchment (2.72) as retrenchment strategies. Reviewing the core, the employees felt, was the most adopted strategy in comparison to all others. A relatively high mean score of 4.39 echoed

this. Reviewing the core was closely followed by another repositioning strategy, namely innovative market offers with a mean score of 4.05. Reorganization measures were perceived to be the least adopted, with leadership strategies having a deprived mean score of 3.50, culture related strategies having a marginally better mean score of 3.76 and structure and process related strategies having an extent of implementation mean score of 3.57. The extent of implementation of generic strategies was more or less analogous with the strategies mentioned through the open ended interviews. The next section analyses the third source of evidence, i.e. documentary evidence to find corroborations for the findings from the other sources.

**Table 4.4.10:** Reliability, and Descriptive Statistics of Dimensions of Retrenchment, Repositioning and Reorganization Strategies

Construct/Factor Name	Reliability Score	Mean	Standard Deviation
<b>Retrenchment Strategies</b>			
Cost Retrenchment	0.71	<b>3.79</b>	1.06
Asset Retrenchment	0.89	<b>2.72</b>	1.27
<b>Repositioning Strategies</b>			
Innovative Market Offers	0.91	<b>4.05</b>	1.16
Reviewing Core	0.87	<b>4.39</b>	0.87
<b>Reorganization Strategies</b>			
Leadership	0.78	<b>4.12</b>	1.32
Culture	0.84	<b>3.63</b>	1.06
Structure and Process	0.75	<b>3.95</b>	0.98

#### **4.4.11 Documentary Evidence (Turnaround Initiatives)**

The annual reports spanning through 2002-2014, were critically analyzed to unearth the turnaround strategies adopted by the firm during the decline and turnaround phases. Before the supporting evidence of the strategies mentioned above are looked at, some generic retrenchment measures and its existence in the firm was ascertained. The short term asset retrenchment Table in Appendix to Chapter 4.IV (p.454) showed a reduction in short term assets to the tune of -30.66%, - 24.14%, - 25.52%, - 19.05% from 2003 to 2006 respectively. During the years 2003 to 2006, this was predominantly caused by a reduction in the inventory, sometimes as much as 47%. The period 2003 to 2006 marked, a time in the history of the company which was marred by bad business, threat of bankruptcy and employee unrest. Due to this very reason, the reductions in short term assets during the period cannot be considered as a deliberate attempt by the company. The next two instances of short-term asset retrenchment were seen during 2011 and 2014 at -27.69% and -29.6% respectively. The short term asset retrenchment in 2011, coincided with the turnaround year, and hence was considered a deliberate and legitimate attempt to reduce cost and improve the profitability position of the company. Although the short term asset retrenchment attempted in 2014 was legitimate, it could not be translated to turnaround success. A reduction in the gross block values of long term assets were looked at for the time period under study Table in Appendix to Chapter 4.IV (p.455), to assess if long term assets were sold to generate funds and aid turnaround. It may be noted that long term asset retrenchment was reflected only during one year, 2010, and that too an inconsequential - 0.54%. Next, the total cost retrenchment Table in Appendix to Chapter 4.IV (p.453) was

assessed. From the table it is apparent that total cost reductions have happened three times in the period under study. Once during 2003, a reduction of -11.38%, then in 2006, when the total costs were reduced by - 87.09%, and finally in 2013, when the total cost reduced by - 41.64%. The total cost reduction in 2003 and 2006 were not deliberate attempts, but was a result of the uncertainty and a near close down situation that the company faced, as recounted before. The total cost reduction in 2013 however, was a deliberate attempt to reduce costs by dropping the factory expenses, owing to the installation of new machines.

Corroboratory evidences from the annual reports for the strategies as mentioned in the open ended interviews were looked at next. Table 4.1.10 shows the macro level initiatives taken by the government in favor of the company and as is apparent, the strategies were predominantly of “Financial Assistance” in nature. While some of it was assistance, the bigger amounts like the ₹ 426.20 lakhs for the Betalactum injection project were as government loans. The annual report 2004-05, had mentioned the details of the VRS implemented and is as under:

*“In accordance with Government Circular No. 6038/BPE-1/95/Plg dated 17.11.1995, the Company had announced a Voluntary Retirement Scheme viz. VRS 2003 to the employees during 2004-2005 vide Notice No. XXXX/EOA/66/03 dated 14.10.2003 and in response, 163 employees were opted for the scheme. The total compensation payable as per the Scheme was worked out at ₹ 3,99,13,228/- and it has been decided to write-off this compensation in five annual instalments of ₹ 79,82,645/-starting from 2004-2005 to 2008-2009.”*



Managing Director Change and its impact on the turnaround was assessed by plotting the turnover/expense change, with the change in the position. This was a varied finding from all other cases that, during the entire period of the study only once the M.D change had occurred and that too close to the period of the turnaround. However, it cannot be concluded to have had an impact as the turnaround, because it was short lived and moreover the performance after the turnaround period looked even worse. However, the initiatives by the outgoing M.D (installation of new machines) had helped the firm to remain buoyant during the next few years.

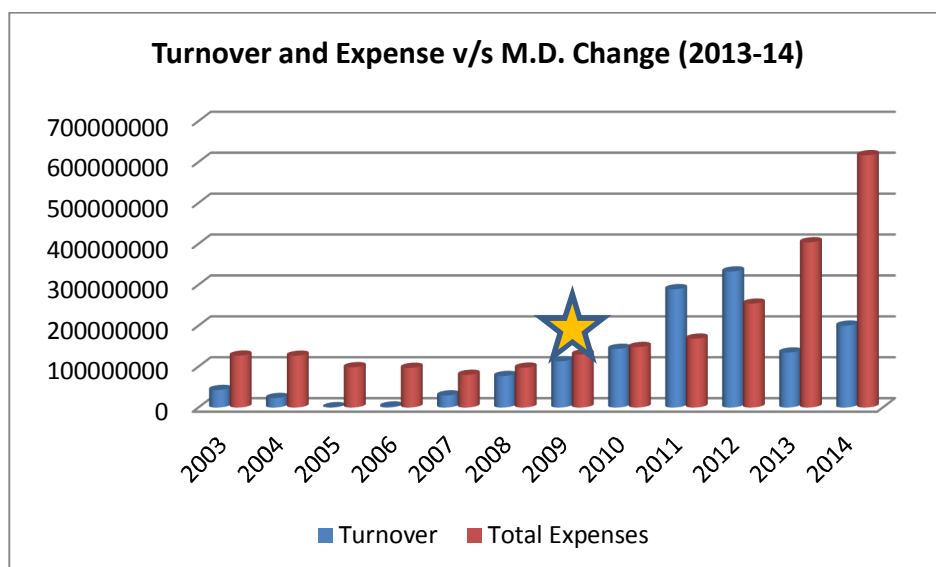


Figure 4.4.15: Turnover and Total Expenses with Change in M.D.

Next the details of the product expansion as reported in the annual report (2011-12) are given as under:

*“The Betalactum Plant has been commissioned with GMP certification for manufacture of antibiotics. The work on the NABL accredited laboratory is progressing. Likewise a new plant for manufacture of Betalactum products is also proposed to be set up and Government sanction has also been received”*

**Table 4.4.11: Macro Level Initiatives Aiding Turnaround**

<b>Year</b>	<b>Particulars of the Strategy</b>
2004	Financial assistance of ₹ 125 lakhs
2005	Necessary funds required for implementation of VRS. Reduced interest rates on Government Loans
2007	Financial assistance of ₹ 72 lakhs
2009	₹ 81.88 lakhs from Government of Kerala for meeting immediate working capital needs of the company and for payment of statutory dues
2011	Received financial assistance of ₹160 lakhs by way of loan from Government of Kerala
2013	Government has made substantial investment of ₹ 18 crore in recent years for infrastructure up gradation and modernization of the company into an important Pharmaceutical establishment manufacturing a wide range of quality medicines. The company has received financial assistance of ₹ 426.20 lakhs for the Betalactum Injection Project by way of loan from Government of Kerala

Now that all the strategies adopted by the firm as a part of turnaround was assessed, the case moves on to summative analysis.

#### **4.4.12 Time Ordered Growth Gradient**

The Time ordered growth gradient was developed incorporating the factors and events that led the organization to performance decline and the turnaround strategies; retrenchment, repositioning and reorganization adopted, both based on chronology, along ROI as the growth factor. The time period under study – 2002-2014, has been plotted, and as was apparent, the period from 2002-2008 had been the most difficult time for the company when the decline severity was considerably high. Most of the causative factors saw its peak during this period as well. The Vitamin A plant was closed down in 2003; management weakness manifested through inefficient management of Vitamin A plant and also the ineptitude in managing orders and employee unrest in the firm during the period 2003-06. Lack of organizational slack was felt the most during the same period when all the slack values; available, recoverable and potential, were at deplorable levels. Political interference and lack of governmental support was mirrored during this period, through acute lack of orders and insignificant interference while the unrest in the company was intensifying. The competition gained momentum after 2007, when the State Health Department's purchase was centralized through KMSCL; bidding was introduced and the company had to compete on prices. The impact of political interference was felt for a second time after 2012, when the drug policy became once again unfavorable, possibly due to a change in the political party at the centre. Finally, input cost increase as a pertinent reason for decline, started to be felt during the latter part of the period of the study (2012-14).

The turnaround strategies adopted and identified in the previous paragraphs were now plotted. All strategies adopted prior to the turnaround phase i.e. from 2010-2011, and of a decline arresting nature, was considered as decline restricting strategies. All the macro level initiatives were decline restricting in nature except for the financial assistance of ₹ 18 crores (in 2013) which was recovery in nature. All the retrenchment measures adopted were decline restricting in nature due to the timing of its adoption; employment freeze spread over the decline period, substantial short term asset retrenchment coinciding with the turnaround year (2011) and total cost retrenchment adopted in 2013, intended to curtail cost. The reorganization measure of VRS was decline restricting due to the fact that, immediate cost savings was the intent of the strategy and was adopted during the decline phase. Though the M.D. change was done in 2009, it was not significant, however, the M.D. initiatives included the introduction of new machines which used latest technology, the only reason why the production was uninterrupted during the 2009-2011 period. Both the repositioning measures undertaken, were recovery in nature, due to its timing (2011-12 turnaround period) and also because of the fact that these were projects which intended to bring in a steady stream of revenue and its benefit spread over a longer period of time.

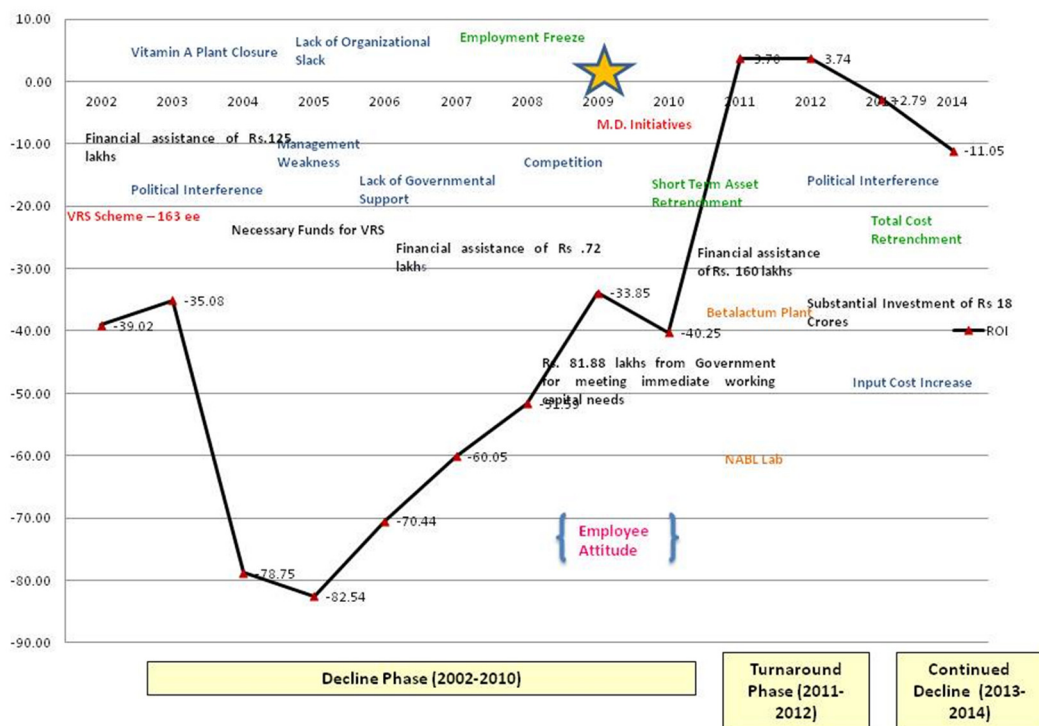


Figure 4.4.16: Time Ordered Growth Gradient

Color Coded as Follows:

**Pertinent Reasons for performance decline that are present during the years under study (Placed on the matrix where the phenomenon has been evident in the highest degree)**

**Repositioning Initiatives**

**Retrenchment Initiatives**

**Reorganization Initiatives**

**Macro level Initiatives**

**Change of Managing Director** ★

#### 4.4.13 Effect Matrix (Turnaround Initiatives)

The effect matrix shows the retrenchment, repositioning and reorganization strategies adopted by the firm, its nature (DR or REC) and its relative impact on the turnaround of the firm. As was evident from the effect matrix (Table 4.4.11), the retrenchment strategies adopted namely, Short Term Asset Retrenchment, Total Cost Retrenchment and Employment Freeze were decline restricting in nature and had a moderate impact on the turnaround of the firm. Long Term Asset Retrenchment was also decline restricting but its impact was relatively low. Both the repositioning strategies, namely Betalactum Plant, and NABL plant were recovery strategies, but since it was adopted after the period of the turnaround, it had low/nil impact on turnaround, however, it was strongly considered as a recovery strategy. Of the reorganization strategies, VRS was decline restricting in nature but its impact was only moderate because, not only did competent employees leave the organization, but also the company had to bear the brunt of this VRS for three years, which complicated the financial situation further. M.D. Initiatives was decline restricting and had a high impact on the turnaround of the firm; while M.D change a restricting reorganization strategy had low impact. E-tendering, another reorganization strategy was recovery in nature with a relatively low impact on the turnaround of the firm. The macro level measures like financial assistance of ₹ 125 lakhs and fund for VRS were decline restricting in nature and had a low impact on the turnaround, whereas, financial assistance of ₹ 72 lakhs and fund for immediate working capital needs, were both decline restricting had a moderate impact on turnaround. Reduction of interest rates on government loans

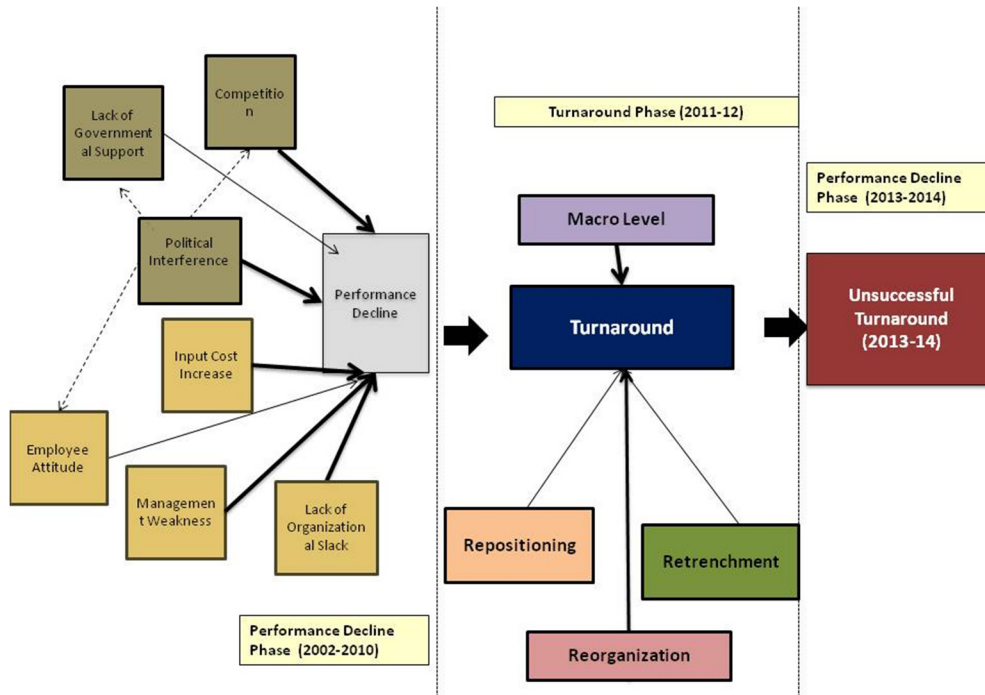
and financial assistance of ₹160 lakhs by way of loan from Government of Kerala, were both decline restricting and had a relatively high impact on the turnaround of the firm. Investment of 18 crores by government was touted to be a recovery strategy, but since it was post the turnaround phase, its impact was low/nil.

**Table 4.4.12: Effect Matrix (Turnaround)**

Strategy Implemented	Nature of Strategy	Impact on TA	Strategy Implemented	Nature of Strategy	Impact on TA
Short Term Asset Retrenchment	DR	Mod	M.D. Initiatives	DR	High
Total Cost Retrenchment	DR	Mod	E-Tendering	REC	Low
Employment Freeze	DR	Mod	Financial assistance of ₹ 125 lakhs	DR	Low
Long Term Asset Retrenchment	DR	Low	Necessary funds required for implementation of VRS.	DR	Low
Betalactum Plant	REC	Low	Reduced interest rates on Government Loans	DR	High
NABL Plant	REC	Low	Financial assistance of ₹ 72 lakhs	DR	Mod
VRS Scheme	DR	Mod	₹ 81.88 lakhs from Government of Kerala for meeting immediate working capital needs of the company and for payment of statutory dues	DR	Mod
MD Change	DR	Low	Received financial assistance of ₹ 160 lakhs by way of loan from Government of Kerala	DR	High
			Government has made substantial investment of ₹ 18 crore in recent years for infrastructure up gradation and modernization of the company.	REC	Low

#### 4.4.14 Segmented Causal Model

The segmented causal model (Figure 4.4.17) shows the three phases of the organization's performance, delineated based on time.



**Figure 4.4.17:** Segmented Causal Model

The first segment, i.e. the left most segment depicts the performance decline phase of the firm (2002-10), and the significant endogenous and exogenous factors that contributed to it. As concluded from the analysis, though the performance decline of the organization was caused due to a mix of endogenous and exogenous factors, there was a dominance of endogenous factors both in quantity, and in strength of impact. The central segment showed the turnaround phase, which lasted for a meager two years (2011 and 2012), and the most significant strategies. The effect matrix of the turnaround



strategies pointed to the fact that the macro level initiatives had the strongest impact on turnaround, followed by reorganization strategies and by retrenchment and repositioning in that order. Since the turnaround was short lived, there were no discerning phases such as decline restricting or recovery, though strategies of these varied characteristics were adopted during the time span. Finally, the last segment or the right most segment showed the outcome of the turnaround process, which was an unsuccessful turnaround that could not be sustained beyond the minimal two years, thereby pushing the organization to further decline (2013-14).

#### **4.4.15 Logic Model**

The logic model (Figure 4.4.18) summarizes the entire decline-turnaround process with its antecedents and outcomes and is posed to be pitched against the theory in the cross case synthesis. The logic model makes it apparent that an amalgam of endogenous and exogenous factors, with dominance of endogenous factors; particularly acute short of funds with incompetent management and a business environment laden with lack of governmental market support and competition (causing low munificence), had led to a performance decline, the severity of which was high. Though there were no discriminating phases, the strategies were of decline restricting and recovery character and aided the firm turnaround. While in this case, the macro level financial assistance and interest rate reduction were the most effective strategies, decline restricting reorganization measures like VRS, MD initiatives and handful of retrenchment measures had an effect on the turnaround. Recovery strategies were adopted; however the period under study was not sufficient to see its benefits. Conclusively it can be said that, the reasons for

decline was clearly a mix of internal and external problems, however, there were close to nil strategies that matched with the problems, thereby helping to eliminate it. The turnaround the firm achieved was because of macro level initiatives, showing the importance of organization level strategy development and execution. Conclusively, this case gives a spectrum end example of public sector turnaround and how a mismatch in strategy selection can hamper a turnaround attempt and lead it to be short-lived.

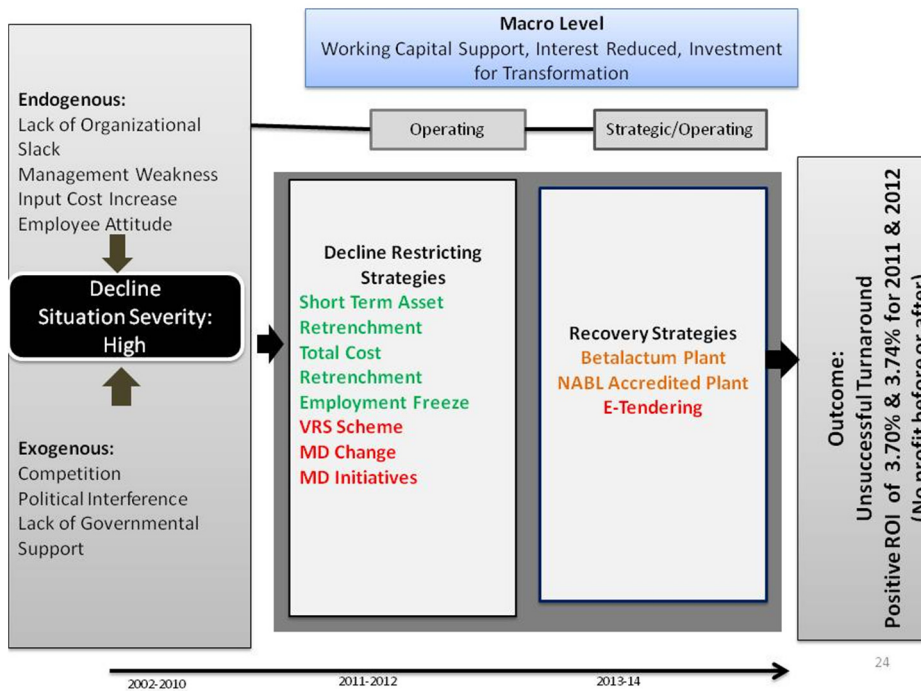


Figure 4.4.18: Logic Model

#### 4.4.16 Case Propositions

The case findings conclude by drawing up final conclusions on the propositions and how far evidence from this case supports/not supports the propositions (Table 4.4.13).

Table 4.4.13: Case Propositions – Case D

Propositions	Supported/Not Supported	Propositions	Supported/Not Supported
P1 Endogenous factors primarily caused the performance decline of the organization.	Not Supported	P7 The reorganization strategies adopted during the decline restricting phase had a relatively lower impact on the turnaround of the organization.	Not Supported
P2 Exogenous factors primarily caused the performance decline of the organization.	Not Supported	P8 The reorganization strategies adopted during the recovery phase had a relatively stronger impact on the turnaround of the organization.	Not Supported
P3 A combination of endogenous and exogenous factors led to the performance decline of the organization.	Supported	P9 The repositioning strategies adopted during the decline restricting phase had an impact on the turnaround of the organization.	Not Supported
P4 The macro level (policy level) initiatives taken during the decline restricting and recovery phase had an impact on the turnaround of the organization.	Supported	P10 The repositioning strategies adopted during the recovery phase had an impact on the turnaround of the organization.	Not Supported
P5 The retrenchment strategies adopted during the decline restricting phase had a relatively stronger impact on the turnaround of the organization.	Not Supported	P11 The operational level strategies had a stronger impact on the turnaround of the organization.	Not Supported
P6 The retrenchment strategies adopted during the recovery phase had a relatively lesser impact on the turnaround of the organization.	Not Supported	P12 The strategic level initiatives had a stronger impact on the turnaround of the organization.	Supported

While the reasons for decline was a mix of endogenous and exogenous factors, P1 and P2 stands not supported and P3 stands supported. Since macro level initiatives played a huge role in turning around the organisation, P4 was supported. The impact of retrenchment, reorganisation and repositioning strategies as postulated by the propositions were not supported by the case thereby rejecting propositions 5 through to 10. Finally, the strategies adopted by the company, were more strategic than operational, thereby not supporting P11 and supporting P12.

#### **4.4.17 Recommendations for Recovery**

The recommendations given by the respondents for a sustained recovery of the company was collated and analyzed using text mining program in R software. The word cloud output shows the most repeated phrases, and some of the specific recommendations made by them. According to the employees, the company must try to reduce its fixed expenses, so that the margin of products can be improved. Only 30% of the government orders were being received by the company which needed to be increased in order to ensure that the company has a successful future. A pharmaceutical complex located within 14.5 acres of land should be envisaged and executed; where a host of quality medicines and healthcare consumables can be manufactured. It was also recommended for the company to diversify into veterinary medicines and bottled drinking water so that it can look beyond the generic medicine market. The central government as a policy practice should garner medicines only from public sector enterprises, so that companies such as this can have more business. The Vitamin A plant's civil structure was still intact and





---

---

## CROSS CASE SYNTHESIS

---

---

This chapter is the culmination and final step in case study analysis. As mentioned in chapter three, a synthesis of case by case findings of performance decline and turnaround is done independently. By developing comprehensive and all encompassing logic models based on the outcome of the turnaround (both successful and unsuccessful), an attempt is made to pattern match with the conceptual model, to understand the likeness, and more importantly point out the differences. Ultimately the intent is to draw replicable conclusions that can be applied to identical contexts.

### 4.5.1 Case Ordered Factor Evaluation Matrix

A case ordered factor evaluation matrix is developed, where the presence of endogenous and exogenous factors in all four cases are examined side by side, to identify the core variables that has significance across the four cases (Table 4.5.1). The green tabs shows the proven presence of the factor in the case, whereas the red tab shows the absence of the factor in the case, and the yellow tab shows the presence of the variable in the case, but may not have made it to the final causal network in the respective case (called implicit presence henceforth).

Only factors satisfying the following conditions were considered for further analysis:

- a) Evidenced presence in all four cases
- b) Evidenced presence in minimum two cases and an implicit presence in the third case
- c) Evidenced presence in one case and implicit presence in minimum two other cases

Two endogenous factors and one exogenous factor has been touted to be an explicitly evidenced reason for performance decline, unequivocally in all the four cases; the endogenous factors being lack of organizational slack and input cost increase and the exogenous factor being competition. Management weakness (endogenous) and political interference (exogenous) has been evidenced in three cases each, often the latter being the formative factor for the former. There are four factors that had evidenced presence in two cases and a felt implicit presence in the third case. Poor employee attitude and manpower shortage were the endogenous factors in this category, whereas lack of governmental support and rapid technological change/obsolete technology were the exogenous factors. Two other factors namely low munificence (exogenous) and lack of strategic communication (endogenous) have been explicitly evidenced in one case each, but it has been mentioned in the initial set of reasons (open ended interviews) or low mean scores respectively in other cases (implicit presence). Delay in project approval and funding has evidence supported presence in one case and implicit mentioned presence in the other two cases. Now that the relevant factors



across the cases were identified, the formal survey results from the four cases are synthesized.

**Table 4.5.1:** Case Ordered Factor Evaluation Matrix

Factor	Companies			
	A	B	C	D
Lack of Organizational Slack	Green	Green	Green	Green
Input Cost Increase	Green	Green	Green	Green
Management Weakness	Red	Green	Green	Green
High Union Commitment	Red	Green	Red	Red
Political Interference	Red	Green	Green	Green
Low Munificence	Yellow	Green	Yellow	Yellow
Competition	Green	Green	Green	Green
Delay in project approval and funding	Yellow	Green	Red	Yellow
Lack of Governmental Support	Green	Yellow	Red	Green
Inadequate Marketing Efforts	Red	Yellow	Green	Red
Poor Employee Attitude	Yellow	Red	Green	Green
Lack of Strategic Communication	Yellow	Yellow	Green	Yellow
Shift in Demand	Green	Red	Yellow	Red
Rapid Technological Change/Obsolete Technology	Green	Red	Green	Yellow
Valued Employee Turnover	Green	Red	Red	Yellow
Staffing Mismatches	Green	Red	Red	Red
Manpower Shortage	Green	Red	Yellow	Yellow
Low Productivity	Red	Red	Green	Red
Products with low margin	Green	Red	Green	Red

#### 4.5.2 Synthesis of Formal Survey Results (Performance Decline)

The formal survey results of all the cases are displayed side by side in the Table 4.5.2, to provide evidence for two endogenous variables that

has implicit presence in the cases, to understand the general levels of these variables across cases and to probe its role in decline and turnaround. Employee attitude has been deduced to be a common reason cited across most cases, which has been detrimental to the organization, often being a premise factor for performance decline. In cases where its presence has been evidenced (C & D), it may be observed that, the continuance commitment was relatively greater than affective and normative commitment. When continuance commitment is relatively high, the perceived costs of leaving the organization becomes high and lack of opportunities, leading to diminished turnover intention (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). In the public sector context, reasons such as pensionable job, relaxed work environment, union support, welfare schemes, scope for moonlighting etc. are the anchor factors, making leaving the organization explicitly and implicitly difficult. However, the intention of staying with the organization, may not necessarily translate to job performance, as continuance commitment has been empirically proven to have moderate to nil effect on work related behaviors like job performance (Zia & Tufail, 2011). Hence it can be concluded that, poor employee attitude, a reflection of relatively low commitment of employees, has been detrimental to effective performance. This is especially true of cases C and D, both of which achieved unsuccessful turnarounds.

Next, lack of strategic communication as a pertinent variable in the decline dynamics as emerged from the cases, is looked for corroboration from the formal survey results. It may be observed that, all the three dimensions of communication, namely, strategic and vertical

communication and satisfaction with management responsiveness have garnered average or below average mean scores, showing deplorable levels of the same in the cases studied. Communication serves as the fundamental medium for all major functions of management, and hence affects performance (Garnett, Marlowe, & Pandey, 2008). Also during critical times like performance decline, when there is a restraint in resource utilization, effective vertical communication is critical for micromanaging the limited resources, safeguarding management and employee interest, boosting employee morale and most importantly attempting to change the culture; to face the imminent changes that turnaround (reversal of decline) will bring about (Pandey & Garnett, 2006). Conclusively, lack of strategic communication is indeed a consequential cause, but implicit in nature.

Other variables and its studied impact on decline are discussed now. Cultural rigidity as manifested through group think, measured using three dimensions; concurrence seeking, group identity and symptoms of defective decision making is assessed first. In the successful turnaround cases (A&B), though there was presence of concurrence seeking and group identity, a parallel enhanced symptom of defective decision making was absent. However, heightened group think constructs and ballooned symptoms of defective decision making was observed simultaneously in unsuccessful turnarounds (Cases C&D). Organization culture is often touted to be an important determinant of organization effectiveness (Denison, 1990; Schraeder et al., 2005). Culture in an organization, through personal values affect employee attitudes and result in positive work behavior, leading to effectiveness of the organization (O'Reilly

et al., 1991). But when this culture becomes rigid and creates failure in recognizing the performance decline of an organization, it will lead to delay in apposite responses, be an impediment to turnaround the performance, and ultimately drive the organization to permanent failure.

The binding role that unions play in the public sector context has already been discussed in detail in Chapter II (Beale & Noronha, 2014; Bozeman & Pandey, 2004; Reddy et al., 2000), and the findings of the cross case analysis reveals that, in all the cases, the responsibility to union (i.e. willingness of employees to do day to day work of the union), was relatively higher than the union affective commitment, measured through union loyalty. This shows that the employees, who are ideologically in congruence with the union values, develop a sense of loyalty and thereby are inclined to work more on behalf of the union (Sverke & Kuruvilla, 1995). The conflict norms and its existent resolution, across the cases, show that there is a penchant towards open norms, where conflicts are voiced openly and the resolution is also more pronounced. This is true of a public sector enterprise where there is an embellished sense of job security and also the added support of the unions. However, conflicts could not be proved as a causative factor for performance decline across the cases. Finally the perceived severity of decline is compared and contrasted. As the individual cases reveal, the successful turnaround cases had marginally high and moderately severe declines (cases A and B respectively). The perception of the employees was in harmony with the reality in both these cases. However in the unsuccessful turnarounds (C & D), due to the interplay of factors like cultural rigidity, the employees perceived that the severity of decline was much lower, when in

reality it was much more severe. In summary, it can be concluded that while the role of employee attitude and lack of strategic communication in performance decline dynamic is verified, the additional presence of factors like cultural rigidity and union commitment as semblance factors cannot be ignored.

**Table 4.5.2:** Formal Survey Results – A Case by Case Comparison

Variable	Sub Dimensions	A (SS: 105)	B (SS: 139)	C (SS: 34)	D (SS:22)
Organization Commitment	Affective Commitment	5.56	5.67	4.21	3.80
	Normative Commitment	5.03	5.21	4.39	4.09
	Continuance Commitment	5.37	5.29	4.68	4.95
Communication	Strategic Communication	3.73	4.16	3.22	3.27
	Vertical Communication	4.17	3.78	3.01	3.03
	Satisfaction with Management Responsiveness	4.56	3.72	2.70	3.06
Cultural Rigidity	Concurrence Seeking	4.38	4.12	3.91	4.93
	Group Identity	4.58	4.57	4.19	4.74
	Symptoms of Defective Decision Making	3.38	3.88	4.51	4.98
Union Commitment	Union Loyalty	5.00	5.42	4.12	3.76
	Responsibility to the Union	5.23	5.61	4.54	3.78
Internal Conflict	Conflict Norms	5.38	4.00	4.34	3.71
	Conflict Resolution	4.56	4.87	5.45	3.89
Perceived Severity of Decline		4.85	3.75	3.82	3.97

### 4.5.3 Antecedent Matrix (Performance Decline)

An antecedent matrix is “ordered by the outcome variable, and shows all the core variables and the changes that these variables induces in it” (Miles & Huberman, 1994). The antecedent matrix is a fluid, averaged version of the reality of the individual cases. In this study, a case by case comparison is done based on a same common level of outcome namely successful v/s unsuccessful turnaround. The factors have been categorized to Critical and Moderately Critical based on the explicit/implicit evidenced presence in all cases. Table 4.5.3 shows critical factors that had evidenced explicit presence in a minimum of three cases, its nature (immediate v/s distant), and also its relative impact (high, medium, low) on the performance decline.

As is evident lack of organizational slack is found out be an immediate and significant reason affecting the performance decline of the firms, as its relative impact has been judged to be high in all cases except one. Input cost increase has also been found to be an immediate reason leading to performance decline, its impact too being relatively high in three cases and moderate in one. Competition is also an immediate pertinent reason that led organizations to performance decline, having high impact in two cases and having moderate impact in two other instances. Management weakness is an endogenous factor that had an impact on performance decline, but is more so in the case of companies that turned around unsuccessfully. In successfully turnaround firms it has a moderate impact presence only. Political interference was also an immediate issue having relatively high impact on performance decline,

but more so in the case of unsuccessful turnaround firms. It was distant factor having moderate impact in the case of one successful turnaround firm signifying its diminished relevance in the context of successful turnarounds.

**Table 4.5.3:** Antecedent Matrix (Performance Decline – Critical Factors)

Phenomenon	Critical Factors				
	Lack of Organizational Slack	Input Cost Increase	Competition	Management Weakness	Political Interference
<b>Successful Turnaround</b>					
A	Imm	Imm	Imm	----	---
	Mod	Mod	High	----	---
B	Imm	Imm	Imm	Imm	Dist
	High	High	Mod	Mod	Mod
<b>Unsuccessful Turnaround</b>					
C	Imm	Imm	Imm	Imm	Imm
	High	High	Mod	High	High
D	Imm	Imm	Imm	Imm	Imm
	High	High	High	High	High

The moderately critical factors are those which had explicit/implicit presence in a minimum of three cases and in the case of some factors, were ratified through the synthesis of formal survey results. Table 4.5.4 shows the factors, its nature and relative impact on performance decline. Low munificence was a decisive variable among moderately critical factors, as it was an immediate cause and touted to be one with high impact in three cases and moderate impact in one. Delay in project approval and funding was a distant factor with low impact in two cases, but was immediate with high impact in another and had no presence in the

fourth case. Lack of Government Support was a distant factor with moderate and low impact in the successful turnaround, whereas it appeared only in one unsuccessful turnaround case where it was distant and with relatively moderate impact on the performance decline. Lack of strategic communication was an explicit reason only in one case (unsuccessful turnaround), while the summated formal survey results posits it as a relevant variable that had an impact on performance decline. In successful turnaround, its role has been distant and low, whereas in unsuccessful turnaround cases its role is still distant but the impact has been moderate. Rapid Technological Change/Obsolete Technology is a problem for unsuccessful turnaround firms where it is an immediate cause for performance decline but not as relevant as the other variables, as the impact is relatively moderate. However, its presence in successful turnaround companies was limited to one case where it is an immediate cause with high impact on performance decline. Manpower shortage is yet another factor that is an immediate element causing performance decline in all the three cases where it appears, but its impact is moderate in the unsuccessful turnaround and high in the one successful case. Poor employee attitude is the last variable that is considered to gauge the presence and impact on performance decline across the cases. In all the three cases where it has been judged as a causative factor it is a distant with relatively low or moderate impact on the turnaround.

The antecedent matrix has hence rehashed the critical and moderately critical variables that had an impact on the performance decline of the four companies under study, and has mapped its nature and



relative impact based on the outcome variable that is successful v/s unsuccessful turnarounds.

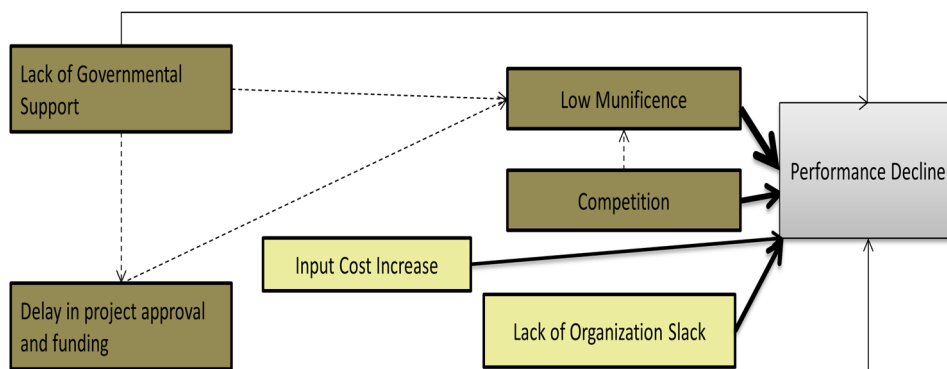
**Table 4.5.4:** Antecedent Matrix (Performance Decline – Moderately Critical Factors)

Moderately Critical Factors							
Phenomenon	Low Munificence	Delay in project approval and funding	Lack of Government Support	Lack of Strategic Communication	Rapid Technological Change/Obsolete Technology	Manpower Shortage	Poor employee Attitude
<b>Successful Turnaround</b>							
<b>A</b>	Imm	Dist	Dist	Dist	Imm	Imm	Dist
	High	Low	Mod	Low	High	High	Low
<b>B</b>	Imm	Imm	Dist	Dist	----	----	----
	High	High	Low	Low	----	----	----
<b>Unsuccessful Turnaround</b>							
<b>C</b>	Imm	-----	----	Imm	Imm	Imm	Dist
	Mod	----	----	Mod	Mod	Mod	Mod
<b>D</b>	Imm	Dist	Dist	Imm	Imm	Imm	Dist
	High	Low	Mod	Mod	Mod	Mod	Low

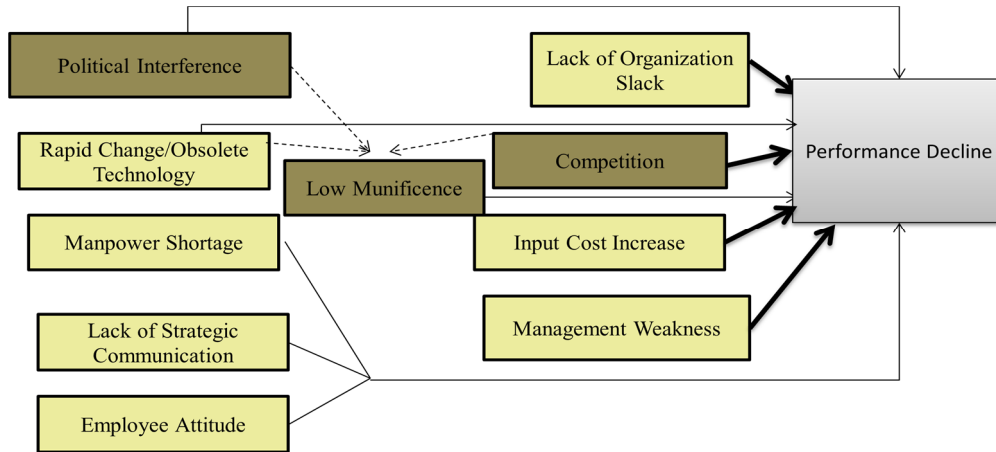
#### 4.5.4 Cross-Case Causal networks

“Cross case causal networking is a comparative combined analysis of all the cases in a sample, using variables estimated to be the most influential in accounting for the outcome or the criterion” (Miles &

Huberman, 1994). The immediate cause is considered to be not more than two steps back from the outcome. A remote/distant cause is still on a strand connected to the outcome, but further back. A remote or immediate cause should have its strength (high, moderate or low) expressed. The strength of the causes is shown by the thickness of the lines drawn from the immediate or remote cause to the outcome variable, i.e. performance decline. A cross case causal network is developed by first compiling the individual case causal networks, and then by insulating the causal streams for each case that led to performance decline. Next the variable streams are matched to other cases that have the same outcome, in this case successful vs non successful turnarounds. We look at two cross case causal networks in this section i) The cross case causal network of successful turnaround firms (Figure 4.5.1) ii) The cross case causal network of unsuccessful turnaround firms (Figure 4.5.2), both with outcome variable as performance decline.



**Figure 4.5.1:** Cross Case Causal Network – Successful Turnaround



**Figure 4.5.2:** Cross Case Causal Network – Unsuccessful Turnaround

The two causal networks; Figure 4.5.1 and Figure 4.5.2, show the endogenous and exogenous factors and their relative impacts on the performance decline of the successful and unsuccessful turnaround firms respectively. In the successfully turned around firms, low munificence, lack of organizational slack and competition, were factors that had the relatively highest impact on the performance decline, followed by input cost increase and lastly by delay in project approval and funding and lack of government support. The number and strength of exogenous factors that affected the performance decline were relatively higher than the endogenous factors in the firms that were able to achieve successful turnaround.

In the case of firms that could not turn around successfully, the antithesis of the successful turnaround firms can be observed. In the firms' studied, endogenous factors dominated the causative reasons for decline as compared to exogenous factors. While lack of organizational

slack, input cost increase, management weakness, and competition were the immediate causes for decline which had the strongest impact, low munificence came second in line. Political Interference, obsolete technology, manpower shortage, lack of strategic communication and poor employee attitude also contributed to performance decline but their relative impact was third in the hierarchy. Conclusively as an overview, it can be stated that firms where the reasons for performance decline were exogenous in nature and had limited control on its occurrence, achieved successful turnarounds when compared to firms that had endogenous factors as the decisive reasons where some control could be exercised. This is a departure from the common understanding that, when the drivers of decline are internal in nature it can be controlled more easily owing to the need of employing only firm level action (Beckman, Haunschild, & Phillips, 2004; Lohrke, Ahlstrom, & Bruton, 2012). However when the drivers emanate from the external environment, it becomes difficult to contain and need drastic strategic changes (Decker, 2016). The present result is an antipode of it and the reasons and probable explanation for it will be elaborated in the discussion chapter.

#### **4.5.5 Cross Case Combined Causal Network**

The cross case combined causal network (Figure 4.5.3) depicts the amalgamation of all the validated decisive reasons that has impacted the performance decline and its relative impact. Lack of organizational slack, input cost increase, management weakness and competition were the formative reasons for the performance decline of the state owned enterprises under study. Organizational slack and organizational

performance relationship has been studied previously, and there is a direct curvilinear relationship among the two constructs (Daniel et al., 2004). The lack of slack has negative impact on the performance of the firm, as it curtails the necessary resources to safeguard against threats and does not facilitate adoption of proactive strategies to make use of favorable opportunities (Cyert & March, 1992). The drop in the availability of slack is often considered as a reason for the severity of the decline of an organization (Lohrke et al., 2004). The presence of slack or free assets is a basic necessity for a company attempting turnaround and will determine its success or failure (Smith & Graves, 2005). It is imperative to have sufficient free assets for the distressed company, because it aids in sourcing additional funds during the turnaround attempt due to existing support of the lender (Bruton et al., 1994). The shortage in availability of slack hence, is a principal factor that has an impact on the performance decline and also consequently on the success or the failure of the turnaround attempt. When the input costs keeps escalating and there is no subsequent comparative increase in revenue, it is a given that the organization will face financial crisis. Also without adequate revenue to cover, the inefficiency of management is reflected in tolerating burgeoning input cost increase. The failure of management to overcome internal inadequacies to meet external opportunities and threats, renders them weak both in cognition of failure triggers, and taking rapid action to combat it (Mellahi & Wilkinson, 2004). In the public sector space, this weakness is augmented by political interference and bureaucracy which further makes the issue more complex and, one which breeds failure. Competition is often considered to be a major external or exogenous

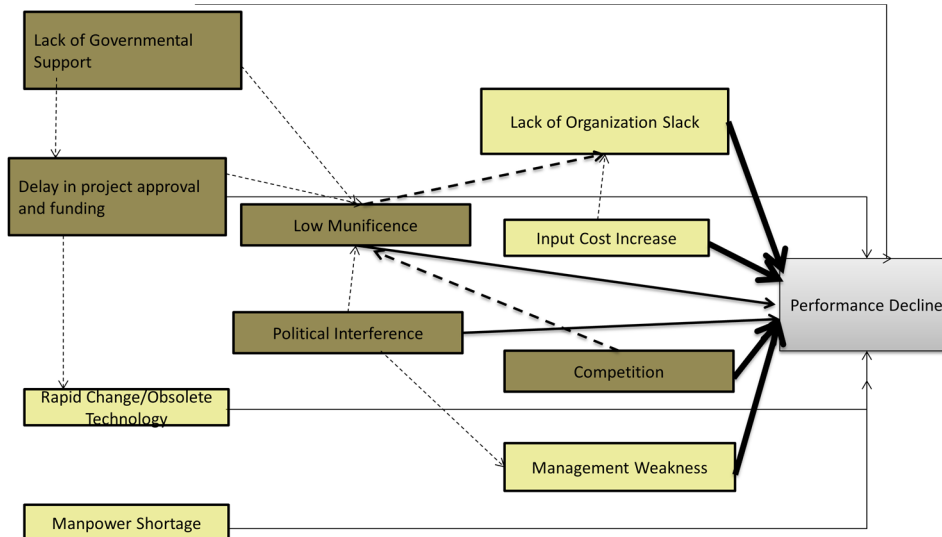
factor that affect the performance of a firm, may it be success or failure. Rapidly declining markets and price competition is found to contribute to performance decline of organizations (Sim, 2009), more so in the case of public organizations, which are incapable of competing on prices owing to high fixed costs.

The next array of factors that have an impact on the performance decline of the firm are both exogenous in nature; low munificence and political interference. When the environmental munificence decreases in a task environment on which an industry is acutely dependent on, the industry is adversely affected (Castrogiovanni, 2002). Political interference habitually is perceived to be assiduous intervention by the government or ruling/opposition political parties, which does not foster resourceful decision making, but results just in the opposite, and fasten the process of making organizations permanent failures (Akbar et al., 2014). Political interference not only directly contributes to performance decline but also lowers the adeptness of the task environment by causing delay in project approvals and funding, lessening the governmental support due to political considerations and also by making the management weak through curtailment of functional autonomy. Since the state owned enterprises are dependent on the government for their effective functioning, lack of government's support in the form of delay in project approvals and funding will lead to a low munificent environment adding to the product market underperformances of the industry. The exponential technological changes in industries where these companies function, presents yet another impediment. Due to delays in project approvals and funding, even if the companies attempt to make timely

changes, it cannot. Additionally, the shortage of skilled manpower contributes to severe operational snags.

The dotted interconnections reveal that the factors are interconnected and a change in one is expected to bring about analogous change in the other. When the munificence is improved, there will be subsequent improvement in general business, which in turn improves the revenue situation leading to maintenance of better slack levels. Similarly when the input costs are rationalized, it will enable the creation of some free assets which can be used for innovation and garnering of profitable opportunities. A constraint on political interference, will in turn make management nonpartisan, and assign legitimate sovereignty. When the delay in project approval is lowered, technology and machinery will be updated in a timely fashion eliminating the problem of obsolete technology.

The combined causal network hence provides an integrative framework of causative factors for the performance decline of an organization, consolidating the industrial organization (IO) and organization ecology (OE) deterministic perspective of role of external factors and, the organization studies (OS) and organizational psychology (OP) voluntaristic perspective of role of internal factors and key decision makers (Mellahi & Wilkinson, 2004), giving a more exhaustive and intensive explanation of performance decline.



**Figure 4.5.3:** Cross Case Combined Causal Network

#### 4.5.6 Strategy Evaluation Matrix (Strategy by Case Matrix)

Like the case ordered factor evaluation matrix, the strategy evaluation matrix (Table 4.5.5), endeavors to evaluate the presence of the stated strategy in the four cases, side by side. The conditions for subjecting the strategies for further analysis remain the same. There were four retrenchment strategies (Employment Freeze, Total Cost Retrenchment, Short-Term Asset Retrenchment and Long – Term Asset Retrenchment), one repositioning strategy (Focus on the core), three reorganization strategies (M.D Change, M.D Initiatives and ISO and E-Tendering) and Macro level initiatives, that were adopted commonly across all the four firms under study. One each of retrenchment, repositioning and reorganization strategies was adopted in three out of the four cases; Financial Restructuring (retrenchment), Market Expansion



(repositioning) and VRS Scheme /Headcount Reduction (reorganization). Salary and emolument freeze (retrenchment) and Plant Level Changes (reorganization) were evidenced in two cases and had implicit presence in the other two. Finally, Technical Interventions for Cost Savings a retrenchment measure was adopted in two cases and is relevant because both the cases were successful turnarounds.

**Table 4.5.5:** Strategy Evaluation Matrix (Strategy by Case Matrix)

Strategy	Companies			
	A	B	C	D
Salary and Emolument Freeze	Green	Yellow	Yellow	Green
Employment Freeze	Green	Green	Green	Green
Total Cost Retrenchment	Green	Green	Green	Green
Short-Term Asset Retrenchment	Green	Green	Green	Green
Long – Term Asset Retrenchment	Green	Green	Green	Green
Financial Restructuring	Green	Red	Green	Green
Technical Interventions for Cost Savings	Yellow	Green	Red	Red
Product Expansion	Green	Red	Green	Green
Collaborations and Business Alliances	Green	Green	Red	Red
Market Expansion	Green	Red	Green	Green
Focus on Core	Green	Green	Green	Green
M.D Change	Green	Green	Green	Green
VRS Scheme (Headcount Reduction)	Green	Green	Red	Green
M.D Initiatives	Green	Green	Green	Green
Plant Level Changes	Green	Green	Yellow	Yellow
ISO and E-Tendering	Green	Green	Green	Green
Macro Level (Government Level Initiatives)	Green	Green	Yellow	Green

The commonly adopted turnaround strategies categorized as retrenchment, repositioning, reorganization and macro level initiatives, as surmised from the strategy evaluation matrix is enlisted in the Table 4.5.6.

**Table 4.5.6:** Commonly Adopted Turnaround Strategies

<b>Retrenchment</b>	<b>Repositioning</b>	<b>Reorganizing</b>	<b>Macro Level</b>
1. Employment Freeze	1. Focus on Core	1. M.D Change 2. VRS Scheme	1. Working Capital Support
2. Total Cost Retrenchment	2. Product Expansion	3. M.D Initiatives	2. Interest Freeze
3. Short Term Asset Retrenchment	3. Market Expansion	4. ISO and E-Tendering	3. Other Rate Freeze
4. Long Term Asset Retrenchment		5. Plant Level Changes	

#### 4.5.7 Antecedent Matrix (Turnaround)

The antecedent matrix for turnaround (Table 4.5.7), depicts commonly adopted strategies, its nature, and impact on the turnaround, case by case. While case A and B represents successful turnarounds, cases C and D represent unsuccessful turnarounds. First the retrenchment strategies are analyzed. Employment freeze has been adopted as a decline restricting strategy, having high impact on turnaround in one case and relatively moderate impact in all the other three cases. Total cost retrenchment was adopted in all the four cases as a decline restricting strategy with the intention of stemming the costs, however it had low impact in two cases (successful turnarounds) and only moderate impact in the other two cases (unsuccessful turnarounds). Short term asset

retrenchment was adopted as a decline restricting strategy and its relative impact was high in two cases, moderate and low respectively in the other two cases. Long term asset retrenchment though was adopted in all cases, was one of the strategies which had the least impact on the turnaround of the firms under study. Next, the reorganization strategies are looked at. Product expansion was attempted as mostly a recovery strategy, barring one case where it was adopted in the decline restricting phase also. In two cases where it was enforced, it did have relative high impact on the turnaround and in the third case its impact was moderate. Market expansion was positioned as a recovery strategy and had moderate impact on turnaround in two cases and high impact in the other. Focusing on the core activities of the business was exercised by all the firms under study, both as decline restricting and recovery strategy in three out of four cases. Only in one case, it was adopted solely as a decline restricting strategy. The relative impact of focusing on the core business activities of the firms was high in all the four cases studied. Collaborations and business alliances as a repositioning strategy, was adopted only in companies that were able to successfully turnaround. While it was adopted as a recovery strategy in both cases, it was also attempted in the decline restricting phase in one of the case. The relative impact of business alliances and collaborations were high and moderate respectively in both those cases.

Next the reorganization strategies, its nature and relative impact on turnaround are analyzed. Managing director change as a reorganization strategy was adopted in all the four cases, however it's relative impact on turnaround was moderate in two cases, high in one and low in the

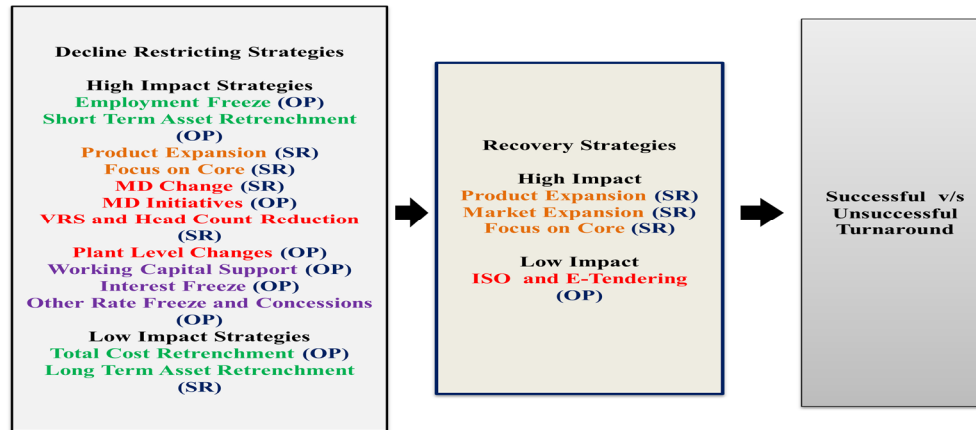
remaining one case. Voluntary retirement scheme or headcount reduction was adopted in three cases, where it was decline restricting in nature and had relatively high impact in two cases and moderate in the other. The initiatives taken by the managing director as a reorganization strategy, was evidenced in all four cases and was adopted as a decline restricting strategy having high impact in the unsuccessful turnaround firms and moderate impact in the successfully turnaround firms. Plant level changes were adopted in all the four cases predominantly as a decline restricting strategy except for one case where it was adopted at the recovery phase, and had high impact on turnaround in two cases and moderate impact on turnaround in the other two cases. ISO and E-Tendering was adopted as a recovery strategy commonly across all the cases except for Case B, and uniformly had a relatively low impact on the turnaround. Macro level initiatives were predominantly in three forms; working capital support, interest freeze and other rates and concessions. Working capital support was uniformly given to all the firms under study, during varying periods, all during the decline restricting phase of the turnaround. Its relative impact was high in two cases and low and moderate respectively in the other two. Interest rate freeze was a macro level initiative that was implemented in three out of four cases, as mentioned above as a decline restricting strategy, with relatively high impact in two cases and moderate impact on the other. Other rate concessions were also availed by two firms; however in both cases the relative impact of this move was high.

**Table 4.5.7:** Antecedent Matrix for Turnaround Strategies adopted

Retrenchment and Repositioning								
Phenomenon	Employment Freeze	Total Cost Retrenchment	Short-Term Asset Retrenchment	Long – Term Asset Retrenchment	Product Expansion	Market Expansion	Focusing on Core	Collaborations and Business Alliances
<i>Successful Turnaround</i>								
A	DR	DR	DR/REC	DR	DR/REC	REC	DR/REC	DR/REC
	High	Low	Low	Low	High	Mod	High	High
B	DR	DR	DR	DR	---	---	DR/REC	REC
	Mod	Low	High	Low	---	---	High	Mod
<i>Unsuccessful Turnaround</i>								
C	DR	DR	DR	DR	REC	REC	DR	---
	Mod	Mod	High	Low	High	High	High	---
D	DR	DR	DR	DR	REC	REC	DR/REC	---
	Mod	Mod	Mod	Low	Mod	Mod	High	---
Reorganization and Macro Level Initiatives								
Phenomenon	M.D Change	VRS Scheme (Headcount Reduction)	M.D Initiatives	Plant Level Changes	ISO and E-Tendering	Working Capital Support	Interest Freeze	Other Rate Concessions
<i>Successful Turnaround</i>								
A	DR	DR	DR	DR	REC	DR	DR	---
	Mod	High	Mod	Mod	Low	High	High	---
B	DR	DR	DR	REC	DR	DR	DR	DR
	Mod	High	Mod	High	Low	High	Mod	High
<i>Unsuccessful Turnaround</i>								
C	DR	---	DR	DR	REC	DR	---	---
	High	---	High	Mod	Low	Low	---	---
D	DR	DR	DR	DR	REC	DR	DR	DR
	Low	Mod	High	High	Low	High	High	High

#### **4.5.8 High and Low Impact Turnaround Strategies**

Summating the findings from the antecedent matrix, Figure 4.5.4 depicts the retrenchment, repositioning and reorganization strategies adopted, the stage at which it was adopted, its relative impact and whether it was operating or strategic in nature. At the decline restricting phase, the decline restricting retrenchment strategies that were commonly adopted and had high impact on turnaround were Employment freeze and short term asset retrenchment. Both these were operating in nature. The repositioning strategies that had high impact in this phase were product expansion and focus on core, both strategic in character. M.D. Change, M.D. Initiatives, VRS/Head count reduction and plant level changes were the decline restricting strategies that had high impact. While M.D. change and VRS were strategic moves, the other two were operating in nature. The macro level decline restricting strategies that had high impact were; working capital support, interest freeze and other rates and concessions, which took effect as operational measures. At the decline restricting phase there were only two low impact strategies, both retrenchment measures; total cost retrenchment and long term asset retrenchment, the former being operating and the latter strategic in nature. Next the recovery strategies are looked at. The high impact strategies at this phase were all repositioning in nature and also strategic in character; Product Expansion, Market Expansion and Focus on core. The low impact recovery strategies were ISO and E-Tendering both operating in nature. While the decline restricting strategies are a mix of the various types of turnaround strategies and mostly operating in nature, recovery strategies are mostly repositioning with strategic long term intent.



**Figure 4.5.4:** High and Low Impact Turnaround Strategies

#### 4.5.9 Extent of Implementation

The extent of generic strategy implementation in reality as opined by the employees is now compared side by side, to unearth any dominant pattern in strategy selection and implementation, and also to corroborate the strategies implemented as concluded in the above paragraphs. As is quite clear from the Table 4.5.8, cost retrenchment has been implemented to a greater extent than asset retrenchment as a retrenchment strategy, across the cases univocally, showing its practical applicability in the context of public sector enterprises. As far as repositioning strategies were concerned, across the cases, focusing on the core has been a consistent approach, while innovation over focusing on the core, has been attempted by two companies, one successful and the other unsuccessful. Though there are industry types variations, a restraint on innovate market offers can be seen. This could be because of the absence of research and development departments across the cases and the multiple levels of

government sanctions required for new product development and marketing. The reorganization strategies included changes to the leadership, culture, structure and process. Though leadership change was a common phenomenon in all the four cases, how deliberate an attempt it was is debatable, reflected by the average scores given by employees. Similarly strategies related to structure and process was limited too, except for some useful plant level changes. Finally, strategies to effect changes in culture, and thereby bring about turnaround were the least implemented.

**Table 4.5.8:** Extent of Generic Strategy Implementation

Strategies	A	B	C	D
<b>Retrenchment Strategies</b>				
Cost Retrenchment	4.55	4.45	3.13	3.79
Asset Retrenchment	2.27	3.69	3.07	2.72
<b>Repositioning Strategies</b>				
Innovative Market Offers	5.94	3.62	4.87	4.05
Reviewing Core	4.75	4.31	4.47	4.39
<b>Reorganization Strategies</b>				
Leadership	3.45	4.26	4.12	3.50
Culture	3.52	3.23	3.63	3.76
Structure and Process	3.70	4.01	3.95	3.57

#### 4.5.10 Final Logic Model

The final logic model is the culmination of the findings of the study and showcases a comprehensive depiction of the decisive reasons for performance decline; the turnaround strategies adopted during the two



phases of turnaround, if applicable, and also indicate the turnaround outcome. Since, theoretical replication is warranted from the study and the two tail design advocates to study extremes of a phenomenon, two discriminating logic models are developed, one for successful turnarounds (Figure 4.5.5) and other for unsuccessful turnarounds (Figure 4.5.6).

The two companies (A and B) that achieved successful turnarounds had faced performance decline for substantial periods of time. The pertinent reasons that had the most impact on turnaround were predominantly exogenous in nature. Low munificence, lack of organizational slack, competition, input cost increase, delay in project approval and funding and lack of government support. At the decline restricting phase, the successful turnaround firms adopted strategies that were principally high impact (relatively) in nature and attempted a blend of retrenchment, repositioning, reorganization and macro level strategies. While Employment freeze and salary and emolument freeze were the relatively high impact retrenchment strategies adopted, Product Expansion, and Focus on core (simultaneously trying to achieve antithetical moves) were the high impact decline restricting repositioning strategies. VRS/Head count reduction and plant level changes were attempted as reorganization strategies, which had relatively high impact. Working capital support, interest freeze and other rates and concessions were the macro level initiatives that had high effect too. The firms did also attempt other strategies at the decline restricting phase that had relatively moderate and low impact. Short-Term Asset Retrenchment and M.D. change (reorganization) had only relatively moderate impact on the turnaround while, total cost retrenchment and long term asset

retrenchment though were attempted, were not implemented to the extent to have a major effect on the turnaround of the firms. Through the decline restricting measures the companies tried to arrest the decline and initiate the process of reinstating stability to the organizations. At the recovery stage these successful turnaround firms adopted repositioning strategic measures with the intent of fostering growth and sustainability. For this, companies A & B adopted repositioning measures like product expansions, market expansions, collaborations and business alliances to expand their business by innovating and capturing markets. Operating measures like ISO and E-tendering (low impact) were also adopted during this phase.

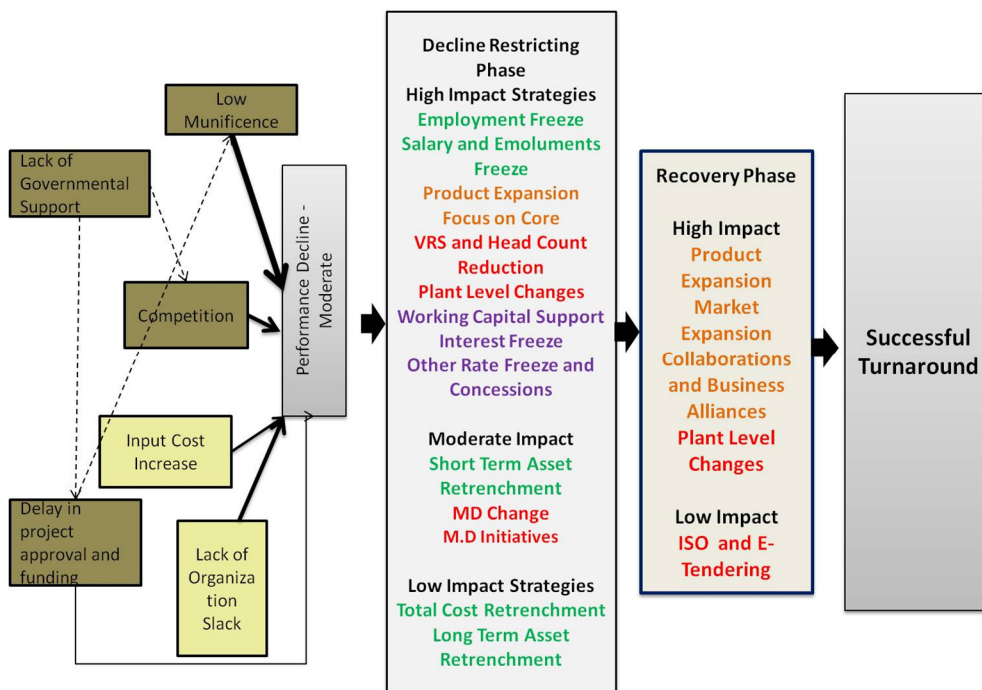


Figure 4.5.5: Logic Model for Successful Turnaround

Encapsulating the successful turnaround logical model, it can be deduced that, the firms adopted fitting strategies in a timely fashion to affect the achieved outcome. Through the retrenchment measures an attempt was made to eliminate wasteful resources and effect cost rationalization. Repositioning strategies were adopted during both phases to aid functioning finer in a low munificent environment and effectively build a profitable market and tackle competition vigorously. Benign, technologically progressive plant level changes were also made enabling to meet new market demands. Interestingly, managing directors did not have a compelling role in the turnaround around process.

The unsuccessful turnaround logic model is analyzed now. The major difference between the successful turnaround model and unsuccessful turnaround is that, in the latter there was no clear demarcation between the two phases of turnaround. Strategies have been called decline restricting or recovery, owing to their general nature and not because of the time/phase it was implemented in the turnaround process. Performance decline of these companies were caused particularly by endogenous or internal factors like lack of organizational slack, management weakness, input cost increases etc. Though a mix of turnaround strategies have been adopted, there is frailty in its selection and suitability to the causative reasons of performance decline, resulting in an unsuccessful turnaround. Strategies of the nature decline restricting, and of relatively high impact included, Short-Term Asset Retrenchment, product expansion (repositioning), M.D. initiatives and plant level changes (reorganization) and working capital support, interest freeze and other rates and concessions (macro level initiatives). Employment freeze and total cost retrenchment, both retrenchment

strategies and VRS and M.D change, both reorganization strategies were adopted which were decline restricting in nature and had relatively moderate impact on the turnaround of the firm. Additionally, as a repositioning strategy, focusing on the core yielded only moderate impact on the turnaround. Relatively, the least effective decline restricting strategy was long term retrenchment. The high impact recovery strategies were only repositioning in nature and included product and market expansion. ISO and e-tendering were adopted here too, but like in the case of successful turnarounds, its impact was low. Conclusively it can be gathered that there was an imbalance in strategy selection and implementation.

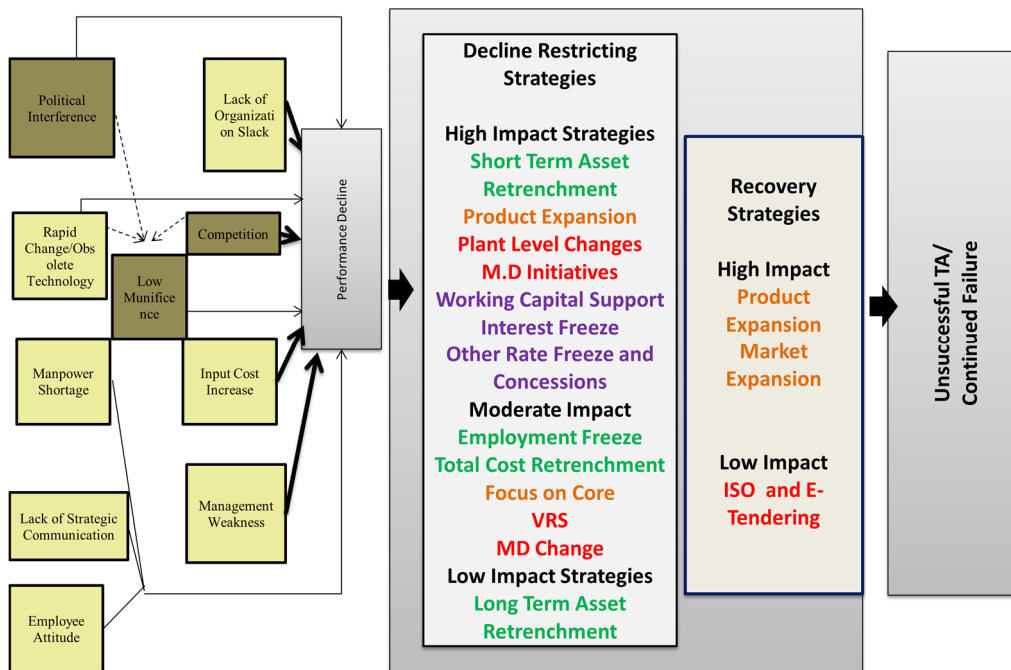


Figure 4.5.6: Logic Model for Unsuccessful Turnaround

#### 4.5.11 Pattern Matching

Pattern Matching is an analytical strategy commonly used in case study research, which compares a predicted model (in this case a theoretical model) to an empirically evidenced one (Trochim, 1989). The matching or non-matching of patterns, leads to the development of compelling explanations for different outcomes, ingrained in theory (Barratt et al., 2011; Starkey, 2010; Yin, 2011). In the present study, the two discriminating final logic models of successful and unsuccessful turnarounds are visually pattern matched to the theoretical model, to see if there are germane mismatches and deviations.

Figure 4.5.7, shows the pattern matching for successful turnaround. As can be seen, the successful turnaround logic model fairly matches with the prescribed pattern or the conceptual model, though there are divergences in limited aspects. The decline severity is high when the predominant reasons for decline are exogenous in nature - explicated the theory (Beckman et al., 2004; Decker, 2016). As is the case here, where there was a domination of exogenous factors which caused a performance decline, whose severity, but was moderate. Retrenchment strategies are recommended to be adopted as immediate measures during the decline restricting phase (Hambrick & Schechter, 1983; Mone et al., 1998; D. K. Robbins & Pearce, 1992). The conceptual model further indicates the adoption of asset retrenchment strategies, when the severity of decline is high. However, both the companies adopted more of cost retrenchment measures (employment, salary and emolument freeze) as can be seen from the logic model and though long term asset retrenchment was adopted, it was the least impactful. This deviation from the conceptual

model could be attributed to the fact that, though the decline was induced by exogenous factors and could have been severe, internal realignment in terms of cost rationalization helped these firms turnaround, negating the need for asset retrenchment. Moreover, being public sector enterprises, the procedural, legal and bureaucratic aspects of asset retrenchment is beyond the control of an individual firm.

Next according to the conceptual model, reorganization measures are to be adopted during the decline restricting phase especially leadership changes (Hofer, 1980; Murphy, 2008; Perlmutter & Cnaan, 1995; Schendel et al., 1976a). This strategy was followed by both the firms, where the Managing Directors were replaced with the intention of bringing about changes. It's interesting to see that, the change in Managing director and the M.D. related initiatives had only a moderate impact on the turnaround, unlike what the literature posited. The striking reason why, top leadership change had only limited impact was that, in both these cases, the recovery was self initiated by a strong top management team with the active participation of the employees and clearly had a more professional, long term approach to turnaround, not necessarily needing a champion leader at the helm. Structural and procedural reorganization strategies (like VRS/head count reduction and plant level changes) had relatively more impact, showing that, generally operating strategies, may it be retrenchment or reorganization were adopted during the decline restricting phase, to arrest the decline. The repositioning measures taken at the decline restricting phase also had a relatively high impact on the turnaround, as it expanded the revenue sources, giving the organizations the much needed funds at the time of

turnaround. To bring in stability to the organization, the conceptual model recommended reorganization measures, followed by repositioning, and finally retrenchment measures to be adopted during the recovery phase. But as the logic model lay out, the recovery phase of the successful turnaround in reality saw predominantly repositioning strategies, where entering new markets, producing new products for existing markets and collaborations and alliances were entered into, envisaging long term growth and sustainability. All these moves are of strategic nature and have resulted in successful turnaround. Reorganization measures needed to follow, which it did, but were relatively inconsequential except for plant level changes. No recovery retrenchment measure was adopted that had any bearing on the turnaround. The macro level initiatives, though not spread over the two phase and was mostly restricted to the decline restricting phase, did have an impact on the turnaround.

It can be hence concluded that pattern of the conceptual model and the logic model for successful turnaround did match temperately though there were passable aberrations. The strategies implemented were in tandem with the reasons for decline, propelling the organizations to turnaround and sustain it. The retrenchment and reorganization strategies at the decline restricting phase checked the rising input costs, and freed the slack resources. The repositioning measures taken, addressed the competition and also created a more favorable environment for the business to function. Finally delay in project approval end funding and lack of governmental support are two causative factors, for which the organization has no jurisdiction. It's a government level variable, for which policy changes and interventions are warranted.

Now pattern matching of the conceptual model and logic model of unsuccessful turnaround is attempted (Figure 4.5.8). As is apparent from the logic model, the reasons for decline were mostly endogenous in nature, which according to theory leads to a decline of low severity, and to recover from which a firm needs to adopt operating strategies (Lohrke et al., 2012). Here however the antithesis of this has played out. The critical endogenous reasons like, lack of organizational slack, input cost increase, and management weakness etc has been accentuated by external factors like competition, low munificence and political interference.

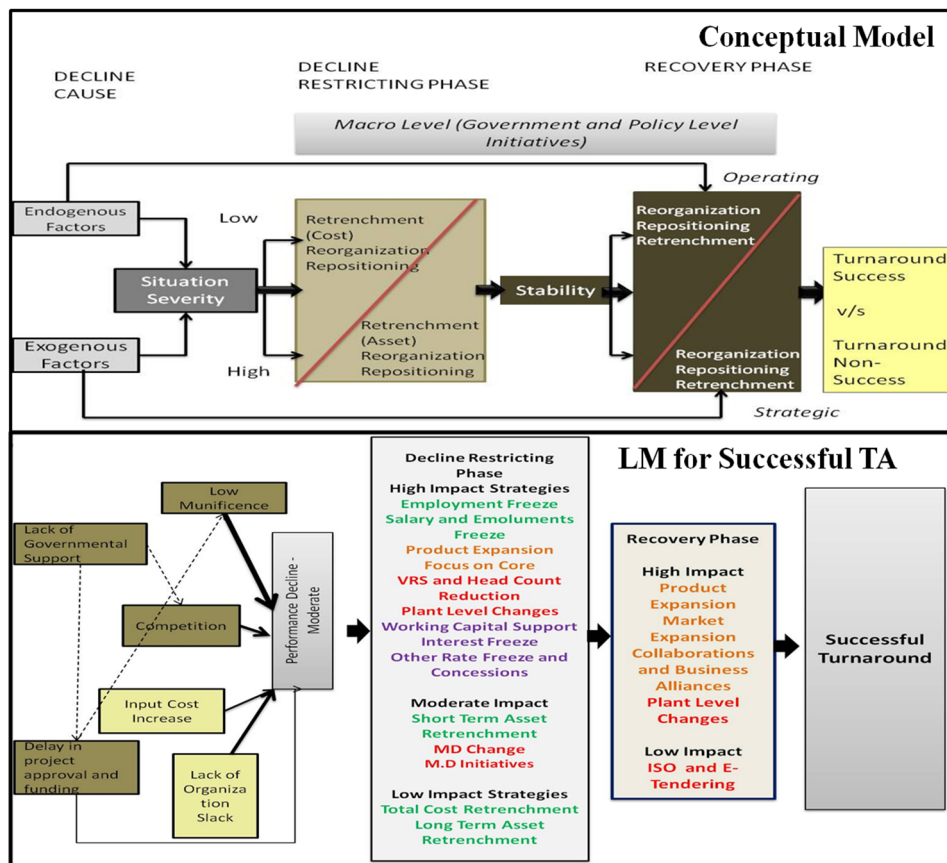


Figure 4.5.7: Pattern Matching for Successful Turnaround



The first major difference from the conceptual and the previous successful turnaround model is that here, there were no categorical phases. Turnaround was achieved by adopting strategies of decline restricting or recovery in nature, but were short lived and coincided or were after the turnaround period, making these distinctive phases distorted. While macro level initiatives were the most impactful decline restricting strategy, there is no clear dominance of any of the other strategies namely, retrenchment, reorganization or repositioning, that aided in turnaround. One interesting distinction from successful turnaround is the presence of Management initiatives as a strategy with relatively high impact on turnaround. Frailty of the organization and the cognitive inability of the existing management to recognize and rectify the causes for failure were corrected to some extent, when a new managing director took over and designed policies and programmes, which initiated the turnaround that both these companies achieved. The recovery strategies, followed the same pattern as the model of successful turnaround, where repositioning was the predominant strategy adopted, which is a mismatch with the conceptual model. The reasons for decline and the strategies selected are seen not to be in aggregation. There were no lasting solutions found to reduce input costs and free slack resources. Competition was the main causative factor that was addressed by attempting new products. The success of these products was yet to reflect in the balance sheet during the period of the study. It can be hence concluded that, though the dispositions of the strategies were same, the suitability of it and the intensity of the implementation were mismatched, leading to an unsuccessful turnaround. The unsuccessful turnaround model is visibly different from the conceptual model, necessitating theoretical explanations.

The pattern matching can be concluded by stating that both models have elements which are analogous and divergent from the conceptual model. These interesting deviations have theoretical and practical reasoning, partially discussed here while the rest will be dealt in detail in chapter V, under the discussion head.

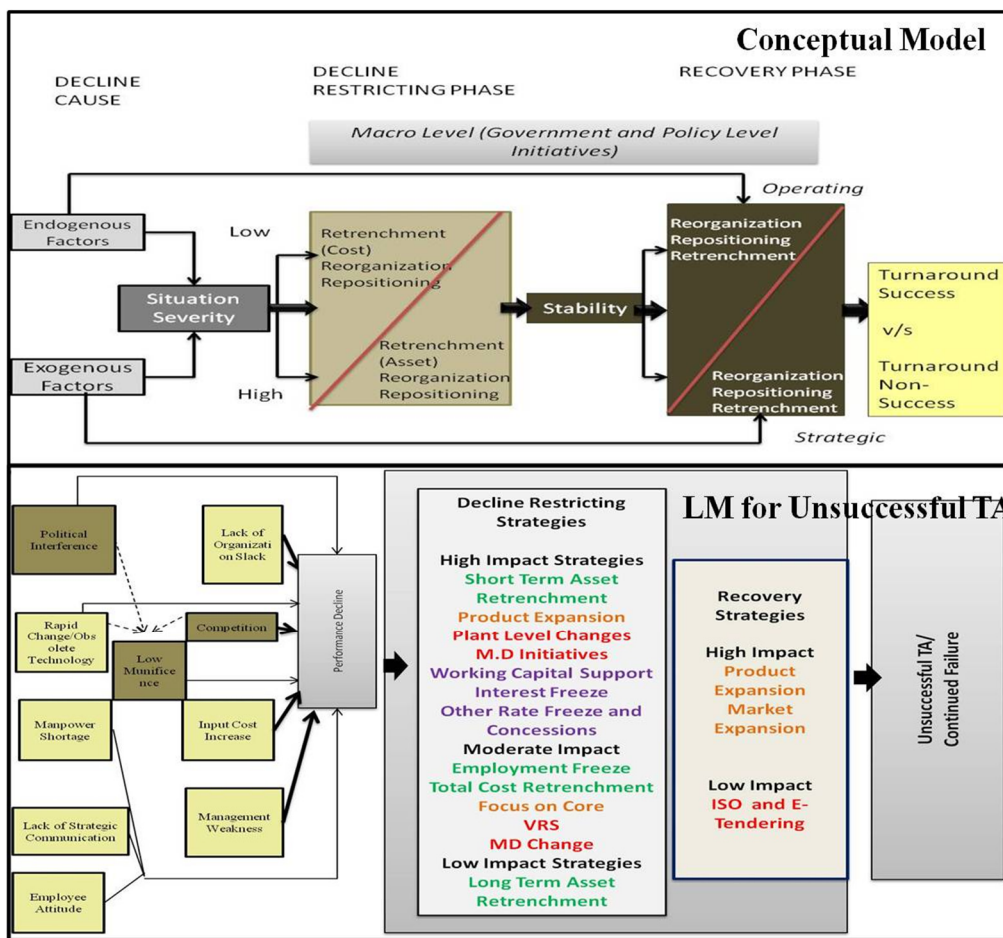


Figure 4.5.8: Pattern Matching for Unsuccessful Turnaround

#### **4.5.12 Cross Case Propositions**

The final section will now spell out the supported propositions (Table 4.5.9). Propositions with evidence support/non support from individual cases are juxtaposed to arrive at final conclusions. P1, P2 and P3 dealt with the nature of reasons for decline, and as is apparent, it can be concluded that predominantly, the reasons for performance decline of state owned enterprises in Kerala studied, were an admixture of endogenous and exogenous factors. Moving on to the strategies that aided in turning around the organizations, it can be seen that macro level initiatives had a significant impact on the turnaround of the firms under study, supporting proposition 4. Retrenchment strategies, like posited by the theory, was an impactful strategy at the decline restricting phase and not in the recovery phase, making P5 supported and P6 not. Though reorganization strategies were adopted, its timing and extent of implementation in the turnaround process was ineffective, as both the reorganization related propositions P7 and P8 were not supported. The impact of repositioning as a recovery strategy on turnaround, was established through P9 being not supported and P10 being supported. Finally, uniformly, the nature of the measures undertaken was predominantly strategic. Consequently, it can be concluded that, retrenchment and macro level initiatives in the decline restricting phase and repositioning strategies in the recovery phase, mostly strategic in nature, aided the state owned enterprises in Kerala to turnaround, where the reasons for decline was a mingle of endogenous and exogenous factors.

Table 4.5.9: Cross Case Propositions

Propositions/ Cases	A	B	C	D	Cross Case Assessment
P1 Endogenous factors primarily caused the performance decline of the organization.	Not Supported	Not Supported	Supported	Not Supported	Not Supported
P2 Exogenous factors primarily caused the performance decline of the organization.	Not Supported	Not Supported	Not Supported	Not Supported	Not Supported
P3 A combination of endogenous and exogenous factors led to the performance decline of the organization.	Supported	Supported	Not Supported	Supported	Supported
P4 The macro level (policy level) initiatives taken during the decline restricting and recovery phase had an impact on the turnaround of the organization.	Supported	Supported	Not Supported	Supported	Supported
P5 The retrenchment strategies adopted during the decline restricting phase had a relatively stronger impact on the turnaround of the organization.	Supported	Supported	Partially Supported	Not Supported	Supported
P5 The retrenchment strategies adopted during the recovery phase had a relatively lesser impact on the turnaround of the organization.	Supported	Not Supported	Not Supported	Not Supported	Not Supported
P7 The reorganization strategies adopted during the decline restricting phase had a relatively lower impact on the turnaround of the organization.	Not Supported	Not Supported	Partially Supported	Not Supported	Not Supported
P7 The reorganization strategies adopted during the recovery phase had a relatively stronger impact on the turnaround of the organization.	Not Supported	Not Supported	Supported	Supported	Supported
P9 The repositioning strategies adopted during the decline restricting phase had an impact on the turnaround of the organization.	Supported	Not Supported	Not Supported	Not Supported	Not Supported
P10 The repositioning strategies adopted during the recovery phase had an impact on the turnaround of the organization.	Supported	Supported	Supported	Supported	Supported
P11 The operational level strategies had a stronger impact on the turnaround of the organization.	Not Supported	Not Supported	Not Supported	Not Supported	Not Supported
P12 The strategic level initiatives had a stronger impact on the turnaround of the organization.	Supported	Supported	Supported	Supported	Supported

.....

## FINDINGS, DISCUSSIONS AND RECOMMENDATIONS

<i>Contents</i>	<i>5.1 Findings of Cross Case Analysis – Performance Decline</i>
	<i>5.2 Findings of Cross Case Analysis – Turnaround</i>
	<i>5.3 Pattern Matching – Summarized Findings</i>
	<i>5.4 Cross Case Propositions – Summarized Findings</i>
	<i>5.5 Discussion</i>
	<i>5.6 Recommendations</i>
	<i>5.7 Conclusion</i>

The concluding chapter of the thesis entails the major findings, discussions to include managerial and policy implications, recommendations and finally conclusion. The first section deals with the summarized major findings from the cross case analysis, pattern matching and cross case propositions.

### **5.1 Findings of Cross Case Analysis – Performance Decline**

Since reasons for performance decline has a bearing on the outcome of the company's turnaround (successful v/s unsuccessful), it is imperative to make a distinction between the causative reasons for decline for the two turnaround outcomes. The endogenous and exogenous factors that contributed to performance decline in successfully and unsuccessfully turned around firms and the broad conclusions drawn from it are assimilated in the Table 5.1.

**Table 5.1:** Findings of causative factors and its relative impact, on performance decline, based on Turnaround Outcome

Relative Impact of Factors	Nature of Turnaround Outcome	
	Successful Turnaround	Unsuccessful Turnaround
High Impact Factors	While low munificence and competition were the strongest exogenous contributors to the performance decline, lack of organizational slack became the only endogenous factor that contributed as much, to performance decline.	The factors that were the concluded to be the strongest contributors to the performance decline were lack of organizational slack, competition, input cost increase and management weakness. Competition being the only exogenous factor here, all the other major factors was internal to the organizations.
Moderate Impact Factors	Two endogenous factors namely, input cost increase and management weakness had relatively moderate impact on the performance decline	The next array of factors that had an effect on the performance decline was political interference, obsolete technology, manpower shortage, lack of strategic communication and employee attitude. Here too, baring political interference, all the other factors were endogenous.
Low Impact Factors	Lack of governmental support and delay in project approval and funding, both exogenous factors had an effect on the performance decline but relatively low as compared to the factors mentioned above.	
Conclusions	Conclusively, it can be distinctly observed that, there is a preeminence of exogenous factors with relatively higher impact, affecting performance decline in the successful turnaround firms	Conclusively it may be noted that there is a dominance of endogenous factors that led to the organizations' performance decline that were unsuccessful in sustained turnaround.

Finally, combining the decisive factors and its impact on performance decline of the selected state-owned enterprises, the following conclusive findings are arrived at:

- The most decisive/critical factors that had the strongest impact on the performance decline of firms under study were predominantly endogenous in nature. Lack of organizational slack, input cost increase and management weakness was the endogenous factors that had the strongest contribution to the performance decline. Competition was the only exogenous factor, which had as much impact, as the three above-mentioned endogenous factors.
- The next array of decisive factors that had moderate impact on performance decline of the firms under study, were political interference and low munificence. Both these factors were exogenous in nature and seen to be the antecedent or outcomes of other factors. Munificence, which is the conducive environment to do business, was hampered by the presence of competition, political interference and delay in project approval and funding, all of which functioned as its antecedents. The lack of supportive environment to do business led to lower turnover thereby causing lack of cushion funds or lack of organizational slack.
- The next set of decisive factors that has the lowest impact relatively on the performance decline of the firms, were lack of governmental support, delay in project approval and funding (exogenous factors), obsolete technology, and manpower

shortage (endogenous factors). While the lack of governmental support is seen to lead to delay in project approval and funding, the delay causes the technology used by the firms to be obsolete as there is no timely replacement of the machinery or the technology.

## 5.2 Findings of Cross Case Analysis – Turnaround

Now that the decisive factors and its relative impact on performance decline were understood, the important findings of turnaround strategies and its impact on turnaround is summarized. A synopsis of the relative impact of decline restricting and recovery strategies, as concluded from the cross case synthesis, is shown in the Table 5.2.

**Table 5.2.** The relative impact of Decline Restricting and Recovery Turnaround Strategies

Relative Impact of Strategies	Decline Restricting	Recovery
High	High impact decline restricting strategies were employment freeze and short term asset retrenchment (retrenchment strategies), product expansion (repositioning strategies) and managing director change, voluntary retirement scheme and plant level changes (reorganization strategies).	The Recovery strategies that had the highest impact were product expansion and market expansion, both repositioning strategies.
Low	Total cost retrenchment and long term asset retrenchment were the only relevant decline restricting strategies, which had low impact on the turnaround.	ISO and e-tendering were also commonly adopted recovery strategies, but its impact on the turnaround was low.



Categorically, the impact of strategies during the decline restricting and recovery phase of both the studied outcomes of turnaround, namely successful and unsuccessful, has been distinctly summarized. First, the impact of 3R's during the decline restricting and recovery phase of successful turnarounds is explicated. For the successfully turned around firms, where the factors that contributed to performance decline were majorly exogenous in nature, the high impact strategies that were adopted during the decline restricting phase were employment freeze and salary and emolument freeze (retrenchment strategies which were operational in nature), product expansion and focus on the core (repositioning strategies which were strategic in nature), voluntary retirement scheme (reorganization strategy which was operational in nature) and working capital support, interest freeze and other rates freeze and concessions (macro level initiatives operational in nature). The strategies that were adopted during the decline restricting phase that had moderate impact on the turnaround were, short term asset retrenchment (retrenchment strategy operational in nature) and managing director change (reorganization strategy operational in nature). The low impact strategies that were adopted during the decline restricting phase were, total cost retrenchment and long term asset retrenchment (retrenchment strategies operational and strategic in nature respectively). During the recovery phase of the successfully turned around firms, the high impact strategies adopted included, product expansion and market expansion (repositioning strategies strategic in nature) and plant level changes (reorganization strategy operational in nature). Finally, ISO and e-tendering were the low impact strategies adopted during the recovery phase of the successfully turned around firms.

The impact of strategies during the decline restricting and recovery phase of unsuccessful turnarounds is now rehashed. Essentially, these firms did not have a clearly discernible decline restricting phase or a recovery phase. However strategies that can be categorized as decline restricting and recovery, were adopted during the time period of the study, which had varying impacts on the turnaround of the firms. For the unsuccessfully turnaround firms, where the reasons for performance decline were mostly endogenous in nature, the high impact decline restricting strategies that were adopted were, short term asset retrenchment (retrenchment strategy operational in nature), product expansion (repositioning strategy strategic in nature), managing director initiatives and plant level changes (reorganization strategies operational in nature) and working capital support, interest freeze and other rates freeze and concessions (macro level initiatives operational in nature). The decline restricting strategies that had moderate impact were, employment freeze and total cost retrenchment (retrenchment strategies operational in nature), and voluntary retirement scheme, managing director change (reorganization operational and strategic in nature). The strategy that was intended to restrict the decline but had the lowest impact on turnaround firms was long term asset retrenchment (retrenchment strategy strategic in nature). The high impact recovery strategies that were adopted were product expansion and market expansion, both repositioning strategies strategic in nature. ISO and e-tendering were the low impact recovery strategies that were adopted during the recovery phase of the unsuccessfully turned around firms.

### **5.3 Pattern Matching – Summarized Findings**

The critical finding from the pattern matching was that, while the model for successful turnaround approximately matched with the pattern as proposed by theory, the model for unsuccessful turnaround had more deviations than matches. The discriminating final models reveal that, the antithesis of theory has played out in reality, as far reasons for decline, its severity and probability/possibility of turnaround were concerned. An exogenous factors induced decline, leads to high severity, recovering from which was posited to be difficult as per the theory, whereas an endogenous induced decline was relatively easier to overcome, and hence turnaround. The successful and unsuccessful turnaround studied in aspect, exhibited the antipode of this, as exogenous induced decline could be recovered from, relatively smoothly and endogenous induced, grappled to do so. Moreover, strategy selection also saw marked difference in approach, where cost retrenchment at the decline restricting phase and repositioning measures at the recovery phase was adopted increasingly regardless of the severity of decline, in all the cases. The absence of discernible turnaround phases for unsuccessful turnarounds was also another highlight finding of pattern matching.

### **5.4 Cross Case Propositions – Summarized Findings**

The cross case propositions reveal the acicular conclusive findings of the study. The causative reasons for performance decline of the State Owned Enterprises studied have been principally a mix of endogenous and exogenous factors. While macro level initiatives had a significant impact on the turnaround of these firms, retrenchment strategies

implemented as decline restricting measures and repositioning strategies implemented as recovery measures had as much compelling impact on the turnaround of the SOEs. In element it could also be concluded that, most impactful initiatives taken were of strategic character.

## 5.5 Discussion

Successful and unsuccessful turnarounds are results of self initiated recovery and the inability to achieve it, respectively. Literature on the topic lends explanations such as conditions of Publicness, success breeds failure archetype leading to inertial tendencies, and lack of cognizance as the reasons for the same. The public sector organizations have all seen phases of performance high, when they enjoyed near monopoly statuses in their respective markets, leaders who led them to this success; setting the basic culture of the organization and also the tacit knowledge that the very paradigm of “Publicness” may bleed them but would not let them die. All in this in amalgam, led to “Success breed Failure” archetype introduced by (Starbuck & Hedberg, 1977). As a consequence, organizational practices that saw success in the improved performance period, became a part of the standard operating procedures, which were not revisited at the time of performance decline due to escalating commitment of the managers to a weakening course of action (Staw, 1976). The cases in the present study, also supported this argument, as there was a constitutional procedural-ism and constraints to innovation if it deviated from typical practices (Kelly & Amburgey, 1991; Newman, Raine, & Skelcher, 2000).

Even if this limitation could be circumvented, there was the crucial and defining role that managerial cognition played in the decline turnaround dynamic. The failure to recognize warning signals of decline at the opportune time by managers, often delayed the remedial action, most times making the situation nearly irreversible (Gopinath, 1995). The rigidity in culture, contributed by concurrence seeking tendency and enhanced group identity, and the lack of proper performance management measures, lead to this incompetent recognition of decline (Gopinath, 2005; Mellahi & Wilkinson, 2004), as was the case in the present study.

The contributions that the external environment makes to decline, also needs appraisal. It is true that the very fabric of public sector does not equip the companies to compete fiercely in the market. The bureaucratic superstructure in reality, abase the munificence, rather than uplifting it. While a munificent environment could in turn, help a resource deficient (lack of slack), declining firm to recover (David, 1999), all the companies studied had a formidable environment laden with competition leading to low munificence. The significance of politics and its effect on decline and turnaround of public sector enterprises, assumes a principal role as well. The life of a strategy envisaged and implemented in a public sector organization is defined by the political party at the helm of the government. The strategy may flourish or perish not because of its merits but because of the vagaries of political parties (Danaee Fard, Moshabbaki, Abbasi, & Hassanpoor, 2010; Jas & Skelcher, 2005).

Now that performance decline was reasoned and comprehended in aspect, turnaround and its dynamics are looked at. The turnaround of

public sector organizations can be best explained by the “stress inertia theory”. The warranted strategic change (turnaround) will be initiated by such firms only when the stress (of worsening performance) exceeds and tips over the inertia (defiance by inertial tendencies) (Barker III, Patterson Jr, & Mueller, 2001; Barr & Huff, 1997). Once the public organizations decide to embark on the recovery path, it may take different routes to reach turnaround success. Judicious strategy selection is of paramount importance, as unmatched, wrong strategies may lead to dissipation of already scarce resources during the recovery period (Hofer, 1980). As the first step, most turnaround firms attempt cost reduction measures and eliminate resources that may not be in congruence with the external environment and hence redundant (Yeh & Fang, 2011). This could include, idle employees, obsolescent products, unused facilities etc. All these cost arresting measures are easier said than done in the public sector context. Let’s take idle employees in aspect. Though voluntary retirement schemes were introduced to encourage people leave the organization to eliminate idle workforce, in most cases studied, it backfired, with meritorious employees leaving the organizations. Due to political and bureaucratic interpositions, disposing off “deadwood” is not easy in the Indian scenario, where the unions are still vote banks for political parties, unlike the West (Khandwalla, 1984). However, there should be at least a stoppage of appointments based on political connections, so that “sleeping incumbents” who disregards their duty and involve in moonlighting can be avoided (Huang & Snell, 2003). Another strategy that aids in turnaround is focusing on the fundamentals of the business, by turning attention to the most profitable customers and designing products

for them (Schoenberg et al., 2013), which all the firms that turned around in the present study did, making focusing on core a repositioning strategy, the most effective recovery strategy that could be adopted by public sector undertakings. Studies done previously have shown that recovery strategies and not decline restricting are adopted by firms facing severe decline (Aveni, 1989), often attempting diversifications, which was touted to have curvilinear relationship with performance (Rasheed, 2005). This was seen in the unsuccessful turnaround cases, where many new products were attempted, not necessarily having effective contributions to the turnover. In spite of the dispositions of strategies adopted by all firms being more or less the same, they did not achieve similar results, the discerning factor being implementation. Non recovery or unsuccessful turnarounds is evidenced to have poor strategy implementation (Sudarsanam & Lai, 2001). The temporal nature or the timing of the strategy implementation is also of crucial importance. Retrenchment strategies implemented within two years of decline followed by reorientation (recovery) strategies, yields more chance of turnaround (Tangpong et al., 2015). While the successful turnarounds followed this chronology, unsuccessful turnarounds did not have discriminating phases and strategy selection and execution was untimely and imbalanced.

The nature of the factors that lead to decline, often dictate its turnaround outcome. There are two schools of thoughts in this regard. One which believes that firm based (internal reasons based) decline, will have to adopt more strategic initiatives, and due to the ineptitude of management to do so, may fail to successfully turnaround (Iii & Duhaime, 1997). Other researchers, however, argued that firm based

decline has more potential of turning around, as internal rectifications and changes are easier to make and much less complex than exogenous factors where there is interplay of manifold dimensions (Beckman et al., 2004; Decker, 2016; Lohrke et al., 2012). Though majority of the studies support the latter turnaround dynamic, the present study presents an antithesis. The foundation for this antipode is the source reasons for organizational performance decline; escalating commitment, inertial tendencies, Publicness, and success breed failure paradigm. These dimensions often lead to failure in cognition, and in most cases lead to wrong strategy selection and implementation.

Additionally, the concept of “Permanently” failing organization introduced by (Meyer & Zucker, 1989), can be used to explain this phenomenon more completely. Persistent underperformance, is an inadvertent fallout of a convoluted set of customs and practices of an array of actors both endogenous and exogenous to the organization (Akbar et al., 2014). The theoretical sources include such paradigms, which are in complete agreement with the empirical evidence collected in the current study. The sources for permanently failing organizations can be “Stubborn beliefs in deeply and historically embedded perspectives”, “Recurring discrepancy between strategy articulation and implementation”, “Perpetual lack of agreement on how to reverse failure at top management level and the arrival of contradictory trade-offs”, “Organizational Latency”, “Transformations in the nature of external stakeholders leads to pressure for changes in top management and strategy” and “Naïve endorsement of top management strategy” (Akbar et al., 2014; Meyer & Zucker, 1989).



The major reasons for decline were endogenous and exogenous in nature and required the adoption of strategies that directly or indirectly tried to curtail it. The multi-level and ingrained nature of governance in the state sector, points to the fact that the sources of the decline can also be at the macro level. Selecting strategies that match the reasons for decline would bring about the change anticipated. It is also important to note that for sustaining a successful turnaround, devising pliant long term managerial strategies which are not episodic, and building dynamism into the system is of paramount significance.

The expansive solution to overcome all the impediments mentioned above, and achieve organizational excellence is Institutionalization (Scott, 2017; Tolbert & Zucker, 1983). (DiMaggio & Powell, 1983), introduced three forces that propel Institutionalization namely, coercive isomorphism that originates from political domination and the need for legality, mimetic isomorphism which urges to have a standard reaction to uncertainty and finally, normative isomorphism through professionalization. It has been empirically proven that public sector enterprises when exposed to coercive and normative isomorphism try to incorporate the external insights into the system, thereby reducing the rigidity and maneuver the firm away from bureaucratization and hierarchy and towards a balanced mean (Frumkin & Galaskiewicz, 2004). Furthermore this external exposure shall also aid in building networks that will complement the munificence of business environment of the firm. Studies such as (Brignall & Modell, 2000; Khandwalla, 1984; Mone et al., 1998; Philippidou, Karageorgiou, Tarantilis, Soderquist, & Prastacos, 2008), all suggest Institutionalization as the solution for effective strategic change.

### **5.5.1 Managerial Implication**

By cataloguing the endogenous and exogenous reasons for performance decline, the study provides public managers a readymade inventory of factors that could lead to decline (in the Kerala context); for the purpose of early recognition and cognizance. Once the causative factors are identified, a judicious combination of retrenchment, repositioning and reorganization strategies, at the strategic and the operational level, will ensure a successful recovery and turnaround. While crafting strategies by recombining existing resources or by acquiring new resources, the managers must be careful in developing feasible but difficult to imitate strategies. Public sector managers must have exogenous exposure, to aid them in institutionalization of best practices. Another important caveat is, since the degree of government ownership and partaking in the firm is considerably high, it is important to have strong relationships with the concerned ministry. This will accelerate project approval times, improve the market support and also develop better external image especially among stakeholders like financial institutions.

### **5.5.2 Policy Implication**

The findings of the study are touted to give beneficial insights to policy makers, and will aid them to supervise the development of generic strategies to iron out common creases and focused strategies for distinct issues. The first caveat however is that, turnaround in public sector is principally a political exercise. Without extensive support from the government and the ruling party, turnaround of public sector organizations cannot be sustained, nor can it have legitimacy. Hence, either government

level absolute involvement is recommended, if not, at the policy level there should be sizeable autonomy granted to the management of these organizations. Also, the government should strength the role of agencies like RIAB so that it functions as a key ally, who could assume a pseudo-vigilante role in monitoring the functioning of the organizations. Early warning signals of an impending dip in performance can then be effectively managed and failure can be prevented. The policy makers can also contribute by improving the munificence of the business environment, by integrating market-based mechanisms with the policy and developing a nationwide network of state owned enterprises along the value chain.

### **5.5.3 Theoretical Implication**

The four in-depth case studies and the cross case synthesis, contributes to the existing deficient research (on public failure and recovery) by, theoretically explicating and empirically testing turnaround antecedents, actions and outcomes. In its explanation of the phenomenon, theories like, Stress-Inertia Theory, Permanently Failing Organizations Framework, success breed failure archetype and lack of cognition has been used, making the model dynamic by integrating classical and voluntaristic perspectives. In finding fitting solutions and Institutionalization theories have been used, thereby adding vigor to the decline-turnaround model.

## **5.6 Recommendations**

Averaging the recommendations made by respondents from the case sites as applicable to individual companies, and also based on related theory, umbrella recommendations are made here, that can be adopted across the sector. Following the principles of institutionalization, it is

recommended that the performance expectations of the state owned enterprises, be legitimized at the policy level, in addition to the compulsory participation in professional associations and networking organizations at the state, national and international level. Moreover, Fractional Autonomy, with minimum political interference, is recommended to be given to the management, so that legitimate decisions are made and executed faster and successfully. Market support is to be given to the companies as they function in a low munificent environment with impediments from the government's side adding to the already tough competition. Available, Recoverable and Potential Slack ought to be maintained at an equilibrium level, so that future performance shocks can be absorbed comfortably. Strategic initiatives are important, but for it to be successful, fitting operational measures that span over the entire value chain of the business must be developed. A performance monitoring system (preferably by a third party agency with ample internal representation), must be a norm in all the public sector enterprises, which can detect early warning signals of performance decline, so that matching strategies can be developed and implemented to arrest it from spiraling. Structured channels of internal and external communication must be developed so that, accurate, timely and concise information are delivered across the organizations. A resources audit can be conducted, so that idle resources can be identified and be translated to profitable revenue earning sources. To ensure improved performance and productive attitude of the employees, "Performance based pay" can be adopted like in the CPSUs. Strategy selection must be done more rigorously, so that essential scarce resources are not wasted. The trend of employing contract employees can be

continued to rationalize the cost, however inventive ways to ensure their enhanced productivity must be devised and implemented. Wherever necessary, the companies must be encouraged to collaborate with the private sector to avail mutual benefits. Finally, the three requisite rudiments for successful strategy implementation are the attitude and behavior of people involved, the unstinting dedication towards the strategy and the continual learning that assist strategy implementation. It becomes imperative then, to build such a culture in the public sector organizations.

## **5.7 Conclusion**

The classification of decisive reasons for performance decline, and preparation of a ready repertoire of fitting and functional retrenchment, repositioning and reorganization strategies, makes this study highly relevant in the Kerala public sector underperformance and turnaround context. The study is not only about decline and turnaround, but in essence throws light on how companies can regain their lost competitive advantage, making it more insightful for Public sector revitalization. Use of case studies, have exposed even micro aspects of firms undergoing decline and attempting turnaround, for scrutiny and rectification. Though it is highly contextual, the findings of the study can be replicated to complimentary contexts elsewhere in the country to ensure successful turnarounds and thereby safeguarding the relevance and significance of the state owned enterprises in India. Theoretical insights in both the explanation of the phenomenon and finding felicitous solutions, has added to the dynamism and potency of the model, making it more robust

for application. Finally, this study was an earnest attempt to fill the gap existing in literature to empirically validate public sector decline and turnaround.

.....

## References

- [1] Abebe, M. A. (2009). Leadership characteristics of declining firms attempting turnaround: An empirical examination. *Journal of Strategy and Management*, 2(3), 201–216. <http://doi.org/10.1108/17554250910982462>
- [2] Akbar, Y., Németh, A., & Niemeier, H. (2014). Here we go again... the Permanently Failing Organization : An application to the airline industry in Eastern Europe. *Journal of Air Transport Management*, 35, 1–11. <http://doi.org/10.1016/j.jairtraman.2013.10.003>
- [3] Aldag, R. J., & Fuller, S. R. (1993). Beyond Fiasco: A Reappraisal of the Groupthink Phenomenon and a New Model of Group Decision Processes. *Psychological Bulletin*, 113(3), 533–552.
- [4] Aldrich, H. (1979). *Organization and Environments*. New Jersey: Prentice-Hall.
- [5] Alkali Manufacturers' Association of India. (2012). *Industry Review*. Delhi.
- [6] Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organisation. *Journal of Occupational Psychology*, 63, 1–18.
- [7] Anand, K., & Mathew, J. (2007). Sustainability of the Indian Railways Turnaround : A Stage Theory Perspective. *South Asian Journal of Management*, 14(4), 66–96.
- [8] Andersson, T., Carlsen, J., & Getz, D. (2002). Family Business Goals in the Tourism and Hospitality Sector: Case Studies and Cross-Case Analysis from Australia, Canada, and Sweden. *Family Business Review*, 15(2), 89–106. <http://doi.org/10.1111/j.1741-6248.2002.00089.x>
- [9] Andrews, R., Boyne, G. A., & Walker, R. M. (2006). Performance : Content and Organizational Organizational Strategy Performance An Empirical Analysis. *Public Administration Review*, 66(1), 52–63.

- [10] Appiah-Kubi, K. (2001). State-owned enterprises and privatisation in Ghana. *The Journal of Modern African Studies*, 39(2), 197–229.
- [11] Archer, M., Bhaskar, R., Collier, A., Lawson, T., & Norrie, A. (1998). *Critical Realism: Essential Readings*. London: Routledge.
- [12] Arend, J. (2008). Differences in RBV Strategic Factors and the Need to Consider Opposing Factors in Turnaround Outcomes. *Managerial and Decision Economics*, 29(4), 337–355.
- [13] Argenti, J. (1976). Corporate planning and Corporate Collapse. *Long Range Planning*, 9(6), 12–17. [http://doi.org/10.1016/0024-6301\(76\)90006-6](http://doi.org/10.1016/0024-6301(76)90006-6)
- [14] Armstrong, R. W., Williams, R. J., & Barrett, J. D. (2004). The Impact of Banality, Risky Shift and Escalating Commitment on Ethical Decision Making. *Journal of Business Ethics*, 53(4), 365–370. <http://doi.org/10.1023/B:BUSI.0000043491.10007.9a>
- [15] Arogyaswamy, K., Barker, V. L., & Yasai-Ardekani, M. (1995a). Firm Turnarounds: an Integrative Two-Stage Model. *Journal of Management Studies*, 32(4), 493–525. <http://doi.org/10.1111/j.1467-6486.1995.tb00786.x>
- [16] Arogyaswamy, K., & Yasai-Ardekani, M. (1997). Organizational turnaround: understanding the role of cutbacks, efficiency improvements, and investment in technology. *IEEE Transactions on Engineering Management*, 44. <http://doi.org/10.1109/17.552803>
- [17] Arora, R., & Stoner, C. (2009). A mixed method approach to understanding brand personality. *Journal of Product & Brand Management*, 18(4), 272–283. <http://doi.org/10.1108/10610420910972792>
- [18] Aveni, R. A. D. (1989). The Aftermath Of Organizational Decline : A Longitudinal Study of The Strategic and Managerial, 32(3).
- [19] Awasthy, R., Vijayalakshmi, C., & Gupta, R. K. (2013). Corporate Transformation or Cosmetic Makeover ? Case of a Public Sector Bank in India. *The Indian Journal of Industrial Relationstrial Relations*, 49(1), 67–81.



- [20] Balgobin, R., & Pandit, N. (2001). Stages in the turnaround process: *European Management Journal*. [http://doi.org/10.1016/S0263-2373\(01\)00027-5](http://doi.org/10.1016/S0263-2373(01)00027-5)
- [21] Bamiatzki, V. C., & Kirchmaier, T. (2014). Strategies for superior performance under adverse conditions: A focus on small and medium-sized high-growth firms. *International Small Business Journal*, 32(3), 259–284. <http://doi.org/10.1177/0266242612459534>
- [22] Barker III, V. L., Patterson Jr, P. W., & Mueller, G. C. (2001). Organizational causes and strategic consequences of the extent of top management team replacement during turnaround attempts. *Journal of Management Studies*, 38(2), 235–270.
- [23] Barker, V. L., & Barr, P. S. (2002). Linking top manager attributions to strategic reorientation in declining firms attempting turnarounds. *Journal of Business Research*, 55(2002), 963–979.
- [24] Barker, V. L., & Duhaime, I. M. (1997). Strategic Change in the Turnaround Process: Theory and Empirical Evidence. *Strategic Management Journal*, 18(1), 13–38.
- [25] Barkin, S. (1950). A trade unionist appraises management personnel philosophy. *Harvard Business Review*, 28(5), 59–64.
- [26] Barr, P. S., & Huff, A. S. (1997). Seeing isn't believing: Understanding diversity in the timing of strategic response. *Journal of Management Studies*, 34(3), 337–370.
- [27] Barratt, M., Choi, T. Y., & Li, M. (2011). Qualitative case studies in operations management: Trends, research outcomes, and future research implications. *Journal of Operations Management*, 29(4), 329–342. <http://doi.org/10.1016/j.jom.2010.06.002>
- [28] Barrett, P. T., & Kline, P. (1981). The observation to variable ratio in factor analysis. *Personality Study and Group Behavior*, 1(1), 23–33.
- [29] Baxter, P., & Jack, S. (2008). Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers. *The Qualitative Report*, 13(4), 544–559.

- [30] Beale, D., & Noronha, E. (2014). Indian public-sector trade unionism in an autocratic political climate : The distinctive case of Gujarat. *Capital & Class*, 38(3), 517–539. <http://doi.org/10.1177/0309816814550496>
- [31] Beckman, C. M., Haunschild, P. R., & Phillips, D. J. (2004). Friends or Strangers? Firm-Specific Uncertainty, Market Uncertainty, and Network Partner Selection. *Organization Science*, 15(3), 259–275. <http://doi.org/10.1287/orsc.1040.0065>
- [32] Beeri, I. (2009a). The measurement of turnaround management strategies in local authorities. *Public Money & Management*. <http://doi.org/10.1080/09540960902768046>
- [33] Beeri, I. (2009b). *Turnaround Management Strategies and Recovery in Local Authorities Strategies and Recovery*.
- [34] Beeri, I. (2012a). Turnaround Management Strategies in Local Authorities : Not Only for Poor Performers. *Local Government Studies*, 38(4), 461–483. <http://doi.org/10.1080/03003930.2011.629192>
- [35] Beeri, I. (2012b). Turnaround management strategies in public systems : the impact on group-level organizational citizenship behavior. *International Review of Administrative Sciences*, 78(1), 158–179. <http://doi.org/10.1177/0020852311430284>
- [36] Beeri, I., & Navot, D. (2014). Turnaround management strategies in local authorities: managerial, political and national obstacles to recovery. *Journal of Management & Organization*, 20(1), 121–138. <http://doi.org/10.1017/jmo.2014.17>
- [37] Berry, F. S. (1994). Innovation in Public Management: The Adoption of Strategic Planning. *Public Administration Review*, 54(4), 322. <http://doi.org/10.2307/977379>
- [38] Bettenhausen, K., & Murnighan, J. K. (1985). The Emergence of Norms in Competitive Decision-Making Groups. *Administrative Science Quarterly*, 30(September), 350–372.
- [39] Bhaskar, R. (1975). *A Realist Theory of Science*. Leeds: Leeds Books.

- [40] Bhatnagar, J., & Saini, D. (2007). Human Resource Driven Turnaround at North Delhi Power Limited: Transition from a Public Utility to a Private Enterprise. *Asian Case Research Journal*, 11(2), 163–213.
- [41] Bibeault, B. (1982). *Corporate Turnaround*. New York: McGraw-Hill Book Company.
- [42] Bibeault, D. B. (1998). *Corporate turnaround: how managers turn losers into winners!* Beard Books.
- [43] Biersteker, T. J. (1989). Critical Reflections on Post-Positivism in International Relations. *International Studies Quarterly*, 33(3), 263. <http://doi.org/10.2307/2600459>
- [44] Blackburn, G. (2014). Elements of Successful Change: The Service Tasmania Experience to Public Sector Reform. *Australian Journal of Public Administration*, 73(1), 103–114. <http://doi.org/10.1111/1467-8500.12054>
- [45] Blaike, N. (2007). *Approches to Social Enquiry*. Cambridge: Polity.
- [46] Borins, S. (2010). Innovation, Success and Failure In Public Management Research: Some Methodological Reflections. *Public Management Review*, 3(1). <http://doi.org/10.1080/14616670010009423>
- [47] Bourgeois, L. J., & Singh, J. V. (1983). Organizational Slack and Political Behavior Among Top Management Teams. *Academy of Management Proceedings*, 1983(1), 43–47. <http://doi.org/10.5465/ambpp.1983.4976315>
- [48] Boyne, G. A. (2004). A ‘3Rs’ Strategy for Public Service Turnaround: Retrenchment, Repositioning and Reorganization. *Public Money & Management*, 24(2), 97–103.
- [49] Bozeman, B. (2010). Hard Lessons from Hard Times: Reconsidering and Reorienting the “Managing Decline” Literature. *Public Administration Review*, 70(4), 557–563. <http://doi.org/10.1111/j.1540-6210.2010.02176.x>

- [50] Bozeman, B., & Pandey, S. K. (2004). Public Management Decision Making : Effects of Decision Content. *Public Administration Review*, 64(5), 553–565.
- [51] Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. <http://doi.org/10.1191/1478088706qp063oa>
- [52] Breitmayer, B. J., Ayres, L., & Knafl, K. A. (1993). Triangulation in Qualitative Research: Evaluation of Completeness and Confirmation Purposes. *Image: The Journal of Nursing Scholarship*, 25(3), 237–243. <http://doi.org/10.1111/j.1547-5069.1993.tb00788.x>
- [53] Brignall, S., & Modell, S. (2000). An institutional perspective on performance measurement and management in the ‘new public sector.’ *Management Accounting Research*, 11(3), 281–306. <http://doi.org/10.1006/mare.2000.0136>
- [54] Bruton, G. D., Oviatt, B. M., & White, M. A. (1994). Performance of acquisitions of distressed firms. *Academy of Management Journal*, 37(4), 972–989.
- [55] Buchanan, B. (1974). Building organizational commitment: The socialisation of managers in work organizations. *Administrative Science Quarterly*, 19(4), 533–546.
- [56] Bureau of Public Enterprises. (2014). *A Review of Public Enterprises in Kerala 2012-13*.
- [57] Bureau of Public Enterprises. (2016). *A Review of Public Enterprises in Kerala 2014-2015*.
- [58] Burton, S. (1999). Marketing for Public Organizations. *Public Management: An International Journal of Research and Theory*, 1(September), 37–41.
- [59] Business Line. (2010, May). Traco Cables to set up new unit in Kannur. *Business Line*.

- [60] Byerly, R. T., Lamont, B. T., & Keasler, T. (2003). Business portfolio restructuring, prior diversification posture and investor reactions. *Managerial and Decision Economics*, 24(8), 535–548. <http://doi.org/10.1002/mde.1116>
- [61] Cameron, K. S. (1985). Investigating the Causal Association Between Unionism and Organizational Effectiveness. *Research in Higher Education*, 23(4), 387–411.
- [62] Cameron, K. S., Kim, M. U., & Whetten, D. A. (1987). Organizational Effects of Decline and Turbulence. *Administrative Science Quarterly*, 32(2), 222–240.
- [63] Cameron, K. S., Whetten, D. A., Kim, M. U., & Cameron, K. I. M. S. (1987). Organizational Dysfunctions of Decline. *The Academy of Management Journal*, 30(1), 126–138.
- [64] Cameron, R. (2011). Mixed methods in business and management : A call to the ‘first generation’ *Journal of Management & Organization*, 17(2), 245–267.
- [65] Carmeli, A., & Schaubroeck, J. (2006). Top management team behavioral integration, decision quality , and organizational decline. *The Leadership Quarterly*, 17, 441–453. <http://doi.org/10.1016/j.leaqua.2006.06.001>
- [66] Carmeli, A., & Sheaffer, Z. (2009). How Leadership Characteristics Affect Organizational Decline and Downsizing. *Journal of Business Ethics*, 86(3), 363–378. <http://doi.org/10.1007/s10551-008-9852-7>
- [67] Carson, D., Cromie, S., McGowan, P., & Hill, J. (1995). *Marketing and entrepreneurship in SMEs: an innovative approach*. Pearson Education.
- [68] Castrogiovanni, G. J. (2002). Organization Task Environments: Have they Changed Fundamentally over Time? *Journal of Management*, 28(2), 129–150. [http://doi.org/10.1016/S0149-2063\(01\)00138-6](http://doi.org/10.1016/S0149-2063(01)00138-6).

- [69] Castrogiovanni, G. J., Baliga, B. R., & Kidwell, R. E. (1992). Curing sick businesses: changing CEOs in turnaround efforts. *Academy of Management Perspectives*, 6(3), 26–41. <http://doi.org/10.5465/ame.1992.4274176>
- [70] Cathain, A. O., Murphy, E., Nicholl, J., & Cathain, O. (2010). Three techniques for integrating data in mixed methods studies. *British Medical Journal*, 341(7783), 1147–1150. <http://doi.org/10.1136/bmj.c4587>
- [71] Chapman, R. L., Soosay, C., & Kandampully, J. (2003). Innovation in logistic services and the new business model. *International Journal of Physical Distribution & Logistics Management*, 33(7), 630–650. <http://doi.org/10.1108/09600030310499295>
- [72] Chatterjee, E. (2017). Reinventing state capitalism in India: a view from the energy sector. *Contemporary South Asia*, 25(1), 85–100. <http://doi.org/10.1080/09584935.2017.1290583>
- [73] Cheadle, A., Beery, W. L., Greenwald, H. P., Nelson, G. D., & Pearson, D. (2003). Foundation 's Health Improvement Initiative : *Health Promotion Practice*, 4(2), 146–156. <http://doi.org/10.1177/1524839902250767>
- [74] Choi, J. N., & Kim, M. U. (1999). The organizational application of groupthink and its limitations in organizations. *Journal of Applied Psychology*, 84(2), 276–306. <http://doi.org/10.1037/0021-9010.84.2.297>
- [75] Chowdhury, S. D. (2002). Turnarounds : A Stage Theory Perspective. *Canadian Journal of Administrative Sciences*, 19(3), 249–266. <http://doi.org/Article>
- [76] Chowdhury, S. D., & Lang, J. R. (1996). The Decline of Small Firms: A Preliminary Investigation into the Concept of Complacency. *Canadian Journal of Administrative Sciences / Revue Canadienne Des Sciences de l'Administration*, 13(4), 321–331. <http://doi.org/10.1111/j.1936-4490.1996.tb00741.x>

- [77] Clampitt, P. G., & Downs, C. W. (1993). Employee Perceptions of the Relationship Between Communication and Productivity: A Field Study. *Journal of Business Communication*, 30(1), 5–28. <http://doi.org/10.1177/002194369303000101>
- [78] Clapham, S. E., Schwenk, C. R., & Caldwell, C. (2005). CEO perceptions and corporate turnaround. *Journal of Change Management*, 5(4), 407–428. <http://doi.org/10.1080/14697010500359276>
- [79] Clark, A. M. (1998). The qualitative-quantitative debate: Moving from positivism and confrontation to post-positivism and reconciliation. *Journal of Advanced Nursing*, 27(6), 1242–1249. <http://doi.org/10.1046/j.1365-2648.1998.00651.x>
- [80] Collett, N., Pandit, N. R., & Saarikko, J. (2014). Success and failure in turnaround attempts. An analysis of SMEs within the Finnish Restructuring of Enterprises Act. *Entrepreneurship & Regional Development*. Taylor & Francis. <http://doi.org/10.1080/08985626.2013.870236>
- [81] Comin, F. (2008). Public enterprises in Spain : historical cycles and privatizations. *Analise Social*, 43(189), 693–720.
- [82] Comptroller and Auditor General of India. (2018). *Report of the Comptroller and Auditor General on Public Sector Undertakings*.
- [83] Comrey, A. L., & Lee, H. B. (1992). *A first course in factor analysis*. Psychology Press.
- [84] Corporate Catalyst India. (2011). *Electronics Industry in India*.
- [85] Creswell, J. W., & Clark, L. . V. (2011). *Designing and Conducting Mixed Methods Research*.
- [86] Cyert, R. M., & March, J. G. (1992). *A behavioral theory of the firm* (2nd ed.). Blackwell Business.
- [87] Daily, C. M., & Dalton, D. R. (1995). CEO and director turnover in failing firms: An illusion of change? *Strategic Management Journal*, 16(5), 393–400.

- [88] Danaee Fard, H., Moshabbaki, A., Abbasi, T., & Hassanpoor, A. (2010). Strategic Management in the Public Sector: Reflections on It's Applicability to Iranian Public Organizations. *Public Organization Review*, 11(4), 385–406. <http://doi.org/10.1007/s11115-010-0140-5>
- [89] Danford, A., Richardson, M., & Upchurch, M. (2002). 'New unionism', organising and partnership: A comparative analysis of union renewal strategies in the public sector. *Capital & Class*, 76(1–27). <http://doi.org/10.1177/030981680207600101>
- [90] Daniel, F., Lohrke, F. T., Fornaciari, C. J., & Turner, R. A. (2004). Slack resources and firm performance: A meta-analysis. *Journal of Business Research*, 57, 565–574. [http://doi.org/10.1016/S0148-2963\(02\)00439-3](http://doi.org/10.1016/S0148-2963(02)00439-3)
- [91] Darke, P., Shanks, G., & Broadbent, M. (1998). Successfully completing case study research: combining rigour, relevance and pragmatism. *Information Systems Journal*, 8(4), 273–289. <http://doi.org/10.1046/j.1365-2575.1998.00040.x>
- [92] David, D. D. (1999). *The Effects of Refocusing, Size, Slack and Munificence on Post - Bankruptcy Performance*.
- [93] Day, G. S. (1994). *The Capabilities of Market-Driven Organizations*. Source: *Journal of Marketing* (Vol. 58).
- [94] De Massis, A., & Kotlar, J. (2014). The case study method in family business research: Guidelines for qualitative scholarship. *Journal of Family Business Strategy*, 5(1), 15–29. <http://doi.org/10.1016/j.jfbs.2014.01.007>
- [95] De Vries, M. F. R. K., & Balazs, K. (1997). The Downside of Downsizing. *Human Relations*, 50(1), 11–50. <http://doi.org/10.1023/A:1016901315958>
- [96] Decker, C. (2016). Stakeholders' Impact on Turnaround Performance: The Case of German Savings Banks. *Journal of Small Business Management*, 00(00), 1–21. <http://doi.org/10.1111/jsbm.12274>
- [97] Denison, D. R. (1990). *Corporate culture and organizational effectiveness*. Oxford, England: John Wiley & Sons.



- [98] Denzin, N. K., & Lincoln, Y. S. (2005). *The SAGE handbook of qualitative research*. Sage
- [99] Dess, G. G., & Beard, D. W. (1984). Dimensions of Organizational Task Environments. *Administrative Science Quarterly*, 29(1), 52. <http://doi.org/10.2307/2393080>
- [100] DiMaggio, P., & Powell, W. W. (1983). The iron cage revisited: Collective rationality and institutional isomorphism in organizational fields. *American Sociological Review*, 48(2), 147–160.
- [101] Doh, J. P., & Pearce, J. A. (2002). Improving the Management of Turnaround with Corporate Financial Measures. *Academy of Management Proceedings & Membership Directory*. <http://doi.org/10.5465/APBPP.2002.7516488>
- [102] Douglas, T. J., & Judge, W. Q. (2001). Total Quality Management Implementation and Competitive Advantage: The Role of Structural Control and Exploration. *Academy of Management Journal*, 44(1), 158–169. <http://doi.org/10.5465/3069343>
- [103] Dutton, J. E., Dukerich, J. M., & Harquail, C. V. (1981). Organizational Images and Member Identification. *Administrative Science Quarterly*, 26(4), 239–263.
- [104] Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4), 532–550. <http://doi.org/10.5465/AMR.1989.4308385>
- [105] Evans, R. T., Chitnomrath, T., & Christopher, T. (2013). Successful turnaround strategy: Thailand evidence. *Journal of Accounting in Emerging Economies*, 3(2), 115–124. <http://doi.org/10.1108/20421161311288848>
- [106] Fedor, D. B., Caldwell, S., & Herold, D. M. (2006). The effects of organizational changes on employee commitment: A multilevel investigation. *Personnel Psychology*, 59(1), 1–29.

- [107] FICCI. (2018). Trends & Opportunities for Indian Pharma. Retrieved from <http://ficci.in/spdocument/22944/india-pharma-2018-ficci.pdf>
- [108] Fox, D. N. (2007). Collective Bargaining in Florida: Unionism in Transition, (April).
- [109] Francis, J. D., & Timothy, L. (2004). Retrenchment in Declining Organizations : Towards an Integrative Understanding. *Journal of Business and Management*, 10(1), 39–52.
- [110] Frumkin, P., & Galaskiewicz, J. (2004). Institutional isomorphism and public sector organizations. *Journal of Public Administration Research and Theory*, 14(3), 283–307. <http://doi.org/10.1093/jopart/muh028>
- [111] Garnett, J. L., Marlowe, J., & Pandey, S. K. (2008). Penetrating the Performance Predicament : Communication as a Mediator or Moderator of Organizational Culture 's Impact on Public Organizational Performance. *Public Administration Review*, 68(2), 266–281.
- [112] Geiger, S. W., & Cashen, L. H. (2002). A Multidimensional Examination Of Slack And Its Impact On Innovation. *Journal of Managerial Issues*, 14(1), 68–84.
- [113] George, A. (2006). Strategies For Public Sector Turnaround : Lessons From the Private Sector ? *Administration & Society*, 38(3), 365–388.
- [114] Given, L. M. (2008). *The SAGE Encyclopedia of Qualitative Research Methods*. Thousand Oaks: Sage Publications.
- [115] Gopinath, C. (1995). Recognizing Decline: The Role of Triggers. *Mid-American Journal of Business*, 20(1), 21–27.
- [116] Gopinath, C. (2005). Recognizing Decline: The Role of Triggers. *American Journal of Business*. <http://doi.org/10.1108/19355181200500002>
- [117] Gorsuch, R. L. (1983). Factor analysis, 2nd. *Hillsdale, NJ: LEA*.
- [118] Grbich, C. (2012). *Qualitative data analysis: An introduction*. Sage.

- [119] Greenhalgh, L. (1983). Organizational decline. *Research in the Sociology of Organizations*, 2, 231–276.
- [120] Grinyer, P., & McKiernan, P. (1990). Generating major change in stagnating companies. *Strategic Management Journal*, 131–146.
- [121] Guadagnoli, E., & Velicer, W. F. (1988). Relation of sample size to the stability of component patterns. *Psychological Bulletin*, 103(2), 265.
- [122] Guest, G., & McLellan, E. (2003). Distinguishing the trees from the forest: Applying cluster analysis to thematic qualitative data. *Field Methods*, 15(2), 186–201.
- [123] Gujarat Cleaner Production Center - ENVIS Center. (2015). *Cleaner Opportunities in Caustic Soda/Chlor Alkali Industries*. Gujarat.
- [124] Hambrick, D. C., & Schecter, S. M. (1983). Turnaround strategies for mature industrial-product business units. *Academy of Management Journal*, 26,2(June), 231–248.
- [125] Hancock, D. R., & Alogzzine, B. (2006). *Doing Case Study - A Practical Guide for Beginning Researchers*. Newyork: Teachers College Press.
- [126] Harker, Micheal; Harker, D. (1998). The role of strategic selling in the company turnaround process. *The Journal of Personal Selling and Sales Management*, 18(Spring), 55–68.
- [127] Harker, M. (1996). Managing the company turnaround process: A case study of the Australian heavy engineering industry. *Journal of Engineering and Technology Management*. [http://doi.org/10.1016/S0923-4748\(96\)01008-9](http://doi.org/10.1016/S0923-4748(96)01008-9)
- [128] Harker, M. (1998). The Role of Marketing in the Company Turnaround Process. *Industrial Marketing Management*. [http://doi.org/10.1016/S0019-8501\(97\)00065-5](http://doi.org/10.1016/S0019-8501(97)00065-5)
- [129] Harker, M., & Sharma, B. (2000). Leadership and the company turnaround process. *Leadership & Organization Development Journal*. <http://doi.org/10.1108/01437730010310721>

- [130] Haron, N. H., Rahman, I. K. A., & Smith, M. (2013). Management accounting practices and the turnaround process. *Asian Review of Accounting*, 21(2), 100–112. <http://doi.org/10.1108/ARA-01-2012-0001>
- [131] Haslam, S. A., Ryan, M. K., Postmes, T., Spears, R., Jetten, J., & Webley, P. (2006). Sticking to our guns: Social identity as a basis for the maintenance of commitment to faltering organizational projects. *Journal of Organizational Behavior*, 27(5), 607–628. <http://doi.org/10.1002/job.370>
- [132] Hatcher, L. (2005). *A step-by-step approach to using the SAS system for factor analysis and structural equation modeling*. SAS Institute Cary, NC.
- [133] Hayes, A. F., & Krippendoff, K. (2007). Answering the call for a standard reliability measure for coding data. *Communication Methods and Measures*, 1, 77–89.
- [134] Hedberg, B. L. T., Nystrom, P. C., & Starbuck, W. H. (1976). *Camping on Seesaws: Prescriptions for a Self-Designing Organization*. Source: *Administrative Science Quarterly* (Vol. 21). Retrieved from <https://about.jstor.org/terms>
- [135] Henderson, K. A. (2011). Post-positivism and the pragmatics of leisure research. *Leisure Sciences*, 33(4), 341–346. <http://doi.org/10.1080/01490400.2011.583166>
- [136] Herriott, R. E., & Firestone, W. A. (1983). Multisite Qualitative Policy Research: Optimizing Description and Generalizability. *Educational Researcher*, 12(2), 14–19. <http://doi.org/10.3102/0013189X012002014>
- [137] Hofer, C. W. (1980). Turnaround Strategies. *Journal of Business Strategy*, 1(1), 19–31.
- [138] Hoffi-Hofstetter, H., & Mannheim, B. (1999). Managers' coping resources, perceived organizational patterns, and responses during organizational recovery from decline. *Journal of Organizational Behavior*, 20(5), 665–685.

- [139] Holden, L. (2005). Fording the Atlantic: Ford and Fordism in Europe. *Business History*, 47(1), 122–127. <http://doi.org/10.1080/0007679042000267505>
- [140] Hoon, C. (2013). Meta-Synthesis of Qualitative Case Studies: An Approach to Theory Building. *Organizational Research Methods*, 16(4), 522–556. <http://doi.org/10.1177/1094428113484969>
- [141] Hsieh, H.-F., & Shannon, S. E. (2015). Three Approaches to Qualitative Content Analysis. *Qualitative Health Research*, 15(9), 1277–1288. <http://doi.org/10.1177/1049732305276687>
- [142] Huang, J. L., & Snell, R. S. (2003). Turnaround , Corruption and Mediocrity: Leadership and Governance in Three State Owned Enterprises in Mainland China. *Journal of Business Ethics*, 43, 111–124.
- [143] IBEF. (2017). Indian Pharmaceuticals Industry Analysis. Retrieved from <https://www.ibef.org/industry/indian-pharmaceuticals-industry-analysis-presentation>
- [144] Iii, V. L. B., & Duhaime, I. M. (1997). Strategic Change in the Turnaround Process: Theory and Empirical Evidence. *Strategic Management Journal*, 18, 13–38. <http://doi.org/Article>
- [145] Jas, P. (2013). The role of interim managers in performance improvement: evidence from English local authorities. *Public Money & Management*, 33(1), 15–22. <http://doi.org/10.1080/09540962.2013.744890>
- [146] Jas, P., & Skelcher, C. (2005). Performance Decline and Turnaround in Public Organizations: A Theoretical and Empirical Analysis. *British Journal of Management*, 16, 195–210. <http://doi.org/10.1111/j.1467-8551.2005.00458.x>
- [147] Jaworski, B. J., & Kohli, A. K. (1993). *Market Orientation: Antecedents and Consequences*. Source: *Journal of Marketing* (Vol. 57).

- [148] Jehn, K. A. (1995). A Multimethod Examination of the Benefits and Detriments of Intragroup Conflict. *Administrative Science Quarterly*, 40(2), 256. <http://doi.org/10.2307/2393638>
- [149] John, D., & Timothy, L. (2004). Retrenchment in Declining Organizations : Towards an Integrative Understanding. *Journal of Business and Management*, 10(1), 39–52.
- [150] Julnes, P. D., & Holzer, M. (2001). Promoting the utilization of performance measures in public organizations: An empirical study of factors affecting adoption and implementation. *Public Administration Review*, 61, 693–708.
- [151] Karthika, S., & Pavithran, K. B. (2017). Endeavoring Turnaround through Retrenchment : Case Study of a State-Owned Enterprise in Kerala. *The Journal of Institute of Public Enterprise*, 40(3&4), 82–94.
- [152] Kelloway, E. K., Catano, V. M., & Southwell, R. R. (1992). The construct validity of union commitment: Development and dimensionality of a shorter scale. *Journal of Occupational and Organizational Psychology*, 65, 197–211. <http://doi.org/10.1111/j.2044-8325.1992.tb00498.x>
- [153] Kelly, D., & Amburgey, T. L. (1991). Organizational inertia and momentum: A dynamic model of strategic change. *Academy of Management Journal*, 34(3), 591–612.
- [154] Kesner, I. F., & Dalton, D. R. (1994). Top management turnover and CEO succession: An investigation of the effects of turnover on performance. *Journal of Management Studies*, 31(5), 701–713.
- [155] Ketokivi, M., & Choi, T. (2014). Renaissance of case research as a scientific method. *Journal of Operations Management*, 32(5), 232–240. <http://doi.org/10.1016/j.jom.2014.03.004>
- [156] Khandwalla, P. N. (1984). Turnaround management of mismanaged complex organizations. *International Studies of Management and Organisation*, 13(4), 5–41.

- [157] Kline, R. B. (2011). *Principles and practice of structural equation modeling*. Guilford Press.
- [158] Kohn, L. T. (1997). *Methods in Case Study Analysis*.
- [159] Koners, U., & Goffin, K. (2007). Learning from Postproject Reviews: A Cross-Case Analysis. *Journal of Product Innovation Management*, 24(3), 242–258. <http://doi.org/10.1111/j.1540-5885.2007.00248.x>
- [160] KPMG. (2006). *The Indian Pharmaceutical Industry: Collaboration for growth*.
- [161] Lamb, C. W., & Crompton, J. L. (1985). Distribution decisions for public services. *Journal of the Academy of Marketing Science*, 13(3), 107–123. <http://doi.org/10.1007/BF02729940>
- [162] Larkin, T. J., & Larkin, S. (1994). Reaching and Changing Frontline Employees. *Harvard Business Review*.
- [163] Lavelle, J. J., Brockner, J., Konovsky, M. A., Price, K. H., Henley, A. B., Taneja, A., & Vinekar, V. (2009). Commitment, procedural fairness, and organizational citizenship behavior: A multifoci analysis. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 30(3), 337–357.
- [164] Lawton, T., Rajwani, T., & O’Kane, C. (2011). Strategic reorientation and business turnaround: the case of global legacy airlines. *Journal of Strategy and Management*, 4(3), 215–237. <http://doi.org/10.1108/17554251111152252>
- [165] Levine, C. H. (1978). Organizational Decline and Cutback Management. *Public Administration Review*, 38(4), 316–325.
- [166] Liang, X. (2007). *Strategic Mindsets in Turnaround Attempts: Antecedents, Decision Making, and Influences*.
- [167] Lohrke, F. T., Ahlstrom, D., & Bruton, G. D. (2012). Extending turnaround process research: Important lessons from the US Civil War. *Journal of Management Inquiry*, 21(2), 217–234.

- [168] Lohrke, F. T., Bedeian, A. G., & Palmer, T. B. (2004). The role of top management teams in formulating and implementing turnaround strategies: a review and research agenda. *International Journal of Management Reviews*, 5–6(2), 63–90. <http://doi.org/10.1111/j.1460-8545.2004.00097.x>
- [169] Lopez-Fernandez, O., & Molina-Azorin, J. F. (2011). The use of mixed methods research in the field of behavioural sciences. *Quality & Quantity*, 45(6), 1459.
- [170] Luke, B. (2008). Financial returns from new public management: a New Zealand perspective. *Pacific Accounting Review*, 20(1), 29–48. <http://doi.org/10.1108/01140580810872834>
- [171] Maccoby, M. (2000). Narcissistic leaders: The incredible pros, the inevitable cons. *Harvard Business Review*, 78(1), 68–78.
- [172] Maheshwari, S. K., & Ahlstrom, D. (2004, March). Turning Around a State Owned Enterprise: The Case of Scooters India Limited. *Asia Pacific Journal of Management*. <http://doi.org/10.1023/B:APJM.0000024078.02768.fa>
- [173] Mahmoudi, V. (2007). Managing Change Initiatives: Fantasy or Reality? The Case of Public Sector Organisations. *Total Quality Management*, 18(March), 153–179.
- [174] Mansi, M., Pandey, R., & Ghauri, E. (2017). CSR focus in the mission and vision statements of public sector enterprises: evidence from India. *Managerial Auditing Journal*, 32(4/5), 356–377. <http://doi.org/10.1108/MAJ-01-2016-1307>
- [175] Mapetere, D., & Mhonde, C. (2012). Strategic Role of Leadership in Strategy Implementation in Zimbabwe's State Owned Enterprises, 3(16), 271–277.
- [176] Marks, S. U., & Gersten, R. (1998). Engagement and Disengagement between Special and General Educators: An Application of Miles and Huberman's Cross-Case Analysis. *Learning Disability Quarterly*, 21(1), 34. <http://doi.org/10.2307/1511371>



- [177] Marlin, D. (2014). Industry Influences On Organizational Slack. *Journal of Business and Economics Research*, 12(1), 23–28.
- [178] Mathew, J., & Ogbonna, E. (2009). Organisational culture and commitment: a study of an Indian software organisation. *The International Journal of Human Resource Management*, 20(3), 654–675. <http://doi.org/10.1080/09585190802707433>
- [179] Mayfield, J., Mayfield, M., & Iii, W. C. S. (2015). Strategic Vision and Values in Top Leaders ' Communications : Motivating Language at a Higher Level. *International Journal of Business Communication*, 52(1), 97–121. <http://doi.org/10.1177/2329488414560282>
- [180] Mayring, P. (2014). *Qualitative Content Analysis Theoretical Foundation, Basic Procedures and Software Solution*. Klagenfurt. Retrieved from [www.beltz.de](http://www.beltz.de)
- [181] Mckinley, W. (1987). Complexity and Administrative Intensity : The Case of Declining Organizations. *Administrative Science Quarterly*, 32(1), 87–105.
- [182] Mckinley, W. (1993). Organizational Decline and Adaptation: Theoretical Controversies. *Organization Science*, 4(1), 1–9.
- [183] Mellahi, K., & Wilkinson, A. (2004). Organizational Failure : A critique of recent research and a proposed integrative framework. *International Journal of Management Reviews*, 5–6(1), 21–41. <http://doi.org/10.1111/j.1460-8545.2004.00095.x>
- [184] Metz, I., & Kulik, C. T. (2008). Making Public Organisations more Inclusive: A Case Study of the Victoria Police Force. *Human Resource Management*, 47(2), 369–387. <http://doi.org/10.1002/hrm>
- [185] Meyer, J. P., Stanley, D. J., Herscovitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. *Journal of Vocational Behavior*, 61(1), 20–52. <http://doi.org/10.1006/jvbe.2001.1842>

- [186] Meyer, M. W., & Zucker, L. G. (1989). *Permanently failing organizations*. Sage Publications, Inc.
- [187] Meyers, C. V., & Murphy, J. (2009). Rebuilding Organizational Capacity in Turnaround Schools: Insights from the Corporate, Government, and Non-profit Sectors. *Educational Management Administration & Leadership*. <http://doi.org/10.1177/1741143208098162>
- [188] Miles, M. B., & Huberman, A. M. (1994). *Qualitative Data Analysis* (2 Ed). Thousand Oaks: Sage Publications.
- [189] Ministry of Electronics and Information Technology. (2005). *Annual Report (2004-2005)*.
- [190] Mone, M. A., Mckinley, W., & Barker, V. L. (1998). Organisational decline and Innovation: A contingency framework for Innovation. *The Academy of Management Review*, 23(1), 115–132.
- [191] Moon, M. J. (2000). Organizational Commitment Revisited in New Public Management: Motivation, Organizational Culture, Sector, and Managerial Level. *Public Performance & Management Review*, 24(2), 177. <http://doi.org/10.2307/3381267>
- [192] Mordaunt, J., & Cornforth, C. (2004). The Role of Boards in the Failure and Turnaround of Non-Profit Organizations. *Public Money & Management*, 24(4), 227–234.
- [193] Morrow, J. L. J., Sirmon, D. G., Hitt, M. A., & Holcomb, T. R. (2007). Creating Value in of Declining Performance : Firm Strategies And Organizational Recovery. *Strategic Management Journal*, 28(3), 271–283.
- [194] Murphy, J. (2008). The place of leadership in turnaround schools: Insights from organizational recovery in the public and private sectors. *Journal of Educational Administration*, 46(1), 74–98. <http://doi.org/10.1108/09578230810849826>.

- [195] Musteen, M., Liang, X., & Barker, V. L. (2011). Personality, perceptions and retrenchment decisions of managers in response to decline: Evidence from a decision-making study. *The Leadership Quarterly*, 22(5), 926–941. <http://doi.org/10.1016/j.leaqua.2011.07.012>
- [196] Myers, M. D. (1997). Qualitative research in information systems. *Management Information Systems Quarterly*, 21(June), 1–18. <http://doi.org/10.2307/249422>
- [197] Namey, E., Guest, G., Thairu, L., & Johnson, L. (2007). Data reduction techniques for large qualitative data sets. In *Handbook for team-based qualitative research* (pp. 137–163).
- [198] Neale, P., Thapa, S., & Boyce, C. (2006). *Preparing a Case Study : A Guide for Designing and Conducting a Case Study for Evaluation Input*.
- [199] Newman, J., Raine, J., & Skelcher, C. (2000). *Innovation and best practice in local government: A research report*. Department of the Environment, Transport and the Regions.
- [200] Noble, H., & Smith, J. (2015). Issues of validity and reliability in qualitative research. *Evid Based Nurs*, 18(2), 34–35. <http://doi.org/10.1136/eb-2015-102054>
- [201] Noblet, A., Rodwell, J., & McWilliams, J. (2006). Organizational change in the public sector: Augmenting the demand control model to predict employee outcomes under New Public Management. *Work & Stress*, 20(4), 335–352. <http://doi.org/10.1080/02678370601050648>
- [202] Nohria, N., & Gulati, R. (1996). Is Slack Good or Bad for Innovation. *Academy of Management Journal*, 39(5), 1245–1264. <http://doi.org/10.2307/256998>
- [203] Noor, K. B. M. (2008). Case study: A strategic research methodology. *American Journal of Applied Sciences*, 5(11), 1602–1604. <http://doi.org/10.3844/ajassp.2008.1602.1604>

- [204] O'Neill, H. M. (1986). An Analysis of the Turnaround Strategy in Commercial Banking. *Journal of Management Studies*, 23(2), 165–188. <http://doi.org/10.1111/j.1467-6486.1986.tb00418.x>
- [205] O'Quinn, M., & Mulqueen, K. C. (2007). “reCreate Jackson”: a turnaround tale. *Healthcare Financial Management*, 61(7), 82–6, 88.
- [206] O'Reilly, C. A., Chatman, J., & Caldwell, D. F. (1991). People and Organizational Culture: A Profile Comparison Approach to Assessing Person-Organization Fit. *Academy of Management Journal*, 34(3), 487–516. <http://doi.org/10.5465/256404>
- [207] O'shaughnessy, J. (1995). *Competitive marketing: a strategic approach*. Routledge.
- [208] Oleinik, A. (2011). Mixing quantitative and qualitative content analysis: triangulation at work. *Qual Quant*, 45(4), 859–873. <http://doi.org/10.1007/s11135-010-9399-4>
- [209] Onicra. (2015). *Wire and Cable Sector Risk Index*. Gurgaon.
- [210] Onwuegbuzie, A. J., & Collins, K. M. T. (2007). A Typology of Mixed Methods Sampling Designs in Social Science Research. *The Qualitative Report*, 12(2), 281–316.
- [211] Onwuegbuzie, A. J., & Leech, N. L. (2004). Enhancing the Interpretation of “ Significant ” Findings : The Role of Mixed Methods Research, 9(4), 770–792.
- [212] Pan, W., & Chen, Y. (2014). A case study of the corporate turnaround strategies. *International Journal of Organizational Innovation*, 7(October 2014), 63–79.
- [213] Pandey, S. K., & Garnett, J. L. (2006). Exploring Public Sector Communication Performance : Testing a Model and Drawing Implications. *Public Administration*, 66(1), 37–51.
- [214] Pandit, N. R. (2000). Some Recommendations For Improved Research on Corporate Turnaround. *M@n@gement*, 3(2), 31–58.

- [215] Parker, D., & Hartley, K. (1991). Do Changes in Organizational Status Affect Financial Performance? *Strategic Finance*, 12(8), 631–641.
- [216] Pascale, R., & Rohlen, T. P. (1983). The Mazda Turnaround. *Journal of Japanese Studies*, 9(2), 219–263.
- [217] Paton, R., & Mordaunt, J. (2004). What's Different About Public and Non-Profit 'Turnaround'? *Public Money & Management*, 24(4), 209–216.
- [218] Patton, M. (1990). Qualitative Evaluation and Research Methods. *Qualitative Evaluation and Research Methods*, 169–186. <http://doi.org/10.1002/nur.4770140111>
- [219] Patton, M. Q. (2002). *Qualitative Research and Evaluation Methods*. Thousand Oaks: Sage Publications.
- [220] Pearce, J. A., & Robbins, D. K. (1994). Retrenchment remains the foundation of business turnaround. *Strategic Management Journal*, 15, 407–417. <http://doi.org/10.1002/smj.4250150507>
- [221] Peng, M. W. (2013). *Global strategy*. Cengage learning.
- [222] Penn State Eberly College of Science. (2018). Ward's Method. Retrieved from <https://onlinecourses.science.psu.edu/stat505/node/146/>
- [223] Perlmutter, D., & Cnaan, A. (1995). Entrepreneurship in the Public Sector: The Horns of a Dilemma. *Public Administration Review*, 55(1), 29–36.
- [224] Philippidou, S., Karageorgiou, M., Tarantilis, C., Soderquist, E., & Prastacos, G. (2008). Meeting the Challenge of Technology-Driven Change within an Institutional Context: The Greek Case. *Public Administration*, 86(2), 429–442.
- [225] Picucci, Callicoate, A., Brownson, A., Kahlert, R., & Sobel, A. (2002). *Driven to Succeed : Volume I: Cross-Case Analysis of High-Performing , High-Poverty , Turnaround Middle Schools*.

- [226] Piening, E. P. (2013). Dynamic Capabilities in Public Organizations. *Public Management Review*, 15(2), 209–245. <http://doi.org/10.1080/14719037.2012.708358>
- [227] Poole, K., & Jones, A. (1996). A re-examination of the experimental design for nursing research. *Journal of Advanced Nursing*, 24(1), 108–114. <http://doi.org/10.1046/j.1365-2648.1996.16215.x>
- [228] Postmes, T., Tanis, M., & Wit, B. De. (2001). Communication and Commitment in Organizations : A Social Identity Approach. *Group Processes & Intergroup Relations*, 4(August 2017), 227–246. <http://doi.org/10.1177/1368430201004003004>
- [229] Power Watch India. (2016). Wires and cables market.
- [230] Preston, D., & Karahanna, E. (2009). How to Develop a Shared Vision: The Key to IS Strategic Alignment. *MIS Quarterly Executive*, 8(1), 1–8.
- [231] Provalis Research. (2011). Qualitative and mixed-method software - User's Guide.
- [232] Provalis Research. (2017). *Some studies using WordStat & QDA Miner*.
- [233] Rasheed, H. S. (2005). Turnaround strategies for declining small business: the effects of performance. *Journal of Developmental Entrepreneurship*, 10(3), 239–252.
- [234] Reddy, T. C., Gajendran, M., & Gayathri, S. (2000). Organisational Climate and Dual Commitment in Private and Public Sector Enterprises. *Indian Journal of Industrial Relations*, 36(1), 53–66.
- [235] Reissner, S., & Pagan, V. (2013). Generating employee engagement in a public – private partnership : management communication activities and employee experiences. *The International Journal of Human Resource Management*, 24(14), 2741–2759.
- [236] RIAB. (2009). Resurgence.pdf. In *Resurgence of State Owned Enterprises: The Kerala Experience* (pp. 1–16).

- [237] Ribeiro, F. S., Ferreira, M. P., & Almeida, M. I. R. de. (2013). Organizational decline: a yet largely neglected topic in organizational studies. *Management Research: Journal of the Iberoamerican Academy of Management*, 11(2), 133–156. <http://doi.org/10.1108/MRJIAM-Mar-2012-0476>
- [238] Ritchie, J. Lewis, J. (2003). *The Foundations of Qualitative Research. Qualitative research practice: A guide for social science students and researchers*. <http://doi.org/10.4135/9781452230108>
- [239] Robbins, D. K., & Pearce, J. a. (1992). Turnaround: Retrenchment and recovery. *Strategic Management Journal*, 13(4), 287–309. <http://doi.org/10.1002/smj.4250130404>
- [240] Robbins, K., & Pearce, J. A. (1993). Toward Improved Theory and Research on Business Turnaround. *Journal of Management*. <http://doi.org/10.1177/014920639301900306>
- [241] Robertson, P. J., & Seneviratne, S. J. (1995). Outcomes of Planned Organizational Change in the Public Sector: A Meta-Analytic Comparison to the Private Sector. *Public Administration Review*, 55(6), 547–558.
- [242] Rosenblatt, Z., Rogers, K. S., & Nord, W. R. (1993). Toward a Political Framework for Flexible Management of Decline. *Organization Science*, 4(1), 76–91.
- [243] Rosenblatt, Z., & Sheaffer, Z. (2001). Brain drain in declining organizations: toward a research agenda. *Journal of Organizational Behavior*, 22(4), 409–424. <http://doi.org/10.1002/job.89>
- [244] Rubin, B. M., Rubin, R. S., & Rolle, R. A. (2014). Successful Collaborative Management and Collective Bargaining, 22(4), 517–536.
- [245] Rutherford, A. (2014). Organizational Turnaround and Educational Performance : The Impact of Performance- Based Monitoring Analysis Systems. *American Review of Public Administration*, 44(4), 440–458. <http://doi.org/10.1177/0275074012470022>

- [246] Sayer, A. (1998). *Method in Social Science: A Realist Approach*. London: Routledge.
- [247] Schendel, D., Patton, G. R., & Riggs, J. (1976). Corporate Turnaround Strategies: A Study of Profit Decline and Recovery. *Journal of General Management*, 3(3), 3–11. <http://doi.org/10.1177/030630707600300301>
- [248] Schoenberg, R., Collier, N., & Bowman, C. (2013). Strategies for business turnaround and recovery: a review and synthesis. *European Business Review*, 25(3), 243–262. <http://doi.org/10.1108/09555341311314799>
- [249] Schraeder, M., Tears, R. S., & Jordan, M. H. (2005). Organizational culture in public sector organizations. *Leadership & Organization Development Journal*, 26(6), 492–502. <http://doi.org/10.1108/01437730510617681>
- [250] Scott, W. R. (2017). The Adolescence of Institutional Theory Author (s): W . Richard Scott Source : Administrative Science Quarterly , Vol. 32, No . 4 ( Dec ., 1987 ), pp . 493-511 Published by : Sage Publications, Inc . on behalf of the Johnson Graduate School of Manage, 32(4), 493–511.
- [251] Shagholi, R., Zabihi, M. R., Atefi, M., & Moayedi, F. (2011). The consequences of organizational commitment in education. *Procedia - Social and Behavioral Sciences*, 15(December 2011), 246–250. <http://doi.org/10.1016/j.sbspro.2011.03.081>
- [252] Sharfman, M. P., Wolf, G., Chase, R. B., & Tansik, D. a. (1988). Antecedents of Organisational Slack. *The Academy of Management Review*, 13(4), 601–614.
- [253] Sim, A. B. (2009). Contextual perspectives of turnaround in Malaysian firms. *Asia Pacific Business Review*, 15(2), 199–216. <http://doi.org/10.1080/13602380701830052>
- [254] Singh, P., & Mishra, R. K. (2013). Performance Related Pay in Central Public Sector Enterprises in India. *Indian Journal of Industrial Relations*, 49(2), 314.



- [255] Sinha, A. (2016, March). Financial Express. *Financial Express*. Retrieved from <https://www.financialexpress.com/industry/indian-cable-industry-may-grow-over-20-over-the-next-5-years/224085/>
- [256] Slatter, S. S. P. (1984). *Corporate recovery: A guide to turnaround management*. Penguin books.
- [257] Smith, M., & Graves, C. (2005). Corporate turnaround and financial distress. *Managerial Auditing Journal*, 20(3), 304–320. <http://doi.org/10.1108/02686900510585627>
- [258] Sniezek, J. A. (1992). Groups under uncertainty: An examination of confidence in group decision making. *Organizational Behavior and Human Decision Processes*, 52(1), 124–155.
- [259] Solnet, D. J., Paulsen, N., & Cooper, C. (2010). Decline and turnaround: a literature review and proposed research agenda for the hotel sector. *Current Issues in Tourism*, 13(2), 139–159. <http://doi.org/10.1080/13683500802638219>
- [260] Soltani, E., Lai, P.-C., & Mahmoudi, V. (2007). Managing Change Initiatives : Fantasy or Reality? The Case of Public Sector Organisations. *Total Quality Management*, 18(March), 153–179.
- [261] Stake, R. E. (1995). *The art of case study research*. Sage.
- [262] Starbuck, W. H., & Hedberg, B. (1977). Saving an organization from a stagnating environment. *Strategy+ Structure= Performance*, 2, 45–80.
- [263] StarFinvest Pvt Ltd. (2013). *Cholr Akali Industry-Growth Trajectory*. Mumbai.
- [264] Starkey, L. (2010). Digital Saviours : Digitally Able Secondary School Teachers in their First Year of Teaching By. *Teaching and Teacher Education*, 26(7), 1429–1438. <http://doi.org/10.1016/j.tate.2010.05.002>
- [265] Staw, B. M. (1976). Knee-deep in the big muddy: a study of escalating commitment to a chosen course of action. *Organizational Behavior and Human Performance*, 16(1), 27–44. [http://doi.org/10.1016/0030-5073\(76\)90005-2](http://doi.org/10.1016/0030-5073(76)90005-2)

- [266] Storey, J. (1995). Introduction: from personnel to human resource management. In *New Perspectives on Human Resource Management* (pp. 1–18). London: Routledge.
- [267] Strauss, A. L. (1987). *Qualitative analysis for social scientists*. Cambridge University Press
- [268] Stronge, J. H., Ward, T. J., & Grant, L. W. (2011). What Makes Good Teachers Good? A Cross-Case Analysis of the Connection Between Teacher Effectiveness and Student Achievement. *Journal of Teacher Education*, 62(4), 339–355. <http://doi.org/10.1177/0022487111404241>
- [269] Su, H. C., Linderman, K., Schroeder, R. G., & Van De Ven, A. H. (2014). A comparative case study of sustaining quality as a competitive advantage. *Journal of Operations Management*, 32(7–8), 429–445. <http://doi.org/10.1016/j.jom.2014.09.003>
- [270] Sudarsanam, S., & Lai, J. (2001). Corporate Financial Distress and Turnaround Strategies: An Empirical Analysis. *British Journal of Management*, 12(3), 183–199. <http://doi.org/10.1111/1467-8551.00193>
- [271] Suter, W. (2012). *Introduction to Educational Research: A Critical Thinking Approach*. Thousand Oaks, California: SAGE Publications, Inc. <http://doi.org/10.4135/9781483384443>
- [272] Sverke, M., & Kuruvilla, S. (1995). A new conceptualization of union commitment: Development and test of an integrated theory. *Journal of Organizational Behavior*, 16(6), 505–532. <http://doi.org/10.1002/job.4030160603>
- [273] Swert, K. De. (2012). *Calculating inter-coder reliability in media content analysis using Krippendorff's Alpha*. Amsterdam.
- [274] Szkuta, K., Pizzicannella, R., & Osimo, D. (2014). Collaborative approaches to public sector innovation: A scoping study. *Telecommunications Policy*, 38(5–6), 558–567. <http://doi.org/10.1016/j.telpol.2014.04.002>

- [275] Tangpong, C., Abebe, M., & Li, Z. (2015). A Temporal Approach to Retrenchment and Successful Turnaround in Declining Firms. *Journal of Management Studies*, 52(5), 647–677. <http://doi.org/10.1111/joms.12131>
- [276] Tavakol, M., & Dennick, R. (2011). Making sense of Cronbach's alpha. *International Journal of Medical Education*, (2), 53–55. <http://doi.org/10.5116/ijme.4dfb.8dfd>
- [277] The Times of India. (2012, May). Wire and Cable Industry. *The Times of India*.
- [278] Thietart, R. A. (1988). Strategies for Businesses that Perform Poorly. *Strategic Management*, 18(3), 32–45.
- [279] Thong, J. Y. L., Yap, C., & Seah, K. (2000). Business Process Reengineering in the Public Sector: The Case of the Housing Development Board in Singapore. *Journal of Management Information System*, 17(1), 245–270.
- [280] Tolbert, P. S., & Zucker, L. G. (1983). Institutional sources of change in the formal structure of organizations: The diffusion of civil service reform, 1880-1935. *Administrative Science Quarterly*, 22–39.
- [281] Toren, N., & Nvo-ingber, J. (1989). Organizational Response to Decline in the Academic Marketplace. *Higher Education*, 18(4), 453–471.
- [282] Torres, A. P., Menezes, E. A., Ribeiro Serra, F. A., & Ferreira, M. P. (2010). *The Decline of Large Brazilian Companies*.
- [283] Trahms, C. A., Ndofor, H. A., & Sirmon, D. G. (2013). Organizational Decline and Turnaround: A Review and Agenda for Future Research. *Journal of Management*, 39, 1277–1307. <http://doi.org/10.1177/0149206312471390>
- [284] Trochim, W. M. K. (1989). Outcome pattern matching and program theory. *Evaluation and Program Planning*, 12(4), 355–366.

- [285] Tushman, M. L., Newman, W. H., & Romanelli, E. (1986). Convergence and upheaval: Managing the unsteady pace of organizational evolution. *California Management Review*, 29(1), 29–44.
- [286] UMR Research Limited. (2008). *Public Sector Financial Management Capability*.
- [287] Vaismoradi, M., Turunen, H., & Bondas, T. (2013). Content analysis and thematic analysis: Implications for conducting a qualitative descriptive study. *Nursing and Health Sciences*, 15, 398–405. <http://doi.org/10.1111/nhs.12048>
- [288] Vincent, L., & Mark, A. (1994). Retrenchment: Cause of Turnaround or Consequence of Decline. *Strategic Management Journal*, 15(5), 395–405.
- [289] Wasti, S. A., & Can, Ö. (2008). Affective and normative commitment to organization, supervisor, and coworkers: Do collectivist values matter? *Journal of Vocational Behavior*, 73(3), 404–413. <http://doi.org/10.1016/J.JVB.2008.08.003>
- [290] Weitzel, W., & Jonsson, E. (1989). Decline in Organizations: A Literature Integration and Extension William Weitzel. *Administrative Science Quarterly*, 34(1), 91–109.
- [291] Whetten, D. A. (1980). Organizational Decline: A Neglected Topic in Organizational Science<sup>1</sup>. *Academy of Management Review*, 5(4), 577–588.
- [292] Whetten, D. A. (1987). Organisational Growth and Decline Process. *Annual Review of Sociology*, 13(1987), 335–358.
- [293] Whittington, R. (2008). Alfred Chandler, Founder of Strategy: Lost Tradition and Renewed Inspiration. *The Business History Review*. The President and Fellows of Harvard College. <http://doi.org/10.2307/40538983>
- [294] Wholey, J. (1979). Evaluation: Performance and promise. *Washington, DC: The Urban Institute*.

- [295] Whytel, G., Saks, A. M., & Hook, S. (2014). When success breeds failure: The role of self-efficacy in escalating commitment to a losing course of action. *Journal of Organizational Behavior*, 18(5), 415–432.
- [296] Wild, A. M. (2010). Learning the wrong lessons from history: Underestimating strategic change in business turnarounds. *Business History*, 52(4), 617–650. <http://doi.org/10.1080/00076791003753186>
- [297] Williams, H. M., Rayner, J., & Allinson, C. W. (2012). New public management and organisational commitment in the public sector: testing a mediation model. *The International Journal of Human Resource Management*, 23(13), 2615–2629.
- [298] Willis, J. (2007). *Foundations of Qualitative Research: Interpretive and Critical Approaches*. 2455 Teller Road, Thousand Oaks California 91320 United States: SAGE Publications, Inc. <http://doi.org/10.4135/9781452230108>
- [299] Wiseman, R. M., & Bromiley, P. (1996). Toward of a Model of Risk in Declining Decline Organizations: An Empirical Examination of Risk, Performance and Decline. *Organization Science*, 7(5), 524–543.
- [300] Witteloostuijn, A. van. (1998). Bridging Behavioral and Economic Theories of Decline: Strategic Competition, Organisational Inertia, Strategic Competition and Chronic Failure. *Management Science*, 44(4), 501–519.
- [301] Wright, R., Kanter, R. M., Stein, B. A., & Jick, T. D. (1993). The Challenge of Organizational Change: How Companies Experience It and Leaders Guide It. *Contemporary Sociology*, 22(5), 718. <http://doi.org/10.2307/2074647>
- [302] Yandava, B. (2012). A Capability-Driven Turnaround Strategy for the Current Economic Environment. *Journal of Business Strategies*, 29(2), 157–185.

- [303] Yeh, Q.-J., & Fang, P. (2011). A resource-based analysis of organizational turnaround: The contingency role of organizational life stages. *Journal of Management & Organization*, 17(6), 782–796. <http://doi.org/10.5172/jmo.2011.782>
- [304] Yin, R. K. (2011). *Case Study Research: Design and Methods*. (L. Bickman & D. J. Rog, Eds.) *Family & Community Health* (Vol. 34). Sage Publications. <http://doi.org/10.1097/FCH.0b013e31822dda9e>
- [305] Zachariadis, M., Scott, S., & Barrett, M. (2013). Methodological Implications of Critical Realism for Mixed Methods Research. *MIS Quarterly*, 37(3), 855–879.
- [306] Zhou, Y., & Creswell, J. W. (2012). The use of mixed methods by Chinese scholars in East China: A case study. *International Journal of Multiple Research Approaches*, 6(1), 73–87. <http://doi.org/10.5172/mra.2012.6.1.73>
- [307] Zia, Y. A., & Tufail, M. (2011). Comparative Analysis of Organizational Commitment among Faculty Members of Public and Private Sector Universities of KPK. *Journal of Managerial Sciences*, 5(1), 37–52.



# Appendices

## Appendix I

### Appendix to Chapter 3

#### 3.A. Code Book

The Code Book prepared for the study containing the theory generated start list of codes and the emergent codes, and its operational definitions.

#### Theory and Expert Interview Generated Start List

Parent Category	Code	Expanded Code	Definition
Decline/ Endogenous/	<b>Lack of Organizational Slack</b>	Decline/ Endogenous/ <b>Lack of Organizational Slack</b>	Lack of organization slack is the absence of uncommitted resources in the organization that can be used to fund the organizational activities and be classified into available, recoverable and potential slack.
	<b>Management Weakness</b>	Decline/ Endogenous/ <b>Management Weakness</b>	Management weakness can be manifested as crisis in leadership, or escalating commitment to a failing course of action.
	<b>Cultural Rigidity</b>	Decline/ Endogenous/ <b>Cultural Rigidity</b>	Excessive cohesiveness that lead to conformist behavior and group think. Manifestations are through resistance to change and non acceptance of diverse options.
	<b>Unionism</b>	Decline/ Endogenous/ <b>Unionism</b>	Excessive adherence to a formal trade union.

<b>Obsolete Technology and Aging Techniques</b>	Decline/ Endogenous/ Obsolete <b>Technology and Aging Techniques</b>	Antiquated and obsolete production technologies that effect product sale ability
<b>Capacity Underutilization</b>	Decline/ Endogenous/ <b>Capacity Underutilization</b>	When the capacity is underutilized with reference to the specific industry standards.
<b>Escalating Commitment</b>	Decline/ Endogenous/ <b>Escalating Commitment</b>	Escalating commitment to a failing course of action violates a major assumption about learning: individuals will change behaviors that they believe lead to failure. Instead, the escalation phenomenon involves increased investment in projects or decisions that have led to negative consequences.
<b>Decline/Exogenous</b>	<b>Munificence</b> Decline/ Exogenous/ <b>Munificence</b>	Reflects the carrying capacity of the environment and is affected by the intensity of the competition as well as the political and social conditions.
<b>Political Interference</b>	Decline/ Exogenous/ Political Interference	Instances of interference from ruling/opposition parties in circadian affairs and strategic decisions.
<b>Competition</b>	Decline/ Exogenous/ <b>Competition</b>	Rivalry in which the sellers within a sector contends on price and non price factors.
<b>Delay in Project Approval and Funding</b>	Decline/ Exogenous/ Delay in Project Approval and Funding	Time lag between the project proposal submission and approval by the government and also lag between the project approval and disbursement of funds.



### Turnaround Attempts

Parent Category	Code	Expanded Code	Description
Retrenchment	<b>Cost Retrenchment</b>	Turnaround Attempt/ Cost Retrenchment	The most commonly reported cost efficiencies in the literature include reducing R&D, collecting and reducing accounts receivable, cutting inventory, stretching accounts payable, reducing marketing activity
	<b>Salary and Emolument Freeze</b>	Turnaround Attempt/ Cost Retrenchment/ Salary and Emolument Freeze	Curtailment of salary/wage and other emoluments increase.
	<b>Employment Freeze</b>	Turnaround Attempt/ Cost Retrenchment/ Employment Freeze	The temporary stoppage of fresh recruitment as a measure to curtail the increasing salary cost.
	<b>Technical Interventions for Cost Savings</b>	Turnaround Attempt/ Cost Retrenchment/ Technical Interventions for Cost Savings	Technical interventions specifically aimed at reducing the operational cost.
	<b>Asset Retrenchment</b>	Turnaround Attempt/ Asset Retrenchment	Asset retrenchment is often pursued in concert with, or immediately following, a cost efficiency drive. An asset retrenchment strategy is where areas of the firm that are under-performing are appraised to determine if efficiencies can be made, or whether it is best to divest the asset completely rather than allowing it to continue operating at a weaker level than the rest of the firm
	<b>Financial Restructuring</b>	Turnaround Attempt/ Retrenchment/ Financial Restructuring	Financial restructuring includes Debt write-off, Deferment of principal, Capital reduction from

			existing shareholders, Capital injection from new investors, Change in interest rate, Granting of grace period, Debt injection from new investors, Debt repayment /reschedule /refinance
Repositioning	<b>Focusing on Core</b>	Turnaround Attempt/ Repositioning/Core/ ocusing on Core	A focus on product lines for which the firm is best known, customer segments that are particularly loyal or less price sensitive, and areas where the firm has distinct competitive strength
	<b>Innovation</b>	Turnaround Attempt/ Repositioning/ Innovation	Involves the reconfiguration of assets around the creation of a new core business and an innovative market offering.
	<b>Product Expansion</b>	Turnaround Attempt/ Repositioning/ Innovation/ Product Expansion	Expanding the product line to include new products, manufactured and marketed to new or existing customers.
	<b>Market Expansion</b>	Turnaround Attempt/ Repositioning/ Innovation/ Market Expansion	Exploring new markets beyond the traditional avenues to sell the new or existing products.
Reorganization	<b>Process and Structure</b>	Turnaround Attempt/ Reorganization/ Process and Structure	The possible structural and procedural changes that have been followed in the organization to progress its performance.
	<b>M.D Change</b>	Turnaround Attempt/Reorganizat ion/Leadership/ M.D Change	The change in the M.D position.
	<b>M.D Initiatives</b>	Turnaround Attempt/Reorganizat ion/Leadership/ M.D Initiatives	Specific initiatives taken by the Managing Director to improve the internal systems, external image and enhance the turnover.

## Emergent Codes

Case B			
Parent Category	Code	Expanded Code	Definition
<b>Decline/ Endogenous</b>	Lack of Long Term Planning	Decline/Endogenous/ <b>Lack of Long Term Planning</b>	The inadequacy of planning with minimal cognizance of the remote future.
	Electricity Cost	Decline/Endogenous/ <b>Electricity Cost</b>	The considerable increase in per unit of electricity consumed, which is an essential raw material for electrolysis process for producing the main product.
	Employee Cost Increase	Decline/Endogenous/ <b>Employee Cost Increase</b>	The substantial increase in the employee cost , which in turn has escalated the operating expenses
	Loss of Competitive Advantage	Decline/Endogenous/ <b>Loss of Competitive Advantage</b>	Competitive Advantage is lost when the company fails to cater to the present needs of the market and when the products are obsolete which result in customer base attrition
	Capital Scarcity	Decline/Endogenous/ <b>Capital Scarcity</b>	The paucity of own funds that can be used for any expansion plans.
<b>Decline/ Exogenous</b>	Lack of Governmental support	Decline/Exogenous/ <b>Lack of Governmental support</b>	When the government fails to facilitate smoothing running of the enterprise by developing supporting mechanisms in form of macro level policies.

	Demand Turbulence	Decline/Exogenous/ <b>Demand Turbulence</b>	Demand Turbulence is characterized by cyclical, random or declining demand
TA/ Repositioning	<b>Collaborations and Business Alliances</b>	Turnaround Attempt/Repositioning/ Innovation/ Collaborations and Business Alliances	Collaborations and alliances formed with other players in the value chain for new product development or capturing new markets.
TA/ Reorganization	<b>VRS</b>	Turnaround Attempt/Reorganization/ Process and Structure/VRS	The administering of the VRS Scheme, offering voluntary retirement to employees to rationalize the employee cost.
	<b>Plant Level Changes</b>	Turnaround Attempt/Reorganization/ Process and Structure/Plant Level Changes	Changes made to the production lines with the intention of making substantial improvements in the production and thereby improved revenue.
	<b>ISO</b>	Turnaround Attempt/Reorganization/ Process and Structure/ ISO	The introduction of the ISO as a quality improvement measure.
	<b>E-Tendering</b>	Turnaround Attempt/Reorganization/ Process and Structure/E-Tendering	The introduction and use of E-tendering as opposed to traditional methods, thereby making the functioning of the purchase department transparent and systemized.

<b>Case C</b>			
<b>Parent Category</b>	<b>Code</b>	<b>Expanded Code</b>	<b>Definition</b>
Decline/Endogenous	Delayed Product Delivery	Decline/Endogenous/ <b>Delayed Product Delivery</b>	Instances of delivering the products manufactured on order, after the stipulated time by the customers. This concurrent delay in completion and delivery attracts Liquidated Damages to be paid by the company, which is an additional financial burden on it.
	Products with Low Margin	Decline/Endogenous/ <b>Products with Low Margin</b>	Case of introducing new products that require existing or new resources, but with low contribution.
	JFTC Mismanagement	Decline/Endogenous/ <b>JFTC Mismanagement</b>	Relates to a specific episode, where the flagship product of the company (Jelly Filled Telephone Cables) became obsolete and as a result an entire production facility remained idle for 5 years.
<b>Case D</b>			
<b>Parent Category</b>	<b>Code</b>	<b>Expanded Code</b>	<b>Definition</b>
<b>Decline/Endogenous</b>	Vitamin A Plant	Decline/Endogenous/ <b>Vitamin A Plant</b>	The setting up of a Vitamin A plant by the company which was touted to have huge potential market, but suffered from a very complicated long winding process which ultimately became a failure effecting the company's performance for years.

<b>Case A</b>			
<b>Parent Category</b>	<b>Code</b>	<b>Expanded Code</b>	<b>Definition</b>
<b>Decline/Endogenous</b>	Manpower Shortage	Decline/Endogenous/ <b>Manpower Shortage</b>	The existing manpower strength in the organization is deficient for the concurrent requirement.
	Valued Employee Turnover	Decline/Endogenous/ <b>Valued Employee Turnover</b>	The sizeable turnover of, the most talented employees when given an opportunity through VRS, which was actually intended to reduce the number of inconsequential posts in the organization.
	Staffing Mismatches	Decline/Endogenous/ <b>Staffing Mismatches</b>	The mismatch between the expected and actual knowledge level and skill sets of the employees presently working in the organization (with reference to specific job profiles).
<b>Decline/Exogenous</b>	Economic Reforms	Decline/Exogenous/ <b>Economic Reforms</b>	The major economic reforms introduced by the Central Government namely, Liberalization, Globalization and Privatization which led to the opening up of the economy to foreign competition in the year 1991.
	Rapid Technology Change	Decline/Exogenous/ <b>Rapid Technology Change</b>	The constant incremental, and most of the times exponential changes in the technology used in the electronic industry.

### 3.B. Case Study Protocol

“The case study protocol is a major way of increasing the reliability of the case study research is intended to guide the investigator in carrying out the data collection from a single-case study (again, even if the single case is one of several in a multiple-case study)” (Yin, 2011). The major components of the Case Study Protocol are illustrated here and wherever, it has been already mentioned in the body of the thesis, the relevant chapter numbers with the corresponding page numbers are given, to eliminate redundancy.

a) **Statement of the Problem** (Chapter 3, Pg No: 45 )

b) **Field Procedures - Permission**

Permission from each of the case study sites was garnered and a certificate accrediting the data collected was received at the end of the data collection period from each of the sites. To protect the sovereignty of the firms under study the certificates are not attached.

c) **Case Study Questions:**

1. What were the reasons for the performance decline of the selected State Owned Enterprises (SOEs) of Government of Kerala (GoK)?
2. What were the strategies adopted to turnaround the selected SOEs of GoK?
3. What was the individual and combined impact of these strategies on the turnaround of SOEs of GoK?

d) **Data Collection Procedures**

Elaborated in section 3.7 (Pg no: 61) and subsections 3.7.1 (Pg no:62), 3.7.2 (Pg no:62), and 3.7.3 (Pg no:63)

**e) Data Analysis Procedures**

Elaborated in section 3.8 (Pg no:64) and subsections 3.8.1 (Pg no:65), 3.8.2 (Pg no:69), 3.8.3 (Pg no:70), 3.8.4. (Pg no:71) and also in section 3.9 (Pg no:73)

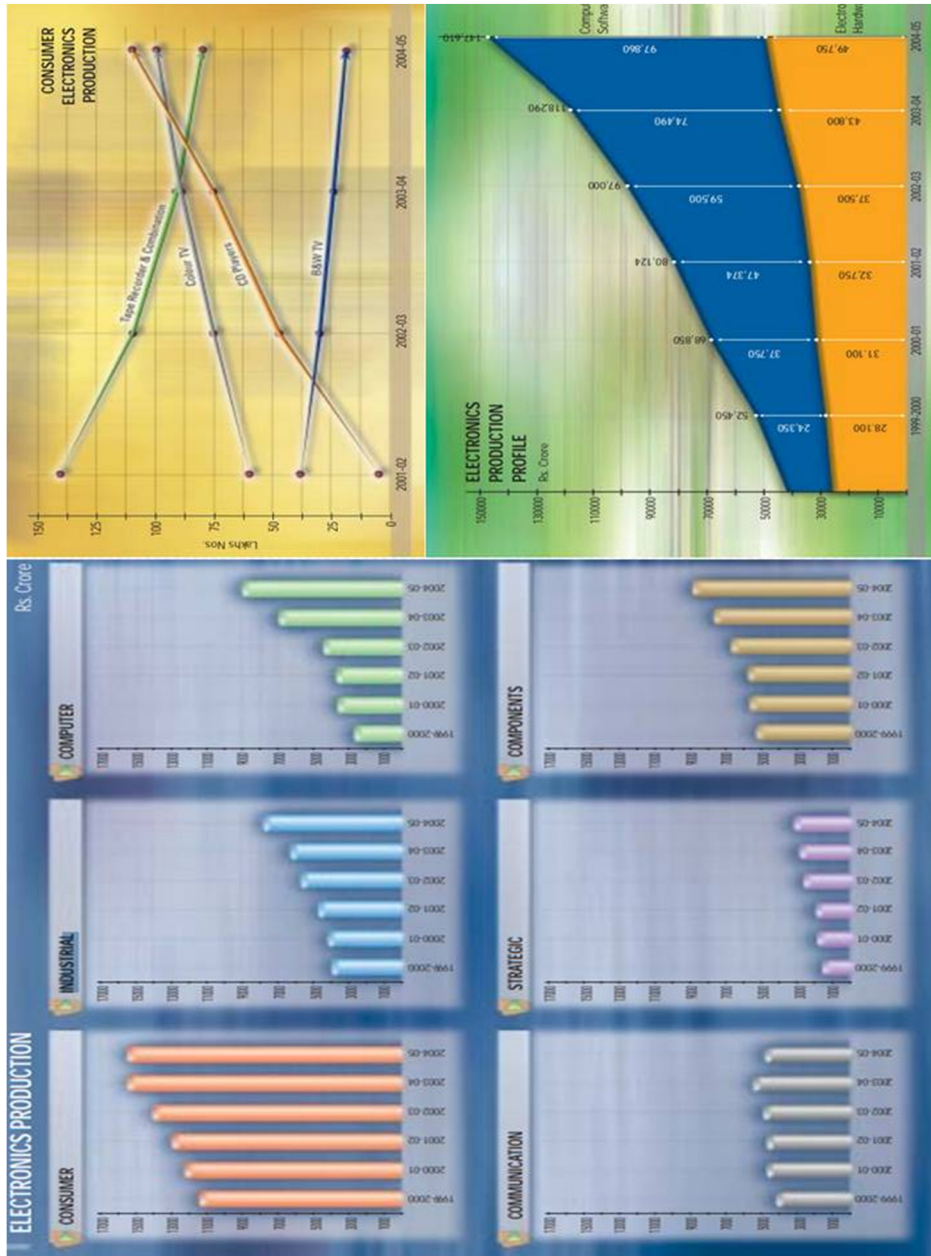


## Appendix to Chapter 4.I. (Case A)

**Table 4 .I.A:** Sample Profile

The following table shows the profile of the respondents of the open ended interview for Case A.

Respondent	Department	Job Title	YOE	Interview Date	Interview Time
1.	Legal and Secretary	Company Secretary	12	6/1/2017	2.00 pm - 3.00 pm
2.	Keltron Controls	Chief General Manager	32	6/8/2017	12.30 pm - 1.30 pm
3.	Corporate Finance	Manager	10	6/1/2017	10.00 am - 11.00am
4.	Tool Room - Keltron Equipments	Deputy Engineer	32	6/6/2017	9.30 am - 10.30 am
5.	IT Services	Deputy General Manager	25	6/6/2017	10.00am - 11.00 am
6.	Corporate Finance	Chief General Manager	33	6/2/2017	10.15 am - 11.00 am
7.	Corporate Marketing & IT Busin	Chief General Manager (He	33	6/1/2017	11.05 am - 12.30 pm
8.	Corporate Planning	Chief General Manager	34	6/6/2017	10.00 am - 11.00 am
9.	HR and Admin	Chief General Manager	33	5/30/2017	10.20 am - 11.30 am
10.	Marketing and Business Develop	General Manager	25	6/8/2017	2.30 pm - 3.30 pm
11.	Keltron Equipments Ltd	Chief General Manager	32	6/2/2017	9.30 am - 10.30 am
12.	ID Card Project (CITU Leader)	JuniorOfficer	32	6/6/2017	10.45 am - 12.00 pm



Source: Annual Report, 2004-05, MeitY  
**Figure 4.1.A:** Production Trends of Electronics Industry

**Table 4.I.B: Total Cost Retrenchment (2002-2014)**

The Total Cost Retrenchment in absolute and percentage values, as transpired in the organization during the period under study (2002-2014).

Expenses/ Year	Total Cost Retrenchment (in ₹ 000' & Percentage)												
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Factory Expenses	361237641	271175703.5	323598262	342917511	392899279.5	472627659.5	481710673	537887210.5	856023799.5	816853547.5	839110910	790425447.5	840900994
Admin Expenses	190782221	167161413.5	180689894	189857910	196713023.5	242728551.5	287371653	412155316.5	420527232.5	522054738.5	685927104	831798388.5	796965046
Selling Expenses	13642807	11745998	13587808	12535827	15598619	15987835	18294398	26103071	35033553	42048993	39796469	41655004	43395219
<b>Total Cost</b>	<b>565662669</b>	<b>450083115</b>	<b>517875964</b>	<b>545311248</b>	<b>605000922</b>	<b>731344146</b>	<b>787376724</b>	<b>976145598</b>	<b>1311584585</b>	<b>1380957279</b>	<b>1564834483</b>	<b>1663878820</b>	<b>1681261259</b>
Net Change (% Value)		-20.43	15.06	5.30	10.95	20.88	7.66	23.97	34.36	5.29	13.32	6.33	1.04
Net Change (Absolute Value)		-115579554	67792849	27435284	59889674	126343224	56032578	188768874	335438987	69372694	183877204	99044337	17382439

**Table 4.I.C: Short Term Asset Retrenchment (2002-2014)**

Short Term Asset Retrenchment (a reduction in the total of inventory, trade receivables, cash and cash equivalents and other current assets) during the period under study (2002-2014).

Short Term Assets/Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Inventory	160425391	146080618	160383518	201642195	190963544	189152561	206951201	216117495	261909788	238542081	258035188	341621458	357426323
Trade Receivables	1037116214	964290859	866297953	823657748	1156659046	1323657007	1327473836	1282044073	1191305329	1590677419	1859919891	2102156080	2390675201
Cash and Cash Equivalents	128845701	18479618	166121862	158968513	203413677	223889987	262393648	353537345	594697369	505975971	576328469	33558619	487405461
Other CA	213016	49377175	505831	108036	1274260	150552	2757760	924443	3630156	2408686	13249574	11448831	34974325
Total Short Term Assets	1326800322	1178228270	1193309064	1184376492	1552310527	1736850117	1798576445	1852623356	2041542642	2337604157	2707533122	2488784988	3270481310
Net Change (% Value)		-11.18	1.28	-0.75	31.07	11.89	3.61	2.95	10.20	14.50	15.83	-8.08	31.41
Net Change (Absolute Value)		-148372052.00	15080794.00	-8832572.00	367994035.00	184539590.00	62726228.00	53046911.00	188919286.00	296061515.00	368928965.00	-218748134.00	781686322.00

**Table 4.I.D: Long Term Asset Retrenchment (2002-2014)**  
The retrenchment of Long Term Assets (Fixed Assets), during the period under study (2002-2014).

Long Term Asset Retrenchment (in Rs 000' & Percentage)													
Long Term Assets/Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Land	14,915,489	14,915,489	14,915,489	14,915,489	14,915,489	14,915,489	14,915,489	14,915,489	14,915,489	14,950,259	14,950,259	14,950,259	14,950,259
Buildings	91,425,356	91,854,129	91,854,129	92,083,166	92,083,166	92,323,921	94,117,297	93,780,084	95,861,543	96,362,542	98,271,374	155,369,657	155,523,029
Electrical Fittings	19,246,680	28,166,379	28,170,110	28,258,440	28,334,743	27,909,861	28,169,187	29,345,079	29,470,017	29,594,936	29,936,038	40,305,857	45,769,722
Plant and Machinery	106,131,241	110,241,402	115,758,509	109,345,771	110,710,967	105,805,731	111,817,998	104,530,806	108,589,436	112,207,837	114,709,063	149,880,112	151,385,122
Test Instruments	96,644,730	98,756,656	98,906,578	100,377,805	101,846,270	104,115,689	108,891,333	111,290,035	116,607,165	119,029,538	121,860,153.00	123,642,608	127,911,591
Air Conditioner	8,402,363	8,402,363	8,643,049	8,602,443	6,018,861	6,115,502	6,401,893	7,242,348	7,946,025	8,005,091	8,710,071.00	100,442,92.00	108,987,26.00
Furniture and Fixture	22,457,402	22,650,403	22,723,458	22,914,853	22,784,763	22,634,710	24,304,414	29,042,354	32,757,299	36,484,508	37,324,896	40,077,046.00	42,104,110.00
Office Equipments	30,658,104	32,874,999	33,293,512	33,984,088	34,771,260	36,792,540	44,396,419	51,944,041	59,845,036	62,587,464	67,593,762	72,621,518	76,328,765
Vehicles	4,463,890	4,022,360	4,022,360	4,022,360	4,463,951	4,463,951	4,474,451	5,978,282	6,796,727	6,576,627	5,972,972	2,972,971	5,972,971
Service Equipments	1,890,690	1,870,751	1,870,751	1,858,619	1,850,558	1,850,558	1,841,116	1,941,116	1,960,371	1,970,698	1,970,698	1,970,698	1,970,698
Canteen Utensils	711,259	711,259	726,688	747,632	769,627	791,723	798,765	867,895	903,623	980,813	1,069,455	1,179,499	1,226,727
Library Books	484,475	489,035	491,914	525,785	527,376	527,376	534,966	534,966	530,640	530,640	526,173	530,598	530,598
Fire Extinguisher	214,002	214,002	214,002	209,723	276,532	279,912	283,624	297,139	288,583	330,178	330,179	330,179	416,170
Water Supply Installation	2,557,831	2,557,831	2,612,436	2,680,722	2,680,722	2,703,444	3,065,465	3,091,742	3,123,742	3,351,422	3,133,585	3,191,524	3,230,504
Transit House Equipments	85,309	89,409	89,409	89,409	89,409	58,889	58,889	58,888	58,888	89,348	103,754	115,501	115,504
Total Long Term Assets	400,288,821	417,816,467	424,292,374	420,616,305	422,123,694	421,289,296	444,171,306	454,780,264	479,455,594	493,031,991	506,462,432	616,982,319	638,334,496
Net Change (% Value)	4.38	1.55	-0.67	0.36	-0.20	5.43	2.38	5.43	2.83	2.72	21.82	3.46	
Net Change (Absolute Value)	17,527,646	6,475,907	-3,676,069	1,507,399	-834,398	22,882,010	10,589,958	24,895,330	13,576,397	13,430,441	110,519,887	21,352,177	

**Appendix to Chapter 4.II. (Case B)**

**Table 4.II.A: Sample Profile**

The following table shows the profile of the respondents of the open ended interview for Case B.

Respondent	Job Title	YOE	Department	Interview Date	Interview Time
1	Assistant General Manager	20	Electrical and Instrumentation	1/14/2015	10.45am – 11.30am
2	Assistant General Manager	28	Engineering	1/12/2015	1.30pm – 2.30pm
3	Deputy General Manager	32	Engineering	1/19/2015	10.30am – 11.30am
4	Assistant General Manager	16	Finance	1/15/2015	2.30pm – 3.30pm
5	Deputy General Manager	7	Finance (Company Secretary)	1/14/2015	2.30pm – 3.00pm
6	Deputy General Manager	17	Finance	1/19/2015	12.00pm – 1.00pm
7	Manager	20	Human Resources	1/13/2015	10.30am – 12.00pm
8	Officer	18	Human Resources	1/8/2015	11.40am-12.30pm
9	Deputy General Manager	20	Marketing	1/13/2015	2.30pm – 3.30pm
10	Deputy General Manager	30	Projects	1/22/2015	10.45am – 11.45am
11	Deputy General Manager	35	Purchase and Materials	1/12/2015	11.30am – 1.00pm
12	Manager	21	Purchase and Materials	1/19/2015	1.30pm – 2.00pm
13	Union Representative	33	Purchase and Materials	1/14/2015	12.30pm – 1.30pm
14	Deputy General Manager	32	Technical Services	1/15/2015	10:30 – 11:30 am
15	General Manager Technical	34	Technical Services	1/20/2015	11.00am – 12.00pm
16	Manager	20	Marketing	1/21/2015	3.00pm-4.00pm

**Table 4.II.B: Total Cost Retrenchment (2003-2013)**

The Total Cost Retrenchment in absolute and percentage values, as transpired in the organization during the period under study (2003-2014).

Expenses/Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administrative Expenses	1599.72	1196.74	2325.78	1719.4	2420.6	2676.51	2375.6	2565.77	2611.91	4112	3965.8
Factory Expenses	5242.07	6303.88	5695.24	7269.1	8350	6921.32	8409.65	7787.78	8897.08	9913.9	10850.74
Selling Expenses	16.79	16.79	17.29	36.7	25.28	27.45	26.95	33.66	33.39	83.98	34.99
Total Cost	6858.58	7517.41	8038.31	9025.2	10796	9625.28	10812.2	10387.21	11542.4	14110	14851.53
Net Change (% Value)		9.61	6.93	12.28	19.62	-10.84	12.33	-3.93	11.12	22.24	5.26
Net Change (Absolute Value)		658.83	520.9	986.86	1770.7	-1170.6	1186.92	-424.99	1155.17	2567.4	741.704

**Table 4.II.C: Short Term Asset Retrenchment (2003-2013)**

Short Term Asset Retrenchment (a reduction in the total of inventory, trade receivables, cash and cash equivalents and other current assets) during the period under study (2003-2013).

Short Term Asset Retrenchment (in ₹ Lakhs & Percentage)											
Short Term Assets/Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cash and Cash Equivalents	201.68	682.53	166.17	124.12	139.28	115.26	102.49	58.58	65.57	328.56	74.22
Inventory	989.82	1336.39	644.19	967	1044.91	1018.27	1504.21	1631.59	866.03	2132.54	1942.49
Trade Receivables	1217.77	1175.4	954.67	1098.56	1424.95	1229.14	974.11	1129.79	1871.33	1804.99	1934.36
Total Short Term Assets	2409.27	3194.32	1765.03	2189.68	2609.14	2362.67	2580.81	2819.96	2802.93	4266.09	3951.07
Net Change (% Value)		32.58	-44.74	24.06	19.16	-9.45	9.23	9.27	-0.6	52.2	-7.38
Net Change (Absolute Value)		785.05	-1429.29	424.65	419.46	-246.47	218.14	239.15	-17.03	1463.16	-315.02



**Table 4.II.D: Long Term Asset Retrenchment (2003-2013)**

The retrenchment of Long Term Assets (Fixed Assets), during the period under study (2002-2014).

Long Term Assets/Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Freehold Land	171.32	171.32	171.32	171.32	171.32	171.32	171.32	163.55	163.55	163.54	163.54
Buildings	1424.06	1412.98	1412.98	1405.9	1784.84	2067.19	1978.29	1947.82	1973.09	1973.09	1973.09
Plant and Machinery	11267.24	10977.52	9243.47	11453.58	13350.14	13225.46	13337.22	13632.49	14123.6	14164.45	14373.08
Equipments	662.44	637.08	612.51	574.9	558.92	540.81	528.94	565.82	590.7	590.7	597.94
Furniture and Fixtures	116.43	120.14	127.13	134.67	149.75	165.74	172.05	173.57	176.33	176.33	196.08
Total Long Term Assets	13641.49	13319.04	11567.41	13740.37	16014.97	16170.52	16187.82	16483.25	17027.27	17068.11	17303.73
Net Change (% Value)		-2.36	-13.15	18.79	16.55	0.97	0.11	1.83	3.3	0.24	1.38
Net Change (Absolute Value)		-322.45	-1751.63	2172.96	2274.6	155.55	17.3	295.43	544.02	40.84	235.62

**Appendix to Chapter 4.III. (Case C)**

**Table 4.III.A: Sample Profile**

The following table shows the profile of the respondents of the open ended interview for Case C.

<b>Respondent</b>	<b>Job Title</b>	<b>YOE</b>	<b>Department</b>	<b>Interview Date</b>	<b>Interview Time</b>
1.	Senior Manager	25	Planning, HR and Sales	28/6/2016	10.20 to 11.25am
2.	Plant Head	25	Plant Head - Irumpanam	4/7/2016	12.00 to 1.00pm
3.	CFO	24	Finance	10/7/2016	11.00 am to 12.00 pm
4.	Senior Manager	25	Marketing	8/7/2016	11.00 am to 12.00 pm
5.	Manager - Dispatch	20	Quality Assurance	8/7/2016	2.30 to 3.30 pm
6.	Manager	20	Production and Maint	4/7/2016	10.00 to 11.00 am
7.	Charge Head	21	Production - CITU Leader	6/7/2016	2.00 to 3.00 pm
8.	Charge Hand	21	Production - INTUC Main Leader	4/7/2016	3.00 to 4.00 pm
9.	Senior Manager	23	Civil and Maintenanc	29/6/2016	11.00 am to 12.00 pm
10.	Data Entry Operator	20	Production - INTUC Leader	3/7/2016	11.00 to 12.00 pm
11.	Senior Manager	20	Purchase	29/6/2016	11.00 to 12.00 pm
12.	Senior Manager	28	Project Development	27/6/2016	10.30-11.30am

**Table 4.III.B: Total Cost Retrenchment (2002-2014)**

The Total Cost Retrenchment in absolute and percentage values, as transpired in the organization during the period under study (2002-2014).

<b>Years</b>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expense</b>													
Factory Expenses	750969	496020.136	241071.3	426083.5	337176.1	486979.5	326130.1	376901.3	570906.94	603752.6	415017	390309.28	820961.65
Admin Expenses	19033	17701	16369	16272	20084	14593	22785	23712	26872	31012.8	6622.5	2346.55	9573.52
Selling Expenses	14838	11196.5	7661	10871	6428	9173	8144	13500	22517	20865	13018	15144	23636
<b>Total Cost</b>	<b>784840</b>	<b>524917.636</b>	<b>265101.3</b>	<b>453226.5</b>	<b>363688.1</b>	<b>510745.5</b>	<b>357059.1</b>	<b>414113.3</b>	<b>620295.94</b>	<b>655630.4</b>	<b>434657.5</b>	<b>407799.83</b>	<b>854171.17</b>
<b>Net Change (% Value)</b>	<b>8.96</b>	<b>-33.12</b>	<b>-49.50</b>	<b>70.96</b>	<b>-19.76</b>	<b>40.44</b>	<b>-30.09</b>	<b>15.98</b>	<b>49.79</b>	<b>5.70</b>	<b>-33.70</b>	<b>-6.18</b>	<b>109.46</b>

**Table 4.III.C: Short Term Asset Retrenchment (2002-2014)**

Short Term Asset Retrenchment (a reduction in the total of inventory, trade receivables, cash and cash equivalents and other current assets) during the period under study (2002-2014).

Years	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>S. T Assets</b>													
Inventories	1466.04	600.32	627.98	688.94	526.67	887.8	1068.01	451.22	811.07	1298.38	1161.09	1738.48	1460.93
Sundry Debtors	1832.53	1459.96	1318.27	1319.09	1280.76	1797.39	1963.16	2242.7	1743.87	2610.87	1873.72	2874.95	3214.68
Cash and Cash Equivalents	140.95	156.39	203.16	199.2	227.35	243.35	261.66	235.43	277.58	293.18	297.73	594.92	1747.47
Short Term Assets	3439.52	2216.67	2149.41	2207.23	2034.78	2928.54	3292.83	2929.35	2832.52	4202.43	3332.54	5208.35	6423.08
<b>Net Change (% Value)</b>	<b>-26.03</b>	<b>-35.55</b>	<b>-3.03</b>	<b>2.69</b>	<b>-7.81</b>	<b>43.92</b>	<b>12.44</b>	<b>-11.04</b>	<b>-3.31</b>	<b>48.36</b>	<b>-20.70</b>	<b>56.29</b>	<b>23.32</b>

**Table 4.III.D: Long Term Asset Retrenchment (2002-2014)**

The retrenchment of Long Term Assets (Fixed Assets), during the period under study (2002-2014).

Years	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>L.T Assets</b>													
Freehold Land	13529	13529	13529	13529	13529	13529	13529	13529	13529	13813	13871	13871	13871
Buildings	44886	44897	44907	44907	44926	45258	45281	45821	45821	45281	45281	77714	80133
Plant and Machinery	437303	437421	437539	437558	437557	451254	449607	448076	448146	455813	455813	494649	495287
Equipments	29348	29439	29529	32621	33106	27647	35610	35879	36214	36489	31511	42441	39700
Furniture and Fixtures	4277	4286	4295	4453	4526	4559	4669	4756	4756	4875	5017	5501	5514
Vehicles	3387	2942	2497	2497	2498	2498	2402	2402	2402	2402	3266	3269	3269
Long Term Assets	532730	532513	532296	535565	536142	544745	551098	550463	550868	558673	554759	637445	637774
Net Change (% Value)	0.80	-0.04	-0.04	0.61	0.11	1.60	1.17	-0.12	0.07	1.42	-0.70	14.90	0.05

**Appendix to Chapter 4.IV. (Case D)****Table 4.IV.A: Sample Profile**

The following table shows the profile of the respondents of the open ended interview for Case D.

<b>Respondent</b>	<b>Department</b>	<b>Job Title</b>	<b>YOE</b>	<b>Interview Date</b>	<b>Interview Time</b>
1.	Finance	Manager	7	9/2/2016	3.00 – 4.30 pm
2.	Engineering, Project	Manager	18	9/5/2016	3.00 – 4.30 pm
3.	Quality Control	Deputy Manager	29	9/5/2016	11.30 – 12.30 pm
4.	Marketing	Junior Manager	25	8/30/2016	10.20 – 11.00 am
5.	Production	Manager	29	8/30/2016	2.00 – 3.30 pm
6.	Stores	Deputy Manager	29	9/4/2016	11.00 – 12.15 pm
7.	Purchase	Junior Manager	28	8/31/2016	10.30 – 11.30 am
8.	Personnel and Admin	Junior Manager	26	9/1/2016	10.30 – 11.30 am

**Table 4.IV.B:** Total Cost Retrenchment (2002-2014)

The Total Cost Retrenchment in absolute and percentage values, as transpired in the organization during the period under study (2003-2014).

Expenses/ Year	Total Cost Retrenchment (in ₹ 000' & Percentage)											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Factory Expenses	46546406.5	43249471.5	133956692	19741599	38018370.5	63902525.5	74928427	102942868	164472257	206768230	114253667	149761088
Admin Expenses	17809550.5	25172977.5	131735733	14425495	17290305.5	18456934.5	14520115	18686702	17093118	19735932.5	19440353.5	20180693
Selling Expenses	3902236	1947638	92593	134432	630777	839526	986552	3055369	4101763	5778589	1873427	14377870
<b>Total Cost</b>	<b>68258193</b>	<b>70370087</b>	<b>265785018</b>	<b>34301526</b>	<b>55939453</b>	<b>83198986</b>	<b>90435094</b>	<b>124684939</b>	<b>185667138</b>	<b>232282751</b>	<b>135567447</b>	<b>184319651</b>
Net Change (% Value)	-11.38	3.09	277.70	-87.09	63.08	48.73	8.70	37.87	48.91	25.11	-41.64	35.96
Net Change (Absolute Value)	-8764720	2111894	195414931	231483492	21637927	27259533	7236108	34249845	60982199	46615613	-96715304	48752204

**Table 4.IV.C: Short Term Asset Retrenchment (2003-2014)**

Short Term Asset Retrenchment (a reduction in the total of inventory, trade receivables, cash and cash equivalents and other current assets) during the period under study (2003-2014).

Short Term Asset Retrenchment (in ₹ 000' & Percentage)												
Short Term Assets/Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Inventory	22,900,746	15,203,306	9,763,992	5,171,785	8,283,219	17,619,297	17,894,483	33,239,142	57,641,992	71,520,861	102,059,041	84,296,328
Trade Receivables	17,596,458	15,376,443	13,139,783	13,158,910	22,586,925	22,124,400	43,473,974	43,729,529	42,591,209	104,347,377	63,800,771	55,646,083
Cash and Cash Equivalents	565,084	570,475	295,777	449,356	1,241,138	1,686,723	73,561,617	73,691,790	8,706,003	93,219,637	1,297,389,39	67,287,548
Other CA										799,957	94,314	931,600
Total Short Term Assets	41,062,288	31,150,224	23,199,552	18,780,051	32,111,282	41,430,282	134,920,074	150,660,461	108,939,204	269,887,832	295,693,065	208,161,559
Net Change (% Value)	-30.66	-24.14	-25.52	-19.05	70.99	29.02	225.65	11.67	-27.69	147.74	9.56	-29.60
Net Change (Absolute Value)	-18,158,701	-9,912,064	-7,950,872	-4,419,501	13,331,231	9,319,138	93,489,654	15,740,387	-41,721,257	160,948,628	25,805,233	-87,531,506



**Table 4.IV.D:** Long Term Asset Retrenchment (2003-2014)

The retrenchment of Long Term Assets (Fixed Assets), during the period under study (2002-2014).

Long Term Assets/Year	Long Term Asset Retrenchment (in ₹ 000' & Percentage)											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Land	2,331,599	2,331,599	2,331,599	2,331,599	2,331,599	2,331,599	2,331,599	2,250,554	2,250,554	2,250,554	2,250,554	2,250,554
Factory Building	19,991,246	19,991,246	19,991,246	19,991,246	19,991,246	19,991,246	19,991,246	19,768,077	19,768,077	61,234,152	61,524,607	61,524,607
Office Building	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448	5,367,448
Plant & Machinery	78,935,342	78,935,342	78,935,342	78,935,342	78,935,342	78,935,342	79,128,004	83,721,871	119,099,180	119,179,125	119,264,815	
Water Supply & Sanitation	320,253	320,253	320,253	320,253	359,734	359,734	359,734	374,514	374,514	374,514	374,514	439,974
Electricals	635,115	635,115	635,115	635,115	635,115	635,115	880,755	880,755	1,485,427	11,121,368	12,742,563	12,955,761
Air Condition Equipment	650,336	650,336	650,336	650,336	650,336	650,336	764,678	764,678	1,245,835	24,321,065	25,772,889	27,070,690
Office Equipment & Canteen	953,888	953,888	953,888	953,888	953,888	953,888	961,291	1,004,196	1,103,930	1,161,756	1,171,756	1,191,692
Micro Processors	899,221	899,221	951,061	951,061	1,022,573	1,416,691	1,497,388	1,662,528	1,771,038	2,155,802	2,323,982	2,323,982
Laboratory Equipments	2,341,658	2,341,658	2,354,878	2,354,878	2,354,878	2,380,628	2,380,628	2,382,868	2,392,868	2,880,078	2,889,886	2,975,128
Betalactum Utilities												
Motor Vehicle	783,815	1,134,801	1,134,801	1,134,801	1,134,801	1,134,801	1,141,893	1,141,893	141,883	1,863,902	2,290,085	2,290,085
Cycles	971	971	971	971	971	971	971	971	971	971	971	971
Furniture & Fixtures	1,893,158	1,893,158	1,893,158	1,893,158	1,893,158	1,893,158	1,898,219	1,924,009	1,924,009	4,196,857	4,198,432	4,198,432
Room Air Conditioner	388,238	388,238	388,238	388,238	388,238	388,238	388,238	388,238	388,238	388,238	388,238	388,238
Library	129,935	129,935	129,935	129,935	129,935	129,935	143,810	147,672	147,672	147,672	147,672	147,672
Cylinders	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Internal Telephone Equipment	85,728	85,728	85,728	85,728	85,728	85,728	85,728	85,728	85,728	85,728	85,728	85,728
Refrigerator	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
Hyderabad												
Electrical Equipment	577,204	577,204	577,204	577,204	577,204	577,204	597,397	597,397	597,397	597,397	597,397	597,397
Total Long Term Assets	116,316,455	116,667,441	116,732,501	116,732,501	116,843,494	117,402,958	117,950,327	117,313,433	121,718,107	238,487,404	243,119,771	244,887,098
Net Change (% Value)	0.23	0.30	0.06	0.00	0.10	0.48	0.47	-0.54	3.75	95.93	1.94	0.73
Net Change (Absolute Value)	266,787	350,986	65,060	0	110,993	559,464	547,369	-636,894	4,404,674	116,769,297	4,632,367	1,767,327

## Appendix II

### Questionnaires

#### Semi Structured Interview Schedule

Dear Respondent,

I am Suja Karthika, a Full-time Research Scholar from School of Management Studies, CUSAT. On the onset let me thank you for accepting my request and agreeing for the interview. The following interview schedule is prepared and administered as a part of my Ph.D work titled “Turnaround Antecedents, Actions and Outcomes of Selected State Owned Enterprises in Kerala: A Multiple Case Study Approach”. This schedule intends to gather an understanding of the events that led to the turnaround situation and the turnaround attempts made by your organization during the past 10 years.

The research is intended to have beneficial outcomes for the smooth functioning of state owned enterprises. This is purely an academic work and complete confidentiality is assured to the respondents. Kindly share your genuine opinions.

Name:

Job Title:

Department

Years of Service:

Interviewed By:

Date & Time:

1. Kindly narrate the incidents and events that led to the performance decline of your organization during the period ....
2. According to your opinion, what were the major intra organizational reasons that could have contributed to the performance decline?
3. What was the financial situation of your organization during the crisis period?
  - a. Did bad finances lead to decline or did decline lead to bad finances.
  - b. Has the high interest rate of the government loans impacted your finances?

4. Has the environment in which your product is sold, in terms of peer competition and product innovation affected your business in any ways?
5. Do you expect any future growth in the industry of your company?
6. Are you capable of increasing your market share from the present situation?
7. How has delay in project funding and policy paralysis, affected your business?
8. What role did the government play in helping this organization to come out of the crisis?
  - a. What was role of the agencies like RIAB
  - b. Can you specify the specific policies if any.
9. What role did the industries department play in helping this organization to come out of the crisis?
10. What were the immediate steps taken by the organization to stem the decline?
11. What were the steps taken by the organization - specifically cost, asset and finance related to come out of the crisis?
12. Do you think it had the intended effect on the financial performance of the organization?
13. Can you please tell us about the, people changes like M.D. and Top Management change that was brought out specifically as a result of the decline.
14. What did the new MD do to reverse the performance decline?
15. Were there senior internal promotions of executives possessing significant experience? If yes did it bring out any positive changes to the working of the organization?
16. What were the process or system changes that were introduced during the past 10 years to improve the efficiency of the organization?
17. Did such changes impact the organization positively?

18. What changes have been made to the product profiles as a strategy to reverse the decline?
  - a. Has there been addition or deletion of products?
  - b. If products have been eliminated can you cite the reasons for the same?
  - c. Has R&D been given more importance?
19. Has there been new market development or market expansion in the past few years?
20. According to your opinion has the product and innovation related efforts led to a positive change in the financial performance of the organization.
21. Were there any other strategies/efforts undertaken to turnaround the decline situation in the organization and to bring stability to it?
22. Have you ever felt that course of action chosen during the time of the crisis was wrong?
  - a. If yes, did the managements rectify it or did they continue with the same plan of action.
23. According to your opinion how better can the organization realign the value chain to extract maximum benefits from it?
24. Do you think that the management has taken appropriate steps to implement the suitable turnaround strategies?
25. Could the management implement effectively the strategies identified?
26. If yes, what was the result you expected?
27. Is the actual result same as what you expected?
28. If not, what went wrong in not getting the desired result?
29. Are you hopeful of improving the performance in the near future?
30. If not, what further recommendations can be made?

## Organizational Performance Questionnaire

Dear Respondent,

I am Suja Karthika, a Full-time Research Scholar from School of Management Studies, CUSAT. At the onset let me thank you for accepting my request and agreeing for the interview. The following interview schedule is prepared and administered as a part of my Ph.D work titled “Turnaround Antecedents, Actions and Outcomes of Selected State Owned Enterprises in Kerala: A Multiple Case Study Approach”. This schedule intends to gather an understanding of the general working environment, systems and practices in the organization in addition to the opinions regarding the severity of decline the organization faced.

The research is intended to have beneficial outcomes for the smooth functioning of state owned enterprises. This is purely an academic work and complete confidentiality is assured to the respondents. Kindly share your genuine opinions and mark your response in the appropriate cell.

Gender:  Male  Female

Employee Category:  Manager  Executive

No: of Years of Experience with this organization:

Less than 5  5-10  11-15  16-20  21-25  25 and above

Given below are some general statements about the internal working environment and the systems in place in the organization. Kindly respond to the questions by stating your genuine opinion according to the scale given below:

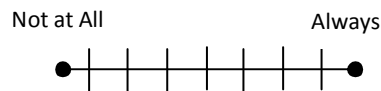
1	2	3	4	5	6	7
Strongly Disagree	Disagree	Somewhat Disagree	No opinion	Somewhat Agree	Agree	Strongly Agree

<b>Generally, how are conflicts or differences of opinion if any, managed in your organization?</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
IC.1	Conflict is dealt with openly in my work unit.	1	2	3	4	5	6	7
ICr.2	People in my work unit try to avoid conflict at all costs.	1	2	3	4	5	6	7
ICr.3	If conflict arises in my work unit, the people involved initiate steps to resolve the conflict immediately.	1	2	3	4	5	6	7
ICr.4	Conflict is detrimental to getting the work done in my work unit	1	2	3	4	5	6	7
IC.5	Disagreements are encouraged in my work unit.	1	2	3	4	5	6	7
IC.6	Differences of opinions about job responsibilities are avoided in my work unit.	1	2	3	4	5	6	7
IC.7	Disagreements about the specific work being done are usually resolved in my work unit.	1	2	3	4	5	6	7
IC.8	Emotional conflicts are usually resolved in my work unit.	1	2	3	4	5	6	7
IC.9	Disagreements about who should do what are usually resolved in my work unit.	1	2	3	4	5	6	7

Listed below are a series of statements that represent possible feelings that you might have about your organization. Please indicate the degree of your agreement or disagreement with each statement by checking one of the seven alternatives.		1	2	3	4	5	6	7
OCA.1	I would be very happy to spend the rest of my career with this organization	1	2	3	4	5	6	7
OCAr.2	I do not feel emotionally attached to this organization	1	2	3	4	5	6	7
OCA.3	I really feel as if this organization's problems are my own	1	2	3	4	5	6	7
OCAr.4	I do not feel a strong sense of belongings to my organization	1	2	3	4	5	6	7
OCA.5	This organization has a great deal of personal meaning for me	1	2	3	4	5	6	7
OCN.1	Even if it were to my advantage, I do not feel it would be right to leave my organization now	1	2	3	4	5	6	7
OCN.2	It would not be morally right for me to leave this company now.	1	2	3	4	5	6	7
OCN.3	If I got another offer for a better job elsewhere, I would not feel it was right to leave my organization	1	2	3	4	5	6	7
OCN.4	I feel a personal responsibility to continue working for this organization	1	2	3	4	5	6	7
OCN.5	I would feel guilty if I left this organization now	1	2	3	4	5	6	7
OCNr.6	I do not feel any obligation to remain with this organization	1	2	3	4	5	6	7
OCC.1	Right now, staying with my organization is a matter of necessity as much as desire	1	2	3	4	5	6	7
OCC.2	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice—another organization may not match the overall benefits I have	1	2	3	4	5	6	7

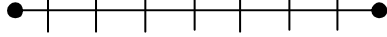
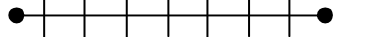


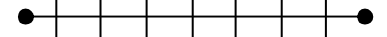
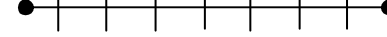
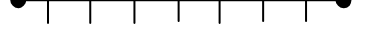
OCC.3	I feel that I have too few options to consider leaving this organization.	1	2	3	4	5	6	7
OCC.4	Too much in my life would be disrupted if I decided I wanted to leave my organization now	1	2	3	4	5	6	7
OCC.5	It wouldn't be too costly for me to leave my organization in the near future	1	2	3	4	5	6	7
OCC.6	If I had not already put so much of myself into this organization, I might consider working elsewhere.	1	2	3	4	5	6	7
OCC.7	One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.	1	2	3	4	5	6	7

The following statements deal with the flow of communication in your organization. Kindly circle your response around the appropriate vertical line. Eg:



CM.1	How much information do you receive about changes within the organization (unit)?	<p style="text-align: center;">Nil Information <span style="margin-left: 150px;">All Information</span></p>
CM.2	How much information do you receive about personnel management (within your unit)?	<p style="text-align: center;">Nil Information <span style="margin-left: 150px;">All Information</span></p>
CM.3	How much information do you receive about the overall performance of the organization (unit)?	<p style="text-align: center;">Nil Information <span style="margin-left: 150px;">All Information</span></p>
CM.4	How much information do you receive about the organization's strategy?	<p style="text-align: center;">Nil Information <span style="margin-left: 150px;">All Information</span></p>



CM.5	How much information do you receive about the functioning of other units within the organization?	Nil Information <span style="float: right;">All Information</span> 
CM.6	How often do you receive feedback about the work you do?	Not at All <span style="float: right;">Always</span> 
CM.7	How often do you take the initiative to communicate with the organization's (unit's) management?	Not at All <span style="float: right;">Always</span> 
CM.8	How often do you take part in decision making concerning issues involving the organization (unit) as a whole?	Not at All <span style="float: right;">Always</span> 
CM.9	There are sufficient opportunities within the organization (unit) to critically reflect on managerial policies, or to give suggestions for improvement.	Strongly <span style="float: right;">Strongly Agree</span> 
CM.10	Management of this organization (unit) pays attention to employees' suggestions.	Strongly <span style="float: right;">Strongly Agree</span> 
CM.11	If I would want to criticize the strategy of the organization, I know how to communicate this within my organization.	Strongly <span style="float: right;">Strongly Agree</span> 

Given below are some general statements about the internal working environment and the systems in place in the organization. Kindly respond to the questions by stating your genuine opinion by tick marking in the appropriate cell according to the scale given below:

1	2	3	4	5	6	7
<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Somewhat Disagree</b>	<b>No opinion</b>	<b>Somewhat Agree</b>	<b>Agree</b>	<b>Strongly Agree</b>

<b>During the time of organizational decline, kindly mark how your team and you personally responded to the following situations.</b>		1	2	3	4	5	6	7
CR.1	Members criticized others who raised questions concerning the selected solution.	1	2	3	4	5	6	7
CR.2	When new information was contradictory to our decision, we tried to rationalize our decision.	1	2	3	4	5	6	7
CR.3	Most members did not raise objections in order to maintain unity of my team.	1	2	3	4	5	6	7
CR.4	We believed that our solution was right in the face of ethical consideration.	1	2	3	4	5	6	7
CR.5	All members completely agreed to the selected solution.	1	2	3	4	5	6	7
CRr.6	My team surveyed as many alternatives as possible to solve the problem	1	2	3	4	5	6	7
CR.7	We were confident that we could produce high-quality solutions	1	2	3	4	5	6	7
CR.8	My team did not reevaluate our solution for unforeseen risks after we originally adopted it	1	2	3	4	5	6	7
CRr.9	My team put effort to obtain expert advice or qualified information from outside the team	1	2	3	4	5	6	7
CRr.10	My team considered the advice of outsiders even when it was contrary to our preferred solution	1	2	3	4	5	6	7
CRr.11	My team developed contingency plans to be used if our first solution did not work	1	2	3	4	5	6	7

The following are statements regarding your relationship with and your opinion about the union in the organization. Kindly tick mark your agreement or disagreement appropriately.		1	2	3	4	5	6	7
UC.1	I talk up the union to my friends as a great organization to belong to.	1	2	3	4	5	6	7
UC.2	There's a lot to be gained by joining the union	1	2	3	4	5	6	7
UC.3	Deciding to join the union was a smart move on my part	1	2	3	4	5	6	7
UC.4	Based on what I know now and what I believe I can expect in the future, I plan to be a member of the union the rest of the time I work for this company	1	2	3	4	5	6	7
UC.5	I feel a sense of pride in being a part of the union.	1	2	3	4	5	6	7
UC.6	It is every member's responsibility to see that the other members 'live up to' the collective agreement.	1	2	3	4	5	6	7
UC.7	It is the duty of every worker "to keep his/her ears open" for information that might be useful to the union.	1	2	3	4	5	6	7
UC.8	It is every member's duty to support or help another worker use the grievance procedure.	1	2	3	4	5	6	7

Given below are some statements that relates to the internal and external environment of the business. Kindly respond to the questions by stating your genuine opinion according to the scale given below:

1	2	3	4	5	6	7		
Strongly Disagree	Disagree	Somewhat Disagree	No opinion	Somewhat Agree	Agree	Strongly Agree		
SVD.1	The environment faced by this organization has many negative implications for the company's future.	1	2	3	4	5	6	7
SVDr.2	The environment faced by this organization presents challenges, that will likely be resolved by it.	1	2	3	4	5	6	7

SVDr.3	This organization has the means to resolve the challenges created by its environment.	1	2	3	4	5	6	7
SVD.4	This organization's environment constrains the actions the company can take	1	2	3	4	5	6	7
SVD.5	This organization is unqualified to meet the challenges presented by its environment	1	2	3	4	5	6	7
SVDr.6	The environment faced by this organization has many positive implications for the company's future.	1	2	3	4	5	6	7
SVDr.7	The environment faced by this organization offers many courses of action that are likely to lead to significant gains with little possibility of losses.	1	2	3	4	5	6	7
SVDr.8	This organization is qualified to meet the challenges presented by its environment.	1	2	3	4	5	6	7
SVDr.9	This organization's managers have a choice about whether or not to take action in response to the environment.	1	2	3	4	5	6	7
SVD.10	The environment faced by this organization offers many courses of action that are likely to lead to significant losses with little possibility of gains.	1	2	3	4	5	6	7
SVDr.11	This organization's managers have autonomy to take any number of actions in response to environmental conditions.	1	2	3	4	5	6	7
SVD.12	This organization's top managers likely feel a great amount of pressure.	1	2	3	4	5	6	7
SVDr.13	This organization has enough cash and internal resources.	1	2	3	4	5	6	7
SVD.14	This organization's managers have very little time left to act.	1	2	3	4	5	6	7
SVD.15	This organization will likely fail any day and declare bankruptcy.	1	2	3	4	5	6	7
SVDr.16	Outside stakeholders (banks, suppliers, customers, etc.) likely have a high level of faith in this organization's management.	1	2	3	4	5	6	7

## Response to Decline and Turnaround Efforts Questionnaire

Dear Respondent,

I am Suja Karthika, a Full-time Research Scholar from School of Management Studies, CUSAT. At the onset let me thank you for accepting my request and agreeing for the interview. The following interview schedule is prepared and administered as a part of my Ph.D work titled “Turnaround Antecedents, Actions and Outcomes of Selected State Owned Enterprises in Kerala: A Multiple Case Study Approach”. This schedule intends to gather an understanding of the turnaround attempts made by your organization during the past 10 years.

The research is intended to have beneficial outcomes for the smooth functioning of state owned enterprises. This is purely an academic work and complete confidentiality is assured to the respondents.

Gender:  Male  Female

Employee Category:  Manager  Executive

No: of Years of Experience with this organization:

Less than 5  5-10  11-15  16-20  21-25  25 and above

The following questions deal with the possible responses to the performance decline that the organization faced. Your awareness regarding the extent of implementation of these strategies needs to be tick marked as per the scale given below.

1	2	3	4	5	6	7
Not at All	To a very small extent	To a small extent	To a moderate extent	To a fairly great extent	To a great extent	To a very great extent

Our organization over the past 10 years:		1	2	3	4	5	6	7
RE.1	Contracted Activities and Business scope	1	2	3	4	5	6	7
RE.2	Partially/temporarily exited from specific products/product lines	1	2	3	4	5	6	7
REC.1	Decreased Operational Expenditure	1	2	3	4	5	6	7
REC.2	Created stronger financial control	1	2	3	4	5	6	7
REC.3	Liquidate inventory as quickly as possible	1	2	3	4	5	6	7
REC.4	Eliminated pay increases	1	2	3	4	5	6	7
REC.5	Collecting and reducing accounts receivable	1	2	3	4	5	6	7
REA.1	Liquidated assets in order to raise capital	1	2	3	4	5	6	7
REA.2	Reduced/suspended capital expenditures	1	2	3	4	5	6	7
REA.3	Closed down subsidiaries	1	2	3	4	5	6	7
REA.4	Divest/sold a particular product line	1	2	3	4	5	6	7
REA.5	Reduce the company's asset base	1	2	3	4	5	6	7
REA.6	Sold company plants and equipment	1	2	3	4	5	6	7
REA.7	Entered into joint activities/co-operated with other agencies	1	2	3	4	5	6	7
REA.8	Rented/sold/mortgaged assets	1	2	3	4	5	6	7
RPC.1	Did a relook at the traditional activities: both its feasibility and priority in the present times	1	2	3	4	5	6	7
RPC.2	Extended availability of products and services	1	2	3	4	5	6	7
RPC.3	Extended marketing efforts (reaching out) to new consumers	1	2	3	4	5	6	7

RPC.4	Increased product or marketing expenditure	1	2	3	4	5	6	7
RPC.5	Increased average price of products	1	2	3	4	5	6	7
RPC.6	Ensured high quality of products	1	2	3	4	5	6	7
RPC.7	Improved the company's internal and external image	1	2	3	4	5	6	7
RPC.8	Introduced new ways of implementation and establishing this image	1	2	3	4	5	6	7
RPC.9	Rebuilt stakeholders trust in the organization	1	2	3	4	5	6	7
RPC.10	Customer relations were improved through dedicated machinery in the organization set up.	1	2	3	4	5	6	7
RPC.11	Product development targeted at customers who were loyal to the brand's differentiated value proposition of traditional engineering and heritage was undertaken.	1	2	3	4	5	6	7
RPC.12	Deletion of slower selling models	1	2	3	4	5	6	7
RPC.13	After sales services were improved to minimize customer complaints	1	2	3	4	5	6	7
RPC.14	Increased time and efforts in researching consumers' needs	1	2	3	4	5	6	7
RPI.1	Established new products/ services	1	2	3	4	5	6	7
RPI.2	Modernized capacity of products with, equipment utilizing new technologies	1	2	3	4	5	6	7
RPI.3	Began to provide products/internal services that were previously purchased	1	2	3	4	5	6	7
RPI.4	Developed customer oriented management practices like E-tendering, easy payment gateways etc	1	2	3	4	5	6	7
RPI.5	The Managing Director was committed to the innovation drive in the organization.	1	2	3	4	5	6	7
RPI.6	Adequate procedures applied to develop a vision and strategy for the innovation	1	2	3	4	5	6	7

RPI.7	Feasibility of the vision for the innovations	1	2	3	4	5	6	7
RPI.8	New models were introduced based on incremental development of existing platforms	1	2	3	4	5	6	7
ROPE.1	Replaced the chief executive officer	1	2	3	4	5	6	7
ROPE.2	Replaced senior and middle managers	1	2	3	4	5	6	7
ROPE.3	Reduced the number of employees	1	2	3	4	5	6	7
ROPE.4	Senior internal promotions of executives possessing significant experience was done	1	2	3	4	5	6	7
ROPR.1	Changed the internal organization structure (from centralized to partially decentralized)	1	2	3	4	5	6	7
ROPR.2	Took centralization steps	1	2	3	4	5	6	7
ROPR.3	Took decentralization steps	1	2	3	4	5	6	7
ROPR.4	Increased time and efforts in becoming a learning organization	1	2	3	4	5	6	7
ROPR.5	Made changes in human resources management style	1	2	3	4	5	6	7
ROPR.6	Reshaped and improved the organizational culture and climate	1	2	3	4	5	6	7
ROPR.7	Invested in staff skills training	1	2	3	4	5	6	7
ROPR.8	Redefined core mission	1	2	3	4	5	6	7
ROPR.9	Defined a common vision of the organization	1	2	3	4	5	6	7
ROPR.10	Diagnosed the organization's strengths and weaknesses	1	2	3	4	5	6	7
ROPR.11	Formulated an organizational working plan	1	2	3	4	5	6	7
ROPR.12	Fought the denial and resistance of employees	1	2	3	4	5	6	7



ROPR.13	Restructuring of production to provide a standardized operating system across all the firm's manufacturing facilities	1	2	3	4	5	6	7
ROPR.14	Involved significant structural changes to the facilities themselves to allow all models to be produced interchangeably on a single production line	1	2	3	4	5	6	7
ROPR.15	Staff survey was introduced	1	2	3	4	5	6	7
ROPR.16	A whistle-blower program initiated to prevent fraud and to seek to build a culture of openness and transparency	1	2	3	4	5	6	7
ROPR.17	Negotiation of new labor agreements which included the capability to adjust the size of the workforce through the use of flexible workers	1	2	3	4	5	6	7
ROPR.18	A performance management system was implemented	1	2	3	4	5	6	7

.....



## ||| List of Publications |||

### **Publications: Journal Articles and Book Chapter**

- [1] Journal article titled **“Endeavoring Turnaround through Retrenchment: Case Study of a State Owned Enterprise in Kerala”** was co-authored and published in the Journal of Institute of Public Enterprises, Vol. 40, No. 3&4, in the Jul-Dec 2017 issue. (ISSN – 0971-1864)
- [2] Co-Authored a journal article titled **“The Cropped Cable: Reasons of Performance Decline Unraveled”** in Udaan – The International Journal of Management Research, Vol 5, Issue 1, Pg 46-58. (ISSN 2347-9256), Jan-June, 2017.
- [3] Contributed a co-authored chapter titled **“The Cropped Cable: Reasons of Performance Decline Unraveled”** in the book titled **“Managing Business in VUCA World - Cases and Experiences”** (ISBN - 9789386724021), by Excel Publishers.
- [4] Published a co-authored paper titled **“Organization Decline: Case Study of a State Owned Enterprise in Kerala”** in the International Review of Research in Emerging Markets and the Global Economy, An Online International Research Journal, Vol 1, Issue 4, Pgs 500-518. (ISSN 2311-3200) August, 2015
- [5] A paper with title **“Organizational Decline as relevant to SOEs in Kerala – A literature convergence to realism”** was published in Business Sciences International Research Journal, Vol 2, Issue 1. (ISSN No: 2321-3191) July, 2014 Issue.

**Conference Presentations**

- [1] Presented a case titled **“The Cropped Cable: Reasons of Performance Decline Unraveled”** at the ICBM's 4th International Case Conference 2016, held at ICBM- School of Excellence, Hyderabad on December 17<sup>th</sup>, 2016.
- [2] Presented a case titled **“The Coiled Slump: Organizational Performance Decline of a SOE”** at COGNOSCO, 2016, the Fifth National Conference on Case Studies on 30<sup>th</sup> September, 2016 at Institute of Management, Christ University Bangalore organized by the Centre for Case Research and Development
- [3] Presented a case titled **“Endeavoring Turnaround through Retrenchment: Case Study of a State Owned Enterprise in Kerala”** at the FLAME International Case Conference 2016, held at the FLAME campus, Pune held on 15<sup>th</sup> and 16<sup>th</sup> July, 2016
- [4] Presented a paper titled **"Organization Decline: Case Study of a State Owned Enterprise in Kerala"** at the International Symposium on Emerging Trends in Social Science Research jointly organized by Global Business Research Journals & SDMIMD, Mysore-India. at Hotel Royal Regency Chennai, 3-5th April, 2015

.....❧.....