ABSTRACT

Industrial sickness is all pervasive both in developed and developing countries. There is an increasing importance for identifying the causes of industrial sickness and finding out suitable solutions to arrest this phenomenon. A proper identification and analysing of corporate sickness assist the organisations in formulating apt turnaround strategies to curb the situation of crisis and bring the company back to the path of success. The turnaround concept is operationalised in the literature as performance decline followed by performance improvement. In short, turnarounds are organizational recoveries from decline. The roots of turnaround management can be found in the private sector and is gaining popularity in the public sectors. Turnaround management strategies are the key for a successful recovery process. However, any recovery process is unique and requires an adjusted and appropriate set of strategies. Combining the nature and extent of these strategies with different causes of sickness is essential to the success of the process. In order to gain grounded information for the study, literature review was done.

The thesis examines the turnaround strategy in public and private sector organizations with a view to identify the critical strategies appropriate for the successful and unsuccessful situations in the state of Karnataka. The dataset used in this study were spanned over the period from 1998-2009, by collecting various sources from Business India, Business World and CMIE (Centre for Monitoring Indian Economy) Prowess database. In addition, the data was collected through interviews from 4 public and 4 private sector organizations in Karnataka from top level and middle level employees with 110 case survey samples of Indian Companies by using the following statistical tools which are, means, standard deviation, t-test, and factor analysis.

The findings suggest that the causes of sickness of public and private sector organization was due to external and internal organization structure of the management. On one side, the external cause of sickness was due to change in needs, demand of the customers and high domestic competition because of liberalization, privatization and globalization era. On the other side, the internal cause of sickness are high cost of debt due to escalation of
project/funds, low operating margins, high employee cost, huge borrowing and huge stock of inventory. Moreover, the result point out that multiplicity of causes of sickness is the major reason for turnaround failures. Thus, organizations that are affected by one or few of the causes are likely to experience turnaround success. So, this makes a major difference between successful and unsuccessful turnarounds. However, successful turnaround strategies in public and private sector firms are different and similar with reference to certain strategies. Employee engagement, focus on changing the product mix, pricing and promotion are the strategies use more in the public sector than in the private sector. However, public and private sector organizations are unlikely to differ in the substantive turnaround strategies relating to cost and lean management strategies, focus on core business, investment in markets and R&D and image building. Thus, this makes a major difference between successful and unsuccessful turnaround public sector firms and private sector firms.

**Key Words:** Turnaround Management, Industrial Sickness, Public Sector Organizations, Private Sector Organizations, Successful Turnarounds, Unsuccessful Turnarounds