Communication Strategies for Organizational Turnaround

A study to explore role and impact of communication in enabling change

ABSTRACT

Introduction

Organizational change has emerged as an imperative for organizational competitiveness and survival. Amongst various change efforts a radical one is organizational turnaround of sick companies. It is a change effort that requires a large number of stakeholders to change their individual behavior. Coordination of stakeholders is at the core of governance during radical environmental change (Meyer, 2004). In turnaround literature, the role of communication receives attention when several elements such as leadership, motivation, image of the organization are dealt with. Communication is thus seen to play a role in enabling essential elements of turnaround. This research study focuses on communication strategies adopted by turnaround managements and explores the role and impact of communication in enabling this change.

Justification for the Study

Environment has become increasingly volatile and the percentage of sick Companies turning around and setting themselves on a growth path is very low. In the first half of 1990s, organizational failures continued to attain record levels. One in 38 active British businesses went into liquidation in the third quarter of 1992. Individual solvencies soared by 83% during the same period (Richardson, Nwankwo & Richardson, 1994). In a world-wide recession of 1990s the number of manufacturing company bankruptcies in Australia increased by a factor of two-and-a-half (Harker & Sharma, 2000). The number of sick companies registered with BIFR 1 between 1987 and 31 December 2004 were 5147. As on 31 October 2005, only 389 companies (7.56%) had been deregistered and declared no longer sick. It is evident that while the number of companies turned sick at an epidemic rate, the turnarounds were not easy to come.

1 Board of Industrial and Financial Reconstruction, an appellate body set up by the government of India to assist sick companies aspiring to recover
The literature on turnaround also indicates that factors affecting turnaround are embedded in regional contexts. Culture and the institutional environment coupled with different stages of development of Asian economies limit the usefulness of models derived from studies of turnaround in more developed economies. Enablers of change and restructuring in Asia differ, making different approaches to turnaround possible (Ahlstrom & Bruton, 2004). Countries of Asia, while sharing many similarities, enjoy enough differences to require the study of phenomena within specific country contexts. Thus, researchers need to be clear on points of similarities and differences around the region to control country differences in the study of turnaround. (Ahlstrom & Bruton, 2004).

According to Ahlstrom & Bruton (2004), the issue of stakeholders and their role in the turnaround of organizations in Asia deserves greater attention. For instance, government is a key stakeholder in Asian countries. In many nations such as India and Korea, unions can also be major stakeholders while in other economies such as that of China, Hong Kong and Singapore, they play a minimal role. Most of the studies documented are of companies in US or UK. Many researchers have identified a gap in turnaround research in developing countries and in Asia. The need for study in Indian context is therefore established.

The literature also details the role of communication during change. But very few studies have been done to establish role and process of communication in enabling a turnaround. The role of communication receives attention when several elements such as leadership, motivation, image of the organization are dealt with. Communication is thus seen to play a role in enabling essential elements of turnaround. Thus, turnaround literature documents the role of communication as part of implementation process for several turnaround elements. However, not many studies have concentrated to explore whether a communication strategy is adopted by turnaround managements or not. A study of communication during turnaround of organizations in India may perhaps reveal communication strategies that successful turnaround managements have been adopting. Such a study on one hand would enrich the literature and on the other hand may prove worthwhile for managements striving for an organizational turnaround. A research to explore role of communication and propose a communication strategy to enable organizational turnaround is thus warranted and hence attempted hereof.
**Review of Literature**

Change literature widely documents the important role that communication plays in the production of change. Several writers have stressed on the role of communication in the change process even to the extent of suggesting that change is a communication problem that can be resolved by having people understand the change and the role they play in its implementation (Kotter, 1990). In this chapter, literature on organizational change and communication has been reviewed and classified based on themes that have interested researchers in the past.

Change however is defined differently in different studies. It varied from change due to diversification, joint ventures, globalization, localization or several other paradigms. For the purpose of this study, it was decided to study a radical change initiative – a turnaround from organizational decline. Turnaround literature has been reviewed to present the research done on various themes such as predictors of organizational decline or turnaround, models of turnaround, turnaround strategies, organizational decline and innovation, leadership and turnaround, retrenchment and turnaround and several cases on turnaround. Literature review revealed that while several studies focussing of aspects such a leadership, models, processes, retrenchment etc. mention the important role played by communication during the process, no study was found to be completely devoted to the aspect of communication during turnaround. Thus, in this study, an attempt has been made to develop a framework of communication strategy during organizational turnaround. Insights from literature on various themes pertaining to change, turnaround and communication have been employed to develop the framework.

**Theory Building and Propositions**

On the basis of literature reviewed, a theory on communication strategies during organizational turnaround is developed and presented in this chapter. Here, proposes that an organization is embedded into an environment, as depicted in Figure 3.1. There are disabling forces emanating from various stakeholders that are exerting themselves on a sick company, as depicted in Figure 3.2. The management/promoter (as discussed earlier) assume the central responsibility for managing the disabling forces. Appropriate managerial decisions direct managerial actions which lead to organizational turnaround, as depicted in Figure 3.3. The managerial actions include thought out communication actions/ interventions which are designed to meet strategic communication objectives for each stakeholder. The strategic communication objectives have one-to-one co-relation with strategic turnaround objectives.
Figure 3.1: Organizational Changes in a Changing Environment

Source: Developed by the researcher on the basis of literature review
Figure 3.2
Enabling and Disabling Forces on a sick company

Employees

- Workers
- Staff
- Management
- Major Shareholders/Promoters
- Other Shareholders (small investors)

INTERNAL Stakeholders

Sick Co.

EXTERNAL Stakeholders

- Enabling/Disabling Forces
- Enabling/Disabling Forces

- Government
- Banks & FIs
- Customers
- Suppliers
- Industry Association
- Unions
- NGOs
- Media

Source: developed by the researcher
Figure 3.3: A Model of Communication Strategy for Organizational Turnaround (CS for OTA)

**Stakeholders**
- Small investors
- Workers
- Staff
- External Stakeholders
- Enabling/Disabling forces
  - Small investors
  - Obj 1
  - Obj 2
  - Obj n
- Employee
  - Obj 1
  - Obj 2
  - Obj n
- Banks & FIs
  - Obj 1
  - Obj 2
  - Obj n
- Customers
  - Obj 1
  - Obj 2
  - Obj n
- Suppliers
- Unions
- Ind. Association
- Media
- NGOs/International Agency

**Managerial Actions (Communication)**
- PCA 1
- PCA 2
- PCA n
- PCA 1
- PCA 2
- PCA n
- PCA 1
- PCA 2
- PCA n
- PCA 1
- PCA 2
- PCA n

**Managerial Action**

**TA Elements**

**Stakeholders**

**Enabling/Disabling forces**

Source: developed by the researcher

Obj – Objective
PCA – Possible Communication Action
A literature review of studies on organizational turnaround was conducted to draw out the role of communication during turnaround, as documented by researchers in other studies. Through five stages of development a framework as given in Framework 3.2 was developed. It presents a comprehensive account of stakeholders, objectives identified for each stakeholder and communication actions adopted to achieve the objectives. This Framework was proposed as the theoretical framework for Communication Strategies for Organizational Turnaround (CS FOR OTA) and this research study has attempted to validate Figure 3.1, Figure 3.2, Figure 3.3 and Framework 3.2.

**FRAMEWORK 3.2: Proposed Framework of Communication Strategies for Organizational Turnaround (CS for OTA)**

**Stakeholder/ Turnaround Element (objective)/ Possible Communication Action**

**Board of Directors/ Shareholders**

*Gain support and time in the future*

- Present detailed turn-around plan

**Staff and Employees**

*Credibility building actions by the new management*

- Document, and communicate a strategic turnaround plan
- Publicize success in resolving a current crisis or problem
- Make decisions transparent
- Exercise Communication Control

**Initial Control**

- Order preparation of daily, weekly and monthly cash forecasts
- Exercise Communication Control.
- Seek views on the general well being of the employees.

**Mobilization of organization for turnaround**

- Include key managers for development of industry wisdom
- Include only key managers for development of vision
- CEO should deliver the vision presentation in person and as often as possible.
- Hold special sessions for non-participating managers after vision has been developed to share planned vision
- Inject urgency in the communications plan. Explain what needs to be done and why
- Listen to the views of all managers. Gauge their reaction
Understand perceptions and focus minds of managing team. Set the scene for turnaround.

Ensure all employees know what is going on, for what reason and how it will occur.

Share the pulpit.

Deal with concerns of employees in open and honest manner. Offer Follow up sessions

Note any comments or queries and provide answers asap.

CEO must get out of the office to interact with the employees and to listen to them

Employ open ended communication style that encourages employees to find answers, take decisions.

Repeatedly affirm the Company’s mission, core values, and the primary goals of profit and growth.

Articulate a few highly concrete targets for the company for the next few months

Involv the staff to identify solvable problem areas and have their views on uninvolved areas.

Rephrase people’s roles to clarify managerial responsibilities.

Top managers must emphasize on integrity, fairness, hard work, resourcefulness and concern for the staff during interactions with the staff.

Publicize and celebrate every employee and team success.

**Internal Co-ordination**

- Offer constant feedback to keep organization on track
- Set up co-ordination committees for co-ordinating interdependent departments
- Institute a monthly performance review meeting of all senior managers chaired by the chief executive.
- Insist that lower level disputes be settled at that level on a face to face basis
- Keep the atmosphere light.
- Keep enhancing communication technology – email, mobile, ERP etc.

**Unions**

**Negotiation of support of Unions and neutralization of Unions’ pressures**

- Brief unions on the problems and strengths of the unit and some tentative turnaround plan.
- Get them to suggest turnaround steps
- Seek support, concessions etc. from the unions
- Evolve jointly a broad turnaround strategy
- Keep unions posted on the progress of the turnaround

**Banks and Financial Institutions**

**Negotiation of support of Banks and/or FIs and neutralization of Banks and/or FIs pressures**

- Brief Banks and/or FIs on the problems and strengths of the unit and some tentative turnaround plan
- Get them to suggest turnaround steps
- Seek support, concessions etc. from Banks and/or FIs
• Evolve jointly a broad turnaround strategy
• Keep Banks and/or FIs posted on the progress of the turnaround

**Government**

*Negotiation of support of Government and neutralization of Government pressures*
- Brief relevant government departments on the problems and strengths of the unit and some tentative turnaround plan.
- Get them to suggest turnaround steps
- Seek support, concessions etc. from the government
- Evolve jointly a broad turnaround strategy
- Keep the government posted on the progress of the turnaround

**Suppliers**

*Negotiation of support of suppliers and neutralization of suppliers' pressures*
- Brief suppliers on the problems and strengths of the unit and some tentative turnaround plan.
- Get suppliers to suggest turnaround steps
- Seek support, concessions etc. from suppliers
- Evolve jointly a broad turnaround strategy
- Keep suppliers posted on the progress of the turnaround

**Customers**

*Negotiation of support of customers and neutralization of customers' pressures*
- Brief customers on the problems and strengths of the unit and some tentative turnaround plan.
- Get customers to suggest turnaround steps
- Seek support, concessions etc. from customers
- Evolve jointly a broad turnaround strategy
- Keep customers posted on the progress of the turnaround

*Sourcing industry information for quick cost reduction*
- Increase costs incurred on communication technologies, if need be, for sourcing industry (market) information

*Revenue generation*
- Unfocused advertising and promotion be more sharply focused
Propositions validated

Proposition $P_{1A}$: Every company that undergoes a turnaround would necessarily have to address one or more of the communication objectives given in the framework though not necessarily all.

Proposition $P_{1B}$: The list of communication objectives given in the proposed theoretical framework is comprehensive.

Proposition $P_{2A}$: Every company that undergoes a turnaround would necessarily have to address one or more of the critical stakeholders given in the framework.

Proposition $P_{2B}$: The list of critical stakeholders to be addressed during a turnaround is comprehensive.

Proposition $P_{3A}$: At least one of the communication actions listed in the proposed theoretical framework, is employed to realize a corresponding communication objective during turnaround.

Proposition $P_{3B}$: The list of communication actions recommended for achieving the communication objectives is comprehensive.

Research Methodology

Research Objectives

The overall purpose of the research was to identify communication strategies adopted by companies that have successfully enabled a turnaround in the recent past (1995-2005). The study was focused on Indian companies that had turned around from a sick state and shown sustained growth for at least three years. The objectives of the study were:

- Exploring the importance of communication in the process of managing change
- Identifying communication interventions employed during the change process
- Identifying communication technologies adopted and implemented as part of the change process
- Exploring challenges and opportunities created by emerging technologies
- Identifying resources and skills required to facilitate development and implementation of an effective communication strategy
- Appreciating the variables and their criticality in making a communication strategy effective
- Identifying the challenges faced in developing and implementing an integrated communication strategy for managing change in organizations
• Exploring if any existing theories of communication like exchange model, socialization model or accommodation model have been applied

• Identifying directions for improvement in communication strategies

Selection of Research Methodology: Through a rejection process it was decided to adopt a case study methodology for the purpose of this research study. The chapter provides a detailed account of why this research methodology was considered most appropriate for the purpose.

Case Study Technique: A Multiple-Case design is often considered more compelling evidence and therefore regarded as more robust (Herriot & Firestone, 1983).

Unit of Analysis: ‘Turnaround communication strategy’ was the primary unit of analysis and ‘Turnaround communication objectives set for each stakeholder’, ‘stakeholders addressed during turnaround’ and ‘communication interventions for each objective’ were the embedded units of analysis.

Thus, the research design employed was an embedded multiple-case research design. (see figure 4.1)

**Figure 4.1 Multiple-case designs**

![Figure 4.1 Multiple-case designs](source: Adapted with some variation from Yin, R.K (2003). Case Study Research: Design and Methods, p40. 3rd ed., New Delhi: Sage Publications, Applied Social Research Method Series)
**Linking Data to Propositions:** The replication logic is analogous to that used in multiple experiments (Hersen & Barlow, 1976; Yin, 2003). Literal replication on successful organizational turnarounds was employed. The process that was followed is given in figure 4.2

**Figure 4.2: Protocol Adopted for Case Study Method**

![Diagram of the protocol adopted for case study method](image)


**Scope of Study:** For the purpose of this study, some critical terms were defined as follows:

**Change:** Organizations target changes of various kinds such as diversifying into new markets or changing its product mix or globalizing or becoming transnational or enabling a turnaround (the list is indicative only) for the purpose of this study, focus was maintained on only one kind of change, as communication challenges in each kind of change could be different. The intent was to understand if there were common communication challenges in
one kind of change initiative and whether a comprehensive communication strategy could be suggested for such a change initiative.

Change can be an ongoing process in an organization or it can be a radical change. Communication challenges in each case can be very different from those in the other type. Study of change as an ongoing process requires a longitudinal study. Since the Doctoral research was to be carried out in relatively shorter duration, it was decided to study a radical change initiative.

In the recent past, many organizations faced turbulent times due to demands of globalization, increasing competition, shrinking margins, crowded marketplaces, cheaper labour etc. Many companies that could not quickly adapt to the changing scenario, failed miserably. Some companies, however, took the bull by the horns and enabled a turnaround for themselves. This kind of turnaround is perhaps one of the most radical change that a company can attempt. Communication challenges are expected to be significant during such an initiative. Therefore, for the purpose of this research, it was decided to study communication strategies during turnarounds.

**Type of Turnaround:** There are three kinds of turnarounds, namely, economic, industry and organizational turnaround. For the purpose of this study, focus was maintained on organizational turnaround.

**Maturity of the organization being studied:** The challenges before an organization during different phases of maturity are different. These may range from issues concerning delegation, co-ordination to collaboration in the first, second and third phase of maturity respectively. It was decided to select companies in the fourth phase of maturity. This was to ensure homogeneity in the sample.

Thus, for the purpose of this research, turnarounds in organizations that had matured to the fourth level of maturity in times of good organizational health were selected for study.

**Net Worth:** Net Worth of a Company is its paid up capital plus its free reserves.

**Sick Organization:** If the performance declined to an extent that the networth of a Company turned negative (that is the accumulated losses exceed the networth) then the Company was defined as a sick organization.

**Turned around Organization:** For the purpose of this study, it was decided that organizations that had turned around from a sick state (negative net worth) to a healthy
growth (positive net worth for some years) be selected for study and henceforth be termed as turned around companies in this research work.

To ensure that these organizations were at one time in the fourth stage of organizational cycle, only those organizations listed on a stock exchange were to be selected for study.

**Turnaround Cycle time.** Prior research into business turnaround differs with regard to the length of the turnaround cycle. Bibeault (1982), Poston, Harmon & Gramlich, (1994) and Schendel, Patton & Rigs (1976) used a turnaround cycle time period of *eight years* (four years for the downturn and four for the upturn). Chowdhury & Lang (1996), Hambrick & Schecter (1983), Pearce & Robbins (1993), Smith & Gunalan (1996) and Smith & Graves, (2005) each used *four years* (two years for the downturn and two years for upturn).

For the purpose of the current study, in order to ensure that the turnarounds were relevant in current context, it was important to select turnarounds that happened in the recent past. It was therefore decided that the point of turnaround of networth of the organization to be selected for study should be within the last ten years (1995-2005).

A turnaround cycle of eight years would have been too long as the number of organizations that could be picked up for study could be too small. Also, the recall and interest of the turnaround management could fade in such a long span of time. On the other hand six years of turnaround cycle time was giving a decent sample and naturally was offering a more confirmed sample and a wider study period than that offered by a four year turnaround cycle. for this study, it was therefore decided that a turnaround cycle of six years (three years downturn and three years upturn) be used.

**Turnaround Organizations selected for research study**

1. Financial information of all the 5780 Companies whose information was available from the CMIE Prowess\(^2\) databank was sourced. Prowess posts and updates information of listed companies only. The information sourced was for the period 1995-2005.

2. 705 Companies were found to have gone sick at some point of time between 1995 to 2005.

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\(^2\) Prowess is a corporate database service from the Centre for Monitoring Indian Economy (CMIE). The database incorporates the profit and loss statement, balance sheets, cash flows, products manufactured, raw materials consumed etc.
3. From the 705 Companies, the net worth of 39 Companies was found to have remained negative for at least three years and then turned around to positive net worth for at least three years (turnaround cycle time – 6 years).

However, after collection of secondary data or if after initial interaction with a Company, it was found that:

1. the Company had just emerged from its initial gestation period and started making profits or
2. the management refused to share information then the cases were rejected and not included in the research study.

The rest of the companies that were identified to study, were contacted and the Companies whose top management agreed to spare time and share views were selected for the purpose of study for this research work. The list of these 9 companies selected thereof is given in the table 4.3.

Table 4.3: Companies that turned around and were identified for this study

<table>
<thead>
<tr>
<th>S. No</th>
<th>Company</th>
<th>Industry</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amrit Banaspati Ltd.</td>
<td>Food &amp; Beverages (Vanaspatri)</td>
<td>Ghaziabad, UP</td>
</tr>
<tr>
<td>2</td>
<td>Howrah Mills Co. Ltd.</td>
<td>Textile (Jute)</td>
<td>Kolkata, W Bengal</td>
</tr>
<tr>
<td>3</td>
<td>Naihati Jute Mills Co. Ltd</td>
<td>Textile (Jute)</td>
<td>Kolkata, W Bengal</td>
</tr>
<tr>
<td>4</td>
<td>Namburnadi Tea Co. Ltd.</td>
<td>Food &amp; Beverages (Tea)</td>
<td>Kolkata, W Bengal</td>
</tr>
<tr>
<td>5</td>
<td>Vegetable Products Ltd.</td>
<td>Food &amp; Beverages (Vanaspatri)</td>
<td>Kolkata, W Bengal</td>
</tr>
<tr>
<td>6</td>
<td>Indian Polyfibres Ltd.</td>
<td>Textile</td>
<td>Lucknow, UP</td>
</tr>
<tr>
<td>7</td>
<td>Asia Fab</td>
<td>Textile</td>
<td>Mumbai, Maharashtra</td>
</tr>
<tr>
<td>8</td>
<td>Tasty Bites</td>
<td>Food &amp; Beverages (Packaged Food)</td>
<td>Pune, Maharashtra</td>
</tr>
<tr>
<td>9</td>
<td>Empee Sugars and Chemicals Ltd</td>
<td>Food (Sugar)</td>
<td>Nellore, Andhra Pradesh</td>
</tr>
</tbody>
</table>
Data Collection Protocol

The research tools employed were detailed and research data collection protocol was defined thereafter.

Research Tools: The research tools employed were:

Personal Interviews

Indicative Guide

Secondary sources of information: Historical facts were built to whatever extent possible from secondary information, to conduct interviews as the most substantive part of building the case study and to collect factual information with the help of an indicative questionnaire/guide and any relevant artifacts or secondary information from the primary source. For analysis of the factual information collected, the option of quantitative analysis (non-parametric) was kept open.

Collection of Data: During the period, October-December 2005, primary data was collected through semi-structured interviews with either members of the board of Directors and/or top management who were involved in the turnaround process.

Special attention was paid to the content and feelings of the experiences shared. To make sure that minimal and if possible no bias appeared in the information collected and that the entire context of what was shared was captured, all the interviews were conducted personally. The researcher visited the premises of most of the Companies to get a better understanding of the context. These Companies were spread across the country and hence collection of primary data involved traveling to Delhi, Ghaziabad, Mumbai, Pune and Kolkata. for all the interviews conducted, complete notes were made and audio recording of interviews was also done to ensure that no information was missed out.

This data was further supplemented by secondary data collected from internal sources. This secondary data was in the form of annual reports, minutes of the meeting, presentations etc. The availability of the same was dependant on the companies’ willingness to share such information. As themes emerged and relationships got established, discussions via telephone and email were used to fill in remaining gaps in the data and to explore contradictory or disconfirming evidence.
Steps taken to guard the quality of research: Protocol for ensuring validity and reliability of the research was defined (see Table 4.4.)

Table 4.4: Ensuring validity of the Qualitative Research

<table>
<thead>
<tr>
<th>Measure</th>
<th>Case Study Tactic adopted, as far as possible</th>
<th>Phase of research in which tactic was employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct validity</td>
<td>• Multiple sources of evidence employed</td>
<td>• Data collection</td>
</tr>
<tr>
<td></td>
<td>• Chain of evidence established</td>
<td>• Data collection</td>
</tr>
<tr>
<td>Internal Validity</td>
<td>• Pattern matching done</td>
<td>• Data analysis</td>
</tr>
<tr>
<td></td>
<td>• Explanation building done</td>
<td>• Data analysis</td>
</tr>
<tr>
<td></td>
<td>• Rival explanations addressed</td>
<td>• Data analysis</td>
</tr>
<tr>
<td></td>
<td>• Logic models used</td>
<td>• Data analysis</td>
</tr>
<tr>
<td>External Validity</td>
<td>• Replication logic used</td>
<td>• Research Design</td>
</tr>
<tr>
<td>Reliability</td>
<td>• Case Study Protocol/ Audit Trail used</td>
<td>• Data Collection</td>
</tr>
<tr>
<td></td>
<td>• Case Study Database prepared</td>
<td>• Data Collection</td>
</tr>
</tbody>
</table>


While all measures suggested in literature to ensure the reliability and validity of the case studies will be observed, the outcome of the research work will be presented as purposive and not prescriptive. The findings and conclusions will be proposed for further investigations by other researchers to establish generalizability.

An alternative perspective to judging qualitative research is to judge the authenticity and trustworthiness. This paradigm relies on the interpretive view of reality rather than the realist view held by quantitative researchers. This view recommends careful attention to ensure credibility, transferability, dependability and confirmability (Daymon & Holloway, 2002: 92-94). Strategies for ensuring these parameters such as peer debriefing, demonstration of an audit trail, data and methodological triangulation, thick description and reflexivity (see limitations of research study) have been candidly adopted to ensure a high quality qualitative research work.
Observations and Analysis

The chapter presents case studies of 9 companies (given in Table 4.3) that had turned around during 1995-2005. Each case study is followed by an analysis of the context of communication during turnaround and framework of communication strategy adopted for organizational turnaround.

Results and Discussion

This chapter presents cross-case synthesis to test the propositions and validate the framework of communication strategies for organizational turnaround.

Of the 6 propositions made, \( P_{1d}, P_{2d}, \) and \( P_{3d} \) were found to be true for all the 9 case studies. However, \( P_{1b}, P_{2b}, \) and \( P_{3b} \) were not found to be true for all cases and hence rejected. The 6 Propositions evaluated on the basis of cases written for different organizations, studied as part of this research study, revealed that the list of stakeholders, objectives and communication actions prepared from the literature review were mandatory to the extent that one or more of the objectives and communication actions suggested to achieve these thereof, were adopted by each turnaround management during turnaround. However, all the three lists – stakeholders, objectives and actions proposed in the theoretical framework were incomprehensive. Discussion of Proposition thus indicates that in all organizations without exception, communication played a role in enabling turnaround elements/ objectives.

On the basis of further discussion and analysis of the cases it was concluded that while each of the companies was conscious of the impact that communication could have and was consciously strategizing its communication actions, the action strategy was not documented as a ‘communication strategy document’. Interestingly, the pattern of documentation in the turnaround literature was found to be similar. While there was enough evidence to substantiate the need for a communication strategy during turnaround, no separate study was found on the subject. The need to develop a communication strategy to enable an organizational turnaround was therefore established.

The framework proposed initially was augmented by adding to the framework the stakeholders, objectives identified for each and the communication action to achieve, identified in this study.

This new framework was then analysed. Frequency of companies that employed each of these was tabulated and pictorially depicted in this chapter. These indicate which stakeholders/objectives or communication actions were more popularly employed by these
companies. Twenty five analytic tabulations and pictorial depictions clearly indicate how each variable was employed by each company studied. Three samples of the twenty five analytic pictorial depictions are given below:

![Graph showing the turnaround objective address through communication](image_url)
The criticality of each component of the communication framework proposed, was found to vary from one company to another. On the basis of cross-case discussion and analysis, it was concluded that criticality of communication with various stakeholders varies owing to numerous factors ranging from variation in financial capabilities of the turnaround management, background of the turnaround management, product or customer requirements, industry etc. Thus, it was found that the results of this research study supported the contingency theory or the RBV theory as the turnaround management is expected to understand its own unique situation and identify the TA objectives suitable for its unique situation. The Communication Strategy framework suggested hereof may then be consulted to understand what communication intervention turnaround companies have been employing to address those objectives.

**Communication Resources for implementing CS for OTA**

In order to analyze the communication technologies employed during turnaround, Table 6.8 (Appendix 6.4) was prepared to reflect the approach of the 9 companies studied and discussion reveals that communication technologies were adopted extensively but companies were also maintaining conscious control on use of technology. While LAN was widely implemented, WAN was yet to gain popularity. ERP was adopted by several companies.
While all the companies accepted the potential benefits of the ERP, implementing it to full potential was seen as a major effort. Internet and SMS were also not found to be popular media for communication during turnaround of the companies studied.

**Conclusions and Recommendations**

**Lack of attention to Communication, in current turnaround literature**

On the basis of literature review, role and impact of communication during turnaround was established. Although no turnaround study was found to be completely devoted to communication during turnaround, several turnaround studies mentioned the role and impact of communication during turnaround. (Balgobin & Pandit, 2001; Harker & Sharma, 2000; Khandwalla, 1989, 1992; Kow 2004; Meliones, 2000).

**Need to constantly align managerial decisions to environmental reality**

Case studies of 9 companies that had turned around during 1995-2005, were written. Each case study was analysed to identify whether it’s sickness was due to environment or managerial decision making or misalignment of the two. The results support the arguments of Sheppard & Chowdhury (2005) who asserted that “failure is not typically the fault of either the environment or the organization, rather it must be attributed to the misalignment of the organization to the environmental realities”. The results of analysis of various cases support this view. ABCL took ten years to realign itself to changes brought in by globalization of Indian economy and the loss in the process was so significant, that it had to close down one of its units producing hydrogenated oil. AFL realized that there was rampant excise evasion in the industry and one of its units could not survive unless it aligned itself to the environmental reality. It resolved to maintain its ethical standard; it closed down the unit and diverted its energy to find an alternative route. TBEL realized that it had launched RTS food much before the Indian consumer was ready to consume it. It was eventually forced to switch its focus on markets abroad where the environment was ready to accept their products. The results are interesting as in the first organization (ABCL) the company owing to inability to realign in time was forced to close down one of its units; in the second organization (AFL) it purposely decided not to align itself to the environmental demands and therefore changed its future course. The third organization (TBEL) accepted the new reality and quickly realigned itself to the environmental demands and thereby exhibited a very quick recovery. Thus, the results support the view that both environment and managerial decisions contribute towards defining the fate of an organization. They further support the view that often managers make inadequate managerial decisions owing to blindness to environmental change (ABCL) or
resource constraints or inadequate information etc. and may make wrong managerial decisions that finally lead to sickness in an organization.

**Turnaround: a miraculous achievement**

From a list of 5787 listed companies (source: Prowess, CMIE), 705 companies were found to have turned sick during 1995-2005. However, only 39 companies from these 705 (7.69%) were able to turnaround. When these companies were contacted for research study, 6 companies were found to have just turned around owing to equity brought in by the promoter but were still struggling to set themselves on the growth path. It is evident from this result that turnaround in sick organizations is a miraculous achievement worth a study and that many organizations, when faced with such tough times, may land up into any of the new states ranging from liquidation, languishing, struggling to turnaround.

**Sick state: A result of disabling forces emanating from stakeholders**

When an organization is in a sick state it faces numerous internal and external challenges. Richardson, Nwankwo & Richardson (1994) note that such crises, damage the quality of life for the different groups of people associated with the organization. For example, at a personal level, big emotional and social costs are incurred as the organization becomes a less rewarding place in which to work (employees) or with which to do business (suppliers, customers, banks etc.). Organizational restructurings, lay-offs, redundancies, customer delivery breakdowns and failures to pay creditors, for example worsen traditional standards of working and living for a host of stakeholders. These challenges act as disabling forces emanating from various stakeholders and directed towards the sick company and also each other. They are depicted in Figure 3.2. In each of the organization studied, the results support the view, as each turnaround management interviewed, shared its experiences of challenges faced in dealing with various stakeholders.

**Central role of top management**

In order to turnaround a sick Company, the theoretical model proposed in this study purported that the first and foremost condition for initiation of turnaround effort was that the top management took responsibility of enabling a turnaround of the sick company. (Harker & Sharma, 2000; Hofer, 1980). Other researchers have emphasized on the importance of role of triggers and necessary managerial role of recognizing and analyzing these triggers to enable a turnaround. (Francis & Mariola, 2003; Gopinath, 2005; Scherrer, 2003). Khandwalla (1989) went to the extent of outlining ‘Change in Top Management’ as an essential element for
turnaround. This was depicted in the Chapter 3 Figure 3.3 by placing the management into the central position and indicating t as the entity that now managed the enabling and disabling forces emanating from other stakeholders. The exhibit further depicted the role of managerial action required, to manage these forces, to enable a turnaround. The results of this study support the theoretical proposal, as in all organizations studied, the management, when the promoter and management were separate and the management otherwise was responsible (IPL, NTCL), and the promoter management when the two were the same (TBEL, ABCL, NJMCL, HJMCL, AFL), consciously assumed responsibility to turnaround the ailing company. In all the cases, the management was clear on the objectives it had set for each stakeholder, to achieve the turnaround. The managerial actions taken thereafter resulted in the change for the better.

**Role of communication: an undocumented reality**

It is notable that none of these 9 companies had separately documented a communication strategy or plan though all of them had strategized the actions to be taken. Partial documentation under varying titles was noticed in different companies studied. TBEL termed its mobilization efforts as *Fun at Work* programmes while NTCL employed what they call a *two-way communication model* for regular monitoring. ABCL on the other hand said it documented its decisions as minutes of the meeting while ESCL insisted that communication planning was an important regular ongoing process.

**Proposed theoretical framework: mandatory but incomprehensive**

Each component of the theoretical framework proposed in Framework 3.2, was completely or partially employed by all the 9 companies studied. This is to say that every turnaround management addressed at least one of the objectives for at least one of the stakeholder listed in the framework. It was also established that for the objective addressed, at least one of the listed communication actions was employed by the turnaround management. However, the set of Proposition tested, further established that each of the framework components – list of stakeholders, objectives and communication actions, was incomprehensive.

**Framework 6.1: a more comprehensive framework**

The proposed communication framework in chapter 3 Framework 3.2 was augmented by adding to the list of stakeholders, the additional stakeholders that the 9 companies studied, had addressed. Similarly, the list of objectives and the communication actions employed thereof, by each company studied, were compared with the list of objectives and
communication actions mentioned for each stakeholder and the lists given in the framework were augmented. The resulting framework given in Framework 6.1 is proposed as a more comprehensive framework than that proposed in Framework 3.2. The validity of the framework is established as it is based on primary research data though whether it takes care of all the possible situations or challenges in different organizations is still not established.

**Most frequently addressed stakeholders**

A closer look at the stakeholders addressed during turnaround revealed that the 6 stakeholders mostly addressed by the 9 companies studied, were employees, unions, customers, banks and financial institutions, government and suppliers. Most of the turnaround strategy literature deals with employee communication (Balgobin & Pandit, 2001; Harker & Sharma, 2000; Khandwalla, 1989; Kow, 2004a, 2004b; Meliones, 2000) though Harker & Sharma (2000) also indicate the need to present a detailed turnaround plan to Board of Directors and Banks and Financial Institutions, to gain their support. However, Khandwalla (1989) in his study additionally identified communication actions adopted to address objectives set for unions, government, suppliers and customers.

The results of the present study indicated that these six stakeholders were addressed most frequently by the 9 companies studied. Further, management of all the 9 companies studied, addressed the employees and the customers for some turnaround objective. The other four stakeholders however were not essentially addressed by managements of all the 9 companies studied.

**New Stakeholders: less frequent though critical**

The two additional stakeholders addressed by some of the companies studied and not mentioned in the theoretical framework proposed, were Industry Association and Social Activist groups. TBEL had to address a social activist group as this group actively interacted with the union and the workers, and could influence the latter. To ensure that no anti-establishment sentiment was promoted, the management interacted with the group, as and when required. Ravi Nigam shared how they had to address the hostile perceptions of this group towards the American origin of the new promoters.

Both ESCL and NJMCL actively participated in the industry association activities as voicing their concerns to the government or interacting with peers to keep track of industry developments, had a significant impact on their business. In case of ESCL, the government's decisions on sugar levy and in case of NJMCL the government's decision on JMPA were very
critical. These companies had to remain updated on latest industry developments. Also, owing to their strong positions in the industry associations, they could influence the government and hence attempted to benefit from the clout. Thus, these two stakeholders though not addressed frequently cannot be rejected as less critical.

It is therefore recommended that a turnaround management must consciously identify the stakeholders that may have the capacity to affect the company’s performance.

**Most frequently addressed objectives**

The 10 most frequently addressed objectives by the 9 companies studied, were found to be: mobilization of organization, initial control, internal co-ordination, negotiation of support of banks and FIs and neutralization of their pressures, negotiation of support of government and neutralization of its pressures, negotiation of support of suppliers and neutralization of their pressures, sourcing industry information for quick cost reduction, revenue generation, building credibility among employees, ignore current market and find a new market.

The results supported the literature as the 9 most frequently addressed objectives by turnaround managements of companies studied, were also listed in the theoretical framework proposed originally in Chapter 3 Framework 3.2.

However, the tenth most popular objective, ‘Ignore current market and find a new market’, identified from the 9 companies studied, was found to be more popularly addressed (6 out of 9 companies addressed it) than the two objectives (negotiation of support of Unions and neutralization of Union’s pressures and negotiation of support of customers and neutralization of customer’s pressures) listed on the basis of literature review in the theoretical framework given in Framework 3.2.

**Additional Objectives identified:** Nine new objectives namely, ‘ignore current market and develop new market’, ‘build credibility among suppliers’, ‘ensure desirable quality of supplies’, ‘keep track of industry developments’, ‘managing retrenchment’, ‘influencing the government policies’, ‘ensuring cross cultural communication with customers’ and ‘gaining and neutralizing the support of Social Activist groups’ were identified. The number of companies that addressed these objectives varied (6 for 1st objective, 5 for 2nd and 4 for next 2 objectives, 3 for next 3, 2 for 1 and 1 for last 2 objectives). As discussed in chapter 6 Results and Discussion the importance of these objectives was high. The list prepared by assimilating these objectives is presented in Framework 6.1 and is more comprehensive than that proposed on the basis of literature review.
Most frequently employed communication actions/ interventions

Table 6.7 indicated frequency of communication actions that the 9 turnaround Companies had adopted to achieve a given objective. It was implicated from this table that those communication actions that were employed by most of the companies to achieve a given objective, have a significant impact on the outcome of the attempt to achieve the objective.

Some of the more frequently adopted communication actions (7 or more companies adopted these actions) were ‘make decisions transparent’, ‘inject urgency in the communication plan’, deal with concerns of employees in an open and honest manner. Offer feedback sessions’, ‘articulate a few highly concrete targets for the company for the next few months’, ‘top managers must emphasize on integrity, fairness, hard work, resourcefulness and concern for the staff during interactions with the staff’, ‘keep enhancing communication technology’, ‘offer constant feedback to keep the organization on track, ‘seek support and concessions etc. from Banks and/or FIs’, ‘keep Banks and FIs posted on the progress of the turnaround’, ‘seek support, concessions etc. from the government’ and ‘brief relevant government departments on the problems and strengths of the unit and some tentative turnaround plan, ‘focus advertising and promotion to be more sharply focussed’. All these objectives were also listed in the initial proposed framework developed from the literature. Thus, the findings support the turnaround literature.

New Communication Actions/Interventions identified

Forty one new communication actions/ interventions have been added to the initial framework and presented in Framework 6.1. This new list of 100 communication actions adopted by turned around companies is thus more comprehensive. Further studies may be done to make it still more comprehensive, if possible.

Net Surfing: A skeptical though essential acceptance

While all companies studied, provided net surfing facilities to its employees, some of them have highlighted benefits of providing these facilities in common computing areas. These benefits include increased interaction, improved time management, higher resource sharing, security checks and better discipline.

Email: an official but monitored communication channel

All companies studied, employed email as an official channel of communication. However, some companies adopted a policy of monitoring the email communications for reasons such as security and cross-cultural communication gaps.
LAN more popularly implemented than WAN

While LAN was implemented to smoothen the communication flow within an office, several companies were found to be still struggling to have a WAN in place.

ERP: a daunting challenge, worth the effort

All companies that had employed ERP package agreed that implementing ERP was a major expense for a company reviving from sickness. However, all of them also agreed that it was a major challenge to implement it owing to the discipline required to reap its benefits. There was also a consensus that ERP implementation brought with it a significant improvement in performance.

Not so popular Communication technologies

Many communication technologies such as SMS and websites still did not seem to have made a mark in proving their worth to reviving companies. These technologies were not extensively employed by the companies studied.

Honing Communication Competencies: a prudent approach

It would be pertinent to mention here that even for the limited number of organizations studied in this research work, no consistently applicable communication strategy was found. The strategy varied depending on the unique situation in which the organization was poised.

Thus, any management preparing to turnaround a company can benefit from the communication strategy framework presented in this study in Framework 6.1, if it integrates it with the turnaround strategy of the company by prudently identifying the turnaround objectives for each stakeholder.

Limitations of the Study

This chapter identifies the limitations of the study. The findings of the study propose a communication strategy for enabling organizational turnaround. The turnaround communication objectives, stakeholder communications, and communication interventions have been studied. Organizational and managerial communication actions for enabling the turnaround of a sick company have been recommended. However, no research endeavor is final and there are limitations too. In this section, limits of this research are captured:

- Case studies were primarily based on interviews of members of the top management. Their biases and perceptions might have affected their discourse of the turnaround
experience. While an attempt to verify facts from secondary sources was made, there is scope for more thorough verification.

- It was observed that many turnaround managements had not discretely identified a communication strategy. Thus, they left it to the researcher to identify communication elements or strategy from their turnaround experiences. It is possible that many experiences of communication interventions were not shared. A repeat study on the same pattern and methodology may make the list of stakeholders, objectives and communication interventions more comprehensive.

- It was observed in many organizations that the top management was reluctant in sharing some information. Some information therefore may not have been shared.

- The study focused on the strategy adopted by the top management and not on how it was perceived by other stakeholders. It was assumed that a successful turnaround was indicator of successful strategy. Further study may include views of other stakeholders too.

- Communication amongst various stakeholders also impacts turnaround. Further studies may focus on effect of these communications.

- Given more time, a validated questionnaire on various communication dimensions could have been developed and administered to add more rigour to the study.

- The conclusions of this study are not generalizations. These are suggestive and not prescriptive.

**Directions for Future Research**

This chapter maps the direction for future research in future studies. Keeping in mind the limitations and also the increasing importance and interest in the subject, the following section suggests scope for future research:

- This study focused on the strategy adopted by the top management and not on how it was perceived by other stakeholders. A study that includes views of other stakeholders could provide better understanding of communications during turnaround.

- Communication amongst various stakeholders also impacts turnaround. Further studies may focus on effect of these communications.
Communication patterns in different regions may vary owing to differences in cultural variations. Comparison of communication in organizations from different regions may give revealing results.

While cultures in a country, especially as diverse as India, cannot be called homogenous, yet one could expect variations in communication patterns adopted in different countries. Thus, other studies based on the same design but carried out in other countries could uncover several findings.

This study has adopted the replication logic. Further studies may adopt theoretical replication and study communication strategies employed in sick companies. A comparison of communication patterns in turned around successes and turn around failures may further support the outcomes of this study.

It is possible that communication strategies of organizations following theory E and organizations following theory O may differ. Further study exploring variations in communication strategies in organizations adopting these different theories of change may be undertaken.

Content analysis technique can also be applied to study communication strategies for turnaround.

Further studies may explore quantitative methods to measure impact of communication on turnaround.

A study of communication pattern in the next phase (growth) of these organizations may reveal variation in communication strategies adopted during turnaround and communication strategies adopted during growth.

Thanks