CHAPTER-II
LITERATURE REVIEW

The present chapter provides an exhaustive review of the existing literature on (a) Road Transport undertakings with specific focus on APSRTC and (b) the turnaround management strategies and related issues.

SECTION – A
LITERATURE ON ROAD TRANSPORT UNDERTAKINGS

Transport is the backbone of economic, cultural, social and industrial development of any country besides its two dimensional role of creating time and space utilities. This sector has not received due consideration either of universities or academic institutions. A little attention is paid by the researchers in the past to evaluate the performance of transport sector. In the word of Alfred Marshall “The transport industry which undertakes nothing more than the mere movement of persons and things from one place to another, have constituted one of the most important activities of men in every stage of advanced civilization.” However recent Research and Development facilities provided by the Indian Universities in the Departments of social sciences, especially Economics, Commerce and Management Sciences and other Transport related research institutes have shed light on problems and prospects of transport sector. An attempt is made in this chapter to review the literature selectively in the area of transport and road transport in general and turnaround management in particular.

Foreign Studies on Transport and Road Transport

The evolution of transportation system in different countries and the role played by the transport sector in the economic development of the respective nations provide rich insights in retrospect. Such studies are also of immense practical use in prospect since they form the basis for perspective planning in transportation and development efforts undertaken by the underdeveloped countries.

Tripp Alker. H\(^{16}\) examines the traffic problem in relation to road, rail, sea and air transport and suggested traffic control measures to reduce accidents and smooth running of the traffic.

Kitchin\(^{17}\) analyzed operational activities of bus transport irrespective of the size of the organization engaged in bus transport and observed that it should have three main sections viz., traffic, secretarial and engineering and each having clearly defined function.

Bonavia M.R\(^{18}\) highlighted the role and significance of transport system for the development of a country and suggested the utility of good transport system for industrial, political, social and cultural angles.

A study by Edwin Lowe\(^{19}\) on the development of transportation system in Japan portrays the transport and communication system during the Tokugawa Era (1600-1686) and explained the process of the development with certain features which ultimately helped the establishment of modern transport system in Japan.

An attempt made by Owen Wilfred\textsuperscript{20} on the problems and potentials of transport system by focusing on the mobility of people and goods. A study made by the Ministry of Transport\textsuperscript{21} Scottish Development Department emphasizes the free flow of traffic at reasonable speed requires planned improvement of urban road systems. The study also suggested constructing secondary means of access enable goods and service vehicles to load and unload at the stops.

Denys Munby\textsuperscript{22} opined that the cost of transport influences the size of cities, number of production units, choice of job in general and the quality of life of human beings in particular. Leeming J.J.\textsuperscript{23} examined the road accidents in Great Britain and observed that the behaviour of drivers, their habits, carelessness and drunkard driving are responsible for accidents and also stated that they must be punished severely.

John Hibbs\textsuperscript{24} explained various approaches to study the concept of transport along with its control aspects. Gerald Kraft\textsuperscript{25} felt that economic development of a region will be influenced by the capacity of transport system it has. Insufficient capacity of transport system will create bottlenecks and may eventually retard the region’s growth.

Locklin\textsuperscript{26} empirically evidenced the rail-road transport systems and opined that the Government ownership of transport systems facilitates the planning and execution of transport system very effectively and the Government, in one way or the other is

\textsuperscript{20}. Owen Wilfred., Strategy for Mobility – Transportation for the Developing Countries, East West Centre Press, Honolulu, 1966.
\textsuperscript{26}. Locklin D.P., Economics of Transportation, Richard D.Irwin Inc., Hornewood, 1972, p.111.
responsible for providing necessary capital to the transport systems which are functioning in the respective state.

**Sharp C.N**\(^{27}\) examined various studies of transport systems in U.K and encountered basic problems like transport economies, transport investment, transport pricing and reduction in accident rate. However, Wilson\(^{28}\) opined that the transport investment brings greater opportunity in extensive areas. If freight rates and passenger fares are reduced substantially, transport can, and in most cases does, stimulate use.

**Harrison A.J**\(^{29}\) evaluated various techniques of measuring the performance of transportation system. **Collins Michael. F and Timothy M. Pharoah**\(^{30}\) empirically studied London’s Transport System and its operation which was responsible for planning and operating the networks of transport facilities and services in London. They covered wide range aspects of passenger transport systems and found that provision of passenger service at lower cost is the major objective of any transport corporation.

**Payne**\(^{31}\) studied the evolution and development of private transport system and the provision of facilities provided in Europe. The observations *interalia* include free competition is the most important factor for the services offered by the private sector and also discussed the implications of Treaty of Rome on transportation in Europe.

**Martin T. Farris**\(^{32}\) felt that the marketing function is important to the public transport corporations which are providing passenger transportation services. Farris and

---

Hardling focus on three areas of passenger transportation viz. (i) the systems of passenger transportation which includes economic, physical, pricing and regulatory systems, (ii) the problem areas of passenger transportation like urban transportation, marketing of transport services, policy problems, social benefits and social costs, (iii) the future of passenger transportation and ways for managing change and the future.

**Donald J.Bowersox**\(^3^3\) focus attention on the scope of transportation and its evolution, impact on US economy and observed that the transportation pervades all commercial activities and is integral to the high standard of living of U.S. citizens. This study is confined to the freight transportation in general and passenger transportation in particular. **H.P.White and M.L. Senior**\(^3^4\) were of the opinion that the transport industries by moving men and materials from one place to another are fulfilling and helping the most important activities of man in every state of advanced civilization and thus the transportation is a basic human activity.

**Richard E.Ward**\(^3^5\) states the importance of transportation to the society and the contributions made by it for the well being of the society. However, **P.Keys**\(^3^6\) emphasized the role of transport sector in the development of the economy, the nature of markets for transport and the available technology which are identified as key determinants of the structure of transport industry and its environment.

---

Wilfred Owen\textsuperscript{37} explained the role of transportation in the development of world civilization and suggested the need of transportation in the overall development of economy. Bagade\textsuperscript{38} emphasized the need of rational fare which is applicable in different operating conditions and suggested economic viability of State Transport Undertakings keeping in view the affordability of fare to common man.

Wood and Johnson\textsuperscript{39} elucidate that transport is a public utility which is vital to the overall public interest. Almost every business enterprise and every individual is directly affected by the transportation industry. Kenneth G William and Zmark Shalizi\textsuperscript{40} explained the experiences of World Bank and relate them to the emerging problems of developing and transition economies, quoting the experiences of various countries. A reasonably wide range of solutions and best practices as a policy for more sustainable transport were suggested for improving transport systems across the globe.

G.D. Jacobs and C.J. Banguley\textsuperscript{41} presented a broad review of the road safety and suggested various measures for improving road safety. They observed out of five lakhs fatalities and 15 million accidents that occur annually throughout the world, nearly 70 percent occur in developing countries and recommended an effective improvement strategy which improves road safety systems.

Ken Living Stone\textsuperscript{42} published a draft i.e., Mayor’s Transport Strategy which is outlining the plans for improving mobility in London with the ultimate objective of

\textsuperscript{39} Wood and Johnson.J.C., Contemporaty Transportation, McMillan, New York, 1989.
\textsuperscript{42} Ken Living Stone., The Mayor’s Transport Strategy: Draft for Public Consultation, Greater London
restoring London to the status of world’s most popular destination. The document is an admirable summing up of what public transport can do to make cities not just livable but lovable as well.

**Indian Studies on Transport and Road Transport**

The study of Ramanadham\textsuperscript{43} highlighted the problems encountered by transport undertakings in the formative years. Moreover, M.O. Mathew\textsuperscript{44} emphasized the efficiency of the transport industry as a whole and the public utility industry in particular. He opined that transport being regulated by the Governmental policies in many ways, of which some have a direct impact on the evolution of size.

The Hindustan Motors Ltd.,\textsuperscript{45} conducted a study pertaining to the various problems confronted by the automobile industry in India. Halder D. K\textsuperscript{46} extensively evaluated the traffic problems in Calcutta with a focus on Calcutta State Transport Corporation (CSTC). For the lower productivity of the CSTC during the period of 1964 – 65 to 1972 – 73, the following factors were responsible viz.,

(i) low fleet utilization (as a result of lack of proper preventive maintenance);
(ii) higher absenteeism and (iii) evasion of fare. However, Linear Programming (LP) Model was applied to the problem of efficient allocation of buses on different routes.

\textsuperscript{43} Ramanadham.V.V., Nationalised Road Services in Hyderabad, Orient Publishing Company, Madras, 1955.
\textsuperscript{44} Mathew M.O., Rail and Road Transport in India – A Study in Optimum Size and Organisation, Book Agency, Calcutta, 1964.
\textsuperscript{45} The Automobile Industry in India, Hindustan Motors Ltd., Calcutta, 1966.
\textsuperscript{46} Halder Dilip Kumar., Public Undertakings in Road Transport in the city of Calcutta – An Economic Analysis and Programming Solution, Gokhale Institute of Politics & Economics, Kanpur, 1971.

Patankar\footnote{Patankar P.G., Urban Mobility in Developing Countries, Popular Prakashan, Pune, 1978.} studied the Road Passenger Transport in different dimensions since 1950s and analyzed the urban transportation in detail with emphasis on operational productivity and efficiency of STUs for the period 1973-74 to 1979-80. He opined that the future of road transport sector in India would brighten only with productivity-oriented planning and offers comprehensive solutions to urban mobility problems in the cities of developing countries.

Khan R.R.\footnote{Khan R.R., Transport Management, Himalaya Publishing House, Bombay, 1980.} presented a kaleidoscope of transport network and transport management system in India. Besides, continuing with systems approach, a model was framed for a comprehensive transport system and transport planning. He provides an analytical study of several vital areas along with the benchmark data for transport management.

Ali A. El-Mezawie\footnote{Ali A. El-Mezawie., ILO/UNDP Project on STUs in India - A Study of Performance, Problems and Prospects, CIRT, Pune, 1982.} studied the problems and prospects of 32 State Transport Undertakings in India during 1975-76 to 1979-80 and observed that the performance of company form of organisation is better on almost all important counts. He recommended
the exchequer an immediate relief of at least 60% in tax, and provision for regular revision of fare at an interval of two years, failing which provision for subsidy.

Dev Arun\(^{52}\) evaluated the contributions of different modes of transport in civilized development especially the role of road transport in connecting the lifeline of the economy. Satyanarayana.J.\(^{53}\) intertwined the costs with revenues and relates losses with profit. Organizational set up, capital structure, financial and personal policies, Management Information Systems (MIS) of Andhra Pradesh State Road Transport Corporation (APSRTC) are discussed and observed that the cost of service of road transport solely rely on the size of the fleet, the vehicle condition and the length and road condition on the basis of the data collected from a representative sample of motor vehicle operators in Andhra Pradesh. He found that the fundamental factor which influences the cost of operations of motor transport industry in Andhra Pradesh is the size of the motor transport unit.

Pandu Ranga Rao.D\(^{54}\) extensively studied the passenger and goods transport system in Visakhapatnam district of Andhra Pradesh and observed various trends and phases of transport system since its inception. Further, Jain. J.K.\(^{55}\) explored on macro-level transport operations before and after independence in India and analyzed the problems and prospects of road transport besides the socio-economic significance of road transport for bringing efficiency in all spheres.

Srivastava.S.K.\textsuperscript{56} portrays the historical development of various modes of transport in India keeping in view the means to coordinate the development of transport system. He examined the effect of efficient, cheap and well coordinated transport system to the development of the economy.

The study of Subrahmanyam.P.\textsuperscript{57} on the organization structures of various Road Transport Corporations reveals there is a dire need of restructuring of organisational structures of Road Transport Corporations to achieve self-sufficiency.

Arora S.K.\textsuperscript{58} made a comparative study on the performance of Punjab Road Ways with Andhra Pradesh, Gujarat, Rajasthan and Kerala Road Transport Corporations in general and the public and private sector road transport undertakings of Punjab in specific.

Ratna Kumar Singh\textsuperscript{59} made a study with reference to Bihar State Road Transport Corporation during 1959-60 to 1974-75 and examined the physical and financial performance of Bihar State Road Transport Corporation. The study advocated the nationalization of more number of bus routes in Bihar State to reach maximum number of public.

Kulshreshta.D.K.\textsuperscript{60} evaluated the managerial problems of road transport undertakings in the country and suggested various measures to control the cost of bus transport.

\textsuperscript{60} Kulshreshta.D.K., Management of State Road Transport in India, Mittal Publications, Delhi, 1989.
operation while improving their revenue. Rama Mohan Rao.P.S.\textsuperscript{61} investigated on various strategies adopted by Andhra Pradesh State Road Transport Corporation for improving its performance. The focus of the study is on various operational and administrative areas of the Corporation during his tenure with the Corporation as Vice Chairman and Managing Director.

Sudarshanam Padam\textsuperscript{62} elaborated in detail the history of bus transport in India, various forms of organizational structures of State Transport Undertakings, the management and performance during 1970-80. For the sake of the study the cross-sectional analysis of road transport corporations of Andhra Pradesh, Maharashtra, Gujarat and Karnataka are considered and found the operative as well as financial problems in functioning. The study suggested number of operative measures to resolve these problems.

Akbar Ali Khan.M.D.\textsuperscript{63} explicitly analysed the management of finances and the problems of finance encountered by different State Road Transport Corporations in India. Baig Nafees and Dr.Iqbal.B.A.\textsuperscript{64} emphasized the need of transportation in India in general and Uttar Pradesh in particular. Transportation provides both backward and forward linkages to the economy of a region or a state or a country. The dependence of Indian economy and more so of Uttar Pradesh on agriculture provides large scale opportunities for developing agro-based industries and the same requires adequate availability of transport infrastructure. He found that transportation as a constraint for Agro-Industrial Development in Uttar Pradesh.

\textsuperscript{64} Baig Nafees and Dr.Iqbal.B.A., Transport as a Constraint for Agro Industrial Development in U.P, Aligarh Muslim University Publications, Aligarh, 1990.
An attempt made by Mahajan\(^{65}\) to study the planning policy and development of Transport in India reveals that there is a need of policy regulation to regulate the transporters in India. Kulshrestha\(^{66}\) critically evaluated the functioning of State Road Transport Undertakings, specifically public sector transport organisations. The observations *interalia* include the public sector transport has been facing competition with other means of transport exclusively from the private operators, management of bus stations, fleet utilisation etc., The study throws light on the bus station management and offers some practical ways and means to improve the conditions with special reference to Uttar Pradesh State Road Transport Corporation.

Rajeswari. G.\(^{67}\) empirically examined the performance of Public Sector Units with a special reference to APSRTC. This study focuses on the history, evolution and performance of APSRTC at Corporation level and Regional levels during the period 1965-66 to 1984-85. The organisational set up of the Corporation along with various parameters viz., capital investment, staffing, the pricing policies of transport undertakings in general and the APSRTC in particular are addressed.

An extensive study of Jagadish Gandhi.P.\(^{68}\) on the structure, growth and performance of State Transport Undertakings with special reference to Thiruvalluvar Transport Corporation of Tamilnadu evinced the state road transport undertakings cater the needs of the Indian mass keeping in view the lifeline of the economy. Moreover, majority of State Transport Undertakings are facing severe financial crunch.


Mahesh Chandra\textsuperscript{69} appraises the operations of Nationalised Road Transport in Uttar Pradesh and found that customer centric policies of the Road Transport Organisation improve the financial performance. Further, Rajendra Kumar Jain\textsuperscript{70} made a comparative study on the road transport policies of the Nationalized Road Transporters with Others. The study considers the financial aspects besides fare structure, investment policy, operational performance and personnel management.

Alwin Prakash.B.\textsuperscript{71} analysed the physical and financial performances of the Kerala State Road Transport Corporation during 1959-60 and 1970-71 and suggested various measures for efficient functioning of the organization. Furthermore, Sastry E.S.\textsuperscript{72} diagnosed the operational, financial and physical performance of the road transport undertakings in India during 1960-70 and identified the causes and identified healthy and unhealthy transport undertakings. He suggested various parameters to register profit. The National Transport Policy Committee (NTPC)\textsuperscript{73} cross-sectionally diagnosed 31 transport undertakings in India during 1976–1977 and finds that the unit cost was mainly influenced by two variables viz., fleet utilization and vehicle utilization. The Committee advocated the exchequer directly subsidise the urban transport undertakings keeping in view of the societal benefit.

Bidichand\textsuperscript{74} viewed nationalized road passenger transport services in the states of Punjab, Haryana and Himachal Pradesh while Kulkarni.S.\textsuperscript{75} analysed the operational

\textsuperscript{72} Sastry E.S.(1975), Physical and Financial Performance of some State Road Transport Undertakings in India, unpublished Ph.D., Thesis, Osmania University, 1975.
\textsuperscript{73} The National Transport Policy Committee (NTPC) Report , Government Of India, 1976-77.
\textsuperscript{74} Bidichand, Nationalised Road Passenger Transport Services in India With Special Reference To
problems of Maharastra Road Passenger Transport Service and suggested rationale fare structure, customer centric and oriented policies for improving occupancy ratio.

Hanumanthappa.K. emphasized the planning, investment and pricing aspects of Karnataka State Road Transport Corporation, where as the Corporation’s performance was appraised by Mahesh Chand through inter-firm and intra-firm analysis. An attempt was made by Suresh Chandra to study the future prospects of Nationalised Road Transport in Uttar Pradesh while John Gunaseelan. G. made a comparative study of passenger satisfaction in public as well as private sectors in one region of Tamilnadu. Nagaraj.A. explored on the operations of Nationalised Road Transport Of Hyderabad State during the period 1932-56.

Jaishankar. K. made an economic analysis on APSRTC with a view to know the efficiency of the Corporation while Narasimhulu empirically examined the taxation and depreciation policy areas of APSRTC. However, Viswanadham.V. made an exploratory study on the financial aspects of the APSRTC and evaluated the financial performance of the Corporation during the period 1965-66 to 1976-77.

Punjab, Haryana and Himachal Pradesh, unpublished Ph.D., Theses, Punjab University, 1976.
76. Hanumanthappa.K., Pricing, Investment And Planning Of Road Transport – With Particular Reference To Karnataka State Road Transport Corporation, Unpublished Ph.D., Theses, Bangalore University, 1983.
83. Viswanadham.V., The finances of APSRTC, unpublished Ph.D., Theses, Osmania University, 1981.
A study on personnel management practices of APSRTC by Reddy. V.M.\(^{84}\) observed that there is a change in the organisation structure and system of the Corporation since its inception. Subrahmanyam.P.\(^{85}\) made a study on the organization set up, structure and its impact on performance of APSRTC. Moorthy.G.K.\(^{86}\) describes various incentive schemes offered by the APSRTC to the students, politicians, age old, physically handicapped and blind. However, Murthy.S.S\(^{87}\) analysed the cash management practices of APSRTC in detail.

Swami.B.N.\(^{88}\) evaluated the cost control methods and techniques, operational efficiency of Tirupathi Division of Andhra Pradesh State Road Transport Corporation.

Various Committee Reports on Road Transport Sector

In order to strengthen and develop transport sector in the country various Committees are appointed by the Government Of India from time to time to study various aspects of passenger transport sector in the country. Based on the recommendation of various Committees the Government Of India initiated policy measures.

The Government Of India was appointed The Road Development Committee\(^{89}\) under the Chairmanship of N.R. Jayakar, a prominent road engineer, to find out a suitable solution for non-motorable conditions of roads in rural areas. The observations of the committee *interalia* include the development of roads is imminent in view of the socio,

89. The Jaykar Committee, Government of India, 1927.
economic and political conditions of the country keeping in view of the increased use of road transport by the rural mass.

The Committee recommended creation of Central Road Development Fund by laying an additional duty of two annas per gallon on motor spirit besides the single point tax on motor vehicles to be levied by the State Governments. The third important recommendation of the Committee to the Local Bodies was impose ‘Licence Fees’ on motor vehicles. The Government implemented the first two recommendations in due course and considered the third for future policy making.

Another Two Men Committee was constituted by Government of India in 1932, consisting of K.G.Mitchell, a Road Engineer and L.H.Kirkness, a Railway Officer with the object of diagnosing the problems encountered by rail-road transport, intensity of competition between rail and road transporters and to suggest ways and means for their coordination.

The Committee recommended number of recommendations keeping in view the road transport. The important recommendations include: (i) increase tax burden on road motor transport; (ii) fix the bus fares at par with the railway fares; (iii) bring some statute to restrict motor transport; (iv) tighten the control on motor transport by traffic control authority; (v) divide the country into zones of 50 miles and not to allow the motor vehicles to cross the zones; and (vi) set up ‘The Central Advisory Board of Communication’ and ‘Provincial board of Communication’ to deal with the problems of cooperation and coordination between rail and road transport in the country. The

90. The Mitchell Kirkness Committee, Government Of India, 1932-33.
Government accepted majority of the recommendations of the Committee for policy making.

On the recommendations of the Mitchell Kirkness Committee **The Transport Advisory Committee**\(^{91}\) was constituted by the Government of India to draft the Motor Vehicles Bill. The Bill was proposed and put up before the Parliament for approval in 1935. Finally, the Bill was passed in 1939 and the Motor Vehicles Act, 1939 came into existence for operation.

The Government Of India appointed another Committee under the Chairmanship of **R.L. Wedgewood**\(^{92}\) to study and suggest ways and means to protect railways from competition with road transport. The Committee recommended some restrictions to the motor transport sector in general and regulations to the passenger traffic undertakings in specific. However, the Indian Motor Transport Sector was affected severely and in deep waters during the Second World War because of the stoppage of import of motor vehicles during the war period and the demand for motor transport increased enormously.

To study the impact and incidence of Second World War on Transport sector the Government Of India set up the ‘**Post War Policy Committee**’\(^{93}\). The Committee studied various aspects of motor transport industry and recommended reduction of burden of tax on motor vehicles, and treat motor transport industry with fairness. But, no initiative had taken by the Government on these recommendations.

---

91. The Transport Advisory Committee, Government Of India, 1934.  
92. The Wedgewood Committee, Government Of India, 1936.  
93. The Post War Policy Committee, Government of India, 1943.
Later on The Motor Vehicles Taxation Enquiry Committee\textsuperscript{94} was appointed in April, 1950 under the Chairmanship of M.N. Dalal, to recommend the scientific system of taxation policy for motor vehicles users and suggest the proceeds of this taxation for road development and maintenance. The Committee noticed that there is a heavy burden of taxation and its pattern was defective.

The important recommendations were: (i) use the proceeds of the taxes on motor oil strictly for road development; (ii) Central Road Development Fund for which the duty on motor spirit is the source, has to apportion its funds to the states on the basis of motor spirit consumption; (iii) levy taxes on the land and to use the same for the development of village roads through local bodies; (iv) levy the State Fuel Tax and transfer the proceeds to the proposed ‘State Road Funds’ which are to be used for road development purposes; and (v) postpone the ‘Code of Principles and Practices’ at least for three years. However, no initiative was taken by the Government on the said recommendations of the Committee.

A Steering Group\textsuperscript{95} was constituted by the Planning Commission with the object of suggesting the ways and means for the development of transport as per requirements of passenger traffic in the country. The recommendations of the Group include:

(i) To let the competition continue among different modes of transport for the proper development of motor transport in the country;
(ii) To reduce the then existed level of tax burden on motor transport at least by 20 percent;
(iii) To provide opportunity for the development of weak units;

\textsuperscript{94} The Motor Vehicles Taxation Enquiry Committee, Government of India, 1953.
\textsuperscript{95} The Study Group on Transport Planning, Planning Commission, Government Of India, 1953.
(iv) To relax the ‘Code of Principles and Practices’ immediately and changing the zone limits from 75 miles to 150 miles.

Finally, all of the recommendations were accepted by the Planning Commission for policy formulation.

The Government Of India appointed the **Taxation Enquiry Commission**\(^96\) under the Chairmanship of **John Mathai** to enquire into the taxation policies of motor vehicles. The Commission laid emphasis on the coordination of Centre and State Taxation Policies, merging of the Wheel Tax levied by Local Bodies with State Taxes and also transfer 75 percent of State Motor Vehicles Taxes and Duty on Motor Spirit to ‘State Road Funds’.

Later on the **Road Transport Re-Organisation Committee**\(^97\) which is also known as the **Masani Committee** was constituted to suggest the creation of viable units consisting of minimum five buses in case of passenger transportation.

**The Committee on Transport Policy and Coordination**\(^98\) was set up in July, 1959 under the Chairmanship of **K.C. Neogy** and it submitted its preliminary report in February, 1961. In January, 1964, Neogy resigned and the Committee was reconstituted in February, 1964 under the Chairmanship of **Tarlok Singh**. The Reconstituted Committee submitted final report in 1966 and recommending (i) a transport policy for the national development; (ii) the role to be played by various means of transport and (iii) the best mechanism for the regulation and coordination of various means of transport. The Committee recommended that encourage the small operators with minimum of ten

---

97. The Road Transport Reorganization Committee, Government Of India, 1959.
98. The Committee on Transport Policy and Coordination, Government Of India, 1966.
vehicles and enable them as viable cooperatives, and give priority to these cooperatives for the issue of permits.

**Another Committee**\(^99\) was appointed by the Government to enquire the Motor Vehicles Taxation. The Committee stated that there is heavy burden of motor vehicle tax on users and recommended a reduction of tax. Further, it suggested introduce single point tax for inter-state road transport undertakings.

Government Of India appointed a **Study Group**\(^100\) to study the viable units in transport sector. The Group submitted report in April, 1968. The Group opined that a viable passenger transport unit must have at least 5 vehicles with a spare bus and will have low cost of operation as the overheads will be spread over on all the vehicles.

Planning Commission of Government of India constituted the **National Transport Policy Committee (NTPC) in 1980.**\(^101\) The Committee emphasized the road transport sector requires a comprehensive framework to identify problems associated with legislative framework and implementation of Acts, Rules etc., It also states that there is a dire need for policy support and regulatory reform to cater the needs of transport sector efficiently and effectively in future. **In 1987 the Planning Commission**\(^102\) of Government of India appointed a Planning Group on Road Transport and recommended that private participation may be allowed subject to provide adequate number of vehicles for passenger transport.

---

100. Study Group on Viable Units, Ministry of Shipping & Transport, Government Of India, 1968.  
A Steering Committee\textsuperscript{103} on Transport Planning was appointed by the Planning Commission of Government Of India to study the taxes levied by different states under different heads. The Committee recommended that the responsibility of the Central Government is to fix the taxes of motor transport and allow State Governments for collection of levied taxes.

During the Ninth Plan the Working Group\textsuperscript{104} on Road Transport was constituted by the Ministry of Surface Transport, Government of India. It suggested various measures to the Central Government, State Governments and the manufacturers of vehicles for controlling of vehicular smoke, noise and air pollution.

Kalyanaraman and Sehgal\textsuperscript{105} advocated two methods for future road traffic viz., mechanical and analytical. The mechanical methods consider the past trends whereas analytical methods consider the factors which cause the historical trend pattern. The study suggested the combination of these two methods for assessing the future road traffic.

Manjula Singh\textsuperscript{106} expounds on operating ratio (revenue-expenditure) of various transport undertakings which is always above 100 for rail and less than 80 for road transport. The recommendations indicate that a well-coordinated road transportation system is the basis for regional development, assessing demand for vehicles and linkage of villages to main roads.

\textsuperscript{103} Report of the Steering Committee on Road Transport, Planning Commission, Government of India, 1996.


\textsuperscript{106} Manjula Singh., Road Transport in India, in D.M. Nanjundappa (ed.), Transport Planning and Finance, Karnataka University, Dharwar, 1983.
Srivastava\textsuperscript{107} attempted on historical development of various modes (air, water, road and railways) of transport in India and opined that efficient and well coordinated development of transport system is sine-qua-non for the development of the Indian economy. The various operating variables like rates, fares, low productivity, state regulations, administration, competition, financing, aspects of different modes of transport are considered for the study.

Kulkarni\textsuperscript{108} explored on organizational and administrative aspects of road transport and suggested SRTUs to bring about improvements in the arena of personnel management specifically the recruitment, selection and training operations.

T.A.S. Vijaya Raghavan\textsuperscript{109} pointed out the strategic options for State Road Transport Undertakings in India and pointed out the recent policy changes. One of the major policy changes, by and large, operations-oriented rather than strategy-oriented. He illustrates that the SRTUs in India are not really competing well in an industry, which is becoming more and more unstable. He suggests competitive type of strategies emphasizing the importance of service marketing approach.

Satyanarayana. Y.\textsuperscript{110} opined that unless STUs adopt marketing strategies to satisfy the needs of the customers, their market share is likely to dwindle in future thereby affecting their overall profitability in the short-run and survival in the long-run.

Anand Swaroop B.\textsuperscript{111} highlighted the transport services of State Road Transport Undertakings from the marketing perspective. This study observed majority of Road

\begin{footnotesize}
\end{footnotesize}
Transport Undertakings failed to knew the pulse of the customers. Hence, suggested customer centric, customer oriented marketing policies for the present day generation.

The study of RVS Reddy\textsuperscript{112} throughs, light on the overall growth achieved by the APSRTC with a focus on financing expansion by the corporation. The relative importance of intenal and external financing and the role of depreciation as a source of financing have been examined. The study concluded that internal financing continues to be an important source but the continued presence of long term loans is not profitably to the APSRTC.

Gajanana R.C\textsuperscript{113} enquired into the economics of State owned Road Transport operations by analyzing the cause of the operation and the fare structure. The autonomy and the Governemnt intervention in the operation of the SRTUs have been investigated. It is concluded that the SRTUs are crippling in their operational efficiency because of uncontrolled Government interference and unbridled compitition form the private operators.

Jadav Chandra and Amar\textsuperscript{114} went into the pricing practices and operations of the Gujarat State Road Transport Corporation studying the operational scenario of the corporation. It is concluded that the corporation need to reorient the policy of functional management with a greater marketing oriented rationality in its pricing philosophy.

\textsuperscript{113}. Gajanana R.C., operational horizons of SRTU- a study of Karnataka State Road Transport Corporation,The indian economic journal vol 44,2009
\textsuperscript{114}. Jadav Chadra., towards sustainable competitiions, Indian Economic Review (Specil number) vol.18,2010.
Roads are vital infrastructure and enable a dominant mode of transport for economic growth and sustenance. Its advantages include accessibility, flexibility and competitive resource cost. The nation’s transportation system is a major component of the national economy. It plays an important role in shaping life-styles, community development and industrial locations patterns. The First Five Year Plan document validates state ownership of the public transport system: “State participation in public road transport is intended to achieve greater efficiency and economy in operation and management which a large number of small operators functioning separately will not be able to do. Only large organisations with adequate financing resources can provide the workshop and other facilities which are essential for rendering efficient service and realizing the economies resulting from large scale operations”.

The literature review explicitly recognizes the fact that a few studies highlight some issues adherent to transport services but not presented a comprehensive view. There are dearth of studies on dimensions and issues of turnaround with respect to public transport undertakings in India. With this backdrop there is a dire need to fill the literature gap by empirical evinces on the dimensions and issues of passenger road transport undertakings in India.
SECTION – B
LITERATURE ON TURNAROUND MANAGEMENT

Books

Donald B. Bibeault\textsuperscript{115} investigated the impact of organisational structure on corporate failure. The conceptualization provided a clear illustration of multi-stage turnaround process. Finally, the Bibeault study clearly articulated those managerial actions and infractions that cause business to fail. The number one offender was autocratic management, identified in 44 percent of cases. Other managerial issues related to corporate distress include lack of managerial depth, management change problems, and inbred bureaucratic management. Some of these obstacles are more common to small businesses, but they also afflict the biggest companies.

Grinyer \textit{et. al.},\textsuperscript{116} studied the causes of decline, events triggering change, actions taken, and performance characteristics among 25 companies in the U.K. that 'sharpbend' from stagnation or decline relative to their industry rivals. The sharpbend was achieved when the level of performance was improved. They integrated the causes of turnaround situations, manager perceptions and processes, and resultant strategic actions into a framework for organizational change. The study offered empirical support for the notion of stages in turnaround actions though the researchers did not objectively measure turnaround situation severity or retrenchment strategy.


Khandwalla Pradip. N.\textsuperscript{117} empirically examined 65 cases of turnaround and intertwined the causes of sickness, recovery actions, inter relationships along with economic, psychological and sociological perspectives. Khandwalla identified twenty seven set of activities which are grouped into (a) personnel changes, (b) diagnosing and troubleshooting, (c) stakeholder or people-management, (d) operations management, (e) management systems and structure, (f) financial management, and (g) strategic management. These contextual factors are categorized into surgical versus non-surgical, participative versus technical and innovative versus conventional. Khandwalla evidenced corporate decline as a loss situation, and turnaround is equivalent to reaching at least a breakeven from a loss situation and certain critical choices in turnaround management that have a bearing on the cost and speed of recovery and the magnitude of redemption. The conclusions of this study are startlingly contrary to the perceived wisdom that surgical turnarounds are fast and effective.

John. O. Whitney\textsuperscript{118} explores on the dynamics of troubled companies from the perspective of a turnaround. He provided a step-by-step plan for success that is exemplified with real-world scenarios. The classic challenges of turnaround and troubled companies \textit{inter alia} include declining in financial position, demoralized executives, fearful employees, unhappy customers, tense bankers, angry investors, and competitors waiting to pounce. John O. Whitney opined that the situation of a troubled company deteriorates over period of time and suggested that there is no need to look at the turnaround situation myopically from the perspective of managerial, financial and legal aspects associated with particular stage of decline.

Kewal.K.Nohria\textsuperscript{119} dwells on ring side view of the Crompton Greaves Turnaround, which is a painless transformation of the Corporate. The management philosophy and the rationale behind action, an analysis of the reasons behind the decline and the action-orientation involved in making and selling goods and services are evaluated from the viewpoint of corporate turnaround. When firms are on the brink of failure, only turnaround management can restore performance and profitability. The key is to provide stability and create cash (and a breathing space) for building long-term success.

Richard S. Sloma\textsuperscript{120} presented 28 symptoms of corporate distress, 48 analytical actions emerged therefrom and finally recommended 31 remedial actions to overcome the situation. He examined the corporate patient with the symptoms of financial distress and diagnosed, properly inferred prognosis and prescribed required treatment to cure the malady. The symptoms are generally presented from a manufacturing firm viewpoint and generally a few are applicable to a service or resale firm. He suggested two cardinal principles when measuring a firm’s financial health viz., (i) unitization of fixed costs (ii) tracing of costs and revenues to product line.

Khandwalla Pradip. N.\textsuperscript{121} contrasts the Western and Non-Western turnarounds as well as private and public sector turnarounds. He also distinct the turnaround of large versus and smaller companies etc. The importance of magic transformations that effect the turnaround management are illustrated besides the generic structure of turnarounds, surgical versus non-surgical turnarounds.

\textsuperscript{121} Pradip N. Khandwalla., Turnaround excellence: Insights from 120 cases, Sage Publications, New Delhi, 2001.
Henry A. Davis and William W. Sihler\textsuperscript{122} present financial turnarounds of twenty in every key industry segment. They provided EWS (Early Warning Signals), in-depth case summaries and financial findings for turnarounds in manufacturing (Maytag and Navistar) and retailing (Joseph A. Banks and Musicland), as well as high technology, real estate, and the services sector. They compare leading financial turnaround methods with non-financial. Finally, they offer practical guidance for recognizing the early warning signs of financial disaster and taking effective action to avoid it and companies that are restructuring also need to rebuild management credibility.

Khandwalla Pradip N.\textsuperscript{123} focused attention on organizational creativity which accentuates the processes of diagnosing, problem-solving and troubleshooting, organizational design, credibility-building, culture-management and on management of change. In order to thrive tomorrow, there is a need to create visionaries today who can see and seize opportunities and not be daunted or be petrified by the adversities and there is an imperative to better understand the nature of creativity in the workplace and learn to harness it effectively in organizations. His observations \textit{interalia} include the perpetual creative organizations and creative management practices of these organizations, processes of creative regeneration and the management of innovation and finally suggested the design of organization for sustained creativity and inciters of organizational creativity.

Harlan D. Platt\textsuperscript{124} attempted to assemble and codify the myriad issues on managing turnaround situations. Corporate crusades viz., corporate renewal, turnaround

\textsuperscript{123} Khandwalla Pradip N.,Corporate Creativity: The Winning Edge, Tata Mcgraw Hill, New Delhi, 2003.
management and crisis situation phrases new to the business lexicon that they often are used interchangeably. Combination of strategies and actions are recommended in each stage of renewal process. Corporate transformation, turnaround management, crisis resolution offers a range of management techniques providing benefits to distress companies.

Corporate transformation further advances a company and is enriching activity while turnaround management rehabilitates a troubled company and set the stage for future achievement. Crisis situation geared to find a way for the company to survive.

**Slatter, Lovett and Barlow**¹²⁵ explore on the role of leadership in corporate in turnaround based on interviews with over 80 turnaround practitioners. They seek to describe how leadership is provided by turnaround practitioners throughout the turnaround process. Leadership is never more critical than when corporate survival is at stake. But the days of “slash and burn” turnaround are over the leader who are driving today successful turnaround recognize the turnaround complex demands of corporate stakeholders and know that the answers to a distressed company problem often lie within the firm itself. Based on the extensive research they opine key leadership skills are required to address the new challenges facing turnaround companies and show why quickly gaining the buy-in trust off all stake holders is key to ultimate success. They suggested establishing *de facto control* over the situation using B2B technologies, pursue adding customers to stay with the firm are prime concern in turnaround situation.

---

Sunil Kumar Maheswari\textsuperscript{126} examines the reasons why the firms deteriorated, the social, psychological, economic and political consequences of such failure within and outside the organization and what it took to turn them around into profitable ventures. Maheswari addressing issues like organizational inertia, leadership credibility, manpower rationalization and the problems associated with retrenchment and provides a framework for a sound theoretical base to guide further initiatives on turnaround management. Turnaround management is one of the toughest challenges and it is a fast emerged critical area of organizational research and analysis in a volatile global business environment. It is a detailed, analytical and classical disclosure on corporate degeneration and rejuvenation. The author also provides the managers deep insights into the turnaround process which will help to device turnaround plans especially in the Indian setting.

Vivek Khare\textsuperscript{127} opined the Ambivali Mishap on 16\textsuperscript{th} June, 2004 as the foundation of the astounding turnaround of the Indian Railways and that is the point where the journey from loss to profits start. The seeds of human future are hidden in the history, thus, the strength, reach and benefits of the network from time to time since 1947 had been observed. The railways are doomed to sliding into solvency because of irrational fare policy, delays in transporting freight, improper track maintenance, political interference, increase in operating expenses, standstill passenger and goods traffic are the main reasons etc., The historic turnaround of the IR has taken place then.

He observed freight rate was fixed on the basis of classification of goods carried, the introduction of principle of maximum volume to passenger traffic, without increasing fares revenues were sought to be increased by other means such as Tatkal service, 

\textsuperscript{127} Vivek Khare., The Turnaround Story of Indian Railways- Beginning ... Challenges, Ameya Prakasan, Pune, 2008.
superfast trains and increase in cancellation charges. Parcel, catering, advertising and some other services were given to private and Government Companies, increase of carrying capacities, costs would be brought down, speed of movement would be increased and setting up of world-class stations would be initiated made IR on the track of progress again. This incredible turnaround to a profit making organization moved forward at a fast pace with some of the challenges ahead. Cutting of leaks and losses, maintaining passenger facilities and concessions with strong political and official will achieve the leading position in the world.

O.P.Agarwal128 integrated and presented the concepts of Turnaround Management and Business Process Re-Engineering. The concept of and reasons that lead to turnaround, the package of turnaround are critically elaborated. Some of the factors that lead to the turnaround package are: (i) employee involvement, (ii) employees training and development, (iii) employees empowerment, (iv) resourceful thinking, (v) play the game with a winning spirit and (vi) towards debating culture and (vii) evolving a successful package. The ‘Perspectives of organisational management’ which inter alia comprise the components of an organisation, strategies of growth and survival, need for Business Process Re-Engineering (BPR) are the focal issues which are discussed.

Dhandapani Alagiri129 highlights practical cases in corporate turnarounds and presented a series of well-written articles that bring out the essence of the happenings in corporate turnarounds. The compendium of articles in the first section gives the reader some of the important perspectives of the corporate turnaround. The second section focuses on the Indian Experiences and the third section discusses the Global Experiences.

Henry A. Davis et. al.,\(^{130}\) enlighten key skills for managing financial turnarounds look at 20 turnarounds covers every key industry. Preserving Enterprise Value, every successful company has its own business model, a set of assumptions it can use to profitably deliver its products or services. Drawing on 20 in-depth case studies from companies of widely diverse sizes, industries, and financial circumstances, they cover every aspect of corporate turnarounds from the standpoint of the financial executive. The desired turnaround action choices the financial and non-financial strategies with the greatest likelihood of success, build consensus for a turn around plan amongst the firm’s leaders, line managers, and outside funders, and, finally, execute turnaround plan rapidly and effectively.

Harish\(^{131}\) lucidly presents the challenges and problems faced by globally renowned, successful corporate giants viz., Volks Wagen, Sony, Gucci, Levi Strauss, Du Pont, Motorola, Ford, Coca-Cola and Wall-Mart in his case book ‘Corporate Transformation and Turnaround Strategies - Managing in Difficult Times’.

Neil Harvey\(^{132}\) delineates different stages of the turnaround process. According to Neil Harvey the point where a company reaches its moment of truth and decides to make fundamental changes, it has gone from absolute decline to positive turnaround. However, in the second stage, the seriousness of the situation and the potential viability of the organization is assessed. The severity of the situation as well as the time and money available to resolve it will be key factors in the third stage. Identification of

contingency provisions, concentrating on profitability, running existing operations with growth perspective and repositioning are important aspects in the stabilization phase. Aspects of organization underperforming, realistic potential, competitive products or services and inherent competitive advantages are evaluated in the final phase.

**James B. Shein**\(^ {133}\) designed the Just-In-Time slide to revive distressed companies across the countries by recognizing the Early Warning Signals (EWS). Reversing the slide is designed to help executives, managers, and employees revitalize downtrodden companies. He found out five phases viz., blinded, inaction, faulty action, crisis and dissolution. For implementation of successful corporate turnaround he suggested legal, financial, strategic and operational steps which would guide the decision making process.

**Michael Teng**\(^ {134}\) describes the three phases of turnaround viz., surgery, resuscitation and nursing to rehabilitate sick companies and infuse strong and healthy corporate immune system for sustaining long-term growth. Teng equates internal virus attacks with management problems, bad financial control, operational weakness, human resource problems, major project fiasco and over-leveraging.

On the other hand, external viral attacks are liken to government intervention, economic recession, political turmoil, low-cost competitors, appreciating/ depreciating currencies, changes in consumer behavior, environmental / health issues, technological changes, natural disasters, shortage of workers/raw materials, labour unrest and terrorist attacks have adversely affect the immune system of the ailing units. Teng provides meaningful insights which will help the distressed firms to pull through ‘out of rust’.

---

Articles, Papers and other Publications

Khandwalla Pradip N.\textsuperscript{135} developed a model for turnaround for Public Enterprises (PEs) based on intensive case studies of four equipment manufacturing enterprises in Indian public sector. The study of four engineering public enterprises has thrown up significant models of effective: (i) organizational design for equipment manufacturing PEs, (ii) turnaround strategy for sick PEs, (iii) management of PE growth and diversification, (iv) environment management by PE, (v) monitoring of PE by the ministry, (vi) appraisal of PE investment proposals.

Donald C. Hambrick and Steven M. Schecter\textsuperscript{136} at first used large sample to re-examine the Schendel, et al. and Hofer case method based propositions and empirically verified efficiency (asset/cost surgery) and entrepreneurial (selective product-market refocusing) turnaround strategies both of which were significantly associated with successful turnaround.

David L Brown\textsuperscript{137} describes two alternative organizational change paradigms viz., strategic management and organization development. He analysed the distinctive characteristics of public enterprises, especially those operating in developing countries and examined several turnaround cases of public enterprise in India and Sri Lanka. The hypothesis was formulated to test the leadership skills required for turnaround, management of external interface of the enterprise, and determinants of mobilization of internal resources for turnaround. The findings of the study reveal that there is an impact of leadership on different phases of a turnaround and there are self-sustaining effects of


both sickness and turnaround and suggested a fuller model of planned change for public enterprises.

An exploratory study of Donald C. Hambrick and Richard A. D'Aveni\textsuperscript{138} on the dynamics of major corporate failure identified four major spirals of decline viz., domain initiative, environmental carrying capacity, slack and performance. They matched 57 large bankruptcies with 57 survivors and proposed an organizational model i.e., downward spiral model which considers early weaknesses in slack and performance, extreme and vacillating strategic actions, and abrupt environmental decline. The observations include lack of initiative, sunk in investments, bureaucratic control, internal political and cultural constraints, external restrictions, and managerial commitment to status quo due to their longer tenure in the organization.

Pradip. N. Khandwalla\textsuperscript{139} describes the nuts and bolts of humane brand of turnarounds by comparing nine public sector enterprises with eleven private sector corporations. He found out that ‘Survey Feedback’ not only develop expertise in training turnaround managers but also in orchestrating rehabilitation packages for ailing units to turn back to vitality. Khandwalla suggested ten principle elements of turnaround management viz., (i) change in top management,(ii) initial credibility building actions by the new management, (iii) initial control,(iv) negotiation of support of outside stakeholders and neutralization of external pressures,(v) quick pay of activities, (vi) quick cost reductions,(vii) revenue generation,(viii) asset liquidation of generating cash, (ix) mobilization of the organization for turnaround and (x) better internal coordination. The


concluding comments include understanding the dynamics of humane turnaround management that will prevent the third world’s slide either into anarchy or dictatorship.

**Mathew J. Manimala**\(^{140}\) presents a comprehensive focus on turnaround management explaining different lessons with the analysis of successful cases. The study is concerned with the lessons from successful cases both from Indian and International scenario. It provides an insight into the strategies of turnaround in Indian and International scenario with empirical references. The various dimensions of turnaround strategies like human resource, finance, product marketing, boundary management, growth strategies in the light of different turnaround theories have been elaborated. The study of Manimala not only articulates the insights and intricacies of the turnaround management but also emphasizes the responsibility of the management in turning around complex sick organisations.

The study toward improved theory and research on business turnaround by **Pearce and Robbins**\(^{141}\) indicate that distress is caused by both internal and external factors, and these factors will cause decline in sales or margins. According to them the firms that recover respond to the declining sales or margins in two phases: i) Retrenchment phase, consisting of cost reduction and asset reduction, and; ii) Recovery phase, consisting of efficiency maintenance and entrepreneurial reconfiguration.

Finally, Pearce and Robbins recommend cost reduction strategies for firms in a less severe turnaround situation, while drastic cost reduction coupled with assets reduction are recommended for firms in more severe turnaround situations. They


suggested efficiency-oriented strategies and not entrepreneurial strategies. They found that if the severity is low when there are declining sales or margins, bankruptcy is imminent.

**Asquith, Paul et. al.,** examined different ways in which financially distressed companies try to avoid bankruptcy. Their study was based on a sample of 102 companies that issued high-yield “junk” bonds during the 1970s and 1980s and subsequently got into financial trouble. Poor firm-specific performance was the primary cause of distress for 69 firms and leverage was the primary cause for nine firms. The authors find that the sale of assets, including the sale of the whole firm, is a frequent way to avoid bankruptcy, particularly for firms with many debt issues outstanding. However, industry factors can limit a company’s ability to sell assets.

**Arogyaswamy, K et. al.,** proposed an integrative two-stage model for firms turnaround and defined turnaround situation as initially the firms performance declines when it fails to adapt to the changing environment and the decline causes continual erosion of the external stakeholders’ support. Due to that internal inefficiencies will grow and the internal climate and processes will deteriorate. According to them most of the turnaround models emphasize retrenchment as an initial response to decline and often fail to consider certain critical contingencies affecting the process.

**Chowdhury, S.D. and Lang, J.R.** identified smaller firms generally do not have the internal slack resources (such as inventory, liquid assets, etc.) compared to

---

larger firms. However, the smaller firms appear to entail somewhat different strategies by increasing employee productivity, disposal of old assets and extending accounts payable than others.

**Pandit, N.R.**\(^ {145} \) opined corporate turnaround as the recovery of a firm’s economic performance following an existence-threatening decline over several years. A successful recovery means survival with economic performance only acceptable to the firm’s various stakeholders. It may lead to the firm achieving sustainable, superior competitive positions in its chosen areas of activity.

In this context, Naresh R. Pandit reviewed forty-seven studies of turnaround and identified two main reasons for this state of affairs viz., problems with research design and secondly, investigations have largely been ad hoc in that they have either proceeded without a priori theoretical guidance or have failed to relate findings to extant theory ex post. This study recommended that future research based on stronger research designs and stronger theories are advanced in the hope that rapid advancement will ensue. The suggestion here is that turnaround firms that have their very existence threatened unless radical action is taken and successful recovery is demonstrated or improved.

**Sunil Kumar Maheshwari**\(^ {146} \) examined the reasons for organizational decline and suggests context specific turnaround process. The decline is primarily an outcome of inaction, inappropriate actions and inefficient actions of managers in response to environmental reality. These actions are broadly classified into two types. (a) Organizational specific like bureaucratic control, internal political and cultural

---

constraints, sunk in investment and managerial commitment to status quo and (b) environment specific like legal, political, social and economic constraints. Maheshwari develops a contingency frame work to explain context-action choice relationship. The outcome of turnaround effort could be either revival or further decline of the organization based on the interrelationship among environmental, organizational factors and turnaround strategy.

**Michael Beer and Nitin Nohria**\(^{147}\) described the two archetypes or theories of corporate transformation which helps executives to ‘Crack The Code Of Change’. They propounded the Theory E and Theory O. Theory E is change based on economic value while Theory O is change based on organizational capability. They proposed framework towards an integrative theory of change and diagnosed the nature of change, measured economic value while developing organizational capabilities and steps to resolve tensions between Theories of E and O of change. The goal is to build and strengthen corporate value.

**Sunil Kumar Maheshwari and David Ahlstrom**\(^{148}\) examined corporate decline in general and turnaround in particular with reference to Scooters India Ltd., Successful turnaround depends on an interaction in between the choices of organization and constraints in the business environment. The in-depth case study was conducted on State Owned Enterprise, Scooters India Pvt., Ltd., and found that the firm’s decision making process, its leadership characteristics, and stakeholders’ responses influence the firm’s action choices and turnaround process. The study also shows that besides strategic and

---


operational changes, the leadership characteristics and credibility of firm’s top management, stakeholders’ responses and government also play a key role in the process of turnaround.

**H.S. Rohitha Rosairo et. al.,** analyze the crisis situation in coir fiber industry in Sri Lanka, which brings valuable foreign exchange and a main supplier of coir fiber to the world market. The main factors contributing to the crisis are found to include unfavorable trade policies, trade barriers, human resource problems, poor trade behavior, export barriers, poor product marketing strategy, the high cost of production, poor industry regulation, and threats from the global marketing environment. Recommendations for the development of the industry include policy changes, improved working conditions, trade strategies, product diversification, mechanization, quality assurance, market development, strengthening of market position, regional cooperation and finally suggested a comprehensive long-term strategy for the future development.

**Francis, J.D. and Desai, A.B.** explore on situational variables which are manageable pre-decline resources and specific responses to decline. They classify attributes or performance outcomes into turnaround versus non-turnaround in declining firms based on a sample of 97 firms. Fisher and Desai applied Fisher’s Multi-Discriminant Analysis (FLDA) to test the variables and found that contextual factors such as the urgency and severity of decline, firm productivity and the availability of slack resources, and retrenchment can determine the ability of sample firms to turnaround. Overall, factors under the control of managers contribute more to successful turnarounds.

---

than situational characteristics. They found that the size of the firm does not have statistically significant influence on the outcome of the turnaround. Most of the determinants identified by Francis and Desai and Smith and Graves¹⁵¹ are similar except that Smith and Graves included the role of senior management turnover in the turnaround process.

Mongkhol Mongkholnorakit¹⁵² investigated the causes of business failure with respect to stages of turnaround and contingencies for turnaround management. The main strategies which are mostly implemented by the turnaround units are (i) downsizing, (ii) innovation and growth, (iii) building trust of employees towards leadership and corporate disclosure.

Vara Prasad¹⁵³ pointed out the role of HR in turning around Harley Davidson (a motor cycle manufacturing company), Mahindra & Mahindra Ltd., (a tractor division), Taj Group (hotels division), Singareni Collieries Company Ltd., GE Fenauc Automation North America and FENAUC Ltd., of Japan. He emphasized the role of HR Department as a strategic business partner, change agent and the champion of employees to turnaround the organisation and develop strategies to speed up the execution of corporate turnaround.

Sireesha Mamidenna¹⁵⁴ highlighted the need of human dynamics and the HR strategies in corporate turnarounds. Turnaround is an upheaval, a change process. It is

more than a rejig of accounts and business models. Employee involvement is the key to successful turnaround, as it is evidenced by the examining of Indian and Offshore Turnarounds. Cost savings strategies of American Airlines set right the sinking ship and similarly the strategy of Service Profit Chain of ACNielsen which means recognizing the motivated and satisfied workforce deliver to customers which in turn translate into profits and a positive image for the company. This is linked to better performance, greater profits and customer delight. They could successfully bring about a turnaround in their operations. The successful turnaround story of ECIL (Electronics Corporation of India Ltd.,) steered by the dedicated workforce. Many strategic changes were instituted viz., communication channels were opened and various divisions were given greater autonomy to reshape their processes. The saga of ECIL showed that turnarounds could be successfully instituted in the public sector with the support of the workforce.

Vivek Gupta, Konakanchi Prashanth\textsuperscript{155} presented the wide array of turnaround efforts of IBM ranging from reducing the workforce of the company to make it more efficient, making more customer-focused, decentralisation of decision-making and identifying promising businesses of the company and developing a strategy to nurture their growth. Employees were given more professional autonomy in their work related matters. They were expected to follow some ethical standards in their profession as well as in personal life. Performance driven culture at IBM and insisted on delivering results. The successful turnaround story of IBM reveals organisations respond quickly into action, create an environment that maximizes employees’ commitment and to create conditions for seamless change. It is the responsibility of the HR to develop these organisational capabilities which pave a way for successful turnaround.

Souvik Dhar and Vasanthi highlighted the strategies adopted by Motorola for its turnaround. The CEO Edzander, an outsider, made the company more customer-centric and implemented restructuring plan which helped the company to post profits but he failed to adapt to the changes in the market. However, he felt that the company needed a ‘turn up’ rather than a ‘turnaround’. Edzander introduced the concepts of ‘culture change’ i.e., to communicate with employees, managers and urged them to talk about their problems and ‘seamless mobility’. Further, he introduced a new bonus plan which is based on customer satisfaction, product reliability and the cost of poor quality.

Anand K Sharma and Mathew J Manimala diagnosed the causes of decline in Indian Railways and described turnarounds are dramatic thrillers and moreover explained turnaround is the state of dramatic recovery of declining organisation. They highlight many facets of turnaround viz., turnaround actions, strategies of turnaround, types of turnarounds and stages of turnaround etc.

They proposed that retrenchment, repositioning and reorganization strategies are indistinct and unchronological and conclude that turnarounds have to take the organization to the stage of reorientation, institutionalization and growth to ensure that the turnaround is sustainable and suggested replicability of the turnaround of Indian Railways may be another area for future research.

Richard Federowski postulates hypotheses regarding the impact of routines on turnaround management. He opined that the internal and External factors along with

157. Anand K Sharma and Mathew J Manimala., The research paper was presented at the International Workshop on Innovation and Entrepreneurship held at Cankaya University, Ankara, Turkey on November 1-2, 2007.
routines influence the success of turnaround management via nine principle mechanisms broadly negative impact mechanisms, positive and impact mechanisms. There is a significant influence of routines on the success of turnarounds. Turnaround management therefore always include rough inventory of routines and a rating-selection system.

Different routine management strategies must be implemented for distinct routine clusters. Routine analysis finally impact on the reasons for change, the ways of routine alteration and the cost of change and can be managed in sync with the chosen strategy. Then it should be possible to increase the success of turnaround management.

**Marius Pretorius**\(^{159}\) propounded a model which evaluates the key determinants of turnaround situation, credit risk strategic practices and different complementary strategies of turnaround. This model was then evaluated by a focus group of expert credit risk managers with turnaround experience. Resource munificence and causality are the key determinants emerged from the analysis of the turnaround situation which posits four types of turnaround situations viz., performing well, under performance, distress and crisis. They recommend this to the turnaround managers for making complex decisions at the time of turnaround situation.

**Christian Bachmann**\(^{160}\) reviews the impact of market turmoil on successful corporate management with particular reference to the Romanian market. They assumed that turnaround management and sustainability are not mutually exclusive corporate paradigms during times of incisive economic recession. Change is a natural phenomenon


and an ordinary business condition, hence, turnaround management is considered as an ongoing management task to secure competitive advantage.

Mere, cost reduction strategies to maintain competitive advantage are insufficient at times of incisive market turmoil. They conclude that there are different dimensions of turnaround management and provided the ways to enhance sustainable corporate performance.

**Dr. A.B.Sim**\(^{161}\) reviewed corporate decline and recovery which will help to reestablish the basic causes of corporate failures as well as evaluate the strategies for recovery on turnaround. He opined the recovery strategies empirically tested and can be more appropriately designed with objectivity and detachment keeping in view causal factors of decline. The strategies suggested of turnaround are asset and cost reduction, change of management, financial control, debt reconstructuring, improved marketing, organizational changes, product market changes, growth via acquisitions and investment related measures.

**Itai Beeri**\(^{162}\) describes the measurement of turnaround management strategies in local authorities. Two local authorities were randomly chosen for the study which are recovered from poor (2002) to good (2005) based on Comprehensive Performance Assessment (CPA) Ratings. Four semi structured face to face interviews were conducted and three major aims for the implemented strategies were identified viz., (i) stabilization, (ii) improvement of services, and (iii) organizational renewal. The methodology adopted for the study is the overall scale and eight factors were tested based on differences in mean values in between the groups of participants. T-tests show that in 97% of the

---

comparisons the TMSLA scale mean values remind stable across the groups, since no significant differences were found. The study of Malose Makgeta\textsuperscript{163} focused on six determinants of the turnaround and these factors were applied to businesses funded and restructured by the IDC. A sample of 78 firms was obtained from IDC”s database. The firms were classified by the outcome of the turnaround as either successful or failed. From the sample, 47 of the firms were successful whereas 31 failed.

The results were analysed using the logistic regression to determine if the influence of the identified factors is statistically significant to the outcome of the turnaround. The results indicated that implementation of efficiency strategies have a positive relationship with the outcome of the turnaround but not sufficiently statistically significant to conclude that the implementation of efficiency strategies have a positive relationship with the outcome of the turnaround.

Michael A. Abebe\textsuperscript{164} relates turnaround situations to the environmental contingencies by examining 98 US manufacturing firms that experienced performance decline and turnaround during the periods 1990-1994 and 1995-2000 respectively. He developed and tested a theoretical hypotheses and applied regression analysis under conditions of environmental stability and turbulence. Abebe found that there is an adverse effect of long organizational tenure on corporate turnaround, especially in turbulent environments.

The study of Itai Beeri\textsuperscript{165} on the behaviour of both poor and excellent performers

\textsuperscript{163} Malose Makgeta., Turnaround Determinants Of Distressed Firms, University of Pretoria, 2010.
\textsuperscript{165} Itai Beeri., Turnaround Management Strategies in Local Authorities: Not Only for Poor Performers, Local Government Studies, i-First, 2011, p.p.1-23.

69
of senior leaders of Local Government Authorities in UK on adopting unique set of turnaround strategies observed that regardless of the objective of performance ranking, high performers continuously implement radical changes. However, English Local Authorities are characterized by a self-perception of underachievement. Beeri suggested retrenchment, repositioning and reorganization strategies for improving the performance of failing local authorities.

Itai Beeri\textsuperscript{166} empirically examined the impact of Turnaround Management Strategies on group level organizational citizenship behaviour by taking the sample of one hundred and twenty-six senior leaders of English Local Authorities. The study explores on repositioning, reorganization strategies at organizational level and found that organizational culture, work relations, morale and cooperation, introducing major personnel changes are likely to produce mixed or even undesired outcomes. The implementation of repositioning and reorganization strategies at organisational level experienced high levels of group-level organisational citizenship behaviour while implementation of reorganization at personnel level was linked to low-group level organisational citizenship behaviour which is indifferent to retrenchment strategies.