Organizational Turnaround: A Conceptual Framework and Research Agenda

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Although much has been written on the subject of organizational turnaround, this article attempts to provide a grounded, yet comprehensive narrative in exploring the turnaround literature. In developing its theoretical framework, this paper focuses on the behavioral aspects of the organization's top management teams (TMTs) during the time of organizational challenges and decline. This primary objective of this paper is to investigate theoretical perspectives that seek to explain turnaround strategies within a wider conceptual universe. Additionally, it provides a road map to guide the future research efforts of scholars and practicing mangers through a suggested research agenda.

INTRODUCTION

Despite a growing interest of researchers and practitioners' in examining the subject of organizational turnaround and turnaround mechanisms (e.g. Cameron, 1983; Cameron et al., 1987a; Cameron et al., 1987b; Cameron et al., 1988; Chandler, 1962; Ghazzawi & Cook, 2015; Khelil, 2016; Kimberly & Miles, 1980; Lamberg & Pajunen, 2005; Levine, 1978; Mellahi et al., 2002; Turner, 1976; Weitzel & Jonsson, 1989), the subject is still far from mature (Abebe et al., 2011; Lohrke et al., 2004).

Today's media outlets and business analysts often focus on the organization's top management teams (TMTs) when an organization is faced with the threat of decline or with any other organizational challenge. The media praises its TMT for its exceptional turnaround, and strategy formulation and execution such as the successful turnaround cases of Chrysler, Nissan, and Xerox (e.g. Dumaine, 1990; Freeman, 2003; Morris, 2007); or affix the blame when the company suffers as in the cases of Borders Group, Inc., Circuit City, Eastman Kodak (e.g. Bethune, 2013; Duggan, 2011; Gogoi, 2008; Hayes, 2011; Hofman, 2002; Rochester Business Journal, 2012; Romero, 2013; Tsao, 2001; Wulf, 2011).

Failure in corporations is nothing new. Over the past 20 or so years, many well-known organizations have failed and lost billions of dollars in assets. In fact, big name companies such as Apple, General Motors, Ally Bank, Chrysler, Marvel Entertainment, Six Flags, Texaco, Sbarro, the Bottom Line, and many other recognized household names were on the brink of failure at some point but managed to survive. Contrary to that, Enron, WorldCom, and Lehman Brothers are just some well-known examples of failing companies that never came back (Hayes, 2015).

While organizational success or failure depends on its ability to transition effectively from its present life cycle stage to meeting its growth challenges (Adizes, 1988); its survival, is an active process that requires innovation, discipline, change, prudence, and sacrifice among others (Zimmerman, 1991). A case-in-point is that successful turnarounds involve leaders with strong ethical standards and strategic vision (Ghazzawi & Cook, 2015; Zimmerman, 1991). Accordingly, deciding on an appropriate managerial response strategy to decline has become increasingly important to organizational TMT as it brings with it uncertainties. While some managerial turnaround strategies have been successful, there's a mounting evidence that many turnaround efforts resulted in far more failure than in success (Altman & Hotchkiss, 2010; Nystrom & Starbuck, 1984; Pearce & Robbins, 1993).

Arjen (1998) suggested that although organizational strength and success rarely last indefinitely, serious failures can be corrected in instances. Similarly, Ghazzawi and Cook (2015) argued that, "while organizational challenges and failures are inevitable in some instances, learning from these major challenges and failures is important to organizational survival" (40).

Determining the key determinants of a turnaround process, is the primary quest of this paper and through its extensive review of the literature; this study suggests an integrative framework to explain the subject of turnaround, provides theoretical framework of the turnaround process, and offers an agenda for future research. The reason this study focuses on organizational turnaround as an integrative study, is because existing literature on the subject focuses mostly on organizational strategic choice such as "Porter's generic strategy matrix" that is designed to minimize the impact of rivalry among firms via low cost leadership, differentiation, and focus (Porter, 1986). Said strategy is a good one provided the firm is operating "normally" in a competitive environment, and there's a demand for its product and/or services thus enable it to utilize the aforementioned generic strategy matrix (Pretorius, 2008). A case in point, many survival strategic choices are determined through the match between the firm's competitive advantage's type and the pursued market choice (e.g. Akan et al., 2006). On the other hand, an integrative or comprehensive turnaround process has not received enough attention from researchers as the literature on organizational theory is more focused on results, could it be a failure or success.

Therefore, this paper has four main objectives: (1) Review the available literature of the turnaround process; (2) Provide an integrated, theoretical model that can explain the turnaround process; and (3) Provide an in-depth look into the role of the organization's top management team "TMT" in the turnaround process; and (4) offers an agenda for future research on the subject of organizational turnaround.

ORGANIZATIONAL TURNAROUND: THEORETICAL FRAMEWORK

What is Organizational Turnaround?

While some organizations experience financial distress and struggle with declining or challenging operating margins, a "turnaround" is a significant improvement of the organization's financial health and operating margins. It also represents "strategic actions that provide the firms new resources or new ways to use existing resources" (Galunic & Rodan, 1998, p.1193). Other scholars labeled it "rejuvenation" and define it as the actual entrepreneurial phenomenon that integrates organizational strategy as well as organizational changes (e.g., Beer et al., 1990; Hurst et al., 1989; Kanter, 1983; Stopford & Baden-Fuller, 1994). In the rejuvenation process, "troubled firms … can shed past behaviors, adopt policies fostering entrepreneurship and accumulate innovative resource bundles" (Stopford & Baden-Fuller, 1994, p. 521).

However, the process of turnaround is dependent on an organizational adaptation and learning (e.g. Cyert & March, 1963; Child, 2002; Lawrence & Lorsch, 1967) on one hand. On the other hand, it is also relevant to radical reorientations in an organization's strategy and structure (Tushman et al., 1985). According to Tushman & Romaneli (1990), models of adaptive learning could also be used in the presence of radical reorientations in an organization's strategy and structure by way of exploring said reorientation. Reorientations tend to occur after sustained periods of poor performance and a change in organization's TMT (Tushman & Romaneli, 1985). Similarly, Cyert & March (1963) suggested that adaptive learning is a result of a successful search for a new solution to a poor organizational performance and leadership.

Successful turnaround often brings with it a high-profile media and industry attention. It also raises serious questions about why and how the situation occurred in the first place since "most often turnarounds are preceded by years of declining financial performance and other warning signs that went unheeded by the organization's leaders or were repeatedly explained away by them" (Orlikoff & Totten (2013, p. 17). However, there is some agreement on what constitutes a successful turnaround in terms of how long the reversal of decline has to last (Trahms et al., 2013). While some have suggested that one year is adequate (e.g. Morrow et al., 2007), others argued that a three year of sustained positive performance is needed to ensure a successful turnaround (e.g. Barker & Duhaime, 1997; Bruton et al., 2003). Accordingly, this paper defines turnaround as a firm's economic recovery from its decline that threatens its very existence (Arogyaswamy et al., 1995; Barker & Duhaime, 1997; Hofer, 1980; Lamberg & Pajunen, 2005; Pearce & Robbins, 1993).

THE TURNAROUND PROCESS

While organizational decline could be attributed to internal and/or external factors (e.g. Anheier, 1996; 1999; Cameron et al., 1988; Ghazzawi & Cook, 2015; Jaffee, 2001; Van Witteloostuijn, 1998), turnaround, however, tends to be strongly firm centered and focused on managerial cognition, efficiency, and relevant performance criteria. A turnaround is a serious process whereby managers tend to reverse the organization's course and restore its economic viability through cognition, acknowledgment of its decline, and implementing a viable course of action (Daft, 2013; Filatotchev & Toms, 2006; Hofer, 1980; Pearce and Robbins, 1993). This process starts with a recognition of looming problems and carefully determination of its causes and the design of alternative corrective actions. This turnaround process is relevant to the concept of the institutional theory of the organization where an organization can take steps to increase its ability to grow and survive in a competitive environment by means of strengthening its legitimacy in the eyes of its various stakeholders (e.g. Dacin et al., 2002; Tolbert & Zucker, 1999; Zucker, 1987). It is also about how the organization becomes relevant in its environment through its ability to develop its skills and competences that will lead to its operational efficiency and economic survival.

Studies examined the subject of turnaround in theoretical and empirical settings had yielded debate on its turnaround steps (e.g. Bibeault, 1999; Ghazzawi & Cook, 2015; Hambrick & Schecter, 1983; Hofer, 1980; Panicker & Manimala, 2015; Robbins & Pearce, 1992; Trahms et al., 2013; Sudarsanam & Lai, 2001; Schendel et al., 1976). However; scholars generally agree on some major steps to help restore the organization including identifying decline causes (Filatotchev & Toms, 2006; Pearce & Robbins, 1993; Trahms, 2013); ensuring viable/strategic leadership in place to guide its direction (e.g. Ghazzawi & Cook, 2015; Hambrick & D'Aveni, 1988; Van Gelder et al., 2007); reorientation (Beer, 1987**;** Cameron et al., 1987a; D'Aunno & Sutton, 1992; Dewar & Dutton, 1986; McKinley, 1993; Staw et al., 1981**;** and taking long-term action to enlist its stakeholders to support its turnaround strategy (Arogyaswamy et al., 1995; Pajunen, 2006). These major turnaround steps will be discussed below (See also Figure 1).

Identifying Causes of Decline by Organization's TMT: The Quest for an Adaptive Learning

Awareness was found to be central to prompting actions to eventual reverse and rejuvenation (Furrer et al., 2007; Jones, 2013; Pajunen, 2006; Trahms et al., 2013). It is the management's responsibility to detect signs of decline. Management in this stage has to recognize the fact the organization is declining and must move to identify its causes and take actions to correct it. According to Sudarsanam and Lai (2001), turnaround often requires swift managerial actions to stop the bleeding. On the other hand, failure is associated with inaction or inappropriate action (Schendel et al., 1976; Sudarsanam & Lai, 2001; Trahms et al., 2013; Weitzel & Jonsson, 1989). In some instances, awareness of decline might not be apparent or visible to management (Winn, 1997).

Management corrective actions are dependent on good information regarding decline causes since decisions are only as good as the information they are based on. In reality, while many leaders are often held responsible for their organization's decline (e.g. Cameron et al., 1987a; Ghazzawi & Cook, 2015; Giessner & Van Kneppenber, 2008; Lord et al., 1978; Meindl & Ehrlich, 1987; Trahms et al., 2013), "they themselves tend to affix blame elsewhere" (Trahms et al., 2013, p. 1290).

It is easy to misread the decline and lay unwarranted blame on others. But finger-pointing can neither solve the problem nor eliminate the causes of decline. According to Ghazzawi and Cook (2015), the inability of a leader in the decline stage to get relevant information and lead through all of the major organizational functions, might be the path to eventual dissolution if no appropriate action is carried out.

Trahms et al., (2013), argued that "an accurate perception of the decline's severity is also essential because poor assessment results in ineffective restructuring strategies that fail to engineer a performance turnaround" (p. 1290; see also Sudarsanam & Lai, 2001). Accordingly, awareness and detecting, recognizing and accepting, knowing, attributing decline causes, and learning from them, are the first steps in making decisions about reversing the downward spiral.

Having a Viable Strategic Leadership

While many variables are a part of the turnaround process, management in general and TMT in particular has the ultimate responsibility as it is the principal catalyst in the revival of troubled firms (Zimmerman, 1991).

In their study of the 100 largest organizational crises over a five year period, Probst and Raisch (2005) identified leadership as one of the major problem areas. Additionally, in the decline and turnaround literature, scholars have often attributed decline to organizational leadership as they have often failed to achieve organizational goals or to change and/or turn their organization around (e.g. Ghazzawi & Cook, 2015; Giessner & Van Kneppenber, 2008; Lord et al., 1978; Meindl & Ehrlich, 1987).

The important role of a strategic leader is to help move the organization forward in every aspect (e.g. entrepreneurial, managerial, and social) as a means of discovery and exploitation of new opportunities while minimizing competitive threats (Ghazzawi & Cook, 2015; Mourdoukoutas, 2011; Gottardo & Moisello, 2011). It drives innovation and helps sustain the firm, keeping it viable "as strategic leadership premise is focused on ensuring the organization's long-term perspective, it involves vision, meaning that leaders are future-oriented individuals" (Ghazzawi & Cook, 2015, p. 44). The turnaround process is focused on corporate renewal and emulates in theory other models when identifying the various organizational challenges/needs to escape failure (Harker & Harker, 1998).

Gordon Bethune left Boeing in February 1994 to become the president and chief operating officer of the troubled Continental Airlines. At that time, Continental airlines was ranked last among the nation's top 10 airlines, based on the US Department of Transportation's quality indicators such as on-time percentage, number of mishandled-baggage reports, number of compliments, involuntarily denied boarding (Hartley, 2011). However, by May 1996, Continental was awarded the J.D. Power award as the best airline for customer satisfaction on flights of 500 miles or more. In January 1997, it was named "Airline of the Year" by Airport Transport World, the leading industry monthly (Hartley, 2011).

Repositioning an organization for the purpose of a successful turnaround requires competent evaluation and assessment or being in possession of competent/strategic leadership qualities. Therefore, "leadership abilities should instinctively be alerted to the acute needs stage, restructuring stage, stabilization stage, and the revitalization stage which is identified in turnaround management" (Ghazzawi & Cook, 2015, p. 45). An important final note is that leadership is at the heart of any organizational decline or turnaround. Its ability to get accurate information, to prompt action, and to correct action when necessary is crucial to its turnaround and sustainability. In contrast, its absence might lead to crisis and possible demise (Ghazzawi & Cook, 2015).

According to Mourdoukoutas (2011), an organization performs three major functions: (1) The social function, (2) The managerial function, and (3) The entrepreneurial function. Its social function refers to its very basic existence as a social institution with the purpose of providing a value to its customers. This is in addition to its provision of employment and other services including its role as a socially responsible establishment in its environment (Ghazzawi & Cook, 2015; Mourdoukoutas, 2011). On the other hand, the managerial function revolves around allocation of the organizations' resources (human, financial, and others); interactions among employees, labor-management relations, organizational culture, organizational design, and organizational control, and how different tasks must be performed. Finally, the entrepreneurial function of the organization focuses on the discovery and the exploitation of new business opportunities or the development of its current opportunities or its products/services (Ghazzawi & Cook, 2015; Gottardo & Moisello, 2011; Mourdoukoutas, 2011).

The three organizational functions are interrelated and require strategic leadership. For instance, its social function affects how an organization is functioning and responding to its internal and external environment, and imposes various constraints on the entrepreneurial and managerial functions. Similarly, its entrepreneurial and managerial functions influence the organization's social function. It was suggested that a failure in any one of these functions negatively impacts the other two, which might lead to an organizational failure and eventual demise of the organization (Ghazzawi & Cook, 2015; Mourdoukoutas, 2011). In fact, failures are often attributed to leadership inability to achieve organizational goals and, in instances, to rejuvenate their organizations (Ghazzawi & Cook, 2015; Giessner & Van Kneppenber, 2008; Kimberly & Miles, 1980; Lord et al., 1978; Meindl & Ehrlich, 1987).

Reorientation: Strategic and Structural Choice

Get Innovative or Get Dead! That was the title of Tom Peters' (1991) article about the need for perpetual innovation and improvement for ensuring organizational survival. In the 1989 Kinsella movie *A Field of Dreams*, the main protagonist built a baseball field and then waited until people came. Such a passive strategy in today's business environment will almost guarantee organizational demise. Innovation is not only relevant to product quality and customer service, it is also a broad concept. It means to be innovative in every aspect of the organization including its management, strategic choices, structure, and other functions. Strategic reorientation is the response process to an organizational decline or to threatening decline. It is a move from a current state to what perceived to be a futuristic, desired state to increase the organization's performance. The goal of the top management team is to find new way or improved ways of using its resources and capabilities to improve its performance (Beer, 1987).

In fact, researchers on the subject of organizational decline and turnaround have long maintained that performance declines will lead to organizational rigidity and negatively impact its innovative choice by lessening organizational abilities to implement its needed strategic reorientations (e.g. Cameron et al., 1987a; D'Aunno & Sutton, 1992; McKinley, 1993; Staw et al., 1981). Staw et al., (1981) suggested that individuals, groups, and organizations will behave rigidly when facing the threat of performance decline. This declination leads to a "mechanistic shift" as top managers' response to threat will be translated to the needs to increase control over their organization through a more mechanistic structure and decision processes.

Dewar and Dutton (1986) proposed that a shift towards a mechanistic structure that leads to centralization of authority and decision making processes will have a negative effect on the adoption of incremental innovations. On the other hand, decentralization leads to empowering individuals at lower levels to take a sense ownership on what they do and propose the needed change that accelerates performance. Similarly, Barker and Mone (1998) argued that a mechanistically oriented organizations may have difficulties changing their strategic orientation during the time of decline, as authority is consolidated with people who have less dealing with the environment. As consequences, top managers are limited when it comes to finding solutions as they have develop fewer alternatives resulting in less vertical communication. Jones (2013) poised that organizations with organic structure and adaptive cultures value innovation, encourage both explorative and exploitative learning, and are more likely to actively seek new ways to improve. In contrast, mechanistic, inert organizations are often too slow to recognize and seek new ways to respond.

Enlisting Organizational Stakeholders' Support

The role of stakeholders is very crucial, and tends to increase during a firm's decline and turnaround attempts. Both internal and external stakeholders see an increase in their roles due to the fact that organizational decline is a serious matter not only for them but also society at large (Daily, 1996; Pajunen, 2006; Trahms et al., 2013). In fact, an organization's survival efforts are contingent on its relationships to other organizations and stakeholders (Oliver, 1991; Pajunen, 2006; Pfeffer & Salancik, 1978). The dependency on and the presence of multiple stakeholder groups leads to the dilemma of how to manage such relationship in the presence of organizational challenges and decline.

According to Pajunen (2006), "this dependency is likely to culminate in a crisis situation; when an organization has to implement a turnaround or otherwise face descent into failure" (p. 245; see also Arogyaswamy et al., 1995; Barker & Duhaime, 1997; Filatotchev & Toms, 2003; Hambrick & Schecter, 1983; Pearce & Robbins, 1993). Knowing who the most influential stakeholders are, and how the organization can work with them, is very crucial to organizational survival (Arogyaswamy et al., 1995; Pajunen, 2006). In a case study examining stakeholder influence at a time of decline, Pajunen suggested that the survival of an organization during a crisis is dependent on securing the continued support of its governing stakeholders. Of special importance at this stage are crafting personal relationships with stakeholder groups, developing long-term goals, and ensuring stakeholder alignment with management in order to provide common ground to affect changes that lead to organizational turnaround and increase legitimacy with stakeholders.

Barker et al., (2001) suggested that actions by firms, such as key management replacements, could help facilitates stakeholder support. Additionally, D'Aveni and MacMillan (1990), suggested that continued and enhanced communications with influential stakeholders are necessary for influencing their perception of the organization's potential and progress. Stakeholders may also have varied control mechanisms over the declining organization. For example, they may control the use of resources that are critical to firm operation and survival, and possess means to influence the behavior of organization as a whole through various strategies and decision making (Frooman, 1999; Oliver, 1991; Sheppard, 1995; Sheppard & Chowdhury, 2005).

There are two main two groups of stakeholders—inside and outside stakeholders. The importance of reaching out and enlisting their support to the turnaround process is summarized below:

Inside stakeholders

Inside stakeholders, consisting of shareholders, managers, and the workforce, are closest to the organization and so play a very important role in the value creation process and have direct claim on the organization resources. Firms must pay close attention to this group and manage their expectations. Shareholders, for instance, are the owners of the firm and therefore their claim on its resources is often considered superior (Jones, 2013). Shareholder contributions, in the form of investment, is risky because there is no guarantee of a return. In a declining stage, shareholders, who do not feel comfortable that the potential return on their investment is possible or enough as compared to other investments, might withdraw their support and sell their shares.

Research suggests that family and management ownership of the firm is relevant to turnaround efforts (Trahms et al., 2013). Firms with higher management ownership tend to minimize spending on research and development and reduce the availability of slack resources during the decline stage (Latham & Braun, 2009). Sirmon & Hitt (2003) suggested that survival is relevant to the characteristics of the firm and family. For instance, very large family firms (e.g., Ford or Wal-Mart) have tapped into traditional markets for funding and are beyond dependence on the family's commitment. In this case, family members often have significant personal wealth and may expect the markets to discipline and direct management to protect that wealth. As a matter of fact, many family members are likely to prefer protecting their wealth through investment diversification. On the other hand, growth-oriented non-wealth family firms often do not have outside wealth. Instead, family characteristics such as strong ties to the family firm, long-term orientation, or altruistic values and motives help shape turnaround strategies that guarantee survival.

On the other hand, managers and workforce represent the human capital that is dedicated to the firm's competitive advantage. They provide the needed skills and expertise in creating the value that the firm provides. This group of internal stakeholders is vital during this stage. Managers provide the skills and knowledge needed to plan, organize, lead, and control all the resources required to create value by the firm. They also have a very important role in directing activities in this challenging period of the organization's life-cycle. This includes the motivation of the workforce, directing the response to pressures from the organizational environment, and redesigning its structure. Continued managerial support and commitment is also needed during the turnaround phase.

Workforce importance is due to the fact that they provide tasks and duties needed to accomplish jobs at each required level. In challenging times, employees need motivation and encouragement to continue believing in and supporting their organization as opposed to having the intention to withdraw their support and potentially leave.

Outside Stakeholders

Outside stakeholders do not work in the organization nor do they own it. However, they have some stake in or claim on it. Customers, suppliers, labor unions (if unionized), government, local community, and the general public constitute this important group of stakeholders.

When enlisting stakeholder support, there must be a focus on customers as well. This is a vital group as their perception, trust, and understanding of the organization's situations during the turnaround process is very important in keeping the organization functioning. If customers reject the value or the price the firm is asking, they will withdraw their support. The effects of the perceived image of the organization is crucial as customers could be influenced positively or negatively according to that perception. Trahms et al., (2003) suggested that firms that maintain current customers during a turnaround phase, will have a lengthier time frame to accomplish their turnaround efforts.

Another important stakeholder group is suppliers given that they provide the firm with the required raw materials and other components to help produce reliable products and/or services while reducing its production costs. According to Jones (2013), an organization that has high-quality input can produce high-quality products and in turn can attract return customers. Maintaining a close relationship with suppliers during the turnaround process is very important as firms need to ensure an uninterrupted supply of raw materials, parts, and components to keep them functioning and help them improve the quality and reliability of products and/or services.

Suppliers of capital or creditors and financial institutions also play a very important role in the firm's stakeholder relationship as they wield considerable influence and power especially in the crisis stage. Banks and other financial institutions will use the crisis stage as a means to apply pressure and make important changes such as the removal of the firm's CEO, as the downturn has increased the power of the creditors (Bruton et al., 2003). Other creditors such as suppliers and strategic partners, are also very important in the turnaround efforts as they keep the organization afloat. Their supply of the firm's needed resources ensures its sustainable operations while it manages some retrenchment activities (Trahms et al., 2003). Powerful, large institutional shareholders might also force organizations to streamline operations. According to Jones (2013):

> Mutual fund companies have become more vocal in trying to influence top managers. For example, they have sought to get companies to remove so-called poison pills, which are antitakeover provisions that make it much more difficult and expensive for another company to acquire it…Mutual fund companies are also showing increasing interest in controlling the huge salaries and bonuses that top managers give themselves that have reached level records in recent years (p. 29).

In the case of unionized firms, the trade union becomes an important stakeholder group. While the relationship between management and labor union could be categorized as one of conflict or cooperation, this relationship has an important effect on the firm's turnaround efforts and process. Management-union relationships have traditionally been antagonistic because union demands for increased benefits tend to be contradictory to shareholder demands for higher profit and return on their investments (Jones, 2013). This antagonistic relationship might lead to conflict. However, in challenging times, both parties must create an alliance of cooperation that will help the firms overcomes challenges, sustain operations, get the needed materials and components, provide employment, retain customers, attract new customers, and improve the bottom-line. An example of a cooperative management-union relationship can be found during the US auto industry decline in 2007/2008. Greenberg (2013) states that:

> Back in 2007, it had agreed to a two-tiered wage scale that allowed the companies to hire new workers at much lower pay. Between the new wage rates and the savings from

> taking over retiree health costs, labor costs fell by about a third and are now on par with those of the foreign carmakers (para. 21).

It is also important to stress that government is an important stakeholder as it seeks to ensure compliance with competition, manufacturing, labor, safety, hiring, and taxation laws. During the turnaround phase, non-compliance could lead to unnecessary challenges from regulatory agencies. For example, if laying off people is deemed necessary, the firm must ensure compliance in a non-discriminatory fashion. Of note is that there is a likelihood of government intervention for those firms described by Trahms et al., (2013) as too big to fail. For example, during the auto industry bailout in 2008, the entire auto industry was in very bad shape. Layoffs at auto plants and among auto parts suppliers were on track to reach 250,000 workers. General Motors was virtually out of cash and Chrysler was not far behind when the federal government stepped in to bail out the auto industry (Greenberg, 2013). In cases like that, the government will renegotiates contracts, or disputes between the firms and other and provide low-interest loans to prevent their failures.

After the bail out, Greenberg (2013) indicated that total employment for carmakers and parts suppliers in 2011 was up about 200,000 from 2009, sales rose 10% for GM, 13% for Ford, and 14% for Chrysler. All of these companies are now significantly profitable. According to a US Congressional Oversight Panel that assessed the impact of the government's efforts: “The industry’s improved efficiency has allowed automakers to become more flexible and better able to meet changing consumer demands, while still remaining profitable” (Greenberg, 2013, para. 11).

Another example of the role of government was when the government of Quebec, Canada stepped in to save Cirque du Soleil (French for Circus of the Sun) during its early financial hardship. According to Ghazzawi et al., (2014a), Cirque du Soleil remains one of the greatest success stories in the history of the entertainment industry and has grown into a global entertainment business where its performances have been seen by over 100 million spectators in nearly 300 cities worldwide. According to Ghazzawi et al., (2014b):

> What started as Les Échassiers de Baie-Saint-Paul (French for the Wading birds of Baie-Saint-Paul), it countered financial setbacks that were relieved in 1983 when the government of Quebec extended a grant to the troupe as part of its 450th anniversary celebrations of Jacques Cartier’s discovery of Canada. (p. 32)

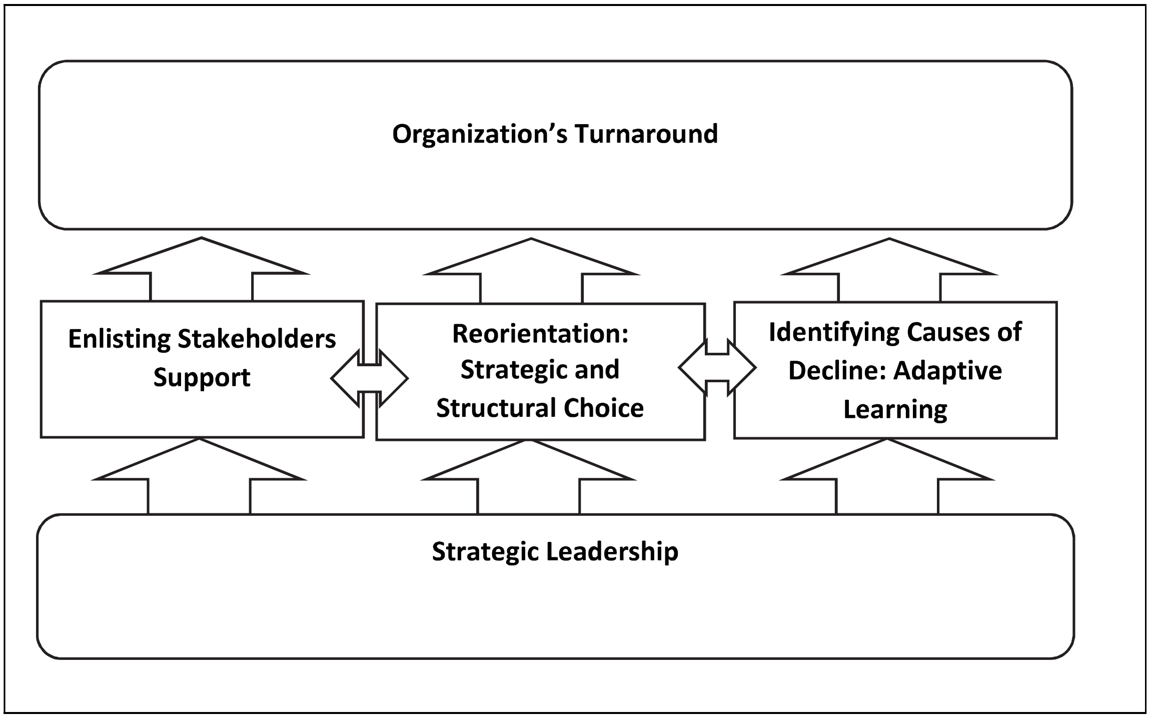
In less than 30 years, the company had over 5,000 employees worldwide, including more than 1,300 artists, and redefined the circus industry (Ghazzawi et al., 2014).

Local communities also have a stake in the organization. The success or failure of an organization has a direct impact on its local community. The community well-being, its general economy, housing, and employment is dependent on the firms residing in the community. For example, the failure of Eastman Kodak had a major impact on the city of Rochester. Assessing Kodak’s impact on the city of Rochester, Haq (2012), stated that:

> It takes about 20 years to transition an economy; it takes a generation of people to go through the system. You have to have a clear vision of where you’re going, foster entrepreneurship and diversity, and build a community that celebrates the arts. We’re five to seven years into that 20-year transition (para. 20).

Keeping the positive perceptions of the firm within the community it exists in is important to keep the firm functioning while attempting a turnaround.

FIGURE 1
THE TURNAROUND PROCESS



Finally, the general public have a stake in the organization. While attempting a turnaround, the firm must keep the same good relationship with the general public as it was before its decline. Keeping a good external image affects the general public in every aspect, and there is a positive correlation between a good corporate reputation and an organization's value (Balmer & Gray, 1999; Clark & Montgomery, 1998; Roberts & Dowling, 2002; Tuna et al., 2016). Crafting a good relationship with the general public impacts workforce belief in their own organization and helps create a positive perception. Inside stakeholders are influenced by what they see and hear, because they obtain information about the organization from the general public. Based on what they hear, they form an opinion as to what outsiders think of their organization (Kang et al., 2011; Tuna et al., 2016). For example, The American Red Cross was faced with criticism over the inefficient way in which its managers handled the organization's resources at the time of Hurricane Katrina in New Orleans. In response, the Red Cross went through a major restructuring to increase its efficiency and regain their standing in public eye (Jones, 2013).

CONCLUSION AND A PROPOSED FUTURE RESEARCH AGENDA

As organizational turnarounds have become an important subject for both scholars and practitioners, this qualitative paper is another plea to enhancing the literature on the subject and providing a road map for future research. The current paper had three main objectives. The first objective was to review the available literature of the turnaround process, provide an in-depth look into the role of the organization's top management team "TMT" in the turnaround process, and offered an agenda for a future research.

The paper suggested that the process of turnaround is strongly firm centered. Said turnaround is focused on managerial cognition, efficiency, and relevant performance criteria and based on identifying causes of decline by top management; ensuring viable strategic leadership in place to coordinate the turnaround process (i.e. ensure innovation, make necessary changes, work with all stakeholders, to name a few tasks); reorientation to bring about a response to the current state; and finally, enlisting organizational stakeholders' (internal and external stakeholders) support for the turnaround process.

Given the nature of the dynamic environment of the organizational life cycle, this study suggests that the subject of turnaround deserves much research and analysis. Accordingly, the above review of literature on organizational could serve as a source of major empirical research designed to further test turnaround efforts and impediments. While the importance of all management turnaround actions are all worthy research topics, this study specifically suggests that future researches are to focus on the role of leaders; reorientation and learning; and the role of stakeholders as perhaps the most critical variables for further study within the literature of turnaround. Please refer to Table 1 for the suggested topics.

The study suggests an empirical research related to leadership as it believes that leaders are key to organizational reorientation and turnaround. Additionally, it will be necessary to empirically validate the belief that changing a TMT could lead to organizational turnaround. Furthermore, it will be important to empirically investigate whether downsizing is always necessary in helping struggling organizations in their turnaround process, and what role knowledge sharing among divisions plays in performance based resource allocation. Finally, and out of a belief that stakeholders are key to organizational turnaround as they provide the necessary resources (financial, knowledge, skills, etc.), they are emotionally attached to it. An empirically based research studying this emotional relationship, including the exercise of stakeholder power and whether it impedes decline or turnaround, might be necessary.

TABLE 1
FUTURE RESEARCH DIRECTIONS IN ORGANIZATIONAL TURNAROUND

<u>Strategic Leadership</u>
1. What are the attributes and experiences of a successful CEO in the turnaround process? 2. What role does the board of director's play in the turnaround process and its outcomes? 3. Is changing the CEO and the top management team (TMT) always healthy in the turnaround process and outcomes? 4. How do family firms manage the need for leadership change and organizational survival when the CEO is a family member? 5. What are the effects of homogeneity versus heterogeneity in the TMT on the decline and turnaround process?
<u>Reorientation and Adaptive Learning</u>
1. What role if any does downsizing capacity impact the firm during the turnaround process? 2. How collaboration and knowledge sharing among divisions impact the firm's performance and accelerate the turnaround process. 3. Does innovation always leads to an upward organizational spiral? 4. What does the role of resource allocation play in a firm's turnaround? 5. How TMT cognition does affect organizational strategic decision-making during the turnaround time?
<u>The Role of Stakeholders</u>
1. What role stakeholders play in organizational turnaround? 2. What role does the board of directors' play in managing stakeholders' relationships during the turnaround process? 3. The impact of power structure on the speed of innovation and strategic response during the time of the turnaround. 4. What is the impact of downsizing on firm's stakeholders during the turnaround process? 5. What is the impact of rivalry's among divisions on the firm's turnaround process.

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