



An Empirical Study on the Relationship among Slack Resources,
Resource Deployment, Turnaround Strategy,
and Turnaround Performance

Bo-Wei Chen*

Department of Business Administration
National Yunlin University of Science & Technology, Taiwan R.O.C.

*Corresponding author: tigerbo@gmail.com

Tzu-Hsiang Wei

Department of Business Administration
National Yunlin University of Science & Technology, Taiwan

Abstract

This study explores the relationship among organizational slack resources, resource deployment, turnaround strategy, and turnaround performance, employing sample companies that experienced turnaround situations during 1998-2010 from the Taiwan Economic Journal database. The empirical results herein show (1) slack resources negatively influence an efficiency-oriented strategy; (2) resource deployment has a positive influence on an efficiency-oriented strategy; (3) firms adapt an efficiency-oriented strategy has a negative impact on performance; (4) firms with higher variety in resources deployment, the utilization of a efficiency-oriented strategy deteriorated turnaround performance; (5) firm's specific factors have more impact on turnaround performance than do other variables.

Keywords: Turnaround Strategy, Organizational Slack Resource, Resource Deployment, Firm Specific Factors, Turnaround Performance

Introduction

It is ubiquitous that most companies have to face the situation of economic recessions and encounter poor performance during their organizational life cycle. Firms that have declined for several years are generally considered as representatives for a turnaround situation (Chen and

Hambrick 2012; Ndofor et al. 2013; Schmitt and Raisch 2013). Chen (2015) emphasized that the operational definition of a declining situation - requiring a one-year swing from healthy profits to operating losses - does not mean that the problems confronting these companies were minor or necessarily short lived.

An unsuccessful reaction for coping with poor performance may lead firms to a difficult situation or even go into liquidation. Managers should thus conduct effective actions to prevent their firms from going out of business. A turnaround strategy is the solution for managers to implement when helping their firms to survive.

Different approaches of turnaround strategies have been discussed over the years. Some focus on the necessity of a turnaround strategy and the factors that accelerate the change of strategy (Schoenberg et al. 2013). Others put more efforts on how the turnaround occurred (Ahearne et al. 2014; Panicker and Manimala 2015) and the factors that restrict a turnaround (Bradley et al. 2011). However, there is still no consensus about which turnaround strategy is better than another one (Trahms et al. 2013).

Previous studies have made some assumptions about turnaround strategy and turnaround performance (Harker and Sharma, 1999; Sudarsanam and Lai, 2001; Barker and Mone, 1994). However, little research based on large samples and empirical approaches focus on the impact of slack resources, resource deployment, and firm specific factors in the relationship of turnaround strategy and turnaround performance. The main goal of this research is to explore the relationship between turnaround strategies and firm performance, especially for the impact of slack resources, resource deployment, and firm specific factors.

The Relationships Among Turnaround Strategy, Slack Resources, Resource Deployment, Firm Specific Factors, and Turnaround Performance

For firms that have experienced severely declining performance, managers and researchers regard this situation as reversible (Collett et al. 2014). In the early studies of the literature, researchers divided turnaround strategies into three main categories: cost reduction, growth or recovery strategies, and combined approaches. It is hard to classify a combination strategy into a definite strategy. Successful turnaround strategies rely on the causes of decline and the solutions that are customized in order to solve for different cases (Rasheed 2005). Previous scholars have presented different options for firms to revive themselves from poor financial performance due to diverse causes and the nature of the turnaround situation.

Rasheed (2005) explored the choice between growth and retrenchment under turnaround strategies for small business owners experiencing a decline in performance. His results indicated these contractors choose a growth strategy when their perceptions of resource availability and past financial performance are both high and when both are low. This indicates small business owner/ managers remain aggressive when faced with adverse conditions.

The focal point of other studies on turnaround strategies put more effort on different aspects. Previous studies on financial management and control recommended organizations to restructure debt or execute asset reduction (Chen and Hambrick 2012). Turnaround strategies recognized for their improvement on operations management include quality improvement, cost reduction, efficiency measures,

and investment in R&D (Collett et al. 2014; Trahms et al. 2013). In the field of top management team and human resource management, organizational restructure, employee reduction, information dissemination, and culture building are the strategic options recommended to help companies during a declining situation and to put them on a path of stabilization and growth (Pajunen 2005).

To sum up, the main recommendation from prior studies can be categorized into two types of strategies: growth-oriented and efficiency-oriented (Hofer and Schendel 1978; Hambrick and Schecter 1983; O'Neill 1986; Pearce and Robbins 1993). Barker and Mone (1994) stated that firms conducting an efficiency-oriented strategy may not revive themselves from the decline. In other words, an efficiency-oriented strategy shrinks the scope of business or decreases the expenses of marketing and other costs, making organizations lose their profitable competency and speeding up the declining situation (Grinyer and Spencer 1979; Barker and Mone 1994). Conversely to efficiency-oriented strategies, growth-oriented strategies are much more successful in a company turnaround situation (Barker and Mone 1994; Harker and Sharma 1999; Sudarsanam and Lai 2001). As such, this study offers the following hypothesis.

Hypothesis 1: Different turnaround strategies selected lead to the different turnaround performance.

In light of theorists of the traditional organization approach, the preservation of slack resources is good behavior. When an organization has slack

resources, managers are able to use those resources during a decline in business (Le Cottier and Santalo 2014; Xu et al. 2015). Slack resources can be regarded as a buffer system to alleviate the impact from an external recession. Researchers have proposed the following idea: Organizational slack is a kind of cushion, which consists of actual or potential resources that allow an organization to adapt successfully to internal or external pressures, such as policy changes or strategy changes relating to the external environment (Lecuona and Reitzig 2014; Marlin and Geiger 2015).

Slack organizational resources facilitate firms to eliminate inconsistency in their business goals (Marlin and Geiger 2015). The four major purposes for slack resources are: 1) motivations for firm actors to stay within the system; 2) a tool to reduce inconsistency of business goals; 3) a buffering mechanism in the workflow process; 4) a supporter of some strategic intention or inventive actions within the firm (Huang and Li 2012; Marlin and Geiger 2015; Mariadoss et al. 2014). Firms may endure threat-rigidity and have less flexibility to react to a decline when the organization lacks liquid resources as a buffer. Studies have found that threat-rigidity is a strong influence if firms are suffering from a drain of slack organizational resources (McKinley et al. 2014; Ndofor et al. 2013). Scholars have clearly suggested the importance of slack resources, and firms without enough slack resources could be less flexible in conducting strategic actions for which their performance will be affected. Hence, this study proposes the next two hypotheses as follows.

Hypothesis 2: Slack organizational resources may positively affect turnaround strategies.

Hypothesis 3: Slack organizational resources moderate the relationship between turnaround strategies and turnaround performance.

Companies are internalized structures of resources deployment (Klein et al. 2013; Kozlenkova et al. 2014), with managers in the company trying to focus on maximizing shareholder value (Garzella and Fiorentino 2014; Hoenen and Kostova 2015). Under these circumstances, managers endeavor to increase the efficiency of resource allocation and decrease transaction costs in order to maintain sufficient returns to invested capital (Gentry and Shen 2013; Hoenen and Kostova 2015). To achieve this, resources must be allocated to units that can bring the most positive effects in an organization (Shinkle et al. 2013).

As Fombrun and Ginsberg (1990) pointed out, strategy represents the aggregation of longitudinal resource deployment. Scholars have defined several ways for resource deployment, and the most popular one is to define the relative aggressiveness in using and deploying resources (Romanelli 1986; Venkatraman and Grant 1986). Firms with higher aggressiveness in terms of resource deployment could move quickly into new products/markets, which will be reflected in their performance. Hence, this study offers the next hypotheses as follows.

Hypothesis 4: Resource deployment may have positive effects on turnaround strategies.

Hypothesis 5: Resource deployment moderates the relationship between turnaround strategies and turnaround performance.

The Present Study

The purpose of this study is to examine the influence of slack organizational resources, resource deployment, firm specific factors, and turnaround strategy on turnaround performance. The first condition for obtaining data is that the target firms must have experienced a turnaround situation. This study uses financial data to define organizations that had experienced a turnaround situation, in which at least two consecutive years of return on invested capital are below the average of each industry (Barker and Mone 1994). Taiwan Economic Journal's definition of return on invested capital is ROA (B): $(\text{Net Income-Exc Dispo}/\text{Total assets on average}) * 100$.

Method

Participants and Procedure

The sample for this research was derived from the Taiwan Economic Journal database and is limited to listed companies. To be included in the sample, a firm must have been actively traded in the Taiwan stock market and experienced a turnaround situation during a 13-year period (fiscal years 1998-2010). The sample did not include firms' data for the year 2008, as such financial data might have been influenced by the global financial crisis. Taiwan Economic Journal yielded a potential sample of 593 firms. Firms with missing data or incomplete data were removed at initial screening, resulting in a sample of 355 companies.

Measures

Turnaround Strategy

This study defines turnaround strategy into two main categories: efficiency-oriented and growth-oriented; efficiency-oriented means that firms are increasing their capabilities of cost control in order to stabilize operations; growth-oriented means the organizations conducted a market expansion, invested in new products, and diversified to stimulate growth (Collett et al. 2014; Tangpong et al. 2015; Trahms et al. 2013). We follow the study of Chen et al. (2014), in which the efficiency-oriented strategy was calculated by the average variation of operating expenses during a three-year period of the turnaround situation. On the other hand, the growth-oriented strategy is calculated by the average variation of sales per employee during a three-year period of the turnaround situation. If the data reveal that both strategies are qualified, then the level of percent change decides the strategic orientation.

Slack Resources

Slack resources in this research follow the measure in Bourgeois and Singh (1983). Bourgeois and Singh (1983) separated slack resources into three categories: available, recoverable, and potential slack. This research adopts the same measurement of slack resources into three main categories; for example, using the current ratio as the measurement of available slack and the accounts receivable-sales ratio to measure recoverable slack. The other one is potential slack, which is measured by the debt-equity-ratio. A firm with a high equity-to-debt ratio has a

relatively low ability to obtain additional funds through incurring debt and thus has little potential slack (Bourgeois and Singh 1983). The data obtained for slack resources in this study have adopted two time periods (2001-2005, one year before turnaround) and (2003-2007, one year after turnaround). The equation of slack resources is given as follows.

- Available slack resources = current ratio
- Recoverable slack resources = accounts receivable/sales
- Potential slack resources = equity-to-debt ratio

Resources Deployment

This study uses the measurement of resources deployment in Fombrun and Ginsberg (1990) and focuses on two kinds of resources deployment: variety in resources deployment and shifts in resources deployment. This study further uses three resource types to measure variety in resources deployment: R&D intensity (R&D expenditures/sales), capital intensity (capital expenditures/sales), and advertising intensity (advertising expenditures/sales). This research picked three consecutive years (1998- 2005) of information for each turnaround period. For the measurement of the variety in resources, this study adopts the coefficient of variation (σ/mean) across the three areas to realize the varieties (Dooley et al. 1996) and then averages the results from each resource to get the varieties in each firm. For shifts in resources deployment, this study uses the proportion of the three resource types for an estimate. Here, it is R_a/RTL , where R_a is the dollar amount allocated to the resource types, and

RTL is the total amount of dollar spent on the three resource types (R&D, capital, and advertising).

We then calculate the absolute differences in the proportions of allocations to all three resource types across the two time periods. There are five turnaround periods in this study and hence five different periods of data provided: t1 (1998-2000) and t2 (1999-2001); t1 (1999-2001) and t2 (2000-2002); t1 (2000-2002) and t2 (2001-2003); t1 (2001-2003) and t2 (2002-2004); and t1 (2002-2004) and t2 (2003-2005).

Next, this research operates the data computed above through the following formula:

$$| (Ra/RTL)_{t1} - (Ra/RTL)_{t2} | .$$

The measurement of shifts in resource deployment also follows the study of Fombrun and Ginsberg (1990).

Firm Specific Factors

Several control variables are included in the model, and the first is organization age. Levinthal (1991) suggested that there is a relationship between the age of an individual organization and the likelihood of survival. Older organizations tend to exhibit higher mean performance, greater reliability in their performance, and higher levels of inertia in their behaviors. This study adopts the measurement suggested by Kelly and Amburgey (1991), which is the year of turnaround minus the organization's founding year.

The second variable is firm size. Scholars building upon Schumpeter's classic arguments suggested that large firms are more capable of obtaining radical innovations, enjoy economies of scale in research and development, spread risks widely, and have greater access to market and financial resources (Forés and Camisón 2016). This study follows the measurement of Barker III et al. (2001), who provided the number of employees during one year before turnaround as the measurement of organization size.

We also control market position, in which firms possessing greater market position leads to adequate resources for strategic changes (Schoenberg et al. 2013). Companies with adequate resources could have more chances to achieve better turnaround performance. Market position is measured by total revenue and market share (Schoenberg et al. 2013). Therefore, this study first acquires the total revenue one year before firms experienced a turnaround situation and then computes the data to a standardized score for each industry. If the numbered results are positive, then it shows that the firm has a higher market position than other firms in the industry. However, a negative number reveals information that the companies possess a lower market position.

Better turnaround performance can be traced back to better prior performance. Better prior performance can be regarded as a firm's internal abilities, and firms with better internal capabilities have more resources to operate on strategic changes (Díaz-Fernández et al. 2016). Thus, prior performance is also our control variable. Prior performance is

measured by the four-year ROA average before firms experienced the turnaround (Wiseman and Bromiley 1996).

Turnaround Performance

Turnaround performance can be measured by four consecutive years of revenue variation (Kesner and Dalton 1994). Companies with successful turnaround performances show growth in net profit for three consecutive years. Another definition of a successful turnaround performance is when return on investment (ROI) and return on sales (ROS) have risen above average and keep growing for two consecutive years after a turnaround situation (Robbins and Pearce 1992). This study uses the averages of ROI, ROS, and ROA (B) for three consecutive years to measure turnaround performance.

Results

Descriptive Statistics and Correlations

Table 1 provides the correlation matrix and descriptive statistics for all variables. An examination of the correlation matrix reveals that some predictor variables are significantly correlated with each other. Thus, multicollinearity should further be inspected by VIF.

Hierarchical Regression

The Impacts of Slack Resources, Resource Deployment, and Firm Specific Factors on Turnaround Strategies

Table 2 reports the results of the influence of firm specific factors, slack resources and resources deployment on turnaround strategies in terms of efficiency-orientated strategy (EO) and

growth-orientated strategy (GO). The values presented in the table are standardized coefficients.

EO: Model 1 of the hierarchical regression includes firm specific factors; in model 2 of the hierarchical regression, organizational slack resources are added; the third block includes the resources deployment. R2 values for the three models are 0.002, 0.02, and 0.038. The influences of age, size, market position, and prior performance were not statistically significant in the model, and the P value of model 1 was greater than 0.05, indicating that the influence of firm specific factors on an efficiency- oriented turnaround strategy was not evident. Organizational slack resources were added to the second block, and only the predictive power of available slack resource was statistically significant ($\beta=-.149$, $t=-2.223$, $p<0.05$). In model 3, resources deployment was added. An influence of shifts in resources deployment on advertising expenditure ($\beta=0.135$, $t=1.861$, $p<0.1$) was found, indicating the more resources shifted toward advertising expenditure, the more likely an efficiency-oriented strategy will be adopted.

GO: Model 1 of the hierarchical regression included firm specific factors; in model 2 of the hierarchical regression, organizational slack resources were added; the third block included resources deployment. The R2 values for the three models were 0.018, 0.025, and 0.047. Age was found to be statistically significant ($\beta=-0.121$, $t=-2.706$, $p<0.05$), revealing that a sample organization with older age tends to adopt a growth-oriented strategy when a decline occurs.

The Impacts of Turnaround Strategies, Slack Resources, Resource Deployment, and Firm Specific Factors on Turnaround Performance

Table 3 shows the results of the influence of organizational slack resource and turnaround strategies on turnaround performance in terms of ROS. The values reported in the table are standardized coefficients. In model 1 of the regression model, organization size ($\beta=-0.167$, $t=-2.464$, $p<0.05$) and prior performance ($\beta=0.329$, $t=6.058$, $p<0.05$) were found to have a strongly positive influence on turnaround performance in terms of ROS.

When turnaround strategies were added into model 2, an efficiency-oriented strategy ($\beta=-0.124$, $t=-2.289$, $p<0.05$) was found to have a positive influence on turnaround performance in terms of ROS. When organizational slack resources were added into model 3, available slack resource ($\beta=-0.108$, $t=1.654$, $p<0.1$) was found to have a positive impact on turnaround performance in terms of ROS. Model 4 added the moderator effects between slack resources and turnaround strategies. A moderator effect of a growth-oriented strategy and available slack resource ($\beta=-0.131$, $t=-1.947$, $p<0.1$) was found. When moderator effects between turnaround strategies and resource deployment were further added to model 6, a moderator effect of the variety of resource deployment was found ($\beta=-0.108$, $t=-1.890$, $p<0.1$).

Table 4 shows the results of the influence of organizational slack resource and turnaround strategies on turnaround performance in terms of ROI. In model 1 of the regression model, organization age ($\beta=-0.133$, $t=-$

2.506 , $p<0.05$), size ($\beta=0.254$, $t=3.840$, $p<0.05$), market position ($\beta=-0.133$, $t=-2.000$, $p<0.05$) and prior performance ($\beta=0.327$, $t=6.179$, $p<0.05$) were found to have strong positive influences on turnaround performance in terms of ROI. When turnaround strategies were added into model 2 and model 3 and model 4, no significant influence was found.

When resource deployment was added into model 5, shifts in resource deployment in R&D expenditure ($\beta=0.101$, $t=1.775$, $p<0.1$) was found to have a positive impact on turnaround performance in terms of ROI. Table 5 shows the results of the influence of organizational slack resource and turnaround strategies on turnaround performance in terms of ROA. In model 1 of the regression model, organization age ($\beta=-0.151$, $t=-2.903$, $p<0.05$), size ($\beta=0.287$, $t=4.433$, $p<0.05$), and prior performance ($\beta=0.343$, $t=6.620$, $p<0.05$) were found to have a strong positive influence on turnaround performance in terms of ROA.

When organizational slack resources were added into model 3, available slack resource ($T+1$) ($\beta=0.107$, $t=1.704$, $p<0.1$) and recoverable slack resource ($\beta=-0.106$, $t=-1.986$, $p<0.05$) were found to have a positive impact on turnaround performance in terms of ROA. When resource deployment was added into model 5, shifts in resource deployment in R&D expenditure ($\beta=0.122$, $t=2.191$, $p<0.05$) were found to have a positive impact on ROA. When moderator effects between turnaround strategies and resource deployment were further added to model 6,

Table 1 Descriptive statistics and bivariate correlations of all variables

| | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|-----------------|--------|-------|---------|---------|---------|---------|--------|-------|---------|---------|---------|---------|--------|---------|--------|--------|-------|--------|--------|--------|----|
| 1. Age | -0.002 | 0.906 | | | | | | | | | | | | | | | | | | | |
| 2. Size | 0.000 | 0.905 | .084 | | | | | | | | | | | | | | | | | | |
| 3. MP | -0.075 | 0.659 | .123* | .605** | | | | | | | | | | | | | | | | | |
| 4. PP | 0.010 | 0.895 | -.090 | .028 | .059 | | | | | | | | | | | | | | | | |
| 5. EO | -0.015 | 0.876 | .002 | .041 | .027 | .003 | | | | | | | | | | | | | | | |
| 6. GO | -0.021 | 0.847 | -.119* | -.048 | -.003 | .007 | .137* | | | | | | | | | | | | | | |
| 7. PS(T-1) | -0.010 | 0.896 | .011 | .065 | .094 | -.264** | .044 | .030 | | | | | | | | | | | | | |
| 8. AS(T-1) | 0.009 | 0.887 | -.070 | -.066 | -.067 | .268** | -.132* | -.057 | -.477** | | | | | | | | | | | | |
| 9. RS(T-1) | 0.019 | 0.907 | .039 | -.131* | -.250** | -.174** | -.029 | -.070 | -.041 | .104 | | | | | | | | | | | |
| 10. PS(T+1) | -0.013 | 0.902 | -.021 | .040 | .051 | -.235** | .024 | -.017 | .740** | -.405** | .036 | | | | | | | | | | |
| 11. AS(T+1) | 0.023 | 0.908 | -.092 | -.162** | -.125* | .254** | -.115* | -.008 | -.474** | .580** | .018 | -.514** | | | | | | | | | |
| 12. RS(T+1) | 0.030 | 0.901 | .053 | -.106 | -.200** | -.105 | -.002 | -.059 | .022 | .134* | .713** | .118* | .081 | | | | | | | | |
| 13. ROS-P | 0.016 | 0.880 | -.066 | .126* | .038 | .333** | -.116* | -.005 | -.151** | .207** | -.157** | -.218** | .211** | -.123* | | | | | | | |
| 14. ROI-P | -0.005 | 0.906 | -.158** | .172** | .023 | .339** | -.017 | -.022 | -.070 | .066 | -.145* | -.120* | .197** | -.118* | .673** | | | | | | |
| 15. ROA(B) | -0.005 | 0.898 | -.169** | .232** | .089 | .360** | -.034 | -.005 | -.116* | .088 | -.188** | -.181** | .180** | -.154** | .788** | .845** | | | | | |
| 16. VIRDep | -0.012 | 0.888 | -.147* | -.108 | -.095 | -.264** | -.015 | .055 | .104 | -.033 | -.100 | .014 | .065 | -.104 | -.009 | .012 | -.041 | | | | |
| 17. shifts-adv. | -0.005 | 0.877 | .006 | -.072 | -.015 | -.113* | .051 | -.019 | .083 | -.019 | -.024 | .059 | .035 | .012 | .009 | .017 | -.001 | .299** | | | |
| 18. shifts-R&D | -0.017 | 0.887 | -.096 | -.024 | .021 | .006 | -.069 | .133* | .011 | -.004 | -.117* | -.028 | .091 | -.069 | .069 | .114* | .139* | .086 | .189** | | |
| 19. shifts-Cap | -0.019 | 0.875 | .048 | -.057 | -.008 | -.029 | -.050 | .081 | .101 | -.051 | -.068 | .023 | .025 | -.010 | .024 | .049 | .047 | .307** | .591** | .358** | |

* $p < .05$, ** $p < .01$, *** $p < .001$.

Table 2 Hierarchical regression analysis - turnaround strategies

| | Model 1 | | | | | | Model 2 | | | | | | Model 3 | | | | | |
|-------------|---------|---------|-----------|------|-------|-------|---------|---------|-----------|------|-------|-------|---------|--------|-----------|------|-------|-------|
| | EO | GO | EO | GO | EO | GO | EO | GO | EO | GO | EO | GO | EO | GO | EO | GO | EO | GO |
| | Beta | | Tolerance | | VIF | | Beta | | Tolerance | | VIF | | Beta | | Tolerance | | VIF | |
| Age | -.001 | -.121** | .975 | .975 | 1.025 | 1.025 | -.007 | -.119** | .968 | .968 | 1.033 | 1.033 | -.008 | -.112* | .918 | .918 | 1.090 | 1.090 |
| Size | .040 | -.071 | .634 | .634 | 1.578 | 1.578 | .035 | -.072 | .633 | .633 | 1.581 | 1.581 | .035 | -.067 | .627 | .627 | 1.595 | 1.595 |
| MP | .003 | .056 | .626 | .626 | 1.596 | 1.596 | -.004 | .036 | .594 | .594 | 1.684 | 1.684 | -.006 | .037 | .591 | .591 | 1.692 | 1.692 |
| PP | .001 | -.005 | .987 | .987 | 1.013 | 1.013 | .035 | .003 | .857 | .857 | 1.167 | 1.167 | .046 | .001 | .771 | .771 | 1.297 | 1.297 |
| PS(T-1) | | | | | | | -.020 | .001 | .745 | .745 | 1.342 | 1.342 | -.019 | -.002 | .738 | .738 | 1.355 | 1.355 |
| AS(T-1) | | | | | | | -.149** | -.062 | .734 | .734 | 1.363 | 1.363 | -.154** | -.060 | .728 | .728 | 1.374 | 1.374 |
| RS(T-1) | | | | | | | -.004 | -.059 | .889 | .889 | 1.125 | 1.125 | -.014 | -.041 | .852 | .852 | 1.173 | 1.173 |
| VIRDep. | | | | | | | | | | | | | -.006 | .022 | .764 | .764 | 1.309 | 1.309 |
| shifts-adv. | | | | | | | | | | | | | .135* | -.108 | .628 | .628 | 1.593 | 1.593 |
| shifts-R&D | | | | | | | | | | | | | -.057 | .098 | .846 | .846 | 1.183 | 1.183 |
| shifts-Cap | | | | | | | | | | | | | -.111 | .099 | .552 | .552 | 1.811 | 1.811 |
| R | 0.042 | 0.133 | | | | | 0.143 | 0.159 | | | | | 0.195 | 0.217 | | | | |
| R2 | 0.002 | 0.018 | | | | | 0.02 | 0.025 | | | | | 0.038 | 0.047 | | | | |
| Adjusted R2 | -0.012 | 0.004 | | | | | -0.003 | 0.002 | | | | | 0.002 | 0.011 | | | | |
| F | 0.132 | 1.338 | | | | | 0.88 | 1.098 | | | | | 1.044 | 1.31 | | | | |
| Sig. | 0.971 | 0.256 | | | | | 0.523 | 0.364 | | | | | 0.408 | 0.218 | | | | |

* $p < .05$, ** $p < .01$, *** $p < .001$.

Table 3 Hierarchical Regression Analysis - ROS

| | Model 1 | | | Model 2 | | | Model 3 | | | Model 4 | | | Model 5 | | | Model 6 | | |
|---------------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|
| | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF |
| Age | -.041 | .975 | 1.025 | -.039 | .961 | 1.040 | -.033 | .943 | 1.061 | -.033 | .920 | 1.087 | -.018 | .910 | 1.099 | -.032 | .881 | 1.136 |
| Size | .167** | .634 | 1.578 | .173** | .631 | 1.585 | .189*** | .621 | 1.610 | .1857** | .606 | 1.649 | .185** | .625 | 1.600 | .194** | .607 | 1.648 |
| MP | -.077 | .626 | 1.596 | -.077 | .625 | 1.600 | -.084 | .604 | 1.657 | -.080 | .599 | 1.669 | -.082 | .623 | 1.606 | -.087 | .603 | 1.659 |
| PP | .329*** | .987 | 1.013 | .329*** | .987 | 1.013 | .272*** | .898 | 1.114 | .276*** | .888 | 1.126 | .358*** | .899 | 1.112 | .345*** | .856 | 1.169 |
| EO | | | | -.124** | .979 | 1.022 | -.109** | .965 | 1.037 | -.095* | .913 | 1.095 | -.124** | .957 | 1.045 | -.115** | .947 | 1.056 |
| GO | | | | .013 | .963 | 1.038 | .007 | .960 | 1.042 | .017 | .920 | 1.087 | .008 | .933 | 1.071 | .005 | .889 | 1.125 |
| PS(T+1) | | | | | | | -.090 | .691 | 1.448 | -.089 | .685 | 1.460 | | | | | | |
| AS(T+1) | | | | | | | .108* | .660 | 1.516 | .111* | .637 | 1.569 | | | | | | |
| RS(T+1) | | | | | | | -.087 | .904 | 1.106 | -.085 | .889 | 1.124 | | | | | | |
| PS_EO | | | | | | | | | | .071 | .682 | 1.466 | | | | | | |
| AS_EO | | | | | | | | | | .041 | .626 | 1.598 | | | | | | |
| RS_EO | | | | | | | | | | -.035 | .923 | 1.083 | | | | | | |
| PS_GO | | | | | | | | | | -.099 | .638 | 1.567 | | | | | | |
| AS_GO | | | | | | | | | | -.131* | .618 | 1.617 | | | | | | |
| RS_GO | | | | | | | | | | .009 | .919 | 1.088 | | | | | | |
| VIRDep. | | | | | | | | | | | | | .083 | .788 | 1.269 | .072 | .773 | 1.294 |
| shifts-adv. | | | | | | | | | | | | | .056 | .615 | 1.625 | .058 | .603 | 1.658 |
| shifts-R&D | | | | | | | | | | | | | .059 | .843 | 1.186 | .067 | .815 | 1.227 |
| shifts-Cap | | | | | | | | | | | | | -.042 | .549 | 1.821 | -.051 | .531 | 1.885 |
| Var._EO | | | | | | | | | | | | | | | | -.108* | .891 | 1.122 |
| Var._GO | | | | | | | | | | | | | | | | .047 | .768 | 1.302 |
| Shifts.adv_EO | | | | | | | | | | | | | | | | -.028 | .625 | 1.599 |
| Shifts.adv_GO | | | | | | | | | | | | | | | | -.039 | .459 | 2.179 |
| Shifts.RD_EO | | | | | | | | | | | | | | | | -.058 | .839 | 1.192 |
| Shifts.RD_GO | | | | | | | | | | | | | | | | -.002 | .708 | 1.412 |
| Shifts.Cap_EO | | | | | | | | | | | | | | | | .071 | .591 | 1.692 |
| Shifts.Cap_GO | | | | | | | | | | | | | | | | .011 | .405 | 2.467 |
| R | 0.361 | | | 0.381 | | | 0.423 | | | 0.44 | | | 0.397 | | | 0.419 | | |
| R2 | 0.13 | | | 0.145 | | | 0.179 | | | 0.194 | | | 0.158 | | | 0.175 | | |
| Adjusted R2 | 0.119 | | | 0.128 | | | 0.154 | | | 0.152 | | | 0.129 | | | 0.123 | | |
| F | 11.198 | | | 8.421 | | | 7.123 | | | 4.607 | | | 5.481 | | | 3.366 | | |
| Sig. | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | |

* p< .05, ** p< .01, *** p< .001.

Table 4 Hierarchical Regression Analysis - ROI

| | Model 1 | | | Model 2 | | | Model 3 | | | Model 4 | | | Model 5 | | | Model 6 | | |
|---------------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|
| | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF |
| Age | -.133** | .975 | 1.025 | -.137** | .961 | 1.040 | -.119** | .943 | 1.061 | -.122** | .920 | 1.087 | -.114** | .910 | 1.099 | -.109** | .881 | 1.136 |
| Size | .254 | .634 | 1.578 | .253*** | .631 | 1.585 | .276*** | .621 | 1.610 | .275*** | .606 | 1.649 | .267*** | .625 | 1.600 | .266*** | .607 | 1.648 |
| MP | -.133** | .626 | 1.596 | -.131** | .625 | 1.600 | -.147** | .604 | 1.657 | -.147** | .599 | 1.669 | -.138** | .623 | 1.606 | -.159** | .603 | 1.659 |
| PP | .327*** | .987 | 1.013 | .327*** | .987 | 1.013 | .285*** | .898 | 1.114 | .279*** | .888 | 1.126 | .356*** | .899 | 1.112 | .361*** | .856 | 1.169 |
| EO | | | | -.020 | .979 | 1.022 | -.002 | .965 | 1.037 | .007 | .913 | 1.095 | -.012 | .957 | 1.045 | -.007 | .947 | 1.056 |
| GO | | | | -.026 | .963 | 1.038 | -.029 | .960 | 1.042 | -.034 | .920 | 1.087 | -.042 | .933 | 1.071 | -.031 | .889 | 1.125 |
| PS(T+1) | | | | | | | .039 | .691 | 1.448 | .035 | .685 | 1.460 | | | | | | |
| AS(T+1) | | | | | | | .168** | .660 | 1.516 | .170** | .637 | 1.569 | | | | | | |
| RS(T+1) | | | | | | | -.102* | .904 | 1.106 | -.099* | .889 | 1.124 | | | | | | |
| PS_EO | | | | | | | | | | .087 | .682 | 1.466 | | | | | | |
| AS_EO | | | | | | | | | | .051 | .626 | 1.598 | | | | | | |
| RS_EO | | | | | | | | | | -.006 | .923 | 1.083 | | | | | | |
| PS_GO | | | | | | | | | | -.082 | .638 | 1.567 | | | | | | |
| AS_GO | | | | | | | | | | -.026 | .618 | 1.617 | | | | | | |
| RS_GO | | | | | | | | | | .037 | .919 | 1.088 | | | | | | |
| VIRDep. | | | | | | | | | | | | | .090 | .788 | 1.269 | .083 | .773 | 1.294 |
| shifts-adv. | | | | | | | | | | | | | .028 | .615 | 1.625 | .042 | .603 | 1.658 |
| shifts-R&D | | | | | | | | | | | | | .101** | .843 | 1.186 | .114** | .815 | 1.227 |
| shifts-Cap | | | | | | | | | | | | | .000 | .549 | 1.821 | -.002 | .531 | 1.885 |
| Var._EO | | | | | | | | | | | | | | | | .001 | .891 | 1.122 |
| Var._GO | | | | | | | | | | | | | | | | .089 | .768 | 1.302 |
| Shifts.adv_EO | | | | | | | | | | | | | | | | -.043 | .625 | 1.599 |
| Shifts.adv_GO | | | | | | | | | | | | | | | | .049 | .459 | 2.179 |
| Shifts.RD_EO | | | | | | | | | | | | | | | | .039 | .839 | 1.192 |
| Shifts.RD_GO | | | | | | | | | | | | | | | | -.070 | .708 | 1.412 |
| Shifts.Cap_EO | | | | | | | | | | | | | | | | .013 | .591 | 1.692 |
| Shifts.Cap_GO | | | | | | | | | | | | | | | | -.110 | .405 | 2.467 |
| R | 0.415 | | | 0.417 | | | 0.448 | | | 0.458 | | | 0.442 | | | 0.462 | | |
| R2 | 0.172 | | | 0.174 | | | 0.200 | | | 0.210 | | | 0.195 | | | 0.213 | | |
| Adjusted R2 | 0.161 | | | 0.157 | | | 0.176 | | | 0.168 | | | 0.168 | | | 0.164 | | |
| F | 15.568 | | | 10.400 | | | 8.187 | | | 5.093 | | | 7.103 | | | 1.292 | | |
| Sig. | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | |

* p< .05, ** p< .01, *** p< .001.

Table 5 Hierarchical Regression Analysis - ROA

| | Model 1 | | | Model 2 | | | Model 3 | | | Model 4 | | | Model 5 | | | Model 6 | | |
|---------------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|---------|-----------|-------|
| | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF | Beta | Tolerance | VIF |
| Age | -.151** | .975 | 1.025 | -.152** | .961 | 1.040 | -.143** | .943 | 1.061 | -.138** | .920 | 1.087 | -.137** | .910 | 1.099 | -.132** | .881 | 1.136 |
| Size | .287*** | .634 | 1.578 | .288*** | .631 | 1.585 | .304*** | .621 | 1.610 | .314*** | .606 | 1.649 | .299*** | .625 | 1.600 | .300*** | .607 | 1.648 |
| MP | -.086 | .626 | 1.596 | -.085 | .625 | 1.600 | -.099 | .604 | 1.657 | -.099 | .599 | 1.669 | -.094 | .623 | 1.606 | -.109 | .603 | 1.659 |
| PP | .343*** | .987 | 1.013 | .343*** | .987 | 1.013 | .293*** | .898 | 1.114 | .292*** | .888 | 1.126 | .356*** | .899 | 1.112 | .357*** | .856 | 1.169 |
| EO | | | | -.043 | .979 | 1.022 | -.029 | .965 | 1.037 | -.013 | .913 | 1.095 | -.032 | .957 | 1.045 | -.026 | .947 | 1.056 |
| GO | | | | -.006 | .963 | 1.038 | -.012 | .960 | 1.042 | -.009 | .920 | 1.087 | -.024 | .933 | 1.071 | -.025 | .889 | 1.125 |
| PS(T+1) | | | | | | | -.054 | .691 | 1.448 | -.053 | .685 | 1.460 | | | | | | |
| AS(T+1) | | | | | | | .107* | .660 | 1.516 | .119* | .637 | 1.569 | | | | | | |
| RS(T+1) | | | | | | | -.106** | .904 | 1.106 | -.102* | .889 | 1.124 | | | | | | |
| PS_EO | | | | | | | | | | .054 | .682 | 1.466 | | | | | | |
| AS_EO | | | | | | | | | | .070 | .626 | 1.598 | | | | | | |
| RS_EO | | | | | | | | | | .023 | .923 | 1.083 | | | | | | |
| PS_GO | | | | | | | | | | -.087 | .638 | 1.567 | | | | | | |
| AS_GO | | | | | | | | | | -.082 | .618 | 1.617 | | | | | | |
| RS_GO | | | | | | | | | | -.014 | .919 | 1.088 | | | | | | |
| VIRDep. | | | | | | | | | | | | | .037 | .788 | 1.269 | .028 | .773 | 1.294 |
| shifts-adv. | | | | | | | | | | | | | .020 | .615 | 1.625 | .027 | .603 | 1.658 |
| shifts-R&D | | | | | | | | | | | | | .122** | .843 | 1.186 | .130** | .815 | 1.227 |
| shifts-Cap | | | | | | | | | | | | | .013 | .549 | 1.821 | .015 | .531 | 1.885 |
| Var._EO | | | | | | | | | | | | | | | | -.021 | .891 | 1.122 |
| Var._GO | | | | | | | | | | | | | | | | .098* | .768 | 1.302 |
| Shifts.adv_EO | | | | | | | | | | | | | | | | -.035 | .625 | 1.599 |
| Shifts.adv_GO | | | | | | | | | | | | | | | | -.006 | .459 | 2.179 |
| Shifts.RD_EO | | | | | | | | | | | | | | | | .032 | .839 | 1.192 |
| Shifts.RD_GO | | | | | | | | | | | | | | | | -.003 | .708 | 1.412 |
| Shifts.Cap_EO | | | | | | | | | | | | | | | | .024 | .591 | 1.692 |
| Shifts.Cap_GO | | | | | | | | | | | | | | | | -.089 | .405 | 2.467 |
| R | 0.456 | | | 0.458 | | | 0.488 | | | 0.497 | | | 0.479 | | | 0.492 | | |
| R2 | 0.208 | | | 0.21 | | | 0.238 | | | 0.247 | | | 0.230 | | | 0.242 | | |
| Adjusted R2 | 0.197 | | | 0.194 | | | 0.214 | | | 0.208 | | | 0.203 | | | 0.194 | | |
| F | 19.606 | | | 13.135 | | | 10.191 | | | 6.305 | | | 8.729 | | | 5.053 | | |
| Sig. | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | | 0.000 | | |

* p< .05, ** p< .01, *** p< .001.

a moderator effect was found ($\beta=0.098$, $t=1.660$, $p<0.1$), indicating the variety of resource deployment positively impacts the relationship between an efficiency-oriented strategy and ROA.

Discussion

Conclusions and Managerial Implications

This research presents that the impact of an efficiency-oriented strategy on performance is negative in terms of ROS. This result is similar to the finding of Barker and Mone (1994), indicating that efficiency-oriented strategy may not be very effective under a declining situation.

For the relationships between slack resources and turnaround strategy, AS was found to have a negative influence on an efficiency-oriented strategy. Although the impacts of PS and RS on an efficiency-oriented strategy were not statistically significant, their direction is also negative. Jensen (1986) suggested slack resources encourage inefficiency, politics, and self-serving behaviors. The results of this study support this point of view. When excess slack resources are available, managers will try to protect personal interests and turn away from an efficiency-oriented strategy.

For the relationship between resource deployment and strategy, we find that increasing advertising expenditure positively influences an efficiency-oriented strategy. The forming of a strategy is the aggregation of resources deployment (Fombrun and Ginsberg 1990).

Advertising expenditure intends to stimulate sales in order to survive during a decline, but the operating expenses or budget of a firm are usually fixed or at a certain proportion of sales revenue. Under a declining situation, a drop in sales revenue is usually followed by cuts in the budget or operating expenditure. In this case, if a firm continuously increases investment in advertising, then there is less it can spend on R&D or capital expenditure. Consequently, the chances of developing any new products could be minimized and sales revenue will decrease. As a result, budget cutting is inevitable and the crystallization of an efficiency-oriented strategy cannot be avoided.

Regarding the moderate effects of resources deployment on turnaround strategies and turnaround performance, our study finds that the variety of resource deployment has negative effects on the relationship between an efficiency-oriented strategy and ROS. The reason could be that the variety of resource deployment will harm the effectiveness of efficiency-oriented strategy, consequently affected the profitability of turnaround performance. Organization age was found to be negatively related to turnaround performance, perhaps because older age firms might have built-in routines that cause inertia and reluctance to change. Thus, they have problems adjusting when the environment change, and performance will be affected.

Organization size was found to be positively related to turnaround performance. A large organization usually indicates more resources, such as more tal-

ents, more financial power, and greater R&D capability. Those abundant resources more easily and smoothly help a company overcome a decline. The sample firms' prior performance was found to have a very strong positive impact on turnaround performance. Prior performance can be regarded as a firm's internal capabilities, and similar to company size, prior performance could also be a kind of resource. The implication is that firms have to possess resources whenever they can, because no manager knows the exact time for when to use those resources.

Market position is negatively related to ROI, which means firms with a lower market position tend to have a higher rate of ROI. It might be Taiwan-listed firms with a lower market position like to adopt a flexible strategy when facing an economic recession, which could subsequently lead to better performance. According to the research results, a firm's specific factors have more impact on turnaround performance than do other variables. Hence, this study deduces that firm specific factors play an important role when the sample companies were conducting turnaround strategies during a decline.

Research Limitation and Future Suggestions

The major research limitation of this study is the lack of updated qualitative research aspects during a firm's turnaround situation. This empirical study's data were obtained from Taiwan Economic Journal's database, where the information is more objective,

and it is difficult to understand whether the information was refined or not. Future studies can investigate selected industries and conduct interviews with managers to realize the real difficulties on turnaround strategy adoption and on the use of slack resources. The sample companies of this study were those firms experiencing a turnaround situation during a 13-year period (1998-2010). Future research could add a specific time period into the study, like the year 2008, to see the pattern of a firm's resource deployment and the use of slack resources when encountering a severe economic slowdown. This study also focused on Taiwan-listed firms. Future studies could compare some selected industries to understand whether various business domains act differently or not when facing a decline in performance.

References

- Ahearne, M., Lam, S.K., Kraus, F.: Performance impact of middle managers' adaptive strategy implementation: The role of social capital. *Strategic Management Journal* 35(1), 68-87 (2014)
- Barker III, V.L., Patterson Jr., P.W., Mueller, G.C.: Organizational causes and strategic consequences of the extent of top management team replacement during turnaround attempts. *Journal of Management Studies* 38(2), 235-270 (2001)
- Barker, V.L., Mone, M.A.: Retrenchment: Cause of turnaround or consequence of decline? *Strategic*

Management Journal 15(5), 395-405 (1994)

Bourgeois, L., Singh, J.V.: Organizational Slack and Political Behavior Among Top Management Teams. In: Academy of Management Proceedings vol. 1, pp. 43-47. Academy of Management (1983)

Bradley, S.W., Aldrich, H., Shepherd, D.A., Wiklund, J.: Resources, environmental change, and survival: Asymmetric paths of young independent and subsidiary organizations. Strategic Management Journal 32(5), 486-509 (2011)

Chen, C., Huang, H., Wey, S.: Interactive effect of turnaround strategy and firm-specific factor on turnaround performance. Actual Problems of Economics 153(3), 230-237 (2014)

Chen, G.: Initial compensation of new CEOs hired in turnaround situations. Strategic Management Journal 36(12), 1895-1917 (2015)

Chen, G., Hambrick, D.C.: CEO replacement in turnaround situations: Executive (mis) fit and its performance implications. Organization Science 23(1), 225-243 (2012)

Collett, N., Pandit, N.R., Saarikko, J.: Success and failure in turnaround attempts. An analysis of SMEs within the Finnish Restructuring of Enterprises Act. Entrepreneurship & Regional Development 26(1-2), 123-141 (2014)

Díaz-Fernández, C., González-Rodríguez, M.R., Simonetti, B., Adcroft, A., Bruce, K.: The role played by job and non-job-related TMT diversity traits on firm performance and strategic change. Management Decision 54(5), 1110-1139 (2016)

Dooley, R.S., Fowler, D.M., Miller, A.: The benefits of strategic homogeneity and strategic heterogeneity: Theoretical and empirical evidence resolving past differences. Strategic Management Journal, 293-305 (1996)

Fombrun, C.J., Ginsberg, A.: Shifting gears: Enabling change in corporate aggressiveness. Strategic Management Journal 11(4), 297-308 (1990)

Forés, B., Camisón, C.: Does incremental and radical innovation performance depend on different types of knowledge accumulation capabilities and organizational size? J. Bus. Res. 69(2), 831-848 (2016)

Garzella, S., Fiorentino, R.: A synergy measurement model to support the pre-deal decision making in mergers and acquisitions. Management Decision 52(6), 1194-1216 (2014)

Gentry, R.J., Shen, W.: The impacts of performance relative to analyst forecasts and analyst coverage on firm R&D intensity. Strategic Management Journal 34(1), 121-130 (2013)

- Grinyer, P. H, Spender, J. C.: Recipes, crises and adaptation in mature businesses. *International Studies of Management and Organization* 9(3), 113–133 (1979)
- Hambrick D, Schechter SM.: Turnaround strategies for mature industrial-product business units. *Academy of Management Journal* 26(2), 231-248 (1983)
- Harker, M., Sharma, B.: Leadership and the company turnaround process. *Leadership and Organizational Development Journals* 31(6), 36-47 (1999)
- Hoenen, A.K., Kostova, T.: Utilizing the broader agency perspective for studying headquarters–subsidiary relations in multinational companies. *Journal of International Business Studies* 46(1), 104-113 (2015)
- Hofer, C. W., Schendel, D.: *Strategy formulation: Analytical concepts*. St. Paul, MN: West (1978)
- Huang, J.-W., Li, Y.-H.: Slack resources in team learning and project performance. *Journal of Business Research* 65(3), 381-388 (2012)
- Jensen, M. C.: Agency costs of free cash flow. *American Economic Review* 76, 323-329 (1986)
- Kelly, D., Amburgey, T.L.: Organizational inertia and momentum: A dynamic model of strategic change. *Academy of Management journal* 34(3), 591-612 (1991)
- Kesner, I.F., Dalton, D.R.: Top management turnover and CEO succession: An investigation of the effects of turnover on performance. *Journal of Management Studies* 31(5), 701-713 (1994)
- Klein, P.G., Mahoney, J.T., McGahan, A.M., Pitelis, C.N.: Capabilities and strategic entrepreneurship in public organizations. *Strategic Entrepreneurship Journal* 7(1), 70-91 (2013)
- Kozlenkova, I.V., Samaha, S.A., Palmatier, R.W.: Resource-based theory in marketing. *Journal of the Academy of Marketing Science* 42(1), 1-21 (2014)
- Le Cottier, A., Santalo, J.: The Impact of Parent Firms' Market Munificence on MNCs' Subsidiaries Performance. In: *Academy of Management Proceedings 2014*, vol. 1, p. 14147. Academy of Management
- Lecuona, J.R., Reitzig, M.: Knowledge worth having in 'excess': The value of tacit and firm-specific human resource slack. *Strategic Management Journal* 35(7), 954-973 (2014)
- Levinthal, D.A.: Organizational adaptation and environmental selection-interrelated processes of change. *Organization science* 2(1), 140-145 (1991)
- Mariadoss, B.J., Johnson, J.L., Martin, K.D.: Strategic intent and performance: The role of resource allocation decisions. *Journal of Business Research* 67(11), 2393-2402 (2014)

- Marlin, D., Geiger, S.W.: A reexamination of the organizational slack and innovation relationship. *Journal of Business Research* 68(12), 2683-2690 (2015)
- McKinley, W., Latham, S., Braun, M.: Organizational decline and innovation: Turnarounds and downward spirals. *Academy of Management Review* 39(1), 88-110 (2014)
- Ndofor, H.A., Vanevenhoven, J., Barker, V.L.: Software firm turnarounds in the 1990s: An analysis of reversing decline in a growing, dynamic industry. *Strategic Management Journal* 34(9), 1123-1133 (2013)
- O'Neill, H.M.: Turnaround and recovery: What strategy do you need?. *Long Range Planning*, 19 (1), 80-88 (1986)
- Pajunen, K.: Comparative causal analysis in processual strategy research: A study of causal mechanisms in organizational decline and turnarounds. *Advances in Strategic Management* 22, 419-461 (2005)
- Panicker, S., Manimala, M.J.: Successful turnarounds: the role of appropriate entrepreneurial strategies. *Journal of Strategy and Management* 8(1), 21-40 (2015)
- Pearce, J.A., Robbins, K.D.: Toward improved theory and research on business turnaround. *Journal of Management* 19(3), 613-636 (1993).
- Rasheed, H.S.: Turnaround strategies for declining small business: The effects of performance and resources. *Journal of Developmental Entrepreneurship* 10(03), 239-252 (2005)
- Robbins, D.K., Pearce, J.A.: Turnaround: Retrenchment and recovery. *Strategic Management Journal* 13(4), 287-309 (1992)
- Romanelli, E.: Strategies and outcomes of organization creation: Patterns in performance. *National Academy of Management Proceedings* 150-154 (1986)
- Schmitt, A., Raisch, S.: Corporate turnarounds: The duality of retrenchment and recovery. *Journal of Management Studies* 50(7), 1216-1244 (2013)
- Schoenberg, R., Collier, N., Bowman, C.: Strategies for business turnaround and recovery: a review and synthesis. *European Business Review* 25(3), 243-262 (2013)
- Shinkle, G.A., Kriauciunas, A.P., Hundley, G.: Why pure strategies may be wrong for transition economy firms. *Strategic Management Journal* 34(10), 1244-1254 (2013)
- Sudarsanam, S., Lai, J.: Corporate financial distress and turnaround strategies: An empirical analysis, *British Journal of Management*, 12, 183-199 (2001)

- Tangpong, C., Abebe, M., Li, Z.: A temporal approach to retrenchment and successful turnaround in declining firms. *Journal of Management Studies* 52(5), 647-677 (2015)
- Trahms, C.A., Ndofor, H.A., Sirmon, D.G.: Organizational decline and turnaround a review and agenda for future research. *Journal of Management* 39(5), 1277-1307 (2013)
- Venkatraman, N., Grant, J.H.: Construct measurement in organizational strategy research: A critique and proposal. *Academy of Management Review* 11(1), 71-87 (1986).
- Wiseman, R.M., Bromiley, P.: Toward a model of risk in declining organizations: An empirical examination of risk, performance and decline. *Organization Science* 7(5), 524-543 (1996)
- Xu, E., Yang, H., Quan, J.M., Lu, Y.: Organizational slack and corporate social performance: Empirical evidence from China's public firms. *Asia Pacific Journal of Management* 32(1), 181-198 (2015)

Reproduced with permission of copyright owner.
Further reproduction prohibited without permission.