LEADERSHIP AND ORGANISATIONAL COMPETENCIES OF SUSTAINING A SUCCESSFUL CORPORATE TURNAROUND

Eustace Vuyisile Rodolo

15391958

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ABSTRACT

In a 1982 research by Bibeault, it was found that only 33% of the companies that embarked on a turnaround processes were successful. Kalwani, in his 2012 research found that 37% of the turned around companies managed to sustain the recovery. Another statistic from a 2016 research by Tenkasi & Kamel puts the rate of sustaining the recovery at 25%. These statistics suggest a perennial problem of a low rate of maintaining recovery which requires the attention of both academics and business. This problem persists despite a large interest in research on turnaround interventions. This study looks at what are the competencies which support a sustainable turnaround. It focuses on the competencies which will promote superior performance from a leader and the organisation.

The method of research adopted to conduct the study was qualitative and exploratory. A total of 14 in-depth semi-structured interviews formed part of the sample. Seven executives were from six organisations active in the Gold mining, Fixed and Mobile Telecommunications, and Food processing sectors and seven turnaround practitioners practising in the consulting sector. Thematic content analysis was conducted, using Atlas.ti to analyse the data. The analysis process was iterative generating 127 codes abstracted to 10 themes. The interview questions were formulated based on the literature from the turnaround field to confirm the context of turnaround and from behavioural sciences literature from where the critical competencies were drawn.

The findings highlighted the complexity of the turnaround process which impact on the strategies and the quality of decision made and thus the sustainability of the turnaround. The critical competencies suggested by the behavioural science researcher were found to apply to support the process of achieving a sustainable turnaround. The findings were processed to generate a Sustainability Path Model which will serve as a guide and a reference for executives, practitioners and academics involved with turnarounds.
Leadership and organisational competencies of sustaining a successful corporate turnaround

KEY WORDS

Corporate turnaround,
Sustaining business performance,
Leadership competencies and
Leadership styles.
DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name: Eustace Vuyisile Rodolo

Signature:

Date: 07 November 2016
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CHAPTER 1: DEFINITION OF PROBLEM AND PURPOSE

1.1. Introduction to research problem

Bibeault (1982) is cited to say that 33% of the companies that embark on turnaround processes were successful (Kalwani, 2012). Kalwani (2012) finds that 7% of the turned around companies managed to sustain the recovery. Another statistic puts the rate of sustaining the recovery at 25% (Tenkasi & Kamel, 2016). These rates suggest a perennial problem of a low rate of maintaining recovery which requires the attention of both academics and business. This study looks at what are the competencies which support a sustainable turnaround. It focuses on competencies because of the motivation that “Achieving turnaround calls for a totally different set of skills…” (Manimala & Panicker, 2011, p.3).

Often leaders embark on a turnaround process to stabilise the financial situation of the organisation and then grow the organisation to return it to a position where it can successfully compete in its industry (Reeves, Haanaes, & Sinha, 2015). It is prudent for an organisation, having gone through the phases of the turnaround process, and achieved a successful turnaround, to ensure that the turnaround is sustainable in the long-term for the company to remain competitive.

Of the varied reasons that lead to a decline, a survey done by The Turnaround Management Society found that the leading cause of the corporate crisis is leadership (Lymbersky, 2014). Lymbersky (2014) makes a point that if leadership fails to adapt strategy to the changing external environment, the company will face a decline in performance ultimately requiring a turnaround. Ajmal & Lodhi (2015) put the honours on leadership to be able to decipher and reorganise the organisation to respond to changes in the ever-changing business environment.

The turnaround literature extensively discusses the role of leadership in contributing to crises and contributing to turning the company around (Ajmal & Lodhi, 2015; Lymbersky, 2014). The literature emphasises that the aim of turnaround efforts is to achieve a sustainable performance and as a result, the organisation’s leadership should be in a position to deliver this result.
There is, however, a gap in the literature that leadership and organisational competencies required to sustain a turnaround have not been explored. In particular, studying these competencies in the post-turnaround context. Some authors go at length to describe what a successful turnaround is through looking at an organisation's performance post-turnaround (O’Kane & Cunningham, 2012; Trahms, Ndofor, & Sirmon, 2013; Wild, 2010). They, however, fall short of studying what leadership and organisational competencies are relevant in sustaining a long-term performance of an organisation which has emerged from a decline. There is, therefore, need to consider studying how leaders sustain growth after turnaround (O'Kane & Cunningham, 2012).

1.2. Motivation

Academic and non-academic literature continuously identifies that there are several factors that lead to a firm’s decline. These may emanate from within the organisation or external to the organisation (Collett, Pandit, & Saarikko, 2014; Lymbersky, 2014). In the current rapid changing business environment it is necessary for an organisation to understand the impacts of both the micro and macro environmental conditions to “maintaining a higher level of organizational performance” (Ajmal & Lodhi, 2015). It is, therefore, imperative to understand what drives and sustains this performance by both business and academics.

Lymbersky (2014) does not only identify leadership as a leading contributor to the organisation’s crises but also posits that leadership and management are critical in achieving successful turnarounds. His findings seem to echo what other authors find to be amongst the contributors to successful turnarounds namely, 1. management change – whereby there is a change in top management as an attempt to bring new competencies to turn around the organisation. 2. The characteristics of the firm, which includes its size and the stage of its lifecycle and 3. Management decisions – which involves the ability to cognise the crises and implement the necessary interventions to improve the organisation’s fortunes (Collett et al., 2014; Flagg, Kudrimoti, & Margetis, 2011).

Leadership competencies which enable a leader to recognise what the organisation requires to enhance its performance and create value for stakeholders are critical. The lack of these competencies may bring down what promises to be a successful turnaround to a halt. An example of this is Protech Khuthele (Protech), a construction and engineering group.
Protech registered its first profit in year-ending February 2013, two years after the turnaround strategy was implemented (Anderson, 2013). The February 2013 profit came after spending R20 million on turnaround consultants (Slabbert, 2014). Slabbert (2014) opined that the power struggle between the major shareholder on the one hand, and the CEO and the board of Protech on the other over control of the company led to its liquidation in July 2014 after being placed under voluntary business rescue a few months earlier.

The case of Protech brings a few questions to mind. Could the company have been liquidated if its leadership possessed the requisite competencies to realise that Protech did not have sufficient resources to fight a hostile take-over in the midst of a struggling construction sector (Mahlangu, 2014) and thus could not sustain the early stage of the turnaround? Could Protech have sustained its turnaround if the CEO and the Board supported the take-over as a turnaround strategy? Was this a battle of the egos? This battle will be an indication of lack of one of the critical competencies which lead to superior performance (Boyatzis, 2011). These questions bring to the fore why it is crucial to develop an understanding of the critical competencies a leader must possess and the critical competencies of an organisation for it to achieve and sustain a successful turnaround.

On the other hand, two companies, Emira Property Fund and Best Buys, seem to be on their way to having a sustainable turnaround. Emira Property Fund (Emira) has managed to successfully turnaround through a change in strategy as a turnaround method (Mahlaka, 2016). Mahlaka (2016) further states that the strategic change meant that Emira should divest from a weak sector and focus on building a growth portfolio, which will contribute to shareholder value. Does the turnaround strategy set Emira up to a sustainable turnaround?

Best Buy’s 2014 return on equity (ROE) of 8.1% represents a success of the turnaround strategy implemented after the -7.7% ROE in 2011 (Trefis, 2015). Since the implementation of their turnaround, the company’s returns have been increasing. Companies like Best Buy, who have turned around the decline position, are looking to sustain their success in the 2016 financial year. The question remains as to which leadership competencies they need to achieve their objectives (Trefis, 2015).

Profits of TESCO were falling since the ex-CEO, Phillip Clarke, took over in 2011 (Steiner, 2015). Steiner (2015) attributes TESCO’s misfortunes to the leadership style of Phillip Clarke. Following a change in the organisation’s CEO and posting a loss in 2014, early
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Signs at Tesco were that the company was returning to profitability, and they plan on increasing profits for 2015 and 2016 (Planting, 2015). The question is do the new leaders, the CEO and at board level (Planting, 2015), have the requisite competencies to achieve and sustain the projected performance.

On the contrary, Deutsche Bank has failed to realise its strategies over the past 20 years. Consequently, its leaders’ leadership ability to implement the proposed strategy to turn it around was called to question (Comfort & Look, 2015). The bank plans to cut jobs as part of its turnaround to become more profitable. The fall in share price indicates the lack of confidence in the leadership of the bank due to its perennial failure to execute its plans. In this case, the lack of the necessary ability to execute their plans in the past is now impacting on shareholders’ value and the possibility of facing a challenge in raising capital which will have a negative effect on the planned turnaround.

This study has the potential of contributing to academic discourse and business practice the understanding of what are the critical imperatives driving sustainable corporate turnarounds. Mehta, Maheshwari and Sharma (2014, p.13), expanding on the role of leadership in leading turnarounds, suggest that, further research can be done “to determine the relationship between leadership style and leadership competencies …”. The emphasis in this research is on identifying leadership competencies, organisational competencies and turnaround strategies which will contribute to sustaining a successful turnaround within a context of a changing environment.

1.3. Research purpose and scope

Following on from Mehta et al. (2014) identifying the gap, the research looks at leadership competencies relevant for a sustainable, successful corporate turnaround. The leadership competencies of particular interest are those which generates superior performance on the part of the leader and the ability to contextually flex or adapt leadership style, translating into outstanding organisational results. Other dynamics the researcher looks at are the organisation’s competencies that support the turnaround strategies which are critical to keeping it relevant to the market in an ever-changing business environment and the turnaround strategies which contribute to a sustainable turnaround.
The broad objective of the research is to establish the requisite leadership competencies, leadership styles and organisation’s competencies critical to sustaining a successful turnaround?

The study explores this objective through focusing on:

1. Confirming the turnaround strategies which contribute to a sustainable turnaround,
2. Identifying the organisational competencies which are critical success factors required in sustaining business performance of a turned around organisation,
3. Describing the leadership competencies that will enable a leader to achieve sustained business performance following a turnaround, and
4. Identifying the leadership competence related to the ability to flex the leader’s leadership style to suit the contextual demands to sustain a turnaround business performance.

The literature which constitutes the basis of the research propositions was conducted on the topics on turnaround theory, sustaining business performance, leadership competencies, and leadership style. These propositions were tested through conducting a qualitative study. Data was collected on the leadership of organisations which have been involved in turnarounds using in-depth face to face semi-structured interviews. The data was triangulated by interviewing turnaround experts, also using semi-structured interviews.
CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The purpose of this literature review is to provide the basis of analysis of the leadership competencies, organisational competencies and leadership styles relevant to sustaining a turnaround success. The literature reviewed develops an understanding of what a turnaround is and what does successful turnaround mean. It highlights the strategies organisations adopt in halting the decline and turning the organisation's performance and their implications to post turnaround position.

Literature exploring what is required to sustain an organisation's performance was reviewed. The insights thereof are linked to the implications of the turnaround strategies and organisational competencies required to sustain business performance after a turnaround. Leadership literature is reviewed to glean from it the leadership competencies, and leadership style concomitant with a sustainable turnaround.

2.2. Turnaround Theory

2.2.1 Turnaround defined

The organisational decline is said to take place when there is a decline in performance and or deterioration of resources over an extended period (Manimala & Panicker, 2011; Trahms et al., 2013). Other researchers qualify the extended period by suggesting that the underperformance and resource inefficiency should be sustained over a minimum of two years (McKinley, Latham, & Braun, 2014). McKinley et al. (2014) and Wild (2010) hold that if the decline is not sustained over a minimum of two years, an organisation which is affected by short-term volatility may be erroneously classified as in decline. An organisation which experiences such a decline is said to be in a turnaround position and requires turnaround interventions (O’Kane & Cunningham, 2012).

A turnaround is defined as a firm’s recovery from an existence threatening decline in profitability (Manimala & Panicker, 2011; Pretorius, 2008). Manimala & Panicker’s (2011, p.5) cites Khandwalla (1992) pointing that a firm is turned around when it has reached “at least a breakeven from a loss situation”. On the other hand, Pretorius (2008, p.20) describes the recovery as “a performance acceptable to its stakeholders”. There is,
however, growing cognisance amongst researchers to consider both the quantum of the increase in profitability and the length of a period of sustained profitability to identify a turnaround (Trahms et al., 2013; Wild, 2010). These authors suggest that a turnaround is not identified only by a return to profitability, but should also consider the comparable level of this profitability and the length of time it is maintained or growing.

2.2.2 Successful turnaround

The aim of a turnaround is to return an organisation in decline back to profitability as measured by operating and pre-tax profit (O’Kane & Cunningham, 2012). An organisation is considered to have turned around once it is in a profitable position and can sustain it even when there are changes in its environment (Schoenberg, Collier, & Bowman, 2013). Trahms et al. (2013) citing Barker and Duhaime (1997) posit that the performance measures should be positive, alternatively be above the risk-free rate of return on capital. The risk-free rate of return represents the return on investment with no possible financial loss.

Wild (2010) also suggests using the return on capital employed (ROCE) or return on investment (ROI) as a performance measure. The return on investment measures the profitability gained from the use of capital. ROI is a ratio of operating profit before tax divided by total invested capital which is made up of shareholders' equity + long-term debt + non-current capital leases (O'Kane & Cunningham, 2012).

A turnaround is successful if the profitability is above that which is attributable to the industry fortunes or favourable economic conditions. In expressing this view, Wild (2010) holds that to reduce industry cyclical effects the achieved financial performance should be above the industry average profitability and of companies in the economy in general.

Trahms et al. (2013) highlight the lack of agreement as to how long a recovery should last for it to be described as a successful turnaround. They cite Morrow, Sirmon, Hitt and Holcomb, (2007) who argues for one year and Barker and Duhaime, (1997); Bruton et al., (2003) who propose a period of no less than three years (Trahms et al., 2013). Wild (2010) supports the position of a longer period, by suggesting that shorter periods of return to profitability presents a problem of organisations using short-term methods to achieve such turnarounds only to return to a decline situation after that.
In this research, the successful turnaround is defined according to O’Kane & Cunningham’s (2012) framework. The framework classifies the status of a turnaround in three categories (see Table 1 below), namely; the Early Turnaround, Mid-turnaround and Successful Turnaround. In this framework, they regard a period of three consecutive years of ROI above risk-free rate of return and improving profitability to qualify as a successful turnaround. O’Kane and Cunningham’s (2012) approach to defining a successful turnaround seem to resolve earlier arguments as cited by Trahms et al. (2013).

### Table 1: Criteria for Successful Turnaround (O’Kane and Cunningham, 2012, p. 63)

<table>
<thead>
<tr>
<th>Turnaround Situation</th>
<th>Early Turnaround</th>
<th>Mid-Turnaround</th>
<th>Successful Turnaround</th>
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<tr>
<td>Criteria</td>
<td>Met Turnaround situation in the last 24 months</td>
<td>Two or more consecutive years of positive ROI, provided that</td>
<td>Surpass three consecutive years of ROI above RFRR and Surpass three consecutive years of positive and increasing operating profit and pre-tax profits</td>
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<td></td>
<td></td>
<td>• One year ROI within this period is above the RFRR</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Two or more consecutive years of positive and increasing operating profit and pre-tax profits</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• at least one year of negative net income</td>
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<td>• at least one year of negative net income</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Two or more consecutive years of declining or negative ROI provided that</td>
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Not all firms that embark on a turnaround intervention are successful. Achieving success requires that leaders adopt strategies which will ensure that the firm can be flexible and adapt to changing business environment (Schoenberg et al., 2013). The success of these turnaround strategies is possible if the decline is diagnosed properly, the magnitude of its severity acknowledged and accurately attributed to the appropriate causes (Trahms et al., 2013). Applying appropriate turnaround strategies which address the symptoms of the decline and are forward-looking can contribute to a successful turnaround plan.
2.2.3 Turnaround strategies

2.2.3.1 Introduction

Turnaround strategies are the efforts or processes which are directed towards addressing a decline situation, aimed at returning an organisation in decline to profitability (Manimala & Panicker, 2011). Leaders and organisations differ in the methods and strategies they adopt to return the organisation to profitability. The strategies used depend on the causes of decline, the length of a period of decline, the severity of decline and how the organisational leadership perceives the decline (Bititci et al., 2011; Trahms et al., 2013; Wild, 2010).

Management cognition and skills are a catalyst in identifying the need for initiating turnaround initiatives, designing interventions which will arrest the decline and implement actions and managerial systems to turn the organisation around (Bititci et al., 2011; Spremo & Prodanović, 2013; Trahms et al., 2013). Furthermore, the effective management of stakeholders and the strategic leadership impact will influence the outcomes of the turnaround strategies (Trahms et al., 2013).

2.2.3.2 Strategies

Past literature focused turnaround strategies on a two-stage model, namely retrenchment and repositioning, Pearce and Robbins (1993) cited by Trahms (2013). Agreement with this two-stage model is reflected in the view that successful turnarounds are a result of balancing the process of retrenchment with repositioning (Braun & Latham, 2012).

Schoenberg identified six strategies used at different phases of the turnaround. These are cost efficiency, asset retrenchment, focus on core activities, reinvigorating firm's leadership, building for the future and corporate culture change (Schoenberg et al., 2013). The choice of a strategy to use at any given time is dependent on the context within which the organisation finds itself. Depending on this context and leadership abilities each strategy will have a different impact on the organisation during, and post turnaround.

The leadership of organisations use retrenchment strategies to focus the organisation and generate positive cash flow (Reeves et al., 2015; Schoenberg et al., 2013). These are operational actions which involve employee and asset retrenchment directed at stemming the decline and stabilise the organisation (McKinley et al., 2014; Schoenberg et al., 2013).
The challenge faced by the leaders is to determine where the cuts must be and how deep are they to cut. Reeves et al. (2015) posit that the cuts must be deep enough the first time so as to avoid the need for further cuts later, otherwise they will deepen the low employee morale. The challenge with asset retrenchment is to identify excess assets which are not critical to support the growth phase of the turnaround.

The aim of the retrenchment strategies is to realise cost efficiency and improve the financial viability of the organisation (Reeves et al., 2015; Trahms et al., 2013). While retrenchment helps with stabilising cash flow, McKinley et al. (2014) cautions that applying these strategies rigidly without encouraging innovation, in the context of rapid change, may result in the decline worsening. If care is not taken, over emphasis on retrenchment may erode the organisation’s resources such that it is unable to turnaround (McKinley et al., 2014). Reeves et al. (2015) support McKinley et al. (2014) on the notion that innovation which supports growth should be encouraged during the retrenchment phase.

The building for the future involves a change in overall strategy of the organisation which may lead to growth and position the firm to be able to adapt (Schoenberg et al., 2013). Support is given to the importance of strategic change in turnarounds on the basis that it contributes to a long-term sustainable turnaround (Braun & Latham, 2012; Teixeira & Werther, 2013; Wild, 2010). Strategic change constitutes the decisions relating to investing in new markets or exiting non-profitable ones. It may involve the total redefining of the purpose of the organisation’s existence. As such it may create uncertainty amongst stakeholders which will need leaders to manage the change effectively so as to gain the buy-in of the various stakeholders. The success of the turnaround is dependent on the buy-in of stakeholders, particularly those tasked with the implementation thereof (Mehta, Maheshwari, & Sharma, 2014).

Balance should be sought between short-term strategies like retrenchment strategies and future looking strategies like building for the future (O’Kane & Cunningham, 2014; Reeves et al., 2015; Wild, 2010). Important to note is that they impact on each other and must be managed to ensure synergy (Braun & Latham, 2012; O’Kane & Cunningham, 2014; Trahms et al., 2013). Use of retrenchment strategies should be such that they preserve the seeds of growth and prepare the organisation for growth (Reeves et al., 2015).
2.2.3.3 Conclusion

Leadership should be future focused when implementing turnaround strategies to have a good chance of a successful turnaround and sustain the positive outcome thereof. Important is leadership fit, that is, the type of leadership which is flexible to be relevant during and after the turnaround (Braun & Latham, 2012; Schoenberg et al., 2013) and have the ability to choose appropriate strategies which will contribute to a sustainable turnaround. Leadership execution of turnaround strategies should contribute to creating a positive environment to circumvent low employee morale due to retrenchments and to manage other stakeholders successfully (Schoenberg et al., 2013; Trahms et al., 2013). It is imperative that focus is not only on arresting the decline but also to build a sustainable growth.

2.3. Sustaining Business Performance

2.3.1 Introduction

Corporate turnarounds intervention should implement changes that will move the organisation from continuous failure to sustained good business performance, what Wild (2010) refers to as radical change. In addition to the challenges faced by companies in turnaround position they also have to contend with the challenges and opportunities posed by the rapid changes in the competitive business environment which impact on the organisations’ ability to sustain good business performance (Teixeira & Werther, 2013).

Sustaining business performance is realised through the achievement of above average returns over a sustained period (Teixeira & Werther, 2013). Above average profits mean that the profits made by the company should be more than the average profit made by companies within the same industry in the same period. The amount of profit above the industry average profit represents the profit attributable to the turnaround success.

2.3.2 What is required to sustain business performance

2.3.2.1 Innovation

Emphasising the importance of innovation in improving and sustaining performance McKinley et al. (2014) suggests that a company should implement flexible innovation.
Flexible innovation allows the company to be able to adapt to the changes in its environment (McKinley et al., 2014). They further point out that the only time an organisation which is not innovative can succeed to improve, is in a stable environment (McKinley et al., 2014). It is, however, documented that companies operate in an ever-changing environment (Ajmal & Lodhi, 2015). It, therefore, follows that innovation, particularly proactive innovation, is a necessary way of doing things for the organisation to respond resiliently to and lead change in its competitive space (Teixeira & Werther, 2013).

Innovation is defined as “any novel product, service or production process that departs significantly from the prior product, service, or production process architectures” (McKinley et al., 2014, p. 91). Teixeira & Werther (2013) suggests that a company's ability to continuously innovate is core to its competitive advantage. Competitive advantage is the firms' ability to outperform comparable peers consistently over extended periods (Lazzarini, 2015).

2.3.2.2 Strategic planning process

A resilient organisation, one “that adapts anticipatory and repeatedly”, can sustain profitability within a highly competitive environment (Teixeira & Werther, 2013, p.335). Resilience is created through a strategic planning process, an adaptive mechanism that highlights the anticipatory environment and the firm’s current competitive fit (Teixeira & Werther, 2013). A strategic planning process enables the business to balance the short-term and future-oriented focus to sustain its competitive advantage (Bititci et al., 2011; Teixeira & Werther, 2013).

2.3.2.3 Ambidexterity

Ambidexterity, which is the organisation's ability to exploit current resources while exploring the environment for new opportunities, is a key organisational competency underpinning the long-term success of an organisation (O'Reilly III & Tushman, 2011). Building a competency of being ambidextrous supports innovation and resilience as the organisation continuously probe its environment for opportunities to exploit. For innovation, resilience and ambidexterity to take root requires building a supportive culture.
2.3.2.4 Communication and culture management

Communication and culture management as part of a managerial process are critical in ensuring that managers are focused on building the ability for the organisation to adapt (Bititci et al., 2011). Communication is key in the management of stakeholders to ensure that they are kept abreast of the intended outcome of the current and planned actions (Bititci et al., 2011; Trahms et al., 2013).

Leadership is also critical in promoting a culture of innovation and ensuring that all the processes are interconnected to achieve high performance (Bititci et al., 2011; Teixeira & Werther, 2013). How leadership interacts with the employees, the language used and leading by example influence the way things are done and will contribute to a new culture which supports sustained success after a turnaround (Bititci et al., 2011; Schoenberg et al., 2013; Teixeira & Werther, 2013). It is leadership’s role to reorganise the company to meet and take advantage of challenges (Ajmal & Lodhi, 2015).

2.3.3 Conclusion

Innovation, strategic planning process, communication and cultural management are seen to be critical in achieving superior performance by the organisation. These key success factors are critical organisational competencies which the organisation has to build to sustain a successful performance. Building on the notion that the goal of a turnaround process is to return the organisation to sustainable profitability, it would appear that these organisational competencies are also relevant to sustaining a successful turnaround.

It has been mentioned in earlier paragraphs that McKinley et al. (2014) and Reeves et al. (2015) are among the proponents of innovation used to turnaround an organisation. Following on Teixeira & Werther (2013) a turnaround leader should promote the adoption of innovative culture to achieve a sustainable turnaround. This calls for leadership with peculiar competencies to coordinate the resources of an organisation to create these key organisational competencies and achieve a sustainable turnaround.
2.4. Leadership competencies

2.4.1 Leadership and competencies defined

Leadership is defined as “interpersonal influence, exercised in situations and directed through the communication process, toward the attainment of a specified goal or goals” (Galvin, T., Gibbs, M., Sullivan, J., & Williams, 2014, p.36). Galvin et al. (2014) cited Meredith and Mantel (2012, p119) in this definition which emphasises leadership as interpersonal influence and situational in nature. O’Kane & Cunningham (2012) cites Lussier and Achua’s (2004, 5) description of leadership as a process of influencing to achieve organisational goals through change. They also view leadership as the activities and actions which are intended to achieve goals successfully (O’Kane & Cunningham, 2014).

A competency is defined as a capability or ability (Boyatzis, 2008, 2011). Boyatzis (2011) holds that a competency is a manifestation of behaviour, an underlying character of a person that causes superior performance. Wickramasinghe & De Zoyza (2011, p. 2983) cites Hay Group (2001) in defining competency as “A measurable characteristic of a person which is related to effective performance in a specific job, organisation or culture”.

2.4.2 Impact on successful sustainable turnaround

Both these definitions focus on competency being behavioural; Boyatzis posits that competency should have behaviour and intention as its characteristics (Boyatzis, 2008, 2011; Wickramasinghe & De Zoyza, 2011). Competencies are also linked to organisational objectives and strategies and are required to achieve the same (Campion et al., 2011). The implication is that organisational leadership’s, that is the CEO and top management team (TMT), behaviour should have the intention to impact positively on the performance of the organisation (Wickramasinghe & De Zoyza, 2011).

The interdependence of the organisation’s leadership requires them to build and develop leadership competencies and coordinate them such that they create a resilient organisation so as to sustain above average performance achieved from the turnaround actions (Latukha & Panibratov, 2015). It is cardinal that the organisation’s leadership is deliberate in developing and coordinating their competencies particularly in the face of
challenges of turning around the organisation and the ever-changing competitive environment. The leadership need these competencies to lead all stakeholders in such a way that they are motivated to execute the strategies to turnaround the organisation in the midst of sometimes contradicting interests (Trahms et al., 2013). The success of the leader to turnaround the organisation and continuously transform to sustain its successful performance depends on the leader’s competencies (Mehta et al., 2014).

2.4.2.1 Threshold and superior performance competencies

Boyatzis (2011) holds that outstanding leaders require six clusters of competencies, which are into two categories, to be effective and display superior performance in their leadership role. First, the threshold competency category has three clusters which reflect those competencies which every leader or manager should have to be effective in their job (Boyatzis, 2011). This threshold competency category consists of three clusters of competencies namely, ‘1. Expertise and experience, 2. knowledge and 3. basic cognitive competencies’ (Boyatzis, 2011, p.92).

The second category, Boyatzis (2011, p.92) refers to as clusters of competencies “that differentiate outstanding from average performance”. It is this cluster of competencies which Boyatzis (2011) regards as essential to enable a leader to produce superior performance. Emotional intelligence, social intelligence and cognitive intelligence clusters of competencies are imperative for attaining outstanding performance (Boyatzis, 2011). The constitution of the second category of a cluster of competencies is given in Table 2.

The implication of what Boyatzis (2011) posits is that every leader needs to have threshold competencies to start with. Threshold competencies are the competencies without which a leader cannot perform effectively. However, to achieve outstanding performance a leader should have competencies that go beyond the threshold. Considering that the purpose of turnaround is to return an organisation to sustainable profitability, this research focuses on the second category of competency clusters which can contribute to the outstanding performance of an organisation.
TABLE 2: THE SCALES AND CLUSTERS OF THE EMOTIONAL, SOCIAL AND COGNITIVE COMPETENCY INVENTORY (BOYATZIS, 2011, P. 94)

<table>
<thead>
<tr>
<th>Emotional Intelligence competencies:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-Awareness cluster</strong> concerns knowing one’s internal states, preferences, resources, and intuitions. The Self-Awareness cluster contains one competency:</td>
</tr>
<tr>
<td><strong>Emotional Self-Awareness</strong>: Recognising one's emotions and their effects</td>
</tr>
<tr>
<td><strong>Self-Management cluster</strong> refers to managing own internal states, impulses, and resources. The Self-Management cluster contains four competencies:</td>
</tr>
<tr>
<td><strong>Emotional Self-Control</strong>: Keeping disruptive emotions and impulses in check</td>
</tr>
<tr>
<td><strong>Adaptability</strong>: Flexibility in handling change</td>
</tr>
<tr>
<td><strong>Achievement Orientation</strong>: Striving to improve or meeting a standard of excellence</td>
</tr>
<tr>
<td><strong>Positive Outlook</strong>: Seeing the positive aspects of things and the future</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Intelligence Competencies:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Awareness cluster</strong> refers to how people handle relationships and awareness of others’ feelings, needs, and concerns. The Social Awareness cluster contains two competencies:</td>
</tr>
<tr>
<td><strong>Empathy</strong>: Sensing others’ feelings and perspectives, and taking an active interest in their concerns</td>
</tr>
<tr>
<td><strong>Organisational Awareness</strong>: Reading a group’s emotional currents and power relationships</td>
</tr>
<tr>
<td><strong>Relationship Management cluster</strong> concerns the skill or adeptness at inducing desirable responses in others. The cluster contains five competencies:</td>
</tr>
<tr>
<td><strong>Coach and Mentor</strong>: Sensing others’ development needs and bolstering their abilities</td>
</tr>
<tr>
<td><strong>Inspirational Leadership</strong>: Inspiring and guiding individuals and groups</td>
</tr>
<tr>
<td><strong>Influence</strong>: Wielding effective tactics for persuasion</td>
</tr>
<tr>
<td><strong>Conflict Management</strong>: Negotiating and resolving disagreements</td>
</tr>
<tr>
<td><strong>Teamwork</strong>: Working with others toward shared goals. Creating group synergy in pursuing collective goals.</td>
</tr>
</tbody>
</table>

| Cognitive Intelligence Competencies (in the ESCI- University version only): |
2.4.2.2 Impact of superior performance competencies

The description of these competencies illustrates how they can influence the ability to sustain a successful turnaround. Boyatzis (2011, p.94) describes them as follows:

“(a) an emotional intelligence competency is an ability to recognize, understand, and use emotional information about oneself that leads to or causes effective or superior performance;
(b) a social intelligence competency is the ability to recognize, understand and use emotional information about others that leads to or causes effective or superior performance; and
(c) a cognitive intelligence competency is an ability to think or analyze information and situations that leads to or causes effective or superior performance.”

Leaders need to have all these second category competencies properly developed to meet the challenges they face during the turnaround process, and after the successful turnaround. Emotional intelligence, Social Intelligence and Cognitive intelligence are relevant in effective execution of retrenchment of employees strategy, as a cost efficiency measure, which may lead to low morale of the remaining employees (Trahms et al., 2013). Whereas Cognitive intelligence may assist a leader to design and execute an asset retrenchment strategy which will avoid sterilising the ability for an organisation to grow and sustain future performance (Braun & Latham, 2012).

All three bits of intelligence are relevant to sustain success post-turnaround. They will help a leader to be effective in building organisational competencies required to sustain business performance as discussed in paragraph 2.3 above. Since it is the leader’s primary role to understand the changes in the environment and position the organisation to exploit these changes, cognitive intelligence will empower the leader to be anticipatory in dealing with the changes. Emotional intelligence underpins the ability to make decisions

Systems Thinking: perceiving multiple causal relationships in understanding phenomena or events

Pattern Recognition: perceiving themes or patterns in seemingly random items, events, or phenomena
Leadership and organisational competencies of sustaining a successful corporate turnaround

which are sometimes uncomfortable. Through understanding others and how change impact on them, the social intelligence enables the leader to influence them to accept the change and commit to the achievement of objectives of the organisation.

Blake (2012) confirms what Boyatzis (2011) posits as the outstanding performance competencies. Blake reflects these competencies by singling out “10 leadership abilities and practices” which are capable of making a leader effective (Blake, 2012). They are juxtaposed in Table 3 below.

**Table 3: Boyatzis’ leadership competencies compared to Blake’s leadership abilities and practices**

<table>
<thead>
<tr>
<th>Boyatzis’ leadership competencies</th>
<th>Blake’s abilities and practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional intelligence competencies</td>
<td>• Leaders must help put innovative ideas into practice</td>
</tr>
</tbody>
</table>
| Social intelligence competencies | • Be able to create a vision and get support for it  
• They need to foster and facilitate collaboration  
• They need to form coalitions and build teams |
| Cognitive intelligence competencies | • Leader must be a knowledge synthesiser  
• They need to be creative  
• Leaders need to possess entrepreneurial skills  
• They are systems thinkers  
• Leaders must set priorities |

2.4.2 Conclusion

For a successful turnaround, and to sustain that success, an organisation requires flexibility to adapt to its environment. Thus possessing the competencies distinguishing outstanding performance will aid the organisation’s leadership in implementing flexible, innovative strategies which will position it to take advantage of opportunities in the business environment (Braun & Latham, 2012; McKinley et al., 2014; Teixeira & Werther, 2013; Trahms et al., 2013). These competencies display leadership behaviour, which is both task and people oriented, required for a successful sustainable turnaround (Mehta et
al., 2014). The leadership competencies put a leader in a better position to anticipate change, reposition the organisation and influence the relevant stakeholders to achieve the goals of the organisation in a changing environment.

2.5. Leadership Style

2.5.1 Implications of leadership style

The way leaders provide direction to their organisation, plan and execute these plans and motivate people to perform refers to that leader’s leadership style (Blake, 2012). Leadership style is the way a leader influences people within an organisation towards achieving organisational goals. A leadership style which motivates and supports employees while re-organising capital, financial health and operational capability of the organisation contributes to the attaining of a successful turnaround (Haron, Rahman, & Smith, 2013).

A leadership style should aim at developing a culture of innovation and organisational ambidexterity to sustain a successful turnaround performance. This culture will ensure that the organisation is resilient and able to adapt to its environment (Bititci et al., 2011; McKinley et al., 2014; O’Reilly III & Tushman, 2011; Teixeira & Werther, 2013). Literature emphasises that leadership happens within a context and therefore any leadership style adopted at any given time should address the needs of that situation or context in attaining the goals of the organisation (Blake, 2012).

Both Boyatzis and Blake points out that for a leadership style to be effective in the 21st century environment, it must display the emotional intelligence, social intelligence and cognitive competencies (Blake, 2012; Boyatzis, 2011). Some authors describe the 21st century environment as that of rapid change (Teixeira & Werther, 2013). This seems to be consistent with the notion of creating an environment conducive to a flexible culture which makes flexible innovation possible (McKinley et al., 2014; Teixeira & Werther, 2013).
2.5.2 Transactional and Transformational (inspirational) leadership

Contemporary leadership style theory posits that transactional leadership influences behaviour through an emphasis on rewards and punishment in exchange for their performance (Judge & Piccolo, 2004; O’Kane & Cunningham, 2012). Judge & Piccolo (2014) argues that the transactional leadership will be predominant during the economise turnaround phase whereby the focus is on arresting the decline and refocusing the organisation (Reeves et al., 2015).

O’Kane & Cunningham (2012) and Judge & Piccolo (2014) cites Burns (1978) and Bass (1985) in describing transformational leadership as a leadership approach which is based on the relationship between the leader and subordinates. O’Kane & Cunningham (2012) emphasises the interpersonal dimensions of reciprocal trust and humility as critical components of the transformational leadership approach. On the other hand, Judge & Piccolo (2014, p. 755) highlights Bass’s (1985) four dimensions of transformational leadership which are “charisma, inspirational motivation, intellectual inspiration, and individualized consideration”.

Transformational leadership is viewed as an extension of transactional leadership, that is, transformational leadership “adds to the effects of transactional leadership (Judge & Piccolo, 2004, p. 756). Judge & Piccolo (2004) refers to the phenomenon of transformational leadership building on transactional leadership as the augmentation.

2.5.3 Situational leadership

Leadership styles have been studied through the years. The traditional styles, like McGregor’s X and Y theories, are criticised for their tendency to ignore situational factors which impact on how best a leader can influence performance to achieve the best results possible given the situation (Blake, 2012). Some leadership style theorists echo the situational focus of leadership as cited by Gavin et al. (2014). Blake (2012) supports the leadership style which he refers to as situational leadership.

Situational leadership theory holds that leaders should adapt their leadership style to the prevailing situation. Blake (2012) suggests that a leadership style is not a one size fits all, social dynamics, as well as values and norms, determine which style a leader should
choose to use. The focus of the situational leadership is more internal than external. It looks at how leaders adapt their style based on the type of employee (Blake, 2012).

2.5.4 Contextual leadership

Very similar to the situational leadership is contextual leadership. While the situational leadership has an internal focus, contextual leadership focuses on a leadership approach which adapts to the change in the environment of the organisation. The context of the organisation goes beyond the internal interaction between productivity and the employee welfare but also includes the demands and changes in the external environment (Osborn & Marion, 2009). In the current fast changing business environment value is not created only for the shareholders but also for the number of stakeholders and these demands impact on how a leader sustains organisational growth (Jonash, 2005).

Context is described as “all the internal, external, interpersonal and intra-personal factors that contribute to the uniqueness of each situation and circumstance” (Kutz, 2008, P.20). Contextual leadership involves the ability to recognise and diagnose these factors and reorganise the organisational and behaviour resources to meet the demands imposed by them (Kutz, 2008).

2.5.5 Conclusion

The operational context of a leader is complex. It requires mastery of all the contextual factors including the intrapersonal attributes as described by Kutz (2008) to be able to perform at the right level to achieve a sustainable turnaround performance. The major challenge is to develop a leadership competency of appropriate flexing of leadership style. The competency will enable a leader to discern when to use which style for what outcomes.

2.6 Conclusion

The need to ensure that the turnaround is successful and sustainable and the turnaround strategies are discussed extensively in literature. There is, however, little evidence of discussions that explore leadership and organisational competencies that will influence the sustainability of the turnaround within a context of a complete turnaround. This
phenomenon is highlighted by O’Kane & Cunningham (2012) proposition that future research should look at how a leader sustains the turned around performance. Consequently, this research looks at the competencies of a leader and the organisation required to sustain a turnaround in the context of the strategies employed to turn an organisation around.

The literature explores other dynamics of sustaining performance like strategic planning process, innovation, ambidexterity, communication and management of culture (Bititci et al., 2011; O’Reilly III & Tushman, 2011; Teixeira & Werther, 2013). The research considers these dynamics as the organisational competencies necessary to sustain a turnaround in the context of an ever-changing environment. These dynamics, however, have not been linked to a turnaround environment to establish how they address performance therein contingent to the strategies used in the process of turnaround and their resultant challenges.

The study endeavours to explore whether these competencies hold true in sustaining a turnaround performance. Following on the assertion that it is the leader’s responsibility to ensure that the turnaround is sustainable, the research posits that the choice and implementation of turnaround strategies is a contingency for a sustainable turnaround. Furthermore, the success of the chosen strategies to lead to a sustainable turnaround is dependent on the leadership competencies which enables superior performance and the appropriate organisational competencies as illustrated in Figure 1 below.
Leadership and organisational competencies of sustaining a successful corporate turnaround

**Figure 1: Competencies needed for a sustainable turnaround**

- Post-Turnaround - Recovery
- Post-Turnaround - Arreting the Decline

Turnaround Process to Post-Turnaround

Leadership Competencies

- Emotional Intelligence
- Cognitive Intelligence
- Social Intelligence

Organisational Competencies

- Contextual Leadership Style
- Innovation
- Strategic Change
- Communication
- Cultural Management
CHAPTER 3: RESEARCH PROPOSITION

In reviewing the literature, different turnaround strategies were highlighted as well as their consequences. The aim of turnaround is to return an organisation to sustainable superior performance.

Proposition 1

Retrenchment and Restructuring strategies are temporal strategies which are aimed at securing financial viability for the organisation (Reeves et al., 2015). These short-term strategies should not erode the ability of the organisation to grow to sustainable profitability. They should seek to create fertile ground to reposition and grow the organisation (McKinley et al., 2014; Reeves et al., 2015; Schoenberg et al., 2013; Trahms et al., 2013).

*Balancing the turnaround strategies used in the different phases of arresting the decline and growing the organisation contributes to a sustainable turnaround.*

Proposition 2

It is key to identify the critical success factors or organisational competencies to sustain business performance. Some are identified in various literature as innovation, resilience, strategic planning process, communication and cultural management (Ajmal & Lodhi, 2015; Bititci et al., 2011; McKinley et al., 2014; O'Reilly III & Tushman, 2011; Teixeira & Werther, 2013; Trahms et al., 2013). The identification of these critical organisational competencies lead to making the following proposition:

*Innovation, strategic planning process, communication and culture management are the critical organisational competencies required to support turnaround strategies to achieve a sustainable turnaround.*

Proposition 3

Further to this, leadership competencies were explored and found that competencies are behaviours with intent (Boyatzis, 2011). Leadership competencies are linked to
organisational objectives that leaders are meant to pursue (Campion et al., 2011), and they facilitate the achievement of such objectives. Boyatzis (2011) categorises competencies into two clusters; that is the threshold competency cluster and the cluster of competencies critical to the attainment of outstanding performance. From these competencies, the following is proposed:

*Emotional intelligence competencies, social intelligence competencies and cognitive intelligence competencies are the leadership competencies, which enables a leader to achieve sustained business performance following a turnaround.*

Proposition 4

Various authors concur that an organisation operates within a dynamic business context and is dynamic by virtue of the internal and external influences in an ever-changing environment. Therefore, a leader should have the competence that will enable him to adapt his leadership style to different contexts (Blake, 2012). Therefore, the fourth proposition states that:

*The appropriate flexing of leadership style is an essential leadership competency to sustain turnaround business performance.*

The following methodology will be applied to gather and analyse data to test these propositions.
CHAPTER 4: METHODOLOGY

4.1. Introduction

This chapter deals with the methodology that was used to explore the dynamics of sustaining a successful turnaround. Previous research has not looked at the leadership competencies and style, and critical success factors required to sustain business performance post turnaround (Mehta et al., 2014). The chosen research method was used to test the propositions made in the previous chapter.

First, the method and design adopted are discussed, followed by the description of the population, unit of analysis, sampling, data collection, and analysis. The last portion will look at the limitations of the research.

4.2. Proposed Research Method and Design

Qualitative research “is research that addresses business objectives through techniques that allow the researcher to provide elaborate interpretations of market phenomena without depending on numerical measurements” (Zikmund, Babin, Carr, & Griffin, 2010, p.133). Other authors describe qualitative research as a “…qualitative case study is an approach to research that facilitates exploration of a phenomenon within its context using a variety of data sources” which allows the study of individuals and organisations (Baxter & Jack, 2008, p. 544).

The research takes on an interpretivism philosophy which informs the inductive approach followed (Quinlan, 2011; Saunders & Lewis, 2012). When applying this approach, the researcher develops research propositions from existing theory and goes on to test whether the theory is supported or needs to be modified (Saunders & Lewis, 2012). This research seeks to establish whether the theory identified from past literature is applicable in the context of turnarounds or whether the established theory needs to be modified when applied to sustaining corporate turnarounds. The inductive approach is, therefore, a suitable approach to testing the propositions on sustaining a successful turnaround as gleaned from reviewing existing literature since the data will be the perspectives of individuals who have experienced turnarounds (Quinlan, 2011; Saunders & Lewis, 2012).

Though previous research has looked at the attributes of a turnaround leader and the behavioural literature has also focused on the competencies of leaders which result in
superior performance there is little evidence of deliberately linking these to sustaining a corporate turnaround (Blake, 2012; Boyatzis, 2011; Mehta et al., 2014). Furthermore, the research explores the organisational competencies like innovation, ambidexterity, resilience, and cultural management identified to promote sustained good performance (Bititci et al., 2011; McKinley et al., 2014; O’Reilly III & Tushman, 2011; Teixeira & Werther, 2013) in the context of sustaining a turnaround. Thus, the nature of the research study was exploratory, as the constructs which were studied have not been explored within the context of sustaining a successful turnaround. Exploratory research design allows the researcher to deduce new insights about the topic in the context of sustaining a successful turnaround (Zikmund et al., 2010). It is an appropriate method for the study of constructs which are not familiar within a field (Saunders & Lewis, 2012).

The phenomenon of sustaining a successful turnaround was explored by collecting data through recorded interviews which assisted with the accuracy of capturing data (Saunders & Lewis, 2012). The recorded interviews were from various respondents who are experts in the field of turnarounds or were involved in turnarounds in their organisations (Baxter & Jack, 2008). Qualitative research is an appropriate method because the nature of the data collected was in text rather than numerical format (Saunders & Lewis, 2012; Zikmund et al., 2010). The text data represents the reflections of experts in the field of turnarounds and those of leaders from the organisations that have implemented turnaround strategies.

4.3. Population

The population for this study consisted of turnaround industry experts who have effected or consulted on a turnaround and top management from organisations that have implemented a turnaround intervention and had a period of three years of improving performance. The population is a complete set of heterogeneous members who all have experience in turnaround interventions (Saunders & Lewis, 2012). The reason for this is that the research seeks to understand the leadership and organisational competencies of sustaining a successful turnaround.

The population was drawn from companies listed on the Johannesburg Stock Exchange and state-owned companies. The companies from which the population was drawn were identified and selected on the basis that they have implemented a turnaround strategy. The use of personal contacts together with research assisted with the identification of these
companies. Further, they were assessed whether they meet the profitability criteria by looking at their performance over a period of at least three years.

### 4.4. Unit of Analysis

The unit of analysis will be perspectives of the leadership team of the organisations that have implemented a turnaround intervention and turnaround industry experts on the what are the turnaround strategies, leadership competencies, organisational competencies and leadership styles which contribute to a sustaining a successful turnaround.

### 4.5. Sampling

Sampling is defined as “any procedure that draws conclusions based on measurements of a portion of the population”, whereas “a sample is a subset of a larger population” (Zikmund et al., 2010, p. 68). It is not possible to define the sample frame because of the inability to quantify the total population (Saunders & Lewis, 2012) because not all turnaround organisations in South Africa are in public domain. In cases like these, where it is not possible to have an exhaustive list of the population, an appropriate sampling method to use is a non-probability sampling method (Saunders & Lewis, 2012). Non-probability sampling methods are used when it is not possible to select a sample at random as is the case with probability sampling methods where the complete list of the population is available (Saunders & Lewis, 2012).

The purposive sampling technique, whereby the researcher used their judgement to identify qualifying respondents, was used. The sample was chosen on the basis that they can answer the research questions, they have knowledge and experience of turnarounds, and can help with the understanding of the phenomenon under study (Beitin, 2012; Saunders & Lewis, 2012). The selection of the participants to the research will depend on their availability. The selected managers must have gone through a turnaround process in an executive role in their present or previous organisations. The selection of executives is motivated by the fact that managers at different levels of leadership impact the organisation differently to sustain a successful turnaround (Bititci et al., 2011; DeChurch, Hiller, Murase, Doty, & Salas, 2010; Teixeira & Werther, 2013). Furthermore, the selection of the industry experts will be through referrals and the researcher’s judgement. The experts should be
those that have consulted with companies that have implemented a turnaround process or have implemented turnarounds themselves.

The critical case was chosen due to the fact that the questions will be best answered by top management and experts who were involved in the turnaround or leading business performance of selected organisations (Saunders & Lewis, 2012). The reason for selecting this sample is to observe the patterns which may come out which are expected to converge in triangulation (Creswell & Miller, 2000; Saunders & Lewis, 2012). The sample of top management and turnaround experts does not only enhance the research through triangulation but also through the gleaning of insights from varied perspectives (Beitin, 2012). To ensure that the insights used come from a credible source, the researcher discarded two interviews of those participants who proved not to have had first-hand experience of the turnaround phenomenon they were discussing. The motivation for this decision is that, as a social science research, the study is designed to gather data from the point of view of a person who has lived the experience (Quinlan, 2011).

Sample sizes of data collected using non-probability sampling are often small (Saunders & Lewis, 2012). Buiten (2012) supports Zikmund et al. (2010) argument that a small sample to collect qualitative data is acceptable. While Zikmund et al. (2010) do not specify the number of samples sufficient for the non-probability purposive sample, Saunders and Lewis (2010, p. 134) suggest a sample size “between 15 and 25” for a heterogeneous sample and 10 for homogeneous groups. In this study, a sample was selected from top management of organisations which instituted a turnaround strategy and experts from the turnaround industry. These participants are distinctly heterogeneous in their experience of turnarounds, their roles in turnarounds, and the required behaviour to sustain its success (Beitin, 2012; Guest, Bunce, & Johnson, 2006).

While Saunders and Lewis (2012), and Zikmund et al. (2010) do not provide justification for their suggestions of a sample size, other studies have empirical justification for the sample size they suggest (Guest et al., 2006). Guest et al. (2006) suggest that a minimum of six samples of relatively homogeneous participants will establish high-level themes sufficient to draw conclusions from. They posit that a sample of twelve relatively homogeneous participants will most likely be sufficient interviews to reach data saturation for a non-probabilistic purposive sampling (Guest et al., 2006). On the other hand, Beitin (2012) highlights the view that the research process should inform the sample size (Beitin, 2012). In line with these suggestions, a sample size of 14, with an equal split between the
top management and turnaround experts, was used in this study. The guiding determinant was theoretical saturation (Beitin, 2012). The sample of 14 was from 16 interviews of which two interviews were rejected. The two interviews were rejected due to lack of fit to the selection criteria.

4.6. Data Collection, Management and Analysis

4.6.1. Data collection

Data was collected using a qualitative in-depth semi-structured face to face in-depth interviews which are appropriate to explore unfamiliar constructs because the interviewer might be unsure of the answers from respondents (Saunders & Lewis, 2012). Quinlan (2011, p. 308) describes the process of gathering data in qualitative research as “interactive”, which renders the semi-structured face to face interview an appropriate method of gathering data. One advantage of this data collection method is that it allows for asking of immediate follow-up questions thus facilitating the collection of in-depth insights or to clarify a point made, or a misunderstood question (Quinlan, 2011; Saunders & Lewis, 2012; Zikmund et al., 2010). The initial questions were followed-up with sub-questions where necessary. The sub-questions provided clarity to the interviewee’s response or completed the coverage of the subject where the respondent did not go deep enough to provide an understanding of the subject (Guest et al., 2006; Saunders & Lewis, 2012).

The discussion guide, which contained a set of initial questions to ask the participants, was used (Appendix 1 and 2). Appendix 1 is the discussion guide for top management interviews. On the other hand, Appendix 2 had questions adapted for turnaround experts. As indicated under Sampling these two groups differ in their roles and their behaviours in sustaining a turnaround. The interview questions were meant to provide insights on the propositions as presented in chapter 3. Thus, the questions were grouped under four categories to ensure that the propositions are thoroughly covered (Quinlan, 2011).

The process of piloting the questions resulted in questions revised to enhance clarity and ensure that they elicit more comprehensive responses. At the same time, some questions were fused into others resulting in the reduction in the number of questions thus, avoiding interviewee fatigue. Ultimately, all interviews were conducted within the proposed duration of an hour except for one interview which went up to one hour thirty minutes. The interviewee’s permission was sought to go beyond the requested time, and permission
was granted. This was one of the interviews whereby the true character of open questions was tested with the interviewee taking “the discussion in any direction they wish to explain or illustrate their perspective” (Quinlan, 2011, p. 293).

All interviews were started with the questions on the first category on the turnaround strategy. The following group of questions explored the organisational competencies to sustain a turnaround, however, some interviewees exhibited a strong inclination towards leadership thus for them the first group of questions were followed by questions on leadership competencies rather. All participants were asked questions from all groups with varying degrees depending on what the previous responses contained. The varying of the order of questions holds true to the definition of the semi-structured interview (Saunders & Lewis, 2012).

As per the discussion guide, the participants were asked permission to have the interview recorded. All the interviewees gave consent to the recording of the discussions, except one. The interview which was not recorded is one of the two excluded from the sample as alluded to under sampling. The capturing of the interview data was done using a digital audio recording device together with handwritten notes. The recording of interviews improved the accuracy of data capturing ensuring that all verbal articulations, which aid interpretation, are captured (Saunders & Lewis, 2012). A professional audio transcriber was used so as not to compromise the quality of the transcript. It is the transcripts of the recorded interviews which were analysed to derive the results presented in chapter five.

### 4.6.2. Data management

It is important that the collected data is safeguarded and protected from loss, damage or being stolen (Quinlan, 2011). Securing data preserves the integrity of the research (Quinlan, 2011). The use of a digital recording device allowed for data transferred and stored electronically on the laptop, temporarily on the recording device itself, memory stick, disc and the cloud application like Dropbox.

Each interview will be numbered and dated for ease of identification. Printed documents will be filed and protected against tearing and water spillages. The names of participants and their organisations will be coded to keep them confidential as per Appendix 2. The
Leadership and organisational competencies of sustaining a successful corporate turnaround

replacer will keep the list of the participants and their code names securely (Quinlan, 2011).

4.6.3. Data analysis

Data will be analysed using a computer-aided qualitative data analysis software namely Atlas.ti. This method involves collecting of raw data, editing and coding the data, and creating a data file compatible with the software (Zikmund et al., 2010). The software is suitable to handle large data and aid with data management (Quinlan, 2011).

The data analyses aim to test the propositions developed in chapter 3. Analysis and interpretation of the data will be in the form of looking for patterns from which to make a conclusion which either affirms or disproves the proposition (Saunders & Lewis, 2012). These patterns will be developed from themes which are the collection of the key concepts from the raw data (Quinlan, 2011) with the aid Atlas.ti software.

The data was analysed following the qualitative content analysis process (Elo et al., 2014). The analysed data was collected through 16 in-depth face-to-face semi-structured interviews. Only 14 of the interviews forms part of the analysed data. The interviews were recorded, and the recordings were transcribed. The transcriptions were used as the data source and were captured in Atlas.ti. The analysis of the transcripts generated codes which were reviewed and revised to settle with a final list of 125 codes. Through a process of iterative abstraction, ten themes were developed which form the core of the analysis.

An independent analyst was used which increased the comprehensiveness of the analysis. That also eliminated the possible biases of the researcher which could have developed due to the closeness to the interview process (Elo et al., 2014). The researcher was the only interviewer. This approach has a disadvantage that the independent analyst was not part of the interviewing process, therefore, some of the salient nuances which can only be experienced by a person present were not available to the analyst. This was remedied through reviews of the codes generated and discussions on the possible and final themes.

The researcher will present the analysed data as per the four-stage data analysis framework outlined by Quinlan (2011), namely:
1. Describing data – starting with the observations from the data. This will be the chapter presenting the results of the research. Chapter 5.

2. Interpreting data – the meaning of data will be highlighted in the chapter discussing and interpreting the findings. Chapter 6.
   The final chapter of the report will contain stage three and four.

3. Drawing conclusions – the meaning of the data is related to the questions asked and state whether the four propositions, as per chapter three, are validated or disproved. Chapter 6.

4. Theorisation – The conclusions are then interpreted in the light of the literature review to confirm or disconfirm the theories regarding leadership competencies, the appropriate leadership styles and the critical success factors of sustaining a successful turnaround. The conclusion is made at this stage. Chapter 7.

4.7. Data Validity and Reliability

Qualitative research is a subjective inquiry in that it relies on the interpretation of the researcher to develop findings on the researched topic (Zikmund et al., 2010). The qualitative analysis subjective nature, therefore, requires that the researcher proves that the findings are credible, this is done through validation (Creswell & Miller, 2000). Creswell and Miller (2000, p. 124) cite Schwandt (1997) in defining validity “… as how accurately the account represents participants' realities of the social phenomena and is credible to them….”

The researcher can ensure validity by asking a question to as many respondents until the researcher is satisfied that they will not have any different responses, data saturation (Creswell & Miller, 2000). By doing this, they will be able to formulate themes and patterns which will form the basis for meaningful analysis and inference (Creswell & Miller, 2000).

“Triangulation is a validity procedure where researchers search for convergence among multiple and different sources of information to form themes or categories in a study” (Creswell & Miller, 2000, p. 126). Beitin (2012) cites Denzin (1978) to describe the use of different sources of data as data triangulation. The credibility of the research data was secured through the three sources of data namely literature review, interviews with top
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managers who were involved in turnaround implementation and interviews with turnaround experts to gain their insights on how to sustain a successful turnaround.

It is important that credibility is established not only from the view of the researcher using triangulation but also from the perspectives of other people (Creswell & Miller, 2000). The validation procedure of getting views of participants through ensuring data saturation is selected to ensure that all possible perspectives are included in the analysis (Creswell & Miller, 2000).

4.8. Potential Research Limitations

Qualitative research method subjective nature may result in bias from the researcher and respondent. On the one hand, in interpreting the results of the interviews the researcher may tend to introduce their beliefs based on their experience of the phenomenon. On the other hand, the respondent may provide responses to the questions which they think are what the researcher would like to hear or withhold what they believe is inconsistent with their perspective (Beitin, 2012; Creswell & Miller, 2000; Zikmund et al., 2010).

The use of non-probability purposive sampling introduces bias into the research (Easterby-Smith, Thorpe, & Jackson, 2015). This sampling method does not rely on the randomness of the probability-based selection of the sample. The use of judgement makes this method prone to selector bias.

The research conclusions cannot be generalised to all companies which have had a successful turnaround because of the limitation of the sampling method used (Zikmund et al., 2010). The fact that the sample of this research was drawn from a specific region (Johannesburg) in South Africa, also contributes to the research limitations.

The biases to guard against in particular are unwillingness bias, which may influence the number of samples if there are interviewees who may not want to participate in the research and the risks of low-quality responses to interview questions. The researcher had to abandon attempts of pursuing possible participants who did not respond to the first follow-up to the interview request and avoid the selection of those who were willing but did not fit the research criteria. This stance assisted with the reduction of unwillingness bias.
and the risk of low-quality responses. Also, one interview was excluded from the sample where the interviewee did not give permission to have the interview recorded.

Interviewer and Respondent fatigue which can be avoided by designing not too long questions. The interview questions have to be designed such that they measure the variables accurately (Easterby-Smith et al., 2015). Fellow researchers tested the length of questions to avoid fatigue and validated to measure the variables accurately.
CHAPTER 5: RESULTS

5.1. Introduction

This chapter presents the results gathered from the in-depth face-to-face interviews conducted in a single phase. The results represent the perspectives of the participants. These perspectives were gathered through semi-structured interviews which allowed maximum interaction between the interviewer and interviewees to get the latter’s deep insights on the topic.

The interview questions were informed by the literature reviewed in chapter 2 and the objectives of the research discussed in Chapter 1 and were mapped to the propositions laid out in chapter 3. As stated in chapter 4, the questions in the interview guide were grouped in a manner to effect a systematic collection of data responding to each proposal. The structure of this chapter, therefore, takes on the grouping of the interview questions so as to capture the interview experience and reach a conclusion on each proposition. The findings will be discussed under headings reflecting each proposition.

5.2. Description of the Sample

A total of 16 interviews were conducted. Two interviews were excluded from the sample thus remaining with a sample of 14. The sample consisted of two heterogeneous groups of seven executives on the one hand and seven turnaround experts on the other. The executives interviewed were from a variety of sectors and positions, as a result, rich data was collected from different perspectives. These executives were selected on the basis that they were involved in the implementation of a turnaround process in their respective companies. Names coded to afford anonymity. Same company share the same code.

Two of the executives’ interviews were excluded from the sample. The reason for excluding them was that both interviewees did not display the element of having first-hand experience of the turnaround process. One of the two excluded interviews were not completed at the request of the interviewee while in the other interview permission to record the interview was not granted. The fact that one interview was incomplete and in the other recording was not permitted are not the reasons for exclusion. A summarised breakdown of the interviewed executives’ position, sector and additional information to support their selection is given in Table 4 below.
### Table 4: List of Interviewed Executives

<table>
<thead>
<tr>
<th>Category</th>
<th>Participant</th>
<th>Organisation</th>
<th>Sector</th>
<th>Position</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives - Top Management</td>
<td>P1</td>
<td>C1</td>
<td>State Owned Enterprise: Broadcasting Signal Distribution and Telecommunications</td>
<td>COO</td>
<td>Participated in the turnaround of the enterprise as a member of the executive.</td>
</tr>
<tr>
<td></td>
<td>P2</td>
<td>C2</td>
<td>JSE: Wireless Telecom Services</td>
<td>CEO</td>
<td>Former CEO of the Southern African operations of a South African-based multinational mobile telecommunication company. As CEO, he led the turnaround of the Southern African and West African operations</td>
</tr>
<tr>
<td></td>
<td>P3</td>
<td>C3</td>
<td>JSE: Gold Mining</td>
<td>Group CFO</td>
<td>As Group CFO – participated in the turnaround of the company.</td>
</tr>
<tr>
<td></td>
<td>P4</td>
<td>C3</td>
<td>JSE: Gold Mining</td>
<td>Senior Vice President Human Capital</td>
<td>Participated in the turnaround of the company moved into the position of SVP of one of the divisions as the company expanded.</td>
</tr>
<tr>
<td></td>
<td>P5</td>
<td>C4</td>
<td>JSE: Food Processors</td>
<td>CEO</td>
<td>Led the multiple turnarounds of the company in 2006 and 2009</td>
</tr>
<tr>
<td></td>
<td>P6</td>
<td>C5</td>
<td>JSE: Telecommunications</td>
<td>Chief Commercial Officer/Chief Growth Officer</td>
<td>Part of the turnaround team at the company as COO and now responsible for strategy.</td>
</tr>
<tr>
<td></td>
<td>P7</td>
<td>C3</td>
<td>JSE: Gold Mining</td>
<td>Group Executive Vice President</td>
<td>Executive- participated in the turnaround of Sibanye Gold</td>
</tr>
<tr>
<td></td>
<td>P8</td>
<td>C4</td>
<td>JSE: Food Processors</td>
<td>Member of Executive Committee</td>
<td>Executive of Legal, Secretarial &amp; Human Resources, and Company Secretary. Excluded from the sample. Recording not permitted.</td>
</tr>
<tr>
<td></td>
<td>P9</td>
<td>C6</td>
<td>JSE: Financials- Life Insurance</td>
<td>Chief of Staff</td>
<td>Chief of staff and strategy assistant to CEO for Africa division Incomplete interview. Not included in the sample.</td>
</tr>
</tbody>
</table>
All seven interviews with the turnaround experts were included in the sample. The experts were selected on account of their experience of consulting on turnaround interventions and having implemented turnaround processes themselves. They are all members of at least one professional association or organisation. One of the characteristics of the experts is that they leave the organisation once the turnaround has been achieved. That means they are not in a position to see through the sustainability of a turnaround once it is completed and long-term initiatives like cultural change. A list of the interviewed experts is presented in Table 5 below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Participant</th>
<th>Organisation</th>
<th>Sector</th>
<th>Position</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experts (Turnaround practitioners)</td>
<td>P10</td>
<td>C7</td>
<td>Consulting – Business Rescue</td>
<td>CEO</td>
<td>Licenced business rescue practitioner and member of Turnaround Management Association – Southern Africa (TMA-SA)</td>
</tr>
<tr>
<td></td>
<td>P11</td>
<td>C8</td>
<td>Consulting – Business Rescue</td>
<td>Managing Partner</td>
<td>Licenced business rescue practitioner with over 25 years of experience in turnarounds and business rescues. Member of TMA-SA</td>
</tr>
<tr>
<td></td>
<td>P12</td>
<td>C9</td>
<td>Consulting – Business Rescue</td>
<td>Managing Partner</td>
<td>Member of INSOL and TMA-SA</td>
</tr>
<tr>
<td></td>
<td>P13</td>
<td>C10</td>
<td>JSE: Financial Services</td>
<td>Specialist: Business Support and Recoveries (High Value)</td>
<td>Member of TMA-SA</td>
</tr>
<tr>
<td></td>
<td>P14</td>
<td>C10</td>
<td>JSE: Financial Services</td>
<td>Head of SME Africa Business Support</td>
<td>Member of TMA-SA</td>
</tr>
<tr>
<td></td>
<td>P16</td>
<td>C11</td>
<td>State Owned Enterprise</td>
<td>Manager: Business Support and Recovery Unit</td>
<td>Member of TMA-SA (COO)</td>
</tr>
</tbody>
</table>
5.3. Independent Analysis

An independent analyst was retained to analyse the interview transcripts. This assisted in reducing the researcher bias, especially the bias of focusing more on some findings and ignoring others (Quinlan, 2011). For comprehensiveness and to ensure that all the interview nuances are captured, the researcher went through the analysis again (Elo et al., 2014). The transcripts of the interviews and the first four chapters of this report were forwarded electronically, shared on a cloud storage provider, to the independent analyst.

5.4. Results for Research Proposition 1

*Balancing the turnaround strategies used in the different phases of arresting the decline and growing the organisation contributes to a sustainable turnaround.*

The proposition posits that to achieve a sustainable turnaround the leader of the turnaround should employ strategies which are geared towards the short-term and long-term. The short-term strategies are geared towards arresting the decline while the long-term strategies focus on repositioning the organisation for growth. This proposition was tested through three interview questions. The interview questions wanted to establish the perspectives of the interviewees on whether balancing the short-term, and the long-term strategies will facilitate attainment of a sustainable turnaround.

**Theme: Identifying turnaround contexts**

From the interview data, it was clear that there are some challenges which impact on chances for a successful and sustainable turnaround. Keeping and accessing reliable data to track business performance is one of them. Other challenges lie in the way the turnaround is approached, which impacts the design and implementation of turnaround interventions.

The interviewees noted that it is imperative to identify the causes of distress which put the organisation in a turnaround position. Doing so will enable the designing of appropriate interventions towards a sustainable turnaround. Continuous changes in the market drive the decisions to change strategy. Table 6 tabulates the contextual elements defining the course of a turnaround intervention, extracted from the interview data. Table 7 gives a list
of selected responses from the interviewees on the elements which define the course of turnaround interventions

**TABLE 6: ELEMENTS DEFINING THE COURSE OF TURNAROUND INTERVENTIONS**

<table>
<thead>
<tr>
<th>Element</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to reliable data to track business performance</td>
<td>1. Compromise the quality of decision-making</td>
</tr>
<tr>
<td></td>
<td>2. Unable to forecast to facilitate cash flow planning</td>
</tr>
<tr>
<td>Approaching turnaround</td>
<td>1. Evaluate the causes of decline and take timeous action</td>
</tr>
<tr>
<td></td>
<td>2. Negotiation with creditors – ability to raise funding</td>
</tr>
<tr>
<td></td>
<td>3. Evaluating turnaround potential</td>
</tr>
<tr>
<td></td>
<td>4. Retrenchment costs</td>
</tr>
<tr>
<td></td>
<td>5. Management cognitive frames</td>
</tr>
<tr>
<td></td>
<td>6. Impact of retrenchment of labour</td>
</tr>
<tr>
<td></td>
<td>7. Keeping the impetus</td>
</tr>
<tr>
<td>Dynamic conditions motivating strategic change: Competitive intensity</td>
<td>1. When you have stabilised you cannot sit back – need to probe the market</td>
</tr>
<tr>
<td></td>
<td>and respond continually</td>
</tr>
<tr>
<td></td>
<td>2. Decision to change strategy</td>
</tr>
<tr>
<td>Approaching turnaround in SOEs</td>
<td>1. Social responsibility considerations restrict retrenchment</td>
</tr>
<tr>
<td></td>
<td>2. Loss of key skills to private sector</td>
</tr>
<tr>
<td></td>
<td>3. Challenges of attracting talent</td>
</tr>
</tbody>
</table>

**TABLE 7: SELECTED RESPONSES ON ELEMENTS DEFINING TURNAROUND INTERVENTIONS**

“I think modern business is a continual re-evaluation and reshaping of the essence of what our understanding of the market, the basis of competitiveness…”

“…challenges we have and frequently is lack of financial information Available…”

“That information needs to be reasonably accurate, and again you might think that’s obvious but in many cases, that’s not true.”

“You don’t walk in and fire everyone, you know put a new team together and hope that within two years, three years that you would have turned the place around.”

“… and if you lose that impetus I can tell you that then it becomes a problem.”

“…. how bad is the distress? How deep is this hole? And the third thing is, is the top management team capable of changing how they behave, and how they act.”
Theme: Strategies for turnarounds

All interviewees answered question 1. They cited various methods of arresting the decline, and they had a similar perspective on growing the organisation. The objective of this question was not to generate an exhaustive list of turnaround strategies but an understanding of the perspectives of the executives and the experts on where the emphasis should be.

Should a turnaround leader focus more on arresting the decline than on growth, should they focus more on growth than on arresting the decline with the hope that growth will take care of the bleeding, or balance the two interventions with arresting the decline phase forming a base for growth. Also, to lead to the next question, to find out what are possible aftermaths of each of the broader phases of the turnaround process. The strategies which were identified by the participants are presented in Table 8 below.

<table>
<thead>
<tr>
<th>Interval</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term: Arresting the decline</td>
<td>Cost reduction initiatives</td>
</tr>
<tr>
<td></td>
<td>Effecting retrenchment strategies</td>
</tr>
<tr>
<td>Long-term: Repositioning for Growth</td>
<td>Operational model and structure change</td>
</tr>
<tr>
<td></td>
<td>Strategic ambidexterity</td>
</tr>
<tr>
<td></td>
<td>Strategic clarity</td>
</tr>
<tr>
<td></td>
<td>Communication as a strategic engagement tool</td>
</tr>
</tbody>
</table>

As indicated above there were varied perspectives on how to execute the short-term process of arresting the decline. These differences were on the retrenchment of people. Some emphasised the need to retrench people to stabilise cash flow while others believed that it is not the first thing to do. Their responses indicated that most of the times it was not necessary to retrench employees in the turnarounds they have led. Where retrenchment was necessary as a last resort, it had to be done in the most humane way such that the remaining workforce was not acrimonious to the process.
Theme: Challenges created by turnaround strategies

Question 3, in testing this proposition, aimed at establishing the challenges experienced by leaders emanating from the strategies employed to turn the organisation around. There was a consensus that the turnaround strategies have unintended challenges emanating therefrom. Contribution to these challenges can be the denial stance of leadership, failure to secure financing, the choice of inappropriate strategies, inefficient implementation of appropriate strategies, failure to balance the two phases or inappropriate leadership style adopted. Some of the challenges that can be experienced are randomly listed in Table 9 below.

**Table 9: Challenges emanating from turnaround strategies**

<table>
<thead>
<tr>
<th>Number</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Challenges of attracting the right competencies into distressed organisations</td>
</tr>
<tr>
<td>2</td>
<td>Eroding of physical assets</td>
</tr>
<tr>
<td>3</td>
<td>Low morale of remaining workforce</td>
</tr>
<tr>
<td>4</td>
<td>Disengagement of the workforce</td>
</tr>
<tr>
<td>5</td>
<td>Loss of key human capital</td>
</tr>
<tr>
<td>6</td>
<td>Uncertainty</td>
</tr>
<tr>
<td>7</td>
<td>Further cash erosion due to retrenchment packages</td>
</tr>
<tr>
<td>8</td>
<td>Strained relations with organised labour</td>
</tr>
<tr>
<td>9</td>
<td>Loss of customer</td>
</tr>
<tr>
<td>10</td>
<td>Strained relationships with creditors</td>
</tr>
</tbody>
</table>

**Table 10: Selected responses on challenges from turnaround strategies**

“…who is going to come into a company that’s in distress, so you are on the back foot before you even start…”

“Share the pain. Avoid the retrenchment costs. Create capacity for the future... and give leadership and managers a disproportionate share of the pain because they've – put you through this…”

“…austerity is an up-start to win stakeholders that you're committed and is in good faith and that you're willing to sit at the table and you've earned your right to sit at the table.”

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Theme: Sustainability of turnarounds

Question 2 looked at how these methods contributed to a sustainable turnaround. Sustainability can be achieved partly through the identification and implementation of appropriate turnaround methods. The identification of the causes of the turnaround was emphasised by both the executives and the experts as a critical step towards sustainability of the turnaround. Their comments touched on the role of the CEO in oversight and providing general leadership. The participants raised points on strategic clarity, framing the strategic agenda and setting the new measures for performance. Table 11 tabulates, in no specific order, the factors which are likely to secure a sustainable turnaround.

### TABLE 11: CONTRIBUTION TO SUSTAINABILITY

<table>
<thead>
<tr>
<th>Number</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Heightened CEO leadership and oversight</td>
</tr>
<tr>
<td>2</td>
<td>Better definition of sustainable business performance</td>
</tr>
<tr>
<td>3</td>
<td>Strategic clarity</td>
</tr>
<tr>
<td>4</td>
<td>Strategic considerations for turnaround scope definition</td>
</tr>
<tr>
<td>5</td>
<td>Framing the strategic agenda</td>
</tr>
<tr>
<td>6</td>
<td>Deliberate leadership change</td>
</tr>
</tbody>
</table>

### TABLE 12: SELECTED RESPONSES ON ACTIONS TOWARDS SUSTAINABILITY

“… you getting the basics right, you making progress you have stopped the bleeding. Now we were in the second phase of that that says we have done it, and that in itself isn’t enough we now need to craft and articulate the compelling vision for thriving prosperous future for the business.”

“I went out early last year, and I said the new focus is a return on equity.”

“. So, to be honest, it was getting our costs under control. It was getting the focus back to the customer; it was about getting a new sense of performance culture in the company. It was about just making sure that our investments were going to the right places that could potentially generate returns. So, that’s what I call getting basics right.”

“Only once you have got that in place have you earned the right or created the platform to do more expansive stuff…”

“Then if you know that the business is at least going to perform at the kind of middle of the industry, then it will require a different set of thinking. It will require a different approach to the market. It will require old habits to be broken…”
5.5. Results for Research Proposition 2

Innovation, strategic planning process, communication and culture management are the critical organisational competencies required to support turnaround strategies to achieve a sustainable turnaround.

This proposition suggests that for a turnaround to be sustainable an organisation needs to have or build the critical competencies cited. The proposition was tested through asking three questions answers to which highlighted the perspectives of the respondents. Analysis of the data developed three themes. The main theme was the organisational competencies that support turnaround strategies. The other two theme, creating a culture that supports turnaround developed out of question two and three. The third theme: the role of innovation came out of the discussions from probing follow-up questions.

Theme: Organisational competencies that support turnaround strategies

The first question required the respondents to give critical organisational competencies to sustain performance to achieve a sustainable turnaround considering that the organisation operates in an ever-changing environment and within the context of the turnaround process challenges. Some respondents had to think deep to provide a perspective on this theme, which could be an indication that it is a theme that is not always deliberately considered in the process of turnarounds. Even so, there was a rich response on the theme. Table 13 provides a random list of competencies seen by the respondents to support turnaround strategies.

<table>
<thead>
<tr>
<th>Number</th>
<th>Competency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strategic management of cultural transformation</td>
</tr>
<tr>
<td>2</td>
<td>Innovation</td>
</tr>
<tr>
<td>3</td>
<td>Competent leadership</td>
</tr>
<tr>
<td>4</td>
<td>Governance</td>
</tr>
<tr>
<td>5</td>
<td>Strategic ambidexterity</td>
</tr>
<tr>
<td>6</td>
<td>Risk management</td>
</tr>
<tr>
<td>7</td>
<td>Communication</td>
</tr>
<tr>
<td>8</td>
<td>Ability to frame the strategic turnaround agenda</td>
</tr>
</tbody>
</table>
In addition to these competencies, they noted success factors which support turnaround strategies as reflected in Table 14 in no particular order.

Table 14: Organisational success factors

<table>
<thead>
<tr>
<th>Number</th>
<th>Success factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mutual respect</td>
</tr>
<tr>
<td>2</td>
<td>Capturing new competencies</td>
</tr>
<tr>
<td>3</td>
<td>Engaged and motivated workforce</td>
</tr>
<tr>
<td>4</td>
<td>Openness to change</td>
</tr>
</tbody>
</table>

Theme: Creating a culture that supports turnaround

The second question was aimed at getting to know how can these critical organisational competencies be made part of their culture. The third question enquired on what cultural changes were implemented in the process of a turnaround.

This was one of the sections where discussions were thin. The major reason was that the role of the experts in turnaround processes is either as a consultant or a rescue practitioner. Either have a constraint that they have a limited period to carry out their duties which when completed they leave the organisation. Their term will come to a close when either the organisation has been turned around or has filed for liquidation.

This does not give them a deeper experience in dealing with cultural issues. However, there were those experts who had a deeper experience and they enriched the contribution made by the executives on the theme. The participants highlighted the role of the CEO in providing leadership oversight and accountability. The need to foster collaboration which promotes innovation and teamwork.

Other findings emanating from the discussions were an acknowledgement of cultural sensitivities brought about the growth strategies where there are acquisitions. The suggested remedy was to have a “culture anchor” who will promote common culture in all the organisations. Strategic aspects of managing cultural transformation were raised.
These were particularly informed by the change in the organisation structure and operating model.

**Theme: Role of innovation**

There were contestations as to the role of innovation. The argument raised was that innovation does not belong in the phase of arresting the decline because it might compromise the process. Others regarded their approach to stemming the decline to be innovative pointing out strategic solutions like immediately flattening the structure and changing the focus of some their service rendering departments.

Changing the operating model impacted on the structure of their organisations and also focused attention on improving processes. The other argument was that whether innovation is critical or not depends on the time of industry. The expert held that in a mature industry innovation might not be as critical to contribute materially to a sustainable turnaround.

### 5.6. Results for Research Proposition 3

Emotional intelligence competencies, social intelligence competencies and cognitive intelligence competencies are the leadership competencies, which enables a leader to achieve sustained business performance following a turnaround.

The third proposition focuses on the leadership competencies. It cites leadership competencies which develop the capacity for a leader to perform outstandingly. These are the critical competencies a leader must have over and above the threshold competencies possessed by every leader. Two questions were asked to establish the critical competencies and their impact on the sustainable turnaround.

**Theme: How do leadership competencies enable effective turnaround**

The first question required the respondents to mention the critical leadership competencies which will enable a leader to be an outstanding performer and thus contribute to the
organisation’s sustainable success. The second question wanted to establish as to how do these competencies make leaders effective in sustaining business success.

The responses were grouped into one key theme of how do leader competencies enable effective turnaround. Effective in this context encompass both successful and sustainable turnaround. The respondents acknowledged the critical role of leader competencies. Table 15 tabulates, in no particular order, the competencies as per the interviewee's perspectives.

<table>
<thead>
<tr>
<th>Number</th>
<th>Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cognitive competency for navigating change complexities</td>
</tr>
<tr>
<td>2</td>
<td>Appropriate flexing of leadership style</td>
</tr>
<tr>
<td>3</td>
<td>Establishing shared vision</td>
</tr>
<tr>
<td>4</td>
<td>Fostering collaboration</td>
</tr>
<tr>
<td>5</td>
<td>Future focused visionary</td>
</tr>
<tr>
<td>6</td>
<td>Emotional intelligence</td>
</tr>
<tr>
<td>7</td>
<td>Stakeholder engagement</td>
</tr>
<tr>
<td>8</td>
<td>Consistency in execution</td>
</tr>
</tbody>
</table>

These leadership competencies had an effect of shaping the behaviour of the leader with advantages of enhancing workforce engagement, governance. The respondents also mentioned that the competencies enable a leader to manage uncertainties and to be adaptable. These competencies strengthen the ability to balance change interventions in the context of turnarounds. The following Table 16 of selected comments capture some of the perspectives.

<table>
<thead>
<tr>
<th>Table 16: Selected perspectives on leadership competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>“You need to have that capability of rethinking and renewing yourself from time to time otherwise complacency will kill you.”</td>
</tr>
<tr>
<td>“So, in all these problems are thought leadership and people leadership.”</td>
</tr>
<tr>
<td>“… is to listen to what the environment is saying to you and to interpret that, in other words, to reflect.”</td>
</tr>
</tbody>
</table>
5.7. Results for Research Proposition 4

The appropriate flexing of leadership style is an essential leadership competency to sustain turnaround business performance.

With the objective of attaining a sustainable turnaround, the proposition suggests that leaders should adapt their leadership style to the context they operating in at a given time. They should have a leadership competence to choose the appropriate leadership style as the context demands. Two questions were asked to the respondents.

Objective 4 of the research is focusing on the leadership style as a competency. The discussions on leadership style are not to further develop an understanding of the leadership style per se but to establish the impact of the competency of choosing appropriate leadership style on the performance of an organisation. This insight is gained through first asking the question of what are the recommended leadership style for a turnaround leader, with some probing questions to further understand the context of the response. The second question was the impact of the change in leadership style on the performance of the leader and the organisation.

Theme: Recommended leadership style for turnaround

The first required the respondents to state the leadership style or styles they recommend for a turnaround leader.

Some responses alluded to the perspective that you need to have an almost authoritarian, direct and firm style when in the phase of arresting the decline. This will be followed up with a more democratic accommodating style during the growth phase. Others simply indicated a leader should use what is applicable.

An interesting expression of the choice of leadership style was that it depended on what audience are dealing with and what circumstances surround that interaction. One expert
firmed it that an appropriate leadership style is the authentic leadership style which he explained that it is relevant to all contexts. The overwhelming majority of respondents recommended the contextual leadership style.

**Theme: Impact of leadership style on turnaround performance**

The second question wanted the respondents to explain how a change in leadership style will impact on the leaders’ performance and that of their organisations.

The contextual challenges influence the choice of leadership style, and these challenges require adaptation of the style to fit the context. Respondents emphasised the need to exhibit behaviours which reflect the leadership style adopted. Some highlighted that the choice of style depends on the personality type. Others indicated that even if we are not all the same, a leader should learn to be effective in all the styles. The other option is to source the stronger capabilities within the top management team.

Ineffective leadership styles which render a leader inaccessible was highlighted and its negative impact on the workforce. The impact of the of an appropriate leadership style was given to be empowering to the team, encourages team spirit and commitment, energises the workforce and raise the overall performance of the organisation. Some attributes which are said to can bolster the effectiveness of a leader regardless of what style a leader chooses to use were that a leader must be ethical, authentic and lead by example.

Here are some of the response to highlight the interviewee's perspectives.

**TABLE 17: SELECTED RESPONSES TO THE LEADERSHIP STYLE QUESTIONS**

```
“So, if we really want performance out of business, those teams must be empowered to take decisions, to do the right things …”

“the leadership must be ethical. They must be unashamedly ethical and they must be genuine in what they’re doing…”

“. I had to change their minds, I had to make them more risk inclined, more entrepreneurial, faster decision making…”
```
“…understand that this happens to most organisations. Then you have got to be proactive and to be proactive you have got to anticipate what’s going to come ahead…”

5.8. Conclusion

This chapter presented the results of the analysis of the interview data. The interviews were conducted through questions intended to establish support or disproving the propositions stated in chapter 3. The propositions stated four cases that are impacting on the sustainability of turnarounds which were informed by the literature reviewed in chapter 2 and the objectives stated in chapter 1. These results are analysed in the next chapter to see if they confirm the propositions and whether there are any new insights not raised in the literature.
CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

In chapter 5 the results of the research were presented. They indicated how the interviewees responded to questions which were designed to test the propositions developed in chapter 3. In this chapter the results will be discussed about the propositions made, using the theory reviewed in chapter 2. Conclusions are drawn which highlights whether the results support, contradict or add to theory as per chapter 2. In cases where the proposition is upheld then the result either supports theory or adds to theory. Where the proposition is tested not to hold, the results either contradicts or adds to theory.

The results are representative of the diverse sample. The responses received exhibited the individuality of experiences of the respondents which were informed by the interviewees’ backgrounds and the sector they operate in. This is, however, not surprising considering that qualitative research is constructivist or interpretivist which produces data whose nature is individualistic (Creswell & Miller, 2000; Quinlan, 2011; Saunders & Lewis, 2012). Some of the examples of this divergence are in the approach to turnaround strategies.

The discussion of results addresses the following propositions:

- **Proposition 1:** Balancing the turnaround strategies used in the different phases of arresting the decline and growing the organisation contributes to a sustainable turnaround.

- **Proposition 2:** Innovation, strategic planning process, communication and culture management are the critical organisational competencies required to support turnaround strategies to achieve a sustainable turnaround.

- **Proposition 3:** Emotional intelligence competencies, social intelligence competencies and cognitive intelligence competencies are the leadership competencies, which enables a leader to achieve sustained business performance following a turnaround.

- **Proposition 4:** The appropriate flexing of leadership style is an essential leadership competency to sustain turnaround business performance.
6.2 Discussion of Proposition 1: Turnaround Strategies Results

Turnaround strategies constitute the context in which the leadership competencies, organisational competencies and leadership style are studied in this research. The focus is, what are these competencies and leadership style which will support or enable the achievement of a sustainable turnaround. To explore this, the starting point is to describe the context within which the constructs are experienced.

The experience of the research participants as captured in the interview data directs the study to four themes, namely 1. Identifying turnaround context, 2. Strategies for a turnaround, 3. Challenges created by turnaround strategies and 4. Sustainability of turnarounds. The themes are discussed below.

6.2.1 Identifying turnaround contexts

Some respondents argued that for any chance of having a successful turnaround the management should accept that there is a problem. One respondent goes on to say that “…for a turnaround to be sustainable the first thing that is required is … management recognising there’s a problem”. Timeous action should be taken to intervene to achieve a sustainable turnaround, Reeves et al. (2015) also hold the same view. The disposition of management towards the need for a turnaround will influence the decision whether to change the management and replace them with a pro-turnaround team.

Once a problem is acknowledged then an analysis into the cause of the crisis should follow. This analysis will look at all the angles of the course of the crisis both internally and externally. The respondents believe that they will have to look at how did the company get to the crisis, what are the causes, what are the symptoms and how bad is the situation. The following statement summarises the perspective of the respondents “…we initiate by a proper investigation of how the company has been operating before the turnaround process being implemented”.

The analysis of the causes of the crisis will inform the strategies which must be followed. The respondents said that to make quality decisions; there should be efficient and accurate financial reporting and forecasting systems. With accurate information, it is possible to
evaluate whether the organisation has the potential for a turnaround, how to initiate the process of austerity and forms the basis of negotiations with creditors. The trajectory of the turnaround will also be influenced by the dynamic market conditions which dictate what strategic changes should be made.

The argument raised by the research participants supports literature. What the literature posit is that, to successfully intervene through a turnaround, there is a need to determine the causes of decline, the length of a period of decline, the severity of decline and how the organisational leadership perceives the decline (Bititci et al., 2011; Trahms et al., 2013; Wild, 2010). Understanding the context of the turnaround environment puts leaders in a better place to successfully intervene.

6.2.2 Strategies for turnaround

Turnaround strategies are to be aligned with addressing the causes of decline, the capabilities in the organisation and the how the external environment impact the organisation. They are to be designed such that they stop the decline. Once the organisation has been stabilised then, growth strategies can be implemented. The growth strategies are aimed at returning the organisation to break-even and beyond. These are views of the respondents. They emphasised the focus on getting the right balance between short-term strategies of stopping the decline and long-term strategies of achieving growth and sustainability which is the same view expressed by Schoenberg et al. (2013).

Amongst the short-term strategies they believe will set the organisation in a position to grow, are strategic cost reduction and retrenchment initiatives. They suggest that when developing short-term strategy focus should be on the longer-term impact of the initiatives. An example is an approach on staff retrenchment that there is a cost to retrenching staff and that cost must be balanced with benefit thereof.

One expert suggests that an alternative to staff retrenchment will be to reduce salary payments through the reduction of working week. In that way, the company benefits through reduced costs, no additional retrenchment costs incurred and no disengagement that result from low morale. This is one of the voices which holds the view that staff
Leadership and organisational competencies of sustaining a successful corporate turnaround

Retrenchment should not be a feature of stopping the decline. What was said by one interviewee bears testimony to the dim focus on staff retrenchment when he said: “The one thing I did not have the luxury to do was to retrench immediately …”. This contestation of whether or not retrenchment should be the first point of call when implementing a turnaround is reminiscent of the opposing arguments amongst researchers on the subject. McKinley et al. (2014) are one of the researchers who hold that retrenchment strategies are only effective in a stable environment, and they go on to say that the current environment is one of rapid change.

The long-term approach is rooted in the change in strategic direction which includes changing the structure of the organisation, the operating model and processes. One participant expressed their future outlook by saying “I think it’s the move to the next journey. So, we said as we look forward to the future what is the right organisational model to thrive in the future …“. Emphasis to the important role strategic ambidexterity is found in this response: “…and we needing to see the innovation that’s future forward thinking that says take away the past as your point of reference think only about what is possible in the future and let your mind go”.

6.2.3 Challenges created by turnaround strategies

Strategies employed to turn around an organisation have their unintended challenges. These challenges have a potential of derailing what could have been a successful turnaround. Unless pro-active measures are taken a completed turnaround might not be sustainable. Staff retrenchment as it has been alluded to in the previous paragraph has a negative impact, one of which is low staff morale. A turnaround expert interviewed blames this to the leadership who does not want to “share the pain”. This may result in disengaged staff making it difficult to sustain the turnaround (Schoenberg et al., 2013). Linked to retrenchments is the inadvertent loss of key staff.

Other challenges which have an emotional impact at all levels of staff emanate from the threats of changing a hierarchical structure to a flat structure. It poses a challenge for leadership to manage expectations and possible disengagement because “…one of the biggest challenge, because some of the guys saw that as a demotion”, as expressed by one of the interviewees. Some creditors may be unhappy with the implemented turnaround
Leadership and organisational competencies of sustaining a successful corporate turnaround

strategies. This may result in strained relationships between the organisation and the creditors, if “… you have not earned the right to sit on the table”.

Other challenges are not emotional but physical. The retrenchment of assets may erode the capacity to grow and meet the challenges posed by the environment (McKinley et al., 2014). Invariably this will limit the capacity to sustain the turnaround. This is a view held by some interviewees, and they suggest that “… it should never be part of short term strategy retrenchment is part of the long-term strategy”. Other “…consequences can be a loss of key staff and … broken relationships with suppliers” which the participants’ see as another drain of the resource.

Change brings with it uncertainty that may have a destabilising effect. This impact can be felt amongst the workers who do not understand what does the new operating model bring for them. Or it may present itself in the form of organised labour opposing the change. All these contests compounded by the ever-changing environment tests the leadership of the organisation’s ability to identify and adopt an appropriate leadership style which will help sustain the turnaround. By understanding the impact of the environmental changes on the business, the leaders of the organisation will put the necessary intervening measures to reorganise assets and realign the organisation the changed environment (Spremo & Prodanović, 2013).

6.2.4 Sustainability of turnarounds

In the words of a participant, “… if the chief executive is not driving the turnaround, it won’t happen”. This captures some of the perspectives expressed in the interviews. To some, the CEO represents the leadership of the organisation, and the success or failure of the turnaround efforts are believed to be influenced by him. Another participant echoes the perspective “… I’ve never seen a situation where someone else, … who then rises or goes above the CEO and give direction to the company”.

It is for that reason that some of the participants believe that as a turnaround strategy, to secure a sustainable turnaround, the leadership which is not prepared to acknowledge their role in contributing to the decline and recognise the need to make a paradigm shift and implement turnaround interventions, which leader must be changed. This view came
out strongly from some participants saying “There is evidence that suggests successful turnarounds that are positively correlated with the top management … team”.

Apart from the deliberate leadership change, among other imperatives, to achieve a sustainable turnaround is to frame the strategic turnaround agenda. This will involve communicating clearly all the steps that need to be taken from what is required to improve cash flow to implementing the change in the direction of the organisation. Facilitating the realisation that “…it is a long journey and it is always longer than you think, and there is a lot of little things that need to be done”. This strategic clarity whereby everybody knows the direction of the organisations needs to be maintained to support the sustainability of turnarounds. This seems to agree with Trahms et al. (2013) accession that leadership that is strategy oriented will lead a sustainable turnaround.

One of the benefits of strategic clarity is that the organisation can define sustainable business performance in a turnaround. Strategic clarity forms the basis of communicating the measures of success and how that sustainability is going to be achieved. One interviewee aptly puts it “I went out early last year, and I said the new focus is return and equity. Ours are too low. I put comparative companies on the slide …”.

Framing the strategic agenda is another enabler of accomplishing a sustainable turnaround. In articulating the steps they have taken in the process of their turnaround and how it will be sustainable, one respondent said “you getting the basics right, … you have stopped the bleeding. Now … the second phase … says we have done it, and that in itself isn’t enough we now need to craft and articulate the compelling vision for thriving prosperous future for the business”.

The measurement of the success and sustainability of turnaround in the view of the participants confirms Wild’s (2010) assertion that success should be indicated by a measure which is above the industry average. The step by step process of measuring the success of the turnaround and mapping the way forward is indicative of O’Kane and Cunningham’s (2012) framework towards a successful turnaround.
6.2.5 Conclusive findings for research proposition 1

The participants highlighted the need to appreciate the context in which turnarounds occur, from recognising that there is a crisis, taking accountability and putting intervening actions timeously. That turnarounds result from and occur within internal and external environments. This confirms what the literature puts forward that this is the base for a successful turnaround (Bititci et al., 2011; Spremo & Prodanović, 2013; Trahms et al., 2013; Wild, 2010).

Participants further confirmed what is suggested by the literature that turnaround strategies need to have a balance between stemming the decline and growth initiatives to achieve success and sustainability (Braun & Latham, 2012; O’Kane & Cunningham, 2012; Reeves et al., 2015; Wild, 2010). Some of the participants go on to say that implementing innovative ways of stopping the decline gives you a much better chance of success. This confirms what McKinley et al. (2014) and Reeves et al. (2015) posits with regards to adopting innovation that will support the growth phase of a turnaround at an early stage. This confirms proposition 1.

Figure 2 below represents a summary of the results to Proposition 1. The context of turnaround is defined by the contingencies: Access to reliable data, approach to turnaround and the dynamic environmental conditions. In turn, the context informs the short-term and long-term strategic choices which have unintended challenges. Sustainability promoters mitigate the challenges to support turnaround strategies in realising a sustainable result.
6.3 Discussion of Proposition 2: Organisational Competencies Results

One of the objectives of the study was to establish the key organisational competencies which support sustainable turnaround. From the literature review, some competencies were identified, namely innovation, strategic process, ambidexterity, communication and cultural management. These are the organisational competencies the study proposes to be key in achieving a sustainable turnaround.

Participants in the research expressed their views on what they regard to be critical competencies for an organisation to be sustainable. What follows is a discussion of their views. The discussion of these views is done under three themes: creating a culture that supports turnaround, the role of innovation and organisational competencies that support turnaround strategies.

6.3.1 Creating a culture that supports turnaround

“You have to have the right leader and leadership philosophy and the right leadership programme in place because everything starts with leaders”. This statement from one of
the respondents expresses the essence of what is required to create a culture that supports turnaround. One of the building blocks of culture is leadership taking responsibility to lead and be exemplary. “…Good leadership ... I create an environment for people to succeed”. Leading by example contributes in changing the way things are done (Bititci et al., 2011; Schoenberg et al., 2013; Teixeira & Werther, 2013).

The participants found that creating an environment conducive to collaborative partnership contributes to a supportive culture. This is seen in how a CEO acknowledges the contributions made by all staff members even junior members. This is captured in this retort by a respondent: “It takes a lot sometimes for a CEO of a company to acknowledge to a junior manager that what you have said was correct ...”. This kind of acknowledgement instils confidence amongst staff members and as a result are willing to do more.

In a changing environment like a turnaround, culture also needs to change to support the changes introduced through the turnaround interventions. It, therefore, calls for processes to develop new cultural sensitivities and that is what an interviewee reported they have done to change their culture so that they understand the new model they implemented. “So we embarked on a quite significant cultural intervention...’. At times a “Cultural anchor...” may be required. The significance of managing cultural change cannot be overemphasised as it ensures the interconnectedness of all processes (Bititci et al., 2011; Teixeira & Werther, 2013).

Creating a supportive culture can be achieved through strategical management of cultural transformation. This will include creating appropriate incentive schemes which incentivise the actions and behaviours promoting the turnaround objectives. “…we realised that thirteenth cheque does not necessarily embed the culture of performance ... it creates a culture of entitlement...”. It also includes introducing the value-based behavioural system. The strategy may also involve a change in focus of service delivery.

Part of the strategic management of culture may lead to a creation of a culture that is conducive to innovation (Teixeira & Werther, 2013). The role of innovation that is supported by a relevant culture is discussed below through the lens of the participants.
6.3.2 Role of innovation

The responses to the role of innovation, whether it is a critical competency or not was varied. Some respondents did not express an opinion. Others were in support of the notion that it is a critical competency to sustain a turnaround performance. They expressed this in the following words: “… I think the whole competence of innovation is vital …”, “The innovation competency is part of the new operating model we have created…”.

There were those who just did not agree with innovation being a critical competency. This is what one of them said: “I don’t think it is always a critical success factor, and if you take mature industries like the steel industry, there are other critical success factors before innovation”. This highlights that the impact of innovation will differ from industry to industry in being critical along the continuum of importance.

This argument also brings to light the misunderstanding that innovation has to do only with products. McKinley et al. (2014) explain the inclusivity of the term innovation that it includes products, services and production processes. Another executive confirms McKinley’s et al. (2014) view, “there is a structural part to the competency, there is a system and processes part to the competencies …”, but extends it by including a structural dimension.

6.3.3 Organisational competencies that support turnaround strategies

Framing the strategic turnaround agenda is considered to be a competency that supports a turnaround by the respondents. This competency enables leadership of an organisation to identify challenges of the past that should be eliminated and map out the path to the future. It may mean releasing management that is not a fit to turning around the organisation and also changing the strategic direction. A participant puts it this way “…eliminating the loopholes and the shortcomings of the previous strategy should be buried, and new pillars of strength and competency should be identified”. That is achieved through attending to the granular conditions of the context of the turnaround which in turn is enabled by the ability to frame the strategic turnaround agenda.

Other organisational competencies identified by the respondents to support turnaround strategies are competent leadership which includes the board. “It starts with the leadership, if you pick the right leaders, and if you pick the right board …”. The actions of the executives and the board as embodied in governance principles. Another interviewee explained, “The
first things you need are governance and leadership and if you don't have that to take you out...". This confirms the view that leadership is responsible to put the organisation in a position to take advantage of opportunities (Ajmal & Lodhi, 2015). Risk management which encompasses the ability to make the right financial and strategic decisions is another competency.

The organisation needs to develop an ability to be socially connected; this is critical in the South African context where there is high unemployment and high Gini coefficient (Schwab, 2015). The point was made by some respondents with the following comments: “... make sure that the organisation stays relevant. Relevant to the communities...” and “... well, I was able to get support from even ministers...”.

The ability to exploit current resources while exploring the environment for new opportunities, (O'Reilly III & Tushman, 2011) is also found to be a key competency by the respondents. They comment as follows: “... Can you think wider than the current strategy of the company or the current options available to the company”, “...Look it's actually quite interesting I think generally a turnaround is on the one hand, how do you keep the lights on while you are creating a new future...” and “... you can immediately expand into the core and horizon, three is what we call business of tomorrow the stuff that will disrupt the market ...”

Communication has been found to be effective when it is frequent and direct. Most comments suggested that communication was used as a strategic engagement tool. It is a tool used to keep stakeholders informed, thus keeping them motivated to participate. This comment bears evidence: “...that I institutionalised was that every month we used to have a meeting, or a forum, with all staff where myself as the CEO, I will present to them as to, ... how is the business performing...". Emphasising the importance of communication to keep stakeholders engaged one commented, “, if there’s engagement – let me just pause for a moment. It has been proven that it becomes so difficult to move into an existing business venture with a disengaged workforce ...".
6.3.4 Conclusive findings for research proposition 2

The collected data identified some organisational competencies that will support turnaround strategies. While the reviewed literature highlighted a few like innovation, ambidexterity, innovation, strategic planning process, communication and cultural management (Bititci et al., 2011; McKinley et al., 2014; O’Reilly III & Tushman, 2011; Teixeira & Werther, 2013; Trahms et al., 2013), the respondents cited more. These competencies are found to enabled by success factors like, Engaged and motivated workforce, Openness to change, mutual respect and capturing new competencies.

The dissenting view on the role of innovation as a critical competency is a minority view which therefore means that putting innovation as a critical competency is supported. The respondents’ perspective on culture is, however, concerning. Though those that expressed a view supported the role of innovation as a critical competency, there are a few who have not implemented cultural change interventions to support their turnaround strategies.

The following Figure 3 summarises the organisational competencies as identified by the respondents.

**Figure 3: Organisational Competencies**

<table>
<thead>
<tr>
<th>Organisational Competencies that Supports Turnaround Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic management of cultural transformation</td>
</tr>
<tr>
<td>Communication</td>
</tr>
<tr>
<td>Innovation</td>
</tr>
<tr>
<td>Strategic ambidexterity</td>
</tr>
<tr>
<td>Ability to frame strategic turnaround agenda</td>
</tr>
<tr>
<td>Governance</td>
</tr>
<tr>
<td>Competent leadership</td>
</tr>
</tbody>
</table>

Underpinned by the Success Factors

- Engaged and motivated workforce
- Openness to change
- Capturing new competencies
- Mutual respect
Discussion of Proposition 3: Leadership Competencies Results

The third proposition suggests leadership competencies which enable a leader to render an outstanding performance (Boyatzis, 2011) thus, leading to a successful and sustainable turnaround. There was a lot of enthusiasm from the participants when discussing this construct though mostly focused on competencies which Boyatzis (2011) refer to as threshold competencies as they make the leader competent but not necessarily an outstanding performer.

How leadership competencies enable sustainable turnaround

Effective leadership competencies enable the organisation to be flexible and adapt to the changing environment and circumstances. Aptly stated by a respondent, “When the changes come then you can adapt…”. They empower the leaders with the ability to navigate the complex context of turnarounds, discussed in the preceding paragraphs, to achieve the objectives of the organisation. Campion et al. (2011) point out that competencies are meant to aid achievement of organisation’s goals.

Cognitive competencies are pivotal in the navigation of challenges of a turnaround. In them is the capability to recognise signs of distress. That competence underlies the decisions of leadership to act with speed in identifying and implementing appropriate turnaround processes. Cognitive intelligence shapes the cognitive frames of leadership such that they can unlock value from the inter-related facets of an organisation. An interviewee explains, “… it’s all about agility It’s about exponential thinking, it’s about understanding new business models it’s about recognising that everything is social everything is connected, everything is inter-related…”. They do this through setting up operating models structures and processes to implement turnaround plans.

Adding to the arsenal of leaders are competencies such as social intelligence which allows them to influence others and foster collaboration and shared vision. This comes from comments as these “… ‘They said’ they were and then I said when you say ‘they’…You know? I mean I thought that it is ‘we’ because we have to put the customer in the centre”. Another executive “says the role of leadership in a journey like this is to continually focus on what is the compelling vision of the future”. Social intelligence competencies raise awareness of the environment and sensitivities to people around you this is demonstrated
in this comment “… I had picked up in my initial engagements with them; they had already formulated a view, and I think this view was because of… You know once the operation starts having difficulties …”.

The need to influence behaviour is effectively realised through the combination of social and cognitive intelligence competencies as indicated by this comment, “When the employees, managers of managers and leaders of organisations feel settled, heard, acknowledged that is when you have an organisation that can succeed, they know where they fit, know their place, know what is expected of them, and they are rewarded and recognised for the contribution that they bring”. It is visionary leaders who are “… future forward thinking …” that motivates innovations in their organisations.

“The only way to influence is to have good relationships that's built on good emotional intelligence kind of skills as well. So yes, there is a great need for EQ skills, and there is a great need for intuition as well.” This comment appropriately demonstrates the role of emotional intelligence competencies in driving the achievement of the objectives of the organisation and sustain a successful turnaround. O’Kane & Cunningham (2012) posits that leadership’s influences are geared towards achieving organisational goals through change.

Boyatzis (2011, p.94) puts it that “an emotional intelligence competency is an ability to recognize, understand, and use emotional information about oneself that leads to or causes effective or superior performance”. Endowed with this competency a leader can accept when he has made a mistake which motivates the subordinates. Some participants noted the mistake they committed, “I think one of the first things is to admit when you’ve made a mistake…” and “… we do recognise, and maybe a mistake we made in the past…”. A powerful display of this competence is in this comment “… You have to accept that things will go wrong occasionally don’t blame people it’s not a blame game because it is a hard journey …”. The results of this mindset are reflected in this statement “I want people to make mistakes, I do not want to know who is making the mistakes. I only believe that you can make money and you could become an entrepreneur if you make mistakes

6.4.2 Conclusive findings for research proposition 3

“You need to have that capability of rethinking and renewing yourself from time to time otherwise complacency will kill you,” remarked an executive. That is a mark of a leader
who possesses emotional intelligence competency. The respondents confirmed that sustainable turnaround is enabled through behaviours which demonstrate social, emotional and cognitive intelligence competencies. A comparative list of competencies highlighted by the participants is given in Table 18.

**Table 18: Leadership competencies for sustainable turnaround**

<table>
<thead>
<tr>
<th>Competency</th>
<th>Boyatzis’ (2011) equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive competency for navigating change complexities</td>
<td>Cognitive intelligence competency</td>
</tr>
<tr>
<td>Appropriate flexing of leadership style</td>
<td>Cognitive and emotional intelligence competencies</td>
</tr>
<tr>
<td>Establishing shared vision</td>
<td>Social intelligence competency</td>
</tr>
<tr>
<td>Fostering collaboration</td>
<td>Social intelligence competency</td>
</tr>
<tr>
<td>Future focused visionary</td>
<td>Cognitive and emotional intelligence competencies</td>
</tr>
<tr>
<td>Self-reflecting</td>
<td>Emotional intelligence competence</td>
</tr>
</tbody>
</table>

6.5 **Discussion of Proposition 4: Leadership Style as a Competency Results**

Proposition 4 made a statement that the ability to adapt leadership style according to context is an essential competency in sustaining a corporate turnaround. There are some styles discussed in literature many older views are more internally looking and are set in a stable environment whereas the 21st-century environment is characterised by continuous change (Ajmal & Lodhi, 2015; Boyatzis, 2011).

The results in Chapter 5 suggest that there are challenges in different phases of a turnaround process a leader is faced with, and these require a leader to respond with a style that suits the context of that challenge to achieve optimum interaction. The response expected should not provide a solution which will lead to complications in the future.

6.5.1 **Impact of leadership style on turnaround performance**

Proposition 3 focused attention on the leadership competencies which enable a leader to exhibit, as Boyatzis (2011) describes it, superior performance. Boyatzis (2011) and Blake
Leadership and organisational competencies of sustaining a successful corporate turnaround

(2012) agree that these competencies endow a leader with cognitive, self-awareness and social awareness skills which are critical in judging the situation and context in which a leader has to make a decision or take action that has to influence or elicit a response from another role player be it internally or externally.

There is agreement amongst the executives and experts interviewed that a leadership style is not a one size fits all. That leaders have to discern the situation and choose an appropriate style through which to exert an influence. One executive puts it that in addition to the context “... it’s definitely also about the different audience you want to influence”.

The audience could be the workforce in a large or small organisation which may need direct interaction or devolved intercession. The engagement might be with the workers’ representatives in the form of organised labour in a context of information sharing or negotiation on the conditions of employment. The interaction may be with an external audience which may vary from community members to government representative or from a news reporter to a shareholder. If these are handled properly, they will ensure support for the turnaround processes such that the outcome thereof has minimal aftermaths and is sustainable.

The challenges enumerated in the paragraph above are some of the contextual challenges that require contextual leadership. Contextual leadership involves the ability to recognise and diagnose these and other challenges and reorganise the organisational and behaviour resources to meet the demands imposed by them (Kutz, 2008). Other contextual challenges emanate from the nature of the environment which may be defined as an industry, mature or growth. An economy that is developed or developing. A market of a type of a commodity. Whichever sector a leader finds himself in will require a realisation that different industries interact and therefore, the rate of change in one will impact the other. This requires the ability to adapt a leadership style to be able to achieve the expected goal of attaining a sustainable turnaround.

Failure of a leader is attributed to the leader’s ineffective style and failure to reflect and self-development. Ineffective leadership style is described both by executives and experts as being actively or passively inaccessible to you co-workers of all levels. A leadership style which achieves workforce engagement is the one that is ethical, authentic and
empowers teams to perform. On executive comment was “… Then the people realised that I am serious about investing in them…”. Through that he got people to follow him.

6.5.2 Conclusive findings for research proposition 4

It is opportune to re-state Kutz’s (2008, p. 20) description of context that it is “all the internal, external, interpersonal and intra-personal factors that contribute to the uniqueness of each situation and circumstance”. The varied responses from the participants about what leadership style will be appropriate at different times and contexts are the reflection of the complexity of the context in which leaders find themselves.

This confirms that leadership style as a leadership competency means the ability to adopt a leadership style fitting to the context. That is, an essential leadership competency is the appropriate flexing of leadership style. The consensus of the participants is the recommendation of a contextual leadership style to achieve a sustainable turnaround.

6.6 Conclusion

The challenges that a turnaround leader has to overcome are complex and requires a to have skills different from any other leader (Manimala & Panicker, 2011) leading a normal running organisation. The respondents highlighted some turnaround aspects which requires the attention of the leader. On the propositions made in chapter 3, the results shows that:

1. Proposition 1 results: The participants supported the statement of the proposition. They further added challenges to be reflected upon by the leaders and the mitigating actions that support sustainability.
2. Proposition 2 results: The participants affirmed the proposition with some additional competencies that support the turnaround strategies. They also added success factors on which the effectiveness of the organisational competencies depends.
3. Proposition 3 results: The participants affirmed the proposed leadership competencies which enable a leader to exhibit superior performance. They enumerated some competencies which could be matched to those Boyatzis (2011).
4. Proposition 4 results: The participants agreed with the proposition that the appropriate flexing of leadership style is a critical competency.
CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

Turnaround interventions are successful if the realised recovery is sustainable (Tenkasi & Kamel, 2016). The sustainability rate is, however, low it is quoted to be at 25% of the organisations which have succeeded to turnaround (Tenkasi & Kamel, 2016). This is a very low conversion rate considering that not all of the organisations which start the “journey” of turnaround succeed.

The objectives of this study were to:

1. Confirm the turnaround strategies which contribute to a sustainable turnaround,
2. Identify the organisational competencies which are critical success factors required in sustaining business performance of a turned around organisation,
3. Describe the leadership competencies that will enable a leader to achieve sustained business performance following a turnaround, and
4. Identify the leadership competence related to the leadership style to suit the contextual demands to sustain a turnaround business performance.

The objectives were addressed through first reviewing literature, based on the insights from the literature stated propositions in line with the objectives. Interview questions were designed to solicit input regarding the perspectives of executives of organisation which have experienced turnarounds. To enhance the richness of these perspectives turnaround practitioners, the experts who consult or lead turnarounds themselves were included in the sample.

The findings of these interviews resulted in the confirmation of objective 1, identified the organisational competencies, described the leadership competencies as to how they impact on performance. Lastly, the discussions on leadership style concluded with a leadership competency related to leadership style namely: appropriate flexing of leadership style. These findings conclude with the mapping of a path to sustainability by looking at the competencies and contingencies as discussed in the ensuing paragraphs.
Recommendations will be made based on the findings of this study and its implications to relevant stakeholders. Recommendations for future research and the limitations of the study will be presented before the conclusion.

7.2 Synthesis of Research Findings

7.2.1 Sustainability of turnarounds: Competencies and contingencies

The discussion of the path to sustainability begins with the presentation of the flow of impact which is composed of the turnaround strategic choice contingencies. The challenges resulting from the chosen strategies and the mitigations that support sustainability. It goes on to discuss the competencies and concludes with a summary.

7.2.1.1 The impact flow of turnaround process

This study has confirmed what has been upheld by literature on turnarounds that the success of a turnaround is contingent to the turnaround context as discussed in Chapter 6 presented in the Impact Flow diagram. Literature has acknowledged that there are challenges stemming from the use of some strategies.

This research has gone a step further to enumerate those challenges as presented in the results in chapter 5. The research further contributed to practice and literature by identifying the promoters of sustainability to mitigate the challenges. It is important to have an explicit mention of these challenges and mitigations. It creates awareness and will heighten the adoption in practice.

The flow was derived from interlinkages of the context of turnarounds with the choice of strategies, the challenges thereof and the sustainability promoters which are the mitigations. The contexts of turnarounds are constituted by the contingencies which are critical to the choice of strategies throughout the turnaround process. Trahms et al. (2013) posit that before the strategies are chosen the causes of the crises should be analysed.

Based the findings, this research suggests that this analyses and evaluation should be continual and extended to the entire context of the turnaround so as to stay relevant to the
dynamic conditions in the competitive environment. In doing so, the strategies will be adapted as the context requires since it informs the choice of strategy. The leadership of the organisation needs to strengthen the processes and systems which are to mitigate the unintended consequences of the chosen strategies. Below is the Impact Flow diagram which was presented as Figure 2 in chapter six.

7.2.1.2 Competencies

Leadership is “interpersonal influence, exercised in situations and directed through the communication process, toward the attainment of a specified goal or goals” (Galvin, T., Gibbs, M., Sullivan, J., & Williams, 2014, p.36). Boyatzis (2011) suggests that a competency is the manifestation of behaviour. Boyatzis' (2011) description of what a competency is the essence of the findings of this research. He continues to suggest that it is deliberate and constitutes intent. It should be every leader's deliberate intent to develop the leadership competencies suggested by Boyatzis (2011) upheld and elaborated on by this research.
Leadership and organisational competencies of sustaining a successful corporate turnaround

Success in a turnaround requires a lot of influence in dealing with various stakeholders to try and influence an outcome. Leaders should develop these competencies to counteract the negative impact coming from the strategic choice challenges or the context of a turnaround. They need the benefits of being endowed with the competencies of cognitive intelligence, emotional intelligence and social intelligence.

These competencies are accessible to every leader as Boyatzis (2008) suggests that they can be developed. The success and sustainability of turnarounds depend on a relentless effort to master the competencies so as to exploit the sustainability promoters as described in the Impact Flow diagram. The executives and the experts in turnaround agree with Boyatzis (2011) the possession of these competencies assists the leader to be an outstanding performer. The kind of leader who is envisaged by Manimala & Panicker (2011).

One executive says that in a turnaround there are “many little things” that needs to be managed. These many things happen in different situations. There is also quite a variety of leadership style a leader can adopt. Some of the executives and experts who participated in this research tend to believe that a leadership style is dependent on the personality. By that they mean there is a specific style suitable for a particular type of a personality. Contextual leadership suggests otherwise. Kutz (2008) believes that leaders can adapt their leadership style to the demands of the demands of the environment.

IT is for this reason that this research proposed that leadership style should be approached from the competency basis and a leader should develop the related competency of appropriately flexing leadership style. The summary presented in Figure 4 below describes how the competencies enhance leadership quality and performance which in turn strengthens the effectiveness of the sustainability promoters. The sustainability promoters support turnaround strategies to eliminate unintended challenges and address the contextual contingencies. This impact flow will lead to a positive impact on sustainability. The leadership quality also contributes to the development of other organisational competencies which supports sustainability.
7.3 Implications for Business

To achieve a sustainable turnaround:

- Leaders must develop the following critical leadership competencies for sustainable turnarounds
Leadership and organisational competencies of sustaining a successful corporate turnaround

- Cognitive intelligence competencies – the competencies will assist the leader with evaluating the environment and identify pattern and themes (Boyatzis, 2011) which are critical to managing a dynamic environment.

- Social intelligence competencies – the competencies will help the leader be aware of the feelings and dispositions of other people (Boyatzis, 2011). The leader will be able to read and respond appropriately to influence a social setting.

- Emotional intelligence competencies – Self-awareness is critical for a leader (Boyatzis, 2011). This assists with the ability to self-reflect and self-develop to display effective leadership behaviour.

- Appropriate flexing of leadership style – this capability enables a leader to be able to scan the environment, discern the demands thereof and select and use an appropriate leadership style for that context.

- Leaders must build organisational competencies which support sustainability. These competencies will include strategic management of cultural transformation and culture of innovation.

- Be critically aware of the inter-relationship of the components of the Sustainability Path Model.

7.4 Recommendations for Future Research

The following recommendations are based on the nature and findings of this study. The nature of exploratory research is such that it should be followed by a confirmatory research to confirm the exploratory findings (Saunders & Lewis, 2012; Zikmund et al., 2010). The responses motivated the other recommendations and comments of the participants and the observations of the researcher.

- This study focused on the competencies of a leader and those of an organisation required to achieve a sustainable corporate turnaround. The theory which the propositions on leadership competencies and organisational competencies is based was to a great extent drawn from behavioural studies and general business studies. This theory has not been deliberately applied in the context of achieving a sustainable turnaround, as a result, this study was exploratory. Empirical research needs to be conducted to test the findings of this study. Following are further recommendations for future research.
• The research was done across different industries this generated varied perspectives which highlighted that some of the constructs did not have the same impact from one industry to another based on the nature of the industry. Further research is recommended to test the findings of this study per industry. These constructs can then be compared and establish the commonality and differences from industry to industry.

• The research revealed that different turnaround leaders approach the process of turnaround differently. These differences seem to be driven by whether the turnaround is led by the executives of the organisations or a turnaround practitioner brought in from outside the organisation taking over from the management of the organisation. Further, the difference is pronounced by the legislative prescriptions on the period a turnaround should occur especially on business rescue.
  o Further research is recommended to establish the difference in the sustainability of a turnaround that was executive led compared to that which was led by turnaround experts.
  o Research could be done on what are the impacts of the legislation prescribed protocols on the sustainability of the turnaround.

• Some of the respondents suggested that the leader who leads the organisation through a turnaround is necessarily the same to lead the organisation post-turnaround. The impact of such a change in leadership that occurs after the turnaround has been achieved, on the sustainability of the turnaround.

• Responses alluded to empowering the lower level managers and to the difference in how the operational leaders achieve their influence compared to executives. It will be of interest to establish what are the leadership competencies of operational leaders to achieve a sustainable turnaround

7.5 Research Limitations

Though care has been taken to ensure that the research findings represents the perspectives of the respondents the nature of the study, that it is qualitative, means that there may be biases introduced by the subjectivity of both the researcher and the respondents. Further potential limitations are:

• The findings could have been impacted by the inexperience and lack of training of the researcher in conducting a qualitative study, collecting data through in-depth interviews and content analysis.
• The sample was based within three areas of Gauteng, namely Johannesburg, Pretoria and the West Rand, and within a limited number of industries. In addition to the limited geographic representation, the sample was selected using a non-probability sampling method. Therefore, the findings of this study cannot be generalised to the entire population.

7.6 Conclusion

The complexity of turnaround is well appreciated in literature and by the executives and experts who participated in this research. The low percentage of organisations which can sustain their turnaround over extended periods points out to this complexity. The focus on delineating the competencies critical to the achievement of the sustainable turnaround which resulted in the leadership competencies discussed.

The contribution of this research to both business and practice is to highlight the relevance and importance of these competencies in a turnaround environment. Further, the suggestion of the leadership style competency: appropriate flexing of leadership style is one of the contributions. Finally, the Sustainability Path Model is a contribution which is expected to raise the appreciation of the complexity of turnaround process and the powerful sustainability supporting leadership quality characteristics.
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Leadership and organisational competencies of sustaining a successful corporate turnaround


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APPENDICES

Appendix I: Informed Consent Letter

Date

Dear Participant,

My name is Vuyisile Rodolo; I am conducting research in partial fulfilment of the requirements for the degree of Master’s in Business Administration (MBA) at the Gordon Institute of Business Science (GIBS).

The topic I am researching is on the leadership and other dynamics of sustaining a successful corporate turnaround. The aim of the research is to find out more about:

- the success factors of sustaining a successful turnaround
- the leadership competencies that will enable a leader to achieved sustained business performance following a successful turnaround
- leadership styles a leader can adopt to sustain post turnaround business performance

I, herein, am requesting for an appointment to have an approximately one hour interview with you to gain insights on the above constructs. It will be an in-depth semi-structured interview and will be digitally recorded to assist with accurate data collection.

Your participation is voluntary, and you can withdraw at any time without penalty. All data will be kept confidential and reported on without identifiers to protect the identity of participants. If you have any concerns, please contact my supervisor Wanya du Preez or me. Our details are provided below.

To acknowledge your informed consent, please append your signature as a participant below.

Your contribution will be highly appreciated.

Contact details:

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Supervisor</th>
</tr>
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<tbody>
<tr>
<td>Email</td>
<td>Email</td>
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© University of Pretoria
Signature of participant: __________________________

Date: __________________________

Signature of researcher: __________________________

Date: __________________________
Appendix II: Discussion Guide - Interviews With Business Leaders, and Experts

Introduction

Greeting (Shake hands)
Good day thank you for agreeing to participate in this research interview. My name is Vuyisile Rodolo, and I am a final year MBA student at The Gordon Institute of Business Science (GIBS). The topic I am researching is on the leadership and other dynamics which are critical to sustaining turnaround performance.

Purpose
I would like to ask you questions so as to establish a better understanding of what are the dynamics of sustaining a successful turnaround. Of particular interest are the leadership dynamics like competencies and behaviours, and other dynamics such as innovation, organisation ambidexterity and resilience amongst others, which contribute to sustained performance applicable to a post turnaround phenomenon.

Motivation
With this research, I hope to contribute to the body of knowledge both in academic and in business. The research will be beneficial to turnaround practitioners to have a source of reference on what are the critical success factors to a sustainable turnaround.

Assurance
I would like to assure you that the discussions will remain confidential. May I record the interview so as to assist with the accuracy of capturing our discussions.

Duration of the interview
The interview will take 60 minutes

The interview

Research Proposition 1
Balancing the turnaround strategies used in the different phases of arresting the decline and growing the organisation contributes to a sustainable turnaround.
Question 1.1 To achieve a turnaround, practitioners employ different strategies to arrest the decline and then grow the business. Which strategies did you employ to achieve the turnaround?

Question 1.2 How did these strategies contribute to the sustainability of the turnaround?

Question 1.3 Looking at the post turnaround position of your organisation, what challenges leaders face resulting from the turnaround strategies employed?

**Research Proposition 2**

_Innovation, strategic planning process, communication and culture management are the critical organisational competencies required to support turnaround strategies to achieve a sustainable turnaround._

Question 2.1 In light of the challenges an organisation face to achieve a successful turnaround and in the context of the ever-changing environment, what would you consider to be the organisational competencies critical to sustaining performance post turnaround?

Question 2.2 How can an organisation ensure that these competencies are part of its culture?

Question 2.3 What cultural changes have you implemented in the process of a turnaround to embed these competencies?

**Research Proposition 3**

_Emotion intelligence competencies, social intelligence competencies and cognitive intelligence competencies are the leadership competencies, which enables a leader to achieve sustained business performance following a turnaround._

Question 3.1: Leaders need to possess certain threshold competencies, however, to steer the organisation to a successful sustainable performance they need to have competencies which enable them to be outstanding performers.

What leadership competencies do you regard to be critical to an organisation’s sustainable success?

Question 3.2: How do these competencies make leaders effective in their quest to sustain business success?

**Research Proposition 4**

_The appropriate flexing of leadership style is an essential leadership competency to sustain turnaround business performance._
Question 4.1: Leaders exert influence on various stakeholders to achieve the objectives of the organisation. What leadership style or styles will you recommend for a turnaround leader/manager?

Question 4.2: What leadership style or styles will you recommend to sustain success post-turnaround?

Question 4.3: How do a change in leadership style impact on the leaders’ performance and that of their organisations?

**Conclusion (5min)**

We have come to the end of the interview. I should have all the data I require. May I contact you should I need to clarify any aspect of the interview.

Are there any comments you will like to add that were not covered during the interview?

Thank you once more for your time and sharing your insights with me and the academic community. It has been a pleasure to discuss with you.
Appendix III: Results Reports

Data Saturation Chart

Culture

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Sustainability
Appendix IV: Ethical Clearance Approval Letter

Dear Mr Eustace Rodolo

Protocol Number: Temp2016-01651
Title: Leadership and other dynamics of sustaining successful corporate turnarounds
Please be advised that your application for Ethical Clearance has been APPROVED. You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

Kind Regards,
Adele Bekker