

國立成功大學
企業管理研究所
碩士論文

台灣中小企業的衰敗原因與轉換策略
Declining Causes and Turnaround Strategies
in Taiwanese Small- and Medium Sized Enterprises

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本論文業經審查及口試合格特此證明

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論文摘要

中小企業在台灣經濟成長的過程中，扮演著極為重要的角色，實為台灣經濟的命脈。但由於先天上資源的限制，以及來愈趨激烈的全球化競爭影響，中小企業的存活率很低，遠不如大企業。如何察覺隱藏的衰敗原因（Declining Causes）並使用適當的轉換策略（Turnaround Strategies）來回應，儼然成為二十一世紀中小企業眼中最重要的兩大議題。本研究使用問卷，調查中小企業業主及高階管理團隊認為最為嚴重的衰敗原因，及最為重要的轉換策略。希冀能歸納出兩者之關係，以找出明確的衰敗原因以及相對應的轉換策略。本研究歸納的結果有二：

1. 當中小企業在面臨內部衰敗問題時，較可能採取「營運性（Operating）」轉換策略加以解決；而當面臨外部衰敗問題時，則較傾向採取「策略性（Strategic）」轉換策略解決。
 - i. 主要內部衰敗原因為：「員工專業或技術能力不足」及「營運成本過高」；其相對應的營運性轉換策略則為：「提昇員工之執行力」、「縮減成本、降低支出」，及「重新檢討公司產品之品質與製程」。
 - ii. 主要外部衰敗原因為：「日益增加之市場競爭」、「外部經濟環境改變或蕭條」、「產品在市場上之通路難以擴充」，及「產業性的經濟蕭條」，其相對應的策略性轉換策略則為：「高階主管能有效實施整體性管理」、「加強研發技術以提昇產品之創新」、「對任何物在變化，皆積極回應」，及「高階主管能有效洞察未來市場變化」。
2. 當中小企業面臨到外部衰敗原因時，產生的反應可歸類為兩種。
 - i. 當外部衰敗原因屬於可控制變數時（如：顧客、競爭者等），中小企業可能採取「深度分析競爭對手與回應策略」、「深度瞭解重要顧客購買力變化的原因」、「找出企業仍擁有之利基，維持起碼利潤」，及「高階主管能有效洞察未來市場變化」等策略性轉換策略。
 - ii. 當外部衰敗原因屬於不可控制變數時（如：總體經濟），中小企業可能保持一種樂觀積極的態度：「對任何外在變化，皆積極回應」，等待下一次景氣的好轉。

關鍵字：中小企業，衰敗原因，轉換策略

Abstract

Small- and Medium- Sized Enterprises (SMEs) have been the backbone of Taiwan's economic development since 1960s. Compared to large enterprises in Taiwan, SMEs have higher possibility to end in failure due to limited resources and competitive global market. Therefore, Taiwanese SMEs are strongly recommended to understand how to survive the threat of business downturns and how to turn around the crisis situation. The present study develops a questionnaire to investigate the relationship between their declining causes and turnaround strategies. I tend to find out the turnaround strategies in responding to the internal and external declining causes. There are two major findings in the present study.

1. The Taiwanese SMEs tend to adopt the operating turnaround approaches to deal with the declines attributed to the internal causes; whereas they tend to adopt the strategic turnaround approaches to deal with those due to external causes.
 - i. The main internal causes are 'Unqualified professional skills' and 'Overly high operating cost.' The main responding operating approaches to those internal causes are 'Enhance employees' ability of administration,' 'Cost reduction,' and 'Reconsider the quality and operation procedure.'
 - ii. The main external causes are 'Increasing competition,' 'Global and national economic downturns,' 'Difficulty in expanding distribution channels,' and 'Market economic downturn.' The main responding strategic approaches to those external causes are 'Effectively implement business policy,' 'Enhance R&D ability,' 'Actively respond to any external change,' and 'Have insight into future booms.'
2. The Taiwanese SMEs tend to adopt two sorts of responding approaches to deal with the external causes.
 - i. When SMEs deal with the business declines due to the controllable, external causes, they adopt market-oriented strategic approaches: 'Analyze the main competitors,' 'Investigate why big clients change their interests,' 'Find out niche market to maintain basic profit,' and 'Have insight into future boom.'
 - ii. When SMEs deal with the business decline due to the uncontrollable, external causes, they tend to stay optimistic: 'Actively respond to any external change.'

Key Words: SME (Small- and Medium- Sized Enterprises), Declining Causes, Turnaround Strategy

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Chapter 1 Introduction

1-1 Research Motivation

In Taiwan, 97.7 percent of the enterprises are defined as small- and medium- sized enterprises (SMEs) (Taiwan SME Administration, 2005). SMEs have been the backbone of Taiwan's economic development since 1960s. Take the employment rate of Taiwan as an illustration. According to the Taiwan SME administration (2005), 77% of the labor is employed by SMEs. Although the growth of Taiwanese SMEs is fast, they still have to not only take a risk due to their limited resources and inferior bargaining power (Bracker and Pearson, 1986), but also face serious threat of failure than before because of globalization and its impact on global economy (Chowdhury and Lang, 1996). In other words, compared to large enterprises in Taiwan, SMEs should have higher possibility to end in failure. Most managers and management researchers argue that the failure is not inevitable, but it is not easy to find solutions from the failure record of SMEs (Dodge and Robbins, 1992). As a result, Taiwanese SMEs are strongly recommended to understand how to survive the threat of business downturns and how to turn around the crisis situation.

Generally speaking, researchers tend to dichotomize the turnaround strategies into two parts, the operating turnaround approaches and the strategic turnaround approaches (Hofer, 1980; Lohrke, Bedeian and Palmer, 2004; Schendel, Patton and Riggs, 1976). However, Hambrick and Schechter (1983) suggest that the applicability of the strategic approach was restricted in mature industries. Because market share in mature industries is relatively fixed, it seems impossible to adopt the strategic approach to ambitiously expand their market share expansion (Hambrick and Schechter, 1983). Moreover, it is found that strategic approaches (e.g., market share expansion or product/market refocusing)

seem inapplicable to declining SMEs (Chowdhury and Lang, 1996; Finkin, 1985). Although increasing market share results in economies of scale or superior bargaining power of prices or channel, it is difficult to picture the increase of declining SMEs in market share nor the refocus on its product/service portfolio under the constraints of resources and single-business (Chowdhury and Lang, 1996; Finkin, 1985).

Therefore, the present research aims to investigate the actual declining causes and to explore the appropriate turnaround strategies in Taiwanese SMEs. The findings are expected to contribute to SMEs owners or top manager teams in a way that they can find practical solutions to respond the business decline and further turn their companies around.

1-2 Research Purpose

A study of SMEs' successful turnaround experiences provides a useful guidance on how to reduce business crisis. Therefore, by means of the experiences of Taiwanese SMEs, the present study wants to discuss the relationship between declining causes and turnaround strategies. That is, I want to find out their specific declining causes as well as the appropriate responding turnaround strategies. It is hypothesized that SMEs tend to adopt an operating approach to deal with those declines in their business due to the internal causes; whereas they tend to use a strategic approach to deal with those due to the external causes.

1-3 Research Organization

The study is composed of the following sections. Chapter 1, the introduction, provides the background of the issue and states the purpose of the study. The introduction is followed by Chapter 2: literature review. Chapter 3 describes the questionnaire design: the definition and measurement of various variables; data analysis and sample selection are also described. Chapter 4 summarizes the statistical results. Chapter 5 provides the general conclusions; it also discusses the implications of the findings.

The research procedure is summarized in the following flow chart.

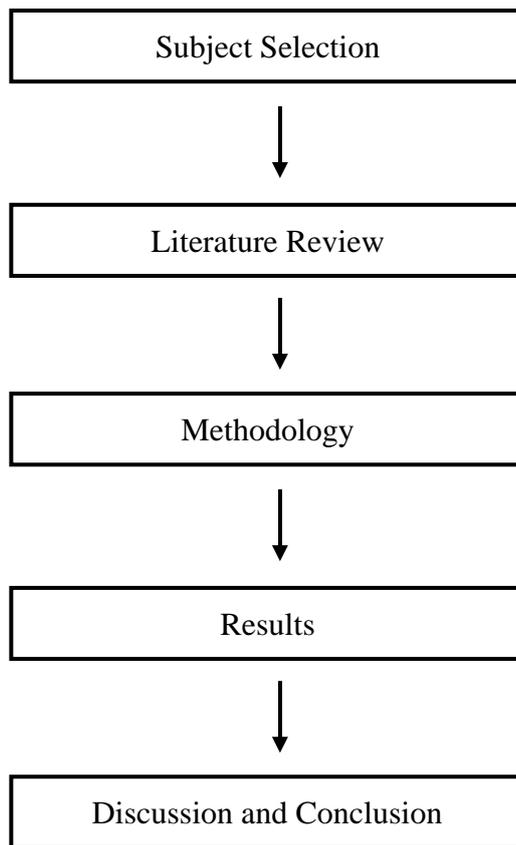


Diagram 1-1 Research Procedure

Chapter 2 Literature Review

2-1 Business Turnaround

Companies are said to be in 'decline' when they suffer huge resources loss and have no choice but to compromise their viability (Lohrke *et al.*, 2004). And the term 'turnaround,' defined as having survived a threat and regaining sustained profitability, may occur/appear when companies recover the cost of loss and get back to normal operations (Barker and Duhaime, 1997; Lohrke *et al.*, 2004; Pearce and Robbins, 1993). In other words, even though the predicaments last for a period of time, there is optimism that the company can be made profitable and can be turned around in the near future (Chowdhury and Lang, 1996).

For every declining company, the turnaround process involves establishing accountability, conducting diagnostic analyses, setting up an information system, preparing action plans, taking action, and evaluating results (Di Primio, 1988). The purpose of the process is to carefully assess their environment, to establish the nature of the environmental impact, and to develop turnaround strategies to match the pressures of its multilayered environment in order to become competitive (Mukherji, Desai and Francis, 1999). Therefore, Chan (1993) argues that each turnaround strategy has to be tailored to a unique company situation; that is, declining companies should match their turnaround strategies to environmental exigencies (Bruton, Ahlstrom and Wan, 2003; Mukherji *et al.*, 1999). Echoing Chan's viewpoint, numerous researchers suggest strategic solutions be used to solve external and strategic problems while operating solutions be applied to internal and operating problems of companies (Chowdhury and Lang, 1996; Hofer, 1980).

2-2 Causes of Business Decline in SMEs

Most organizations may experience temporary downturns in performance (Ford, 1985). Different interpretations of the causes of decline are found in the literature. One account argues that the causes of decline can be attributed to increased competition, overinvestment in technology, more knowledgeable shareholders, and a willingness to gamble on the part of managers (Heany, 1985). Because of various interpretations, some researchers, such as Robert and Harsha (1991), want to integrate the causes of decline in the literature. They find that the primary causes of business failure can be analyzed from the perspective of (1) business functions (i.e., finance, marketing, and human resources), (2) the origin of the problems (i.e., the problems originating either internally under the firm's control or externally beyond the firm's control), and (3) the nature of the problems (i.e., strategic or operational). Table 2-1 lists the causes of business decline in terms of the internal and external dichotomization.

As to external factors, numerous studies point out that the main external sources can be accounted for by environmental or industry-based causes, which have an impact on almost every firm in an industry (Melin, 1985; Robbins and Pearce, 1992). Lohrke *et al.* (2004) further indicate two external factors; one is the downswing in environmental munificence, which occurs when a firm's environment are incapable of supporting growth (Castrogiovanni, 1991; Dess and Beard, 1984), and the other is increased environmental dynamism, which occurs when a firm faces heightened variability in key external factors, such as competitive intensity or customer demands (Dess and Beard, 1984). As to internal factors, they can be summarized into two parts (Lohrke *et al.*, 2004), misalignment with its environment and the lack of available slack resources respectively. The former is

resulted from faulty top management team's (TMT) decisions (Arogyaswamy *et al.*, 1995), such as TMT's failure to update product lines, overcome functional weaknesses, and curtail operating expenses or ill-advised expansion (Nystrom and Starbuck, 1984), and the latter includes financial resources (Barker and Barr, 2002) and human resources (Chowdhury and Lang, 1996).

SMEs managers or owners often attribute their business decline to external market changes, unforeseen competition, financial market instability, and technology changes. In other words, they tend to blame the external and uncontrollable factors (Scherrer, 2003). The literature, however, reveals that the failure of most businesses is not due to competition or external factors. Instead, the failure of the majority of business is due to internal factors affected by managerial action and discipline (Boyle and Desai, 1991). For instance, the company fails to control operational costs and to analyze financial statements.

Table 2-1 illustrates that causes of business decline can be dichotomized between the internal and the external sources. The former involve downswing in environmental munificence and increased environmental dynamism (Lohrke *et al.*, 2004); the latter include the TMTs' strategic misalignment and the lack of available slack resources of the company, such as employees' incompetence or resource misallocation (Lohrke *et al.*, 2004). Therefore, based on the table, the present study divides the external factors into two categories, namely 'External Market Issues' and 'External/Irresistible Issues;' and the internal factors are categorized into 'Work Quality,' 'TMTs/Owners' Capabilities,' 'Management Quality in Operation,' 'Financial Management Issues,' as well as 'Planning and Analysis.'

Table 2-1 Causes of Business Decline

Study	Causes of Business Decline	
	External Causes	Internal Causes
Schenden <i>et al.</i> (1976)	<ol style="list-style-type: none"> 1. Recession 2. Depressed price levels 3. Increased competition 4. Raw Material Supply 	<ol style="list-style-type: none"> 1. Management Difficulties 2. Excess plant capacity 3. Strikes and labor problem 4. Increased wages 5. Decreased profit margins
Cameron <i>et al.</i> (1987)	N/A	<ol style="list-style-type: none"> 1. Organization-member responses <ol style="list-style-type: none"> 1) Scapegoating leaders 2) Resistance to change 3) Low morale 4) Fragmented pluralism 5) Lost leader credibility 6) Conflict 7) No innovation 2. Top-management responses <ol style="list-style-type: none"> 1) Centralization 2) No long-term planning 3) Nonselective cuts 4) Turnover
Boyle and Desai (1991)	<ol style="list-style-type: none"> 1. Declining market share 2. Sudden drop in the number of prospects of inquiries 3. National, regional, or industrial economic downturns etc. 	<ol style="list-style-type: none"> 1. Failure to carefully analyze financial statements 2. Underutilization of assets 3. Unwillingness of an owner to delegate responsibility 4. Key employee quits etc.
Robbins and Pearce (1992)	<ol style="list-style-type: none"> 1. Economic problems 2. Competitive change 3. Technological change 4. Social change 	<ol style="list-style-type: none"> 1. Lack of operating controls 2. Overexpansion 3. Excessive leverage 4. Top management
Scherrer (2003)	<ol style="list-style-type: none"> 1. Increased competition 2. Rapidly changing technology and economic fluctuations 	<ol style="list-style-type: none"> 1. Failed finance, production and marketing strategies
Lohrke <i>et al.</i> (2004)	<ol style="list-style-type: none"> 1. Downswing in environmental munificence 2. Increased environmental Dynamism 	<ol style="list-style-type: none"> 1. Strategic misalignment 2. Lack of available slack resources

2-3 Turnaround Strategies in SMEs

Turnaround strategy can apply to a key set of activities to stop a decline and stimulate the upturn cycle (Hoffman, 1989). Echoing the claim of Hofer (1980), Hambrick and Schecter (1983) suggest two broad classes of turnaround strategies: efficiency and entrepreneurial. By definition, efficiency strategies are concerned with better use of organizational resources (Woo and Cooper, 1981), and deal with the internal processes of an organization (Cameron, 1983). In contrast, entrepreneurial strategies are more market-oriented, and mainly focus on resource acquisition and revenue generation (Cameron, 1983), or on changes in market niches (Hambrick and Schecter, 1983). Turnaround strategies have also been categorized as 'strategic' or 'operating' (Hofer, 1980; Lohrke *et al.*, 2004; Schenden *et al.*, 1976). From the dichotomy's point of view, strategic turnaround strategies are the grand, long-term initiatives. They not only help reconfigure the assets of a firm in a new manner in order to be more competitive, but also reposition the firm in a manner consistent with the existing competitive configuration, such as diversification, vertical integration, new market share thrusts, and divestment (Chowdhury and Lang, 1996; Miller and Chen, 1994). On the contrary, operating turnaround strategies are short-run tactics geared toward immediate revenue generation, cost-cutting, and asset reduction. This kind of strategy also includes retrenchment approaches, such as aggressive cost cutting of assets, increasing the emphasis on sales and marketing at the expense of other functions, and increasing sales by significant price cuts (Chowdhury and Lang, 1996; Hofer, 1980; Miller and Chen, 1994).

The analytical process model proposed by Hofer (1980) seems to imply that operating strategies produce the quickest and most dramatic results (Chowdhury and Lang, 1996).

Operating strategies are substantial not only for large companies but also for SMEs. Parker and Keon (1994) argue that operating (rather than strategic) strategies appear to be the actions of the first choice for SMEs. Their proposal is accounted for by three sources. First, for SMEs owners, operating strategies can be directly perceived through personal senses and can be implemented more easily because the situation is under control. Second, it is possible to make good use of existing resources by means of operating strategies and the allocation of them is quite simple; in contrast, it would be difficult to generate additional resources if strategic approaches are considered during a lean period of business. Finally, operating-oriented measures can be served as visible evidence of the serious intent of management to accomplish turnaround and are therefore likely to generate substantial support from key stakeholders. Consequently, it is claimed that because smallness both enables and requires firms to take action with more immediate results, operating strategies is considered to be more applicable for SMEs (Chowdhury and Lang, 1996).

Operating strategies bring about efficiency and cost reduction, the achievement of which can be done through one or more actions listed below: incremental employee productivity (Hambrick and Schechter, 1983), replacement of old plant with modern and efficient facilities (Porter, 1980), as well as control of discretionary expenses. Among these actions, it is generally agreed that employee productivity is the most important contributor to improve the inefficiency of a decline business, particularly in the SME context for three reasons (Chowdhury and Lang, 1996). First, SMEs' production functions generally rely upon labor than upon capital, and they utilize more variable factors of production. This sort of production function allows greater flexibility in output volume and the opportunity to significantly affect productivity through the labor component

(Fiegenbaum and Karnani, 1991). Second, SMEs are generally non-unionized; therefore, they can lay-off marginally productive employees with fewer constraints (Chowdhury and Lang, 1994). Lastly, SMEs tend to be more tightly integrated entities, in which employees can better perceive the severity of a declining company's situation and its potential outcomes (Chowdhury and Lang, 1994).

In sum, strategic approaches are analogous to entrepreneurial strategies, whereas operating strategies are analogous to efficiency strategies. The turnaround strategies are summarized in Table 2-2 based on the operating and strategic dichotomization. The strategic actions not only involve reconfiguring the assets of companies in a new way in order to be more competitive, but also involve repositioning the assets of companies in a manner consistent with the existing competitive configuration (Bruton *et al.*, 2003). On the contrary, the operating actions involve aggressive cost cutting of assets, the increasing emphasis on sales and marketing at the expense of other functions, and the boosting sales by significant price cuts (Bruton *et al.*, 2003). In the present study, the strategic actions are divided into three categories, 'Responses to External Market Issues,' 'Responses to External/Irresistible Issues,' as well as 'Enhancement of TMTs/Owners' Capabilities,' respectively; and the operating actions were organized into four categories, namely 'Improvement of Work Quality,' 'Improvement of Management Quality in Operation,' 'Improvement of Financial Management Issue,' as well as 'Better Planning and Analysis.'

Table 2-2 Turnaround Strategies

Study	Turnaround Strategies	
	Strategic Approaches	Operating Approaches
Schendel and Patton (1976)	N/A	<ol style="list-style-type: none"> 1. Decreased costs/sales 2. Increased sales 3. Increased investment
Schenden <i>et al.</i> (1976)	<ol style="list-style-type: none"> 1. Vertical integration 2. Diversification 3. Divestment 4. Top management changes 	<ol style="list-style-type: none"> 1. Major plant expenditures 2. Functional area emphasis 3. Improved efficiency ratios
Hofer (1980)	<ol style="list-style-type: none"> 1. Market/product refocusing 	<ol style="list-style-type: none"> 1. Revenue-generating 2. Cost-cutting 3. Asset reduction 4. Combination effort
Hambrick and Schechter (1983)	<ol style="list-style-type: none"> 1. Selective product/market pruning 	<ol style="list-style-type: none"> 1. Asset/cost surgery 2. Piecemeal productivity
Ford (1985)	<ol style="list-style-type: none"> 1. Domain defense 2. Domain offense 3. Domain creation 4. Domain abandonment 	<ol style="list-style-type: none"> 1. Operative strategies 2. Administrative strategies
Boyle and Desai (1991)	<ol style="list-style-type: none"> 1. Diversification 2. Niching 3. Market development 4. Product development 5. Market penetration 	<ol style="list-style-type: none"> 1. Aging of receivables report 2. Systematic use of financial ratios to identify potential trouble 3. Establishment of an order processing and control system 4. Risk management
Robbins and Pearce (1992)	N/A	<ol style="list-style-type: none"> 1. Asset reduction 2. Cost reduction
Miller and Chen (1994)	<ol style="list-style-type: none"> 1. Market expansion 2. Vertical integration 3. Mergers and acquisitions 4. Strategic alliance 	<ol style="list-style-type: none"> 5. Changes in price 1. Promotional activities 2. Product-line or service changes 3. Distribution channel alterations
Chowdhury and Lang (1996)	N/A	<ol style="list-style-type: none"> 1. Revenue-generating 2. Cost-cutting 3. Asset reduction
Bruton <i>et al.</i> (2003)	<ol style="list-style-type: none"> 1. Reconfiguring the assets of firms in a new manner to compete better 2. Reposition the assets of firms in a manner consistent with the existing competitive configuration 	<ol style="list-style-type: none"> 1. Aggressive cost cutting of assets 2. Increasing the emphasis on sales and marketing at the expense of other functions 3. Increasing sales by significant price cuts

Chapter 3 Methodology

3-1 Variable Operationalization

The variables tested in the study include causes of business decline and turnaround strategies. The operationalizations of these variables are described below. The detailed questionnaire is displayed in the appendix.

3-1-1 Causes of Business Decline

The declining causes are the situations that make the company's profitability become worse. In the present study, the declining cause is defined as at least two consecutive years of decrease in amount of sales at a rate of 10% lower than before. The categorization of the causes of business decline is modified from the research of Robert and Harsha (1991). They divide the causes into seven categories, namely 'Work Quality,' 'Management Quality in Operation,' 'Financial Management Issues,' 'Planning and Analysis,' 'TMTs/Owners' Capabilities,' 'External Market Issues,' as well as 'External/Irresistible Issues.' The first five categories are internal sources while the last two categories are external sources.

There are five to eight items in each category. Respondents were requested to choose the most critical six items cross the seven categories. I then further requested them to arrange the items selected into order, from point 6 to point 1. Table 3-1 shows the detailed items given in each category of the questionnaire.

Table 3-1 Causes of Business Decline Given in the Questionnaire

Source	Category	Item
Internal Sources	Work Quality	<ol style="list-style-type: none">1. Key members quits2. Too many low price contracts3. Too much discount4. Unqualified professional skills5. Unqualified management skills
	Management Quality in Operation	<ol style="list-style-type: none">1. Inferior facilities or technologies to competitors2. Underutilization of assets3. Overly high raw material cost4. Overly high operating cost5. Overly emphasis on operational details6. Improper management of raw materials, work-in-process, and finished goods inventories
	Financial Management Issues	<ol style="list-style-type: none">1. Excessive expenditure2. Inadequate management of capital3. Inappropriate management of account receivable4. Uncontrollable increase in debt and loan5. Failure in financial analysis
	Planning and Analysis	<ol style="list-style-type: none">1. Excessive optimism in planning2. Lack of comprehensive strategic planning3. Ignorance of negative market information4. Lack of in-depth market information before start-up
	TMTs/Owners' Capabilities	<ol style="list-style-type: none">1. Unwillingness to delegate responsibility to employees2. Unqualified skills to deal with predicaments3. Unqualified skills to manage growing or successful business4. Inability to comprehensively plan ahead5. Inability to manage the company extensively6. Lack of product/market sensitivity
	External Sources	External Market Issues
External/Irresistible Issues		<ol style="list-style-type: none">1. Global and national economic downturns2. Market economic downturn3. Altered governmental policy4. Extensive damage caused by company's product or service5. Owner/Key Manager unexpectedly in hospital

3-1-2 Turnaround Strategies

The turnaround strategies refer to the active solutions to the declining situation of business, or the passive responses to the worse condition of a company. The turnaround strategies are categorized based on the proposal of Robert and Harsha (1991). Seven categories are identified, namely 'Improvement of Work Quality,' 'Improvement of Management Quality in Operation,' 'Improvement of Financial Management Issues,' 'Better Planning and Analysis,' 'Enhancement of TMTs/Owners' Capabilities,' 'Responses to External Market Issues,' as well as 'Responses to External/Irresistible Issues.' The first four categories are operating approaches, and the last three categories are strategic approaches.

There are four to seven items in each category. Respondents were requested to choose the most critical six items cross the seven categories. I then further requested them to arrange the items selected into order, from point 6 to point 1. The detailed items given in each category of the questionnaire are described below. Table 3-2 summarizes the final categorization of the turnaround strategies in terms of operating and strategies approaches.

A. Improvement of Work Quality

The declining causes regarding the work quality are attributed to three different kinds of problems, the resignation of key members, employees' improper acts/behaviors, and employees' unqualified skills. Therefore, it is claimed that declining SMEs response in reasonable solutions to employ suitable experts, to cut back the workforce, and to improve employees' productivity by retraining (Chan, 1993; Chowdhury and Lang, 1996).

Measurement

By making reference to the previous studies, seven items are defined to measure the critical turnaround strategies in the category of 'Improvement of Work Quality.' They are 'Layoff,' 'Employ new staff,' 'Enhance employees' ability of administration,' 'Enhance employees' skills of negotiation and communication,' 'Enhance managers' ability of management,' 'Hire experts in cost management, operation procedure management, or order management,' and 'Hire sales experts.'

B. Improvement of Management Quality in Operation

The declining causes regarding the management quality in operation might be attributed to problematic rules and policies, operation procedures and systems, as well as the quality of the fixed assets and whether it is properly utilized. Hofer (1980) argues that it is necessary for declining SMEs to buy-in or to upgrade facilities to improve productivity. Other researchers also echo Hofer's point, suggesting that improving management control systems should be an appropriate solution (Barker and Mone, 1994; Robert and Harsha, 1991). For example, they suggest declining SMEs to establish an order processing and control system.

Measurement

Six items are defined to measure the critical turnaround strategies in the category of 'Improvement of Management Quality in Operation.' They are 'Improve facility and technology,' 'Enhance inventory management,' 'Reduce assets utilization to lower operating cost,' 'Reconsider the quality and operation procedure,' 'Reconsider administrative procedure,' as well as 'Assure fundamental operation for minimum.'

C. Improvement of Financial Management Issues

The declining situation due to financial issues has direct and negative impact on the company's financial health and well-being. Robert and Harsha (1991) argue that these sorts of declining causes are avoidable, or at least foreseeable. They suggest that the most appropriate way to counter these types of problems is through routinely administrated procedures. For example, a regular review of financial and cost accounting information can usually yield information necessary to take appropriate actions. In addition, declining SMEs often solve problems by cutting costs or raising capital from different channels (Arogyaswamy *et al.*, 1995; Chowdhury and Lang, 1996).

Measurement

Following the discussion, seven items are identified to measure the critical turnaround strategies in the category of 'Improvement of Financial Management Issue.' They are 'Cost reduction,' 'Asset reduction,' 'Raise funds in case of emergency,' 'Assurance that funds won't be seriously depleted by inappropriate spending,' 'Enhance cash and account receivable management,' 'Reimburse debts to lower interest expenses immediately,' as well as 'Solve overspending problems due to declining performance immediately.'

D. Better Planning and Analysis

In the strategy making process, planning and analysis are considered as key elements. Robert and Harsha (1991) mention that the solution to this sort of problem affects the long-term prospects of the company because it emphasizes the

areas requiring strategic initiative. Several examples are illustrated in the previous research, including formalized strategic plans and market researches, redesigned organizational structure, as well as internal and external consultant teams (Arogyaswamy *et al.*, 1995; Barr *et al.*, 1992; Melin, 1985).

Measurement

Five items are identified in the category of ‘Better Planning and Analysis.’ They are ‘Formalization,’ ‘Redesign organizational structure,’ ‘Keep Conservative principals,’ ‘Hire external consultants for planning,’ and ‘Establish planning teams by internal staff.’

E. Enhancement of TMTs/Owners’ Capabilities

This category attempts to examine the human resources from the strategic viewpoint of TMTs and owners. It is generally recognized that a company’s owner/top management team (TMT) plays a particular important role during periods of business decline. To be successful in such situations, a TMT has to quickly and accurately determine the declining causes and implement necessarily respondent turnaround strategies (Lohrke *et al.*, 2004). Other things equal, a TMT’s failure to properly manage a company’s turnaround response would result in continued decline, even bankruptcy (Weitzel and Jonsson, 1989). Our focus is on the attitudes and capabilities which are necessary for owners/TMTs when they face the business decline. These turnaround approaches have impacts on the companies’ long-term prospects (Barker and Barr, 2002; Bruton *et al.*, 2003; Robert and Harsha, 1991).

Measurement

Six items are identified in the category of 'Enhancement of TMTs/ Owners' Capabilities'. They are 'Delegate,' 'Willing to accept constructive opinions,' 'Actively involve,' 'Stay put and wait for upturns,' 'Have insight into future booms in market,' as well as 'Effectively implement business policy.'

F. Responses to External Market Issues

The declining causes in this category are mainly accounted for by the industry instead of the firm itself. Robert and Harsha (1991) reveal that turnaround strategies in the category of 'External market issues' highlight the importance of marketing in SMEs – particularly market analysis, positioning, and customer service. Responses to declining causes often necessitate a change in the company's strategic direction, such as product development, market development, and market penetration; in other words, go to diversify into a countercyclical industry and find a niche in a market hitherto unexplored by the competition – especially when the company is uniquely qualified to occupy and defend (Chan, 1993; Robert and Harsha, 1991; Zimmerman, 1989).

Measurement

Eight items are identified in the category of 'Responses to External Market Issues.' They are 'Redefine Customer Group,' 'Reconsider/Reassess Market and product reposition,' 'Redeploy product distribution channel,' 'Investigate why big clients change their interests in products,' 'Analyze the advantages of competitors and figure out strategies in response,' 'Find out niche market to maintain basic profit,'

‘Enhance R&D ability to improve product innovation,’ as well as ‘Strong competitors.’

G. Responses to External/Irresistible Issues

The declining causes in the category of ‘External/Irresistible issues’ are completely out of the owner’s control, and usually resulted in sudden and irreparable damage to SMEs. Their effects could be devastating. Robert and Harsha (1991) point out the huge impact of management responses to this kind of declining causes on the future of the company.

Measurement

Four items in this category are identified. They are ‘Actively respond to any external change instead do nothing,’ ‘Wait for the upturns because no way to change the external economics,’ ‘Wait for the change of government policy,’ as well as ‘Wait for recovery if the decline is due to irresistible factors.’

The internal/external causes for business declines and those operating/strategic approaches in responding to the causes are listed respectively in Table 3-1 and Table 3-2.

Based on the literature review and the operationalization of these declining causes and turnaround strategies, I have the following proposition:

Proposition: SMEs tend to adopt an operating approach to deal with those declines in their business due to the internal causes; whereas they tend to use a strategic approach to deal with those due to the external causes.

Table 3-2 Turnaround Strategies Given in the Questionnaire

Approach	Category	Item
Operating Approaches	Improvement of Work Quality	1. Layoff
		2. Employ new staff
		3. Enhance employees' ability of administration
		4. Enhance employees' skills of negotiation and communication
		5. Enhance managers' ability of management
		6. Hire experts in cost management, operation procedure management, or order management
		7. Hire sales experts
Improvement of Management Quality in Operation	Improvement of Management Quality in Operation	1. Improve facility and technology
		2. Enhance inventory management
		3. Reduce assets utilization to lower operating cost
		4. Reconsider the quality and operation procedure
		5. Reconsider administrative procedure
		6. Assure fundamental operation for minimum
Improvement of Financial Management Issues	Improvement of Financial Management Issues	1. Cost reduction
		2. Asset reduction
		3. Raise funds in case of emergency
		4. Assurance that funds won't be seriously depleted by inappropriate spending
		5. Enhance cash and account receivable management
		6. Reimburse debts to lower interest expenses immediately
		7. Solve overspending problems due to declining performance immediately
Better Planning and Analysis	Better Planning and Analysis	1. Formalization
		2. Redesign organizational structure
		3. Keep Conservative principals
		4. Hire external consultants for planning
		5. Establish planning teams by internal staff

Table 3-2 Turnaround Strategies Given in the Questionnaire (cont.)

Approach	Category	Item
Strategic Approaches	Enhancement of TMTs/Owners' Capabilities	1. Delegate
		2. Willing to accept constructive opinions
		3. Actively involve
		4. Stay put and wait for upturns
		5. Have insight into future booms in market
		6. Effectively implement business policy
Responses to External Market Issues	Responses to External Market Issues	1. Redefine Customer Group
		2. Reconsider/Reassess Market and product reposition
		3. Redeploy product distribution channel
		4. Investigate why big clients change their interests in products
		5. Analyze the advantages of competitors and figure out strategies in response
		6. Find out niche market to maintain basic profit
		7. Enhance R&D ability to improve product innovation
Responses to External/Irresistible Issues	Responses to External/Irresistible Issues	1. Actively respond to any external change instead do nothing
		2. Wait for the upturns because no way to change the external economics
		3. Wait for the change of government policy
		4. Wait for recovery if the decline is due to irresistible factors

3-2 Data Analysis

The present study adopts two methods for data analysis, namely descriptive statistics and canonical correlation analysis. Descriptive statistics are conducted to examine the basic data of the respondents and their companies. In order to have a sample that matches our research requirements, I need to assure that the respondents are SME owners or high-level managers. Additionally, their sales and sizes in terms of number of employees should meet the definition of SME.

The canonical correlation analysis is conducted to examine the significance and the relationship between various declining causes and turnaround strategies. This approach is considered as a well-suited methodology for multiple dependent (criterion) and multiple independent (predictor) variables. In general, the canonical correlation analysis helps maximize the correlation between two sets of variables; moreover, it allows us to find a linear composite of one set of variables (criterion variables) and a linear composite of another set of variables (predictor variables). Therefore, the adoption of canonical correlation analysis parsimoniously describes the association of the declining causes with various turnaround strategies. That is, it is able to explore part of our proposition that a turnaround strategy is not solely determined by a certain declining cause; but, it is determined by a combination of various declining causes. Additionally, the simultaneous relationship between the set of dependent variables (i.e., turnaround strategies) and the set of independent variables (i.e., declining causes) could be also investigated.

3-3 Sample Selection

Taiwanese SME Administration (2005) defines the SME as those firms whose number of employees is below 200 for the manufacturing industry and 50 for the service industry, respectively. Furthermore, the amount of capital for the manufacturing industry and the net sales for the service industry should be respectively below NT \$80,000,000 and NT \$100,000,000. By this definition, the sample was randomly drawn from the website: '104 information center.' Of the sampling firms, those in mechanical engineering, automobile, architecture, and textile were classified into the traditional manufacturing industry, and those automation control, computer peripheral, semiconductor, photonics, and electronic engineering were classified into the high-tech manufacturing industry. The rest, comprised of logistic and MIS software, were classified into the service industry.

A total of 1,000 questionnaires were distributed to 1,000 SMEs. Each questionnaire was attached with a cover letter to describe the research purpose and a brief explanation of the questionnaire. Respondents were requested to return the questionnaire via mail after completing the survey. There were 89 valid returns.

Chapter 4 Results

4-1 Results of Descriptive Statistics

A total of 89 valid questionnaires were returned via mail. The average response rate is 8.9%. According to Taiwanese SME Administration (2005), the SME is defined as those firms whose number of employees is below 200 for the manufacturing industry and 50 for the service industry, respectively. Furthermore, the amount of capital for the manufacturing industry and the net sales for the service industry should be respectively below NT \$80,000,000 and NT \$100,000,000. The sizes of the sampling firms, represented by their number of employees and the amount of capital/net sales respectively, are summarized in Table 4-1.

Table 4-1 Number of Employees in the Sampling Firms

Industry	Number of Employees	Amount of Capital/ Net Sales
	Less than 200	Below NT \$80,000,000
Traditional Manufacturing Industry	23	23
High-tech Manufacturing Industry	55	55
	Less than 50	Below NT \$100,000,000
Service Industry	11	11
Numbers of SME	89	89

Table 4-2 describes the decline and turnaround experiences in the sampling firms. Sixty-three percents of the sampling firms have faced decline situation. In those firms which ever faced decline situation, sixty-four percents of the sampling firms have the turnaround experiences. Even though the other sampling firms which never have decline or turnaround experience in the last 5 years, I had given and explained definitions of decline and turnaround, which could offer

adequate ideas to picture the possible causes and strategies, in my questionnaire.

Table 4-2 Decline and Turnaround Experiences in the Sampling Firms

	Frequency (Percentage)	Turnaround	
		Yes(Percentage)	No(Percentage)
Never Face Decline			
Situation during Last 5 Years	33(37%)		
Decline 5~10%	18	14	4
Decline 10~20%	13	8	5
Decline 20~30%	9	7	2
Decline 30~40%	6	3	3
Decline 40~50%	6	5	1
Decline above 50%	4	1	3
	56(63%)	38(64%)	18(36%)

Table 4-3 describes other sample profiles. According to the data, the proportions of high-tech manufacturing, traditional manufacturing, and service firms are 62%, 26% and 12%, respectively. Furthermore, the mean of the speed of technology updating in both traditional manufacturing and high-tech manufacturing firms is between ‘normal’ and ‘a little fast,’ while it is ‘a little fast’ in service firms. Their average ages are respectively 17.2 years, 15.5 years, and 14.4 years.

Table 4-3 Sample Profile

Item	Categories		Frequency (Percentage)	Mean (Std. Dev.)
Industry	Traditional Manufacturing Industry	Food and Textile	2 (2%)	N/A
		Mechanical Engineering and Automobile	15 (17%)	N/A
		Architecture	6 (7%)	N/A
	High-tech Manufacturing Industry	Automation Control and Electronic Engineering	33 (37%)	N/A
		Semiconductor, Photonics, and Computer Peripheral	22 (25%)	N/A
		Service Industry	Logistic	4 (4%)
	MIS		5 (6%)	N/A
	Finance and Insurance		1 (1%)	N/A
	Other Service		1 (1%)	N/A
	Speed of Technology Updating	Traditional Manufacturing Industry	1. Very Slow	N/A
2. Slow				
3. A Little Slow				
High-tech Manufacturing Industry		4. Normal	N/A	4.62 (1.43)
		5. A Little Fast		
Service Industry		6. Fast		
		7. Very Fast	N/A	5 (1.79)
Net Sales	Traditional Manufacturing Industry	1. Less than 50,000,000	N/A	NT \$220,000,000 (NT \$330,000,000)
		2. 50,000,000 ~ 100,000,000		
		3. 100,000,000 ~ 200,000,000		
	High-tech Manufacturing Industry	4. 200,000,000 ~ 300,000,000	N/A	NT \$180,000,000 (NT \$240,000,000)
		5. 300,000,000 ~ 500,000,000		
	Service Industry	6. 500,000,000 ~ 1,000,000,000		
		7. 1,000,000,000 ~ 2,000,000,000	N/A	NT \$490,000,000 (NT \$790,000,000)
		8. 2,000,000,000 ~ 3,000,000,000		
Years	Traditional Manufacturing Industry	1. 1.1 years ~ 3 years	N/A	17 years (12 years)
		2. 3.1 years ~ 6 years		
		3. 6.1 years ~ 10 years		
	High-tech Manufacturing Industry	4. 10.1 years ~ 15 years	N/A	16 years (9 years)
		5. 15.1 years ~ 20 years		
	Service Industry	6. 20.1 years ~ 25 years		
		7. 25.1 years ~ 30 years	N/A	14 years (12years)
		8. 30.1 years ~ 40 years		
		9. 40.1 years ~ 50 years		

The demographics of the respondents are listed in Table 4-4. The data shows that the age range of the respondents is between 40 and 50 with an average of 41.2. As to their educational level, 43% of the respondents hold a degree in junior college, while 40% hold a bachelor's degree or above. When it comes to respondents' work experience, the average tenure at their current position is 5.8 years, whereas the average years of work experience as a whole is 15.1 years. In terms of respondents' positions, 85% of them are executive or middle-level manager while 7% are low-level manager or staff.

Table 4-4 Demographics

Item	Categories	Frequency (Percentage)	Mean (Std. Dev.)
Age	1. Less than 25	1 (1%)	5.15 (1.77)
	2. 25.1 ~ 30	3 (3%)	
	3. 30.1 ~ 35	14 (16%)	
	4. 35.1 ~ 40	14 (16%)	
	5. 40.1 ~ 45	21 (24%)	
	6. 45.1 ~ 50	17 (19%)	
	7. 50.1 ~ 55	9 (10%)	
	8. 55.1 ~ 60	7 (8%)	
	9. 60.1 ~ 65	3 (3%)	
Education	1. Senior High School	15 (17%)	3.34 (0.88)
	2. Junior college	38 (43%)	
	3. Bachelor's Degree	27 (30%)	
	4. Master's Degree and above	9 (10%)	
Tenure (At Current Company)	1. 1.1 years ~ 3 years	9 (10%)	4.79 (1.80)
	2. 3.1 years ~ 6 years	11 (12%)	
	3. 6.1 years ~ 10 years	25 (28%)	
	4. 10.1 years ~ 15 years	16 (18%)	
	5. 15.1 years ~ 20 years	13 (15%)	
	6. 20.1 years ~ 25 years	6 (7%)	
	7. 25.1 years ~ 30 years	6 (7%)	
	8. 30.1 years ~ 40 years	3 (3%)	
Total Working Years	1. 1.1 years ~ 3 years	2 (2%)	6.10 (1.67)
	2. 3.1 years ~ 6 years	3 (3%)	
	3. 6.1 years ~ 10 years	9 (10%)	
	4. 10.1 years ~ 15 years	18 (20%)	
	5. 15.1 years ~ 20 years	23 (26%)	
	6. 20.1 years ~ 25 years	13 (15%)	
	7. 25.1 years ~ 30 years	14 (16%)	
	8. 30.1 years ~ 40 years	7 (8%)	
Managerial Level	Executive	66 (74%)	N/A
	Middle-level	10 (11%)	
	Low-level	3 (3%)	
	Non-manager	4 (4%)	
	N/A	6 (7%)	
Department	Strategic Planning	47 (44%)	N/A
	Sales and Marketing	15 (14%)	
	Finance and Accounting	13 (12%)	
	R & D	12 (11%)	
	Human Resources	8 (7%)	
	Procurement	6 (6%)	
	Manufacturing	6 (6%)	
	Information	1 (1%)	

4-2 Ranking of the Declining Causes

Table 4-5 and Table 4-6 rank the declining causes by category and by the detailed items, respectively. Their order in terms of the category is: 'External/Irresistible Issues,' 'Management Quality in Operation,' 'Work Quality,' 'External Market Issues,' 'Planning and Analysis,' 'TMTs/Owners' Capabilities,' and 'Financial Management Issues,' respectively. As shown in Table 4-5, only two items, 'Decline in market share' and 'Strong competitors' indicate significant differences among the three industries. In addition, their ranking score are all below 0.5 (0.43 and 0.40, respectively). Together, these results suggest I can further analyze these data regarding the declining causes in SMEs without considering the industry factor.

Table 4-5 Ranking of Declining Causes (by Categories)

Ranking	Declining Causes	Mean
1	External/Irresistible Issues (External)	0.80
2	Management Quality in Operation (Internal)	0.58
3	Work Quality (Internal)	0.58
4	External Market Issues (External)	0.54
5	Planning and Analysis (Internal)	0.49
6	TMTs/Owners' Capabilities (Internal)	0.44
7	Financial Management Issues (Internal)	0.30

Table 4-6 Ranking of Declining Causes (by Detailed Items)

A. Work Quality (Internal)		0.58				
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value
1	Unqualified professional skills	0	6	1.31	(2.16)	0.66
2	Unqualified management skills	0	6	0.56	(1.66)	0.01
3	Too many low price contracts	0	6	0.48	(1.57)	0.02
4	Key members quits	0	6	0.46	(1.37)	2.6
5	Too much discount	0	6	0.07	(0.64)	0.30
B. Management Quality in Operation (Internal)		0.58				
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value
1	Overly high raw material cost	0	6	1.40	(2.11)	1.57
2	Overly high operating cost	0	6	1.21	(1.91)	0.70
3	Inferior facilities or technologies to competitors	0	5	0.54	(1.40)	0.11
4	Improper management of raw materials, work-in-process, and finished goods inventories	0	5	0.26	(0.89)	0.84
5	Overly emphasis on operational details	0	4	0.04	(0.42)	1.45
6	Underutilization of assets	0	2	0.02	(0.21)	1.45
C. Financial Management Issues (Internal)		0.30				
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value
1	Excessive expenditure	0	5	0.38	(1.07)	0.63
2	Uncontrollable increase in debt and loan	0	6	0.37	(1.20)	1.88
3	Inappropriate management of account receivable	0	6	0.28	(0.98)	0.84
4	Failure in financial analysis	0	6	0.26	(1.01)	2.55
5	Inadequate management of capital	0	4	0.21	(0.89)	0.46
D. Planning and Analysis (Internal)		0.49				
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value
1	Lack of comprehensive strategic planning	0	6	0.92	(1.71)	1.98
2	Excessive optimism in planning	0	6	0.52	(1.37)	2.49
3	Lack of in-depth market information before start-up	0	5	0.31	(1.02)	0.12
4	Ignorance of negative market information	0	5	0.22	(0.93)	1.24

Table 4-6 Ranking of Declining Causes (by Detailed Items) (cont.)

E. TMTs/Owners' Capabilities (Internal)							0.44
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value	
1	Inability to comprehensively plan ahead	0	6	0.60	(1.38)	2.74	
2	Inability to manage the company extensively	0	5	0.57	(1.32)	1.43	
3	Lack of product/market sensitivity	0	5	0.52	(1.32)	0.01	
4	Unqualified skills to deal with predicaments	0	6	0.31	(0.96)	1.62	
5	Unqualified skills to manage growing or successful business	0	5	0.31	(0.91)	0.20	
6	Unwillingness to delegate responsibility to employees	0	5	0.30	(0.97)	1.24	
F. External Market Issues (External)							0.54
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value	
1	Increasing competition	0	6	1.31	(2.03)	1.01	
2	Difficulty in expanding distribution channels	0	6	0.73	(1.72)	0.70	
3	Lose important big clients	0	6	0.63	(1.44)	0.46	
4	High frequency of update on technology	0	6	0.56	(1.41)	0.40	
5	Decline in market share	0	4	0.43	(1.11)	7.14**	
6	Strong competitors	0	6	0.40	(1.25)	3.39*	
7	Difficulty in global recognition of products	0	6	0.15	(0.79)	0.04	
8	Sharp decline in product inquiries	0	5	0.10	(0.67)	0.26	
G. External/Irresistible Issues (External)							0.80
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value	
1	Global and national economic downturns	0	6	1.62	(2.45)	1.43	
2	Market economic downturn	0	6	1.42	(2.22)	0.73	
3	Altered governmental policy	0	6	0.69	(1.65)	0.57	
4	Extensive damage caused by company's product or service	0	6	0.21	(0.90)	1.66	
5	Owner/Key Manager unexpectedly in hospital	0	6	0.07	(0.64)	1.45	

* P < 0.05, ** P < 0.01

4-3 Ranking of the Turnaround Strategies

Table 4-7 and Table 4-8 rank the turnaround strategies by category and by the detailed items, respectively. Their order in terms of the category is: ‘Responses to External Market Issues,’ ‘Improvement of Work Quality,’ ‘Improvement of Management Quality in Operation,’ ‘Responses to External/Irresistible Issues,’ ‘Improvement of Financial Management Issues,’ ‘Enhancement of TMTs/Owners’ Capabilities,’ and ‘Better Planning and Analysis,’ respectively. In addition, the mean is not significantly different among the three industries. Since a shown in Table 4-8, only four items, ‘Have insight into future booms in market,’ ‘Effectively implement business policy,’ ‘Stay put and wait for upturns,’ and ‘Wait for the upturns because no way to change the external economics,’ indicate significant differences among the three industries. In addition, their ranking score are all below 0.7 (0.69, 0.58, 0.01, and 0.12, respectively). Together, these results suggest I can further analyze these data regarding the turnaround strategies in SMEs without considering the industry factor.

Table 4-7 Ranking of the Turnaround Strategies (by Categories)

Ranking	Turnaround Strategies	Mean
1	Responses to External Market Issues (Strategic)	0.78
2	Improvement of Work Quality (Operating)	0.65
3	Improvement of Management Quality in Operation (Operating)	0.52
4	Responses to External/Irresistible Issues (Strategic)	0.44
5	Improvement of Financial Management Issues (Operating)	0.39
6	Enhancement of TMTs/Owners’ Capabilities (Strategic)	0.30
7	Better Planning and Analysis (operating)	0.30

Table 4-8 Ranking of the Turnaround Strategies (by Detailed Items)

A. Improvement of Work Quality (Operating)						0.65
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value
1	Enhance employees' ability of administration	0	6	1.49	(2.37)	0.23
2	Enhance managers' ability of management	0	6	1.22	(2.03)	0.35
3	Hire sales experts	0	6	0.76	(1.76)	2.10
4	Hire experts in cost management, operation procedure management, or order management	0	6	0.38	(1.34)	1.12
5	Layoff	0	6	0.29	(1.22)	0.11
6	Enhance employees' skills of negotiation and communication	0	6	0.22	(0.97)	0.88
7	Employ new staff	0	6	0.20	(1.04)	1.05
B. Improvement of Management Quality in Operation (Operating)						0.52
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value
1	Reconsider the quality and operation procedure	0	6	0.90	(1.55)	1.68
2	Assure fundamental operation for minimum	0	6	0.64	(1.52)	1.73
3	Enhance inventory management	0	6	0.49	(1.38)	1.86
4	Reconsider administrative procedure	0	5	0.48	(1.23)	0.48
5	Improve facility and technology	0	5	0.48	(1.26)	1.18
6	Reduce assets utilization to lower operating cost	0	5	0.12	(0.65)	0.22
C. Improvement of Financial Management Issues (Operating)						0.39
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value
1	Cost reduction	0	6	1.15	(1.87)	0.54
2	Enhance cash and account receivable management	0	5	0.38	(1.01)	1.42
3	Solve overspending problems due to declining performance immediately	0	6	0.38	(1.21)	0.84
4	Reimburse debts to lower interest expenses immediately	0	5	0.34	(1.04)	0.69
5	Assurance that funds won't be seriously depleted by inappropriate spending	0	6	0.27	(1.04)	2.97
6	Raise funds in case of emergency	0	6	0.18	(0.89)	1.36
7	Asset reduction	0	0	0.00	(0.00)	N/A

Table 4-8 Ranking of the Turnaround Strategies (by Detailed Items) (cont.)

D. Better Planning and Analysis (Operating)							0.30
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value	
1	Formalization	0	6	0.71	(1.58)	0.17	
2	Redesign organizational structure	0	6	0.36	(1.09)	1.15	
3	Establish planning teams by internal staff	0	6	0.20	(0.87)	1.51	
4	Keep Conservative principals	0	3	0.13	(0.59)	0.81	
5	Hire external consultants for planning	0	6	0.09	(0.65)	0.13	
E. Enhancement of TMTs/Owners' Capabilities (Strategic)							0.30
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value	
1	Have insight into future booms in market	0	5	0.69	(1.51)	3.13*	
2	Effectively implement business policy	0	6	0.58	(1.48)	3.37*	
3	Actively involve	0	5	0.36	(1.00)	0.49	
4	Delegate	0	2	0.09	(0.42)	1.19	
5	Willing to accept constructive opinions	0	2	0.08	(0.31)	0.40	
6	Stay put and wait for upturns	0	1	0.01	(0.11)	3.77*	
F. Responses to External Market Issues (Strategic)							0.78
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value	
1	Enhance R&D ability to improve product innovation	0	6	1.08	(1.83)	0.57	
2	Reconsider/Reassess Market and product reposition	0	6	0.96	(1.82)	0.58	
3	Redefine Customer Group	0	6	0.96	(1.86)	1.08	
4	Analyze the advantages of competitors and figure out strategies in response	0	6	0.83	(1.65)	1.71	
5	Find out niche market to maintain basic profit	0	6	0.80	(1.79)	0.26	
6	Investigate why big clients change their interests in products	0	6	0.60	(1.48)	0.18	
7	Redeploy product distribution channel	0	4	0.26	(0.87)	0.75	
G. Responses to External/Irresistible Issues (Strategic)							0.44
Ranking		Minimum	Maximum	Mean	(Std. Dev.)	F Value	
1	Wait for recovery if the decline is due to irresistible factors	0	6	0.98	(2.09)	1.78	
2	Actively respond to any external change instead do nothing	0	6	0.48	(1.55)	0.27	
3	Wait for the upturns because no way to change the external economics	0	6	0.18	(0.97)	4.04*	
4	Wait for the change of government policy	0	6	0.12	(0.82)	0.21	

* P < 0.05, ** P < 0.01

4-4 Results of Canonical Correlation Analysis

The canonical correlation analysis is performed between declining causes and turnaround strategies. As Table 4-4 and Table 4-6 displays, some of the ranking scores – either the causes or the strategies – are quite small. Compared to those with larger scores, these small valued items are insignificant and may indicate infrequent occurrences of the causes as well as an infrequent adoption of the strategies by SMEs, respectively. In addition, there are gaps between the declining causes with mean above 0.31 and those with mean below 0.31; as well, there are gaps between the turnaround strategies with mean below 0.38 and those with mean below 0.38. Therefore, to simplify my analysis and make it meaningful, I chose only those causes and strategies with mean larger than 0.31 and 0.38, respectively, in the canonical analysis. These are finally 25 items in declining causes and 23 items in turnaround strategies. Two canonical functions (pairs) are extracted from this canonical correlation analysis. The two canonical functions which are statistically significant are presented in Table 4-9.

Table 4-9 The Two Significant Canonical Functions Derived from the Two Sets of Declining Causes and Turnaround Strategies

Canonical Function	Canonical Correlation (R_c)	(R_c^2)	F-value	Significant
Function 1	0.883	0.779	1.28	0.001**
Function 2	0.860	0.740	1.19	0.016*

N = 89; * P < 0.05, ** p < 0.01

The results of the canonical correlation analysis reveal that the first canonical function (Function 1) is statistically significant at the 0.01 level (F = 1.28, P < 0.01) and accounts for 77.9 % (canonical correlation is 0.883) of shared variance between a set of declining

causes and a set of turnaround strategies. The second canonical function (Function 2) is statistically significant at the 0.05 level ($F = 1.19$, $P = 0.016$) and accounts for 74% (canonical correlation is 0.860) of shared variance. Thus, two pairs of canonical functions are accounted for the significant relationship between the two sets of variables, declining causes and turnaround strategies. The canonical loadings and the redundancy indices for each canonical function are presented in Table 4-10.

In order to have meaningful interpretations, I chose to explain those items with function loading larger than 0.3. According to this choice, canonical function (pair) 1 appears to suggest that the internal declining causes are positively related to operating turnaround approaches. The main internal causes are 'Unqualified professional skills' ($t = 0.511$) and 'Overly high operating cost' ($t = 0.389$); the main responding operating approaches are 'Enhance employees' ability of administration' ($t = 0.451$), 'Cost reduction' ($t = 0.333$), and 'Reconsider the quality and operation procedure' ($t = 0.314$).

In addition, it also suggests that the external declining causes and one internal declining cause are positively related to strategic turnaround approaches. The main internal causes is 'Inability to manage the company extensively' ($t = -0.443$), and the main external causes are 'Increasing competition' ($t = -0.350$), 'Global and national economic downturns' ($t = -0.335$), 'Difficulty in expanding distribution channels' ($t = -0.332$), and 'Market economic downturn' ($t = -0.311$). The main responding strategic approaches to these causes are 'Effectively implement business policy' ($t = -0.463$) 'Enhance R&D ability to improve product innovation' ($t = -0.459$), 'Actively respond to any external change instead do nothing' ($t = -0.339$), and 'Have insight into future booms in market' ($t = -0.305$).

The result, which confirms my proposition, indicates that SMEs adopt operating approaches to deal with those declines in their business due to the internal causes; whereas they tend to use strategic approaches to deal with those due to the external causes. This first canonical function has a redundancy index of 0.053 for declining causes and one of 0.050 for turnaround strategies, which are relatively small. This may be due to that the questionnaire is designed using a ranking scale.

The second canonical function suggests that the controllable external declining causes are positively correlated to market-oriented strategic turnaround approaches. In particular, those controllable, external causes are ‘High frequency of update on technology’ ($t = 0.574$) and ‘Strong competitors’ ($t = 0.366$); and those responding market-oriented strategies are ‘Analyze the advantages of competitors and figure out strategies in response’ ($t = 0.453$), ‘Investigate why big clients change their interests in products’ ($t = 0.411$), ‘Find out niche market to maintain basic profit’ ($t = 0.409$), and ‘Have insight into future booms in market’ ($t = 0.310$).

The second canonical function also suggests that the uncontrollable external declining causes are positively correlated to the optimistic attitude of a firm or its TMT/owners. These uncontrollable, external causes are ‘Market economic downturn’ ($t = -0.329$) and ‘Global and national economic downturns’ ($t = -0.310$). This optimistic attitude is measured by ‘Actively respond to any external change instead do nothing’ ($t = -0.406$). The second canonical function has a redundancy index of 0.038 for declining causes and one of 0.029 for turnaround strategies, which are relatively small as the first canonical function.

Table 4-10 Results of Canonical Analysis and the Corresponding Canonical Function (n = 89)

	Function 1 Loading
Set of Declining Causes	
1. Unqualified professional skills (Internal -- Work Quality)	0.511
2. Overly high operating cost (Internal -- Operational)	0.389
3. Altered governmental policy (External -- Irresistible)	0.267
4. Unqualified management skills (Internal -- Work Quality)	0.210
5. Key members quits (Internal -- Work Quality)	0.208
6. Accept contracts below standard price (Internal -- Work Quality)	0.204
7. Overly high raw material cost (Internal -- Operational)	0.193
8. Excessive optimism in planning (Internal -- Planning)	0.175
9. Excessive expenditure (Internal -- Financial)	0.137
10. Underutilization of assets (Internal -- Operational)	0.135
11. Unqualified skills to deal with predicaments (Internal -- TMT)	0.097
12. Decline in market share (External -- Market)	0.047
13. High frequency of update on technology (External -- Market)	0.035
14. Inability to manage the company extensively (Internal -- TMT)	-0.443
15. Increasing competition (External -- Market)	-0.350
16. Global and national economic downturns (External -- Irresistible)	-0.335
17. Difficulty in expanding distribution channels (External -- Market)	-0.332
18. Market economic downturn (External -- Irresistible)	-0.311
19. Inability to comprehensively plan ahead (Internal -- TMT)	-0.251
20. Lose important big clients (External -- Market)	-0.239
21. Lack of product/market sensitivity (Internal -- TMT)	-0.201
22. Unqualified skills to manage growing or successful business (Internal -- TMT)	-0.198
23. Lack of in-depth market information before start-up (Internal -- Planning)	-0.144
24. Strong competitors (External -- Market)	-0.141
25. Lack of comprehensive strategic planning (Internal -- Planning)	-0.036
Percent of Variance	6.438%
Redundancy	5.283%
Set of Turnaround Strategies	
1. Enhance employees' ability of administration (Operating -- Work Quality)	0.451
2. Cost reduction (Operating -- Financial)	0.333
3. Reconsider the quality and operation procedure (Operating -- Operational)	0.314
4. Assure fundamental operation for minimum (Operating -- Operational)	0.225
5. Enhance managers' ability of management (Operating -- Work Quality)	0.215
6. Enhance inventory management (Operating -- Operational)	0.152
7. Improve facility and technology (Operating -- Operational)	0.095
8. Wait for the upturns because no way to change the external economics (Strategic -- Irresistible)	0.085
9. Formalization (Operating -- Planning)	0.053
10. Enhance cash and account receivable management (Operating -- Financial)	0.042
11. Effectively implement business policy (Strategic -- TMT)	-0.463
12. Enhance R&D ability to improve product innovation (Strategic -- Market)	-0.459
13. Actively respond to any external change instead do nothing (Strategic -- Irresistible)	-0.339
14. Have insight into future booms in market (Strategic -- TMT)	-0.305
15. Solve overspending problems due to declining performance immediately (Operating -- Financial)	-0.276
16. Actively involve (Strategic -- TMT)	-0.234
17. Redefine Customer Group (Strategic -- Market)	-0.234
18. Investigate why big clients change their interests in products (Strategic -- Market)	-0.228
19. Hire sales experts (Operating -- Work Quality)	-0.220
20. Reconsider/Reassess Market and product reposition (Strategic -- Market)	-0.187
21. Find out niche market to maintain basic profit (Strategic -- Market)	-0.186
22. Reconsider administrative procedure (Operating -- Operational)	-0.125
23. Analyze the advantages of competitors and figure out strategies in response (Strategic -- Market)	-0.058
Percent of Variance	6.782%
Redundancy	5.015%

Table 4-10 Results of Canonical Analysis and the Corresponding Canonical Function (n = 89) (cont.)

	Function 2 Loading
Set of Declining Causes	
1. High frequency of update on technology (External -- Market)	0.574
2. Strong competitors (External -- Market)	0.366
3. Lack of comprehensive strategic planning (Internal -- Planning)	0.281
4. Lose important big clients (External -- Market)	0.196
5. Lack of product/market sensitivity (Internal -- TMT)	0.195
6. Unqualified professional skills (Internal -- Work Quality)	0.106
7. Key members quits (Internal -- Work Quality)	0.103
8. Increasing competition (External -- Market)	0.090
9. Unqualified management skills (Internal -- Work Quality)	0.080
10. Unqualified skills to deal with predicaments (Internal-- TMT)	0.070
11. Lack of in-depth market information before start-up (Internal -- Planning)	0.065
12. Difficulty in expanding distribution channels (External -- Market)	0.040
13. Overly high raw material cost (Internal -- Operational)	0.034
14. Overly high operating cost (Internal -- Operational)	0.033
15. Market economic downturn (External -- Irresistible)	-0.329
16. Global and national economic downturns (External -- Irresistible)	-0.310
17. Underutilization of assets (Internal -- Operational)	-0.232
18. Altered governmental policy (External -- Irresistible)	-0.168
19. Inability to comprehensively plan ahead (Internal -- TMT)	-0.119
20. Excessive expenditure (Internal -- Financial)	-0.117
21. Accept contracts below standard price (Internal -- Work Quality)	-0.084
22. Inability to manage the company extensively (Internal -- TMT)	-0.043
23. Excessive optimism in planning (Internal -- Planning)	-0.029
24. Decline in market share (External -- Market)	-0.025
25. Unqualified skills to manage growing or successful business (Internal -- TMT)	0.011
Percent of Variance	3.973%
Redundancy	3.776%
Set of Turnaround Strategies	
1. Analyze the advantages of competitors and figure out strategies in response (Strategic -- Market)	0.453
2. Investigate why big clients change their interests in products (Strategic -- Market)	0.411
3. Find out niche market to maintain basic profit (Strategic -- Market)	0.409
4. Have insight into future booms in market (Strategic -- TMT)	0.310
5. Reconsider/Reassess Market and product reposition (Strategic -- Market)	0.258
6. Enhance employees' ability of administration (Operating -- Work Quality)	0.152
7. Solve overspending problems due to declining performance immediately (Operating -- Financial)	0.037
8. Reconsider administrative procedure (Operating -- Operational)	0.013
9. Actively respond to any external change instead do nothing (Strategic -- Irresistible)	-0.406
10. Redefine Customer Group (Strategic -- Market)	-0.284
11. Enhance cash and account receivable management (Operating -- Financial)	-0.209
12. Actively involve (Strategic -- TMT)	-0.174
13. Effectively implement business policy (Strategic -- TMT)	-0.171
14. Wait for the upturns because no way to change the external economics (Strategic -- Irresistible)	-0.159
15. Enhance R&D ability to improve product innovation (Strategic -- Market)	-0.127
16. Enhance managers' ability of management (Operating -- Work Quality)	-0.126
17. Assure fundamental operation for minimum (Operating -- Operational)	-0.112
18. Formalization (Operating -- Planning)	-0.102
19. Cost reduction (Operating -- Financial)	-0.084
20. Reconsider the quality and operation procedure (Operating -- Operational)	-0.071
21. Enhance inventory management (Operating -- Operational)	-0.062
22. Hire sales experts (Operating -- Work Quality)	-0.034
23. Improve facility and technology (Operating -- Operational)	-0.005
Percent of Variance	5.105%
Redundancy	2.938%

Chapter 5 Discussion and Conclusion

5-1 Summary of the Findings

Two major findings, summarized in Table 5-1, are revealed in the present study. First, Taiwanese SMEs adopt operating approaches to deal with those business declines due to the internal causes. The main internal causes are 'Unqualified professional skills' and 'Overly high operating cost', which belong to the categories of work quality problems and operational management problems, respectively. The main responding operating approaches to those internal two causes include 'Enhance employees' ability of administration,' 'Cost reduction,' and 'Reconsider the quality and operation procedure,' which belong to the categories of improvement in work quality, financial management, and operational management, respectively. Furthermore, SMEs tend to use strategic approaches to deal with those due to the external causes and one internal cause. The main external causes are 'Increasing competition,' 'Global and national economic downturns,' 'Difficulty in expanding distribution channels,' and 'Market economic downturn,' which belong to the categories of external market issues and irresistible issues, and the one internal cause is 'Inability to manage the company extensively,' which belongs to the category of TMTs/owners capabilities. The main responding strategic approaches to those external causes include 'Effectively implement business policy,' 'Enhance R&D ability to improve product innovation,' 'Actively respond to any external change instead do nothing,' and 'Have insight into future booms in market,' which belong to the categories of enhancement in TMTs/owners capabilities, responses to external market issues, and irresistible issues.

The result is consistent with previous research (Boyle and Desai, 1991; Chowdhury

and Lang, 1996; Hofer, 1980). The possible explanation for the result may be due to the reason that strategic turnaround approaches are responsible for more dramatic turnarounds (Robbins and Pearce, 1992). Compared with internal declining causes, external declining causes seem to be more dramatic. Therefore, companies may tend to adopt strategic turnaround approaches regarded as the grand and long-term strategies to deal with external declining problems, vice versa. Boyle and Desai (1991) also propose that external declining causes are naturally out of SME owner's control. Therefore, responding to these declining causes often requires a change in the firm's strategic direction.

Secondly, Taiwanese SMEs seem to prefer using market-oriented strategic approaches to deal with business declines due to the controllable external causes. The controllable causes are 'High frequency of update on technology' and 'Strong competitors,' both belong to the category of external market issues. The responding market-oriented strategies to these two causes include 'Analyze the advantages of competitors and figure out strategies in response,' 'Investigate why big clients change their interests in products,' 'Find out niche market to maintain basic profit,' and 'Have insight into future booms in market,' which belong to the categories of response to external market issues and enhancement in TMTs/owners capabilities. On the other hand, they appear to stay optimistic when facing the uncontrollable external causes. That is, they tend to adopt the following responding strategies, 'Actively respond to any external change instead do nothing.' As found, those uncontrollable causes are 'Market economic downturn' and 'Global and national economic downturns, both belong to the category of irresistible, external issues.

Although this result is not mentioned in the previous researches, it is understandable. When SMEs face the market-oriented problems, such as stronger customers/competitors, and faster updated technology, they would focus on the market-oriented solutions, such as

doing market researches and implementing new marketing strategies. But when facing the macroeconomic problem, which can not be solved by individual firms, they would stay optimistic to expect next economic turnaround or possible recovery opportunities.

Table 5-1 Summary of the Findings

	Corresponding Turnaround Approaches	
	Operating Approaches	Strategic Approaches
Internal Declining Causes		
1. Unqualified professional skills (Work Quality) 2. Overly high operating cost (Operational) 3. Inability to manage the company extensively (TMT)	1. Enhance employees' ability of administration (Work Quality) 2. Cost reduction (Financial) 3. Reconsider the quality and operation procedure (Operational)	1. Effectively implement business policy (TMT) 2. Have insight into future booms in market (TMT)
External Declining Causes		
1. Increasing competition (Market) 2. Difficulty in expanding distribution channels (Market) 3. High frequency of update on technology (Market) 4. Strong competitors (Market)	N/A	1. Effectively implement business policy (TMT) 2. Have insight into future booms in market (TMT) 3. Enhance R&D ability to improve product innovation (Market) 4. Analyze the advantages of competitors and figure out strategies in response (Market)
5. Global and national economic downturns (Irresistible) 6. Market economic downturn (Irresistible)		5. Investigate why big clients change their interests in products (Market) 6. Find out niche market to maintain basic profit (Market)
		7. Actively respond to any external change instead do nothing (Irresistible)

5-2 Future Research

The issue of business turnaround has been investigated for many years; however, the Taiwanese SMEs are rarely discussed (e.g., Lin, 2004). The present study not only investigates the SMEs' turnaround phenomenon in Taiwan, but it also points out the specific declining causes which Taiwanese SMEs face and the real turnaround strategies which Taiwanese SMEs adopt. The study also practically contributes to SME owners or managers in a way that they can make reference to the various declining causes and turnaround strategies addressed in order to examine the status quo of their own companies.

The research has several restrictions. First, due to the limited samples available, the results should be interpreted with cautions. Of particular concern is the type of the business investigated. The sample group is mainly the manufacturing company. However, service industry is the biggest and the most important sector nowadays. In the future research, it is necessary not only to expand the data base but also to include firms in various types of industries in order to increase the validity and reliability of the result. Secondly, because the questionnaire is subjectively responded by SMEs owners or top management team member, there might be a possibility that respondents refuse to admit their responsibility for the company's failure. In order to compensate the limitation, future studies may consider distribute the questionnaire to staff of different position levels in a company. Finally, I believe that the owner's characteristics, such as personal characteristics, professional skills, management skills, and interpersonal communication, play a critical role in the survival or failure of a SME, which is ignored in the present study. In spite of the limitations, the study does provide a preliminary investigation in the turnaround phenomenon in Taiwan SMEs.

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Appendix: Chinese Questionnaire

親愛的企業先進：

您好！為瞭解台灣企業在業績嚴重下滑時所採取的回應策略，特進行本研究。貴公司經營有成，績效卓越，擬請分享經驗，協助本調查，本問卷填寫時間約需二十分鐘。麻煩將此問卷交由 貴公司老闆或高階主管填寫。郵戳已付，填寫後僅需以所附貼紙黏妥，於4月7日前投入信箱即可。本問卷僅作學術研究用，資料絕不外洩，請放心填寫。

在收到 您有效的問卷後，我們會寄贈一份禮卷。您並可參加抽獎，獎品是世界知名施華洛世奇 (Swarovski) 水晶，我們特挑選「鳳梨」造型(見下圖)，以祝您財運「旺來」。預計抽出5位幸運者，得獎者會於六、七月間以通訊方式個別告知並致贈，以表感謝。

國科會計劃主持人

成功大學企管系教授 葉桂珍

研究生 李 芄 敬託

電話：

★請寫 您的姓名、地址與電話，以致贈禮卷並參加抽獎表示謝忱。

(請務必寫明電話，以方便與您中獎時聯絡。如聯絡不上，獎品將另送其他中獎候選人)

姓名：_____

地址：_____

電話：_____

★如您想瞭解台灣企業對本研究之看法，本單位亦可將研究結果寄上。分析結果將是綜合結果，不會針對某一公司分析。如您希望取得此資料，請於下寫上通訊方式，以便寄上分析結果。

姓名：_____

地址：_____

email：_____

壹、企業基本資料

1. 請問貴公司是屬於那一種產業：

- 食品、紡織 電子、電機 機械、汽車、金屬 其他/一般製造
物流、倉儲、運輸 百貨、零售 工商服務 資訊服務
金融、保險、不動產 其他 _____ (請填寫)

2. 請問貴公司所處產業之技術變化速度？

- 非常慢 慢 稍慢 普通 稍快 快 非常快

3. 請問貴公司目前員工人數約：

- 5人(含)以下 6 ~ 10人 11 ~ 30人 31 ~ 50人 51 ~ 100人
101 ~ 150人 151 ~ 200人 201 ~ 250人 251 ~ 300人 301 ~ 500人
501 ~ 700人 701 ~ 1000人 1001 ~ 1500人 1501 ~ 2000人 2001人以上

4. 請問貴公司目前一年的營業額約：

- 5,000萬以下 5,000萬~1億 1億~2億 2億~3億 3億~5億
5億~10億 10億~20億 20億~30億 30億~50億 50億~100億
100億~200億 200億以上

5. 請問貴公司成立至今已有幾年？

- 1年以下 1.1 ~ 3年 3.1 ~ 6年 6.1 ~ 10年 10.1~15年
15.1~20年 20.1~25年 25.1~30年 30.1~40年 40.1~50年
50.1年以上

6. 請問您是否知道 貴公司初成立時之

- 員工人數？ 不知道 知道，約 _____人
年營業額？ 不知道 知道，約 _____萬

7. 請問您的職位是？

- 公司老闆、董事長、總經理 經理、協理、襄理、副總 廠長、處長、主任
課長、股長、科長 工程師、專員 職員、技術員
該職位是屬：高階主管 中階主管 低階主管 非主管職

8. 請問您的工作部門是？

- 管理、企劃 業務、行銷 採購、資材 製造、品管 研發、技術
財會 人事 資訊 其他(請說明) _____

9. 請問您的年齡是？

- 25歲以下 25.1~30歲 30.1~35歲 35.1~40歲 40.1~45歲
45.1~50歲 50.1~55歲 55.1~60歲 60.1~65歲 65.1歲以上

10. 請問您的學歷是？

- 國中(含)以下 高中職 專科 大學 研究所以上

11. 請問您的工作年資(含以前公司)？

- 一年以內 1.1 ~ 3年 3.1 ~ 5年 5.1 ~ 10年 10.1~15年
15.1~20年 20.1~25年 25.1~30年 30.1~40年 40.1年以上

12. 請問您在本公司之工作年資？

- 一年以內 1.1 ~ 3年 3.1 ~ 5年 5.1 ~ 10年 10.1~15年
15.1~20年 20.1~25年 25.1~30年 30.1~40年 40.1年以上

參、請填答下列有關「企業業績嚴重下滑」問題。

說明：「企業業績嚴重下滑」指和往年相較，一公司業績連續兩年明顯下滑10%以上。

一、下列七大項企業業績嚴重下滑因素。請選出六項最可能因素之編號，寫於下方空格內。

(A) 公司員工面：

- A-1 重要員工離職
- A-2 員工接下價格過低之訂單
- A-3 員工給予客戶太多折扣
- A-4 員工專業或技術能力不足
- A-5 員工之管理能力不足

(B) 公司營運面：

- B-1 設備或技術落後於同業
- B-2 資產使用能力不足
- B-3 材料成本過高
- B-4 營運成本過高
- B-5 過於強調作業上之細節
- B-6 存貨控管失當

(C) 公司財務面：

- C-1 費用支出過多
- C-2 資產管理失當
- C-3 應收帳款管理失當
- C-4 貸款或負債過高
- C-5 財務分析能力不足

(D) 公司規劃能力面：

- D-1 在規劃時，過於樂觀
- D-2 缺乏全面性之策略規劃
- D-3 忽略負面之市場資訊
- D-4 在行動前，缺乏深度之市場分析

(E) 公司高階主管(含老闆)面：

- E-1 高階主管未能確實向下授權
- E-2 高階主管應付困境之能力不足
- E-3 高階主管管理成長中或成功企業之能力不足
- E-4 高階主管缺乏整體規劃能力
- E-5 高階主管缺乏整體管理能力
- E-6 高階主管缺乏對產品或市場之敏感度

(F) 外部市場因素：

- F-1 日益增加之市場競爭
- F-2 市場佔有率之逐年下降
- F-3 市場對公司產品之興趣突然下降
- F-4 一些主要的大客戶購買力不再
- F-5 產品在市場上之通路難以擴充
- F-6 公司產品難被市場認同
- F-7 產業技術更新之速度過快
- F-8 競爭對手太強

(G) 外部經濟或不可抗拒因素：

- G-1 外部經濟環境改變或蕭條
- G-2 產業性的經濟蕭條
- G-3 政府政策之改變
- G-4 公司產品或服務不慎傷害他人之重大損失
- G-5 老闆或重要主管突然生病或重傷住院

請注意：您可選一大項目中所有因素，亦可一個也不選。只要最後選出6項最可能因素排列即可。

請依1至6順序排列，可能性越大者排越前面。只要寫因素前之編號即可。寫後如覺不妥，可劃掉重寫。

1	2	3	4	5	6

如您認為還有其他因素，請直接寫於下（不受限於上列）：

二、下列七大項回應企業業績嚴重下滑方法。請選出六項最有效方法之編號，寫於下方空格內。

(A) 公司員工面：

- A-1 裁員
- A-2 任用新員工
- A-3 提升員工之執行力
- A-4 提升員工議價與溝通能力
- A-5 提升主管之管理裡能力
- A-6 聘用成本、製程或訂單控管專才為主管
- A-7 聘用銷售專才為主管

(B) 公司營運面：

- B-1 更新設備或技術
- B-2 降低存貨、加強存貨管理
- B-3 減少設備之使用以降低營運成本
- B-4 重新檢討公司產品之品質與製程
- B-5 重新檢討公司之行政、作業流程
- B-6 確保基礎營運仍未虧損

(C) 公司財務面：

- C-1 縮減成本、降低支出
- C-2 變賣資產
- C-3 籌措更多資金以應急
- C-4 確保資金不被不當支出所侵蝕
- C-5 加強現金與應收帳款之管理
- C-6 儘速償還債務以降低利息支出
- C-7 儘速解決業績下滑導致之超支問題

(D) 公司規劃能力面：

- D-1 公司應更有制度(標準成本、預算制度等)
- D-2 重新設計組織架構
- D-3 規劃時儘量以保守為原則
- D-4 聘用外部顧問參與規劃
- D-5 由公司內部員工建立規劃團隊

(E) 高階主管(含老闆)面：

- E-1 高階主管之確實向下授權
- E-2 高階主管之樂意接受他人指正
- E-3 高階主管之積極投入與參與
- E-4 高階主管之能保持樂觀、靜待時機好轉
- E-5 高階主管之能有效洞察未來市場變化
- E-6 高階主管之能有效實施整體性管理

(F) 外部市場因素：

- F-1 重新定義與尋找新客群
- F-2 重新定位公司之產品與市場
- F-3 重新配置通路
- F-4 深入瞭解重要客戶購買力變化之原因
- F-5 深度分析競爭對手與回應策略
- F-6 找出企業仍擁有之利基，維持起碼利潤
- F-7 加強研發技術以提升產品的創新度

(G) 外部經濟或不可抗拒因素：

- G-1 對任何外在變化，皆應積極回應、不能靜待
- G-2 源自外部經濟因素，應靜待經濟好轉
- G-3 源自政府政策因素，應靜待政策改變
- G-4 源自不可抗拒因素，應靜待反轉機會

請注意：您可選一大項目中所有方法，亦可一個也不選。只要最後選出 6 項最有效方法排列即可。

請依 1 至 6 順序排列，有效性越大者排越前面。只要寫方法前之編號即可。寫後如覺不妥，可劃掉重寫。

1	2	3	4	5	6

如您認為還有其他方法，請直接寫於下（不受限於上列）：

(問卷至此結束，請黏妥後投入信箱，謝謝!)