

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF MANAGEMENT STUDIES
MBA PROGRAMME**

**EFFECT OF TURNAROUND STRATEGIES ON
PERFORMANCE OF MYANMAR BUSINESS
EXECUTIVES' COMPANIES**

**ZAYAR KYAW
EMBA II – 30
EMBA 17TH BATCH**

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**YANGON UNIVERSITY OF ECONOMICS
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ACADEMIC YEAR (2020-2022)

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“This thesis submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA)”

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ACCEPTANCE

This is to certify that the thesis entitled “**Effect of Turnaround Strategies on Performance of Myanmar Business Executives’ Companies**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

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March,2022

Abstract

This study explores the moderating effects of organizational culture on turnaround strategies and organizational performance of Myanmar business executives' companies. The survey focused on the members of the Myanmar Business Executives Association. To collect the primary data, 68 respondents (50% of the total) were randomly selected from the association's members. Primary data are collected through online survey with structured questionnaire. Both descriptive and regression analysis are conducted. After descriptive analysis, the multiple linear regression analysis is continued. From multiple linear regression analysis, the cost reduction strategy and reorganization strategy have positive effect on organizational performance measured by profitability and by growth. From multiple linear regression analysis on moderating effect of organizational culture, the organizational culture (focusing on flexibility) has the negative partial moderating effect on relationship between cost reduction strategy and organization performance by profitability and by growth, however this moderating effect is positive on the link between diversification strategy and profitability. Although the cost reduction strategy itself can increase the profitability or growth, the companies which are dominated by flexible culture cannot effectively practice the cost reduction strategy to improve the profitability or growth. Although the diversification strategy itself can reduce the profitability, the companies which are dominated by flexible culture cannot suffering seriously from such adverse effect of practicing diversification on the profitability with no moderating effect on link between diversification strategy and growth. The organizational culture (focusing on opportunity to learning and improvement) has the partial moderating effect on relationship between cost reduction strategy and organization performance by profitability or growth. Although the cost reduction strategy itself can increase the profitability, the companies which are dominated by opportunity to learning and improvement culture cannot effectively practice the cost reduction strategy to improve the profitability or growth. Thus, the companies which currently practice the cost reduction strategy should not favor the flexibility orientation culture and learning opportunity orientation culture for profitability and growth. However, the companies which must practice the diversification strategy, should develop the culture of flexibility to maintain the profitability.

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LIST OF ABBREVIATIONS

GPR	Gross Profit Ratio
MBE	Myanmar Business Executives' Association
NPR	Net Profit Ratio
OPR	Operating Profit Ratio
ROCE	Return on Capital Employed
ROI	Return on Investment
SWOT	Strengths, Weaknesses, Opportunities and Threats

Chapter 1

Introduction

The turnaround strategy is a way to overcome the problem of industrial sickness. It is a strategy for turning a loss-making industrial unit into a profitable one. Turnaround is a restructuring process that converts the loss-making company into a profitable one. It includes: cost reduction strategy, diversification strategy and reorganization strategy.

This study analyses the relationship between turnaround strategy, culture and performance of Myanmar Business Executives' companies. Turnaround strategy is a kind of mechanisms used to reverse the existing negative trend; a rapid change of corporate strategy that is needed to deal with issues like falling profitability, market share, among others. Turnaround is a process dedicated to corporate renewal. It uses analysis and planning to save troubled companies and returns them to solvency. Turnaround management involves management review, activity-based costing, root failure causes analysis, and Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to determine why the company is failing.

Cost reduction strategy is an efficiency-oriented strategy which involves cutting cost in administrative, research and development, marketing, and other unnecessary expenses. Improvement in management of receivables and inventories also could be considered with in the spirit of cost reduction (Pearce & Robins, 2007). Actions that led to cost reductions more quickly than asset reductions or revenue generating strategies were more successful.

Diversification is an entrepreneurial and efficiency strategy which mainly focuses on revenue generation, product innovation, product differentiation, growth and innovation, all these ultimately leading to maximum use of the available resources (Ochieng, 2018). It involves some sub-strategies such as new markets penetrating, seeking new ways of revenue generation, developing new products or services and altering the mission and image of a company.

Reorganization is also a turnaround strategy that relies on improving efficiency. The favorable environmental factors may help organizations recover from a crisis more quickly. Some of the strategies used to reorganize a company include changes to its planning systems, decentralizing its operations, and improving its human resources planning and organizational culture. Restructuring strategy is described by Porter (2008)

as a corporate strategy involves firms acquiring businesses that are experiencing difficulties, turning them around and then selling them for a profit. Organizational culture is the shared basic assumptions, values, and beliefs of the members of the organization (Martínez-Cañas & Ruiz Palomino, 2014). Organizational culture is the way that managers and employees solve problems in the organization (Schneider, 2013). Organizational culture has an impact on decision-making and other activities at all levels within the organization, and it also shapes the organization's ability to change, as well as its receptiveness to change and its ability to shape the speed and efficiency with which things are done (Desson & Clouthier, 2010). Decision making, problem solving, flexibility, opportunity for learning and improvement and goal setting are the part of organizational culture. To measure the culture, which can affect on the relationship between organization's strategies and performance can be classified as goal setting, decision making, delegation, problem solving, flexibility, opportunity for learning and improvement can be applied.

Turnaround strategies intend to increase the organizational performance by profitability or by firm's growth. The firm's culture can support the link between turnaround strategies to firm's performance (or) it can also hinder this link.

This paper focuses on the Myanmar Business Executives' turnaround strategy on their firm performance during COVID-19 global pandemic crisis. Businesses need to plan turnaround strategy to survive and overcome during the hard time. Myanmar business executives' association is a network of more than 2000 prominent business actors driven by 7 staff members, an office, a training center and 137 active members, business entrepreneurs and owners who wants to contribute to Myanmar sustainable development through responsible business practices. MBE activities include business development activities, community development programs (livelihood, education, health, infrastructure), training and capacity development programs (business education, social development subjects, human rights, organizational development) and microfinance programs.

1.1 Rationale of the Study

Many businesses face with challenges which they have never seen before during the unprecedented circumstances of COVID-19. Most of the businesses are focusing on turnaround strategy to survive and pull up to recover their businesses during this crisis. Many executives might never face a true crisis and they required immediate action to save

an organization from business failure and return it to operational normality and financial solvency.

During this COVID 19 epidemic, many Myanmar business executives have been struggling from new forces from business environment, thus, they have been trying to change their strategies to be survival or to sustain their success in respective industries.

Although they are trying either to reduce price or increase distinctiveness (innovation), their such generic strategies cannot be implemented with the traditional concepts. They must practice such strategies with major emphasis on turnaround their situation (to turnaround their profitability and growth by market share).

Although many Myanmar businesses change their strategies (some change from cost leadership into differentiation, while others change from differentiation to cost leadership, while some practice reorganization strategy), it is not sure that which strategy (ies) are effective for their turnaround plan (to increase or sustain profitability or to increase or sustain their growth). Moreover, this vague point of relationship between strategies and firm performance may due to the effect of organization culture. The organizational culture may not support to effectiveness of turnaround strategy implementation.

In Myanmar business executives' companies, they are more focusing on cost reduction or diversification for their survival or to be competitive in the market by profitability or business growth. However, they may also reorganize their businesses due to ineffectiveness in cost or innovation strategies implementation, especially with the source of organization culture. Thus, in this study, the three turnaround strategies – cost reduction, diversification, and reorganization – are considered as turnaround strategies. The organizational performance is measured with two criteria: profitability and growth.

This paper emphasizes on effect of turnaround strategies on firm performance with the moderating effect of organization culture (in terms of flexibility and opportunity for learning and improvement) at the Myanmar business executives' companies.

1.2 Objectives of the Study

The objectives of the study are:

- (a) To analyze the effect of turnaround strategies on organizational performance of Myanmar business executives' companies.
- (b) To analyze the moderating effect of organizational culture on relationship between turnaround strategies and organizational performance at Myanmar business executives' companies.

1.3 Scope and Method of the Study

In this study, simple random sampling method is applied. Data is collected from 68 members of Myanmar Business Executives Association. Myanmar Business Executives Association was established in 2007. In 2019, there are 137 members in Myanmar Business Executives Association. Thus, population is 137. The sample size is 68 (50%) of population. Data are collected through online survey with structured questionnaire in January 2022. Secondary data are gathered from texts, previous research papers, website of Myanmar Business Executives Association and publications relating to turnaround strategies. For data analysis, the descriptive method and multiple linear regression method are used.

1.4 Organization of the Study

This thesis consists of five chapters. The chapter (1) is introduction chapter including the rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter (2) is theoretical chapter explaining the concept and theories, empirical studies and conceptual framework. Chapter (3) is Myanmar Business Executives' companies turnaround strategies. Chapter (4) is analysis chapter presenting the findings from analysis on the objectives. Chapter (5) is conclusion chapter stating the general findings and discussions, suggestions and needs for further research.

Chapter 2

Theoretical Background

This chapter presents the generic strategy theory, turnaround strategy, organizational culture, organizational performance. Moreover, the role of organizational culture on the link between turnaround strategies and firm performance is also explained in this chapter. The empirical studies on effect of turnaround strategies and organizational culture on firm performance are also presented. Finally, the conceptual framework of the study is developed.

2.1 Generic Strategy Theory

The generic strategy theory states how a company can gain the competitive advantage in its chosen market, by implementing a variety of strategies. There are three/four generic strategies, either to lower costs, to differentiate, or to focus on either. A company can pursue one of two types of competitive advantage- either by having lower costs than its competition, or by distinguishing itself in ways that customers value, leading to higher prices. A company also chooses from one of two types of scope, either focus (offering its products to selected segments of the market) or industry-wide, offering its product across variety of market segments. The generic strategy reflects the choices made about the type of competitive advantage and the target market. The concept was described by Michael Porter in 1980 (Kavale, 2017).

Smit (2010) described two basic sources of competitive advantage that often cited are cost leadership and differentiation advantage. These terms come from Porter's Generic strategies of competitive advantage. Cost Advantage exists when the firm is able to deliver same benefits as competitors but at a lower cost and it involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment, or at least the lowest price-to-value ratio, but the advantage of differentiation is the main benefits a firm gain that outweigh those of competing products.

It is suitable where the target customer segment is not price-sensitive, the market is saturated or competitive, customers have very specific needs which are possibly under-served, and the firm has unique resources and capabilities which enable it to satisfy these

needs in ways that are difficult to duplicate. Cost and differentiation advantages are known as competitive advantages since they describe the firm's position in the industry as a leader in either cost or differentiation. Thompson and Strickland (2008) described generic strategies as being core to improvement of an organization's performance. Barney (2009) opined that for a successful turnaround process to take place at least one if not all of the generic strategies must apply otherwise its bound to decline more.

Cost leadership strategy calls for companies to produce goods and services at a lower cost than their rivals. As the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a long period of time. Differentiation strategy is the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than those of competitors. In differentiation, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers (Porter, 2008). The firms might need to modernize so as to produce unique and better-quality output diversification into new unique product lines can also work for an organization that is seeking to change its fortunes as regards performance. Cheng (2013) highlighted that the core competencies for organizations seeking success in performance include the processes, skills and assets that influence organizations to achieve competitive advantage. Other factors have also been mentioned to contribute to core competencies which include location, brand, facilities, employees, customer loyalty, market coverage, market share, service quality, technology, leadership, systems and procedures and organizational culture. Turnaround organizations should strive for unique characteristics in order to distinguish themselves from competitors in the eyes of their consumers (Thompson, 2013). This can be exploited through cost reduction, diversification, reorganization and modernization to take advantage of the capabilities.

Understanding competitors can further help the enterprises to reorganize and improve their own business processes, to develop and re-configure internal resources, and to improve the enterprise's competitiveness, the company will need to proceed with caution to compete with the other market players (MC Cann et al., 2009). Uzel et al. (2015) argued that companies with higher competitive orientation which will follow a more aggressive, externally focused approach and will aim to strongly differentiate their offer from that of competitors. Therefore, closer attention to competition will enable the enterprise to develop capabilities to better manage its affairs in important business relationships hence success (King, 2007). This can be achieved by employing cost reduction strategy for cost leadership and modernization and diversification strategy for differentiation

2.2 Turnaround Strategies

According to Richard (2010), there are many different turnaround models that vary depending on the different circumstances within which the declining firms operate. The main turnaround models are: the management process turnaround, the economic or business cycle turnaround, competitive environment turnaround, product break through turnaround, and finally, the government-related turnaround. By far the most important and common type of turnaround is the management process turnaround.

Sije (2017) opined that some debts needed to be converted into equity in cases where the enterprises are facing financial difficulties that they cannot pay back the debts and that that will later result into cash flows to the enterprises during the dividend payments. Further recommendation was that businesses should focus more on interfirm/inter-organizational collaborations, group level learning, business level learning to enhance knowledge, new segment of customers to broaden reach and increase the potential to sell products and services to more customers and the need to come up with new products or an improved version of the existing products to impact positively on the profits and also to improve on the customer base. The common turnaround strategies are cost reduction strategy, diversification strategy, reorganization strategy, and modernization strategy.

2.2.1 Cost Reduction Strategy

Cost reduction is the process used by businesses to reduce their expenses and increase their profits. Depending on a company's services or product, the strategies can vary accordingly. Reductions in costs are necessary, but they must be supplemented with more drastic asset reductions in order to achieve fiscal sustainability. The assets to be divested are those that are judged to be not producing the desired results. In contrast, more productive resources or business units are protected from cuts or reconfigured as critical elements of the future core business plan of the company. Pearce and Robins (2008) presented a model of turnaround based on evidence that business firm turnaround characteristically involved a multi-stage process in which retrenchment could serve as either a grand or operating strategy. Pretorius (2009) pointed at asset cost surgery which will require significant reduction in research & development, marketing receivables and inventories, selective product/marketing pruning, and increase in employee productivity.

Cost efficiencies include a varied range of actions, which can all be characterized as “belt-tightening” or “fire-fighting”, with the aim of producing “quick-wins” in order to either stabilize finances in the short-term until more complex strategies are devised, or to quickly improve cash flow (Thompson, 2010). Cost efficiency measures are frequently the first step in any recovery strategy as they can be quickly implemented, may have an almost immediate effect, and generally require little or no capital or resource outlay (Pearce & Robins, 2008).

2.2.2 Diversification Strategy

Diversification means identifying new areas of development that will lead the organization away from both its current products and its current markets. In reality, it is not a single strategy, but a set of strategies incorporating all dimensions of strategic alternatives, such as internal or external, related or unrelated, horizontal or vertical, and active or passive diversification.

Pretorius (2008) proposed that diversification refers to new product development or new market entry. Ever since, diversification is associated with entering a new industry or field. Lee and Johns (2008) also state that diversification strategy is apprehended from three different but vital perspectives: The market-power, resource-based and agency perspectives. The market-power view explains that organizations diversify in order to maximize profit and gain more market power. Diversified organizations always gain power over non-diversified firms as Ramanujan & Varadarajan (2007) suggests. Market power is the ability of the firm to have big impact at the industry and is able to shape pricing and supply of products. On the other hand, the resource-based perspective implies that the main motivation for organizations to diversify is the resources. The general concept of expanding business is to sell products to new groups of the potential customers. Usually there are two ways to expand market share which are to introduce more products to the market enabling one to access multiple customer databases and to make use of products that are particularly popular (Scherrer, 2010).

Most often, diversification strategies are implemented to broaden company’s activities by increasing services, markets and products. The objective of diversification is to allow a firm to enter other business units that are different from prevailing activities. Diversification strategy in itself does not exist in one single form.

2.2.3 Reorganization Strategy

Reorganization is an overhauling activity of a company's internal structure. For the various reasons, companies go through reorganization activity. Companies are doing reorganization for the purposes of improving efficiency, cutting costs, repositioning the business, and dealing with corporate changes such as mergers and acquisitions. Company restructuring that involve changes to departments, business units and employee roles, and often includes significant layoffs. Organizational structure changes are often made to focus effort on a business' core competencies and to minimize the use of resources elsewhere.

Morris (2007) suggested strategies must be selected with due consideration for the specific crisis situation, scarce resources, time pressure and other relevant factors such as reasons for change, the ways of routine action and the cost of the change. Restructuring strategy is described by Porter (2010) as a corporate strategy whereby firms acquire businesses having problems, turn those businesses around and then sell them at a profit. Reorganization on the other hand, deals with all the people issues in the business. It entails restructuring, restaffing, reskilling and turnaround leadership revitalization to yield improved leadership, management, organizational structure, organizational alignment and culture.

2.3 Organizational Culture

Organizational culture is the shared basic assumptions, values, and beliefs of the members of the organization. Organizational culture is the way that managers and employees solve problems in the organization (Schneider, 2013).

Cameron and Quinn (1999) model describes four types of culture such as hierarchy culture, clan culture, market culture and adhocracy culture. Hierarchy culture focuses on internal efficiency, cooperation, and sticking to dominant characteristics. Clan culture (family culture) emphasis on internal issues but it depends on flexibility rather than stability and characterized by partnership, teamwork, and corporate commitment to employees. Market culture which is focuses on controlling and mainly emphasis on external organization affairs. It is characterized by observation and resistance to reach higher level of competitiveness and productivity. Adhocracy culture emphasis on external organization matters and lays focuses on flexibility and change more than resistance.

Cameron and Quinn (1999) developed the Organizational Culture Assessment Instrument (OCAI) to measure organizational culture by considering six dimensions namely: dominant characteristics, organizational leadership, management of employees, organizational glue, strategic emphasis, and criteria of success.

Previous research has shown that organizational culture is closely linked to performance and effectiveness. (Fay & Denison, 2003; Pirayeh, Mahdari, & Nematpour, 2011). Ahmadi et al. (2012) proved that there was a positive relationship between organizational culture and strategy implementation. According to Mehta and Krishnan (2004), strong cultures support leaders to be more captivative and influential. Culture can be used as a tool to achieve good performance (Alvesson, 1990). Other studies show that culture therefore seemed to have some significant effect on organization's strategy (Mantere, 2000; Van Der Maas, 2008; Van Buul, 2010). Some researchers suggest that it is necessary to change organizational culture in order to facilitate successful fundamental change in some situations (LaMarsh, 1997; Peppard & Fitzgerald, 1997).

Organizational culture has an impact on decision-making and other activities at all levels within the organization, and it also shapes the organization's capacity for and receptiveness to change as well as the ability to shape the speed and efficiency with which things are done (Desson & Clouthier, 2010). It is clear that an organization's culture can improve its overall performance and effectiveness if it has a strong and strategic competitive advantage, and its beliefs and values are widely shared and firmly upheld. (SHRM, 2012). Literature review also indicate that, culture has a huge effect on organizational project success rates because of its presence in project orientation, governance, training, roles, and responsibilities (Mochal, 2003), all of which play a key role in turnaround strategy implementation. Organizational culture therefore, has a moderating effect between the business process reengineering and turnaround strategy implementation.

(a) Flexibility

Flexibility is a way of dealing with variation and uncertainty that is both proactive (taking actions in advance) and reactive (responding to changes as they happen). It is proactive in that the institution is prepared to react to information or an event when it is known or become apparent (Butler and Ewald, 2000). The flexibility is a kind of competence that can adapt to changing circumstances quickly and effectively. But more or

less flexibility is the ability to change easily in a new business situation. It is the capability for business process to be flexible enough to face the revolution of business environment, so a company can remain in the competitive confrontation.

(b) Opportunity for Learning and Improvement

In organizations, it is not only important that individuals learn to perform behaviors that contribute to organizational effectiveness, but also that the organization as a whole adopts a learning mentality. Organizational learning is a complex, time-honored process that refers to the development of new knowledge and has the potential to change behavior (Huber, 1991; Slater and Narver, 1995; Murray and Donegan, 2003). Companies that develop a strong learning culture are good at creating, acquiring and transferring knowledge, as well as at modifying behavior to reflect new knowledge and insight (Huber, 1991).

Organizational learning is a process of testing and adapting experience to improve knowledge within an organization. This process must be relevant to the organization's goals. Organizational learning as a combination of four processes: information acquisition, information distribution, information interpretation and organizational memory. Organizational learning is especially important for organizations in environments that are rapidly changing.

2.4 Organizational Performance

Organizational performance is the achievement of organizational goals in the pursuit of business strategies that lead to sustainable competitive advantages (Sabwami, 2015). A key success factor is a performance area of critical importance in achieving consistently high productivity. There are at least two broad categories of key success factors that are common to virtually all organizations" business processes and human processes.

Most commonly used methods for measuring organization performance can be classified into five categories of performance that is financial performance, operational performance, customer satisfaction, employee satisfaction and learning and growth. Financial performance can also be measured by return on investment, competitive position market share growth, overall profitability, sales volume growth, and cash flow and Profit improvement. Operational performance is measured by productivity, overall quality

performance, timeliness, quality improvement, waste reduction, production performance improvement (Kagwiria, 2014). In this study, organizational performance is measured by profitability and growth.

2.4.1 Profitability

Profitability is the metric used to determine the scope of a company's profit in relation to the size of the business. Profitability is a measure of how efficiently a business operates and its success or failure. It is expressed as a relative amount, not an absolute amount. Profitability can further be defined as the ability of a business to generate a return on its investments, based on its resources relative to other investment opportunities. Although a company can realize a profit, this does not necessarily mean that the company is profitable.

Profitability ratios measure the firm's ability to generate profits and central investment to security analysis, shareholders, and investors. The primary measure of the success of an enterprise is its profitability. The analysis of profitability ratios is important for the shareholders, creditors, investors, bankers and government alike. Some of profitability ratios are Gross Profit Ratio (GPR), Operating Profit Ratio (OPR), Net Profit Ratio (NPR), Return on Investment (ROI), Return on Capital Employed (ROCE).

2.4.2 Growth

Growth refers to any firm whose business generates significant positive cash flows or earnings, which increase at significantly faster rates than the overall economy. A growth company tends to have very profitable reinvestment opportunities for its own retained earnings, it tends to grow the wealth of the shareholders through increase in the value of a share capital thus the returns on equity, returns on assets and returns on investment are high (Wandera, 2012). Firm growth is dependent on the path taken by the organization and is an organizational outcome resulting from the combinations of firm specific resources, capabilities and routines.

Company growth can be classified in four theoretical perspectives: the resource-based perspective, the motivation perspective, the strategic adaptation perspective and the configuration perspective. Resource-based perspective focuses on the company's resources, such as business growth, financial resources, trained employees, etc. Resource-based

theory holds that there are many opportunities available in the marketplace. Managing transition is important (i.e., the point at which the resources are being reconfigured) by deploying firms' resources to identify and exploit the next growth opportunity. Hence, resources must be reconfigured during the transition between stages to determine successive phases of growth and development.

With its focus on power distribution, structural complexity, and control mechanisms, the conceptualization of the firm in the strategic adaptation perspective relates to the governance structure unit of analysis. Therefore, growth studies that apply strategic adaptation as a theoretical point of view will benefit from using governance structures as the unit of analysis. A possible secondary alternative to reducing environmental threats is to use different strategies for different 'strategic business units' that encounter different environmental challenges. The strategic adaptation perspective is clearly not designed for using the individual unit of analysis.

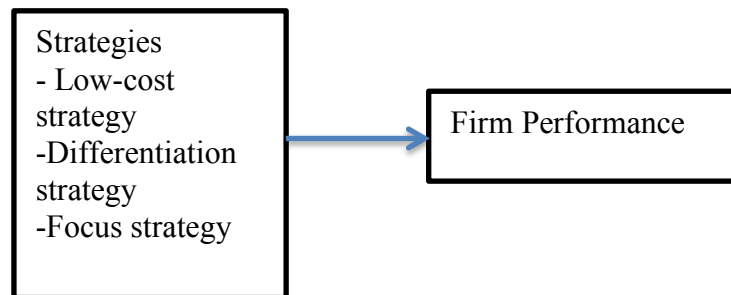
In the motivation perspective, individuals and their actions are focused. Therefore, the focus of motivational studies of company growth corresponds with the individual(s) as the unit of analysis. To study the link between the individual's motivation and firm growth, the individual's every business activity need to be monitored.

The configuration perspective focuses on how managerial problems typically arise during a company's growth and how to deal with them during those stages. This structure meets the criteria for using the governance structure unit of analysis, which focuses on a particular decision-making unit coherently administered and controlled.

2.5 Empirical Studies

Islami, Mustafa and Latkovikj (2020), presented the effect of strategies on firm performance. The conceptual model of this research is shown in Figure (2.1).

Figure (2.1) Effect of Strategies on Firm Performance

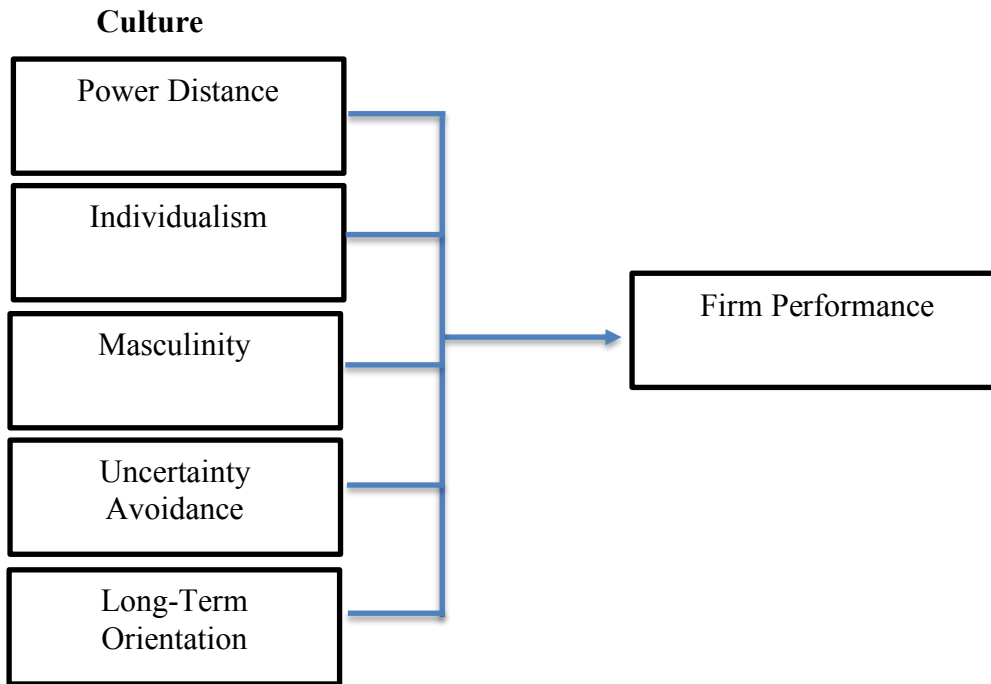


Source: Islami, Mustafa and Latkovikj, 2020

Islami, Mustafa and Latkovikj (2020) presented that the three strategies as the source of firm performance. These strategies are low-cost strategy, differentiation strategy, and focus strategy. Porter (1980) also presented these strategies. Islami, Mustafa and Latkovikj (2020) proved that these strategies are influencing on the performance of businesses.

Wahjudi (2016) observed the effect of organizational culture on firm performance. Figure (2.2) shows the effect of culture on performance.

Figure (2.2) Effect of Culture on Firm Performance

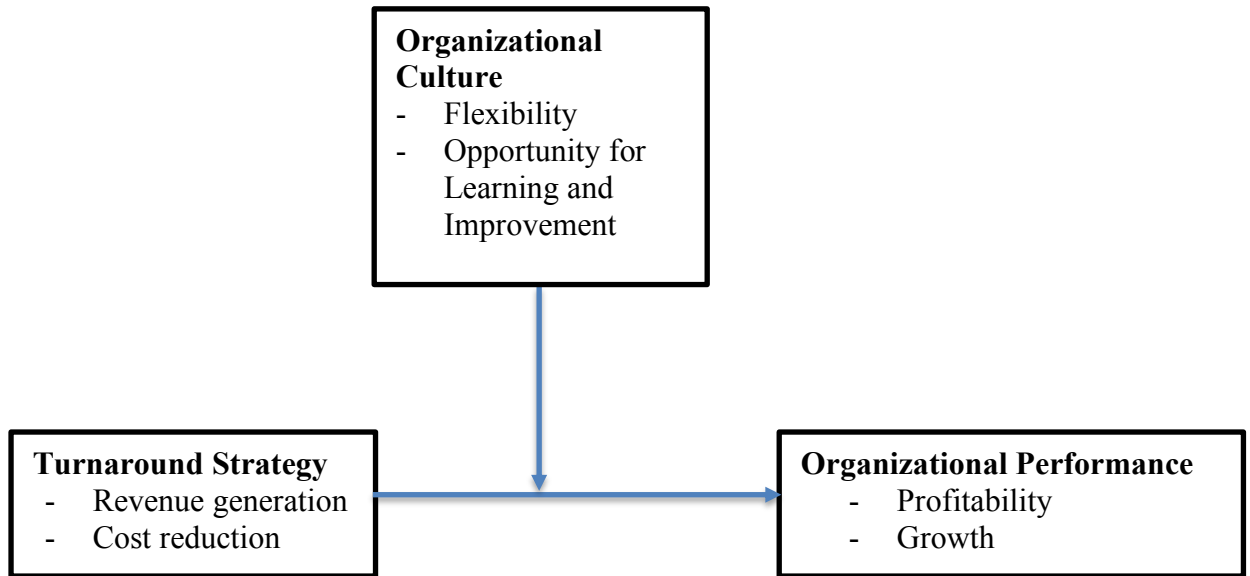


Source: Wahjudi, 2016

Wahjudi (2016) presented that the organization culture is affecting on organization performance. This researcher approached to the organization culture with five dimensions: power distance, individualism, masculinity, uncertainty avoidance, and long-term orientation. These cultural dimensions are observed originally by Hofstede (1984). This researcher proved that these cultural dimensions will affect on firm performance.

Komen (2015) presented the relationships between turnaround strategies, organizational culture and organizational performance. The researcher's conceptual model is shown in Figure (2.3).

Figure (2.3) Moderating Role of Culture on Relation of Turnaround Strategies and Organizational Performance

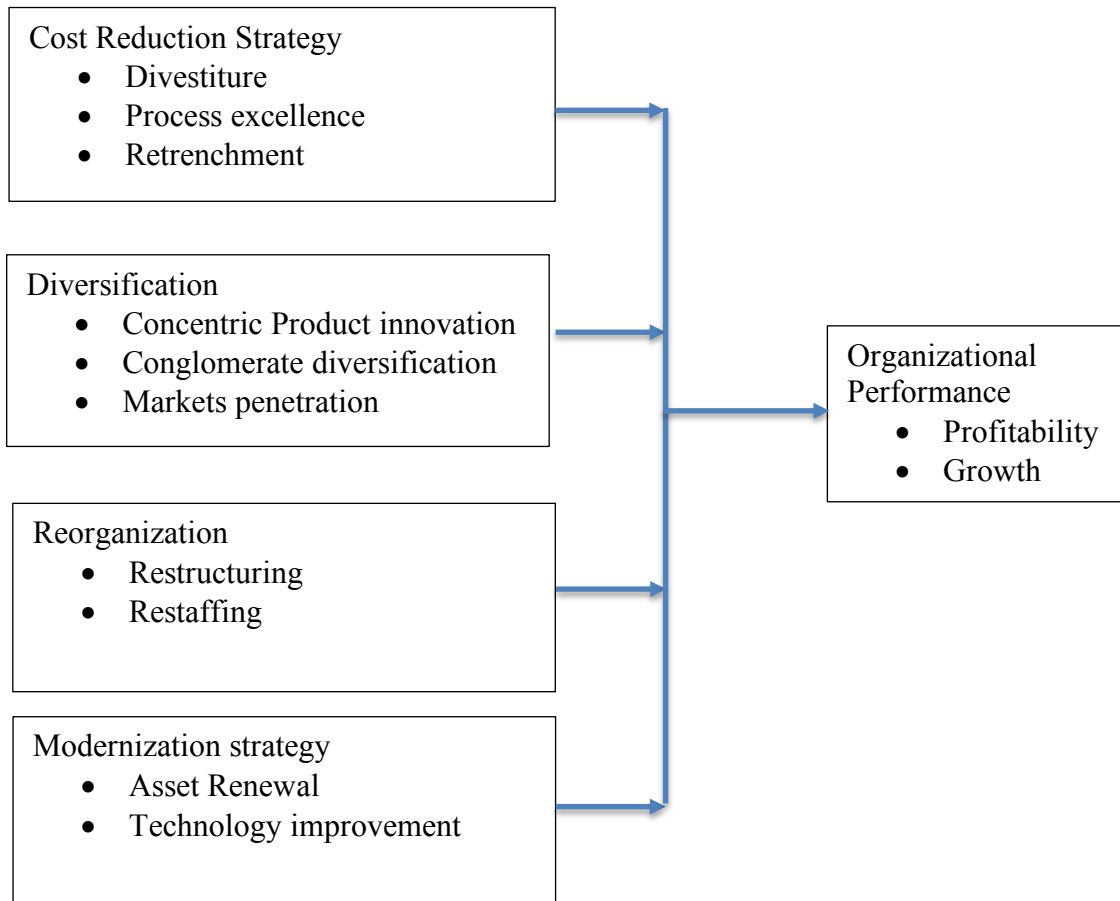


Source: Komen, 2015

Komen (2015) explored the turnaround strategies for businesses during the crisis time. These turnaround strategies are revenue generation and cost reduction, and these strategies are leading to firm performance. However, the researcher also analyzed the moderating effect of organization culture on this relationship.

Wandera (2012) presented also the effect of turnaround strategies on firm performance. This researcher's conceptual model is presented with Figure (2.4).

Figure (2.4) Effect of Turnaround Strategies on Organization Performance



Source: Wandera (2012)

Wandera (2012) explored the turnaround strategies' effect on firm's performance in sugar factories of Kenya. The researcher included the four turnaround strategies such as cost reduction strategy, diversification strategy, reorganization strategy, and modernization strategy. This was a study on the relationship between turnaround strategies and the performance of state owned sugar companies in Kenya. There were four specific objectives in the study: to assess the relationship between cost reduction strategy, diversification strategy, re-organization strategy and modernization strategy respectively on the performance of state owned sugar companies in Kenya. The study concluded with an

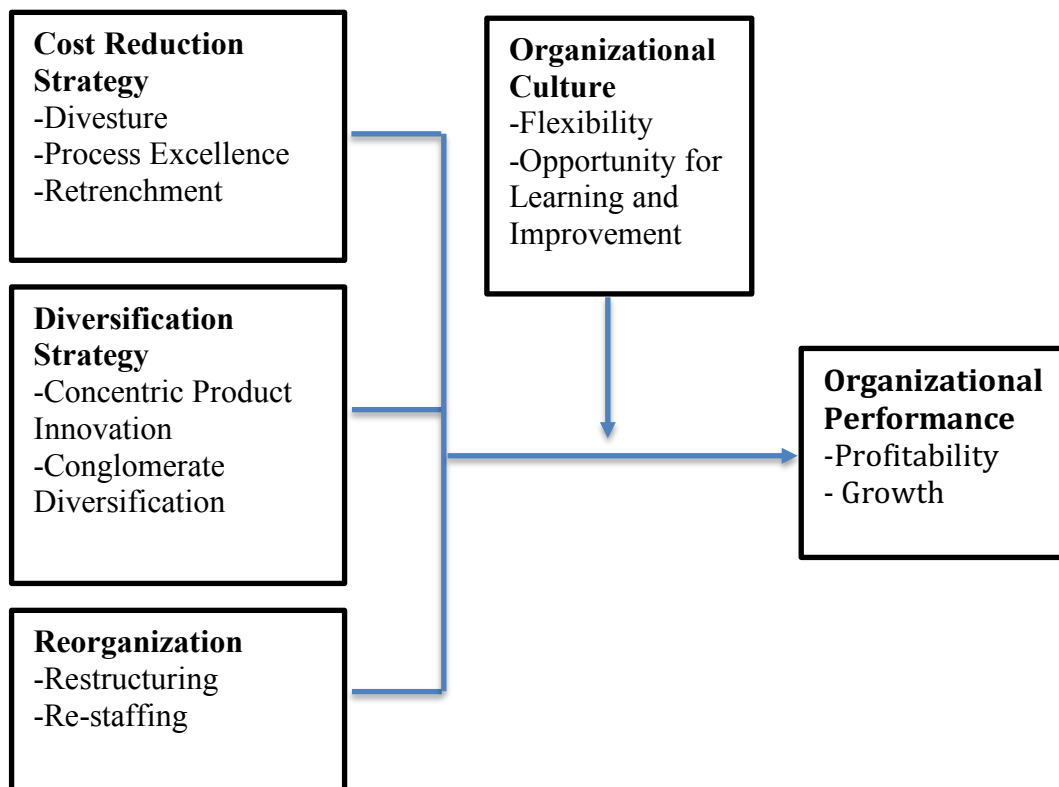
emphasis on the reorganization and realignment strategy as the key catalysts for successful turnaround process.

2.6 Conceptual Framework of the Study

The conceptual framework of the study is depicted as Figure (2.5). In this study, the effect of turnaround strategy on organizational performance of Myanmar Business Executive is analyzed. Moreover, the moderating effect of organizational culture on relationship between turnaround strategy and organizational performance is examined.

Figure (2.5) Conceptual Framework of the Study

Turnaround Strategies



Source: Own Compilation, 2020

The conceptual framework of the study is mainly based on the previous researcher (Wandera, 2012) model. In Myanmar business executives' companies, they are more

focusing on cost reduction or diversification for their survival or to be competitive in the market by profitability or business growth. However, they may also reorganize their businesses due to ineffectiveness in cost or innovation strategies implementation, especially with the source of organization culture. Thus, in this study, the three turnaround strategies – cost reduction, diversification, and reorganization – are considered as turnaround strategies. This study excludes the modernization strategy from the scope because the Myanmar business executives' companies cannot give priority to modernize their companies during this turbulent time. The organizational performance is measured with two criteria: profitability and growth, as other researchers' typical measures on performance.

Chapter 3

Turnaround Strategies of Myanmar Business Executives' Companies

This chapter is organized with four main parts; Myanmar Business Executives Association profile, general turnaround strategies of Myanmar Business Executives Association members' businesses, research design and quantitative analysis on turnaround strategies

3.1 Profile of Myanmar Business Executives' Association (MBE)

Myanmar business executives' association is a network of more than 2000 distinguished businesses in Myanmar. It has 7 staff members, an office, a training center and 137 active members, business entrepreneurs and owners who want to contribute to Myanmar sustainable development through responsible business practices. MBE activities include business development activities, community development programs (livelihood, education, health, infrastructure), training and capacity development programs (business education, social development subjects, human rights, organizational development) and microfinance programs.

As a community development programs MBE wants to help responsible entrepreneurs to have the skills and knowledge to contribute positively to the development of Myanmar. The organization has designed 15 different MBA-inspired education programs on various business-related topics such as finance, human resources, marketing, business English, small and medium enterprise development, doing business with Myanmar law etc. To teach these topics, MBE has selected high level business executive with strong teaching skills, all MBA graduates and with large experience of the business sector in Myanmar. Since 2008, MBE has undertaken various livelihood and capacity development initiatives to help improve living conditions, mobilize and foster community dialogue around key issues as well as developing skills and capacity to strengthen these communities.

As a capacity development program MBE is dedicated to promote business as an actor for social change and social improvement for all, with a respect for the environment, for human rights, for community-oriented, long-term oriented sustainable development. MBE was one of the first organization in Myanmar to join UN Global Compact and has been a promoter of its guidelines. In addition to that MBE wants to build strong programs

that actively help the concrete implementation of responsible practices in Myanmar business world, by national or international firms. By respecting the country, its specificity, its environment and its people.

3.1.1 Vision and Mission of MBE

MBE is not only a social enterprise but also an advocate for corporate social responsibility and a new way to think business.

(i) The main vision of MBE is to be a highly responsible business community, which contributes to improving living conditions and creating a sustainable environment for all while preserving Myanmar's unique business culture.

(ii) Mission is to become a key actor within the sustainable and responsible business development of Myanmar through education, social development, microfinance and concrete corporate social responsibility initiatives.

3.1.2 Membership of MBE

There are 137 active members, business entrepreneurs and owners who want to contribute to Myanmar sustainable development through responsible business practices. Master of business administration graduates can apply membership of MBE Association.

MBE is well organized with EC board which involves following committees for managing categories of social activities such as;

- (1) Learning and Development Committee
- (2) Business Education Committee
- (3) Strategic Management Development Committee
- (4) Advocacy and Collaboration Committee
- (5) Responsible Business Development Committee
- (6) Financial Capacity Development Committee
- (7) Public Relations Committee
- (8) Fellowship and Networking Committee

3.2 Research Design

This study explores the moderating effects of organizational culture on turnaround strategies and organizational performance. The survey was focused on the members of the Myanmar Business Executives Association. Because of the COVID-19 pandemic effects and political situations, all of the business organizations are suffering greatly for economic development. This effect forces these organizations to make big changes in their structure, system, styles, staff, and skills, all to fit in with the new business nature. The majority of the data is based on primary sources. Descriptive analysis explains the "what" phenomenon of the focus study.

To collect this primary data, 68 respondents were randomly selected from among the association's members. The survey questionnaire is a major instrument for collecting this primary data. Data are collected through online survey with structured questionnaire. The independent variables are the turn-around strategies by means of cost reduction strategies, retrenchment, diversification strategies, and re-organization strategies. Organization performance was measured based on the variables, namely profitable and growth factors. The moderating effect of organizational culture was measured in terms of flexibility and opportunity for learning and improvement.

Statistical calculation explains the frequencies and percent, mean and standard deviation values of these independent variables and the dependent variable, which explains the perceived level of respondents. The SPSS calculation reports the consistency of the constructed items in the questions variable. Correlation and regression survey method explain the variation among these independent variables and dependent variable, which reach to the objectives of the study.

3.3 Reliability of Data Analysis

Reliability is important consideration throughout the data collection process. When using a tool to collect data, it's important that the results are precise, stable and reproducible, this means, applied methods must be consistency. In that study, divestiture variable is composed with 4 questions or items, process excellent factor with 4, Retrenchment with 3, Diversification with 5, Conglomerate diversification with 4, Restructuring with 4, Re-staffing with 5, Flexibility with 5, Opportunity for Learning and

Improvement, with 4, Profitability with 3, and growth factor with 3 items. Altogether 44 items are tested to be consistency of survey questions in each variable.

The higher the internal consistency, the more confident researcher can be that survey is reliable. When the Cronbach Alpha value is more than 0.9, there is excellent internal consistency. In this study, internal consistency is measured by using a statistic known as Cronbach's Alpha. According to the Cortina (1993), if the value is between 0.8 and 0.9, there is good internal consistency of questions to a variable. By the Table (3.1), it reports the overall Cronbach's Alpha value is 0.871 (Source: SPSS 22 output data). It is a higher alpha value means that the higher internal consistency and that, this survey is reliable.

Table (3.1) Reliability Test

Sr No	Variable	Cronbach's Alpha	N of Items	Data Consistency
1	Divestiture	.826	4	Very good
2	Process Excellent	.913	4	Excellent
3	Retrenchment	.879	3	Very good
4	Diversification	.863	5	Very good
5	Conglomerate diversification	.858	4	Very good
6	Restructuring	.886	4	Very good
7	Re-staffing	.910	4	Excellent
8	Flexibility	.888	5	Very good
9	Opportunity for Learning and Improvement	.909	5	Excellent
10	Profitability	.822	3	Very good
11	Growth	.826	3	Very good
	Total	.871	44	

Source: SPSS 22 output data

3.4 Profile of Respondents

In this study, total 68 numbers of replies are received from Myanmar Business Executive association. Profiles of these respondents are studied according to their gender, highest level of education, level of management working in their organization, years of working in their organizations, their firm size, which are studied. Table (3.2) presents their demographic profiles, as follows.

Table (3.2) Demographic Profile of Respondents

Sr.	Description	Number
No.	Total Respondents	68
Gender		
1	Male	40
2	Female	28
Highest level of education		
1	Diploma level	4
2	Bachelor degree level	17
3	Post graduate and above level	47
Level of management		
1	Top management level	42
2	Middle management level	22
3	Operational management level	4
Years of working		
1	Less than 2 years	3
2	3 to 5 years	24
3	Over 5 years	41
Organization/Firm size		
1	Small (Less than 300 employees)	57
2	Medium (Up to 500 employees)	8
3	Large (Over 500 employees)	3

Source: Survey Data (2022)

In Table (3.2), the analysis of the gender compositions, they are simply asked to answer whether they are male or female. The survey reports that 40 out of a total of 68 respondents were male, and 28 were female. Percentagewise, only 59% of respondents are males, while females account for 41%. In that analysis, more males than females are affected.

In that of the analysis of the respondent's highest education level, a multiple-choice question is used. Respondents must select between a diploma, a bachelor's degree, a postgraduate level, and an above-level. The distinct and dominant highest education level group of respondents is post-graduate and above. The second group is the bachelor's degree level with 17 respondents, and the 4 respondents are at the diploma level with the least participants, respectively.

By the table (3.2), the level of management that they are in that organization is analyzed. According to the table, it reports that 41 respondents are working at top management level, with the most participants. The second-most participants are in the middle management level, with 22 numbers. Percentagewise, respondents at top management level are 62% with the most, middle level management is at 32%, and operational management level is at 6%, respectively.

In the analysis of the years of working in that organization, 3 respondents have less than 2 years of experience, 24 respondents have between 3 and 5 years of experience, and 41 respondents have more than 5 years of working period, respectively. In terms of percent, 60% of total respondents have more than 5 years of working experience. 35% of respondents are older than 3 years. It can be clear that almost all the respondents are said to understand well the survey questions.

In the study of their firm size, 57 percent of respondents replied that their organizations are small, with less than 300 employees. 8 respondents are working in a medium-sized organization (up to 500 respondents). 3 respondents are working in large organizations.

3.5 Qualitative Analysis on Myanmar Business Executives' Turnaround Strategies

In-depth interview method and observation method are applied to explore the turnaround strategies practiced by Myanmar business executives during this COVID-19 epidemic. The five executives, who are the owners of private companies, are selected for this qualitative analysis.

The outline of the qualitative analysis include (1) how do they do for cost reduction by removing or reducing their strategic business units or product/service lines or product/service types, and for efficiency in their producing process or service delivering process and methods, (2) how do they do innovation by launching new product/service either relating or nor relating to the existing product/service line, (3) how do they try to turnaround their business by restructuring (redesigning the organization structure) and how do they do for maintaining efficient work force.

By concerning their practices for cost reduction, most of the local manufacturing companies (example, food stuff, clothes, footwear, and other consumer products) could not compete with low priced imported products (example, from China or Thailand). Thus, the trading companies are receiving competitive advantage over local manufacturing companies, by importing low priced, also attractive, products.

Most of the companies including trading companies cannot innovate own products/services relating to their existing product or service line. They are hesitating to launch new innovative product/service. If some products/services are popular in the market, they seem to decide to enter into such industry. They quit and enter frequently into different industries. Some companies leave their long-term businesses and enter into other industries which are very new for them, while some are struggling from retaining the existing business and entering into new industries simultaneously.

By concerning the reorganization practices of Myanmar business executives, they are not doing the restructuring or re-staffing in right ways. They are not emphasizing on hiring the talented, committed, and efficient staff by compensating marketable pay rates. Most of the companies prioritize to reduce the pay rate first. If they cannot increase the revenue by their cost reduction strategies and aggressive selling practices, they next consider to lay off their staff.

3.6 Descriptive Analysis on Turnaround Strategies of Respondent Companies

The present of turnaround strategies is measured by means of cost reduction strategies, retrenchment, diversification strategies, and re-organization strategies, which are examined as part of turnaround strategies by Myanmar Business Executives (MBE) association members.

3.6.1 Cost Reduction Strategies

Cost reduction strategies are analyzed by dividing the area into terms of divestiture, process strategy, and retrenchment strategies, which are analyzed. Each variable contains relevant questions to understand the respondents' options on these variables. A five-point Likert scale measurement was applied to express their agreeable options, ranging from 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. The survey results on cost reduction strategies practiced by Myanmar business executives are shown in Table (3.3).

Table (3.3) Cost Reduction Strategies of Respondent Companies

Sr. No.	Divestiture	Mean	St. Dev.
1	The organization has eliminated the underproductive business units	3.88	0.76
2	The organization has concentrated on profit generating business units	4.15	0.68
3	Divestiture has enabled the organization to reduce the operational costs.	3.87	0.75
4	The turnaround success is a result of the divestiture undertaken by the organization.	4.22	0.71
	Divestiture overall mean	4.03	
Sr. No.	Process excellence	Mean	St. Dev.
1	The organization realigned its processes.	4.34	0.75
2	The organization encourages new ideas to promote process improvements.	4.06	0.62
3	Great efficiency levels have been achieved due to process excellence.	3.75	0.76
4	The turnaround success enjoyed is a result of the process excellence.	4.12	0.66
	Process excellence overall mean	4.07	

Sr. No.	Retrenchment	Mean	St. Dev.
1	The organization has reduced its non-core assets.	3.84	0.80
2	The available resources are maximally utilized by the organization.	4.29	0.71
3	Turnaround success achieved is a result of the retrenchment strategy effected.	4.41	0.74
	Retrenchment overall mean	4.18	

Source: Survey Data (2022)

By the Table (3.3), the overall mean value is 4.09. This higher mean value indicates the practices of cost reduction strategies as the turnaround strategies to sustain and develop their existing business during these crisis periods. It starts analysis the practice of cost reduction strategy focusing on divestiture.

The mean value of 4.03 is reported by Table (3.3) as the result of descriptive analysis on divestiture strategy practices. Because of the higher value, it can be said that most organizations are practicing a divestiture strategy. The higher mean value of divestiture practices is found as 4.22 in their agreement on that of the turnaround success as a result of the divestiture undertaken by the organization. Respondents agree that their organizations have concentrated on profit-generating business units (mean value of 4.15), eliminating underproductive business units (mean value of 3.88), and these focusing reduce operational costs (mean value of 3.87), by means of divestiture strategies.

In Table (3.3), it reports the mean value of 4.07 for that of "process excellence" as part of the cost reduction strategy. In the process excellence practices, respondents vote much more on their organization's realigned in their processes (mean value of 4.34). The higher mean value, 4.06, vote in the process excellence practices is as the organization encourages new ideas to promote process improvements. Most respondents agree great efficiency levels have been achieved due to process excellence and thus they comment the turnaround success enjoyed is a result of the process excellence.

Regarding the retrenchment practice as part of cost reduction strategies, overall mean value is received 4.18, which is higher mean value. This means many organizations in the Myanmar Business Executive Association practicing retrenchment to achieve turnaround strategy success (mean value 4.41). The higher mean value by means of 4.29 explains that these organizations utilize available resources as maximally as part of

retrenchment practices. The higher mean value 3.84 also explains in that of the reduction on its non-core assets.

3.6.2 Diversification Strategies

The second part of the analysis on the turnaround strategies is made on diversification strategies. To understand more about these diversification strategies, study further extends to the survey area to the concentric product innovation practices and conglomerate practices. Table (3.4) explains about respondents' agreeable on that of diversification strategies as turnaround strategy practices, as follows.

Table (3.4) Diversification Strategies of Respondent Companies

Sr. No.	Concentric Product Innovation	Mean	St. Dev.
1	Concentric product/service innovation	3.57	0.65
2	The organization has sought growth opportunities in the existing business units.	4.04	0.66
3	The organization has structured itself to include the new products/services within the existing business units.	3.63	0.60
4	Concentric product/service innovation has enabled the organization to improve on its market share.	3.74	0.54
5	Turnaround success is a result of the concentric product innovation adopted by the organization.	3.82	0.54
	Product Innovation overall mean	3.76	
Sr. No.	Conglomerate diversification	Mean	St. Dev.
1	The organization has sought new opportunities that are unrelated to its existing business units.	4.43	0.65
2	The organization has structured itself to accommodate the new unrelated business units.	3.81	0.58
3	The conglomerate diversification adopted has enabled maximum utilization of the organization resources.	3.66	0.61
4	Turnaround success is a result of the diversification undertaken by the company.	3.87	0.64
	Conglomerate diversification overall mean	3.83	

Source: Survey Data (2022)

By the Table (3.4), the calculated mean value for diversification strategies is 3.80. It is a higher mean value. This means many of the association members are utilizing diversification strategies by means of the product innovation practices and conglomerate diversification practices.

In the analysis on the product innovation, the received mean value is 3.76. It reports that many of their organizations are finding the ways to innovate products and services by extending from the existing products and services. The highest mean value 4.04 is found at production innovation practice, which means that their organizations have sought growth opportunities in the existing business units. This means the analysis on which sub business unit is profitable or which unit is not profitable. For that, most of them agree turnaround success is as a part of the result of the concentric product innovation adopted by the organization.

Regarding to the conglomerate diversification, the received overall mean value is 3.83, which is higher mean value and thus, many of association members practice those activities, which are unrelated to the existing businesses definition of one or more of its businesses. The highest mean value at conglomerate diversification strategy is as the practice at exploring new opportunities that are unrelated to its existing business units among the association member organizations. The higher mean value 3.81 is at the activity that their organizations has structured itself to accommodate the new unrelated business units. For that, it can be clearer on turnaround success, which is as a result of the diversification undertaken by the company.

3.6.3 Re-organization Strategies

In the analysis on turnaround strategies, the third focus is on the reorganization practices in the respondents' organizations. In this study, it focuses on the area of restructuring and restaffing practices, which are shown in the following Table (3.5).

Table (3.5) Re-organization Strategies of Respondent Companies

Sr. No.	Restructuring	Mean	St. Dev.
1	The organization has modified and redesigned the existing structures.	4.19	0.58
2	The organization has adopted a lean and efficient structure.	4.53	0.66
3	The organization has aligned performance incentives to the new structure.	4.62	0.62
4	Turnaround success is a result of the restructuring that has taken place.	4.66	0.56
	Restructuring Overall mean	4.50	
Sr. No.	Restaffing	Mean	St. Dev.
1	The organization has employed based on merit.	4.04	0.56
2	The organization has deployed the right employees to the right jobs.	3.90	0.49
3	The organization has a competent human resource committed to her vision.	4.12	0.61
4	Turnaround success is a result of the restaffing exercise done by the company.	4.22	0.67
	Restaffing overall mean	4.07	

Source: Survey Data (2022)

As shown in Table (3.5), most of the respondent executives more emphasize on restructuring so that they have to realign performance incentives to the new or modified structure, relatively less emphasis on re-staffing due to higher salary and pay rate for efficient staff with higher skills.

Chapter 4

Analysis on Effect of Turnaround Strategies on Performance of Myanmar Business Executives' Companies

In the survey of this study, the primary data are collected from 68 Myanmar business executives, who are the member of MBE. In this analysis chapter, the major part is to present the findings from multiple linear regression analysis on the effect of turnaround strategies on organization performance with and without moderating effect of organization culture. However, the findings from descriptive analysis on organization culture and firm performance of Myanmar business executives' companies are also presented.

4.1 Descriptive Analysis on Organizational Culture

In the analysis on organizational culture survey, it focuses on the area of flexibility and opportunity for learning and Improvement, which are shown in the following Table (4.1).

In this study, the organizational culture of Myanmar business executives' companies is approached from two aspects: flexibility and opportunity for learning and improvement.

Table (4.1) Organizational Culture at Respondent Companies

Sr. No.	Flexibility	Mean	St. Dev.
1	Responding well to competitors and other changes in the business environment.	4.32	0.78
2	New and improved ways to do work are continually adopted.	4.22	0.77
3	The way things are done is very flexible and easy to change.	3.93	0.63
4	Different parts of the organization often cooperate to create change.	3.60	0.72
5	Customer comments and recommendations often lead to changes.	4.09	0.57
	Flexibility overall mean	4.03	
Sr. No.	Opportunity for Learning and Improvement	Mean	St. Dev.
1	Views failure as an opportunity for learning and improvement.	4.24	0.60
2	Innovation and risk taking are encouraged and rewarded.	3.84	0.61
3	Learning is an important objective in our day-to-day work.	3.66	0.68
4	Continuously track the progress against stated goals.	4.09	0.51
5	Have a shared vision of what the organization will be like in the future.	4.09	0.51
	Opportunity for Learning overall mean	3.98	

Source: Survey Data (2022)

In most of the Myanmar business executives' companies, the organizational culture for flexibility as well as the culture for opportunity to learning and improvement is dominating. They are responding well to competitors and other changes in the business environment, as well as they are pay attention to customer comments and recommendations for creating relevant changes at their organizations.

They are also flexible by focusing on the failure as an opportunity for learning and improvement. They also continuously track the progress against stated goals, and they valued the shared vision of what the organization will be like in the future.

4.2 Descriptive Analysis on Organizational Performance

In the analysis on organizational performance survey, it focuses on the area of profitability and growth of organization, which are shown in the following Table (4.2).

Table (4.2) Organizational Performance of Respondent Companies

Sr. No.	Profitability	Mean	St. Dev.
1	The organization's revenues over costs have always been increasing.	3.82	0.69
2	The organization has always ensured revenues are above costs.	3.88	0.66
3	The organization has had positive returns due to the turnaround strategies adopted.	4.28	0.69
	Profitability overall mean	3.99	
Sr. No.	Growth	4.00	0.68
1	The returns to the shareholders have significantly improved.	3.90	0.65
2	The market value of the organization's share has steadily been on the rise.	4.18	0.62
3	The organization is enjoying positive growth rate due to the turnaround strategies adopted.	4.35	0.69
	Growth overall mean	4.14	

Source: Survey Data (2022)

According to survey results, most of the respondent companies are gaining the competitive advantage with their firm's growth by market share or market scope. Their profitability is relatively less supporting to their competitive advantage.

4.3 The Effect of Turnaround Strategies on Organizational Performance

In the analysis on the effect of turnaround strategies on organizational performance, regression analysis method is used. Table (4.3) reports on the regression analysis on the effect of turnaround strategies on organizational performance by profitability.

Table (4.3) Effect of Turnaround Strategies on Organizational Performance by Profitability

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.584	.54		1.137	.260		
Cost Reduction	.298**	.141	.300	2.118	.038	.376	2.262
Diversification	.162	.194	.129	.836	.406	.376	2.663
Reorganization	.365**	.175	.302	2.083	.041	.424	2.361
R	.657						
R Square	.431						
Adjusted R Square	.404						
F	16.161***						

Dependent Variable: Profitability

*** Significant at 1% , ** Significant at 5% & * significant at 10% level

Source: Survey Data, 2022

From multiple linear regression analysis, as shown in Table (4.3), the cost reduction strategy and reorganization strategy have positive effect on organizational performance measured by profitability. Most of the business executives in Myanmar have been trying to reduce cost due to fierce price competition of imported brands in the markets. Moreover, they also focus on human resource management by reducing the number of staff. Although they are not practicing the right way of reorganization, they partially practice to retain

talented and committed staff although they cannot compensate higher salaries. In some companies, loyal staff who have high skills as well as long service left at their companies if they do not demand the pay increase. Thus, the profitability can be increased with two strategies: cost reduction and reorganization strategies.

Table (4.4) presents the results from the regression analysis on the effect of turnaround strategies on organizational performance by firm growth.

Table (4.4) Effect of Turnaround Strategies on Organizational Performance by Growth

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.718	.462		1.553	.125		
Cost Reduction	.414***	.127	.432	3.269	.002	.442	2.262
Diversification	.034	.174	.028	.196	.845	.376	2.663
Reorganization	.373**	.158	.319	2.363	.021	.424	2.361
R	.711						
R Square	.505						
Adjusted R Square	.482						
F	21.767***						

Dependent Variable: Growth

*** Significant at 1% , ** Significant at 5% & * significant at 10% level

Source: Survey Data, 2022

From multiple linear regression analysis, as shown in Table (4.4), the cost reduction strategy and reorganization strategy have positive effect also on organizational performance measured by growth. Most of the business executives in Myanmar have been trying to reduce cost due to fierce price competition of imported brands in the markets. Due to relatively lower price, they can increase their sales volume by quantity and by volume. If they cannot compete with price, their sales revenue will be decreased.

Most of the respondent companies also recruited employees or replace with existing employees with new employees if the new employees can do effective selling and marketing: this is partially reorganization practice. Thus, the business growth can be increased with two strategies: cost reduction and reorganization strategies.

4.4 Moderating Effect of Organizational Culture on Relationship between Turnaround Strategies and Organizational Performance

In the analysis on the moderating effect of organizational culture (flexibility) on effect of turnaround strategies on organizational performance by profitability, regression analysis method is used. Table (4.5) reports on results of moderating effect of organizational culture (flexibility) on relationship between turnaround strategies and organizational performance by profitability.

Table (4.5) Moderating Effect of Culture (Flexibility) on Relationship of Turnaround Strategies to Profitability

Model 1 & 2	Unstandardized Coefficients		Beta	t	Sig.	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error				B	Std. Error			
(Constant)	1.269	.486		2.613	.011	.835	1.284		.650	.518
Cost Reduction	.230	.126	.231	1.818	.074	2.980***	.951	3.001	3.133	.003
Diversification	.091	.173	.072	.524	.602	-2.910**	1.419	-2.310	-2.051	.045
Reorganization	-.491	.257	-.405	-1.914	.060	-.130	1.084	-.107	-.120	.905
Flexibility	.878	.209	.873	4.208	.000	.938**	.410	.933	2.287	.026
Cost*Flexibility						-.697***	.239	-4.252	-2.916	.005
Diversification*Flexibility						.732**	.348	3.892	2.102	.040
Reorganization*Flexibility						-.052	.263	-.330	-.197	.844
R	.746					0.782				
R Square	.556					0.612				
Adjusted R Square	.528					0.566				
F	19.711***					13.505***				
R Square Change	.056									

Dependent variable: Profitability

*** Significant at 1% , ** Significant at 5% & * significant at 10% level

Source: Survey Data, 2022

From multiple linear regression analysis, the organizational culture (focusing on flexibility) has the partial moderating effect on relationship between cost reduction strategy and organization performance by profitability. This moderating effect is negative effect. Thus, the flexibility focusing culture will reduce the degree of effect from cost reduction strategy on firm profitability. The original effect of cost reduction strategy is positive on

firm profitability. Although the cost reduction strategy itself can increase the profitability, the companies which are dominated by flexible culture cannot effectively practice the cost reduction strategy to improve the profitability.

It is also found that the organizational culture (focusing on flexibility) has the partial moderating effect on relationship between diversification strategy and organization performance by profitability. This moderating effect is positive effect. Thus, the flexibility focusing culture will raise the degree of effect from diversification strategy on firm profitability. The original effect of diversification is negative on firm profitability. Although the diversification strategy itself can reduce the profitability, the companies which are dominated by flexible culture cannot suffering seriously from such adverse effect of practicing diversification on the profitability.

Table (4.6) reports on results of moderating effect of organizational culture (flexibility) on relationship between turnaround strategies and organizational performance by growth.

Table (4.6) Moderating Effect of Culture (Flexibility) on Relationship of Turnaround Strategies to Growth

Model 1 & 2	Unstandardized Coefficients			t	Sig.	Unstandardized Coefficients			t	Sig.	
	B	Std. Error	Beta			B	Std. Error	Beta			
(Constant)	1.281	.447		2.866	.006	1.290	1.210		1.067	.290	
Cost Reduction	.358	.116	.374	3.075	.003	2.432***	.896	2,540	2.715	.009	
Diversification	-.024	.160	-.020	-.152	.185	-1.793	1.336	1,476	-1.342	.185	
Reorganization	-.331	.236	-.283	1.401	.166	-.582	1.021	-.498	-.570	.571	
Flexibility	.721	.192	.744	3.758	.000	.664*	.386	.685	1.719	.091	
Cost*Flexibility						-.525**	.225	3.318	-2.330	.023	
Diversification*Flexibility						.433	.328	2.387	1.320	.192	
Reorganization*Flexibility						.090	.247	.597	.366	.716	
R											
R Square											
Adjusted R Square											
F											
R Square Change											

Dependent variable: Growth

*** Significant at 1% , ** Significant at 5% & * significant at 10% level

Source: Survey Data, 2022

As shown in Table (4.6), the organizational culture (focusing on flexibility) has the partial moderating effect on relationship between cost reduction strategy and organization performance by growth. This moderating effect is negative effect. Thus, the flexibility focusing culture will reduce the degree of effect from cost reduction strategy on firm growth. The original effect of cost reduction strategy is positive on firm growth. Although the cost reduction strategy itself can increase the firm growth, the companies which are dominated by flexible culture cannot effectively practice the cost reduction strategy for improvement of firm growth. Table (4.7) reports on results of moderating effect of organizational culture (opportunity to learning and improvement) on relationship between turnaround strategies and organizational performance by profitability.

Table (4.7) Moderating Effect of Culture (Learning and Improvement Opportunity) on Relationship of Turnaround Strategies to Profitability

Model 1 & 2	Unstandardized Coefficients		Beta	t	Sig.	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error				B	Std. Error			
(Constant)	.185	.361		.513	.610	1.612	1.277		1.313	.194
Cost Reduction	.275	.098	.277	2.809	.007	2.077***	.625	2.092	3.326	.002
Diversification	-.071	.138	-.057	-.518	.606	-1.435	1.153	1.139	1.245	.218
Reorganization	-.229	.141	-.189	1.621	.110	-1.057	.919	-.873	1.151	.254
Opportunity	.989	.119	.853	8.331	.000	.555	.411	.479	1.351	.182
Cost*Opportunity						-.472***	.163	2.637	2.888	.005
Diversification* Opportunity						.365	.288	1.814	1.267	.210
Reorganization* Opportunity						.222	.226	1.255	.984	.329
R	.854					.875				
R Square	.729					.766				
Adjusted R Square	.712					.739				
F	42.426***					28.051***				
R Square Change	.037									

Dependent variable : Profitability

*** Significant at 1% , ** Significant at 5% & * significant at 10% level

Source: Survey Data, 2022

From multiple linear regression analysis, the organizational culture (focusing on opportunity to learning and improvement) has the partial moderating effect on relationship between cost reduction strategy and organization performance by profitability. This

moderating effect is negative effect. Thus, the opportunity to learning and improvement focusing culture will reduce the degree of effect from cost reduction strategy on firm profitability. The original effect of cost reduction strategy is positive on firm profitability. Although the cost reduction strategy itself can increase the profitability, the companies which are dominated by opportunity to learning and improvement culture cannot effectively practice the cost reduction strategy to improve the profitability. The companies need to invest some amount of money in training and development programs for employees. Thus, this culture will reduce the firm profitability. Moreover, the staff will need to pay their office time for attending training. Thus, their routine duties will need to be paused during the training period or at the training times.

Table (4.8) reports on results of moderating effect of organizational culture (opportunity to learning and improvement) on relationship between turnaround strategies and organizational performance by firm growth.

Table (4.8) Moderating Effect of Culture (Learning and Improvement Opportunity) on Relationship of Turnaround Strategies to Growth

Model 1 & 2	Unstandardized Coefficients		Beta	t	Sig.	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error				B	Std. Error			
(Constant)	.484	.414		1.168	.247	1.002	1.431		.701	.486
Cost Reduction	.400	.113	.418	3.557	.001	2.295***	.728	2.396	3.152	.003
Diversification	-.103	.158	-.085	-.649	.519	-1.023	1.344	-.842	-.761	.450
Reorganization	.024	.162	.021	.150	.881	-1.024	1.071	-.877	-.956	.343
Opportunity	.580	.137	.519	4.249	.000	.460	.479	.412	.961	.341
Cost*Opportunity						-.501**	.190	-2.904	-2.630	.011
Diversification*Opportunity						.246	.336	1.266	.732	.467
Reorganization*Opportunity						.271	.264	1.589	1.03	.307
R	.784					.811				
R Square	.615					.658				
Adjusted R Square	.591					.618				
F	25.191***					16.488***				
R Square Change	.043									

Dependent variable: Growth

*** Significant at 1% , ** Significant at 5% & * significant at 10% level

Source: Survey Data, 2022

From multiple linear regression analysis, the organizational culture (focusing on opportunity to learning and improvement) has the partial moderating effect on relationship between cost reduction strategy and organization performance by growth (increasing sales by unit and by value). This moderating effect is negative effect. Thus, the opportunity to learning and improvement focusing culture will reduce the degree of effect from cost reduction strategy on firm growth. The original effect of cost reduction strategy is positive on firm growth. Although the cost reduction strategy itself can increase the growth, the companies which are dominated by opportunity to learning and improvement culture cannot effectively practice the cost reduction strategy to improve the growth. The companies need to invest some amount of money in training and development programs for employees. Thus, this culture will reduce the firm growth.

Chapter 5

Conclusion

This study is concluded with findings from analysis in brief, some suggestions, and need for further research.

5.1 Findings and Discussions

This study explores the moderating effects of organizational culture on turnaround strategies and organizational performance. The survey was focused on the members of the Myanmar Business Executives Association. To collect the primary data, 68 respondents were randomly selected from the association's members.

Before starting the quantitative survey, the qualitative analysis is conducted to scan the context of Myanmar business executives' companies. In-depth interview method and observation method are applied to explore the turnaround strategies practiced by Myanmar business executives during this COVID-19 epidemic. The five executives, who are the owners of private companies, are selected for this qualitative analysis.

By concerning their practices for cost reduction, most of the local manufacturing companies for example, food stuff, clothes, footwear, and other consumer products, could not compete with low priced products that are imported from China or Thailand. Thus, the trading companies are receiving competitive advantage over local manufacturing companies, by importing low priced, also attractive, products.

Most of the companies including trading companies cannot innovate own products/services relating to their existing product or service line. They are hesitating to launch new innovative product/service. If some products/services are popular in the market, they seem to decide to enter into such industry. Companies quit and enter frequently into different industries. Some companies leave their long-term businesses and enter into other industries which are very new for them, while some are struggling from retaining the existing business and entering into new industries simultaneously.

By concerning the reorganization practices of Myanmar business executives, they are not doing the restructuring or re-staffing in right ways. They are not emphasizing on hiring the talented, committed, and efficient staff by compensating marketable pay rates. Most of the companies prioritize to reduce the pay rate first. If they cannot increase the

revenue by their cost reduction strategies and aggressive selling practices, they next consider to lay off their staff.

The quantitative analysis followed to the qualitative analysis as mentioned above. Most of the companies focus on the practices of cost reduction strategies as the turnaround strategies to sustain and develop their existing business during this crisis period. They are practicing the divestiture, process excellence, and retrenchment practices as the practices of cost reduction strategies. However, they are not largely practicing the diversification strategy. Because of need to tightly control the cost, they are not paying attention to innovation: either concentric or conglomerate. They are doing to restructure their organizations by reducing some strategic business units to turnaround their firm profit and growth.

In this study, the organizational culture of Myanmar business executives' companies is approached from two aspects: flexibility and opportunity for learning and improvement. In most of the Myanmar business executives' companies, the organizational culture for flexibility as well as the culture for opportunity to learning and improvement is dominating. Companies are responding well to competitors and other changes in the business environment, as well as they are pay attention to customer comments and recommendations for creating relevant changes at their organizations.

Myanmar business executives' companies are also flexible by focusing on the failure as an opportunity for learning and improvement. They also continuously track the progress against stated goals, and they valued the shared vision of what the organization will be like in the future. According to survey results, most of the respondent companies are gaining the competitive advantage with their firm's growth by market share or market scope. Their profitability is relatively less supporting to their competitive advantage.

After descriptive analysis, the multiple linear regression analysis is continued. From multiple linear regression analysis, the cost reduction strategy and reorganization strategy have positive effect on organizational performance measured by profitability. Most of the business executives in Myanmar have been trying to reduce cost due to fierce price competition of imported brands in the markets. Moreover, they also focus on human resource management by reducing the number of staff. Although they are not practicing the right way of reorganization, they partially practice to retain talented and committed staff although they cannot compensate higher salaries. In some companies, loyal staff who have high skills as well as long service left at their companies if they do not demand the pay

increase. Thus, the profitability can be increased with two strategies: cost reduction and reorganization strategies.

The cost reduction strategy and reorganization strategy have positive effect also on organizational performance measured by growth. Most of the business executives in Myanmar have been trying to reduce cost due to fierce price competition of imported brands in the markets. Due to relatively lower price, they can increase their sales volume by quantity and by volume. If they cannot compete with price, their sales revenue will be decreased.

Most of the respondent companies also recruited employees or replace with existing employees with new employees if the new employees can do effective selling and marketing: this is partially reorganization practice. Thus, the business growth can be increased with two strategies: cost reduction and reorganization strategies.

From multiple linear regression analysis on moderating effect of organizational culture, the organizational culture (focusing on flexibility) has the partial moderating effect on relationship between cost reduction strategy and organization performance by profitability. This moderating effect is negative effect. Thus, the flexibility focusing culture will reduce the degree of effect from cost reduction strategy on firm profitability. The original effect of cost reduction strategy is positive on firm profitability. Although the cost reduction strategy itself can increase the profitability, the companies which are dominated by flexible culture cannot effectively practice the cost reduction strategy to improve the profitability.

It is also found that the organizational culture (focusing on flexibility) has the partial moderating effect on relationship between diversification strategy and organization performance by profitability. This moderating effect is positive effect. Thus, the flexibility focusing culture will raise the degree of effect from diversification strategy on firm profitability. The original effect of diversification is negative on firm profitability. Although the diversification strategy itself can reduce the profitability, the companies which are dominated by flexible culture cannot suffering seriously from such adverse effect of practicing diversification on the profitability.

The organizational culture (focusing on flexibility) also has the partial moderating effect on relationship between cost reduction strategy and organization performance by growth. This moderating effect is negative effect. Thus, the flexibility focusing culture will reduce the degree of effect from cost reduction strategy on firm growth. The original effect of cost reduction strategy is positive on firm growth. Although the cost reduction strategy

itself can increase the firm growth, the companies which are dominated by flexible culture cannot effectively practice the cost reduction strategy for improvement of firm growth.

The organizational culture (focusing on opportunity to learning and improvement) has the partial moderating effect on relationship between cost reduction strategy and organization performance by profitability. This moderating effect is negative effect. Thus, the opportunity to learning and improvement focusing culture will reduce the degree of effect from cost reduction strategy on firm profitability. The original effect of cost reduction strategy is positive on firm profitability. Although the cost reduction strategy itself can increase the profitability, the companies which are dominated by opportunity to learning and improvement culture cannot effectively practice the cost reduction strategy to improve the profitability. The companies need to invest some amount of money in training and development programs for employees. Thus, this culture will reduce the firm profitability. Moreover, the staff will need to pay their office time for attending training. Thus, their routine duties will need to be paused during the training period or at the training times.

The organizational culture (focusing on opportunity to learning and improvement) has the partial moderating effect on relationship between cost reduction strategy and organization performance by growth (increasing sales by unit and by value). This moderating effect is negative effect. Thus, the opportunity to learning and improvement focusing culture will reduce the degree of effect from cost reduction strategy on firm growth. The original effect of cost reduction strategy is positive on firm growth. Although the cost reduction strategy itself can increase the growth, the companies which are dominated by opportunity to learning and improvement culture cannot effectively practice the cost reduction strategy to improve the growth.

5.2 Suggestions

According to the major findings from multiple linear regression analysis, the cost reduction strategy and reorganization strategy have positive effect on organizational performance measured by profitability as well as by growth. The profitability can be increased with two strategies: cost reduction and reorganization strategies. Thus, during this time, most of the companies should practice the reorganization either by restructuring (reducing the departments or business lines or hiring staff with high capacity to replace existing staff with them) for profitability increase or for firm growth. They should also

practice for cost reduction to increase or maintain their profitability and their growth. They have to compete with rivals by lower price. They should not invest new money in innovation and not pay attention to building new ventures to maintain their profitability and growth.

From multiple linear regression analysis on moderating effect of organizational culture, the organizational culture (focusing on flexibility) has the partial moderating effect on relationship between cost reduction strategy and organization performance by profitability and growth. Although the cost reduction strategy itself can increase either the profitability or growth, the companies which are dominated by flexible culture cannot effectively practice the cost reduction strategy to improve either the profitability or growth. It is also found that the organizational culture (focusing on flexibility) has the partial moderating effect on relationship between diversification strategy and organization performance by profitability. Although the diversification strategy itself can reduce the profitability, the companies which are dominated by flexible culture cannot suffering seriously from such adverse effect of practicing diversification on the profitability. Thus, the companies which currently practice the cost reduction strategy should not favor the flexibility orientation culture for profitability and growth. However, the companies which must practice the diversification strategy, should develop the culture of flexibility to maintain the profitability.

The organizational culture (focusing on opportunity to learning and improvement) has the partial moderating effect on relationship between cost reduction strategy and organization performance by profitability or growth. Although the cost reduction strategy itself can increase the profitability or growth, the companies which are dominated by opportunity to learning and improvement culture cannot effectively practice the cost reduction strategy to improve the profitability or growth. Thus, the companies which currently practice the cost reduction strategy should not favor the learning opportunity orientation culture.

5.3 Limitations and Need for Further Research

This paper is bounded with small sample size due to the identification of sampling frame as the list of the members of Myanmar business executives' association. Thus, the findings will not represent for all Myanmar business executives' companies. For the further research, larger sample size should be scoped. The turnaround strategies in this study are

cost reduction, diversification and reorganization, excluding the modernization strategy. The further research can count this excluded strategy if the business environment context is changed. The organizational culture is approached from optimistic aspects: flexibility and opportunity for learning and improvement. The negative culture should also be considered in the further research. The organizational performance is measured with self-assessment responses (not complete quantitative measure). Thus, quantitative measures (e.g., profit amount, growth percentage) should be measured in the further research.

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APPENDIX

March, 2022

Questionnaire

Dear Sir/Madam,

I am a student from Executive MBA program at Yangon University of Economics, Department of Management Studies. This research will emphasize the effect of turnaround strategies on firm performance of Myanmar Business Executives. I would like to request you to choose your help this questionnaire at your surplus time. Thank you so much for your participation.

1. Name of the organization _____

2. Kindly indicate your gender

(a) Male (b) Female

3. Please indicate the highest level of education you have attained

(a) Diploma level

(b) Bachelor degree level

(c) Post graduate level

4. Please indicate the level of management you are in

(a) Top management level

(b) Middle management level

(c) Operational management level

4. How many years have you worked in the firm?

(a) Less than 2 years

(b) 3 to 5 years

(c) Over 5 years

5. What is your organization/firm size

(a) Small (Less than 300 employees)

(b) Medium (Up to 500 employees)

(c) Large (Over 500 employees)

Part I. Turnaround Strategy

(a) Cost reduction strategies

This section aims at assessing the role of cost reduction strategies on the performance of Myanmar Business Executives' companies from 2019 to 2021. Please indicate your agreement or otherwise with the following statements using the following likert scale. Key: Strongly disagree= 1; Disagree= 2; Neutral= 3; Agree= 4; Strongly agree= 5.

Please tick (✓) one box per statement according to the scale stated below.

STATEMENTS		1	2	3	4	5
	Divestiture					
1	The organization has eliminated the underproductive business units					
2	The organization has concentrated on profit generating business units					
3	Divestiture has enabled the organization to reduce the operational costs					
4	The turnaround success is a result of the divestiture undertaken by the organization					
	Process excellence					
5	The organization realigned it's processes					
6	The organization encourages new ideas to promote process improvements					
7	Great efficiency levels have been achieved due to process excellence					
8	The turnaround success enjoyed is a result of the process excellence					
	Retrenchment					
9	The organization has reduced its non-core assets					
10	The available resources are maximally utilized by the organization					

11	Turnaround success achieved is a result of the retrenchment strategy effected					
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(b)Diversification Strategies

This section aims at describing the relationship between diversification strategies and organizational performance of Myanmar Business Executives’ companies from 2019 to 2021. Please indicate your agreement or otherwise with the following statements using the following likert scale. Key: Strongly disagree= 1; Disagree= 2; Neutral= 3; Agree= 4; Strongly agree= 5.

STATEMENTS		1	2	3	4	5
	Concentric product/service innovation					
1	The organization has sought growth opportunities in the existing business units					
2	The organization has structured itself to include the new products/services within the existing business units					
3	Concentric product/service innovation has enabled the organization to improve on its market share					
4	Turnaround success is a result of the concentric product innovation adopted by the organization					
	Conglomerate diversification					
5	The organization has sought new opportunities that are unrelated to its existing business units					
6	The organization has structured itself to accommodate the new unrelated business units					
7	The conglomerate diversification adopted has enabled maximum utilization of the organization resources					
8	Turnaround success is a result of the diversification undertaken by the company					

(c) Re-organization Strategies

This section aims at determining the role of re-organization strategy on organizational performance of Myanmar Business Executives' companies from 2019 to 2021. Please indicate your agreement or otherwise with the following statements using the following likert scale. Key: Strongly disagree= 1; Disagree= 2; Neutral= 3; Agree= 4; Strongly agree= 5.

STATEMENTS		1	2	3	4	5
	Restructuring					
1	The organization has modified and redesigned the existing structures					
2	The organization has adopted a lean and efficient structure					
3	The organization has aligned performance incentives to the new structure					
4	Turnaround success is a result of the restructuring that has taken place					
	Restaffing					
5	The organization has employed based on merit					
6	The organization has deployed the right employees to the right jobs					
7	The organization has a competent human resource committed to her vision					
8	Turnaround success is a result of the restaffing exercise done by the company					

Part II. Organizational Performance

Key: Strongly disagree= 1; Disagree= 2; Neutral= 3; Agree= 4; Strongly agree= 5.

Please tick (✓) one box per statement according to the scale stated below.

STATEMENTS		1	2	3	4	5
	Profitability					
1	The organization's revenues over costs have always been increasing					
2	The organization has always ensured revenues are above costs					
3	The organization has had positive returns due to the turnaround strategies adopted					
	Growth					
4	The returns to the shareholders have significantly improved					
5	The market value of the organization's share has steadily been on the rise					
6	The organization is enjoying positive growth rate due to the turnaround strategies adopted					

Part III. Organizational culture survey

Key: Strongly disagree= 1; Disagree= 2; Neutral= 3; Agree= 4; Strongly agree= 5.

Please tick (✓) one box per statement according to the scale stated below.

STATEMENTS		1	2	3	4	5
	Flexibility					
1	We respond well to competitors and other changes in the business environment					
2	New and improved ways to do work are continually adopted					
3	The way things are done is very flexible and easy to change.					

4	Different parts of the organization often cooperate to create change.					
5	Customer comments and recommendations often lead to changes.					
	Opportunity for Learning and Improvement					
6	Views failure as an opportunity for learning and improvement.					
7	Innovation and risk taking are encouraged and rewarded.					
8	Learning is an important objective in our day to day work					
9	Continuously track the progress against stated goals.					
10	Have a shared vision of what the organization will be like in the future.					

APPENDIX

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.746 ^a	0.556	0.528	0.40071	0.556	19.711	4	63	0.000	1.664
2	.782 ^b	0.612	0.566	0.38391	0.056	2.879	3	60	0.043	

a. Predictors: (Constant), FlexM, CostM, DiversM, ReoM

b. Predictors: (Constant), FlexM, CostM, DiversM, ReoM, DiversF, CostF, ReoF

c. Dependent Variable: ProfM

APPENDIX

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.660	4	3.165	19.711	.000 ^b
	Residual	10.116	63	0.161		
	Total	22.776	67			
2	Regression	13.933	7	1.990	13.505	.000 ^c
	Residual	8.843	60	0.147		
	Total	22.776	67			

a. Dependent Variable: ProfM

b. Predictors: (Constant), FlexM, CostM, DiversM, ReoM

c. Predictors: (Constant), FlexM, CostM, DiversM, ReoM, DiversF, CostF, ReoF

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	1.269	0.486		2.613	0.011	0.299	2.240					
CostM	0.230	0.126	0.231	1.818	0.074	-0.023	0.482	0.594	0.223	0.153	0.435	2.300
DiversM	0.091	0.173	0.072	0.524	0.602	-0.256	0.438	0.563	0.066	0.044	0.372	2.689
ReoM	-0.491	0.257	-0.405	-1.914	0.060	-1.004	0.022	0.597	-0.234	-0.161	0.157	6.368
FlexM	0.878	0.209	0.873	4.208	0.000	0.461	1.294	0.710	0.468	0.353	0.164	6.104
2 (Constant)	0.835	1.284		0.650	0.518	-1.734	3.404					
CostM	2.980	0.951	3.001	3.133	0.003	1.077	4.883	0.594	0.375	0.252	0.007	141.833
DiversM	-2.910	1.419	-2.310	-2.051	0.045	-5.748	-0.072	0.563	-0.256	-0.165	0.005	196.004
ReoM	-0.130	1.084	-0.107	-0.120	0.905	-2.298	2.038	0.597	-0.015	-0.010	0.008	123.793
FlexM	0.938	0.410	0.933	2.287	0.026	0.118	1.759	0.710	0.283	0.184	0.039	25.718
CostF	-0.697	0.239	-4.252	-2.916	0.005	-1.175	-0.219	0.683	-0.352	-0.235	0.003	328.499
DiversF	0.732	0.348	3.892	2.102	0.040	0.036	1.429	0.681	0.262	0.169	0.002	529.641
ReoF	-0.052	0.263	-0.330	-0.197	0.844	-0.577	0.473	0.648	-0.025	-0.016	0.002	432.216

a. Dependent Variable: ProfM

APPENDIX

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.772 ^a	0.596	0.570	0.36870	0.596	23.204	4	63	0.000	1.383
2	.794 ^b	0.630	0.586	0.36157	0.034	1.836	3	60	0.150	

a. Predictors: (Constant), FlexM, CostM, DiversM, ReoM

b. Predictors: (Constant), FlexM, CostM, DiversM, ReoM, DiversF, CostF, ReoF

c. Dependent Variable: GrowthM

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.617	4	3.154	23.204	.000 ^b
	Residual	8.564	63	0.136		
	Total	21.181	67			
2	Regression	13.337	7	1.905	14.574	.000 ^c
	Residual	7.844	60	0.131		
	Total	21.181	67			

a. Dependent Variable: GrowthM

b. Predictors: (Constant), FlexM, CostM, DiversM, ReoM

c. Predictors: (Constant), FlexM, CostM, DiversM, ReoM, DiversF, CostF, ReoF

APPENDIX

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	1.281	0.447		2.866	0.006	0.388	2.174					
	CostM	0.358	0.116	0.374	3.075	0.003	0.125	0.590	0.666	0.361	0.246	0.435	2.300
	DiversM	-0.024	0.160	-0.020	-0.152	0.879	-0.343	0.295	0.570	-0.019	-0.012	0.372	2.689
	ReoM	-0.331	0.236	-0.283	-1.401	0.166	-0.803	0.141	0.629	-0.174	-0.112	0.157	6.368
	FlexM	0.721	0.192	0.744	3.758	0.000	0.338	1.105	0.721	0.428	0.301	0.164	6.104
2	(Constant)	1.290	1.210		1.067	0.290	-1.129	3.710					
	CostM	2.432	0.896	2.540	2.715	0.009	0.640	4.224	0.666	0.331	0.213	0.007	141.833
	DiversM	-1.793	1.336	-1.476	-1.342	0.185	-4.466	0.880	0.570	-0.171	-0.105	0.005	196.004
	ReoM	-0.582	1.021	-0.498	-0.570	0.571	-2.624	1.460	0.629	-0.073	-0.045	0.008	123.793
	FlexM	0.664	0.386	0.685	1.719	0.091	-0.109	1.437	0.721	0.217	0.135	0.039	25.718
	CostF	-0.525	0.225	-3.318	-2.330	0.023	-0.975	-0.074	0.738	-0.288	-0.183	0.003	328.499
	DiversF	0.433	0.328	2.387	1.320	0.192	-0.223	1.089	0.690	0.168	0.104	0.002	529.641
	ReoF	0.090	0.247	0.597	0.366	0.716	-0.404	0.585	0.672	0.047	0.029	0.002	432.216

a. Dependent Variable: GrowthM

APPENDIX

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.854 ^a	0.729	0.712	0.31285	0.729	42.426	4	63	0.000	1.608
2	.875 ^b	0.766	0.739	0.29807	0.037	3.134	3	60	0.032	

a. Predictors: (Constant), OppM, CostM, DiversM, ReoM

b. Predictors: (Constant), OppM, CostM, DiversM, ReoM, CostOpp, ReoOpp, DiversOpp

c. Dependent Variable: ProfM

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.610	4	4.153	42.426	.000 ^b
	Residual	6.166	63	0.098		
	Total	22.776	67			
2	Regression	17.445	7	2.492	28.051	.000 ^c
	Residual	5.331	60	0.089		
	Total	22.776	67			

a. Dependent Variable: ProfM

b. Predictors: (Constant), OppM, CostM, DiversM, ReoM

c. Predictors: (Constant), OppM, CostM, DiversM, ReoM, CostOpp, ReoOpp, DiversOpp

APPENDIX

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error				Beta	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	0.185	0.361		0.513	0.610	-0.536	0.905					
	CostM	0.275	0.098	0.277	2.809	0.007	0.079	0.471	0.594	0.334	0.184	0.442	2.264
	DiversM	-0.071	0.138	-0.057	-0.518	0.606	-0.346	0.204	0.563	-0.065	-0.034	0.360	2.778
	ReoM	-0.229	0.141	-0.189	-1.621	0.110	-0.512	0.053	0.597	-0.200	-0.106	0.316	3.169
	OppM	0.989	0.119	0.853	8.331	0.000	0.752	1.227	0.831	0.724	0.546	0.410	2.441
2	(Constant)	1.612	1.227		1.313	0.194	-0.843	4.067					
	CostM	2.077	0.625	2.092	3.326	0.002	0.828	3.326	0.594	0.395	0.208	0.010	101.398
	DiversM	-1.435	1.153	-1.139	-1.245	0.218	-3.741	0.871	0.563	-0.159	-0.078	0.005	214.670
	ReoM	-1.057	0.919	-0.873	-1.151	0.254	-2.896	0.781	0.597	-0.147	-0.072	0.007	147.613
	OppM	0.555	0.411	0.479	1.351	0.182	-0.267	1.377	0.831	0.172	0.084	0.031	32.198
	CostOpp	-0.472	0.163	-2.637	-2.888	0.005	-0.798	-0.145	0.782	-0.349	-0.180	0.005	213.749
	DiversOpp	0.365	0.288	1.814	1.267	0.210	-0.211	0.942	0.767	0.161	0.079	0.002	525.329
	ReoOpp	0.222	0.226	1.255	0.984	0.329	-0.230	0.675	0.764	0.126	0.061	0.002	417.171

a. Dependent Variable: ProfM