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Successful Implementation of Turnaround Strategies in the Manufacturing Sector in Harare, Zimbabwe- Impediments and Challenges Faced

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Abstract: The concept of turnaround strategy seeks to bring back profitability in a declining business. In Zimbabwe, ever since the government adopted multi-currency system industries have failed to realise any meaningful positive performance. The manufacturing sector was the most affected. It is against this background that the researchers sought to explore the extent of successful implementation of turnaround strategies in the manufacturing sector in Harare over the period 2009 to 2014 on back drop of impediments and challenges faced. The study employed triangulation approach design as it was found to be the most suitable. A stratified random sampling was used to select companies for the purposes of the study across the 14 sub-sectors of the manufacturing sector in Zimbabwe. A minimum of 2 respondents per company was selected. Data was collected using questionnaires which were administered physically and electronically. In-depth interviews were also conducted for chief executive officers and managing directors. The findings of the study were that companies in the manufacturing sector implemented turnaround strategies that were focussed on cutting down costs, with retrenchments yielding no positive results. Toxic organisational cultures, misaligned organisational structures, working capital constraints, old and dilapidated machinery, liquidity crisis, and choking government policies have been identified as major internal and external challenges affecting implementation of turnaround strategies. The study recommends that top management in the manufacturing industry should conduct concrete situational analysis in order to obtain in-depth understanding of the underlying problems facing their organisations. Competent management should also be put in place. The manufacturing companies are also recommended to engage services of turnaround specialists, establish strategic alliances, engage all stakeholders and also strive to seek cost competitiveness. The study further recommends that the government should take an active role in ensuring that an enabling environment has exist to allow firms in the manufacturing sector to recover from the economic decline.

Keywords: Turnaround Strategies, Manufacturing Sector, Performance, Cost of Capital, Strategic Alliances, Internal and External Environment

1. Introduction

The study sought to analyse and examine the extent of successful implementation of turnaround strategies amidst impediments and challenges faced by the manufacturing sector in Harare, Zimbabwe. In the business world today, both developed and developing economies constantly experience continuous decline in performance. The occasional global financial crisis experienced, for example needs not to be over emphasised, with respect to its negative impact on the performance of the global business and economies in general. This affects firms operating in different sectors of the economy due to various reasons. In general, the reasons emanate from internal and external environmental conditions related to those firms. This is what leads firm's management to formulate turnaround strategies in order to revive the declining organisation. Turnaround strategies are of increasing relevance. Global competition, technological turbulence, high costs of capital and other factors cause more and more businesses to occasionally face hard times, Zimbabwean`s manufacturing sector inclusive.

1.1. Statement of the Problem

During the tenure of the inclusive government in 2009, Zimbabwe adopted a multi-currency system, this brought stability in the economy unlike the period before 2008 when companies and individuals battled to copy with hyperinflation that left the economy on its knees. The economy started to show some green shoots again. In an effort to bring change and adapt to the new economic landscape many companies embarked on a series of turnaround strategies in a bid to restore productivity and profitability. All these efforts failed to yield any meaningful results leading to company closures, liquidation and some firms being placed under judiciary management. The manufacturing sector in Zimbabwe has struggled to achieve meaningful capacity utilisation [11]. Therefore, this study sought to analyse and examine the extent of successful implementation of turnaround strategies by the manufacturing sector in Harare, Zimbabwe.

1.2. Purpose of the Study

Using both quantitative and qualitative techniques, the purpose of the study was to analyse and examine the extent of successful implementation of turnaround strategies in 170 randomly selected firms in the manufacturing sector in Harare, in the backdrop of the impediments and challenges faced. The study sought to identify the turnaround strategy choices being implemented in the manufacturing sector, evaluate the effectiveness of each turnaround strategy being implemented and thereafter identify the extent of the effect of the impediments and challenges experienced in implementing these turnaround strategies.

1.3. Research Questions

The study sought to answer the following questions:

1. What turnaround strategies have been implemented by companies in the manufacturing sector in Harare, Zimbabwe?
2. How effective were those turnaround strategies?
3. Were there any impediments and challenges in the implementation of turnaround strategies in the manufacturing sector in Harare, Zimbabwe?
4. To what extent have the impediments and challenges affected the smooth implementation of the turnaround strategies in the manufacturing sector in Harare, Zimbabwe?

1.4. Hypothesis

(1). There are no turnaround strategies implementation impediments and challenges faced by companies in the manufacturing sector in Harare, Zimbabwe.

(2). There is no relationship between turnaround strategy choice by the manufacturing sector and turnaround outcomes.

2. Review of Related Literature

A turnaround strategy is a set of consequential directives, long term decisions and actions targeted at the reversal of a perceived crisis that threatens the survival of a firm [25]. According to reference [30] there is the strategic turnaround, operating turnaround and financial restructuring turnaround. Reference [30] explains that strategic turnaround attempts either to change the strategy for competing in the same business or to define how to enter a new business. He further asserts that most strategic turnarounds focus on marketing, production or engineering functions. Reference [8] states that strategic turnaround focusses on strategy changes sought, with the performance improvement being a derivative of the strategy change. They involve a change in the company's strategy for either competing in the same business or entering a new business.

Operating turnaround is concerned with increasing revenue, reducing costs and assets. Reference [30] suggests that performance becomes a derivative of strategy change. Operating strategies focus on performance targets, and any actions that can achieve them are considered whether they make good long-run strategic sense or not [26]. These include revenue increasing, cost cutting, asset reduction and combination strategies, none of which changes the company's business level strategy. Organizational turnaround strategy implementations are usually an indication of a corporate crisis, which arise out of something threatening in its survival. Reference [28] calls such crisis “corporate sickness” while reference [28] describe them as organizational sickness that presents themselves gradually or suddenly with a threatening decline in performance after a series of internal actions or inactions or by external circumstances and other environmental factors.

Research on management of business turnaround span more than three decades and yet so much remains undone. For example, very low rates of successful recoveries from corporate sicknesses are still being registered in research. It is estimated that approximately two-thirds of distressed companies are unable to recover [18]. The challenges associated with business failures have continued unabated therefore attracting continuous and further research. According to reference [2] most business failures are due to bad or poor management. Reference [32] suggests that 80 per cent of business failures occur due to management’s inefficiency to control the internal functions of business. Reference [22] attributes organizational decline to an outcome of inaction of managers characterised by past experiences, sunk investment, specialized assets bureaucratic control, internal political/cultural, managers’ commitment to status quo or outcome of inappropriate actions of managers in response to environmental reality characterized by legal, political, social and economic constraints.

Generic turnaround models: Out of various models on the process of turnaround, the researcher is going to study 3 models of turnarounds that outline the stages and process of turnaround which is the six stage model developed by reference [24], generic turnaround models by reference [30] and reference [33].

Peter McKiernan's six stages of turnaround: According to Peter McKiernan, process of corporate turnaround consists of six stages, "causes stage", "triggers stage", "diagnosis stage", "retrenchment stage", "recovery stage" and "renewal stage". He explored the first three stages which are causes, triggers and diagnosis and also the last stage renewal, which is the most significant part of his model. In addition to the main two stages retrenchment and recovery that had been widely accepted, he added the four stages, which was developed by his research.

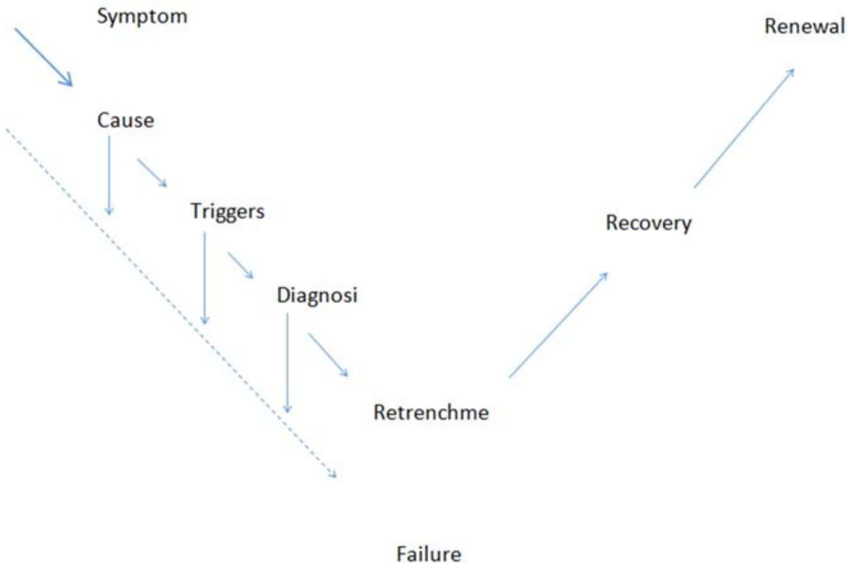

Figure 1. *Peter McKiernan's six stages of turnaround.*

Source: Turnarounds: Reference [24]

Causes stage: What firms have to do first is to identify the reason of decline. According to reference [24], there are two types of causes which are secondary cause and primary cause. Secondary causes are surface problems and primary causes are more fundamental relating to organizational problems.

Trigger stage: Something must happen to trigger the change. Reference [24] mentions that managers tend to hope the cause is external or decline is cyclical in its early stage. The timing of triggering is therefore important

Diagnostic stage: Firms have to diagnose the link between symptoms and the real causes. Reference [24] further points out that links are often complex and sometimes manipulated or window dressed especially when firms are in trouble.

Retrenchment stage: Retrenchment is an initial response for firms in crisis to stabilize the firm's financial condition by reducing expenses, cutting costs, selling assets, and reducing debt etc.

Recovery stage: Recovery stage is the next stage that the firms face after they achieved successful retrenchment. Reference [24] argues that there are two major strategies that are efficiency strategies and entrepreneurial strategies.

Renewal stage: Renewal is the completion of turnaround. However, according to reference [24], it is not sufficient for good turnaround. To sustain its good performance, firms must acquire an ability to renew itself through continuous learning.

Evaluation of Peter McKiernan's six stage model: Whilst the six stage model proposed by Reference [24] provides a simple and straight forward way of understanding the turnaround process, several scholars have pointed several weaknesses in the model. Reference [35] and reference [7] noted the following shortcomings of the model:

- The study is typical Anglo – American context and does not apply to other parts of the world.
- The research revolves around large and quoted companies. There is need to develop academic work for smaller companies who arguably need help more.
- The research focuses on 'generic strategies', more studies need to focus on turnarounds in specific contexts e.g. sector, country, size, organisational culture and managerial styles.
- The model is too academic; a multi-disciplinary approach is needed to inform theory building.

Platt's turnaround stages and strategies: Reference [30] notices that the effects of the environment, as well as crisis within the company, were important if a firm was to employ a successful turnaround strategy. The firm will need to spend time making itself crisis-secure, employing methods such as monitoring changes in the environment and conducting audits of the company's performance before and during the crisis. They will also need to establish Crisis Management Teams (CMT) to create built in redundancy in communications (back up plans). Finally, a firm need to develop a favourable culture with improved management control and communications. Reference [30] cites the following turnaround stages and their corresponding strategies;

Table 1. *Turnaround stages and strategies.*

Stage	Strategies
Preparatory stage	Restructure leadership, organisation and culture
	Cost reduction
Short term fix	Asset redeployment
	Selective product/market strategies
Growth	Repositioning strategies

Source: Reference [30]

Slatter and Lovett's turnaround stages and strategies: Reference [33] agree with other authors, but they went on to develop an approach for achieving a successful turnaround that consists of seven essential ingredients and an implementation framework consisting of seven key work streams. Reference [33] assert that stabilisation can be achieved by reintroducing predictability to the operations by setting performance targets, establishing information systems, and tracking progress.

Crisis stabilisation: Stabilisation ensures legal and fiduciary compliance under circumstances where corporate governance often has been neglected or is deteriorating. The situational analysis enables a company to come up with the best turnaround that would best suit the prevailing industrial condition and thereby increasing the chances of a successful turnaround [33]. This is in line with reference [34] who highlighted that the best option depends on the prevailing industry conditions, the company's strengths and weaknesses, its competitive capabilities compared to its competitors, and the extend of the crisis situation. Therefore, a situational analysis of the industry, major competitors and the firm's own competitive position and its own competencies and resources are prerequisites for action. The first step in crisis stabilisation is to generate enough cash and to survive the short term [33]. This cash may be necessary to pay wages and creditors which may be due or to manage the working capital. This can be done through cash budgeting and tight cash management controls.

Leadership: Managers attempt to turn around their organisations, through structural changes in the organisation and/or market repositioning [4]. Reference [14] identifies three substantial areas of managerial action in turnaround situations which are; decision making processes, lines of communication and market repositioning. The turnaround literature supports the role of external management expertise as an important factor in successful turnaround strategies. Reference [10] says that, managers tend to be very knowledgeable about their current operations but they often lack broader knowledge and capabilities to initiate and guide organisational changes. Reference [17] affirms that effective turnarounds require that firms hire a new management team or shrink operations to regain profitability. However, reference [3] found out that the common practice of replacing the firm's Chief Executive Officer (CEO) during turnaround attempts had conflicting and paradoxical effects on firm's abilities to enact strategic reorientations. Reference [1] states that a change in leadership helps to make sure that those methods which resulted in the company's failure are not used. The new leader has to motivate employees, listen to their views and delegate powers.

Stakeholder support: Reference [33] define a stakeholder as any party with an interest, financial or otherwise, in a company, and hence an interest in or an ability to influence the outcome of a turnaround. This includes equity and debt providers, bankers, suppliers, customers, management and staff, and government regulatory institutions. Support from each group of stakeholder is a prerequisite for any turnaround to be successful. These diverse stakeholders have different aspirations and the objective is to gain stakeholder confidence and support by demonstrating a viable strategy, which is responsive to their aspirations.

Strategic focus: This involves re-evaluating the company's business and deciding which ones to change and which to retain. According to reference [33] before a turnaround specialist makes any major changes, the individual must determine the chances of the business's survival, identify appropriate strategies, and develop a preliminary action plan. A more detailed assessment of strengths and weaknesses follows in the areas of competitive position, engineering and research and development, finances, marketing, operations, organisational structure, and personnel. The situational analysis stage steps are taken to weed out or replace any top managers who might impede the turnaround effort. Reference [5] adds that once the major problems are identified, the turnaround professional develops a strategic plan with specific goals and detailed functional actions. Reference [16] states that although the assets are profitable, sometimes they must be liquidated to contribute to the strategic focus. The cash received from the sale of such assets should be used to repay debts. Reference [33] add that a positive operating cash flow must be established as quickly as possible.

Sufficient amount of cash to implement the turnaround strategies must be sourced. Often, unprofitable divisions or business units are sold as a means to raise cash. Reference [31] identifies three generic strategies, which can be used successfully to protect a firm against the forces that drive competition in an industry. These are cost leadership, differentiation and focus. The latter involves the firm focusing its limited resources on one or a few product-market segments in which it competes on the basis of cost leadership and or product differentiation. This is usually the only strategy available for the distressed company in the short-term, since it is unlikely to have the large financial resources required for industry leadership based on either cost or product differentiation. Reference [33] state that product-market refocusing for a distressed company may involve any or all of the following: addition or deletion of product lines, addition or deletion of customers by type or geographical area, changes in the sales mix by focusing marketing efforts on specific products and customers, complete withdrawal from a market segment, and entry into a new product-market segment.

Retrenchments and downsizing are painful processes of organisational change because they follow periods of organisational decline [6]. Retrenchment implies a reduction to the essential elements of a company that have the best chance of producing a profitable operation. According to reference [29], it entails deliberate reductions in costs, assets, product, product lines and overhead. Reference [15] add on that retrenchment incorporates the basic reduction of assets and expenses within the firm and necessitates many turbulent actions such as layoffs or divestments. Organisational downsizing was defined by reference [12] as consisting of a set of activities that are undertaken on the part of management, designed to improve organisational efficiency, productivity and effectiveness. It represents a strategy that affects the organisation's work force and its work processes. Reference [6] recognises that the success of managerial attempts to turn around companies through downsizing may be dependent on market conditions. Downsizing occurs either proactively or reactively in order to contain costs, enhance revenue or to bolster competitiveness. Reference [23] finds out that downsizing occurs in a large number of firms that face decline, including those that turnaround and those that do not.

Organisational change: Successful corporate turnarounds involve significant organisational change [33]. These involve changes to the organisational structure, people, processes and systems brought about by the strong leadership of the top management team. The starting point for organisational change is the appointment of a suitable turnaround manager and team. The combined effect of strong leadership and changes in the components of an organisation will bring about a new organisational culture. He adds that the new organisational culture will, in the short term bring about a change in behaviour while, in the long run, bringing about a change in corporate culture. Reference [5] argues that "people mix" becomes more important as the company is restructured for competitive effectiveness. It means a rebirth of the corporate culture and transforming negative attitudes to positive and confident ones as the company maps out its future. Survival, not tradition, determines the new shape of the business. This step cannot be successful without a psychological shift as well. Improved communications, particularly between employees and management, bring about a workforce that is likely to be happier, more productive and have a stronger sense of ownership and commitment to the business. If the staff had positive perception of the company, they will act as ambassadors. Key messages should be delivered to the employees simultaneously [6].

In response to performance shocks, firms can also lay-off personnel and introduce new employment conditions for those remaining [20]. Reference [13] hold that business consolidation into few distinct business units is also an important turnaround strategy. The multi-tiered management structure will now be replaced by a much smaller management structure comprising of those that carry the company's vision and with vast skill and experience. They add that corporate culture will be revised through the elimination of bureaucratic structures and a re-orientation of compensation towards performance based stock options and salary awards thereby aligning employee interests firmly with those of the shareholders.

Critical process improvements: In this stage, turnaround efforts are directed toward making the remaining business operations effective and efficient. The company must be restructured to increase and sustain profitability and its return on assets and equity. To achieve this, the company has to take drastic steps [1]. During the turnaround, the product mix may have changed, requiring the company to do some repositioning. This stage focuses on institutionalising an emphasis on profitability and return on equity, and enhancing economic value. The company may initiate new marketing programs to broaden the business and customer base and increase market penetration. It may increase revenue by carefully adding new products and improving customer service. Strategic alliances with other established organisations may be explored.

Financially, the emphasis shifts from cash flow concerns to maintaining a strong balance sheet, securing long-term financing, and implementing strategic accounting and control systems. Reference [16] state that the success of a company largely depends upon the profit the organisation realises from operations. The profit is determined by the costs that are made and the extent to which these costs are recovered. Therefore, it is essential for a company to know the future costs and be able to control them. When the future costs are known throughout the entire product development cycle, the engineers can make use of cost information during the decision-making processes. Reference [5] also supports the notion and asserts that it is necessary to integrate the cost estimation activities in the product development cycle. Reference [1] also argue that besides the use of cost estimation for decision-making, it can also be used to control costs.

When the costs can be controlled, it is possible to propose specific product changes thereby reducing the costs. Reference [21] state that quality improvements involve the mutual co-operation of everyone in an organisation and associated business processes to produce products and services, which meet and, hopefully, exceed the needs and expectations of customers. He holds that if the customer's expectations are not fulfilled, customers will usually switch over to a competitor for the satisfaction of their expectations. Reference [21] point out that quality culture nurtures high-trust social relationships. He adds that the culture develops a shared sense of membership as well as a belief that continuous improvement is for the good of everyone within the organisation. This requires firms to embark on a variety of competitive strategies, including the creation of new products, production of high quality products, having employees with the right customer care attitude and superior packaging for the products. Packaging is defined as the science, art, and technology of enclosing or protecting products for distribution, storage, sale, and use [20]. The two authors go on to state that if a firm has successfully differentiated its packaging from those of its rivals it can charge more than them and still register significant sales and earn higher profits. Alternatively, it can charge a similar price as less differentiated rivals but use the superior packaging appeal of its products to gain market share and increase its profits faster than rivals, or, it can do some combination of these two tactics.

Financial restructuring: A firm can recover from a performance shock by properly evaluating its cash generation strategies to ensure the availability of funds to sustain regular operations [21]. Firms can increase their cash flows by increasing sales revenue, reducing dividend payments and controlling operating costs. The author shows that revenue generation strategies account for most profit turnarounds. He also states that, a reduction in dividend payments will allow firms to preserve internal funds for normal operations whilst a decrease in operating costs are associated with improved operating margins [21]. A company may also restructure its debt obligations in response to performance shocks or distress. Debt restructuring could result in either an increase or a decrease in the proportion of debt in the capital structure. An increase in debt can improve liquidity, and also provide incentives for management to improve performance. Asset reduction through closure or sale of business units, divisions, operations and assets and outsourcing of value chain activities in order to focus on the remaining profitable or potentially profitable business units is a potential way for turnaround [21]. Firms experiencing performance decline can restructure their operations through asset reduction strategies. By getting rid of redundant assets, a firm can concentrate on core businesses and eliminate negative synergies with the divested assets to improve performance [21]. The sale of the assets can provide cash to fund on-going operations or to pay debt. Firms can implement asset reduction in a variety of ways which include closure of plants, sale of periphery assets and sale of subsidiaries.

3. Methodology

The study used the mixed research methodology. The population of the study consisted of 305 manufacturing companies` management employees in Harare. A sample of 170 respondents was randomly selected for the quantitative methodology, and 10 respondents were selected for interviews. Data was collected using questionnaires and interviews. The questionnaires were delivered by hand and electronically to the respondents. Out of the 170 questionnaires sent out, 132 were returned, reflecting a response rate of 77.6%. These questionnaires were targeted to senior managers, middle managers, and lower level managers. Out of the 10 scheduled interviews 6 were successfully conducted reflecting a response rate of 60%. Table 2 below shows the response rate of the questionnaires and interviews.

Table 2. *Response Rate on the questionnaire.*

Details	Questionnaires	Interviews
Distributed/Planned	170	10
Completed	132	6
Not completed	38	4
Response Rate	77.6%	60%

4. Results and Discussion

The researchers used descriptive statistics, and Pearson Chi-Square Tests to statistically analyse the data collected through the questionnaire, and descriptive analysis for the data collected through interviews.

Research question 1

What turnaround strategies have been implemented by companies in the manufacturing sector in Harare, Zimbabwe?

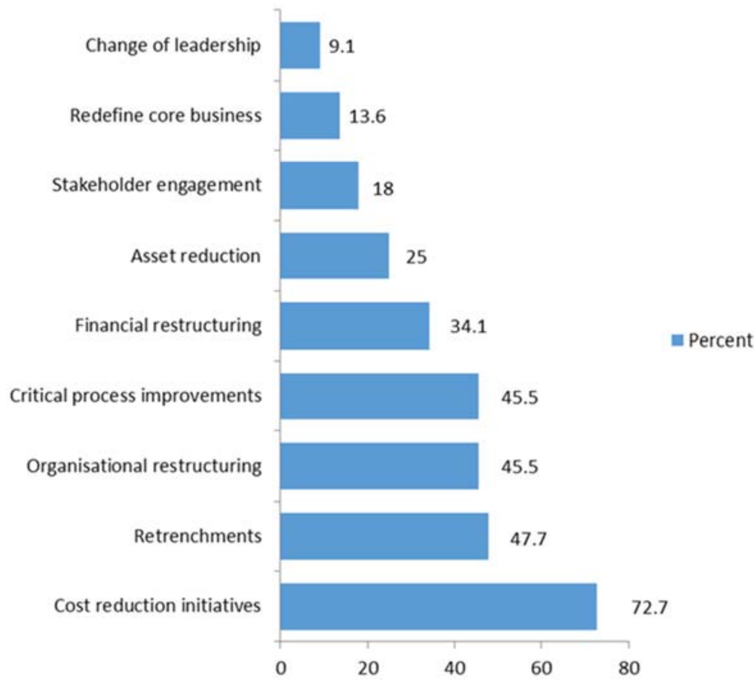

Figure 2. *Turnaround strategies implemented by manufacturing firms.*

From the figure 2 above, 72.7% of the cost reduction measures were implemented as a turnaround strategy, followed by 47.7% of retrenchments, 45.5% of organisational restructuring, and critical process improvements respectively, 34.1% financial restructuring, 25% of asset reduction, 18% of stakeholder engagement, 13.6% of redefine core business, and 9.1% of change of leadership.

Research question 2

How effective were those turnaround strategies?

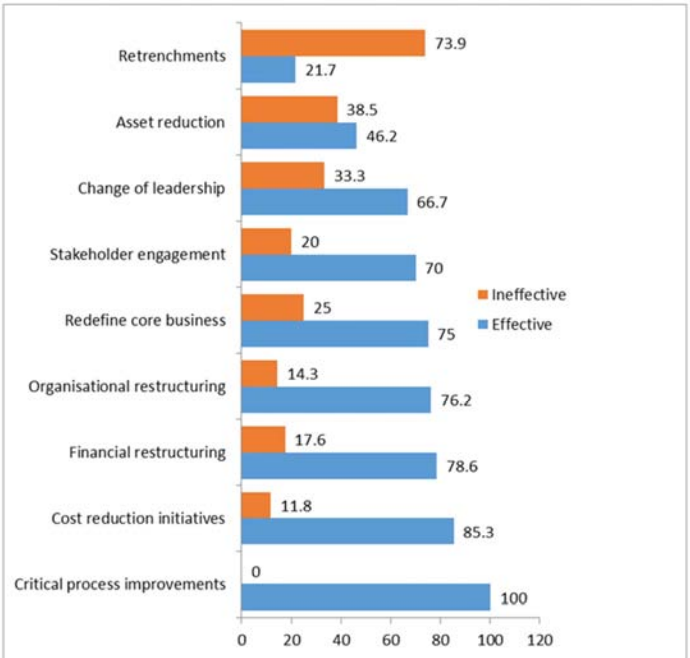

Figure 3. *Effectiveness of turnaround strategies implemented.*

The most effective turnaround strategy was critical process improvements with 100% of being perceived to be effective, followed by cost reduction at 85.3%, financial restructuring at 78.6%, organisational restructuring at 76.2%, redefining core business at 75%, stakeholder engagement, 66.7% of change of leadership, 46.2% asset reduction, and 21.7% of retrenchments.

Research question 3

Were there any impediments and challenges in the implementation of turnaround strategies in the manufacturing sector in Harare, Zimbabwe?

Table 3. *Internal factors affecting turnaround strategy implementation.*

Internal factors	Count	Example statements
Organisational culture and structure	24	The culture in this organisation is very toxic characterised by inflexibility There is clear lack of team spirit, it's a blame game when targets are not met Managers are benefiting at the expense of the company There is no accountability
Working capital constraints	14	The shareholders failed to inject fresh capital because the management failed to convince the shareholders about the prospects of a successful turnaround Too much debt in the company they need for working capital Serious working capital constraints
Old and dilapidated equipment	12	The equipment we are using is so old we can't produce efficiently Plant needs upgrade as its costly to maintain
Management issues	7	The visionary leadership in the organisation helped successfully turnaround this organisation The management lacked insight Management failed to employee concerns, many workers were intimidated and threatened with dismissal
Ability to control costs	6	We managed to control our costs by ensuring that we procure at the right price Abuse of company resources by management
Employee buy in	5	Employees did not have a clear understanding of the state of things in the organisation hence there was suspicion between employee and management which affected performance and productivity The employee simple did not understand where the company was going

The respondents were asked to list in an open ended question the challenges that were internal to the organisation being faced in implementing turnaround strategies. The data from the interviews are also incorporated in these results.

Table 4. *External factors affecting implementation of turnaround strategies.*

External factors	Count	Example of statements
Liquidity crisis	30	• There is not enough local demand because people don't have money • The liquidity crisis has affected our business, the company is sitting on a big amount of bad debts, customers are failing to pay
Government policy	27	• Duty being charge on raw materials is too high • Too much taxes being demanded by the government
Technological factors	19	• The new ways of production being introduced in our region are impacting negatively in our activities as we cannot cope with the changing technologies of production.
Labour issues	12	• Zimbabwe needs to realign its labour laws, payment of retrenchment packages will remain a problem for most companies. • Most companies don't have reserves. They are operating with just enough working capital sufficient to sustain current operations • labour costs locally are expensive
Competition from cheap imports	9	• It's difficult to penetrate European markets, which leaves the domestic market as the only option. Unfortunately, customers prefer imported goods to locally-made products • We are facing competition from cheap imports mainly from South Africa because of the weak Rand

The respondents were asked to list in an open ended question the challenges that were external to the organisation being faced in implementing turnaround strategies. The data from the interviews are also incorporated in these results.

Research question 4

Is there a relationship between turnaround strategy choice and turnaround outcome?

Table 5. *Pearson Chi-Square Tests.*

	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)			Monte Carlo Sig. (1-sided)		
				Sig.	95% Confidence Interval		Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Retrenchments	1.519[a]	2	.468	.494[b]	.484	.503			
Change of leadership	16.445[a]	2	.000	.000[b]	0.000	.000			
Asset reduction	7.404[a]	2	.025	.025[b]	.022	.028			
Redefine core business	5.955[a]	2	.051	.051[b]	.047	.056			
Cost reduction initiatives	1.984[a]	2	.371	.371[b]	.362	.381			
Refinancing	2.253[a]	2	.324	.324[b]	.314	.333			
Organisational restructuring	3.313[a]	2	.191	.196[b]	.189	.204			
Stakeholder engagement	16.398[a]	2	.000	.001[b]	.000	.001			
Critical process improvements	14.239[a]	2	.001	.001[b]	.001	.002			
N of Valid Cases	132								

The P values for turnaround strategies such as retrenchment, redefine core business, cost reduction initiatives, refinancing and organisational restructuring are > 0.05 we therefore fail to reject the null hypothesis. This means retrenchments, redefine core business, cost reduction initiatives, refinancing and organisational restructuring has no relationship with turnaround outcome. Turnaround strategies such as change of leadership, asset reduction, stakeholder engagement and critical process improvements have P values of < 0.05; this means we reject the null hypotheses. This means there are impediments and challenges in the implementation of the turnaround strategies and there is a relationship between these particular strategies and turnaround outcome.

Findings of the Study

The findings from the research study are as follows:

(1) The manufacturing companies implemented the following strategies, and they are ranked according to the extent of implementation. Cost reduction strategies ranked number one, followed by retrenchments, organisational restructuring, and critical process improvements respectively, financial restructuring, asset reduction, stakeholder engagement, redefine core business, and the least being change of leadership.

(2) The most effective turnaround strategy was critical process improvements, despite having been ranked second after cost reduction, followed by cost reduction, financial restructuring, organisational restructuring, redefining core business, stakeholder engagement, change of leadership, asset reduction, and retrenchments.

(3) There are both internal and external related factors that impede the success of the implementation of turnaround strategies by manufacturing companies in Harare, Zimbabwe.

(4) The study also revealed that there is no significant relationship between retrenchments, redefine core business, cost reduction initiatives, refinancing and organisational restructuring and turnaround outcome. While change of leadership, asset reduction, stakeholder engagement and critical process improvements showed a that there is a significant relationship between these choice of strategy and turnaround outcome.

5. Discussion

The results show that the most common turnaround strategies being implemented in the manufacturing sector are cost reduction initiatives, retrenchments, organisational restructuring and critical process improvements. This is very common taking into account the current economic environment and where many businesses are battling to control their costs. The majority of turnaround strategies being implemented in the manufacturing sector all hinge on lowering down the cost in the organisation. There have been cries in the business circles that the cost of doing business in Zimbabwe is very high and the turnaround strategies implemented justify the steps firms in the manufacturing sector are taking to revive their organisations. Retrenchments are the talk of the day; many organisations in the manufacturing sector are taking drastic actions to reduce head count in order to remain afloat. Organisational restructuring is also very common in the manufacturing sector where organisations re-align their organisation's structure to suit a particular strategic direction which the firm wants to take. Critical process improvements are very vital in the manufacturing sector as most manufacturing firms are stuck with old and dilapidated machinery. Many firms in the manufacturing sector are seeking to increase efficiency and reduce production cost by upgrading their equipment hence critical process improvement stands as one popular turnaround strategy in the manufacturing sector.

The results show that the most effective turnaround strategies implemented in the manufacturing sector are critical process improvements, cost reduction initiatives, Financial restructuring and Organisational restructuring. This is a true reflection of what needs to be done in the manufacturing sector; turnaround strategies indicated to be effective truly seeks to address the main problems being faced in the manufacturing sector. According to reference [11] manufacturing survey report, the major capacity utilisation constraints where low domestic demand, working capital constraints, antiquated machinery and breakdowns and high costs of doing business. Each of the strategies indicated to be effective tries to address issues raised in the report. Managers seeking to do a turnaround within an organisation are therefore advised to use strategies that are effective such as critical process improvements, cost reduction, financial restructuring and organisational restructuring depending also on what best suit their situation.

A proper situational analysis key to the success of a turnaround process, just like in hospital for a doctor to prescribe the right medicine he has to do a proper diagnosis of the patient's sickness and identify the really cause of the sicknesses. Failure to identify the correct cause and making a wrong diagnosis can be disastrous. The same applies to the business world prescribing a wrong medication to an organisation in distress can be catastrophic. There has not been much literature on the importance of situational analysis to turnaround outcome.

As has been proved by the Chi-squared test there is a relationship between turnaround strategy choice and turnaround strategy outcome. The results from the study show that there are some turnaround strategies which are more effective than others. The other results also show that some turnaround strategies result in more companies experiencing turnaround success than failures. Depending on the particular situation, the turnaround strategy choice selected determines the outcome of the turnaround process. There is a root which has more chances of success and there is a root which has less chances of success. Turnaround strategies such as cost reduction initiatives, critical process improvements and organisational restructuring have more successfully turnarounds than others.

6. Conclusion

Distressed companies can revitalize their business by using the services of turnaround strategies managers. Turnaround strategies management is regarded as a subset of business consulting, only that it is more concerned with corporate revitalization. This process utilizes analysis and planning as a way to return a struggling company to solvency. The key advantage a company can get from using the services of these business coaches is that they make sure that the company can continue with its operations with greater stability. Interim managers offer you a fresh perspective as to why your company is struggling and their objectivity can also permit them to take unpopular yet crucial steps to guarantee the survival of your company. Another pro of hiring a turnaround strategies management team is that they can help address disturbances in the company's cash flow and pay off skipped obligations to resolve creditor problems. They will also help decrease staff turnover due to resignation, and handle issues concerning such. In addition, turnaround strategies management can help companies develop operational efficiencies to improve earnings further. This process can also reinvigorate the business's market presence and attract new investment. In some cases, these business specialists can also help companies locate rescue capital. More importantly, it will also speed up the troubled company's return to profitability.

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