

T.C.
MARMARA ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
KAMU YÖNETİMİ ANABİLİM DALI
HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT BİLİM
DALI

A STUDY ON THE RESPONSES TO ORGANIZATIONAL
DECLINE

Yüksek Lisans Tezi

ANI YEŞİM SÖNMEZER

İstanbul,2006

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Danışman : Prof. Dr. İnci ERDEM Artan

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ÖZET

ORGANİZASYONEL KÜÇÜLME KARŞISINDA VERİLEN TEPKİLER ÜZERİNE BİR ÇALIŞMA

Günümüzde artan rekabet, tüketici talebindeki değişiklikler, piyasalardaki kaynak sıkıntısı, pazar daralması, talep yetersizliği gibi sebepler firmaların büyüme süreçlerine ciddi etkiler vurmakta ve onları organizasyonel küçülmeye (organizational decline) yönlendirmekte, hatta mecbur bırakmaktadır.

Ancak şirket yönetimleri küçülme sözkonusu olduğunda, gelişim ve büyüme konusunda gösterdikleri ilgiyi göstermemektedirler. Şirket içi iletişimde genellikle küçülme, daralma gibi terimler kullanmak yerine yeniden yapılanma vs tercih edilmektedir. Aynı zamanda örgütsel küçülmenin gerekliliği yöneticiler tarafından

kolaylıkla kabul edilmemekte; hatta son dakikaya kadar bu konu gözardı edilmektedir.

Organizasyonel küçülme, sebepleri her ne olursa olsun, iki aşamadan oluşur. Birinci aşama örgütün hizmet verdiği ortama uyumunun bozulmasıdır. İkinci aşama ise sözkonusu uyum bozukluğunun sonucu olarak örgüt kaynaklarının azalmasıdır.

Organizasyonel küçülme karşısında uygulanması gereken stratejiler ve alınması gereken önlemler hem sektör özellikleri hem de küçülmenin sebepleri açısından farklılık göstermektedir. Her firma ya da her koşul için geçerli olabilecek bir yönetim mevcut değildir.

Organizasyonel küçülme çalışanlar düzeyinde çeşitli olumsuz sonuçlara yol açmaktadır. Aslında organizasyonel küçülmenin kaynaklarda yarattığı kısıtlama düşünülürse, ortaya çıkan negatif sonuçlar sürpriz değildir. Örneğin stres, muhalefet, yönetimde merkezîyetçilik, gizlilik, çalışanların istifası (özellikle kaliteli elemanların) artmakta; katılım, esneklik, moral, risk alma, şirkete bağlılık ve güven, uzun vadeli planlama ve yaratıcılık azalmaktadır.

Bu tez çalışması kapsamında şirket çalışanlarının organizasyonel küçülme karşısındaki tepkileri ele alınmıştır. Yukarıda da belirtildiği gibi, organizasyonel küçülmenin özünde kaynak azalması bulunmaktadır. Bu noktadan yola çıkarak, bu araştırmanın amacı, şirkete direkt para sağlayan bölümlerde (satış bölümü) çalışan elemanlar ile şirkete indirekt para sağlayan bölümlerde (marketing, finans,

arařtırma&geliřtirme, üretim, personel v.s.) alıřan elemanların, organizasyonel küçülmeye gösterecekleri tepkinin farklılıđını arařtırmaktır.

Bu dođrultuda yapılan arařtırma sonucunda, řirkete direkt para sađlayan bölümlerde (satıř bölümü) alıřan elemanlar ile řirkete indirekt para sađlayan bölümlerde (pazarlama, finans, arařtırma&geliřtirme, üretim, personel v.s.) alıřan elemanların, organizasyonel küçülmeye gösterdikleri tepkiler arasında anlamlı bir farklılık bulunduđu görülmüřtür.

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ABSTRACT

A STUDY ON THE RESPONSES TO ORGANIZATIONAL DECLINE

Today reasons like changes in customer demand, rare resources in the markets, shrinkage of the markets, insufficient demand break down the companies growth process and even not only divert also force them to organizational decline.

However management of the companies do not give enough attention which they did for development and growth to the decline. Even terms like decline, downsizing etc. are replaced in most corporate communication by re-sizing, re-organization. At the same time, necessity of the organizational decline is not easily accepted, even this subject is avoided up to the last minute.

Organizational decline causes several negative consequences at individual level in the organization. If it is considered that conditions of decline inherently involve restricted resources, it is not surprising to have negative consequences. For instance in case of organizational decline stress, opposition, centralization of management, secrecy, resignations of the employees (especially qualified personnel) increase, motivation, risk taking, loyalty and trust, long term planning and innovativeness decrease.

Within the frame work of this study, the responses of employees to organizational decline have been discussed. As it is mentioned above, reduction of resources within the organizations is the core of the organizational decline. Starting from this point, the aim of this research is to prove the difference of the responses of the employees who are directly gained money to the company, that means they work in sales department, and the responses of the employees who are indirectly gained money to the company, that means they work in other departments like marketing, finance, R&D, manufacturing, human resources etc.

As a result of this study performed, it has been observed that there is a significant difference between the responses of employees who are directly gained money to the company, that means they work in sales department, and the responses of the employees who are indirectly gained money to the company, that means they work in other departments like marketing, finance, R&D, manufacturing, human resources etc.

CONTENTS

	Page No
LIST OF TABLES	IX
LIST OF FIGURES	XII
1. INTRODUCTION	1
2. ORGANIZATIONAL DECLINE	3
2.1. Organizational Decline in the Literature.....	3
2.2. Definition of Organizational Decline.....	6
2.3. Causes of Organizational Decline.....	17
2.3.1. Internal Causes.....	17
2.3.2. External Causes.....	20
2.4. Managerial Responses to Organizational Decline.....	24
2.4.1. Domain Selection Strategies.....	26
2.4.1.1. Domain Offense.....	28
2.4.1.2. Domain Defense or Consolidation.....	31
2.4.1.3. Domain Creation.....	33
2.4.1.4. Domain Substitution.....	35
2.4.2. Bibeault Suggestion.....	37
2.4.3. Harrigan & Porter Suggestion.....	38
2.4.4. Responding By Innovation.....	39
2.4.4.1. Decision-Maker Attributes.....	43
2.4.4.2. Organizational Attributes.....	46
2.4.4.3. Environmental Attributes.....	48
2.5. Downsizing.....	50
2.5.1. Key Attributes of Downsizing.....	51
2.5.2. Difference Between Downsizing and Decline.....	53
2.6. Retrenchment.....	55
2.7. Organizational Death.....	57
2.8. Individual Response to Organizational Decline.....	59
2.9. Role of Human Resource Management.....	66
2.9.1. HR Management Strategies for Domain Selection Strategies.....	70
2.9.1.1. Erosion & Domain Offense.....	73
2.9.1.2. Contraction & Domain Defense or Consolidation.....	74
2.9.1.3. Dissolution & Domain Creation.....	76
2.9.1.4. Collapse & Domain Substitution.....	77

3. AN OVERVIEW OF TURKISH AUTOMOTIVE & AUTOMOBILE	
SECTORS.....	78
3.1. Turkish Automotive Sector.....	78
3.2. Turkish Automobile Sector.....	90
4. METHOD.....	99
4.1. Aim of the Study.....	101
4.2. Sample.....	102
4.2.1. Sex.....	102
4.2.2. Marital Status.....	103
4.2.3. Age.....	104
4.2.4. Education Level.....	104
4.2.5. Position in the Company.....	105
4.2.6. Total Working Period.....	106
4.2.7. Working Period in this Company.....	107
4.2.8. Department.....	108
4.3. Measuring Tools.....	110
4.4. Application.....	113
4.5. Analysis.....	113
5. RESULTS ABOUT RESPONSE TO ORGANIZATIONAL DECLINE.....	115
5.1. Scores About Response to Organizational Decline.....	115
5.2. Analysis of Response Types at the Scale.....	116
5.3. Factor Analysis of Response Types at the Scale.....	119
5.4. Analysis of Results about Factor Analysis and Demographics.....	121
5.4.1. Response to Organizational Decline and Sex.....	121
5.4.2. Response to Organizational Decline and Age.....	124
5.4.3. Response to Organizational Decline and Education Level.....	131
5.4.4. Response to Organizational Decline and Position in the Company.....	139
5.4.5. Response to Organizational Decline and Total Working Period.....	152
5.4.6. Response to Organizational Decline and Working Period in this Company.....	161
5.5. Analysis of Results About Factor Analysis and Two Different Department Groups.....	170
6. DISCUSSION.....	175
APPENDIX.....	178
REFERENCES.....	183

LIST OF TABLES

	Page No
Table 1 : Comparison of Automotive, Food and Textile Industries Between 1995 - 2004.....	79
Table 2 : The Manufacturers of Turkish Automotive Sector; Starting Year of Production and Locations.....	81
Table 3 : Capital of the Manufacturers, Percentage of Foreign Capital and Licence.....	82
Table 4 : Production of Automotive Manufacturers Month of August 2005.....	84
Table 5 : Production Units For The Years 2000 - 2004.....	85
Table 6 : Production Units and Capacity Usage Between 2000-2004.....	86
Table 7 : Capacity Usage of Automotive Manufacturers in 2005.....	87
Table 8 : Automotive Industry Exports from 2000 to 2004.....	87
Table 9 : World Motor Vehicle Production.....	89
Table 10 : World Car Production.....	91
Table 11 : The Number of Automobiles per Thousand People in the World.....	92
Table 12 : The Importers and the Manufacturers of the Imported Automobiles.....	93
Table 13 : Car Production and Capacity Usage in 2004.....	96
Table 14 : Local Production and Import of Automobiles Between 1995-2004.....	97
Table 15 : Frequency Distribution of Sex.....	103
Table 16 : Frequency Distribution of Marital Status.....	103
Table 17 : Frequency Distribution of Age Groups.....	104

Table 18	:	Frequency Distribution of Education Level.....	105
Table 19	:	Frequency Distribution of Position in the Company.....	106
Table 20	:	Frequency Distribution of Total Working Period.....	107
Table 21	:	Frequency Distribution of Working Period in this Company.....	108
Table 22	:	Frequency Distribution of Department.....	109
Table 23	:	An example of Question of the Response Scale.....	112
Table 24	:	Scores of Response to Organizational Decline.....	116
Table 25	:	Results about the Types of Response to Organizational Decline.....	117
Table 26	:	Rotated Factor Matrix of the Factor Analysis.....	120
Table 27	:	Results of the Relationship Between Response to Organizational Decline and Sex.....	122
Table 28	:	Results of the Relationship Between Response to Organizational Decline and Age.....	124
Table 29	:	Multiple Comparison Between Age Groups.....	129
Table 30	:	Results of the Relationship Between Response to Organizational Decline and Education Level.....	132
Table 31	:	Multiple Comparison Between Education Levels.....	137
Table 32	:	Results of the Relationship Between Response to Organizational Decline and Position in the Company.....	140
Table 33	:	Multiple Comparison Between Positions in the Company.....	145
Table 34	:	Results of the Relationship Between Response to Organizational Decline and Total Working Period.....	153
Table 35	:	Multiple Comparison Between Total Working Period Groups.....	158
Table 36	:	Results of the Relationship Between Response to Organizational Decline and Working Period in this Company.....	162
Table 37	:	Multiple Comparison Between Working Period Groups in this Company	167

Table 38 : Results of the Relationship Between Response to Organizational
Decline and Two Different Department Groups..... 172

LIST OF FIGURES

		Page No
Figure 1	: The Organizational Decline Process.....	14
Figure 2	: Change in the Size of an Environment Niche.....	22
Figure 3	: Change in the Shape of an Environmental Niche.....	23
Figure 4	: Attributes that Influence the Organizational Decline.....	42
Figure 5	: Domain Selection Strategies and Human Resource Functions Under Different Conditions of Organizational Decline.....	72
Figure 6	: The Response Score Versus Frequency.....	115

1. INTRODUCTION

Growth and progress are traditionally emphasized in many organizations. Despite arguments that “small is beautiful”, most of the managers and managements appear to believe that bigger is better. This success-through-growth idea is so deeply ingrained in many organizations culture, so managers avoid the subjects of decline whenever possible. Even terms like decline, retrenchment and downsizing are replaced in most corporate communications by resizing, redesign and re-organization.

What is organizational decline? In the literature, wide variety of definitions exist. Organizational decline is characterized as shrinking markets and increased competition, as budget cuts, and as workforce reduction especially layoffs, as loss of legitimacy, as maladaptation to a shrinking environmental niche, as stagnation, and deteriorating and unsatisfactory organizational performance. In each case, decline is a negative consequence of maladaptation to a dysfunctional environmental condition. That is, decline happens to an organization; it is unintentional on the part of the organization or its managers (Freeman and Cameron, 1993, p.13).

Declining organizations are characterized by a wide range of dysfunctional consequences at both individual and organizational levels. If it is considered that

conditions of decline inherently involve restricted resources and pressures to retrench, it is not surprising to have negative consequences. For example in case of organizational decline conflict, secrecy, rigidity, centralization, formalization and conservatism increase and morale, innovativeness, participation and long-term planning decrease.

2. ORGANIZATIONAL DECLINE

2.1. Organizational Decline in the Literature

In general organizational theories are based on an assumption of growth and hence researchers are preoccupied with studying growth and its effects. Furthermore there are numerous examples of organizations that have failed to respond to declining environmental conditions because management was also preoccupied with growth (Whetten, 1980, p.581).

In the literature, there are limited number of researchs and books about organizational decline. There is an overall tendency in the organizational-studies literature to focus on the birth and growth of organizations rather than their decline and death. This tendency is suprising since, in any large population of organizations over a long period of time, there will be a large number of declining and dying organizations. People do not want to study on such a depressing topic, instead they prefer more optimistic title.

Actually if we look at the nature of the human beings life cycle, this situation is not so suprising. Because people always support birth and growth, avoid

to notice declining or failure. So this view is completely reflected to the organizational life.

The empirical study of decline is much more difficult than the study of expansion. Leaders of expanding organizations welcome the chronicler of organizational events, while those in charge of organizations suffering declining performance or liquidation usually have little time and no interest in working with administrative scientists; their concern is survival.

Moreover managers prefer to participate in a study of success than failure. So declining subject is more difficult to study than organizational growth or effectiveness. Even when managers and other employees agree to participate in research on decline, data collection can be more difficult because informants who feel the sting of failure may display more red-hot emotion than do members of successful organizations. For example, Harris and Sutton found that nine out of twenty-three managers who completed questionnaire about their reactions to organizational death reported that the experience was equivalent to divorce or the death of a spouse (Harris and Sutton, 1986, 10).

The other reason of being less research in the literature about decline compared to the other organizational topic, is difficult to obtain financial support for

research. As Whetten points out, growing companies are far more likely to have the resources to support research than are declining companies (Cameron, Sutton and Whetten, 1988, p.15). A variety of strong inducements prevent declining organizations from supporting research. Few declining organizations have the discretionary resources to support research about topics such as their structure, strategy, processes, and leadership. In fact, funds for research and development on new products and services are usually among the first to be cut in a declining organization. Research conducted by either internal or external investigators on management issues is typically even more difficult to support since decisionmakers are likely to view it as pure luxury.

Resistance to funding research on decline may also arise because leaders worry that it will be the equivalent of airing dirty laundry. And despite researchers' assurances of confidentiality, such fears may have a basis in reality. The results of research may cause observers to blame top managers for poor organizational performance, regardless of the extent to which leaders may deserve such blame (Meindl, Ehrlich and Dukerich, 1985, p.86). Since most leaders understand that they will be perceived by internal and external organizational actors as responsible for failure as well as success, they may be wise to veto funding for any study that evaluates a declining firm's strategy, structure or leadership.

2.2. Definition of Organizational Decline

In the literature there are variety of possible definitions of organizational decline, but rarely formal definitions are offered. Nonetheless, depending on the type of organization and preferred language, decline has been characterized as shrinking markets and increased competition; as budget cuts; and as workforce reduction especially layoffs. In private schools, decline has been defined as shrinking student enrollment and shrinking revenues. Other descriptions include loss of legitimacy, maladaptation to a shrinking environmental niche, stagnation, and deteriorating and unsatisfactory organizational performance that causes members and clients to become disgruntled. In each case, decline is a negative consequence of maladaptation to a dysfunctional environmental condition. That is, decline happens to an organization; it is unintentional on the part of the organization or its managers (Freeman and Cameron, 1993, p.13).

Thompson pointed out that under the assumption rationality, organizations attempt to anticipate and to adapt to environmental changes from which the core technology cannot be protected. When changes in environment are large, rapid or hard to predict, the organization must be capable of rapid change to survive. Failure to find the appropriate change leads to the organization's slide toward dissolution. An organization's inability to adapt is linked to various indicators. One of the common ways of defining decline in the literature is in terms of organizational size

dimensions such as the size of the workforce, market share, assets, profits, stock prices, physical capacity and number or quality of inputs and outputs (Greenhalgh, 1983, p.155).

Marketing literature is full of discussions of product life cycles. This cycle is usually shown as having four stages :

- Introduction of product,
- Growth in sales of the product,
- Maturation or a leveling off in the sales of a product,
- Finally decline in the sales of the product.

A lack of demand for organizational products will cause decline. However primary cause may be a short-sighted or insensitive management that does not recognize and respond to clear signals that the core products are in mature or diminishing markets or that desirable substitutes are appearing. The organizational literature makes reference to an organizational life cycle with basic stages similar to those of the product life cycle and with decline as one of the later stages. Quinn and Cameron suggested three possible stages: revival, continued maturity and decline. Each of the following writers - Quinn, Cameron, Adizes, Kimberly and Mintzberg – assesses growth as an increase in sales, profits or other changes in a dimension of the

organization's response to its environment. Therefore decline is a decrease in one or more of the dimensions. It is strongly implied that decline occurs after organizations have passed through other stages. Moreover Mintzberg defines decline in an almost deterministic way : "Once established, organizations peak in their service to society and then begin to decline." (Weitzel, 1989, p. 72).

In 1980, Whetten took a different approach to analyzing organizational decline. Whetten described two types of decline – decline as stagnation and decline as cutback. Decline as stagnation is evidenced by organizations that are bureaucratic, passive and insensitive. Decline as stagnation may or may not result in loss of revenues and is more likely in periods of abundance or during periods when the environments contains few true competitors. Whetten defined decline as cutback in terms of size dimensions due to a reduction in the total market or a decrease in the organization's ability to compete with others in the market. During periods of scarcity of customers, reduced need for the product or a lack of ability to deliver a product acceptable to the customer, cutback in size occurs (Whetten, 1980, p. 577).

Greenhalgh defined decline as a deterioration in the organization's ability to adapt to its environment. He pointed out that decline occurs when the organization fails to maintain the adaptiveness of its response to a stable environment or when it fails to either broaden or increase its domination of a niche. In this definition decline is defined as the opposite of successful adaptation (Greenhalgh, 1983, p.160).

Levy established a view point that decline is stage in which external and internal needs are not appropriately met and signals warning of the need for a change are ignored. In this definition, organizational decline includes a lack of awareness of environmental threats and internal weakness or lack of corrective action. Decline may begin with a lack of action resulting from failure to recognize a problem or recognition of the problem but failing to have sufficient interest and resources (Levy, 1986, p. 5).

Weitzel conceptualized decline by identifying characteristics that can be observed at various points along a decline continuum. His definition is as follows : Organizations enter the state of decline when they fail to anticipate, recognize, avoid, neutralize or adapt to external or internal pressures that threaten the organization's long-term survival. Moreover he defined stages of organizational decline (Weitzel, 1989, p. 75).

- 1st Stage : Blinded Stage
- 2nd Stage : Inaction Stage
- 3rd Stage : Faulty Action Stage
- 4th Stage : Crisis Stage
- 5th Stage : Dissolution Stage

Blinded Stage : Organizations in the first stage of decline are unable to recognize internal or external changes that may threaten long-term survival. Every organization has some areas of blindness, but effective organizations are more perceptive than ineffective ones. There are a number of internal problems to which an organization may be insensitive. Most business organizations are sensitive to quantitative changes in commonly gathered operational data because managers are trained to be attentive to them. However during the first stage of decline, negative pressures are not yet obvious in financial reports. In this stage many negative changes are qualitative. Qualitative changes are more difficult to recognize and to communicate. They may represent a basic shift in the environment such as an alteration in preferences for an organizational service or product. This change may limit organizational access to important resources or potential clients. Thus failure to scan environment is an indicator of an early stage of decline (Weitzel, 1989, p. 76).

Moreover in the first stage of decline, organizations have insufficient methods of internal surveillance. They lack of effective periodic reviews of standard operating procedures and routine assessments of employee attitudes and satisfaction that lead to corrective steps to address identified problems. Employees may be unaware of the overall corporate mission, goals and strategies so they are unable to detect obstacles to desired outcomes and modify their own behaviors. Line employees, customer-service personnel and sales personnel are often better able than managerial staff to detect early warning signals of failing competitiveness, changing

customer preferences, change in resource availability or other critical changes. Due to lack of communication these signals may not be noticed by the management. As a result organizations may be blind to the early stages of decline and enter the second stage.

Inaction Stage : The second stage of decline is characterized by inaction, despite of decline performances which are signed by sliding profits, declining sales and extra inventories. Although deterioration in performance has not reached crisis proportions, it can be observed by organizational members. There are two main reasons why organizations delay taking corrective action. First the threat or opportunity may be temporary, so a policy of “wait and see” is attractive. Second change is costly and disruptive. However whether the problems are temporary or require major adaptations, inaction is not an acceptable solution. When inattention to the problems in stage 2 persists long enough, the organization enters stage 3 (Weitzel, 1989, p. 77).

Faulty Action Stage : At this stage organizational failure may not be immediate, but it becomes more likely if the right changes are not made. Decision makers under stress tend to favor quick or enjoyable solutions rather than creative ones. Furthermore decisions are ambiguous or based on unrealistic projections. Paradoxically third stage of decline may be the best time to make major decisions and major reorientation. As a result due to above mentioned decisions, organizations

fail to stop the progress of decline and move into the next, more serious stage (Weitzel, 1989, p. 78).

Crisis Stage : When an organization reaches this stage, it is attempted to deal with its problems unsuccessfully, resulting in “crisis, chaos, efforts to go back to basics”. The internal problems and complexities caused by decline and the resulting cutbacks are greatly made worse by the crisis conditions in the fourth stage of decline. Customers, employees, suppliers and stakeholders begin to dissolve or restrict their relationship with the organization. Suppliers are likely to institute tighter credit requirements and seek new markets for their products. The organization’s declining credit ratings will discourage investors and raise the cost of obtaining additional capital. Many customers may have found product or service substitutes, better quality and better prices. The prescription for recovery from the chaos of this stage is to institute a major reorganization and turnaround. Revolutionary changes in “structure, strategy, personnel”, finding new niches and scaling down unpromising activities are necessary. Moreover replacement of top administrators is usually required to bring new ideas. If required action is not taken or “no acting” situation is chosen, the organization enters the final stage of decline (Weitzel, 1989, p. 80).

Dissolution Stage : The last stage of decline is irreversible. The organization is in serious trouble due to capital reduction, loss of markets and reputation and departure of talented, experienced organizational members. New

leaders may have been selected to turn organizations around, but the lack of resources and the inexperience of these new administrators increases the cost of leadership and contributes to continued failure. Deterioration will be rapid until the organization has no choice but to find buyers for its assets, go into bankruptcy proceedings or move directly into dissolution. Once the organization has reached this fifth stage, its only possible success is effectively managing its dissolution (Weitzel, 1989, p. 81).

As indicated above, there are many possible definitions of organizational decline. In this study, definition of organizational decline is accepted in the following way:

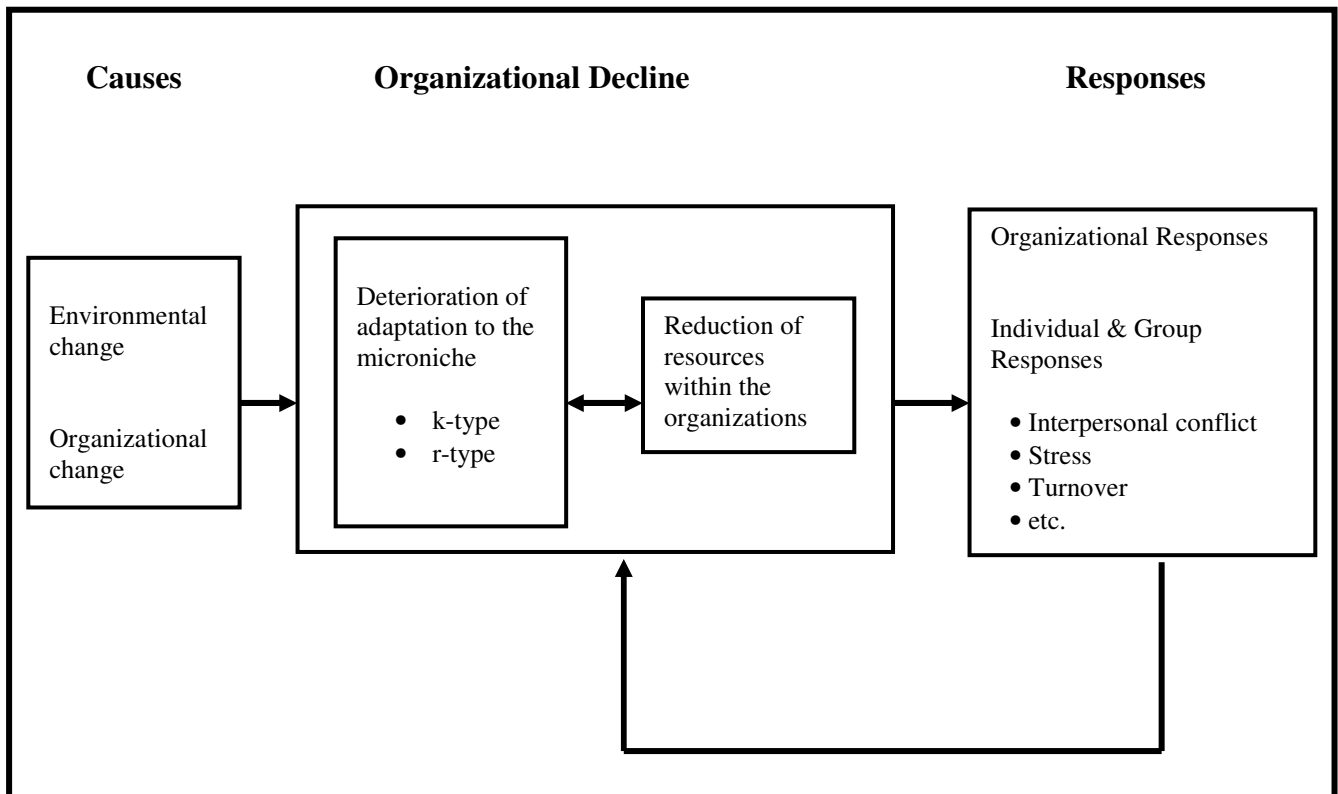


Figure 1 The Organizational Decline Process

Source : Kim S.C., R.I. Sutton and D.A. Whetten, Readings in Organizational Decline, Ballinger Publishing Company, Cambridge, 1988, p.6.

As defined in Figure 1, organizational decline is defined as a two-stage phenomenon in which, first, an organization’s adaptation to its domain deteriorates, and second, resources are reduced within the organization. Deterioration may be “k-type” or “r-type”. Deterioration of the “k-type” occurs because an organization is part of an industry that is shrinking or shifting. The decline of American Brands cigarette business from 1950 to 1970 is an example of a firm in this industry that has experienced k-type decline that is, shifting market demand away from nonfilter cigarettes. In contrast, deterioration of the “r-type” occurs when an organization is in

stable or growing population but has taken actions, such as poor management or introducing poor quality products, that have led to a deterioration in adaptation. A failing computer firm in a growing computer industry would be an example of “r-type” deterioration (Cameron, Sutton and Whetten, 1988, p.6).

Both k-type and r-type deterioration mean that the organization has become less well adapted to its market and is less successful at exchanging its outputs for new inputs. As a result, there is a reduction of available resources within the organization. As Figure 1 indicates organizations, groups and individuals affected by decline respond in a number of ways, some functional, others dysfunctional.

Decline is indicated when there is an objective decrease in the flow of resources. Perhaps the most direct measures of decline are financial data such as changes in sales figures or yearly budgets. But indirect measures may also prove revealing, such as decreases in customers of service organizations.

In k-type decline it should be noticed that environmental decline may not always affect resources in an organization. If an organization is part of an industry characterized by shrinking consumer demand, it cannot be described as “declining” if it is maintaining sales by increasing its market share.

Figure 1 indicates that organizational, group, and individual responses may influence subsequent levels of decline. To illustrate, top management may try to engineer a turnaround by introducing new products or services that enhance the fit between the organization and its domain, and thus increase the level of resources within the organization. For example, The Apple Computer Corporation was experiencing decline in 1985 because sales of Macintosh personal computer had slowed in the education market and attempts to break into the corporate market had met with little success. But the introduction of the Mac Plus -a new and more powerful member of the Macintosh product family- in 1986 led to a substantial increase in sales in the educational market and enabled Apple to break into corporate markets (Cameron, Sutton and Whetten, 1988, p.7). In terms of Figure 1, this attempt enhanced the organization's adaptation to its domain and increased resources within the organization.

Moreover, not the only the responses of top management can affect subsequent level of decline. The responses of other organizational participants can accelerate, slow, halt or even reverse the decline process. For example, government can affect the course of decline by lowering or raising taxes. Unions may further deplete resources within the organization by demanding pay raises and going on strike. Or unions may slow the decline by accepting paycuts, reduction in benefits, or layoffs.

The actions listed in Figure 1 may influence subsequent levels of decline regardless of whether such responses are intentional or unintentional. The implementation of strategic decisions such as changes in products or work-force reduction are examples of intentional responses that influence subsequent levels of decline. In contrast, interpersonal conflict or psychological distress are examples of responses that are unintentional, but may nevertheless affect subsequent levels of decline.

2.3. Causes of Organizational Decline

In order to understand the causes of organizational decline, information about environmental conditions is necessary but not sufficient . Obviously, it must be looked at the management practices within organizations to understand fully the causes of organizational decline.

2.3.1. Internal Causes

The literature on the internal causes of organizational decline tends to focus on two themes. First, Starbuck and his associates have examined numerous cases of organizational decline within the American and European business community to try

to better understand the organizational decline process (Starbuck and Nystrom, 1984, p.57). They coined the phrase “success breeds failure” to explain a frequently observed pattern of decline. Their argument is that very successful organizations often become over-confident of their ability to dominate a market. This over-confidence is manifest in a reduction in both product development and emphasis on quality, insensitivity to negative feedback from customers, failure to monitor trends in basic research and product innovation and discounting of the seriousness of short-term drops in sales.

In essence, these organizations do a poor job of anticipating problems, or even of responding to them in their nascent stage. Instead, they wait until erosion of their competitive position has reached a crisis level and then they tend to over-react with cruel actions to save product or, in some cases, the entire company.

This argument goes further. The tendency to discount pressing environmental problems is not the result of all forms of growth and success. Rather it is the natural outcome of earlier spectacular and continuous growth. That is, this dysfunctional over-confident mind-set is brought on by the absence of any disconfirming evidence. In a sense, it is a form of the Midas Touch problem, in that senior officials become convinced that any task they set their mind to will turn to gold, and this egotistical view is reinforced by their very impressive track record (Cameron, Sutton and Whetten, 1988, p.35).

The second explanation for organizational decline focuses on organizations with a very different growth pattern. These are mature institutions who have maintained a steady, though generally modest, growth rate. However, in the process they have fallen prey to the liabilities of large size and complexity. They have become so cumbersome and rulebound that they are unable to respond quickly to changing environmental conditions. Bureaucracy increases and growth leads to increased conservatism in organization. Moreover, large organizations tend to become less motivating environments for employees because jobs become highly specialized and so provide less variety and task identity (Cameron, Sutton and Whetten, 1988, p.35).

Furthermore, a feeling of complacency pervades the organization. In contrast to the mercurial rise and precipitous fall of the decline-as-crisis organizations, most members of these organizations are unaware of slight changes in growth or decline. Organization slides almost imperceptibly into trouble. In this gradual erosion situation it generally takes several years to detect a significant impact on organizational performance and even in those cases where an astute administration points to the problem early on, they have difficulty generating a mandate for change (Cameron, Sutton and Whetten, 1988, p.35).

2.3.2. External Causes

Besides internal causes, changes in external environment leads the organization to decline. These changes create different types of decline conditions. The characteristics of the external environment play a dominant role in determining successes and failures of managerial responses during periods of decline. As conditions in the environment changes, different kinds of constraints are imposed on organizations and different organizations experience qualitatively different conditions of decline.

To understand the kinds of decline that are induced environmentally, it is first necessary to discuss the nature of the environment of organizations and to explain the types of changes that occur in that environment.

The environment can be thought of as being composed of an assemblage of niches. According to Hutchinson a niche is a segment of the larger environment that is bounded by such factors as the availability of resources to support an organization's activities, constraints such as technology and culture and the presence of consumer demand for organizations' outputs (Cameron, Sutton and Whetten, 1988, p.118).

The level and types of organizational performance that a niche will support is continually being altered as resource availability, constraints, and output demand change over time. These changes create the conditions of both growth and decline for organizations.

Here it is interested in the situation where these changes reduce the size of a niche or modify its configuration, creating conditions of decline. These changes may take many forms, including decreased demand for products or services, increased government regulation, technological development rendering current products or services obsolete, or a decrease in the general level of resources in the environment. While there are many types of changes, all these changes creates two major causes which lead organizations to decline (Cameron, Sutton and Whetten, 1988, p.119):

- Decreased resource availability that reduces the size of a niche,
- Changes in preferences for the outcomes of organizational performance that result in decreasing demand.

In the first condition, a smaller niche requires a lower level of organizational activities because of a declining resource base. In the second condition, the niche is changing so that it no longer supports the types of activities in which organizations have engaged. The original niche may evolve into a different niche which supports a different set of organizational activities or it may cease to exist entirely.

Figure 2 depicts a niche shrinking from A to B because of a declining resource base. Niche B cannot support same level of organizational activity as could niche A, because either reduced availability of raw materials (input shrinkage) or a reduction in the demand for the organization's outputs (output shrinkage).

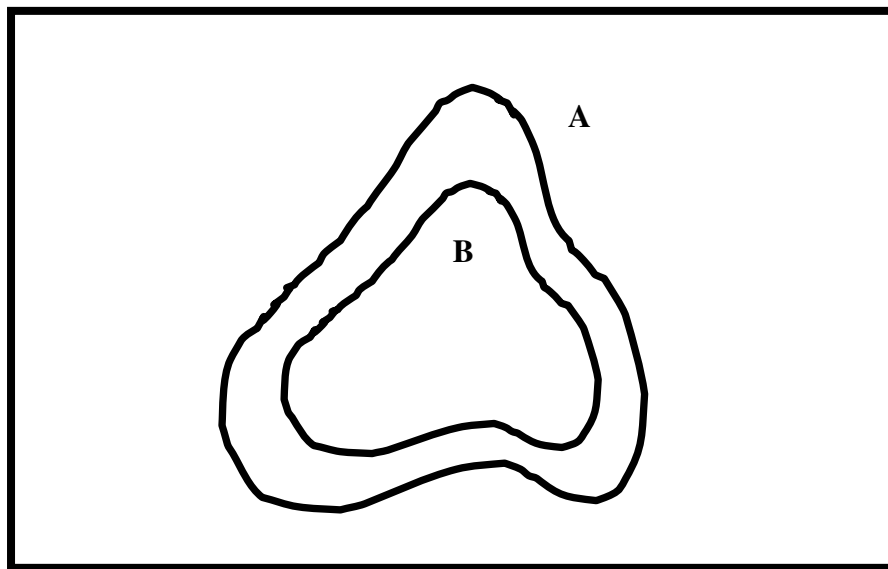


Figure 2 Change in the Size of an Environmental Niche

Source : Kim S.C., R.I. Sutton and D.A. Whetten, Readings in Organizational Decline, Ballinger Publishing Company, Cambridge, 1988, p.119.

Figure 3 represents a niche undergoing a qualitative change in configuration. This figure reflects the evolution of niche A into niche B; niche A is abolished or is subsumed by niche B. Only the area of intersection between A and B

is left of the original niche. The implication that new forms of performance are required of an organization in niche A if it is to survive the transition to niche B.

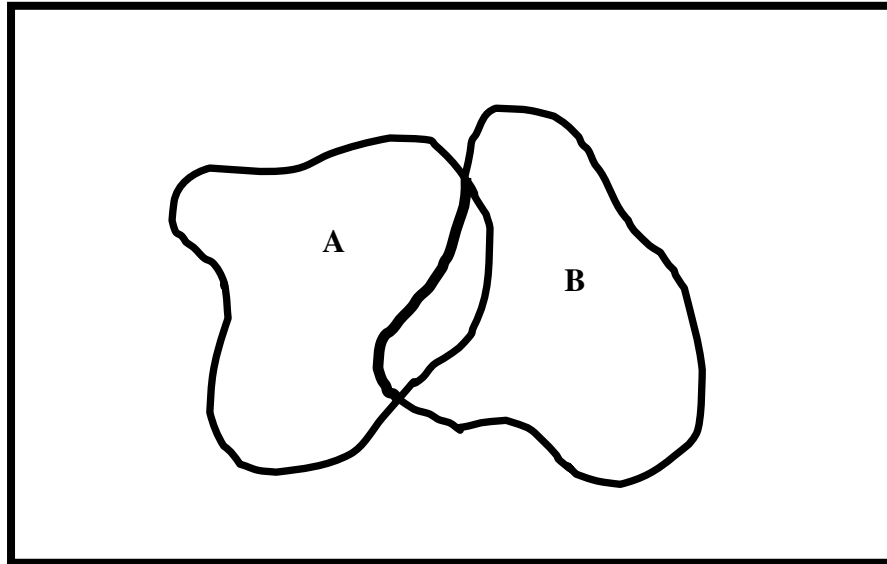


Figure 3 Change in the Shape of an Environmental Niche

Source : Kim S.C., R.I. Sutton and D.A. Whetten, *Readings in Organizational Decline*, Ballinger Publishing Company, Cambridge, 1988, p.119.

The experience of the American automotive companies during 1970s provides a good example of one niche evolving into another or of shrinkage in one niche resulting in the expansion of another. Historically, the U.S. automotive manufacturers produced large, relatively fuel-inefficient vehicles for U.S. market. Through the late 1960s and early 1970s, changes in several conditions occurred that led to decline : the growing internationalization of the global automotive industry, increased government regulation, increased gasoline prices in the U.S. and increased

import competition in the U.S. market. By the late 1970s, the niche had evolved so that while the American manufacturers could still sell some large automobiles (the previous niche), the bulk of the market had shifted to smaller, more fuel-efficient vehicles by the end of the decade (the new niche) (Cameron, Sutton and Whetten, 1988, p.120).

2.4. Managerial Responses to Organizational Decline

When research and case studies are examined in the literature, it is discovered that experiences in declining organizations are not always describing the same types phenomena. Decline in the automotive industry, for example, is not at all the same as decline in tobacco industry. Causal factors as well as managerial responses differ dramatically.

Kathryn Rudie Harrigan and her colleagues carried on a research for sixty firms (Dupont, American Cigar, Abbott Laboratories, General Electric, Westinghouse Electric, Dow Chemical, Allied Leather Spencer Foods are example from sixty firms) in eight industries in U.S.A.. The purpose of the research was to study patterns of declining demand and to study firms' responses to decline that were more or less successful than other responses. Several declining industries were

studied to see whether certain strategies were always successful or successful in only some situations (Harrigan and Porter, 1983, p. 115).

There were six main findings that emerged from the research :

- There were a number of different types of decline. Some types were better than others because they represented superior opportunities to prosper during the decline or to exit successfully from the decline.

- A number of different strategies were used during decline. There was no single road to success. Also many innovative ways of retrieving the value of a firm's assets were found and a variety of tactics for executing these different strategies proved effective.

- A firm's relative success during decline was affected by its relative competitive strengths as well as by the structure of the industry it was in.

- The appropriate strategies for coping with decline varied according to the firm's strengths and whether its industry environment was favorable for prolonged participation and relatively easy exit.

- There were a few exceptions to the general patterns observed. Some firms discovered unique ways to beat the laws of the marketplace.

➤ Firms did not always adopt the most economically appropriate strategies because of competitors' actions.

As it is proved in above mentioned research, there is no best and unique solution for organizational decline. Therefore in the literature, different managerial responses are suggested for different decline conditions. Moreover Thurow is characterized management of decline as both operationally difficult and politically hazardous. He stated that “There may be no solution to the problem of how to manage decline well. It may simply be impossible.” (Cameron, Kim and Whetten, 1987, p. 225). In the following part, some examples of managerial responses are going to be explained.

2.4.1. Domain Selection Strategies

Schendel suggested that before defining the managerial strategies for different decline conditions, the factor called “continuity of decline” should be noticed.

Besides the changes in the size and configuration of a niche explained in environmental causes of decline, another factor closely related to decline is the

continuity with which decline occurs. That is, a decline in the availability of resources can occur suddenly, or there can be a sustained, continuous decline in resource availability. Schendel and his associates suggested that pattern of change in the external environment is an important factor in determining managerial responses to decline (Schendel, Patton and Riggs, 1976, p.9). Two patterns of change can be discerned in their findings: Continuous change and Discontinuous change.

Continuous change represents relatively smooth change; change is largely uninterrupted and past trends are good predictors of the future. Discontinuous change represents sudden change where the past is not a good predictor of the future. A major shift occurs in the trends experienced in the past. When a continuous decline occurs, organizations have more opportunity to plan for adaptation than when discontinuous decline occurs. Hence organizations often are affected differently by conditions of decline depending whether it is continuous or discontinuous. These two conditions are really opposite ends of a continuum.

Cameron & Zammuto suggested “*domain selection strategies*” for the management of decline. It includes four managerial strategies based on two factors – the continuous or discontinuous nature of decline, and the type of change occurring in a niche (Cameron, Sutton and Whetten, 1988, p.122-127).

- Domain Offense
- Domain Defense or Consolidation
- Domain Creation
- Domain Substitution

Managers select specific domains that are supported by the resources present in the niche in which their organizations exist. Organizational domains refer to the population served, the technology employed and the service rendered by the organization. Most organizations have a core domain or a “primary task” that defines the character of the organization. In conditions of decline, this core domain may be threatened by a reduction in the resources available in the niche (changes in niche size) and by the evolution of the niche itself (changes in niche configuration) (See Part External Causes). Different types of decline require different types of domain strategies ranging from defending a current domain to creating a new domain or substituting a new domain for an old one.

2.4.1.1. Domain Offense

Conditions : Organizations are faced with continuous shrinkage in the size of their niche which is not likely to present an immediate threat to organizational

survive. A climate of stagnation exists and decline is gradual and predictable. This situation is called as “erosion”.

Managers-Subordinate Relations : In this situation, stagnation and progressive reduction in resources serve to heighten conflict over who will get less. Managers can remain consultative with subordinates since organizational survival is not immediately threatened. There is time to consider multiple alternatives and upward information flow is not entirely constricted.

Domain Selection Strategy : – *Domain Offense* – Above mentioned conditions provide managers with the opportunity to establish new priorities, to alter resource or product mix, or to pursue new activities aggressively. Under normal conditions, organizational inertia inhibits many new activities to be pursued, but a condition of gradual resource cutback provides the impetus for proactive managerial actions which attempt to anticipate environmental events and are implemented aggressively. Therefore, in a condition of erosion, successful managerial actions tends to be proactive, leading toward *domain offense* strategies, that is the expansion of organization’s domain.

An example of the management of erosion is provided by Hopkins’ studies of the U.S. tobacco industry (Cameron, Sutton and Whetten, 1988, p.124). Hopkins

studied on a particular time period when erosion was the dominant condition of decline faced by U.S. tobacco firms (1965-1970). That is, per capita consumption of cigarettes was gradually declining in each of these years and average tobacco acreage harvested gradually shrunk as well. Continuous shrinkage of niche size differentiated this period from others faced by the tobacco industry previously or afterward.

During this period of erosion, tobacco firms were characterized by proactive management and domain offense strategies. Ansoff suggested three types of domain offense strategies that can be implemented by product-oriented firms (Ansoff, 1965, p.124):

- *Product Development Strategies* : New, improved or differentiated products for present customers.
- *Market Penetration Strategies* : Present products for present costumers.
- *Market Development Strategies* : Present products for new customers.

Tobacco firms engaged in each of these three strategies under conditions of erosion significantly more than at any other time. That is, new cigarette brands were

introduced at an accelerated rate (product development), advertising expenditures increased markedly (market penetration) and exports of cigarettes overseas grew substantially (market development).

2.4.1.2. Domain Defense or Consolidation

Conditions : Organizations face a discontinuous, often unexpected, decline in resource availability. The niche is suddenly smaller. This situation is called as “*contraction*”.

Managers-Subordinate Relations : Because sudden reduction in resource availability occurs, the organization’s survival is in jeopardy. Conflict within the organization is a product of the experienced threat to existence and autocratic management results. That is, there is little time for participative decision-making or information search, so management becomes highly centralized.

Domain Selection Strategy : – *Domain Defense or Consolidation* – In a condition of contraction, reactive response which are implemented in direct response to a decline event and not until it occurs should be applied. Reactive behaviors dominate among managers as conservatism, across-the-board cuts and other

protective measures are used in an attempt to preserve organizational position within the niche. The major concern is to conserve current resource levels until better times arrive. These reactive tactics employed by managers tend to lead to *consolidation* and *defense* of the traditional domain of the organization. Strategies are oriented toward the preservation of the organization's core until either conditions change or until strategic planning can occur.

An example of a condition of contraction is provided by the oil refinery industry in U.S. (1973-1974) as a result of Arab oil embargo. The reaction of the 149 firms in this industry to the period of contraction was analyzed by Hopkins (Cameron, Sutton and Whetten, 1988, p.125). He used three different kinds of criteria to indicate domain defense or consolidation –cost reduction strategies, discontinued operations and the narrowing of the range of investments. The purpose was to determine the extent to which firms trimmed “organizational fat”, consolidated around their core domains, and became protective when facing a sudden reduction in the size of the environmental niche. His analyses confirmed that the most successful (profitable) firms did engage in the predicted tactics and strategies as they encountered this period of contraction. Significant differences were found between the behaviors of these oil firms during this contraction period compared with periods before or after. Operations were discontinued, high cost and marginal activities were curtailed and investments were withdrawn from unrelated subsidiaries. Less successful firms did not follow these tactics and strategies to the same extent.

2.4.1.3. Domain Creation

Conditions : Organizations are faced with gradual shift from one niche to another. This is called as “*dissolution*”. It is qualitatively different from *erosion* and *contraction* in that the environmental niche does not just get smaller, it threatens to evolve into completely different niche. Therefore organizations’ outputs progressively become less acceptable within the environment.

Managers-Subordinate Relations : In this situation, conflict arises over what new directions the organization will take to survive. As in political process, coalitions form around various alternatives for changing the products or services. Therefore manager-subordinate relationships become more coalitional nature.

Domain Selection Strategy : – *Domain Creation* – In the condition of dissolution, the acceptability of the outputs of the organization is in question. Managers must enact or implement new alternatives in order for the organization to move into a new, supported niche. New resources are pursued and new domains of activity are sought that may find legitimacy and acceptability. Because the decline is continuous, it usually can be predicted in advance and adjustments can be planned for.

Enactive tactics are required of managers then, which lead to *domain creation* strategies or the diversifying of the organizations' risk.

An example of the management of dissolution is provided by private liberal arts colleges in the United States. Due to changing in economy and job market, liberal art colleges in the 1970s began experiencing a gradual shift in student demand away from liberal arts courses and toward professional programs and the applied sciences. Chaffee studied the responses of 14 private liberal arts institutions to conditions of decline and found that successful institutions facing conditions of dissolution responded as suggested by the model (Cameron, Sutton and Whetten, 1988, p.125). For example, College "A", created management-oriented business and economics departments as well as programs in criminal justice and hotel/food service management when student enrollments began to decline. College "B" maintained its liberal arts emphasis but implemented computer literacy requirements and career counseling service for all students at the school. College "C" established joint programs with nearby universities and medical centers for purposes of career development. College "D" changed its name, dropped several liberal arts majors, and gave increased emphasis to technical programs. In fact, seven of the fourteen institutions studied by Chaffe successfully recovered from decline and in every case, new domains created and administrators enacted new internal changes as a response to their potentially dissolving niche.

2.4.1.4. Domain Substitution

Conditions : Organizations are faced with discontinuous change in the shape of the environmental niche. Niche shape is altered suddenly and extensively, and the original niche often dissipates in a very short time. This situation is called as “*collapse*”. It refers to a rapid and dramatic condition of decline and to an immediate threat to the survival of the organization.

Managers-Subordinate Relations : In this situation, confusion over what is the best path toward organizational survival contributes to increased levels of conflict. Managerial relationships with subordinates are generally chaotic and disorderly. It is difficult to determine what information is valid and reliable because of the constricted time frame in which the organizations must operate. Therefore, decisive leadership tends to be replaced by turmoil.

Domain Selection Strategy : – *Domain Substitution* – In the condition of collapse, discontinuous change occurs in the shape of the environmental niche producing such catastrophic conditions that managers within the organizations are likely to have no previous experience to call upon for guidance. Managerial tactics are expected to be oriented toward experimentation, since the adaptations that will work under conditions of collapse are unknown. The lack of predictability and the

suddenness with the decline occurs, result in random trial-and-error responses by managers. New domains are tried in hopes of finding a domain to *substitute* for the one that has collapsed. There is no time to plan for domain creation, so existing domains which have the needed environmental support are sought as substitutes for the nonsupported domain. Managers must be concerned primarily with finding resources and with identifying a domain that will be supported by a new niche. The first satisfactory alternative encountered is likely to be accepted.

An example of collapse in an environmental niche is provided by Barney research in the U.S. wristwatch industry, particularly U.S. Time Corporation (Cameron, Sutton and Whetten, 1988, p.126). U.S. Time, the maker of Timex watches, had captured almost 50% of the domestic watch market by 1960. Timex watches had become highly standardized with interchangeable parts, and they were manufactured and assembled only with U.S. Time's uniquely designed tools. Therefore, they were produced more rapidly and less expensively than any other watches on the market at the time. However, the introduction of the first quartz digital watch in 1968 marked a radically different approach to watch-making. Whereas Timex watches had 98 movable parts (compared with about 120 for most other watches), the simplest electronic watch had 5 parts, none of which moved. However, prices for electronic watches were running from about 800\$ to 2000\$, far beyond the 7.95\$ Timex watches. In 1971, Timex even introduced its own quartz digital watch that sold for less than 200\$, far below the price of its competitors. However, in 1975, an unpredicted niche collapse occurred for both expensive quartz

watches and for inexpensive mechanical watches. Semiconductor companies like Texas Instruments introduced digital watches for under 30\$. Then in 1977, Texas Instruments introduced a digital watch for under 10\$. In this condition, Timex did not have a choice. It had to find a way to compete. The speed at digital watch prices were falling forces Timex to buy a semiconductor company. And this is exactly what Timex did. Consistent with the predictions of the decline model, it substituted a new domain for its old domain by purchasing an already established semiconductor technology from RCA.

2.4.2. Bibeault Suggestion

Bibeault identified a four-stage managerial response for internally caused decline (Cameron, Sutton and Whetten, 1988, p.37):

- Management change,
- Evaluation,
- Emergency actions,
- Stabilization and return-to-normal growth

This model explicitly argues that successful strategies can only be implemented by new management. When the cause of an organization's problems is widely attributed to current management, both external and internal support for strategies is contingent on a change in top personnel. In other words, problem causers have little credibility as problem solvers.

2.4.3. Harrigan & Porter Suggestion

According to Harrigan and Porter, the important point of managerial response to decline is selecting the appropriate response to the dwindling resource due to environmental causes (Cameron, Sutton and Whetten, 1988, p.37). Their suggestion for managerial response are the followings:

- Taking a leadership position in terms of gaining a larger share of the dwindling market.
- Creating a specific niche in which the organization can exploit a unique competitive advantage.
- Harvesting the organization. This involves reducing investment in a business or area of activity in order to reduce costs and improve cashflow. This approach can be implemented at different rates depending on the urgency of the

situation. Slow harvesting means reduce financial support at such a slow rate that it almost appears to be maintenance strategy; at the other extreme, fast harvesting can result in budgets being cut at such rate that it seems almost indistinguishable from liquidation (Burnes, 1996, p.156).

2.4.4. Responding By Innovation

As technologies and industries change at an accelerating pace, many firms are likely to face performance declines at some time in their history. As was true in previous times of rapid technological and industrial change, more firms will decline due to permanent changes in their environments than because of temporary, repeating recessions. According to Mueller, Mckinley, Mone and Barker, companies that do not innovate when responding to decline will probably fail or be absorbed by other companies. Although innovation does not guarantee a successful recovery from decline, many evidence suggests that a firm's chances of turning around will be greater through innovation than through the continuation of past policies and practices (Mueller and others, 2001, p.31).

Mueller, Mckinley, Mone and Barker connect their suggestion, about being innovative, to the attractive event and its results. The Fastnet is a race for oceangoing sailboats held biannually in the North Atlantic. In 1979, a severe storm

hit the racers, producing winds in excess of 70 mph and waves over 900 metres high. During the storm, 24 yachts out of the 300 competing were abandoned by their crews and 15 sailors lost their lives. The British Admiral's Cup Team yacht "Eclipse" completed the race without any major accident. They completed the race first in their class and second overall.

In storm conditions, there are few prescribed routines and a wide variety of storm tactics sailors can try like using different sail combinations, drag devices etc. A technique or combination of techniques may work well for a given boat at a certain storm intensity, but may not work at a higher intensity. Moreover one technique may work well for one boat, but not work at all for another boat, for reasons having different ship body or other design factors. As the wind ascended, the captain of Eclipse conferred with his experienced crew about how to handle the boat in the unusual conditions. They tried several sail configurations, but results were not successful. Then the captain took a difficult decision that to stop racing and concentrate all of the crew's efforts on combating the storm. This was a brave decision because Eclipse was designed for racing and all of the sailors were focused on winning the race. After the decision was made, the crew found through trial and error that the best way to handle the storm. All helmsman put tremendous effort so the boat was not to be allowed to turn sideways. The captain ordered hot soup to be prepared and rotated some of the crew below to rest, thus the strength and morale of the crew were maintained. The captain and his crew kept their belief that the storm could be controlled by concentration and good steering.

Mueller and his associates combine Eclipse's story with current organization theory and take this example as a guideline to show managers how they can respond with innovation in the face of organizational decline. In corporate context, how can managers support their firm's capacity for

- Entering new market niches,
- Developing new products,
- Initiating new strategies

when decline in the firm's resource base occurs. According to Mueller, McKinley, Mone and Barker five variables that affect the capacity of firms to react to organizational decline with innovation :

- Attributions of stability,
- Attributions of controllability,
- Degree of power,
- Level of uncommitted resources,
- Level of institutionalization.

They create three attribute groups – Environmental Attributes, Organizational Attributes, Decision Maker Attributes – to classified above mentioned variables as shown Figure 4.

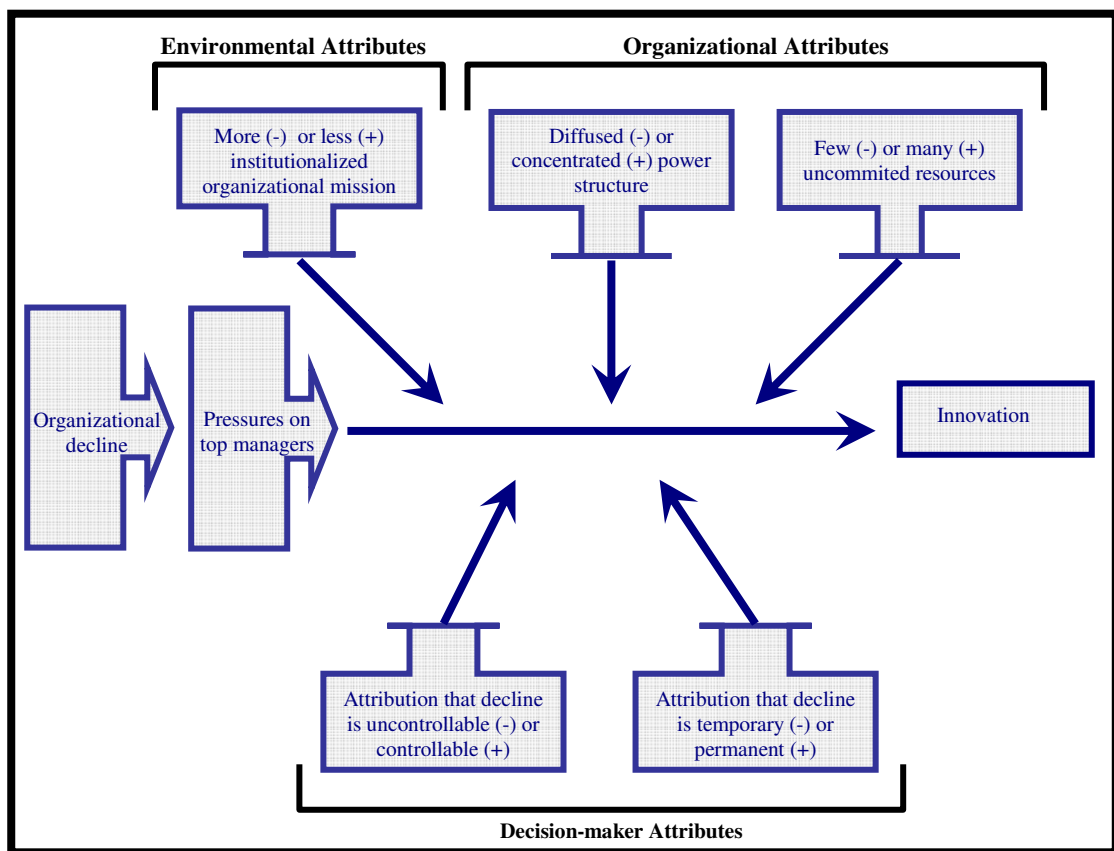


Figure 4 Attributes that Influence the Organizational Decline

Source : George C.M., W. McKinley, M. Mone and V. Barker, “Organizational Decline – A Stimulus for Innovation”, Business Horizons, November-December, 2002, p.26.

Although other than above mentioned attributes may influence innovation in response to decline, Mueller, Mckinley, Mone and Barker especially emphasized these attributes due to their studies of declining companies (Mueller and others, 2001, p.26).

2.4.4.1. Decision-Maker Attributes

Two types of causal attribution can influence the level of innovation in response to organizational decline :

1st : Degree of permanence (Stability of causes)

2nd : Controllability of the decline

To be successful in response to organizational decline, how managers perceive the causes of decline is the main point.

In thinking about the causes of organizational decline, managers usually begin by forming an opinion about the stability of those causes. The stability is defined as the degree of permanence by Mueller and his associates. If decline occurs and is attributed to stable (permanent) causes, management will probably undertake more ambitious, innovative responses. However, if the decline is attributed to temporary causes, managers may be unwilling to incur the costs and effort of

innovation. For example, if managers believe their firm's decline is largely due to cyclical recession, they may adopt a wait-and-see attitude in anticipation of an eventual upturn in economic activity. The innovation has costs, including disturbance of operations and the uncertainty about unknown future returns so managers may need a reason – such as a stable cause of decline – to engage in innovation at a time when resources are stretched. If causes of decline that managers perceive to be temporary can be ignored or deflected more easily and are more likely to lead to conservative responses or no response at all.

A second type of causal attribution that can influence the level of innovation in response to organizational decline is the perceived controllability of the decline. Controllability is defined as a judgment (perceptions) that managers make about the level of wisdom they have for manipulating or responding to the causes. This judgement may have little to do with whether the actual causes were controllable or not. It reflects whether management believes the firm can respond effectively to those causes and control its own destiny.

When managers believe the events that affect their firms cannot be controlled, they feel a sense of personal inefficacy to implement changes, potentially leading them into a situation of “learned helplessness” in the face of decline and lowering their incentive to innovate. Indeed, in any firm in which the managers and employees believe they cannot control their own destiny, they will generally not

expend the effort needed to attempt innovations. Moreover it should be noticed that controllability is a perception or judgment of top managers and not necessarily a concrete attribute of the actual causes of decline. One group of managers may see the sources of their firm's decline as uncontrollable, while second group facing the same situation may believe their firm has the skills, resources to respond to these same sources and lead to greater attempts to innovate in response.

The empirical study done by Barker and Patterson in 1996, has shown how changes in the top management team can influence perceptions of the causes of decline and the extent of innovation in response. Top managers at 29 corporations that were in decline and attempting turnarounds were asked whether the causes of decline were controllable or uncontrollable, temporary or permanent. The pattern of responses was very closely linked to the percentage of top managers who had been replaced during the turnaround attempt. At firms where few or no top managers had been replaced, decline was significantly more likely to be attributed to uncontrollable, temporary causes. At firms where many managers had been replaced, decline was more likely to be attributed to controllable and permanent causes. Barker and Patterson executed another study in 2001 and examined the same firms. They found significant positive association between the extent of top management team replacement and major changes in business-level competitive strategies, organizational structure and controls. These two studies suggest that innovation in response to decline can be stimulated by new top management teams

whose perceptions of the causes of decline change from uncontrollable and temporary to controllable and permanent (Mueller and others, 2001, p.28).

2.4.4.2. Organizational Attributes

In addition to attributions of stability and controllability explained previous section, a third variable that affects the capacity to react to decline with innovation is the degree of power which is diffused throughout the company. Although it is commonly assumed that decentralization promotes innovation, Mueller, Mckinley, Mone and Barker believe the relationship is more complicated. And they say “Decentralization and diffusion of power to coalitions and interest groups within the firm encourages the generation and development of innovative ideas. But when it comes to choosing and implementing innovations under conditions of decline, the results are best when power is concentrated.” (Mueller and others, 2001, p.28).

Concentration of power helps resolve the disagreements and controversies when firm has to choose a limited and implementable set of ideas out of many suggestions. When the firm’s total resource base is shrinking, scarce resources always restrict the number of new products, processes and strategies that can actually be applied. A concentrated power structure facilitates the difficult choices that need

to be made to restrict the range of innovations to those that can be realized with a shrinking stock of resources.

In responding to decline, executives can try to configure power structure in such a way that power over idea generation is diffused, while power over the implementation of those ideas is concentrated. In other words, ideas about how to respond to decline need not be generated by a centralized decision authority. But top executive group in the firm must have the power to make and enforce decisions about which ideas are put into place.

As shown Figure 4, the level of uncommitted resources at the beginning of a decline period is a fourth variable that affects the capacity to innovate. Uncommitted resources are those immediately available to fund corporate initiatives, such as the excess of cash and marketable securities over short-term liabilities. Committed resources are those non-liquid funds embedded in the infrastructure of the firm, such as selling, general and administrative costs.

If uncommitted resources are high at the beginning of a decline period, the stockpile provides a source of funding the costs of innovation. This encourages managers to take on new initiatives, such as production process improvements, new product development or exploration of new markets. But if uncommitted resources

are low, managers have less flexibility to fund new strategic initiatives, establish new product launches, modify the production process. In this case, managers should accumulate and store cashes of liquid resources whenever possible.

2.4.4.3. Environmental Attributes

A final variable affecting the ability to respond to organizational decline with innovation is the extent to which the firm's mission is institutionalized. Firms with highly institutionalized missions face a rigid and well-defined set of expectations about what they should be doing. They are restricted in their capacity to innovate in the face of decline. For them, many potential innovations will be considered outside the boundaries of acceptable activity. By contrast, firms with more loosely institutionalized missions are subject to a more flexible set of expectations about what to do, the parameters of an acceptable mission are more extensively defined. They have more different maneuver ways to modify their strategies, products & service offerings and production processes when they encounter declining demand. What should firm do, if firm needs innovation to overcome decline but faces rigid, institutionalized constraints on the nature of its mission? Mueller, Mckinley, Mone and Barker suggest one thing : "Redefine the mission". Such a transition may open up niches for new product or service offerings that were not apparent before and could help reverse the decline.

As a summary, following steps may be used as a guideline to respond the organizational decline innovatively :

1. Paying attention to the attributions organizational members make about the causes of decline : In the case of organizational decline, the true causes of the decline may be difficult to determine but managers should encourage a tendency toward attributions of stability and controllability. The message to employees should be :

- When it is uncertain, assume that casual variables driving decline are permanent,
- And the firm has the capabilities to respond them.

In addition managers must work hard against to a natural tendency “wait and see” whether circumstances will reverse themselves. They need to declare early on causes of decline – are not going away- and the firm must take action.

2. Promoting diffused power for generation of innovative solutions, combined with concentrated power at the decision and implementation stages.

3. In declining firm's capacity to implement innovations will be increased by pools of uncommitted resources, so do not overstretch the firm's slack resources during good times.

4. To maximize the chances of innovation, top managers should take an active role in creating or redefining the firm's mission : For firms threatened by decline, top management can promote reinterpretations of the mission that seek to avoid the restrictions connected with strong mission institutionalization.

2.5. Downsizing

Organizational downsizing constitutes a set of activities, undertaken on the part of the management of an organization, designed to improve organizational efficiency, productivity and competitiveness. It represents a strategy implemented by managers that affects the size of the firm's work force and the work processes used. On the surface, downsizing can be interpreted as a mere reduction in organizational size (Atwood, Coke and Cooper, 1998, p.46).

In order to manage downsizing properly, following points must be considered (Baron and Kreps, 1999, p:432) :

- The process should be well understood by workers. There should be extensive communication before, during and after.
- The process should be perceived as embodying distributive and procedural justice.
- The process should be kind to leavers.
- There should be support services for the survivors.

2.5.1. Key Attributes of Downsizing

Downsizing is not something that happens to an organization, but is something that organization members undertake purposively. This implies that downsizing is an *intentional* endeavor. This differentiates downsizing from the loss of market share, loss of revenues or unwitting loss of human resources that are associated with organizational decline (Freeman and Cameron, 1993, p.12). Downsizing is distinct from mere encroachment by the environment on performance or resources because it implies organization action. Activities intended to reduce the size of work force-such as hiring freezes, early retirement programs or

layoffs-cannot be implemented without intentional behaviors on the part of organization members.

Second downsizing usually involves *reductions in personnel*, although it is not limited solely to personnel reductions. A variety of personnel reduction strategies are associated with downsizing, such as transfers, outplacement, retirement incentives, layoffs and so on (Freeman and Cameron, 1993, p.12).

Work force reduction may occur in one part of the organization but not in others. This relates to a third characteristic of downsizing, that downsizing is focused on *improving the efficiency or effectiveness* of the organization (Freeman and Cameron, 1993, p.12).

Finally, downsizing affects *work processes*, wittingly or unwittingly. For example the work force contracts fewer employees are left to do the same amount of work and this has an impact what work gets done and how it gets done. Overload, burnout, inefficiencies, conflict and low morale are possible consequences or more positive outcomes may occur such as improved productivity and speed. Moreover, some downsizing activities may include restructuring and eliminating work which lead to some kind of organizational redesign. So work processes are usually influenced one way or another by downsizing (Freeman and Cameron, 1993, p.12).

2.5.2. Differences Between Downsizing and Decline

Organizational decline and downsizing are commonly confused. It is helpful to clarify the differences between decline and downsizing.

As mentioned at the beginning decline has been variously defined in the literature. In each case, decline is a negative consequence of maladaptation to a dysfunctional environmental condition. That is, decline happens to an organization; it is *unintentional* on the part of the organization or its managers. However downsizing is an *intentional* action (Freeman and Cameron, 1993, p.13).

Decline also differs from downsizing in that decline does *not necessarily produce reduction in work force*. For example, many organizations have experienced a decline in market share or revenues with no reduction in work force and others have reduced work force only to match losses in revenues. In the former case this is not downsizing at all and in the latter case it is downsizing in response to decline (Freeman and Cameron, 1993, p.13).

In brief, downsizing and decline are distinct constructs. Downsizing may be implemented as a defensive reaction to decline or as a proactive strategy to enhance organizational performance. Firms seeking to be more flexible, more responsive or less bureaucratic are increasingly resorting to work-force elimination to achieve the advantages of smaller organizations. That is organizations can downsize without declining, as when downsizing is used proactively to enhance competitiveness and they can decline without downsizing (Ferris, Rosen and Barnum, 1995, p.282).

Operationalizing the measurement of decline and downsizing provides another differences between two constructs. In assessing organizational decline, the level of resources at time 1 is simply compared to the level at time 2 and decline is signaled by a negative coefficient or negative slope. Therefore decline can be assessed independent of any managerial action. Such is not the case with downsizing. Instead, in assessing downsizing the intentionality and target of personnel reductions are taken into account. Because downsizing is a strategy implemented purposively to enhance organizational efficiency, competitiveness or productivity, information on management or organizational actions is required. Comparisons of employment levels at time 1 and time 2 are supplemented by answers to questions such as: “Were actions taken or policies implemented that were designed to reduce the number of employees in the organization?” or “Were reductions intended to improve efficiency?”. This information differentiates decline from intentional reductions targeted toward organizational improvement. Therefore downsizing may be indicated by the presence of fewer employees at time 2 compared

to time 1, but this reduction is a result of organizational actions or policies. Downsizing can also be indicated by fewer employees per unit of output at time 2 compared to time 1, in which case downsizing activities would have produced improved efficiency (Freeman and Cameron, 1993, p.14).

2.6. Retrenchment

Employees will be worried about the application and impact of cutbacks will have on them. They may take steps to block cutbacks. Therefore, retrenchment is a difficult task to implement like downsizing. The general aim is to cut back in order to match expenditure to projected income and refocus the organisation so as to be able once again to attain prosperity in the future (Burnes, 1996, p.156).

Deciding what to cut is the fundamental dilemma of retrenchment. Which functions should be abandoned and which continued? Which organizational subunits should be eliminated and which maintained? In choosing what to cut, the basic issue is whether to favor equity or efficiency. Equity considerations suggest a share-the-burden strategy. Across-the-board cuts are attractive, for not only can they be defended as equitable but they also avoid the necessity of making real choices about priorities. However, if the required cuts are large, across-the-board retrenchment does not make sense. For example, it is not a solution to require every unit,

regardless of importance of its mission or the effectiveness of its work, to absorb a 30% cut. Such a decision could destroy the effectiveness of all subunits. Since some units may require a critical mass of personnel and equipment to function effectively, a 30% cut may result in more than a 30% loss of effectiveness (Cameron, Sutton and Whetten, 1988, p.349).

In fact deciding what to cut is just the traditional chore of allocating resources. However in retrenchment this means deciding who must absorb the decrements rather than who will be awarded the increases. The task of allocating growing resources is relatively simple. The manager need only decide who will get much of this year's increase. Of course, manager can make some mistakes in allocating resources, but these can be easily rectified. For example, the manager may have overestimated the ability of subunit A to make productive use of additional resources and underestimated the ability of subunit B to do so. As a result, the manager allocates to A some resources that would have better been given to B, and the entire organization is less productive than it could be. Still both A and B are alive and functioning and the mistake can easily be corrected with the next stage of increases by allocating more of the increase to B and less to A. Thus the manager's mistake is not disastrous in the short run and can be corrected in the long run.

However, in retrenchment the managerial responsibility of allocating resources is qualitatively different. Now the manager must decide which units will

absorb the greatest portion of the losses and the consequences of any error can be significant (Hardy, 1990, p.142). For example, suppose that more cuts should be made in A than in B, but the manager decides wrong and cuts more from B than from A. In the short run, A will continue to function more or less as it has, but B may be significantly wounded. Moreover, the manager may not be able to correct the problem in the next stage of cuts. Subunit B may already have been permanently damaged; even if extra cuts are made in other subunits to give B a real increase the loss of key personnel may make recovery an extremely expensive process. In retrenchment, a mistake in allocating resources can be much more disastrous than in growth.

Finally in retrenchment, managers of an organization must have a long-term perspective on the problem. They must understand where they are going and how they can get there. And they must recognize the steps that need to be taken today to ease the more difficult cutback decisions like closing department or plant, that must be made tomorrow.

2.7. Organizational Death

In organizational decline, after applying all possible managerial strategies and cutbacks such as reduction in work forces or in allocating resources,

organizational death may be inevitable result. From the employees point of view, organizational death is a serious stroke to them.

In the literature, very little research has examined the behavioral aspects of the close-out process. One of the most important contributions on this topic has come from the research carried by Sutton on employee behaviors during the organizational closing process in eight closing cases (Cameron, Sutton and Whetten, 1988, p.383-385). This work has shown that many of the negative expectations believed by managers during closing-out process are incorrect. For example, managers typically believe that once a plant closing has been announced, productivity and quality will decrease, employee sabotage and stealing will increase. However, according to Sutton's research, the productivity and quality will not always decrease. In his research, some of the cases gave evidence about increasing productivity and quality. These outcomes may be due to employee pride, a struggle to save the organization or because employees need good recommendations to get another job. Despite of common argument on increasing sabotage and stealing after announcement of closing, in his research no cases of sabotage were reported and there was evidence of increased thefts by employees in two of the eight closing cases.

According his research results, leaving of the best employees was occurred, except in cases where employees are extremely loyal. Despite of expectations on

increasing conflict, it was actually appeared to decrease after the announcement because members were trying to work together to save the organization. The results about emotions toward management were that while hostility was often observed, fear and sorrow appeared to be most dominant emotions. The last result was, employees had trouble accepting that a closing was actually going to occur.

Sutton's study has also examined the dilemmas and paradoxes encountered by management during the closing process. These include accepting blame versus deflecting it to external causes; disbanding the organization while at the same time needing to sustain high morale and productivity; informing openly employees, customers, suppliers versus hidden information from interested parties for shielding. These issues show the complex challenges facing managers of closing facilities. Therefore managing organizational death requires careful attention (Cameron, Sutton and Whetten, 1988, p.39).

2.8. Individual Response to Organizational Decline

In the literature, there is no common agreement about what the individual's response are under the conditions of decline. Limited number of empirical research has investigated the individual and organizational factors characteristic of declining organizations. Although authors suggested different responses as a result of their

researches, generally they agreed that in conditions of organizational decline conflict, secrecy, rigidity, centralization, formalization and conservatism increase; morale, innovativeness, participation, leader influence and long-term planning decrease (Cameron, Kim and Whetten, 1987, p.225).

Moreover there is a serious need for research on the conventional theories about leadership, conflict resolution, decision making etc. to explain behavior during the organizational decline. Because all of them are typically developed and verified by means of observations from expanding organizations, there are scarcely any organizational models or theories that do not require recalibration for conditions of decline.

Stress

At the level of the individual organizational member, one of the most profound response is increased stress.

Conflict

Increased interpersonal conflict is one of the most important response under the condition of decline. Levine, Whetten and Hermann have noted under conditions of decline involve restricted resources, fights over a smaller resource and consequent

attempts to protect existing situation cause the intensified conflict (Cameron, Sutton and Whetten, 1988, p.33). Yetton and Levine both note that in order to avoid conflict, managers in decline conditions rely less on participative decision making than they normally would (Levine, 1979, p.181).

Managers generally prefer across-the-board cutbacks, rather than selective, prioritized cuts, to appease conflicting demands and minimize the political fallout of cut-backs.

Centralization of Decision-Making & Participation

Centralization of decision-making increases because mistakes become more visible and costly when resources are scarce and decisions are pushed up the hierarchy. It emphasizes the control. So participation consequently decreases (Cameron, Sutton, and Whetten, 1988, p.34).

Politicization

According to Pfeffer and Salancik, pluralism or the development of organized and vocal special interest groups increases as organizations become politicized (Cameron, Sutton and Whetten, 1988, p.33).

Secrecy and Rigidity

According to Whetten secrecy and rigidity emerge due to organizational decline (Pettigrew, Ferlie and McKee, 1994, p.64).

Turnover & Exiting Qualified HR

High turnover and losing the qualified human resources are one of the most disturbing individual response. People under the conditions of decline tends to leave the organization. Most of the time those people are the best qualified member who can formulate creative responses to the decline.

In order to prevent high turnover in declining organizations, Levine suggests new forms of compensation that make exit very costly. For example, deferred payment schedules for fringe benefits like profit sharing and retirement (Levine, 1979, p.181).

During the application of cutbacks, losing qualified human resources can be further aggravated by across-the-board cuts which fail to distinguish between productive and unproductive people and departments. Indeed, the consequence of across-the-board cuts may well be to lay off the organization's best workers.

Therefore cutback management requires the ability to recognize good performance and reward it. Otherwise, the most productive workers will simply leave.

Resistance to change

The organizational decline is required intentional or unintentional change in the organization. So it is not surprised to meet increased resistance to change. To keep their existing position people reject the new alternatives or applications and react more conservatively.

Morale

In decline few needs are met in the organization, infighting becomes predominant and the tension mounts, so it leads low morale. And low morale is spread to whole organization (Behn, 1978, p.335).

When employees see the organization becoming smaller, they conclude that it is becoming less important and less successful as well. Such an inference can easily destroy morale. Richard Cyert noticed vicious circle : “A first set of cutbacks leads to declining morale, which leads to poorer performance, which leads to a second round of cutbacks, which leads to a further decline in morale, and so on.” (Cameron, Sutton and Whetten, 1988, p.349).

Risk Taking

According to Boyd and Starbuck & Hedberg, employees take less risk to keep their job and position (Cameron, Sutton and Whetten, 1988, p.33).

Loyalty and Trust

According to Turner a loss of trust and loyalty as a low commitment organization emerges due to organizational decline (Pettigrew, Ferlie and McKee, 1994, p.66).

Innovativeness

Another individual response of decline is on the rate of organizational innovation. Some authors have argued that decline will hamper innovation. For example, Smart, Vertinsky, Bozeman and Slusher have proposed that during crises managers are paralyzed by a fear of failure. Hence they become more conservative rather than more innovative. On the other hand, Wilson has argued that organizations are not likely to adopt significant innovations until they experience a major crisis. Moreover Toynbee has argued that a small amount of stress may cause members to have their creative faculties impaired by fear. However, as the threat

increases in intensity, a threshold may be reached that triggers a desperate effort to generate creative alternatives (Cameron, Sutton and Whetten, 1988, p.166).

Managers faced with decline interpret to spend money for innovation as luxury, especially when cutbacks are required. Most of the time they blame the innovation for decline and forget to use it as a solution.

Leader Influence

Whetten and Levine noted that leader credibility suffers and this often leads to high rates of leader turnover during organizational decline. They lose the confidence of their subordinates (Cameron, Sutton and Whetten, 1988, p.211).

Long-term Planning

Crises and short-term needs drive out strategic planning. Therefore long-term planning is neglected (Pettigrew, Ferlie and McKee, 1994, p.64).

Margin for Error

As slack resources dwindle, the margin for error in an organization decreases. While the stakes for making good decisions increase, the penalties for making bad ones also increase.

2.9. Role of Human Resource Management

When companies face with declining, human resource activities differ from the activities applied in growth or development phase of the company. Actually they depend on the defined company strategies against declining. According to these strategies, certain topics associated with traditional human resource functions may become somewhat irrelevant. For example, recruitment and selection function in case of workforce reduction.

Moreover one of the most important activity - human resource planning - depends on the question of predictability in declining. Predictability of the short and long-term conditions and relevant strategies effect the human resource planning. Actually strategies against declining may change the human resource needs. So these changes can completely change the existing human resource plans and be required new one according to the conditions.

Furthermore training may have different importance to response decline as planned. Due to strategies against to decline, departments may need employees with new skills, so defining the required training and providing it to existing employees in the department or determining the individuals work in different department who have the required skills or education by human resource management increased the abilities of the company against declining.

In declining if companies decide to apply downsizing especially reducing in work-force, then human resource management has responsibilities to apply them and correct their effect. First of all, human resource management must have programs ready to assist the severed workers. For example, employees typically face immediate uncertainties when informed that they are being laid off. Will they receive severance pay? Will they have any benefits from their retirement plan? These and similar questions should be anticipated and responses prepared. Second, job design function becomes important after reduction in workforce. Human resource management must redesign jobs and ensure that work done by laid-off workers is picked up by other workers.

During workforce reduction, human resource management has number of applications. These include not only traditional layoffs but also leaves of absence

without pay, work sharing, reduced work hours, early retirement (Fishman and Cherniss, 1990, p.139).

Layoffs. Layoffs can be temporary or permanent. Temporary layoffs usually occur during slack periods when workloads do not permit such a large work force; as soon as work resumes its normal level, workers are recalled. However, permanent layoff is required for the employees whose skills, knowledge and abilities are no longer consistent with the strategic direction of the company.

Leaves of Absence Without Pay. One means of cutting labor costs temporarily is to give workers the opportunity to take leaves of absence without pay.

Work Sharing. Work sharing is a work concept that two or more individuals share one full-time job.

Reduced Work Hours. Reduced work hours is a staff reduction concept that employees work fewer than forty hours and are paid accordingly.

Early Retirement. In order to reduce work force, employees close to retirement are given some incentive to leave the company earlier than expected.

During workforce reduction, companies must demonstrate their support to the employees who are included in workforce reduction plan. **Outplacement** which is a process of assisting employees in their search for another job delivers that support. This process includes providing career guidance, retraining those employees, assisting those who can not with resume writing, interview techniques, career and personal counseling, and job-search methods (Bohl, 1988, p.61). Companies need to recognize that many of these employees, especially those worked for a long time with the same company, have no idea how to go about getting a job outside the company. The crucial period for this employee appears to be the first three to six months, in which a number of key factors come into play (De Cenzo and Robbins, 1996, p.150). First of all is the psychological aspect of looking for a job. Being unsuccessful more than six months tends to cause an individual to feel that he or she will never get a job. Second is the money issue : after six months, money – even severance pay- may be running out. And this only adds to the psychological problem. That is why the current aspect of outplacement is so crucial –to help these individuals deal with these tough times.

2.9.1. Human Resource Management Strategies for Domain Selection Strategies

In this part human resource management strategies are defined for the managerial response model of “Domain Selection Strategies” which is suggested by Cameron&Zammuto (See part 2.4.1.).

The role of the HR manager in implementing domain strategies in response to declining environmental conditions becomes clear if it is visualized that an organization being composed of the knowledge and skills possessed by its employees. McKelvey noted that the competencies possessed by members of the organization represent the linkage between environmental pressures and organizational form and function (Ferris, Schellenberg and Zammuto, 1984, p.385). Within this context, the role of HR manager is to manage the pool of knowledge and skills possessed by an organization and to ensure that the organization has the competencies necessary to adapt to changing environmental conditions.

Human resource managers have three defined sets of tools to work with in managing the pool of competencies. The first is “the recruitment/termination process” which controls the inflow and outflow of the knowledge and skills possessed by the organization. The second is “the training and development process”

which HR manager can modify existing competencies. The third tool is “the evaluation, reward and retention process” by which HR managers maintain desired organization competencies. Of course these three sets of tools do not represent all of the possible activities of HR management function. However they may defined as the most important dimensions (Ferris, Schellenberg and Zammuto, 1984, p.385).

Human resource managers play an important role in organizational adaptation by ensuring that the knowledge and skills required for implementing domain strategies are available to the organization. In the following figure domain selection strategies and related human resource functions is shown.

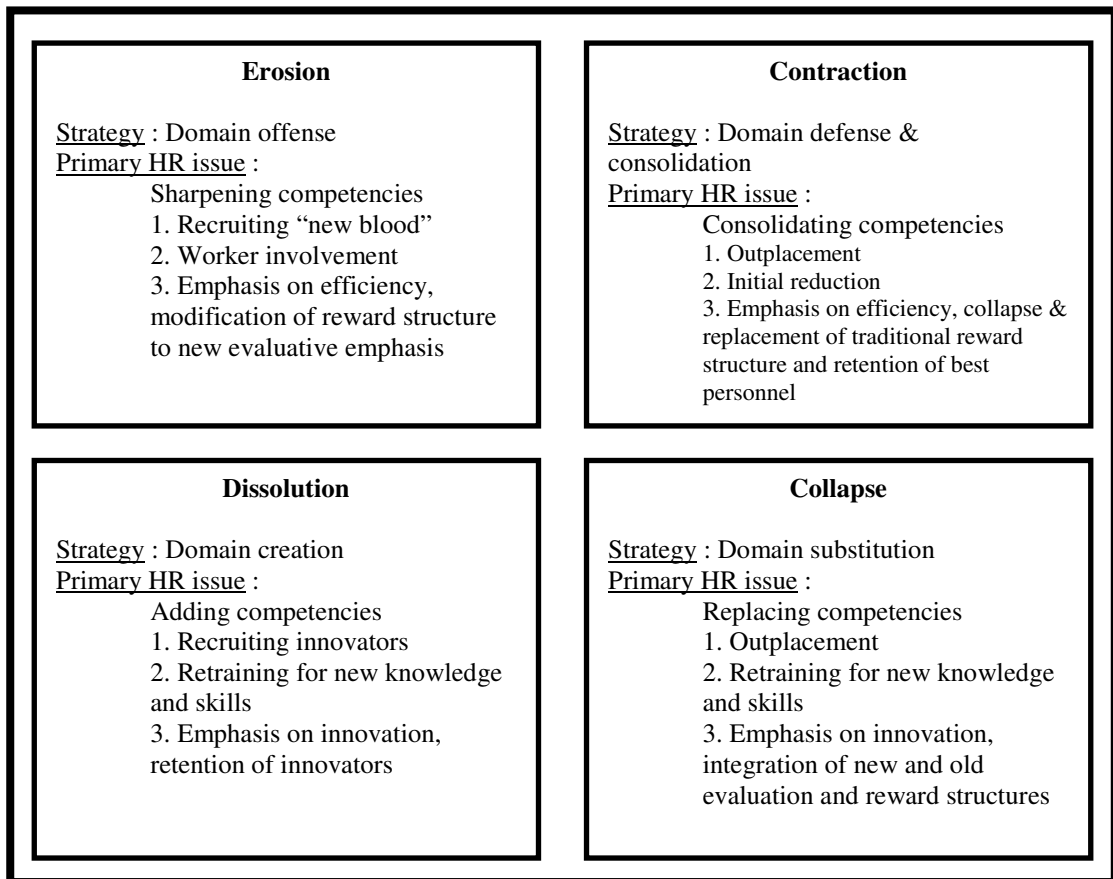


Figure 5 Domain Selection Strategies and Human Resource Functions Under Different Conditions of Organizational Decline

Source : Ferris G.R., D. Schellenberg and R. Zammuto, Human Resource Management Strategies in Declining Industries, Human Resource Management, 1984, Volume 23, No.4 (Winter), p.386.

2.9.1.1. Erosion & Domain Offense

Under the conditions of erosion, the problem facing the human resource manager is one of sharpening the pool of organizational competencies. This is needed for the organization to achieve greater efficiencies so that it can compete in a less munificent environment. In addition the organization needs to find new ways to take the advantage of resources that are available, either through the development of new products related to existing ones or through new ones for the products and services already produced.

The evaluation & reward and training & development systems play important roles in the first instance, while recruitment process may play a more important role in the latter. In the case of increasing efficiency, training & development may focus on employee involvement, through quality of work life programs, participative decision making. Moreover evaluation & reward systems often need to be revised by emphasizing responsibility, efficiency and product quality.

The recruitment process can play an important role in *Domain Offense Strategies* because there is often a need to attract individuals with innovative ideas. In many instances, erosion creates organizational decline because of strongly

established top management that is resistant to experiment with marketing products to new groups of consumers or to develop new products and services. As a result the recruitment process may help to supply innovation at the top levels through management succession (Ferris, Schellenberg and Zammuto, 1984, p.387).

2.9.1.2. Contraction & Domain Defense or Consolidation

The condition of contraction creates a different kind of problem for HR manager since implementation of a *Domain Defense or Consolidation* strategy typically requires reductions in work force. One of the most important side effect of work force reduction is that the most able personnel are usually the first to leave since they have the most opportunities elsewhere. Their departure creates a problem because they are precisely the individuals most needed to implement a successful domain defense or consolidation strategy. Effective HR management responses during such times might focus on fine tuning the performance appraisal system so that good and poor performers are accurately identified. If labor force reductions need to be made, rewarding personnel who are performing effectively is important issue so that they do not look for employment opportunities elsewhere (Ferris, Schellenberg and Zammuto, 1984, p.388) .

Providing rewards to valued employees is possible if resources are available. But during a period of contraction organization needs to conserve resources. Thus a great pressure is placed on the organization's ability to reward valued personnel. In this situation the reward system may have to be redesigned.

As a result during a period of contraction, HR manager has to develop ways by which the number of personnel can be reduced as the organization consolidates its domain activities. There is also a simultaneous need for the human resource manager to assure that essential personnel remain with the organization, which may require changes in the organization system.

Training and development expenditures are likely to be reduced with contraction case as the organization attempts to conserve already diminishing resources. But as the situation stabilizes, training and development may start again. If management feels adequate resources are available, the organization may direct resources toward retraining workers for reemployment within the organization. With the reduced opportunities available to import new skills and abilities into the organization, providing additional skill training of the existing employees would seem to produce benefits by developing an extensive skills and also a more flexible work force (Ferris, Schellenberg and Zammuto, 1984, p.388) .

2.9.1.3. Dissolution & Domain Creation

Under the condition of dissolution, the problem facing the HR managers is to add new skills and talents to the pool of existing organizational competencies to assure that the organization has the capacity to innovate. The implementation of *Domain Creation* strategies requires that the organization attract personnel who have skills and knowledge that enable it to move into a new and supported niche. This requires attracting innovators, employees who have different knowledge and skills than those already possessed by members of the organization (Ferris, Schellenberg and Zammuto, 1984, p.388).

Training and development can play an important role in this situation by adapting the knowledge and skills of current organizational members to the new needs of the organization. The point is that while new competencies need to be acquired, often existing knowledge and skills can be modified to meet some of the needs of domain creation strategies.

2.9.1.4. Collapse & Domain Substitution

Under the condition of collapse the problem faced by HR manager is to replace the existing pool of organizational competencies with a new one. First of all new evaluation and reward systems is required and then termination, layoff and outplacement systems have to be developed and implemented. When the new competencies are acquired through licensing agreements, joint ventures, merger, acquisition and other similar actions, retraining may play an important role (Ferris, Schellenberg and Zammuto, 1984, p.390).

3. AN OVERVIEW OF TURKISH AUTOMOTIVE & AUTOMOBILE SECTORS

3.1. Turkish Automotive Sector

Turkish automotive sector has a background of 51 years if the year 1954 when Türk Traktör started manufacturing is considered as the beginning. On the other hand, regarding its improvement, it displays a higher maturity over its age. Especially, the years of 1960's, after when Ford Otosan started to manufacture six years later than Türk Traktör did, were the years when the sector developed most. The nine more firms (Isuzu, BMC, Chrysler, Karsan, Man, Mercedes, Otokar, Otoyol, Uzel) in this sector, started manufacturing after one another during this period. However, during these years, the production of all these manufacturers was based on branches (Truck, pickup, bus, minibus, midibus, road tractor, farm tractor) other than automobile. The automobile sector sprang up in 1971 when Oyak-Renault and Tofaş were established. In the following years, three more manufacturers (Ford, Toyota, Opel) started to produce automobile except from Temsa which was established later in 1987. However one of the above mentioned companies, Opel expired his manufacturing facility in 2001. Moreover the youngest automobile

manufacturers of the sector are Honda and Hyundai, the companies which have been producing only since 1997.

After 51 years, what is the current situation of the sector? Within the whole production industry, when automotive industry is compared with food and textile industries, it comes first in 2003 and 2004 (See Table 1).

Table 1

**Comparison of Automotive, Food and Textile Industries Between
1995 - 2004**

Year	Industry	Sales from Production (Net) (Million \$)	Export (Million \$)	Employment (People)
1995	Automotive	4 304	787	30 484
	Textile	6 291	2 220	104 742
	Food	3 275	923	35 974
1996	Automotive	5 112	899	32 308
	Textile	6 533	2 278	110 308
	Food	3 201	812	35 643
1997	Automotive	5 805	709	35 212
	Textile	6 244	2 473	116 568
	Food	4 110	936	39 524

Table 1: (Continued)

1998	Automotive	5 084	852	38 895
	Textile	6 236	2 602	115 734
	Food	3 376	792	29 998
1999	Automotive	4 017	1 426	35 075
	Textile	5 212	2 463	105 956
	Food	4 418	798	43 365
2000	Automotive	5 415	1 376	38 702
	Textile	1 919	2 375	49 812
	Food	4 124	790	43 424
2001	Automotive	3 047	2 089	32 283
	Textile	5 752	3 052	113 020
	Food	3 176	1 016	36 405
2002	Automotive	4 539	3 143	36 455
	Textile	6 195	3 298	119 925
	Food	4 036	831	41 303
2003	Automotive	8 980	5 096	45 549
	Textile	6 789	3 631	111 905
	Food	6 415	1 378	47 803
2004	Automotive	12 883	5 885	48 267
	Textile	8 061	4 159	107 324
	Food	8 497	1 718	50 531

Source : Automotive Industry in Turkey's 500 Biggest Firms (2005). Automotive Manufacturers Association Publication.

Today with a total investment of USD 434 000 000, sector provides 38 456 people with direct employment. There are 17 manufacturers total in all the branches of automotive sector (See Table 2). Among these manufacturers, three of them produce only automobiles whereas two of them produce both commercial vehicles and automobiles. In addition four companies produce buses, eight companies produce trucks, night companies produce pickups, six companies produce minibuses,

six companies produce midibuses, and two companies produce farm tractors. 15 of these companies produce under foreign license and 11 of them have foreign capital with different percentage (See Table 3).

Table 2

**The Manufacturers of Turkish Automotive Sector;
Starting Year of Production and Location**

Manufacturer	Product	Starting year of production	Location
A.I.O.S. Isuzu	Truck, Pick-up, Midibus	1966	İstanbul
Askam Kamyon	Truck, Pick-up, Minibus	1964	Gebze/Kocaeli
BMC	Truck, Pick-up, Bus, Minibus, Midibus	1964	İzmir
Ford Otosan	Truck, Pick-up, Minibus	1960	Esk., Kocaeli
Honda Türkiye	Car	1997	Gebze/Kocaeli
Hyundai Assan	Car, Pick-up, Minibus	1997	Kocaeli
Karsan	Pick-up, Minibus, Midibus	1966	Bursa
M.A.N Türkiye	Truck, Bus	1966	Ankara
M. Benz Türk	Truck, Bus	1968/1985	İstanbul

Table 2: (Continued)

Otokar	Pick-up, Minibüs, Midibüs	1963	Sakarya
Otoyol	Truck, Pick-up, Midibus	1966	Sakarya
O. Renault	Car	1971	Bursa
Temsa	Truck, Pick-up, Bus, Midibus	1987	Adana
Tofaş	Car, Pick-up	1971	Bursa
Toyota	Car	1994	Sakarya
Türk Traktör	Farm Tractor	1954	Ankara
Uzel	Farm Tractor	1962	İstanbul

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

Table 3**Capital of the Manufacturers, Percentage of Foreign Capital and Licence**

Manufacturer	Licence	Foreign Capital (%)	Capital (1000 YTL)
A.I.O.S. Isuzu	Isuzu	29,75	16 946
Askam	Daimler-Chrysler/ Hino	0	16 500
BMC	--	0	265 000
Ford Otosan	Ford	41	292 425

Table 3: (Continued)

Honda Türkiye	Honda Motor	100	70 000
Hyundai Assan	Hyundai Motor	50	206 220
Karsan	Peugeot	0	19 200
M.A.N. Türkiye	MAN	99,9	65 000
M.Benz Türk	Mercedes Benz	85	155 000
Otokar	Deutz/Land Rover /Fruehauf/Am General	0	24 000
Otoyol	Iveco	27	36 750
O. Renault	Renault	51	273 000
Temsa	Mitsubishi	0	70 000
Tofaş	Fiat	37,8	450 000
Toyota	Toyota	100	150 165
Türk Traktör	--	37,5	47 000
Uzel	M. Ferguson	0	100 050

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

In August 2005, above mentioned 17 manufactures total production is 56 231; 22 864 of them is passenger car, 3 515 of them is truck, 23 432 of them is pick-up, 412 of them is bus, 2 064 of them is minibus, 999 of them is midibus and 2 945 of them is farmtractor (See Table 4). When production units for the years 2000 and

2001 is compared the decrease is %61; production units for the years 2001 and 2002 is compared the increment is % 25; production units for the years 2002 and 2003 is compared the increment is % 63; production units for the years 2003 and 2004 is compared the increment is % 53 (See Table 5).

Table 4

Production of Automotive Manufacturers Month of August 2005

Companies	Car	Truck	Pick-up	Bus	Minibus	Midibus	Tractor	Total
Askam	--	88	27	--	1	--	--	116
BMC	--	622	359	59	60	29	--	1 129
Ford Otosan	--	1 086	15 641	--	1 721	--	--	18 448
Honda	588	--	--	--	--	--	--	588
Hyundai	2 780	--	1 967	--	73	--	--	4 820
İsuzu	--	232	144	--	--	212	--	588
Karsan	--	--	418	--	144	293	--	855
Mercedes	--	1 046	--	195	--	--	--	1 241
MAN	--	6	--	75	--	--	--	81
Otokar	--	--	25	--	65	102	--	192
Otoyol	--	152	0	--	0	248	--	400
Renault	10 403	--	--	--	--	--	--	10 403
Temsa	--	283	432	83	--	115	--	913
Tofaş	1 870	--	4 419	--	--	--	--	6 289
Toyota	7 223	--	--	--	--	--	--	7 223
Türk Traktör	--	--	--	--	--	--	1 213	1 213
Uzel	--	--	--	--	--	--	1 732	1 732
TOTAL	22 864	3 515	23 432	412	2 064	999	2 945	56 231

Source : Monthly Statistical Bulletin (August 2005). Automotive Manufacturers Association Publication

Table 5**Production Units For The Years 2000 - 2004**

Firms	2000	2001	2002	2003	2004
A.I.O.S	8 313	1 912	3 321	3 970	6 011
Askam	6 382	649	226	1 769	1 878
B.M.C	11 387	3 453	4 783	9 920	12 819
Ford Otosan	41 065	19 604	48 565	114 515	206 760
Honda Türkiye	9 821	5 134	5 384	10 970	15 581
Hyundai Assan	31 674	3 832	11 320	35 730	57 740
Karsan	19 355	7 496	12 039	8 302	16 885
M.A.N. Türkiye	1 671	1 175	1 789	1 934	1 986
M.Benz Türk	6 447	2 769	4 445	6 739	11 686
Opel Türkiye	7 039	2 080	0	0	0
Otokar	4 076	2 176	1 526	2 514	3 245
Otoyol	8 348	2 726	3 660	4 381	4 723
O. Renault	140 159	96 860	100 131	132 257	197 353
Temsa	5 323	597	2 141	2 564	6 316
Tofaş	115 172	117 360	108 336	127 268	146 048
Toyota	14 715	2 862	38 899	70 839	134 377
Türk Traktör	17 040	5 948	3 746	17 309	20 972
Uzel	18 563	8 110	6 496	11 099	17 471
Total	466 550	284 743	356 807	562 080	861 851

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

In Table 6, production units and capacity usage of manufacturers in 2000-2004 are compared. Although significant improvement in capacity usage is observed, the low capacity usage is still one of the main problem of the sector.

Table 6**Production Units and Capacity Usage Between 2000-2004**

Production Units by Years					
Types	2000	2001	2002	2003	2004
Car	297 276	175 343	204 198	294 116	447 152
Truck	28 348	6 683	12 295	19 041	31 790
Pick-up	68 807	76 672	116 872	195 606	301 563
Bus	4 213	2 501	2 684	4 490	4 839
Minibus	20 597	6 486	6 139	13 625	28 161
Midibus	11 506	3 000	4 377	6 794	9 903
Farm Tractor	37 434	15 052	10 652	28 794	38 627
Total	468 381	285 737	357 217	562 466	862 035
Capacity	36	29	35	52	73
Usage	%	%	%	%	%

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

Moreover % 56 of the production capacity is used in August 2005 and % 73 of the production capacity is used in eight months of 2005 (See Table 7).

Table 7**Capacity Usage of Automotive Manufacturers in 2005**

Types	August		8 Months		Capacity Usage (%)	
	Capacity	Production	Capacity	Production	August	8 Months
Car	65 417	22 864	523 336	293 364	35	56
Truck	4 796	3 515	38 368	23 929	73	62
Pickup	16 805	23 432	134 440	222 529	139	166
Bus	563	412	4 504	3 452	73	77
Minibus	6 119	2 064	48 952	17 601	34	36
Midibus	1 353	999	10 824	4 298	74	40
Tractor	5 000	2 945	40 000	23 111	59	58
Total	100 053	56 231	800 424	588 284	56	73

Source : Monthly Statistical Bulletin (August 2005). Automotive Manufacturers Association Publication

In 2002 sector had a significant increase on export of its production and this increment has been continued until 2004 (See Table 8).

Table 8**Automotive Industry Exports from 2000 to 2004**

Companies	2000 Million \$	2001 Million \$	2002 Million \$	2003 Million \$	2004 Million \$
A.I.O.S.	16,31	7,07	19,76	18,33	45,74
Askam	0,89	1,76	1,75	1,36	0,95
BMC	10,20	6,10	9,45	21,10	51,90

Table 8 : (Continued)

Ford Otosan	8,02	63,51	327,65	864,68	1 774,73
Honda	0,012	2,60	19,94	57,74	67,80
Hyundai	0,81	18,23	35,63	168,99	223,66
Karsan	23,94	20,48	40,67	4,99	6,71
Mercedes	173,94	175,91	179,00	280,53	268,39
MAN	41,51	78,73	91,83	161,05	163,45
Otokar	14,87	9,11	20,51	22,19	20,32
Otoyol	9,78	19,28	20,43	13,33	14,50
Renault	467,47	594,00	642,12	952,89	1 431,80
Temsa	10,61	15,72	37,81	58,04	88,67
Tofaş	186,14	627,26	625,59	681,39	748,04
Toyota	0,86	1,91	295,12	675,11	1 851,44
Türk Traktör	5,31	0,32	7,01	127,83	105,66
Uzel	47,15	29,43	29,17	23,42	38,64
TOTAL	1 017,83	1 617,42	2 403,45	4 132,99	6 902,41

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

When the figures of the sector are examined, it can be concluded that there has been a lot of improvement in the sector. However, these numbers are not sufficient to make Turkish market worthy in the global market. Because Turkey can only produce 1,27 % of the world production (See Table 9).

Table 9**World Motor Vehicle Production**

Region	Total Production by years (x1000)			
	2001	2002	2003	2004
EUROPE	20 529	20 280	20 548	21 357
EUROPEAN UNION (Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, United Kingdom, Austria, Finlande, Sweden)	17 585	17 285	17 164	17 216
EAST & CENTRAL EUROPE (Czech Rep., Hungary, Poland, Romania, Serbia, Slovak Rep., Slovenia)	2 673	2 648	2 851	3 317
CIS (Russia, Ukraine, Belarus, Uzbekistan)	1 340	1 317	1 463	1 671
TÜRKİYE	271	347	533	824
AMERICA	17 914	18 712	18 280	18 797
NAFTA (Canada, Mexico, USA)	15 799	16 711	16 242	16 264
SOUTH AMERICA (Argentina, Brazil, Chile, Colombia, Ecuador, Uruguay, Venezuela)	2 115	2 001	2 038	2 533
ASIA-OCEANIA (Australia, China, India, Indonesia, Iran, Japan, Malaysia, New Zealand, Pakistan, Philippines, South Korea, Taiwan, Thailand, Vietnam)	17 949	20 078	21 974	23 849
AFRICA (Egypt, Botswana, Djibouti, Kenya, Libya, Morocco, South Africa, Zimbabwe)	504	486	498	534
TOTAL	56 896	59 556	61 300	64 537

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

3.2. Turkish Automobile Sector

The first locally made automobile of Turkish automobile sector, Devrim, was produced at Eskişehir Turkish Railroad Factory (TCDD) in 1961. However its demand was under 5 000, so insufficient demand caused termination of production and production of Devrim was limited with four prototypes (Bedir, 2002, p. 26).

Moreover the first serious otomobile production, Anadol, was produced by Otosan with the licence from Ford in 1966. Its yearly production was 7 200 and it was produced until 1982 with 87 000 total production (Bedir, 2002, p. 26).

Later in 1971 when Oyak Renault and Tofaş started manufacturing with licence from Renault and Fiat respectively, Renault-12 and Murat 124 were released. Today the view on the Turkish highways has changed a lot for a quarter of a century since when only the trio of Anadol, Murat 124 and Renault-12 existed. This fact has been true especially for the last 15 years. Today, it is possible to see automobiles of all brand names on the motorways, big or narrow streets and even on the gravel roads of villages. However comparison of world production and Turkish market figures shows Turkey can only produce 1% of the world car production (See Table 10).

Table 10**World Car Production**

Region	Total Production by years (x1000)			
	2001	2002	2003	2004
EUROPE	17 856	17 693	17 779	18 365
EUROPEAN UNION (Belgium, France, Germany, Italy, Netherlands, Portugal, Spain, United Kingdom, Austria, Finlande, Sweden)	15 307	15 153	14 987	15 025
EAST & CENTRAL EUROPE (Czech Rep.,Hungary, Poland, Romania, Serbia, Slovak Rep., Slovenia)	2 374	2 336	2 498	2 893
CIS (Russia, Ukraine, Belarus, Uzbekitan)	1 079	1 054	1 152	1 356
TÜRKİYE	175	204	294	447
AMERICA	8 877	9 020	8 257	8 336
NAFTA (Canada, Mexico,USA)	7 155	7 348	6 624	6 359
SOUTH AMERICA (Argentina, Brazil, Chile, Colombia, Equador, Uruguay, Venezuela)	1 722	1 672	1 643	1 977
ASIA-OCEANIA (Australia, China, India, Indonesie, Iran, Japan, Malaysia, New Zeland, Pakistan, Philippines, South Korea, Taiwan, Thailand, Vietnam)	13 319	14 858	16 232	17 595
AFRICA (Egypt, Botswana, Djbouti, Kenya, Libya, Morocco, South Africa, Zimbabwe)	331	323	342	355
TOTAL	40 383	41 894	42 620	44 651

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

The number of automobiles per thousand people in Turkey is 68 in 2003. This quantity is about 500 in E.U. countries, 377 in Portugal, 365 in Greece, 591 in Italy. Even in countries which started to apply liberal economy lately such as Hungary and Bulgaria, this quantity is four times more than it is in Turkey (See Table 11). Although this situation does not look optimistic on one side, it brings forth some potential hope on the other hand.

Table 11

The Number of Automobiles per Thousand People in the World

Countries	2003
E.U.	500
Canada	546
Germany	546
France	489
England	494
Italy	591
USA	464
Japan	434
Portugal	377
Greece	365
Poland	291
Hungary	277
Bulgaria	307
S. Korea	212
Romania	138
Brazil	90
Turkey	68
World	96

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

The existence of the demand potential in the sector causes the increase in the number of manufacturers and importers. Today there are five local manufacturers (Honda, Hyundai, Renault, Tofaş, Toyota) in the sector (See Table 2). Furthermore the automobiles of 39 foreign manufacturers are imported in Turkey (See Table 12).

Table 12

The Importers and the Manufacturers of the Imported Automobiles

Manufacturer	Importer
Alfa Romeo	Tofaş
Audi	Doğuş Otomotiv
BMW	Borusan Otomotiv
Chevrolet	Chevrolet Otomotiv
Chrysler	Chrysler Türkiye
Citroen	Baylas Otomotiv
Dacia	DOSSD Dacia
Daihatsu	Entek
Fiat	Tofaş
Ford	Otosan

Table 12: (Continued)

Honda	Honda Türkiye
Hyundai	Hyundai Assan
Jaguar	Ortaklar Otomotiv
Kia	Çelik Motor
Land Rover	Borusan Otomotiv
Lada	Çelik Motor
Mazda	Mazda Motor
MG	F&B Grup
Mercedes	Mercedes-Benz Türk
Mini	Borusan Otomotiv
Mitsubishi	Temsa Otomotiv
Nissan	Nissan Otomotiv
Opel	Opel Türkiye
Peugeot	Peugeot Otomotiv
Porsche	Doğuş Otomotiv
Proton	Ulu Motor
Renault	Renault Mais
Rover	F&B Otomotiv
Saab	Opel Türkiye
Seat	Doğuş Otomotiv
Skoda	Doğuş Otomotiv

Table 12: (Continued)

Smart	Mercedes Benz Türk
Subaru	Baytur
Suzuki	Suzuki Otomotiv
TATA	İsotlar Grup
Toyota	Toyota
Volvo	Volvo Otomotiv
Wolkswagen	Doğuş Otomotiv
Tvr-Caterham	British Sports Car

Source : General and Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

There have been a lot of changes in the sector in the recent years. The more our economy has been open to global economy, the more variety has been observed in the preferences of Turkish consumers and the more priority has started to be given to “quality of the product”. This change increases the share of the imported products in the domestic market while destroying the security walls of the closed economic system which the sector had in the past. At the same time, it creates an intensive competition in the market. Therefore, the manufacturers have to renew themselves continuously to able to survive in this competition and to appeal the varying demands of the consumers.

The problem of the low production versus the high production capacity in the automotive sector exists in the automobile sector too. With a production capacity of 250 000, the biggest automobile manufacturer Tofaş produced only 70 564 cars in 2004. Similarly, with a capacity of 235 000, Oyak-Renault produced 197 353 cars; with a capacity of 150 000, Toyota produced 134 377 cars; with a capacity of 100 000, Hyundai produced 29 277; and with a capacity of 30 000, Honda produced 15 581 in 2004. According to the figures which indicate capacity and production, the lowest usage of capacity has been experienced by Hyundai and Tofaş in 2004 (See Table 13).

Table 13

Car Production and Capacity Usage in 2004

Manufacturer	Capacity	Production (2004)	Capacity Usage (%)
Honda	30 000	15 581	52
Hyundai	100 000	29 277	29
Renault	235 000	197 353	84
Tofaş	250 000	70 564	28
Toyota	150 000	134 377	89
Total	765 000	447 152	58

Source : General & Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

The market share of the imported products in the automobile sector has been increasing gradually. While the local manufacturers have been producing much

below their actual capacity, the market has been growing in a trend which is based on import. The number of automobiles imported to Turkey in 2004 is 311 668 (See Table 14).

Table 14

Local Production and Import of Automobiles Between 1995-2004

Years	Local Production	Import	Share of Import (%)	Total
1995	233 414	21 651	8	255 065
1996	207 757	57 479	21	265 236
1997	242 780	125 025	33	367 805
1998	239 937	111 536	31	351 473
1999	222 041	131 215	37	353 256
2000	297 476	258 987	46	556 463
2001	175 343	72 259	29	247 602
2002	204 198	60 283	22	264 481
2003	294 116	154 007	34	448 123
2004	447 152	311 668	41	758 820

Source : General and Statistical Information Bulletin (2005). Automotive Manufacturers Association Publication

In the past, before Custom Union and occurrence of increase on import automobile, the buyers would make their preferences based only on prices while buying an automobile, today they also consider some other criteria such as quality and comfort with the effect of the variety in the supply. Especially, a certain standard of quality has been recognized as most essential. All these changes have reshaped the form of demand in the market seriously. As a result, due to the variety in demand, the manufacturers have headed towards to new strategies and products to be able to cope with competition.

As indicated in the figures above (See Figure 11), the number of the automobiles per thousand people in Turkey is quite low when compared to other countries. Although this situation is the forerunner of a potential which is about to explode, the explosion has not occurred yet. In several countries, an incredible increase in the demand to buy automobiles has been observed when the lowest automobile price is made equal to the national income per person. In 2004 the national income per person in Turkey is about USD 4 172 according to the official figures. On the other hand, the lowest auto price is about USD 9000. In other words, the amount of national income per person in Turkey is required to be twice so that there could be an expected explosion in the demand for automobiles.

The number of the manufacturers in the sector and the production capacity intend to keep increasing day by day. This increase in the production capacity can be perceived as an improvement in consideration of the potential demand. However, because the expected increase in the demand has not occurred yet, the high production capacity versus the low production causes a great deal of idle capacity which is one of the main problems of the sector.

In the past years, it has been observed that the economic crisis, occurred in every 3 years, caused changing in the demand between (+) 60% and (-)80%. Moreover after crisis period, postpone demand was released and excessive demand was met by import due to decrease in local production during crisis period. Therefore after economic crisis, market share of the import was increased 10 %.

Automobile sector is a strong sector with its current capacity, the potential of its side industry, strong foreign partners, well educated human resources, competitive cost of work force and technological background. In general, automobile sector has been still improving. However, the factors such as

- High capacity versus low production,
- Inoccurrence of the expected demand explosion,
- The increase in import,

- Non-existence of the protection of local manufacturers due to
Customs Union,
- The variety in supply,
- Changing form of demand,
- The priority of quality as a standard,
- The low rate of export

are the main problems of the local manufacturers in the sector.

As a result, today this industry does not in the declining trend and has many strong characteristics but it also has some weak points. If the causes of organizational decline – internal or external – explained in detail in the previous sections are considered, above mentioned industry problems may lead the local manufacturers to expected or unexpected organizational decline. Therefore in this study, individual responses are examined in case of organizational decline in automobile industry.

4. METHOD

4.1. Aim of the Study

This research applied in Turkish automobile sector has two aims. The first aim of this research is to study the responses to decline in case there is an organizational decline application in the company, analysis the intensity of the responses and to determine which of the responses have the highest priority.

The second aim is to analysis the difference between the given responses to organizational decline by the mid-managers who are directly gained money to the company, that means they work in sales department; and the given responses by the mid-managers who are indirectly gained money to the company, that means they work in departments other than sales like finance, R&D, human resources, design, manufacture, quality control etc.

Moreover to get deeper information given responses to organizational decline are analysed according to some demographic variables.

4.2. Sample

The target sample of this study consists of mid-managers in five local manufacturer companies in Turkish automobile sector. In target sample, convenience sampling is used to determine the sample.

By using convenience sampling, 130 questionnaires were given to employees who work in different departments. 100 of them were received back and 6 of them were accepted as not applicable. Therefore 94 applicable questionnaires are analyzed.

Information learned by the demographic variables gives the general structure of the sample. The demographic variables are sex, marital status, age, education level, position in the company, total working period, working period in this company and department. The analysis of demographic information are given below.

4.2.1. Sex

In the sample, there are 23 women and 71 men. The women are 24.5 % and the men are 75.5 %.

Table 15
Frequency Distribution of Sex

Sex	Frequency	Percent
Female	23	24.5 %
Male	71	75.5 %
Total	94	100.0 %

4.2.2. Marital Status

In the sample, there are 61 married and 33 single. The married are 64.9 % and single are 35.1 %.

Table 16
Frequency Distribution of Marital Status

Marital Status	Frequency	Percent
Married	61	64.9 %
Single	33	35.1 %
Total	94	100.0 %

4.2.3. Age

In the sample, the mean age score of the subjects is 33.97; the mean age score of the female subjects is 30.57 and the mean age score of the male subjects is 35.07.

Moreover there are 27 subjects aged between 20-30, 28.7 % in the whole sample; 50 subjects aged between 31-40, 53.2 % in the whole sample; 17 subjects aged above 41, 18.1 % in the whole sample.

Table 17
Frequency Distribution of Age Groups

Age Group	Frequency	Percent
Between 20-30	27	28.7 %
Between 31-40	50	53.2 %
41 and above	17	18.1 %
Total	94	100.0 %

4.2.4. Education Level

In the sample, 8 subjects have high school degree with 8.5 % in the whole sample, 65 subjects have university degree with 69.2 % in the whole sample, 21 subjects have master degree with 22.3 % in the whole sample.

Table 18
Frequency Distribution of Education Level

Education Level	Frequency	Percent
High School	8	8.5 %
University	65	69.2 %
Master	21	22.3 %
Total	94	100.0 %

4.2.5. Position in the Company

In the sample, 22 subjects are manager with 23.4 % in the whole sample, 23 subjects are deputy manager with 24.5 % in the whole sample, 16 subjects are department responsible with 17.0 % in the whole sample, 22 subjects are chief with 23.4 % in the whole sample, 11 subjects are in other position like regional responsables, coordinators, specialist with 11.7 % in the whole sample.

Table 19
Frequency Distribution of Position in the Company

Position	Frequency	Percent
Manager	22	23.4 %
Deputy Manager	23	24.5 %
Department Responsible	16	17.0 %
Chief	22	23.4 %
Other	11	11.7 %
Total	94	100.0 %

4.2.6. Total Working Period

In the sample, 44 subjects have total working period between 1-10 years, with 46.8 % in the whole sample; 42 subjects have total working period between 11-20 years, with 44.7 % in the whole sample; 8 subjects have total working period above 21 years, with 8.5 % in the whole sample.

Table 20
Frequency Distribution of Total Working Period

Total Working Period	Frequency	Percent
Between 1-10 years	44	46.8 %
Between 11-20 years	42	44.7 %
21 years and above	8	8.5 %
Total	94	100.0 %

4.2.7. Working Period in this Company

In the sample, 46 subjects have working period in this company between 1-5 years, with 48.9 % in the whole sample; 36 subjects have working period in the company between 6-10 years, with 38.3 % in the whole sample; 12 subjects have working period in the company above 11 years, with 12.8 % in the whole sample.

Table 21

Frequency Distribution of Working Period in this Company

Working Period in this Comp.	Frequency	Percent
1-5 years	46	48.9 %
6-10 years	36	38.3 %
11 years and more	12	12.8 %
Total	94	100.0 %

4.2.8. Department

In the sample, there are 46 subjects work in sales department with 48.9 % in the whole sample; 9 subjects work in marketing department with 9.6 % in the whole sample, 9 subjects work in account, finance, credit departments with 9.6 % in the whole sample; 2 subjects work in human resource, personnel departments with 2.1 % in the whole sample; 1 subjects work in training department with 1.1 % in the whole sample; 4 subjects work in manufacturing department with 4.3 % in the whole sample; 3 subjects work in design department with 3.2 % in the whole sample; 3 subjects work in quality department with 3.2 % in the whole sample; 9 subjects work in supply department with 9.6 % in the whole sample; 6 subjects work in other departments like computer, logistics, customer services, MIS etc. with 6.4 % in the whole sample.

Moreover there are 46 subjects work in sales department in which personnel are directly gained money to company with 48.9 % in the whole sample; 48 subjects work in marketing, account, finance, credit, human resource, personnel, training, manufacturing, design, quality, supply and other departments in which personnel are indirectly gained money to company with 51.1 % in the whole sample.

Table 22
Frequency Distribution of Department

Department	Frequency	Percent
Sales	46	48.9 %
Marketing	9	9.6 %
Account, Finance, Credit	9	9.6 %
R&D	2	2.1 %
HR, Personnel	2	2.1 %
Training	1	1.1 %
Manufacturing	4	4.3 %
Design	3	3.2 %
Quality	3	3.2 %
Supply	9	9.6 %
Other (Computer, Logistics, Customer Services, MIS etc.)	6	6.4 %
Total	94	100.0 %

4.3. Measuring Tools

In order to use in this study, questionnaire form was formed. This questionnaire form consist of two main parts (See Appendix). In the first part, after brief explanation about the study, there are demographic questions to have information about the analysed sample. These questions includes following information

- Sex
- Marital status
- Age
- Education
- Position in the company
- Total working years
- Working years in the company
- Department

Second part is formed to analyse personnel's response in case there is an organizational decline in the company. In order to develop this part, first expected responses against organizational decline were determined by using the literature. Then defined responses were listed and described along with the 21 questionnaire items to measure them. Then as a pilot study this questionnaire were applied to twenty subjects to check whether questions are clear and understandable. After pilot study, the questionnaire was corrected according to the comments and final version of the questionnaire was prepared. 21 questionnaire items are about

- Trust (Ques. No.1)
- Morale (Ques. No.2)
- Turnover (Ques. No.3)
- Conflict (Ques. No.4)
- Decision Making (Ques. No.5)
- Margin for error (Ques. No.6)
- Formalization (Ques. No.7)
- Stress (Ques. No.8)
- Secrecy (Ques. No.9)
- Participation (Ques. No.10)
- Resistance to newness (Ques. No.11)
- Loyalty (Ques. No.12)
- Long-term Planning (Ques. No.13)
- Flexibility (Ques. No.14)
- Communication (Ques. No.15)
- Centralization (Ques. No.16)
- Rumor (Ques. No.17)
- Risk taking (Ques. No.18)
- Formal Information Flow (Ques. No.19)
- Innovativeness (Ques. No.20)
- Opposition (Ques. No.21)

In the scale, two opposite states related to the expected response are explained and five boxes are given as shown in Table 23. Subjects fill one of the five boxes according to the closest of two opposite states to them in case of organizational decline in the company.

Table 23

An Example of Question of the Response Scale

I resign

--	--	--	--	--

I continue my job

Boxes between two opposite states are graded from “5” which means high response to organizational decline to “1” which means low response to organizational decline. At the questions no. 1, 2, 4, 7, 8, 9, 11, 13, 15, 17, 18, 19 first statement shows high response to organizational decline and is graded as 5; second statement shows low response to organizational decline and is graded as 1. However at the questions no. 3, 5, 6, 10, 12, 14, 16, 20, 21 first statement shows low response to organizational decline and is graded as 1; second statement shows high response to organizational decline and is graded as 5. So the subjects get “response score” by adding their answers for total 21 questions.

4.4. Application

The questionnaire forms were distributed to five manufacturer companies in the automobile sector. The distributed forms were 130 and 100 forms were received back. Only 6 of them were not acceptable, so 94 questionnaire were analysed.

Two points were considered during selection of the employees to distribute the forms. First one they were selected from mid-manager level. Secondly, half of the forms were distributed to sales department, other forms were distributed the other departments such as manufacturing, design, human resources etc.

4.5. Analysis

As a first step of the analysis, demographic information are analysed in the following categories : Sex, marital status, age , education, position in the company, total working period, total working in the company, department. (See Part 4.2.)

In this research, the variable is response to organizational decline. This variable is measured by the scale explained in Part 4.3. Mesasuring Tools. In this measurement scale, scores are divided into 3 groups. Response of the employees to organizational decline is categorized as low, medium and high. According to this categorization, scores between 0-35 indicates low response, scores between 36-70 indicates medium response, scores between 71-105 indicates high response to organizational decline.

As a second step of the analysis, according to above mentioned categorization, scores of response is analysed to determine how many person are placed at “Low/Medium/High” response groups.

As a third step of analysis, which type of responses are “Low/Medium/High” is analysed by calculating mean of every question at response scale.

As a fourth step of analysis, the responses in the measurement scale are examined by factor analysis. Moreover according to the results of factor analysis, response results are compared for each demographic information.

As a final step of the analysis, response to organizational decline is analysed with two groups of department seperately. First group of department includes sales department which are provided money directly to the company. Second group includes other departments like marketing, account, finance, credit, R&D, HR, training, manufacturing, design, quality control, supply etc. which are provided money indirectly to the company.

5. RESULTS ABOUT RESPONSE TO ORGANIZATIONAL DECLINE

5.1. Scores About Response to Organizational Decline

The mean score of the subjects in the experiment is “63.32”. According to this mean, subjects are in medium response category.

Standard deviation of the data is 11.74, variance is 137.77, minimum score is 32.00, maximum score is 87.00 and range is 55.00.

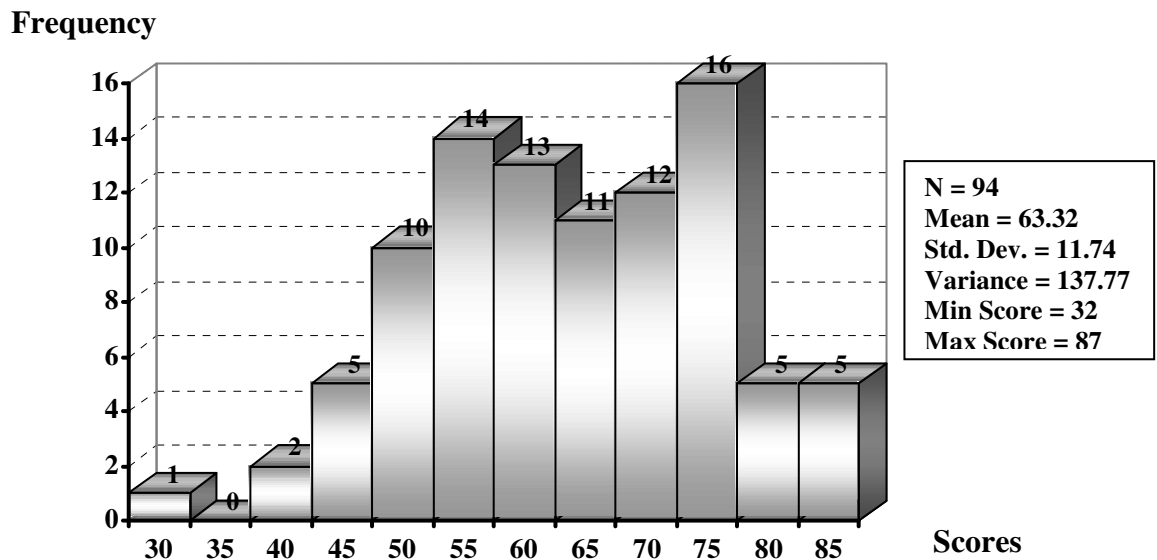


Figure 6 The Response Score Versus Frequency

Moreover 1 person is in low response category, 55 persons are in medium response category and 38 persons are in high response category.

Table 24
Scores of Response to Organizational Decline

Scores	No. of Subjects	Percent
Low (0-35)	1	1.06 %
Medium (36-70)	55	58.51 %
High (71-105)	38	40.43 %
Total	94	100.0 %

5.2. Analysis of Response Types at the Scale

By calculating mean of every question at response scale, which type of responses is low, medium or high is analysed. according to following categorization.

- ▶ Low : If score below 2
- ▶ Medium : If score between 2 and 3
- ▶ High : If score between 3 and 5

Observing means of response type, the highest response type is “Formal Information Flow” which has 3.84 mean and the lowest response type is “Resistance to newness” which has 1.97 mean.

Table 25**Results about the Types of Response to Organizational Decline**

Responses	N	Mean	Std. Deviation	Variance
Formal Information Flow	94	3.84	1.20	1.45
Morale	94	3.63	0.90	0.82
Risk Taking	94	3.59	0.91	0.83
Long-term Planning	94	3.50	1.08	1.16
Trust	94	3.48	1.03	1.07
Stress	94	3.35	1.29	1.67
Loyalty	94	3.14	1.08	1.17
Centralization	94	3.12	1.09	1.18
Margin for Error	94	3.12	1.09	1.18
Flexibility	94	2.96	1.01	1.01
Decision Making	94	2.78	1.30	1.68
Turnover	94	2.74	1.42	1.16
Conflict	94	2.69	0.73	0.54
Secrecy	94	2.54	1.12	1.26
Participation	94	2.53	1.03	1.07
Opposition	94	2.49	0.83	0.68
Formalization	94	2.38	1.05	1.10

Table 25 : (Continued)

Communication	94	2.31	0.87	0.75
Rumor	94	2.23	1.22	1.49
Innovativeness	94	2.14	0.91	0.83
Resistance to Newness	94	1.97	0.93	0.87

According to the results of mean, response to organizational decline is **HIGH** (i.e. score between 3 and 5) in types of

- Formal information flow,
- Morale,
- Risk taking,
- Long-term planning,
- Trust,
- Stress,
- Loyalty,
- Centralization,
- Margin for error

MEDIUM (i.e. score between 2 and 3) in types of

- Flexibility,
- Decision making,
- Turnover,

- Conflict,
- Secrecy,
- Participation,
- Opposition,
- Formalization,
- Communication,
- Rumor,
- Innovativeness,

LOW (i.e. score below 2) in type of

- Resistance to newness.

5.3. Factor Analysis of Response Types at the Scale

Factor analysis is applied to the results of measurement scale. As a result six different factors are extracted :

- Factor 1 : Innovativeness & Participation
- Factor 2 : Relations to Management
- Factor 3 : Corporate Internal Relation
- Factor 4 : Psychological States
- Factor 5 : Flexibility
- Factor 6 : Vision

Table 26**Rotated Factor Matrix of the Factor Analysis**

Factor 1 : Innovativeness & Participation	<i>% of Variance : 28.920</i>
Secrecy	0.728
Innovativeness	0.696
Resistance to Newness	0.693
Participation	0.608
Centralization	0.597
Factor 2 : Relations to Management	<i>% of Variance : 8.999</i>
Opposition	0.753
Turnover	0.675
Loyalty	0.661
Formalization	0.592
Factor 3 : Corporate Internal Relation	<i>% of Variance : 7.388</i>
Rumor	0.681
Conflict	0.676
Decision Making	0.531
Communication	0.479
Formal Information Flow	0.465

Table 26 : (Continued)

Factor 4 : Psychological States	<i>% of Variance : 6.814</i>
Morale	0.870
Trust	0.824
Stress	0.442
Factor 5 : Flexibility	<i>% of Variance : 5.533</i>
Margin for Error	0.805
Flexibility	0.619
Factor 6 : Vision	<i>% of Variance : 5.055</i>
Risk Taking	0.748
Long-term Planing	0.679

5.4. Analysis of Results about Factor Analysis and Demographics

Demographic data are analysed with the results of Factor Analysis given Part 5.3.

5.4.1. Response to Organizational Decline and Sex

In order to analyse the effect of sex on the response to organizational decline, T-test is used.

Table 27

Results of the Relationship Between Response to Organizational Decline and Sex

Factor 1 : Innovativeness & Participation

Sex	N	Mean	Std. Deviation	Std. Error Mean
Woman	23	11.96	3.88	0.81
Man	71	12.41	3.75	0.45

Df = 92 t = -0.498 Sig (2-tailed) = 0.619

Equal variances assumed

Factor 2 : Relations to Management

Sex	N	Mean	Std. Deviation	Std. Error Mean
Woman	23	9.57	2.78	0.58
Man	71	10.32	2.91	0.35

Df = 92 t = -1.099 Sig (2-tailed) = 0.274

Equal variances assumed

Factor 3 : Corporate Internal Relation

Sex	N	Mean	Std. Deviation	Std. Error Mean
Woman	23	13.39	3.01	0.63
Man	71	14.00	3.62	0.43

Df = 92 t = -0.729 Sig (2-tailed) = 0.468

Equal variances assumed

Table 27 : (Continued)

Factor 4 : Psychological States

Sex	N	Mean	Std. Deviation	Std. Error Mean
Woman	23	11.39	2.06	0.43
Man	71	10.15	2.77	0.33

Df = 92 t = 1.971 Sig (2-tailed) = 0.052

Equal variances assumed

Factor 5 : Flexibility

Sex	N	Mean	Std. Deviation	Std. Error Mean
Woman	23	5.74	1.68	0.35
Man	71	6.18	1.68	0.20

Df = 92 t = -1.099 Sig (2-tailed) = 0.275

Equal variances assumed

Factor 6 : Vision

Sex	N	Mean	Std. Deviation	Std. Error Mean
Woman	23	7.00	1.78	0.37
Man	71	7.11	1.49	0.18

Df = 92 t = -0.300 Sig (2-tailed) = 0.765

Equal variances assumed

For Factor 1, 2, 3, 5 and 6 no significant difference could be found as it is shown in Table 27. However for Factor 4, observing total means of woman (11.39) and man (10.15) subjects, significant difference could be found ($p=0.052$).

5.4.2. Response to Organizational Decline and Age

To analyse the effect of age on response to organizational decline, years are grouped. These groups are 20-30 years, 31-40 years, 41 and more years. Then one way anova is used.

Table 28
Results of the Relationship Between Response to Organizational Decline and Age

Factor 1 : Innovativeness & Participation						
Age	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
20-30 years	27	12.26	2.96	0.57	6.00	18.00
31-40 years	50	12.48	4.26	0.60	5.00	19.00
41-more	17	11.82	3.50	0.85	6.00	18.00
Total	94	12.30	3.76	0.39	5.00	19.00

Table 28 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.524	2	2.762	0.192	0.826
Within Groups	1312.136	91	14.419		
Total	1317.660	93			

Factor 2 : Relations to Management

Age	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
20-30 years	27	9.81	3.13	0.60	4.00	17.00
31-40 years	50	10.68	2.81	0.40	5.00	17.00
41-more	17	9.06	2.41	0.58	4.00	14.00
Total	94	10.14	2.88	0.30	4.00	17.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	37.307	2	18.653	2.313	0.105
Within Groups	733.895	91	8.065		
Total	771.202	93			

Table 28 : (Continued)

Factor 3 : Corporate Internal Relation						
Age	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
20-30 years	27	12.89	2.74	0.53	7.00	19.00
31-40 years	50	14.50	3.39	0.48	6.00	20.00
41-more	17	13.47	4.43	1.07	7.00	20.00
Total	94	13.85	3.47	0.36	6.00	20.00
		Sum of Squares	df	Mean Square	F	Sig.
Between Groups		48.51	2	24.256	2.056	0.134
Within Groups		1073.402	91	11.796		
Total		1121.915	93			
Factor 4 : Psychological States						
Age	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
20-30 years	27	11.22	1.97	0.38	6.00	14.00
31-40 years	50	10.74	2.56	0.36	3.00	15.00
41-more	17	8.41	2.98	0.72	3.00	14.00
Total	94	10.46	2.65	0.27	3.00	15.00

Table 28 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	90.925	2	45.463	7.330	0.001
Within Groups	564.404	91	6.202		
Total	655.330	93			

Factor 5 : Flexibility

Age	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
20-30 years	27	6.04	1.56	0.30	3.00	10.00
31-40 years	50	6.20	1.68	0.24	2.00	9.00
41-more	17	5.76	1.95	0.47	2.00	10.00
Total	94	6.07	1.69	0.17	2.00	10.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.457	2	1.228	0.427	0.654
Within Groups	262.022	91	2.879		
Total	264.479	93			

Table 28 : (Continued)

Factor 6 : Vision						
Age	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
20-30 years	27	7.00	1.69	0.32	4.00	10.00
31-40 years	50	7.08	1.55	0.22	3.00	10.00
41-more	17	7.24	1.44	0.35	5.00	10.00
Total	94	7.09	1.56	0.16	3.00	10.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.580	2	0.290	0.117	0.889
Within Groups	224.739	91	2.470		
Total	225.319	93			

For the Factor 1, 2, 3, 5 & 6 in the all “Age” groups (20-30 years; 31-40 years; 41 years-more) no significant difference could be found.

Moreover for Factor 4 – Psychological States – total means of the first age group i.e. 20-30 years (11.22), second age group i.e. 31-40 years (10.74), third age group i.e. 41-more years (8.41) and total of them (10.46) are observed, significant difference could be found ($p=0.001$). For Factor 4, in the first age group (20-30 years) min response is 6.00, max response is 14.00; in the second group (31-40 years) min score is 3.00, max response is 15.00; in the third age group (41-more years) min score is 3.00, max score is 14.00. As shown above min score 3.00 and max score is 15.00 in total.

Table 29

Multiple Comparison Between Age Groups

Factors	Age	Age	Mean	Std. Err.	Sig.
	Groups (I)	Groups (J)	Difference (I-J)		
Factor 1	20-30 years	31-40 years	-0.22	0.91	0.808
		41- more	0.44	1.18	0.712
	31-40 years	20-30 years	0.22	0.91	0.808
		41- more	0.66	1.07	0.540
	41- more	20-30 years	-0.44	1.18	0.712
		31-40 years	-0.66	1.07	0.540
Factor 2	20-30 years	31-40 years	-0.87	0.68	0.205
		41- more	0.76	0.88	0.392
	31-40 years	20-30 years	0.87	0.68	0.205
		41- more	1.62	0.80	0.045
	41- more	20-30 years	-0.76	0.88	0.392
		31-40 years	-1.62	0.80	0.045
Factor 3	20-30 years	31-40 years	-1.61	0.82	0.053
		41- more	-0.58	1.06	0.586
	31-40 years	20-30 years	1.61	0.82	0.053
		41- more	1.03	0.96	0.289
	41- more	20-30 years	0.58	1.06	0.586
		31-40 years	-1.03	0.96	0.289

Table 29 : Continued

Factor 4	20-30 years	31-40 years	0.48	0.59	0.420
		41- more	2.81	0.77	0.000
	31-40 years	20-30 years	-0.48	0.59	0.420
		41- more	2.33	0.70	0.001
	41- more	20-30 years	-2.81	0.77	0.000
		31-40 years	-2.33	0.70	0.001
Factor 5	20-30 years	31-40 years	-0.16	0.41	0.689
		41- more	0.27	0.53	0.605
	31-40 years	20-30 years	0.16	0.41	0.689
		41- more	0.44	0.48	0.363
	41- more	20-30 years	-0.27	0.53	0.605
		31-40 years	-0.44	0.48	0.363
Factor 6	20-30 years	31-40 years	-0.08	0.38	0.832
		41- more	-0.24	0.49	0.630
	31-40 years	20-30 years	0.08	0.38	0.832
		41- more	-0.16	0.44	0.726
	41- more	20-30 years	0.24	0.49	0.630
		31-40 years	0.16	0.44	0.726

According to the results of multiple comparison shown Table 29, there could be no significant difference for Factor 1, 3, 5 and 6.

Moreover for Factor 2 – Relations to Management – there could be found significant difference between second age group i.e. 31-40 years and third age group i.e. 41-more years ($p=0.045$).

In addition for Factor 4 – Psychological States – there could be found significant difference between third age group i.e. 41-more years and other two age groups i.e. 20-30 years & 31-40 years ($p=0.000$ & $p=0.001$).

5.4.3. Response to Organizational Decline and Education Level

To analyse the effect of education level on response to organizational decline, one way anova is used.

Table 30

**Results of the Relationship Between Response to Organizational Decline and
Education Level**

Factor 1 : Innovativeness & Participation						
Education	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
High Sch.	8	13.38	3.11	1.10	9.00	18.00
University	65	12.37	3.95	0.49	5.00	19.00
Master	21	11.67	3.41	0.74	5.00	18.00
Total	94	12.30	3.76	0.39	5.00	19.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.979	2	8.990	0.629	0.535
Within Groups	1299.680	91	14.282		
Total	1317.660	93			

Factor 2 : Relations to Management						
Education	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
High Sch.	8	7.88	2.30	0.81	5.00	13.00
University	65	10.29	2.95	0.37	4.00	17.00
Master	21	10.52	2.58	0.56	6.00	17.00
Total	94	10.14	2.88	0.30	4.00	17.00

Table 30 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	45.643	2	22.821	2.862	0.062
Within Groups	725.559	91	7.973		
Total	771.202	93			

Factor 3 : Corporate Internal Relation

Education	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
High Sch.	8	12.38	2.56	0.91	9.00	17.00
University	65	14.12	3.68	0.46	6.00	20.00
Master	21	13.57	3.03	0.66	8.00	19.00
Total	94	13.85	3.47	0.36	6.00	20.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	23.882	2	11.941	0.990	0.376
Within Groups	1098.033	91	12.066		
Total	1121.915	93			

Table 30 : (Continued)

Factor 4 : Psychological States						
Education	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
High Sch.	8	10.25	1.39	0.49	8.00	12.00
University	65	10.56	2.93	0.36	3.00	15.00
Master	21	10.24	2.12	0.46	5.00	13.00
Total	94	10.46	2.65	0.27	3.00	15.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.959	2	0.979	0.136	0.873
Within Groups	653.371	91	7.180		
Total	655.330	93			

Factor 5 : Flexibility

Education	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
High Sch.	8	5.13	1.36	0.48	4.00	7.00
University	65	6.15	1.72	0.21	2.00	10.00
Master	21	6.19	1.66	0.36	3.00	9.00
Total	94	6.07	1.69	0.17	2.00	10.00

Table 30 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.904	2	3.952	1.402	0.251
Within Groups	256.575	91	2.820		
Total	264.479	93			

Factor 6 : Vision

Education	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
High Sch.	8	6.13	1.64	0.58	4.00	9.00
University	65	7.29	1.63	0.20	3.00	10.00
Master	21	6.81	1.12	0.25	5.00	9.00
Total	94	7.09	1.56	0.16	3.00	10.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.760	2	5.880	2.506	0.087
Within Groups	213.559	91	2.347		
Total	225.319	93			

For the Factor 1, 3, 4, 5 in the all “Education” level (High school, University, Master) no significant difference could be found.

Moreover for Factor 2 – Relations to Management – total means of the first education level i.e. High School (7.88), second education level i.e. University (10.29), third education level i.e. Master (10.52) and total of them (10.14) are observed, significant difference could be found ($p=0.062$). For Factor 2, in the first education level (High School) min response is 5.00, max response is 13.00; in the second education level (University) min score is 4.00, max response is 17.00: in the third education level (Master) min score is 6.00, max score is 17.00. As shown above min score 4.00 and max score is 17.00 in total.

In addition for Factor 6 – Vision – total means of the first education level i.e. High School (6.13), second education level i.e. University (7.29), third education level i.e. Master (6.81) and total of them (7.09) are observed, significant difference could be found ($p=0.087$). For Factor 2, in the first education level (High School) min response is 4.00, max response is 9.00; in the second education level (University) min score is 3.00, max response is 10.00: in the third education level (Master) min score is 5.00, max score is 9.00. As shown above min score 3.00 and max score is 10.00 in total.

Table 31**Multiple Comparison Between Education Levels**

Factors	Educ.	Educ.	Mean	Std. Err.	Sig.	
	Level (I)	Level (J)	Difference (I-J)			
Factor 1	High Sch.	University	1.01	1.42	0.479	
		Master	1.71	1.57	0.279	
	University	High Sch.	-1.01	1.42	0.479	
		Master	0.70	0.95	0.461	
	Master	High Sch.	-1.71	1.57	0.279	
		University	-0.70	0.95	0.461	
	Factor 2	High Sch.	University	-2.42	1.06	0.025
			Master	-2.65	1.17	0.026
University		High Sch.	2.42	1.06	0.025	
		Master	-0.23	0.71	0.745	
Master		High Sch.	2.65	1.17	0.026	
		University	0.23	0.71	0.745	
Factor 3		High Sch.	University	-1.75	1.30	0.183
			Master	-1.20	1.44	0.409
	University	High Sch.	1.75	1.30	0.183	
		Master	0.55	0.87	0.529	
	Master	High Sch.	1.20	1.44	0.409	
		University	-0.55	0.87	0.529	

Table 31 : Continued

Factor 4	High Sch.	University	-0.30	1.00	0.763
		Master	0.01	1.11	0.991
	University	High Sch.	0.30	1.00	0.763
		Master	0.32	0.67	0.640
	Master	High Sch.	-0.01	1.11	0.991
		University	-0.32	0.67	0.640
Factor 5	High Sch.	University	-1.03	0.63	0.105
		Master	-1.07	0.70	0.130
	University	High Sch.	1.03	0.63	0.105
		Master	-0.04	0.42	0.931
	Master	High Sch.	1.07	0.70	0.130
		University	0.04	0.42	0.931
Factor 6	High Sch.	University	-1.17	0.57	0.045
		Master	-0.69	0.64	0.285
	University	High Sch.	1.17	0.57	0.045
		Master	0.48	0.38	0.212
	Master	High Sch.	0.68	0.64	0.285
		University	-0.48	0.38	0.212

According to the results of multiple comparison shown Table 31, there could be no significant difference for Factor 1, 3, 4 and 5.

Moreover for Factor 2 – Relations to Management – there could be no significant difference between first second education group i.e. University and third education group i.e. Master ($p=0.745$). But there could be found significant difference between first education group i.e. High School and other two education groups i.e. University and Master ($p=0.025$ & $p=0.026$).

In addition for Factor 6 – Vision – there could be no significant difference between second education group i.e. Master and other two education groups i.e. High School & University ($p=0.285$ & $p=0.212$). But there could be found significant difference between first education group i.e. High School and second education group i.e. University ($p=0.045$).

5.4.4. Response to Organizational Decline and Position in the Company

The effect of position in the company on response to organizational decline is analysed with one way anova method.

Table 32

**Results of the Relationship Between Response to Organizational Decline and
Position in the Company**

Factor 1 : Innovativeness & Participation						
Position	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Manager	22	13.50	3.84	0.82	6.00	19.00
Deputy Man.	23	11.48	4.35	0.91	5.00	18.00
Depart. Resp.	16	12.25	3.75	0.91	5.00	18.00
Chief	22	12.68	3.09	0.66	6.00	18.00
Others	11	10.91	3.30	0.99	6.00	18.00
Total	94	12.30	3.76	0.39	5.00	19.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	71.739	4	17.935	1.281	0.283
Within Groups	1245.921	89	13.999		
Total	1317.660	93			

Factor 2 : Relations to Management						
Position	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Manager	22	11.23	2.62	0.56	7.00	17.00
Deputy Man.	23	9.09	3.26	0.68	4.00	16.00

Table 32 :**(Continued)**

Depart. Resp.	16	10.44	3.12	0.78	5.00	17.00
Chief	22	10.55	2.18	0.46	4.00	15.00
Others	11	8.91	2.74	0.83	5.00	13.00
Total	94	10.14	2.88	0.30	4.00	17.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	73.211	4	18.303	2.334	0.062
Within Groups	697.991	89	7.843		
Total	771.202	93			

Factor 3 : Corporate Internal Relation

Position	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Manager	22	15.18	4.32	0.92	6.00	20.00
Deputy Man.	23	13.91	3.49	0.73	7.00	20.00
Depart. Resp.	16	13.50	3.14	0.79	9.00	19.00
Chief	22	13.14	2.95	0.63	7.00	18.00
Others	11	13.00	2.68	0.81	10.00	19.00
Total	94	13.85	3.47	0.36	6.00	20.00

Table 32 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	60.225	4	15.056	1.262	0.291
Within Groups	1061.690	89	11.929		
Total	1121.915	93			

Factor 4 : Psychological States

Position	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Manager	22	11.00	2.05	0.44	6.00	14.00
Deputy Man.	23	8.87	3.35	0.70	3.00	14.00
Depart. Resp.	16	10.88	2.50	0.63	6.00	15.00
Chief	22	11.32	1.55	0.33	9.00	14.00
Others	11	10.36	3.04	0.92	6.00	14.00
Total	94	10.46	2.65	0.27	3.00	15.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	83.653	4	20.913	3.256	0.015
Within Groups	571.677	89	6.423		
Total	655.330	93			

Table 32 : (Continued)

Factor 5 : Flexibility						
Position	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Manager	22	6.55	1.57	0.33	3.00	9.00
Deputy Man.	23	5.70	1.82	0.38	2.00	10.00
Depart. Resp.	16	6.25	1.48	0.37	4.00	9.00
Chief	22	5.95	1.89	0.40	2.00	10.00
Others	11	5.91	1.51	0.46	3.00	8.00
Total	94	6.07	1.69	0.17	2.00	10.00
		Sum of Squares	df	Mean Square	F	Sig.
Between Groups		9.291	4	2.323	0.810	0.522
Within Groups		255.188	89	2.867		
Total		264.479	93			
Factor 6 : Vision						
Position	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Manager	22	7.09	1.34	0.29	5.00	9.00
Deputy Man.	23	6.91	1.73	0.36	3.00	10.00
Depart. Resp.	16	6.75	1.65	0.41	5.00	10.00
Chief	22	7.82	1.47	0.31	4.00	10.00
Others	11	6.45	1.29	0.39	5.00	9.00
Total	94	7.09	1.56	0.16	3.00	10.00

Table 32 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18.675	4	4.669	2.011	0.100
Within Groups	206.644	89	2.322		
Total	225.319	93			

For the Factor 1, 3, 5 and 6 in the all “Position” level (Manager, Deputy Manager, Department Responsible, Chief and Others) no significant difference could be found.

Moreover for Factor 2 – Relations to Management – total means of the first position i.e. Manager (11.23), second position i.e. Deputy Manager (9.09), third position i.e. Department Responsible (10.44), fourth position i.e. Chief (10.55), fifth position i.e. Others (8.91) and total of them (10.14) are observed, significant difference could be found ($p=0.062$). For Factor 2, in the first position (Manager) min response is 7.00, max response is 17.00; in the second position (Deputy Manager) min score is 4.00, max response is 16.00; in the third position (Department Responsible) min score is 5.00, max score is 17.00; fourth position (Chief) min score is 4.00, max score is 15.00; fifth position (Others) min score is 5.00, max score is 13.00. As shown above min score 4.00 and max score is 17.00 in total.

Moreover for Factor 4 – Psychological States – total means of the first position i.e. Manager (11.00), second position i.e. Deputy Manager (8.87), third position i.e. Department Responsible (10.88), fourth position i.e. Chief (11.32), fifth position i.e. Others (10.36) and total of them (10.46) are observed, significant difference could be

found ($p=0.015$). For Factor 2, in the first position (Manager) min response is 6.00, max response is 14.00; in the second position (Deputy Manager) min score is 3.00, max response is 14.00; in the third position (Department Responsible) min score is 6.00, max score is 15.00; forth position (Chief) min score is 9.00, max score is 14.00; fifth position (Others) min score is 6.00, max score is 14.00. As shown above min score 3.00 and max score is 15.00 in total.

Table 33
Multiple Comparison Between Positions in the Company

Factors	Positions (I)	Positions (J)	Mean	Std. Err.	Sig.
			Difference (I-J)		
Factor 1	Manager	Deputy Man.	2.02	1.12	0.073
		Depart. Resp.	1.25	1.23	0.312
		Chief	0.82	1.13	0.470
		Others	2.59	1.38	0.064
	Deputy Man.	Manager	-2.02	1.12	0.073
		Depart. Resp.	-0.77	1.22	0.528
		Chief	-1.20	1.12	0.284
		Others	0.57	1.37	0.679

Table 33 : (Continued)

	Depart. Resp.	Manager	-1.25	1.23	0.312
		Deputy Man.	0.77	1.22	0.528
		Chief	-0.43	1.23	0.726
		Others	1.34	1.47	0.363
	Chief	Manager	-0.82	1.13	0.470
		Deputy Man.	1.20	1.12	0.284
		Depart. Resp.	0.43	1.23	0.726
		Others	1.77	1.38	0.203
	Others	Manager	-2.59	1.38	0.064
		Deputy Man.	-0.57	1.37	0.679
		Depart. Resp.	-1.34	1.47	0.363
		Chief	-1.77	1.38	0.203
Factor 2	Manager	Deputy Man.	2.14	0.84	0.012
		Depart. Resp.	0.79	0.92	0.393
		Chief	0.68	0.84	0.422
		Others	2.32	1.03	0.027
	Deputy Man.	Manager	-2.14	0.84	0.012
		Depart. Resp.	-1.35	0.91	0.142
		Chief	-1.46	0.84	0.084
		Others	0.18	1.03	0.863

Table 33 : (Continued)

	Depart. Resp.	Manager	-0.79	0.92	0.393
		Deputy Man.	1.35	0.91	0.142
		Chief	-0.11	0.92	0.907
		Others	1.53	1.10	0.167
	Chief	Manager	-0.68	0.84	0.422
		Deputy Man.	1.46	0.84	0.084
		Depart. Resp.	0.11	0.92	0.907
		Others	1.64	1.03	0.117
	Others	Manager	-2.32	1.03	0.027
		Deputy Man.	-0.18	1.03	0.863
		Depart. Resp.	-1.53	1.10	0.167
		Chief	-1.64	1.03	0.117
Factor 3	Manager	Deputy Man.	1.27	1.03	0.221
		Depart. Resp.	1.68	1.13	0.142
		Chief	2.05	1.04	0.053
		Others	2.18	1.28	0.091
	Deputy Man.	Manager	-1.27	1.03	0.221
		Depart. Resp.	0.41	1.12	0.714
		Chief	0.78	1.03	0.453
		Others	0.91	1.27	0.473

Table 33 : (Continued)

	Depart. Resp.	Manager	-1.68	1.13	0.142
		Deputy Man.	-0.41	1.12	0.714
		Chief	0.36	1.13	0.749
		Others	0.50	1.35	0.713
	Chief	Manager	-2.05	1.04	0.053
		Deputy Man.	-0.78	1.03	0.453
		Depart. Resp.	-0.36	1.13	0.749
		Others	0.14	1.28	0.915
	Others	Manager	-2.18	1.28	0.091
		Deputy Man.	-0.91	1.27	0.473
		Depart. Resp.	-0.50	1.35	0.713
		Chief	-0.14	1.28	0.915
Factor 4	Manager	Deputy Man.	2.13	0.76	0.006
		Depart. Resp.	0.13	0.83	0.881
		Chief	-31.32	0.76	0.678
		Others	0.64	0.94	0.498
	Deputy Man.	Manager	-2.13	0.76	0.006
		Depart. Resp.	-2.01	0.83	0.017
		Chief	-2.45	0.76	0.002
		Others	-1.49	0.93	0.111

Table 33 : (Continued)

	Depart. Resp.	Manager	-1.13	0.83	0.881
		Deputy Man.	2.01	0.83	0.017
		Chief	-0.44	0.83	0.596
		Others	0.51	0.99	0.608
	Chief	Manager	0.32	0.76	0.678
		Deputy Man.	2.45	0.76	0.002
		Depart. Resp.	0.44	0.83	0.596
		Others	0.95	0.94	0.311
	Others	Manager	-0.64	0.94	0.498
		Deputy Man.	1.49	0.93	0.111
		Depart. Resp.	-0.51	0.99	0.608
		Chief	-0.95	0.94	0.311
Factor 5	Manager	Deputy Man.	0.85	0.50	0.096
		Depart. Resp.	0.30	0.56	0.597
		Chief	0.59	0.51	0.250
		Others	0.64	0.63	0.312
	Deputy Man.	Manager	-0.85	0.50	0.096
		Depart. Resp.	-0.55	0.55	0.317
		Chief	-0.26	0.50	0.609
		Others	-0.21	0.62	0.732

Table 33 : (Continued)

	Depart. Resp.	Manager	-0.30	0.56	0.597
		Deputy Man.	0.55	0.55	0.317
		Chief	0.30	0.56	0.597
		Others	0.34	0.66	0.609
	Chief	Manager	-0.59	0.51	0.250
		Deputy Man.	0.26	0.50	0.609
		Depart. Resp.	-0.30	0.56	0.597
		Others	0.05	0.63	0.942
	Others	Manager	-0.64	0.63	0.312
		Deputy Man.	0.21	0.62	0.732
		Depart. Resp.	-0.34	0.66	0.609
		Chief	-0.05	0.63	0.942
Factor 6	Manager	Deputy Man.	0.18	0.45	0.696
		Depart. Resp.	0.34	0.50	0.498
		Chief	-0.73	0.46	0.117
		Others	0.64	0.56	0.261
	Deputy Man.	Manager	-0.18	0.45	0.696
		Depart. Resp.	0.16	0.50	0.743
		Chief	-0.91	0.45	0.049
		Others	0.46	0.56	0.414

Table 33 : (Continued)

Depart. Resp.	Manager	-0.34	0.50	0.498
	Deputy Man.	-0.16	0.50	0.743
	Chief	-1.07	0.50	0.036
	Others	0.30	0.60	0.622
Chief	Manager	0.73	0.46	0.117
	Deputy Man.	0.91	0.45	0.049
	Depart. Resp.	1.07	0.50	0.036
	Others	1.36	0.56	0.017
Others	Manager	-0.64	0.56	0.261
	Deputy Man.	-0.46	0.56	0.414
	Depart. Resp.	-0.30	0.60	0.622
	Chief	-1.36	0.56	0.017

According to the results of multiple comparison shown Table 33, there could be no significant difference for Factor 1, 3 and 5.

Moreover for Factor 2 – Relations to Management – there could be found significant difference between first position i.e. Manager and other two positions i.e. Deputy Manager and Others ($p=0.012$ & $p=0.027$).

Moreover for Factor 4 – Psychological States – there could be found significant difference between first position i.e. Manager and second position i.e. Deputy Manager ($p=0.006$); between second position i.e. Deputy Manager and other three positions i.e. Manager, Department Responsible, Chief & Others ($p=0.006$, $p=0.017$ & $p=0.002$)

In addition for Factor 6 – Vision – there could be found significant difference between second position i.e. Deputy Manager and forth position i.e. Chief ($p=0.049$); between third position i.e. Department Responsible and forth position i.e. Chief ($p=0.036$); between forth position i.e. Chief and fifth position i.e. Others ($p=0.017$).

5.4.5. Response to Organizational Decline and Total Working Period

To analyse the effect of total working period on response to organizational decline, years are grouped. These groups are 1-10 years, 11-20 years, 21 and more years. Then one way anova is used.

Table 34

**Results of the Relationship Between Response to Organizational Decline and
Total Working Period**

Factor 1 : Innovativeness & Participation

Tot. Work. Period	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
1-10 years	44	11.82	3.12	0.47	5.00	18.00
11-20 years	42	13.07	4.38	0.68	5.00	19.00
21-more	8	10.88	2.95	1.04	6.00	14.00
Total	94	12.30	3.76	0.39	5.00	19.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	51.453	2	25.727	1.849	0.163
Within Groups	1266.206	91	13.914		
Total	1317.660	93			

Table 34 : (Continued)

Factor 2 : Relations to Management						
Tot. Work.	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Period						
1-10 years	44	9.86	2.66	0.40	4.00	17.00
11-20 years	42	10.81	3.13	0.48	4.00	17.00
21-more	8	8.13	1.13	0.40	7.00	10.00
Total	94	10.14	2.88	0.30	4.00	17.00
ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Between Groups		54.669	2	27.335	3.472	0.035
Within Groups		716.533	91	7.874		
Total		771.202	93			
Factor 3 : Corporate Internal Relation						
Tot. Work.	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Period						
1-10 years	44	12.98	2.56	0.39	7.00	19.00
11-20 years	42	15.05	3.84	0.59	6.00	20.00
21-more	8	12.38	4.24	1.50	8.00	19.00
Total	94	13.85	3.47	0.36	6.00	20.00

Table 34 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	111.158	2	55.579	5.004	0.009
Within Groups	1010.757	91	11.107		
Total	1121.915	93			

Factor 4 : Psychological States

Tot. Work. Period	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
1-10 years	44	10.91	2.22	0.33	6.00	15.00
11-20 years	42	10.60	2.79	0.43	3.00	14.00
21-more	8	7.25	2.12	0.75	4.00	10.00
Total	94	10.46	2.65	0.27	3.00	15.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	92.074	2	46.037	7.438	0.001
Within Groups	563.255	91	6.190		
Total	655.330	93			

Table 34 : (Continued)

Factor 5 : Flexibility						
Tot. Work.	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Period						
1-10 years	44	6.05	1.52	0.23	3.00	10.00
11-20 years	42	6.19	1.93	0.30	2.00	10.00
21-more	8	5.63	1.19	0.42	4.00	7.00
Total	94	6.07	1.69	0.17	2.00	10.00
ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Between Groups		2.218	2	1.109	0.385	0.682
Within Groups		262.260	91	2.882		
Total		264.479	93			
Factor 6 : Vision						
Tot. Work.	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Period						
1-10 years	44	7.16	1.60	0.24	4.00	10.00
11-20 years	42	6.93	1.45	0.22	3.00	10.00
21-more	8	7.50	1.93	0.68	5.00	10.00
Total	94	7.09	1.56	0.16	3.00	10.00

Table 34 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.647	2	1.324	0.541	0.584
Within Groups	222.672	91	2.447		
Total	225.319	93			

For the Factor 1, 5 and 6 in the all “Total Working Period” groups (1-10 years, 11-20 years, 21-more years) no significant difference could be found.

Moreover for Factor 2 – Relations to Management – total means of the first period i.e. 1-10 years (9.86), second period i.e. 11-20 years (10.81), third period i.e. 21-more years (8.13) and total of them (10.14) are observed, significant difference could be found ($p=0.035$). For Factor 2, in the first period (1-10 years) min response is 4.00, max response is 17.00; in the second period (11-20 years) min score is 4.00, max response is 17.00; in the third period (21-more years) min score is 7.00, max score is 10.00. As shown above min score 4.00 and max score is 17.00 in total.

Moreover for Factor 3 – Corporate Internal Relation – total means of the first period i.e. 1-10 years (12.98), second period i.e. 11-20 years (15.05), third period i.e. 21-more years (12.38) and total of them (13.85) are observed, significant difference could be found ($p=0.009$). For Factor 3, in the first period (1-10 years) min response is 7.00, max response is 19.00; in the second period (11-20 years) min score is 6.00,

max response is 20.00; in the third period (21-more years) min score is 8.00, max score is 19.00. As shown above min score 6.00 and max score is 20.00 in total.

Moreover for Factor 4 – Psychological States – total means of the first period i.e. 1-10 years (10.91), second period i.e. 11-20 years (10.60), third period i.e. 21-more years (7.25) and total of them (10.46) are observed, significant difference could be found ($p=0.001$). For Factor 4, in the first period (1-10 years) min response is 6.00, max response is 15.00; in the second period (11-20 years) min score is 3.00, max response is 14.00; in the third period (21-more years) min score is 4.00, max score is 10.00. As shown above min score 3.00 and max score is 15.00 in total.

Table 35

Multiple Comparison Between Total Working Period Groups

Factors	Tot. Work. Period (I)	Tot. Work. Period (J)	Mean Difference (I-J)	Std. Err.	Sig.
Factor 1	1-10 years	11-20 years	-1.25	0.80	0.123
		21- more	0.94	1.43	0.512
	11-20 years	1-10 years	1.25	0.80	0.123
		21- more	2.20	1.44	0.130
	21- more	1-10 years	-0.94	1.43	0.512
		11-20 years	-2.20	1.44	0.130

Table 35 : Continued

Factor 2	1-10 years	11-20 years	-0.95	0.61	0.122
		21- more	1.74	1.08	0.110
	11-20 years	1-10 years	0.95	0.61	0.122
		21- more	2.68	1.08	0.015
	21- more	1-10 years	-1.74	1.08	0.110
		11-20 years	-2.68	1.08	0.015
Factor 3	1-10 years	11-20 years	-2.07	0.72	0.005
		21- more	0.60	1.28	0.639
	11-20 years	1-10 years	2.07	0.72	0.005
		21- more	2.67	1.29	0.040
	21- more	1-10 years	-0.60	1.28	0.639
		11-20 years	-2.67	1.29	0.040
Factor 4	1-10 years	11-20 years	0.31	0.54	0.560
		21- more	3.66	0.96	0.000
	11-20 years	1-10 years	-0.31	0.54	0.560
		21- more	3.35	0.96	0.001
	21- more	1-10 years	-3.66	0.96	0.000
		11-20 years	-3.35	0.96	0.001
Factor 5	1-10 years	11-20 years	-0.15	0.37	0.693
		21- more	0.42	0.65	0.521

Table 35 : Continued

	11-20 years	1-10 years	0.15	0.37	0.693
		21- more	0.57	0.65	0.390
	21- more	1-10 years	-0.42	0.65	0.521
		11-20 years	-0.57	0.65	0.390
Factor 6	1-10 years	11-20 years	0.23	0.34	0.496
		21- more	-0.34	0.60	0.572
	11-20 years	1-10 years	-0.23	0.34	0.496
		21- more	-0.57	0.60	0.346
	21- more	1-10 years	0.34	0.60	0.572
		11-20 years	0.57	0.60	0.346

According to the results of multiple comparison shown Table 35, there could be no significant difference for Factor 1, 5 and 6.

Moreover for Factor 2 – Relations to Management – there could be found significant difference between second period i.e. 11-20 years and third period i.e. 21-more years ($p=0.015$).

In addition for Factor 3 – Corporate Internal Relation – there could be found significant difference between second period i.e. 11-20 years and other two periods i.e. 1-10 years & 21-more years ($p=0.005$ & $p=0.040$).

Furthermore for Factor 4 – Psychological States – there could be found significant difference between third period i.e. 21-more years and other two periods i.e. 1-10 years & 11-20 years ($p=0.000$ & $p=0.001$).

5.2.6. Response to Organizational Decline and Working Period in this Company

To analyse the effect of working period in this company on response to organizational decline, years are grouped. These groups are 1-5 years, 6-10 years, 11 and more years. Then one way anova is used.

Table 36

Results of the Relationship Between Response to Organizational Decline and Working Period in this Company

Factor 1 : Innovativeness & Participation

Tot. Work. Period	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
1-5 years	46	12.04	3.32	0.49	6.00	19.00
6-10 years	36	12.78	4.31	0.72	5.00	19.00
11-more	12	11.83	3.79	1.09	6.00	18.00
Total	94	12.30	3.76	0.39	5.00	19.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.858	2	6.929	0.484	0.618
Within Groups	1303.802	91	14.327		
Total	1317.660	93			

Factor 2 : Relations to Management

Tot. Work. Period	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
1-5 years	46	10.02	2.87	0.42	4.00	17.00
6-10 years	36	10.94	2.80	0.47	5.00	17.00
11-more	12	8.17	2.25	0.65	4.00	13.00
Total	94	10.14	2.88	0.30	4.00	17.00

Table 36 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	70.668	2	35.334	4.590	0.013
Within Groups	700.534	91	7.698		
Total	771.202	93			

Factor 3 : Corporate Internal Relation

Tot. Work.	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Period						
1-5 years	46	12.96	2.64	0.39	6.00	19.00
6-10 years	36	15.00	3.96	0.66	7.00	20.00
11-more	12	13.83	4.00	1.15	7.00	19.00
Total	94	13.85	3.47	0.36	6.00	20.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	84.335	2	42.168	3.698	0.029
Within Groups	1037.580	91	11.402		
Total	1121.915	93			

Table 36 : (Continued)

Factor 4 : Psychological States						
Tot. Work.	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Period						
1-5 years	46	10.89	2.31	0.34	5.00	15.00
6-10 years	36	10.86	2.53	0.42	3.00	14.00
11-more	12	7.58	2.64	0.76	3.00	11.00
Total	94	10.46	2.65	0.27	3.00	15.00
ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Between Groups		113.651	2	56.826	9.546	0.000
Within Groups		541.679	91	5.953		
Total		655.330	93			

Factor 5 : Flexibility						
Tot. Work.	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
Period						
1-5 years	46	5.85	1.58	0.23	2.00	10.00
6-10 years	36	6.53	1.59	0.27	3.00	9.00
11-more	12	5.58	2.15	0.62	2.00	10.00
Total	94	6.07	1.69	0.17	2.00	10.00

Table 36 : (Continued)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	12.655	2	6.328	2.287	0.107
Within Groups	251.824	91	2.767		
Total	264.479	93			

Factor 6 : Vision

Tot. Work. Period	N	Mean	Std. Dev.	Std. Error	Min Score	Max Score
1-5 years	46	6.87	1.50	0.22	4.00	10.00
6-10 years	36	7.22	1.64	0.27	3.00	10.00
11-more	12	7.50	1.51	0.44	5.00	10.00
Total	94	7.09	1.56	0.16	3.00	10.00

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.880	2	2.440	1.007	0.369
Within Groups	220.440	91	2.422		
Total	225.319	93			

For the Factor 1, 5 and 6 in the all “Working Period in this Company” groups (1-5 years, 6-10 years, 11-more years) no significant difference could be found.

Moreover for Factor 2 – Relations to Management – total means of the first period i.e. 1-5 years (10.02), second period i.e. 6-10 years (10.94), third period i.e. 11-more years (8.17) and total of them (10.14) are observed, significant difference could be found ($p=0.013$). For Factor 2, in the first period (1-5 years) min response is 4.00, max response is 17.00; in the second period (6-10 years) min score is 5.00, max response is 17.00; in the third period (11-more years) min score is 4.00, max score is 13.00. As shown above min score 4.00 and max score is 17.00 in total.

Moreover for Factor 3 – Corporate Internal Relation – total means of the first period i.e. 1-5 years (12.96), second period i.e. 6-10 years (15.00), third period i.e. 11-more years (13.83) and total of them (13.85) are observed, significant difference could be found ($p=0.029$). For Factor 3, in the first period (1-5 years) min response is 6.00, max response is 19.00; in the second period (6-10 years) min score is 7.00, max response is 20.00; in the third period (11-more years) min score is 7.00, max score is 19.00. As shown above min score 6.00 and max score is 20.00 in total.

Moreover for Factor 4 – Psychological States – total means of the first period i.e. 1-5 years (10.89), second period i.e. 6-10 years (10.86), third period i.e. 11-more years (7.58) and total of them (10.46) are observed, significant difference could be found ($p=0.029$). For Factor 4, in the first period (1-5 years) min response is 5.00, max response is 15.00; in the second period (6-10 years) min score is 3.00, max response is 14.00; in the third period (11-more years) min score is 3.00, max score is 11.00. As shown above min score 3.00 and max score is 15.00 in total.

Table 37

Multiple Comparison Between Working Period Groups in this Company

Factors	Tot. Work. Period (I)	Tot. Work. Period (J)	Mean Difference (I-J)	Std. Err.	Sig.
Factor 1	1-5 years	6-10 years	-0.73	0.84	0.386
		11- more	0.21	1.23	0.864
	6-10 years	1-5 years	0.73	0.84	0.386
		11- more	0.94	1.26	0.456
Factor 2	1-5 years	6-10 years	-0.92	0.62	0.139
		11- more	1.86	0.90	0.042
	6-10 years	1-5 years	0.92	0.62	0.139
		11- more	2.78	0.92	0.003
11- more	1-5 years	-1.86	0.90	0.042	
	6-10 years	-2.78	0.92	0.003	
Factor 3	1-5 years	6-10 years	-2.04	0.75	0.008
		11- more	-0.88	1.09	0.425

Table 37 : Continued

	6-10 years	1-5 years	2.04	0.75	0.008
		11- more	1.17	1.13	0.303
	11- more	1-5 years	0.88	1.09	0.425
		6-10 years	-1.17	1.13	0.303
Factor 4	1-5 years	6-10 years	0.03	0.54	0.956
		11- more	3.31	0.79	0.000
	6-10 years	1-5 years	-0.03	0.54	0.956
		11- more	3.28	0.81	0.000
	11- more	1-5 years	-3.31	0.79	0.000
		6-10 years	-3.28	0.81	0.000
Factor 5	1-5 years	6-10 years	-0.68	0.37	0.069
		11- more	0.26	0.54	0.625
	6-10 years	1-5 years	0.68	0.37	0.069
		11- more	0.94	0.55	0.092
	11- more	1-5 years	-0.26	0.54	0.625
		6-10 years	-0.94	0.55	0.092
Factor 6	1-5 years	6-10 years	-0.35	0.35	0.311
		11- more	-0.63	0.50	0.215
	6-10 years	1-5 years	0.35	0.35	0.311
		11- more	-0.28	0.52	0.594
	11- more	1-5 years	0.63	0.50	0.215
		6-10 years	0.28	0.52	0.594

According to the results of multiple comparison shown Table 37, there could be no significant difference for Factor 1, 5 and 6.

Moreover for Factor 2 – Relations to Management – there could be found significant difference between third period i.e. 11-more years and other two periods i.e. 1-5 years & 6-10 years ($p=0.042$ & $p=0.003$).

In addition for Factor 3 – Corporate Internal Relation – there could be found significant difference between first period i.e. 1-5 years and second period i.e. 6-10 years ($p=0.008$).

Furthermore for Factor 4 – Psychological States – there could be found significant difference between third period i.e. 11-more years and other two periods i.e. 1-5 years & 6-10 years ($p=0.000$ & $p=0.000$).

5.5. Analysis of Results About Factor Analysis and Two Different Department Groups

As it is mentioned above, one of the aim of this study is to analysis the difference between the responses to organizational decline by personnel who are directly gained money to the company, that means they work in sales department; and the given responses by personnel who are indirectly gained money to the company, that means they work in departments other than sales like marketing, finance, R&D, human resources, design, manufacture, quality control etc.

Therefore the variable, response to organizational decline, is analysed with two groups of department seperately. First group of department includes sales department which are provided money directly to the company. Second group includes other departments like marketing, account, finance, credit, R&D, HR, training, manufacturing, design, quality control, supply etc. which are provided money indirectly to the company. So the variable is examined with these two groups of department to check whether it is changed.

In order to make tabulation easier, departments are mentioned in two groups. These two groups includes departments as it is shown below.

1st group : Sales

2nd group : Marketing

Account, Finance, Credit

R&D

Human Resources, Personnel

Training

Manufacturing

Design

Quality Control

Supply

Others like Computer, Logistics, Customer Services, MIS

In order to analyse the difference between the response to organizational decline in two department groups, t-test is used.

Table 38

**Results of the Relationship Between Response to Organizational Decline and
Two Different Department Groups**

Factor 1 : Innovativeness & Participation

Dep. Group	N	Mean	Std. Deviation	Std. Error Mean
1 st group	46	13.39	3.97	0.59
2 nd group	48	11.25	3.26	0.47

Df = 92 t = 2.862 Sig (2-tailed) = **0.005**

Equal variances assumed

Factor 2 : Relations to Management

Dep. Group	N	Mean	Std. Deviation	Std. Error Mean
1 st group	46	11.09	3.26	0.48
2 nd group	48	9.23	2.13	0.31

Df = 92 t = 3.287 Sig (2-tailed) = **0.001**

Equal variances assumed

Factor 3 : Corporate Internal Relation

Dep. Group	N	Mean	Std. Deviation	Std. Error Mean
1 st group	46	14.70	3.51	0.52
2 nd group	48	13.04	3.27	0.47

Df = 92 t = 2.364 Sig (2-tailed) = **0.020**

Equal variances assumed

Table 38 : (Continued)

Factor 4 : Psychological States

Dep. Group	N	Mean	Std. Deviation	Std. Error Mean
1 st group	46	11.22	2.36	0.35
2 nd group	48	9.73	2.74	0.40
Df = 92		t = 2.817	Sig (2-tailed) = 0.006	

Equal variances assumed

Factor 5 : Flexibility

Dep. Group	N	Mean	Std. Deviation	Std. Error Mean
1 st group	46	6.35	1.78	0.26
2 nd group	48	5.81	1.57	0.23
Df = 92		t = 1.550	Sig (2-tailed) = 0.125	

Equal variances assumed

Factor 6 : Vision

Dep. Group	N	Mean	Std. Deviation	Std. Error Mean
1 st group	46	7.26	1.48	0.22
2 nd group	48	6.92	1.62	0.23
Df = 92		t = 1.073	Sig (2-tailed) = 0.286	

Equal variances assumed

For the Factor 5 and 6 in the all “Department” groups (1st group and 2nd group) no significant difference could be found.

Moreover for Factor 1 – Innovatiness & Participation – total means of the 1st group (13.39), 2nd group (11.25) significant difference could be found ($p=0.005$). For Factor 2 – Relations to Management – total means of the 1st group (11.09), 2nd group (9.23) significant difference could be found ($p=0.001$). For Factor 3 – Corporate Internal Relation – total means of the 1st group (14.70), 2nd group (13.04) significant difference could be found ($p=0.020$). For Factor 4 – Psychological States – total means of the 1st group (11.22), 2nd group (9.73) significant difference could be found ($p=0.006$).

6. DISCUSSION

This research has two main aims. First of all is to study the responses to decline in case there is an organizational decline application in the company, analysis the intensity of the responses and to determine which of the responses have the highest priority. Second aim is to analysis the difference between the shown responses to organizational decline by the mid-managers who are directly gained money to the company, that means they work in “sales” department and the shown responses by the mid-managers who are indirectly gained money to the company, that means they work in departments other than “sales” like finance, R&D, design, manufacturing, quality control, human resources etc.

This research is applied to mid-managers in five local manufacturer companies in Turkish automobile sector.

According to results, in case there is organizational decline in the company, response of 40.43 % of subjects to organizational decline is at high level, 58.51 % of subjects is at medium level and only 1.06 % of subjects is at low level.

When types of response to organizational decline are examined, the following results are found. The highest response type is “Formal Information Flow” and the lowest response type is “Resistance to Newness”. Moreover the response types at high level are “Trust, Morale, Margin for Error, Formal Information Flow, Stress,

Loyalty, Long-term Planning, Centralization and Risk Taking”; the response types at medium level are “Turnover, Conflict, Decision Making, Secrecy, Participation, Flexibility, Communication, Formalization, Rumor, Innovativeness, Opposition”; the response type at low level is “Resistance to Newness”.

In addition factor analysis is applied to responses and six different factors are extracted : Innovativeness & Participation; Relations to Management; Corporate Internal Relation; Psychological States; Flexibility; Vision.

Demographic data are analysed with the above mentioned six factors. In all the demographic data, there could be no significant difference found for Factor 1 – Innovativeness & Participation and Factor 5 – Flexibility. However in the other four factors i.e. Factor 2 – Relations to Management, Factor 3 – Corporate Internal Relation, Factor 4 – Psychological States, Factor 6 – Vision, there could be found significant difference for different demographic data.

Besides of all above mentioned evaluations, the results of questionnaire are examined according to the department of subject to realize the second aim of this research. As it is explained above, the aim is to analysis the difference between the responses to organizational decline by personnel who are directly gained money to the company, that means they work in “sales” department; and the given responses by personnel who are indirectly gained money to the company, that means they work in departments other than “sales” like finance, marketing, R&D, human resources, design, manufacture, quality control etc.

The response to organizational decline is analysed with these two different department groups. There could be no significant difference found only for Factor 5 – Flexibility and Factor 6 – Vision. For the other four factors ie. Factor 1 – Innovativeness & Participation, Factor 2 – Relations to Management, Factor 3 – Corporate Internal Relation, Factor 4 – Psychological states, there could be found significant difference between two different department groups.

APPENDIX

Ekteki anket formu, Marmara Üniversitesi “İnsan Kaynakları Yönetimi & Gelişimi Yüksek Lisans Programı” bitirme tezi için yapılmakta olan akademik çalışma kapsamında hazırlanmıştır.

Vereceğiniz tüm cevaplar kesinlikle gizli tutulacak, anketi dolduran kişinin veya şirketinin ismi anket kapsamında yer almayacak ve cevaplar sadece bu akademik çalışmada kullanılacaktır.

Takdir edeceğimiz gibi, cevaplarınızda açık ve samimi olmanızın, araştırma sonuçlarının doğruluğu üzerindeki etkisi büyük olacaktır. Lütfen anketteki tüm soruları samimiyetle cevaplayınız.

Yüksek Lisans tezimi hazırlamamda yardımcı olduğunuz ve değerli zamanınızı ayırdığınız için teşekkür ederim.

Saygılarımla

Anı Yeşim SÖNMEZER

ANKETİ DOLDURAN HAKKINDA BİLGİLER

- Cinsiyetiniz : Kadın Erkek
- Medeni Haliniz : Evli Bekar
- Yaşınız :
- Öğrenim Durumunuz : Lise
 Üniversite
 Yüksek Lisans
 Doktora
- Şirketteki Pozisyonunuz : Müdür
 Müdür Yardımcısı
 Bölüm Sorumlusu
 Şef
 Diğer
- Toplam Çalışma Süreniz : yıl
- Bu Firmada Çalışma Süreniz : yıl
- Bölümünüz : Satış
 Pazarlama
 Muhasebe / Finans / Kredi
 Araştırma & Geliştirme
 İnsan Kaynakları / Personel
 Eğitim
 Üretim
 Dizayn
 Kalite
 Tedarik
 Diğer

Aşağıda **“Şirketinizin küçülmeye (Organizational Decline) gitmesi halinde neler hissedeceğiniz ve nasıl davranacağınız”** hakkında değerlendirmeniz istenilen 22 adet ifade vardır. Her bir ifade için iki zıt durum belirtilmiştir. Her maddenin iki uç durumunu okuduktan sonra, kendinizi hangi duruma daha yakın buluyorsanız o kutuya çarpı işareti koyunuz.

Örnek :

1. Şirkete olan güvenim azalır

		X
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 Şirkete olan güvenim artar

Lütfen anketi doldurmadan önce aşağıda **“Örgütsel Küçülme / Organizational Decline”** hakkında verilen açıklamayı okuyunuz.

“Örgütsel Küçülme / Organizational Decline”

Firmaların piyasaya olan uyumları çevresel veya örgütsel faktörler nedeniyle bozulabilir. Uyum bozukluğu sonucunda ortaya çıkan **“şirket kaynaklarında azalma”** organizasyonları küçülme kararı ile karşı karşıya bırakır. Örgütsel küçülmede kullanılacak yöntemlerden bazıları şunlardır :

- Şirketin çalışma alanlarını azaltmak veya kapatmak
- Şirketin çalışma alanlarını değiştirmek
- Şirketin çalışma alanlarını çeşitlendirmek
- Şirketin asıl çalışma alanlarında faaliyet göstermek
- Başarılı çalışma alanlarını geliştirmek
- Yönetim değişikliği yapmak
- Personel, proje v.s. harcamalarını azaltmak
- Yatırımları azaltmak veya durdurmak
- Eleman sayısını azaltmak
- Departmanları birleştirmek veya kapatmak

**ÇALIŞMAKTA OLDUĞUNUZ ŞİRKETİN KÜÇÜLMEMEYE
(ORGANIZATIONAL DECLINE) GİTMESİ HALİNDE NELER HİSSEDER
VE NASIL DAVRANIRSINIZ ?**

- | | | |
|---|--|---|
| 1. Şirkete olan güvenim azalır | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Şirkete olan güvenim artar |
| 2. Moralin bozulur | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Moralim düzelir |
| 3. İşime devam ederim | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | İstifa ederim |
| 4. İş arkadaşlarımla ilişkilerim kötüye gider | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | İş arkadaşlarımla ilişkilerim iyiye gider |
| 5. İşle ilgili karar vermek zorunda olduğum konuları hemen gerçekleştiririm | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | İşle ilgili karar vermek zorunda olduğum konuları ertelerim |
| 6. Yapılan hatalara anlayışlı davranırım | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Yapılan hatalara anlayış göstermem |
| 7. Prosedürlere uymaya dikkat ederim | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Prosedürlere pek fazla uymam |
| 8. Stresli olurum | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Rahat olurum |
| 9. İşle ilgili bilgileri başkalarından saklarım | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | İşle ilgili bilgileri başkalarıyla paylaşıyorum |
| 10. Ortak kararlara katılımım artar | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Ortak kararlara katılımım azalır |
| 11. Yeniliklere karşı koyarım | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Yeniliklere açık olurum |
| 12. Şirkete olan bağlılığım artar | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Şirkete olan bağlılığım azalır |
| 13. İşle ilgili uzun vadeli planlarımı ertelerim | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | İşle ilgili uzun vadeli planlarımı uygularım |
| 14. Esnek davranmaya başlarım | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Katı davranmaya başlarım |
| 15. İçime kapanırım | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | Dışa açık olurum |
| 16. İşle ilgili kararları kendim veririm | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | İşle ilgili kararları üst yönetime bırakırım |

17. Dedikodu yaparım kaçınırım	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Dedikodu yapmaktan
18. İşimle ilgili konularda risksiz kararları tercih ederim	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	İşimle ilgili konularda riskli kararları tercih ederim
19. Yazılı iletişimi kullanırım	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Sözlü iletişimi kullanırım
20. İşimde yaratıcılığımı kullanmayı tercih ederim	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	İşimde yaratıcılığımı kullanmamayı tercih ederim
21. Alınan kararları desteklerim	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Alınan kararlara muhalefet ederim

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