

## CHAPTER 6:

### DISCUSSION AND CONCLUSION

#### 6.1 Introduction

The research in this section is presented in the synthesis and findings from Chapters 1 to 5, which are discussed and interpreted. Table 6.1 highlights the questions of research, the objectives of research, and research findings.

**Table 6.1** Research Questions, Research Objectives and Findings

| No | Research Question   | Research Objectives  | Findings  |
|----|---|--|---|
| 1  | What was the impact of the financial crisis on the banking industry as a whole and Bank Islam in specific? Were the impacts different compared to conventional banks?   | To highlight the impact of the financial crisis on Bank Islam's performance compared to that of the conventional banks.  | The first finding answers Research Questions 1 and 2, which aimed to find out the impact of changes in the performance of Bank Islam and the comparative performance with conventional banks. The finding also provides a general view of the banking performance during the AFC and GFC. |
| 2  | Which aspects of assets and liabilities affected Bank Islam the most during the financial crisis on the banking industry? Was the impact on assets and liabilities similar between Bank Islam and the conventional banks?   | And to identify what organizational aspects that Bank Islam took to recover from the financial crisis, in particular the business strategy, risk management            |   |
| 3  | How did Bank Islam react to and face the financial crisis in 1997 and 2008? Were there changes in organizational structure and did the systems meet the challenges? What was the emphasis of the changes in terms of risk management, business expansion, and growth? | To identify the managerial action undertaken by the bank to turnaround the performance in terms of assets and liabilities management, organization system and process. | The second finding is used to answer Research Question 3 theoretically, by following the signs of distress of Yakola (2014).  |
| 4  | How did Bank Islam manage the assets and liabilities to prepare for recovery/turnaround after the financial crisis?   | To determine the strategic management and change indicators that influenced the bank's recovery process and associates the performance to its strategies.              | To determine the strategic management and change indicators that influenced the bank's recovery process and associates the performance to its strategies.   |
| 5  | What was the management strategy that Bank Islam employed during and after the financial crisis to recover itself in growth and performance? Were there changes in business strategy, financial structure, and ownership?   |  |   |

Source: Developed for this Study

All studies have some literature which gives the researcher the tools to even produce a statement of purpose and questions for research. Since these research questions are addressed by categories or topics or findings, the name of these categories will reflect the study's guidance (Merriam, 2009). Research questions, which guide a qualitative study should not be confused with the question, curiosity or puzzle that first led to the study (and that is reflected in the problem statement and purpose of the study). Merriam (2009) describes the purpose statement and research questions as central to the process in a qualitative study. The purpose of qualitative statements to ask what happens, what factors, etc., are important includes subcomponents in research. The results of this study are those answers to questions from research (Merriam, 2009). The practical objective of the data analysis is, therefore, to find answers to research questions.

## **6.2. Identification of Declining Performance in Bank Islam**

This study started with the researcher's interest in banking performance during the financial crisis. As a result, the study is interested in the data that are shown in Figures 1.1 to 1.3 by conducting the profitability analysis from 1990 to 2013, especially on Bank Islam performance.

In Malaysia, Bank Islam is known as the "Trendsetter Success of Sharia Bank" established in 1983 by Raja Tun Mohar bin Raja Badiozaman. Bank Islam contains six pillars for the performance of bank operations, namely, (1) fairness/no exploitation, (2) risk-sharing, (3) materiality, economic purposes, (4) prohibition of interest (riba), (5) sanctity of contracts, and (6) no financing of activities prohibited by Islam (Jamalluddin et al., 2011). The basic distinction between Islamic and conventional banks is that all

Islamic banks' operations are carried out without the inclusion of elements of riba', which is strictly forbidden in Islam.

Because of the differences in the regulatory banking performance between conventional and Islamic banking, the study began by gathering data. Figures 1.1 to 1.3 show the comparative performance of Bank Islam and other banks, but the data are insufficient to understand the cause of the declining performance, especially when the study collected the data on banking performance during the AFC and GFC 9 (see Appendices 18 to 19 in second books as the finding of this qualitative study).

There are a plethora of indicators that have contributed to Bank Islam's poor performance during the crisis. To answer the first research question, the study gathered quantitative data from 1990 to 2013 (see Appendices 13 to 14). Based on Table 4.3, the study concludes that profitability can lead to financial leverage, profit expense ratio, and risk management through an underlying of macroeconomic indicators. The answer to Research Question 1 is already given in section 4.2. in Chapter 4. Since the study focused on Bank Islam's performance and the phenomenon situations, such as the AFC and GFC that did indeed have an impact on banking performance, these quantitative analyses can be useful as information on case studies of qualitative research (as explained in Chapter 4 page 186, paragraph 1).

The study found that the changes of performance in Bank Islam were already impacted by the AFC and GFC and the study continued to answer Research Question 2, that focuses on the impact of the AFC and GFC through the changes in asset and liability. As part of the strategic management of banks, assets and liabilities represent an important element of banking resources and activities. The study used several balancing indicators to evaluate ALM's performance, including loans, deposits, total

liabilities, total assets, cash and money at central banks, and tangible and intangible assets. In this study the results of the performance of Bank Islam are based on the changes in ALM's value by total assets, total liabilities, total equity, cash balances, deposits (an additional amount of deposits from customers and deposits, and bank and financial investments, as well as placements of banks and other financial institutions), statutory deposits with BNM (replacing the report of cash and money in Central Banks) and property, including equipment (replacing the report value of tangible and intangible assets). The changes in the bank's assets and liabilities between 1990 and 2013 were also analysed. The changes in assets (measured based on total assets, statutory BNM deposit, and total property and equipment) have revealed a reduction in asset reports by Bank Islam in comparison to three other banks during the AFC and GFC. Liabilities (including measuring of total liabilities, deposits, overall shareholders' and cash flow) also reflect the declines in Bank Islam's performance in comparison with other banks in the course of the AFC and GFC (these are already answered in section 4.2.1).

The study found another model to find the detail causal of banking performance, and the study used the model of Yakola (2014). In order to detect the declines in performance during the crisis, Yakola (2014) provides an indicator of working capital/liquidity, financial, and profitability and industry outlook as well as employee indicators. Model Yakola, however, specifies various indicators, and some of Yakola's indicators have been answered from the previous research questions. In response, the changes in organizational structure, challenges, risk management, business expansion and growth confronted by Bank Islam based on Yakola model, are already addressed in Research Question 3 (these are already answered in section 4.3 to 4.4).

The years of observation of Bank Islam were from 1984 (the year of establishment), the crisis (the AFC started from 1997 to 1999 and GFC happened 2008 to 2009), 2005 (because these years Bank Islam established the TP), and 2013 (the last year of observation) (this is already explained in section 3.2.3). The difference in the year of the observation is the understanding of Bank Islam's business and practice since 1984, the start of the crisis, the issuance of TP for Bank Islam's performance, and the fine year without any phenomena crisis from the Yakola's model.

### **6.3 Turnaround Strategies in Bank Islam**

Table 6.1 provides the information on Research Questions 4 and 5 focusing on the Bank Islam's turnaround strategies. Bank Islam has a Turnaround Plan under Dato' Zukri Samat to stop the decreasing performance from 2006 to 2009. The study shows that Bank Islam's findings seem to be in line with Schoenberg et al.'s (2013) from content and process orientated strategies. Schoenberg et al. (2013) elaborate two turnaround strategies, which are (i) content-orientated strategies consisting of cost efficiencies, asset retrenchment, focus on core activities and build for the future, and (ii) process-orientated strategies which consist of the reinvigoration of firm leadership (such as changing the CEO, top management team or TMT, and the cautionary note regarding CEO or TMT change), and culture change.

The study examined Bank Islam's practices from 1984, 1997 to 1998, 2003, 2005 to 2006 for the first assessment of the turnaround strategies by Schoenberg et al (2013). The first assesment was to learn the practices of Bank Islam before the study looked at Bank Islam's own strategy, such as the TP, SGP, and H2E. The practices of Bank Islam show that, they indeed have the content and process-orientated strategies and this is already presented in Chapter 5 (from subchapters 5.1 to 5.3). This study

provides the turnaround strategies of Bank Islam after the identification of signs of distress by following the turnaround model by Schoenberg et al. (2013). Bank Islam made some recovery after the AFC, starting from the content-orientated strategies, such as:

1. Cost efficiencies. Bank Islam conducted cost efficiencies activities in information on R&D, reducing receivable accounts, stretching accounts receivable, reducing market activity as well as financial and capacity control.
2. Asset retrenchment. After the AFC, Bank Islam focused on increasing profitability and stabilizing the firm's position. It concentrated on a better performance on the statement of balance sheets, profit statements, and cash flow statements.
3. Focused on core activities. Bank Islam did a major restructuring on 6 strategic objectives such as to aggressively grow the consumer banking business, strengthen commercial banking, develop debt market capabilities, develop risk management capabilities, IT infrastructure and staff competencies. In 2003, Bank Islam focused on expansion and growth for the future after the AFC. Bank Islam started establishing risk management in 2003.
4. Build for the future. Bank Islam started to focus on the business product that relates to internet banking, increased the performance of ATMs and credit cards in 2003. Bank Islam already had 84 branches in 2003.
5. Reinvigoration of firm leadership. Bank Islam show the changes firm leadership during 1984, the AFC, 2003, and 2006. From 1984, the Chairman

of Bank Islam was YM Raja Tan Sri Mohar Raja Badiozaman, PMN, PSM, JMN (retired October, 28<sup>th</sup> 1993) with Managing Director, Dr. Abdul Halim Haji Ismail (retired May, 01<sup>st</sup> 1994). During the AFC in 1997 to 1998, Bank Islam had the Chairman, Tan Sri Dato' Shamsudin Abdul Kadir (appointed October, 29<sup>th</sup> 1993 to 2000) and Managing Director, Dato' Ahmad Tajudin Abdul Rahman (appointed May, 11<sup>th</sup> 1994 to retired July, 01<sup>st</sup> 2004). During 2003, Bank Islam had been led by the Chairman, Dato' Mohd Yusoff Hj Nasir (started 2001 to 2004) and Managing Director, Dato' Ahmad Tajudin Abdul Rahman (appointed April 25<sup>th</sup> 1997 until retired on July, 01<sup>st</sup> 2004). During 2006, Bank Islam was led by the Chairman Tan Sri Dato' Dr. Abdullah Bin Mohd. Tahir (appointed on August, 1<sup>st</sup> 2006 to 2008) and Managing Director, Dato' Zukri bin Samat (appointed on June 09<sup>th</sup> 2006 to 2017).

6. Culture change. The study shows Bank Islam's different practices on culture change that relates to activities of banking. Bank Islam was the first to establish Islamic banking in Malaysia in 1984. Bank Islam focused on marketing efforts in the development of its deposit based when the AFC happened. Bank Islam conducted a major reorganisation in 2003 involving aggressively growing consumers' banking, enhancing commercial banking, building debt market capabilities, developing risk management, IT infrastructure, and staff competences. Bank Islam focused on the customer-centric strategy from 2005 to 2006 and also with the reestablishment of sales and marketing division.

The study shows the three strategies of Bank Islam from Figure 5.1 (in sub-chapter 5.4). Under the Managing Director, Dato' Zukri bin Samat, Bank Islam established three strategies that were implemented to improve Bank Islam's performance, such as the TP (that was implemented from 2006 to 2009, and is already discussed in sub-chapter 5.4.1), SGP (that was implemented from 2010 to 2012), and H2E (that was implemented from 2013 to 2015). The Turnaround Plan (started from 2006 to 2009) stand on five pillars, namely, (1) recapitalization and balance sheet restructuring, (2) IT infrastructure revamp, (3) transformation program, (4) cost rationalization, and lastly (5) human capital development. From these five pillars, this study highlights the improvement of the TP in Islamic banks by following the turnaround strategies by Schoenberg et al. (2013), such as:

1. Cost efficiencies. Bank Islam experienced reductions from the declining market activity, and financial and capacity control.
2. Asset retrenchment. Bank Islam experienced this based on the profit and loss statement and cash flow statement. However, only the balance sheet statement reported the increasing number from 2006 to 2009.
3. Core activities. Bank Islam focused on business in consumer banking, treasury, and corporate investment banking. Bank Islam also focused on innovation on banking products following a robust risk management.
4. Build for the future. Bank Islam signed a collaboration with the European market during the implementation of TP.
5. Reinvigoration the firm leadership. During the implementation of the TP, Bank Islam was led by the Chairman, Datuk Mohd. Bakke Salleh (appointed June, 03<sup>rd</sup> 2002 and resigned on July, 15<sup>th</sup> 2010)

6. Culture change. Bank Islam was notified as a recovery mode, which was focusing on moving out of crisis and return to the black. During the TP, Bank Islam had focused to be a service-orientated organization, and as such the employees should professionally conduct themselves to handle with Bank's stakeholders.

The study shows that Bank Islam has demonstrated the practices which appear to be in line with the Schoenberg et al.'s strategies (2013). However, Bank Islam already established the SGP and H2E after TP through a focus on Bank Islam's growth and development. The study used the Schoenberg et al's model to understand the changes in Bank Islam's practices in the SGP and H2E

Furthermore, Bank Islam implemented the SGP from July 2009 to December 2012 (this is already mentioned in sub-chapter 5.4.2). In the 3-year SGP plan, Bank Islam had 6 pillars to drive their growth, such as (1) business innovation, (2) robust risk management, (3) strengthening enabling infrastructure, (4) building capability and capacity, (5) franchise development, and (6) inorganic growth and corporate expansion. From the SGP, the study show the different practices of Bank Islam compared to the previous strategy, namely the TP.

1. Cost efficiencies. Bank Islam did not experience cost efficiencies. Bank Islam had increased R&D, increased inventory, increased on increasing accounts payable, increased market activity, and increased the value of financial and capacity controls.
2. Asset retrenchment. Bank Islam did not experience the asset retrenchment since Bank Islam provided positive reporting from the balance sheet statement and the profit statement. Instead, in their cash flow statement,

Bank Islam had decreased the reporting on cash flow investment and financing activities.

3. Core activities. Bank Islam focused on reshaping the future of bank through the implementation of the SGP. The first key, Bank Islam focused on a high revenue generation potential and sustainability. The second key, Bank Islam focused on reducing costs. The third key, Bank Islam focused on prospecting and account planning.
4. Build for the future. Bank Islam already developed mobile banking services. In 2012, Bank Islam launched the money market fund.
5. Reinvigoration of the firm leadership. Bank Islam did not have the same managing director, namely, Dato' Sri Zukri bin Samat but with a different chairman, namely Dato' Zamani Abdul Ghani (appointed on March, 01<sup>st</sup> 2011 to 2016)
6. Culture change. The status of Bank Islam performance during the SGP was a stable mode, that focused on building a solid foundation for a sustainable growth. Bank Islam stated to restructure its branch model to be more focused and customer-centric.

To highlight the development performance of Bank Islam during H2E from 2013 to 2015 (presented in sub-chapter 5.4.3 ), this study provides the information on Bank Islam practices such as:

1. Bank Islam did not experience cost-effective activities. Notably, Bank Islam increased on R&D, inventory, market activity, financial and capacity control.

2. Bank Islam also did not experience asset retrenchment. According to the balance sheet statement and the profit statement, Bank Islam had a positive statement.
3. For core activities, Bank Islam diversified from Business Banking. The bank's activities ranged from consumer banking that focuses on intense competition that follows responsible financing guidelines. On the other hand, commercial banking focuses on protecting asset quality, while corporate banking focuses on project financing and supports the government's efforts in green technology. Treasury focuses on non-treasury assets rather than treasury assets.
4. For the indicator of build the future, Bank Islam focused on improving the bank's performance by developing innovative products and services through the service innovations by fulfilling the customers need through the H2E strategic plan in early 2013. At the end of 2015, Bank Islam achieved an above industry performance in financing growth coupled with a sound asset quality, commendable at RM 685.1 million in PBZT, increased ROE to 17.6 % compared to the industry average at 12.4 %, ROA at 1.4 % compared with the industry's 1.3 % and healthy financing to deposits ratio of 78.7 % which surpassed the Bank's H2E target of 75 % for 2015 (Chairman's Statement from the Annual Report Bank Islam, pages 21 to 23).
5. Reinvigoration of the firm leadership. Dato' Zamani Abdul Ghani and Dato' Sri Zukri Samat, are still the chairman and the managing director of Bank Islam, respectively, like the previous strategy, the SGP. The study shows

that Bank Islam has did not change its leadership during the H2E (2013 to 2015).

6. Culture change. The status of Bank Islam's performance during the SGP was high growth mode, which means Bank Islam focused on operational excellence and market leader with driving innovation to deliver excellence.

Bank Islam had a lot changes after the financial crisis. The TP, SGP and H2E were the strategies of Bank Islam to develop the business. The Bank has established new records in profit and performance throughout Bank Islam's three-year SGP. The bank's 29-year highest PBZT (profit before zakat and tax) in its history last year was RM 600.3 million. This has been driven by strong finance growth, non-fund revenue, and improved asset quality (Corporate Book Bank Islam, 2012; page 80). However, the Malaysian economy showed a strong growth of 5.6 %, better than expected in 2012. Increased domestic demand growth led to an overall growth performance and outweighed the negative impact of the weak outside environment. The highest rate of expansion in domestic demand over the last decade was underpinned by increased consumption and investment expenditure. In the middle of positive income, domestic consumption confidence has gained strength in the labour market, low inflation and supportive funding conditions, despite uncertainties in the external environment (Corporate Book Bank Islam, 2012; page 78).

In implementing the "Hijrah for Excellence" ("H2E") in Bank Islam, these fundamental priorities focused on ensuring the bank remained on a growth path even in difficult times (Corporate Book Bank Islam, 2014; page 34). Bank Islam's 2014 report shows steady profitability, quality of the assets, healthy capitalisation, and sustainable net financing margins. A strong financial growth is accompanied by an improved asset

quality, a commitment by the Bank to secure quality financing through prudent underwriting standards, stringent risk management practices and aggressive recovery efforts. Total assets grew by 7 %, as the bank continued to pursue the right balance sheet strategies (Corporate Book Bank Islam 2014, page 35).

Bibeault (1999) states that the stabilisation phase was intended to improve profitability. Existing operations will be better run and a sound medium-term growth platform will be built, while still protecting and purifying the firm's profitable core business (Bibeault, 1999; Gotteiner et al., 2019). The study can interpret that the SGP was focused on stabilising Bank Islam's financial-market fund and improving profits, such as developing mobile banking services. Bibeault (1999) has also revealed the growth phase of the new market: Procurement, new products, new markets, and increasing market penetration (Gotteiner et al., 2019). It is related to Bank Islam's practices by using the H2E. Based on the strategy of H2E, Bank Islam focused on the high mode of growth by focusing its operational excellence and market leaders on innovation. At this stage, Bank Islam worked with its customers to add comfort, accessibility and distinction to their experience and to meet emerging product demands. Bank Islam was also stepping up service excellence by increasing industry efficiency, improving online and electronic channels, developing staff capacity, and innovating value-added services (Corporate Book Bank Islam, 2014, page 119).

The SGP and H2E are totally of a different focus than the TP. Based on Figure 5.1, Bank Islam points out focus of the TP. The first move on the TP was to focus on crisis management, that is to "Stop the Bleeding". Schoenberg et al. (2013) state that the turnaround process is a revival of the interest in firm's turnover and recovery strategies, as the firm strives to improved business downward performance and are best

placed to benefit from economic recovery. In 2006, the total assets of Bank Islam dropped to RM 14,61 billion by 8 per cent compared to RM 15,85 billion, net loss of RM 1,296,789,000 (one billion two hundred ninety-six million seven hundred eighty-nine thousand ringgit) for year (Annual Report Bank Islam, 2006, page 17, page 34). The Bank had suffered a massive net loss in 2005 as a result of previous credit assessment failures and a poorly established risk management framework caused by non-performing housing loans, car finance and corporate finance markets. Since then the Bank had taken a strong action to strengthen its management of credit risk (Corporate Book Bank Islam 2010, page 178).

Schoenberg et al (2013) indicate that interest in corporate turnaround and recovery strategies has revived as firms strive to achieve their performance at a downturn and are best placed to benefit from economic recovery. Figure 5.1 depicts Bank Islam as the driving force behind the first strategy, the TP (2006 to 2009). Bank Islam attempted to implement its plan b putting the house in order plan in 2007. Bank Islam focused on establishing a solid foundation in 2008. Bank Islam's strategy in 2009 was to focus on robust, profitable, and balanced growth.

Dato' Zukri Samat focused on rebranding Bank Islam during the TP. The rebranding of Bank Islam as an international player allowed it to remain competitive against the changing financial environment and the rapidly changing market conditions. The rebranding process involved an increasingly sophisticated and competitive approach to doing business not only through a change of logo, but a vigorous effort to change the mind, work culture, and Bank Islam's approach. Bank Islam aimed to develop a working culture, which helped Bank Islam to remain competitive against the increasing competition both locally and regionally, and to build human capital to

recognise and take advantage of opportunities that arise from Malaysia's accelerated development as an International Islamic Finance Centre (Corporate Book Bank Islam 2009, page 15). Datuk Zukri Samat said he expected the rebuilding exercise to raise the bank's corporate image and change the bank's perception that Muslims alone are catered for by an "everyone's" concept. The re-branding exercise, which were completed in 12 months, saw another 20 branches remodelled by the end of the year, and Dato' Zukri Samat stated that the bank had spent approximately RM 1 million on transforming the Shah Alam branch into its flagship outlet.

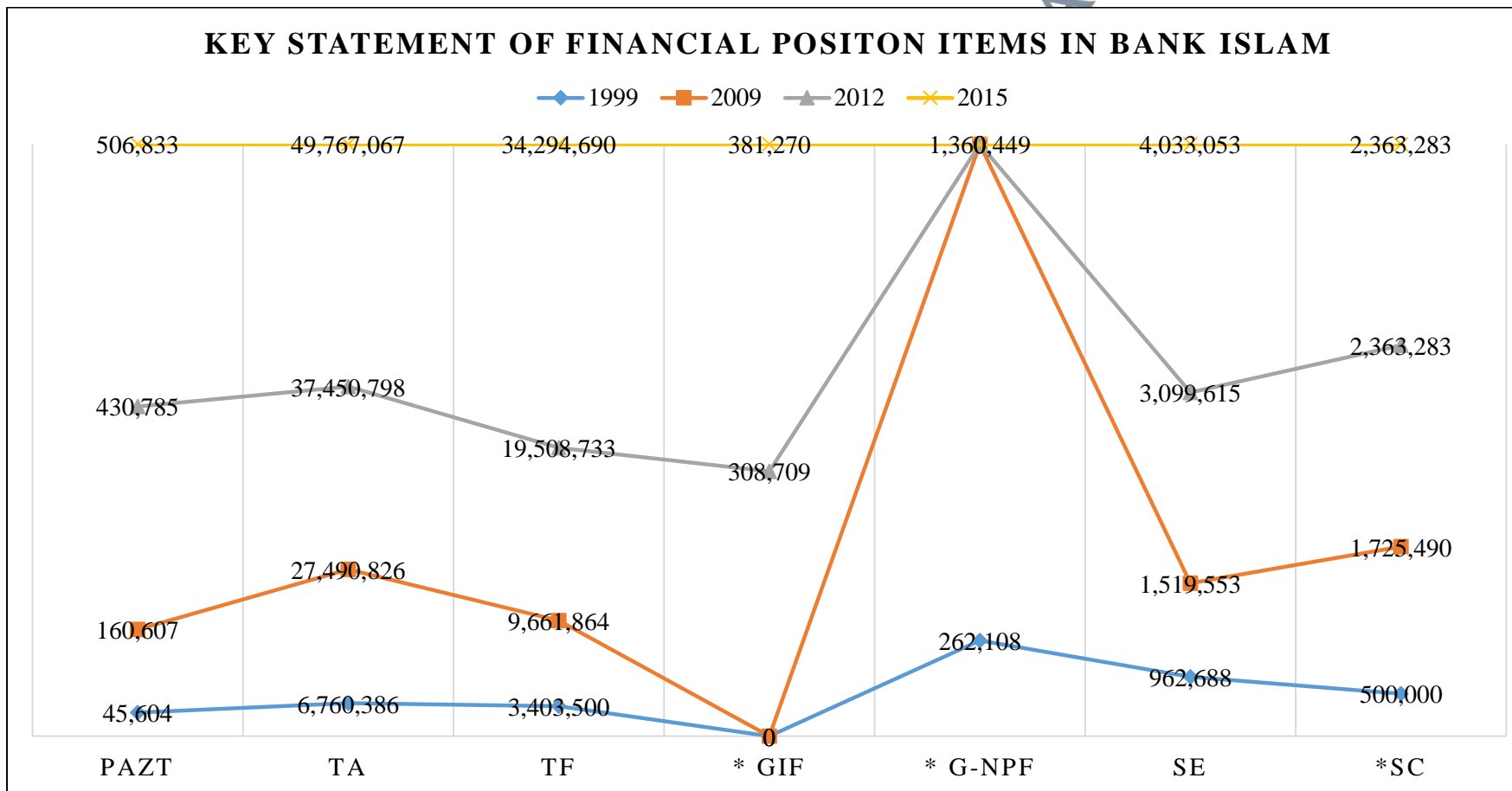
The other branches were expected to cost an average of RM 600,000 to remodel. Dato' Zukri Samat stated that the bank's transformation programme would have to be carried out in stages. He also stated that the bank's information technology system, which had been in place for the previous 15 years, was not "robust enough to move the bank forward and compete" and would be upgraded at a cost of RM 100 million (The Star, 2007).

Schoenberg et al (2013) describe the main learning of successful turnaround and a recovery is driven by focusing on the business principles: A focus on the most sustainable and profitable customers, a clear competitive strategy based on the understanding of the needs of those customers, efficient cost controls and positive and committed leadership. This study also notices that many of the recommendations from the turnaround literature are generic, with an implicit assumption that the strategies proposed are effective for all firms, regardless of their circumstances and contexts. Schoenberg et al. (2013) entrust the way they examined that most of the literature turnaround strategies identified as universally applicable, regardless of the particular context facing the firm. Their view is that a greater recognition that causes a decreased

performance offers a space for developing more inclusive and context-specific turnaround strategies and have distinguished between the decline in firms or industries in (Barker & Duhaime,1997; Pearce & Robbins, 1993; Schoenberg et al. 2013).

Schoenberg et al. (2013) reported on their reviewed turnaround strategies that it hopefully lead to a greater recognition of the underlying causes of decline and the advantages of a more thorough approach to emergency measures to grasp effective turnaround strategies and recovery processes. They hope their finding will lead to a better understanding of the causes of decline and the benefits of a more finely defined approach to contingency in order to understand effective turnaround strategies.

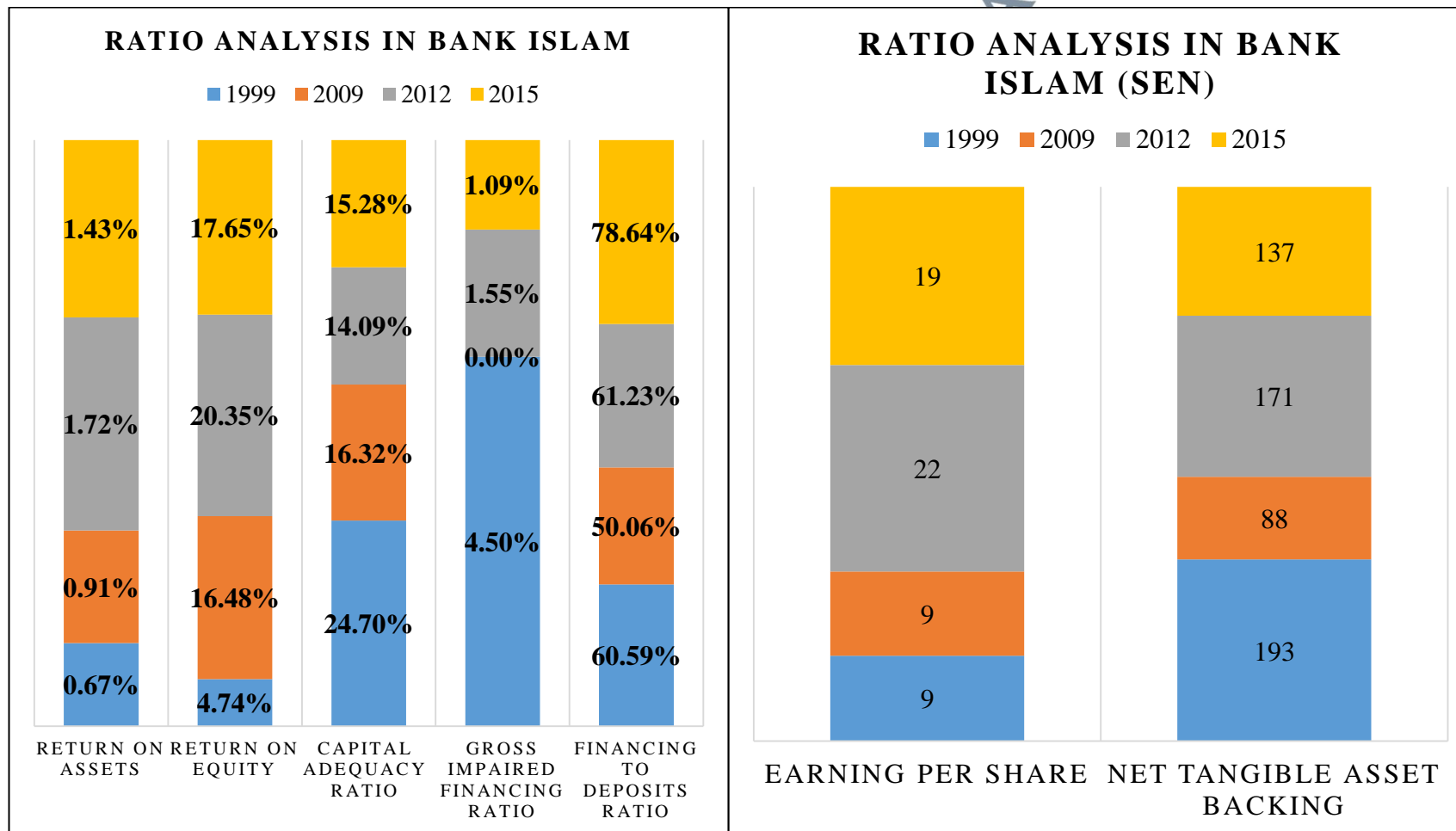
Following the statement, Burns (1969) states that the business cycle can be investigated periodically whether daily, weekly, and annually. The impact of a declining performance in Bank Islam had been healed from the implementation of the TP, SGP, and H2E. During the TP, Bank Islam experienced cost efficiencies and asset retrenchment. On the other hand, Bank Islam did not experience cost efficiencies and asset retrenchment in the implementation of the SGP and H2E. Moreover, Bank Islam developed the business during the TP, SGP, and H2E. The study shows, Bank Islam followed Chandler's study that the organization provides the strategy for the organization changes. The implementation of the TP focused on the recovery process after the financial crisis, then the SGP and H2E focused on bringing the success in Bank Islam. To understand the performance of the change of Bank Islam, the study provides the changes based on information on financial position items and ratio analysis in Figures 6.1 and 6.2.



Note: PAZT: Profit after Zakat and Tax; TA: Total Assets; TF: Total Financing; GIF: Gross Impaired Financing; G-NPF: Gross Non-Performance Financing; SE: Shareholder's Equity; and SC: Share Capital

Source: Annual Report Bank Islam (1999, 2009, 2012 and 2015)

**Figure 6.1:** Key Highlight in Bank Islam



Source: Annual Report Bank Islam (1999, 2009, 2012 and 2015)

**Figure 6.2:** Ratio Analysis in Bank Islam

#### 6.4 Bank Islam Performance and Indicators

Eatough & Smith (2017) disclosed that qualitative researchers should have the means to think about and to research issues based on phenomenology and hermeneutics, showing that scientists adopt a creative and imaginative stance in line with their original spirit. This study indeed aimed to explore and explain the situation of Bank Islam as a single case based on the impacted situation due to the financial crisis. Eisenhardt & Graebner (2007) states that the challenge of presenting rich qualitative data in a single-cases study is easily addressed through the simple presentation of a relatively complete presentation of the story. Single-case studies can describe a phenomenon richly. Thus, a single case research usually searches for a significant phenomenon (Eisenhardt & Graebner, 2007; Siggelkow, 2007).

According to Potter & Donnerstein (1999), the study of the inductive approach to theory uses starts with the absence of theory, that is, there is no identifiable theory that guides the design of a coding scheme. In other words, an inductive researcher will look beyond the observations themselves and try to construct a theoretical feature from them. With projective content, inductive researchers clearly want to know how the study objective defines something and how sensitive that study objective is to the occurrence of that thing.

O'Leary (2017) opines that a case study is called studying social elements through a thorough analysis and description of one situation or case. Cases may not necessarily be representative, but they can add to new knowledge by creating a theory and supporting existing theories. This study used the S-C-P paradigm from Chandler (1977) as a literature review of this study. Bank Islam as one organization has a divisional structure with different operations and procedures (Chandler, 1977) has to

focus on performance with managerial controls and coordination based on process, policies, and practices. In relation to Surah Yusuf (12: 46 to 49), Bank Islam indeed had a declining performance during the AFC and GFC (as described based on Figures 1.1 to 1.3). Minsky's Financial Instability Hypothesis is one of the literature used to detect indicators, which could affect the firm's financial stability. Minsky states that he does not explain clearly the exogenous factor of influence of the stable and unstable system, but only the roles in the Minsky hypothesis of the capitalist economic system.

However, the study already shows information that the changes in bank profitability were due to macroeconomic indicators, such as financial leverage, profit expense ratio, and risk management. Furthermore, the study aimed to explore and interpret the working capital/liquidity, financial, profitability and industry outlook and employees (part of the signs of distress by Yakola, 2014) that impacted the financial crisis in Bank Islam. The study also highlights the recovery process of Bank Islam after experiencing a financial crisis by implementing content-orientated and process-orientated strategies by Schoenberg et al. (2013).

Dato' Zukri Samat said (in the Managing Director's review of operation from Annual Report 2009, page 96), it was also discovered that Bank Islam already accepted the two capital injection funds for different purposes from BNM (based on corporate information in the Annual Report 2009), such as:

1. Bank Islam accepted RM 1.0 billion in October 2006 to stop the financial bleeding, thus the support put them back on the profitable track and allowed Bank Islam to rebuild their infrastructure.

2. Bank Islam accepted RM 540.0 million in October 2009 to strengthen the bank's capital and support future growth, and investment in capacity and capability building as well as to include more aggressive expansion plans.

There has been a history behind Bank Islam's Turnaround Plan (2006 to 2009). This study found many sources to know the relatable story under the engagement of Dato' Zukri Samat and Bank Islam.

Dato Zukri Samat said the bank was technically bankrupt in 2006. He knew the situation of Bank Islam, but hard to turn down the request from the then BNM deputy governor Datuk Mohd Razif Abdul Kadir to take a look at Bank Islam. Dato Zukri Samat and his team returned Bank Islam to profits after 12 months of being the master of sailing. In October 2006, when two shareholders were introduced in the course of their turnaround plans, Bank Islam managed to restart its business with RM 1.014 bil capital injection (The Star, 2017). The purpose of the capital injection was to enable Bank Islam to increase the expected new capital boost of Islamic banks' risk-weighted capital ratio to 17.3 %, from 13.1 % at the end of the previous year (The Star, 2009). Under the proposed restricted issue, 690.19 million new Bank Islam shares were issued to Dubai Financial LLC, a wholly-owned subsidiary of Dubai Investment Group, for RM 828.22 mil, while RM 155.29 million new shares were issued to Lembaga Tabung Haji for RM 186.35 mil. (The Star, 2017).

The main goal of strategy is to match key success factors at industry level to the distinctive skills of the firm to achieve high a performance in the enterprise. (Amit & Schoemaker, 1993; Becerra, 2009; Spender, 1989; Vasconcellos & Hambrick, 1989). The strategy of a company may be considered as an adjustment to the external environment and to the fundamental changes in it. Environmental influences and how

they are handled have been a major part of a strategy from the very start (Becerra, 2009). It is related to the meaning of strategy. Strategy is an action taken by managers to achieve one or more goals (Management Study Guide, 2020). Or it can also be defined as a general orientation for the firm and its different components in order to reach the desired future status. A strategy is to integrate organisational activities and to use and allocate the scarce resource to achieve current objectives in the organisational environment. The study can conclude that a successful recovery process of Bank Islam started from the delegation on Dato' Zukri Samat, who started the TP and also the acceptance the capital injection as part of the strategy of Bank Islam in achieving the goals of Bank Islam. Dato' Zukri Samat emphasised that Bank Islam's continuing performance had also been able in its turnaround plan to restart its business with a capital injection.

Bank Islam had begun a major restructuring in 2003, ever before Dato' Zukri Samat was inaugurated in Bank Islam. The first phase of transformation with headquarters divisions was completed in July 2003, which identified six strategic objectives, which will drove the growth and expansion in the near future, such as aggressively growing consumer banking business, strengthening the commercial banking, developing debt market capabilities, developing risk management capabilities, IT infrastructure and staff competencies (Industry Growth in 2003 is presented in Table 4.12).

Bank Islam had developed the TP-to-SGP strategy. In particular, the SGP had built a strong basis (e.g., good credit portfolio and operation), rebuilt infrastructure (e.g., risk management, IT, and delivery networks), and enhanced capabilities (skill-set and competency). Bank Islam continued to invest in developing the knowledge, skills and

capabilities of its employees to improve its level of professionalism at the workplace. Since 2009, RM 26.1 million had been spent on building capabilities and capacity under the SGP (Annual Report Bank Islam 2012, page 83). Based on the targets contained in the Sustainable Growth Plan (SGP), the Bank's business divisions made a great leap forward in optimising the customer service and service support. Greater convenience, quicker turnaround time and a more supportive environment are some of the advances that had been made for the benefit of Bank Islam's customers and employees (Annual Report Bank Islam, page 182). Bank Islam also focused on controlling the risk-based target market and focused on secured financing to ensure robust financial growth.

Moreover, after the implementation on the SGP, Bank Islam implemented another new corporate plan called "Hijrah to Excellence" (H2E). This three-year plan has 6 pillars, which are: (1) Robust organic growth, (2) service excellence, (3) Shariah-led innovation, (4) resource optimization, (5) employer of choice, and (6) regionalization. The H2E roadmap allowed the bank to move forward and develop new inroads. This guaranteed a sustainable performance, which enhances the performance of the industry in financing growth (Annual Report Bank Islam 2015, page 21). Another critical agenda to place Bank Islam as a reference source is Sharia-led innovation. One of the key drivers of the H2E plan was to advance Sharia capabilities. In order to ensure Bank Islam continues as a reference centre for Bank Islam, the Bank was committed to develop their resources and infrastructure. (Annual Report Bank Islam 2014, page 59).

Sands (2020) indicates that if the business can survive during the turnaround, it has a smooth and affordable, lean-down business. The business can begin with a bright future. The business should run well with strong, predictable and ongoing profits, good management systems and a strong balance sheet. In another word, the business has every

opportunity to move big market, by preserving the dynamism of the enterprise coming out of a turnover and being able to post over 3 years of strong, audited profits.

Nowadays, every business adapts the situation of the high development of technology. Individuals should develop an identity to improve the level of knowledge and technology that will increase the firm's profitability. After the success of Bank Islam in the H2E, the bank started to focus on Human Resources three-year Strategic Roadmap, focusing on services, people, process and infrastructure. The process improvement was conducted through the Human Resources Information System (HRIS) with an e-learning platform and establishing a platform as a Knowledge Centre to turn the bank into a knowledge-based organization (Annual Report Bank Islam 2015, page 109).

### **6.5 Implications for Theory, Policy, and Practice**

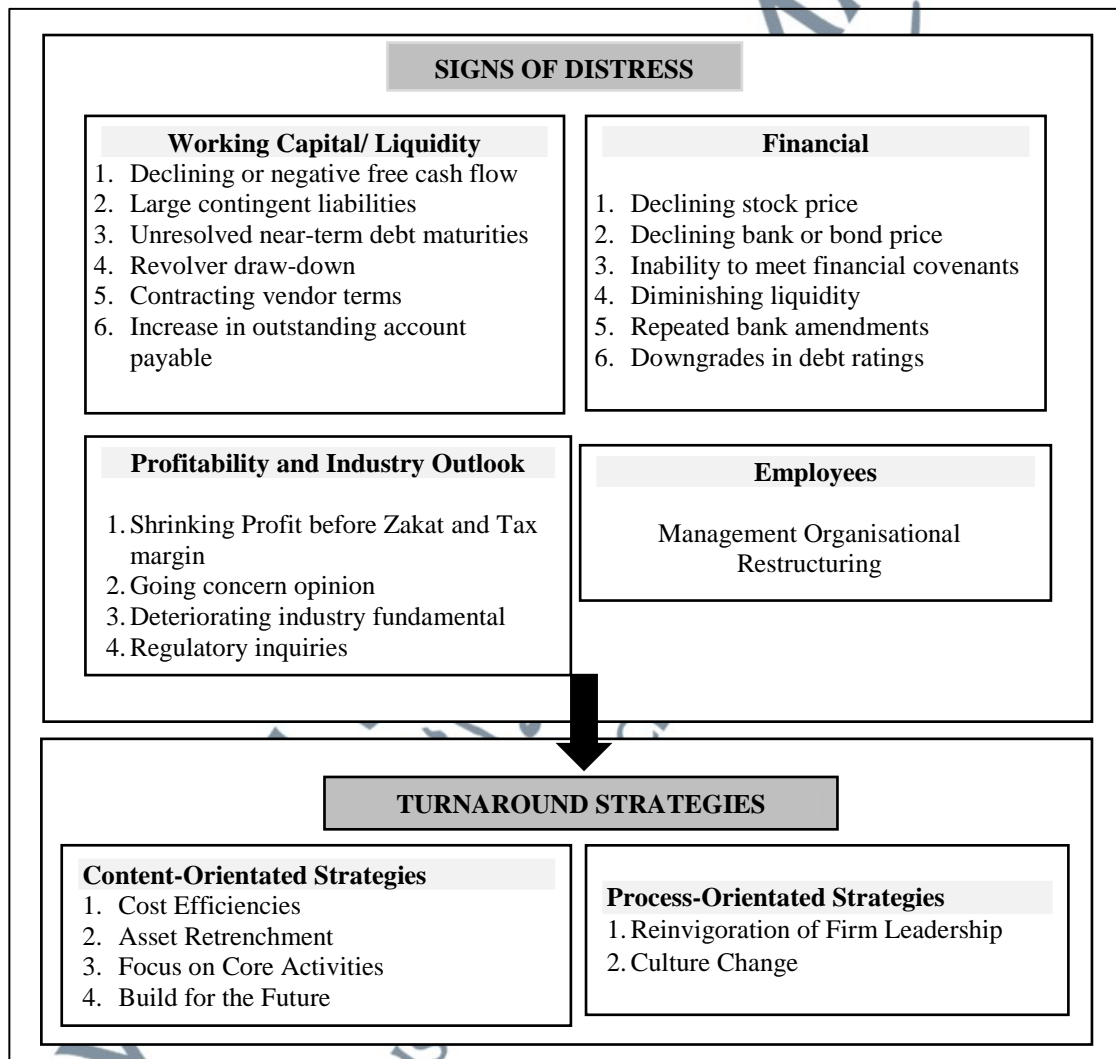
In a qualitative study, Merriam (2009) describes that the research in the social world is supposed to be flowing, multi-faceted and highly contextual, because the information gathered depends on who gives it and what is the researcher skilled in getting and, because the emerging design of a qualitative study prevents a priori controls, it is traditionally reliable to achieve it. As documents are produced for reasons other than for the study at hand, a certain ingenuity is required in the location of documents that deal with the issue and in the analysis of its content. The coherence between documents and the problem of research depends on the flexibility for the researcher to understand the problem and the related issues.

For the study's research objective, Gould (2010) explains that there will be a two-part emergent critical interpretation. Firstly, in terms of their answers to the specific questions asked, the informant's denoting, emic and connotatory of the researcher,

and ethical interpretations are provided. Secondly, additional critical interpretations of the emergent theoretical framework are developed, grounded, and integrated.

In Figure 2.16, the study provides the theoretical framework to explore, explain and interpret the declining indicators based on the model of the signs of distress by Yakola (2014) and turnaround strategies by Schoeneberg et al. (2013).

Figure 6.3 illustrates the emergent framework of the study.



Source: Developed for this Study

Figure 6.3: Emergent Framework of Turnaround Strategies in Bank Islam

A key element in emergent designs is that they are flexible by allowing the interaction between different data strands during research at different times (Busetto et al., 2017; Creswell & Clark, 2011). Charmaz (2008) states that an emerging method starts with and develops the empirical world inductively as events unfold and knowledge develops. From the differences between Figure 2.16 and Figure 6.3, this study explored and analysed the practices of Bank Islam during the financial crisis by following the model of the signs of distress by Yakola (2014). The indicators are divided into four factors, which are working capital/liquidity, financial, profitability and industry outlook, and employees. The study shows that:

1. This study started with 7 indicators to assess the performance of working capital/ liquidity in Bank Islam, however, only 6 indicators could be used. The terminated indicator was increase in account receivable agent.
2. For the financial indicators, there are 9 analyses, but only 6 indicators could assess the financial performance in Bank Islam. The terminated indicator were resignation of key finance staff, accounting restatement, and inability to file a financial statement. The study changed the indicator to assessment on debt covenant into financial covenants.
3. The profitability and industry outlook indicators have 6 indicators, but only 4 indicators could assess the performance of profitability of Bank Islam. The terminated indicator were shrinking EBITDA margin and adverse regulatory environment. The study changed the indicator of the assessment of EBITDA margin into profit before zakat and tax.
4. For the indicator of employee assessment, there are three measurements, but only one indicator could detect the performance of employees in Bank Islam.

The terminated indicators were large or unplanned reduction in workforce and disruption in unionized workforce. The study changed the indicator to assessment on employee from indicator of management turnover into management organisational restructuring.

5. From 25 indicators that have been introduced by Yakola on the signs of distress assessment, there are only 17 indicators of the signs of distress in Bank Islam.

Merriam (2009) states that the emergent categories are usually proven to be the most significant and the best fitted to the data. Some indicators were terminated and replaced in the different term, however, same analysis was used. The reason for the determination of some indicators was because Yakola focuses on more on manufacturing firms whereas this study focuses on the performance of the banking industry. Adjusting the indicators is very important to this study because it provides the practices of Bank Islam based on the signs of distress by Yakola (2014). Ideally, it is emergent and flexible to design a qualitative study that responds to changeable study conditions in progress (Merriam, 2009). From this identification of the downturn performance in the bank, readers such as management, workers, students or general people can understand that the identification of distress does not only come from financial factors. The study used the approach of qualitative and quantitative analyses to find more factors that cause the declining performance in the firm (including the working capital/liquidity, financial, profitability and industry outlook, and employee).

This study also provides the decision of Bank Islam on the recovery process from the financial crisis through content-orientated and process-orientated strategies.

These two strategies highlighted the practices of Bank Islam to improved the

performance after crisis, namely, the TP (starting 2006 to 2009), SGP (implemented in 2010 to 2012) and H2E implementation (implemented from 2013 and 2015). The implication of this study to policy is to identify the strategic plan of Bank Islam to recover from the AFC and GFC. Bank Islam has entered the global market and must be able to compete with the conventional banking system and other Islamic window banking. Bank Islam is unique with different philosophies, objectives, and principles compared to conventional banks. With the environmental challenge, regulator factors, and Sharia-compliant in Bank Islam, this study provides the strength of Bank Islam that is still improving themselves into a viable performance. Table 2.5 shows that the IFSB Standard and Bank Negara Malaysia implement regulations into Bank Islam's performance. Bank Islam has adopted IFSA 2013, (the regulation is focused tracking financial stability and Sharia enforcement in Islamic banking operations), which combines many different laws into a single legislative structure, including the IBA 1983, the Takaful Act 1984, the Payment System Act 2003, and the Exchange Control Act 1953. In its banking activities, the BNM guided Bank Islam to be in compliance with the IBA 1983 system.

Bank Islam managed to overcome its declining performance after the financial crisis. After the detection of the signs of distress by Yakola from Bank Islam's practices, the Turnaround Strategy by Schoenberg et al. (2013) was employed, which relies on policy and strategies of Bank Islam. The Turnaround Strategies from Schoenberg et al. (2013) were introduced in two ways in the form of content and process-orientated strategies. Bank Islam has proven that it can follow very well on the Turnaround Strategies introduced by Schoenberg et al. (2013). This is because Bank Islam already had detailed business activities that follow the strategic management decision since

October 2006 and three years after (until June 2009) the implementation of the TP. The TP has consistently delivered commendable earnings growth, attributable to its focus on the profitable product range and well-diversified customer base. Furthermore, Bank Islam also implemented and launched the SGP by focusing on the growth of quality assets and deposit-taking, accompanied by a growing contribution of non-fund-based income, all to continuously strengthen its KPIs by the end of December 2012. Moreover, Bank Islam implemented another strategy by following the success of its SGP where they used the H2E to cover the period from 2013 to 2015. It also embarked on another three-year strategic plan through the use of the H2E with the target to continue its growth momentum through strengthening fundamentals, continuous innovation, business re-engineering, service excellence, and focus on competitive offerings.

As for the implication for the practices, the model of Yakola (2014) can identify the downturn performance of banking. This model shows the signs of distress are not only from the quantitative analysis but also from the qualitative analysis to find the declining performance based on Bank Islam's practices. Turnaround Strategies by Schoenberg et al. (2013) show different recovery processes based on content and process-orientated strategies. The content-orientated strategies show the restructuring business improves the asset and cost. Meanwhile, the process-orientated strategies focuses on the restructuring of the organization to bring positive changes during the recovery process.

## **6.6 Contributions of the Study**

Bank Islam, since its first establishment, has different regulations with other conventional banks. When the financial crisis happened, the reports show that not only Bank Islam experienced a declining performance, but also other banks (this is already

explained in Figures 1.1 to 1.3). From another assessment, the study provides evidence that the change in the profitability of banking performance was caused by financial leverage, profit expense ratio, risk management, and NPL/NPF as well as involving macroeconomics indicators (refer to Table 4.4). The situation of financial crisis (environment) that brought the impact on Bank Islam that caused it to experience a declining performance. There are many studies to identify the declining performance and recovery process of a firm. However, this study only focuses on Bank Islam, of which the period observation was from its establishment in 1984, during the period of financial crisis (such as the AFC and GFC) and also the last year of strategic road map of the H2E in 2015 where this study examined the changes based on the indicator of the signs of distress by Yakola (2014) and turnaround strategies by Schoenberg et al. (2013). Based on the model by Yakola and Schoenberg et al., this study Bank Islam's performance, practically during the situation of financial crises.

This study used a single case, which was only for Bank Islam by looking at the content analysis from public documents from 1984 to 2015. Merriam (2009) reveals that a case study is an in-depth description and analysis of a boundary system. However, the confusion surrounding case studies is the case process, where the study unit as well as the product of this type of research are merged. The case study allows the researchers to analyse or present a person's 'story' data from a critical theory perspective, thus combining a narrative. Case study is a design, particularly suited to situations in which it is impossible to separate the phenomenon's variables from their context (Merriam, 2009; Yin, 2008). The current study, examined the performance of banks since the initial research with their relation to financial crisis, and continued by examining Bank Islam as a single case study and considering Bank Islam's practices in relation to the

signs of distress by Yakola (2014) and turanaround strategy by Schoenberg et al. (2013). Thus, a researcher selects a case study design because of the nature of the research problem and the questions being asked. The case study offers a means of investigating complex social units consisting of multiple variables of potential importance in understanding the phenomenon (Merriam, 2009).

Merriam (2009) lays out the limitations on case study, such as the time to conduct a worthwhile case study, the product may be too long, too detailed or too much to read and be used by practitioners. Both case readers and authors need to be aware of the preconditions, which may influence the final product. The present study was confirmed by the long period of observation, between 1984 to 2015. The study used content analysis to observe Bank Islam's practices by analysing 25 signs of distress indicators and 6 indicators of turnaround strategy as well. Not only that, to avoid losing direction, the study focused on the research questions and the research goals, so that this study and the written answers could be finalised.

**Table 6.2:** The Research Gaps, Data Analysis Used and Research Contributions

| Parent Theory                             | Critical Theoretical Gap   | Data Analysis Used   | Research Contribution   |
|---|--|--|---|
| Minsky's Financial Instability Hypothesis | Many studies analysed some changes in performance during the AFC and GFC (Mohamed & Syarisa, 1999; Wee, 1999; Cheng & Sayed Hossain, 2001; | Mediated Regression  | The study provides the findings on the performance of the change of Bank Islam and the other three banks in terms of the profitability (ROA, ROE, and ROI). The   |
| Business Cycle Theory                     | Sundaram, 2007; Furuoka et al., 2012; Kogid, 2009; Kawai, 2009; Zumkehr & Jusoh, 2009; Choudry, 2010                                       | <p><b>Quantitative analysis:</b></p> <ol style="list-style-type: none"> <li>1. Collecting data</li> <li>2. Analyses</li> <li>3. Interpreting</li> </ol> <p><b>Reporting Approach:</b></p> <p>Reported the profitability performance with impact changes in macroeconomic indicators during crisis. This finding supports the next step of the analysis</p> | profitability was analyzed with the independent variables (PER, LDR, NPF/NPL, FL, and risk management) with intervening variables, such as the mediator (GDP growth rate, inflation, interest, unemployment, and exchange rate). This is to say that Bank Islam had some changes during the financial crisis. |
| Surah Yusuf (12: 46 to 49)                |  |  |   |

|   |   |   |  |
|---|---|---|--|
| Signs of distress by Yakola (2014)                | Many studies analyzed the performance of the change of firm using the Altman-Z-Score Model (1968), Ohlson - O-Score Model (1980), Zmijewski - Probit Model (198), Shumway - Hazard Model (2001), and Blums- D-Score Model (2003). These models show the analysis by using the quantitative measurement.   | Using the model signs of distress proposed by Yakola (2014), with 4 main indicators, which were working capital/liquidity, financial, profitability and industry outlook, and employees.<br><br><b>Qualitative analysis:</b><br>1. Managing data.<br>2. Sorting categories and data.<br>3. Interpreting.<br>4. Concluding<br><br><b>Reporting Approach:</b><br>Reported each theme and sub-theme. Then iteratively matched research findings with the literature. | Bank Islam experienced declining performance not only by quantitative analysis but also by qualitative analysis. The study provides the 25 indicators of Yakola's Signs of Distress (2014), but only 17 indicators could assess the signs of distress in Bank Islam. Please refers to Table 4.15.  |
| Turnaround Strategies by Schoenberg et al. (2013) | Some studies analyzed the turnaround model, such as:<br>1. Internal and external combination of the turnaround situation by Pretorius & Holtzhausen (2008).<br>2. Four categories of strategic management (such as environmental scanning, strategy formulation, strategy implementation, and evaluation and control) by Wheelen et al. (2012). | This study used a model of turnaround strategies, which are content and process-orientated strategies by Schoenberg et al. (2013).<br><br><b>Qualitative analysis:</b><br>1. Managing data.<br>2. Sorting categories and data.<br>3. Interpreting.<br>4. Concluding.<br><br><b>Reporting Approach:</b><br>Reported each theme and sub-theme. Then, iteratively matched research findings with the literature.   | The study followed the turnaround strategies from Schoenberg et al. (2013) following the Bank Islam's situation.<br><br>Bank Islam had three strategies that were implemented such as the TP (from 2006 to 2009), SGP (from 2010 to 2012), and H2E (implemented from 2013 to 2015). From these three strategies, Bank Islam showed the improvement in performance-based in the model of content and process-orientated strategies. |

Source: Developed for this Study

Merriam (2009) describes the theoretical framework as a knowledge gap of the study. Once a subject is selected, the research problem must be shaped. The problem of the research is a major step in all types of research. Based on the study's gap, Bank Islam sought to deliver unprofitable to sustainable profitability based on a turnover strategy. The study sought to identify the causal factor on the declining performance on bank including the macroeconomic factors. During that year, Malaysia had also had an

impact on banking performance in connection with the financial crises (such as AFC and GFC). However, there are numerous studies indicating that the resilience of Islamic financial institutions during the crisis stems from inherent strengths embedded in Islamic finance's Sharia compliance (Mohamed Yusuf & Salina, 2012; Samad & Hassan, 1999; Siti Rohaya et al, 2011; Zeti Akhtar Aziz, 2009).

This study aimed to highlight the significance of changes in Bank Islam, and the indicators that led to the declining performance during and after the financial crisis. This study reveals the changes in Bank Islam during the implementation of the strategy by using the Turnaround Plan and subsequent development in Bank Islam. Merriam (2009) points out that the problem statement presents the logic of the study, which includes identifying the context of the study, the gap in knowledge of the study, and a justification of the importance or significance of the study gap. The statement of the problem ends with a very specific statement of purpose, followed by questions from the research. The aim of this division is to study the questions that examine various aspects of the overall objective. The study used projective content because the model of the signs of distress and turnaround strategy have already been established by Yakola and Schoenberg et al. The process of content analysis was done by doing the simultaneous coding of the raw data and the construction of categories to capture the relevant characteristics of the document's content.

Merriam (2009) states that the contribution of research that offers on another discussion will advance the knowledge from the previous study. This study provides information from the measurement of profitability, practices of Bank Islam based on the signs of distress (including working capital/liquidity, financial, profitability and industry outlook, and employees), and also the turnaround strategy (including content-

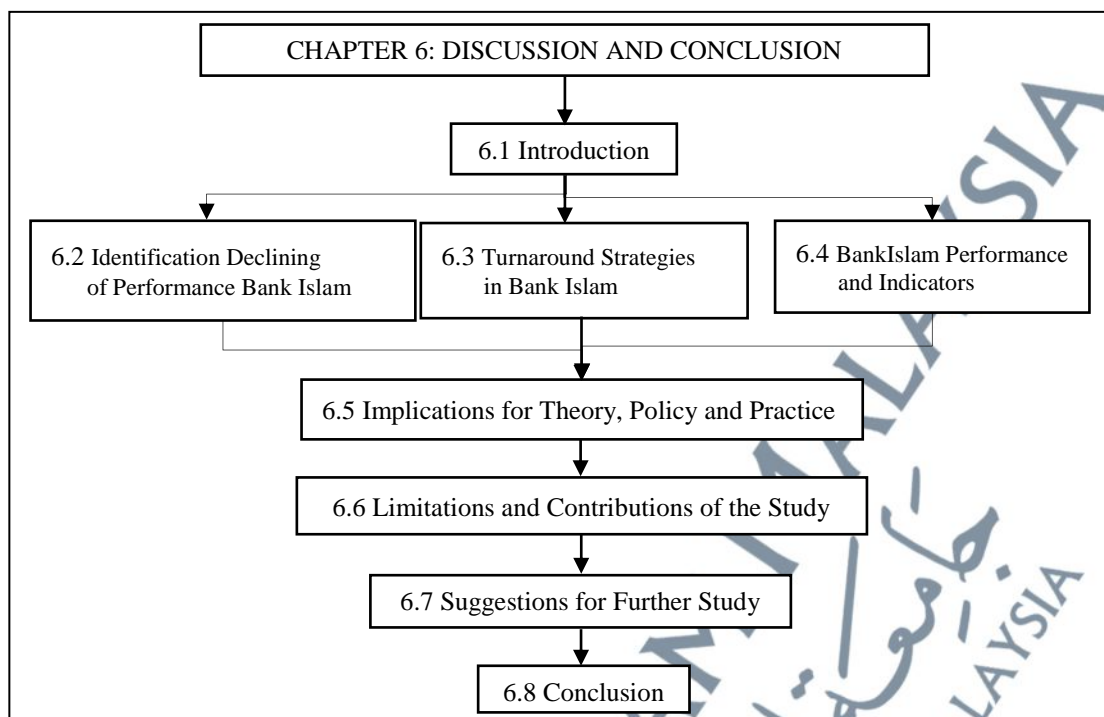
orientated and process-orientated strategies) of Bank Islam. With this information, they could judge the study's value and its contribution to knowledge (Merriam, 2009).

### **6.7 Suggestions for Further Study**

This study has identified the signs of distress for banks based on the evaluation of Bank Islam's practise from using the signs of distress by Yakola. The working capital/liquidity, financial, profitability and industrial outlook, and employee indicators show how Bank Islam declined in the performance during the financial crisis. A new indicator of declining performance in banking is suggested for the future studies besides the signs of distress by Yakola. In addition, the future studies may use the 17 indicators to measure the declining performance of other banks, regionally or internationally. The study can also use the content and process-oriented strategies to understand another firm's recovery process. Also, further studies can find the impact of policies by Bank Negara on the changes in the performance of Bank Islam. Becerra (2009) reveals that the strategies of a firm can be seen as an adjustment to the outside environment and to critical changes within it. These suggestions require a deeper study and this study may be used as a reference for future studies.

### **6.8 Conclusion**

Chapter 6 is divided into introduction, identification of declining performance in Bank Islam, Turnaround Strategies in Bank Islam, Bank Islam performance and indicators, implication for theory, policy and practice, limitation and contribution, suggestion for further study and conclusion. Figure 6.3 shows the outline of Chapter 6.



Source: Developed for this Study

**Figure 6.4:** A Diagram Outline of Chapter 6

In Chapter 6, the study focuses on synthesising the writing and findings from Chapters 1 to 5 beginning from the research questions, objectives, and findings are highlighted. The first finding responds to Research Questions number 1 and 2, which were aimed at assessing the impact of changes in Bank Islam's performance and comparison with conventional banks. The results also present a general overview of the performance of the AFC and GFC banking services. The second finding was used to theoretically answer the Research Question number 3 by following the signs of distress by Yakola (2014). To answer Research Questions 4 and 5, the strategic management and change indicators that had influenced the recovery process of the bank and link performance to its strategy were identified.

In a qualitative study, Merriam (2009) describes that research is expected to be flux, multifaceted and highly contextual in the social world since collected information

depends on who it is and what the scientist is skilled in it, which is traditionally reliable because the emerging design of a qualitative study prevents control *a priori*. Documents produced for reasons other than for the study under discussion require a degree of ingenuity when placing documents that address the problem and analysing its content. The consistency between documents and the research problem depends on the researchers' flexibility in understanding the problem and related issues. Every strategy of Bank Islam, including the TP, SGP, and H2E shows that the practices of Bank Islam are aligned with the content and process-orientated strategies, which is discussed in Chapter 5.

The TP notifies Bank Islam as a recovery mode focused on moving from crisis to black. Bank Islam, however, had already set up the SGP and H2E after the TP, with a focus on growth and development of Bank Islam. The study used the Schoenberg model to understand the changing practices of Bank Islam in the SGP and H2E. Bank Islam had focused on shaping the bank's future by applying SGP. Bank Islam aimed at improving its bank performance through the development of innovative products and services by fulfilling the customer's requirements with its H2E strategic plan at the beginning of 2013.

The researcher hopes that this study can give a deeper understanding of the declining in performance of a firm and also a turnaround approach that can be viewed from a content and process-orientated strategies.