# Organisational Failure and Turnaround: An Empirical Analysis of the Defunct Nigerian Telecommunications Limited (NITEL)

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## Abstract

The paper examined failure and turnaround in the defunct Nigeria Telecommunication Limited (popularly known as NITEL). It focused on the staff that worked for the organization by basically employing the exploratory research design and a qualitative method which included the Key Informant Interview (KII) and the In-Depth Interview (IDI) in the collection of data. An in-depth interview involved engaging 45 purposively selected staff of the defunct NITEL. The Key Informant Interview involved engaging 25 purposively selected stakeholders in the Transnational Corporation (Transcorp) and the National Telecommunication Commission (NATCOM). The study discovered that factors responsible for the organization's failure are corruption, poor leadership, lack of capital base and inadequate financial aid. The study found that NITEL as an organisation, witnessed failure because of changes in environmental features; the discernible application of modern technology in the telecommunications business which was orchestrated by the advent of the internet and which led to the change in the customer taste and which precipitated drastic reduction in the demand of the product offered by the organization; The study also found that the organisation went through the process of badly planned divestment and sales and a lot of inconsistencies in the attempt made to turn it around. NITEL as an organisation was government-owned, hence, other studies should be replicated in private organisations.

*Keywords***: Organisational failure, Organisations, Private, Public, Turnaround

## Introduction

Organisations are systems within a system; namely: society. Therefore, the factors responsible for the success and failure of any organisation, reside either in the system which the organisation itself is or within the system that houses the organisation. Providing an emphatic definition of organisation failure may be a little challenging, perhaps because several definitions focus on predicting rather than understanding organization failure (Pretorius, 2009). This is largely responsible for the inadequate definitions and comprehensions of failure (Shepherd, 2005). It is apparent that many scholars have provided different expositions of failure and there is no single blanket definition of the concept. However, it is prominent that many writings from authors dwelled on prediction models which subsequently lead to more confusion than comprehension. The most common parameter used by many scholars to measure organisational

failure is its state of being insolvent (Steyn Bruwer & Hamman, 2006). It has been noted that while an organisation's state of being insolvent is germane, looking beyond that, is also unwavering (Tidd, & Bessant, 2018). No person wants to record failure as a manager in an organisation. However, failure has been regarded as a natural stage to encounter in the life cycle of any organisational journey (Pretorius, 2009). The most important step in the organisational proceed is taking the necessary pace that would lead to an effective turnaround before organisational failure (Cybinski, 2001:31). In every stage of organisational growth, failure attracts attention; it implies that it is essentially part and parcel of organisational management (Burnes & Jackson, 2011).

Authors have identified various strategies that could assist in organisational turnaround; those who subscribed to the survival-based theory were of the view that to achieve operating turnaround in an organisation, the following strategies are pertinent: increasing revenue strategies; retrenchment strategies; cutting cost strategies; combination strategies and reducing asset strategies. The fundamental premise of this theory is that the survival of an organisation is possible with efficient operation capable of responding to the continuous changing environment (Lynch 2003). Similarly, Scheduled and Patton (1976) identified other strategies like operating strategy; restructuring portfolio strategy; refocusing market strategy and restricting debt strategy as an effective way to achieve an organisational turnaround. In other opinions by some scholars, they were of the notion that the only way to achieve an effective organisational turnaround strategy is by replacing the Chief Executive Officer (CEO) with another. The suggestion further stated that the reigning CEO should employ two approaches, namely: non-surgical and surgical while the non-surgical approach involves the needs for the new CEO to comprehend the organisational challenges by understanding the various needs, have an elicit opinion, employ a placatory stance in a bid to achieve behavioural change and improvement in work culture as well as morale (Khandwaila, 1989; 1992), the surgical approach involves the reigning CEO to have a resilient frame of mind,

assertiveness and uncompromising, These strategies and many other ones are vital; yet, they have been subjected to criticisms as it has been noted that it is not every organisation that adopted those strategies that successfully achieved an effective turnaround.

These suggest the need for a better understanding of organisational failure; the causes, the consequences; the need for turnaround and the challenges of turnaround. In a bid to address the aforementioned, this study conducted an empirical study with the staff of the defunct Nigeria Telecommunication Limited. Importantly, the study made references to the failure that was witnessed by NITEL and an attempt to turn it around. For better understanding, the study distinguished between decline and failure; explored theoretical stance on organisational failure; examined some of the conceptualisation of turnaround strategy and established various stands for organisational failure and turnaround.

*Organizational failure: Conceptual clarifications*
This section provides conceptual clarification on organisational failure by putting into consideration the fact that some concepts are similar in terms of application. Failure and decline are commonly used interchangeably in many of the organizational literature, as such, there is a need to make some clarifications. The debate in the business literature as to what brings about organizational failure also needs clarification. On the one hand, Organization Ecology (OE) and Industrial Organization (IO) scholars emphasised the environment as the determinant of the organisational failure (deterministic assumption); while on the other hand Organisational Psychology (OP) and the Organisation Studies (OS) assumed that managers who are the decision-makers in the organisation should be seen as responsible for organisational failure (voluntaristic assumption).

*The misconception of organisation declines and failure*
Despite the inconsistencies in the definitions of organisational failure by scholars, there is always a scholarly mix-up in the exerting of the concept of decline and failure in organisations. The

veracity is that the two have often been used interchangeably. While it is incontrovertible that there are similarities in the two concepts, it is also discernible that they are not the same. For clarification, therefore, it is appropriate to differentiate between organisational failure and decline. Lorange and Nelson, (1987) defined organisational decline as a situation where there is degeneration in the organisational performance in terms of profitability, sales, technological leadership and market share. Similarly, D'Aveni (1989) was of the view that organisational decline is a reduction in the internal capital magnanimity as regards the financial and managerial. In another literature, Weitzel and Jonsson (1991) refer to organisational decline as a condition where organisations fail to recognize, anticipate, neutralize, avoid and attune to internal and external thrusts that browbeat the organisation's long-term existence.

Organisational failure, according to Levinthal (1991:401), happens when organisational capital levels attain zero. It is a situation where an organisation can no longer be responsible for the financial needs of employees, suppliers, debt holders as a result of which it has to fall back on or is compelled into liquidation. In a related view, McGrath, (1999:14) regarded an organisation to have failed when it is discontinued as a result of attested or foreseen productivity below an evaluative threshold. It, therefore, implies that organisational decline involves operating under despair; if bases are rectified then, operation continues and if not, it expedites ultimate failure. From the various definitions, it is apparent that there is no clear-cut definition of organisational failure. It is pertinent to state that terms such as organisational death; organisational exit and organisational mortality may suitably be used interchangeably with organisational failure (Mellahi & Wilkinson, 2004). Organisational failure in this study shall therefore be measured in terms of its bleak profitability; diminished financial resources; dwindled market; mislay of legitimacy (Jackson, Mellahi & Sparks, 2005).

*Theoretical stands on organisational failure*
Studies on organisational failure have shown comprehensible diverged explication along two perspectives: One, the Industrial Organisation (IO) and Organisation Ecology (OE) (which are often referred to as the deterministic). Two, Organisation Studies (OS) and Organisational Psychology (OP) (which are often referred to as the voluntarist). The two perspectives have transmogrified separately with the consequence of theoretical and methodological apertures in researchers' explanation of organisational failure. This paper examined the two perspectives in the following sections

*The Industrial organization and Organization ecology (The Deterministic perspectives):* The deterministic perspectives synthesize their differences when it has to do with organisational failure, even though they differ in some issues (Barron, 2001 & Geroski, 20011), The deterministic premises asserted that organisations are situated in an environment, therefore, external factors should be seen as explanatory to organisational failure rather than the owner or the management (Rumelt 1991; McGahan & Porter, 1997). This implies that organisational failure should be attributed to factors that are exterior and that the managements have no control over the failure. The deterministic, therefore, include the industrial organization and organization ecology, it is vital to take a look at them one after the other.

*The industrial organization*: The industrial organization has a fundamental base in economics, mostly in the Schumpeterian (1942) thrust called the 'creative destruction.' The thrust attributed the organizational failure to changes in environmental features, such as changes in technology (such as the advent of the internet); demographic (such as increase or decrease in population); economic (such as changes in the market); social and cultural (such as traditional request); health (such as changes as a result of COVID-19) among others. (Scott, 1992; Nelson, 1995). The changes affect the existing organisations that are not able to attune to the current environment and they subsequently quit. Many research works among the industrial organisation's scholars have established that basic changes in the environment have been responsible for why existing organisations failed and the eventual taking over by the new ones (Tushman and Anderson 1986; Sull, Tedlow and Rosenbloom, 1997). This assumption implied

that the environment obtrudes constraints on the organisation which may result in failure. The IO also assumed that the management and organizational decision-makers pursue objectives of the organization and they are rational as well as committed to the goals and objectives of the organisation and as such they could not be responsible for organisational failure. Organisation failure according to the IO scholars should be traced to the tempestuous importunity precipitated by the change in the customer taste and brand; reduction in demand; competition among existing or new organizations and technological innovation (Baum and Singh 1994; Slater and Narver 1994 and Sheppard 1995). In a related explication by Dess and Beard (1984), three factors have been identified as the reason why environments are responsible for the organisational failure and they are as follows: dynamism, complexity and munificence. Dynamism, according to them, described the environment as unpredictable and full of uncertainty; complexity has to do with the competitors and other stakeholders and munificence refer to the availability of resources (Anderson & Tushman, 2001, 689).

***The Organization Ecology*:** The conception of the Organisational ecologists largely revolved around the notion that the dissolving of an organisation is a representation of the failure of the organisation. It implies that organisational failure happens when the organisation stops performing the pattern operations that succour its composition, sustain flux of resources and hold the fidelity of membership (Freeman 1983). Organisation ecology which is sometimes referred to as population ecology gleans its proposition from the organisation theories called human ecology.

Organisational ecologists examined the reciprocal interconnection between the populations that made up organizational environment and the processes influencing their success or failure (Baum & Singh, 1994). Therefore, organisational ecologist scholars decided to develop and validate statistical tools for assessing characteristics that might be responsible for organisational success and failure (Hannan & Freeman, 1989; Carroll & Swaminathan 2000). OE scholars have identified four factors responsible for success or failure in

organisations which are as follows: i. Population density or thronging of organisations; ii. Organisation age; iii. Industry life cycle (ILC) and iv. Organisation size;

i. Population density or thronging of organisations: This is an assumption that the rates of organisational failure largely have to do with the aggregate proportion of organisations within the relevant population. Thronging of organisations increase contention among them and this eventuality intensifies the possibility of organizational failure (Dobrev et al, 2001: 1299). This implies that the organisations in a particular place at a point in time should be employed to examine failure or success in organisation (Hannan & Carroll 1992). OE identified two opposing effects of thronging of organizations, namely: competition and legitimation. Competition is the consequence of the increasing presence of many organisations. It is the condition of struggling to gain access to something by either defeating or demonstrating supremacy over others. This has a negative impact on whether organisations survive or not; it brings about resources' scarcity and consequently organisational failure (Hannan & Freeman 1989). Legitimation increases founding rates and reduces organisational failure rates. It, therefore, implied that organisational failure and success largely depend on competition and legitimation respectively (Agarwal et al. 2002: 974).

ii. Industry Life Cycle Theory: ILC is of the view that organisational failure is a natural circumstance (Balderston, 1972). This approach pointed out that failure in the organisation is a consequence of high demand, low supply, and the advent of advanced technology.

iii. Age and Failure: This is sometimes referred to as The Liability of Newness and the fundamental stance are that it is difficult to establish a new organisation and its structure; it is easier to continue with an older established organizsation and its structures and older established organisation have advantages over new ones because new organisation have less experience and loose

resources that could provide support and social capital (Nelson & Winter 1982; Stinchcombe, 1965). Therefore, age and failure implied that organisational failure is often recorded among the newer organisations than older established ones. This is because new organisations required a lot of resources to learn new processes and responsibilities; challenges of tax laws and government regulation (Aldrich & Auster 1986).

iv. Size and Failure: This is sometimes referred to as Liability of Smallness and it argued that size is a major determinant of organisational failure. It suggests that organisational failure is often recorded with a smaller and average organisation than bigger ones. (Sutton 1997). Liability of smallness emphasised that smaller organisations often record failure because they are confronted with the challenges of raising capital; engaging and retaining qualified workers; the financial implications of decent administrative processes and problems of legitimacy with external stakeholders ((Baum, 1996; Aldrich & Auster, 1986). Those challenges identified are not applicable to large organisations (Agarwal et al. 2002, 979).

Summarily OE scholars are of the view that the organisation and its population are important because environments change more than organisations and it is the environment within which an organisation operates that determines its performance. Success and failure of organisation are consequences of changes in the environment.

*Critique of IO/OE Perspective*
The IO/OE scholars have been criticized for ignoring some important internal factors and focusing exclusively on external factors (Mellahi *et al.* 2002). Concentrating mainly on external factors to proffer explanations to organisational failure has made critics categorize IO/OE perspective as overly deterministic. The next section focuses on internal factors responsible for organisational failure.

**Organisation Studies and Organisational Psychology literature (The Voluntaristic Perspectives):**
The voluntaristic perspective went contrary to the assumptions of the deterministic. The perspective emphasizes that it is wrong to assume that managers are completely rational actors and powerless. The fundamental basis of voluntaristic perspective is that the primary decision-makers in organisation are managers. Managers' notions of the external environment are largely determined by how they manage or operate the organisation (Hambrick *et al.*1996; Mone*et al.* 1998). The perspective argued that managers' exertions are largely determined by their mental construct of the organisation and the environment within which the organisation is situated as well as the commitments, capacity, and power to implement necessary decisions (Greenwood & Hinings, 1996). It implied that decision-makers should be the focus rather than the external circumstances within which the decision is made. Managements are assumed rational, competent, and capable, therefore, organisational failure should be attributed to them (Barmash, 1973). It further suggested that the voluntaristic perspective is of the view that organisational failures are as a result of internal inadequacies in taking a proper measure against external threats. Internal inadequacies may be as a result of an executive who is narcissistic in their attitude and behaviour who when there are challenges confronting organisation or organisation facing threat, they isolate themselves from advice, word of caution from others and easily misconstrue criticisms as a threat. They easily exhibit their pride, arrogance, and self-confidence (Macoby, 2000; Kroll et al. 2000).
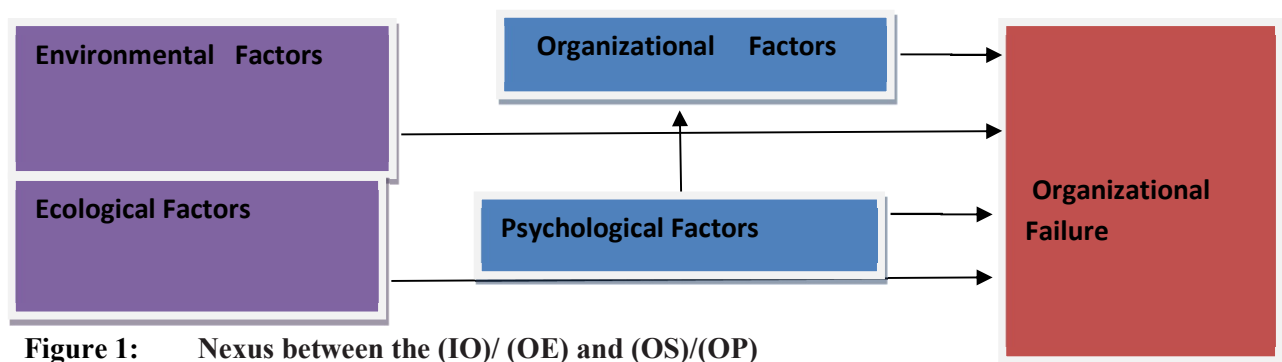
To demonstrate factors responsible for organizational failure voluntaristic perspective identified the following instance theories:

a. Groupthink Theory: This is a situation whereby decision-makers in an organisation make suboptimal or below standard decisions which are basically a result of groupthink mentality (This is a practice whereby people think or make decisions as a group which consequently result in unchallenged and below quality decision making).

b. Upper Echelon Theory: This suggests that the characteristics of organisational decision-makers influence the success and failure of an organisation. This refers to the top management teams as regard demographic, tenure, homogeneity, and heterogeneity (Pitcher & Smith 2001).

The organisation studies scholars are of the view that successful organisations are liable to fail because of too much credence and haughtiness. While organisational psychology scholars differ slightly by asserting that managerial attitudes and behaviours are consequences of that which exist underneath the level of conscious awareness. Therefore, organisational failure has been attributed to hidden, subdued dynamics and feelings of managers.

*Critique of the OS/OP Perspective*

The OS/OP literature has been praised for its diversity and detailed in its analysis, however, it has been criticized for owning too many 'middle-range theories' and having no overall 'grand theory'. This could be responsible for the chaos and 'fragmentation trap' among researchers, teachers, and students. This is because they would be faced with so many unorganized and conflicting theories.

OS/OP perspective has also been criticized for the over-reliance on internal factors as responsible for organisational failure.

*Nexus between the (IO)/ (OE) and (OS)/ (OP)*
In a bid to understand further why organisations failed, there is a need to have an understanding of how external and internal factors connect and interact to be the source of failure of organisations.



**Figure 1:    Nexus between the (IO)/ (OE) and (OS)/(OP)**

Figure 1 presented the conceptual framework of the nexus between the (IO)/ (OE) and (OS)/ (OP). The basis of the nexus is to show that the various theoretical suppositions are not only congruous but they collectively provide a thorough explanation of organisational failure.

Although, the (IO)/ (OE) and (OS)/ (OP) may have independent factors responsible for organisational failure, however, it has been noted that none of the factors can be singly responsible for organisational failure. There are various connections and interactions between the factors identified by the (IO)/ (OE) and (OS)/ (OP). In some instances, those factors identified by IO/OE scholars, (such as the density, ILC, organisational age, and size) may either magnify or moderate or

suppress the effects of (OS)/ (OP) on organisational failure. Conversely, those factors identified by the scholars of (OS)/ (OP), may also either magnify or moderate or suppress the influence of (IO)/ (OE) on the failure of organization. It implies, therefore, that there are connections between and among the (IO)/ (OE) and (OS)/ (OP).

*Turnaround: Conceptual clarification*
Definitions of turnaround have been provided by different scholars in various ways. Therefore, it is important to examine some of the definitions. Turnaround is assumed to take place when organisations endure a life-threatening performance slump and put an abrupt end to the

threat by employing combined strategies that involve arrangement and potentiality to attain lasting performance recuperating (Sheppard & Chowdhury, 2005). Similarly, turnaround has been regarded as a process whereby managers strenuously solicit to prevent a desolate organisation from failing (Fredenberger & Bonnicic, 1994:59). In a related definition, turnaround has been described as a coordinated and collaborative endeavour of management staff to respond to the organisation's performance difficulties. (Barker & Moné, 1998:1239). Correspondingly, turnaround has been seen as previously profitable organizations that are confronted with performance degeneration and are seeking turnaround that may be either victorious or not victorious (Barker & Barr (2002:968). It is possible, therefore, from the definitions to be able to establish when turnaround has taken place. For example, it has been explicated that turnaround happened when organisation recuperates satisfactorily to continue typical operations which would be described as successfully surviving a menace to existence and recovered sustained gain (Lohrke *et al,* (2004:65). It can also be depicted from the definition that stated that turnaround is a measure that has been taken to recuperate in productivity in an organisation that is failing (Walshe *et al*, 2004:201). Turnaround definitions imply that it is possible to have a turnaround in a declining organisation but may not be possible with organisation that has failed. This is because turnaround has to do with recuperating from a decline that threatened organisational existence and striving on the part of organisation to resume normal activities and attain acceptable performance. It is therefore sufficing to say that discussion on turnaround is applicable only at the decline stage. It is in line with this that Sheppard and Chowdhury, (2005) identified the following model for a declining organisation.

a.  Decline stage: This stage is seen as a stage where there are inconsistencies with the organisational strategies and environmental provocation. This is the stage where organisational decline begins from firm the equilibrium to the nadir.
b.  Response Initiation stage: This is the stage the nadir occasions the management into corrective actions and various steps are taken to turn organization around
c.  Transition: This is the most intricate stage that involved the utilisation and or implementation of technology, strategy, culture, material, and material resources for the purpose of turning the organization around.
d.  Outcome: This stage manifests all the activities in the transition stage. It showed whether it was successful or not

The model by Sheppard and Chowdhury, (2005) showed further that organizational turnaround is achievable at the declining stage not at the failing stage.

Some theories have pointed to strategies that will enhance organisational turnaround ranging from cost and asset reduction or restructuring. Survival-based theory, for example, argued that for organisation to survive, it must adopt strategies that focus on running an efficient operation and should be able to respond speedily to the constant changing environment (Lynch 2003). Contingency theory states that turnaround strategies should include adopting the following: operating turnaround strategy, debt restricting, market refocusing strategy and strategic portfolio restructuring strategy (Chowdury, 2002; Sudarsanam & Lai, 2001). Some scholars have also emphasised that organisations pursuing turnaround should focus on reducing the cost of materials, delayering as well as pay cuts and cost of overheads (Arogyaswamy & Yasai-Ardekani 1997; Castrogiovani & Bruton 2000; Bruton, Alstrom & Wan 2001; Fisher, Lee & Johns, 2004;). Some other scholars are of the view that the best strategy for organisational turnaround is the replacement of the CEO with another one. The new CEO is also expected to employ two approaches, namely: non-surgical and surgical (Khandwalla, 1983). While the non-surgical is basically on change in behaviour and geared towards encouraging moral and work ethics, the surgical approach involves the new CEO employing a tough attitude and directive, firing some employees and possible closing down of divisions. The non-surgical involves understanding the challenges, obtaining various opinions, employing a conciliatory attitude and

negotiation as well as settlements among different functions.

*Organisation failure and Turnaround in Africa*
There are various challenges in managing organisation in Africa and this is a global reality (Gekonge, 2013). It implies that operating organisation in Africa is quite different from what may be obtainable in other continents. Even though, African governments are striving to constrain the influencing elements in the internal and external organisational environments, yet, there are apparent businesses, institutional, social, political, and economic challenges leading to organisational failure in Africa today. Some of these challenges are said to have stemmed from the marginalisation of Africa from the global economy, poor infrastructure, poor leadership style, scarce development finance, healthcare, and climate change. In addition to the aforementioned, other investment climate factors have been noted to contribute to organisational failure in Africa and they include the challenges of incepting an organisation in terms of acquiring licenses and registering; obtaining loan and credit facilities; high taxes; protecting the investors; the complexity of importing and exporting across borders and the intricacies of hiring and firing employees. In many of the African countries, some of the identified challenges are interrelated and interconnected with each other. Poor leadership style might be responsible for the challenges confronting organisation in acquiring licenses and registering; obtaining loans and credit facilities; paying taxes and protecting the investors. Additionally, various organisational failures in Africa have been attributed to some of the foreign designed programmes

It is pertinent at this point to take a broad look at some of the challenges contributing to organisational failure in Africa, principally among them are:

i. The challenges of incepting an organization: There are several challenges that one is confronted with when starting an organisation in Africa. Some of them are the high financial costs of starting which may likely involve borrowing and that may eventually lead to the organisational

failure. Another one is the corrupt practices that are apparent in the process of licensing and registering organisation (Quartey, 2010; Asongu, 2017).

ii. Shortage of energy and electricity: The second challenges are the shortage and the daunting costs of electricity. Electricity outages are quite often include working days and this hinders effective and efficient running of organisational operations. In addition, with the power outage is the high cost of installing and a high monthly bill that follows. There are obvious shortages of energy and electricity in Africa it has been noted that access to energy in sub-Saharan Africa which encompasses forty-four countries is limited to 5% and the consumption is below the global average of 17%. This implies that the consumption is equal to the entire energy consumption in one state of the United States (Asongu, le Roux & Biekpe, 2018). These are apparent challenges that could easily hasten organisational failure in Africa.

iii. Challenges of obtaining loan and credit facilities: African countries are generally confronted with the challenge of accessibility to loan and credit facilities. This has been attributed to factors such as affordability, inadequate finance, and misaligned stands between borrowers and lenders (Batuo & Kupukile, 2010). Some other challenges are the inauspicious selection by the lenders in the borrowing process and the moral menace of the borrowers who may vehemently refuse to pay after collecting the loan. Scholars have therefore suggested the need for credit reporting agencies to forestall challenges of obtaining loans and credit facilities that have also contributed to organizational failure (Kusi & Opoku- Mensah, 2018).

iv. High taxes and the complexity of importing and exporting across borders: The norm of applying high taxation to commodities leaving the country is a major challenge in Africa. This is obvious in almost all African countries and it is contrary to what is obtainable in Western countries that limit taxation to capital flows (Verhagen, 2017). The challenges have hindered cross-border importation and exportation (Akpan, 2014). The aforementioned prompted

the Continental Free Trade Area Agreement signed by 44 countries of the 55 member countries that are of the African Union in Kigali (Rwanda) in 2018. The aim was to facilitate and enhance cross-border trade. The challenges of high taxes and the complexity of importing and exporting across borders have largely contributed to organisational failure in Africa.

Apart from South Africa and some few countries in Africa, effective turnaround strategy plans are difficult to come by in African countries. It has been noted that after many years of independence from colonial dynasties, African countries still find it difficult to properly manage and turn around economies and politics in Africa (Kasambala, 2005). This is a phenomenon we may want to ignore but it is a fact that African countries are doing the same things over and over but expecting different results. Many studies on organisation failure in Africa showed total failure without turnaround (Amankwah-Amoah & Debrah, 2010). Achieving turnaround in African countries' organisations may be described as a "takeover". The implication of "takeover" is that the entire organisational structure will be taken over (mostly by selling or leasing it out) by foreign owners and this is contrary to the fundamental tenet of turnaround. Turnaround should be withdrawing or backpedalling from wrong resolutions that were initially made but which have caused damages, mislay to the name, brand, and reputation of the organisation. Many organizations that have failed in African countries are either waiting to be taken over by the Chinese or Arabs. Closely, African owners will be waiting to hand over and be paid some amount of money for their failed organisations. It is sufficing to say that turnaround strategy in Africa is asymmetric but what implication does this have for the African countries? When will African countries take the bull by the horn and when will African countries change from the previous ways of doing things?

## Methods

The study focuses on Nigerian Telecommunications Limited which was a service provider organisation. Nigerian Telecommunications Limited (NITEL) used to be the sole telephone service provider that was established in 1985. It was combining the activities of post office and telecommunication, until 1992 when the Nigerian government approved the Nigerian Communication Commission act that allows other organisations in the telecommunications sector. NITEL enjoyed years of monopoly, however, the performance of the organisation in those years was sub-par. NITEL has witnessed decline and failure as well as undergone a series of takeovers from organisations such as Transnational Corporation (Transcorp) and National Telecommunications Commission (NATCOM).

Exploratory research design and a qualitative method Key Informant Interview (KII) and In-depth Interview (IDI) were employed for the collection of data. In-depth interview involved engaging forty-five (45) purposively selected staff of the defunct NITEL. The Key Informant Interview involved engaging twenty-five (25) purposively selected stakeholders in Transnational Corporation (Transcorp) and National Telecommunication Commission (NATCOM). The qualitative methods gave an opportunity to interact with both male and female staff and it was an opportunity to have face-to-face interaction with stakeholders. Qualitative methods also became necessary and appropriate because of the complexity of managerial actions and cognitions in the circumstances and dynamics of organisational failure (Mellahi & Wilkinson, 2004). Importantly also it has been suggested that there are limited studies on the subject (Edmondson & McManus, 2007).

All participants were assured anonymity and that information would be treated with confidentiality. The respondents determined the time, the day, and the venue.
The data that were generated from the recorded interview were transcribed, patterns identified and organised according to objectives. It was also recorded verbatim and converted into written form. Data were enumerated and thematic analysis and categorisation were provided. Highlighted quotes were provided and then sorted into themes based on the patterns that were generated. In a bid to differentiate between respondents, the following coding method was

adopted Michel//KII/Male/NITEL. Spurious names such as Michel, KII 1, 2, 3 were used to identify the respondents; KII as the type of interview; Female (F) or Male (M) as the type of respondent and NITEL as the organisation of the respondent

These are the questions that were presented to the interviewees:

a) What are the factors responsible for the failure of NITEL as an organization?
b) Did NITEL as an organisation attempt turnaround while it witnessed decline?
c) What are the challenges that confronted NITEL as an organisation while attempting to turn around?

### Results and Discussion
The findings of the study have been subdivided into four: factors responsible for the failure of NITEL as an organisation; attempts that were made to turn around while it was witnessing decline and challenges that confronted NITEL as an organisation when it attempted to turn around.

### Factors responsible for the failure of NITEL as an organisation:
The following examined factors responsible for the failure of NITEL as an organisation.

### External and internal factors responsible for organisational failure

This study attributed organisational failure to changes in environmental features. The study discovered that NITEL as an organisation failed because of the discernible application of modern technology in the telecommunications business which was orchestrated by the advent of the internet. This was responsible for the change in the customer taste and brand and it precipitated a drastic reduction in the demand for the product offered by the NITEL. The organisation was unable to cope with various environmental changes and it eventually quit. The failure enhanced the full takeover by the National Telecommunication Commission (NATCOM) and the advent of more communication companies such as MTN, Glo, Airtel, among

others. This is consistent with the findings of Scott (1992); Baum and Singh 1994; Slater and Narver 1994; Nelson (1995) and Sheppard 1995) that attributed organisational failure to the changes in the environmental demographic; economic; social and cultural and health of new organisations and technological innovation. It is also consistent with the findings of Nelson (1995) who pointed out that organisations that are not able to attune to the current environment will subsequently quit. It is also similar to the observation of Tushman and Anderson (1986); Sull, Tedlow, and Rosenbloom, (1997) who were of the view that basic changes in the environment have been responsible for organisational failure and the eventual taking over by the new ones.
This study also attributed organisational failure to the internal inadequacies in NITEL. The study found that managers were the important decision-makers of the organisation and their knowledge of the external environment largely determined how they managed or operated the organisation. The study also noted that managerial attitudes and behaviours also contribute to organisational failure. The managers' mental constructs of the organisational environment had a great impact on the commitments, capacity, and power to implement necessary decisions. The attitude and behaviour of managers that sometimes felt that they were more important than the customers have also been seen as contributing factors to organisational failure. Recurrent change of managers has also been attributed to a factor responsible for organisational failure. It has been seen as the reason why many organisations are under the control of new managers which is also a factor responsible for organisational failure. These findings are consistent with Hambrick *et al*. (1996) and Mone *et al. (*1998) that were of the view that managers are the primary decision-makers of the organisation and their notions of the external environment largely determined how they managed or operated the organisation. They argued that management actions were largely influenced by management mental construct of the organisation. It is parallel with the view of Pitcher and Smith (2001) that suggested that the characteristics of organisational decision-makers influence the success and failure of an organisation. It also is similar to the observation of Greenwood and Hinings, (1996) that stated

that a manager's commitments, capacity, and power to implement necessary decisions are determinants of organisational failure. It also corresponds with the notion of Macoby, (2000) and Kroll et al. (2000); Hodgkinson and Wright (2002) that were of the view that internal inadequacies may be a result of an executive who is narcissistic in their attitude and behaviour and who easily exhibit their pride, arrogance and self-confidence. The findings are also consistent with Mone *et al. (*1998) that were of the view that frequent change of managers affects the style of operating organisation and it is the contributory factor to continuous control of organisation by new managers. This has been regarded as what posed a threat to internal operations of organisation. It has been regarded as a contributory factor to organisational failure.

Factors responsible for organizational failure as a former senior officer recalled are as follow:

> I worked with NITEL for more than 27years and I can state it categorically that one of the factors responsible for the failure was the inability to cope with the challenging environment. There are demands for a new method of communication. NITEL was still operating the outdated cable network. There was that high expectation from the government for new technology, however, the government was preoccupied with other things, and the organization suffered for it (Michel/M/KII/NITEL).

In another session with a former senior executive one, there were similar comments which reiterated the factors responsible for organisational failure. The following were highlighted:

> NITEL as an organisation failed because of the advent of the application of modern technology in the telecommunications business. People are no more interested in the table phone. People were interested in an organisation that was ready to provide them with mobile phones which NITEL was unable to provide and attuned to (John/F/KII/NITEL).

On the same factor responsible for NITEL failure, one of the former managers emphasised that:

> Many telecommunication organisations were springing up and ready to provide for the demand of the populace. There were many foreign organisations such as MTN, Airtel, and Econet striving to come into the country to provide the yearning and aspiration of the population. It is also important to state that there was no way NITEL will not fail because of the red-tapism; poor management; Insufficient funding; mismanagement of funds; lack of planning; lack of focus; poor customer services and lack of business visibility (Musa/M/KII/NITEL)

In explaining some of the factors responsible for NITEL failure, one of the former senior managers stated that:

> In the entire history of NITEL, the chief executives are politically appointed. It implied that people who managed the organisation were those without practical background knowledge, expertise, and skill to understand the problems of the NITEL. (Bella/F/IDI/NITEL)

Correspondingly, a former manager of NITEL who worked with the organisation for 26 years was of the view that:

> There are some of the political appointees that possessed CVs that gave the impression of their knowledge of the organisation, however, their various policies eventually led to the failure of the organization.
> (Brenda/F/IDI/NITEL)

The observation was further stressed by another senior officer in the marketing department who illuminate the discussion further as thus:

> There was the major problem of recurrent change of chief executives by different governments. This is

because it was a political position and once change was made, the previous policies would be scrapped arrogantly and eventually each one of them never had the time to contribute positively to NITEL. (Francis/F/KII/NITEL)

A former head of department also commented and the following discussions illuminate his view:

> During the reign of NITEL, I observed that there were internal inadequacies in terms of delaying project implementation because of the bureaucratic process; corruption in terms of implementing many of the projects; over-reliance on government for every project; lack of clear strategy, and delay in switching over to the reigning technology. (Paul/M/IDI/NITEL)

These data show that organisational failure should largely be attributed to both environmental and internal factors.

**Attempts that were made to turn around NITEL while it was witnessing a decline**

The study found that Nigerian Telecommunications Limited was formed in 1985. It was an organization that enjoyed a long period of monopoly before the approval of the Nigeria Communication Commission act that allowed other organisations in the telecommunications sector. NITEL witnessed a series of declines before it eventually failed and was taken over by organisations such as Transnational Corporation (Transcorp) and National Telecommunication Commission (NATCOM). The result showed that from 2001, the organisation went through the process of badly planned divestment and sales where there was a proposed sale of 51% stake to some investors named International London limited. The study found that the sales were cancelled because of the failure on the part of the investors and that this led to government approval of a

management turnaround contract with an organisation named Pentascope in 2003. It was also found that the contract was cancelled again in 2005 when it was discovered that Pentascope had no adequate resources to operate NITEL. The study also found that there was another unsuccessful divestment of NITEL to an organisation called Orascom in the year 2005 before it was eventually sold to a subsidiary of an organisation called Transcorp in the year 2007. The year 2009 witnessed the revoking of the sales of NITEL to Transcorp and the final takeover in 2014 by NATCOM. The study found a lot of inconsistencies in the attempt made to turnaround NITEL while it was witnessing decline and this led to the eventual organisational failure. This is consistent with the observation of Sheppard and Chowdhury, (2005) that stated that turnaround takes place when organisations successfully endure a life-threatening performance. It is also similar to Walshe *et al*. (2004) that stated that turnaround is an effective measure that has been taken to recuperate in productivity in an organisation that is failing. This is similar to Gekonge, (2013) who observed that it is a global reality that managing organisation in Africa is challenging

The following discussions illuminated the view of a senior manager:

> Having worked with NITEL for 20 years, I observed that in an attempt to turnaround NITEL while it was witnessing a serious decline, various steps were taken. However, I will categorically state that many of the attempts were not focusing on turning the organisation around; rather it was directed toward selling the organisation to the highest bidder (Henry/M/KII/NITEL).

The above showed that NITEL failure was hastened by the attempt to sell it rather than turn it around.

**The challenges that confronted NITEL as an organisation while attempting to turn around:**

The study found that there were various attempts made to achieve organisational turnaround. However, the study noted those attempts were characterized by lack of planning, poor management, lack of focus and mismanagement of funds

The following excerpts were derived from interviewees:

> Some of the major problems that NITEL witnessed in the process of achieving turnaround included confusion in the process, confusion in the management and confusion in the plan. It was pathetic that the process paved way for others to mismanage organisational resources and it was an opportunity for colossal corruption (Peter/M/IDI/NITEL).

The above interview showed that the NITEL as an organisation did not witness a very transparent process in a bid to achieve turnaround.

**Conclusion**

This study was an empirical study that examined the causes of failure in NITEL. For better understanding, the study distinguished between decline and failure; explored the theoretical stance on organisational failure; examined some of the conceptualisation of turnaround strategy and the challenges of turnaround in Africa. This study attributed the failure to changes in environmental features; the discernible application of modern technology in the telecommunications business which was orchestrated by the advent of the internet and which led to the change in the customer taste and brand and which precipitated a drastic reduction in the demand of the product offered by the NITEL; managerial attitudes and behaviours that sometimes felt that they were more important than the customers and the recurrent change of managers was the reason why NITEL was always under the control of new managers. The study found that the organisation went through the process of badly planned divestment and sales and a lot of inconsistencies in the attempt made

to turnaround NITEL while it was witnessing decline which led to the eventual failure. The above also showed that attempts were made to achieve organisational turnaround. However, they were characterized by lack of planning, poor management, lack of focus and mismanagement of funds

The study discovered that there were nexuses between the external and internal factors of organisational failure. For example, lack of planning, poor management, lack of focus and mismanagement of funds had nexus with the reason NITEL went through the process of badly planned divestment and sales and a lot of inconsistencies in the attempt made to turnaround. The recurrent change of managers which was the reason why NITEL was always under the control of new managers have nexus with the reason why NITEL was caught unaware of the current trend of technology which led to the change in the customer's taste and brand and which precipitated drastic reduction in the demand of the product offered by the NITEL

*Implications for policy*

The study provides the policymakers with the need to differentiate between failure and decline. It shows the basics of doing the needful in terms of putting in place effective strategies at the decline stage to prevent outright failure. The study connected the implication of lack of planning, poor management, lack of focus and mismanagement of funds to organisational failure. From the discovery of the study, it is a recommendation that for effective organisation turn-around, it is pertinent for organisation to have an effective and consistent manager for good planning, divestment and sales; manager that have focus and that can properly manage funds.

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