

# Table of Contents

<b>Table of Contents</b>	<b>i</b>
<b>Abbreviations used</b>	<b>vii</b>
<b>Preface</b>	<b>ix</b>
<b>Chapter 1:</b>	
<b>The Need to Study Failure and Survival –</b>	
<b>Formulating the Research Objective</b>	<b>1</b>
1.1 Preliminaries to the study of corporate failure and decline	2
1.2 The importance of studying failure	6
1.3 A brief review of the literature on corporate failure and decline	10
1.3.1 Introduction	10
1.3.2 Issues in the study of failure	11
1.3.3 Issues in the study of decline	20
1.3.4 Deficiencies of research into corporate failure and decline	28
1.4 The problem of pursuing “excellence”	30
1.5 Survival as the overriding goal of organisational activities	31
1.6 Formulating the research objective	33

<b>Chapter 2:</b>	
<b>Research Methodology and Procedures –</b>	
<b>Ways and Means of Studying Failure and Survival</b>	<b>35</b>
2.1 The lens: complexity theory	36
2.2 Method: analogical reasoning, deduction, and testing by inserting	39
2.3 Some notes on academic positioning	44
2.3.1 The questionable applicability of population ecology, given the objectives of this study	44
2.3.2 Resource dependence theory as a promising starting point for this dissertation	47
2.4 The unit of analysis: “independent” versus “dependent” variables	53
2.4.1 The choice of a unit of analysis	53
2.4.2 A brief introduction to corporate governance	54
2.4.3 The “dominant coalition” as an approximation for the unit of analysis	58
2.4.4 “Dependent variables”: constructs for corporate failure and survival	63
2.4.5 Conclusion	67
2.5 Research questions	68
2.5.1 Theorising and research questions	68
2.5.2 A framework of corporate decline and failure	69
2.5.3 Corporate survival and life: existence “on the edge of chaos”	71
2.6 Bibliographical notes	74

**Chapter 3:**

<b>The Framework of Corporate Decline and Failure</b>	<b>77</b>
3.0 A precursory case study of Rath Packing Company's decline and failure	79
3.1 Introduction	80
3.2 The notions of "corporate failure" and "corporate decline"	82
3.2.1 The traditional approaches to defining failure	82
3.2.2 Failure defined by using the concept of discretion	85
3.2.3 Remarks on failure as a loss of discretion	91
3.2.3.1 Clarification of intellectual foundations	91
3.2.3.2 Discussion of meaning and practical implications	94
3.2.4 Understanding corporate decline	97
3.2.5 Conclusion	99
3.3 Symptoms of corporate decline	101
3.3.1 Distinguishing symptoms and causes	101
3.3.2 A taxonomy of symptoms of decline	103
3.3.3 Predicting corporate failure: towards a view of failure as an attractor	107
3.4 Towards causes of corporate decline and failure:	
the central role of learning	112
3.4.1 Introduction: first and second order causes of decline	112
3.4.2 Functional and dysfunctional learning	115
3.4.3 Complexity theory on learning:	
basic mechanisms and extension to organisation studies	119
3.4.3.1 Introduction	119
3.4.3.2 The basic model: a classifier system	121
3.4.3.3 Credit assignment by a "bucket brigade" algorithm:	
learning by exploitation	125
3.4.3.4 Rule discovery by genetic algorithms:	
learning by exploration and mutation	126
3.4.3.5 Uncovering epistemological assumptions of the model	128

3.4.3.6 Extension of the model to organisational learning	131
3.4.4 Conclusion	139
3.5 Causes of corporate decline	140
3.5.1 Dying young: congenital defect and beginner's fatal search	140
3.5.2 Momentum	147
3.5.3 Convergence	153
3.5.4 Lethargy	160
3.5.5 Concluding discussion of the causes of decline	167
3.6 The state of failure revisited	173
3.6.1 Introduction	173
3.6.2 Complexity theory on life and death	174
3.6.3 The first attractor of corporate failure: simplicity	182
3.6.4 The second attractor of corporate failure: chaos	185
3.6.5 Conclusion and remark	189
3.7 Concluding the framework of corporate decline and failure	194

## **Chapter 4:**

### **Corporate Survival and Life:**

#### **Existence "On the Edge of Chaos" 201**

4.1 Towards a new understanding of corporate survival, life, and evolution	203
4.1.1 Introduction	203
4.1.2 From biological to corporate life	204
4.1.3 Defining corporate survival and life	209
4.2 Ensuring corporate survival and life	211
4.2.1 Testing by inserting	211
4.2.2 Practical methods inserted	212
4.2.2.1 Business process reengineering	212

4.2.2.2 McKinsey's "complexity reduction"	220
4.2.3 Insertion of theoretical model:	
Zimmerman's "inherent drive towards chaos"	223
4.2.4 Conclusion	228
4.3 Organisational life and crises	231
4.3.1 The meaning of crises for organisational survivability	231
4.3.2 The inevitability of crises? – Management of crises	237
4.3.3 Conclusion	244
4.4 Rethinking the concept of organisational evolution	245
4.4.1 Introduction	245
4.4.2 Traditional theories of biological evolution and their applications to strategic management and organisation studies	246
4.4.3 Complexity theory on biological evolution: how Post-Darwinism exceeds Darwinism	254
4.4.4 A Post-Darwinian view of organisational evolution: an assessment	258
4.4.5 Organisational survival and advancement activities	261
4.5 Emergent and self-maintaining organisations	269
4.5.1 Fontana's research into algorithmic chemistry ("Alchemy")	269
4.5.2 Speculation about the implications of Fontana and colleagues' model for organisation studies and strategic management	274
4.6 Conclusion: the general model of corporate failure and survival	280

<b>Chapter 5:</b>	
<b>Conclusion and Discussion</b>	<b>283</b>
5.1 Major findings and assertions of this study	284
5.1.1 A summary of major and secondary findings and assertions of this study	284
5.1.2 Relating findings to the state of the art of academic research into corporate failure and survival	288
5.2 Limitations of the study	294
5.3 Implications for managers	300
5.4 Implications for future research	305
<b>References</b>	<b>311</b>
<b>Curriculum Vitae</b>	<b>361</b>