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HOW TO PLAN AHEAD FOR HARD TIMES IN BUSINESS

Bachelor's Thesis
BUSINESS MANAGEMENT


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DESCRIPTION

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| Name of the bachelor's thesis How to plan ahead for hard times in business. | | |
| Abstract <p>The topic was actually picked to device or proffer effective solution on how to deal with or tackle hard times when one is about to establish a business. However, I discovered that management seems to over look the issue of hard times in day to day running of a business. They should remember that the only thing that will aid and assist a business to forge ahead is when there are proper and adequate strategies. These strategies must be followed incessantly in order to overcome any eventuality of hard times during the course of the business. More so, if there are good decisions in place; hard times should not be see or view as a threat but rather as a prospect to explore the market and do what is right according to the management decisions in order to achieve unbeatable success.</p> <p>Nevertheless, management decisions can mar or build the company, so, that is why their decisions must be a perfect one for them to scale through the hard times. This also boiled down to the issue of effective Leaders, if the leaders are well qualified Leaders their decisions should be able to penetrate and have effective and efficient impact on the hard times so that it will not have negative effect on the company.</p> <p>During the hard times the company must make sure that they have mutual relationship with their potential customers more than ever before because this relationship will not allow them to shift focus, by changing their taste for a lesser product during hard times. But if their relationship is cordial it will be difficult for them to lose all their customers. Though few might want to shift focus because of market trend and threat to their turnover.</p> <p>We are living in the most challenging times for business and economics that we have experienced in our lifetimes. It is only the fit businesses that will survive the challenges.</p> | | |
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1.0 INTRODUCTION

The introductory part of this thesis will present the general background of the research topic, How to plan ahead for hard times: A case study of TK Limited in London, and then explain the research problem, purpose of study, research questions, scope of study, why do they need it, and the limitations of the study.

Hard times are periods of difficulty during the course of a business and can be overcome with proper plan and effective efforts of the management of the company. It is also a period whereby there is a general slowdown in business activities of a company due to a particular recession problem that is facing a country at that moment. This could cause drastic and unpredictable negative effects on business. TK Limited ought to remember that the only thing that will aid and assist a business to forge ahead is when there are proper and adequate strategies. These strategies should be taken into account in order to overcome any eventuality of bad times during the course of the business.

Consequently, if there are good decisions in place, bad times should not be seen or viewed as a threat but rather as an opening to investigate the market and do what is right according to the management decisions in order to achieve unbeatable success.

This should also be seen as an avenue to penetrate into the market and also to have a market share or opportunities. The management must learn to understudy the strengths and threats that hard times may want to pose to the business during the cause of an economic recession and they should be able to utilize the strengths by winning more customers to boost their sales during bad times. However, the threats should be guided against in order to be able to stand and forge ahead irrespective of the economic downturn that the business may be facing at that particular time.

1.1 Research problem:

The statement of problems could be the following point that was enumerated by Philips (2008, 1, 3, 5, & 7), in one of his electronic sources, which are:

- Wrong decisions by the Leaders.

- Inconsistent general meeting with the sales force can aggravate the effect of bad times.
- Bad innovation and improvement teams.
- Ineffective Communication.
- *Wrong decisions by the Leaders*

According to Philips (2008, 1), in his word he said that, effective impact experienced has shown that bad times are caused by what leaders are doing at that particular time. Leaders must not get discouraged during hard times, but rather see it as opportunities to go into adjust all things in order to achieve success in the midst of hard times. They become more action oriented and conscious of their environment and the market as a whole. However, they don't just jump into decisions without careful planning and think about it in order to get through the challenge of the moment and better prepare the organization for success. According to Philips et al Leader in hard times, it's like a sailboat race. When the wind stops, the winning boat uses these hard times to get ready to be the first to catch the wind'' (Philips 2008, 5).

- *Inconsistent general meeting with the sales force can aggravate the effect of bad times.*

According to Philips (2008, 3).In his explanation by using an international bank with a conventional long focus on strategy and structure, as seen growth being decline as measured by capital invested per relationship manager. In these hard times, as the financial service industry tightened up so the competition for high net worth customers increased, then the Managing Director of the bank began a serious meeting relationship with the managers every week. However, he used this forum to relate with all the managers and find out how much time are they spending with their customers and what could be done to increase their time and relationship with all their potential customers. He determined that the bank could dramatically increase productivity by decreasing the amount of time of relationship the managers were actually spending on operational activities in the bank. Consequently, businesses should learn a great les-

- *Research questions*

According to Ranjit (2005, 17), Gathering research questions is extremely essential issues in the research process. Though the research process is broadly the same in both, quantitative and qualitative research are differentiated in methods of data collection, the measures adopted for data processing analysis, and the style of the communication of the findings. If the research problem lends itself to a qualitative mode of inquiry, is likely to use more of unstructured interviews or observation as method of data collection.

When analyzing data in qualitative research the researcher go through process of identifying themes and describing the finding during the course of interviews and observation rather than subjecting the findings to statistical procedures. A research design must follow these, the design must be study critically and the logical arrangements that the researcher propose to undertake, the measurement procedures, the sampling strategy, the frame of analysis and the time frame. In the course of any investigation, the selection of an appropriate research design is very important to enabling the researcher to arrive at valid findings, comparison and conclusion (Ranjit 2005, 18-22).

The main research questions in this thesis is in form of structured questions for a personal interview, and its all based on the reaction and action of TK Limited when is been confronted with hard times.

1. How could hard times in business be explained?

During the course of the interview the Director of TK Limited gives a better elucidation on hard times, he said, hard times is a period of challenges both to the company and the owner of the business. However, he further strengthen on it by giving a clear and comprehensive explanation on hard times, that is, surviving in hard times requires a strong determination and effective focus attitude when being faced with hard times. Hard times are also a period to actually confirm whether ones business is performing according to the vision and mission of the company.

2. What could cause hard times in business (Remote or Immediate)?

TK Limited Managing Director attributed the causes of hard to two different factors, which are internal and external factors. However, he said that an internal factor could be a result of improper organizational structure and an external one could be an economic factor. He actually mentioned their own experience on hard times, which actually emanated from an economic downturn which invariably has impact on their business.

- *The scope of study:*

This thesis is limited to TK LIMITED.

TK Limited is a company that is situated in the heart of London with a capacity of ten Members including the Managing Director of the company. The company was founded ten years ago with a profitable record in export and import of various African clothes to different countries of the world and most especially the United Kingdom. TK Limited is known for various kinds of African fabric clothes that are marketable and acceptable in any part of the world without any customs restriction.

Since the inception of the business, the company has been experiencing some kind of tremendous changes and most especially in the area of marketing and accountability. This has been propelling the company to forge ahead in the midst of turbulent times. Nevertheless, the company was unable to meet up with its normal and consistence profit after tax. The cause of this was the problem of hard times that was plaguing the business at that moment which terribly has some kind of inexplicable effect on the company. Despite the impact of the hard times on the business of TK Limited the company could as well stand the test of hard times through the efficiency and performance of the company management.

- *Planning Ahead for Hard Times*

Planning ahead for hard times would adequately support the business to make effective decisions concerning the progress of the business.

Nevertheless, right decisions could be adopted during the course of hard times or recession in the economy in order to plan how to use the available funds of the business

judiciously while facing hard times. Also, customer relationships should be re-built in the course of hard times to arouse the interest of their potential customers in order not to lose their market share to their competitors. Communication must be improved during the course of hard times because effective communication will aid the business to be able to communicate effectively to their staff and instruct them on what to do for the progress of the business.

2.0 LITERATURE REVIEW ON HARD TIMES

This section presents a review of the relevant literature that will help to decide whether it makes most sense to continue, hide, close, or sell a business in the hard times. Ralph (2009, 1), in his book entitled: "Save your small business", he gave ten crucial strategies to survive hard times. He emphasized creating a business survival plan. This is an important factor that will help a business overcome the turbulent period.

2.1 Background

The researcher discovered that hard times are periods of difficulty during the course of a business and can be overcome with proper plan and effective efforts of the management of the company. It is also a period whereby there is a general slowdown in business activities of a company due to a particular recession problem that is facing a country at that moment. This could cause a drastic and unpredictable negative effect on business.

The researcher also said further that TK Limited have to remember that the only thing that will aid and assist a business to forge ahead is when there are proper and adequate strategies. These strategies must be followed to the letter in order to overcome any eventuality of bad times during the course of the business.

Consequently, if there are good decisions in place, hard times should not be seen or viewed as a threat but rather as a prospect to explore the market and do the right thing according to the management decisions in order to achieve unbeatable success.

More so, this should also be perceived as an avenue to penetrate into the market and also to have a market share or opportunities. The management must learn to understand the strengths and threats that hard times may want to pose to the business during the cause of economic recession, and they should be able to utilize the strengths by winning more customers to boost their sales during bad times. However, the threats should be guided against in order to be able to stand and forge ahead irrespective of the economic downturn that the business may be facing at that particular time.

2.2 Hard Times and Today's Business

Hard times are periods of difficulty during the course of a business and can be overcome with proper plan and effective efforts of the management of the company. It is also a period whereby there is a general slowdown in business activities of a company due to a particular recession problem that is facing a country at that moment. This could cause a drastic and unpredictable negative effect in business. Hard times should be expected and anticipated during the course of a business. If this is considered, the unexpected effect of hard times would not be a surprise to any business owner any more. However, plans must be drawn up to deal with such problems. Adequate anticipation requires planning in order to prevent or guide against organizational disruption and winding up of a business. In reference to what Kurtus (what a recession means for your small business, business recession. 2008). Said, there are typically signs that should be noticed during the hard times in business. The following chapters sum up such signs of hard times.

2.2.1 Sales and profit could be down

The effect of hard times would normally be felt on sales after which it would bounce back on profit of the business. Immediately the occurrence of hard times on sales and profit, the management should adopt two options, either to reduce profits or to spend more on marketing and advertising while keeping the profit margin unchanged. However, this will lower the profit records due to an increase in the marketing and advertising expenses. Nevertheless, the concept would not only increase the business presence in the market but rather aid the business to reap the benefits as soon as the econ-

omy emerges from hard times Kurtus (what a recession means for your small business, business recession, 2008).

According to Nick (Hard times will likely created business idea, 2011), in his article When there is an economic downturn, you surprisingly find companies that end up being successful. One of the best examples of this was Federal Express. In 1973, during the oil crisis, Founder Frederick Smith named his company in the hopes that during the recession that the Federal Reserve would contract with him. They turned him down but he ended up making an immensely successful international shipping company.

2.2.2 Expenses may increase

Hard times may have influence on the spending culture of a business because during hard times there could be a tendency to experience inflation, and this would have a negative effect on the business profit. However, the spending culture must be drastically reduced and expenses should focus on what will aid the business to move forward and also be prioritized. According to King the Governor of the bank of England which quotes in his speech, Inflation always leads to a rise in the general price level so that money will lose its value. When inflation is high, people may lose confidence in money as their real value and savings severely reduced. The savers will lose out if nominal interest rates are lower than inflation, leading to negative real interest rates. For example a saver might receive a 3% nominal rate of interest on his or her deposit account, but if the annual rate of inflation is 5%, then the real rate of interest on savings is 2%. For example a saver might receive a 3% nominal rate of interest on his/her deposit account, but if the annual rate of inflation is 5%, then the real rate of interest on savings is -2%.” (Geoff, Consequences of inflation, 2006).

2.2.3 Inventory could drag the business down

To maintain large inventory during normal business times is absolutely difficult not to mention of maintaining it during hard times. Inventory should be handled critically and manage adequately in order to increase the profit. More so, latest technology should be used to track down inventory to make stock and delivery faster than before.

This method will assist the business to be able to withstand hard times and also make impart for the business in terms of profitability. (Kurtus [referred 2008a]).

2.2.4 Employees could be discouraged

The outcome of hard times could affect the self-confidence of the staff as they battle to pay more than their income. During hard times management must learn to reward the most deserving staff by giving them soft loans in order to be able to meet up with their expenses, while the unserious one should be disengaged from work. Employees with the unserious attitudes are not needed during hard times because their impact would not be productive enough for the business to overcome hard times also to remain in business as the case may be, such unserious employees should be relieved of their task and focus on those that are serious and who are ready to contribute to the development and success of the company during hard times. (Kurtus [Referred 2008b]).

2.3 The Causes of Hard Times

2.3.1 Competition

Michael (1998, 21-32), said one of the causes of hard times in business is competition. Competition among businesses or stores consists of efforts to persuade customers to buy ones products instead of the one offered by the competitors. If the competition is managed effectively by having the biggest market share this will clearly show the winner and the loser. However, during this competition if a particular business couldn't withstand the standards of the competitors the hard times would throw such business out of the market and this could eventually lead to winding up a business.

For instance, some businesses with similar products in the areas of wholesale price, innovations, marketing and distribution among other areas. The businesses sell their products to retail outlets and stores that will properly handle a range of similar products, (as the case may be). Therefore, selling products to one store or business is not really a win over the competition because other businesses may also sell to them.

However, the success of a business depends on who makes the most appealing products at the lowest prices in the market and also the best distribution channels to their customers. For instance, Apple Computer has been known for their innovative products that are very stylish and very expensive compared to other computer manufacturers. Nevertheless, they have a successful niche in the computer and electronics gadget market. An individual sale is another issue to be looked into during hard times in competition. If a customer considers buying a product or service from a particular business, consequently, competition will result in the industry where there are firms that produce similar goods or services. During hard times, competition could be based on price, availability, location of the store, and the quality of the extra services provided by the business itself to their customers. In hard times, the purchasing power of the customers determines whose business would be able to withstand the emergence of hard times during competition.

Competing for customers sales determines which business will be able to stand against competitors and succeed. The other businesses that could not stand the test of times will now stay behind the leaders and change their market strategies or even location in order to move ahead also, while some businesses will surrender to fate and abandon the cause and go out of business or change to a different product-line. Some businesses will do so badly that they abandon the cause and go out of business or change to a different product line.

Competitive Strategy: This actually involves the consideration of four key factors that determine the limits of what a business or company can successfully achieve during the course of their operations. Competitive strategy (as illustrated in Figure 1 below) is the function of the four key factors of a company's strengths and weaknesses; opportunities and threats; personal values of the key implementers; and broader societal expectations.

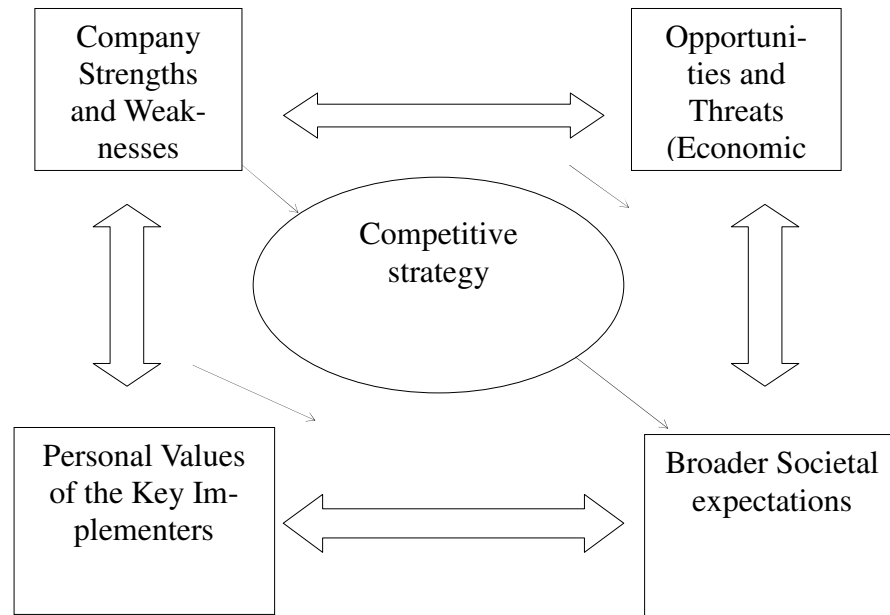


Figure 1, Competition and Strategy
(Michael 1998, 21-32).

A company's strengths and weaknesses are its profile of assets and skills relative to competitors, including financial resources, technological posture and brand identification. The personal values of an organization are the motivations and needs of the key executives and other personnel who must carry out the chosen strategy for the company. Strengths and weaknesses combined with values will determine the internal limits of the business to the competitive strategy a business can successfully adopt.

The external limits are determined by the business and the environment itself. The business opportunities and threats explain the competitive environment with the risks and the rewards as well. Societal expectations have an impact on the business and also government policy as the case may be. The above four factors must be considered before a business can have realistic goals and policies during competition (Michael 1998, 21-32).

2.3.2 Economic recession

It is commonly believed that economic recession can only be determined through Gross Domestic Product (GDP) of a particular economy or country, if the growth of that country is negative for a period of two or more in a consecutive quarter. The extraction of a recession and its starting point basically rest in the several quarters of positive but slowing growth before the recession cycle really begins. However, in a mild recession the first quarter will always emerge as a quarter of negative growth and then be followed by a slight positive growth and negative growth returns and the recession trend continue. Consequently, it is essentially more common than one can imagine countries around the world to experience mild economic recessions. Recession (or reduction) is a normal result of the economic rotation and will adjust for changes in consumer spending and consumption or increasing and decreasing prices of goods and labour. (James, National Bureau of Economic Research October 30 2010).

The above definition of recession is a clear indication that recession has a great impact on an economy of a country as well as on businesses. However, during the course of economic recession businesses always experience hard times whereby consumers always want to go for the cheapest products (as the case may be). Nevertheless, the researcher cannot imagine how powerful the effect of recession, would now control the market and purchasing power of a consumer and businesses in a particular economy, but in his opinion he wants to believe that the recession should not have much influence on the purchasing ability of the consumers since they can determine what they really want to purchase without market restrictions. It could affect businesses since their operations and productivity are carrying out in a particular country or economy.

Actually, some businesses may not be able to accommodate the effect of hard times during an economic recession periods, which could lead to folding up a business. This could be the result of competition and availability of the product at that moment in the market order to meet the demand of the consumers, and any business or company that

could not withstand hard times may not be able to produce adequate products that would meet the demand of their potential customers at this period of hard times. The economic recession is predominantly recognized by the actions taken to control the money supply in an economy. If there is too much money in circulation this may lead to inflation. Whereas inflation is the rise in the prices of goods and services over a period of time, therefore, the higher the level of inflation the smaller the percentage of goods and services which can be bought with a certain amount of money. There could be many contributing factors for hard times during the course of business, but the management must be prepared for it and know how to tackle such factors so that the business can continue its operation. (James [Referred 30.10. 2010a]).

2.3.3 Inflation

Business owners should be able to make accurate predictions of inflation and also take an absolute step to protect their business from the negative effects of inflation. More so, the unanticipated inflation becomes difficult for individuals and businesses to accurately predict the rate of inflation in the near future. This occurs when there is an error in the inflation forecasts. Nevertheless, this actually causes some kind of difficulty for businesses because the cost of production will definitely go up and this will have a negative effect on the consumers, thereby many customers will want to change their taste by switching over to another complementary product (Geoff [Referred 2006a]).

According to London School of Business and Finance (2006), the dangers of inflation are as follows:

- It makes it difficult for businesses to plan ahead, especially when the inflation starts to get out of control. This affects not only the amount the business receives from sales but also the prices of inputs, raw materials and so on
- All businesses may face difficulties from employees organizations for pay awards to keep up with inflation and this can affect costs of production
- Inflation affects spending power if wages do not rise by the same rate as inflation
- It particularly affects those who may be on certain types of fixed incomes like company pensions
- Savings can fall in value if the rate of interest is lower than inflation.

- Inflation in the UK at a higher rate than in other countries affects businesses that try and sell abroad. It makes it harder for them to sell goods and services because they are less competitive (London School of Business and Finance, 2006).

2.3.4 Political instability

The political environment comprises of local and national governments, local associations, trade unions and employers bodies. All these associations are likely to hold a political viewpoint in an economy or affect business. There are many political elements in the external environment of a business and their impact on a business. Inevitably it will become clear that businesses also affect the external environment around them in one way or the other, local government has a significant role on the businesses within their boundaries. It is their responsibility to regulate private sector business activities, and also provide different types of services for them. The responsibilities of the local government at times have some direct effect and influence on businesses. However, the local authorities have statutory responsibility, that is, they are bound by law to uphold trading standards and environmental health. Nevertheless, they hold great power over all organizations within their boundaries and they have authority to close them down if rigorous breaches of law are detected. More so, the services provided by the local authority include social services such as, the care of the elderly, education and services, refuse collection, street cleaning, transport and planning permission for new buildings or extensions to existing premises (Claire 2009, 18-20).

(National Government) The national government and national bodies constitute the national political environment. The example of how national political environment affects businesses activities are therefore increasingly hard to pin point, but focus on largely legislation passed regarding allowable commercial activity, production and services functions and human resource service strategies. In reference to 1995 Disability discrimination Act (DDA), it is considered it illegal for organizations not to provide access for disabled workers or customers in their premises. The direct effect of this legislation was actually stronger than anything preceding it, which eventually caused many organizations to commission alterations to their existing facilities in order to comply with the new law. Although the effects could be more economic, the

national government's political decision making could affect the whole citizens directly through their annual budget. Government has to raise money to provide services; however, it does this via taxation revenues. The decisions with an economic effect on business may be classified as political when taken by a government. When such a decision was made in November 1992, according to Norman Lamont, the Chancellor of the Exchequer (Finance Minister) in the conservative government, the pound sterling had entered into Exchange Rate Mechanism, the European Union's Mechanism for preparing its member nations' currencies for the European Monetary Union (EMU) and for an eventual merger into a single European Currency Unit (ECU) which is now known as euro. This was done to bring all its currencies to a level value which aid to set a series of exchange rate limits beyond which a currency should not be allowed to rise or fall. Norman Lamont did it to withdraw the pound from the European Rate Mechanism (ERM) and effectively took Britain out of the first group of countries to enter European Monetary Union (EMU). The pound was removed from the (ERM) because its value fell outside the exchange rate range within which it was supposed to remain. Nevertheless, the decision was taken because of the political reasons; the Conservative Party was showing early signs of the internal divisions over the European policy that actually led its defeat in 1997 election.

Consequently, all businesses in Britain which were trading with over seas companies were affected. Any company importing goods or components or raw materials into the United Kingdom had to pay more for them. However, in 1992 the UK economy was depressed and all the importers were met to face dilemma and this led to decision whether to pass the burden to the consumers or bear the whole increased cost to reduce profit margin. Eventually, the pound was removed from the ERM, all companies that import goods find it very easy to do so because the cost importation has been reduced and it lower the cost of production in UK.

The link between the national political and economic environments justifies that politicians are elected by the people to run the economy. They decide the economy policy that affects both individuals and organizations operating at the national level of the environment (Claire 2009, 22-24).

2.3.5 Technological Advancement

Technological advancement is absolutely one of the principal propellers of competition in a competitive environment. It actually plays a major role in businesses structural change in creating or establishing new businesses. The renowned businesses of nowadays grew out of technological advancement and they were able to do exploit. However, technology aid to change the rule of competition because if a business has a technological advantage over another its stand a better chance of gaining market opportunity over its has counterpart with the effective utilization of their technology.

Despite the fact, technology has its important role in an organization; it also plays an effective role in competition. Nevertheless, it brings modification into a business and aid the business to have a better ticket to profitability during the course of their business. The current success of foreign competition, was based on technological innovation which has encouraged businesses even more to invest in technology in order to overcome some unforeseen circumstances in their day to day business. More so, not all technological advancement help most of the businesses, it may cause problems for some business competitive position and attractiveness in some cases. If too much money is spent on high technology, it may not guarantee profitability for the business and also unfavourable structures of the technology can diminish the profitability of such a business. The importance of technology in a business during tough times cannot be over emphasize because technology assist a business to have competitive advantage over its competitors.

Since technology affects competitive advantage it also has a significant role in determining relative cost position or differentiation in a business activity. Technology is embodies in every values activity and is involved in achieving linkages among activities; it can also have a powerful effect on both cost and differentiation (Michael 1998, 164-171).

Technology and entry barriers

Introduction of technology advancement in a business during hard times can change the activities of the business drastically for success, because technology is a powerful determinant of entry barriers. It can raise or lower economies of scale in nearly any value activity. Technological advancement can raise economies of scale in the techno-

logical development function itself, by quickening the pace of new production introduction or raising the investment required for the new model. It also plays an important role in shaping the pattern of product differentiation in a business. In aerosol packaging, for instance, technological advancement has resulted in product standardization and it has made the product more unique and also eliminates the ability of contract packagers to differentiate them based on product characteristics.

Technology and buyer power

Technological advancement can change the bargaining power relationship between a business and its buyers. The role of technological advancement in differentiation and switching costs is instrumental in determining buyer power and it can influence the backward integration by the buyer. In the computer service industry for instance, the rapid decline in the cost of computers, driven by technological change and this is having a major impact on the ability of companies such as ADP to sell timesharing, since many buyers can now afford their own machines (Michael 1998, 173).

Technology and substitution

Technology has a greater impact on substitution. Substitution is a function of the relative value to price of the competing products and the switching costs associated with changing between them. Technology aid a business to produce new products as a substitution for the old products with the aid of technology, such as fibred glass for plastic or wood, word processors for typewriters, and microwave ovens for conventional ovens. It actually influences the relative value, price and switching costs of the substitutes. This has absolutely improved the efforts of businesses to have cost advantage over other businesses during hard times (Michael 1998, 174).

2.3.6 Ineffective Communication

For years, managers have focused on customer care. More recently, they have begun to dedicate the same kind of attention on their own employees, recognizing that employees have to do with the success of a business than virtually any other constituen-

cy. According to a study by a consulting firm Watson Wyatt concluded that the bottom line is that employee communication is no longer a 'soft' function but rather a business function that drives performance and contributes to a company's financial success (Argenti 2007, 137).

Communication is an important tool to construct a clear and precise business image inside the organization. At the same time internal communication supports the organization by securing the knowledge about the organization among the employees. Communication is very complex, and it has an imperative process through which employees coordinate the work process essential to the functioning of any organization. Employees need effective information about the company and also about the product of the company. If these are not properly channel to them it might cause ineffective communication in the organization and also have a negative impact on the business, because communication is the channel to organization excellence and effectiveness. However, this must continue to build the image of the business in the presence of their customers (Dolphin 2005, 171-173).

There is an evident connection between satisfaction with the communication in an organization and the superior's leading skills and the atmosphere at the working environment. Communication affects working motivation. If there is no effective communication which is accurate enough to aid the effectiveness of the employees in their various duties. The most significant cause for communication deficit or ineffectiveness in organizations is verbal communication channels. Most of the information in a working environment is received from colleagues but it is not as appreciated as information received from the superior. Information that is received from colleagues is more often based on gossip and rumours rather than facts, which is called unofficial communication, also called as grapevine (Gray & Robertson 2005, 26).

2.3.7 Poor customer relationship

In a fast growing, highly competitive and global economy, many organizations have realized that customer orientation can be created by using technology to improve customer's relationship between the organization and its customers. However, cost is not the only factor that determines customer retention but also good services during hard times and recession. Many businesses have realized this and they have developed new

plans and ideas for providing good customer relationship in order to create good awareness for their products among others competitors. Most factors that cause customer retention include first impressions and services being rendered by the representative of the company and this will linger longer in the memory of the customer. Most customers have higher expectations and expect services from their seller and if these are not met it can result to loss of customer, which invariably can have a negative effect on the company. Customer's perceptions of customer services are dependent upon his or her expectation. Good customer service is defined as when a customer received good service that is better than the set expectations and if the service is less than the set expectation, this can be regarded as a bad customer service.

Consequently, for businesses to catch attention of their potential customers, they have to astonish them with good products and services that will exceed their expectation. For this to happen, we need to thoroughly look at the service process where all the process activities are taken place. Nevertheless, good customers' relationship would have adequate and perfect advantage in a business if it is manage according to the vision of business during hard times, so poor customer relationship would have adverse effect on the business and it also prevent its growth (Sarah 2000, 11).

2.4 Effect of Hard Times on Business

The effect of hard times on businesses could come in various ways and it also depends on how the business is being handled during hard times or economic downturn. However, the following factors should be able to throw more light on the effect of hard times on businesses.

2.4.1 Sales may be down

The business goal has to be set in order to overcome any unforeseen problems that may arise during the course of the business. However, it is the duty of the marketing management to develop an appropriate strategy for the business. According to Jobber and Fahy, these factors include:

- Market and customer segmentation.
- Market research to identify the needs and wants of prospective customers.

- Decision on products and services to be offered to each customer or prospect group.
- Design and implementation of marketing communications programme including the sales plan. This could involve a similar strategic approach at the individual customer level, such as; account planning, opportunity identification and value assessment, distribution channel management, territory management and personal communication with existing customers (Jobber & Fahy 2003).

The management will ensure that both marketing and sales strategies are consistent and coordinated by aligning people, process and technology. In so many businesses sale people do not know what is required of them to move the business forward during hard times, and this may result from lack of clarity from above about the objectives of the company (as the case may be) and this may result in problems with individual sales plans, targets and remuneration (Bill 2007, 6-7).

The modern sales environment poses some complicated challenges to sales people in different forms, such as competitors, customers, and technology.

Competitors

Every disposable income competes with every others and this trigger the competitive activity and makes it more intense for competitors to bear. However, marketing and sales management must regularly appraise the strengths and weaknesses of competitors and modify their strategies and tactics accordingly to differentiate firms during hard times.

Customers

The expectations of customers are expected to be high along with the increasing displeasure from sellers, because of this, businesses need to adopt more innovative and profitable methods to create and deliver value to buyers in order to win the heart of prospective customers and also retain them for the company.

Technology

Technology brings new trends of changes to the role and function of selling in a business environment. Nevertheless, technology aids the distribution of goods and services to customers and builds effective customer relationships. In return it brings about the retention of customers and it also increases sales (Bill 2007, 8). The roles that the salespeople must adhere to in a business in order to be able to perform effectively and overcome every challenge that arises during the course of a business are:

- Customer problem solving.
- Retaining and increasing existing business.
- Obtaining new business.
- Providing existing and potential buyers with adequate service such as quotation, advice and complaint handling.
- Representing the company.
- Providing information to and from customers, to and from management.

The above are the roles of sale people in an organization and every salesperson's role is very unique in a way, and it now depends on how an individual salesperson handles them. The role also reflects stylized models of communication, attention, holding interest, arousing desire and obtaining action (Perreault et al, 2000). This could be achieved with effective advertisement of the product in question and it will also aid to reduce the effect of economy problems on sales (Bill 2007, 9).

Motivation

This could be defined as inner force that guides behaviour and it is concerned with causation of specific action. This can have a significant impact on the behaviour of salespeople. An effective and consistent sales manager, who has the responsibility of sustaining and directing the sales efforts within the organization must fully understand its nature and acquire the skills that are necessary to influence the activities of the sale people during an economic downturn and aftermath effect.

The content theories of motivation focus on the fact that “what” motivates individuals, and this could be based on the factors that arouse and initiate motivational behaviour. These theories consider human needs as primary factors of motivation. Needs could be physiological, security, belongingness, self-esteem and self actualization, according to the need hierarchy theory (Maslow 1943).

Hierarchy of needs

The hierarchy of needs theory says that the needs of individuals are arranged in a hierarchical order from low to high level needs and it influences behaviour as follows; Unsatisfied needs act as motivators, whereas satisfied needs do not, and that individuals advance to a higher level of needs when the lower level needs have been gradually satisfied. The need hierarchy theory provides a very framework for identifying several needs that sale people may experience at work and understanding the ways in which their motivation is caused. However, the theory could be different from one country to the other, simply means that the five levels of needs are not always seen among people in the world nowadays and the way people arrange their needs may be different from Maslow’s model in Figure 2 below. For instance, the hierarchy of needs of Japanese sale people may be different from the hierarchy of needs of American salespeople (Earl 2003, 163-165).

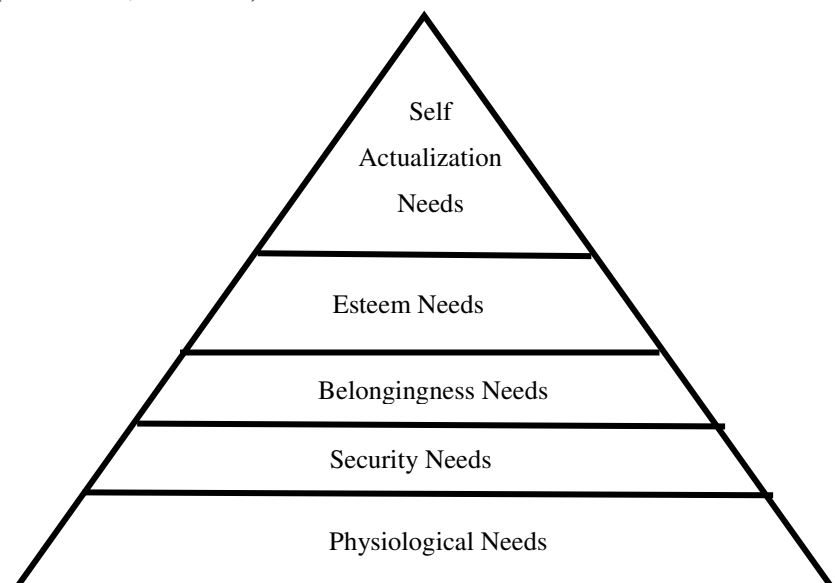


Figure 2 Maslow’s *Diagram*

A. H Maslow, A theory of human motivation. *Psychological Review*, 50

2.4.2 Cost of production will rise

In economics, cost of production simply means that the price of a product is determined by the cost of resources that are used to produce such products. However, businesses incur costs as they produce goods and services that are consumed by people. The business costs of products are the key determinants of its production and pricing decisions. (Gregory 2006, 248-249).

2.4.3 Production

This ensures that the customer's requirements are met in terms of quantity, quality and timeliness. The selection of suitable materials, colour and tastes determines the suitable dimensions which will depend on the customer's desires. It also ensures that goods are produced on time and at a reasonable cost. However, during an economic downturn the case may be different because this will actually inflate the cost of production and businesses may find it difficult to reduce costs of products and mostly especially the company in question TK Limited since is the case study of this thesis. More so, there is nothing to transport or store, to purchase or distribute and even dispose without production. Good production planning involves the availability of resources and inventory to meet the delivery time and quantity required. Capacity planning will determine the type and assist in producing the desired product. TK Limited will incur more expenses in order to meet up with the process of production and also to deliver quality and timely of products to the end users which are the consumers (Asmah Frank, 2011).

2.4.4 Warehousing

Warehouse is the place to store goods at various stages of production, such as raw materials and finished goods. This of course will also be added to the cost of production, and it will invariably increase the cost of production because there are goods produced seasonally in large quantities in order to meet the regular demand of the consumers. Raw materials are stored before the operation in case of shortage or eco-

conomic downturn that normally affects the cost of raw materials. However, businesses that have foresight would have purchased more materials before any problems rise at all. Nevertheless, storage of raw materials and finished goods are more essential in today's business because it really make businesses to be more secured during hard times or recession. (Asmah Frank, 2011).

Demand

The demand of any good is the amount of the good that buyers are willing and able to purchase. Many factors stand as a determinant of demand for any particular product and most importantly, one of the determinants that always affects the demand for a good is price.

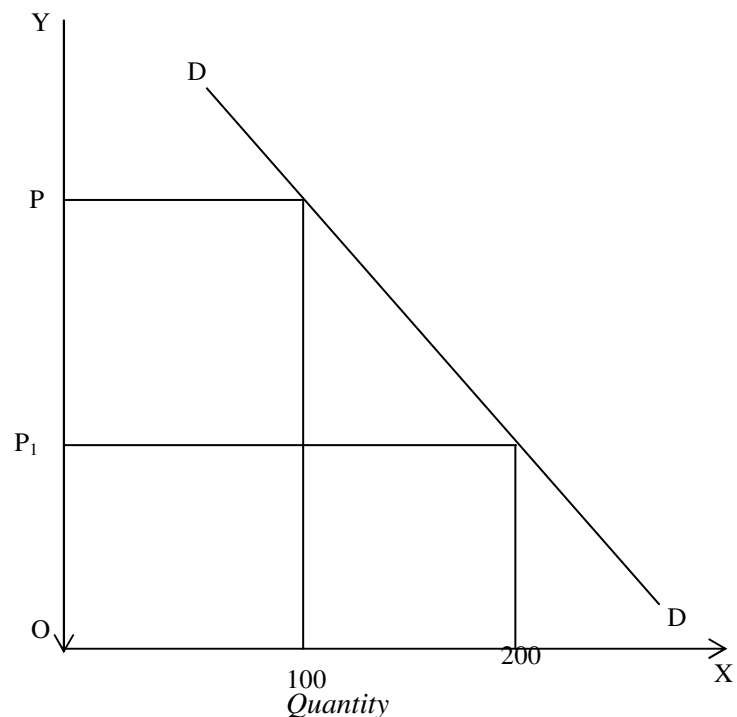


Figure 3 Demand curve
(Gregory & Mark, 2006)

The Figure 3 above shows that, when the price increases, a substantial decrease in demand will occur from 200 & 100; this simply means, the higher the price, the lower the quantity that will be in demand for. However, this is actually pointing to inflation and which has a substantial effect on business products and their income. However, this could actually have a negative impact on business and at this period business will

be facing a kind of difficult situation because it will be extremely hard for them to pay their employees and also to meet up with the cost of production (Gregory & Mark 2006, 66).

Supply

The supply of any good or service is the amount that sellers are willing and able to sell. However, there are many determinants of quantity supplied, more so, price also plays an important role in supply.

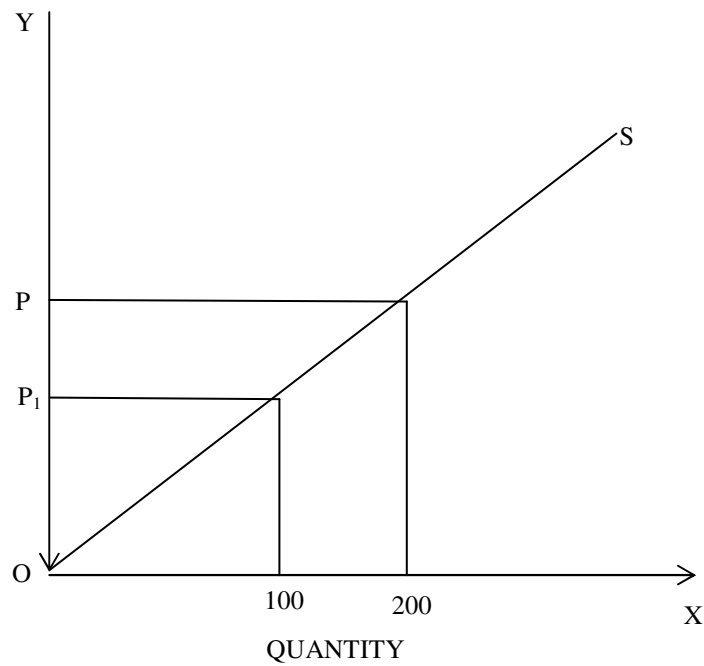


Figure 4 supply curve
(Gregory & Mark 2006).

The Figure 4 above shows also that if the price increases, the suppliers are willing to supply substantial amounts of goods to the market. It occurs when the supply moves from 100 to 200. In this case the supplier will be willing to supply more goods to the market because they are making more profit while they supply more goods to the market (Gregory & Mark 2006, 72).

2.5 How to Tackle Hard Times in Business

Hard times in a business are critical times that must be taken seriously if a business really wants to exist and achieve its aims and goals. However, these are the factors that must be adopted in order to overcome hard times or subdue the effects of hard times on business. The following (under mentioned) can be used to tackle hard times in business:

2.5.1 Effective Communication

Ability to communicate effectively is of a main significance in any language, much more so in a business environment whereby organizations deem it fit to relate effectively from the top of the ladder to the end users which are the consumers. Several organizations nowadays have quite a number of issues which will either impact or have affected their organization performance, such as; globalization, privatization and deregulation, these are all indication of a new vibrant revolutionary in any business environment.

According to Spike and Lesser et al communication is regarded as a key issue in the successful implementation of change programmers' because it is used as a means for announcing, explaining or preparing people for change and also preparing them for the positive and the negative effects of the impending change (Spike & Lesser, 1995). However, communication within an organization is a crucial key in influencing how well the organization performs in times of difficulty.

With reference to Morgan in his statement, effective managers and professionals in all walks of life, have to become skilled in the art of reading the situations that they are attempting to organize or manage (Morgan, 1997, 3). The same remark can also be applied to communication. Everyone in the organization needs to develop the skills of understanding and interpreting the messages and the meanings which they actually encounter during the course of their duties. These reading are not necessarily a straightforward process, neither does it indicate that communication in an organization is an academic exercise. As human beings, we act on the basis of our perceptions and

beliefs. However, if we have a particular view of human communication, then we will act on the view, but if we have a faulty view, then our behaviour may cause problems for the organization. As such, management needs to adequately communicate effectively with their employees who at the end of the day liaise with the customers concerning their products and services, which will make an impact on the organization's turn over in the long run. Aspects such as employee participation and involvement, ethics, staff morale, leadership, employee loyalty and commitment, and employees development opportunities, these are perceptions that need to be adequately taken care of internally if the organization hopes to achieve a high level of success amongst their competitors in the same line of business during the course of hard times in the economy (Kurt, et al. 2010, 11-14).

2.5.2 Expense Management

Kurt (2010, 11-14) remarked that economic recessions are an undesirable fact of business life, now that insecurity is becoming more frequent and prolonged, it is only companies that are well disciplined and have a systematic approach that can hope to survive and prosper during the recession. The business can point to a specific and exclusive variable means that one limit will never fit all in the case where the response to an economic crisis is concerned. What will be needed therefore is a framework of strategic behaviours that can be adopted accordingly. When times get tough, business leaders have difficult choices to make because economy is dictating the tune for them. First and foremost, they must ensure that their business models, strategies and systems will provide the right foundations needed to confront the turbulent times (as the case may be). During the period of turbulent times, cost cutting will remain very important in order for the business to continue its operations after the turbulent times are over. Though at times the turbulence period makes some businesses to be very strong, and it can also undermine the very core of a business and increase its vulnerability. However, tender decisions cannot often be avoided but the right ones will only develop if thorough analysis of the existing cost structure is undertaken. It will enable management:

- To avoid making cutbacks in areas considered most important by customers.

- To also identify any overlap between positions and address unnecessary duplication of responsibilities.
- To retain employees who provide the highest critical value to the organization. This is extremely important during a downturn because competitors may want to use this as an avenue to gain market ground.
- To also consider alternatives to layoffs such as freezing salaries or curbing executive bonus payments.

So many businesses have overhauled their manufacturing processes and a growing number regard outsourcing as a solution to cost control measures. Global players like Nokia, Nike and Proctor and Gamble have jumped on this bandwagon to the extent that some no longer produce anything in house again. One irony of recession is that it provides ideal opportunities for investment. Businesses must invest in key areas of businesses that include, new assents, marketing and R&D to maximize future rewards. Managers should frequently re-examine and assess, so that the organization will be able to function effectively and develop where required as the economic environment ebbs and flows (Kurt et al. how to tackle hard times in business, Journal of Business as usual. No 6. 2010).

2.5.3 Standout from the Competition

Nevertheless, the first step of action that businesses must consider is to recognize the particular strengths of the business. Then these strengths are to be evaluated to determine whether they are distinctive to the business and could potentially form the basis for competitive advantages. Having determined this, different concepts can be used by the business in order to stand out from their competitors in the market. The idea of innovation orientation of the top management in an organization tends to deal comprehensively with the way in which the top management:

- Constantly encourages employees to think about and execute original and new approaches.
- Makes adequate resources accessible for innovations.

- Must be prepared to take necessary risks to exploit innovation and growth opportunities in the market.
- Also searches for new and unusual solutions to problems (Wang & Ahmend, 2004).

Competence based management; this actually aids businesses efforts to build core competences to protect them, and to use them for their advantage in the competitive environment (Tallman & Fladmore -Linguist, 2002).

Innovative Ability; This has to do with the ability of the business to succeed in developing new products and services that will give them an edge over their competitors, and it will also reveal whether they have actually succeeded in introducing these new innovations to the market (Wang & Ahmend, 2004).

Market orientation; The extent to which information about the market (customers, competitors, changes within the industry) is thoroughly generated, whether and how quickly this knowledge is circulated and shared among individual departments in the company, and whether it actually forms the basis for decisions regarding product developments or strategies (Kohli et al, 1993).

Core competences this has to do with skills, technologies, resources, processes and know-how. Which:

- Are of high value in the market, since they offer the customer a particular benefit.
- Are unique, that is, no other competitor has them.
- Cannot be easily imitated.
- Cannot be easily substituted by other skills and technologies (Barney, 1991).

It actually enables business to do whatever their customers paid for better than other companies or competitors which eventually creates a competitive advantage. It also creates value for both the business, and the consumers. Core competences contribute to the overall effective-

ness and efficiency of the business and efficiency leads to lower cost structures which in turn improve the bottom line. However, uniqueness is more important than market share and another important implication of the results is that uniqueness plays a bigger role in determining business success than market share. Kurt (how to tackle hard times in business, Journal of business as usual, 2010). It was affirmed that differentiation through core competences and innovation of products and services both have a significant impact on business success.

2.5.4 Master the Market of the moment

Knowing the market of the moment is much more than simply attracting customers from the competitors. An absolute attack on a competitor's customers is often the least desirable approach to be adopted when it comes to mastering the market of the moment. After the market has been studied critically the next approach is to invest heavily on advertising, and also on reinforcing awareness and attitudes of existing customers to ensure that they do not defect or change taste. More so, in order to enhance loyalty and reduce price erosion is to be truly responsive to the customers need for rapid or reliable delivery. However, in a growing market, market penetration objective may be best served by actively discouraging potential competitors from entering the market or existing competitors from attempting to gain share in the market.

The strategy that will be good for this type of market is known as preemptive pricing, when prices for the products are set low in anticipation of future cost declines, and then this will yield profits for those competitors with adequate experience base. This can be achieved by building substantial capacity in excess of demand and this will actually the business to be able to serve the new products and gain the market share when competition reaches their capacity limit. This strategy actually helps the Japanese suppliers to dominate the market position or to have market share in the 64k random-access memory market in 1981. The value of a balanced marketing program is well explained in the in-

roduction of L'eggs pantyhose in 1971. That is, a one-size product to fit most users, a new type of package, a special display feature, and a new system of direct- to-the store distribution that really ensured L'eggs would rarely be out of stock. Nevertheless, the use of heavy advertising and promotion were used to speed up the consumer trial, and this actually contributed to the acceptance by retailers. Consequently, L'eggs became the leading brand in the pantyhose market in 1974. All businesses that successfully gain market share actually do so by focusing their efforts on a few selected segments that are relatively small at first (George, 1984, 102-106).

Marketplace forces in action

According to Anton (Customer relationship management 1996), he affirmed that about one –third of one's customers leave for reasons one cannot really control. Tragically, however, according to a recent AMA study, the remaining two-thirds leave because you provide poor customer service (Dutka 1993). Figure 5 diagram below shows the relationship between companies and customers. When customers are asked, why did you change products or suppliers? 68% reply that they had problems with customer service, in other words we terminate most customer relationships by not focusing on relationship.

According to Phil Rathburn, the Director of Customer service at Dow Chemical, we are all producing high quality Chemicals and Plastics, and we are selling at competitive price levels, and offer similar kinds of attributes. How then, can a company inspire loyalty among its customers? (Williamson 1993). The answer is developing unique services and managing your customer relationships closely through information technology.

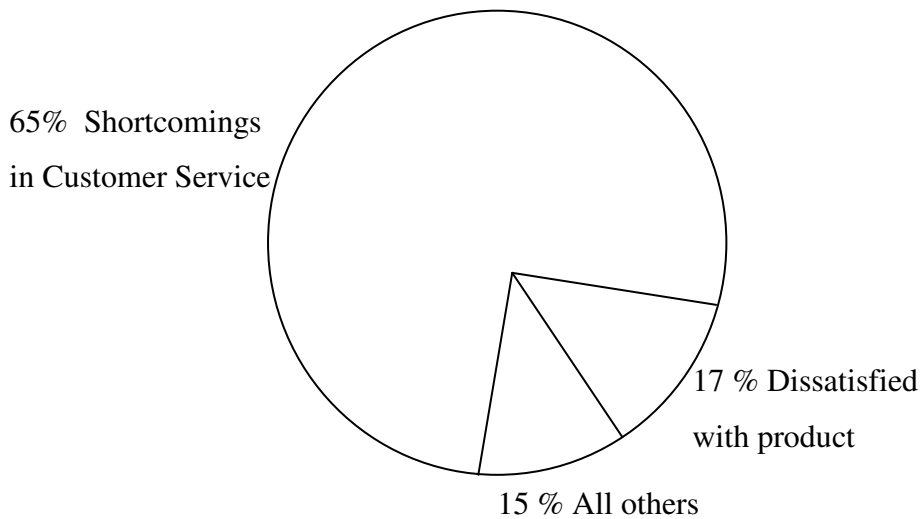


Figure 5. Relationship between Company and Customers.
(Jon Anton 1996, 3).

3.0 RESEARCH METHODOLOGY

This chapter will particularly contain adequate information on research methodology, purpose of the research methodology used, the procedure and the limitations of the research methodology used. With particular reference to this research, the methodology used involved a blend of empirical and conceptual approaches. While the former means the use of quantitative, verifiable and primary information to analyze data, the latter implies the use already gathered information in terms of secondary data.

By conceptual methodology, different literature that treats economic recession and hard times were consulted to form the background and premise for the research. The empirical methodology on the other hand afforded the opportunity for a real-life example and verifiable business (outfit), in the place of TK Limited, to be used so as to ascertain the level and impact of hard times on business.

Whilst the use of either of the empirical and conceptual methodologies has distinct purposes, the aim of using both methodologies is to completely and succinctly provide answers to the research questions, by extension, fulfilling the research objectives.

As indicated in the introductory part of this research, the purpose of this research includes exploring how to handle hard times; find appropriate strategies to tackle the hard times with reference to how to sustain market share in hard times, maintain good

customer relationship in spite of hard times, improve communications to all the stakeholders of an organization; understand how TK Limited survived its hard times, and ultimately recommend strategies on how to deal with future hard times or recession.

3.1 Data collection

According to Päivi & Anne (200-202, 2008), data could be gathered in different ways, depending on the research perspective and research problem in question. Data collection instruments however, represent a wide mixture of expert ideas and knowledge which will help in the local information needed in the project. The kind of methods and data used in action research range from surveys to observations and interviews, focus groups, action experiments and participant written cases and narratives. The consultation of the relevant articles, journal and literatures on hard times and economic recession forms the non-numeric, qualitative data collection section of this research. However, the use of an interview to elicit information on how TK Limited weathered the storm of the recession forms the numeric, empirical and quantitative section of this research.

Primary and Secondary Data

According to Marko & Erik (2011, 45-52), in the social sciences, and other research-based fields, an important element is made between primary and secondary sources of data. Primary sources are those data which are not been published and which the researcher has initiated personally with little or no resort to previously gathered data. Primary data are gathered for a specific research project or task. This distinguishes primary data from secondary data gathered for another previously for another purpose. Primary data can be quantitative or qualitative data. Quantitative primary data are usually gathered through surveys and experiments while qualitative primary data are collected in the form of interviews, focus groups, observational studies, projective techniques, and test markets.

In this research, it is essential to state that the online interview conducted via the telephone with TK Limited in the UK is to give an in depth about hard times in business,

especially in the curative global economic meltdown. This is so because the questionnaires structured for the company were specifically and solely designed for the purpose of getting information from TK Limited. The questionnaires and the following answers have not been previously published or gathered before in any known format. There are exclusively drafted for the purpose of this research and, possibly, as a reference for subsequent research on the issue of hard times in business by interested researchers.

Secondary data, on the other hand, are data which has been gathered, often for a different research purpose. Secondary data comprises of internal secondary data, external secondary data, or a mix of both data. The researcher should always consider secondary data before collecting primary data because secondary data is much cheaper, it usually takes less time to collect and does not depend on the respondent's willingness to participate. Secondary data therefore include, but not limited to, previously published books, newspaper articles, and journal articles.

The reason for the use of secondary in data collection in a research is because of the relative ease of getting the data, the possibility of using expert's material, cheap resources and short time. However, the use of secondary data collection in a research could reduce the validity of the data due to the dynamics of most research-based findings. The secondary data may be obsolete and may not be appropriate for the purpose of the research when it is excessively relied in a research process, especially where statistics are involved.

To afford the set back of the use of secondary data therefore, researchers need to struggle for an update of the secondary data used, where such updates are not available, researchers are to use estimates which should clearly make provisions of the likely changes so that the validity of the eventual result of the research could be reliable and use of the intended purpose.

In the light of the pin-pointed benefits and flaws of both data collection methods, it is apparent that it is advantageous to use both methods so that the benefit of one will make for the flaw of another. For example, the flaw of risk of obsolete data in secondary data is made up by the recent information primary data provide and the ease of the

secondary data balances the time consuming and strenuous procedures of the primary data. With this in mind, the decision to use both the primary data collection and secondary data collection suits the aim of this research to achieve accurate, credible and reliable result via the blend of empirical and conceptual research methodologies.

Interview

According to Margaret & Melissa (24, 2009), the word interview can be used as a primary data in order to collect information from individuals about their practices, beliefs, or opinions. It can also be used to gather information about the past, present behavior, and experiences. Interview at times can also be used collate background information or to intrude into expert knowledge of an individual. Interviewing has a wide variety of forms and multiplicity of uses. The most regular type of interviewing is individual, face to face verbal interchange, but it can also take the form of face to face group interviewing, mailed or self- administered questionnaires and telephone surveys. Denzin & Yvonna (1994, 361), in this particular research, TK Limited was interviewed with the intent of getting information on how it felt the impact of the recession. In spite the obvious limitation of the use of interview as a data collection method in terms of time consumption, complexities of administration, and the comparative high cost implications in comparison to other forms of data collection; The for the use of interviews in business research is because of it efficiency and practical way of collecting information that cannot receive in a published form. (Päivi & Anne 2008, 80).

The interview was conducted through the telephone with details and summary sent from the interviewee by email. The reason for the use of telephone was basically because of the distance between where the interviewee is located and Finland. The head, TK Limited, answered the carefully selected structured questions that cut across the origin, impact and management of the hard time it faced in the wake of the just recovering global meltdown.

Types of interviews

According to Norman & Yvonna et al (1994, 363), researchers can use different data collection methods including questionnaires, interview in case-study approach.

They also mentioned three types of interviews namely; structured interviews, semi-structured interviews and unstructured interviews. In structured interviews, this is referring to a situation whereby an interviewer asks each respondent a series of questions with a limited set of response categories.

According to Päivi & Anne (2008, 82), in furtherance to his explanation he said that qualitative interviews fall into this category of semi-structured. This can be used to study both 'what' and 'how' questions. When preparing for semi-structured interview you take prepared outlined topics, issues or themes with you, the wordings of the interviews questions can be changed before the interview. He believes that depth interviews enable the researcher to get a better description than surveys which get fixed-alternative responses and requires fewer respondents or the more interviewers because the expected time of an interview is more. He concluded that if the interviewers are more, then there is a greater likelihood of variation in the responses.

However, keeping too close to the preplanned questions can prevent important topics from being raised by the participant. While this method is systematic to a certain extent, it may still be difficult to compare the empirical materials because the participants respond to their own and somewhat varying interpretations of the same questions. Päivi & Anne *et al.* (2008, 82), he also mentioned that in open-ended questions respondents are free to reply in their own words. Interview can be conducted by meeting the person face-to-face or on telephone as done in this research. The researcher performs telephone interview for his data collection and analyze the eventual response of the interview.

Päivi & Anne (2008, 82-83), qualitative interviews are often unstructured, informal, open and narrative in nature. This method of interviewing is particularly useful for exploring a topic intensively and broadly from the participant's points of view. He suggested that questions should be asked in a relaxed, casual manner but such should not, however, fail to explore the basic questions of the interview seeks to unravel. Probing is a way of stimulating the interview. Interviewers use probes when they do not understand what the respondent has said and therefore need further clarification. Sometimes questions specifically indicate that the interviewer should probe.

He gave further suggestions that the probes should be standardized in order to achieve uniformity, coherence, and originality. Therefore, probes should be used sparingly, only on occasions where they are needed to extract additional information on previously answered questions by the interviewee. In his opinion, in order to guarantee accuracy, responses should be recorded in order to avoid any kind of editing bias. Better still, as done in this research, accuracy also could be enhanced by the creative way of demanding a detailed email response of the interview so that vital responses are not lost in the collating and editing part of the data analysis. (Margaret & Melissa *at el* 2009,44).

This research work prompted me to ask questions from TK Managing Director in order to know the features which their customers have already experienced and those features which they have not experienced yet. Owing to the nature of his research purpose and research questions and to arrive at balanced response, the researchers have to merge 'release questions' 'questioning' and clogged questions' for thorough telephone interview, just like it was done in this research. The peculiarity of the telephone interview also makes it imperative for mix up of all the various types of questions to be asked.

Consequently, structured interviews require considerable planning in advance in for all the important questions to be included in the draft from day one. The whole concept of structured interviews is to guarantee consistency transversely in multiple interviews. Structured interviews tend to be used in telephone interviews, with survey research, market research, and political polling, and with intercept research in public places such as shopping malls. One of the main advantages of the structured interview is consistency across interviews (Norman & Yvonna 1994, 365-373).

Furthermore, since a detailed summary of the response is required to be sent by the interviewee, in this research, elements of all the types are used. For example, the questions are preplanned to guarantee accuracy and match with the intended aims and objectives of this research. Likewise, the arrangement that requires the interviewee to mail the response, allows the interviewee to make illustrations, lengthen his thoughts and write whatever he feels without little or no limitation.

Limitations

In spite the benefits of the blend of both the conceptual and empirical methodologies in this research; there are, however, limitations in data collection stage of this research. The major limitations include the long distance between the interviewer and the interviewee and the insufficient literatures on comparative study of hard times and its remedies. These limitations steam from the natural blend of both the empirical and conceptual methodologies. While the limitation of distance corresponds to the use of interview, an example of empirical methodology, the limitation of insufficient literatures correspond to the conceptual research methodology.

Limitation of Distance

As mentioned earlier, the real-life business used for this research, TK Limited, is situated in London, the United Kingdom. The choice of TK Limited was propelled by two major reasons. First, the company was the one I used for practical training last year, an opportunity that afforded the rare privilege to understand the internal dynamics, organizational structure, and the relative strengths and weaknesses of the firm. Perhaps, there might not have been a better firm to understudy so as to ascertain the impact of hard times.

Second, the just recovering global financial crisis, a classic example of a recent hard time, had a significant negative impact on the United Kingdom, leaving several firms to fold-up and many large financial institutions bailed out. The decision to use TK Limited provided the opportunity to examine a firm that weathered the storm during the excruciating hard time of the global financial meltdown.

Perhaps, a face-to-face interview would have produced the same, perhaps, a better outcome with fewer resources and time. The distance between Finland and England, however, cancelled the possibility of a face-to-face interview with the resultant benefits.

To overcome the limitation, therefore, a telephone interview was conducted with the details and summary of the phone call sent via email by the interviewee.

4.0 EMPIRICAL DATA OF TK LIMITED

With congruence to the research objective of this thesis, the outcome of the empirical study of hard times in business, using TK Limited as a case study, will be comparatively studied alongside the conceptual theories of hard times in business, its causes, management, and possible affordance. The result, thereafter, will be analyzed to show how hard times in business, as experienced by TK Limited, could be, if not totally avoided, reduced to the barest minimum.

To do this, a brief introductory background is provided about TK Limited and its operations. Extensively, as the online telephone interviews intended, the definition, causes, experience, effects, and management of hard times in business will be examined with a holistic view of the larger world as well as TK Limited's perspectives.

Researchers, the world over, are concerned in collecting data about the phenomena they are studying. Likewise, the research about hard times, especially the healing global economic meltdown, requires data collection that is sufficiently relevant in ascertaining the remote and immediate causes of hard times and, expectantly, possible strategies to forestall future reoccurrence.

4.1 Introduction of TK Limited

TK Limited is a company that is situated in the heart of London with capacity of ten members including the Managing Director of the company. The company was founded ten years ago, and it has a profitable record in export and import of various African Clothes to different countries of the world and most especially the United Kingdom. TK Limited is known for various kinds of African fabric clothes that are marketable and acceptable in any part of the world without any customs restriction.

Since the inception of the business, the company has been experiencing some kind of tremendous changes and most especially in the area of marketing and accountability. This has been propelling the company to forge ahead despite the hard times. Though the vision of the company is to have branches all over the globe, having this goals and

objectives in mind, all staff of the company has been given orientation to pursue same for the company in order to withstand inevitable competitors in the market share. Presently, the company has two branches that are extremely doing well in the market.

4.2 Meaning of hard times in business

In the exact word of the director of TK Limited, the interviewee of this research, 'Hard times are period whereby businesses are facing challenges that are inevitable and have negative influence on their businesses. Surviving in hard times requires a strong determination and effective focus attitude. Is also a period to actually confirm whether ones business is performing according to the vision and mission of the company.

As simple as the definition of hard times seems from the above explanation, there are pertinent elements that are worth elaborating.

4.3 Period of challenges of hard times in business

As observed by the interviewee, business hard times are, typically, associated with various degrees of challenges in the quest of business operations and management. While challenges in business are not a new phenomenon; the rate, size and, perhaps, the duration of the challenges qualify a particular business challenge to be categorized as being hard times. Some challenges in business could be incessant, large in size that could ultimately wind up the business, and could take a couple of years to overcome if the business survives the challenge.

Meanwhile, challenges in business, though not exhaustive, include an inability to meet the business reasons for existence, normally measured by declining productivity, production and profitability; reduced market share; reduced market price of stocks (if a public company); retrenchment of employees; failure to meet customers and suppliers' demands; reduced brand image perception; bankruptcy; and ultimately, liquidation.

In whatever rate, size, and duration hard times come into business, there are elements of challenges experienced.

4.4 Inevitable and Negative Influence of hard times on business

As captured by the explanation of hard times in business, the influence of business hard times are, typically, of negative influences. Usually, too, they are inevitable, that is, business cannot fare most efficiently without elements of hard times.

For example, as highlighted above, parameters of measuring a business inability to meet its reasons for existence include reduction in profitability, production and productivity, all of which connote negative inferences on a business.

More so, without appropriate degree of challenges business, the managerial prowess of the handlers of business may not be well assessed. For example, when supply orders decline in the production process of a firm (an indication of business challenge), the response of the management of the firm to resolve the challenge either contracting or expanding the supply chain will be arrived at by the managerial prowess of the handlers of the business. Such business apt, if there is not the challenge, may not be apparent.

Furthermore, to show the inevitability of challenges in business, the forms of challenges indicated above, specifically, the reduction of production is witnessed by business often times in operations. It is because the market dynamics, occasioned, most times, by the interplay of demand and supply may necessitate the reduction the amount of production usually averaged.

4.5 Surviving hard times in business

Since the interpretation of business hard times imply a high rate of challenge, large size of challenge, and more importantly, long duration of challenge, one is tempted to think that business in hard times couldn't be survived. As revealed by the interpretation, hard times in business could, nonetheless, be survived.

Survival, however, will be possible with the resolute mind-set, 'steel determination and never-say-quit attitude' on the part of the business managers. This action presupposes that at the wake of any business challenge, worst still, business hard time, han-

dlers of such business will strive to combat the challenges by all the means at their disposal before resorting to fate.

4.6 The positives of hard times in business

Although, hard times in business typically come with negatives as asserted above, interestingly, hard times in business can also be a period to actually know whether ones business is performing according to the vision and mission of the company'. As it stands, hard times in business serve as a yardstick to measures compliance of business operations with the mission and vision of the business. Just as business challenges help the business handlers of a firm to assess the managerial prowess of dealing with an exceptionally tough time, they also aid the inward reflection of the business operations of the concerned firm if they are in line with the missions and visions.

In the absence of business challenges, the inward reflections may not occur because there will be no reasons to do. Where there are deviations from the missions and vision of the company, the business challenges afford correction to be made in the appropriate areas.

4.7 The causes of hard times in business

Most business challenges are caused by either the internal factors within a firm or external factors outside the firm. Managerial ineptitude of the handlers of such business and inappropriate organization structure of a firm are typically examples of internal factors that could result into business challenges.

On the other hand, external factors outside the firm that could result in a business challenge include the overall state of the economy in which the firm operates, the political, social, technological, legal, and more importantly, the quality of the government decisions. Where one or all of these external factors are negatively present in the economy a business operates, business challenge is most likely to occur.

- *The Internal Factors*

While ineptitude, a gross incompetence or lack of managerial tact can occur in various capacities, it is, most times, manifested in ill-informed managerial decisions of the business handlers.

For instance, managerial decisions to increase production without appropriate expansion in warehouse or where such increase cannot be accommodated in the market it will result to increase the cost of production that ultimately leads to a situation where the business will be financially hooked, and business hard time emanating there from.

Decisions made by low level managers in a business that turned out to be unfavourable may be pardonable because such decisions end up to have little or insignificant effect on the performance of the firm. However, decisions, on the other hand, made by middle or top managers of a firm that affect the stakeholders –customers, suppliers, government, shareholders, and community in which the business is situated – may directly result in a business challenge, especially where such decisions are ill-informed.

Depending of the magnitude of the decision and the size of the firm concerned, ill-informed managerial decisions could lead to business hard times faster in some firms than in others. Large firms tend to be less affected by bad managerial decisions than smaller ones.

As dreadful as managerial incompetence occasioned by bad decisions could be, the organization structure of the particular firm will either alleviate or aggravate the effect of the poor decisions made.

When a firm is structured into a, hierarchical top-bottom pattern, the flow and implementation of decisions are hindered because of the bureaucratic tendencies of such firms. In such situations, poorly made decisions delay the impact of turning into a business challenge.

However, in a flat organization structure where less emphasis is placed on hierarchy and bureaucracy, decisions made tend to be implemented very fast. Where such deci-

sions are ill informed, the effects of such decisions turn to business challenge faster than how it would have been otherwise.

- *The External Factors*

The event of the gradually healing global economic recession is an appropriate illustration of a business challenge caused by effect of an overall ill in the economy. The global economic meltdown occasioned by the mishap in the financial sector of the United States crumbled major economies of the world and major multinationals folded up. The most hit of the economic recession are financial organizations with the multiplier and spell-out effects affecting the trading and allied activities of the whole world.

Specifically, AIG, one of the biggest insurance companies in the world, folded up causing all financial and insurance services which depended on its existence to have a natural business challenge. In fact, the most grievous effect of a business challenge – death – occurred. Most businesses in the major economies of the world, during the core of the recession, experienced different degrees of business challenge with most of them not surviving the hindrance.

Apart from the illustration of the global meltdown, businesses that operate in economies that are unhealthy, measured by the major economic indices like the Gross Domestic Product (GDP), National Income (N.I) and Per capita income, have high tendency of having relative ease to have hard time. For example, most third world nations of Africa and Asia where the economy is still agrarian or subsistence, per capita income is somewhat low, consequently, people in such nations normally focus on basic needs of sustenance like food, clothing and shelter. As a result, businesses that focus on services outside these basic fundamental needs of the people risk the possibility of experiencing low patronage. If unchecked, the low patronage may aggravate to financial instability that may eventually result in a business challenge.

Politically, the external environment of a firm could cause a business challenge. In countries where there is huge political instability, uproar and incessant riot, concentrating on economic activities is usually difficult. Where economic activities are minimal, businesses hardly flourish.

Specifically, war-ridden countries in some African countries have witnessed reduced economic activities partly because the needed resources that would have been geared into the economy are diverted into the war and because of the fear of molestation of potential clients and customers of the business. Simply put, businesses thrive where there is conducive political environment devoid of political insecurity, instability, and fear.

Technology, at the wake of globalization, has become a useful tool of advance businesses' success or failure. However, when the infrastructures in a particular country do not support the efficient use of technology, businesses operating in such a country risk the tendency of having a successful business during hard time.

Where there are even adequate technological infrastructures, if a business enterprise underutilizes the potential of the available technology, there is a huge possibility that such enterprises will cheaply lose to competition if major competitors operating in the same sector maximize the provision of technology.

As the economic, political, and technological externals of a firm can cause a firm to have a business challenge, the legal environment where such business operates also can make or mar the future of such firms.

Where the legal frameworks that are in force in a country where a business functions do little to strengthen the existence of business, businesses in such a country may easily encounter a business failure, or at the best, a challenge.

Lastly, as an external factor that can cause hard times in business, the quality of the policies and decisions of the government can cause a business challenge.

Where government systems are autocratically arranged, businesses operating under such rule are often times hindered to take initiatives that could better the health of the business.

Government policies on taxation are a typical example of decisions that threaten the continued existence of businesses. Where taxation laws are stringently high, businesses thrive less in such, which, if uncontained, could eventually result in to business hard times.

On rare occasions, however, a business challenge can be caused by the combination of both the managerial incompetence of business handlers and the effect of an ill economy. That is, the fusion of both the external and internal factors discussed above.

Specifically, apart from the individual or the joint causes mentioned above, TK Limited experienced a sort of business challenge occasioned by stiff competition.

Competition, an element of free market condition, naturally oils the economic activities of any given nation with the benefits of enhancing the choice of the end users or consumers in such an economy.

However, when the competition that seems healthy slides into intense rivalry between producers of similar products, truthfully, end users choices could be empowered but the continued existence of firms in the stiff competition is threatened.

This position clearly illustrates the situation of TK Limited. As a medium sized firm, TK Limited happens to operate in an overly competitive sector where clients and customers are painstaking won and assiduously retained. To survive in such an environment, therefore, TK Limited had to double the pace of its marketing activities that escalated its budgets. An unsustainable situation ensued. As competition became stiffer, TK Limited eventually lost its numerous customers to competition, a situation which degenerated into its inability to meet its required financial obligations to its stakeholders, especially its employees. A classic case of hard times in business resulted.

5.0 CONCLUSIONS

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sions. Where one or all of these external factors are negatively present in the economy a business operates, business challenge is most likely to occur.

5.1 The Causes of Hard Times in Business

The Internal Factors

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The lasting period of challenges of hard times in business.

The hard times actually took much time before the business could overcome the impact of it on the business; basically, it almost led to closing down of the business if not for the quick intervention of Managing Director who incurred more capital into the business in order to make more advertising and excessive marketing as was earlier mentioned above. Psychologically speaking, according to the researcher I discovered they were extremely confused during the hard times because the challenges were unbearable and unaccommodating, but strategically the employees and Directors could initiate methods to tackle the erroneous adverse of the hard times before its throw the business off the track of its vision. TK Limited was able to concentrate on the most

important problems or issues facing them at that moment and that was what really bailed them out of the threats and effect of hard times after the second quarters of its occurrence. The experience of the employees of the company also stands as contributory factors that ginger the effective decision of the management to support the company to alleviate the fear of hard times that almost reduced the business to zero ground. The hard times experienced by TK Limited have nothing to do with management incapability or professionalism but this have to do with the economy as a whole. Though during this period the salaries of the employees were adversely affected and the business couldn't afford to pay its staff at the right time, despite this they still contributed to the stimulation and stability of the company to withstand the effects of hard times on the business.

Management experience

The main reason for the failure of some businesses is inexperienced management. But Management of TK Limited have the experience, knowledge, and vision to run their business during the hard times, this also contributed to what aided them to curtailed the effects of hard times. Even as the firm's age and management experience increases, knowledge and vision remain critical efficiencies that contributed to the success of the business financing options.

6.0 RECOMMENDATIONS

After a critical examination of TK Limited and how they were able to overcome the incessant hardship of hard times with the strategies adopted. However, the following recommendations are noteworthy.

First and foremost, it is dangerous to assume that what you have done in the past will always work. They should challenge the factors that led to their Success. Things must not be done in the same way because new market and demand change times. However, whatever your competitors are doing differently should strategically lead to adopting new approaches and methods to affect your customers in a unique way. More so, new technology must be put in place to encourage marketing and productivity in order to be open to new ideas.

Secondly, acquisition and retention of customers should also be considered being an appropriate strategy to be used. Holding on to potential customers during hard times could be very effective and worthwhile because the cost of acquiring new customers during hard times may be outrageous and could also have excessive negative effect on the business capital which may invariably result to additional burdens and problems in the business. Retention of old customers should be maintained and nourished, products and services must be improved on in order to retain customers. Effective services and delivery must be the mechanism or strategies to be used, to serve and retain good customers during hard times.

Thirdly, communication is another strategy that must be used effectively for a business to succeed when facing challenges or hard times. Communication is a tool or weapon that could be used to divert the scotch of hard times in business, however, dissemination of information within an organization and outside an organization could marred or aid the effective operations of a business, if not, the effect of hard times may pose an adverse effect due to communication breakdown or barrier. If communication is being used wrongly within an organization this could disrupt the performance of the staff which may extend to customers, and this will eventually affect the business. Management must take communication as part of strategies that will aid the progress and success of the business when facing different problems, so it must flow from top to the subordinates without any interference by the management.

Lastly, I have the opinion that TK Limited products and services require more marketing programs than the level at which they are currently advertise. The unique features, specification and quality of their products should be emphasized. They should not allow this to exploit excessive capital from them but rather it should be consider moderate for adequate awareness of their products.

7.0 CONCLUDING REMARKS

The research problem that led to the research work was to determine and initiate a lasting solution on how to manage and reduce the effect of hard times on TK Limited in order to exhibit smooth and effective operations on its products and services to their various and potential customers.

The data analysis revealed that the strategies adopted are not enough to reduce or shrink the incessant negative effect of hard times on TK Limited, though it actually plays a vital role that permitted TK Limited to still have opportunity to continue its operations in the market, despite the turbulent period. The literature reviewed emphasized the importance of additional strategies that should be adopted and use according to the concept of the researcher.

As a researcher, since the world is now a global market with technology network, it will be better if TK Limited can adopt the use of technology to facilitate their sales and profitability when challenges arise. However, this will aid them to have accurate and perfect data of their potential customers and also to monitor their order, sales and return on investment, which has to do with their initial capital of the business. They should consider their customers as one of their first priority when dealing with them, this will have some kind of positive effect on their products, and it will also build a mutual relationship between the company and their customers.

PROPOSALS

Identify customer's requirements

TK Limited management should learn to recognize and work in way to satisfy the needs and requirements of the company's potential customers, their order should be treated on time, in terms of quality, turnaround time and prompt response to their demand.

Management commitment and training

The management should undergo training from time to time in order to confront challenges with skills and knowledge acquired during the course of their training. However, training boost the morale of the employees and it also aid their performances and efforts toward their various task. It also enhances their productivity output and input based on their task in the company. It was discovered during the course of my internship with TK Limited that they hardly provide training for their employees and if they should embark on this, it would relatively have a positive impact on the company and also the management as a whole.

Concentrate on what's really profitable

Market and demand should determine what to supply to the market for customers. TK Limited should know their market and determine what to supply to their customers in order to retain them. Acquisition and retention will help the business to have edge over their competitors and it will also facilitate profitability.

As a researcher, I consider my research to be a successful one and also I have achieved my goal by doing it, and it has assisted my efforts to carry out research on TK Limited. More so, I have learnt and acquired a lot of information about this case study and it has also widened my knowledge and skills about business and how to approach turbulent times. It revealed to me, that hard times are meant to prepare a business owner on how to handle and find a lasting solution to the problems during the course of that business, and how to remain in business when others are backing out of their businesses.

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INTERVIEW

MR. TUNDE KUPONIYI 2011, Management Director, TK LIMITED..

MRS. TITI KUPONIYI 2011, Chief executive officer, TK LIMITED.

APPENDIX

Questionnaires for TK Limited, United Kingdom

1. How would you explain Hard times in Business
2. What do you think could be the causes? (Remote or Immediate)
3. Have you ever experienced anything you can classify as hard times in your Business?
4. How would you explain Hard times in Business
5. What do you think could be the causes? (Remote or Immediate)
6. Have you ever experienced anything you can classify as hard times in your Business?
7. What in your opinion were the causes of the hard times you experienced?
8. If yes, how long did it take before you could satisfactorily come out of the hard times?
9. Was the hard times directly caused by managerial lapse of your firm or a consequence of the lapse in the larger economy?
10. Did your relationship between all the stakeholders of your business strained in the course of the hard times? (For example : Your customers, Partners-if any, Community where your business is situated, Govt)
11. If yes, how did you restore, maintain and sustain the relationship with each of the stakeholders
12. What were the strategies you used to communicate to the stakeholders while the hard times lasted?
13. Apart from communication, what were the strategies you used to remain afloat during the hard times?
14. To what extent did the hard times affect your business? (For example, were there drop in market share, profitability, productivity, retrenchment)
15. How would you appraise efficiency of the strategies you used to tackle the hard times? (Did the strategies work, how long it take to come out of the hard

times using the strategies, would there have been better of options or strategies etc)

16. Should there any hard times (global, national, sectorial, or personal business) – God Forbid! - do you think the strategies will be able to tackle the reoccurrence?
17. In what ways can future reoccurrence of hard times be averted?
18. Do you think there are any positive lessons to be learnt from the hard times?