
Management & Organization

Interpreting Corporate Crises: Towards a Co-Evolutionary Approach

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Abatecola G. (2012), "Interpreting Corporate Crises: Towards a Co-Evolutionary Approach", *Futures*, 44: 860-869 .

1. Corporate Crises: Theoretical Highlights

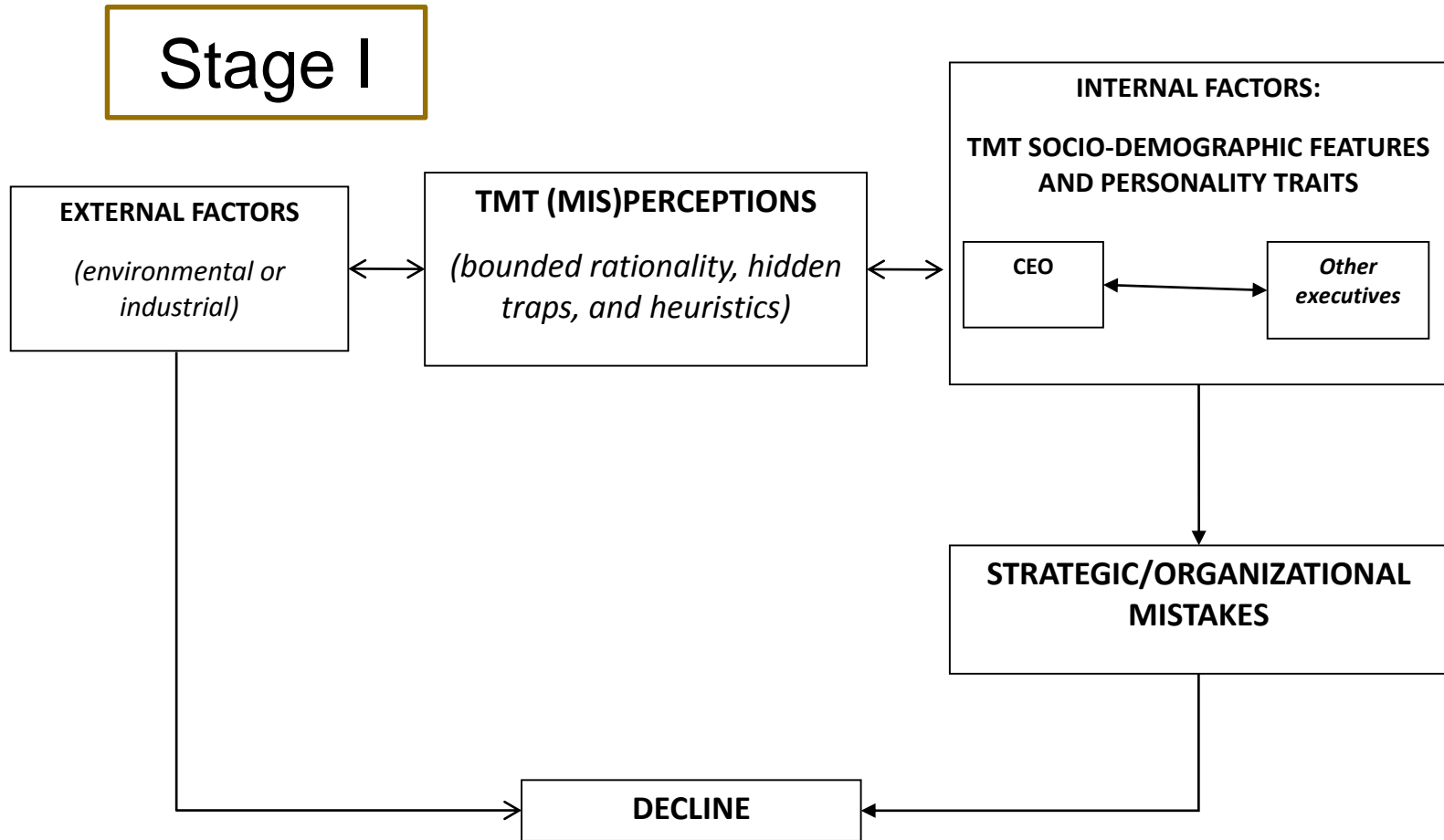
- **Meaning:** To date, a wide consensus exists about the most vivid meaning of corporate crisis, that is convergently considered as a dramatic situation in which a firm suffers of continuous negative profitability (e.g. Hambrick and D'Aveni, 1988; Daily, 1995; Mellahi and Wilkinson, 2004). This situation is absolutely risky, in that the distressed firm has to start immediate and appropriate corrective interventions (i.e., turnaround plans), if its top decision makers and stakeholders want to avoid its final failure (e.g. Li and Guesinger, 1991; Lohke, Bedeian, and Palmer, 2004; Lee, Peng, and Barney, 2007; Lee, Yamakawa, Peng, & Barney, 2011).
- **Analytical Approaches:** Macro and Micro.
- **The Micro Analytical Approach:** Financial and Strategic Management Perspectives.
- **The Strategic Management Perspective:** (Antecedents and Temporal Dynamics of Crises).
- **Key Findings:** Decline versus Crisis.

Decline versus Crisis: Evidence from Fiat (1993-2007)

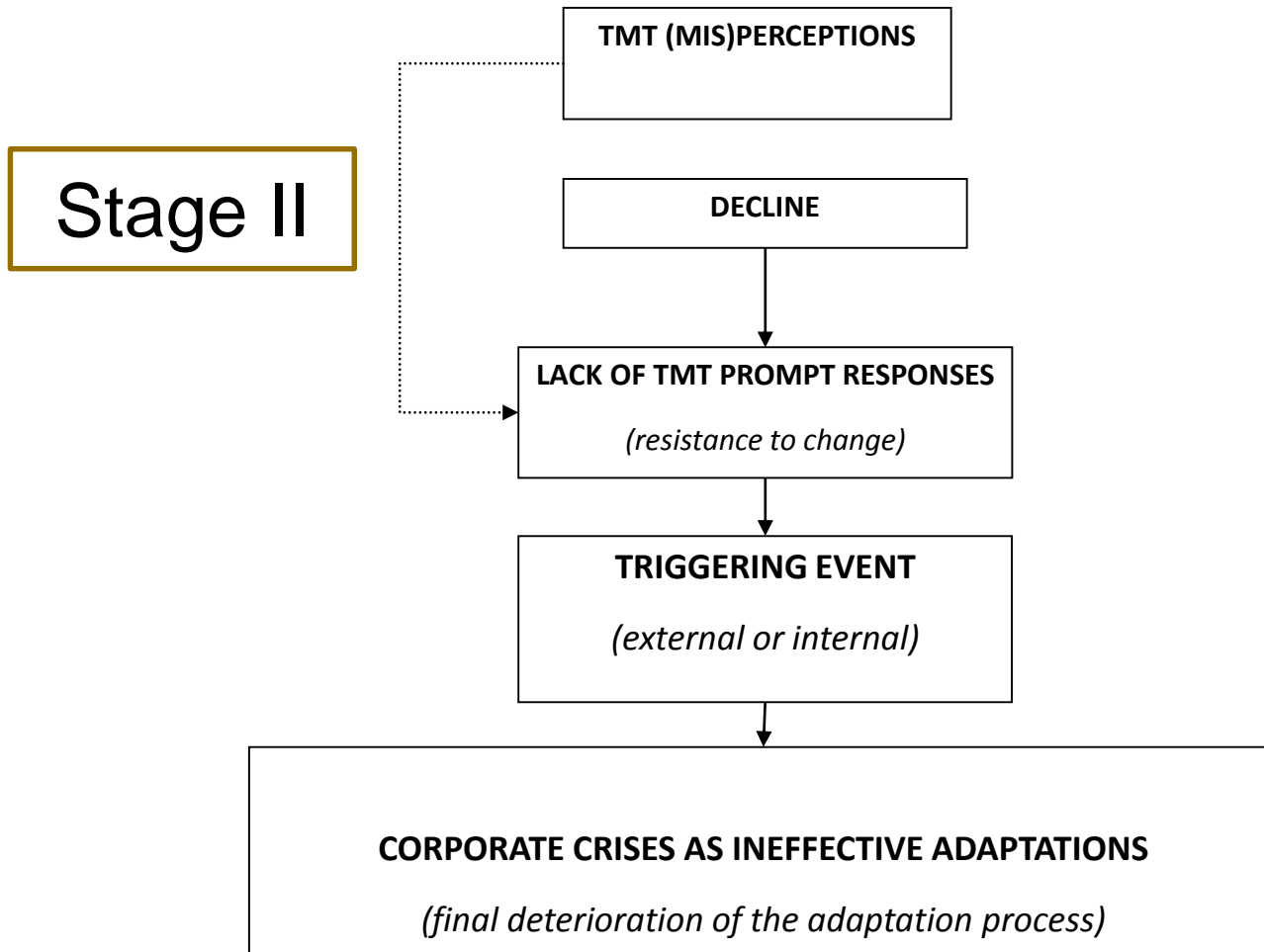
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues	28,176	34,005	39,092	40,244	46,257	45,769	48,123	57,555	58,006	55,649	47,271	46,703	46,544	51,832	58,529
Operating income	(433)	1,382	1,717	932	1,791	746	788	855	318	(762)	(510)	22	2,215	2,061	3,152
Fiat Auto's income	(858)	221	420	243	758	(108)	(121)	44	(549)	(1,343)	(979)	(840)	(281)	727	635
Net income	(921)	522	1,109	1,225	1,248	621	353	664	(445)	(3,948)	(1,900)	(1,586)	1,331	1,151	2,054
Net debt	2,710	1,049	1,341	1,142	(1,340)	(1,420)	4,031	6,467	6,035	3,780	3,028	4,961	3,219	1,773	(355)

Source: Abatecola, 2009.

2. Corporate Crises as Ineffective Adaptations. Towards a Basic Co-Evolutionary Sorting Logic (1/2)



2. Corporate Crises as Ineffective Adaptations (2/2).



Research Insights

Board variables

Variable	Observations (N=40)*
Board independence (outside directors)	14 (35%)
Board turnover	12 (30%)
CEO turnover	11 (28%)
Board composition (socio-demographic features)	9 (23%)
CEO duality	7 (18%)
Board size	7 (18%)

Key highlights

- **Board independence** (number of outside directors) counts.
- **Board turnover and CEO turnover:** Divergent results although many observations.
- **Board size, socio-demographic features and CEO duality:** Convergent results but still limited observations.

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