

Research Article

Open Access

Causes and Remedies of Organizational Crisis: A Case Study on Bangladeshi Manufacturing Industries

Nuzhat Fatima^{1*}, Md. Abu Sina², Md. Shakil Hossain³ and Hasan Ashiq Al-Fattah⁴

¹Dept. Of Management Science and Engineering, University of Science and Technology Beijing, China

²Department of Accounting & Information Systems, Faculty of Business Administration, Islamic University Kushtia, Bangladesh

³Overseas Project Engineer

⁴Manager (Account, Audit and Finance)

ABSTRACT

Blue chip corporations have been increasingly impacted by organizational crisis in recent years, Organizational crises in Bangladeshi manufacturing industries stem from a complex interplay of factors. Poor management practices, inadequate infrastructure, and lack of skilled labor often contribute to operational inefficiencies and quality control issues. Financial mismanagement, including excessive debt and improper resource allocation, can lead to liquidity problems and potential bankruptcy. External factors such as political instability, regulatory changes, and global market fluctuations also play a significant role in precipitating crises. To address these challenges, companies can implement several remedies. Investing in employee training and development can improve workforce skills and productivity. Adopting modern technologies and lean manufacturing processes can enhance efficiency and product quality. Implementing robust financial management systems and diversifying product lines can mitigate economic risks. Additionally, fostering better communication between management and workers, as well as engaging in corporate social responsibility initiatives, can improve stakeholder relationships and build resilience against future crises.

*Corresponding author

Nuzhat Fatima, Dept. Of Management Science and Engineering, University of Science and Technology Beijing, China

Received: January 24, 2025; **Accepted:** January 27, 2025; **Published:** February 08, 2025

Keywords: Organizational Crisis, Manufacturing Company, Corporate Culture

Introduction

Organizational crises are relatively low-probability, high-impact situations that threaten the competitiveness and viability of an organization (Carmeli and Schaubroeck). Various industrial units in Bangladesh those produce goods for both domestic and foreign markets have been closed due to a variety of issues since the beginning of 2023, such as currency devaluation and a decline in global demand. In addition to these two general issues, financial crisis driven by a slowdown in global demand, high production costs, and complex banking issues have also contributed to the closure of the factories. The majority of these factories are small to medium-sized, and many of those that export goods have failed due to losses they incur due to the difference in currency exchange rates [1].

Approximately 313 factories have failed between January and mid-August of the past year in Bangladesh, according to data of the Industrial Police, in 2023. Among the closed units, 9 are textile mills registered with the Bangladesh Textile Mills Association (BTMA), 5 are under the Bangladesh Export Processing Zones Authority (BEPZA), 60 are members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and 16 are

listed with the Bangladesh Knitwear Manufactures and Exporters Association (BKMEA). As per the official count, 223 of them are non-RMG units, primarily cottage industries.

Objective of the Study

The ideology of this research is based on theory. The main objectives of this research work is listed below:

- To know what is organizational crisis
- To identify the causes of the crisis
- To analysis the causes
- To identify the remedies
- To analysis the possible implications

Research Questions

- What are the main changes in the external environment facing Bangladeshi manufacturing companies?
- How can an effective crisis management mechanism be put in place to deal with the organizational crisis in Bangladeshi manufacturing companies?
- How should Bangladeshi manufacturing companies develop a detailed crisis management plan before a crisis occurs?
- In an organizational crisis, how can you effectively communicate with the news media and consumers to rebuild trust?
- How can crisis leadership and crisis resilience organizations

be developed to improve the resilience of Bangladeshi manufacturing companies to risk?

Theoretical Background

- **The Function of Market and Industry Effects:** Management personnel have been eager to attribute their failure to outside factors like collapsing stock markets or heightened competition. It is undeniably true that the collapse of so many formerly reputable businesses was a result of the market's overall downturn in recent years. The telecom and aviation industries have seen a high number of failures, indicating that industry-specific factors like rising fuel prices or advancements in technology are significant contributors to the explanation of corporate failure [2].

Nevertheless, industry impacts by themselves are unable to account for the success of certain businesses within these industries while others did not. To understand these discrepancies, we underwent analysis firm-specific reasons for failure, which managers can actively impact.

- **Why do Successful Companies Suddenly Collapse:** Why do companies that have been among the most prestigious and profitable for years encounter problems so frequently? Exists a common reasoning that explains these shortcomings? We investigated these issues and examined the top 100 organizational crises during the previous ten years.

According to the data, 44,500 people were employed in those units, with 60 BGMEA members accommodating 16,943 workers. A total of 223 non-RMG units employed 16,173 people. To alleviate the situation, 114 new factories opened over the period, producing new jobs for almost 12,500 people, according to the data.

The IP data also show that approximately 9,600 workers were reemployed in 60 firms, including 22 textile and ready-made garment (RMG) units that could reopen after negotiating the headwinds. When asked about the ordeals, BGMEA stated that the majority of the plants were closed due to a lack of work orders. Some were closed as a result of labor unrest because, according to BGMEA, they failed to pay wages on time because their banks refused to cooperate, causing their letters of credit (LCs) to be deferred for up to 180 days.

The vast exchange rate difference between the local currency, the taka, and the US dollar, was mostly blamed by BKMEA for the difficulties. Due to the financial losses they incurred as a result of the exchange rate difference, small units were unable to survive. A data from the central bank, stating that over 14% of clothing factories had bankruptcies.

Additionally, several millers claim that the lack of gas, the currency issue, and the inability to import raw materials caused the mills to close after last Eid, which in turn caused the prices of their produce to plunge.

LFMEAB acknowledged that several factories in the leather industry had closed in the previous year. According to MCCI, there has been a reduction in worldwide market pricing and demand for leather items, which has led to a decline in profitability.

The Bangladesh Jute Mills Association (BJMA) reports that several of these mills are only partially operational due to bank loans for mortgages. According to BJMA, the jute industry has likewise had difficulty maintaining operations in the absence of policy assistance. According to BJMA, "bureaucratic tangles" prevent exporters of diverse jute items from receiving a twenty percent cash incentive, while millers are unable to purchase jute because of the financial crisis.

According to official figures, while RMG grew by more over 10% last fiscal year, the jute and leather industries experienced negative growth of 1.74 percent and 19 percent, respectively. Apparel generated US\$46.99 billion out of the country's total export earnings of \$55.55 billion. In the previous fiscal year, leather and leather goods earned \$1.22 billion, while jute and jute items made \$912 million.

- **The Burnout Syndrome:** Since the beginning of time, successful management has been associated with four important factors: rapid development, adaptability, visionary leadership, and a success-oriented culture. The majority of failing firms had these success elements in plenty, which was the root of their problem. Success factors appear to have a negative impact beyond a certain point. Companies classified as "burnouts" have failed due to at least three of the following four characteristics: excessive expansion, uncontrolled change, authoritarian leadership, and an excessive success culture (Probst and Raisch). An overview of the various variables that were utilized to categorize the businesses based on the four burnout characteristics is given in Table # 1.

Table 1: Characteristics of the Burnout Syndrome

Characteristics	Indicators
Excessive Growth	1. Sales growth significantly above the Sustainable Growth Rate (SGR) 2. Expansion fueled through large number of acquisitions 3. High financial leverage due to intensive investment in growth areas
Uncontrolled Change	1. Endless reorganizations and loss of control due to overly aggressive diversification 2. Deterioration of core business due to management focus on problems in new areas 3. Loss of identity and orientation due to radical change of corporate business model
Autocratic Leadership	1. Autocratic position of CEO due to missing opposition and weak board control 2. CEO hubris with over-ambitious and perilous visions and goals 3. Top-down culture marked by blind faith in leaders and lack of skeptical questioning
Excessive Success Culture	1. Culture of strong competition Culture between employees (i.e. up-or out; bonus programs) 2. High degree of employee stress due to heavy workload and aggressive climate 3. Poor communication due to mistrust and lack of confidence between employees

Source: (Probst and Raisch)

- **Research Methodology:** To complete the research work, a survey was conducted to find the causes and possible remedies of the organizational crisis in Bangladesh. The survey was conducted via questionnaire and interview to the organization professionals. The purpose of the survey was to collect experts' opinion randomly to identify the key causes and to analysis the possible remedies.
- **Analysis and Findings:** The organizational crisis facing Bangladeshi manufacturing companies was caused by a variety of factors, including changes in the external environment and poor internal management. External factors such as a decline in global demand, currency depreciation and the financial crisis have led to the closure of many factories. In addition, high production costs and complicated banking were also among the reasons for the plant's closure.

In the area of internal management, organizational crises can be triggered by technical failures, employee conflicts, incidents of violence, minor neglect, illegal behavior (such as bribery, fraud, data tampering), and failure to pay debt. If these problems are not addressed in a timely manner, they can turn into serious crises that affect the survival and development of the organization.

In response to these crises, organizations can adopt a variety of coping strategies. First, the establishment of effective crisis management mechanisms is essential. This includes raising risk awareness and improving risk management and crisis management mechanisms to ensure that risks and sudden crises can be effectively addressed. Secondly, organizations need to have a detailed crisis management plan in place before a crisis occurs, including identifying key people, systems, and information, and acting quickly when a crises occur.

Following the outbreak of a crisis, the organization shall take immediate steps to control the spread of the crisis and conduct investigations and decisions to reduce losses and restore normal operational order. Also, sincere communication is essential. Organizations need to communicate honestly and honestly with the news media and consumers to rebuild trust.

To improve organizational resilience, companies need to cultivate crisis leadership and build crisis resilient organizations that can meet challenges. This includes restructuring resources, processes and relationships in the midst of a crisis to quickly recover and drive sustained growth. Through these measures, Bangladeshi manufacturing companies can better cope with and manage organizational crises in order to survive adversity and achieve sustainable development.

What are the Main Changes in the External Environment Facing Bangladeshi Manufacturing Companies?

The main changes in the external environment faced by Bangladeshi manufacturing companies include the following:

- **Energy Costs and Supply Issues:** Industrial activities in Bangladesh are affected by high energy costs and unstable electricity supply. Due to the severe power shortage, enterprises need their own generators, which increases production costs and reduces work efficiency. In addition, the proportion of renewable energy sources in the energy mix is low, resulting in high carbon dependence.
- **Inadequate Infrastructure:** The country lacks adequate basic infrastructure, including electricity, telecommunications, transportation, gas and water supply, which hinder industrial development. Weak infrastructure also affects the choice of

export routes for products, increasing the time from design to market.

- **Political Instability and Labor Unrest:** Political insecurity and frequent strikes disrupted daily operations, delaying production and transportation. In addition, inadequate worker protection and the negative evaluation of the treatment of workers in Bangladesh by the International Labor Organization also pose challenges to manufacturing.
- **Shortage of Technical Knowledge and Human Resources:** Despite its large population, Bangladesh faces a shortage of skilled workers, specialists and technicians, which limits industrial progress. Skills development opportunities and inadequate facilities exist in the textile and garment manufacturing industry, leading to low productivity and high labor loss rates.
- **Difficulty in Obtaining Loans:** Obtaining a loan from a bank can be challenging due to high costs, legal complexity and procedural difficulties.
- **Global Competitive Pressures:** With rising wages and production costs, and increased competition from countries such as Cambodia, Vietnam, Myanmar and Ethiopia, global brands will seek cheaper labor source countries. This requires manufacturers in Bangladesh to continuously upgrade their operations to improve productivity and quality in order to remain competitive.

How Can an Effective Crisis Management Mechanism be Put in Place to Deal with the Organizational Crisis in Bangladeshi Manufacturing Companies?

In order to establish an effective crisis management mechanism to deal with the organizational crisis in Bangladeshi manufacturing companies, the following steps may be taken:

- **Establish a Strong Crisis Decision Making System:** Select the staff with better psychological quality and overall operational capacity, establish the first "incident command" operation section, the chairman of the board of directors as the section chief.
- **Establish Various Task Forces:** In the initial phase, the company should establish emergency response teams, crisis management teams, and operational continuity execution supervisory teams.
- **Improve Information and Intelligence Protection Mechanisms:** Pay attention to information released by local media, Chinese embassies and business offices, and the Chinese Chamber of Commerce in Bangladesh during the day to respond to emergencies.
- **Public Opinion Guidance Mechanism:** Managing crisis communication includes correcting misinformation in a timely manner and providing accurate information to the media.
- **Human Resource Management Practices:** Maintains their basic HRM practices through tough times through the use of adaptive technology tools and equipment, as well as through efficient management and raw material cost control.
- **A Short-Term Strategy Combines with a Long-Term Strategy:** Deal with backlogs of goods, not reduce prices across the board, and do short-term price management. Employees should emphasize that the current decision is a crisis management, not a long-term strategy, to avoid destabilizing the mood and dealing a fatal blow to team morale. Pay more attention to your customers and now is a good time to build relationships.

Low Performance: A recent news was published about 22 companies which downgraded to “Z” category from their respective level for their non-compliance and low performance. Three companies among them were transferred to the junk category from A category and remaining 19 from B category. The report is shown in fig 1(Post 2024).



Figure 1: Downgraded 22 Companies

Source: (Post 2024)

Nonetheless, some of the companies handed over to the government of Bangladesh have been listed in table # 2(Council 2024).

Table 2: Companies Handed Over to the Government of Bangladesh

Organization	Type	Status	Date of Transfer
Apex Knit Composite Ltd.	Manufacturing	Archived	24 Jun 2019
OCEAN APPARELS LIMITED	Manufacturing	Closed	21 Mar 2021
Anupam Sweaters Ltd.	Manufacturing	Closed	21 Mar 2021
Bangladesh Handloom	Manufacturing	Archived	26 Sep 2019
BD. Knit Design Ltd.	Manufacturing	Closed	22 Jan,2017
Bengal Fashions Sweater Ltd	Manufacturing	Closed	14 Nov, 2017
Bengal Jeans Ltd	Manufacturing	Closed	06 June, 2024
Deluxe Apparels Ltd.	Manufacturing	Archived	19 May, 2016
Dhaka Socks Manufacturing Co. Ltd.	Manufacturing	Closed	20 Nov, 2017
HAESONG BD LTD.	Manufacturing	Closed	09 July,2018
Ha-meem Sportswear Ltd.	Manufacturing	Closed	02 Sept, 2015
Kenpark Bangladesh Ltd.Unit-06	Manufacturing	Archived	10 Oct, 2019
M&M Dresses Ltd	Manufacturing	Closed	29 Oct, 2015
Pabna knit Design ltd.	Manufacturing	Closed	29 Aug, 2017
PINAKI GARMENTS LTD.	Manufacturing	Closed	06 June, 2024
R.B. Industries Limited	Manufacturing	Closed	23 May, 2016
Savar Textiles Ltd.	Manufacturing	Closed	07 June, 2024
SOUTHERN POSHAK SHILPA LTD.	Manufacturing	Closed	14 Nov, 2017
TEJGAON TEXTILES MILLS LTD.	Manufacturing	Closed	30 Aug, 2016
The Dacca Dyeing Garments Ltd	Manufacturing	Closed	21 Nov, 2017
Zahintex Industries Ltd. 5/6	Manufacturing	Closed	08 May, 2019

Source: (Council 2024)

Excessive Success Culture: The negative effects of a very competitive corporate culture were made clear by the problems at the corporations under investigation. Competitive reward schemes, which offer high salary, bonuses, and opportunities for quick promotions, were created to incentive workers. Research indicates that workplace competition can harm employee trust [3,4]. A lack of employee trust reduces communication openness, particularly when information is given to a supervisor[5,6].

A lack of trust has an impact on both job satisfaction and organizational atmosphere. Job stress, including an uncomfortable work environment and excessive workload, can negatively impact job performance[7,8]. Immediate implications include low employee morale and high managerial turnover, leading to a loss of important talent in the examined organizations.

A Common Pattern: In conclusion, the four elements listed above can all be categorized as signs of the same disease, which we have named the Burnout Syndrome. Over time, the system becomes so overburdened by an overly ambitious CEO, exponential expansion, and unstoppable change that it eventually burns out. In an extreme scenario, the system implodes due to its enormous debt levels, increasing complexity, and ongoing uncertainty.

Young enterprises are not more likely to experience the "premature" syndrome, as the phrase implies. Quite the contrary, companies that qualify for premature aging frequently had a lengthy and prosperous history. Previous research suggests that organizations with a long track record of success may become locked in their success patterns [9]. The phrase "aging" refers to a company's age, whereas "premature" refers to a failure before its time. The failure occurred at a time when the respective target markets were still expanding and competitors in the same markets were flourishing, rather than toward the conclusion of industry life cycles.

Stagnating Growth: According to management literature, healthy growth is essential for organizational success [10]. Growing businesses expand their size and market share, which is frequently connected with advantageous economies of scale and scope [11]. High growth organizations attract top management talent and financial resources [12]. A list of top gainer companies are shown in figure # 2 (Post 2024).



Figure 2: Top Gainer Organizations

Source: (Post 2024)

Tentative Changes: To survive in a changing market, organizations must be able to innovate and adapt [13-15]. The demise of the investigated businesses can be traced back to a tight adherence to a success formula that was growing more outmoded. Efforts to implement reform were stymied by internal opposition [16]. Due to a lack of change and innovation, product offers have become increasingly outmoded, and cost structures have risen dramatically above competitive levels.

Lacking a Success Culture: The investigated companies share common values of loyalty and trust. Labor relations can last for decades, even a lifetime. Standard fixed wage and tenure-based promotion systems offer further employee security.

Recent empirical studies have revealed that such consensual or bureaucratic cultures tend to lack innovation and performance [17,18]. Guaranteed jobs and set salaries, for example, encourage employees to "free-ride" on the efforts of their co-workers, because doing so has little influence on their compensation as long as others work hard [19]. Another disadvantage of this mindset is that the necessary personnel layoffs are delayed for much too long [20].

Sustainable Growth: For organizations, growth is vital. Organizations that expand too quickly, however, quickly lose control as a result of pushing against their administrative and cognitive constraints due to a lack of resources [21]. Firms should therefore limit their expansion to an optimal rate. The extent to which growth can be sustained varies every firm. Three contributing elements are particularly significant in defining the optimal rate of growth: financial, market, and managerial indicators. The sustainable growth rate from the finance literature is the first and most important indicator of how much growth should be expected. The pace of organic market growth in the targeted segments gives a second clue. Continued growth that exceeds that of the market can only be achieved through acquisitions, diversification, or a combination of the two [22,23]. According to research, both an increasing number of acquisitions and a high level of diversity are negatively associated to performance [24]. Inorganic growth should consequently be controlled to a sustainable amount. A third indicator of both inorganic and total growth is the firm's internal capacity to handle growth, which is influenced by elements like the organizational structure, the reward system, and the makeup of the leadership team(Hambrick). As a result, inorganic growth should be kept to a manageable level.

Shared Power: According to studies on leadership, while the best leadership approach for an organization may vary depending on the circumstances, most of the time using shared or mutual power results in the best outcomes. An authoritarian leadership style can be beneficial in a limited number of specific crisis scenarios [25]. Research has demonstrated that in order to maintain efficient business operations and strong corporate governance checks and balances, a sensible division of authority between the CEO and the board is necessary [26-28].

Healthy Organizational Culture: Long-term success in the workplace is higher when individuals rely in one another's cooperation rather than engaging in egoistic competition, according to game theory insights. On the other hand, overconfidence can cause a growing number of freeloaders to be pulled along in large, prosperous companies. For strong performers, the system then loses its appeal. The middle path of a "defensible" culture of trust is thus recommended by game theory. The tit-for-tat strategy [29]. States that individuals who perform well will receive rewards, while those who do not will receive punishment. An ideal balance between rivalry and collaboration must be struck by organizational culture [30].

Stable Changes: The ability of an organization to innovate and adapt is essential in dynamic situations, according to insights from strategy research [31]. On the other hand, an organization's identity is destroyed by excessive change. Only when they are certain enough is it possible for them to take action. Organizational controls offer stability, regularity, and habit. Organizations gradually lose

their ability to act if the change takes on a greater magnitude [32]. Thus, for an organization to thrive, there must be a certain amount of both stability and change (cit.) [33]. Organizational identities must change in certain ways, but in order to achieve the security required for change, some parts must remain the same [34]. Thus, companies' identities need to strike a balance between stability and instability [35].

Keeping the Balance: As observed, a value that aligns with all four parameters appears to be optimal. That being said, slight variations from this optimum number are rather typical. The system becomes increasingly vulnerable after a certain point, i.e., during continual overloading. A persistent veer towards the top may lead to the Premature Aging Syndrome, whereas a persistent veer towards the bottom may lead to Burnout Syndrome. Thus, long-term balance maintenance is a key component of successful companies. This is confirmed by the findings of our empirical research.



Figure 3: The Balanced Organization (Probst and Raisch)

How Should Bangladeshi Manufacturing Companies Develop a Detailed Crisis Management Plan Before a Crisis Occurs?

How should Bangladeshi manufacturing companies develop a detailed crisis management plan before a crisis occurs? Here are the detailed steps and suggestions:

- **Risk Assessment:** First, companies should conduct a comprehensive risk assessment to identify potential threats and vulnerabilities that could impact the business. This includes an assessment of specific risks such as political unrest, terrorist attacks, worker strikes and more.
- **Establish a Crisis Response Team:** The company shall establish a dedicated crisis management team responsible for developing and implementing a crisis management plan. This team should include key personnel from different departments to ensure a rapid response in the event of a crisis.
- **Develop a Contingency Plan:** Enterprises should develop a detailed contingency plan, including security risk prevention measures and emergency response mechanisms. The plan should cover a variety of possible emergency situations and clarify the responsibilities and steps of action for each team member.
- **Employee Safety Education:** The company should attach importance to employee safety education, invest the necessary human, material and financial resources, strengthen employee safety awareness, update safety facilities, and prevent accidents from occurring at the source.
- **Regular Exercises and Training:** Companies should conduct mock exercises on a regular basis and train employees to improve their ability to respond to emergencies. Rapid response teams should be trained on a regular basis to handle industrial disasters before external assistance arrives.
- **Working with Local Governments and Communities:** Companies should work with local governments and

communities to ensure they have access to the necessary support and resources in emergencies.

- **Use Online Templates and Tools:** Online templates and tooling can be used to write and manage a crisis management plan to ensure the completeness and operability of the plan.

In an Organizational Crisis, how can you Effectively Communicate with the News Media and Consumers to Rebuild Trust?

Effective communication with the news media and consumers to rebuild trust in an organizational crisis requires, first and foremost, timely responses to media enquiries and reports. When communicating with the media, it is very important to be honest and straightforward. In the aftermath of a crisis, organizations should communicate with the media and the public in the first place. Time is most valuable and businesses should communicate to stakeholders in the shortest possible time. In addition, sincere communication is effective, and any non-sincere approach can only exacerbate the conflict and trigger a greater crisis. In crisis management, media communication is a type of organizational communication. The press secretary should become a regular setting in crisis communication. The government should pay attention to the shaping of the image, thinking and language skills of the press secretary, cultivate core spokespersons, and maintain effective communication with the media.

How Can Crisis Leadership and Crisis Resilience Organizations be Developed to Improve the Resilience of Bangladeshi Manufacturing Companies to Risk?

Building crisis leadership and building crisis resilient organizations is key to improving the resilience of Bangladeshi manufacturing companies. Here are the detailed steps and strategies:

Cultivating Crisis Leadership:

- **Strengthen communication and decision making:** Leaders need to strengthen ongoing communication with employees to ensure that employees are able to execute decisions accurately in times of crisis. In addition, the leader should have strategic crisis decision making skills and be able to make effective decisions in complex situations.
- **Increase leadership charm and emotional contagion:** A charismatic leader can influence the mood of organizational members, allowing them to see hope and work together to overcome crises.
- **Cultivate big picture and planning ability:** Leaders should have a clear big picture perspective and be able to make sound plans and make the right choices.

Building Crisis Resilient Organizations:

- **Create a culture of resilience:** Organizations should target resilience, encourage members to become aware of its importance, and support the implementation of a resilience strategy. At the same time, create a culture of optimism that allows members to maintain confidence and hope in the midst of a crisis.
- **Building Learning Organizations:** By encouraging creative thinking and problem-solving skills, organizations can become learning organizations that provide lessons in the face of crisis.
- **Digital empowerment:** Using digital technologies to improve manufacturing flexibility and efficiency, enhancing the ability of companies to resist crises.

Effective Early Warning Systems: Larger corporations have recently faced regulatory requirements to install monitoring systems in order to avert organizational catastrophes in a number of nations, including Germany. In fact, a vast majority of the companies under investigation have this kind of monitoring system in place. This system's practical implementation is primarily to blame for its failure. The majority of risk management takes place within the corporate controlling framework, although analysis is also becoming more and more limited to financial indices.

However, the results of the analysis indicate that meaningful changes to the quantitative characteristics of the organization only occur in the later stages of a crisis. Most of the time, it is then too late to stop the crisis from happening [36-38]. For an early warning system to be effective, it must therefore detect recognized weak signals much earlier rather than relying solely on quantitative qualities [39]. The initial indicators of a crisis are qualitative in character and bear similarities to the strategic elements that were previously discussed, such as excessive growth, for instance. Therefore, adding a strategic component to current early warning systems is a good idea.

The research found that an organization's response to a crisis is heavily influenced by its board of directors. The CEO often stuck to their past success formula. Instead of addressing unproductive conduct, it was reinforced further [40].

Countermeasures to Failure: When a strategic early warning system detects indicators of a crisis, it's important to take appropriate actions to prevent it from occurring. Countermeasures require a shift in direction to restore the organization's equilibrium. The organization must quickly create a stabilization program as soon as the first symptoms of burnout syndrome show up.

Expert Leadership: An expert leader can visualize how far to take the organization and where to stop. A well visualization power can make the right decisions. In business every chance means money and every penny counts. But a good leader knows which chance to grab and which one to deny. If a wrong decision is made, it can make a huge damage to the organization which leads to crisis. So to prevent the crisis, there is no choice but an expert leader.

Faithful Employee: To run an organization successfully, faithful employee is a must. For example, some confidential documents are handled by the employee. If these confidential documents are leaked to the competitors, it can create organizational crisis. To prevent this occurrences, faithful employee is a concern.

Market Survey: Market survey can be a safe zone to prevent organizational crisis. Prior market survey can give a decision on product demand, production amount, production cost and quality. In this way, it is helpful to reduce the wastes and risk of loss and crisis.

Financial Management: A well financial management is necessary to calculate the investment and income amount, profit and loss, and the money left in the market. A wrong financial evaluation can make a huge adverse balance to the organization. It can result into a crisis to the company. Therefore, to avoid the unwanted crisis, it is a necessary step to have a regular review to financial management [41-75].

More technical measures can be adopted by the industries to reduce the financial crisis in the future. The technical measures are listed below:

- Invest in employee training and development to improve workforce skills and productivity.
- Adopt modern technologies and lean manufacturing processes to enhance efficiency and product quality.
- Implement robust financial management systems to ensure better resource allocation and risk mitigation.
- Diversify product lines to reduce dependence on single markets or products.
- Foster better communication between management and workers to improve organizational culture and decision-making.
- Engage in corporate social responsibility initiatives to build stronger relationships with stakeholders and local communities.
- Develop contingency plans for potential crises, including economic downturns and supply chain disruptions.
- Improve compliance with regulatory standards and industry best practices.
- Strengthen corporate governance structures to enhance transparency and accountability.
- Collaborate with industry associations and government bodies to address sector-wide challenges.

By implementing these measures, Bangladeshi manufacturing industries can build resilience against future crises and improve their overall competitiveness in the global market.

Implications: The study found that successful organizations often collapse due to similar reasons. Our analysis shows that this is a genuine threat for all companies, now and in the future.

The positive aspect is that organizations do not face this threat alone. Early detection and successful course correction can prevent a crisis from occurring. Our findings and conclusions suggest four critical lessons and actions for organizational leaders:

- Growth is essential, until it becomes extreme.
- Determine your company's optimal target growth rate.
- Prioritize bottom-line changes to maximize your optimal growth rate.
- Prioritize organic growth and establish financial and managerial constraints for acquisition growth.

Maintaining a company's identity is crucial for positive change.

- Prioritize core business innovation before venturing into new areas.
- When changing, identify and strengthen the components of your identity that will remain unchanged.
- Throughout the change process, provide employees a glimpse of the future identity.

Visionary leaders are advantageous if they share their power.

- Use all available resources to realize your company's vision and goals.
- Strengthen the board with more independent directors to establish checks and balances.
- Establish a bottom-up culture that fosters constructive questioning and a decentralized framework to balance authority. When incorporated into a culture of trust, internal rivalry enhances performance.

Give staff members praise for their efforts and output.

- Encourage open communication in order to build trust.
- Create a code of conduct and demand strict adherence to it in order to foster cooperation and integrity.

Specific Practical Suggestions

- **Vulnerability assessment and simulation exercises:** Effective management of key vulnerabilities through vulnerability assessments and crisis simulation drills.
- **Resource patchwork strategy:** When resources are limited, use redundant resources to patchwork out alternative resources to maximize the value of the resources.
- **Optimizing organizational structure and change:** By optimizing organizational structures and making necessary changes to better adapt to the external environment and market developments.

Conclusion and Recommendation

The reason to conduct this research is to find out the causes and the possible remedies of organizational crisis in Bangladeshi manufacturing companies. Through a survey on public opinion we have come to a conclusion that during past ten years many companies have faced the rising and falls because of the above-mentioned causes. Some companies have become successful by adopting the remedies mentioned above. Therefore, the topic is justified with the findings.

Finally, it is recommended to conduct more research and find out more specifically about this topic. There are some limitations of this piece of work, since it is fully based on theory. Therefore, some empirical research can be conducted to make a different research work.

Appendix

The classification occurred in three steps. First, we identified the main characteristics of failure and the related concrete indicators (as specified in Tables 1 and 3). Then we classified the companies according to these characteristics. A company was classified if at least two of the three indicators of a characteristic were present. Finally, we classified companies into a syndrome if they showed at least three of the four characteristics of the syndrome.

- The study of burnout is a major research area in industrial and organizational psychology. Burnout refers to the syndrome of physical and emotional exhaustion in response to chronic interpersonal stressors on the job. Burnout leads to declining productivity and effectiveness at work. In this study we apply the term burnout to companies. As with all metaphors, there are a few striking similarities (i.e., the exhaustion of the system through permanent stress, and the negative effect on performance), while other aspects might differ. For further reading, see Maslach, C. 2001. Job burnout. *Annual Review of Psychology*, 52: 397-422.
- BGMA: Bangladesh Garment Manufacturers and Exporters Association.
- BKMEA: Bangladesh Knitwear Manufacturers and Exporters Association.
- BTMA: Bangladesh Textile Mills Association
- BEPZA: Bangladesh Export Processing Zones Authority.
- LFMEAB: Leather goods and Footwear Manufacturers and Exporters Association Bangladesh
- MCCI: Metropolitan Chamber of Commerce and Industry.
- BJMA: Bangladesh Jute Mills Association.
- RSC: RMG (ready-made garments) Sustainability Council.

- In the article on “Factories handed over to the Government of Bangladesh” The Review Panel was established through the Ministry of Labor and Employment (MOLE) led National Plan of Action. It was established for inspections performed by the National Effort, the Accord, and the Alliance which lead to engineers’ determinations that a building evacuation or suspension to operations is required.

References

1. Munni M (2023) Many factories founder due to financial crisis. *The Financial Express* <https://thefinancialexpress.com.bd/economy/bangladesh/nbr-cuts-revenue-target-to-tk-463-trillion>.
2. Probst G, Raisch S (2005) Organizational Crisis: The Logic of Failure. *The Academy of Management* 19: 90-105.
3. Dunn JR, Schweitzer ME (2004) Too good to be trusted? Relative performance, envy, and trust. *Academy of Management Best Conference Paper Proceedings*, CM, B1-B6 https://www.researchgate.net/publication/272666332_Too_Good_to_be_Trusted_Relative_Performance_Envy_and_Trust.
4. Ferrin DL, Dirks KT (2003) The use of rewards to increase and decrease trust: Mediating processes and differential effects. *Organizational Science* 14: 18-31.
5. Roberts K, Reilly CAO (1974) Failures in upward communication in organizations. Three possible culprits. *Academy of Management Journal* 17: 205-215.
6. Dirks KT, Ferrin DL (2001) The role of trust in organizational settings. *Organizational Science* 12: 450- 467.
7. Driskell JE, Salas EE (1996) Stress and human performance. Mahwah: Lawrence Erlbaum Associates <https://www.scrip.org/reference/referencespapers?referenceid=1810970>.
8. Cluskey GR, Vaux A (1997) Vocational misfits: Sources of organizational stress among accountants. *Journal of Applied Business Research* 13: 43-55.
9. Miller oc.
10. McGrath J, Fritz Kroeger, Michael Traem, Joerg Rockenhauser (2001) The value growers: Achieving competitive advantage through long-term growth and profits <https://www.amazon.in/Value-Growers-Achieving-Competitive-Advantage/dp/0071364404>.
11. Porter ME (1985) *Competitive advantage*. New York: The Free Press <https://www.hbs.edu/faculty/Pages/item.aspx?num=193>.
12. Penrose oc.
13. Charles Hofer W, Dan Schendel (1978) *Strategy formulation. Analytical concepts*. St. Paul: West Publishing Inc <https://www.scribd.com/document/746141543/Charles-W-Hofer-Dan-Schendel-Strategy-Formulation-Analytical-Concepts-the-West-Series-in-Business-Policy-and-Planning-West-Publishing-Company>.
14. Ansoff HI (1979) *Strategic management*. New York: John Wiley and Sons <https://onlinelibrary.wiley.com/doi/abs/10.1002/smj.4250020210>.
15. Teece DJ, Gary Pisano, Amy Shuen (1997) Dynamic capabilities and strategic management. *Strategic Management Journal* 18: 509-533.
16. Miller D (1992) The Icarus paradox: How exceptional companies bring about their own downfall. New York: Harper Collins 35: 24-35.
17. Deshpande R, John Farley U, Frederick E Webster Jr (1993) Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrature analysis. *Journal of Marketing* 57: 23-27.

18. Homburg C, Pflesser C (2000) A multiple layer model of market-oriented organizational culture: Measurement issues and performance outcomes. *Journal of Marketing Research* 37: 449-462.
19. Kenworthy L (1995) In search of national economic success. Balancing competition and cooperation. Thousand Oaks, CA: Sage <https://lanekenworthy.net/wp-content/uploads/2024/12/iones1995.pdf>.
20. Lorange P, Nelson RT (1987) How to recognize and avoid organizational decline. *Sloan Management Review* 28: 41-49.
21. Hambrick C, op cit.
22. Kusewitt JB (1985) An exploratory study of the strategic acquisition factors relating to performance. *Strategic Management Journal* 6: 151-169.
23. Hitt M, Jeffrey Harrison, Duane Ireland R, Aleta Best (1998) Attributes of successful and unsuccessful acquisitions of U.S. firms. *British Journal of Management* 9: 91-114.
24. Rumelt oc.
25. Ogbonna E, Harris LC (2000) Leadership style, organizational culture, and performance: Empirical evidence from UK companies. *International Journal of Human Resource Management* 11: 766-789.
26. Pearce, Zahra oc.
27. Vance SC (1983) Corporate leadership: Boards, directors, and strategy. New York: McGraw-Hill https://books.google.co.in/books/about/Corporate_Leadership.html?id=Kui3AAAAIAAJ&redir_esc=y.
28. John Pearce A, Richard Robinson Jr B (1987) A measure of CEO social power in strategic decision making. *Strategic Management Journal* 8: 297-304.
29. Axelrod R (1984) The evolution of cooperation. New York: Basic Books https://websites.umich.edu/~axe/Axelrod_Evol_of_Coop_excerpts.pdf.
30. Abell P (1996) A model of the informal structure (culture) of organizations. Help, trust, rivalry, and team spirit. *Rationality and Society*, 8: 433-452.
31. Teece et al. oc.
32. Hannan et al. (1982.) An evolutionary theory of economic change. Boston: Harvard University Press https://inctpped.ie.ufrj.br/spiderweb/pdf_2/Dosi_1_An_evolutionary-theory-of_economic_change..pdf.
33. Leana B, C Barry (2002) "Stability and change as simultaneous experiences in organizational life." *Academy of Management Review*, 25: 753-759.
34. Gagliardi P (1986) "The creation and change of organizational cultures. A conceptual framework." *Organization Studies* 7: 117-134.
35. Gioia DA, Schultz M, Corley KG (2000) The literature on organizational identity speaks of "adaptive instability 25: 63-81.
36. Argenti J (1976) Corporate collapses: The causes and symptoms. London: McGraw Hill <https://www.scirp.org/reference/referencespapers?referenceid=2144252>.
37. Sull DN (2003) Revival of the fittest: Why good companies go bad and how great managers remake them. Cambridge: Harvard Business School <https://archive.org/details/revivaloffittest00sull>.
38. Finkelstein S (2003) Why smart executives fail and what you can learn from their mistakes. New York: Portfolio https://multisearch.mq.edu.au/discovery/fulldisplay?vid=61MACQUARIE_INST:MQ&tab=books_more&docid=alma9960318910802171&lang=en&context=.
39. Mitroff (2000) Managing crises before they happen. New York: Amacom <https://www.summary.com/book-summary/managing-crises-before-they-happen/>.
40. Starbuck WH (1978) Responding to crisis. *Journal of Business Administration* 9: 111-137.
41. Agrawal A, Jaffe JF, Gershon N, Mandelker (1992) The post-merger performance of acquiring firms: A re-examination of an anomaly. *Journal of Finance* 47: 1605-1621.
42. Ahuja G, Katila R (2001) Technological acquisitions and the innovation performance of acquiring firms. A longitudinal study. *Strategic Management Journal*, 22: 197-220.
43. Altman EI (1983) Corporate financial distress. A complete guide to predicting, avoiding, and dealing with bankruptcy. Hoboken, NY: Wiley Interscience. John Wiley and Sons <https://www.scirp.org/reference/referencespapers?referenceid=2353521>.
44. Bouchikhi H, Kimberly JR (2003) Escaping the identity trap. *MIT Sloan Management Review* 44: 20-26.
45. Amburgey TL, Kelly D, Barnett WP (1993) Resetting the clock: The dynamics of organizational change and failure. *Administrative Science Quarterly* 38: 51-73.
46. Carmeli A, Schaubroeck J (2008) Organizational Crisis-Preparedness: The Importance of Learning from Failures <https://doi.org/10.1016/j.lrp.2008.01.001>.
47. Collins JC, Porras JL (1994) Built to last: Successful habits of visionary companies. New York: <https://www.abebooks.com/9780887307393/Built-Last-Successful-Habits-Visionary-0887307396/plp>.
48. Collins H, Fiol CM (2001) Revisiting an identity-based view of sustainable competitive advantage. *Journal of Management* 27: 691-699.
49. Council RS (2024) Factories handed over to the government of Bangladesh. Dhaka: RMG Sustainability Council <https://rsc-bd.org/en/factories-handed-over#:~:text=The%20inspection%20reports%20of%20those,identified%20through%20the%20RSC's%20inspection>.
50. Daily CM, Johnson JL (1997) Sources of CEO power and firm financial performance. A longitudinal assessment. *Journal of Management* 23: 97-117.
51. Delacroix JA Swaminathan (1991) Cosmetic, speculative and adaptive organizational change in the wind industry. A longitudinal study. *Administrative Science Quarterly* 36: 631-661.
52. Dirks KT, Ferrin DL (2002) Trust in Leadership: Meta-Analytic Findings and Implications for Research and Practice 87: 611-628.
53. Dutton JE, Duke rich JM (1991) Keeping an eye on the mirror. Image and identity in organizational adaptation. *Academy of Management Journal* 34: 517-554.
54. Finkelstein S (1992) Power in top management teams: Dimensions, measurement, and validation. *Academy of Management Journal* 35: 505-538.
55. Gioia DA, Schultz M, Corley KG (2000) Organizational identity, image, and adaptive instability. *Academy of Management Review* 25: 63-81.
56. Gartner WB (1997) When growth is the problem, not the solution." *Journal of Management Inquiry* 6: 62-68.
57. Hambrick DA, Crozier LM (1985) Stumblers and stars in the management of rapid growth. *Journal of Business Venturing* 1: 31-45.
58. Harrigan KR (1985) Strategic flexibility. Lexington: Heath.
59. Jemison DB, Sitkin S (1986) Corporate acquisitions: A process perspective. *Academy of Management Review* 11: 145-163.
60. Loughran T, Vijn AM (1997) Do long-term shareholders benefit from acquisitions?. *Journal of Finance* 52: 1765-1790.

61. Mintzberg H (1984) Power and organization life cycles. *Academy of Management Review* 9: 207-224.
62. Opler T, Titman S (1994) Financial distress and corporate Performance. *Journal of Finance* 49: 1015-1040.
63. Pearce JA, Zahra SA (1991) The relative power of CEOs and boards of directors: Associations with corporate performance. *Strategic Management Journal* 12: 135-153.
64. Penrose E, Gander JS (1995) The theory of the growth of the firm <https://www.scirp.org/reference/referencespapers?referenceid=2431804>.
65. James Gander P (1991) Managerial intensity, firm size and growth. *Managerial and Decision Economics*. Oxford: Oxford University Press 12: 261-266.
66. Post TB (2024) 22 companies downgraded to Z category. *The Business Post* <https://businesspostbd.com/stocks/22-companies-downgraded-to-z-category>.
67. RC (1977) How much growth can a firm afford?. *Finance Management* 6: 3-16.
68. Ross SA (1996) Corporate finance. Chicago: Irwin https://students.aiu.edu/submissions/profiles/resources/onlineBook/a4T9b5_corporate%20finance%2010%20ed.pdf.
69. Rumelt RP (1982) Diversification strategy and profitability. *Strategic Management Journal* 3: 359-369.
70. Sirower ML (1997) The synergy trap. How companies lose the acquisitions game. New York: Free Press https://books.google.co.in/books/about/The_Synergy_Trap.html?id=K8EAplzt9VgC&redir_esc=y.
71. Slater M (1980) The managerial limitations to a firm's rate of growth. *Economic Journal* 90: 520-528.
72. Thompson JD (1967) Organizations in action. New York: McGraw-Hill <https://www.taylorfrancis.com/books/mono/10.4324/9781315125930/organizations-action-james-thompson>.
73. Van Horne JC (1997) Financial management and policy. London: Prentice-Hall <https://sfmclassnotes.wordpress.com/wp-content/uploads/2014/10/financial-management-and-policy.pdf>.
74. Whetten DA (1987) Organizational growth and decline processes. *Annual Review of Sociology* 13: 335-358.
75. Zook C (2001) Profit from the core: Growth strategy in an era of turbulence. Boston: Harvard Business School Press https://books.google.co.in/books/about/Profit_from_the_Core.html?id=tVoGmBBXoB4C&redir_esc=y.

Copyright: ©2025 Nuzhat Fatima, et al. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.