

# PhD Abstract - Managerial Response to Business Decline and Failure in India

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## Abstract

This thesis explores a complex and under-researched dimension of the Indian business ecosystem: how managers respond to business decline and failure. While failure and entropy are inevitable features of socio-economic entities, India's unique socio-economic and institutional landscape of business creates distinct challenges and responses that have yet to be adequately documented or theorized. Anchored in grounded theory and qualitative methods, this study unfolds through a journey that begins with building conceptual clarity, travels through methodological discovery, and culminates in new insights for business resilience.

**Keywords:** Business Decline, Business Resilience, Managerial Response

## Introduction

We began the journey by framing business failure not as an anomaly but as a natural, cyclical outcome within capitalist ecosystems. Drawing inspiration from Heraclitus's philosophy of change, (*"No man ever steps in the same river twice, for it is not the same river and he is not the same man"*), the study situates organizational decline within the broader entropy of life and business. In India, where growth is vital and resources scarce, business failure carries profound economic and social consequences—impacting employment, disrupting supply chains, and straining public systems. Recognizing the centrality of the manager as the key factor in this landscape, the thesis positions itself to explore how Indian managers perceive and respond to decline—not just tactically, but emotionally, strategically, and institutionally.

For clarity of purpose, I refer to this definition from the thesis- *"Business decline refers to a prolonged period of negative performance indicators, while business failure involves the cessation of operations due to insurmountable challenges (as synthesized from a multitude of definitions and explanations)."*

## Literature Review

The literature review traces the evolution of global thinking on business failure—starting from early sociological insights of Weber and Durkheim, moving through Schumpeter's "creative destruction," and arriving at modern frameworks such as Josefy's multidimensional survival model and Ahuja and Lampert's performance criteria. It identifies two key gaps: (1) A lack of India-specific research on the primary concept of business failure, as well as the context of managerial responses to failure and, (2) The limited, existing body of work in India, is limited to financial and regulatory aspects of business failure. There is nothing at the level of the individual or an OD perspective.

## Conceptual Framework

The conceptual chapter reviews existing theories on business decline and decision-making—including deterministic models, strategic choice, bounded rationality, and turnaround strategies. It highlights that these frameworks often overlook the manager's agency and are inadequately tuned to India's business realities. For instance, cognitive biases and decision frameworks may function differently in India due to cultural norms, collective leadership, or risk aversion. The chapter

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justifies the need for grounded theory to unearth a context-sensitive understanding of how Indian managers experience and respond to decline.

## Research Methodology

We have adopted grounded theory as both a philosophy and method—appropriate for a foundational context, where little structured knowledge exists. The study focuses on senior managers across sectors who have participated in the response to decline, using in-depth interviews to uncover their lived experiences. A purposive sample of senior professionals across diverse industries forms the empirical backbone. The process includes theoretical sampling, in-depth interviews, iterative coding, and memoing. The research prioritized deep exploration and recall of emotion, cognition, perceptions, and actions during times of organizational turbulence.

## Results and Discussion

The findings reveal that Top management leadership quality is the key determining factor of the quality of managerial response. We found that managerial responses are personal and context dependent. The study reveals several emergent themes:

- Key factors of poor response included lack of management capacity, poor quality of leaders, lack of training, no planning culture, and a sense of hubris.
- Resilient leadership and dynamic capability emerge as recurring traits among managers who manage decline well.
- Cultural and institutional constraints—such as family control, bureaucratic inertia, or limited capital access also influence managers.

The findings take us beyond the symptomatic view of failure as a financial or operational event, and instead present it as a rich psychological, strategic, and leadership phenomenon.

## Recommendations and Theoretical Framework

This chapter proposes a new integrated theoretical lens—rooted in the twin constructs of Resilient Leadership and Dynamic Capabilities. This model is titled The Dynamic Organization and Resilient Leadership theory (DORALT) - *“The Dynamic Organization and Resilient Leadership theory proposes that organizations can thrive in challenging environments, through leadership styles that foster individual and systemic resilience, thus enabling fluid, adaptable, dynamic structures.”*

It emphasizes the value of resilient leadership and the creation of a dynamic organization, together enabling business continuity.

We posit that resilience can foster cultures of trust and adaptability that drive dynamic capability. Dynamic capability, meanwhile, is seen as the organization’s ability to learn, pivot, and realign resources quickly in response to threats. The thesis conceptualizes this interaction as an immune system that helps organizations detect and respond to decline—not just to survive, but to adapt and emerge stronger.

This framework is both diagnostic and prescriptive, offering managers, educators, and policymakers a grounded way to think about decline—not as failure to be feared, but as turbulence to be navigated with clarity, courage, and competence.

## Managerial Dimensions and Reflections

The final chapter presents a series of reflective commentaries that deepen the core insights. They invite the reader to connect with established theories and frameworks of management and psychology, that can trigger further curiosity in the subject. These include:

- The emotional landscape of failure, drawing from grief models, neuroplasticity, and growth mindsets, to explain managerial mindset shifts.

- Ethical dilemmas in managing decline—especially under public scrutiny or internal conflict.
- The strategic dimensions of turnaround thinking, decision-making biases, and leadership presence during crises.
- Relating leadership and decision-making for a better understanding of the subject of managerial response to business decline.

These dimensions offer a toolkit for both scholars and practitioners to understand decline, not as a single event but as a multi-layered, evolving condition.

## Conclusion

This thesis advances the frontier of management thinking in India by shining light on an underexplored reality of business and organizations: failure. By grounding its inquiry in real managerial experiences and developing theory from the ground up, it offers a powerful and relevant framework for Indian businesses seeking resilience in an age of uncertainty. It holds promise not only for academia but also for policymakers, leadership development programs, and entrepreneurs who must prepare for both the rise—and the fall—of organizational fortunes.