Organization Decline: Case Study of a State Owned Enterprise in Kerala

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Abstract
Organizational decline, as a pertinent element of organization and management theory has evolved over the past 35 years. The scant attention it has received in the Indian context is appalling, bearing in mind the effect of dysfunctional organizational attributes that decline has on an enterprise. It is more so in the case of public sector enterprises, which are often touted as public money guzzlers and incompetent resource users. In this context, examining the casual factors of organizational decline in the public sector is imperative and apposite. Kerala state is seldom described as an industrial hub given its location disadvantage, constrained geography and anti-industry environment. In this hostile milieu, it is unanticipated to see a public sector chemical manufacturing company endure and that too with minimum governmental support and detrimental market environment. This state owned enterprise, however has been seeing red and underperforming over the past 10 years and the paper seeks to comprehend the major reasons that has contributed this performance decline. Triangulation is attempted and a mixed methodology of data collection and analysis is espoused. Focused interviews with the top management personnel contribute to the Qualitative component of the study which is analyzed using QDAMiner. The financial statements and other company documents are scanned for additional information using quantitative methods. Both internal and external reasons contribute equally to the performance decline of the company, and if timely interventions are not made at the macro, meso and micro level, it may lapse into the labyrinth of failure and will never see a revival.

Keywords: Organizational Decline, State Owned Enterprise, Triangulation
1. Introduction

The global economic slowdown and the inability of markets to be drivers of growth, has forced enterprises to do a relook at their traditional business activities and revalidate their vision and mission. When the environment becomes this grim, companies with internal complexities, like a state owned enterprise, need to be all the more conscious about not being pulled into decline. Although such organizations are based on socio economic amelioration, revenue generation becomes imperative for sustainable existence. If the enterprise fails, it affects all the stakeholders equally particularly the government which is the major shareholder of the firm. It’s dire to see that the Kerala government has invested 4,511.03 crore as on 31st March, 2013 in the SLPEs of the state, but the average return is a miniscule 1.3%, and the average interest paid by the government in the last five years is 7.1-7.5% on its borrowings (Comptroller and Auditor General of India 2013).

It is in this context; organizational decline becomes an area of paramount significance. The endogenous and exogenous factors that contribute to decline needs to be understood in its totality as to be able to prescribe curative measures to come out of this performance debacle. The paper seeks to understand seminal reasons for decline of a state owned enterprise as a standalone case study employing qualitative and quantitative data analysis, and triangulating the results.

2. Literature Review

Organizational decline has been studied and operationalized through varied approaches by eminent scholars around the world. Organizational decline is a condition in which a substantial, absolute decrease in an organization's resource base occurs over a specified period of time (Cameron, Kim, et al. 1987). (Greenhalgh, 1983) defined decline as deterioration in the organization's ability to adapt to its environment: "Decline occurs when the organization fails to maintain the adaptiveness of its response to a stable environment, or when it fails to either broaden or increase its domination of a niche which has diminishing carrying capacity.” Organizations enter the state of decline when they fail to anticipate, recognize, avoid, neutralize, or adapt to external or internal pressures that threaten the organization's long-term survival (Weitzel & Jonsson 1989). Organizational decline has been studied primarily from three angles. Firstly it has been addressed to be manifested in stages from blinded action to dissolution (Weitzel & Jonsson 1989). Secondly attempts have been made to generically classify the reasons for decline as emanating from within the organization (internal) and environment generated (external) in different contexts (Chowdhury & Lang, 1996; Gopinath, 1995; Levine, 1978). Another predominant approach is to understand the dysfunctional consequences of decline in organizations that has gone through the decline phase (K. S. Cameron, Kim, et al., 1987; Hoffi-Hofstetter & Mannheim, 1999; Rosenblatt & Sheaffer,
2001; Whetten, 1987). Though the generic decline literature has restricted applicability in the public sector because of differences pertaining to the nature and control of the resources in the sector, issues of human costs, structure, strategy of decline has direct relevance in the public space (Bozeman 2010). Hence while studying public organization one need to bear in mind that it is inherently singular as its organizational structure and processes, are fashioned intensely by the external political environment (Bozeman, 1987; Rainey & Steinbauer, 1999). It is also noted that public organizations are increasingly being run like private organizations (Pandey 2010).

Keeping this in milieu, the study has developed a formative set of reasons that could lead a public organization to decline. The list was corroborated and validated by industry experts in addition. Though emergent themes and company specific causal factors has been added to this list, the seminal reasons that is relevant to this case and the supporting literature are listed below.

Organizational Slack is the uncommitted resources in the organization that can be used to fund the organizational activities (Mone et al. 1998) and is classified into available, recoverable and potential slack (Wiseman & Bromiley 1996). Munificence is external environment generated and relates to the availability of resources and is affected by the intensity of competition and political and social conditions (Piening 2013). Essentially it reflects the carrying capacity of the environment (Maheshwari & Ailstrom 2004). Competitive Advantage is lost when the company fails to cater to the present needs of the market and when the products are obsolete which result in customer base attrition (Maheshwari, 2007). Demand Turbulence is characterized by cyclical, random or declining demand (Witteloostuijn 1998). Strategic competition emanates from competing in a private dominated market and contending on price and non-price factors (Chaudhuri 1994). Management weakness can be manifested as crisis in leadership (Weitzel & Jonsson 1989), complacency of leadership (Chowdhury & Lang 1996), escalating commitment (Mone et al. 1998; Witteloostuijn 1998). Trade unions continue to be an imperative component in Indian trade relations and is influential especially in the public sector (Beale & Noronha 2014) and its impact on the organization through collective bargaining has been studied extensively (Cameron 1985; Masters et al. 2010). Other casual reasons are organization specific and hence are discussed in the analysis.

3. Case Study Approach and Case Unit Description

To get an exhaustive and inclusive scheme about the reasons for decline, a case study approach is deemed appropriate as it enables to study such a complex phenomenon in the organizational setting(Baxter & Jack 2008). The method allows one to retain the holistic and meaningful characteristics of the real life events and delve deep into the casual links which is
too multifarious for surveys or experimental designs (Yin 2011). It is this logic that led to choosing a state owned enterprise in Kerala as the Case unit and studying it as a standalone case. Kerala has 38 SOEs under the industries department which is categorized into 7 sectors based on the domain of business (Bureau of Public Enterprises 2014). A manufacturing concern with a history of excellence and product relevance even during the present times, and was affected by decline in the past 10 years was apposite for the study. An introduction to the case unit and rationale for its selection is enumerated in the subsequent paragraph.

The company\(^1\) was started by two brothers in the year 1950, to commercially produce caustic soda in a small suburb of Ernakulam district, Kerala. After a year, majority shares were bought by the State Government, making it a State Owned Enterprise. With the present installed capacity of 175TPD, the company was the first to produce Rayon grade caustic soda in the country. It belongs to the chlor-alkali sector and its major products include caustic soda lye and flakes, liquid chlorine, hydrochloric acid and sodium hypochlorite and sodium chlorate crystals. Being a mother chemical, the product has varied uses in industries like rayon, textiles, paper, plastics, aluminum, pharmaceuticals, mineral processing, petrochemicals etc. With gross revenue of Rs 183.64 crore and fixed assets of Rs 5981.60 Lakhs, this company has been one of the most professionally managed SOEs in the State. However, 50% of the net worth has been eroded due to the accumulated losses and the return on investment has been following a rickety pattern as can be seen in the chart no: 1. It is imperative at this juncture to ascertain the reasons for the performance decline in the recent past, as judicious remedial measures in form of turnaround strategies can aid the company to overcome this decline.

\[\text{Chart 1: Return on Investment of the Company from 2003-04 to 2103-14}\]

\[\text{Source: Annual Reports}\]

\(^1\) The name of the company is not revealed as confidentiality has been requested and promised. However, all the figures and other details presented are facts and actual numbers and has been and taken from the company’s annual report.
4. Methodology

Data must be collected from multiple sources to ensure converging lines of inquiry, and to guarantee triangulation which enhances the findings of the study as it follows a corroboratory mode (Yin 2011). This argument gives the impetus to use two methods of data collection and analysis, namely interview (Qualitative) and analyzing documentary evidence using quantitative techniques. For an in-depth understanding of the factors that led to decline, one had to move away from the data loaded questions to enquiries which needed individual interpretations and inimitable perspectives (Dunning & Abonyi 2014). It is this requirement that promoted the use of Semi structured interviews as the method of data collection for the qualitative part of the study. 16 questions which were primed on the basis of literature review and later ratified by industry and academic experts where formed into a semi structured interview schedule. Purposive sampling was used to select the respondents as this aids selecting the individuals and groups who can maximize the understanding of the underlying phenomena (Onwuegbuzie & Collins 2007).

To get a perceptive of the valid strategic level factors that led to decline, it is only logical to interview the top management team (Robbins & Pearce 1992). In order to minimize the predisposition, to the sample silo, representatives of the senior most employees and union representatives were added. At the end of seeking permissions and the actual interviews, the number of interviewees was 19, which included all members of the top management team, 3 senior employees and 2 union representatives. The selected respondents were subjected to an in-depth personal interview which lasted about 1.5 hours each. The quantitative part of the study uses secondary sources of data, most prominently the financial reports of the company from the year 2003-04 to 2013-14. The data collected using the semi-structured interview was analyzed using QDA Miner 4, a software package used for coding textual data and annotating, retrieving and reviewing coded data and documents. A theory generated-parent code list was prepared based on the literature review, to which emergent codes were added after scanning the data for emerging themes. Together these codes were assigned to the data and further analysis was done to get the results as below.

5. Analysis

Though a theory driven approach was the cornerstone of this paper, interesting and insightful patterns in the data, forced to adopt a data driven approach. This flexibility in adopting the approaches even after the data collection is the splendor of qualitative methods. In qualitative research, analysis can be adopted in two prominent ways. Content and Thematic. “In content analysis, the researcher evaluates the frequency and saliency of particular words or phrases in a body of original text data and is valued for their efficiency and reliability. Thematic analysis, in contrast, is more involved and nuanced. Codes
developed for ideas or themes are then applied or linked to raw data as summary markers for code co-occurrence or graphically displaying code relationships.” (Namey et al. 2007) The paper employs coding frequencies as a content analysis technique and Coding co-occurrence as a thematic technique.

Coding frequencies which reflects the most cited reasons (codes assigned to these reasons) was analyzed to understand the most decisive reasons for the organizational decline. As can be seen from chart no: 2, the top four reasons are Political interference, Lack of organizational slack, Munificence and Management Weakness.

Being state owned, the enterprise is bound to have political inferences. However according to the respondents, this was proving to be a hindrance for the effective functioning of the organization. Political interference is mainly felt at the board level, which forces the organization to be strategy paralyzed. The company, due to the lack of adequate capital, non-encouraging market environment and the resultant shrinking turnover, does not have surfeit financial resources to fund even minor expansions, which may aid the enterprise to perform better. This inadequacy of organization slack makes the company incapable of facing a diminishing munificent environment, which is punctured with absence of market in Kerala and intense competition emanating from neighboring states like Tamil Nadu. The company was commissioned to absorb the excess power produced by Kerala’s first hydro-electric project in Idukki with an installed capacity of 37MW. Though the supply side of the value chain was logical, the demand/consumer side of the value chain was weak. The company had customers like FACT, Travancore Rayons and Grasim, which gave it continuous business years ago, but most of the caustic soda consuming divisions of these companies have been closed. All this has contributed to the weakening of the carrying capacity of the macro niche environment of the company. Management weakness results from the lack of autonomy, inefficiency in formulating and implementing apposite strategies and ineptitude in extracting potential productivity of the employees. Excerpts of sample statements citing the above reasons are displayed in the table 1.

The next step of analysis is thematic, and entails the forming of clusters to understand the relevant and prominent reasons for the decline of this organization. Code co-occurrence is defined as the application of two or more codes to a discrete segment of text from a unique respondent (Guest & E, 2003). Code co-occurrence is obtained in QDA Miner by computing similarity or co-occurrences of codes in cases, and the application of hierarchical cluster analysis and multidimensional scaling. The code occurrences are displayed through a dendrogram which uses an average linked hierarchical clustering scheme to create clusters from a similarity matrix. The index used by dendrogram or the tree graph is the Jaccard’s Co-efficient which ascertains the similarity index based on co-occurrences, which means that if
two codes co-occur more frequently, the similarity score for it will be high. The dendrogram of the most pertinent factors as germinated from the code frequency is shown in chart no: 3.

Table 1: Sample statements of Respondents citing the decisive reasons

<table>
<thead>
<tr>
<th>Decisive Factor</th>
<th>Sample Statements</th>
<th>Employee Designation</th>
<th>Employee Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Interference</td>
<td>“Political interference forces one to think that more than social obligation, the company is being run to satisfy political obligations.”</td>
<td>Head - Technical General Manager – Technical</td>
<td></td>
</tr>
<tr>
<td>Lack of Organizational Slack</td>
<td>“Taking long term loans is out of question as the company is incapable of sustainable repayment.”</td>
<td>Head - Engineering</td>
<td>Deputy General Manager</td>
</tr>
<tr>
<td>Munificence</td>
<td>Only 25% of the present production of caustic soda can be sold in Kerala market. For rest of the 75% there exists no market in the state. The next logical option is to explore the opportunities outside the state and that is where the competition comes in. There are 8 manufacturers in Tamil Nadu who uses the same process and the resultant product has the same quality.”</td>
<td>Head - Marketing</td>
<td>Deputy General Manager</td>
</tr>
<tr>
<td>Management Weakness</td>
<td>“The major reason that can be attributed to the performance deterioration is the management inefficiency. The inefficiency starts from the top management where political interferences are far too many.”</td>
<td>Deputy CFO</td>
<td>Assistant General Manager</td>
</tr>
</tbody>
</table>

Chart 2: Decisive Reasons for Organizational Decline
Chart 3: Dendrogram showing a 3 cluster solution of the reasons for Decline

The dendrogram was obtained at a stress level of 0.22253 which means that the clustering process was stopped when the improvements in the clusters became less than the convergence value set (0.000001) or the maximum iterations limit has been exceeded (500). A lower stress value indicates that the solution was arrived at the minimum stress and it is so in this case. The $R^2$ value stands for the proportion of variance explained by a particular clustering of observations. This value is of importance, as dendrogram uses the average link method and joins clusters with small variances. Higher the $R^2$ value, the more different each cluster is. The $R^2$ is 0.7876, which means that the clusters seen in the dendrogram are 78% different from each other.

The items on the vertical axis of the dendrogram represent the objects or variables, in this case the codes assigned to the reasons for decline. The horizontal axis represents the distance between the codes. For example, since Lack of Organizational Slack and Munificence has the highest similarity (0.818), it has the minimum distance and is formed as the first node. Based on the distances from this node, another code is added to the first node making it the second node, and so on till an identifiable number of justifiable clusters are obtained. The agglomeration table which shows the formation of all the nodes is depicted in *table 2*. 
Table 2: Agglomeration table showing the Node formation based on similarity

<table>
<thead>
<tr>
<th>Node</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Similarity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lack of Organizational Slack</td>
<td>Munificence</td>
<td>0.818</td>
</tr>
<tr>
<td>2</td>
<td>Node 1</td>
<td>Strategic Competition</td>
<td>0.739</td>
</tr>
<tr>
<td>3</td>
<td>Employee Cost Increase</td>
<td>Loss of Competitive Advantage</td>
<td>0.636</td>
</tr>
<tr>
<td>4</td>
<td>Electricity Cost</td>
<td>Node 2</td>
<td>0.605</td>
</tr>
<tr>
<td>5</td>
<td>Management Weakness</td>
<td>Political Interference</td>
<td>0.583</td>
</tr>
<tr>
<td>6</td>
<td>Demand Turbulence</td>
<td>Node 4</td>
<td>0.518</td>
</tr>
<tr>
<td>7</td>
<td>Capital Scarcity</td>
<td>Lack of Governmental Support</td>
<td>0.5</td>
</tr>
<tr>
<td>8</td>
<td>Node 3</td>
<td>Unionism</td>
<td>0.45</td>
</tr>
<tr>
<td>9</td>
<td>Delay in Project Approval and Funding</td>
<td>Node 6</td>
<td>0.449</td>
</tr>
</tbody>
</table>

As can be seen from the dendrogram, the largest cluster (blue in color) contains 6 factors, out of which, for the exception of lack of organizational slack, all are external to the organization. The similarity between lack of organizational slack and munificence is interesting since in a low munificent environment if the company wants to excel, it needs organizational slack. On the contrary, if the environment does not have passable carrying capacity, there is no scope for an organization to have slack resources, unless the company is a capital rich one. In the present case, lack of organizational slack especially capital, is the main culprit nonetheless. The quantitative part of the study will give more inputs in this regard.

Delay in project approval by the government often makes the proposed project obsolete, by the time requisite approvals are received. “Funding through budgetary allocations is often promised but is never received by the company” vouches more than 50% of the respondents. The product mix of the company is a challenging one. On producing 1 ton of Caustic Soda 0.886 ton of Chlorine is produced as a byproduct. However, to find profitable markets for the both the products simultaneously is a daunting task. When the caustic demands goes up the company can’t often make use of this opportunity, because storing of the excess chlorine beyond the permissible levels is not possible. The burgeoning electricity cost is another woe of the company. The production process necessitates the passing of electricity through brine to produce Caustic soda and the resultant by-products. The plant works non-stop as the production is continuous in nature. This would mean that electricity cost would become a mammoth expenditure for the company. Interestingly 81% of the respondents mentioned this as a primary explicit reason for the decline of the organization. The words of the HOD Electrical are evidence to this.

“The company made continuous loss from 1997 to 2003. The reason for which was the power cost increase every year. After the Electricity Regulatory Commission came into force in Kerala in the year 2003 there was no power hike, but after 2012 there has been a time based differential pricing system for power. This has led to an electricity cost increase of Rs 4.72/unit on an average. The electricity purchased during the financial year 2013-14 was
1423.32 Lakh KWH at a total amount of 6717.08 Lakhs. This forms about 38.8% of the total expenses of the enterprise”

Strategic Competition is another casual factor for the decline of the organization. Loss of the Kerala market forced the company to look for opportunities in the neighboring states. But there, the situation is as below, as described by the HOD, Marketing:

“If the company has to sell its products in Tamil Nadu, the addition of the freight cost makes it unviable. The companies in Tamil Nadu generates their own power with the use of coal, bringing down the per unit electricity cost to Rs 2 whereas our per unit electricity cost is Rs 4.2. Another advantage they have is the lower labor cost. They have 100 employees doing the same work as our 500 employees do. Ultimately the total cost that the TN companies incur is Rs 15,000/MT whereas the variable cost alone of the company is Rs 21,000/MT. The ECU realization is Rs 20,000/MT on an average, and thus the TN competitors have such a wide margin to play with. Mostly we lose in the price war and sell the products at non-competitive prices.”

The second largest cluster in terms of the number of variables (green color), predominantly consists of internal reasons. Since management weakness and political interference has been discussed as a part of the coding frequency analysis, will focus on the other three factors. Employee cost increase is a pertinent issue the company has been facing. 68.8% of the interviewees had mentioned it as a sizeable expenditure which the company cannot bear. Examining the annual report gave ratification to the same, as employee costs formed 28.48% of the total expenses. Its impact on the financials of the company will be ascertained in the quantitative section of the paper. As the HOD, Engineering mused “Trade Unions are a reality of any PSU and cannot be eliminated fully”. The company can boast of a well managed and peaceful trade union relationship which has resulted in almost a strike free environment. However according to a Manager, “The unions are happy, as most of their demands are met and there is no bargaining.” Loss of competitive advantage is mainly due to the location disadvantage both in terms of raw material and the consumer market. “Closing down of all the major consumers here in Kerala, forced the company to move the market up and as a consequence had to incur transportation cost which if included in the price would become detrimental”, ruminated the General Manager- Technical. Adding to this he said “Salt, which is the major raw material, is being transported from Gujarat and Tamil Nadu includes the freight charges which add on to the cost of the raw material.”

The third cluster is the smallest in size and contains two variables, which can be touted as the base reasons for the decline of the organization. Both these factors are interconnected, as the company is facing capital scarcity because of the lack of governmental support. The company is in a debt trap according to the Company Secretary. According to her “Another
The problem is that there has been no equity infusion. The equity of the company remains at a stagnant 21 crores whereas the asset base of the company is 100 crores. This shows how much the company depends on debt funding to run the business.” Government, which is the major shareholder, has not invested fresh capital, which would have aided the company to come out of the present debt ensnare and also fund diversification activities. Citing an instance of lack of governmental support, HOD, Projects said “The then government had granted permission for replacement of the mercury cell based plant to a membrane cell based plant and agreed to let the company sell shares to raise the required fund. Unfortunately, a new government was formed after the project report was prepared. The newly formed government was not in favor of this plan and urged the company to create its own source.” This proved to be a fatal blow to the company as they had to take a loan to the tune of Rs 72crs from a consortium of banks, at an exorbitant interest rate of 18%. This was in 1998; the company still owes Rs 32 crs in regard.

The latter part of the study deals with some quantitative representations of the financials of the company in graphical forms. These graphs/charts will endorse some of the reasons that have been highlighted in the qualitative analysis. The demand turbulence and strategic competition has led to loss of competitive advantage for the company and this evident from chart no: 4, as the turnover/revenue of the company has improved only marginally on a year on year basis. However, the expenses had also been increasing simultaneously giving no room for a substantial profit. Whenever profit has been reported, it was mostly nominal in nature. During 5 years under the period studied, the expenses overshoot the income, forcing the company into red.

It is only imperative and logical next to examine the major cost elements. According to the qualitative analysis, Electricity, Employee and Other Raw Material costs are the major reasons. Chart no: 5 shows the decisive costs as components of the total expenses. As is apparent from the chart, electricity cost, employee cost and other raw material costs are the major constituents of the expenses. For example in the year 2014, the total expenses was 17308.85 Lakhs out which 75.02% was contributed by these three cost elements. The cumulative percentage contribution has touched as high as 87.53% in the year 2010.

Moving on to another important factor that many cited as a reason for the performance decline is the capital scarcity. Chart no: 6, shows the plight of the organization. For 10 years there has been no capital infusion as the flat straight line suggests. However the assets owned by the company are way above the capital it has. To understand this better, the Equity Ratio is calculated which throws light on the general financial strength of the company. It reflects the amount of assets that has been financed by the owners’ funds. The formula for the calculation is an under
The equity ratio as presented in the chart no: 6 show the abysmal state of the company. The equity ratio is the range of 0.15 to 0.30. This means that for every rupee invested in the assets of the firm, on an average, only 20% is the shareholder’s contribution. On the contrary, 80% of it is financed through debt. This is an indication of how solvent and sustainable a business is. The low ratio shows the excess use of debt in the capital structure and the company is also grappling with the interest costs as a result. Capital scarcity is also an indication to the Lack of governmental support and delay in funding.

Chart 4: Trend of Turnover and Expenses from 2003-04 to 2013-14

Chart 5: Decisive Costs as Components of Total Expenses
6. Findings

The fundamental rationale of analyzing the financial statements was to get supporting evidence for verifying the opinions and the resultant outcome of the qualitative strand. The matrix below shows how the triangulation has emerged. The basic purpose of a matrix is to understand how the analysis was developed, check the translation fidelity of the constructs and the logical validity of the conclusions (Miles & Huberman 1994). The matrix below is a cluster based one, where the factors are ordered into 3 major clusters as seen in the dendrogram. The rows represent the factors, their description of the summary judgments and the triangulation outcome. The triangulation outcome can be considered as the findings of the study for the individual factors.

<table>
<thead>
<tr>
<th>Decisive Factors</th>
<th>Qualitative outcome</th>
<th>Supporting Evidence</th>
<th>Triangulation Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Scarcity</td>
<td>Cited in 31.3% of the cases and a constituent of the first cluster.</td>
<td>Equity Ratio in the range 15-30%</td>
<td>A reality that the company faces and an imminent reason for its failure.</td>
</tr>
<tr>
<td>Lack of Governmental Support</td>
<td>Named as a prominent reason with 43.8% of the cases and formed the first cluster with Capital Scarcity</td>
<td>Flat Line of the Shareholders’ fund</td>
<td>The clustering of this factor with capital scarcity is not coincidence as lack of capital in itself is a proof of lack of governmental support.</td>
</tr>
<tr>
<td>Delay in project approval and funding</td>
<td>Reasoned in 50% of the cases and is a part of the most important cluster</td>
<td>Flat Line of the Shareholders’ fund</td>
<td>Lack of governmental support is manifested through this factor and is stopping the organization from looking beyond the traditional activities.</td>
</tr>
<tr>
<td>Demand Turbulence</td>
<td>Indicated to be a major factor for decline in 56.30% of the cases and part of the 2nd formative cluster</td>
<td>Diminutive revenue increase YoY</td>
<td>The inherent cyclical demand of the products coupled with losing of the Kerala market has contributed to this factor and can be considered as an important reason for decline.</td>
</tr>
<tr>
<td>Electricity Cost</td>
<td>The most discussed reason with 81.02%</td>
<td>Forming 39% of the total expenses</td>
<td>A pertinent factor that contributes to the decline. Long</td>
</tr>
<tr>
<td>Cases mentioning this as the most explicit reasons for decline</td>
<td>Lasting solutions such as open access and captive power plant being deliberated by the company as a solution.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Lack of organizational slack</strong> Cited as a reason for not exploring the capabilities in 68.80% of cases.</td>
<td>Current Assets in negative for all the 10 years under the period of study and Flat Line of the Shareholders’ fund. Covert factor that was the underlying reason for the failure of strategies. Even non-financial resources are not optimally used.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Munificence</strong> Pointed out be another important factor and featured in 56.30% of the cases.</td>
<td>Lowering of the ECU realization. An important environmental condition that has contributed to the decline of the organization.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategic Competition</strong> A factor that was mentioned in 62.50% of the cases and formed a part of the prominent cluster.</td>
<td>Diminutive revenue increase YoY. A contributing factor to the lowering of munificence of the macro niche of the organization.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee Cost Increase</strong> Mostly cited by the top management team and featured in 68.80% of the cases.</td>
<td>Constitutes 20% of the total cost. The existence of union ensures that the employees get pay hikes on a continuous basis. In spite of employee strength reduction this spiraling cost is not in conjunction with the financial capability of the organization.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loss of Competitive advantage</strong> Mentioned in 43.80% of the cases, though not explicitly.</td>
<td>Diminutive revenue increase YoY. The loss of competitive advantage is mainly due to the location disadvantage and the resultant increase in the prices both at the raw material and the final product stages.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unionism</strong> Another reason that was cited by 43.80% cases and formed part of the internal reasons cluster.</td>
<td>Increasing employee cost as a result of union thrust. Unionism has been a boon and bane for this organization. Though it has facilitated the day to day functioning of the organization, it has prevented the organization from taking measures that will improve its performance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Management Weakness</strong> Reasoned as the primary reason for all the ensuing factors by 56.30% of the cases.</td>
<td>Though there is no concrete documentary evidence, this develops to be a contributing reason for most of the above stated factors.</td>
<td></td>
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<tr>
<td><strong>Political Interference</strong> The reason which has been cited, sometimes as undertones and in other instances very unequivocally in 62.50% cases.</td>
<td>Management weakness is induced through political interferences. Often the CEO is rendered hapless due to political insinuations and anti business vantage points.</td>
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7. Discussion and Conclusion

Through aggregation and comparison, the major reasons for decline have been identified. As is evident, there is an external orientation of the precursor factors. Organizational decline has been a result of contingencies which made unfavorable modifications to the
environmental alcove. The very fabric of state funding is not complimentary to the pragmatism needed for running a business in this supra-competitive environment. The features typical of a public enterprise add to the downfall. Exogenous factors are mostly endogenous induced and constant belt-tightening must be supported by the government. As (Whetten 1987) rightly said “The management of decline is characterized, as both difficult operationally and hazardous politically”. What the company requires at this stage is policy level initiatives, principally, capital infusion. The company has the potential to accelerate from there, as solutions to most of their problems have been identified, but is not being implemented owing to the lack of funds. A captive power plant and related diversification is the way forward and the organization needs to plan and implement complimenting meso and micro level strategies to propel them back into the growth trajectory.

Through triangulating the reliability of the findings is ensured. Corroboration with theory and existing literature on the reasons for decline enhances the internal validity of the findings. There is however scope for external validation which can be done through a case to case transfer, which is beyond the scope of this paper. Future researchers can attempt to build on this void. Also some factors which needs the cumulative opinions of the middle level staff is not solicited which is another limitation of this study. This limitation can also be overcome by future researchers.

An impending shift from a service economy to a manufacturing one is evident from the government policies such a Make in India. If the enterprise can capitalize on such opportunities and leverage its vast experience and superior product quality, the company still has the potential to be one of the best manufacturing concerns in the state and in the country.

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