Economic Environment and Business Strategy
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Lecture 40 - Case Study Approach

Hello everyone, in today's session, we shift gears from abstract theories and models to something much closer to real-world practice: the case study approach. Why are case studies so important? Because businesses and policy decisions rarely happen in a vacuum. So they unfold in messy, complex environments where numbers, institutions, people, and power dynamics all interact. Case studies allow us to capture this richness in a way that standard models or data sets sometimes cannot. In this session, we will explore what case studies are and their defining features, how to conduct them from framing research questions to analyzing and interpreting data, and different types of case studies, including descriptive case studies, instrumental case studies, and comparative case studies. And finally, we will connect this to financial analysis tools that sharpen and make business case studies more rigorous.

Our goal is not just to learn about cases but to understand how to use them as future managers, policymakers, and researchers to make sense of complex realities and extract lessons that can prompt action. So let us begin by asking what exactly a case study is and why we use it. So that brings us to our first slide in this session: the case study analysis. So, this means the case study analysis is an empirical inquiry into a bounded case involving a person, organization, event, or program.

A case study is essentially an empirical inquiry that explores a real-world phenomenon in depth and its actual context. So, unlike abstract models, it relies on detailed information about a person, institution, event, or program. So, in business, case analysis helps practice solving real-world problems. For example, analyzing how Toyota Motor Corporation revived Jaguar Land Rover shows how turnaround strategies are implemented in practice. In the social sciences and public policy, case studies allow us to examine broader issues; for instance, household decision-making under India's rural employment guarantee program, MGNREGA.

However, case studies also have limitations: they are highly context-specific, and their findings are often not generalizable. They provide depth rather than breadth. So, while they may not be falsifiable like controlled experiments, their strength lies in generating insights and hypotheses that can later be tested with other methods. So, having

understood what a case study is and its advantages and limitations, let us now turn to the defining characteristics of a strong case study. So, you can see that case studies share certain features that make them rigorous.

They begin with a bounded unit of analysis that includes time, place, and actors. All must be clearly defined and guided by specific research questions. So, they go beyond mere description. So, case studies also rely on multiple sources of evidence, such as interviews, documents, and observations, and use data triangulation to enhance credibility. So, they pay attention to context and processes, showing not just outcomes but how events unfolded.

Good studies follow a systematic protocol for data collection and use logic, such as pattern matching or process tracing, to connect evidence to proper explanations. So, finally, they present their findings through narratives and exhibits, such as timelines or maps, while linking the case to broader theoretical or managerial implications. So, in short, strong case studies are bounded, systematic, multi-source, and analytical. So, what does it take to conduct a case study in practice? So, the next slide explains this. Here, you can see that I have already listed the steps involved in conducting a case study.

The first one is framing the study. So, framing the study means raising the research questions along with propositions and the unit of analysis. All these define the case boundary. The next step is to review the literature, identify the research gap, examine the theory, identify rival explanations, and refine the measures. Then it follows to situate after a review of the existing literature.

In the broader debates, your case explains why you chose it. Which is more important here: representative, unique, or critical? The results stage involves gathering evidence, including financial data, conducting interviews, and reviewing media reports. Finally, in the discussion, connect your findings back to theory and the larger issues, and to your key research question, so you can see, for instance, in Nokia's case, that the broader lesson was about innovation in Asia and ecosystem lock-in, which goes beyond just one company. These structured steps can be further simplified into four crucial stages. Let us see them clearly, one by one. The process boils down to four main stages.

One step is selecting or defining the case, which means defining and bounding the cases in terms of who, what, where, and when. The second step is collecting and analyzing data, including both qualitative and quantitative data generated from documents, interviews, numbers, and observations. The next step is interpreting the data, identifying patterns, and testing ideas. You can use software here and do some basic tabulation if required; otherwise, you can just come up with some basic patterns in the findings, based on which you can further interpret these results. So, this one should be here: you need to report the interpretations with a clear storyline that starts with the research questions and

clearly identifies what the literature and existing evidence say, then use visuals and actionable insights.

As I mentioned, reporting findings requires linking micro-level detail to macro-level meaning. So, let us now consider the general methods and guiding principles for designing a good case study. I have listed several general methods; some may be somewhat repetitive for you, but I have systematically presented them all. They are a bit generic and may vary from study to study and context to context. When designing a case study, the first step is to clarify the purpose. Are you exploring a broader issue, such as financial inclusion, or a specific event, like the collapse of IL&FS in 2018? You know that IL&FS stands for Infrastructure Leasing and Financial Services Limited.

It's a public-sector, state-funded Indian infrastructure development and finance company that collapsed in 2018. However, it was revived and bailed out by the government and other public-sector agencies. So here, the objective should be clear. Does the case provide sufficient evidence and data access? A strong design also includes reviewing relevant literature, identifying reliable data sources, and often using multiple methods, including financial analysis, policy reviews, and interviews. Finally, synthesize the information, which means conducting the data analysis, into a coherent narrative that summarizes findings in a way that answers your question and contributes to theory or policy.

Depending on your research purpose, case studies can take different forms. Let us explore the most common types. Here are three major types of case studies. One is descriptive. Descriptive means documenting a case in detail, such as the collapse of Kingfisher Airlines.

And the second one is called instrumental, which means using a case to shed light on a broader issue, such as Paytm in digital finance. And then the third one is comparative, which means examining multiple cases side by side, like Ola versus Uber in India. So, each type serves different purposes, from storytelling to theory building to patient pattern recognition. So, let us look more closely at each of these, beginning with descriptive or intrinsic case studies. So, the goal of a descriptive case study is to generate a multi-angle understanding of a specific phenomenon in context.

For instance, we need to understand what happened, how it happened, and the consequences. Then, we need to collect information on the timelines of these events, the decisions made along the way, stakeholders' perspectives on this issue, and the relevant artifacts. We also need to gather sufficient, robust, and credible data. So, when should one use a descriptive or intrinsic case study? We mainly use it when we want to study an issue that is novel and very complex and that also involves stakeholder learning, which is central to the issue. For example, the Airtel Payment Bank illustrates financial inclusion by showing how a telecom network can deliver banking services. Similarly, Jet Airways'

collapse shows how debt, competition, and poor management together cause the downfall of a major airline.

The strength of this type of case study lies in storytelling and in generating deeper insights into the problem. It helps us see how complex forces interact in practice and how they affect the outcome. Beyond the description I mentioned, the descriptive study can use case studies as instruments to examine broader issues or compare multiple cases to identify patterns. So let us examine these approaches. The second one, as I mentioned, is an instrumental approach.

An instrumental case study uses a single case to explain a larger phenomenon or to build or test a theory. The goal is to uncover the mechanism or the boundary conditions. For example, if you are studying the Amul case, it highlights broader lessons about cooperative models in the dairy sector, not just the Amul firm's case; it has broader implications for the dairy cooperative model.

Case selection is key here, whether the case is typical or critical. Regarding the method, it often provides both qualitative and simple quantitative evidence while considering rival explanations. Overall, the value lies in drawing theoretical implications that go beyond the case itself. Then, moving on to the third method, the comparative case study. Comparative case studies place two or more cases side by side to control for variation and draw stronger causal inferences.

Two common designs are used in comparative case studies. One is called a more similar design. In short, we call it MSSD. It refers to a similar context with different outcomes, which helps identify key differentiators. The second is called the most different system, MDSD.

Here, MDSD refers to a very different context that yields the same outcome, isolating common drivers. So, cross-case tactics like replication or comparative tables make the findings more robust. So, unlike instrumental case studies that use a single case, comparative case studies strengthen generalization by systematically examining several cases. So, once the type of case is decided, the next step is to investigate the case situation itself, and often we begin with financial analysis. So, in comparative case studies, I think some points need a little bit more elaboration; we start with outcomes.

We want to explain and then choose cases using purposeful strategies, not just convenience. The cases must be comparable in measurement and time frame, and we usually keep the numbers small, around 3 to 8, to balance breadth with depth. Finally, we must justify the selection of these cases and ensure that access and ethics are addressed upfront. Once the type of case is decided, the next step is to investigate the case situation itself, and we often begin with financial analysis. That means that when starting with a business case, financial analysis is often the anchor.

For example, studying Tata Steel's turnaround in Europe requires first examining its financial health before and after restructuring. We want to know whether profits are improving, and costs are declining. To answer these questions, we need to analyze the financial metrics, which requires financial analysis. So, numbers provide the factual baseline before connecting them to leadership, management, and external market conditions. So, let us outline the basic steps in financial analysis that make this process more systematic. So, let me list the steps for the financial analysis.

Essentially, there are five steps: first, examine historical income statements and the balance sheet. The second step is to compare them over time to identify trends. The third step is to calculate year-over-year changes in key categories. The fourth step is to express these changes in both absolute and percentage terms. And the fifth step is to adjust for inflation if required, because when you are doing overtime analysis, you need to adjust for inflation; you can use the consumer price index as one of the inflation measures.

For example, a 10% sales growth in a retail chain may shrink to just 2% real growth if inflation is 8%. These steps prevent misleading conclusions. Once the basics are done, the next step is ratio analysis, which enables meaningful comparisons across metrics. I am again listing several important metrics that have been widely used in ratio analysis. Standardized performance ratios allow comparisons across time and across companies of different sizes.

For example, the net profit margin is more revealing than net profit in rupees. Ratio coverage: I have listed liquidity, profitability, activity, and leverage clearly here, giving us a 360-degree view of the firm's financial health. So, let us begin with the first one: the liquidity ratios. Could you please go through this table carefully? You can see the first column; it lists key liquidity ratios widely used in analysis.

One is called the current ratio. The current ratio measures whether a company's assets can cover its liabilities. A ratio of 2 is considered safe. The proper definition I have given in the second column and how it is expressed in the third column are both explained. Moving on, you can see the QC ratio, also called the ACID test. Here, the QC ratio excludes inventory, testing liquidity more strictly.

This has been measured using the formula: current assets minus inventory, divided by current liabilities. The third ratio is the cash ratio. The cash ratio focuses only on cash and cash equivalents and is calculated by dividing cash and cash equivalents by current assets minus current liabilities. So, current assets and current liabilities determine net worth. You can see that inventory divided by net worth is the inventory-to-net working capital ratio, or the cash ratio.

The cash ratio is cash plus cash equivalents divided by the firm's current liabilities. For example, during COVID-19, firms with stronger liquidity, like Infosys, fared better, while

weaker firms struggled to survive. Beyond liquidity, the firm must also generate profits. So, let us look at the profitability ratio on the next slide. We have several profitability ratios.

This assesses how efficiently revenue turns into profit. Here, you can see the net profit margin, gross profit margin, return on investment (ROI), ROE, and earnings per share. For instance, the gross margin indicates production efficiency, the net margin is the ultimate bottom line, ROE assesses profitability relative to assets, ROE measures profitability relative to equity, a key measure for investors, and finally, EPS measures profit per share for shareholders. Moving to the third type of activity ratios, you can see inventory turnover.

The formula is given here. It means net sales divided by inventory, normally expressed as a decimal. Then the days of inventory, which means inventory divided by cost of goods sold, times 365, is expressed in days. We also have other ratios you can see here: net working capital turnover, asset turnover, fixed asset turnover, average collection period, accounts receivable turnover, accounts payable period, and days of cash. The formula for each of these is given here, and the interpretation is also given here.

And I would suggest you go through this to get a better sense of what these activity ratios mean and how they will help your case study analysis. Moving on to the next ratio, the leverage ratio, as well as other ratios. Here, the leverage ratio measures reliance on debt. Market ratios, by contrast, show investor sentiment. Again, I have listed the ratios here: debt-to-equity ratio, long-term debt to capital structure, times interest earned, coverage of fixed charges, and current liabilities to equity.

The formula is also provided here, and the detailed interpretation is in the last column. For example, Vodafone Idea's high leverage and high late risk, along with Tesla's high PND, indicate investor optimism despite big profits; thus, case study analysis is one of the most insightful tools for understanding real-world organizational and social issues. Its strength lies in depth rather than breadth, helping us understand not just outcomes but also the how and why behind them. We have seen different types of case studies, including descriptive, instrumental, and comparative, each serving a purpose. We have also stressed systematic methods, which means there should be a clear research question, multiple sources of evidence, and careful interpretation of the data and analysis.

Case studies, as I already mentioned, are context-specific and not always generalizable, but when used well, they generate powerful insights that can shape both theory and practice. So, the key takeaway for you as future managers and researchers is this: use case studies when you want to go beyond surface-level numbers and uncover the deeper forces shaping outcomes. Dear students, as we come to the close of this 40-session journey on the economic environment and business strategy, I want to sincerely thank

you for your participation and engagement. Your curiosity and commitment have made this session meaningful.

I wish you all the very best in your upcoming exams. I am confident that with your preparation, you will do well. More importantly, I hope you carry the insights from this course into your future academic, professional, and personal journeys. So, stay motivated, keep questioning, and keep learning. Wishing each of you all the success and happiness ahead. Thank you very much.