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NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
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DIMENSION OF MANAGEMENT THOUGHT LESSON UNDER DIFFERENT METRICS (WITH REFERENCE TO ORGANISED AND UNORGANISED SECTOR)

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ABSTRACT
There is More Management Lessons Per Square Feet to learn in the Unorganized Sector. The Most vibrant School's and unfortunately the most ignored ones that is the informal or marginalized sector. When we think about them it comes to our mind the amount of injustice that what we do this entire business world and our level of madness in thinking that they are unorganized or informal sector. India's 50 % of GDP comes from these unorganized sectors and it provides employment to more than 90% of work force and most importantly in every metric they beat every so-called organized sector.

KEYWORDS
management lessons, unorganized sector, injustice, marginalized, workforce.

JEL CODES
M10, M54, I20.

INTRODUCTION
Fortunate group belongs to labourers who are self-employed like rickshaw-pullers, three –wheelers and taxi drivers, artisans like weavers and ironsmiths, vegetable sellers, hawkers, cobblers, book-binders etc., the number of such people is not large. But they enjoy certain facilities provided by the government. They can have loans from nationalised banks. But this advantage is taken by only the considerable number of them. Besides this they are also provided with raw material and get a backing of Khadi Gramodyog Organisation and such other bodies. Their products are also purchased by the organised sectors., like the shoe manufacturing artisans of Agra, Chappal manufacturing people of Kanpur, Kolhapur, Baroda, Delhi and Ahmedabad too are quite well off. Likewise, you see some of the self-employed people have formed their unions too.

Three wheelers rickshaw –drivers of Delhi, Gujarat, Mumbai and many other big cities have very strong unions which sometimes dictate the government about fixing the rates of carrying the commuters. They enjoy the privilege, so economically some of these self-employed people are well off. So many of the are ceased to be labourers. But a vast majority of labourers is not associated with this huge machinery. They work on the fields and farms on daily wages, on construction projects of small houses to big official buildings and hotels etc., in forests, on projects in drought struck areas, in brick kilns, on limestone hills and many other areas of big and small activities. And some, who are educated would serve in small business concerns as clerks or salesmen and account clerks in city shops. This is the biggest labour force of the country that sustains the economy in the small sector but is not organised and has no god heads to patronise. This unorganised sector is the greatest sufferer. The worst hit category of unorganised sector labour are the landless farm labours spread through the country through migration. Many of them belong to the so-called lower castes and are exploited socially as well as economically. Their population being the highest in the country and, almost all being illiterate, they have no bargaining capacity. They cannot form and organise trade unions. Most of them are so stuck to the hearth that they can't even move to urban pockets because they will be working has the bonded labourers with whole family is the labour force. The largest number of labour force in urban pockets is of the boys, men and women working in bidi factories, match box, agarbatti factories and fireworks, small boys working in restaurants, clinics and dispensaries and clerks, typists and salesmen working in small offices, small workshops, small shops and even in small factories. Most of the women work as a housemaid. No records are kept to them and their wages are brackets between some range.

By this, one can conclude that more than 80% of the total labour force available in the country belongs to the unorganised sector. They are paid less compared to the organised sector. Thus, the disparity between them is enormous in term of financial position and social status. Thus, their income is the greatest source of parallel money in the market giving rise to steep inflation that reduces the rupee value. So, the poor unorganised sector is unorganised in all aspects and faces social economic and political disparities.

But these people of unorganised sector have a hidden talent in them and that should be brought in view to the present world. This is possible only by the programme or the mission of skill development to them. So, government has implemented many programmes on this behalf but still there is a need to push them in the light of development through enlightening their skill hidden in them.

The Most vibrant School's and unfortunately the most ignored ones that is the informal or marginalized sector. When we think about them it comes to our mind the amount of injustice that what we do this entire business world and our level of madness in thinking that they are unorganized or informal sector. Captain Raghu Raman the Group President of Reliance Industries Limited in one of his talk, tells his opinion that in any metric of business you want to apply these people, that is the unorganized sector are exponentially better than many of businesses that are out there like Sensex, NASDAQ etc., India's 50 % of GDP comes from these unorganized sector and it provides employment to more than 90% of work force and most importantly in every metric they beat the every so called organized sector. There is More Management Lessons Per Square Feet to learn in the Unorganized Sector.

OBJECTIVES OF THE STUDY
1. To study each square foot metrics of Management lessons under unorganized sector.
2. To know the new ideology of Management thoughts and innovation.
3. To gain Profit maximization with minimum cost and maximum satisfaction
4. To learn the degree of empowerment in proper Decision making
5. To train the unorganized sector to get more empowered and grow our GDP at higher cost.

STUDY DESIGN AND RESEARCH METHODOLOGY
The Universe of this study lies some part of Primary data by having group discussion and Direct Interview method and most of the method is through observation of each square foot metrics of street unorganized sector management principle lessons and the secondary data through magazines, books and E-contents. Convenient sampling techniques are used in this research study. Nearly 50 respondents have been taken. As there used different varieties metrics of study Statistical or Graphical methods is not used.

MANAGEMENT THOUGHT LESSON UNDER DIFFERENT METRICS OF UNORGANISED SECTOR

RETURN OF INVESTMENT PER SQUARE FEET

If we actually calculate any payment business that you see and compare it with Return of Investment that comes from big malls, shopping complex you will realise that at the payment, the return of investment even after paying fees to the Municipal Corporation their Return of Investment is exponentially higher. For Example, we can analyse by the comparison of a Book vendor who sell books by hand, with the business organizations who fight for shelf space to put their product with to an old man a book vendor who has to design his product mix in such a way that carefully as he has to carry it all the day for a long and when book reaches to the customer then he is the best seller because it is satisfied by the sweaty equity of man who has to carry it in his hands and he will only carry a book which he knows is the best seller. Whereas the great Book stall or mall has to go through the Investment Appraisal techniques like Payback period, Accounting Rate of return, NPV (Net present value), IRR (Internal Rate of return, Profitability Index, and finally Discounted Payback period so on.

EQUITABLE DISTRIBUTION OF PROFIT

Then if we illustrate next kind of metrics by saying that when you have a plate of idly, Gobi Manchuri, Rumali roti etc., where you pay for Rs.12 or Rs.15 for it, the owner/vendor gets to keep only 2/3 of share the remaining goes to the entire supply chain like the people who wash utensils, grind, transport it, all get equitable distribution. But if we compare that in a 5 star hotel where you pay Rs.400 for it, there the bulk of the money is kept by the establishment and only the small percentage of that money is given to the entire supply chain.

DEGREE OF EMPOWERMENT IN DECISION MAKING

If we take the example of a boy selling roses for Rs.10 where in his cost is Rs.7 which means 30% profit per rose and he can give 50% discount if he makes up his mind to give. But whereas when we compare, from a large Conglomerate to get 5 % discount the marketing head will have to take decision all the way to Board and by the time decision comes the opportunity would have been gone from the hand.

THERE IS MORE FLUIDITY IN THE UNORGANIZED SECTOR

There is more Fluidity in the street markets then any one of the business you have seen. Street vendors who sell good during festivals. These vendors have to change their entire supply chain, pitch, product mix, every market segmentation more than 15 or 16 times a year depending upon various festive occasions and compares it to the big corporates who 5 to 7 years to do any change management from one product line to another. This makes large difference in decision making between organized and unorganized sector.

THERE IS MORE ENTREPRENEURSHIP PER SQUARE FEET

If you observe where in every street corner a new product comes, it may be a car cleaning pichkari,it may be a head massager, it may be national flag which comes out in the 2 or 3 weeks before 15th of August or 26th of January, we can visualize the amount of planning, infrastructure, supply chain, bringing the equipment, the planning of when that particular product will be released and will be released simultaneously, unsold stock to be managed and cash flow to be checked and says that all these are done without SAP, ERP, Microsoft outlook, regulatory bodies, planning divisions, committees.

THIS UNORGANIZED SECTOR MARKET IS AN EQUAL OPPORTUNITY MARKET

Whether you're a man, woman, child, transgender, educated, illiterate, old, young, matter of fact, many of these people who are mentioned above usually find their jobs only in the unorganized sector.

But whereas if you take a roll of how many companies employ transfer sites or employ a handicapped people or employ aged people, you'll realize that it is only the unorganized sector which takes them in, adopts them and gives them ability to earn a living when the organized sector has either abandoned them or don't even look at them.

Sir Raghu Raman in one of his talks illustrates it with a beautiful story, he says some years ago he was working with Mahindra Group and he had gone to Pragati Maidan in Delhi. He was invited to give a talk over there. He had gone there with his friend who was CEO of another company and since this CEO has come to Delhi, he was using that opportunity to brief his team and we are standing outside the maidan. They still had time for their session so when he was briefing his team the 4 to 9 people whom he was talking to, reviewing the performance and all that and since it was none of his business I was standing aside suddenly he noticed that a small street kid, a beggar basically who came up to his friend and stood Infront of him and started appealing to him and all that and since it was none of my business I was standing aside suddenly I noticed a small street kid, a beggar basically who came up to his friend and stood Infront of him and started appealing to him. So, his friend was very busy, he was so irritated by this and tried to shoo him away 3 to 4 times but the kid didn't go away. He was going back a couple of steps and then again came back. So finally, his friend got so irritated that he started looking for change in his pocket of course that. He tells of course that was a clue for his entire team to find change they immediately took out change and put out their hands 3 to 4 of these. So, the CEO picked one coin from that and gave it to the kid and that happened to be a Rs.5 coin and those days it was substantial. The kid looked at the coin put it in his hand and ran and a couple of other kids tried to snatch it away from him but he prevented them and went to a corner, he was sitting with another kid who was more likely his younger brother, he nudged him and told him to go to those people where he will get.

So, he beautifully explains the beautiful Management thought lesson which we can learn here. The first, lesson is **Persistence Space,** this states that even if he was shoed away, he has to stand over there until he gets the money. The second, lesson is very important lesson that he knows was that "**Talk to the decision maker**', even if it's not the decision maker who actually gave the money. Money came from someone else but he knew intuitively to talk to the decision maker. Once he got the deal, he did not talk about it, he did not announce it in the market as he knew how to protect it. But instead, he went back to the corner and what better example of **Customer Relationship Management** we want where he tells his younger brother there is more money to be taken from them, go back and take it.

LESSON OF ENOUGH

This example explained by Raghu Raman Sir is amazing, he describes one of the most important metrics of unorganized sector that is the lesson of Enough. He speaks about a ordinary street vendor who teaches us the true meaning of having enough. He says Sandeep Gotaare a street vendor puts up his shop in the morning in worli Sea face, he sits right at the corner where the worli ceiling begins and sells wheat grass juice. Then if we ask him for a cup of wheat grass he'll give and charges Rs.20/- for it and if we notice there is another stainless steel container next to it.I we ask him what is in it he'll say Neem ka juice, if you ask him for a cup he'll give you a cup of it, and then if you ask him how much does it cost ? he says that is free, Here it shows his rationale he says, "I have to buy Wheat grass, but neem leaves he just pluck it from trees. So, there's no cost to it. So, I give this free. "This is the most important lesson we can learn from this man is the "**Lesson of Enough.**"

INDIA UNINCORPORATED (India Uninc)

There is a need for India Uninc that is nearly 1 million young people who are going to come into the job market every month is India's one of the biggest strategic risks. This raw energy which is coming int the marketers and not finding jobs, that aspire them.

In modern world, the jobs are actually reducing. It's happening because of automation, it's happening because we need to be more competitive, and also like other source of automation Artificial intelligence, Machine Learning, Web Designing and so many other technological changes are actually removing jobs. The only avenue for job creation now in the scale that is required in "India Uninc. It is only they who can provide these jobs and if we don't create that and if we don't create that and if we don't pay attention to them in a formalized way this youth dividend that we talk about will start becoming a youth nightmare.

So, India doesn't need unicorn, we don't need 2 or 3,5000 crore companies what we need is 5000, 2 or 3 crore companies. So for this difference can we do, is by creating a fund like We See Fund, means not like investment or anything, it is a we see, then I see, that I can make a difference and I start making a difference and difference doesn't just have to be with money. It can be by giving a leg up to somebody and create an orbit shift. For this its possible by encouraging our Y-Generation Youths like that we should get our young kids who are in their adolescent ages and give them a we see fund and tell them to go to the local "Isthriwala" Laundry man and give him capex of Rs.20,000/-, so that let him get a good Iron Box and teach him how to press silk sarees and train him. So that he has a fitting chance against these laundromats who are coming and killing these industries' if we compare local Bread maker and a big bakery shop, we find with them lot of difference and if we train those local bread makers to do pastry, sandwich, burger of cakes then he also can earn a lot which makes lot of difference. Most of these small shops are being eaten up by organized sector and **are turning into daily wage labourers.** By doing this our children will learn a most important thing that is how people survive with Rs.10,000/- per month and leave happily.

Lastly, we believe that armed force is the most leveraged talent pools in India, nearly 40,000-50,000 Ex-service men come out of armed forces every year. Army officers manage to do well but think about a Jawan soldier who joins the army at the age of 19 years and at the age of 20-25 years in some cases serves in some of the harshest places, but in another dimension of their life if we see, if an army Jawan is lucky he'll receive a two months of annual leave per year. And we do the math for 20 years he'll see his family 2 month into 20months and for 10 months of the year he doesn't even have a privacy of a room. He will be in a brick and will do that until the age of 40 and at 40 the Government of India will check him out into the street and the only job we give them is opening doors, closing doors, checking the bottom of the car etc., that is the job we give them but these are the same soldiers who built bridges for us when any engineering company couldn't build, who built communication network when communication failed. They are the ones who reach out there in every disaster, in every place, they operate foreign equipment. The 10th class pass Jawan can operate 3rd generation missiles, they can fire 3rd generation missiles and our country trusts them during national disaster. We trust them when we send them to Unites Nations to represent us in peace keeping. We trust them to rehabilitate entire community which have been flattened by earthquake, or war. But how our corporate India doesn't seem to even trust them with even a small business role or a small entrepreneurship role. But it is one of the stupid thing or foolishness that we do is that we take this extremely highly trained and by the way we have to remember that our defense budget, if we calculate the entire training, manpower all of that is an academy for which we pay, it comes from our tax payer money and these alumni of the academy, we are under leveraging them just by making them guards out there. We need to exploit their capabilities and leverage them as well in accordance here.

FINDINGS

By this study we find that from this vulnerable group which we so called unorganized sector has lot of Management Thought lesson that we can learn but we find that, they want monetary help and they should be well trained with proper guidance and show them good direction by which they can survive their source of bread earning not only for satisfying hunger but also it can help them to build their progressive future by regular right time in right place with their effective effort and ideas.

CONCLUSION

We have to start training our next generation to look at the jobs in unorganized sector as dignified jobs as learning schools right now what we are looking towards the upside and the upside is crowded there's only 2 to 3 percent of India which can go over there and the remaining 98% has to absorbed somewhere else and if we don't start teaching our young generation there it is not about increasing wealth, but it's about existential crisis.

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ON THE APPLICATION OF ALTMAN'S Z SCORE MODEL: THE CASE OF SEARS HOLDINGS COMPANY

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HUNTSVILLE, TEXAS

ABSTRACT

Professor Edward Altman created the Z score model in 1968 to predict the financial distress of organizations and this model has been used very frequently by academics and researchers as a tool to gauge the financial health in organizations ever since. In this case study, Altman's Z score model has been applied to the available accounting data of Sears Holdings Company between 2008 and 2018. The subsequent analyses reveal the financial distress of Sears Holdings Company with remarkable precision. The objectives of this study have been to test the Z score model on the Sears accounting data and also to interpret the results of this analysis from a managerial perspective. A case study method has been applied to this study and data has been collected from secondary sources. Limitations of this study and scope for future research has been discussed. Some factors leading to the financial demise of Sears from a corporate management perspective has also been highlighted.

KEYWORDS

Altman's Z score model, sears, multiple discriminant analysis, financial distress, solvency ratio.

JEL CODE

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INTRODUCTION

Business organizations are profit oriented micro – economic engines which drive the macro – economic vehicle of any nation. In the capitalistic market-oriented economies healthy competition amongst firms benefit the society in general and the employees, shareholders, investors and the community members in particular. However, when large organizations fail it can have disastrous consequences for any given community, employees, stakeholders, investors and creditors. The bankruptcy filings of Enron Corporation in 2001 or the massive collapse of Lehmann Brothers in 2008 are just two examples in a vast number of these adverse situations. Accounting based financial ratio analyses was adopted as a tool to predict credit worthiness in the US since the latter half of the nineteenth century (Aquino,2010). With the advent of the modern times more sophisticated financial analytical tools were developed to assess the financial health of organizations. Thus in 1968, Professor Edward Altman's pioneering research on the prediction of financial distress in organizations led to the creation of Multiple Discriminant Analysis which in turn is based on the statistical methodology wherein quantitative accounting-based characteristics of an organization is simultaneously taken into consideration alongside the qualitative characteristics of a company being bankrupt or not bankrupt (Acquino, 2010). According to Shilpa and Amulya ((2017), financial distress of a firm is its inability to fulfil its present financial obligations. The case of Sears Holdings company is a classic example of flawed decision making by its corporate leadership wherein an ailing large retail organization like Kmart is merged with a well-established large organization like Sears and the subsequent merged organizations known as Sears Holdings Company files for Chapter 11 bankruptcy in 2018 being unable to fulfil its immediate obligations with its creditors. (Young, et.al, 2018). This study has VIII sections. Section I has the introduction, Section II has the Importance and Relevance of this study, Section III has the Literature Review, Section IV has the Objective of this study, Section V has the research methodology of this study, Section VI has the Z score analysis of this study and it is subdivided into Part A which deals with the Z score analysis of the Sears accounting data and Part B has the interpretation of the Z score analysis in terms of Sears' corporate management perspective, Section VII has the Limitations of this study and scope for future research and section VIII and has the Conclusion.

In this case study Altman's Z score model has been tested with reference to the available accounting-based data of Sears Holdings Company and the same has been retrieved from https://www.macrotrends.net/stocks/charts/SHLDQ/sears-holdings/financial-statements

IMPORTANCE AND RELEVANCE OF THIS STUDY

At a time when COVID 19 has been creating havoc in travel, hospitality and other industries with job losses and furloughed employees being common place, this global pandemic had been providing a negative impact on internal company functions like supply chain (Browning, 2020). Plummeting revenues in certain industries are common place. Against the backdrop of this economic downturn, corporate financial officers, stakeholders, employees and community members would be interested to know about the financial health of a company. Hence the application of Altman's Z score model on the available accounting data of an organizations may help corporate managers of organizations assess its financial health of an organization and act accordingly.

However, the paradox of this case study is that Sears filed for Chapter 11 bankruptcy even before the COVID 19 appeared on the face of this blue planet. Besides the quantitative analysis an attempt has been made to reveal the downfall of Sears from a managerial perspective.

LITERATURE REVIEW

Ratio analysis of accounting-based data had been familiar to financial analysts and corporate managers since the latter half of the nineteenth century. During the sixties William Beaver was the first person to create a Univariate Discriminant Analysis to make predictions of business failure in organizations. Beaver's model focused on two ratios as the indicators of business failure and they were: cash flow / total debt and net income/ total debt (Acquino, 2010). Altman (1968) found the following five ratios to be most valuable in the creation of the Z score model which predicts business failure in organizations with a high degree of accuracy and the same has been holding good for over fifty years. Altman's five ratios are X1 = Working Capital/ Total assets, X2 = Retained Earnings / Total Assets, X3 = EBIT / Total assets, X4 = Market value of Equity / Book value of total liabilities and X5 = Sales / Total assets. So, Altman expressed his Z score model as follows:

Z = 1.2 *X1 + 1.4*X2 + 3.3 * X3 + 0.6 * X4 + 1.0 * X5

And if Z < 1.81, the company is in the financially distressed zone, if 1.81<Z<2.99, the company is in the "Grey Zone" and if Z > 2.99, the company is in the safe zone. Though Altman and others extended the Z score model to create the proprietary ZETA model, the original Z score model created in 1968 by Professor Edward Altman is still an excellent tool to predict financial distress in organizations with a level of 95% accuracy one year before filing bankruptcy and 72 % accuracy two years before filing bankruptcy (Altman, 1968). In his initial study Altman (1968) chose 66 firms for his Multi Discriminant Analysis and out of the 66 firms 33 firms were bankrupt and 33 firms were non-bankrupt. Organizational decline is usually caused by financial distress and it is a situation wherein the organization is unable to fulfil the obligations towards its creditors. Creditors may seek legal remedy by forcing organizations (in financial distress) to file for bankruptcy. In the US there are two classifications of bankruptcy and they are Chapter 11 and Chapter 7. Usually large organizations file for Chapter 11 bankruptcy to get back on their "financial feet". Chapter 7 bankruptcy is filed by organizations which are liquidated. (Gyarteng, 2019). Using the Z score model Panda and Behera (2015) conducted a study to assess the financial health of organizations in the Indian Pharmaceutical industry comprising of five pharmaceutical organizations wherein one company was in the acute financial distress zone, one company was in the safe zone and remaining three organizations were in the "Grey zone". Mohammed (2016) conducted a case study to assess the financial health of a cement manufacturing company in Oman using the Z score model and it was found to be in the "Safe zone". Shilpa and Amulya (2017) conducted a study to assess the financial health of the automobile industry in India using the Z score model and found that the commercial vehicle manufacturers are in the "Grey zone". Mehta et.al. (2020) conducted a case study to assess the financial health of an energy solutions provider in India. After applying the Z score model to the available accounting data of this organization, the authors found that this organization was in financial distress. The study conducted by Aquino (2010) pertain to the assessment of financial health in an industry or in an organization and gives an overview of various models which predict financial distress.

Thus, none of the aforementioned studies address the relationship between the Z score model analysis and the corporate managerial actions of an organization (s). Hence there seems to be a gap in the literature and this case study attempts to address this gap in literature by providing interpretations of the results obtained after the Z score analysis on the accounting-based data of Sears Holdings company with relationship to this company's flawed corporate management decisions and actions or inactions.

OBJECTIVES

1. To test the Altman's Z score model on the accounting-based data of Sears Holdings company.
2. To explain the results of the Z score analysis of Sears Holdings company from an appropriate corporate managerial perspective.

METHODOLOGY

The method of performing research in this study is by means of case study. "A case study is an empirical inquiry that investigates contemporary phenomenon…" (Ebernyain and Moghadam,2018, p 1). In this case study the contemporary phenomenon is the financial distress in organizations and Altman's Z score model is the assessment tool which investigates this phenomenon. Altman's Z score model has been applied to the accounting-based data on Sears between 2008 and 2018 and analyses has been performed and inferences made. Data has been collected from the secondary sources and the same has been retrieved from https://www.macrotrends.net/stocks/charts/SHLDQ/sears-holdings/financial-statements

Z SCORE ANALYSIS

The discussion of this case study has been subdivided into two parts: Part A and Part B. Part A consists of the application of the Altman's Z score model to the available accounting data of Sears and the results obtained from the Z score model application has been used to interpret the failures of Sears corporate management.

PART A

TABLE 1

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
.1183	.1146	.1069	.1197	.0483	.044	.0424	.0203	.0535	.0336	-.1519

(Source: Author's computation)

a) With reference to the table 1 above, X1= Working Capital / Total Assets = (Total Current assets – Total Current Liabilities)/ Total assets. Hence as seen from the 2018 computed results from the table 1, Sears total current assets is less than the total current liabilities which has resulted the ratio to be (-0.1519) which means that the outstanding current liabilities of Sears has exceeded the value of its assets. Also, with reference to the table1, the values corresponding to the X1 row shows a decreasing trend as shown by the downward sloping trend line. The decreasing values of X1 of Sears between 2008 and 2018 suggest continued operating losses. (Altman, 1968).

TABLE 2

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
.1646	.18	.1934	.2024	.0872	.0458	-.0263	-.164	-.2903	-.5888	-.8118

(Source Author's computation)

b) With reference to the Table2 above, X2= retained earnings / Total Assets and this ratio is an index of cumulative profits or losses of a firm. However, as seen from the above table, the computed values corresponding to the X2 row have been negative since 2014 up until 2018 which means the company has been running on a cumulative loss since 2014. (Altman,1968).

TABLE 3

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
.0579	.0119	.0269	.0179	-.0702	-.0433	-.0508	-.1144	-.0882	-2113	-.0592

(Source: Author's computation)

c) With reference to the table 3 above, X3 = Earnings before Income tax/ Total assets indicate the earning power of a firm from its assets. Further with reference to the above Table 3, the values corresponding to the X3 row of Sears has been negative between 2012 and 2018 suggesting corporate failure. (Altman, 1968)

TABLE 4

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
.6669	1.3787	1.2479	.6898	.534	.6319	.4384	.2566	.1235	.0447	.0068

(Source: Author's computation)

d) With reference to the above table 4, the ratio, X4 = Market value of Equity of the firm / Book Value Total Liability and this ratio indicates the amount by which the assets decline in value prior to the situation wherein the liabilities exceed the value of the assets before the firm becomes insolvent. As seen from the table 4, the X4 values of Sears show a continuous decreasing trend from 2009 until 2018 wherein the market value of equity divided by the book value of liabilities have a continuous decreasing trend. So, the X4 ratio (which is also known as solvency ratio) has a continuous decreasing trend from 2008 to 2018 and this emphatically point towards insolvency of Sears. (Altman,1968).

TABLE 5

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1.8507	1.8456	1.7478	1.7514	1.9441	2.0607	1.9817	2.3662	2.218	2.3647	2.2999

(source: Author's computation)

e) With reference to the above table 5, the ratio X5 = Sales / Total Assets and this ratio indicates the revenue generating capacity of the firm's assets and it is not of importance as a stand alone ratio hence any further discussion about this is redundant. (Altman,1968)

FIGURE A

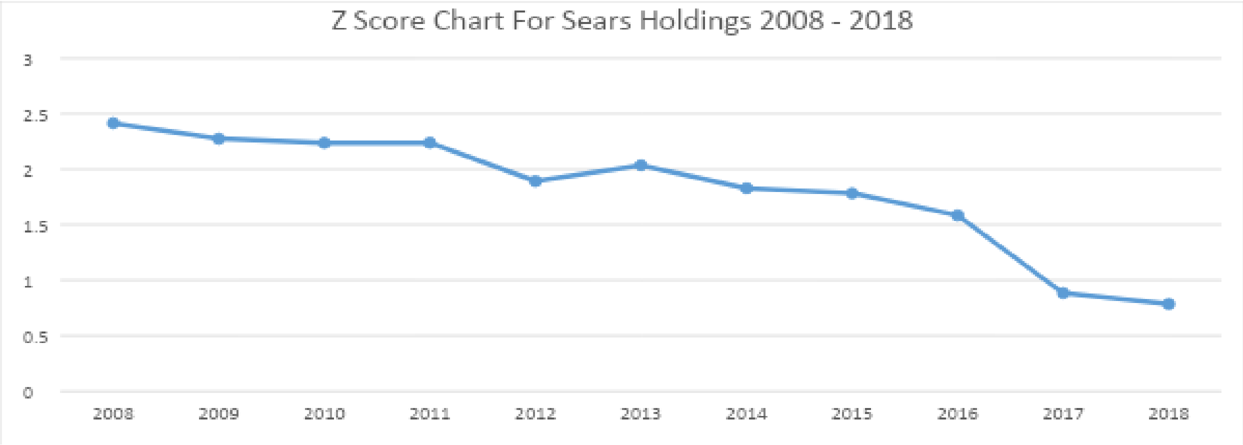

TABLE 6

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
2.4144	2.2747	2.2359	2.2375	1.8926	2.0349	1.8282	1.7835	1.5847	.8834	.7857

(Source: Author's computation)

As seen from Fig. A and table 6, the Z Score value of Sears was in the grey zone (z<2.99) since 2008 and continuously decreased over time till it reached a value below 1.81 (financial distress zone) since 2015 (1.78356) and in 2017 they were.88341 and.785 respectively implying acute financial distress and financial insolvency. (Altman, 1968).

PART B

DISCUSSION OF THE DOWNFALL OF SEARS FROM THE CORPORATE MANAGERIAL PERSPECTIVE

The Sears company timeline

1886: Richard sears launches a watch company in Minneapolis, MN and in 1887 it moves to Chicago, IL. An experienced watchmaker by the name of A. Roebuck is hired by Sears and eventually the for the Sears, Roebuck and company together.

1895: Realizing that the US consumers are living scattered all over the country and in the rural areas in particular, Sears launches a 532-page catalogue displaying its product line consisting of apparel, fishing tackle, watches and jewelry.

1901: The stocks of Sears are traded in NYSE

1913: Sears introduces the famous Kenmore appliances brand.

1925: Realizing that the US consumers have easy access to transportation and that they can travel long distances, Sears opens its first brick and mortar stores in Chicago, IL.

1931: Sears' retail store operations account for more than 53.4% of the total $180 million in revenues.

1945: Sears sales exceed $1 billion.

1985: Sears partners with Discover Credit card to offer the same to its members as a means to buy its products.

1999: Realizing the advent of online retailing, Sears.com is started and this online business platform integrates internet business operations with specialty catalogues and telemarketing.

2004: Sears merges with Kmart and as seen from the following discussion, this event marks the beginning of the end of Sears. (Young,V et.al. 2018)

In 2005, Eddie Lampert the CEO of ESL investments company that bailed out Kmart out of its bankruptcy in 2003, took over the Sears corporate management leadership as the chairman of the board of directors and subsequently he became the CEO of Sears after he was instrumental in merging Kmart with Sears in 2004 (Young, et.al., 2018).

The following quote from Arthur Martinez, Chairman CEO and President of Sears between 1995 and 2000 sum up the malaise of Sears corporate management (led by Eddie Lampert)., "Eddie Lampert had a complete disregard for investment needs – store environments, marketing, inventory, people and significantly in the online commerce platform…"(Source: Young et.al,2018, page 6). Martinez labels Eddie Lampert as the architect of Sears' downfall. Lampert is an outside investor, creditor and largest shareholder of Sears at the time of its (Sears') bankruptcy in 2018. (Young, et.al, 2018). Lampert stepped down from his CEO position after Sears filed bankruptcy in 2018 but continued to serve as its Chairman. (Young, et.al, 2018).

In a nutshell, the following are the wrong corporate managerial actions of Sears:

Deficiency in the investments in marketing, advertising, social media and upgrades at the store level and no attempt made by Sears corporate management to address these issues.

High turnover of highly skilled and experienced store level staff because of lack of adequate compensation

The sale of reputed brands like Kenmore could not offset the chronic operating losses as demonstrated by the continuous diminishing values of X1 ratio in Section 6 Part A, a) table 1 and fig.1 of this discussion.

Sears eliminated their in-store Sears loyalty shopper program thus losing the trust of their loyal shopper market segment thereby adversely affecting Sales.

The fact that Sears Holdings Company had a $11.94 billion liabilities which was almost twice as its assets of $6.94 billion just before filing bankruptcy (Young et.al., 2018) supports this author's findings in Part A, Table 4 number 4 above of this discussion that Sears became financially insolvent.

LIMITATIONS OF THIS STUDY AND SCOPE FOR FUTURE RESEARCH

Norita (2016) tested Zmiejewski model of predicting financial distress on the accounting-based data of global telecommunications manufacturers like Nokia, Apple, Samsung etc. besides of course Altman's Z score model. Norita (2016) found that Altman's method predicted financial distress for Nokia between 2011 – 2013, however, Zmiejewski's method predicted Nokia's financial distress only for 2012. Hence a critical study on the application of financial distress models other than Altman's Z score model may also be undertaken to compare the applications of those models on Sears and similar bankrupt organizations and discuss their findings.

Altman's Z score model may also be applied to Sears (a bankrupt organization) and Home Depot (a non-bankrupt organization for instance) and the findings discussed.

Drawing inferences about the functioning of an organization from the case study analysis perspective is usually limited to the organization about which the study is being conducted.

CONCLUSIONS

Altman's Z score model is one of the most important tools to asses financial health in organizations universally. The Sears case study serves as a classic example wherein the application of Altman's Z score model to the accounting-based data predicts financial distress with remarkable precision. This case study also highlights the lack of vision and foresight of Sears' corporate management while deciding to merge Sears with Kmart. Hence it is highly recommended that Sears corporate management apply Altman's Z score model data to their accounting-based data and critically review the scenarios before venturing into any further future mergers or acquisitions if they (Sears) can get back on their "financial feet" after bankruptcy.

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