



# Business Closure and Kubler-Ross' Five Stages of Grief: A Conceptual Framework

Hong-Leong Teh<sup>(✉)</sup>, Shwu-Shing Ng, Yong-Hooi Lim, Tun-Pin Chong,  
and Yen-San Yip

Faculty of Business and Finance, Universiti Tunku Abdul Rahman, Jalan Universiti, Bandar  
Barat, 31900 Kampar, Perak, Malaysia

{tehlh1, nsshing, limyh, chongtp, yipys}@utar.edu.my

**Abstract.** The COVID-19 pandemic has caused many businesses to experience failure and close down. However, there are a lack of studies that examine how business owners experience the five stages of grief as their business venture fails and is forced to close. The current study therefore proposes a conceptual framework that examines how business owners experience five stages of grief namely: denial, anger, bargaining, depression, and acceptance when their business venture fails. Insight is provided into the complex relationship between a business owner's emotional state and a failed venture. The proposed framework posits that business closure causes business owners to experience all five stages in line with the Kubler-Ross model.

**Keywords:** Kubler-Ross · Grief · Business closure

## 1 Introduction

The Covid19 pandemic causes a lot of uncertainty (World Health Organisation, 2020). The pandemic has had negative consequences businesses community (Akpan et al., 2020). In this paper, the Kübler-Ross Five Stage model of Grief (1969) will be used to understand how business owners deal with loss. Loss is a universal experience. Previous literature on the Kübler-Ross Five Stage model of Grief only focused on individual loss due to the death of a close one, and not the loss of a business. According to this model, grief is experiences in five stages namely: There is however a lack of literature that examines how business owners experience loss.

## 2 Literature Review

There is a lack of understanding on how business failure, seen as a crisis affects the owner (Cope, 2011). It is important to understand how these owners think and more importantly how they come when affected by these kinds of loss or crisis (Herbane, 2010). Not properly understanding how business owners are affected by this crisis will have long term detrimental effects (Spillan & Hough, 2003). It is important to examine the impact

of entrepreneurs and their contribution to the economy (Foss, 2020). Understanding these entrepreneurs mindset is also important for decision makers in the government. Entrepreneurs play a very important role in nation building and its long term economic prospect (Kuckertz et al., 2020). Entrepreneurs experience a lot of entry and exit barriers to start a business (Amankwah-Amoah et al, 2018). Within literature, the loss of a business will cause grief to these owners (Singh et al., 2015). This is because business owners have a personal relationship with the business venture they started, and not just see it as being an employee in that business (Shepard, 2003). There is an important emotional connection between the owner and the business, and its is something very personal and not just about making a money. This loss can trigger psychological, behavioral, and physiological problem in the business owner. Thus there is a need to study these changes that go through the entrepreneur.

According to Lapman (2020) effective management of a business through crisis is needed during a global crisis such as the Covid pandemic. The Covid pandemic has had a devastating effect on business success. Business owners that were once confident, optimistic, hopeful and resilient are now in psychological distress and experience mental health deterioration (Alat et al., 2021). During this turbulent period the mental health of these business owners also face a decline as they are plagued with negative emotions at all times. In Malaysia, this problem is compounded even further as business owners experience problems even before the pandemic hit (Ng, 2014). The lack of a clear direction and vision are among the issues plaguing the Malaysian economy and business owners suffer as a result. Made worst during the pandemic, business owners need to cope with loss. Within literature there is a lack of understanding on how business failure, seen as a crisis affects the owner. It is important to understand how these owners think and more importantly how they come terms with a loss or crisis such as a failed business venture.

Stage 1 Denial: It is proposed that business owners are mentally tough, which is why they decided to venture into their own business. They are also more likely to be resilient the longer they are in the business. Thus they may be some initial stages of denial, but it will be *reduced* over time as the business owner comes to terms with reality (Singh et al., 2015). Business owners are also more likely to be hands on and practical, thus focusing on the immediacy of the situation. Examples of behaviours done by the business owner at this stage are reaching an agreement with the banking institutions for credit (Amankwah-Amoah et al, 2018).

Stage 2 Anger: It is proposed that a failed business venture will cause feelings of anger and resentment. This anger sentiment and frustration is due to the accumulation of stresses over the period of the business venture. The anger could be directed at the state of the economy, local government, employees, the customer, the competition, the business owner themselves or a combination of those factors (Herbane, 2010). However, it is proposed that although there may be initially be high levels of anger, this feeling of anger are likely to be *reduced diminish* as the owner decides to move on and move towards new opportunities and ventures (Shepard, 2003).

Stage 3 Bargaining: It is proposed at this stage that the business owner will enter into a negotiation either with its business partners, family members, creditors or the banking institution (Amankwah-Amoah et al, 2018). The business owner does this so as to plan the next phase in order to reset their goals. Business owners are mostly resilient individuals, and would most likely not give up on their goals, and the bargaining phase will *diminish* as they are able to refocus their energy on another goal (Herbane, 2010).

Stage 4 Depression: It is proposed at this stage that the business owner will also experience a sense of loss, even regret, hopelessness or sadness after a venture fails. This is because the business owner is personally connected to the venture, and just not merely see from the eyes of an employee (Foss, 2020). They have a personal, and close relationship with the business, thus they are more likely to experience sadness compared to a regular employee. However, as time goes on, these feelings *diminish* as they move on to other ventures and opportunities (Amankwah-Amoah et al, 2018).

Stage 5 Acceptance: The final stage of the Acceptance is the final stage of the Kübler-Ross Small, business owners that have successfully overcome the prior four stages of the grief model will eventually experience acceptance and even relief (Spillan & Hough, 2003). As the entrepreneur focuses with hope on future ventures, they see the previous failure as a valuable learning experience instead. Thus, although initially low at the start of the model, feelings of acceptance would be at the highest at the end of the longitudinal study (Foss, 2020).

### 3 Proposed Conceptual Framework

The proposed conceptual framework explains how business owners process and experience grief, such as the loss of a business venture (Stroebe et al. 2017). The current framework provides an overview on how business owners cope with the loss of a business. It is important to note the stages are not sequential or chronological order, but that business owners that experience grief because of a business venture failing may or may not experience each stage of the model, but are more likely to experience one stage and then revert back to another previous stage (Fig. 1).

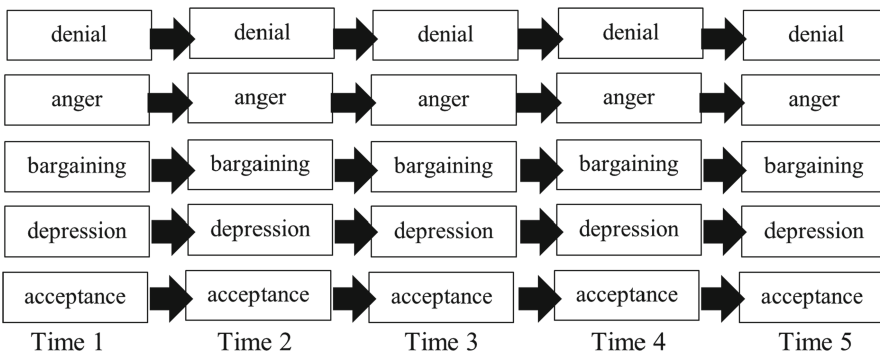


Fig. 1. Conceptual framework using one-way-repeated ANOVA

## 4 Proposed Methodology

Participants will be recorded at five separate points in time, using a one-way-repeated measures analysis of variance (ANOVA) with post hoc comparisons. Thus the current study is longitudinal in nature as data will be gathered over a five month period, at five different points in time. Data will be analyzed using SPSS to examine stages across time.

## References

- Akpan, I. J., Soopramanien, D., & Kwak, D. (2020). Cutting-edge technologies for small business and innovation in the era of COVID-19 global health pandemic. *J. Small Bus. Enterpren.* 33 (6), 607–617.
- Alat, P., Das, S. S., Arora, A., & Jha, A. K. (2021). Mental health during COVID-19 lockdown in India: Role of psychological capital and internal locus of control. *Current Psychology*, 1–13
- Amankwah-Amoah, J., Boso, N., & Antwi-Agyei, I., (2018). The effects of business failure experience on successive entrepreneurial engagements: an evolutionary phase model. 43. *Group & Organization Management*, pp. 648–682
- Cope, J., (2011). Entrepreneurial learning from failure: an interpretative phenomenological analysis. *J. Bus. Ventur.* 26, 604–623
- Corr, C. A., (2020). Elisabeth kübler-ross and the five stages model in selected social work textbooks. *Illness Crisis Loss*.
- Herbane, B., (2010). Small business research: time for a crisis-based view. *Int. Small Bus. J.* 28, 43–64.
- Lapman, G. (2020). Covid-19: The World on Pause. How do we face this newpandemic? *Rev. Fac. Med. Hum.* 20(4), 546–547.
- Ng, E. (2014). Malaysia Airlines Employees Argue New Leadership Is Needed to Move Forward. *Skift*.
- Shepherd, D. A., (2003). Learning from business failure: propositions of grief recovery for the self-employed. *Acad. Manag. Rev.* 28, 318–328.
- Singh, S., Corner, P.D., & Pavlovich, K., (2015). Failed, not finished: a narrative approach to understanding venture failure stigmatization. *J. Bus. Ventur.* 30, 150–166.
- Spillan, J., & Hough, M., (2003). Crisis planning in small businesses: importance, impetus and indifference. *Eur. Manag. J.* 21, 398–407.
- Stroebe, M., Schut, H., & Boerner, K., (2017). Cautioning health-care professionals: bereaved persons are misguided through the stages of grief. *Omega J. Death Dying* 74, 455–473.
- World Health Organisation, (2020). *Coronavirus disease (COVID-19) outbreak*. [www.who.int/emergencies/diseases/novel-coronavirus-2019](http://www.who.int/emergencies/diseases/novel-coronavirus-2019).

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

