Chapter - VI

Analysis and Interpretation of Data II
ANALYSIS AND INTERPRETATION OF DATA II

Relevance of Strategic Management Practices followed by public companies in Coimbatore District, Tamilnadu

Wilcoxon Signed Ranks Test has been used to ascertain whether the strategies, Corporate, Business and Functional have undergone change from the period 1996-2000 to the period 2001-2005. Also, this test has been used to find out whether the companies have made changes in their strategies to exploit the Opportunities, thwart the Threats, taking advantage of the Strengths and overcome the Weaknesses between the periods 1996-2000 and 2001-2005. Again, Quadrant Analysis and Gap Analysis have been used to know the relevance of individual company’s strategies in the exploitation of opportunities, facing of threats, use of strengths and overcoming of weaknesses. The scatter chart and the bar chart for Gap Analysis are given for fifteen companies selected on random basis for the period 2001-2005. As mentioned above, Wilcoxon Signed Ranks Test, quadrant analysis and the gap analysis have been used for the purpose of satisfying the fifth objective of the study namely, to analyse the relevance of the strategic management practices followed by the public companies located in Coimbatore District, Tamilnadu during 1996-2005.
Corporate Level Strategies

Wilcoxon Signed Ranks Test

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Ranks</td>
<td>8^-</td>
<td>11.63</td>
<td>93.00</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>29^b</td>
<td>21.03</td>
<td>610.00</td>
</tr>
<tr>
<td>Ties</td>
<td>7^c</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>44</td>
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c. 1996-2000 = 2001-2005

Test Statistics^b|
| Z               | -3.934^a |
| Asymp. Sig. (2-tailed) | .000 |

a. Based on negative ranks.
b. Wilcoxon Signed Ranks Test

Interpretation

The Test shows that the Corporate Level Strategies followed during 2001-2005 were significantly different, at 1% significant level, from those followed during the earlier period namely, 1996-2000.

It is observed that the public companies in Coimbatore District have changed their strategies in tune with the changing business environment.
Business Level Strategies

Wilcoxon Signed Ranks Test

Ranks

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
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</thead>
<tbody>
<tr>
<td>Negative Ranks</td>
<td>2a</td>
<td>16.00</td>
<td>32.00</td>
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<tr>
<td>Positive Ranks</td>
<td>18b</td>
<td>9.89</td>
<td>178.00</td>
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<tr>
<td>Ties</td>
<td>5c</td>
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<tr>
<td>Total</td>
<td>25</td>
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c. 1996-2000 = 2001-2005

Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>Z</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
</table>

a. Based on negative ranks.
b. Wilcoxon Signed Ranks Test

Interpretation

The Test shows that the Business Level Strategies followed during 2001-2005 are significantly different, at 5% significant level, from those followed during the earlier period namely, 1996-2000.

It is observed that the public companies in Coimbatore District have changed their business strategies in tune with the changing business environment.
Functional Level Strategies

Wilcoxon Signed Ranks Test

<table>
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<tr>
<th>Ranks</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Ranks</td>
<td>5a</td>
<td>9.50</td>
<td>47.50</td>
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<tr>
<td>Positive Ranks</td>
<td>50b</td>
<td>29.85</td>
<td>1492.50</td>
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<tr>
<td>Ties</td>
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<td>Total</td>
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Test Statistics

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>-6.089^a</td>
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</tbody>
</table>

- a. Based on negative ranks.
- b. Wilcoxon Signed Ranks Test

Interpretation

The Test shows that the Functional Level Strategies followed during 2001-2005 are significantly different, at 1% significant level, from those followed during the earlier period namely, 1996-2000.

It is observed that the public companies in Coimbatore District have changed their functional strategies in tune with the changing business environment.
Opportunities and Threats

Wilcoxon Signed Ranks Test

<table>
<thead>
<tr>
<th>Ranks</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Ranks</td>
<td>1</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>21</td>
<td>11.88</td>
<td>249.50</td>
</tr>
<tr>
<td>Ties</td>
<td>3</td>
<td></td>
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</tr>
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<td>Total</td>
<td>25</td>
<td></td>
<td></td>
</tr>
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</table>

c. 1996-2000 = 2001-2005

<table>
<thead>
<tr>
<th>1996-2000</th>
<th>2001-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Average TWS*</td>
<td>2.35</td>
</tr>
</tbody>
</table>

Interpretation

The Test shows that the companies had changed their strategies with regard to the exploitation of the Opportunities and thwarting of the Threats posed by the industry during 2001-2005 when compared with the period 1996-2000. The strategies followed during 2001-2005 were significantly different at 1% significant level, from those followed during the earlier period namely, 1996-2000.

The Overall Average Total Weighted Score for the thirty companies also has improved from 2.35 during the period 1996-2000 to 2.66 during the period 2001-2005

* See page no.30 for the meaning of TWS
Strengths and Weaknesses

Wilcoxon Signed Ranks Test

<table>
<thead>
<tr>
<th>Ranks</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2005 - 1996-2000</td>
<td>Negative Ranks</td>
<td>2&lt;sup&gt;a&lt;/sup&gt;</td>
<td>8.50</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>26&lt;sup&gt;b&lt;/sup&gt;</td>
<td>14.96</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>3&lt;sup&gt;c&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>31</td>
<td></td>
</tr>
</tbody>
</table>

c. 1996-2000 = 2001-2005

Test Statistics<sup>b</sup>

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Z</td>
<td>-4.357&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on negative ranks.
<sup>b</sup> Wilcoxon Signed Ranks Test

1996-2000 2001-2005

Overall Average TWS

<table>
<thead>
<tr>
<th></th>
<th>1996-2000</th>
<th>2001-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.62</td>
<td>2.82</td>
<td></td>
</tr>
</tbody>
</table>

Interpretation

The Test shows that the companies had changed their strategies with regard to the taking advantage of the Strengths and overcoming of the Weaknesses posed by the industry during 2001-2005 when compared with the period 1996-2000. The strategies followed during 2001-2005 were significantly different at 1% significant level, from those followed during the earlier period namely, 1996-2000.

The Overall Average Total Weighted Score for the thirty companies also has improved from 2.62 during the period 1996-2000 to 2.82 during the period 2001-2005.

* See page no.30 for the meaning of TWS
Quadrant Analysis and Gap Analysis

Table 6.1 Period 2005
ARYA VAIYIA PHARMACY (CBE) LTD
Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Market growth rate
3. Export Opportunities
4. Government Policy and incentives
5. No entry barriers
6. Existing losing firms cannot leave
7. Availability of spurious products
8. Low working capital and fixed capital as a percentage of sales
9. High market share
10. Efficient R&D department
11. Differentiated products
12. Obsolete technology
13. Hostile trade union

Figure 6.1
Figure 6.2

Gap Analysis Year 2005

Attributes

Difference between Importance and Effectiveness

Interpretation

1. The company has taken effective steps to thwart the threat from spurious products.

2. The company has not responded well to capitalize the opportunities arising from export market, and the growing domestic market.

3. The company given more than enough attention with regard to the threat of hostile trade union. The company can save resources by reducing its attention to this area.
Table 6.2 Period 2005

CHANDRA TEXTILES LTD

Strategies Adopted

Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Export Opportunities
3. Scope for improved technology
4. Government Policy and incentives
5. No entry barriers
6. Standardized products
7. Better capacity utilisation
8. Locational advantages
9. High direct production costs
10. Hostile trade union
11. No product differentiation

Figure 6.3
Figure 6.4

**Gap Analysis Year 2005**

**Interpretation**

1. The company has acted effectively with regard to utilization of capacity and market size. However, it should be careful in not slipping out with regard to export opportunities and exploiting market size.

2. The company has not addressed properly the threat from potential new entrants.

3. The company has given more attention than warranted to overcome the weaknesses of high direct production cost, hostile Trade Union and to differentiate its products.
Table 6.3

COIMBATORE POPULAR SPINNING MILLS LTD

Strategies Adopted

Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Market growth rate
3. Export Opportunities
4. Government Policy and incentives
5. Standardized products
6. Existing losing firms cannot leave the industry easily and hence there is cut-throat competition
7. High market share
8. Efficient R&D department
9. Obsolete technology
10. Hostile trade union

Figure 6.5

Quadrant Analysis Period 2005
Interpretation

1. The company has taken effective steps to utilize the growth in the market and the export opportunities. However, the efforts have to be strengthened with regard to the utilization of the market growth.

2. The company has not done well as far as the utilization of the existing market size.

3. Though, the threat of competition from the existing players due to exit barriers is a low priority area at present, the company has to carefully monitor the developments in this area and respond with adequate strategies if this gains importance in future.

4. The company has paid more than warranted attention in the area of obsolete technology.
**Table 6.4**  
Period 2005

ELGI BUILDING PRODUCTS LTD

Strategies Adopted

**Opportunities, Threats, Strengths and Weaknesses**

1. Market size  
2. Market growth rate  
3. Export Opportunities  
4. Standardized products  
5. Availability of substitutes and imported products at cheap rates  
6. The buyers are dominant and dictate the selling prices of the industry  
7. High market share  
8. Efficient R&D department  
9. Obsolete technology

**Figure 6.7**

![Quadrant Analysis Period 2005](image-url)
**Interpretation**

1. The company is in a strong position with regard to market growth rate and export opportunities. However, it has to pay close attention to export opportunities.

2. Obsolete technology is an area where the company has not taken effective steps and the weakness continued during both the periods 1996-2000 and 2001-2005.

3. The industry and the company do not seem to suffer from the problems of substitutes, imported products and dominance of buyers.
Table 6.5  
Period 2005

LAKSHMI ELECTRIC CONTROL SYSTEM LTD

Strategies Adopted

Opportunities, Threats, Strengths and Weaknesses

1. Export Opportunities
2. Standardized products
3. Low profit margins
4. Availability of substitutes and imported Products at cheap rates
5. The buyers are dominant and dictate the selling prices of the industry
6. Low working capital and fixed capital as a percentage of sales
7. Reliable and inexpensive channels of Distribution
8. High direct production costs
9. Surplus production capacity
10. It is easy for small firms to enter and compete

Figure 6.9

Quadrant Analysis Year 2005
Figure 6.10

Gap Analysis Year2005

Interpretation

1. The company has to continuously monitor its weakness of low profit margin though at present it is managed well. Similar is the case with regard to its current strength in managing the channels of distribution.

2. The company has not taken advantage of the export opportunities available to it.
LAKSHMI MACHINE WORKS LTD
Strategies Adopted

Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Export Opportunities
3. No entry barriers
4. Standardized products
5. Better capacity utilisation
6. Reliable and inexpensive channels of Distribution
7. Loans for expansion (TUF)
8. High direct production costs
9. No product differentiation
10. Low value addition in manufacture
11. It is easy for small firms to enter and compete

Figure 6.11

Quadrant Analysis Year 2005
Interpretation

1. The company has to seriously look at the utilization of export opportunities.
2. The company has trouble with regard to dealing in standardized products.
3. The company has been concentrating too much on capacity utilization.
Table 6.7  Period 2005

LAKSHMI RING TRAVELLERS (CBE) LTD

Strategies Adopted

Opportunities, Threats, Strengths and Weaknesses

1. Market growth rate
2. Export Opportunities
3. Standardized products
4. Availability of substitutes and imported Products at cheap rates
5. High market share
6. Employee productivity
7. Good brand image
8. Ability to raise funds at any time
9. Efficient and co-operative manpower
10. High direct production costs
11. Surplus production capacity
12. It is easy for small firms to enter and compete
13. Low capacity utilisation

Figure 6.13

Quadrant Analysis Year 2005
Figure 6.14

Gap Analysis Year 2005

Interpretation

1. The company’s current strengths is employee productivity and it is in an advantageous position with regard to the opportunities available in the growing market.

2. The company has to concentrate on improving the capacity utilization.

3. The company has put in more resources in improving its capacity utilization and devising strategies to face the competition from small scale firms entering into the market.
NILGIRI TEXTILES LTD

Strategies Adopted

Opportunities, Threats, Strengths and Weaknesses

1. Market growth rate
2. Less number of competitors
3. Economies of Scale
4. Scope for improved technology
5. Proven channels of distribution
6. Availability of expert manpower
7. Scope for outsourcing production, marketing, and other operations to others at competitive rates
8. No entry barriers
9. Low profit margins
10. Availability of substitutes and imported products at cheap rates
11. The buyers are dominant and dictate the selling prices of the industry
12. The suppliers of key raw materials and other inputs are dominant and dictate the cost of production of the industry
13. Non-conducive government policies
14. Availability of spurious products
15. Good brand image
16. Good after-sales service team
17. Ability to raise funds at any time
18. Locational advantages
19. Patents, trade marks and exclusive rights
20. Experience curve advantages
21. Efficient R&D department
22. High direct production costs
23. Obsolete technology
24. Bad design of the product
25. Surplus production capacity
Figure 6.15

Quadrant Analysis  Year 2005

Effectiveness

Importance

Figure 6.16

Gap Analysis  Year 2005

Attributes

Difference between Importance and Effectiveness
Interpretation

1. The problem areas of the company are bad design of the products and lack of exclusive rights such as patents and trade marks.

2. The company is strongly placed with regard to the market growth, scope for improving technology and has good brand image, good after sales service team and good research and development activity.

3. The company was overly concerned about the number of competitors in the market.
Table 6.9

Period 2005

PRECOT MILLS LTD
Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Export Opportunities
2. Government Policy and incentives
3. Scope for outsourcing prodn, Marketing and
4. Low profit margins
5. Big/powerful competitors
6. Existing losing firms cannot leave
7. Availability of substitutes and imported
8. Better capacity utilisation
9. Low direct production cost
10. Locational advantages
11. Reliable sub-contractors
12. Reliable suppliers of inputs
13. Obsolete technology
14. Hostile trade union
15. Surplus production capacity
16. Low value addition in manufacture
17. It is easy for small firms to enter and compete
18. Low capacity utilisation

Figure 6.17

Quadrant Analysis Year 2005
Interpretation

1. The company’s major problems are low value addition in manufacture and managing its suppliers well.

2. The company is favourably placed with regard to export opportunities.

3. The company seems to have been overly harping on the advantages of its location advantage and spending too much to improve its capacity utilization.
Table 6.10  Period 2005

PREMIER MILLS LTD

Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Market growth rate
3. Export Opportunities
4. Industry profit margin
5. Less number of competitors
6. Economies of Scale
7. Proven channels of distribution
8. Declining market growth
9. Low profit margins
10. Big/powerful competitors
11. Existing competitors have high stakes
12. Availability of substitutes and imported Products at cheap rates
13. The buyers are dominant and dictate
14. High market share
15. Better capacity utilisation
16. Superior quality of products
17. Employee productivity
18. Low direct production cost
19. Surplus production capacity
20. Low capacity utilisation
Interpretation

1. The company has to give attention to retain its advantageous position of being in a high profit margin industry.

2. The company’s problem is that it is unable to take advantage of its high market share.

1. The company has put in more than required efforts to exploit the export opportunities. Similar is the case with managing the exit barriers to its advantage.
Table 6.11  Period 2005

PREMIER POLYTRONICS LTD

Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Market growth rate
3. Export Opportunities
4. Industry profit margin
5. Economies of Scale
6. Availability of expert manpower
7. Scope for outsourcing prodn, Marketing and
8. No entry barriers
9. Existing competitors have high stakes
10. Availability of substitutes and imported
11. Higher lending rates by banks etc
12. Availability of spurious products
13. High market share
14. Better capacity utilisation
15. Superior quality of products
16. Good brand image
17. Efficient R&D department
18. High direct production costs
19. Obsolete technology
20. Bad design of the product
21. No product differentiation
22. Low value addition in manufacture
23. It is easy for small firms to enter and compete

Figure 6.21

Quadrant Analysis Year 2005
Figure 6.22

Gap Analysis Year 2005

Interpretation

1. The company's current problem is improving capacity utilization.

2. The company has overspent its resources on export opportunities and on overcoming its problems related to obsolete technology.
Table 6.12 Period 2005

ROOTS INDUSTRIES LTD

Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Market growth rate
2. Scope for improved technology
3. Proven channels of distribution
4. Scope for outsourcing prodn, Marketing and
5. Low profit margins
6. The buyers are dominant and dictate
7. the selling prices of the industry
8. Better capacity utilisation
9. Superior quality of products
10. Employee productivity
11. Reliable and inexpensive channels of
   Distribution
12. Good brand image
13. Good after sales service team
14. Locational advantages
15. Patents, trade marks and exclusive rights
16. Efficient R&D department
17. Reliable suppliers of inputs
18. High direct production costs
19. Obsolete technology
20. Hostile trade union
21. No product differentiation
22. Low value addition in manufacture
23. It is easy for small firms to enter and compete
Figure 6.23

Quadrant Analysis Year 2005

Figure 6.24

Gap Analysis Year 2005

Difference between Importance and Effectiveness
Interpretation

1. The threat arising out of the entry of small firms into the industry has to be seriously managed, though at present the company is in a stronger position.

2. The company has improved its strategies between the periods 1996-2000 and 2001-2005, with regard to sales price and capacity utilization.

3. The company has put in more resources on managing its dominant buyers and low profit margin.
Table 6.13  Period 2005

ROOTS MULTI-CLEAN LTD

Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Market growth rate
3. Industry profit margin
4. Economies of Scale
5. Government Policy and incentives
6. No entry barriers
7. Low profit margins
8. Big/powerful competitors
9. The buyers are dominant and dictate
10. Non-conducive government policies
11. Better capacity utilisation
12. Superior quality of products
13. Employee productivity
14. Low direct production cost
15. Good brand image
16. Locational advantages
17. Efficient R&D department
18. Hostile trade union
19. Surplus production capacity
20. It is easy for small firms to enter and compete

Figure 6.25

Quadrant Analysis Year 2005
Interpretation

1. The company has smartly restructured its strategies and converted the problem areas of entry from newcomers and under utilization of market size into strengths during the period 2001-2005.

2. The company seems to have overstretched its resources to maintain high industrial profit margin. This requires review.
Table 6.14  Period 2005

SREE NARASIMHA TEXTILES LTD

Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Market growth rate
3. Export Opportunities
4. Scope for improved technology
5. Government Policy and incentives
6. Low profit margins
7. Big/powerful competitors
8. Availability of spurious products
9. Superior quality of products
10. Employee productivity
11. Locational advantages
12. Efficient R&D department
13. High direct production costs
14. Obsolete technology
15. It is easy for small firms to enter and compete

Figure 6.27

Quadrant Analysis Year 2005
Interpretation

1. The problem areas for the company are the ease of entry of small firms into the market and the availability of spurious products.

2. The company is in an advantageous position with regard to market size and market growth and has well managed research and development activities and latest technology.
Table 6.15  Period 2005

SUPER SALES LTD

Strategies Adopted
Opportunities, Threats, Strengths and Weaknesses

1. Market size
2. Market growth rate
3. Export Opportunities
4. Industry profit margin
5. Less number of competitors
6. Economies of Scale
7. Scope for improved technology
8. Existing losing firms cannot leave
9. Availability of substitutes and imported
10. Non-conducive government policies
11. High market share
12. Better capacity utilisation
13. Superior quality of products
14. Employee productivity
15. Good brand image
16. Good after sales service team
17. Tax advantages
18. Patents, trade marks and exclusive rights
19. Efficient and co-operative manpower
20. Efficient R&D department
21. High direct production costs
22. Low value addition in manufacture

Figure 6.29

Quadrant Analysis Year 2005
**Interpretation**

1. The company has to immediately take measures to exploit the high market share, as the same is a current problem.

2. The company seems to be overspending on the exploitation of market growth rate.