CHAPTER EIGHT

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FINDINGS AND RECOMMENDATIONS

This chapter presents the findings and conclusions derived from the analyses and interpretations made in Chapter VII. Suggestions and recommendations drawn from the findings, and directions for further research are presented in two separate sections.

8.1 FINDINGS AND CONCLUSIONS

As per conceptualised framework, the earlier analyses and interpretations have been directed towards finding out the impact of changes in industry structure on strategic management of jute business firms. Thus, the intensity of impact which is the end result of the study, has been presented in this section. The findings will adjudge the support of three general hypotheses developed in chapter II (Research Methodology). Two sub-sections are devoted to documenting the findings related to Bangladesh jute industry and Indian jute industry separately, and third one for documenting general impact of changes in jute industry structure.

8.1.1 Findings and Conclusions Related to Bangladesh Jute Industry

The main findings regarding Bangladesh jute industry have been described, in the order of selected industry factors, as follows:

1. The evolutionary changes in the structure of BJI have led to the downswing growth and development in the
policies of jute business firms in both public and private sectors. This industry factor has had a high intensity impact on strategies relating to growth, management structure, marketing, finance and other functional areas. But, the personnel and production strategies are moderately impacted by evolutionary changes that have taken place over the entire life span of BJI.

2. The changes in ownership and management patterns have made a major impact on management structure of Bangladeshi jute business firms as half of the total number of firms have been taken by the Government in public sector and rests are diverted to private sector. Public sector firms have lost their autonomy in formulating policies due to the excessive control of BJMC as a nodal agency. Private sectors firms are enjoying more autonomy as compared to public sector units in policy formulation.

The changes in ownership and management patterns have led to the appointment of better management experts so as to introduce effective management system and to keep abreast of ongoing changes in jute economy. The financial and production functions are not well conceived in both public and private sector firms.

3. The strategies related to growth, marketing, production and finance of Bangladeshi business firms have been highly influenced by the changes in marketing characteristics of BJI. The changes have led to the poor economic performance; adoption of strong marketing efforts; modernisation of technology to produce new products; and, finally, deployment of sufficient funds
in these regards. However, moderate impact is found on the strategies regarding management structure, personnel management and future prospects of jute business firms. The variation in impact is not significant between the public and private sector firms.

4. The strategic factors like growth and development, marketing, and finance have been remarkably impacted by the changes in the state of competition of BJI. Increasing erosion in export market shares; fierce competition in overseas market, small scale purchase by major overseas buyers; entry of new competitors and substitute products are some spectacular phenomena that have raised the intensity of impact. To cope with this situation, Bangladeshi business firms procure more funds but their internal sources of finance have dried up. Therefore, the firms are more dependent on external credit. The future prospects, management structure, production, and personnel areas of Bangladeshi firms are moderately affected by changes in the state of competition of BJI.

5. The changes in technology of BJI have made a positive impact on all strategic factors of Bangladeshi jute business firms. But, the intensity of impact is found higher in the cases of policies relating to growth, marketing and production areas. Findings make it clear that traditionality in production techniques is thought to be replaced fully in order to suit the demands for new and diversified jute products in all market segments. Financial strategy is highly influenced though negatively because Bangladeshi firms require more funds for installation of new technology and expedite R&D activities on their own. However, management structure
and personnel policies of the firms are moderately influenced by the technological development. The future prospects though claimed to be bright show little impact due to changes in technology.

8.1.2 Findings and Conclusions Related to Indian Jute Industry.

The following major findings and conclusions have been extracted from the analyses and interpretations of changes in Indian jute industry structure on different strategic factors of Indian jute business firms:

1. The study of evolutionary changes in IJI shows that the changes have had a higher but negative impact on growth strategy of Indian jute business firms. It can be concluded that though some firms claim better performance in terms of profitability, but their rate of growth did not yet reach the target achieved during mid-sixties. Most of the firms are experiencing decline in their growth and development. Other policy areas such as management structure, marketing, production, and finance have also been impacted highly. Evolutionary changes have had a mixed impact on personnel management. The management of the studied firms are hopeful of better future but the expectations of some firms seem to be unrealistic on the basis of their existing performance. Therefore, the impact of evolutionary changes on the future prospects of Indian jute firms is moderate in nature.

2. As regard changes in ownership and management patterns in IJI, the strategic factors of growth, management structure, personnel and finance of Indian jute business
firms have been impacted positively. Whereas, marketing, production, and future prospects are less stimulated due to changes in ownership and management patterns. But these changes are more in the nature of rescue devices to cure sickness of some firms in the short-term and so the long-run effects still remain hazy and undefined.

3. It has been divulged from the analyses and interpretations of changes in market characteristics of IJI that, these changes have had a positive impact on growth, marketing and financial strategies adopted by Indian jute business firms. Other strategic factors have experienced a mixed impact. It can be concluded that the firms have made their business policies in the light of the provisions of Mandatory Use of Jute Materials Act by the Central Government in order to safeguard the interests of IJI from the onslaught in overseas market. More liberal packages have also been provided by the Government to modernise technology, to produce diversified items, and to boost promotional measures. In fact, many firms are yet to utilise these government facilities for the betterment of their own condition.

4. The analyses and interpretation relating to changes in the state of competition of IJI show that, this industry factor has had a direct but adverse impact on the strategic factors of growth, marketing, production and finance of Indian jute business firms. It has had a mixed impact found in the areas of management structure, personnel and future prospects of jute business units. It is to be mentioned that the wasteful nature of product-wise as well as producer-wise competition has been subsidised by formulating several strategies by Indian firms. Centralising of marketing functions,
lessening dependence on overseas buyer, expanding domestic market, and adopting diversified product policy are some examples of alternative strategies to get rid of fierce competitive situation. However, these policies are not being implemented by all firms with equal devotion and rigour.

5. The changes in technological development in IJI have had an undesirable impact on the growth strategy of Indian jute business firms. Analyses show that, most of the firms are still using old technology that has led to a gradual reduction in production and profitability and increase in cost of production. In the same way, the strategies related to production, personnel, and finance have also been highly impacted by technological changes at industry level. Management structure, marketing and the future prospects have been moderately influenced by these changes.

It is noticed that although most of the firms are unanimously agreed upon the need for upgradation and modernisation of technology, only a few firms are implementing this policy. A large number of firms are not utilising special fund sanctioned by Indian Government for modernisation and rehabilitation of the firms' technology. Moreover, Government has liberalised the import policy to facilitate the concerned firms in purchasing new jute textile technology from abroad. Some companies have recently set up R&D divisions at their own premises but these programmes are yet to be executed and show results.
8.1.3 Impact of Changes in Industry Factors on Strategic Factors of Jute Business Firms

The main findings and conclusions relating to the impact of changes in both Bangladesh and Indian jute industry structure on strategic management of Bangladeshi and Indian jute business firms are as below. In this sub-section, a wholistic view of the industry-level changes is taken.

1. The evolutionary changes in jute industry structure have had a varying impact on the strategic factors of both Bangladeshi and Indian jute business firms. Mainly, growth and development with respect to firm size, productivity, sales and profitability have increasingly reduced in most of the firms. The adversity of impact was found severe which has led to the closure of a good number of Indian mills. Bangladeshi mills were kept in existence through government subsidies being the only major sector earning valuable foreign-exchanges.

The policy areas of management structure, marketing, and finance are highly affected by the evolutionary changes. Large scale shifts in ownership and management of Bangladeshi firms; domestic market oriented policies of Indian firms; and gradual dependence on government and institutional loans for finance by both Bangladeshi and Indian firms are the effects of evolutionary changes in jute industry. The mixed influenced is found in areas of personnel, production, and the future prospects as several strategies are not yet fully implemented in these policy areas.
2. The analyses of changes in ownership and management patterns show that the changes were frequent and vigorous in BJI as compared to IJI. Thus, their impact on the respective firms' strategic factors are also different. The growth, management structure, marketing and finance areas of Bangladeshi firms have been greatly impacted by the changes in ownership and management patterns. Comparatively, low-profile growth; centralisation of policy formulation; BJMC's excessive control on marketing; and overdependence on external sources for supply of finance are some of the outcomes of the impact found in private sector Bangladeshi firms. The partial changes in ownership and management as regard to IJI have also had an impact on growth, management structure, marketing and financial aspects of Indian firms, but the intensity of impact is lower than that of Bangladeshi firms. In other strategic areas, the impact is mixed in nature because the personnel, production and future prospects are not seriously dealt with both by Bangladeshi and Indian firms during the period covered in this study.

3. As regards the changes in market characteristics of BJI and IJI, the growth and marketing strategies of Bangladeshi and Indian jute business firms have been adversely impacted. The nature of impact is evident from the declining trend in economic performance and in export trade of most of the firms. However, there are variations in the intensity of impact between Bangladeshi and Indian firms. Marketing policies of Bangladeshi firms have partly deviated from the developed western countries to developing African and Middle-east countries. Whereas, Indian firms are selling their products more in internal market. The
adoption of this marketing strategy has saved Indian firms from the serious consequences of low-rate intake of jute goods by overseas importers. Moreover, due to major changes in socio-political scenario in the erstwhile USSR, Indian firms may have to lose their only major importer that has normally taken about fifty percent of total quantity of annual export from India in the past.

Other strategic factors have been moderately impacted by the changes in market characteristics of both BJI and IJI. It is to be noted that, some of the firms have undertaken jute diversification policies to produce more non-traditional and value-added items to fight out synthetics from each market segments. But virtually, diversification policies are yet to be implemented fully.

4. The changes in state of competition have also had a varying impact on all the selected strategic factors of jute business firms irrespective of the country in which they exist. Severe competition from new entrants and synthetic substitutes have led to a continuous reduction in productivity, sales, and profitability. As a result, growth strategy of both Bangladeshi and Indian firms have entered into the decline stage of life-cycle. This factor has made an intense impact on marketing policies of the firms of both the industries. A moderate impact is found in the analysis of management structure, production, personnel, and future prospects relating to most of the business firms.

It can be concluded that Indian jute business firms are comparatively less affected because they have
managed to avoid the severity of competitive situation in world jute goods market by channelising their products toward the domestic market. Bangladeshi firms are still operating under the competitive situation in overseas market segment. But the superior quality of Bangladeshi products is helpful to it in facing the competing situations.

5. The analyses of changes in technological development show that the intensity of impact of this industry factor on strategic factors of both Bangladeshi and Indian firms is varying in nature. It has got a high intensity of impact on factors like growth, production, personnel and finance. Moderate impact is found with respect to management structure, marketing and on the future prospects of jute business firms.

It is to be mentioned that most of the firms of BJI and IJI are still utilising old and outdated technology in order to produce traditional jute packaging products. Bangladeshi firms are, of course, using newer technology but for manufacturing traditional items. Some selected firms have reported the installation of new machinery, and modernisations and upgradation of existing machinery for processing new products. However, Indian firms are more advanced in the use of developed and modern technology that is highly patronised by the Government. But, adoption of new technology is found restricted to a limited number of Indian jute business firms. Bangladeshi firms are yet to be benefitted from new technology. The policy regarding the innovation and installation of sophisticated textile technology has been constrained by financial hardship of Bangladeshi firms and the Government of Bangladesh is not funding more in this respect.
Chapter II contains three statements of general hypotheses. On the basis of the data collected and analysis done, the conclusions drawn regarding the hypotheses are mentioned below:

**Hypothesis 1:** The various findings of the study support the first hypothesis that, the changing structure of jute industry has had an impact on strategic management of business firms. It is justified from the fact that, the changes in five selected industry factors, that constitute the structure of jute industry, have made an impact on all the seven strategic factors of jute business firms.

**Hypothesis 2:** The strategic factors of jute business firms have been affected or influenced by the changes in jute industry factors but the intensity of impact are found to be either high, moderate or low in degree. These findings are supporting the second general hypothesis that, the impact of changing structure of jute industry on seven strategic factors are varying in nature.

**Hypothesis 3:** The third general hypothesis is partly accepted by the findings of the study. The impact of changes in industry factors on some strategic factors like history and growth, marketing, and production are found common and similar in the case of both Bangladeshi and Indian firms in terms of magnitude as well as intensity. But, other strategic factors - management structure, finance, personnel, and future prospects of the two industries are experiencing impact which are dissimilar in their nature and magnitude.
8.2 SUGGESTIONS AND RECOMMENDATIONS

Certain suggestions and recommendations have been made on the basis of the research study as well as the experiences gained by the researcher in conducting the study. These suggestions and recommendations are presented below.

8.2.1 Suggestions Related to Jute Industry in General

* The respective Governments of Bangladesh and India should formulate a long-term policy for the rejuvenation of jute economy and industry under the changing scenario.

* Modernisation of jute sector of both Bangladesh and Indian jute industries is important in order to increase productivity, cost-effectiveness and quality so as to bring prices to levels comparable to those of synthetic substitutes. Jute community should invest adequate funds for modernisation of plant and machinery, and Research and Development (R&D) to explore new jute products and end uses of jute.

* The manufacture of non-traditional value-added jute items would have to be expedited so as to attract new overseas market segments. As major exporting countries, Bangladesh and India should closely monitor the emerging scenario in East Europe and erstwhile USSR in order to devise alternative strategies to adapt to changing situation in the region.

* The renewed interest in jute as environment-friendly and biodegradable fibre should be fully exploited to boost the demand for jute products. The jute industry
should highlight the inherent environmental advantages of jute products and bring it to the notice of environment activists, consumer-groups, and to the Governments of different countries so as to promote its consumption and compete with low-priced synthetic substitutes.

* The promotional measures would have to be strengthened which need extensive demonstration and exhibition of jute products in the internal as well as external markets. A comprehensive campaign is necessary to be launched to dispel the notion that synthetic materials are cheaper than jute by propagating that jute is a renewable source of raw materials, and less energy is utilised in its production, making it actually less expensive than synthetics.

* The hand-loom and handicraft sectors of both Bangladesh and India would have to be stimulated to produce jute-made products and the Governments should shoulder the major responsibility of marketing these products at least in overseas segments.

* The Embassies and High Commissions of both Bangladesh and India should take steps to popularise jute products in the countries they are functioning.

* Joint efforts, with respect to marketing and R&D activities, would have to be given greater importance than at present.

8.2.2 Suggestions Related to the Firm-level Management

* The management of each jute business firm should be aware of the practice and application of strategic
management concepts to arrive at a sound policy decision under changing circumstances in the external as well as internal business environment.

* More autonomy should be provided to the firm-level management to ensure its commitment to the company. Especially, Bangladesh Public sector firms should be freed from the excessive control of BJMC.

* The sick and economically infeasible units should be detected. They should be either closed down or handed over to the private sector. The competition between the jute business firms should be geared up to let the actual entrepreneurs run the business. However, the management and ownership pattern should not be changed.

* Jute business firms should allocate more resources for the extensive research (both fundamental and applied), and for quick modernisation of jute processing technology which has become more urgent now than ever before. R&D section should be introduced in each and every jute business firm irrespective of its size.

* Indian jute business firms should remain dependent no longer on erstwhile USSR as their major overseas buyer. They should seek other importers. Alternately, Bangladeshi jute firms should become less dependent on export market and should sell their products in their local market also.

8.2.3 Suggestions Related to The Functional Level

* Better management practices would have to be resorted to by jute business firms. The corporate planning practices at the firm-level management would be of much
help in the formulation and implementation process of various strategies related to functional areas. Moreover, the activities of functional areas would have to be consolidated by the top-level management of jute business firms and should be directed toward the attainment of objectives of the organisation.

* The jute business firms would have to improve their marketing techniques and sell their goods to the satisfaction of the buyers. With this end, every firm should maintain a separate marketing department, headed by a marketing executive. Marketing personnel should be adept in dealing with the different components in marketing mix.

* The overdependence on the production and trade of traditional jute packaging materials should partly be replaced by the policy of producing non-traditional items. Every jute business firm should adopt diversification policies in this regard.

* Firm's more dependent on governmental and institutional finance should not be funded for an indefinite period. Internal resources mobilisation should be encouraged.

* Overmanning problem would have to be eradicated gradually without disturbing the industrial relations environment. Participative management would have to be introduced as a component of organisation culture. For this, employees and workers should be trained in all respects especially in participative management. Above all, corrective measures would have to be undertaken to ensure industrial peace, and harmonious relations between labour and management of both Bangladeshi and
Indian firms. The introduction of 'Cooperative management model' (as adopted by some jute firms in India), in different loss-making business firms, is an alternative that may improve the industrial relations in jute business firms.

8.3 DIRECTIONS FOR FURTHER STUDY

This researcher has undertaken two research studies related to jute industry in Bangladesh and India. The first was for the M.Phil. research work which dealt with a comparative analyses of jute industry profiles in Bangladesh and India. The present study is a sequel to the earlier study and has moved from the macro to the micro-level.

Based on the research work undertaken during a period of about four years it is in the fitness of things that certain guidelines be proposed for further research work. These directions are delineated below:

1. The jute industry profiles developed in the present study did not include all aspects of the industry structure and the study has covered the time period till 1992. Therefore, further study could be made to update the jute industry profiles of Bangladesh and India. This type of macro-level study should be based on secondary sources of information.

2. The present study indicates the need for a further study on the overall management practices in jute industry which would suggest measures for an effective management system to help revive the jute industry.
3. This study has paved the way for another study for analysing the effect of synthetic substitutes on natural jute fibre by using quantitative and analytical tools of research.

4. Another study may be conducted about the practices of corporate planning in jute business firms. Descriptive and analytical methods may be applied in such research study.

5. Studying the impact of governmental supports in the case of Indian jute industry is another important research area. This is important because there is a controversy that Indian Government has undertaken various measures to make its industry viable but the industry is either denying or did not give expected response to such support measures.

6. This study calls for further study of two important aspects separately. The aspects are: marketing of jute products with special reference to the concept of marketing mix, and technological development in jute industry. Of course, these aspects are included in the present study but studied within a limited scope.

7. It is found that state of competition in both global and domestic markets is severe and often wasteful which is eroding the market shares of Bangladesh and India. Therefore, a comprehensive study in the area of the state of competition is needed.

8. It is evident from the present study that, due to sickness, most of the jute business firms are suffering and accordingly fail to initiate strategic policy
formulation and implementation at firm-level administra-
tion. Hence a further study with respect to causes of
sickness of jute business firms and remedies is called
for.

9. The present study should be followed by another thorough
study highlighting the problems and prospects of jute
industry. This type of proposed study should be
conducted on the basis of primary data collected through
field survey. It is imperative to carry on such study
under the changing situations in the present jute
industry environment.