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1.1 NEED FOR THE STUDY

The promotion of systematic and scientific industrialisation programme which has the potentiality to minimise the existing socio-economic problems is the only answer to the problem of developing economies. In this context, Small Scale Industry (SSI) can play a significant role in curing the several ills of the economy with its characteristics such as employment potential, non-capital intensive nature and suitability to dispersal. Hence, in the process of industrial development, SSI sector is best suited to labour surplus economies like India.

Small scale sector in India which started with a simple beginning in the early 1950s has acquired prominence over the years through its multifaceted contribution.

Right from the first five year plan, SSI sector has been assigned an important role in developmental plans. The programmes and policies were formulated and implemented during the various plan periods. Accordingly, several promotional methods have been formulated by the Central and State Governments with a view to encourage support and
consolidate this sector. These measures include the creation of infrastructural facilities and the provision of various kinds of assistance like liberal financial and marketing aid, subsidies, incentives and extension services. While considerable effort has been made by the Government to accelerate the setting up of large number of new units, the results in terms of continued viability and growth have not been impressive. A considerable proportion of the units seems to be leading precarious existence finding it not easy to survive, much less to grow and expand. In recent years, there has been a great deal of discussion on the problem of sickness of industrial units. Government is, therefore, faced with the problem of designing suitable measures for the recovery of the small units so that the vast resources invested might became productive. It is in this context that the investigation of the present kind assume much significance as these could identify the factors influencing the survival and growth objectives leading to organisational effectiveness and help formulate policies and measures for sustaining the effectiveness of small manufacturing units.
1.2 PRESENT STUDY

The present study attempts to examine the hundred small manufacturing sectors in and around Coimbatore. Most of the existing units are lacking proper expansion and diversification facilities. Hence, the study is bound to have certain issues and questions. What are the factors determining the organisational effectiveness? What are the factors hindering the growth of such small firms? What is the result of the interaction of such factors? What is the extent of their relationship? The answer to the above questions depends on various factors several of which may be unique to individual firms or particular group of firms. The factors to be analysed need not be related to the internal system of the organisation alone but may be related to external environment of the business system. This study also attempts to examine the behavioural aspects of the organisation responsible for increasing the organisational effectiveness of the firms.

Coimbatore city recorded a registration of more than 18,000 tiny, small and medium scale units which include trading, servicing, manufacturing, repairing, etc. Upto 1991-92, District Industries Centre has registered 2005 small manufacturing units in the district. The Centre has registered more than 800 small manufacturing units under temporary basis. Hence, the population taken for study belongs to the units registered only under permanent basis.
Hundred small units taken for investigation consisting mostly of growth oriented units selected on a stratified random sampling basis were investigated by an extensive questionnaire cum discussion method to gather data on various aspects on management and other related internal and external factors. The data, information, observation, analysis, findings and recommendations are given under seven chapters. The first chapter discusses the various issues and the need for present study. The second chapter focuses on the industrial and economic profile of Coimbatore and its environment. The chapter third traces the review of the literature on various effectiveness criteria and models created by previous research studies. This chapter also scans the methodological problems of designing the effectiveness and growth models found from various studies. Chapter four presents the objectives, methods and details regarding the framework for the analysis of data. It also depicts the computation of the SGP (Sales, Growth and Profit) index to differentiate the effective and non-effective units from the sample firms. The fifth chapter presents the analysis of data collected on various factors influencing the organisational effectiveness, the extension of the relationship of the factors, etc. Chapter Six highlights and examines the above said factors and presents the findings and conclusions along with a note on the scope for further research. Chapter Seven presents the computation of SGP index for 100 small units under each category.