Chapter - VI

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The present chapter attempts to summarise the conclusions of the study. An attempt is also made to give few recommendations, based on the findings. The wood based industry experience a set back. However Forest Industries Travancore Ltd, today continues to occupy a prominent place being the only Government owned wood industry supplying furniture and joineries.

Data was collected from a sample of 80 employees belonging to different categories. The sample consists of employees belonging to different sections of FIT Ltd. Taking into account the fact that the employees covered under the study belong to different categories, it was felt appropriate to classify them into three groups namely, supervisors (15), workers (25) and others (40). An interview schedule was specifically developed for the study.

To analyse the performance various factors was selected and the views of the employees was collected.

Availability of timber

The data brought about the fact that FIT was purchasing timber through public auction, where they had to compete with the private parties, who too participated in the auction. Thus high price has to be paid for purchasing the required material. Since high price is paid for timber it leads to an increase in the cost of production thereby leading to a high selling price.
Quality of timber

The data collected for the present study revealed that the quality of timber purchased was high. FIT purchases only high quality timber so as to give the customers the best quality products which suit their needs and to avoid waste of timber to a certain extent.

Price of timber

High price was the most prominent problem. FIT had to pay high price to get best quality timber and the customer had to pay high price to get the best quality products.

Waste of timber

The analysis led to the conclusion that fine quality timber was purchased in order to reduce the waste of timber to a certain extent. Though waste in the form of saw dust is an inherent nature of raw material, it can be reduced if fine quality is used for production. The glittering appearance of the finished product can be obtained only if it is made out of fine quality timber.

Labour

To analyse this issue the factors relating to skilled and unskilled labour and its efficiency was studied. It was felt that there was sufficient labour both skilled and unskilled in FIT, but their efficiency has to be made more sharp.

Other inputs:

On the problems related to the availability of other inputs it was responded that all other
inputs except power was sufficient. Power cut declared in the state is a threat to their effective working.

Working atmosphere

In an attempt to ascertain the views of the employees regarding the working atmosphere it was observed that 56% of the employees were satisfied, 15% opined as good and only 9% were of the opinion that it was poor.

Storage of timber

The data collected for the present study brought out of the fact that there was sufficient facilities for the storage of timber and they were satisfied with the way it was been stored.

Extent of damage of finished goods

The data clearly indicated that the damage of furnished goods is very low. As already noted that the labourers were skilled enough to make best furnished product, the damage caused to it is low, Moreover when goods are produced from best quality timber the damage will be very low.

Method of canvassing orders

It was noted that the method of canvassing orders is insufficient. Since Government is the principal buyer the method does not adversely affect the sufficiency of orders.

Sufficiency of orders

Studies reveal that though the method of canvassing is insufficient, there is sufficient
number of orders, because Government is the principal buyer of FIT products.

Sales promotion measures:

The data collected with a view to ascertaining the sales promotion measures available to the unit, it was felt that the employees were satisfied with the measures available.

Prices quoted:

In an attempt to ascertain the views of the employees regarding the price quoted it was found that they feel the prices to be of medium only, but the views of customers collected tell that the prices of the products are high.

Distribution channel:

Though there were many distribution channels, FIT had only the direct selling agency directly from the manufacturing unit to the customers more than 50% of the respondents stated that this system is good, they are satisfied with the present way of selling out the products.

After sales service:

Since furniture and joineries are the products of FIT, it normally does not require away after sales service, still they are always ready to provide services if necessary.

Wages and salaries offered:

It is worth mentioning in this regard that the views of the employees belonging to different categories were different. When the view of the employees whose income fall below Rs 2000,
was taken it was noted that 60% of them were very much happy and stated that the wages received was good. When 40% of the employees belonging to the group Rs 2000-4000, and Rs 4000-6000 stated that the salaries they get is only medium. 40% of the group above Rs 6000, said that what they get was poor.

Welfare facilities

The data indicated that the employees were not satisfied with the welfare schemes available. They said that the facilities were insufficient to safeguard the interest of the workers. It was noted in this connection that 71% of the employees were of the opinion that welfare facilities were insufficient.

Social security measures:

The data related to the views of the respondents on the social security measures available in FIT showed that 62% of them was of the opinion that it was insufficient. Analysis of the welfare facilities also gave a similar picture and it was against this observation the views regarding social security measures was also collected. Both the data revealed that FIT has to take measures for introducing various schemes.

Safety measures in the factory

This is another area were again FIT has to make necessary steps for providing safety measures to the workers. 58% of the respondents state that the measures are insufficient.
Advertisement policy

An attempt was made in the present study to ascertain the views of the respondents regarding the advertisement policy of FIT. Majority of the respondents were of the opinion that FIT had to spend more on advertisement.

Promotion facilities for the employees

It is quite interesting to note that all benefits available to the employees were quite insufficient. Studies had already revealed that the respondents were not satisfied with the facilities available in FIT. Again another 62% is of the opinion that there existed a very poor promotion policy in FIT.

Motivation measures (Non-monetary)

It is noteworthy that the respondents are satisfied with the non-monetary measures provided to them. 50% of the respondents has this opinion.

Availability of funds

The analysis on the availability of funds has led to the conclusion that there is sufficient funds for the smooth functioning of FIT. 60% of the respondents is of this opinion. As already observed FIT is using more long term funds for financing the needs of the unit for which high rate of interest becomes payable which adversely affects the rate of return on investment.
Availability of working capital

Here again the analysis reveal that FIT has sufficient sources of working capital. 58% of the respondents viewed that there is sufficient amount of working capital for the working of the unit.

Availability of tools and machines

60% of the respondents state the insufficiency of the tools and machines. Technology has been changing rapidly accordingly FIT should install the most modern tools and equipment.

Need for modernization in production

The analysis reveals that 63% of the respondents are of the opinion that modernization is needed in FIT. At the dawn of the new millennium the world around us is changing fast. To sustain and accelerate the growth of our economy, policies must combine with the rapid economic reforms where ever necessary.

Prosperity of the organisation

The data collected with a view to ascertain the opinion of the respondents regarding the prosperity of the organization revealed that FIT has a bright future.

Communication methods.

The analysis on communication methods led to the conclusion that FIT has sufficient communication methods and the employees are quite satisfied with the present system. 68% of the employees stated that the method is sufficient.
Training facilities.

The Indian market has been undergoing a significant metamorphosis due to the globalisation. Tapping the potential market would be the critical challenge of FIT in the coming years, for which employees have to be given proper training to equip with the technological developments and improvements. The respondents have opined that sufficient training is imparted.

Organisation culture.

The respondents were asked to give their views regarding the organisation culture for which 55% of them found that there existed a very favourable atmosphere. This led to increase in the efficiency of the work.

Management commitment

The commitment of the management towards the workers motivate them to greater efficiency 59% of the respondents was satisfied with it saying that it is only medium and more emphasis has to be given to this area.

Utilisation of capacity.

The capacity of a firm is measured in terms of production 50% of the respondents is of the opinion that FIT is working at the optimum capacity while the other 50% is of different opinion. 32. 60% viewed as under utilised and thus the reason for it was also collected.
Reasons for under utilisation

The respondents were asked to mark the prominent problems faced for under utilisation in order of priority. High price was marked to be the most prominent problem followed by high cost of production and high competition.

To analyse the performance various factors were selected and views of the consumers was also collected.

Frequency of purchase made.

46 percent of the respondents belonging to the Government departments make purchases regularly, while 29 percent make occasionally and another 25 percent only rarely. Views regarding the public enterprises were quite different, only 10 percent make purchase regularly, while 50 percent occasional and 40 percent only rarely. Private enterprises, claimed that 70 percent of them make purchases regularly, 10 percent occasional and 20 percent rarely. Of the 100 respondents of the sample, 42% make purchases regularly, 26% make purchases occasional and another 32 % make purchases only rarely.

Contact established with FIT.

An analysis was made to know how the customers had made contacts with FIT and it was found 84% of the customers had established contacts directly, 7% through intermediaries and 9% through the employees.
Quality of the product

An attempt was made here to analyze the quality of the products of FIT and it was found that the customers were very much satisfied with the quality. When 41% of the respondents judged the products to be very good 28% judged as good, and 17% as satisfactory. Thus it reveals that quality timber was purchased for producing quality products to satisfy the needs of the customers.

Durability of the product

It was stated by majority of the respondents that the goods are of durable nature. It is quite interesting to note that a majority of 86% of the respondents were happy with the durability of the products. When 50% claimed to be very good, 21% stated to be good and another 15% judged to be satisfactory. It is noteworthy that a majority of 86% of respondents had judged the quality of the product as good. Since timber is the raw material and fine quality is being purchased the products made out of that also will be highly durable.

Price of the products

Analysis with regard to the price of the timber purchased has already revealed that high price has to be paid to purchase best quality through public auction. Thereby it will lead to an increase in the cost of production and the price will also be made higher. 78% of the customers revealed that very high price has to be paid for the products of FIT.
Approach of the employees

99% of the respondents were satisfied with the approach of the employees. When 61% of the customers opined to be very good 31% stated as good and another 7% viewed as satisfactory. This itself makes the respondents make further visits to FIT.

Finishing of the products

Finish of the products is highly favoured as a success strategy for the manufacturing units. On an analysis with the consumers covered under the sample it was made known by the majority of (72%) that they viewed the finish appearance of the product as good, 10% viewed as very good and 11% opinioned as satisfactory.

Terms and conditions

The respondents were asked to indicate their views on the terms and conditions of sale offered by FIT. It was quite noteworthy that only 2% viewed as poor while a majority of 98% was satisfied with terms. When 9% viewed as very good, 72% viewed as good and 11% were quite satisfied. Analysis has already stated that the approach of the employees was also good. A majority of 99% of the respondents were of this opinion.

After sales service.

The data related to the views of the respondents on the after sales service indicates that when 5% viewed it very good, 59% viewed it good and 19% viewed it satisfactory. Since the
products are furniture and joineries it will not need much after sales service.

Execution of orders:

Studies reveal that the part played by the employees of FIT is good. They are always rendering good service to the customers. Analysis reveals that all orders are executed at the earliest without much delay. It was observed that 11% of the customers viewed as very good, 70% as good and other 11% as satisfactory.

Advertisement:

Customers are always influenced by advertisement. Views of the employees have indicated that much amount is not spent in advertisement because Government is the principal buyer of the products. Here the customer's views also tell us that 3% viewed as very good, 17% as good and 62% as satisfactory and 18% as poor. This reveals that in a state like Kerala where there is 100% literacy advertisement can bring in fruitful results.

Sales promotion measures

An attempt was made in the present study to ascertain the views of the respondents regarding the sales promotion measures and it was found that 59% of the respondents was satisfied with the measures available in FIT. Seasonal discounts was one of the major sales promotion measures. Another 7% of the employees stated as good and 2% was of the opinion that it was very good and only 32% opined as poor.
Distribution channel

The data collected for the present study brought out the fact that FIT has adopted only a single distribution channel, that is directly from producer to consumer and 75% of the respondents claimed that this system is good, 5% viewed as very good, 18% were satisfied with it and only 2% opined as poor. This brings into light the fact that FIT had been successful in dealing with the consumers directly.

Artistic Beauty:

Artistic beauty is highly favoured as a success strategy for the manufacturing units. The customers are attracted towards the products by its exquisite glittering appearance. On an enquiry with the consumers covered under the sample it was made known by the majority (60.00 percent) that they viewed the artistic beauty of the furnitures made to be satisfactory. This states that it is essential for FIT to be able to taste the essence of what is happening around all the time, not merely to survive, but to thrive.

Fashion:

Another important factor by which the customers are brought nearer to the product is by inculcating the changing fashions. The underlying rule of fashion in suit yourself, here furniture should suit in the right place and at the right time. The right type can mask the weakness and highlight the positive. Appropriateness is the key to a good style. Studies have revealed that 59%
respondents are satisfied with the fashion, 2% feel it to be very good, 16% says to be good and 23% judges that the fashion is poor. FIT showed try to change the fashions by observing the surroundings.

Punctuality in executing orders:

An analysis was made to find out the effectiveness taken by the employees in executing the orders, and it was found that 70% of the respondents claim that the punctuality is good, and 9% claims to be very good, 11% states as satisfactory and only a small figure (10%) states that the punctuality on the part of the employees is poor.

Accuracy in specification

Studies reveal that only 7% of the respondents have viewed the accuracy in specification as poor, all others viewed as good, very good and satisfactory. This brings to light the commitment of the employees and their skill in marking specifications for various designs of furniture and joineries.

From the foregoing analysis on the basis of the views of the employees in FIT and consumers and also on the basis of the observation made at the time of collection of primary data the following conclusions are drawn.

FIT has been largely depending on the long term funds.

The prices of the products are much higher as opined by all the respondents.

The products though paid higher are of best quality which no one can ever deny as
opined by the respondents.

Inadequate sales promotion measures and delay in modernisation has adversely affected the working results of FIT.

Every business operation is adorned with changes and flexibility. Similarly the operation of a public sector undertaking, despite of its inherent limitation and constraints, attempts to keep its business policy dynamic and flexible. And this aspect in fact brings to light the development mechanism of a public sector undertaking. Resources both internal and external play a crucial role in every development effort of the unit. Under the concept of public sector undertaking the main sources of finance are from equity and loans from the Government, internal resources, loans from public financial institutions and arrangements for working capital with the nationalised commercial banks. In public sector units however the decision about the capital structure rests with the Government, which emphasises uniformity, without taking into account the special nature of different enterprises.

It transpires from the table showing the details of the capital structure, that FIT has been using long term funds to a great extent, thus bringing down the return on investment.

Further it may be mentioned that from the long term financial analysis it is found that long term borrowings are a major source of finance for the unit. The interest to be paid becomes higher than the corresponding return on investment.
Analysis of the short term financial position has also been made. It reveals that much of the working capital are in the form of debtors which has not yet been fully realised. Since Government is the principal consumer debt has also increased which has to be realised.

Total working capital increased gradually from year to year, but the return on such funds did not record a corresponding rise. It is pertinent to note that with the increase in working capital, the percentage return on it reveals a gradual decline. This implies that the induction of additional funds employed could not be utilized fruitfully to yield sufficient return on it.

Analysis of profitability is inevitable for a public sector undertaking. Measuring profitability is the analysis of futurity of net wealth creation which is necessary to measure the commercial success of the unit. This will enlighten on the success of the unit as a commercial identity.

The profitability of the unit has been found to be increasing since 1995-96, despite the fact that the unit had to pay interest on the long term borrowings. There was a gradual increase in the amount of profit. Efficient management of the unit would increase the profitability of the concern.

RECOMMENDATIONS

Based on the findings of the present study it is proposed to recommend the following measures. If Forest Industries Travancore Ltd is to meet the emerging challenges ahead especially those around the turn of the century and beyond, a review of existing systems and their streamlining must be done now.
Instead of looking ahead of what we need in the next ten years, and if feasible, providing the systems, procedures and technology for it, we are still tangled with the number of vouchers, norms etc, so we have to extend computer facilities in the unit. We have to think laterally and innovatively to include as many areas as possible for introducing constructive changes in systems and procedures which paves the way for efficiency.

The market which was largely controlled by the private sector due to increased price offered by Government sector has to face stiff competition. Forest Industries Travancore Ltd has to think of customers differently. Focus on retail business will help them in increasing their spreads to large co-operates. It would also give them an opportunity to build a low cost base. Retail business presents a huge untapped potential, if FIT can offer on a low cost basis for which changes in the Government regulation is necessary.

Stringent measures should be taken at the Government level for the strict execution of the price preference scheme for Government purchases.

Markets have become truly global and it is recognized that there is a need to have a global regulator. Export potential is to be ascertained through active involvement and encouragement of the Government. The product of FIT must attract international market. In this era of globalisation FIT should wake up and the products should go across the country. There should be a regulator to maintain price index.
 Apart from the traditional products they have to take steps to build themselves into a shop where all wooden products would be available. They have to cater to the needs of customers. FIT will be forced to cross sell there products through different channel. From product enhancement point of view one of the biggest challenges is to identify a variety of products of the latest fashion and design.

 Technology has become an important medium of not only attracting new customers but also in retaining them. The new private sector industries have made a strong presence in the most lucrative business areas in the country because of technology up gradation. Private sector has taken a lead in introducing new variety. Only if value added products are offered by FIT it will result in clients migrating from private sector to Government sector. Thus FIT has to virtually create an exist barrier by broadening their product range and effectively cross selling them with the latest available technology. FIT on the hand are not lagging behind, but technology improvement has to be launched.

 Specialisation has to be developed. Initially there may be sum resistance but an objective placements policy on the basis of professional qualification, previous experience would be appreciated in the long run. This should also be considered for promotion.

 New skills may be required because of automation. Training shall help the employees to develop broader view of work and their own role in the organisation.
Many of the employees have to be trained well in routine work who lakh professional expertise for facing new challenges. In the changing scenario re-training, re-educating the employees is a must for survival. Strategies for motivating the employees for facing the challenges also need to be evolved.

Quality of work force matters much in this industry so a systematics long range manpower plan is needed. New skills may be required to cope with the competitive environment. For which training senders have a major role to play in imparting these skill. Emotional needs are more apparent during mid-carrier phase and training shall health the employees to develop broader view of work and there on role in the organisation career counselling programmes could be organized. A systematic long range manpower development plan is the need of the hour in FIT. Equiping the work force to adapt to changing environment should be the foremost priority the unit.

Absence of dynamic and proactive management, lack of autonomy for restructuring operations, poor wage structure are dampening their growth prospects. The more efficient and proactive players would be able to take a lead.

Some market participants are tough about credit stability. As competition in the market place increases the likely effect will be for the dealers and as FIT is a Government under taking credit facility can be offered to Government employees from whom credit
can be realised easily. A reliable base for such credit transaction should be created. The achievement of exemplary credit quality requires an unconditional commitment from the top management boards and everyone involved in the credit process.

The suggestions given below can improve the credit culture-

Have balanced and realistic credit policies, no your strength and reach beyond your capabilities.

Strengthen your independent review teams, credit review and audit staff. Hire the best employees by paying more.

Analyse and understand product risk. Thoroughly assess the risk of new products before marketing them. Ensure that your credit products are suitable for your market.

Actively manage diversification.

Actively work at estimating the loss inherent in your port folio.

Continually reassess your business plans and performance. If your results do not meet your objectives, something is out of kilter. Identify the weakness and redirect your focus.

Don't be afraid to redirect your effort.

In a competitive industry like FIT customer has to be understood has a product.

The greatest challenge facing today is therefore the development of manpower resources to meet the new and infinitely more competitive circumstances of tomorrow. History is full of
examples of organisations that have succeeded or failed on account of the quality of the people they employ. As a commercial organisation FIT has to earn profits. From this angle FIT has to reduce the cost by a simplified tax structure. Timely collection of dues is one of the most important measures to be implemented. With the creation of new products and product variant depending upon consumer needs and behavior pattern a wider market can be achieved. Profits are earned when people buy things, for that you have to do more than just create a customer, so quality products have to be produced and sold at an average price. The traditional sales culture focuses on short term transaction, making it nearly impossible to build lasting client relationship that lead to greater profits.

It is clear from the analysis that FIT can change its industrial landscape. It has to initiate to build up a modern, efficient and customer friendly system. Technology will help to grab market share with superior quality product offered at medium price. Thus it leads to improvement in productivity. FIT needs to be vigilant in the years to come, for market opportunities particularly with the competition envisaged in the field. In 2002 and beyond the key element is that it should strive to achieve significant increase in there productivity, efficiency and profitability. Towards this end the basic objective should be to survive, survive with growth, and grow with profit. Towards this FIT will be forced to develop only quality products with cost reduction. Offering the right product at the right cost would lead to success.
Further Studies

The findings and conclusions of the present study, it is hoped would be of use to the manufacturers, planners and policy makers in more than one way, in auditing their managerial and financial programmes. The conclusion can be taken as tentative hypothesis for conducting further research.