Strength, Weaknesses, Opportunities, and Threats of Small-Scale Industrial units in Coimbatore District

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The concept of small scale industries in India showed a confusion and lack of clarity before independence. This sector was exclusively meant for village based and / tiny or cottage industry in urban areas, manufacturing handicrafts. "In the Industrial Policy Resolution 1948 and the document of the First Five year Plan, the only criterion to define small scale was their non-registration under the Factory Act. Thus, SSI meant all units which used power and employed less than 10 workers / without power and employed up to 20 workers. Later on, during the First Five Year Plan the distinction between SSI and village industry was made. From then on, capital, employment and use of power criteria were adopted. Employment, power and machinery were the determinants of size of the industry up to 2005"[2]. Thus from 1966, the investment criteria to define small scale industries had undergone changes as given in table 1.1.

Table 1.1

INVESTMENT CEILING FOR PLANT AND MACHINERY (RS. IN LAKHS)

Description	Investment Ceiling for Plant and machinery (Rs. in Lakhs)					
	1980	1985	1991	1997	1999	2005
Small Scale Industry	20	35	60	300+	100++	300
Ancillary Industry	25	45	75	--	--	--

+ employment of labour 10/20 less than 50/100 and turnover Rs. 200-600 lakhs.

++ SSIs with more than Rs. 1 Crore investment are not evicted.

DEFINITIONS OF MICRO, SMALL AND MEDIUM ENTERPRISES

In accordance with the provision of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified into two classes namely Manufacturing Enterprises and Service Enterprises.

Manufacturing Enterprises are defined as the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation Act, 1951). These enterprises are stated in terms of investment in plant and machinery.

Service Enterprises are defined as the enterprises engaged in providing or rendering of services and are stated in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises are:

Manufacturing Sector Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector Enterprises	**Investment in equipments**
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five core rupees

In India this industrial sector had been a major contributor to our nation's GDP. This industrial sector is measured to have a greater prospect with its wide range of goods and services in India. With more than two fifth of contribution to total industrial production and one third of total export contribution, this MSME

sector in India is carrying out as the engine of Indian economy. This conventional sector evidently differs from the modern counterparts in many facets. The conventional sectors are mainly consuming with their age-old machines, and traditional techniques of production resulting in deprived productivity rate whereas the contemporary MSME manufacturing enterprises are much more productive with more capital intensive units and more scientific advanced automatic machineries.

A strengths, weaknesses, opportunities, and threats (SWOT) analysis has become a key tool used by businesses for strategic planning for SSI. The aim of any SWOT analysis is to identify the key internal and external factors that are important to achieving the objective. These come from within the company's unique value chain. SWOT analysis groups key pieces of information into two main categories:

• Internal factors – The strengths and weaknesses internal to the organization.

• External factors – The opportunities and threats presented by the external environment to the organization.

The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The factors may include all of the 4P's; as well as personnel, finance, manufacturing capabilities, and so on. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or competitive position. SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade companies to compile lists rather than think about what is actually important in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

1.4 SMALL SCALE INDUSTRIES – IMPORTANCE

The small scale industries played a significant role in the economic activity of advanced industrialized countries like Great Britain, Germany, Japan and the United Stated of America. Many countries, both developing and developed countries, perceive in this sector a useful technique for growth; in the former for the creation of new employment opportunities on a wide scale in the shortest possible time and in a latter as balancing to the large scale industry.

Unemployment, under employment and poverty are the steaming problems of India today. Small industrial units play an important role in the financial development of a nation like India where many skilled and unskilled people are unemployed or underemployed. The small industrial units solve these problems by generating employment opportunities in a large-scale manner with lower investments. The farmer Finance Minister of India Dr. Manmohan Singh has rightly pointed out that "the key to our success in employment lies in the success of manufacturing in the small scale sector." The economic development of any nation largely depends upon the establishment of small scale industries, which require adequate amount of investment. The strength of the small industrial units rests in their spread and location in urban, semi-urban and rural areas, nurturing entrepreneurial base, smaller period of gestation, and reasonable distribution of revenue, wealth and income.

After studying the importance of the small scale industrial units, the Central government of India has established various departments and institutes at different levels- local, state and central. These organizations and institutions are tracking the policy of protection and development of this industrial sector since independence and also offer several concessions, subsidies and incentives for their promotion and development.

1.5 STATEMENT OF THE PROBLEM

Small scale industrial units serve as important elements in resource mobilization, creation of employment opportunities, utilization of available local resources and income

generation and in helping to maintain positive changes in a phased manner. In India, this sector has occurred as an energetic and dynamic element of the development of economy. It is a substance of pride that India has occupied the highest rank among the developing countries in the area of small industries. India has a sufficient skilled and unskilled manpower, occupying third position in the world as far as skilled manpower is concerned. It is worthy to state that the small scale industrial units have registered a significant rate of growth in spite of heavy competition from the large scale industries. Since independence, both central and state governments had been implementing protective policies and promotional measures.

Considering the vital role of small scale industrial units in the economic development of the nation, the government has been constantly trying to improve the availability of input resources to this sector and create a suitable industrial and economic environment. The easy financial support and incentives have motivated many investors to start small scale industrial units. This resulted in the growth of the small scale industrial units in India. Even though, many small industrial units were not able to serve due to a number of reasons. Hence it is of interest to examine the SWOT analysis of small scale industrial units in Coimbatore district. In this context a study on the SWOT analysis of small scale industrial units has been undertaken in Coimbatore district.

1.6 OBJECTIVES OF THE STUDY

- To examine the Strength, Weaknesses, Opportunities, and Threats of small scale industrial units in Coimbatore district.

1.7 SAMPLING DESIGN

Coimbatore has been selected for the study since there is a wide range of small scale industrial units which generate employment opportunities for skilled and semi-skilled persons in and around Coimbatore district. As census method is not feasible, the researcher has followed the proportionate convenient sampling.

All the small scale industries located in Coimbatore district are included for this study. The list of small scale industries which availed the various government schemes with a minimum of ten years standing, registered up to 2007-2008 was obtained from the Manager of the District Industries Centre, Coimbatore. Table 1.2 shows the number of units registered, de-registered and alive up to 2007-2008.

Table1.2

NO. OF SMALL-SCALE INDUSTRIAL UNITS REGISTERED AND DE-REGISTERED WITH A MINIMUM OF TEN YEARS STANDING

Year of Registration	No. of Units Registered	No. of Units De-Registered	No. of Units Alive
Upto March 1997	930	290	640
1997-1998	180	63	117
1998-1999	200	45	155
2000-2001	220	70	150
2001-2002	233	83	150
2002-2003	330	115	215
2003-2004	500	180	320
2004-2005	588	228	360
2005-2006	690	162	528
2006-2007	755	65	690
2007-2008	885	90	795
TOTAL	5511	1391	4120

Source : Office of the District Industries Centre, Coimbatore

The researcher has selected 412 units being 10 per cent of the universe for this study. The sample small scale industrial units of Coimbatore covered by the present study are shown in table 1.3.

Table 1.3

SAMPLE SMALL SCALE INDUSTRIAL UNITS OF COIMBATORE COVERED BY THE

STUDY

Sl.No	Description	Universe	Sample Units
1	Agro & Forest Based	971	97
2	Engineering & Allied	664	66
3	Textile & Polymer Based	640	64
4	Leather & Leather Based	568	57
5	Chemical Based	420	42
6	Miscellaneous	857	86
	Total	4120	412

1.8 PERIOD OF THE STUDY

The period covered for the present study is 10 years from 2008-2009 to 2017-2018 to assess the development and the various input problems met by the small-scale industrial units in Coimbatore district.

1.9 SOURCES OF DATA

The study is experimental in nature based on survey method. The required data for this study were collected in three stages. The primary data relating to the small scale industrial units were collected by interviewing the owners with the help of the interview schedule. The secondary data relating to the study like origin and growth of small scale industries were obtained from various published and unpublished records, annual reports, bulletins, booklets, journals, magazines, etc,. Lastly the researcher held discussions with the officials of various Departments, Trade Union Leaders and with the officials of District Industries Centre. These discussions were helpful to the researcher in identifying the SWOT analysis of SSI for the study.

2.1 STRENGTH, WEAKNESS, OPPORTUNITIES AND THREATS

Development in any walk of life has always depended to some degree or other on individual qualities of entrepreneurship. History shows evidences of the role of individuals in the process of development in any field of scientific investigation, economics, sociology, education or military science. Industrial development in almost all countries has always started with private individual enterprise. Entrepreneurs become the most successful people in the economy. Every business starts with an entrepreneur, and many that succeed do so through self-evaluation. SWOT stands for Strength, Weaknesses, Opportunities and Threats. SWOT analysis helps you judge the feasibility of an idea or company. Every businesses faces a changing market, changing competitors, changing customers with their evolving tastes and preferences, and changing technology that pose external opportunities or threats.

SWOT analysis helps the entrepreneur to be conscious about where the entrepreneur today and where the market may be tomorrow. It helps them be both self-aware and situationally aware about the business. Which environmental factors are considered to be suitable or otherwise for the launching or management of their enterprise will have to be understood; only then can certain idea be formed as to their requirements for development. Hence, a Strength, Weakness, Opportunities and Threats (SWOT) analysis of the small scale industries under study can be undertaken to enquire into the strength, weakness, opportunities and threats of the entrepreneurs. In a small enterprise, the entrepreneur and enterprise can be treated as synonymous as the strength, weakness, opportunities and threats faced by an entrepreneur are also those of enterprise.

Starting an enterprise is not a simple matter, and running it successfully requires a great many qualities and characteristics. In the beginning, a venture requires skills like drive and initiative, resource mobilization, mobility, quick decision making which are very different from skills required later on like persistence, business ethics, stamina and goal setting. The entrepreneur may not possess all the skills; some may be present while the lack of others may be felt by the entrepreneur. Some qualities that an entrepreneur possesses are very strong, which are the key factors for the starting of a unit, and can be termed as strength,

while others which are holding back the entrepreneur from definite success are weakness. All the strength and weakness of an individual are difficult to assess but at least a few of them can be identified and analyzed to find out which qualities determine entrepreneurship, and influence the profitability of the enterprise. The small scale industries are not capable of analyzing the internal strength and weakness and external opportunities and threats.

2.2 Strength of Small Scale Industries

Strength is the property of being physically strong or mentally strong.   A chameleon's strength is actually in its ability to blend in with its surroundings. The successful entrepreneur's talents were business focus, confidence, creative thinking, delegation, determination, independence, knowledge-seeking, promotion, relationship-building and risk-taking. Some level of talent is innate, some can be nurture. Every business has its strengths, those things that they consistently do well to get people talking, attract new business and retain customers. Unfortunately, strengths can sometimes cover up business weaknesses or flaws so they don't get the attention they need.

In the course of running of the enterprise, the entrepreneurs would have come across, or identified or used many of these strengths. Hence, it was thought appropriate to ask the entrepreneurs the applicability of various strength generally identified. This significant strength is listed out and the entrepreneurs were asked to indicate the extent of applicability in their case as strongly applicable, applicable, partly applicable and not applicable. These were given weights 3, 2, 1 and 0 respectively and the weighted score was calculated for each statement.

The weighted score of each statement of strength for all the respondents of a small scale industrial sector divided by the number of respondents in the particular location gave the average score per respondent as per their location. Likewise, overall average score of all the sectors put together was also calculated. All the four average scores per respondent per strength were tabulated in Table 4.62. The higher the average scores for strength, the higher it was regarded on the list of strengths that were required for the successful

running of an enterprise. The maximum average score that any strength could receive was '3' and minimum '0'. A comparison was also made in terms of the requirement and applicability of strength to each location depending on the sectoral integrity or diversity.

TABLE 2.1

AVERAGE SCORE PER RESPONDENT IN RESPECT OF EACH STRENGTH

Strength	Rural		Semi Urban		Urban		Overall	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Commitment and dedication	3.4455	1	2.2065	8	2.1801	8	2.3013	6
Employee attitude	2.2545	7	2.9381	3	2.9118	3	2.7424	4
Contacts	3.3818	2	3.5575	1	3.5625	1	3.3406	1
Family support	2.5818	4	2.2124	7	2.2353	7	2.1747	8
Easy loans	2.3545	6	3.2714	2	3.2721	2	3.0524	2
Intuition	2.5455	5	2.7906	4	2.7647	4	2.7467	3
More qualitative	3.1909	3	2.3009	6	2.2831	6	2.1921	7
Grace and charm	2.2455	8	2.7227	5	2.7096	5	2.6463	5

It is inferred from the table that contacts to the enterprises were ranked as the major strength required for the success of a small scale industry with an overall average score of 3.3406. It was the major strength of the entrepreneur. Cordial relationship between the customers is very important to do the business successfully. The respondents get easy loan facilities from the banks were ranked as the second strength of a small scale industry. It shows the financial stability of the business.

Intuition to do the business was ranked by third and average score is 2.7467. This is also major strength of the business because the personal interest and involvement is very important. Employee attitude

towards the concern also considered as the strength of the small scale industry. It was ranked by fourth and average score is 2.742.

If the entrepreneur having grace and charm face is also considered as the strength of the business ranked by fifth and average score is 2.6463 followed by sixth rank commitment and dedication and average score is 2.3013. It is evinced that Contacts, Easy loans, Commitment and dedication, Intuition and Employee attitude are the strong factors for the success of small scale industries in Urban and Semi urban areas.

2.3 Weakness of Small Scale Industries

Business weaknesses are areas where improvements need to be made because their current situation leaves them vulnerable to economic pressures, market forces or aggressive competitors. In short, these are the things that hurt long-term, sustainable profitability.

TABLE 2.2

AVERAGE SCORE PER RESPONDENT IN RESPECT OF EACH WEAKNESSES

Weaknesses	Rural		Semi Urban		Urban		Overall	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Lack of mobility	3.0636	3	3.1386	3	3.1507	2	3.1179	3
No idea of business	2.1909	8	2.2330	8	2.2132	8	2.2707	6
No calculated risk	2.9182	4	2.8673	4	2.7941	4	2.7817	4
Lack of in-depth knowledge	3.6273	1	3.4956	1	3.5515	1	3.4978	1
Cannot handle crises well	2.2273	7	2.2448	7	2.2316	7	2.2620	7
Less innovation due to lack of interaction	3.1636	2	3.2094	2	3.1140	3	3.1266	2
Delay in getting loans	2.7727	5	2.6608	5	2.6213	5	2.6987	5
Conscious of society's attitude	2.2909	6	2.3009	6	2.3162	6	2.2271	8

Table 2.2 reveals that the foremost weakness of the respondent is Lack of in-depth knowledge in the business. If the unit didn't possess the keen knowledge, it finds difficulties to continue the business in the competitive world. The average score of this statement is 3.4978. The same situation is prevailing in Rural, Semi urban and Urban areas. The overall average score of Less innovation due to lack of interaction is 3.1266. This was ranked as second in Rural and Semi urban areas.

Lack of mobility was the third weakness of the small scale industries and secured overall average score of 3.11. This statement stood at second place in Urban units. Risk could not be forecasted by the small-

scale industrial units. These units are not in a position to overcome the uncertainties. It is also one of the weaknesses of small scale industries. It occupied the fourth place in ranking the statement of weaknesses and the overall average score is 2. 7871.The same status is prevailing in all the location. Delay in getting loans, Conscious of society's attitude and cannot handle crises well are the weaknesses of small scale industrial units when Compared with large scale industries.

2.4 Opportunities of Small Scale Industries

Business opportunities are usually defined as situations where products and services can be sold at a price greater than the cost of their production. A business opportunity is a situation where investors can take action to make a profit. One of the toughest parts of being an investor is finding the next opportunity to make it big in business. There is always another opportunity coming down the road, but their job is to distinguish the good ones from the bad ones and make smart business decisions that will set them or startup ahead in the long run.

TABLE 2.3

AVERAGE SCORE PER RESPONDENT IN RESPECT OF EACH OPPORTUNITIES

Opportunities	Rural		Semi Urban		Urban		Overall	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Good education	2.7091	6	2.6490	6	2.5368	6	2.6725	5
Well to do family	3.0727	1	3.0649	2	3.2537	1	3.2926	1
Liberal views/attitudes	2.8645	4	2.7847	4	2.7647	4	2.7686	3
Urban area	2.1636	8	2.2271	7	2.2537	8	2.3668	8
Conducive atmosphere	2.8545	5	2.7611	5	2.7390	5	2.6419	6
Skill in potential field	3.0828	2	3.1593	1	3.0919	2	3.1659	2
Help of family members	3.0818	3	2.2212	8	2.2757	7	2.3799	7
Entrepreneurial developing agencies	2.8364	7	2.9233	3	2.7684	3	2.9170	4

It is inferred from the table that financial background of the family i.e. 'Well to do family' secured the first rank in Rural and Urban areas and second place in Semi urban area with the overall average score of 3.2926. The overall second rank packed by 'Skill in potential field' with an average score of 3.1659. This variable occupied the first place in Semi urban areas. 'Liberal views/attitudes' showed the third position with an average score of 2.7686. 'Entrepreneurial developing agencies' was in the fourth rank with overall average score of 2.9170. Conducive atmosphere was sixth rank with an average score of 2.64419. 'Well to do family',

'Skill in potential field' and 'Liberal views/attitudes' are the golden opportunities available for establishing and promoting small scale industries in Coimbatore district.

2.5 Threats of Small Scale Industries

Entrepreneurship is an exciting adventure, albeit a stressful one. Their business houses may face ups and downs, achievements and challenges, and more twists and turns than you could ever expect. The people may come and go, competitors rise and fall and core idea may undergo an evolution until it's almost unrecognizable. But despite all those obstacles, stressors, and points of vulnerability, the riskiest and most dangerous part of entrepreneurship i.e. what can happen to their business and what can happen to the investors. There are several personal risks also take on when they become entrepreneur, and none of them should be taken lightly. Almost every investor in small scale industries will inevitably face these risks.

TABLE 2.4

AVERAGE SCORE PER RESPONDENT IN RESPECT OF EACH THREATS

Threats	Rural		Semi Urban		Urban		Overall	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Big unit competition	3.4455	1	3.6195	1	3.5110	1	3.4061	1
Less demand for SSI's products	2.2545	7	2.2389	7	2.2574	7	2.2533	6
Shortage of capital	3.3818	2	3.2891	2	3.0515	3	3.1135	3
Shifting place	2.5818	4	2.7434	4	2.6985	4	2.8821	4
Lack of zeal and enthusiasm	2.3545	6	2.3746	6	2.2500	6	2.2358	8
Giving up due to family obligation	2.5455	5	2.6460	5	2.6838	5	2.7642	5
Non-acceptance by community	3.1909	3	3.2065	3	3.1213	2	3.1354	2
Obsolescence of product technology	2.2455	8	2.2242	8	2.2206	8	2.2969	7

It is found that the biggest threat comes from large scale industries. 'Big unit competition' was the foremost threat of the small scale industries. 'Non-acceptance by community' secured the second place in the threats of small scale industries with an average score of 3.1354. Shortage of capital leads the third major threat of the small scale industrial units in Coimbatore with an overall average score of 3.1135. If the unit possess under capital, it couldn't do the business with an expected manner. Rural and Semi urban industrial units find difficulties to mobilize the fund for their business. 'Shifting place' ranked fourth in threats with

an average score of 2.8821. 'Obsolescence of product technology' was the seventh threats of the small scale industries and finally 'Lack of zeal and enthusiasm' stands the eighth place in threats of small scale industries with an average score of 2.2358.

CONCLUSION

In the present study, an attempt has been made to examine SWOT analysis of small scale industries with special reference to Coimbatore District. It could be concluded that ability of organizing, fulfilment of achievement motivation, technology up-gradation and support from the customers have been significantly affected by the various factors of production of small scale industries in Coimbatore District. In this present situation small scale industries have lot of opportunities and also threats. This study helps the small scale entrepreneur to solve their threats and use the opportunities in better way to run the business for long run.

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