



INDEPTH PROBE INTO THE FACTORS RESPONSIBLE FOR POOR PERFORMANCE OF JAMMU AND KASHMIR INDUSTRIES LIMITED (JKI-LTD)

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ABSTRACT

The PSE's of the state on the whole are facing severe problems and have become a huge drain on the financial resources of the state. The plethora of causes for poor performance of these JKI units are out rightly responsible for its deteriorated condition. The scientific fact based survey made it clear, how to revive and what next steps being taken.

KEYWORDS: PSE, semi-autonomous corporation

INTRODUCTION

Public sector enterprises are specific forms of institutions set up either at the central, state or local levels involving manufacturing or producers of goods including agriculture or making available a service for the price. It is an autonomous or semi-autonomous corporation and companies owned and controlled by the state and engaged in industrial and commercial activities (Mallya, 1971). The public sector enterprises (PSE's) in India were conceived as mega instruments of economic development, huge financial investments were pumped into PSE's for generating employment and building industrial infrastructure within the country. However, the actual performance of PSE's over a period has met neither expectations of the policy makers, nor the demands of the public. The role and performance of PSE's has become highly controversial in India after the adoption of the policy of economic reforms in 1991. The lack of financial viability, coupled with inefficiency, corruption, mismanagement, low productivity, high cost of products and poor work culture have played havoc with PSE's. The bureau of Public enterprises (PEs), which was set up in 1965 & constituted as an administrative unit in 1979 within the ministry of finance is a model agency to provide managerial, advisory and performance monitoring services in various facets of public enterprise management. According to the United Nations document, a public enterprise is the organization in which the Government has a majority of interest of ownership and management. Thus public sector enterprise refers in a widest sense to all the economic activities undertaken by the govt. Public Enterprises are also called as Public Sector Enterprises/Undertakings/Units, Govt controlled enterprises, State Economic Enterprises. Public enterprises are set up in various forms such as corporation or company.

The performance of public sector enterprises, as judged from the gross rate of profit has not been very satisfactory. Public sector enterprises are not unique to India. They are part of a worldwide phenomenon. In India public sector enterprises have come of age. They seem to have been struggling to reach the stage where they can subordinate political considerations to economic factors. The strengthening of functional areas of management has been a key factor in improving the performance of public enterprises. The functional areas of management are really responsible for the better performance of public enterprises. In order to establish a system of rehabilitation and restructuring of public sector undertakings without having govt to bear the whole financial burden, the provisions of the Sick Industrial Companies Act (SICA), have been amended to bring public sector undertakings under its purview (Gangadhar and Kavitha 2006)

The units of JKI-ltd, have neither met the expectations of the policy makers, nor the demands of public. The lack of financial viability, coupled with inefficiency and mismanagement along with poor work culture have played the role in making them sick units. Most of the JKI-ltd units are in ailing situation, mainly they are either administered than strategically managed and the work culture is of the bureaucratic mazo than that of risk taking enterprises.

When we see their governing bodies, they are either politicians or bureaucrats, so the corporate culture is nowhere in them. The decision making is absent and the working environment is totally bureaucratic manner within them (Ratika Jain 2016). The need of the hour is to imply the strategies in planning and taking decisions with view to turn the sick public sector units into viable ones. The main motive behind this search in the five selected units among JKI-ltd is to improve their performance; the obstacles to restructuring to any enterprise will be many and varied.

METHODOLOGY

In order to make these sample units viable and to remove the factors responsible for poor performance of all these units, a thorough research was done in these units by employing both academic as well as non-academic source were utilized. Sample units undertaken during research work were as:-i) Spinning Mills Nowshera, Srinagar, ii) Shoddy Spinning Mills, Solina, iii) Silk Weaving Factory, Rajbagh, iv) Silk Filatures, Solina ,and v) Govt Bemina Woolen Mills, Bemina. Personally visiting all the above units made the researcher comfortable in collecting both primary as well as secondary data. The secondary data collected from these offices have given valid inferences for their poor performances. Besides a specific questionnaire was illustrated and designed which was latter supported by the direct interviews. In the questionnaire it was mentioned individually about the machinery used by the mill, skilled engineers, the role played by the state government etc. In Shoddy Spinning Mills, Solina and government Filatures, Solina , which are both working in the same premises. Both these units (Mills) have only one Deputy General Manager DGM. The Shoddy Spinning Mills, Solina is totally defunct, due to the lack of modern machinery and qualified engineers. While interacting with their staff and workers group, it was revealed that this unit has been ignored by the state government. In order to restore its glory, a new and sophisticated machinery is needed on priority. Respondents were same in all the five selected sample units of JKI-ltd. Every respondent in all the units, responded with the researcher in favour of their restoration

and modernization, so that they could produce both quality as well as quantity. In this research, a five point Likert scale has been used in part-I of the questionnaire, which varies from 05 to 01, which is shown as 5-Always true, 4- True, 3-Sometimes true, 2-Rarely true, 1-Not at all true At a desirable level, a mean score of around 05 is nearly an indication in analysis and interpretation for factors responsible for poor performance of JKI-ltd. The analysis and interpretation looked easier, when the mean scores were converted into percentage score by utilization of Rao (1986) formula, which is shown as

$$\text{Percentage Score} = (\text{Mean Score} - 1) \times 25$$

OR

$$\text{Percentage Score} = (n - 1) \times 25$$

where ‘n’ is the mean score. This was carried out when the assumption that a score of 02 represents 25 percent a score of 03 indicates 50 percent, a score of 04 represents 75 percent and a score of 5 depicts 100 percent.

The percentage score indicates the degree at which a particular dimension is possible in any enterprises out of ideal 10, thus it is certainly desirable for the organization to have percentage score above 75 on each dimension as well as in general.

RESULTS

Most of the units of JKI-ltd are in chronic conditions and are not performing well in the market. This research has pointed out few causes responsible for their poor performance by surveying and analysing five sample units of JKI-ltd.

Table:1. General perception of respondents of sample units

Statement No.	Mean Score (N)	Standard Deviation ()	Percentage score (%)
1	3.10	1.82	52
2	2.63	1.57	40
3	1.82	1.14	20
4	2.51	1.47	37
5	3.20	1.87	55
6	3.81	2.19	70
7	3.04	1.78	51
8	3.40	1.97	60

The sample units of JKI-ltd having percentage score less than 50%, need more attention for performance. The survey in sample units of JKI indicates that most of the PSEs are in ailing condition ,as none have shown score

beyond 70%. While as the perception of respondents of the sample units in JKI is concerned regarding the work culture, it is significantly in a bad condition.

Table:2 Shoddy Spinning Mills, Solina

Statement No.	Mean Score (N)	Standard Deviation ()	Percentage score (%)
1	3.50	2.03	62
2	3.00	1.76	50
3	1.60	1.02	15
4	2.90	1.71	47
5	3.80	2.19	70
6	4.60	2.61	90
7	3.00	1.76	50
8	3.80	2.03	70

$$T_{cal} = -0.05 \quad T_{tab} = 2.41(1\%), 1.68(5\%), 1.31(10\%) \quad \text{level of confidence } T_{cal} < T_{tab}$$

The t_{cal} value is -0.05 for Silk Weaving Factory Rajbagh and Govt Bemina Woolen Mills Srinagar, which is less than T_{tab} value as 2.41, 1.68 and 1.31 at 1%, 5% and 10%

level of significance. Satisfaction level by salary have made workers as well other employees more disinterested towards their job.

Table 3: Spinning Mills, Nowshera

Statement No.	Mean Score	Standard Deviation ()	Percentage score (%)
1	3.27	1.91	56
2	2.54	1.52	38
3	1.81	1.13	20
4	2.27	1.38	31
5	2.09	1.28	27
6	4.09	2.34	77
7	3.09	1.81	52
8	3.54	2.05	63

The general perception from the table shows in the statement No 4 regarding the boss-subordinate relationship in JKI. The figures in mean score and percentage score reveal 2.51% and 37% respectively which indicates a negative behaviour between the two. The 37% score is abnormally low for the healthy and cordial atmosphere in any organization. The t-calculated value for the population

in Spinning Mills, Nowshera & Shoddy Spinning Mills, Solina is -1.05 and t-tabulated value at 5% level of significance at 23 degree of freedom is 1.71 (table 4.2 on p no 105). It has been observed during this research, that there is total deficiency of managerial competence and also obsolete machinery within the Shoddy Spinning Mills, Solina

Table: 5 Govt Bemina Woolen Mills, Srinagar

Statement No.	Mean Score	Standard Deviation ()	Percentage score (%)
1	2.73	1.62	43.25
2	2.30	1.39	32.50
3	1.88	1.62	22.00
4	2.15	1.31	28.75
5	1.84	0.97	46.00
6	3.23	1.88	55.75
7	3.07	1.80	51.75
8	3.19	1.86	54.75

The managers have a mean score value of 2.55 with percentage score 38.75 and the non managers have 2.54 as mean score with 38.5 percentage score and the superintendents which have shown 49.5 percentage score with 2.98 as mean score.

DISCUSSION

There are certain prominent bottlenecks, which have played havoc with the PSEs. The government has already taken a number of steps and methods to reorient the performance of public sector enterprises in the new economic situation. Disinvestment, privatization and restructuring are some of the initiatives which have been taken in order to control the poor performance of these units (Anjila 2000). Chronically sick and potentially viable public sector enterprises are to be closed down as suggested by Godbole Report for the betterment of PSEs and state economy (Madhav Godbole-2001). Due to the poor performance of PSEs in our state, they turned into a huge drain on the financial resources (Ratika, 2016) A broad list of the causes of sickness of public sector enterprises are as:-Overstaffing is an excuse for providing employment to the masses, failure to modernise by upgrading technology, faulty policies of the government and undo political interference, political manipulation. To look at the problem of sickness of PSEs one way is to go

indepth of sickness, so the need is to look at the problem from a diagnostic angle. The study of these PSE units takes into account various factors responsible for poor performance like financial position, personnel structure, obsolete machinery, satisfaction level of employees, superior-sub-ordinate relationship.(Seema, 2016)

Disinvestments has been viewed as a mechanism to provide further market discipline to the performance of public enterprises owing to the realization that there are a large number of chronically sick enterprises incurring heavy losses. Fast changing liberalization, privatization and globalization has put a fervent demand to significantly reform the public sector enterprises (Gangadhar, 2006).

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