

ORGANISATION STRUCTURE OF SMALL SCALE FOOD-BASE INDUSTRIES: A STUDY OF AHMEDNAGAR DISTRICT, MAHARASHTRA, INDIA

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ABSTRACT

Food-base industries in rural areas of India create more employment opportunities in rural areas as well as it helps to get good prices to farmers for their agriculture produce, which reduces the farmers suicides and improves agriculture GDP. To establish and run economically viable small scale food-base industries and to utilize available agriculture resources there was need to do research in this area. This paper on “Organisation structure of small scale food-base industries: A study of Ahmednagar district, Maharashtra, India” thrown light on organization structure of small scale food-base industries.

Key Words : Organisation Structure, Small scale industry, Food industry

INTRODUCTION

In developing countries like India, food-base industry is a very important arm of the manufacturing industry to build on the industrial capabilities.

Properly developed food-base industries in rural areas of India create more employment opportunities in rural areas as well as it helps to get good prices to farmers for their agriculture produce, which reduces the farmers suicides and improves agriculture GDP. To establish and run economically viable small scale food-base industries and to utilize available agriculture resources there was need to do research in this area. This paper on “Study of organization structure of small scale food-base industries with special reference to Ahmednagar district” will guide in this area.

REVIEW OF LITERATURE

Mintzberg (1979) on organization structure of small scale industries says that one of the most elementary decisions a small firm owner or manager has to make is the design of the firm's organisation. As soon as a small firm hires one or more employees, some kind of organisational structure develops. The actual design of this organisational structure is a mix between intended, deliberate choices and unconscious, emergent developments. Who decides on what, who is responsible for what, and how do we coordinate these decisions and responsibilities effectively? Acknowledging an ongoing debate on the interrelationships between strategy, structure and performance, the outcome of the organisational design process is unmistakably an important determinant of the performance of firms. Theoretical support of the importance can be found

almost anywhere. Engineers, economists and sociologists have written on organisational structure and design.

OBJECTIVES OF STUDY

1. To study Organization Structure of Small Scale Food-base industries
2. To study relationship between organization structure and Profitability

HYPOTHESES

1. Organization structure of small scale food-base industries and its Profits are co-related.

AREA OF STUDY

The area of the study covers Ahmednagar district of Maharashtra state of India. Ahmednagar is the biggest district of Maharashtra in terms of area. The total geographical area of the district is 17.41 lakh ha. The net cropped area is 12,56,500 ha, out of which an area of 3,30,000 ha. (26.27 %) is under canal (84,000 ha) and well irrigation. About 9,26,500 ha. (73.73 %) area is rain fed. The area under Kharif crops is 4,60,000 ha. (36.6 per cent) while 7,58,000 ha (60.32 per cent) area is under Rabi crops. A multiple cropping system is followed on 1,10,500 ha. area.

SAMPLE DESIGN

The study has covered industries which mainly depend for their raw materials on agricultural products According to MSME act 2006, Govt. of India defined the small scale industries are the industries having investment in plant and machinery are above Rs. 25 lakhs and upto Rs. 5 crore.

UNIVERSE

The universe under the present study spread over Ahmednagar district in Maharashtra. It covers all food-base industrial units having investment in plant and machinery is above Rs. 25 lakhs and upto Rs. 5 crore for units established after 2006, which are working at the time of survey and are registered with District Industries Centre. Large scale food-base industries, Medium Scale Food-base Industries and Micro industries were excluded from study.

SAMPLING PROCEDURE

1. There are three major types of small scale food-base industries in Ahmednagar district, that are Dairy based, Poultry based & Food based.
2. A list of total population of these type of industries were collected from **District Industries Centre (DIC), Ahmednagar**

SAMPLE SIZE

1. The total population of Dairy Based Industries in Ahmednagar district was 50 out of them **30** industries were selected with simple random sampling technique (Lottery Method)

2. The total population of Poultry Based Industries in Ahmednagar district was 198 out of them **35** industries were selected with simple random sampling technique
3. The total population of Food Processing industries in Ahmednagar district was 177 out of them **35** industries were selected with simple random sampling technique

DATA COLLECTION

Primary Data: Researcher adopted direct Personal Interview method by making well structured questionnaire, direct personal investigation and observation method to collect data. To supplement these researcher had discussions with managers of the units. These methods helped to collect reliable and accurate data from the respondents

Secondary Data : The secondary data were collected through various research journals, Books, Government reports, Newspapers, Company reports, Ph.D thesis and Internet.

DATA ANALYSIS

A structured questionnaire filled from 100 respondents and data entered in the SPSS and analysis done as per the objectives and hypotheses framed.

Objective No. 1 : To study Organization Structure of Small Scale Food-base industries.

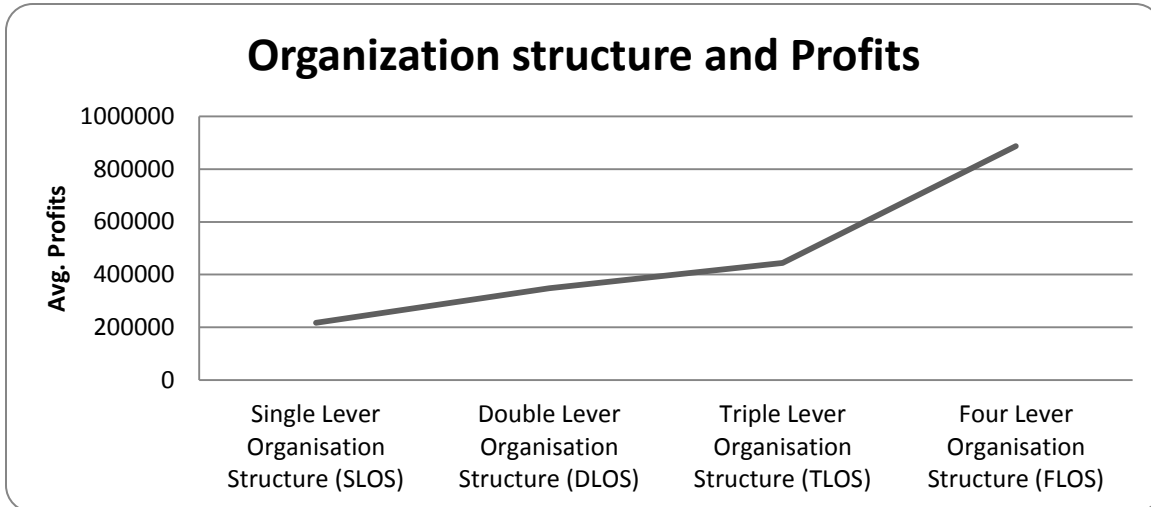
Through review of literature a researcher came to know that small scale industries uses functional type of organisation structure. The researcher extends further and added subtypes of functional organisation structure that were

- a) Single Lever Organisation Structure (SLOS)
- b) Double Lever Organisation Structure (DLOS)
- c) Triple Lever Organisation Structure (TLOS)
- d) Four Lever Organisation Structure (FLOS)

The small organisation which only having production department that were termed as single lever, the organisation which posses production and marketing department were termed as double lever, the organisation having production, marketing and raw material supply chain department were termed as triple lever organisation structure and the organisation having four department named as four lever. The average profits of last three years and type of organisation structure was measured.

Table N. 1.1 Organisation Structure and Average Profits of last three years in Rupees

Sr. No.	Type of Structure	Avg. Profits of last three years in Rs.
1	Single Lever Organisation Structure (SLOS)	218000
2	Double Lever Organisation Structure (DLOS)	349000
3	Triple Lever Organisation Structure (TLOS)	444000
4	Four Lever Organisation Structure (FLOS)	887000



Interpretation: With the above data, It is clear that there is positive co-relation between organisation structure and profits of small scale food-base industries.

Hypotheses 1. : *Organization structure of small scale food-base industries and its Profits are co-related.*

Correlations				
			OST	PL_3yrs
Kendall's tau_b	OST	Correlation Coefficient	1.000	0.458**
		Sig. (2-tailed)	.	.000
		N	100	100
	PL_3yrs	Correlation Coefficient	0.458**	1.000
		Sig. (2-tailed)	.000	.
		N	100	100
Spearman's rho	OST	Correlation Coefficient	1.000	0.574**
		Sig. (2-tailed)	.	.000
		N	100	100
	PL_3yrs	Correlation Coefficient	0.574**	1.000
		Sig. (2-tailed)	.000	.
		N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).				

The co-relation was measured through Kendalls co-relation method and Spearmans co-relation method at 0.01% level of significance and found significant, Kendall (0.458) and

Spearman's (0.574). Hence Null hypotheses there is no relationship between Organization structure of small scale food-base industries and its Profits is rejected and the alternative hypotheses, *there is significant relationship between Organization structure of small scale food-base industries and its Profits* is accepted.

FINDINGS

After data analysis through SPSS-17, various results are generated in cross tables and the important results generated were summarized below

1. 41% Small scale food-base industries uses Two lever Organization structure, 30% industries uses Three lever Organization structure, 20 % industries uses Four lever Organization structure and 9 % industries uses One lever organization structure.
2. 46.7 % Dairy industries uses four levers Organization Structure
3. 60% Poultry industries uses Two lever Organization structure
4. 41.5% Food industries uses Two lever Organization structure
5. There is positive correlation between organisation structure of small scale food-base industries and their profits.

SUGGESTIONS

Small scale food-base industries should use three lever organization structure, which includes **First Lever-** Purchase- Supply of raw material from Farm to Factory. In this there should be tie-up with farmers to supply of raw materials, Contracts with transporter for transportation of goods from farm to factory. Cold storage should be established for perishable items, whenever necessary.

Second Lever- Production – Processing of Agri-produce, Modern and hygienic technology should be used for production of finished goods. The product produced should be excellent quality as per the standards. As per the need the number of employees should be recruited and maintaining hierarchy the structure should be formed.

Third Lever—Marketing, The products that are manufactured should be communicated to the target customer. Accordingly marketing Organization should be established.

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