



AN ORGANIZATIONAL ANALYSIS OF STEEL INDUSTRY OPERATIONS: CHALLENGES AND STRATEGIC RESPONSES

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ABSTRACT

This study, entitled "An Organizational Analysis of Steel Industry Operations: Challenges and Strategic Responses," explores the dynamics of individual and group behavior within an organizational setting, as well as the nature of organizations themselves. Organizational studies aim to understand and model the factors that come into play whenever people interact in an organization. This type of analysis is essential for MBA graduates as it helps them connect theory with practice. The organizational study was conducted at Valli Steel Industries Pvt. Ltd., a company specializing in the manufacturing of high-quality stainless steel "ASI 304 GRADE" kitchen sinks, located in Nagercoil. The study is based on information gathered from the departmental heads of the organization. A SWOT analysis was performed to evaluate the company's strengths, weaknesses, opportunities, and threats. Key strengths identified include the company's experienced workforce, the efficient and healthy relationship between employers and employees, and flexibility in production volumes and design. Weaknesses include insufficient funds for further expansion, a lack of effective marketing strategies, technological obsolescence, inefficient management, and marketing deficiencies. Opportunities include a growing demand for its products, the judicious purchase of raw materials, and the outsourcing of large units. The threats identified are environmental concerns, technological advancements, and the entry of new competitors into the market. The study highlights the strong relationship between employees and top management.

KEYWORDS : Organizational Study, SWOT Analysis, Steel Industry Operations, Valli Steel Industries Pvt. Ltd.

INTRODUCTION

An organizational study helps management students gain practical experience and understand how theoretical concepts are applied in real organizations. This one-month study, part of the academic curriculum, provides insights into organizational functioning and departmental coordination. SWOT analysis, which stands for Strengths, Weaknesses, Opportunities, and Threats, is a valuable tool for evaluating a business's current position and formulating effective strategies for future success. It helps identify key areas for improvement and growth.

Industry Profile

The steel industry is a vital sector for India, which was the 3rd largest producer of raw steel from 2014 to 2016 and became the second-largest producer with 106.5 MT in 2018. Growth has been driven by domestic raw materials like iron ore and cost-effective labor. The Indian steel industry is modern, with continuous upgrades for higher energy efficiency. The consumption of stainless steel is expected to grow as India's economic development rises, with per capita consumption currently lower than the world average.

COMPANY PROFILE

Valli Steel Industries Pvt. Ltd. (VSIPL), established in 1991, specializes in manufacturing high-quality stainless steel kitchen sinks, particularly the "ASI 304 Grade" sinks. Certified with ISO 9001:2008, the company markets its products under the brands "PRINCE" and "METRO." VSIPL also imports sinks from China and exports to various countries. They use premium stainless steel (AISI 304), known for its strength, resistance, and durability. Founded by Mr. Nepal Raj in 2001, VSIPL has earned the "Export Excellence Award" four times from the Government of India. Located in Nagercoil, Tamil Nadu, the company employs 101-500 people, with a notable representation of women workers.

PRODUCT PROFILE

The main production of the company is stainless steel kitchen sinks, producing 600 units per day under the brand name PRINCE. These sinks are made with AISI 304 GRADE quality stainless steel and are ISO 9002:2008 certified. Prince sinks

are designed to deliver high-quality, low-maintenance products, offering residential kitchen sinks, sink accessories, wash basins, and related services, with no compromise on quality or design. They produce 58 unique models of Indian sinks with both glossy and matte finishes, as well as 32 international models with innovative designs.

Prince sinks are manufactured only from the best grade of stainless steel (AISI 304), crafted with smart innovations and contemporary styles that define the science of creating the perfect home.

Valli Steel Industries, under the brand name Prince, manufactures kitchen sinks and limited kitchen accessories. As of November 1, 2018, the company offers a total of 90 kitchen sink models categorized into four series based on customer requirements:

Indian Series: This series includes 39 budget-friendly models of sinks.

Platinum Series: This series features sinks with a premium finish and appearance, with 19 models available.

Global Series: These sinks are exported and include 29 models.

Quartz Series: Made from quartz composite, these sinks are heat resistant, have a non-porous surface, retain their color well, and are affordable for any household.

FUNCTIONAL DEPARTMENTS

Functional departments within an organization play a crucial role in ensuring the smooth operation of business processes. These departments are specialized units, each focusing on specific tasks that are essential to achieving the organization's overall objectives. Typically, functional departments include areas such as finance, marketing, human resources, operations, and production. All the departments function efficiently and effectively.

At Valli Steel Industries, there are several departments that

are interlinked with each other, and the information is centralized within the organization. The following are the key departments:

- **Human Resource Department**
- **Finance Department**
- **Production Department**
- **Quality Control Department**
- **Stores Department**
- **Marketing Department**

These departments collaborate and work in coordination to ensure the efficient operation of the company and the achievement of its business goals.

Human Resource Department

The Human Resource department focuses on recruiting, hiring, training, and retaining employees, while overseeing employee relations and managing benefits programs. It serves as a point of contact for employee concerns or grievances. HR is responsible for screening job applicants, administering employee benefits, and handling compensation, benefits, and terminations.

Finance Department

The Finance department is an integral part of any organization's growth story, whether it is a startup or an established firm. While the term "finance department" is often associated with money, it covers a broader range of functions related to achieving financial stability for the entire system. The essential features of the finance department are as follows:

- Bookkeeping
- Tax and compliance
- Financial planning & analysis
- Providing strategic guidance
- Fundraising.

Production Department

The Production department transforms raw materials into finished products. The Production Manager ensures smooth operations, managing raw materials and improving efficiency.

Plant Manager: Oversees daily operations, ensuring policies are followed and maximizing safety, quality, and productivity.

Shift Manager: Manages production or operations during shifts, addressing employee concerns and troubleshooting issues in the absence of an assistant.

Shift Engineers: Conduct maintenance, supervise teams, and ensure engineering policies are followed.

Shift Operators: Perform manufacturing processes, ensuring safety and quality.

Workers: Assist in manufacturing, assembly, packaging, and equipment maintenance. They may also supervise, perform quality checks, and ensure smooth operations.

Process of Production Department

Purchasing of Material: The factory purchases steel plates in coils, with a maximum width of 1220mm and a thickness between 0.8mm and 1.5mm, based on production requirements.

Laminating: A protective film is coated on the sheet metal to prevent damage during the drawing process. Laminating is done before or after cutting.

Sheet Metal Cutting: Steel sheets are cut into specific lengths according to sink design specifications.

Corner Notching: The cut sheet is notched at the corners using a shearing machine.

Oiling: Drawing oil is applied to both sides of the sheet to reduce tensile cracking and extend mold life.

First-time Drawing: The metal sheet undergoes the first drawing process to reach about 80% of the design depth using a hydraulic press.

Cleaning: The sheet is cleaned to remove drawing oil and prepare for annealing.

Annealing: If the sink design requires deeper shaping, the sheet is heated in a high-temperature furnace to relieve strain, especially for sinks deeper than 160mm.

Second-time Drawing: The annealed sink undergoes a second drawing process to reach the final depth.

Trimming: Excess material from the edges of the sink is trimmed to finalize the shape.

Hole Punching: Drainage and overflow holes are punched into the sink.

Roll/Butt Welding: Welding is done for twin-tank sinks, either by CNC or hand soldering.

Spot Welding: Ribs and hooks are welded using a laser spot welder.

Surface Treatment: Surface treatments like scrubbing, sandblasting, and polishing are applied to finish the sink.

Hole Opening: Tap hole excavation is done based on customer requirements.

Marketing: The sink is marked with a brand logo using embossing or laser etching.

Restoration: Minor damages are repaired manually before the spraying process.

Spray Coating: A spray coating is applied to cover imperfections and add weight to the sink.

Cleaning & Packing: The sink is cleaned to remove oil, dirt, and fingerprints, then packaged for shipment.

Stocking: The finished sink is stored in the warehouse until delivery.

Stores Department

Storekeeping is an aspect of material control focused on the physical storage of goods. In other words, storekeeping involves the art of preserving raw materials, work-in-progress, and finished goods in storage. After the completion of the purchasing process, the next important aspect of material management is storekeeping. A storehouse is a building designed to preserve materials, stores, and finished goods.

Marketing Department

The marketing department plays a vital role in promoting an organization's business and mission. It acts as the company's face, creating and producing materials that represent the business. Marketing teams reach out to prospects, customers, and investors, crafting a positive image. They often use CRM systems to streamline customer relations and automate personalized communications to boost engagement and sales.

SWOT ANALYSIS Strength

Every organization has certain strong points which are known as its strength. The Valli Steel Industries also has strong points.

- Potential markets
- Eco-friendly products
- Strong market position
- Excellent infrastructure for the manufacturing process
- Dedicated, young workforce
- Customer satisfaction
- Wide variety of products
- Strong brand equity
- High-quality products and services
- Positive organizational culture and climate
- Potential for the expansion of the coir industry with a regular supply of raw materials
- Provides employment opportunities to disadvantaged groups, including women
- Requires low capital investment and semi-skilled labor.

Weakness

Weakness is the capabilities, limitation and deficiency in resources such as technical, financial, manpower, skill and brand image and distribution pattern. These factors tend to decrease the competence of the firm.

- Lack of employment training.
- Insufficient advertising and promotional campaigns.
- Lack of innovative technology and poor entrepreneurship weaken the society.
- Membership numbers are insufficient, though it appears otherwise
- Underutilization of manpower is prevalent in this sector.
- Inability to adopt technological advancements
- Slow response to market trends and customer demands.
- Inadequate marketing strategies for new product launches.

Opportunities

Opportunities are entirely external to the organization and they are present in the environmental situation in which the corporation functions. An opportunity is a major favourable advantage to a company, provide the same can be availed strategically. The external environment analysis may reveal concern certain new opportunities for profit and growth. Such opportunities include:

- Diversification of the product line
- Adoption of new technologies
- Strengthen distribution channels
- Expand into international markets
- Product growth by operating the society without external disturbances
- Research and utilize advanced materials to improve product performance and durability
- Expand the distribution network to reach a broader customer base.

Threats

Threats are also external to the organization. Threats are danger signals and this signal should be properly observed. For this the management should revise their strategies and tactic to meet them.

- High competition.
- Government regulations as barriers.
- Trade barriers.
- Emergence of new technologies.
- Availability of substitute products.
- Growth of large private units posing a serious threat to the cooperative sector.
- Risks associated with global trade policies and tariffs.
- Fluctuations in raw material prices affecting profit margins.

- Valli Steel should capitalize on its strong market position, eco-friendly product offerings, and brand equity by enhancing its marketing campaigns. Emphasize sustainability and the quality of products to appeal to eco-conscious consumers.
- Additionally, continue to foster the positive organizational culture and expand employee development programs to further enhance customer satisfaction and loyalty.
- Utilize the potential for expansion of the coir industry and the growing demand for eco-friendly products by targeting untapped markets. Geographic and demographic diversification could further solidify the company's market presence.

CONCLUSION

By addressing weaknesses, seizing opportunities, and minimizing the impact of threats, Valli Steel Industries can further enhance its market position. The company should leverage its strengths, such as its eco-friendly product offerings and strong brand equity, to expand into new markets while investing in innovation, technology, and workforce development to remain competitive in the evolving industry landscape.

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SUGGESTIONS