

CRITICAL REVIEW ON SUCCESS FACTORS FOR PERFORMANCE IMPROVEMENT OF FURNITURE CLUSTER

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Abstract: The furniture industry in India is highly fragmented with 85% of the manufacturing units belonging to the unorganized sector. Majority of micro units produce traditional designs while contemporary styles form only a small percentage of the total output. With a contribution of 40% to the country’s industrial output and 35% to direct exports, the Small Scale Industry (SSI) sector has achieved significant milestones for the industrial development of India.

The purpose of this paper is to contribute to the understanding of this issue regarding the driving force for the growth of Furniture cluster and find out the priority among these Critical Success factor (CSFs). Numbers of journals were searched using key terms identified in a preliminary literature review. Successive rounds of articles review resulted in 40 articles from 21 journals being selected for the compilation. This helps to ensure that the essential issues and factors are covered during implementation.

Keywords-CSFs, Furniture Cluster, Performance

Introduction: Furniture Industry is one of the many labor intensive sectors that provide a gateway for developing countries to the global market. It offers important opportunities to countries to start industrializing their economies and in course of time diversify away from commodity dependence. Moreover the economic performance of the apparel and furniture industry in developing countries has large impact on employment opportunities, especially for urban areas, the development of MICRO, SMALL and MEDIUM sized enterprises (MSMEs) and spillovers into the informal sectors.

The domestic furniture market in 2007-2008 was estimated to be around Rs 48,227 crores and is expected to grow at a compound annual growth rate (CAGR) of 17%. Although this demand is essentially satisfied by the Rs 50,000-crore domestic industry, India remains a net importer of furniture in value terms. In 2007-08 Rs

1,790 crores worth of furniture was imported while furniture exports amounted to Rs 1,485 crores. Majority of the imports is of blended furniture and is imported from China, Malaysia, Italy and Germany. India is the 8th largest furniture market in the world and imports are predicted to grow at a very fast pace due to increased domestic demand for foreign products.

The objective of this paper is to provide an extensive literature review on Critical success factors for performance improvement of Furniture cluster.

Cluster: Many studies on the cluster concept conducted in different environments by researchers and policy makers from different scientific fields, have created a myriad of definitions for clusters. The different definition comes up with general characteristics or common properties, which give rise to claimed competitive advantages of clusters



Fig.1. Furniture Clusters in India

The term was first used by Porter (1990) in ‘The competitive advantage of nations’. Then it became

part of a busy, fascinating tour, through which clusters have become associated with

‘competitiveness’, ‘innovation’, ‘restructuring’, ‘spatial agglomeration’, ‘supply chains’, ‘small firm networks’, ‘industrial districts’, ‘local productive systems’, ‘the role of industrial associations’, and more (Lagendijk, 1999).

Furniture Clusters in India: According to Anant Maloo, CMD, Timber Home Ltd. the furniture industry in India is valued at approximately Rs 71,000 crores. Contribution of furniture sector to India’s GDP is about 0.5%. The unorganized sector contributes to about 85% of the industry output while the share of organized sector is about 15% only. Majority of the organized sectors are in office furniture. High import duties on raw materials, low technological level of Indian companies are the major bottle neck in progress of Indian furniture industries. The influence of local tastes and traditions makes the export more difficult.

However India’s large size and rise in income level have caused steady increased in customer spending. The demand for lifestyle products such as furniture and modular kitchens is rising. At present the organized furniture sector is growing at a rate of 30 per cent Cumulative Annual Growth Rate (CAGR). The prospect of furniture sector in India seems bright. Fig. 2 shows existing furniture cluster in different part of the country.

Critical Success Factors (CSFs): The modern day industry works in global environment, which provides it opportunities and threats. To perform and prosper industry has to perform in certain key areas.

D. Ronald Daniel (1961) first introduced the concept of key factors. To achieve organizational goals and accomplish its mission the organization must ensure high performance in these key areas consistently. It was proposed that if certain factors, critical to the success of that organization are not achieved, the organization will fail (Huotari and Wilsom 2001). Rockhart (1979) described CSFs as those specifically distinguished areas that an organization needed to “get right” in order for the business to successfully compete.

A review of the literature: Review articles dealing with the concept of CSFs and Industrial Cluster have been published over years but CSFs for furniture Cluster are still under development and debate. The data collection phase of the literature review has involved an exhaustive search of many of the more prominent CSFs journals including, but not limited to, those outlined in below:

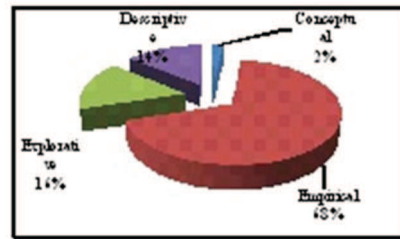


Figure No.2 Different methodology of review paper

Sr.No.	Researchers	Year	Methodology	Findings of the Research
1	Andrew C. Boyton et al.	1984	Empirical	Major findings for successful implementation.
2	Hans Georg et al.	1992	Empirical	Impact of critical success factors on project success.
3	James Ang et al.	1995	Empirical	Skilled workers are required for successful implementation.
4	Nazim U. Ahmed	1995	Conceptual	Framework for design & implementation of life-cycle cost management systems.
5	Rober G. Cooper et al.	1995	Empirical	Separate the solid performance of the company.

6	Carl Stephen et al.	1996	Explorative	efforts for combining the theory of data administration and CSFs.
7	Jack Arthur et al.	1996	Empirical	Highlighted the importance of individual talent and experience.
8	Pang-Lo-Liu	1996	Empirical	Positive influence on management performance.
9	Tony Grundy	1996	Empirical	Acquisitions frequently destroy more value than they create.
10	Tor Guimaraes et al.	1996	Explorative	Required effective training programs for ES developers and End users.
11	M. Kakati	1997	Descriptive	Framework for understanding of marketing and manufacturing of AMT.
12	Thompson Teo et al.	1997	Explorative	Comparative study in terms of strategic planning and organizational variables.
13	Vincent S. Lai	1997	Explorative	It retains a balanced perspective.
14	Young Jang et al.	1997	Empirical	Management requires client's organization's efforts and proper consultation mode.
15	Godwin J. Udo et al.	1998	Empirical	Communication play an important role in the success of AMTs.
16	Jorg Meyer-Stamer	1998	Empirical	Attempts to shape the supporting environment.
17	Michael E. Porter	1998	Descriptive	Different aspects of industrial cluster regarding to economy and innovations.
18	Rui Baptista et al.	1998	Empirical	Firms located in strong clusters are more innovate then others.
19	D. K. H. Chua et al.	1999	Empirical	Characteristics and contractual arrangements are the key element of success.
20	Ian Millar	1999	Descriptive	Utilizing people and Cost of Quality change the culture of an organization's.
21	I. N. Joseph et al.	1999	Empirical	Instrument for identification of CSFs of TQM in manufacture based units in India.
22	Jason DePasquale et al.	1999	Empirical	BBS processes improved the safety and performance of the companies.

23	Joyce Hoffman et al.	1999	Empirical	Importance of involvement of employees, upper management and organization.
24	Michael Tracey et al.	1999	Empirical	High levels of competitive capabilities achieve high levels of
25	Omar El Sawy et al.	1999	Empirical	Training of users is necessary for the success of business.
26	Peter Knorringa	1999	Empirical	Market channel approach stresses vertical over horizontal relationships.
27	T. Butler et al.	1999	Empirical	The CSFs concept and method as a rigorous technique for qualitative research.
28	T.C. Bond	1999	Explorative	Guidance for the design of suitable performance metrics and control systems.
29	Thompson Teo et al.	1999	Empirical	In alignment of IS plans with business plans the main difficulties in IS planning.
30	Allan S. Carrie	2000	Explorative	Suggested some possible developments in cluster operation management.
31	A.S.Sohal et al.	2000	Empirical	The adoption of TQM takes number of years for successful implementation.
32	Danny Samson et al.	2000	Empirical	Human aspects are most important for quality improvement.
33	Tore Dyba	2000	Empirical	Instrument has providing desirable psychometric properties.
34	Yasar Jarrar et al.	2000	Descriptive	It changes the way of organization do business.
35	Andrea Morrison	2001	Empirical	Innovation dynamism in cluster is still limited.
36	Hard castle et al.	2001	Empirical	Revealed five factors grouping for critical success factor.
37	Eldon Y. Lia et al.	2001	Empirical	High productivity levels are achieved through leadership based environment.
38	Fawzy Soliman et al.	2001	Descriptive	Integration of CAD/CAM with ERP for successful implementation.
39	Fiona Fui-Hoon et al.	2001	Empirical	Suggested key parameters for successful implementation of ERP.
40	Hannu KaKrkaKinen	2001	Explorative	Identifying the customers need & implement in different phases of development.

Conclusion: Research on Furniture Cluster and critical success factors can be a valuable step toward enhancing chances of implementation success. Clustering leads to an environment of positive competition in the industry. There is an enhanced co-operation between the industry members and a common shared knowledge base. It thus helps in building the competencies of all the people involved

in the process. It generally leads to technical up gradation and improved quality of products. There is also better market management from the industry members. This paper will help those who study the effect of CSFs on performance in different industrial sectors and those who review and evaluate work for possible publication.

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