

An Internship Report on

**THE FACTORS HINDERING THE
GROWTH OF MAG CORPORATION'S
PLANT PRODUCTS: A STUDY ON
THE STEEL INDUSTRY IN
BANGLADESH**

AN INTERNSHIP ON

**The Factors Hindering the Growth of Mag
Corporation's Plant Products: A Study on the
Steel Industry in Bangladesh**

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UNITED INTERNATIONAL UNIVERSITY

Letter of Transmittal

To
Dr. Khandoker Mahmudur Rahman
Associate Professor,
School of Business and Economics
United International University
Subject: Submission of internship report.

Dear Sir,

I beg to state that I have recently finished my internship report on **“The factors hindering the growth of Mag Corporation's plant products: a study on the steel industry in Bangladesh”**. The industry where Mag Corporation is belong to is steel industry under Bangladesh. Therefore, I have also analysed the competitive environment of steel industry of Bangladesh in this study.

The study is an exploratory study which is prepared based on qualitative data. The data are collected from both primary and secondary sources. Here, I want to ensure you that no information are directly copied from any article without providing the credit in the reference section. In addition, all the facts given in the report are relevant to my topic.

I therefore, pray and hope that your honour would be kind enough to accept my internship report and share your valuable remarks.

Your most obedient student,
Jainul Abedin Faisal
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Acknowledgement

Thanks to the friendly support and help of many people, for whom this internship report become a reality. I am expressing here my sincere thanks to everyone.

First of all, I want to express my gratitude to our Almighty Allah for the wisdom, strength, inner peace, and physical health he has given me till now.

I want to thank my family for their encouragement, which is helpful for my study. My dear ones, my parents who supported me, have been by my side when I needed it most and have been very helpful in completing this study.

I am very grateful for the continued guidance and supervision of UIUCC and SOBE of Undergraduate Studies, and for providing the necessary information on the study, and I appreciate their support.

I want to express my special thanks and gratitude towards my respected course professor and internship supervisor, *Dr. Khandoker Mahmudur Rahman*, Associate Professor, School of Business and Economics, United International University, for guiding me and providing a combination of the knowledge and experience while preparing the report.

I want to thank *MD. Abu Hanif Liton*, Deputy General Manager of Mag Corporation, who shared all the valuable information about the company. Without his kind effort and hard work, it would be difficult to collect all the relevant company information because there is no information available online.

Finally, I want to thank all the friends who supported and encouraged me to try to complete this in-depth study.

Declaration

I'm Jainul Abedin Faisal, a student at United International University's School of Business and Economics (Marketing), declares that the report on "The Factors Hindering the Growth of Plant Products by Mag Corporation: A Study of the Steel Industry in Bangladesh" is prepared by me as a prerequisite for obtaining my BBA certificate from United International University. I want to add that the study is an original work and has never been submitted anywhere for qualification, title, or recognition.

Jainul Abedin Faisal

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BBA Program

School of Business and Economics

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Executive Summary

Business growth is the phase where the business reaches an expansion point and pursues other options to produce more profits. Business growth is a function of the business life cycle, industry growth trends, and the owner's desire to generate stock value. However, growth is critical to the long-term survival of a company. It facilitates the acquisition of assets, attracts new talents and investment financing. It can also improve business performance and profits. The study seeks to determine the factors that affect the growth of Mag Corporation. To determine the factors that affect the growth of Mag Corporation, Porter's five force models and a macro-environmental analysis are being used. Porter's five forces is a simple yet powerful tool that can be used to understand Mag Corporation's competitive business environment and determine the potential profitability of your strategy. This is useful because when companies understand the strengths of their environment or industry that can affect their profitability, they will be able to adjust their strategies accordingly. Second, the macro-environmental analysis provides important factors that will have a significant impact on the operating environment of Mag Corporation's business and will bring opportunities and threats to the company and all of its competitors. Furthermore, external factor analysis is widely used in strategic analysis and planning as it can help companies determine risks and opportunities in the market. In turn, this has become an important consideration for companies when formulating corporate and business strategies. Research shows that the main factor preventing Mag Corporation from improving its growth is that it has strong competitors in the industry and the company has to work very hard to maintain its customer base. The lack of talent in the human resources, finance and marketing departments is another reason that slows the growth of the company. However, in the end, suggestions were made to improve the development of Mag Corporation.

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List of Abbreviations

BBA	Bachelor of Business Administration
UIU	United International University
UIUCC	United international University Career Counselling Center
SoBE	School of Business and Economics
BSRM	Bangladesh Steel Re-rolling Mills
MGC	Mag Group of Corporation
KSRM	Kabir Steel Re-Rolling Mills



Chapter One

Introduction Part

1.1 Background of the Report

The internship program is an indispensable part of the BBA program. It can complement the study program and play an important role as it allows students to become familiar with real business activities. This program allows the student to develop his analytical skills and academic attitude. Students work closely with people in the organization and understand the functions of the organization. To complete this internship program, I was lucky to get the internship opportunity at Mag Corporation, a company registered under the steel industry of Bangladesh. For the last three months, I have worked in the company as an intern, and during the time I have prepared my study as it is a pre-requirement to achieve my BBA certificate from United International University.

1.2 Topic of the Report

While preparing the internship report, we have to select a subject, title, or topic for the report. A well-defined title reveals what will be discussed throughout the report. The selected title for this study is **"The factors hindering the growth of Mag Corporation's plant products: a study on the steel industry in Bangladesh"**.

1.3 Objectives of the Report

The purpose of the study is to compare Mag companies to analyse the entire steel industry in Bangladesh. The actual purpose is also to analyse the factors that hinder the growth of Mag's steel products. However, the research objectives are divided into the following two parts:

1.3.1 General Objectives:

- a. To learn internship knowledge by working in a practical organization.
- b. To develop skills of practical workplace.
- c. To submit the study as an internship report in order to achieve the BBA certificate from United International University.

1.3.2 Specific Objectives:

- a. To know the company information of Mag Corporation.
- b. To analyse the current scenario of steel industry in Bangladesh.
- c. To analyse five forces of steel industry in Bangladesh.
- d. To identify the factors that are hindering the growth of Mag production's steel products.

- e. To recommend suggestions to overcome the factors that are hindering the growth of Mag production's steel products.

1.4 Scope of the Report

It is generally accepted that the growth of a business is a complex process, it can hinder due to several factors. As there are many factors that can affect a company's growth potential, business leaders need to pay special attention to it. Therefore, it is also important to identify the factors that can adapt and respond to a constantly changing environment, as well as the potential for employee training and development. Every business cannot survive without some recognition of creativity and opportunities.

However, growth alone cannot guarantee growth. Due to the lack of "push" factors such as replacement opportunities, firms established using identified market opportunities are expected to have a stronger growth orientation than established firms. In short, it is important to determine which factors are most relevant to the business and then use them to develop and grow the business.

1.5 Methodology of the Report

This methodology section of the report details how the study is conducted, the study sources used, and the reasons for choosing these methods.

1.5.1 Data Sources: The information related to the steel industry of Bangladesh are collected from two sources. The sources are described below:

a. Primary Sources:

- i. From formal and informal conversation with employees of Mag Corporation
- ii. From personal experience gained from working as intern in Mag Corporation.
- iii. From financial reports of Mag corporation.
- iv. From interacting with the customers of Mag Corporation.

b. Secondary Sources:

- i. From my academics books for marketing concepts.
- ii. From online blogs and articles written by renown writers.
- iii. From reviewing several research organizations monthly review on steel industry.

1.6 Limitations of the Report

There may be no study exists without any limitation as no one can not cover everything due to a lot of restrictions and difficulties. The limitations of this study are:

- a. **High work pressure:** The internship programs only for three months period. Within these three months, I have to perform all my job duties in the Mag Corporation. It was, therefore, difficult for me to prepare the study during this time period.
- b. **High confidentiality:** Due to being a small company with a lots of strong competitors, Mag Corporation maintains high confidentiality. Usage of internal critical factors were not allowed that could make the study more attractive one.
- c. **Findings may vary:** The factors identified in this study may vary with the opinions of business experts.

Chapter Two

Overview of Mag Corporation



2.1 Organization Profile

Mag Corporation, a steel company that fulfil the local demand, was established in 1983 and is located in Gazipur, Joydevpur, Chondona. Mr. Golam Hossain, Founder Chairman and Managing Director, has more than 40 years of experience in the steel industry. The plant is located in Gazipur and covers an area of 57,000 square feet. Currently, the annual production capacity of the plant is 10,000 metric tons, and our 185 employees can further increase production capacity.

2.1.1 Mission

According to the company's financial statements, the mission of Mag Corporation is "to ensure the safety of people by supplying them with high-quality products at a lower price and to become a partner in nation-building activities. Therefore, the mission reflects that Mag Corporation wants to do offer all criteria to meet buyers' demand to sustain in the industry as a reputed and trustworthy corporation.

2.1.2 Vision

Mag Corporation's vision is to become the most reliable steel company in the entire Bangladesh steel industry. A few other vision of Mag Corporation are as follows:

- a. To maintain a leading position in the steel industry by producing the highest quality steel products, continuously improving customer satisfaction, and becoming a reliable business partner of customers and suppliers.
- b. To provision society through corporate social responsibility initiatives.
- c. To be the employer of first priority, focusing on talent development and the development of future leaders of the organization.
- d. To maintain the trust of all stakeholders by embracing ethical business practices.
- e. To protect the interests of shareholders through sustainable growth and value creation.

2.2 Products and Services of Mag Corporation

2.2.1 Deformed Bar (Grade-60-400W)

The steel bars area unit manufactured from taste a specially designed water cooling System wherever this area unit unbroken for such an amount that the outer surface of the bars becomes colder whereas the core remains horghis creates a gradient within the bars. Once the bars area unit taken out of the cooling system, the warmth flows from the core to the outer

surface inflicting any tempering of steel bars thereby serving to them achieve higher yield strength while not minimizing plasticity.



Image 1: MS Deformed Rod

To decide the proportion of carbon content in steel has been a significant challenge for the Engineers. Whereas bound minimum carbon content in steel is important to achieve the desired strength, associate way over carbon content threatens its property of weld-ability. In TMT bars, this downside has been eliminated. In these bars, the carbon content restricted to zero.24% to achieve weld-ability and at a similar time, no strength is lost on this account. The joints are welded by standard electrodes and no further precautions area unit needed.

2.2.2 Square BAR



Image 2: Square Bar

The product, Square Bar metals square measure wide utilized in several industries for general assembly or producing. They're additionally used for general repairs of plant instrumentation and railings. Common applications embrace decorative iron work, gates and protecting barriers on windows. Low-carbon steel sq. Bars square measure fashionable within the building and fencing trade and might be used for a large vary of applications. With its high strength and flexibility it may be trained, welded and move fit customer needs.

2.2.3 Mag 500W - 60



Picture 3: Mag 500w

a. Special attributes of Mag 500w:

- The highest design yield strength is 520 MPA (75000psi) (minimum
- Fine-grain structure to reduce scum and inclusions
- After using SCRM 500W TMT bars, about 200% of steel consumption can be saved.
- Good corrosion resistance, heat resistance, and shock resistance.
- Better plasticity and physical properties.
- The bond between the descaled steel bar and concrete is higher and is wasted on the site.
- Consistency of chemical composition and physical properties.

b. DUET Test Report of Mag 500w


Dhaka University of Engineering & Technology, Gazipur
Department of Civil Engineering
Consultancy Research and Testing Services (CRTS)

Tel: +88-02-49274008, PABX: +88-02-49274034-53/Ext. 2011, E-mail: chairman_crtsce@duet.ac.bd, Web: http://www.crts-civil-duet.com

Memo No. : CRTS/CE/108/12, 19 July 2020

Ref. No. : Letter, 19 July 2020

Sent by : ইঞ্জিঃ মোহাম্মদ আবুল কালাম, নির্বাহী পরিচালক, ম্যাগ কর্পোরেশন (প্রাই) লিঃ, পাজীপুর।

Type of Specimen : Deformed MS Bar (MAG 60 400W 16mm)

Date of Testing : 21 July 2020

Test Standard : ASTM (E8M)

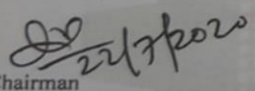
Samples Received : 19 July 2020 (Unsealed condition)


1595476028
Please scan the QR code for verification

Report on Tensile Strength Test of M. S. Bar

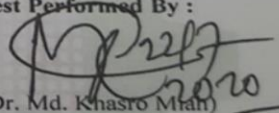
Sl. No.	Nominal Bar Dia.	Actual Bar Dia.	Weight Per Unit Length	Cross Sectional Area	Yield Load	Ultimate Load	Yield Strength	Average Yield Strength	Ultimate Strength	Average Ultimate Strength	Elongation
	mm	mm	kg/m	mm ²	kN	kN	MPa	MPa	MPa	MPa	%
1	16	15.89	1.56	198.41	86.0	134.0	434	441	675	722	18.00
2	16	16.13	1.60	204.32	88.0	150.0	431		734		17.00
3	16	16.15	1.61	204.94	94.0	155.0	459		756		14.00

Countersigned By :


Chairman
CRTS, Department of Civil Engineering
DUET, Gazipur.



Test Performed By :


(Dr. Md. Khasro Miah)
Professor
Department of Civil Engineering
DUET, Gazipur.

Note 1 MPa = 145.035 psi

Image 4: DUET test report of 500w

2.2.4 Other Services

Besides the sale of steel products, Mag Corporation has a small experienced team specializing in structural steel engineering. The company also offers design services for metal frame houses. Through its own designer, they make a digital copy of the steel structure building. Each design is based on the customer's basic steel structure. In addition, the company has excellent experience in the design of the most expensive steel structures. They work closely with clients to better understand their needs and guide them to take the right

actions. Regardless of selling steel, the company recommends customers use their structural skills for development.

Every design of constructions has its own vision. For the design of industrial metal structures, Mag Corporation follows a variety of measurement techniques. They make sure that the infrastructure or buildings are safe and efficient. The company collects ideas and sets goals for the construction of steel structures. For the design of the steel frame house, it follows the ideal place where the client's family and friends can comfortably live.

2.3 Organogram

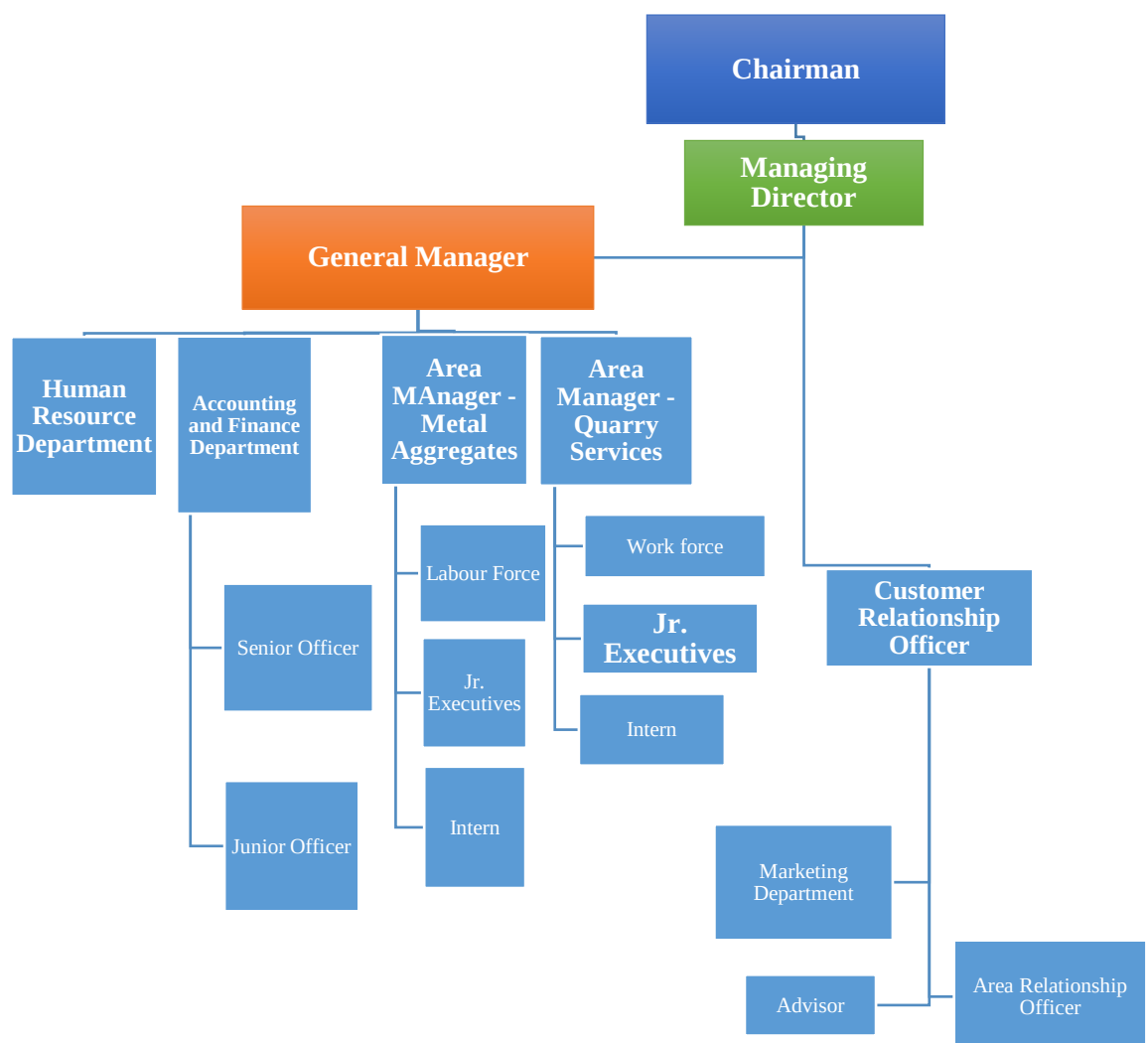


Chart 1: Organogram of Mag Corporation

Chapter Three

Analysing the Factors that Hinder the Growth of Mag Corporation



3.1 Situation Analysis

The Bangladeshi steel industry is currently experiencing growing demand with estimated market size of BDT 300 billion. This reason for this increasing growth is mainly due to government spending on infrastructure projects, which carries 40% of Bangladesh's steel consumption. Moreover, the steel industry is becoming increasingly oligopolistic. Among the more than 400 companies active in the sector, 5 satisfy more than half of the demand. The growth rate of the steel industry market is around 15% year-on-year in 2017. National steel production, which was almost stagnant at 25-30 lakh tonnes per year between 2008 and 2014, increased in the following years, this led the millers to increase their production capacity and opt for upstream integration. With a capacity of around 70 lakh, factories produced between 50 and 55 lakh of steel in 2017, compared to 40-45 lakh a year ago.

3.2 Consumption and Demand of Steel

Bangladesh's total steel consumption reached 7.5 million tons in 2018 alone, with an average annual growth rate of 37.5%. Per capita steel consumption nearly doubled in five years, reaching 45 kg in 2017. Steel production capacity rose to BDT 30 billion in FY15-16 and reached BDT 10 billion in FY15-16 previous exercise. Due to the government's large infrastructure projects, Bangladesh is now self-sufficient in billet production and five years ago had to import half of all billets to supply the domestic market.

3.3 Number of Rivals and their market share compared to Mag Corporation

According to an article of IDLC monthly business review, the business nature of the steel industry in Bangladesh can be called an oligopoly. Although there are around 400 mills with a production capacity of 600 million, the top three steel producers, Abul Khair, BSRM, and KSRM, cover more than 50% of the country's annual demand. However, the rivals of Mag Corporation are so many and some of them are listed below:

1. Bangladesh Steel Re-rolling Mills (BSRM)	2. Confidence Steel Ltd.	3. Ratanpur Steel Re-rolling Mills Ltd (RSRM)	4. HKG Steel Mills Ltd
5. KSRM Steel Plant Ltd	6. Islam Steel Mills Ltd.	7. S Alam Steel Mills	8. Rahim Steel Mills Ltd

9. GPH Ispat	10. Meghna Group of Industries	11. Abul Khair Steel Ltd. (AKSL)	12. Seema Steel Re-rolling Mills Ltd
13. Baizid Steel Industries Ltd. (BSIL)	14. Bashundhara Steels	15. Anwar Ispat	16. Alam Cold Rolled Steel Ltd.

Table 1: Major Competitors in Steel Industry

- **Market Share:**

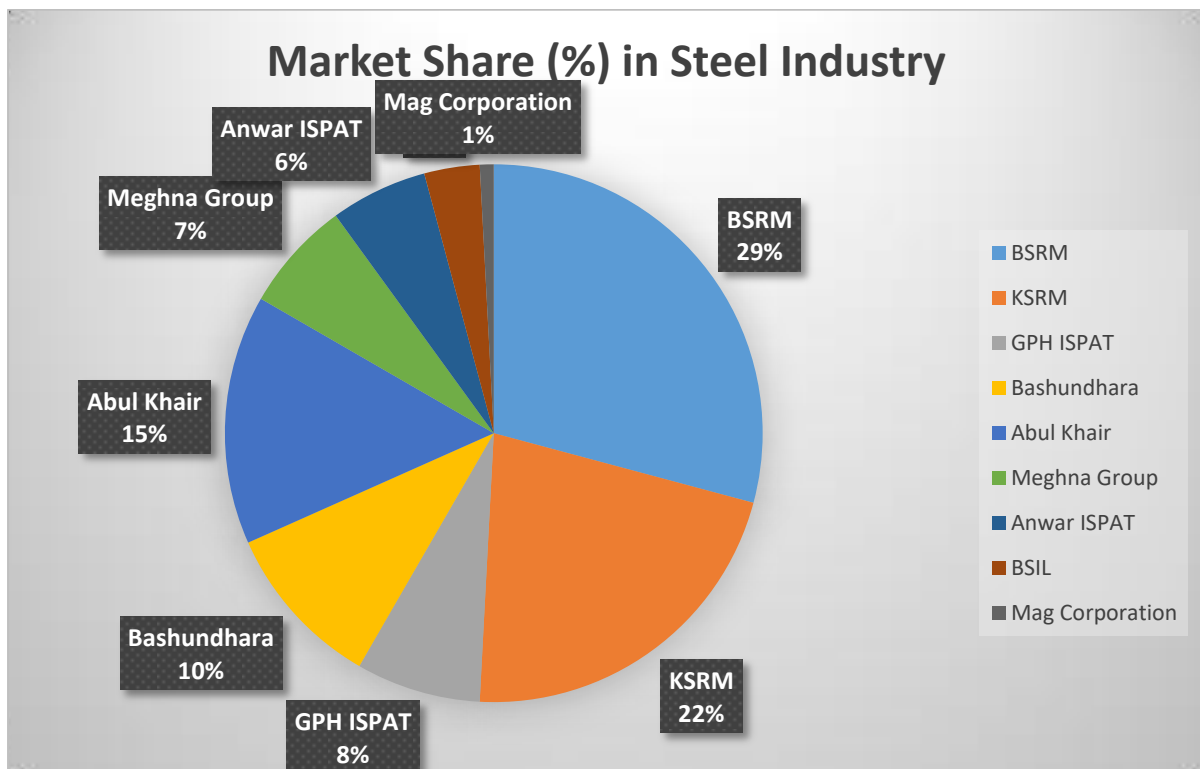


Chart 2: Market share of steel companies compared to Mag Corporation

From the chart it can be easily identified that the competitors of Mag Corporation are enormously large and it would be ideal for Mag Corporation to improve its products innovativeness and intelligently segment and position itself to sustain in the long run.

3.4 Analysis of Competitive Environment of Mag Corporation

Understanding competitive environment is essential as a part of strategic marketing management (Rahman, 2016; Thompson & Strickland, 2003). Porter's "Five Forces" is a model, named after Professor Michael Porter of Harvard Business School that can identify and analyse the five competitive advantages that shape each industry and help determine the

industry's disadvantages and advantages (Porter, 1985). Five forces analysis is usually used to determine the industry structure to determine business strategies. The Porter model can be applied to any part of the economy to understand the level of competition in the industry and improve the company's long-term profitability. A chart of these five forces competitive environment for Mag Corporation are shared below:

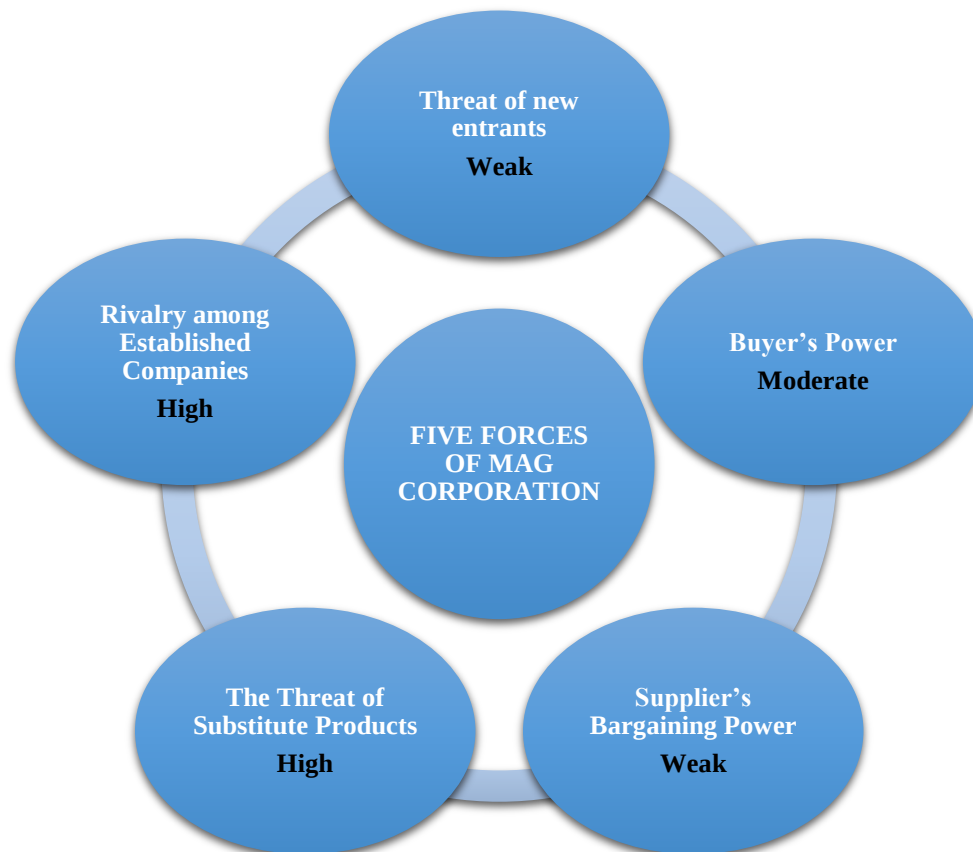


Chart 3: Five forces analysis of Steel industry in Bangladesh

3.4.1 The Threat of New Entrants

Markets offering exceptional returns will attract new businesses, including countless new competitors. In the long run, the benefits to each of the company's other businesses will diminish. The steel industry is part of the own business of a company to which the most established company, Mag Corporation, has just contributed a lot of capital. Its corporate social responsibility has so far been praised by the Bangladesh government to a respectable level. There are brands such as Mag Corporation's Ultra Grinding Mill, Extreme 500W, Grade-55, and Spring Steel Flats, which make the item work differently with new competitors in the steel industry. Therefore, the company is also charged with premiums for setting its standards in the general steel industry.

3.4.2 Rivalry among Established Companies

The competitiveness of Mag Corporation is very high due to the existence of large companies such as BSRM, KSRM, Bashundhara, Rahim Steel Ltd., PHP, etc. Increased global competition is also coming from global exporters such as Chinese steelmakers, as these companies produce steel products in China and serve Bangladesh's local construction needs. Competitive power has a strong influence on the profitability of any business. The rivalry between large, semi-large and small organizations, advertising costs, incredible marketing tactics and the permeability of selective site elements used by an organization can overestimate the weight given to their opponents. Although data-driven innovation and propulsion manufacturing are used by Mag Corporation to separately assemble and design its products, the company is sorely lacking in innovation and research. Mag Corporation strongly requires you to invest time and money to develop new and existing products according to the quality and demand required by the buyer. The innovative products also help the company to charge a higher rate and achieve greater benefits until its competitors copy them.

3.4.3 Buyer's Power

The bargaining power of the buyer in Bangladesh's steel industry and also for Mag Corporation is moderate for several reasons. Steel products are used in a wide range of industries such as gas, oil and automotive, shipping, etc. But the number of reputable sellers is relatively low in Bangladesh and they accept some large companies. Also, as there are many competing famous suppliers and brands, including local and foreign steel brands, are available here, the steel products are more or less standardized so the prices are competitive. However, Mag Corporation always tries to set a price based on customer accessibility. The company is also committed to convincing to increase and retain its customers. Low pricing and persuasion are needed because customers can easily switch to large competing companies or switch to replacement products if they can try.

3.4.4 Supplier's Bargaining Power

The bargaining power of the supplier is weak for Mag Corporation due to the fact that the main steel producers are the iron ore reserves. The Bangladesh government controls these reserves of iron ore and iron imported from other countries such as India and China. Import duties, strict rules, policies, and other costs strengthen the supplier's bargaining power. Also,

there are suppliers who supply in industries. Since the Mag Corporation itself is involved in the production of steel products, it is very difficult nowadays to hold back buyers who switch from steel to aluminium or plastic products. In addition, many large steel companies are making extreme investments to purchase innovative technologies to produce raw materials themselves. If successful, the price of steel products will drop and it will be difficult for Mag Corporation to maintain its business.

3.4.5 The Threat of Substitute Products

The threat of substitute or alternative products are high for Mag Corporation as the company is mostly dependent on its steel products. Steel has just been widely used by aluminium, plastics, and their alloys in large quantities. As one of the largest markets for Mag Corporations. Therefore, there is a risk of finding new alternatives for steel products. Currently, huge distances through water funnels are made up of RCC channels, railway slippers, RCC slippers, funnels smaller than PVC pipes, and even local water tanks are replaced by a PVC tank. Mag Corporation requires more research to add new innovative steel products to sustain in the long run.

3.5 Macro Environment Analysis of Mag Corporation

The larger social forces that affect the whole microorganism include the population environment, the political environment, the cultural environment, the natural environment, the technological environment, and the economic environment. There are common methods for identifying and examining the external elements. These elements indirectly affect the organization, but they cannot be controlled by the organization. One method might be PESTEL analysis. According to (Wikipedia, 2014), PESTEL is short form of politics, economy, society, and technology, environment, and legal forces. The PESTEL analysis explains the structure of the macro-environmental factors used in the environmental scanning component of strategic management. When conducting a strategic analysis or market research, it is part of external analysis and outlines for considering various macro-environmental factors. It is a strategic tool for understanding market growth or decline, business status, potential, and managed aspects (Chem. G.D. and A. J. Hillman, 2008).

The PESTEL analysis provides a wealth of detailed information about the operational challenges that Mag Corporation faces, which will be faced in a broad macroeconomic environment beyond competitiveness. For example, an industry with a strong growth

trajectory may be very profitable, but if the company is in an unstable political environment, it will be of no use to Mag Corporation. These four parts of Macro environment are described below focusing on Mag Corporation.

3.5.1 Political Forces

Political factors play an important role in determining the factors that affect the long-term profitability of Mag Corporation in a particular country or region. Mag Corporation is committed to meeting local needs near Gazipur and Dhaka City. The company is exposed to different types of political environment and risks associated with the political system. The demand of the steel industry is mainly driven by two factors. One is the operation of government ADP plans and government infrastructure construction activities, and the other concerns the needs of industries and individuals (especially in the real estate sector). However, over the past decade, government projects have accounted for most of the growth in steel demand. Ten years ago, around 35% to 40% of steel was now consumed in government projects. Success in various fields of such a dynamic steel industry consists in spreading the systemic risks of the political environment. Mag Corporation can closely analyse the political factors that keep it profitable. First, since government officials are generally involved in the steel industry, companies should take into account the political instability of the steel industry and its importance to the country's economy. Second, companies should take into account the level of corruption, especially in the vicinity of Dhaka city, where the level of corruption is high. In addition, in industries where trade regulations and tariffs related to basic materials are high, the legal framework for contract enforcement and intellectual property protection is very low. To participate in government projects, public officials generally prefer their business partners. The taxes of the steel companies are also high, but the industrial safety regulations of the steel industry in Bangladesh are very low, which affects all of Mag Corporation as a political force.

3.5.2 Economic Forces

Economic factors such as the inflation rate, the savings rate, the interest rate, the exchange rate, and the business cycle determine the total demand and total investment of an economy. Micro-environmental factors, such as competitive standards, will affect the competitive advantage of the company. Bangladesh's inflation rate in 2019 was 5.59%, an increase of 0.05% over 2018. Bangladesh's real GDP growth is estimated to increase from 7.9% to 8.1% in 2019 According to the report, the country's economic growth rate in 2018 was 6%, and the

country's economic growth rate is expected to be 7.2% in 2020 and 7.3% in 2021. The rate of Unemployment in 2019 was 4.19%, a decrease of 0.09% from 2018. Mag Corporation can use country economic factors (such as growth rate, inflation) and industry economic indicators (such as steel industry growth rate, consumer spending, etc.). The company can predict not only the growth trajectory of department names, but also organization names. For the steel industry with unstable exchange rates and exchange rates, government intervention in the free market and related raw materials is high. Mag Corporation's financial markets are quite efficient because the company can raise funds in the local market. Compared to some well-known companies, the infrastructure provided by Mag Corporation is of higher quality. Compared to other competitors, the skill level of Mag Corporation employees is also good.

3.5.3 Technological Forces

Technology is rapidly disrupting various industries at all levels. The steel industry is a good argument to make this point. Over the past 10 years, the industry is changing very rapidly, even established players have not had the chance to cope with these changes. The Mag Corporation is not only expected to do technical analysis of the industry but also overcome the growth of technology companies at such a rapid pace. Slower speeds will cost more time to cope with the rapid pace of technological disruption and make the business less profitable.

Mag Corporation has already offered many advanced and innovative steel products to customers. The recent products of Mag Corporation are Z purlins, Pre-painted galvanized steel cover sheets, Double Bubble Insulation attracted several famous builders and real estate companies located in the Gazipur area. As the company is not a large corporation that can invest more in research, Mag Corporation is always seeking technological advancement by reflecting innovative products or ideas from other brands.

3.5.4 Legal Forces

In Bangladesh, the legal framework and institutions are insufficient to protect the organization's intellectual property rights. Likewise, copyright and patent laws cannot be properly applied here. Mag Corporation must carefully evaluate customers before providing products and facilities to customers, as this may lead to the theft of secret condiments by the organization, thereby creating an overall competitive advantage. On the other hand, although the legal framework is not sufficient to protect intellectual property rights, Mag Corporation often ventures to provide products at lower prices to prevent its customer base from flowing

to others. This practice often leads to misunderstandings that customers lose trust in Mag Corporation's products and services. Due to the relaxation of environmental laws, labour laws, and employee health and safety laws, small steel companies such as Mag have many advantages over large steel companies.

Chapter Four

Findings of the Study



4. Study Findings

Throughout the scenario of the steel industry, company competition, market share, competitive, and macro-environmental analysis, several factors have been identified which are hindering the growth of Mag Corporations' steel products. Mag Corporation is a small steel company that generally caters to the demand of customers residing in the Gazipur area. It often serves customers in Dhaka City. Therefore, the majority of factors hamper the growth of the organization due to the presence of large steel companies as competitors that are serving all around the countries. Although the existence of enormous companies have large impact on Mag Corporation, there are several external factors also exist that are beyond our control, also have an impact on the growth of Mag Corporation. These factors are the cultural, political, legal, and economic conditions of Bangladesh. The trigger for business growth stems from the continuity of individuals, that is, there are complex interrelationships between the constantly changing political, legal, and economic conditions at the national, regional, and local levels. However, the important factors that influence the growth of the Mag Corporations' business are described as follows:

4.1 Focusing Mostly for New Customers instead of Existing Customer base

When Mag Corporation's business executives formulate sales, growth strategies, they usually focus on attracting new customers. It's true that it is also important to increase brand awareness and expand the customer base, but executives of Mag Corporation are not providing effort to increase the sales potential of existing customers. They should seek revenue growth opportunities with clients' Mag Corporation through complementary sales, customer loyalty programs, and referral activities.

4.2 Mag Corporation can't Meet Demand at Broader level

At the national or local level, the demand for steel products is very high in Bangladesh. Gazipur is an emerging city where many landowners, builders, and real estate companies buy land for buildings and apartments. Considering the high demand for steel, Mag Corporation is very small to meet the high demand. Changes in the size, scope, and demand of the local market can affect growth opportunities. On the supply side, changes in the cost and availability of labour, housing, and services also have an impact. However, owner-managed businesses (like Mag Corporation) are generally adaptable and adopt different strategies to manage these local variables to minimize their impact. We know that just being growth-

oriented doesn't guarantee growth. Due to the lack of “push” factors as alternative opportunities, creating a business that takes advantage of the identified market opportunities will have a stronger direction of growth than a business.

4.3 Factors that Affect Growth for having Enormous Steel Companies as Competitors

The large steel companies such as BSRM, KSRM, Abul Khair Group, Bashundhara Group, Anwar Ishpat, GPH Ishpat are holding the 50%-60% of the industry's market share, competing with these companies is very hard for Mag Corporation. Mag Corporation usually loss lots of contract due to less cost charges by these large companies as they produce the same products in a bulk quantity compared to Mag Corporation.

The products varieties are also limited for Mag Corporation that causes loss as builders and real-estate companies move to large companies for different products. Though Mag Corporation always try to meet the needs of their customer through price range, products designs, the company can't compete with the huge investments made by the large companies for products advancement and differentiation. At the same time, Mag Corporation can serve products at a bulk quantity but due to having limited product categories, the company loss its substantial amount of profit from each contract it made.

4.4 Strict Laws and Regulations with High Corruption

The rules of doing business in Bangladesh is unstable but if any company get caught for doing unethical practices, the company can be sealed easily or get rejected by the customers. The tax, inflation and interest rates are also high for companies. It is difficult to retain customers providing low cost compared to the competitors is also difficult for Mag Corporation.

Most of the import of raw material for steel products required permission from the government official. Due to high corruption rate and other speed money, expanding the business is not possible for small companies like Mag Corporation.

4.5 Lack of Proper Financial Investment Decisions

Mag Corporation invest once in a year for research and development. Mostly it improve its products by mirroring its competitors. Due to copying products, customers are less interested to pay the same price or even buy the products.

In addition, Mag Corporation have insufficient financial executives for inspection of the projects and measure the actual cost so that they can decide whether to invest or not in that projects. Often it creates tension that the company only receive the cost without any profit for not taking proper financial decisions for several particular projects.

The company also lack huge financial assets that can help the company to raise capital and invest in research or product development. Therefore, the company always conscious before investing capital into projects or exploring new opportunities.

4.6 Lack of Human Resource Professionals and Marketing Executives

The human resource department of Mag Corporation lacks sufficient human resources professionals and marketing executives. The salary package for HRD and marketing department are often seen to be failed to attract the highly educated candidates. Therefore, the company often hires employees from personal referral that causes inefficient employees join in the company.

Consequently, the HR policies and marketing initiatives are backdated in the company due to not hiring educated candidates and not trying to adopt new technologies.



Chapter Five

Recommendations and Conclusion

5.1 Recommendations

At first glance, categorizing the issues of growth for a small business (like Mag Corporation) is desperate work. The size and development capabilities of small businesses vary widely. They are characterized by different organizational structures, independent actions, and different management styles. The five forces model and the macro-environmental analysis provide some important factors that are essential for Mag Corporation to identify and resolve to improve the growth of the business. Therefore, based on the research results, some recommendations are listed which can help Mag Corporation achieve business growth and sustain the business in this highly competitive steel industry. It is hoped that these suggestions will also be helpful to owners and managers of Mag Corporation, and this understanding can help them to assess current challenges.

5.1.1 Creating a Customer-Centric Model

Mag Corporation should provide equal priority to existing and potential customers. Although the company has focused on serving customers, it should not be so busy with their needs that the company forgets that they are the key to attracting new customers. In addition to regular customer service needs or problems, the company also needs to communicate with customers regularly to satisfy them. Companies should involve customers in their new growth plans and solicit their feedback on what the company can do better. This helps Mag Corporation to better remember their needs because it provides other customers with opportunities to meet new challenges. In addition, remind customers about the existence of the company, at least so that they can go further in keeping the company account in the acceptable column. Any customer can get recommendations from Mag Corporation. Furthermore, the customer service team should always be polite and respectful. They must always respond to customer requests. They should adopt problem-solving methods and always seek feedback from customers. Customer-centric businesses are backed by reliable employees who increase customer satisfaction.

5.1.2 Understanding Employees Thrives

Mag Corporation must satisfy its employees because employees can satisfy its customers. It is true that employees and customers are at the core of what Mag Corporation does-and the

key to business success. Therefore, companies should consider redesigning their employees' compensation plan so that the company can retain them and attract new applicants.

5.1.3 Online Presence

In order to increase sales growth and customer base, Mag Corporation must not only capitalize on the digital revolution from a marketing perspective but must also improve its operating model and supply chain. The digitization of the steel and metals industries will allow the supply chain to access real-time information and respond appropriately to unpredictable market changes, reducing risk, and providing opportunities for growth.

5.1.4 Using Trusted Third-Party Providers Wisely

In order to develop a growth-oriented business, Mag Corporation needs a systematic method to regularly collect and analyse important business information. This type of inspection of the steel industry supplied by external suppliers is invaluable. High-performing companies learn to supplement their expertise by establishing trust relationships with outsourcers so that they can purchase the expertise they need when they need it at an affordable price.

5.1.5 Work-time Flexibility

Flexibility is what the contemporary employees is looking for today, and it is the reason why Mag Corporation is still a solution to the challenges it is facing to bridge the generation gap. Addressing internal improvements can ultimately lead to increased efficiency, improved quality control on the store floor, and a customer base.

5.1.6 Obtaining Sufficient Working Capital

Mag Corporation should try to ensure that it has funds available for reinvestment at all times. In doing so, the company must avoid falling into a situation where it cannot fulfil large orders because the company does not have enough funds to fund its growth and create additional production capacity. One way is to pay close attention to your accounts payable and accounts receivable-if the creditor takes too long and Mag Corporation pays the supplier too fast, the low cash flow will affect your ability to take advantage of the business opportunity.

5.1.7 Improving Poor Management and Process Low Productivity

Mag Corporation's business processes, the relationship and communication between departments and employees, and between departments and employees have a significant impact on business efficiency and growth. The company must ensure that its employees can cooperate well and their collaboration is optimal. The company should not try to control everything, as this can lead to overwork and inefficiency. In addition, the company must hire the right manager to effectively manage its employees, which is one of the key factors for its growth and productivity.

Finally, as a small business competing with large companies, Mag Corporation must understand the internal changes required for any business expansion and growth. In order to anticipate external factors and plan measures accordingly, Mag Corporation is recommended to conduct a PESTEL analysis, as this will ensure that the company understands to some extent external factors that may slow down or even terminate activity.

5.2 Conclusion

The purpose of the study is to identifying the factors influencing the growth of Mag Corporation. We know that growth is a process of improving some measures of a company's success. Business growth can be achieved by increasing the company's turnover or income with higher product sales or service revenues, or by increasing the profits or profitability of the operation minimizing costs. The study shows that there are several variables affecting the growth of Mag Corporation. Throughout the competitive environment analysis it is found that the most important factor is having enormous organization as rivals in the steel industry. These rivals affect each of the decisions making and growth process of Mag Corporation. The opportunity of growth in steel industry is high due to a lots of infrastructural projects and private investments in public and private properties, but the company has to sacrifice substantial amount of loss each years as the company can't bid because of its competitors. Enhancing the investments on product development is also not possible over night as it requires huge capital. To retain the existing customers base and to attract the potential customers, Mag Corporation provide higher quality products at a lower rate than its competitors but still having insufficient number of product categories or variation, the company loses a significant portion of profits for its each projects. Additionally, the HR, finance, and marketing department of Mag Corporation are not rich with talented employees,

the company required to hire modern forms of recruitment and selection rather than hiring through personal referral. The company also need to improve and design attractive compensation package to attract talented candidates.

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