CHAPTER 6

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This is a project which deals with the analysis and impact of management principles propounded by Henri Fayol on small scale industries in Jalgaon.

Any industrial unit in order to make optimum utilisation of resources and to compete in modern business world, requires adequate knowledge and application of management principles. An attempt has been made in this study to consider for detailed evaluation and scrutiny, the management practices of the Jalgaon small scale industries in the light of principles propounded by Henri Fayol. Henri Fayol is an important management thinker of the early 20th century. Fayol's principles are universally accepted. Hence the researcher felt the necessity to study the applicability of these principles.

Chapter first of the research work is "Introduction to Subject". It is covered in two parts.

Part I - Henri Fayol's Contribution.

Part II - Background of Jalgoan's industrial development.

Part I - Henri Fayol's Contribution:

The French industrialist Henri Fayol is widely regarded as the father of modern management. His contributions are generally termed as operational management or administrative management. Henri Fayol found that activities of an industrial organisation could be divided into six groups:
1. Technical (relating to production),

2. Commercial (buying, selling and exchange),

3. Financial (search for capital and its optimum use),

4. Security (protection of property and person),

5. Accounting (including statistics), and

6. Managerial (planning, organisation, command, coordination, and control)

Pointing out that these activities exist in business of every size, Fayol observed that the first five were well known, and consequently he devoted most of his book to analyse the sixth one, that is, managerial activity. Fayol has divided his approach of studying management into three parts:

i) managerial qualities and training

ii. general principles of management, and

iii. elements of management.

Managerial Qualities and Training:

Fayol was the first person to identify the qualities required in a manager. According to him, there are six types of qualities that a manager requires. These are as follows:

i. Physical (health, vigour, and address);

ii. Mental (ability to understand and learn, judgement, mental vigour, and adaptability);

iii. Moral (energy, firmness, initiative, loyalty, tact, and dignity);

iv. Educational (general acquaintance with matters not belonging exclusively to the function performed);
v. Technical (peculiar to the function being performed); and

vi. Experience (arising from the work)

Fayol has observed that the most important ability for a worker is technical; the relative importance of managerial ability increases as one goes up the scalar chain, with insight becoming the most important ability for top level executives. On the basis of this conclusion, Fayol recognised a widespread need for principles of management and for management teaching.

General Principles of Managements:

Various Principles of management as proposed by Fayol, are as follows;

1. Division of work: Fayol has advocated division of work to take the advantages of specialisation. According to him, "specialisation belongs to natural order. The workers always work on the same part, the manager concerned always with the same matters, acquire an ability, sureness, and accuracy which increase their output.

2. Authority and responsibility: The authority and responsibility are related, the latter being corollary of the former and arising from it. Fayol finds authority as a continuation of official and personal factors. Official authority is derived from the manager's position and personal authority is derived from personal qualities such as intelligence, experience, moral worth, past services, etc. Responsibility arises out of assignment of activity. In order to discharge the responsibility properly, there should be parity of authority and responsibility.

3. Discipline: All the personnel serving in an organisation should be disciplined. Discipline is obedience, application, energy, behaviour, and outward mark of respect shown by employees. Discipline may be of two types: self imposed discipline and command discipline.
4. **Unity of command**: Unity of command means that a person should get orders and instructions from only one superior. The more completely an individual has a reporting relationship to a single superior, the less is the problem of conflict in instructions and the greater is the feeling of personal responsibility for results.

5. **Unity of direction**: According to this principle, each group of activities with the same objective must have one head and one plan. Unity of direction is different from unity of command in the sense that former is concerned with functioning of the organisation in respect of its grouping of activities or planning while latter is concerned with personnel at all levels in the organisation in terms of reporting relationship. Unity of direction provides better coordination among various activities to be undertaken by an organisation.

6. **Subordination of individual to general interest**: Common interest is above the individual interest. Individual interest must be subordinate to general interest when there is conflict between the two. However, factors like ambition, laziness, weakness, etc. tend to reduce the importance of general interest. Therefore, superiors should set an example in fairness and goodness. The agreement between employers and employees should be fair and there should be constant vigilance and supervision.

7. **Remuneration of personnel**: Remuneration of employees should be fair and provide maximum possible satisfaction to employees and employers. Fayol did not favour profit-sharing plan for workers but advocated it for managers. He was also in favour of non-financial benefits though these were possible only in the case of large-scale organisations.
8. Centralisation: Everything which goes to increase the importance of subordinate's role is decentralisation; everything which goes to reduce it is centralisation. Without using the term 'centralisation of authority', Henri Fayol refers the extent to which authority is centralised or decentralised. Centralisation and decentralisation are the question of proportion. In small firms, centralisation is the natural order, but in large firms, a series of intermediaries is required.

9. Scalar chain: There should be a scalar chain of authority and of communication ranging from highest to the lowest. It suggests that each communication going up or coming down must flow through each position in the line of authority.

10. Order: This is a principle relating to the arrangement of things and people. In material order, there should be a place for everything and everything should be in its place. Similarly, in social order, there should be right man in the right place.

11. Equity: Equity is the combination of justice and kindness. Equity in treatment and behaviour is liked by everyone and it brings loyalty in the organisation. The application of equity requires good sense, experience and good nature for soliciting loyalty and devotion from subordinates.

12. Stability of tenure: No employee should be removed within short time; there should be reasonable security of jobs. Stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well. Unnecessary turnover is both cause and effect of bad management.

13. Initiative: Within the limits of authority and discipline, managers should encourage their employees for taking initiatives. Initiative is concerned with thinking out and execution of a plan. Initiative increases zeal and energy on the part of human beings.
14. Espirit-de-Corps: This is the principle of 'union is strength' and extension of unity of command for establishing team work. The manager should encourage esprit de corps among his employees. The erring employees should be set right by oral directions and not by demanding written explanations. Written explanations complicate the matters.

Elements of Management:
Fayol holds that management should be viewed as a process consisting of five elements. He has regarded these elements as functions of management. These are planning, organisation, commanding, coordination, and controlling. He has regarded planning as the most important managerial function and failure to plan properly leads to hesitation, false steps, and untimely changes in directions which cause weakness in the organisation. Creation of organisation structure and commanding function is necessary to execute plans. Coordination is necessary to make sure that every one is working together, and control looks whether everything is proceeding according to plan. Fayol holds the view that these functions are required at all levels of management and in all types of organisations.

Part II Industrial History of Jalgaon City:
Focus of the study is on the Jalgaon Small Scale Industries. Jalgaon has long post independence history of industrialisation. For the overall development of any area, its industrial development is a prerequisite. There should be a network of diverse industries in the area. In ancient times development of trade, commerce and industries brought some cities name and fame. In modern times availability of infrastructure facilities such as raw material, electricity, transport and communication, banking and other services,
research and development and training facilities etc. determine the industrial development of a particular region. In the light of this, we find that Jalgaon region is endowed with all these infrastructural facilities and hence it has played a very important role in the industrial development of the North Maharashtra.

Jalgaon district is predominantly an agricultural region. Cotton has been one of the cash crops grown from ancient times in this region. The Khandesh Spinning and Weaving Mill was started in Jalgaon City. It was the harbinger of the industrial development of Jalgaon District. Approximately in 1865, two ginning factories were started in Jalgaon city. In 1917 Shri. L.G.Baviskar started "Golden Ink" factory to manufacture ink. In 1922, the Gendalal Cotton Mill was started. In 1929, the Amalgamated Electric Company received licence to produce electricity and it started its production and distribution of electricity in the year 1932.

**Development After Independence:**
In 1950, The Shama Fire Works was started. During the same period at Pimprala village, the cotton thread (yarn) factory was started.

The Industrial policy of the Government of India led to the establishment of many new industries in Jalgaon city after 1952. During 1950's cigarette, Bidi factory, Iron bar and steel factory, Cotton waste product factory etc. were started. In 1952, the State Transport Corporation established its workshop at Jalgaon. In 1961, paints warnish and allied product factories were started. There was considerable increase in the number of oil mills, cotton waste industries etc. during the same period. In the same year, the first R.C.C. pipe and cement tank factory etc. was started. In 1962, the Industrial estate of the Maharashtra State Industrial Development Corporation was established. This was an important
development for the industrial growth of the Jalgaon City. In 1963, The Khandesh Oil Extraction Mill was started.

Industrial Growth after establishment of industrial estate:

In 1962, initially the MIDC acquired 19.03 hectre land by the east side of the Jalgaon-Aurangabad State Highway. In addition to this in 1972 the MIDC proposed to acquire 732.19 hectre land adjoining to the original land. By 1992, the actual land was acquired and developed. The acquired land was subdivided into 1196 plots. Out of these, 1080 plots were allotted to different entrepreneurs for starting industries, 7 plots were allotted for trade and commerce purpose. The current rate of plots in MIDC is Rs.50/- per sq.m. The annual turnover of the Industrial Estate is Rs.21,049,57 lakhs.

Diverse industries were started in MIDC. These are engineering, chemicals, pharmaceuticals, oil extraction, paper, petroleum, cotton, rubber and plastic, steel and allied products, agricultural implements, machineries, electricals goods, wooden furniture etc. Starting with only 62 S.S.I. in 1962, there are 502 effectively working small scale units in Jalgaon MIDC, as on today. This rapid growth in small scale industries, and with regards to our study on Small Scale Units, Jalgaon is selected as the cluster sample by the researcher.

Chapter second is related to "Critical Review of Fayol's Management Principles".

The purpose of this chapter is to take critical review of ideas put by Henri Fayol vis a vis contribution by other management thinkers.

There is similarity between Fayol and other well known management thinkers. An attempt has been made to compare the ideas proposed by other thinkers with those proposed by Henri Fayol. For this critical review the researcher has
considered ideas propounded by F.W. Taylor, Urwick, Chester Barnard, Peter Drucker, Dr. W. Edward Deming and Thomas Peters. It is found that there is considerable similarity between the contribution of many management thinkers explained above and the principles propounded by Henri Fayol.

For example according to theory of scientific management proposed by F.W.Taylor functional foremanship and division of labour are similar to the first principle of Fayol, division of work. Differential wage plan and remuneration of personnel are similar. Harmony in group action is similar to Esprit - de. corps (Union is strength) and it comes from the harmony of personnel. Deming's contribution is regarding the quality of product. He has explained principles for promoting the quality of product. After following Fayol's principles, we notice that results anticipated by Deming can be achieved. Much of the modern management thought can therefore be said to be standing on Fayol's shoulders.

Chapter 3 : Research Methodology

Research Design:

Out of three research designs exploratory research design, descriptive and diagnostic research study and hypothesis testing research design, the researcher has selected exploratory research design. However it attempts to establish a cause and effect relationship between application of Fayol's principles and success of the units.

The main objects of the study are -

1. To see whether the principles of Henri Fayol are being applied in the S.S.I. of Jalgaon.
2. To co-relate their level of success with the application of Henri Fayol's management principles.
Location of the Study:
The study is conducted in Jalgaon MIDC area.

Sampling:
Out of the available nine sampling techniques, the researcher has accepted convenience sampling.

Convenience sampling:
When a sample is drawn essentially according to convenience it is known as convenience sampling.

When the study focusses on insight gathering the researcher has to go again and again to collect the information according to requirement. At the same time the research needs co-operation from the organisations. The interest shown by the units is the most important part of the study. Only when the units are genuinely interested, true and reliable information can be obtained.

Convenience is stated as a ratio between the universe (N) and size of the sample (n). In this case the researcher decided that the ratio between N/n of 10 should be accepted. i.e. 10% of the total universe, should form the sample. Thus out of five hundred units the sample size came as fifty.

The researcher contacted all 50 units but only 18 units agreed to provide detailed information required. Besides, these 18 units were unique by their features and hence these 18 units were selected as a convenience sample.

Data Collection:
Primary data:
The Primary data was obtained from the employers and employees through detailed discussions and interviews. There was no specified questionnaire. As
the researcher was essentially interested in insight stimulating examples, discussion was considered as the best method in this particular case.

Secondary data:
The secondary data has been collected from management books by different authors and management journals.

**Hypothesis:**
Based on research methodology described above the hypothesis to be tested through the research is "Successful performance of the unit depends on the application of Henri Fayol's Management Principles".

**Chapter 4 : Analysis of Research Data**
Chapter 4 of the report presents the applicability of Henri Fayol's principles based on field work carried out by the researcher. In this chapter each principle of Henri Fayol is studied in relation to eighteen small scale industries.

1. **Division of work:**
Even though division of work is an exercise which gives extraordinary results, not all companies follow it. This may be due to one or more reasons. From the data collected and analysis, researcher found that 11 industries are applying the principles of division of work, 4 industries are applying partial division of work and in 3 industries, it is totally absent. The principle is followed in case of Mak-Text Chem Products and Sneha Industries.

The organisation chart of these organisations clearly specify the application of division of work. While in Mundada Agro Plast, division of work is totally absent. This is a one man show and the proprietor looks after all the activities of the unit.
2. Authority and responsibility:

The extent to which authority has been delegated and the amount of responsibility that goes with that delegation have been surveyed in the 18 units.

Some units have proper delegation of authority with corresponding responsibility. In certain units, the subordinates have more of responsibility but less of decision making power.

It is found that in 8 industries there is perfect delegation of authority. In 6 industries there is delegation partially. In one industry it is found that M.D. is ready and willing to delegate authority. But subordinate are not willing because of lack of self confidence and inefficiency. In 2 industries there is absolutely no delegation of authority.

J.C.P.L. is the best example of perfect delegation of authority Mr. Khadke and Mr. Rane have granted adequate authority to their supervisors to carry out all the activities within the scope of their leadership. Another good example of delegation of authority is Chetan Precision Tools.

In Manisha Industries this principle is partially applicable. Three brothers Mr. Vinod, Mr. Pramod and Mr. Kailas are managing the business. Their areas of work are totally separate. The authority concerning departments is in the hands of concerned heads only. Two managers are provided with the authority only to manage workers payment and transportation.

3. Discipline:

No organisation can work smoothly without discipline preferably voluntary or self discipline. Discipline in a work atmosphere involves a number of aspects. For this principle, the analysis is done on the basis of
1. Areas for undisciplined behaviour - Time of entry and leaving the organisation. Irregularity, lack of sincerity, informal communication

2. Attitude toward superiors

3. Attitude toward workers.

Most of the units are following this principle of unity of command. An exception is Raisoni Cold Retreads. In this unit management is very liberal. Mr. Nitin Raisoni told that due to non-availability of workers, management can't enforce stricter action for their timings.

In OASIS CERAMICS it is found that the organisation is very strict about irregularity. If an employee is absent without prior information, he can't come on the job for next two days. Moreover rewards are provided for the regular attendance. Mr. Lalit Shah agreed that positive ways affect more as compared to negative ways. The appreciation is in the way of bonus of Rs. 50 bonus for one month's is regular attendance and bonus of Rs.100 for three months' regular attendance.

4. Unity of command:

Unity of command is the principle which has high practical value. If this principle is practised, it should bring about good output from an industrial unit. Most of the units are following this principle.

For example - Vega Chemicals, is a unit started with capital investment of Rs. 35 Lacs. In 96-97 the additional capital investment of Rs.1.20 Crore was added. There are three departments, Production, Finance and Marketing. Finance department is managed by Mr. Bhalchandra Patil, the proprietor of the company. For marketing, as there are direct sales, there is no need of chain of marketing. Production department is the main area of the industrial
activity with 38 workers. The industry runs in 3 shifts with 5 supervisors. There is proper allocation of their duties. There is no overlapping of supervisors' work. One manages the process and another manages the maintenance.

5. Unity of Direction:
Unity of direction is the principle of 'one head one plan'. In smaller organisations, this principle is easier to implement as compared to larger ones.

Most of the units are following this principle. For example - Mundada Agro Plast Industries Ltd. - Mr. Fanish Mundada is the M.D. He is the chief authority in the organisation. It is found that the management principles are not followed in the organisation consciously. But being a single-person in-charge, he directs all the organisational efforts towards the achievements of the ultimate goal only. There is certainly unity of direction in the organisation, by default.

This inference is well supported by the progress the company is making every year. The increase in profitability over the past years proves that all the efforts in the organisation are well directed.

6. Subordination of individual interest to group interest:
It is important that each employee of an organisation should keep the organisation interest as supreme in his mind. But it is natural that human beings tend to be more self centred and in the process, the company's interest might become secondary. This is a dangerous situation since if each individual starts concentrating on his own interest, the company's overall interest will lose attention and the desired results cannot be achieved. In 5 industries, there is partial application of this principle. In 13 industries, it is found that the employees keep the organisations interest as supreme in their mind.
For example - Manisha Steels. This is a Pvt. Ltd. Company which consists of a Fabrication Unit. There are 2 Directors who look after the affairs of the company. There are 3 Draftsman and 8 Engineers who are employed in the company. Apart from these, there are 8 people working in the Accounts Department. There are also about 35 workers in the lower level.

Quality assurance is the main aim of the company. So, the directors control all the activities to achieve and maintain that aim. This factor is uppermost in all their thoughts and actions. The workers show more interest to improve their productivity. There has been no indication of any personal interest being given importance. The Directors and workers work only with the aim of the general interest of the Company.

7. Remuneration:
To maintain the loyalty and support of workers, they must receive a fair wage for services rendered. Remuneration should be fixed at the rate which should provide satisfaction to both employer and employees. Sound scheme of remuneration may include adequate financial and non-financial incentives. In most of the organisations the employees are satisfied with what they are getting. In two organisation which deal with engineering goods, the pay scale is decided and the minimum wage act is followed which gets revised every six months, so the question of dissatisfaction does not exit.

For example - Satej Plastics Ltd. - The pay is based on time rate system which directly relates productivity with respect to the time span of work. Hence the more you work more will be your pay, thus the workers are satisfied with what they get. Timely increment in the salary with twenty days paid leave per year and bonus, is what makes the workers happy and satisfied.
8. Centralisation:
Like division of work, centralisation belongs to the natural order of things. However, the approximate degree of centralisation will vary with a particular concern.

There are 13 companies following 100% centralisation. Whereas in 5 companies there is partial centralisation.

For example - Jalgaon Chemicals. This firm does not believe in centralisation. There are various sections taking decisions on their own related to operating areas. Thus extreme decentralisation has been observed here. This situation stand as a threat to the organisation.

The marketing department is totally centralised, to the extent of making promotion plans and forecasting trends. However, the organisation has allowed freedom of action where instant decision making is required.

9. Scalar chain:
The unity of command brings about a chain or hierarchy of command linking all members of the organisation from top to bottom. Thus scalar chain depicts the "chain of superiors from the highest to the lowest ranks."

Most of the companies follow the process of scalar chain very strictly. Otherwise implementation will be very difficult. Only one company Khambete and Khambete is a family partnership and the existence of a scalar chain is nil. Though the company was established in 1966, till today if did not feel the need of effective communication nor did they realize the consequence of it. In other cases scalar chain is observed.
For example - Chetan Precision Tools. Mr. Ramesh B. Chaudhari proprietor of the company has said that his company of 32 workers and 8 Engineers work efficiently and communicate successfully because of the strict scalar chain. Out of the 18 organisations, Mr. Ramesh is the 1st person to speak about upward and downward communication. This is a remarkable feat for a small scale industry.

10. Order:
A place for everything and everything in its place. Order or system alone can create a sound organisation and efficient management. Disorder leads to confusion.

16 companies out of 18 are maintaining 100% order. 2 companies are maintaining partial order.

For example - Manisha Steels. Mr. Vilas Patil states that the order maintained in the organisation is just 50%. Though the problem is clearly visible which he defined as lack of sufficient place, he says that the management plans to overcome the same in their expansion plan.

11. Equity:
Equity is a combination of kindness and justice.

Mostly all the organisations are applying this principle.

An exception is - Raisoni Cold Retreads. Here proprietor Mr.Raisoni believes that he is not influenced by personal likes and dislikes. However he was observed to be guided more by the production manager as compared to any other manager in the company. This indicates that the organisation is not following the doctrine of equity.
12. Stability of tenure of personnel:
High turnover increases inefficiency. Security of income and employment is a prerequisite of sound organisation and management.

It is found that in 13 units the labour turnover is very minimum and are stable units, one unit is having medium labour turnover and 4 units are having instability in employees because of high labour turnover.

Oasis Ceramics is an example of low labour turnover. The organisation accounts the following reasons for this:

1. Job security.
2. Good salary.
3. Vehicles for all supervisors level and above.

13. Initiative
Initiative involves employees working on their own for success of the organisation. This gives zeal and energy to the organisation.
In 6 industries this principle is completely followed, in one industry there is partial application and in 11 units the specific principle is a new concept and hence they are unable to provide full information about this principle. This shows there is no application of initiative as a principle.

Mak-Text Chem. is an example where this principle is followed. The organisation says it has given liberty to all individuals to think freely and execute plans.

The management has no constraints in inviting the workers for suggestions, and is prepared even for unexpected results.
14. Esprit - De - Corps:

Union is strength, and it comes from the harmony of the personnel. Satisfaction, resulting from of harmony prevailing between employees shows that the power of unity results in commercial benefit. Unions/association of every kind play an important part in business management. What goes without saying is "Esprit - de - corps. Sprit of co-operation is the foundation of a sound organisation.

It is found that in most units, this principle is completely followed, in 3 units it has partial application and in 2 units it is totally absent.

Dharamsi & Dharamsi is an example where espirit-de-cors exists

"Union is strength" is a highlighting feature clearly visible in Dharamsi and Dharamsi oil mills. Though workers are working under strict discipline sincerity, co-operation and perfect co-ordination are the strong points of the organisation. There are loyal workers working for several years in the organisation.

**QUANTIFICATION OF APPLICATION OF FAYOL'S PRINCIPLES**

This research study has made an important attempt in quantifying the application of Fayol's principle by each of the 18 units surveyed. Implementation of each principle has been accorded a maximum of 100 points. Based on subjective evaluation of the researcher, a unit gets either 100, 50 or zero points for complete, partial or no application for a particular principle maximum score for each unit is thus 1400. Actual score, based on system explained above is tabulated on page no. of the thesis. The points earned by each unit is called its "Fayol Score".
Chapter 5:
Application of Fayol's principles and success of the units -
Besides the study of application of Henri Fayol's principles, the researcher also focussed on four success parameters under which the success of the organisation is measured. These parameters are -
1. Turnover growth
2. Organisational growth
3. Asset growth
4. Stability

1) Turnover growth:
Turnover growth is accepted as an important success parameter. The overall development of organisation is directly related to turnover growth.

The turnover growth of the units has been measured over the entire period representing the tenure of the units. The growth has been converted into an annualised percentage factor. For instance for Mak-Text Chem the turnover growth has worked out to 12% over a period of 13 years. Subsequently the growth percentage has been mapped on the scale of high, medium and low, based on specified range of growth percentage. (For example 10% to 24% annual growth has been treated as medium).

Each organisation with high annual compound growth in turnover has been allotted 25 marks, organisation with compound growth of 15 to 24 will be getting 15 marks and of 10 to 15 will be getting 10 while other gets 5 marks.

2. Organisational growth:
Second success parameter is taken as, growth of an organisation in terms of number of employees.
The organisational growth in terms of number of employees has also been measured over the entire period representing the tenure of the units. The growth has been covered in an annualised percentage factor. For instance for M/s. J.C.P.L., the organisational growth has been worked out to 11.5% over a period of 15 years.

This growth has been mapped in a scale of High, Medium and Low. After that each organisation gets the marks according to scale specified.
High - 16%, Medium 5% to 15% and Low 0%-5%.

3. Assets growth:
The third parameter for defining success is taken as asset growth, since it is indicative of growth in wealth of the organisation over its tenure.

The growth has been covered in an annualised percentage factor. For instance for M/s. Vega Chemicals, the asset growth has been worked out to 24% over a period of 6 years. The assets growth of all 18 units surveyed has been evaluated.
By comparing the assets of initial year with assets of current year, compound growth has been mapped in a scale of High, Medium and Low. Each organisation got the marks according to scale prescribed.
High - 16%, Medium 6%-15%, Low 0%-5%.

4. Stability:
The researcher has taken stability as the fourth and last parameter towards measuring success of the unit. Stability is defined as steadiness in growth of profit and its consistency over years. Good performance in some years and bad in some others results in a unit being classified as unstable. The evaluation however has been done subjectively based on researchers discussion with the unit.
On the basis of profitability, the organisations are classified as stable, partially stable and unstable. Units which are stable got 25 marks, partially stable 15 marks and other 5 marks.

As a next step the success chart of all the units is prepared, after adding up points scored by a unit with respect to each of the 4 success parameters stated above. After that the researcher co-related in quantitative terms the success of the unit and the extent to which they have implemented Fayol's principles.

Co-relating success factors with Fayol score it is seen that co-relation - coefficient comes to 0.6636 indicating that there is a good positive relationship between success of the units and the implementation of Fayol's principles.

**Conclusion**

The hypothesis of the research is, "Successful performance of the unit depends on the application of Henri Fayol's management principles". The analysis and findings of the research clearly explain that the hypothesis is proved.

An important question which every research study of this type could answer is what contribution it has made to the body of knowledge? The answer to this question in this particular case is that it has attempted to co-relate management theory to management practice and has come to a conclusion that the two are indeed co-related. The management theory in this case is restricted to that propounded by Henri Fayol's 14 principles only but as a representative study its importance cannot be overemphasised.
Suggestions and Limitations -

The co-relation between application of Henri Fayol's principles and the success parameters of the units has come to 0.6637 while the maximum possible is 1.000. Hence the 0.3363 gap has to be explained.

What it actually means is that there can be factors other than the 14 principles proposed by Henri Fayol which are responsible for "success" of the units. It is necessary that these factors are identified and their importance has been measured to assist future practitioners of management. Similar research studies based on co-relating other management theory and the success achieved by the units are therefore suggested to be carried out.

Based on experience of these units which are not following Henri Fayol's principles fully or partly, following suggestion can be made.

1. Since there exists considerable amount of confusion on what to delegate and what not to, among the employers and the employees, they are suggested to maintain a substantial amount of clarity in delegation, and communication.

2. Proper balance between centralisation and decentralisation should be maintained. Special policy making should be done centrally while instantaneous decision making should be decentralised.

3. Companies should stress not only on financial incentives but also the nonfinancial incentives like (a) family get together once in every year for all employees. (b) safety awards based on rate of accidents.

4. The companies should try to develop standard practices in the production so that zero waste factor can be achieved.
5. Yearly, half yearly and routine plans should be clearly chalked so that the organisational goals are achieved. This will ensure each individual to thrive towards a common organisational goals.

6. Yearly practical training and orientation programmes for the permanent employees will ensure motivation for their jobs.

7. Open door policy should be adopted. This will enhance the work culture of the organisation.

8. 'Less of me and More of we' should be the buzz word in the organisation so as to ensure team spirit.

**Limitations of the Research**

1. In small units, many times the entrepreneurs were not aware about the management practices and Henri Fayol's management principles. So maximum discussion was necessary to explain to them the particular concept which is very time consuming.

2. It was difficult to establish close rapport with the proprietors/owners or the employees, in the limited time available; especially the latter. The information provided was very much formal. There was minimum scope for informal and frank discussion. So the inferences drawn from the research can be biased to the management view point to some extent.

3. At times it had become extremely difficult for the researcher to obtain the figures related to accounts as the proprietor were not ready to disclose the same.
4. Theoretical management concepts are not commonly understood by small scale industrialists. Hence the researcher had to study and duly interpret whether the firm was practising such principles or not.

5. Due to the business skills and experience of the proprietor, it is sometimes observed that a particular organisation progresses without giving much weightage to the management principles. Such points could not be studied in this research study.

6. Another limitation was time constraint due to which a larger number of units could not be included in the field survey.