COMPARATIVE STUDY OF MANAGERIAL PROBLEMS OF SMALL-SCALE INDUSTRIES IN INDIA AND IRAN

AN ABSTRACT

The small independent enterprises in every nation have an inescapable role for a steady social and economic growth and for providing employment. The leaders of all countries, the international organisations, the organisations of small business and the intellectuals recognise the necessity to cultivate, recover, strengthen and increase the vitality of this sector as an integral part of growth strategies of each nation. Small enterprises in all nations-developed and developing, have a community of interests and problems, though the challenges in developing countries are far complex. The comparative study of these experiences would be relevant for evolving strategies in individual countries for recognising and strengthening the role of small enterprises in the national economic scheme.

The present work is entitled as "Comparative studies of managerial problems in small-scale industries in India and Iran."

Since there are enough similarities between India and Iran in the structure and aspiration of the two economies, Indian experience has much relevance for Iran's policy planning for the growth of small-scale industries. This work is a "Comparative study of managerial problems of small-scale industries in India and Iran, and constitutes the title of this thesis."
Although, there are definite advantages enjoyed by small-scale industries in the matters of production and organisation, there are also some problems and shortcomings which hamper faster growth of these industries. The present work aims to analyse these problems to explain their dimensions as well as to suggest solutions in the light of the study.

Small-scale industry in India includes all the industrial units which have investment, in plant and machinery, not exceeding Rs. 35 lakhs. For tiny industries the ceiling is Rs. 2 lakhs and for ancillary industries it goes upto Rs. 45 lakhs.

In Iran, the small-scale industries consists of those industrial units having investment in plant and machinery upto Rls. 7.5 million and are not engaged in the production of articles of artistic nature.

One of the vexing problems of the small-scale units is the actual availability of the scarce raw materials at standard prices, inspite of the allotments given by the government to this sector.

The other serious limitation of these industries is the availability of finance. Because of this, it is unable to finance its own projects. It also bars an easy access to banks for financial assistance.

Although there has been, lately, much improvement in the situation, but modernisation and upgrading of technology needs more attention. The quality standardisation of products is another problem that requires solution with a sense of urgency.
Due to the absence of well-developed organisation, small-scale industries face many problems while marketing their products, as the existing methods for marketing their products are inadequate.

Small-scale industries have to face a triangular competition in the internal market among large units, middlemen and intra-industry.

They are extremely dependent on distributors or merchant houses. Since the production of small units are tailored to suit individual or group taste, habits and uses, the market research assumes great importance. But very few small industrialists are doing or can afford to do market research.

The small-scale units, on their parts, will have to modernise their production facilities for facing the internal and external market with confidence, and for standing on their own to attain self-sustaining growth in the ultimate.

Typical problems in the small-scale industry arise because they often are tightly held and family-owned. Senior management positions are therefore, frequently reserved for family members. Added to this, a peculiarity of small industry is the failure on the part of the owner is to provide adequately for succession. In many situations the business thrusts upon the senior most person of the next generation irrespective of his ability, interest or competence to offer stability of policies and smooth succession.

The top management of small industry has a narrow outlook. It may not realise that it has problems of management organisation. Above all, it may totally fail to see the need for thinking and planning,
and may try to manage intuitively. The small entrepreneur is so engrossed in his daily routine, trying to expand his customer list, that not until he gets into acute difficulties he does not recognise that he needs additional 'management help' which by then would become too late.

Conclusion

Businesses are different, but business is much the same, regardless of size and structure, of products, technology and markets, of culture and managerial competence. There is a common business reality. The problems faced by small industries are peculiar in nature. They act as impediment to their growth and sometimes challenge the very existence of the business.

The management thinking in small industries has to undergo re-orientation. The narrow out-look of the owner restricting himself with only present problems rather than having a broader outlook of what the industry is going to be like in the changing environment, becomes one of the important causes among the many for ultimate failure of the unit. This type of thinking has to be changed. In such situations the small industrialist has no one to look up for advice. He is the sole decision maker in all areas of operation. He can not afford the services of the professional consultants. Therefore, the need for a proper set up, to advice the small industrialists, in different matters regarding production, technology, management, quality and so on, is strongly felt. The organisational set up to coordinate, disseminate and plan activities is a necessity. If small industries
are expected to produce goods and provide services economically, economies of scale by continuous technological upgradation have to be achieved. Therefore, no doubt, the small-scale units have to be provided with assistance, in their different problematic areas.