Internship Report
- Summer'14

Management Evaluation
Using 14 Principles of Management

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Prepared For
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Letter of Transmittal

Date: 14 October 14

To,

Ms. Asphia Habib  
Lecturer, School of Business  
BRAC University  


Dear Madam,

It is a pleasure for me to be able to complete and submit the internship report on the "Management Evaluation Using 14 Principles of Management" for Norban Fashion Ltd. I have been working in this organization since 2012, and when I was assigned for internship at the end of the MBA program, I chose this organization so that I can relate the theoretical aspects learnt from different courses, in MBA, with the practical scenario at my workplace.

I tried my best to comply with all the instructions provided to me and organize this report in such a way that it serves its purpose. I hope you would accept this report and find it as it was meant to be. I will be available anytime to explain you any queries regarding this report if necessary.

I thank you for providing all the support that I required for preparing this report.

Sincerely yours,

________________
Mohammed Fahad  
ID: 12164007  
MBA, School of Business  
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The Modern Management is a blend of previous theoretical concepts of management that is used in today’s organizations based on their different requirements. However, there are some common management rules that should be followed by the managers in order to pursue success and harmony within the organization. This paper attempts to evaluate the managerial scenario for the organization – Norban Fashion Ltd. using the 14 principles of management by Henri Fayol as the basis of performance criteria. This study has been derived from reasons of the superficial problem of high employee turnover and employee dissatisfaction within the organization.

The analysis of the 14 aspects of the management setup of the company reveals problems in most of them, where urgent measures are required immediately for 10 of the principles of management. This study tried to find out the loop holes in the management using the 14 principles as tools and come up with potential solutions to overcome the problems as early as possible. However, if the initial procedures of mitigating the problems does not work properly, the scientific trial and error cycle should be continued to prove the hypothesis using other methods until the objective of solving the problems is achieved.
Chapter 1

1.0 Introduction

1.1 The Industry at a Glance:

The RMG sector in Bangladesh has been flourishing recently. It has a huge contribution in the prosperity of the national GDP as well. Although Agricultural sector is the biggest in the country, RMG industry is the largest foreign currency earner for the national economy. Bangladesh has a competitive advantage over others in this industry. It is the second largest RMG exporter in the world - with an exporting quantity of worth around $20 billion annually. The World Bank also predicted that the increased exports, particularly for the Apparels, is a sign that Bangladesh might be able to process its way back to a stable economy and achieve the goals set by the government to be accomplished by 2021.

In the recent years the regulations in this industry has come up to a standard level where the regulatory board fixes and updates the minimum wages for the workers; supports labor unions; and gender equality at workplace for workers. Some recent tragedies related to the RMG industry in the country has led to more strict monitoring and intense pressure from the foreign buyers to raise the need for compliance in all export-oriented factories. This has led the local firms to pursue internal structural reforms to meet the requirement in the market.

1.2 The Company:

Norban Fashion Ltd. is a well known organization operating in the RMG sector in Bangladesh since 1993. Although it was initially registered under the name Norban Corporation, later in 2006 the name has been changed to Norban Fashion Ltd.

Owned by the family members - three profit sharing directors - Mr. Wahidul Haque Siddiqui, Mr. Moynul Haque Siddiqui, and Mrs. Qurratul Ann Siddiqui, the organization started its journey as a Buying House with the view to expand the area of its operations and contributing into the national economy and the welfare of the society. Although the company started as a small buying house, currently it is also the head office of three RMG factories.

Norban Fashion is a model in many aspects in the Knitwear manufacturing industry in Bangladesh and holds a distinctive reparation as a source of quality knit garments, working in collaboration with reputed brands in Europe, Canada and the USA with reliability and confidence. With a fully vertical integrated setup, it offers a comprehensive solution to the entire range of the knit garments manufacturing industry with state of the art machineries in Knitting, Fabrics Dyeing & Finishing, Yarn Dyeing, Lab and R&D, Embroidery and Printing. Because of the automation in lots of production stages, we have less number of workers and high production capacity.
The factories that the company owns have a highly dedicated and skilled workforce. It is equipped with various advanced production machines and specialized equipment. The organization has a management with pragmatic work plan and scientific procedures of implementations. It has an output capacity of around 70 thousand pieces per day and 1.8 million pieces per month through 42 production lines.

Diversified Business Units:

Norban Group has six business units. The business units are diversified into different sectors - RMG industry and the IT industry. The units in the RMG sector are:

- Hornbill Apparel Ltd. - the oldest factory of Norban Group that was established in 1996. This is the place where Norban gained the experiences of manufacturing garments without having support of outsourcing. Hornbill Apparel Ltd. is a production site having 12 sewing lines and an output capacity of 20 thousand per day.
- Trend Force Garments (BD) Ltd. - a separate factor of the company which is a sweater manufacturing unit. It specializes only in different sweater knitting.
- Norban Comtex Ltd. - this is Norban’s first step into vertical integration that has a holistic setup for manufacturing garments - starting from knitting of yarns to dyeing and finishing of fabrics, which is then cut and sewn to produce garments.
- NF Printing and Embroidery - NF Printing and Embroidery can be classified as an extension of Norban Comtex Ltd. With this unit, Norban Comtex not only meets the requirements of basic apparel manufacturing but also complex workmanship with both prints and embroideries.

There are other Two Major Units Related to the IT Sector:

- BDCom Online Ltd. - an ICT unit which is also enlisted in the Dhaka Stock Exchange.
- Fiber @ Home - An ICT Unit providing optical fiber network countrywide.

The organization has many other unrelated units which elongate the list of its businesses. Very recently Norban has also extended its operation further vertically to reach the local consumers directly by opening the first apparel showroom named "Attitude" in Gulshan 2, Dhaka.
1.3 Products and Services:

Norban Fashion Ltd. serves its buyers with Knit Apparels in all three market segments- **Men's wear; Ladies' wear; and Children wear.** The type of garments that are done most are:

- shirt
- Polo shirt
- Sweat Jacket
- Tank Top
- Men's Underwear
- Leggings
- others on specific demand

Although the end products are the garments mentioned above, the services of value adding to the product takes place in every stages of production. The semi-finished goods are also products of Norban - which might not be the end product for the end customer, but might be a value added product for any other organization. So, we can consider the yarn, fabric, and other semi-finished work-in-progress as a part of the products the company sells.

The types of fabrics those are knitted and manufactured using in-house facilities are Single Jersey (Light & Heavy ); 1 x 1 Rib; 2 x 1 Rib; 2 x 2 Rib, French Rib (Flat back); drop Needle Rib, Sweat Fabric; Interlock; Pique (all types), Fleece (Brushed & Un-Brushed).

For knitting, Norban uses both local and imported raw materials. The main material required for the RMG industry is the yarn. There are several types of yarns. Norban usually uses all basic types of yarns from local sources. However, the fancy yarns, that requires complex engineering before and during the spinning process, are generally imported from abroad - mainly from India. The types of yarn that Norban uses for its products are: combed yarn, carded yarn, compact yarn, slub yarn, mixed composition in yarn - for mélange effect in fabric, organic cotton, supima / pima cotton etc. in different qualities.

As mentioned in the earlier section, apart from only cutting and sewing products Norban has its own unit of facility to support the decorative requirements by the buyers. The prints that is done at NF printing and Embroidery are: Discharged Print; Rubber Print ; Plastisole Print ; High Density Print: Puff Print; Foil Print; Flock Print; Gel Print; Glitter Print; Crack Print; Heat Transfer Print; and Gradient Print.

The Embroidery on garments that can be done at Norban Comtex Ltd. are: Sequence Embroidery; Chain Stitch Embroidery; Cross Stitch Embroidery; High Density Embroidery; Puff Stitch Embroidery; Felt Appliqué - Fabric Letter Appliqué; and Towel Embroidery.

Apart from the delivery of goods, Norban also provides "after-sales" services. For instance, even after 2-3 months after the delivery of goods, the buyers have the right to claim for compensation for any fault goods. However, the faults have to be proven to the management and must have
supporting documents from any renowned Third part, Quality assuring agencies like SMS or Bureau Veritas etc.

1.4 The Management Structure:

The organizational structure starts from the Managing Director and ends till the workers in different levels and departments of Norban Group. The general organizational structure of the organization is given below.

**Organizational Structure for Norban**

![Organizational Structure of Norban Group](image)

However, the Merchandising department of Norban Fashion Ltd. - the buying house and head office to the factories, has a more direct contact with the top level authority of the management. The chart below shows the structure of the Merchandising department at Norban Fashion Ltd.
Merchandising Department of Norban Fashion Ltd.

The organogram in Fig2 is showing the management structure of the Merchandising department of Norban Fashion Ltd. (The organizational structure charts are also attached in the annexure). As seen in the chart, the structure shows two General Managers under the Managing Director of the organization to follow up two sections of merchandising department - the Ladies wear, and Men's wear along with the children wear. Under the respective General Managers, there are groups of Merchandisers and Junior Merchandisers working together with specific brands allocated depending on the capabilities of individual groups. In the channel of work distributional structure the managers are for mainly supervising all the articles or at least managing one or two particular groups helping them with their work.

1.5 Vision for the Future:
Since there have been issues regarding compliances in the RMG sector in Bangladesh, Norban wants to be a model for all the factories working for buying houses. In order to do so, the organization has started Eco-Friendly or Green-production goods. This initiative will eventually gain more market share and help to maintain the standard level for production and delivery of products.
Chapter – 2

2.0 Nature of the Job:

Merchandising, in its simplest definition, is making merchandise or goods available to the customers in the right place and at the right time. Garment merchandising is making the garments according to the needs of the customers and making it available to the buyers when needed. The in-depth description of the job will be discussed more elaborately later in this chapter.

Merchandising is a holistic approach of marketing which is one of the most important roles in the RMG sector of Bangladesh. This job inhibits all activities related to:

- Product - developing the products for new orders, as well as production of bulk orders.
- Pricing - calculation of the prices to the buyer considering all related costs.
- Placement - acquiring all raw materials in time and, after manufacturing the garments, delivering the end products to the destination in time.
- Promotion - undertaking all promotional activities in the B2B business.

The most important qualities required for merchandising are:

1. Communication skills
2. Planning
3. Executing - production follow up

2.1 The Job Description at a Glance:

The general duty of a merchandiser includes collecting orders from the buyer and delivering the finished goods within the scheduled time. The first part of collecting orders is the pre-order or development stage where the merchandiser has to convince the buyer that their requirement can be met on time, maintaining the quality, and at the reasonable price. Later, after the order is received, the next role of merchandisers is to arrange all the raw materials required - starting from yarn for fabrics to all trims and accessories like buttons, laces, zippers etc. in time and deliver the goods within the lead time agreed with the buyer.
2.2 The Detailed Job Description with Specific Responsibilities:

Pre-order / Development Stage:

This is a part of the "Business Development" that attracts new buyers or new orders from the existing buyers.

As the tastes and preferences of the customers are continuously changing, the requirement for new products is also changing accordingly. Most buyers have their own team of designers who prepare CAD files of their designs for new garments. These designs differ in measurements, styling, and materials to be used for the garments. As Norban Fashion Ltd. is more occupied serving the existing buyers, we will focus more on the job related to handling the current buyers.

After the CAD design worksheet for a particular article is received, the merchandiser has to work on it compiling the design worksheet, measurement chart, and all other information required for cutting the pattern for the samples; along with the compilation of documents the merchandiser has to arrange the required quality of fabrics for the article. This fabrication can include any one of the common types of fabrics or a combination of more than one:

- Single Jersey
- Heavy Jersey
- Interlock Fabric
- Pique fabric
  - Single Lacoste
  - Double Lacoste
  - Honey comb
- Fleece
  - French Terry
  - Brushed Fleece
  - Polar Fleece

There might be other complex fabrication in the requirement which are just extended modified versions of these common types. The fabrication can be different depending on the composition of fibers in the yarn. The usual finished fabric can be either 100% cotton; 100% synthetic fibers, or a blend of both. These are the details that the merchandisers have to closely check and consider while arranging the fabrics for development.

Apart from the fabrics, there are other trims and accessories that the merchandisers are responsible for. The accessories may include - buttons, labels, sewing threads, zippers, drawstrings, eyelets, etc.

Once the materials are arranged, the information along with the materials are handed over to the technical department for making the samples. These samples are then washed and finished before sending them to the buyer.
By the time the samples reach the buyer, the merchandiser has to conduct another important task - costing. The merchandisers has to be involved in arranging all the materials for the samples, as he / she has to know the details about these items which is required for preparing the cost sheet for the article and also to present to buyers if required. The costing, after approved by the management is quoted to buyer with an added margin.

After buyer gets the quotation and the samples in hand, the negotiation takes place between the merchandiser and the buyers. The buyer then places the order as soon as the negotiation ends successfully. The negotiation includes the issues regarding

- Price
- Quantity
- Quality of the article
- Lead-time - the delivery date
- Place of production
- Shipment mode

**Bulk Production:**

The bulk production begins after the developed samples are approved by the buyer and new orders are placed. Usually the bulk orders are handled by both merchandisers of the Buying House and the factory running the operation. The main task of the merchandiser is following up the production to see if everything is running as planned to meet the delivery deadline. The production of garments may raise a crisis at any point of production - the merchandisers have to keep an eye in every stages of production to trigger any crisis in advance and take initiatives to get it solved as soon as possible.

To understand the job of a merchandiser better, a brief knowledge is required about the production stages of garments, and how the merchandisers are involved in these stages of production. The stages of production are:

- Yarn collection - As discussed earlier, the yarn can be found in different fiber composition. It is the first most important component of production which determines the quality of the end product. The yarn can either be cotton or a blend of different fibers. In case fiber-dyed yarns, which is fancy in the yarn market, the yarn might have to be imported from abroad - usually India or Pakistan. There are types of yarns other than the conventional ones like - slub yarn which has a rough texture on touch, or nppy yarns which usually have neps in contrast color and usually look like colorful dots on the fabric. The type of yarn also varies in terms of its thickness - the thinner the yarn is, the finer and lighter the fabric will be. Different fabric requires different quality for yarns.

The merchandisers have to contact the yarn suppliers, ask for samples to check quality, negotiate the lead time and price and place order. The role of this stage does not end here
- the merchandiser has to follow up the spinning process of the yarn till the raw material is delivered and ready in house after quality check up.

- **Knitting** - the second stage of production is knitting. The knitting can take place as soon as the yarn is in house. However, in case of some fabrics - either stripe or fabrics having different colors in it, requires the yarn to be dyed first before knitting. Knitting is done by the knitting section, which has to be monitored by the merchandiser to see if it is being processed as planned. A concept known as "critical path" can be followed to track the current process of the materials to compare with the planned dates to find out if the production will meet the lead time or not.

- **Dyeing** - The next stage is dyeing. In case of yarn-dyed requirement the yarn is dyed before knitting; or else the dyeing is mostly done after knitting fabric in raw color. The merchandiser has a very important role before the dyeing of fabric begins. There is a very complex process of determining the recipe for chemicals to be used to bring about the exact required colors in exact shades or tones. Usually when placing the order, buyer sends a seasonal color chart or color cards, which either includes cuttings of different fabrics or papers in different colors, or Pantone numbers - which is universal codes for different colors as reference. The color references are sent to the laboratory to get the shades in the required fabric swatches which are sent to buyer for approval. The buyer usually asks for resubmission if the swatches require improvements. Once the approval for the colors come in, the merchandiser passes the Lab-code no. for approved option to laboratory. Following the lab-code no. the recipe is given to the dyeing section, where the approved shades are used to dye the fabrics which got transferred from the knitting section.

After dyeing the fabric, the dyeing section usually carries out the finishing part as well. Finishing is required to give the final touch so that the fabric meets the quality required for the garment demanded by the buyer.

- **Cutting** - Once the finished fabric is delivered to the cutting section. The fabric is laid on long tables and cut using the pattern in all sizes with measurements approved by the buyer.

- **Prints and embroideries** - this is the part of production which works for the decoration of garments with prints or embroideries. It can be either printed labels on the inner side of back part of the garments, or on the chest or back for decorative purposes. The prints and embroideries are usually done before the garment parts are sewn together.

- **Sewing** - the sewing runs in lines of production once the cut pieces of garments passes the prints and embroidery section (if required). The merchandisers have to check the daily output from the sewing section to track the actual production lead-time.
• Washing and Finishing - the last stages of production is washing the garments after they come out of the sewing section. After the garments are washed, they go to the finishing section through the quality control department where any abnormality in the garments is checked and rejected.

These are the stages of production, for basic garments, which require constant monitoring and follow up to check for any crisis that may need attention of the management. The merchandiser needs to be involved in all these production levels, as each of these departments require approval for the quality of the items before going for bulk operations. This is where the sampling for approval comes in.

*(Reference photographs of the production plant at Gazipur can be found in the last section - Appendices).*

**Sampling - Both Pre-order and After Confirmation of Order:**

Each and every item that has to be used in the garments requires confirmation from the buyer. As for the accessories like - buttons, zippers, embroidery, prints, etc. can be sent to buyer in separate samples or in swatches for approval. However, buyers may want garment samples before confirming for the bulk production.

Garment sampling may include:

**Before Order Confirmation**

1. Proto samples - this is the sample that is made at the developing stage, as mentioned earlier.
2. Sales Samples - After the proto samples, sometimes buyer may ask for Sales samples to determiner or predict the sales qualities in order to place order based on the demand for the garments.

**After Order Confirmation**

3. Photo shoot samples - these are the samples those are required for press releases. Buyer may want some samples in different colors which are to be used for photo shooting for advertisements.
4. Fitting samples - after the orders are placed, buyers want a sample to check the fitting on hired models in order to determine if any change in the measurements or workmanship is required. If everything is alright, buyer may confirm everything. This can be later followed at the sewing sections as reference for measurement and workmanship.
5. Pre-production samples - this is the final sample before production which represents the quality of the garments from bulk production.
6. Production samples - Buyers usually ask for random pieces of samples from production just to make sure that the quality of garments is maintained during production. Even if the buyer doesn't want any production sample, it is the responsibility of the merchandisers to take samples out of production to check for quality randomly.
7. Shipment samples - these are the samples required to be sent to buyer after the goods are delivered out of the factory to the freight forwarders.

Merchandisers are responsible for sending all these samples to buyer and take confirmations for everything related to the sample garments before going for bulk production. These are pretty much the detailed job description of merchandising.

2.3 Evaluation of Job Performance:

The description mentions about the responsibilities of the job. The performance of the merchandisers is mainly evaluated by the on-time shipments of goods, and whether there are after-delivery claims from buyers for faulty garments. So, the main challenge for a merchandiser is meeting the deadlines for both sampling programs and bulk orders maintaining the quality of the garments according to buyer's requirements. The performance is not based on how many orders are received after the development programs though - as the buyer has other sources for same products and they usually ask for the prototype samples from other suppliers as well; and it is not quite certain that who the buyer might choose to place the order with. Different suppliers have different workmanship and the price quotations vary too.

Therefore the most important role of the merchandisers that count for their performance evaluation is "timeliness" as well as the quality work that they demonstrate during their allocated time limit.

2.4 Critical Observations Regarding the Job:

It is the job which works as a bridge between the buyers and the manufacturer. Without merchandisers, the workers at the factories would not be able to comprehend the buyers' need; neither would the buyers be able to communicate directly with the factory workers.

Moreover, there is usually a conflict of interest between the buyers and the factories. Merchandising plays a vital role in minimizing the gap between these two groups and makes it a win-win situation for both.
Chapter - 3

3.0 Scope of the Study:

This chapter of the study shows the analytical research and findings of the management problem that might be enacted within the system. The analysis is done using the principles of management presented by Henri Fayol.

The analysis shows that there are problems in most of the principles of management. The principles which is not up to the standard level required to meet the success-rate, needs immediate attention of the top management.

3.1 Description of the Project:

This is a study the management practices of Norban Fashion Ltd. This 25 year-old organization has a high turnover rate for employees, which is accompanied by employee dissatisfaction. The two phenomena are inter-related - a change in one would affect the other to some extent. This qualitative study assumes that the high turnover and dissatisfaction is merely the tip of the iceberg; the root of the problem lies somewhere deeper in the managerial system.

As a guideline to this study, the work of Henri Fayol’s 14 Managerial Principles has been followed to analyze and evaluate different aspects of the management to identify the disharmonies in the system.

3.2 The Objective of the Project:

The objective of the project is to analyze different aspects of the Management that are essential for the success of a business, as stated by Henri Fayol, the father of the Modern Management. The ultimate objective, though is to find the weaknesses in the management of Norban Fashion Ltd. and find ways to resolve those issues or areas in management where the weaknesses are located.

3.3 Methodology:

Survey or questionnaires are not enough for this study as the managerial problems will not be disclosed by anyone in the organization. To address the problems the method used here is observation. A long period of observation along with the informal occasional conversations with employees from different levels of the organization is the procedure used for collection of information presented in this study.
Work of this study has contribution from both primary and secondary sources - the theories of principles of managements and other economic or managerial studies are all collected from secondary sources. The theories related to Fayol's work are studied first from text books like Management by Robbins and Coulter, and other sources from the internet. Whereas all information regarding the management practices of the selected company (other than the previous details of the company profile) are derived from primary sources.

Henri Fayol's 14 principles of management have been used as tools to evaluate management aspects and point out any managerial failures which need utmost attention and urgent improvements.

3.4 Limitations:

The study on the management problems of Norban Fashion Ltd. is enriched with all the relevant information that is required for an in-depth research in this particular area. However, the biggest limitation is the confidentiality and unauthorized information sharing issues. Since this study is conducted for a purpose outside the organization - the examples and evidences drawn here in relevance to the study is kept as less specific and personal as possible.

The second limitation is the time constraint. Such a research is more continuous in nature where in-depth problems can be located more specifically. The weaknesses that are found in this research is merely assumptions based on the theoretical analysis. It is true that the problems identified have scopes for improvements which will bring positive results. However, it needs to be further tested in practical to find the strength of the correlation among the problem and the causes. This study is just the initiation, and as for the limitations this study requires further researching to find more effective potential solutions to the managerial disharmony.
4.0 Findings and Recommendation

4.1 Analysis of Different Aspects of Management

This section discusses the management principles presented by Mr. Henri Fayol, a French industrialist who is known as the father of modern management. These principles are then used to evaluate the performances of Norban Fashion Ltd. in various aspects of its management.

**Principle 1 - Division of Work:**

The Division of work is derived from the work of Adam Smith's "Division of Labor". Although Smith's work was more focused on the blue collar jobs, the division of work is also applicable in the management to increase the productivity which will be discussed later in this section.

As the name suggests, this refers to dividing of the work in to smaller task which ware assigned to individuals or groups to complete to get the total work done. This subdivision of work makes it simpler and results in efficiency. Moreover it helps individuals achieve speed and accuracy in the job.

**Relevance of the concept in the organization (Norban):**

The concept of Division of Work is fully followed at factories - particularly for the production lines. However the merchandising department also follows the idea to some extent - like dividing the brands among individual merchandisers of a team of two.

Merchandising is the nature of job that requires having control over the total work from the beginning till the shipment of orders for smooth transition of each individual task. The merchandisers have to take responsibilities from the developing stage (arranging all accessories; ensuring the quality of fabrics and accessories; delivery of the samples) to getting orders, and monitoring all tasks from production initiation till the shipment of goods.

For this reason it is not reasonable to breakdown the work into smaller tasks for the merchandisers - since they have to keep track of everything for the purpose of their job.
Principle 2 - Authority and Responsibility:

Authority and Responsibility, as presented by Mr. Fayol in his findings, go hand in hand. That means, if an authority is delegated to a person he gets responsible for executing the authority along with the consequences that the execution might bring along. On the other hand, responsibility without authority does not keep much scope for proper execution to trigger desired outcome.

According to the definition of "Authority" by Mr. Fayol, it is "the right to give orders". This is the right that an individual has over others who are obligated to carry on any task meant to accomplish the responsibilities. And responsibility was thought by Mr. Fayol as something that is "feared as much as authority is sought after".

In order to get the objectives achieve, it is essential that the responsibilities are rewarded. However, the rewards on the other hand demands that the responsibilities are assumed and accepted by the delegated individual.

Relevance of the concept in the organization (Norban):

In Norban Fashion Ltd, there seems to be more or less imbalance between the responsibilities and the reward or compensation procedure. In some cases a disharmony in the authority and responsibilities can also be found.

By the nature of the job, merchandisers need to have a control over all sequential tasks related with every stages of production - even before the input of raw materials till the output is delivered to the customers. However, not all employees are compensated according to the level of tasks they perform.

Due to having inadequate human resources in comparison to the level of workload and higher turnover rate, sometimes incomplete tasks are handed over to new merchandisers who fail to perform up to the mark to achieve the desired goals. This is mainly because of imposing responsibilities to the new employees which might not always be willingly accepted.

Moreover, the responsibility undertaken by many merchandisers are not backed by authority. It occurs very often that the tasks requested for execution in other departments by Jr. or assistant merchandisers are not carried out with urgency. The same ask is done with severe importance if it is ordered from superiors. This leads to delays in the production process. Also the concentration of responsibilities on the merchandising department leaves the other departments of production more relaxed. For example, sometimes the buyers ask for a collection of "photo shooting" samples out of their ordered articles, which has a deadline that has to be followed strictly. It is the responsibility of the concerned merchandiser to get the samples done and deliver to the clients. However, the quantum of responsibility that lies solely on the merchandisers is not equally distributed to the dyeing section for getting the required fabrics dyed in due time in order to meet the deadline.

The concerned merchandiser has to bear most of this responsibility due to being on the front stage directly communicating with the buyers.
Principle 3 - Discipline:

Discipline, according to Mr. Henri Fayol, is something that is required for running a business smoothly. This might not be measurable based on the output of a series of jobs, but it has tremendous effect on the performance of the employees as well as the result out of their performances.

Mr. Fayol stated - no business can prosper without having discipline. Although many has a misconception that discipline is something that the employees owes the management; actually discipline is something that depends particularly on the effectiveness and worthiness of the leaders - in our study, the managers.

The developer of Scientific Management, Mr. Fredrick Taylor, suggested unlike Fayol that lack of discipline is something that leads to "soldiering", a term he used to imply the unwillingness of workers to perform up to higher standards in order to save their interests. Mr. Taylor also mentioned that this discipline can be achieved through a "heartily cooperation" between the workers and the manager.

Mr. Taylor, however, focused particularly on the behavioral approach to this problem. He suggested that discipline can be restored or retained through Respect between the workers and the leader. Moreover, this respect is merely the result of the worthiness of the leader. This respect for the leader makes the subordinates perform whatever the leader wants.

That is why this makes it mandatory to have worthy leaders at all levels.

Relevance of the concept in the organization (Norban):

The relationship between the leader and the subordinates varies among departments. To start with the relationship situations first we can consider the ones in the lower level - production line workers and their supervisor.

In Norban, the relationship between the production workers and the production manager is very intense, particularly at Hornbill Apparel Ltd. - a sister concern of Norban Group. We have seen lots of riots and uprisings related to RMG workers recently. The chaotic situation implies the lack of disciplines in the factories. However, interestingly, the workers in this organization seemed to have great respect for the organization as well as the leader of production management. The understanding between the production manager and the worker is so good, that the labors are even prepared to protect the factory premises from the rebels outside. This shows the leadership quality of Hornbill Apparel Ltd. which is so strong that it has established the "Discipline" in every level of management which demonstrates Mr. Taylor's "heartily cooperation" among the leaders and the subordinates.

The other business units however, reveal the lacking in establishing a discipline throughout the management structure. the working procedure is propped by the fear of the superiors if anything goes wrong. Adapting the practices that would bring "heartily cooperation" is just the beginning.
**Principle 4 - Unity of Command:**

In short, unity of command suggests that the subordinates must have a single boss for taking direct orders. It implies that having two different bosses dealing with the same decision making problem would lead to ambiguity.

However, it does not mean that one individual cannot have more than one supervisor. Just in case of the world famous organization Google - unlike the conventional hierarchical setting, there are three CEO's in this organization. Though, this does not make things haphazard in Google, as all three take part in different segments of the business.

Unity of command does not mean that one personnel has to have only one superior, rather it implies that there might be more than one leader but there must not be any mutual interference among the leaders.

**Relevance of the concept in the organization (Norban):**

Observation in the organization has shown a few cases of overlapping lines of command particularly in the merchandising department. This might be due to being the most crucial department that controls more or less everything throughout the business.

Moreover, the overlapping occurs mainly due to not having the merchandising team in the Head office and factories (those Norban owns) separated entirely. Quite often an issue related to the merchandising teams at the factories might however have to be answered or explained by merchandisers at head office. This is unlikely to happen in the cases where production is outsourced to outsiders.

This is the reason why the merchandising team at Norban does not have a of unity of command.

**Principle 5 - Unity of Direction:**

It refers to the one-way direction of an organization. It occurs when an organization has one vision and the strategies of all the departments are set in parallel to that single vision - to make aims of all the departments to the same direction.

Unity of direction, as Fayol summarizes with the words "one head and one plan for a group". This principle is closely connected to the "unity of command". The same direction of all strategies means less scope for conflict of interests.

**Relevance of the concept in the organization (Norban):**

The entire Norban Group is controlled by a few directors - however, the ultimate control of the company is possessed by the Managing Director. Although there might be some conflict of interests in different levels throughout the organization, the supreme control in the management hierarchy holds the activities of Norban Group in the same direction.
All major decisions - be it the approval of product quality in every stages of production, or choosing the right places for outsourcing - are processed through the office of the Managing Director. Moreover, as every manager and department heads are accountable to the head of the organization - everything are run and treated towards one direction only.

**Principle 6 - Subordination of Individual Interest to General Interest:**

Subordination of individual interests to general interests simply means that the employees must subdue their personal interest to align it to that of the company's interest. This does not come naturally in the working environment and as mentioned earlier, there certainly will be some conflicts of interests.

This principle by Mr. Fayol, this does not discourage the workers' union or labor right movements. Suppressing individual interests over the company's interest assumes that the requirements of the employees are fulfilled and any adverse interests - like laziness, selfishness, and egoistic effect, is eliminated through proper motivational controls. In the early period of this study employers could achieve this objective through proper compensation and other benefits - as salary is not the only motivator, it takes a lot more to make individuals loyal towards the company they work for.

**Relevance of the concept in the organization (Norban):**

Like many other organizations in this part of the world Norban has got employees with interests that conflict that of the business. However, if nurtured, these interests can be mitigated to a certain level that would not affect the company harmfully. A prolonged observation has revealed that only handsome bonuses twice a year does not always keep the employees happy throughout the year. The individuals require something continuous. For example, earlier the employees enjoyed a 1.5 days weekend at Norban Fashion Ltd. officially. This means that apart from one full day of weekend which is Saturday, the policy allowed employees to work till 12 pm on Fridays. Moreover, there was also an arrangement of special lunch for all employees (those present on that day) for free. Even though the office allowed them to leave before the lunch, many personnel who had to stay till lunch would stay even longer - sometimes even till the last hour, showing their appreciation towards Norban's hospitality.

However, recently the changes in the policy for weekends in the organization allowed only one weekend. Moreover, the subsidized lunch facility has also been deprived off the employees. This has created a feeling among the employees that the company took very little interest on them. As a result the employees started to think more about themselves and less about the benefits of the company.

There are many such cases which led the employees to indulge the individual interests over the general interests in Norban Fashion Ltd.
Principle 7- Remuneration of Personnel:

Remuneration is the price of the service received. If a company wants a better service, it should be prepared to pay the optimal level of remuneration that would provide satisfaction to the employees and the employer.

By the work of Mr. Fayol in this study of the fourteen principals, he implied that the remuneration of the employees must be fair in order to retain the harmony in the organization. Harmony is very much important not only in the production lines but also in the managerial levels. For instance, as the entire line will get a bottle-neck crisis if any one of the workers in the production line skips away from the harmony and gets less productive than others. Likewise, the same may occur also in the managerial positions when even one employee misses the pace and fails to cope with others - it is only less noticeable than the former case but may pose as a bigger threat when considering ultimate consequences.

According to many studies, the remunerations offered to employees play a major role in their productivity. And as Mr. Fayol declared - the remuneration of an individual must be "fair" - it must not be less, nor it should cross beyond reasonable limits.

Relevance of the concept in the organization (Norban):

This principal goes against the payroll system of the company. Although the payment of the factory workers is above the minimum range due to the regulatory issues, there is no proper standard for fixing the payment of the employees in the managerial levels.

The minimum wage for a garment-worker has set to BDT 8,000 by the government. The workers at the factories of Norban Fashion Ltd. receive financial remunerations above this bottom range. Apart from the wages, workers also get the basic requirements at workplace and other non-financial benefits.

However, since there is no proper rule for evaluating and compensating the employees in the Head Office, the financial remuneration packages widely varies from one individual to another even at the same level of management and having same responsibilities.

It is not that the remunerations are low. Rather the remunerations in a few cases are way too high than what those should be. Due to not having the standard procedure, according to observations it was recorder that few employees got very negligible amount for increment, whereas a few had also received an incremental amount those can be more than twice or thrice of the previous salary.

The evaluation of the performance is also not considered by the HR department, and is set by the Head of each department - which actually does not usually go well.
**Principle 8 - Centralization:**

Centralization as the understanding of Fayol is holding the control of everything at a central place. The activities of a business may be scattered over a wide area however, the decision making must be made centrally.

Moreover, if the concept of centralization and decentralization is combined with the concept by Michael Hammer, we can categorize the concept further into "standardization" and "process diversity".

**Relevance of the concept in the organization (Norban):**

Norban Fashion Ltd. is the head office to three garment manufacturing factories. The head office is located in Gulshan 1, and the factories are all in Gazipur - outside the metropolitan city. It follows the centralization approach of decision making throughout the organization. If compared by other principals of management, the central decision making is effective for the company's efficiency. The head office accommodates all employees, from the factories; those are concerned with the accounts and commercial jobs. The head of all these departments except for the production are placed in the head office.

The company also follows standardization in its operations, since all the activities of the company are in the RMG sector and the operations in all its factories are more or less similar.

**Principle 9 - Scalar Chain:**

Scalar chain is the line of authority that states the relationship between the employees and their superiors. This principal makes sure that everyone in the organization knows his or her supervisor and subordinate. This line links the individuals in the organization from the top to the bottom level of management.

It is necessary for a good communication within the organization, and also makes the process of decision making smoother, and is very important for any organization in building its structure of hierarchy.

Henri Fayol also introduced the term "Gang plank" to the communication method where two individuals outside the same scalar chain can communicate directly to one another saving both cost and time.

**Relevance of the concept in the organization (Norban):**

The organizational structure in different units is slightly different in the factory than in the head office. As the nature of the work demands the organizational structure in the factories has a wide span of control - a large number of garment workers working under the supervision of one production supervisor. The factory is governed by the CEO who works directly with the Managing Director at the head office and manages the operations communicating with the managers and the merchandising executives when required.
However, the managerial positions in the factories and the head office is quite different - the upper level of the managing is arranged in such a way that the highest authority in the organization is held by the Managing Director, who communicates directly with the general managers of every departments (who are the heads of their departments, and some even possess even higher influence and authority than the directors); the GM holds the authority over the managers and assistant managers who supervise the senior executives, executives and assistant executives.

In the merchandising department, there are teams of merchandisers working for one or few particular brands. These teams are under direct supervision of the general manager of merchandising department. However, the merchandising department is divided into two segments - men's wear and ladies' wear. There are two GMs for these two divisions; and both has two separate lines of authority.

The communication method is not confined within the scalar chain system - rather the "Gang Plank" approach of communication (the term introduced by Henri Fayol) is the approach used in the organization.

**Principle 10 – Order:**

There should be an order in the organization. According to Henri Fayol, there are two types of orders - Material order, and Social order.

Material order deals with arranging things or materials in the right place. This might be locating the appropriate location for the right thing - for example the raw materials, which has to be in house at the right time in order to keep the production running.

Social order refers to placing the right person in the right place that will be able to carry out the job objectives properly in order to meet the organizational goals.

**Relevance of the concept in the organization (Norban):**

Norban Fashion has two departments working to maintain the "material order" - the Merchandising department, taking care of the production through sourcing the raw materials from the right sources and placing them in the right place (the appropriate production sections) for production; and the Procurement and Logistics department, which supports the other departments (including Merchandising department) providing all the required materials as soon as possible. While merchandising department is mainly concerned with the direct materials required for production, the procurement department is responsible for all other indirect supplies needed through the organization.

However, there is an order for the material allocation. Both the departments are interdependent. Whatever the merchandising department orders for the bulk production that has to be processed through the procurement department. On the other hand, the procurement department cannot
purchase any production-related direct materials without the consultancy of the merchandising department.

In contrary to the material order, the Social order is quite ignored in the organization. As mentioned earlier, there is no proper HR division at Norban Fashion Ltd. The so-called HR department, that has only two personnel working, is more focused with the administrative issues only. The HR does not even have enough authority to place an individual in the right place.

Social order also takes care of the matter that skilled and qualified personnel are placed in the appropriate position so that he or she can perform the tasks required to keep the organization running at the desired pace. Unfortunately, there are many positions in the organization filled with individuals without having the proper knowledge or skills required for the desired outcome.

**Principle 11- Equity:**

Equity and equality are the aspects of management that make sure that all employees are treated with fairness and impartially. It is expected that the individuals in the same level or position are treat in the same manner. The intensity of equity issues have been much relaxed nowadays in comparison to the past - like issues related to ethnicity, religion, age, gender, relations etc.

However, Fayol also stated that equity does not mean that any kind of harshness is completely prohibited - rather sometimes punishments or harshness might be necessary in the organization to maintain the equity.

**Relevance of the concept in the organization (Norban):**

The issues related to demographics of the individuals are not a problem in Norban Fashion Ltd. In fact, there is diversity in the workforce in terms of age and religion. The company hires both experienced employees - even those who got retired from government jobs, and also young freshmen who has no skills or experiences at all. Employees from different religious background are also seen in the organization, getting equal facilities and privileges. Norban maintains equality in terms of gender discrimination - both males and females are encouraged to work in the organization. Although males are expected more in the merchandising department as it is very stressful and the merchandisers often need to visit the factories outside the city for job purposes which would be difficult for female employees.

However, like many other private organizations, a few key positions in the organization are filled up by the close acquaintances of the owners of the company - and not all of these position holders are eligible their jobs.

**Principle 12- Stability and Tenure of Personnel:**

In Fayol's opinion, having a "mediocre manager" staying in the company is better than outstanding employees who would just come and go. There are several reasons supporting this
concept which will be discussed later in comparison to the circumstances in the management of Norban Fashion Ltd.

Stability and tenure of an employee is one of the key factors to a successful management. It gives the employees the state of mind to stay calm and focus on their jobs with dedication or else he/she might be busy looking for another job and in the mean time show lack of interest in all tasks of the current job.

The two extreme examples can be found in the American and Japanese corporate cultures. The individualism in US has led to the practice of frequent hiring and firing of employees - this lacks the bonding between the employees with the company. Where as in Japanese corporate culture there is a bonding among the employees and their employers - which raises the loyalty within the workplace.

There are advantages of stability of the employees in any organization. When an employee joins a company it takes a while for the individual to get adjusted in the new environment before he/she can start performing up to the level. Moreover, the longer the individual stays in an organization, the more experiences and skills he/she gains. So, when the person leaves the organization he/she takes the "know-hows" about the jobs of that company and moves to a competitor with the valuable information. After an employee leaves, the company has to bear several costs - like a number of process losses due to absence of an employee; replacing the shortage with some new individual; hiring and training costs of the new comer; the time required to build the skills and knowledge of the new personnel etc.

**Relevance of the concept in the organization (Norban):**

This is one of the most important principles that have led to this study. Norban Fashion Ltd. has a high employee turnover rate, which, partly, has led to inefficiency and other problems in the management. In the RMG sector, those who related to the production possess the knowledge about the process. Any gap in the production and delivery of the goods can lead to great losses.

The orders in the RMG sector are seasonal and project-based in nature. Each project is usually different in nature as there are different requirements which keep changing every season. When an employee leaves and someone new replaces the position, it is very difficult to keep pace with the orders without making any mistake - doesn't matter how experienced the individual might be, he has to have knowledge from the beginning to carry on right from the middle if situation arises. Such circumstances in the merchandising department of the company has contributed to many adverse consequences - many shipments got delayed for this reason; even a few of the orders had to be sent through air-transport due to this delay, incurring losses.

In the factories the situation is a bit different. There is a bonding between the subordinates and the managers. They usually develop an understanding that becomes a competitive advantage for their team work when working together for a prolonged period. Now, when the manager moves to top level in another organization - if he possesses the authority, it is more likely that he would create positions in the new organization and take his team with him to there from the old company. Even if the leader fails to take along his team with him, there is a great chance that any
new person replacing the leader in the old company would have a hard time working with the old set-up - the subordinates usually takes quite a time to completely accept their new leader. This is a common scenario at Norban Fashion Ltd. - which happens at least twice in two years. This holds the company back from being even more efficient and successful in the long run.

**Principle 13 – Initiative:**

It refers encouraging the initiatives of the employs in the management process. The procedure requires a two way communication for decision making. The subordinates should have their say before a decision is made by the leader - it motivates the members of the team in sharing their ideas for instance regarding a potential solution.

This is special way of boasting employee satisfaction and make them feel wanted in the team. In turn this will raise the employees' productivity and dedication towards the job.

**Relevance of the concept in the organization (Norban):**

Not every department or every team in the company encourages employee initiatives. Rather many ideas are discouraged without any appreciation from the leaders' part. This eventually makes the employees feel inferior and ultimately stops passing any ideas to their leader.

Sometimes it also violets the principle of "authority" when any subordinate is not ready o take an authority but is imposed by the management without even considering the willingness or unwillingness of the individual before imposing the decision.

**Principle 14 - Esprit de Corps:**

The principle unifies a number of factors that can be best said in Fayol's words "Union in strength". It is the synergy that can be achieved through collectivism rather than individualism. An organization is not run by a single person alone but a collective talents working together towards a single vision. That is why all the individuals have to have a single direction towards the success of the organization.

According to Fayol, the management requires to foster the morale of its employees. It must encourage the collectivism throughout the organization. Every individual talent must be used to achieve the synergistic outcome, and each one's merits should be rewarded without arousing possible jealousies and disturbing harmonious relations.

Here Fayol emphasizes the need for building and maintaining the harmony in the workforce, teamwork and sound interpersonal relationships.

**Relevance of the concept in the organization (Norban):**

This is the most important principle that the company has to work on. Since there is no standard system followed for compensating or rewarding the employees, it influences the employees to
compete with each other for their performance, whereas it should be collectivism that has to be encouraged - the employees should compete together for the growth of the organization in order to see themselves growing with it.

The management can improve the situation through fixing all its lacking in all of the other principles and foster its growth along with the growth of the individuals striving for it.

4.2 Recommendations:

As mentioned earlier, this is the initiation of the research to study and find potential solutions to the rooted problems in the management that resulted in employee dissatisfaction and high employee turnover. It would require further in-depth study and an on-going process of trial and error methods to figure out the optimal solutions that would best minimize the problems.

However, from the superficial point of view there are still some lacking noticed in the management of the company that requires improvements. The recommendations are:

Based on Principle 1: Division of Work

Although it’s not reasonable to breakdown the work into smaller tasks for the merchandisers; division of work is still possible to some extent if the development programs (pre-order activates) and the bulk programs (order executions) are separated, so that an individual focuses on developing samples and the other focuses mainly on bulk production programs.

Based on Principle 2: Authority and Responsibility

Authority and responsibility must be backed by monetary rewards. However, there is no standard structure for compensating the employees at Norban. This does not mean that the compensation does not grow according to the performance of the employees; rather the salaries in some cases have even shown massive rapid growth whereas in some cases a increment were almost negligible.

The concerned departments of production should be made equally responsible to achieve the objectives set by the merchandiser. If the other departments do not complete the job then the merchandisers alone should not be responsible for it. This procedure will speed up the performances and also increase productivity.

Based on Principle 3: Discipline

The company should focus more on developing an healthy relationship between the leaders and the subordinates. The leaders have to be more open and friendly in order to gain the respect of others, and motivate them to proceed maintaining a discipline in the workplace.
Based on Principle 4: Unity of Command

In almost all cases there is conflict of interest between the buying houses and the factories handling the orders. It is more or less the same in the case of factories that Norban owns as well. However, the concerns and reactions of Norban Fashion Ltd. towards the factories - both outside factories and those the company owns are not the same; again due to the conflict of interests.

The organization can overcome this disputes related to the unity of command through some important measures. One of such initiatives is treating the factories and buying house as different entities. The hierarchy is properly organized in the organizational structure, but the organogram is not in good practice due to the gap in the unity of command. What is meant is that the profitability can be shared as a group, but the management hierarchy will provide better results separately.

Based on Principle 6: Subordination of Individual Interests over General Interests

Norban has a lot to do in order to change the adverse interests of the employees. First of all the organization needs to identify and meet the basic motivational factors to keep the employees satisfied. Only satisfied employees will be loyal to the company and will be able to prioritize the general interests over the individual interests.

Based on Principle 7: Remuneration of Personnel

As there is no proper HR department in the organization, the recruiting, training, and compensating policies are not carried out using a standard procedure as followed in the modern management. The HR division that the company has consists only two personnel and both plays the role of admin executives only.

There should be a working HR department which will nurture the employee's needs and be the voice of the individuals to the management.

Based on Principle 9: Scalar Chain

Although the "gang plank" approach is effective in saving time and cost - it is better not to use it very often. In merchandising it is important that all the information is disclosed properly to everyone concerned. Now, when someone breaks the scalar chain, there is a chance of someone missing a part of the information - this gap might lead to a big problem at some point afterwards. Due to having the "gang plank" facility, the chain of command might get skipped at some point which is more likely to create an information gap in the process.

Therefore, it is advisable to stick to the scalar chain and go for gang plan as less frequently as possible.
**Based on Principle 10: Order**

The company requires a strong HR division with the proper level of delegated authority to work with the concerned department and manage the social order starting from the recruitment and training till placing of the hired employees in the right position.

**Based on Principle 11: Equity**

The organization should enact new policies that would ensure that the payment system throughout the organization is run using a standard format. It should be completely unbiased. Moreover, the personal relationships and professional relationships should not be mixed and must be taken care of in order to maintain standardization in the organization.

**Based on Principle 12: Stability and Tenure of Personnel**

The problems that may arise due to the lack of the stability and tenure of personnel could be avoided if the employees are treated fairly. Lower compensation to the employees does not make a company profitable - unable to fulfill the reasonable demands of the employees may seem as a benefit of cost-cutting at first but this has serious ramifications which is realized later in the form of big losses.

The solution requires a fully functional Human Resources Department in the company which will be able to point out such problems and present it to the higher level of management for solutions.

**Based on Principle 13: Initiative**

It should be a practice in every department of the company to take out some time to hear-out what the employees have to say before the management comes to a conclusion.

**4.3 Conclusion:**

After analyzing the management processes of Norban Fashion Ltd. using the Principles of Management, we can come to a conclusion that except for only a very few of the areas the company has shown a very weak and unstable management. The organization needs urgent consideration in improving the managerial practices. Although, most of the aspects of these managerial failures seem to show short-term benefits, but in the long run these are most likely to have consequences.

In reference to the work of Henri Fayol on the principles of management, if the company can follow and maintain these 14 principles properly throughout the organization, the initial problem of employee dissatisfaction and high turnover can be minimized to a significant level.
Chapter 5

5.0 References


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