CHAPTER 2
CHAPTER 2
ORGANISATION STRUCTURE

ORGANISATIONAL SET-UP

An organisation is the process of a systematic determination of tasks and responsibility and relationship in the light of human and material resources with a view to achieving common goals. Organisations are as such social entities in which a number of persons perform multifarious tasks in order to attain common goals, and it is an important factor influencing the efficiency and effectiveness of the human resource management. Organisations are effective instrument which help individuals accomplish personal objectives that they (persons) cannot achieve alone. Organisations are usually formed to satisfy objectives that can best be made collectively. It is only a means to an end. They are social & technological devices made up of people and physical factors. They are processing unit, which transforms certain inputs from the environment into specific output desired by society, e.g., a hospital transforms ill patients into healthy people and a manufacturing firm transformed raw-material into useable product. Organisation designed deals with structural aspects of organisation; it aims at analysing rules and relationship so that collective efforts can be explicitly organised to achieve specific ends. The design process leads to development of an organisational structure consisting of unit and positions. There are relationship enclosed exercise of authority and exchange of information between these unit and positions. Thus, "Organisational design may leads to the definition and description of a more or less formal structure". Organisational design is "the process of systematic and logical grouping of activities; delegation of authority and responsibilities and establishing working relationship that will enable both the company and employee to realise their mutual objectives". An organisation may be defined as a human resource system which brings participants in the systems into working order so that they form a coherent functioning whole. One of the United Nations publication has defined it as a "a human resource system with a life of its own, which is designed to achieve

specific goals through division of labour and integration of efforts, often striving
to attain highest possible level of efficiency, or maximum performances".3

THE CHARACTERISTICS OF AN ORGANISATION ARE

An organisation is the rational co-ordination of the activities of a number
of people, which involves with one another in the process of interaction. The
interactions that takes place is guided by some sort of structure; and each
person in the organisation has personal objectives and he expects that
participation in the organisation will help to achieve his objectives.

An Administrative organisation, therefore has to be carefully designed in
order to enable it to discharge its functions in an effective way "personnel working
in the State Bank of India can better achieve results, if they supported by
adequate machinery and methods established under sound principles. In order
to make it possible for people to work efficiently towards accomplishment of its
goals, deliberates structures of roles must be designed and maintained" 4.

An organisation therefore, embraces structures as well as human beings.
The management should not busy itself with merely the framework, but should
give more attention to the people services which they are intended to do. It is
essentially a network of human relationship geared towards the achievement of
set of goals and objectives.

STEPS IN DESIGNING ORGANISATION STRUCTURES

The steps in the organisation at design are analysis of present and
future circumstances and environmental factors. The next stage deals with
detailed planning and implementation. Organisation analysis is the best for
organisation design and is the process of defining aims, objects, activities
and structure of enterprises.

3 "Development administration, current Approaches and trends in Public administration in National
Organisation analysis includes an analysis of the following aspects:

- External environment: Economic, political, legal etc.
- Overall aims and purpose of the enterprises: Survival, growth, Profit maximisation, Wealth maximisation etc...
- Objectives: specific aims or targets to be achieved.
- Activities: Assessment of works being done and what needs to be done if the company is to achieve its objectives.
- Decisions - to be taken across horizontal and vertical communications.
- Relationships – from the viewpoint of communications.
- Organisation structure: Includes grouping of activities, span of management, management levels etc.
- Job structures: Job design, job description, job specification etc.
- Organisation climate: Working atmosphere of the enterprise. It includes teamworks and Co-operation commitment, communication, creativity, conflict resolution, participation, confidence and trust.
- Management style: Include laissez-faire, democratic benevolent, autocratic.
- Human Resources: Include availability of human Resources marked by skill, knowledge, commitment aptitude etc.

Every manager is responsible for organising subordinates into a well-knit team so as to facilitate accomplishment of department/ unit goals. Organisational structure can be designed on the basis of departmentalizing and relationship. Departmentalizing is the process of dividing work of an organisation into various units or departments.

The important bases of departmentalisation are:

i) functions,  
ii) product/service,  
iii) territory,  
iv) relationship and  
v) matrix organisation.

RELATIONSHIP
The process of organisation structure brings relationships among employees at different levels, materials money and machines. L.A. Allen defines an organisation as “the process of identifying and grouping the work to
performed, defining and delegating the responsibility and authority and establishing a pattern of relationship for the purpose of enabling the people to work most effectively to accomplish the objectives. The relationship that exists in an organisation may be formal and/or informal.

FORMAL ORGANISATION

A formal organisation is a system of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability. The manager describes organisational structure in a written and graphic manner. He tells the participant to do certain things in a specified manner, to obey orders from designated individuals and to work Co-operatively with others.

INFORMAL ORGANISATION

If the bank officers decided to meet every Saturday evening for two hours and form a recreation club to play games outside the bank, they are meeting in an informal organisation. However, when the same group discuss about the bank recovery for next two month, it is the context for a formal organisation and it is the result of a deliberate and planned effort to pattern activities and relationships in a specific way to facilitate the achievement of goal in a smooth manner. The informal structure refers to the special groups for friendship which people working may form for understanding how this informal groups functions.

ORGANISATIONAL STRUCTURE

The immediate result of the organising process is the creation of the organisation structure. This structure is a framework of the formal relationship that has been established. The purpose of the structure is to assist in regulating and directing the effort put forth in an organisation so that they are co-ordinate and consistent with the organisation objectives. An administrative organisation therefore has to be carefully designed in order to invoke it to discharge its function in an effective way.

---

Personnel working in the SBI can better achieve result, if they are supported by adequate machinery and methods established under a well established principal. "In order to make it possible for people to work effectively towards accomplishment of its goal deliberate structure of roles must be designed and maintained". An organisation therefore, embraces structure as well as human beings. The management should not busy itself with merely the framework, but should pay more attention to the people who make up the organisation and those for whom its services are intended. It is essentially a network of human relationships geared towards the achievements of set of goals and objectives.

Keeping in view the fact that appropriate organisational structure and competent management can go long way to ensuring both growth and goal-oriented performance of an institution. The organisational structure of SBI is being discussed in the following headings:-

A. **Organisational structure of the Head Office**

The general superintendent and direction of the affairs and business of the SBI is entrusted to the Board of Directors. The central government, in consultation with the Reserve Bank of India, can direct the Board of Directors in matters of the policy involving public interest.

The organisational structure at the head office levels is decentralised as under: Managing director (MD) has the working team of the officers at the head office. Immediately below the MD is the Chief General Manager (CGM).

*At present following officers are directly controlled by the Chief General Manager:* -

- Manager: Organisational Planning.
- Manager: Community services banking; and
- Assistant General Manager: Vigilance;

---

There are three General Manager (GM) they are – General Manager-Operations; General Manager-Planning and Development and General Manager-Inspection and Finance. They look after their respective departments under the over-all supervision of the Chief General Manager.

a) Following departments, departmental heads and officers are directly controlled by the General Manager: Operation:

i) Assistant General Manager: Marketing.

ii) Assistant General Manager: Personnel & Human Resources Development:

The Manager of personal Administration (MPA); Industrial relations (IR), Human Resource Development (HRD) and Staff training centres (STCs) are working under the supervision of AGM (personal and HRD). Notably, in the matters of HRD and STCs the Assistant General Manager (personal and HRD) will report to the General manager (planning and development). Likewise, the chief instructors, STC will structurally be accountable to the Assistant General Manager (Personal and HRD). However, his confidential report will be written by the General Manager (Planning and Development).

iii) Chief Manager: Industrial Rehabilitation.

iv) Zonal Heads: Under the General Manager (operations).

There are five zonal offices headed by the Assistant General Manager: Under each zonal office there are three or four regional offices headed by the Regional Managers. The regional managers provide guidance to the branches under their control.

v) Administrative Secretary to the General Manager: operations.

vi) Chief Manager: Credit Managers: Merchant Banking Bureau and Managers, Merchant Banking Cells at Calcutta function under the Chief Manager: credit.

viii) Chief Law officer.
ix) Manager: Premises and Dead stock.
x) Office-In-Charge, DAC (clerk)
xi) Manager: Banking operations.

b) Following are the departments, departmental heads and officers directly controlled by the General Manager: Planning and Development.

i) **Assistant General Manager:**

Development and Rural Banking, Development Manager (Agriculture), Development Manager (Lead Bank), Special Officer (Regional Rural Banks) are under the supervision of Assistant General Manager: Development and Rural Banking. At present, the Manager: Organisational Planning functions directly under the supervision of the Chief General Manager.

ii) Planning Manager.

iii) Development Manager: C & I.

iv) Development Manager: International Banking.

v) Development Manager: P&SB.

vi) Manager: Public Relations.

vii) Manager: Official Languages.

c) The departmental heads and departments looked after by the General Manager: Inspection and Finance and CVO include.

i) Chief Manager: Finance and Accounts. The following Officers reports to the Chief Manager (F&A):

(a) Officers-in-charge, provident fund (PF) and Gratuity Cell.

(b) Manager : Finance;

(c) Manager: Control Accounts.
ii) Chief Inspector: D.Y. Chief Inspector and Branch Inspectors and Auditors perform their duties under the supervision of the Chief Inspector.

iii) Chief Inspector: Mobile duty.

iv) Chief Manager: Management information System and computer service.

v) Manager: Organisation and methods.

vi) Office Manager (Head Office; liaison officer and Manager (Estate cell) are accountable to the Office Manager (Head Office).

vii) Manager: Stationary, Officers-in-Charge. Stationary depots report to the Manager: stationary.

A complete chart of the organisational structure of the head office level is shown in chart 2.1.
The above organisational structure has been evolved on the basis of the following postulates:

i) Concept of market segmentation.

ii) The principle of unity of command.

iii) Separation of planning and operational functions, and

iv) Concept of performance budgeting.

The following factors appear to have shaped the above organisational structure of SBI:

i) Compulsions of the public policy including a tilt towards developmental banking;

ii) Changes in government's policy in regard to the philosophy of planning and banking;

iii) Growing regional awareness and aspirations;

iv) Increasing competition from other banks;

v) The need to reduce the span of control of the regional manager to encourage decentralisation; and finally;

vi) The imperativeness of effective and expeditious decision making.

B. Organisational structure of Zonal Offices

The operational control over the regional offices and branches are vested with the zonal offices. The Zonal offices are located away from Head Offices. The area of operation of each zonal office covers a certain number of revenue districts in a state. Zonal offices are under the charge of an Assistant General Manager (AGM), an officer of senior management grade scale V. He is assisted by a team of specialised officers to look after the different diversified activities of the zonal office and the bank.
C. Organisational Structure of Regional Offices

The operational control over the branches vests with the regional offices. The regional offices are located at or away from Zonal Offices in their respective areas of operation; each regional office covers a certain number of districts in a state. A regional office is under the charge of a regional manager, an officer of the senior management grade scale IV. Every regional office has a good number of branches under its control.

D. Organisational Structure of Branches

The lowest unit in the organisational structure of SBI is a branch. However, it is the most important unit since the customer in general come in constant contact with the branches only. Moreover, it is through branches that the services are rendered by the bank and its employees to the community.

*It may be noted that the following categorisation of branches is done on the basis of business norms:*

I. Small Branches:

Small Branches are headed by Junior Management grade Scale I Officer. The earmarked limit for the business transactions of these branches is Rs.1.5 crore.

II. Medium Branches:

These branches are headed by MMGS-II level officers. Following are the business norms for the medium sized branches:

(a) Business transaction of Rs.1.5 crore and above but less than Rs.7.5 crores except MMGS-III branches.

(b) Service, Industry and Business (SIB) advance level of Rs. 75 lacs and above with a minimum of 100 units. or

(c) Business level of Rs.90 lacs and above with a SIB advance of Rs.60 lacs and above with a minimum of 100 units.
d) Agricultural advance level of Rs.75 lacs and above with a minimum of 1000 agriculture loan accounts, or

e) Business level of Rs.90 lacs and above with agriculture advance of Rs. 60 lacs and above with a minimum of 1000 agriculture loan accounts.

f) Business limit of Rs.90 lacs and above in case of those conducting government business and maintaining currency of cash/ depository.

g) Main branches at district head quarter.

III) Large Branches:

These branches are headed by MMGS-III level officers. Following are the business norms for these branches:

a) Transaction of Rs.7.5 crores and above but below Rs.15 crores;

b) SIB advances level of Rs.1.5 crores and above with a minimum of 250 Units;

c) Agricultural advances level of Rs.1.5 crores and above with a minimum of 2000 agriculture loan accounts;

d) Business limit of Rs.6.5 crores and above in case of those conducting government business and maintaining currency of cash depository.

e) Main branches at state capital / divisional headquarters.

IV) Very Large Branches:

These branches are headed by SMGS-IV level Officers. The turnover of these branches must be Rs.15 crores and above but below Rs.100 crores.

V) Exceptionally Large Branches:

These branches are headed by SMGS-V level officers. The business transaction of these branches must be Rs.100 crores and above. Notably, in case the deposits and advances exceeds Rs.1.5 crores limit in any of the segments, i.e, Personal deposits, SIB, the segment manager of scale
Il is posted and such branches are headed by officers of scale III. The segment manager of a branch is in charge of its day to day working.

While the branches managed by officers' upto MNGS III-level are controlled by RMs', the branches headed by scale IV and above officers' are directly controlled by the Zonal Heads, viz. Assistant General Manager of scale V. The functioning of the Lead Bank officers is also supervised by AGM.

ORGANISATIONAL STRUCTURE OF A BIG BRANCH

If the business turnover of a segment of a branch exceeds the limits of Rs.15 crores a separate divisional manager is posted for that particular segment with all the power of his scale and grade. His work is reviewed by the branch manager. The structure of small and big branches are presented in chart 2.ii & iii.

Chart 2 – II

Organisational Structure of a Small Branch

Manager

<table>
<thead>
<tr>
<th>Clerks(s)</th>
</tr>
</thead>
</table>

Peon

The staff strength of a branch varies will the quantum of work.
Organisational Structure of a Big Branch (Scale IV)

Chart 2 - III
FUNCTIONS AND ROLES OF HEAD OFFICE

Having analysed the organisational structure of the SBI, it is now proposed here under the role of Heads Office and Zonal level functionaries.

A. Function of Head Office:

The following are the main functions of the Head office:

<table>
<thead>
<tr>
<th>Functions</th>
<th>Time Perspectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Strategy formulations and evolution of policy guidelines</td>
<td>long term.</td>
</tr>
<tr>
<td>II. Policy formulation and implementation</td>
<td>medium term.</td>
</tr>
</tbody>
</table>

For more effective performance, the involvement of head office becomes imperative in the following matters:

i) In case of decision involves large one-time commitment of resources or it has a small one time impact with implications of respective nature entailing substantial amount of resources cumulatively over the long run.

ii) The operational matters have policy connotation, especially in terms of uniformity of such policies and procedures throughout the bank.

iii) The situation where ultimately involvement of the head office may become necessary, like matters requiring administrative clearance or matters related to the central government, Reserve Bank of India, other banks, financial institutions, state governments, large clients.

The following are some of the main responsibilities of the planning wing officers at the Head Office:

(i) Evolution of micro-level perspective.
(ii) Development of extra-organisational and intra-organisational holistic outlook for medium and long-term.
(iii) Promotion of research/studies about various issues areas.
(iv) Preparation of training plans.
(v). Formulation of policy and strategy for the achievement of organisational objectives.
(vi). Communications of the policy of Head office.
(vii). Coordination with planning functionaries at zonal offices.
(viii). Administration of data bank.
(ix). Support to Head Office management.
(x). Perspective and futuristic planning for the bank.

B. Functions and Role of Zonal offices:

The following are the main functions of Zonal offices:

Operations management, development of tactical plans within the framework of the Head-Office policies in the context of operational requirements which is a short-term perspective.

Thus the zonal office functionaries are charged with the following responsibilities:

a) Appraisal and sanction of proposals for advances other than those of large companies;

b) Liaison with the state government authorities at local level and other related developmental agencies;

c) Planning and development work relating to the different market segments with current and future business potential in the context of operating environment; and

d) Staff development, transfer, placement etc.

In specific terms, the following are the main tasks of the zonal offices:

a) Evolution of branch and block level perspective;
b) Development of intra-organisational outlook for the zone for short-term;
c) Carrying out studies and surveys;
d) Helping head office in the identification of training requirements and implementation of training plans;
e) Providing data base for policy/strategies implementation;
f) Facilitating the Head Office in policy formulation;
g) Implementation of strategies;
h) Supplying feedback about implementation of various schemes and programmes;
i) Extending support to branch manager/regional managers/Assistant General Manager.

C. Function of the Assistant General Manager (Zonal/Head):

The following are the major assignments of the Assistant General Manager(s):

a) To shoulder the responsibilities of both planning and operation;
b) To prepare zonal business plans;
c) To establish contacts with the relevant government departments, public bodies, public sector undertakings, industries and trade associations, press and important clients of the bank;
d) To formulate and implement strategies for the achievement of goals;
e) To plan the staff requirements;
f) To encourage functional linkages between the development manager, personal manager, manager (HRD) at the Head Office and the planning as well as staff functionaries at the zonal office;
g) To appreciate and respond to the broad guidelines of the Head Office;
h) To set performance standards for the subordinates, to measure their performance and take corrective action;
i) To devise and institute appropriate information system in various functional areas;
j) To visit the branches to get a first hand information about the state of working with a view to rewarding the achievement and punishing the failure;
k) To co-ordinate the activities of the Regional Manager and other functionaries so as to ensure optimum utilisation of resources and results;

l) To provide effective leadership for the achievements of overall organisational objectives as well as specific zonal goals;

m) To take operational decision;

n) To promote healthy industrial and staff relations through proper implementation of personnel policies;

o) To act as a linking pin between the Head Office and the zonal management;

p) To report administratively to the General Manager (operations) and to respond to the General Manager (planning and development) also.

D. Role of the Regional Manager:

The role of the Regional Manager (RM) in the present new set-up has become crucial due to decentralisation. He is expected to act as a real 'change agent' through well-meaning planned efforts, team work, behavioural changes and by breaking attitudinal barriers.

The Regional Manager is accountable for both short-term and long-term improvement in the performance of the branches in his region. He, therefore, has to groom, train and supervise branch managers mainly through personal contact rather than through indirect correspondence and third party communication.

The following are the primary responsibilities of the regional manager:

a) To set out 'planned' business goals for branches based on current policies, and earmarked the resources needed for achieving the goals;

b) To render necessary support and help to branches in achieving goals and to take remedial action where needed;

c) To interact with the planning wing at the zonal office for evolving appropriate module of skill formation;
(d) To take decisions on matters involving commitment of 'large' organisational resources, selection of staff, etc.

(e) To ensure that specified system and procedures are followed at branches; and

(f) To develop branch managers into effective managers through continuous training, guidance and counselling.

E. Role of Assistant General Manager (Personnel and HRD):

It has been rightly realised that the responsibility of human resource development should vest with a senior official of the level of AGM to ensure a more authentic, direct, participative, effective and experience-based guidance. Additionally, it would result in greater cohesiveness between the personnel departments at the Head office and Zonal office.

*The following four departments are controlled by the AGM (Personnel and HRD)*:

(a) Personal Administration Department: This department is looked after by manager, personal administration and it deals with staff potential, promotion and performance appraisal, etc.

(b) Human Resources Development Department: It is concerned with better utilisation and development of the human resources, i.e. placement of right man at the right job and growth of appropriate knowledge, skill and aptitudes.

(c) Industrial Relations Department: This department is controlled by manager industrial relations. It endeavours to make the industrial climate more conducive to the growth of the organisation by drawing up effective career plans.

(d) Staff Training Centres: All the three staff training centres (STCs) engaged in providing training to the employees are controlled and guided by the Assistant General Manager with the assistance of
human Resources Development department. Training needs the staff are assessed regularly in order to improve their knowledge, skills and aptitude.

(e) Functions of Personnel Officer (at Zonal Offices):

*The personnel officer at the Zonal office performs the following main functions:*

a. He heads the zonal personnel department and is accountable to the AGM (Personnel and HRD).

b. Apart from assessing the zonal staff strength he plans for future placements and promotions within the zone through discussion with the senior levels of management;

c. He has to ensure that the training provided to the employees of the zone serves the need for which it is provided and is effective;

d. He has to pool information about disciplinary action in the branches and make it available for the use of other departments;

e. He has to work within the range of the policies laid down by the bank as well as those established by Assistant General Manager mainly pertaining to operations, salaries and wages, overtime, holidays accounting and costing procedures, etc.

**CONCLUSION**

From the foregoing discussion it may be concluded that the State Bank of India is a financial organization set up to creating money through its lending and investing activities under the direction of the Reserve Bank of India with the status of autonomy in its operations and at the same time being accountable to the public.
At the top of the S.B.I. management is the Board of Directors which has enormous powers in influencing the operations of the S.B.I. Below it is the Managing Director of the Head office who is appointed by the central government. Next to the Head office are the Zonal offices each headed by Zonal Manager. Next to the Zonal offices are Regional offices, each under the control of a Regional Manager. These offices are followed by branch offices headed by a Branch Manager. The operational function of the S.B.I. have been divided according to various principles of management. They are:

(i) Unity of command, which is accomplished through a vertical relationship of sharing of authority effected by delegation from the chairman down the line, each members bring responsible to the one above.

(ii) The operational areas of the S.B.I. have been divided according to the span of control principle. The division of operation based on these principles have given the S.B.I. the advantage of:
(a) Utilizing the specific abilities of its employees.
(b) Securing the coordination and easing out problems of control and communication, and
(c) Making smooth delegation of power and authority.

As such it helped the S.B.I. to maintain itself as an integrated entity composed of many parts and yet every parts forms a coherent functioning whole.

State Banks in general are highly departmentalized. Departmentalization in banking, as in other business organizations, results from the inability of one person to do all the activities connected with one group of tasks. It is an outgrowth of a need to assemble the expertise that develops from an increasing volume and from the complexities of bank operations and the varied services rendered to customers. Departmentalization enables improved and expanded services to customers, develops more efficient officers and other employees and reduces the costs of bank operations.