CHAPTER - III

ORGANIZATIONAL PROBLEMS OF PUBLIC UNDERTAKINGS IN JAMMU AND KASHMIR STATE
In Jammu and Kashmir State besides Government's emphasis on the development of existing public enterprises, efforts are being made to establish new undertakings. Such a growth of State Undertakings would naturally bring with it a large variety of problems particularly with regard to their organization management and control. These aspects are important for the successful operation of the undertakings but the problem of giving them a suitable organizational form is not only the first but a basic and primary problem. A right form of organization of an enterprise leads to sound management and efficient operation conversely, a wrong choice of organization hinders good administration and ultimately results in uneconomic production, unscientific management and even failure. Thus before analysing the problems of management like personnel, financial problems, control and other operational aspects of the Public Undertakings of the State Government in Jammu and Kashmir, it would be appropriate to analyse at the first instance the problems connected with their organization. To analyse organizational problems, it is necessary to understand and explain the meaning of organization and its principles.

**ORGANIZATION: MEANING AND DEFINITIONS**

People are engaged in different activities. Human actions are sometimes planned and sometimes spontaneous unplanned and sporadic. But human activity if consciously devised and carefully
directed can be purposeful and result-oriented. All persons who involve in activities, act in an organized fashion, although at times, it may appear to be disorganized but reflects common cause of all those involved in it. An organized demonstration becomes purposeful, achievement oriented, the moment people involved in it act in an organized or planned fashion. A planned human endeavour presupposes existence of an organization¹.

WHAT IS AN ORGANIZATION

In a static sense, organization is a structure. We fit a group of individuals in this structure to accomplish a common goal. Dynamically, organization is a process of welding together and work of positions which serves as a management tool for the most effective realization of the goals of an enterprise. Organization seeks to integrate and unify and concerns itself with a well-planned division of the variegated functions and the assigning of duties and responsibilities to the individual executive and subordinates backed up by a system of supervision and coordinated control, so as to ensure the effective executive of the plans devised by administrators².

In fact organization like management has a dual meaning: as a collective noun, it refers to a particular set of individuals and as an abstract noun to a process by which leader effects, grouping of his men in order to get the work done.

"Mooney and Reiley say that, "Organization is the form of every human association for the attainment of common purpose". They visualise it as the process of relating specific duties or functions in a coordinated whole.

McFarland has defined organization as "an identifiable group of people contributing their efforts towards the attainment of Goals".

According to Dimock and Dimock, "organization is the systematic bringing together of interdependent parts to form a unified whole through which authority coordination and control may be exercised to achieve a given purpose. Organization is both structure and human relations."

Gladden says, "organization is concerned with the pattern of relationship between persons in an organization so contrived, as to fulfil the enterprise's function."

3. Ibid., p 5.
Edgar H. Schein has also given a working definition of organization as "The rational coordination of activities or roles of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function and through a hierarchy of authority and responsibility"\(^8\).

Amitai Etzioni says, "Organizations are social units or human groupings deliberately constructed and reconstructed to seek specific goals"\(^9\).

According to Oliver Scheldon "Organization is the process of combining the work which individuals and groups have to perform with the facilities necessary for its execution that the duties so formed provide the best channels for efficient, systematic positive and coordinated application of the available effort"\(^10\).

Chester I. Barnard states, "Organization is a system of cooperative activities of two or more persons"\(^11\).

According to Pfiffner, J.M. and Sherwood F.P., "An organization is the pattern of ways in which large number of people, too many to have intimate face to face contact with all others, and engaged in complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes"\(^12\).

---


Thus the definition of organization both as a structured process and of an element of management can be summarized in these words:

As a structured process organization is the executive structure of an enterprise - a basic framework within which the executive's decision making behaviour occur. Organization, as an element of management, is concerned with the following aspects:

(i) Identifying and grouping of activities to attain corporate objectives and goals.
(ii) Assignment of these activities to appropriate divisions, departments, sections and individuals.
(iii) Provision of Authority, delegation, coordination and communication.
(iv) Provision of facilities and equipment i.e. physical factors of good work environment. The process of organization centres round: (1) The work, (2) The people, (3) The authority - responsibility Relationships.

The clear cut division of work defines and prescribes each part of the work to be handled by each person, giving allocation of duties and responsibilities and designating authority or power at each position in the organization chart. Co-ordination and integration will ensure elimination of duplication of work and unity of action.

PRINCIPLES OF ORGANIZATION

Organization is people or human beings arranged in relationship with one another. There are always chances of friction amongst them owing to misconception of authority and responsibility thereby affecting the whole enterprise adversely. Though such misconceptions are inevitable, they can be minimised. Several management theorists have studied this problem and through their observations, investigations, analysis and experience have put forward some principles for creating a sound organization. These principles are:

1. "Hierarchy
2. Span of Control
3. Unit of Command
4. Integration versus disintegration.
5. Authority
6. Delegation: Centralization versus Decentralization’

The principles which we have studied and which are concerned with the organizational problems of Public Enterprises in Jammu and Kashmir State are:

1. Hierarchy
2. Span of Control
3. Authority
4. Centralization versus Decentralization
5. Delegation of power.

We explain some of the principles of organization as mentioned above and the organizational chart of some of these industrial units below:

1. **HIERARCHY**

   It is difficult to conceive of an organization without some form of hierarchy. Organization is essentially the division of functions among a given number of persons. The distribution of functions and responsibilities both horizontal and vertical. The vertical distribution creates levels like top management, middle management, supervision and the level of specific performance. Strictly speaking these levels connote no inherent superiority and inferiority. However, due to the difference in the salary scales as between different levels and the differences in the qualification and qualities of the personnel manning various levels, superior subordinate relationship does emerge in the organization. According to Dale, Ernest "Hierarchy consists in

---

the universal application of the superior–subordinate relationship through a number of levels of responsibility reaching from the top to the bottom of the structure" 17.

The principle of hierarchy has come in for a lot of criticism. It has been blamed for creating superior–subordinate relationship in the organization. Procedure through proper channels, redtapism and delay in the disposal of cases are other criticism, levelled against it 18. However, hierarchy performs very useful purposes. Hierarchy provides the much needed channels of communication in the organization from top to the bottom and vice-versa. It is also built in device to achieve consensus in the organization. It also facilitates delegation of authority.

The many and varied functions of hierarchy have been graphically described by Appleby as, "within the executive branch general functions of hierarchy structure include the following: Fixing responsibility, providing leadership with areas of discretion at successive levels, providing means of exerting influence and exercising fellowship, making any particular organization and the general executive government manageable, making it acceptable; determining levels at which decisions of various kinds may be made providing for ready movement of decision making from one level to another under agitation; bringing to bear relevant, competing and complementary interests,

17 Ibid., p 31.
functions and view points. More specifically, it is the means by which resources are apprropriated, personnel selected and assigned, operations activated, reviewed and modified. 19.

The hierarchy of Public undertakings in Jammu and Kashmir State particularly of the two Public Undertakings i.e. Jammu and Kashmir Industries Limited and Jammu and Kashmir Minerals Limited controlling about twenty five industrial units constitute many levels of management. There is hierarchies at two levels i.e. overall hierarchy of the corporation and the hierarchy of various industrial units operating under the corporation.

JAMMU AND KASHMIR INDUSTRIES LIMITED

The organizational chart and overall hierarchy of Jammu and Kashmir Industries Limited is described on the next page.

19 Appleby, Paul H., Policy and Administration, University of Alabama Press, 1940, p 7.
ORGANIZATIONAL STRUCTURE OF JAMMU AND KASHMIR INDUSTRIES LIMITED, SRINAGAR, KASHMIR.

CHART 31

HEAD OFFICE

BOARD OF DIRECTORS

M.D., JKI Ltd.  RS to M.D.

CHIEF PROJECT OFFICER

G.M. MARKETING SECRETARY OF JKI, Ltd.

FINANCIAL CONTROLLER JKI, Ltd.

ACCOUNTS OFFICER

ACCOUNTANTS

SUPT.
Sr. Asst.

M.D. = MANAGING DIRECTOR
P.S. = PRIVATE SECRETARY
G.M.S. = GENERALS MANAGERS
D.G.M.S. = DEPUTY GENERALS MANAGERS
Dy. M.D. = DEPUTY MANAGER
ADM. OFFICER = ADMINISTRATIVE OFFICER
Sr. Sts. OFFICER = SENIOR STATISTICAL OFFICER
SUPOS. = SUPERINTENDENTS
Sr. Asst. = SENIOR ASSISTANT
HIERARCHY OF JKI.LTD. AND LEVELS OF MANAGEMENT IN THE UNDERTAKING

KEY NOTES

Sr. Executives = Senior Executives
A.D. Ms. = Assistant Division Managers
G. Ms. = General Managers
C.P.O. = Chief Project Officer
Dy. G. Ms. = Deputy General Managers
Dy. F. As. = Deputy Financial Advisors
A. P. O. = Assistant Project Officer
Asstt. Ms. = Assistant Managers
L.W. Os. = Labour Welfare Officers
There is a Board of Directors which is the supreme policy making body.

**COMPOSITION OF BOARD OF DIRECTORS**

The Board of Directors is composed of twelve Directors. Minister for Industries and Commerce Department of Jammu and Kashmir State is the Chairman of JKI Ltd. Other Directors are Commissioner, Planning and Development, Commissioner-cum-Secretary to Government, Finance Department, Commissioner-cum-Secretary to Government, Forest Department, Secretary to Government, Industries and Commerce Department, Director, Industries and Commerce Department, Chairman, Jammu and Kashmir Bank; Adviser, Sericulture Development Department, Representative of Industrial Finance Corporation of India, Chairman, Akbarallys group of Companies Veernirman Road, Bombay, one member legislative Assembly and Managing Director of JKI Ltd. 20.

Next authority in the hierarchy is the Managing Director of JKI Ltd. He is the executive head of the company, Senior executives viz., General Manager/C.P.O. and Financial Advisers also constitute the higher level of management but their position and status is lower than the Managing Director. Those persons rank second in respect of authority within the company. The third level of hierarchy of the corporation is Higher Middle level management which includes Deputy General Managers, A.F.As and

A.P.0s and the Managers of various industrial units controlled by the corporation. Then in the middle level management of over all hierarchy of the corporation there are heads of various wings and Assistant Managers/Assistant Administrative Officers etc. At the supervisory level of management, there are superintendents and sub-inspectors and supervisors and finally operators and clerks, constitute the rank and file. 

HIERARCHY OF PUBLIC ENTERPRISES OF JAMMU AND KASHMIR STATE

The hierarchy of selected industrial units operating under JKI Ltd. is explained in the following lines:

1. Silk Factory, Jammu

As already stated the Managing Director is the executive head of JKI Ltd. He is the Chief Executive of various industrial units operating under JKI Ltd. Similarly other senior executives or authorities like General Managers/Financial Advisors/C.P.0s, and General Managers/A.F.S. etc. are concerned with the functioning and management of these industrial units. These authorities coupled with the Managing Director at the top form the higher level management and the overall hierarchy of the corporation.

GOVERNMENT; SILK FACTORY JAMMU: ORGANIZATIONAL STRUCTURE AND HIERARCHY OF AUTHORITY.

PERSONNEL

DY GENERAL MANAGER
REGIONAL OFFICE
JAMMU

MANAGER:
SILK FACTORY
JAMMU

ASSISTANT MANAGER

2 HEAD-ASSISTANTS

4 JUNIOR ASSISTANTS

WORKS MANAGER
CUM MARKETING MANAGER

2 FILATURE OFFICERS

4 SUB INSPECTORS

10 SUPERVISORS

3 STORE-KEEPERS

300 WORKERS/LABOUR

ACCOUNTS/FINANCE WING

ASSIST. FINANCIAL CONTROLLER

ACCOUNTANT

2 SR. ACCOUNTS CLERKS

4 JF ACCOUNTS CLERKS

PRODUCTION WING

2 FILATURE OFFICERS

4 SUB INSPECTORS

10 SUPERVISORS

3 STORE-KEEPERS

300 WORKERS/LABOUR
Within the industrial units Managers are the executive heads. Thus Manager is the executive head within this industrial unit too. Next authority in the hierarchy is the Marketing Manager/Works Manager. There is one Assistant Financial Controller who is the head of finance wing. Then there is an Assistant Manager and a Filature Officer who occupy the third and fourth positions respectively. There are four sub-inspectors and ten supervisors who form the lower level of management. The total staff in this industrial unit including workers is 360\(^22\).

2. **Knitting Factory, Jammu**

Manager is the executive head within the industrial unit. There is no other category of manager in this industrial unit. The Marketing Manager of Silk Factory, Jammu is also the Marketing Manager of this industrial unit. Third authority in the hierarchy is senior. Accounts Officer. These three officers constitute the internal administrative authority structure within the industrial unit\(^23\).

3. **New Joinery Mill, Bari Brahamna, Jammu**

Like other industrial units operating under JKI Ltd, operating manager is the executive head. There is one Deputy Manager who occupies position second in respect of authority within this

---


23 Interviews with the Manager and Accounts Officer of Jammu and Kashmir Government's Knitting Factory, Jammu.
CHART 33

GOVERNMENT'S KNITTING FACTORY, JAMMU: ORGANIZATIONAL STRUCTURE AND HIERARCHY OF AUTHORITY

DEPUTY GENERAL MANAGER: REGIONAL OFFICE JAMMU

MANAGER

PRODUCTION WING

PRODUCTION INCHARGE OR SUPERVISOR

ASST. PRODUCTION INCHARGE

LABOUR/WORKERS 30

ACCOUNTS WING

Sr. ACCOUNTS OFFICER

HEAD ASSISTANT

STORE-KEEPER

ACCOUNTS CLERK
CHART: 3:4

GOVERNMENT NEW JOINERY MILL BARIBRAHAMNA, JAMMU: ORGANIZATIONAL STRUCTURE AND HIERARCHY OF AUTHORITY.
industrial unit. Accounts Officer is third in rank but he is head of the accounts wing. Then there are six senior supervisors and six supervisors who form the lower level of management of the industrial unit\textsuperscript{24}.

4. **Rosin and Turpentine Factory, Miran-Sahib, Jammu**

   This is the biggest of all the public sector industrial units operating under JKI Ltd. This industry has eight wings namely:

   1. Purchase and administrative Wing.
   2. Sales Wing
   3. Finance Wing
   4. Security Wing
   5. Production Wing
   6. Maintenance Wing
   7. Store and
   8. Production Staff.

   General Manager of the factory is executive head. Next authority in the hierarchy is Deputy General Manager who actually is the head of production wing of the industrial unit but nobody at the time of writing of the report was occupying the post of the

---
\textsuperscript{24} Interviews with the Manager, Deputy Manager and Accounts Officer of Jammu and Kashmir State Government's New Joinery Mill (Baribrahmana), Jammu.
G.M. was carrying on and discharging the duties both as Deputy General Manager and General Manager of the factory.

In the purchase and administration wing, there is one senior Manager who in fact ranks third in the hierarchy. His immediate two subordinates are Assistant purchase officer and one superintendent. Then there are heads of various other wings viz., in the sales wing there is one senior manager with superintendent as his immediate sub-ordinate. In the Finance Wing, Assistant Financial Controller is the head of Finance Wing with one accounts officer. In the maintenance wing, there are two managers. This wing is divided into two branches (i) Manager Maintenance (Mechanical) and (ii) Manager Maintenance (Electrical). In the production staff and store, Senior Manager production staff, with one manager production staff and senior-store keeper are three officers functioning in their respective wing.

5. **Silk Weaving Factory, Rajbagh, Srinagar**

The manager of the factory is the executive head. There are four other wings. Assistant Financial Controller, Marketing Manager, Works Manager and Labour Welfare Officer are the heads of the other respective wings. All these authorities are subordinates of the manager of the factory. These authorities form the higher level as well as the middle management of the unit.

GOVERNMENT'S SILK WEAVING FACTORY, RAJ BAGH, SRINAGAR: ORGANIZATION STRUCTURE AND HIERARCHY OF AUTHORITY

CHART: 3:6

ACCOUNTS WING
- ASSTT FINANCIAL CONTROLLER
  - ACCOUNTANT
  - CLERICAL LEVEL

MARKETING WING
- MARKETING MANAGER
  - SALES SUPERVISOR
  - SALES MEN AND CLERICAL LEVEL

PRODUCTION WING
- WORKS MANAGER
  - SUPERVISORS
  - BOILERS, FITTERS & WORKERS
- LABOUR WELFARE OFFICER
  - LABOUR 350
Senior amongst these authorities rank second in the hierarchy. Accounts officer under Assistant Financial Controller, Sales Supervisor under Marketing Manager, and Supervisors under Work Manager rank third in the overall hierarchy of management of the factory. At the bottom, there are accounts clerk, salesmen, Fitter, and workers.

6. **Woollen Mills (Bemina) Srinagar**

There is one general manager of Bemina Woollen Mill. The General Manager is the executive head of Bemina Woollen Mills group of factories. Further, there are eight (8) different wings of the factory. These wings are: maintenance wings, weaving wing, woollen wing, worsted spinning wing, finishing, dyeing and folding wing, purchase and sales wing, accounts wing and administration and security wing. Manager maintenance, Manager Weaving, Manager Woollen, Manager Worsted, Incharge finishing, Manager Marketing Accounts Officer and Assistant Administrative Officer are the heads of their respective wings. These authorities fall in the senior scale or grades and form the higher level middle management within this industrial unit. Seniority is taken into consideration while ranking them in the hierarchy. Thus senior amongst them ranks second in the hierarchy of management. In the supervisory level of this industrial unit, there are seven supervisors, one senior accountant, and one superintendent.

---


GOVERNMENT: WOOLLEN MILLS (BAMINA) SRINAGAR: ORGANIZATIONAL STRUCTURE AND HIERARCHY OF AUTHORITY.
GOVERNMENT PHARMACEUTICAL FACTORY, BARAMULLA, KASHMIR: ORGANIZATIONAL STRUCTURE AND HIERARCHY OF AUTHORITY
7. **Pharmaceutical Drugs Factory, Baramulla, Jammu**

It is a small industrial unit. There are only three officers in this factory. Manager is at the top in the hierarchy. He is the executive head of the factory. Chemist is the subordinate to the manager. He also performs the duties and discharges the responsibility of Deputy/Assistant Manager. There is one accounts officer who is also the head of accounts wing. Apart is one accountant and one storeman also.

2. **JAMMU AND KASHMIR MINERALS LIMITED**

There is a Board of Directors of JKM Ltd. which is the supreme policy making body for the company.

**Composition of Board of Directors**

The Board of Directors is composed of nine Directors. Minister for Industries and Commerce Department of Jammu and Kashmir State is the Chairman of JKM Ltd. Other directors are Commissioner-cum-Secretary to Government Planning and Development Department; Commissioner/Secretary, Finance Department; Secretary to Government, Industries and Commerce; Development Commissioner, Power Development Department; Director Industries and Commerce Department; Managing Director, SIDCO; Director Geology and Mining Director of JKM Ltd.

28 Interview with the Manager, Chemist and Accounts Officer, J & K State Government's Pharmaceutical Factory, Baramulla, Jammu, Kashmir.

ORGANIZATIONAL STRUCTURE OF JAMMU AND KASHMIR MINERALS LIMITED (THE BUND) SRINAGAR, KASHMIR.

CHART: 39

BOARD OF DIRECTORS

CHAIRMAN AND DIRECTORS

M.O JKM Ltd.

FINANCIAL ADVISOR & C.A.O.

SECRETARY OF THE CORPORATION

ESTABLISHMENT OFFICER

Cheif Mining Engineer

Mines Managers

ACCOUNTS OFFICER OF INDUSTRIAL UNIT

DY. GENERAL MANAGER

G.Ms. OF THE UNITS

Sr. Project Manager

MANAGERS PRECOST

MANAGER OF THE UNIT

PROJECT MANAGERS

KEY NOTES

M.D = MANAGING DIRECTOR
C.A.O = CHIEF ACCOUNTS OFFICER
G.MS = GENERAL MANAGERS
DY.GMS = DEPUTY GENERAL MANAGERS
Sr.PM = SENIOR PROJECT MANAGER
HIERARCHY OF JKM. LTD. AND LEVELS OF MANAGEMENT IN THE UNDERTAKING.
Managing Director is the Chief Executive of this corporation. He is also the Member of Board of Directors. Board of Directors and Managing Director of the Corporation form the top level management. Managing Director and his immediate subordinates below his authority viz., Financial Advisor and Chief Accounts Officer, Secretary of the Corporation and Establishment Officer and Deputy General Manager make the higher level management of this public corporation. At the third level of the hierarchy there are three persons i.e. Chief Mining Engineer, Deputy General Manager in the regional office at Jammu and General Managers of industrial units viz., General Manager, Cement Factory (Wuyan) Srinagar, General Manager, P.C.F. (Wuyan) Srinagar and General Manager, Spun and Pipe Factory, Ganderbal. Further there are Mines Managers and Managers of the industrial units/factories under Chief Mining Engineer, Deputy General Manager and General Managers of the factories. These Mines managers and managers of the factories and other heads of various wings like A.F.Cs./Accounts Officers and A. Admn. Officers form the higher level hierarchy within the industrial units. In the supervisory level, there are superintendents at the headquarters and superintendents and foremen in the industrial units and the accountants in the Finance Wing. At the rank and file level, there are clerks/operators and workers. 

30 Interviews with the Managing Director, Secretary and Financial Advisor, Chief Accounts Officer of Jammu and Kashmir Minerals Limited, (The Bund), Srinagar.
The organizational Charts and hierarchy pattern of administration of the selected industrial units operating under JK Minerals Ltd. have been described on the following pages.

8 (1) Government Cement Factory (Wuyan) Srinagar

General Manager is the Executive head of the industrial unit. There is one Maintenance Engineer who is the head of maintenance wing but works under General Manager. There is one Assistant Manager who ranks second in the overall administration. Assistant Administrative Officer is the head of the section concerned with the affairs of the personnel of this industrial unit. He ranks third in the hierarchy. In the accounts wing, there is one Assistant Financial Advisor who is the head of the wing and accountants and head clerks in the finance wing form the supervisory level of the hierarchy. Other Junior clerks, operators and workers are at the rank and file level of the operational level.

31 Interviews with the General Manager, Assistant Administrative Officer, Maintenance Engineer, and Assistant Financial Advisor of Jammu and Kashmir State Government's Cement Factory (Wuyan) Srinagar.
Unlike other industrial units, there is Senior Project Manager instead of General Manager in this factory. He is the executive head of this industrial unit. There is one Assistant Manager who ranks second in the administrative wing. There is one more officer designated as Assistant Administrative Officer. He ranks third in the hierarchy in respect of authority pertaining to administration. In the accounts/finance wing, there is one accountant who is the head of his wing but is subject to the supervision and control of Senior Project Manager. In the technical wing, the Technical Officers or authorities are Junior Engineer, foreman and Assistant foreman. Then there are superintendents in the administration wing, accountants in the accounts wing and supervisors in the technical wing. Time keepers masons and helpers including labour form rank and file at operational level of the organization.

32 Interviews with the Senior Project Manager, Accounts Officer and Junior Engineer of Jammu and Kashmir State Government's Pre-Cast Concrete Factory (Wuyan) Srinagar.
GOVERNMENT; PRECAST CONCRETE FACTORY, (WUYAN) SRINAGAR: ORGANIZATIONAL STRUCTURE AND HIERARCHY OF AUTHORITY

ACCOUNTS WING

ACCOUNT OFFICER
ACCOUNTANT
Sr. ACCOUNTS CLERK
ACCOUNTS CLERKS

ADM. STAFF

Sr. PROJECT MANAGER

ASSISTANT MANAGER

ASSTT. ADM. OFFICER

STORE SUPOT.
ASSISTANTS
STORE KEEPER
STENO TYPIST
DRAFTMAN
TIME KEEPER
PEONS/ CHOWKIDARS

TECHNICAL STAFF

JUNIOR ENGINEER
FOREMAN
ASSTT. FOREMAN
CHARGE HEAD
SUPERVISORS
WELDERS
MASONS G&I
MECHANICAL ELECT.
ELECTRICIAN Gr. I
FITTER/ HELPERS/ ELECTRICIAN Gr. II

WORKERS
GOVERNMENT; PRECAST CONCRETE FACTORY; BARI-BRAHAMA, JAMMU; ORGANIZATIONAL STRUCTURE AND HIERARCHY OF AUTHORITY

ACCOUNTS WING
- ACCOUNTS OFFICER
- ACCOUNTANT
- Sr. ACCOUNTS CLERK
- ASSISTANTS

PERSONNEL/ADM. WING
- MANAGER
- OFFICE SUPERINTENDENT
- SENIOR ASSISTANTS
- ASSISTANTS
- WORKERS

TECHNICAL WING
- MANAGER
- FOREMAN
- ASSISTANT FOREMAN
- MECHANICAL FITTER
- MASONs
Manager of the Factory is at the top in the hierarchy of administration of this industrial unit operating under JKM Ltd. There is one Accounts Officer of the factory, who is the head of the accounts wing. Similarly, there is one Foreman who is the head of technical wing of the factory. But accounts officer and foreman works under the Manager of the factory. Thus, both of these officers rank second in the hierarchy of administration. Accountant and Assistant Foreman rank second in their respective wings but in the overall hierarchy of administration, these two officers and office superintendent rank third. Besides, there are senior accounts clerks in account wing, Senior Assistants and the store keeper in the Personnel wing and a Mechanical fitter in the technical wing. All these employees and those junior to them fall in rank and file.

In the organizational charts, reference has been made to several designations of officers. In order to have clear picture, explanation of their ranks appears to be essential. The lowest rank in the officers in the JKM Ltd., is Assistant Manager/Assistant Administrative Officer/A.F.C. in the field offices and the highest rank in the overall hierarchy of the corporation is the Managing Director. Following is the list of officers in ascending order:

33 Interviews with the Manager, Accounts Officer and Foreman of Jammu and Kashmir State Government's Pre-Cast Concrete Factory Baribrahmana (Jammu).
1. Assistant Manager/Assistant Administrative Officer/A.F.C. in the industrial units.
2. Deputy Managers of the industrial units.
3. Managers of the industrial units.
4. Deputy General Manager of various groups of industrial units.
5. General Manager/Financial Controller and Chief Project Officer of Jammu and Kashmir Minerals Ltd.
6. Managing Director of the JKM Ltd.

Similarly the lowest rank among the officers in the JKM Ltd. is Assistant Manager Mines in the Personnel Department, Junior Engineer in the technical wing and AFC/Assistant Manager Finance etc. in the Finance Wing. The MD of JKM Ltd. is the highest rank in this corporation. Following is the list of officers in ascending order:

1. Assistant Manager/Junior Engineer, A.F.C.
2. Deputy Manager of Mines/Projects/Plants.
3. Manager of Mines/Projects/Plants.
4. Senior Project Managers
5. Chief Mining Engineer/Secretary of the Corporation
7. Managing Director of the Corporation.
1. Assistant Manager/Assistant Administrative Officer/A.F.C. in the industrial units.
2. Deputy Managers of the industrial units.
3. Managers of the industrial units.
4. Deputy General Manager of various groups of industrial units.
5. General Manager/Financial Controller and Chief Project Officer of Jammu and Kashmir Minerals Ltd.
6. Managing Director of the JKM Ltd.

Similarly the lowest rank among the officers in the JKM Ltd. is Assistant Manager Mines in the Personnel Department, Junior Engineer in the technical wing and AFC/Assistant Manager Finance etc. in the Finance Wing. The MD of JKM Ltd. is the highest rank in this corporation. Following is the list of officers in ascending order:

1. Assistant Manager/Junior Engineer, A.F.C.
2. Deputy Manager of Mines/Projects/Plants.
3. Manager of Mines/Projects/Plants.
4. Senior Project Managers
5. Chief Mining Engineer/Secretary of the Corporation
7. Managing Director of the Corporation.
2. **SPAN OF CONTROL**

In an organization, a superior has to exercise control over the activities of his subordinates. He has to ensure that everything is being done, in accordance with the rules and instructions. Span of control is a sacrosanct principle of administration. Span of control is simply the number of subordinates or the units of work that an administrator can personally direct. In the words of Dimock, "The span of control is the number and range of direct, habitual communication contacts between the Chief executive of an enterprise and his principal fellow officers"\(^{34}\). But there are limits to human capacity; and if the span of supervision is extended too thinly, unsatisfactory results occur. The scholars, therefore, have been engaged in determining what should be the length of the span? There are some who limit it to three persons; others put it at seven, and still others restrict it to twenty and so on. There is no unanimity as to the exact number, but there does exist a general agreement that the shorter the span, the greater will be the contact and consequently, more effective control. "On the other hand, there are dangers inherent in excessively limited span of control, such as the risk of detailed supervision of the few reporting, the resultant failure to stimulate subordinates or to fully use the capacities of them. It is possible also that short

---

spans of control means long chains of command. The fact of the matter is that there can be no rigid span of control. The exact length of span will depend on many variable factors like the personality of the supervisor, the diversification of the functions of the organization, the age of the organization, the traditions and environments of the organization, and the calibre of the subordinates. The elements of space may also effect the situation. Thus, the fact of all offices being located in one building or place or scattered over many building or places certainly influences the length of the span. In this connection, attention may be drawn to the distinction made by Urwick between "direct supervision" and "access" to the boss. In other words, while an officer can directly supervise only a limited number of persons, he can introduce some flexibility in the organization by permitting larger number of subordinates to have "access" to him.

**FACTORS DETERMINING SPAN OF CONTROL**

Two variables directly influence the limit on the span of control: (1) capacity of the higher executive to manage his work, (2) capacities of the subordinate executives. Apart from these two basic factors, there are many other factors which can determine the actual optimum span of control.

---

1. **The Type of Organization and Management**

Clear and comprehensive plans and policies at all levels reduce the volume of personal decision-making of a manager. Therefore, his span of control and supervision can easily increase. Clarity of plan and definiteness of responsibility and use of standing plans (policies, procedures and rules) reduce the problems of decision making, clear cut and precise authority-responsibility, planned performance standards, standing operating procedures, standard methods, good budgets etc. are some of the means to reduce the number of decisions a Managing Director/Manager/Executive head has to make. Hence, span of control will increase.\(^\text{38}\)

2. **Nature and Importance of Work to be Supervised**

If the work is routine, highly standardised and uniform, we can establish standing plans because problems follow a set pattern. Few emergency or complex decisions are required. We have usually programmed discussions. Hence, the span of control can increase. Variety and complexity of problems, volatile and changing work higher uncertainty and risk in decision-making are usually found at the top management level of big organizations. Hence, at higher level of management we have limited span of control.\(^\text{39}\)

---

38 Ibid., p 91.
39 Ibid., pp 91-92.
3. Facility of Staff Help

If a Managing Director/Manager gets staff help in performing his reserved responsibilities (planning, organizing, motivating etc.) he can bear a greater work load and can have a larger span of control. With adequate specialized staff and also personal staff services, a manager even at a higher level can handle many subordinates of course, it is presumed that a manager is skilled and to able delegate his authority to many subordinate working relationships based on mutual faith and confidence are both essential to widen the span of control. "If the boss has quick grasp and ability to command and go alongwith people i.e. leadership qualities, he can control a large number of subordinates. But if the boss is hesitant, tactless and does not have leadership qualities, he will have limited span of control".

4. Ability and Capacity of Subordinates

In addition to the best staff help and ability to delegate, we require competent and qualified line subordinate to take up responsibility and shoulder accountability for work performance without detailed supervision of the boss. If subordinates are trained, developed and experienced men with staff confidence and self control, they will need minimum supervision or attention of the boss. Thus the quality of line subordinates can influence the span of control as a limiting factor\textsuperscript{40}.

Other factors governing the span of control in practice are: Time available for supervision, degree of decentralization and delegation (higher degree, greater span) and control practices for instance, under personal observation, we have limited span and under a system of written progress reports, we have wider span of control.¹⁴¹

The whole idea of span of control has come under revision during recent years. The increasing use of automation in administration, the information, revolution and the growing role of the specialists are some of the factors responsible for the change. Automation and mechanical processes are being used increasingly as means for simplifying and expediting communications, and emeliorating the volume and the delay problems of paper work. Recent technical advances had made it possible to introduce automation in offices as well. Mechanization has been applied to such activities as accounting, tabulating, purchasing, sorting and computation work. The main function of these machines is to perform the ever-swelling volume of repetitive and routine tasks in the disposal of paper work. Inventory, record-keeping billing and pay-roll book-keeping have become more efficient as a result of automation. Our own country, which is comparatively backward in this field, is fast taking to automation. There are more than 400 punch-card equipments in use.

¹⁴¹ Ibid., p 23.
in different organizations in India, Governmental and Private.\textsuperscript{42} Even computers are in use. According to the committee on Automation, which submitted its report in 1972, there were 140 computers in 1971, out of which 10 were in Government Departments, 39 in Public Undertakings, 55 in Private Sector Undertakings and the remaining 36 were in different research institutions, Institute of Technology and Universities (The ability of these machines to store information, to retrieve relevant facts to interpret them in terms of established criteria and to make decisions are the principal features of these developments). Automation renders superfluous most of the clerical and routine jobs and reduces paper work. The electronic machines supply lot of relevant and accurate data to the administrator at a very fast rate with the result that he can control more work units, i.e. the work which required many more persons before the introduction of automation. The length of the span of control therefore has definitely increased, and it has become possible for the boss to control the work of more persons. Mechanization has also affected the span of control in the area of headquarters field relationship by making communication and transport swift and easy, thus annihilating time and distance.\textsuperscript{43}

\textsuperscript{42} Avasthi, Ambeshwar and Maheshwari, Sriram; Public Administration, Laxminarayan Agarwal Educational Publishers, Agra, 1983, pp. 46-47.

\textsuperscript{43} Ibid, pp 47-48.
Another noteworthy phenomenon is the ever growing number of specialists, professionals and technicians in public service. The specialists bring with them certain attitudes. In the first place, they are experts in their fields and are conscious of it. Consequently, they do not tolerate interference in their own spheres of activities by the ignorant laymen. Secondly, they mostly act as advisers and staff officers and as such are near the top. Thirdly, these specialists dislike vertical relationships in the organisation. The established pattern of organisation itself is, therefore, undergoing a change, and the familiar concept of superior sub-ordinate hierarchical relationship is under challenge. Each specialist compels recognition as an individual in his own right. For example, in research organisation there are a number of specialists, who are recognised authorities in their respective fields. In such an organisation there is more of persuasion, consultation and discussion, and less of bossing and issuing commands. Decision tends to be group decisions. Decision-making process gets decentralized and numerous decision-making centres crop up to make the task of the Chief Executive difficult. Such an organisation thus, becomes more of coordination than of supervision and control. The span of control as a principle of organisation in the selected Public understandings has been explained on the proceeding pages.
1. **Span of Control at the top Management Level of (At Head-quarter) Jammu and Kashmir Industries Ltd.**

The span of control in this public corporation is limited due to delegation of authority. As a result, there are many levels of management. Due to limited span of control the organisation structure is also tall. Managing Director is the Executive Head of the whole of the corporation but he is at the headquarter of the corporation. He directly controls the subordinate executives at the head office only. There are managers of the industrial units who are delegated some authority and they also act as executive heads of these industrial units.

The Managing Director of the corporation at headquarter directly controls some senior sub-ordinate executives like General Manager, Secretary, Divisional Dy. General Managers, Chief Project Officer and Financial Controller. The Secretary who is also the General Manager, marketing of this corporation directly controls the Administrative Officer, Sales Officer and Sr. Statistical Officer working at the Headquarter of this corporation, Superintendents and Senior Statistical Assistants works under Administrative Officer and Sr. Statistical Officer respectively. Financial Controller controls directly A.F.C. and accounts officers and accountants of the head office as well as A.F.C's and accounts officers working in the field. Similarly the Chief Project Officer directly controls the Assistant Project Officer and Chief Maintenance Engineer.44

44 Interview with the Managing Director of Jammu and Kashmir Industries Limited, Srinagar.
The Span of Control in the Field Offices of the Selected Industrial Units Operating under Jammu and Kashmir Industries Ltd.

The managers of government Silk Factory, Jammu; Government Knitting Factory, Jammu; and Government New Joinery Mill (Bari Brahmana), Jammu, are subordinate executives to the Regional Dy. General Manager; Dy. General Manager of these Industrial Units at regional office located at Gandhinagar, Jammu. Dy. General Manager of these Industrial Units controls the Managers of these Industries.

1. Government Silk Factory, Jammu

In Silk Factory, Jammu there is manager of the factory who is the executive head of the Industry. The subordinate officers to the Manager of this factory are the A.F.C., Works Manager, Marketing Manager, Assistant Manager and Filature Officer. These officers work under the immediate control of the manager of the factory. In practice there is no Works Manager, Marketing Manager and Assistant Manager occupying positions in this industrial unit. Manager himself is the works manager, Production/Marketing Manager so manager of the factory infact controls all the employees including sub-inspectors, supervisors and others. The Accountant

Interview with the General Manager and Secretary of Jammu and Kashmir Industries Limited, Srinagar.
and accounts clerks work under A.F.C.\textsuperscript{46}.

2. \textbf{Government Knitting Factory, Jammu}

In Knitting Factory Jammu there is only one Manager who is the Executive Head and controls directly only one subordinate officer i.e. Accounts Officer. All other employees fall under the categories of rank and file and work under the direct control of the Manager of the Factory\textsuperscript{47}.

3. \textbf{Government New Joinery Mill, Bari Brahmana, Jammu}

In new Joinery Mill Bari Brahmana, there is one Manager of the mill who is also the field executive head of the industrial unit. There is one Dy. Manager, 6 Sr. Supervisors and 5 Supervisors who are subject to the immediate control of manager of the mill. Thus Dy. Manager, Accounts Officer in this Industrial Unit are the subordinate officers to the manager. The Senior Supervisors and supervisors are the immediate subordinates to Dy. Manager. But this is small industrial unit therefore all the subordinates are subject to the overall supervision and control of the manager of the factory\textsuperscript{48}.

\textsuperscript{46} Interview with the Manager, Works Manager and AFC of J & K State Govt's Silk Factory, Jammu.
\textsuperscript{47} Interview with the Manager, and Accounts Officer of J & K State Government's Knitting Factory, Jammu
\textsuperscript{48} Interviews with the Manager, Dy. Manager and Accounts Officer of J & K State Government's New Joinery Mills Baribrahmana (Jammu).
4. **Government Rosin and Turpentine Factory, Miran Sahib, Jammu**

Rosin and Turpentine Factory (Miran Sahib), Jammu span of control: This industrial unit is the biggest of all the Industrial Units controlled by the Jammu and Kashmir Industries Limited. There are eight field wings of this industry. These wings are:

1. Purchase and Administration wing.
2. Sales Wing
3. Finance Wing
4. Security Wing
5. Production Wing
6. Maintenance Wing
7. Stores and
8. Production Staff.

Each wing is headed by one senior most Manager or officer of that particular wing. There is one General Manager of the Factory who in fact is the executive head. Senior Manager Purchase and Administration, Senior Manager Sales, A.F.C. Security Officer, Senior Manager Production, Manager Maintenance Mechanical and Manager Maintenance Electrical, Senior Manager Production Staff and Store. These officers are subordinates executives of the G.M. and all are subject to the immediate control of the
General Manager. Thus General Manager of the factory controls subordinate executives.

Senior Manager Purchase and Administration directly controls Assistant Purchase Officer and Superintendent, Purchase Clerks and R & D Clerks in this wing works under Assistant Purchase Officer and Superintendent of the wing.

There is one Senior sales manager who is the head of the wing. This is a small wing and supdt. is the only immediate subordinate of the senior sales manager. In the finance wing, there is one A.F.C. Accounts Officer and accountant are directly controlled by him. There are accounts assistants, accounts clerks and typist/. Routine Clerks who also work under the supervision of Accounts Officers and Accountants. Similarly in the production staff wing there is one Senior Production Staff Manager. Manager Production Staff is only his subordinate executive. There are shift incharge, 4 laboratory assistants, 12 operators, 12 helpers, 4 pump operators and 4 boiler operators who works under the direct control of Manager of Production Staff. But overall supervision in this wing is that Senior Manager Production Staff. Similarly Manager Maintenance Mechanical Electrical as the heads of their respective wings directly controls the mechanical foreman, fitters and welders of their respective wings.

---

49 Interview with the General Manager of J & K State Government’s R & T Factory, Miran Sahib, Jammu.

Like other industrial units operating under Jammu and Kashmir Industries Limited, in Silk Weaving Factory, Raj Bagh, Srinagar, also there is one manager of the factory who is the executive head. There is one marketing manager, one works manager, one labour welfare officer and one A.F.C. These Officers are subordinate executives of the manager of the factory. He directly controls these subordinate executives. A.F.C. controls the finance wing. Accountant and other accounts clerks work under him and are controlled by A.F.C. Marketing Manager controls the sales supervisors and salesman. Similarly supervisors, operators and fitters work under the direct control of Works Manager.

6. Government Woollen Mills, Bemena, Srinagar

In Bemena Woollen Mills, Srinagar, General Manager of the Mills is the executive Head of Bemena Woollen Mills, Srinagar. It is one of the big public enterprises/industrial units working under the control of JKI Ltd. There are eight wings as the units of this industrial organisation. These wings are:

---

50 Interview with the Manager of J & K State Government's Silk Factory, Raj Bagh, Srinagar.
1. Maintenance Wing
2. Weaving Wing
3. Woollen Wing
4. Worsted Wing
5. Finishing, dying and folding Wing
6. Purchase and Sales Wing
7. Accounts Wing and

Besides the manager of the factory other officers in the field are manager maintenance, Manager Weaving, Manager Woollen, Manager Worsted, Incharge Finishing Manager Marketing and Accounts Officer and Assistant Adm. Officer. All these officers are the immediate subordinates to the General Manager. So General Manager directly controls these subordinate executives. These subordinate executives are the heads of their respective wings. These heads of various wings further directly control the supervisors working in the maintenance, weaing woollen, worsted spinning and finishing wings. Sales-men work under the direct control of marketing manager. Similarly in the accounts wing accounts officer's direct control extends over whole of the wing (Accountant) as well as accounts clerks. Superintendents and other clerks working in the admn. wing are subject to the immediate and direct control of Assistant Adm. Officer.51

51 Interviews with the G.M., Manager, Maintenance; Manager Weaving; Manager Woollen; Manager Worsted; I/c, Finishing; Manager, Marketing; A.O; Asstt. Adm. Officer of J & K State Government's Woollen Mills (Bemina), Srinagar, Kashmir.
7. **Government Pharmaceutical Drugs Factory, Baramulla, Kashmir**

In Pharmaceutical Factory, Baramulla, there is only one Manager who is responsible for the overall internal administration in the field office of this industrial unit. There is one chemist, one Accounts Officer and one Storeman. All these officers work under the direct control of the Manager of the Factory.\(^{52}\)


Like JKI Ltd., the span of control in this public corporation is also limited due to the delegation of authority. Because of limited span of control and delegation the power structure of organisation is tall enough and there are many levels of management. There are officers at the headquarter of this corporation and also in the field offices of various industrial units operating under this corporation.

Managing Director is the executive head of this corporation. He directly controls the subordinate executives at the headoffice only. In the field offices there are General Managers of the

\(^{52}\) Interview with the Manager, of J & K State Government's Pharmaceutical Factory, Baramulla, Kashmir.
Units and Chief Mining Engineer and Sr. Project Manager. These officers have been delegated authority and they are responsible for the internal administration of these industrial units. They are considered as the executive heads within these industrial units. The Managing Director of the corporation at this head-office directly controls some senior subordinate executive viz., the Secretary, Financial Advisor and Chief Accounts Officer, Establishment Officer, Chief Mining Engineer, Regional Dy. General Manager with his office at Jammu. General Managers and Senior Project Managers of the industrial units.

Span of Control in the Field Offices of Selected Industrial Units Operating under Jammu and Kashmir Minerals Limited.

8(1) Government Cement Factory (Wuyan) Srinagar

The General Manager of the factory is the executive head of the industrial unit. There are four wings of this industrial unit viz., Admn. Wing, Accounts Wing, Technical Staff's Wing and Laboratory and Medical Unit.; Maintenance Engineer, Assistant Manager, Assistant Admn. Officer and Estate Officer in the Admn. Wing; Accounts Officer in the accounts wing, chief foreman in the technical wing and chemist in the laboratory are some of his subordinate officers directly controlled by the General Manager.

53 Interview with the Managing Director of Jammu and Kashmir Minerals Ltd., the Bund, Srinagar.
9(a) Government Precast-Concrete Factory (Wuyan) Srinagar.

In P.C. Factory (Wuyan) Srinagar, there is one Senior Project Manager who is responsible for the overall administration and management of this industrial unit. Besides the Senior Project Manager, other officers in the administration wing are: One Assistant Manager and one Assistant Admn. Officer. These two officers including accounts officer in the accounts wing and junior engineer in the technical wing are some of Sr. Project Manager's fellow officers. These subordinate executives are directly controlled by the Senior Project Manager. Accounts Officers is the head of accounts wing, assistant manager is the head of production wing; assistant admn. officer is the head of personnel wing and junior engineer is the head of technical wing and junior engineer is the head of technical wing. All these subordinate employees are subjects the supervision of the heads of their respective wings and finally overall supervision of the Senior Project Manager. Thus Sr. Project Manager directly controls his 4 fellow officers and others through his subordinate executives.

10(b) Government Pre-Cast Concrete Factory, Bari Brahmana (Jammu)

The manager of the factory directly controls all the employees in the factory. He is responsible for the overall administration

55 Interview with the Sr. Project Manager of J & K State Govt.'s Precast Concrete Factory (Wuyan) Srinagar.
of this industrial unit. The control of Accounts Officer is limited to the accounts wing only. All other employees in the accounts branch of the factory work under him. Similarly, the control of foreman extends over the employees below him in the technical wing, Only. But all the employees in all the wings are subject to the overall control and authority of the Manager of the Factory. Thus Manager of the factory is the overall incharge for running the internal administration of the factory and his control extends overall the employeees of the factory.

Interviews with the Manager, Accounts Officer and Foreman of the Jammu and Kashmir Government's Precast and Concrete Factory (Baribrahma), Jammu.

56
3. **AUTHORITY**

Administrative Organisation is organised hierarchy. It is a formalized structure of superior subordinate relationships. In order to secure team work "authority" in an administrative organisation is essential. Foyal defines authority as "The Right to give Orders and Exact Obedience". He called this official authority but also recognized that official authority by itself was often Ineffective. Official authority is vested with the job, and is enhanced by the personal authority, a compound of intelligence, experience, moral worth, ability to lead etc.

Thus authority can be defined from three different angles of legality, status and human relations. Constitution or law confers on some individual or individuals, supereme authority to take decision and transmit it to his subordinates for implementation. Formal or legal authority means, that the superior orders the subordinates who are legally expected to obey him and follow his commands. The law lays down the scope and limits of authority. (The source of formal/legal, authority are usually considered to be the institutions of society. In theory, therefore, a man has sufficient authority when he is not prevented by formal restrictions from performing the job for which he is appointed.

---

Authority is also identified with the "status" of the individual in the organization. An individual may exercise authority by virtue of the position he occupies in the organizational hierarchy. It is not only law that confers authority, but position and personality of the individual also gives him authority in the organization.60

Thus formal/legal authority in fact should be backed up by personal authority. The sources of personal authority are numerous. There are charismatic personalities who command authority. The leader of an unofficial strike an example of charisma. Personal authority may also derive from the possession of information, an accumulated knowledge of facts. Then again, educational background, cultural environment, experience, all play a part in determining the personal authority that an individual may bring to a job.

But the opinion, that law confers authority, or status or personality, give a right of bossing people or issuing order does not give a true picture of the exercise of authority in an organization. This approach suffers from one great defect. It ignores a basic fact, that organization is human beings working together. Formal or legal authority is modified under the impact of informal relationships of human beings working in the organization. Authority depends on its acceptance by the people because of the loyalty to the common goals of the organization.

60 Ibid., pp 575-576.
Thus acceptability to those who are subject to it, is the primary element of authority.

The "acceptability" depends on the proper understanding of the instructions received, ability to implement the instructions and the belief that the instructions are to see that the ends of the organization are served. Authority is the capacity to evoke compliance by others. The amount of influence of authority that a leader attempts to exert, increased with increased acceptance of him by the recipients. The leader's actual influence over the group, increases with increasing acceptance of him as a person. Presthus suggests that "acceptance of authority rests essentially upon four interlocking bases: The technical expertise of the leader, his formal role or position in the organization's hierarchy; his rapport with subordinates or his ability to meet their individual needs for security and recognition and the subordinates generalized deference towards authority, reflecting in turn the process of socialization."

In behaviouristic terms, authority signifies that the subordinate determines his behavioural pattern according to the commands of the superior. The subordinate accepts and obeys the commands of the superior without any critical examination.

According to Simon there are four kinds of authority, viz., authority of confidence, authority of identification, authority of sanctions, and authority of legitimacy. Some individuals exercise authority in an organization because they have acquired a reputation of superior knowledge or understanding. This is described as authority of confidence. Others have strong sense of loyalty to the organization. This leads to the development of great identification of interest between the superior and the subordinates. Here authority is accepted because of this identification. The superior has the weapon of reward or punishment with him. Authority is accepted because of these sanctions. He can punish the recalcitrant employee or he can reward the obedient subordinate. The existence of hierarchy facilitates the exercise of sanctions and it provides legitimacy to the exercise of authority. "The authority is obeyed because the commands of the superior should be obeyed."

The various aspects while defining "Authority" are the traditional, the functional, the behavioural, and the integrative.

(a) The traditional concept of authority is reflected in Sheâl's observation that "If we are to control, we must provide avenues through which it can function easily and directly. These avenues we speak of, are paths of authority. They pass from administrators..."

64 Dejon, William, op. cit., p 316.
who determine policy, to the executives who are responsible for the performance of the policy and then to the employees who perform the actual operations. Legitimacy is the base of authority\textsuperscript{65}.

(b) The functional approach finds authority only in the particular job, to be done. It is not monopolized by any one (As Follett, explained, "I do think that a President should have any more authority than goals with his functions Authority belongs to the job and stays with the job")\textsuperscript{66}.

(c) The behavioural concept of authority refers to the actual patterns of the behaviour of individuals as they influence others and are being influenced. Simon and Barnard are the great supporters of this concept. As Barnard says, "Authority is the character of a communication (order) in a formal organization, by virtue of which it is accepted by a contributor to or "member" of the organization as governing the action he contributes.... Therefore, under this definition the decision as to whether an order has authority or not lies with the persons to whom it is addressed, and does not reside in "persons of authority" or those who issue these orders\textsuperscript{67}.

\textsuperscript{65} Shell, Quoted in Prasad, L.M., Principles and Practice of Management, Sultan Chand & Sons, 2nd (eds), 1980, p 252.


(d) Integral concept includes all the three i.e. the traditional, the functional and the behavioural. Fayol explained it when he says that "Authority is the right to give orders and the power to exact obedience. Distinction must be made between a manager's official authority deriving from office and personal authority, composed of intelligence, experience, moral work, ability to lead, past services and so forth....Personal authority is the indispensable compliment of official authority."\(^68\).

To sum up, authority in an organization means the power to take decisions, communicating them to the subordinates for implementation, and thus influencing their behavioural pattern. How far authority is accepted and obeyed depends on the capacity and judgement of the superior. He has to take his subordinates with him. He has to create his own image in the minds of the subordinates, so that there exists identification of purpose in the members of the organization. Authority is exercised to achieve the purposes of the organization. This is not possible unless the person accepting authority is able to understand what is expected of him. The exercise of authority will be smooth if the person exercising it is able to inspire confidence among other members of the organization.

\(^68\) Fayol, H., op. cit., p 33-34.
Limits of Authority

Authority is not an absolute concept. It is restricted by our code of conduct values, customs, conventions and laws. The articles of association set limits to the authority of the company officials. The executives' authority is checked by the enterprises' objectives, policies, procedures and programmes. A host of mercantile and industrial laws restrict the authority of a manager. "The lower down in the managerial hierarchy the persons are, the more are the restrictions on the authority and the higher up in the hierarchy, the broader is the scope of authority". The diagram illustrates this point cogently.

Diagram-3:3

Besides, there are various constraints on authority such as biological constraints, physical constraints, technological constraints and economic constraints.

Authority as a Principle of Organization in the Selected Public Undertakings of Jammu and Kashmir State

In JK Industries Ltd. and JK Minerals Ltd the authority is formal. The officers/administrators both at the head offices as well as in the field offices of these public undertakings exercises authority to the extent the act of authority permits them and to the extent they are delegated powers.

There are many limitations imposed upon the authority of managing directors of these two big undertakings controlling 25 operating Industrial units. These limitations are the provisions of the Jammu and Kashmir Companies Act, the Memorandum and Articles of Association, Instrument of Instructions issued by the Governor of Jammu and Kashmir State in his capacity as the major share holder, provisions of the codes, rules, regulations and finally policies prescribed by the Board of Directors of these undertakings from time to time which limit the authority of the Managing Directors of these undertakings.

Thus authority in case of exercised by M.D's of JK Industries Ltd. and JK Minerals Ltd. of the two big public undertakings in Jammu and Kashmir State is formal and limited.
Other most important principles of organization are centralization vs decentralization and delegation of power. Before analysing these principles in the context of public sector undertakings in Jammu and Kashmir, it is essential to explain their meaning as concepts.

4. **CENTRALIZATION VS. DECENTRALIZATION**

Centralization stands for concentration of authority at or near the top, decentralization, on the other hand, denotes dispersal of authority among a member of individuals or units. In other words if the head office has all the authority of decision-making and if the field stations are merely executing and implementing agencies without any power to act on their own initiative the system of administration is called as centralized. In a centralized system, on all matters even of internal management, the field offices are to seek the prior approval of permission of the headquarters. The Central Office has all the authority of decision-making and the field offices are left with no discretion or initiative of their own. On the contrary, the personnel at the field stations have sufficient discretion and authority to take decisions for themselves without referring them to the headquarters in such a case, the system of administration is designated as decentralized. In this system of administration many decisions are arrived at in the field, without any reference
to the higher authority. Local personal have great initiative to adopt the broad general policies. In the words of White, "The Progress of Transfer of Administrative Authority from a Lower to a Higher Level of Government is called, "Centralization", the converse, decentralization. The essential element in decentralization is the delegation of decision-making function. In the words of Charlesworth, "The significant question in any large administrative undertaking is whether or not any definitive actions are taken by the centre-head which can be taken at the periphery".

According to Allen, centralization is the systematic and consistent reservation or withholding of authority at central points within an organization. If authority is not delegated, it is centralized. If those doing the work cannot decide but the decisions are made at a point higher in the organization, it denotes centralization of authority. Fayol says, "Everything that goes to increase the importance of the subordinates role is decentralization, everything which goes to reduce the subordinates role (as decision maker) is centralization." Authority is centralized mostly in case of small/Flat organization on the other hand, when the organization is large and complex, management cannot centrally control all information necessary for decisions.

73 Fayol, Henry, op.cit., p.34.
the practical solution is to divide the organization into semi-autonomous decision-making units and we have multiple decision-centres spread over in the organization structure. Thus we have a decentralized organization with wide spread decision-making power.

In brief when an organization establishes subunits called divisions when each division is regarded as a separate profit centre enjoys considerable autonomy with regard to responsibility and authority in managerial decision-making, the organization is considered to be decentralized. One thing is very clear that the distinction between centralization and decentralization is not an absolute one. No system of administration can be designated as fully centralized or fully decentralized. There is difference of degree only. If more authority of decision-making is concentrated at the headquarters, the system is known as centralized. If more powers are given to the field officers, the system is known as a decentralized one. Thus the distinction between the two is relative

---

Centralization or Decentralization in the Selected Public Undertakings of Jammu and Kashmir State

There is high degree of centralization in case of Jammu and Kashmir Industries Limited and Jammu and Kashmir Minerals Limited. These two public undertakings in Jammu and Kashmir State are controlling about 25 Industrial Units which have been put into operation. Board of Directors of both of these undertakings are the Chief policy making bodies. All the important decisions are taken at the headquarters of these undertakings. Officers at the field offices are just to perform the functions assigned to them and exercise power to the extent delegated to them. The Public enterprises in Jammu and Kashmir State as the field units of these two undertakings are not autonomous. These are simply the industrial units operating and functioning under the complete control of their respective headquarters. Managers of the Industrial Units cannot make large investment and they can neither recruit the new personnel nor can promote any individual with their own consent. They can only make minor appointment of those in rank and file and can make little investment for which they possess delegated power. Further these managers of the Industrial Units can neither take initiative nor can formulate an independent policy pertaining to the organization and management of the industrial units where they are designated as Managers. All these decisions are taken by the Board of
Directors. The headquarters exercises complete control over field offices through specification in advance, control through review of action, control through budget, control through the power to get reports, control through personnel investigation and finally, control through the power of investigations.

5. DELEGATIONS OF AUTHORITY

Delegation of authority is the most important process in organizing. Operating work is divided into manageable units, by departmentation, managerial work is divided into manageable assignments by decentralization, yet, management has to find some means to tie these organizational units together so that the total group can work together effectively. Delegation of authority provides the means of tying together the various positions in the executive pyramid and it alone can provide a mechanism for integrated and cooperative group action. Delegation is the cement that holds a formal organization together. Just as authority, i.e. a right or power to command, Director to act, is the key to the job of a manager, delegation of authority is the key to organization.

Thus if a complex organization is to work efficiently, there should be delegation of authority at various levels and steps in the chain of command. By delegation, a higher official conferes
authority on the lower officials to do things and take decisions.  
"Delegations means conferment of some discretionary powers on the 
individuals to take decisions in meeting their obligations. An 
organization is an interlocking chain of superior-subordinate 
relationships from top to bottom. In that chain the subordinate 
should delegated authority and responsibility by the superior. 
But the subordinate remains responsible to his superior for his 
acts. The authority belongs to the superior. He has conferred 
some powers on the subordinates. But the superior retains the 
power to hold the subordinate responsible for the authority that 
has been delegated. Delegation does not mean abdication of the 
responsibilities by the superior. Delegation means that a 
subordinate has been given the authority to do the job, but it is 
the duty of the superior to see that job is done properly. 
Delegation signifies distribution of authority at various 
organizational levels. Thus delegation establishes a relation­
ship between the delegator and the person to whom the authority 
has been delegated. The latter has been conferred the discretion 
to take decisions, while the former (delegator) retains the 
authority to exercise control and hold him responsible for his 
action.

75 Ibid., p 336.
Allen defined delegation as "the entrustment of a part of the work, or responsibility and authority to another, and the creation of accountability for performance". "Responsibility is the work assigned to a position", "Authority is the sum of powers and rights entrusted to make possible the performance of the work delegated".

"Accountability is the obligation of an individual to render an amount of the fulfilment of his responsibilities to the boss to whom he reports".

**Elements of Delegation:** Thus, in the process of delegation, three actions are involved. They are three unique aspects of delegation. These are:

1. **The Assignment of Responsibility**
   
   A Manager assigns certain function, work or duty to his subordiante for performance: this is termed as assignment of responsibility.

2. **Grant of Authority**

   A Manager grants authority, i.e. right and powers to be exercised by the subordiante. Authority, is derived from responsibility. It is the right to perform certain assigned work

---

77 Dejon, William L, op.cit., p 322
78 Ibid., 321.
79 Ibid., p 322.
or duties. The superior may transfer certain rights such as the right to spend money, to direct the work of others, to use materials, and to take other necessary steps to fulfil the duties and responsibilities. "There must be a balance between responsibilities and authority for organization efficiency and economy."81.

3. **Creation of Accountability**

Just as responsibility arises from work and authority arises from responsibility, accountability is logically derived from authority once, a subordinate is entrusted with responsibility to perform certain jobs and he or she is given sufficient authority to perform the assigned work, the final phase in delegation is holding the subordinate answerable or accountable to his or her superior for fulfilling the assigned responsibilities or obligations to perform the assigned duties. Accountability is defined as a system of management which assigns certain responsibilities to line or staff personnel and, in turn, expects them to be accountable or answerable for accomplishment of stated objectives within their area of responsibility.82. Hurley says, "Accountability is liability for reckoning of the responsibilities received by delegation of authority."83.

81 Ibid., pp 65-66
82 Ibid., p 66
Whereas Authority flows downwards, accountability flows upwards through the chain of command or through the organization pyramid. Each manager from the bottom is held accountable to his or her superior.

These three attributes or components of delegation (Responsibility-Authority-Accountability) are like three legs of a stool. Each depends upon the others. No two can stand alone. If one leg of a stool is weaker or shorter, the stool of delegation will be unstable. In effective delegation, all the three attributes are equal, inter-related and inter-dependent. They are equally important. In practice it is impossible to split the process of delegation. For instance, assignment of responsibility (work or duty) is meaningless in absence of authority because it simply cannot be performed. Once a manager has assigned responsibilities to his subordinate and has delegated authority to him, accountability has to be exacted from the sub-ordinate.

Pradigm of Process of Delegation

Diagram: 3.4
DELEGATION OF AUTHORITY IN THE SELECTED PUBLIC UNDERTAKINGS OF JAMMU AND KASHMIR

There is also delegation of authority in Public Undertakings operating under JKI Ltd. and JKM Ltd. in Jammu and Kashmir State. The delegation of authority in these public undertakings of Jammu and Kashmir State is written and formal.

Delegation of Powers to the Managing Director,
Jammu and Kashmir Industries Limited, Srinagar, Kashmir

Subject to the provisions of the J & K Companies Act, the Memorandum and Articles of Association, instrument of Instructions issued by the Governor of J & K State in his capacity as the major shareholder subject to the provisions of the codes rules, regulations and policies prescribed by the Board of Directors of J & K Industries Ltd., from time to time and subject to budget provisions, the Managing Director as the Chief Executive of the Company, will exercise full powers in all cases other than items listed below for which the sanction of the Board of Directors will be required:
1. To the annual programmes of production/construction and estimates of capital and operational expenditure in respect of the Company and any revision thereof including alterations in the approved time schedule of project/scheme. If a lump-sum provision is made in the Budget for the operational expenditure of any item, the detailed production programme should be placed before the Board as soon as ready and before incurring any expenditure.

2. To sanction organisational set up and standard force with pay scale in the Company's works, project and head office, branch offices and townships.

3. To the changes in rules and regulations relating to recruitment, placement, promotion, deputation and other conditions of service and disciplinary action.

4. To the grant of more than four advance increments to an employee either on his initial appointment or subsequently.

5. All appointments in the pay scales the maximum of which exceeds Rs 1,000/- and appointments on contract basis on the salary exceeding Rs 500/- per month and where the period of contract exceeds two years.
6. To the number and terms of appointment of foreign technicians and training of personnel abroad.

7. Deputations to foreign countries for study tours of trainees, etc.

8. To any change in wage structure, scales of pay, special pay, allowances and other fringe benefits.

9. To the policy matters relating to bonus.

10. To sanction any estimates above rupees one lakh not include in the annual investment programme of the year.

11. To sanction all estimates above Rs 20/- lakhs in value in case of projects where the sanction has been given by the competent authorities.

12. To sanction any deviation resulting in substantial modification in and/or the scope of any component part of the project for which sanction has already been given by the Board.

13. To sanction any excess over approved estimates exceeding 10% for any particular component part where the sanction has been given by the Board of Directors.
14. To sanction an estimate not forming part of competent indicated in approved project report.

15. To approve and sanction a project report and estimate as a whole for expansion of existing facilities of the work or for establishing new units and facilities.

16. In the placing of orders or the incurring of any commitment,
   a) the project report has not been sanctioned and/or
   b) the component of a sanctioned project report has not received the approval of the Board.

17. To the award of contractors of the value of rupees twenty lakhs and above forming a component of the project report already sanctioned.

18. To any contract and/or commitment involving a period longer than three years and of a value exceeding rupees twenty lakhs in each individual case except for which statutory controls are in existing (this will not apply to contracts for Works and Equipment).

19. To contracts beyond Rs 5.00 lakhs granted outside the rules as in relation thereof.
20. To any major alteration of or departure from the terms of contract or value exceeding rupees twenty lakhs and likely to result in additional ways and means obligations.

21. To the acceptance of disputed claims over the value of five lakhs when they do not involve foreign exchange and over the value of rupees two lakhs when they involve foreign exchange.

22. Cases involving concessions in relaxation of the rules in respect of supplies and services, appointments etc. and creation of posts except on temporary basis lasting for not more than six months.

23. To the formulation and prescription of forms and standards and alterations therein.

24. To any additions, alternations and modifications to the existing assets and to replacement of existing assets of over rupees five lakhs which are not included in the approved production programme of the year.

25. To the write off of any items of stores, equipment tools and plant and materials, other than raw material above
26. To the write off of any raw material shortages exceeding prescribed limits or exceeding the value of rupees one lakhs in each case.

27. To write off the shortage of cash.

28. To the grant of compensation to other than company employees arising from any cause.

29. To the sale or alienation in any form of any immovable property vested in the company.

30. To any grants or donations or ex-gratia payments not arising from recognised rules relating to amenities and welfare over rupees five thousand in each case and rupees twenty five thousand throughout the year.

31. To the settlement of claims, against the Company from any cause not provided for in any other items enumerated herein exceeding rupees twenty five thousand in each case subject to a maximum of rupees two lakhs and fifty thousand in a year.

32. To the allotment policy relating to Company's land.
33. Extra Ordinary expenditure beyond Rs 5,000 at a time exceeding Rs 25,000 per annum.

34. To any expenditure on an object which has not been previously reorganised as fit object for expenditure by the company.

35. Rent of Land and Buildings exceeding Rs 500/- in each case, unless assessment of such rent has been made by P.W.D./Revenue authorities.

36. To any arrangement regarding cash credit/overdraft with bank.

37. To the grant of loans to contractors, suppliers etc. and advance above rupees one lakh to contractors/suppliers not covered by contract terms.

38. Advances beyond Rs 20,000 to contractors or suppliers not outside their terms of contract.

II. The Managing Director will have full powers to institute defend, compound or abandon legal proceedings or refer claims to arbitration and execute power of attorney and sign vakalatnamas, mukhternamas, plaints, written statements and all other documents and papers in connection with cases in law of court etc. for and on behalf of the company.
III. The Managing Director may sub-delegate powers conferred upon him to any of the officers working under him as he may think fit. The powers so delegated under this clause shall be reported to the Board of Directors in their subsequent meeting.

IV. Copies of all the sanctions issued by the Managing Director will be sent to the Financial Controller. Managing Director will report to the Board the Cases where in the opinion of the Financial Controller the powers delegated to the Managing Director have been exceeded.

V. When sub-delegating his powers the Managing Director will obtain the prior advice of the Financial Controller all matters wherein the Managing Director acts contrary to the advice of the Financial Controller while excercising these powers or sub-delegating his powers will be brought to the notice of the Board of Directors in their next meeting.
2- Delegation of Powers to the Managing Director of Jammu and Kashmir Minerals Limited

Subject to the provision of the J & K Companies Act, the Memorandum and Articles of Association, Instrument of Instructions issued by the Governor of J & K State in his capacity as the major share holder and subject to the provisions of the codes, rules, regulations and policies presented by the Board of Directors of JK Minerals Ltd., from time to time, and subject to budget provisions, as the Chief Executive of the company, will exercise full powers in all cases other than the items listed below for which the sanction of Board of Directors will be required:

1. To the annual programmes of production/construction and estimates of capital and operational expenditure in respect of the projects of the company and any revision thereof including alterations in the approved time schedules of projects/schemes. If a lump-sum provision is made in the budget for the operational expenditure on any item, the detailed production programme should be placed before the Board as soon as ready and before incurring any expenditure.
2. To sanction organizational set-up and standard force with any pay scales in the company's works, projects, Head-Office branch offices and townships.

3. To the changes in rules and regulations relating to recruitment, placement, promotion, deputation and other conditions of service and disciplinary action.

4. To the grant of more than 5 advance increments to an employee either on his initial appointment or subsequently.

5. To the appointment of executives, technicians etc. carrying a pay scale, the maximum of which exceeds Rs 1600/- per month.

6. To the number and terms of appointments of foreign technicians and training of personnel abroad.

7. To any changes in wages structure and scales of pay in force.

8. To the policy matters relating to bonus, special pay and allowances.

9. To sanction any estimate above rupees one lakhs not included in the annual investment programme of the year.
10. To sanction all estimates above Rs 20/- lakhs in value in case of projects where the sanction has been given by components.

11. To sanction any deviation resulting in substantial modification in and/or the scope of any component part of the project for which sanction has already been given by the Board.

12. To sanction any excess over approved estimates exceeding 10% for any particular component part where the sanction has been given by the Board of Components.

13. To sanction an estimate not forming part of a component indicated in approved subject report.

14. To approve and sanction a project report and estimate as a whole for expansion of existing facilities of the works or for establishing new units and facilities.

15. To the placing of orders or the incurring of any commitment, if;
   a) the project report has not been sanctioned and or
   b) the component of a sanctioned project report has not received the approval of the Board.
16. To the award of contracts of the value of rupees twenty lakhs and above forming a component of the project report already sanctioned.

17. To any contract and/or commitment involving a period longer than three years and of value exceeding rupees twenty lakhs in each individual case except for commodities for which statutory price control are in existence (But this will not apply to contracts for works and equipments).

18. To any major alteration or departure from the terms of contract of value exceeding rupees twenty lakhs and likely to result in addition ways and means obligations.

19. To the acceptance of disputed claims over the value of rupees five lakhs when they do not involve foreign exchange and over the value of rupees twenty lakhs when they involve foreign exchange.

20. To the formulation and prescription of norms and standards and alterations therein.

21. To any additions, alterations and modifications to the existing assets and to replacement of existing assets of over rupees five lakhs which are not included in the approved production programme of the year.
22. To the write off of any items of stores, equipment tools and plant and materials, other than parts materials, above the value of rupees of one lakh in each case.

23. To the write off of any raw-material shortage exceeding prescribed limits or exceeding the value of rupees one lakh in each case.

24. To write off of the shortage of cash.

25. To the grant of compensation to other than company's employees arising from any cause.

26. To the sale or alienation of any form of any immovable property vested in the company.

27. To any grants or donations or ex-gratia payments not arising from recognized rules relating to amenities and welfare over rupees five thousand in each case and rupees twenty five thousand throughout the year.

28. To the settlement of claims against the company from any cause not provided for in any other items enumerated herein exceeding rupees 25,000/- in each subject to a maximum of rupees two lakhs and fifty thousand in a year.
29. To the allotment policy relating to company's land.

30. To any expenditure on a project which has not been previously recognised as an object for expenditure by the company.

31. To any arrangement regarding cash credit/overdrafts with banks.

32. To the policy matters connected with rules, including pricing policy, discount rebates etc.

33. To the grant of loans to contractors, suppliers and advance above rupees one lakh to contractors/suppliers not covered by contract terms.

II The Managing Director will have full powers to institute, defend, compound or abandon legal proceedings of refer claims to arbitration and execute powers of attorney and sign vakalatnamas and mukhtarnamas, plaints, written statements and all other documents and papers in connection with cases law of courts etc. for an on behalf of the company.
III. The Managing Director may sub-delegate powers conferred upon him to any of the officers working under him as he may think fit. The powers so delegated under this clause shall be reported to the Board of Directors in their subsequent meeting.

IV. Copies of all the sections issued by the Managing Director will be sent to the financial advisor and Chief Accounts Officer. Managing Director will report to the Board, the cases wherein the opinion of the financial advisor and Chief Accounts Officer, the powers delegated to the Managing Director have been exceeded.

V. A procedure order will be issued indicating types of cases where the Managing Director will obtain the prior advice of Financial Advisor and Chief Accounts Officer.

When sub-delegating his powers the Managing Director will obtain the prior advice of the Financial Advisor and Chief Accounts Officer. All matters where the Managing Director acts contrary to the advice of the Financial Advisor and Chief Accounts Officer while exercising his powers or sub-delegating his powers will be brought to the notice of the Board of Directors in their meeting.
The Delegation of Powers to the other officers serving both at the headquarters and field offices of JKI Ltd and JKM Ltd are given in the Appendix 'A:I and A:II'.

THE EXECUTIVE PYRAMID

The process of delegation creates an executive pyramid with multiple levels of management. The Board of Directors delegate powers to the Managing Director who is the Chief Executive Head of the corporation. He is the top man in the entire organization and he has the authority to do everything required to achieve the corporate objectives. Since the Chief Executive cannot do all the work himself, he delegate large groups of duties to the immediate subordinates. The chief executive in effect multiplies himself. This leads to the process of delegation which creates an organization structure. The subordinates of the chief executive in turn redelegate to their immediate subordinates. Each of these men further redelegate to his assistants and the process of delegating and redelegating continues untill all the work, both managerial and operating is properly assigned to all employees from the top to bottom. Thus delegation is the ability to get results through others. Each time a manager delegates, he creates a new link in the chain of command. The first line
manager has his boss, who in turn, has his boss, and so on up to the chief executive. A member of an organization does not lack a link with the chief executive through one of the link in executive pyramid.

In case of Jammu and Kashmir Industries Limited and Jammu and Kashmir Minerals Limited the powers have been delegated by the Board of Directors to the Managing Directors of both of these undertakings. Managing Directors of these undertakings further sub-delegate some powers to other officers both at the head offices and branch offices in some cases with the prior concurrence of Financial Advisor and Chief Accounts Officer in Jammu and Kashmir Minerals Limited and Chief Financial Controller in Jammu and Kashmir Industries Limited. The Managing Directors of these undertakings are further supposed to report to the Board of Directors of their respective undertakings. Though other officers at the Head Offices and branch offices of these undertakings are not delegated this power to further redelegate to their subordinates, even then the process of delegation in these two public undertakings i.e. Jammu and Kashmir Industries Limited and Jammu and Kashmir Minerals Limited creates both of these undertakings have similar type of Executive pyramids. The type of executive pyramid of JKI Ltd and JKM Ltd, has been shown in the Diagram 3:5.
Supreme Policy Making Body

1. Top Management
   - Top Executive
     - Managing Director

2. Higher Management
   - Sr. Executives

3. Middle Management
   - Deputies to Senior Executives
   - Heads of Depts
     - Deputies to Heads of Wings

4. Middle Level Management
   - Supdts (General Foreman)
   - Foreman & Supervisors

Body of Workers (Operating Force)
   - Workers/Clerks/Salemen

Board of Directors

Decides Basic Objectives, Strategies, Plans, and Policies

Plans and Policies Carries Out Objectives Approved by the Board

Senior Executives Coordinating Activities to Attain Objectives

Assistants to Senior Executives Acting as Their Deputies

In-charge of Functional Areas of Business

Assistants to Heads of Wings in the Field Offices to Assist Latter

Supervisory Management

Lower Management

Job Task Pyramid

Flow of Authority (Downward)

Flow of Accountability (Upward)

The Executive Pyramid of JKI Ltd. and JKMI Ltd.
ORGANIZATIONAL PROBLEMS IN THE SELECTED PUBLIC
UNDERTAKINGS OF J & K STATE.

Public Enterprises in J & K State face many organizational problems. The organizational structures of JK Industries Ltd and JK Minerals Ltd, and those of various industrial units operating under these two big Corporations of Jammu and Kashmir State present a picture of mixture of both the line organization and staff organization. Although practically there is very high degree of centralization of authority, yet the administration in a way is decentralized from the Headquarters level to the level of the shop for co-ordination and uniformity. The final decision making is centralized in the authority of the Boards and Managing Director of these corporations. Though the idea of decentralized administration in a centralized organization appears to be a sound principle of management yet the essence of decentralization lies in the cohesion of ideas and coordination. The supreme need is the larger delegation of authorities in respect of decision making even to the shop level staff, which is at present not in practice. Such efforts with a suitable coordinating and supervising authority in these public undertakings of Jammu and Kashmir State will in fact infuse a sense of responsibility even among the lower staff and it is bound to increase their efficiency and performance output.
Similarly there are problems pertaining to other aspects of organization of these public undertakings of Jammu and Kashmir State vis. problem of top level authority problems of delegation and decentralization of authority etc.

In the selected corporations of Jammu and Kashmir State at the top of the administrative set up is the Board of Directors. It is the source of all the decisions or policy making and administration. According to Article 68(1) of JKI Ltd's Memorandum and Articles of Association "Until otherwise determined by the Governor, the number of Directors shall not be less than 5 and more than 12. One of the Directors shall be appointed by the Government as the Chairman. The Clause No(2) of the same article says that the Directors shall, unless otherwise determined by the Governor, be appointed by the Governor and in making the appointment consideration shall be given for giving representation to labour business and the members of the State Legislature. Similarly, the Directors of JK Minerals Ltd. are appointed by the Governor of Jammu and Kashmir State and the appointment of the Chairman of the Directors is made by the Jammu and Kashmir Government. According to Article 66(1), of JK Minerals Ltd's Memorandum and Articles of Association, "Until otherwise determined by the Governor, the number of the Directors shall not be less than five and
more than nine—There is also a provision of giving representation to labour and to the state legislature and at present there is no representative of the labour as a member of the Board of JK Minerals Ltd. and similarly, no Director has been appointed from the State Legislature.

Further the Directors of the said corporations are not required to hold any qualification/shares. The vacancy, in the office of a Director of the said corporations appointed by the Governor caused by retirement, removal, resignation, death or otherwise, may be filled by the Governor by fresh appointment. But no qualification has, however, has been laid down for such appointment. For instance, Article 68(4) of the JK Industries Ltd's Memorandum and Articles of Association states that "a retiring director shall be eligible for re-appointment and clause (6) states that the Governor shall have the right to fill any vacancy in the office of director caused by retirement, removal, resignation, death or otherwise. Similarly Article 66(4) of JK Minerals Ltd's Memorandum of Association states that the Governor shall have the power to remove any director or the Managing Director from office at any time in his absolute discretion and clause 5 of the same article further states that the Governor shall have the right to fill any vacancy in the office of the Director caused by retirement, removal, resignation, death or otherwise.
While no qualifications have been specifically laid down for the appointment of Directors, the dis-qualification have been mentioned in the Articles of Associations of JK Industries Ltd. and JK Minerals Ltd.

The office of the Director of the said corporations shall be vacated on the following grounds: if the Director

a) is found to be of unsound mind by a court of competent jurisdiction or

b) he appears to be adjudicated as an insolvent, or

c) he is adjudged an insolvent, or

d) he or any private company of which he is Director, fails to pay any call, in respect of, shares of the company held by him, whether alone or jointly with others, or the private company as the case may be, within a six months from the last date fixed for the payment of the call, or

e) he fails to disclose the nature of his concern or interest in any contract or management or proposed contract or management entered into or to be entered into by or on behalf of the company, or

f) he absents himself from three consecutive meetings of the Board of Directors in case of JK Industries Ltd. and from all meetings of the Board for a continuous period of three months, whichever is longer without obtaining leave.
of absence from the Board of Directors in case of both JK Industries Ltd. and JK Minerals Ltd. or
g) he becomes disqualified by an order of competent court, or
h) he is concerned or participates in the profits of any contract with the company or
i) he is convicted by a court in or outside the State of Jammu and Kashmir of any offence and is sentenced in respect thereof to imprisonment for not less than six months.

These are without prejudice to the absolute rights of the Governor to remove any director without assigning any reason whatsoever.

Provided however, no Director shall vacate his office by reason of his being a member of any company, which has entered into contract with or done any work for, the company of which he is Director, but a Director shall not vote in respect of any such contract or work and if he does so his vote shall not be counted.

Another problem faced by public undertakings of Jammu and Kashmir State is that directors once appointed are not the members in their individual capacity for the term fixed. Many times many directors of the selected undertakings of Jammu and
Kashmir have been member of Board of Directors just for few months. Such directors had been mostly the government representatives. This had been due to continuous reshuffling and transfers. Thus new Directors were appointed and inducted into the Boards of the said undertakings who had no back-ground prior information and prior knowledge about the functioning of these Public Undertakings of Jammu and Kashmir State.

It has been suggested by the Administrative Reforms Commission of India that the Government representatives should be selected on the basis of their experience and qualifications and not by virtue of their office which they hold in a particular ministry. Unfortunately, this advice has not been followed in Jammu and Kashmir State. As a result of this in the event of frequent transfer of offices to their parent departments they cease to be the members of the Board and they fail to provide benefit to the undertaking with the experience gathered and merit acquired. Moreover, to be sure that the outside members nominated are men of repute and possess wide experience, qualifications and criteria should be fixed. All these should be incorporated in the Memorandum and Articles of Association of these undertakings. Whatever be the form, "Without suitable man at the highest level of management, the Governing Board or the Board of Directors, the likelyhood of success is very little".
Besides it has also been observed that some of the members do not attend the meetings of the Boards of these undertakings. This indicates lack of interest by some of the directors in the affairs of these undertakings. The success of any undertakings largely depends on the interest taken by the members of the Board of Directors. It was the reason that the committee on Public undertakings of Jammu and Kashmir State has also recommended that at the time of re-appointment of the directors, only those who had shown interest in the affairs of the undertakings should be considered for re-appointment.

The composition of the board, their nature, the manner of selecting the members thereof, the powers delegated to them and above all the qualities and abilities of the individual members are very important from different point of view.

"Negatively the composition of the Board should not be such as to obscure the essential condition of autonomy, that is, it should not give to overlapping of responsibility or result in the introduction of control and interference through back door. Positively the composition of the Board should be such as to subserve only one purpose that of good and efficient direction to the public interest. Thus the board should be so constituted as to combine the special qualities of an efficient private management with a concern for the public interest."
The board is entrusted with the work of exercising all powers and of doing all acts related to the operation, general superintendence and direction of the affairs of the undertaking. Similarly, the Board of Directors of JK Industries Ltd. and JK Minerals Ltd. are also responsible for the proper management of the affairs of these public undertakings of Jammu and Kashmir State.

The selection and removal of company's officer in these public undertakings of Jammu and Kashmir State are the functions of the Board of Directors. The Boards of these undertakings are also empowered to determine the power and duties and to fix the salaries or emoluments of the employees as it thinks fit. The appointment of attorneys, as provided for in the by-laws, is also done by the boards. The boards empowered to make additions to or amendments of by-laws for the regulations of the business of the undertakings. The management of the income of these undertakings is also the responsibility of their respective boards.

Although the Board of Directors of the selected undertaking had been given lot many powers, yet there is no provision regarding the powers of the Boards of formulating basic policies and determining the basic objective of these undertakings. Board's objectives are laid down in the Memorandum of Association of these companies or undertakings and the basic policies are
Similarly, another problem is that the Managing Directors of these undertakings are mostly on deputation. They are mostly bureaucrats from civil departments and take little interest in the functioning of these state undertakings. They are mostly much bothered about their parent departments. Besides being from civil departments they have very little knowledge about managerial affairs of these undertakings. If some of the had knowledge of this, but they had not been given the chance to make use of their talents for the enrichment of these public undertakings. This had been due to frequent transfers. Three Managing Director were appointed in JK Minerals Ltd. within 1½ years and 3 Managing Directors were appointed in JK Industries Ltd. within a period of one year only. As a result none of them contributed to development and enrichment of these public undertakings.

Above all the Minister concerned usually had been the Chairman of Board of Directors of these Public Undertakings. At present minister for Industries and Commerce department of Jammu and Kashmir State Government is the Chairman of JK Industries Ltd and similarly, Minister for Geology and Mining Department of Jammu and Kashmir State is the Chairman of JK Minerals Ltd. and JK Cement Ltd. Thus too much of ministerial interference had deprived the management of operational autonomy. As a result none
of them attributed anything to enrichment and development of these public undertakings.

The Chairman of the Board in fact should undoubtedly be not only a man of high calibre but of a towering personality to exercise the influence of his presence in the Board as well as to resist the informal ministerial views to prevail on his independent action performed in consonance with the policy of the Board. Besides, there is no guarantee that the concerned minister appointed as the Chairman will remain in the same ministry or department. He can be deprived of this ministry due to reshuffling, failure of the existing government and coming into power of new political party etc. in the state. In the selected public undertakings, it has been found that during the last 8 years there had been 5 Chairpersons of JK Industries Ltd. and 6 Chairpersons of JK Minerals Ltd.

This State of affairs can never be conducive to the efficient running the public undertakings of Jammu and Kashmir State. It has prevented the top executive from utilising their experience sufficiently to demonstrate their capabilities and pulling these public undertakings out of red. It is suggested that a system should be evolved and a situation be created in which the Chief Executive can serve to the full term with confidence and the Managing Director and the Chairman having brilliant record of performance should be allowed to serve even beyond the fixed term. But unfortunately, this aspect of the problem has not been attached
the sufficient importance to the Jammu and Kashmir State in manning the top executive posts in Public Undertakings.

Similarly, there are problems of delegation and decentralization of authority in Public Undertakings of Jammu and Kashmir State. Although there is formal delegation of authority in the selected Public Undertakings of Jammu and Kashmir State, yet the extent of delegation is very limited. The Managers/Officers in the field offices are delegated very little powers. Even Chief Engineer and Sr. Project Manager (of JK Minerals Ltd.) Chief Project officer, General Manager and Dy. General Managers of various groups of Industries of JK Industries Ltd. have also not been delegated sufficient powers. Such Officers cannot take independent decisions. Even on less important matters viz., suspension of employees, disciplinary action against any employee and to accept the resignations of employees whose posts carry maximum of Rs 500 in case of JKM Ltd. and Rs 400/- in case of JKI Ltd. these officers are supposed to get the permission of their respective Managing Directors or to intimate to their respective Managing Directors.

Besides their power to take disciplinary action against employees falling in the said grades are also subject to the appellate and revisional authority of the Managing Directors of the selected undertakings. These officers are in a way directly connected with the Headquarters and they formed higher level of
administration.

But the Managers of the *industrial units/factories of mines* as administrative heads of their respective units have further been delegated very limited powers. viz., the Factory Managers of JK Industries Ltd. can make appointment only against the sanctioned posts the maximum salary of which does not exceed Rs 300/- P.M. Similarly, the Mines Managers of JK Minerals Ltd. can make appointment only against the sanctioned posts the maximum salary of which does not exceed Rs 150/- P.M. only. They can neither create the posts nor can make recruitments or appointments independently. Field administrators should be delegated much more power in this regard as well as in financial matters, for, they are directly concerned with the operation and functioning of the factories, projects and plants etc. Besides they are familiar with the situation and locality as well. They know better than the members of the Board of Directors and the authorities in the Head Offices about the need for manpower resources, types of personnel to be recruited, technical requirements and financial implications etc. But unfortunately such field administrators have been delegated very limited powers in this regard and thus they have very little to say even on such crucial and basic matters whether directly concerned with the routine work and operation of the industrial units.
Further, those powers delegated to the managers of mines and managers of factories, plants, etc. are subject to amendment. These can be curtailed at any time by the Boards of Directors and in some cases by the Managing Director of the concerned undertakings with the assent of the concerned Board of Directors. These powers delegated in fact, are just the directions in written form to the Managers. Otherwise, they cannot make independent decisions nor can they formulate policies pertaining to the industrial units where they are supposed to be the executive heads. They are not consulted on important matters, even if, such matters are directly related to the functioning of their industrial units. It is upto the headquarters and ultimately the Boards of the said undertakings to arrive at the decisions.

Thus there is much centralization of decision making authority. The Board of Directors and the Chairman in case of above mentioned Public Undertakings is the supreme decision making body and decisions are imposed from above. As a result the managers in the industrial units operating under JK Industries Ltd. and JK Minerals Ltd. have very little participation. Thirty Managers were interviewed in the field offices of both of these Public Undertakings of Jammu and Kashmir State. 80% of the Managers had very little participation in between 10% to 40% only. Only ten percent of the Senior
administrators viz., Chief Engineer, Sr. Project Managers in JK Minerals Ltd., and General Managers and Deputy General Managers of various groups of industries of JK Industries Ltd. had participation in between 40% - 50%. They were also not totally involved even in between 40% to 50% of decisions. They were simply consulted indirectly. Their advice is not binding to talk of Boards, even on the Managing Directors of the above mentioned Public Undertakings of Jammu and Kashmir State. Thus Board of Directors and the Chairman in case of Public Undertakings of Jammu and Kashmir State is the supreme Decision Making Body. Thus decisions are imposed from above. For successful functioning of Public Undertakings in a welfare and democratic state like Jammu and Kashmir of a democratic country like India, there is need for much delegation of authority and decentralization of authority. This creates a sense of responsibility and devotion to duty in the employees. In fact there should have been employees participation in the decision making process which is a lucid indicator of Industrial Democracy. But unfortunately nothing of this sort had been found in the selected Public Undertakings of Jammu and Kashmir State. No further centralization of authority please.