THE success of an institution — whatever its nature, size and constitution — depends upon how well its various resources have been harnessed towards the achievement of its purposes and objectives. Harnessing of resources may better be called organising or what Keith Davis calls, "bringing order out of chaos."\(^1\) Peter F. Drucker compares an organisation with a 'tune' and says: "It is not constituted by individual sounds but by the relations between them."\(^2\) In other words, organising involves allocating suitably the work to be accomplished to individuals, teams and departments and then synchronising their activities into a harmonious whole.

The Federation started as a tiny and simple organisation in 1954 with only four persons. It has now become a very large and complex organisation with a staff strength of 2968. Several factors have contributed to the dimensions, diversity and complexity of the organisation during the last about three decades of its existence.

ORGANISATIONAL STRUCTURE

Every organisation, whether simple or complex, has an hierarchical structure. A structure, as Ishwar Deyal says,


"is made up of a net-work of positions arranged in an hierarchical order with defined authority and responsibility. In other words, there is a pattern of relationships among various organs within an organisation. These are the means to achieve the goals of the organisation. The organisational structure of \textit{Fedfed} has been discussed under four phases.

**First Phase (1954–1969)**

During the initial years, the organisational structure of \textit{Fedfed} comprised as under:

- **Board of Directors**
  - President
  - Manager
  - Accountant
  - Clerk-cum-Typist

The president, one of the members of the Board of Directors, was the chief executive. He was assisted by a manager to look after the day-to-day working of the office. Because of the limited staff strength, the span of control was narrow. It resulted in close inter-personal relations between the members of the Board and the staff. As such, there were practically no managerial problems. By 1969, the staff

strength had increased to about 550.

Second Phase (1969-1972)

It was during 1969-70 that Markfed began to undertake diverse activities in the fields of marketing, processing, harvesting, and storage. As a result, there was a change in the organisational structure; it expanded both ways —horizontally and vertically. There were as many as ten departments at the headquarters and seven industrial plants reporting directly to the managing director. The district offices, on an experimental basis, were also opened for expeditious implementation and follow-up action with regard to the policies formulated at the headquarters.

Due to functional expansion, the chief executive was overburdened with routine work. His inter-personal relationships increased geometrically and his span of control widened. Span of control is, "the number of persons formally supervised by another."

There are always limits to professional capacity; if the span of control is extended too thinly, unsatisfactory results occur. Gibson, Ivancevich and Donnelly, in one of their books observed: "A large span of control tends to preclude frequent contacts with the subordinates and has detrimental

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 besides, the structure also suffered from overlapping and duplication of work, as well as from constraints in regard to communication and coordination. Infact, all these problems had resulted from inadequacy of organisational structure which thus, needed to be revamped.

**Third Phase (1973-1976)**

This phase can also be termed as the first step towards the reorganisation of the whole structure. The existing structure was faced with numerous inherent problems and, as such, was not able to cope up with the increased assignments. Moreover, in the absence of technically trained staff, the chief executive was not getting the requisite help in the performance of his duties. The Administrative Committee in one of its meetings observed:

"Managerial capabilities needed have not kept pace with the multifarious activities into which the organisation has entered. It requires immediate attention to ensure adequate results on capital employed." In order to rework the structure, Management sought the help of a team of consultants from the Indian Institute of Public Administration (I.I.P.A.), New Delhi. The team was asked to suggest regrouping of functional areas at headquarters in order to facilitate the setting up of an efficient organisational structure.

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6 Proceedings of the meeting of the Administrative Committee held on November 19, 1972 Item 8.
deal with the various aspects of human resources management. Another addition was the induction of the storage and preservation expert. He was to look after the maintenance of the proper health of the stocks in Mathura's godowns. Several posts were upgraded with higher scales like manager (projects planning and engineering) to general manager (projects planning and engineering); deputy manager (projects) to manager (projects planning); manager marketing to chief marketing manager; and manager (finance) to finance and accounts manager; the pay scale of chief accounts officer was also revised. Both the accounts and marketing departments were strengthened by several new appointments. On the whole efforts were made to enhance the managerial capability by inducting technically trained and professional employees. The utility of the present organisation structure to the management has been discussed at length in the following pages.

**ORGANISATIONAL DIFFERENTIATION**

Complex organisations are characterised by a high degree of task specialisation. The total task of the organisation is differentiated so that the performance of specialised functions can be assigned to particular departments. Lawrence and Lorsch have defined differentiation as, "the state of segmentation of the organisational system into subsystems each of which tends to develop particular
attributes in relation to the requirements posed by its relevant external environment."\(^7\) The differentiation in Kaskasad would be analysed in terms of some of the more significant organisational attributes, such as hierarchy, departmentation, line and staff agencies, span of control, and delegation of powers. Highlighting the importance of these attributes, Peter M. Blau observes: "Taken together, these attributes constitute a formal structure of an organisation."\(^8\)

Hierarchy: Chart 7 depicts a long hierarchy of management in Kaskasad. Hierarchy or the scalar differentiation is the principal channel of communication, downward and upward, along which flow information, advice, specific instructions, warnings and commendations. Highlighting the role of hierarchy in an organisation Mohit Bhattacharya says: "Since everybody's place in the organisation is formally set, there is, therefore, greater degree of predictability of behaviour."\(^9\) Indeed, it not only enables the chief executive to exert his influence through the

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\(^7\) Paul R. Lawrence and Jay D. Lorsch, 'Differentiation and Integration in Complex Organisations', in the Administrative Science Quarterly, Volume 9 (June 1967), pp.3-4.


entire organisation, but also acts as a channel for the delegation of authority. In the entire organisation, the managing director, as the chief executive, is at the top of the managerial hierarchy. Besides managing director, there are another five easily identified levels of hierarchy as is shown below:

<table>
<thead>
<tr>
<th>LEVELS OF HIERARCHY</th>
<th>POSITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Managing Director</td>
</tr>
<tr>
<td>II</td>
<td>Additional Managing Directors, Chief Marketing Manager, Finance and Accounts Manager, Personnel and Industrial Relations Manager and Chief Internal Auditor</td>
</tr>
<tr>
<td>III</td>
<td>General Manager (Projects Planning and Engineering), General Manager (Special Projects), Chief Engineer, Monitoring Manager, Chief Accounts Officer</td>
</tr>
<tr>
<td>IV</td>
<td>Functional Heads/Officials in equivalent pay-scales</td>
</tr>
<tr>
<td>V</td>
<td>First Line Supervisors*</td>
</tr>
<tr>
<td>VI</td>
<td>Non-managerial employees (operative)*</td>
</tr>
</tbody>
</table>


*These levels are not shown in the Charts.
The managing director is assisted by a host of specialists and generalists at level II, because he himself cannot perform all the duties and responsibilities. The number of such officers has increased to six as compared to five in the old set up (Chart 6). Out of six such officers, the two additional managing directors and the chief marketing manager function as line agency. The other three officers function as staff agency to the managing director. The 111rd level includes important officers like the general manager (projects planning and engineering), general manager (special projects), chief engineer, monitoring manager and chief accounts officer. They assist the higher officers in the formulation as well as execution of policies. It is from level IV downwards that actual implementation of the policy and programmes starts.

With the adoption of the revised organisational structure, the problem relating to the long chain of command has emerged. The process of communication has slowed down because it has now to traverse through long and cumbersome channels, thereby retarding the decision-making and implementation processes. Further, a defective hierarchy is generally anathema because it offends against the doctrine of unity of command and it blurs the lines of control.
and responsibility. Similar views were expressed by a number of officers and subordinates with whom this researcher had discussions on the problems resulting from the long chain of command.

**Departmentation:** In fact, there are at present eighteen departments in all. Emphasising the importance of departmentation in a complex organisation, Kast and Rosenau argued that departmentation is a necessity because of the need to perform particular functions effectively and efficiently. The grouping of activities in Markfield is functional-based, which is, by far, the most widely used and recognised type of departmentation, because of its common-sense appeal. Every level in the hierarchy below the apex is departmentalised in terms of work to be performed. In other words, all the functionally related work is placed in one organisational component, i.e., a department under a co-ordinating head. For instance, the internal audit department is responsible for auditing all the accounts of the headquarters, field offices, and processing and manufacturing plants. The projects planning and engineering department looks after the setting up of new

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industrial plants, together with all other related functions till the completion of the plant. The marketing department is responsible for the marketing of branded products and all other functions related to it. The same holds true for all other departments. A detailed and an indepth study of the functions of the various departments reveals certain organizational weaknesses. For instance, some of the departments are performing more or less identical functions. The construction activities relating to plants, buildings, godowns, etc., have been entrusted to a number of departments like civil engineering, projects planning and engineering, and special projects, inspite of the fact that the civil engineering department has been solely set up for construction work of any type.

There is no co-ordination between the projects planning and engineering, and monitoring department; the two function in an isolation. In such circumstances, the former is being denied the services and expertise of the monitoring department to undertake future projects based on the system of feedback. Further, the budget officer has been attached with the monitoring department whereas its suitable place is the finance and accounts department as it facilitates uniformity in the distribution of functions amongst the

*Refer Appendix I, for detailed discussion on the functions of various departments at the headquarters.*
various departments. Moreover the manager (foreign trade), manager (overseas) and manager (vegetable export) are performing almost similar type of functions, resulting in overlapping and duplication of efforts.

The above stated facts makes it crystal clear that there have been overlapping of functions which ultimately leads to confusion as well as wastage of time and energy of the officials.

A perusal of Chart shows that two out of the three most important activities of the firm are being looked after by one additional managing director. To be more explicit, he is responsible both for the procurement of foodgrains and for the distribution of several types of agricultural inputs including chemical fertilisers. It may be pointed out that these two important activities constitute a substantial part of the annual sales turnover of the firm. It may also be stated that the firm has been incurring huge losses on account of distribution of chemical fertilisers' operations. During discussions with a number of officers, it was observed that being preoccupied with a huge amount of routine work, he cannot devote much time to vital matters. Had these activities relating to these two substantive operations been supervised by different additional managing directors, the losses would probably

*Refer Chapter 9, for details.*
headquarters however, contradicted this viewpoint by saying that district officials hesitated to take independent decisions for one reason or the other.

PROPOSED ORGANISATIONAL STRUCTURE

Over the years, the organisational structure of Markfed has been designed, modified and re-modified on several occasions. The developmental efforts have however, not been made in a systematic manner. The management's approach has been to provide ad hoc remedies for immediate problems, without keeping an eye on the long term improvement in the functioning of the organisation.

Commenting on the need of a sound organisational structure, Peter F. Drucker opined: "Best structure will not guarantee results and performance but the wrong structure is a guarantee of non-performance. All it produces are friction and frustration." Drucker's opinion can be rightly applied to Markfed. In spite of several changes in the structure, it could not overcome the problems like wide span of control, long hierarchy, the line-staff controversy, unsystematic grouping of activities, etc.

The organisational structure of Markfed needs continuous review and a systems approach in view of its fast expanding activities, so that its organisational problems may be tackled successfully. In the present

context, the organisational structure needs some modifications and alterations. An effort has been made to propose an alternative structure which may help to overcome some of the above stated problems. The proposed organisational structure suggests abolition of certain unwanted posts and creation of a new position of additional managing director. Of course the managing director would continue to be the overall incharge of the organisation at the apex of the managerial hierarchy. He may be assisted by three additional managing directors, who would look after three substantive fields, i.e., procurement functions, distribution of agricultural inputs, and industrial plants. The managing director would however, have direct control over staff agencies, namely, departments of personnel and industrial relations and finance and accounts department for effective coordination. The suggestion regarding the creation of the new position of an additional managing director would not only lighten the burden of his other two colleagues, but would also lead to systematic regrouping of functional activities.

The AMD-I would be solely responsible for the procurement operations, i.e., procurement of wheat, cotton, rice and other commercial crops. The AMD-II would concentrate on the supply of inputs, i.e., fertilisers, seeds, soil-testing, pesticides/insecticides, civil aviation