CHAPTER-II
SCOPE AND COVERAGE OF THE STUDY

Repealing of restrictive legislative and business practices and the coming of multinationals as competitors to the Indian industry, the companies are forced to restructure. The restructuring is on strategic, operational, financial and organizational parameters. This study is limited to the study of organization structural parameters in the companies situated in a region of Northern India.

The endeavor has been to study the effects of liberalization on the coping mechanism adapted by Indian industry for survival. The coping mechanism under study is the restructuring exercise done by the Indian industry.

RESEARCH OBJECTIVES

The focus of the study is on understanding the dynamics of restructuring exercise that have already started making their presence felt in the Indian industrial environment. The study has been divided into two phases.

The endeavor has been made to study the following in the two phases.

OBJECTIVES OF PHASE I

1. To study the present organization structure.

2. To study whether there has been any significant structural changes in the selected Organisations.

3. To study the level of complexity in the selected organizations.
SCOPE & METHODOLOGY

4. To study the level of formalization in the companies under study.
5. To study the level of centralization in the companies under study.
6. To study the level of authority, responsibility and accountability in the organizations under study.
7. To study whether the span of control is realistic or not in the selected companies.
8. To study the level of specialization in the organizations under study.
9. To study the level of vertical and horizontal differentiation in the selected organizations.
10. To study the significant changes which have come in the organization structure.
11. To study briefly the factors which have brought these changes.
12. To study what are the change strategies used by the top management.
13. To make an inter-industry comparison.
14. To make an intra-industry comparison.

OBJECTIVES OF PHASE II

1. To study the impact of the environmental demands which the selected companies are facing.
2. To study the impact of these environmental demands on structural changes within these selected Organisations in detail.

3. To study the level of complexity in the organizations under study.

4. To study the level of centralization in the organizations under study.

5. To study the level of formalization in the companies under study.

6. To study the need for restructuring in the organizations.

7. To study the processes adopted by the company for restructuring.

8. To study the barriers to restructuring in the selected companies.

9. To study the impact of type of technology used on the structure.

10. To study the impact of type of strategy used on the structure of the organization.

11. To study the changes which have come in the organization because of restructuring.

12. To make suggestions to the companies for a better match between structure and the environment of the companies.

13. To study the reaction of the company to change.

14. To study the organization structure of the company in detail.
SCOPE & METHODOLOGY

RESEARCH DESIGN

The study was divided into two phases. In the first phase it was decided to do a preliminary study on a larger sample of companies to study what type of significant changes have come in the organizations and for other objectives stated above. Very elementary questions on the organization structure of the company were asked.

In the second phase, a few companies were selected from the companies studied in the phase I which have undergone significant changes since the last few years. These companies were studied in-depth for the components of organization structure, the determinants of organization structure and the restructuring process involved.

PHASE- I

SAMPLING DESIGN

A sample of 85 companies which were large and medium sized, were selected with the help of random sampling from a universe consisting of companies in the industrial belts of Uttar Pradesh (Ghaziabad, Noida, Saharanpur) Haryana (Sonepat, Gurgaon, Panipat, Rohtak, Yamunanagar) Punjab (Mohali, Ropar), H.P. (Baddi, Nalagarh).

DESIGN OF THE QUESTIONNAIRE

After an in-depth study of the literature on the organisation structures, a questionnaire was designed. The draft of the questionnaire was given to six experts. After receiving their comments and suggestions, it was revised. It was pilot tested on 6 companies for checking the validity of the...
questionnaire. In the light of the findings of the test, the questionnaire was modified. Sending the modified questionnaires in the same companies again tested the reliability of the questionnaire. The suggestions as given were incorporated in the questionnaire.

The design of the questionnaire is as follows:

In the Part-I, the name of the respondent and his particulars like age, designation, company's name and address and turnover of the company were asked. The respondent was required to give information on the manpower at various stages of growth of the company, management levels, organization structure at the time of commissioning and at present, the changes which have come in the organization and the factors which brought about the changes. The year of inception and year of commissioning were also asked.

In Part-II of the questionnaire the respondent was asked questions about the present organization structure, the level of formalization, level of specialization, the centralization, the accountability, authority and responsibility and the span of control. The answer had to be given in "Yes" or "No".

**DATA COLLECTION**

The structured questionnaire was sent to 85 companies to their personnel departments with a request to fill up the same. Only one questionnaire was sent to one company for the purpose. Follow up was made through telephones and personal visits. In many cases, the data collected was substantiated with the help of interviews. Additional information was gathered from the companies by requesting them to give any published
information like sales pamphlets, annual reports etc. After repeated efforts, the researcher was able to get response from 65 companies. After screening of the questionnaires, 6 companies had to be dropped from the study as the questionnaires were not completely filled and the data was not sufficient for analysis purpose. Hence, 59 company's data was kept for further processing.

**DATA ANALYSIS**

The companies who responded were grouped into five major industrial groups.

The data collected was segregated under suitable headings and then tabulated. The percent responses for each of the variables were calculated with the help of computers. The other statistical tests like correlation, Analysis of variance (ANOVA), Standard Deviations were used. The use of statistical tools like bar charts, pie charts, line graphs was made for the analysis of the data.

The analysis was done on the basis of inter- industry comparison and the intra-industry comparison. The conclusion after the analysis of each table was drawn at the end of each table.
A PROFILE OF THE COMPANIES UNDER STUDY IN PHASE I

TABLE 2.1: TABLE INDICATING THE GROUPING OF THE COMPANIES IN PHASE I

<table>
<thead>
<tr>
<th>GROUP &amp; TYPE OF THE CO.</th>
<th>NO. OF COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (CHEM., AGRO-CHEM, PHARMA)</td>
<td>19 (32.2)</td>
</tr>
<tr>
<td>2. (TELECOM, COMPUTER, ELECTRONICS, ELECTRICAL)</td>
<td>8 (13.6)</td>
</tr>
<tr>
<td>3. (PAPER &amp; WOOD)</td>
<td>9 (15.3)</td>
</tr>
<tr>
<td>4. (MECHANICAL)</td>
<td>18 (30.5)</td>
</tr>
<tr>
<td>5. (TEXTILES)</td>
<td>5 (8.5)</td>
</tr>
</tbody>
</table>

Total No. Of Companies 59 (100)

(The figures in parentheses indicate the percentages)

The number of companies under study in various sectors is shown as above.

The companies in the chemical, pharmaceutical and agro-chemical sector are the largest numbers of the companies, who sent their responses.

Mechanical companies are the second largest group. Lowest number of companies comes under textiles sector, which sent their responses.
PHASE II STUDY

SAMPLING DESIGN: Four companies were selected from the companies under study in the phase I. The basis of selection of the companies for the second phase was as follows:

HERO MOTORS LTD, GHAZIABAD: HERO MOTORS, Ghaziabad is part of the premier industrial groups of India. It is a mechanical company in the large sector manufacturing scooters, mopeds like Hero Winner, Hero Puch. It is in the process of constant restructuring for the last two years to become more competitive in the industrial world.

JCT ELECTRONICS LTD, MOHALI: JCTEL, MOHALI is an electronics company engaged in the manufacture of colour picture tubes for companies like Samsung, Philips etc. To make it self more competitive, it has undergone restructuring.

PUNJAB WIRELESS LTD., MOHALI: PUNWIRE, Mohali is a premier telecommunication company in the country. Previously a company which enjoyed monopoly in the products manufactured by them in the protectionism regime of the country, is facing an onslaught of competition with the liberalisation of Indian economy. The company expansion, growth, diversification, acquisitions have been seen by the company over the past few years.

HENKEL TEROSON INDIA LTD, GURGAON: HTIL is a German multinational company (MNC) who has set up its plant in Gurgaon. It is a joint venture between the German Multi-national and the Anand Group with 51% shares lying with the German partner. Henkel Teroson is a
Chemical company engaged in the manufacture of adhesives and sealants for the automotive giants like Maruti, Ford, General Motors, Telco etc.

**DESIGN OF QUESTIONNAIRE**

For the in-depth study of the organisations, a structured questionnaire was framed and pilot tested on respondents in one company. The suggestions given by the respondents and the analysis of the responses highlighted certain weak areas, which needed to be improved. The corrections were made in the questionnaire accordingly. To check the reliability of the questionnaire it was inserted again in the company after the modification.

The design of the questionnaire consisted of three sections -

**Section 1** consisted of questions on the manpower, the departments, the collaborations, the organisation structure, the products manufactured at the time of commissioning and at present.

**Section 2** consisted of questions on three elements of the organisation structure namely- complexity, formalisation and centralisation. The respondents were given a choice of 5 responses ranging from a low degree to high degree and the respondents had to pick the most appropriate.

A standard questionnaire, along with the scoring key, was used for this purpose as published in Robbins, Stephen P.,” Organization Theory- The structure and Design of Organisations”, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1983, p-88, 73, 57. (See Annexure-II & III)

**Section 3** consisted of questions on restructuring. The questions were framed on the need for company to restructure, processes adopted by the
company in restructuring, the barriers to restructuring, the technology employed by the company, the environment of the company, the strategy adopted by the top management, the reaction to change and the changes which have occurred in the major departments.

Certain multiple-choice questions were incorporated. The Likert scale was used for the choices given to the respondents for many of the questions. The respondents were required to choose the most appropriate response. Some questions were left open ended to help respondents give expression to their thoughts, which they might want to share for the research.

**DATA COLLECTION**

The primary data was collected with the help of structured questionnaires. Unstructured interviews were used to substantiate the data. The secondary data was taken from the published literature of the company like – sales brochures, annual reports, newsletter etc.

**DATA ANALYSIS**

The responses were tabulated and analysis was done for each of the selected companies. The use of statistical techniques was made for the analysis. The maximum use of percentages, bar charts, line graphs was made for the study of the company and drawing the inferences. The scores for complexity, formalisation and centralisation were calculated for all the companies. A comparative model was prepared to see how each unit is behaving in comparison to others.
PHASE –I HYPOTHESIS

1. Ho-There is no significant relation between industry type and there being a best fit between job and men.

2. Ho-There is no significant relation between industry type and the development of successors.

3. Ho-There is no significant relation between industry type and the company employing an executive development program.

4. Ho-There is no significant relation between industry type and the junior officers being trained for contingencies.

5. Ho-There is no significant relation between industry type and the junior officers being trained for continuity.

6. Ho-There is no significant relation as far as industry type is concerned and the absence of duplicated or overlapped functions.

7. Ho-There is no significant relation as far as industry type is concerned and the management is assisted by capable specialized staff.

8. Ho-There is no significant relation as far as industry type and the balance between line and staff personnel.

9. Ho-There is no significant relation as far as industry type and the decision-making by committees is concerned.

10. Ho-There is no significant relation as far as industry type and the direct and clear-cut lines of authority are concerned.
11. Ho-There is no significant relation between industry type and the personnel understanding their responsibilities.

12. Ho-There is no significant relation as far as industry type is concerned and the personnel have authority to carry out their responsibilities.

13. Ho-There is no significant relation between industry type and the freedom from conflicts of duties and responsibilities.

14. Ho-There is no significant relation as far as industry type is concerned and the means for measuring performance for accountability.

15. Ho-There is no significant relation as far as industry type is concerned and the company personnel reporting to one superior only.

16. Ho-There is no significant relation between industry type and the undivided accountability in which one unit is directly responsible to one superior unit.

17. Ho-There is no significant relation between industry type and the management personnel being held accountable.

18. Ho-There is no significant relation between industry type and the organisation structure fulfils the company's objective.

19. Ho-There is no significant relation between industry type and the organisation structure is conducive for planning.
20. Ho-There is no significant relation between industry type and the organisation structure being conducive for directing.

21. Ho-There is no significant relation between industry type and the organisation structure being conducive for controlling.

22. Ho-There is no significant relation between industry type and the company personnel understanding and accepting the organisation structure.

23. Ho-There is no significant relation between industry type and the number of transitions in the organization's history.

24. Ho-There is no significant relation between industry type and the year of inception.

25. Ho-There is no significant relation between industry type and the Organisation has become taller.

26. Ho-There is no significant relation between industry type and the organisation has become flatter.

27. Ho-There is no significant relation between industry type and the increase in organisation size.

28. Ho-There is no significant relation between industry type and the existence of formal organisation chart.

29. Ho- There is no significant relation between industry type and the review of organization chart periodically.
30. Ho-There is no significant relation between industry type and the written position relation between superior and subordinate.

31. Ho-There is no significant relation between industry type and the functions to be performed.

32. Ho-There is no significant relation between industry type and the written position description indicating the amount of authority and responsibility given.

33. Ho-There is no significant relation between industry type and the written position descriptions indicating the means by which performance is to be measured.

34. Ho-There is no significant relation between industry type and the functions and responsibilities being defined for line.

35. Ho-There is no significant relation between industry type and the functions and responsibilities being defined for staff.

36. Ho-There is no significant relation between industry type and the degree of management authority being defined and understood.

37. Ho-There is no significant relation between the industry type and the management’s keenness on generating a lot of paper work.

38. Ho-There is no significant relation between industry type and the organization structure being sufficiently flexible to accommodate changing conditions.
39. Ho- There is no significant relation between industry type and inter-departmental communication and coordination.

40. Ho- There is no significant relation between industry type and the number of organization levels being appropriate.

41. Ho- There is no significant relation between industry type and the span of control being realistic.

42. Ho- There is no significant relation between industry type and the organization workload being balanced.

43. Ho- There is no significant relation as far as expansion has occurred and industry type is concerned.

PHASE II- HYPOTHESIS

1. With the increase in organization size, the complexity increases.

2. As size increases, the level of decentralization increases in the company.

3. The larger the size of the organization, more the formalization.

LIMITATIONS OF THE STUDY

The major limitation of the study which I, can perceive is that the study has been conducted over a period of five years and the data has been collected in two phases. Since the data is liable to change over a period of time because changes are occurring in all the companies under study all the time and it difficult to draw a line over where to stop the data.
collection. Because of the limitation of the time and resources, it was difficult to keep updating the data though with the help of the companies involved, the best possible was done to update.

There are aspects under study, which indicate the perceptions of the personnel, which are also prone to change periodically with the mindsets of people, which are effected by personal factors too.

Because of paucity of time, the number of companies selected for study could not be increased more and larger areas could not be covered.

Although it is known that whenever a change comes in a company, a lot of other elements like business processes also change along with the organisation structures. But this study has excluded other changes from its purview because of the restraints.

The study does not study the impact of restructuring on the human beings working in the organisation and their psychological well being.

All these limitations can have future research implications and further studies can be conducted with these factors in mind.