CHAPTER III
PERSONNEL STRUCTURE

We have two nervous systems. One of them directly involves the brain: messages travel through the body to the brain which makes a decision and sends back instructions to the limbs on how to behave. For instance, you're walking down the street and are about to cross. An auto is speeding along. Your eye reports the facts—the distance between you and the car, the speed of your pace—and your brain weighs all the data. It decides, and notifies your legs to stop or to move fast.

But if you're lighting a cigarette and the match burns your finger, you don't have to wait for the message to travel up to your head and for a reply to come back to your hand. Too much time would be lost. You respond with a reflex action. You pull your hand away with less loss of time because the fire alarm need go only to the spine, which has sufficient delegated authority to order withdrawal.

—Aaron Levenstein

A PLEA FOR "MANAGEMENT REFLEXES"

In India each Public Sector Industry comes under the control of one of the Ministors of the Government of India. So, it is the ministry concerned that "guides" the industry with regard to the overall-policies, the constitution of boards, the expansion programmes, the use of foreign exchange...the list is long.

"I would like to see every minister who is responsible for an enterprise, take upon himself a self denying ordinance. Every time he gets up in the morning he would say to himself, "I will not interfere
with the day-to-day administration of enterprise for which I am responsible even if I find myself in active disagreement with some of the things that it is doing."

One of the points held as explanation for poor public sector performance in India is the lack of real autonomy to public sector managers. What dilutes autonomy is not formal interference but informal meddling in a very wide range of matters. Civil servants who sit on the boards of these undertakings are mindful of wishes of their seniors sitting in the secretariat. They know they have to return to their citadels sooner or later to face the music. Many of them are held on short leash, their appointments, extensions, etc., being at Government's pleasure. Of course there is a Public Sector Appointment Board but every one knows of capricious appointments, political pressures, etc., behind particular choices. There is then the related question of telephonic requests, scribbled notes and special messages asking for special favours from higher ups. Thus, the minister and the secretariat officials have many ways of influencing the decisions of the public undertakings without being held formally responsible for the same to the parliament.

Rightly has L K Jha Commission on Economic and Administrative Reforms, emphasised the need for "genuine" autonomy to public

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2 A H Hanson, Managerial Problems in Public Enterprises, Asia Publishing House, Bombay, 1962, p.121.

3 Economic and Administrative Reforms Commission, a one-man commission, popularly known as L K Jha Commission was set up in 1981 to recommend economic and administrative reforms. This Commission has recently completed its three-year-long endeavours (in March 1984) with some valuable recommendations on methods to improve the working of public enterprises.
enterprises. Although the Government accepted long ago a recommendation that departmental heads should not be made chairman of enterprises, it has not stuck to this decision. At times, administrators wear several hats. For example, the Vizag Steel Project and the National Aluminium are both headed by Secretaries to the Union Government as part-time chairmen. In Atomic Energy and Space, the scientist-chairmen are also the departmental secretaries. And, all along, a railwayman has headed the secretariat of the Ministry concerned. The late Kankan Rezamangal, as steel minister, implemented substantial structural changes, but the model he created was abandoned not long after his death. It has long been accepted that bureaucratic regulations are ill suited to the proper functioning of industrial companies the Government has promoted.

VISL began functioning in 1923, not as a limited company that it is today, but as a Government department, known as Mysore Iron and Steel Works. It was only in 1962 that it was incorporated as a company.

This fact is not a matter merely of historical interest. It has its effects on the organization and the procedure adopted. As in other departments of Central and State Government, the emphasis was on security of tenure and seniority. Appraisal of merit on the basis of attainment of objectives was at a discount, and the normal method of appraisal based on a general assessment of personality and performance was in vogue.

4"In a survey out of 334 directors in 53 Government Companies, 203 directors were Government Officials, 53 were businessmen, 27 were professionals and 49 were specialists." Lallan Prasad, Personnel Management and Industrial Relations in Public Sector, (Thesis) 1935, p.25
Though VISL has now been a company for more than two decades, the
organization has not fully outgrown its early features. Security is
still the rule, irrespective of a person's utility to the concern, and
seniority is the most widely accepted yardstick for promotions. There
is a marked absence of accepted procedures and policies and an undue
reliance on ad-hoc decisions by top-management. In these circumstances,
deployment of powers is at a discount, with the result that offices at
the top level are over-burdened by comparatively unimportant matters
which should be disposed of on the basis of accepted procedures and
policies at much lower levels. This lack of delegation has also
resulted in loss of initiative at the junior level. Hence, this ploy
for "Management Reflexes".

PERSONNEL STRUCTURE

CHART 1

VISL Top Organizational Chart

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While the VISL organization is divided into departments which cater
to specific requirements, e.g., Production, Process Control, Commercial,
Personnel, Accounts; etc., the scheme of manning these various departments totally ignores their specialized activities, and though attractively simple, is completely unsuited to the complexities of a sophisticated alloy steel plant. The scheme is to recruit officers generally at the level of shift engineers as Management/Executive Trainees and promote them on the basis of seniority to posts of Assistant Managers, Deputy Managers, Managers, and Deputy General Managers within the same group. There are 12 groups. Once the level of Deputy General Manager is reached all higher posts in the organization are open to an officer, not on the basis of his specialization and aptitude, nor even on the basis of merit which he might have shown in the lower posts, but purely on the basis of seniority, i.e., by efflux of time. Time is the only healer in VISL. The only exception to this general rule is for certain posts, e.g., electric or mining posts, where under the prevailing statute certain professional qualifications are required.

The consequences of the present scheme is that with its emphasis on seniority, it heavily discounts hard work, merit and professionalism, since nothing can accelerate promotions except time. All that is necessary is to swing along and keep out of trouble. It is no wonder, therefore, that the youthful enthusiasm of the new recruit is soon dampened and mediocrity prevails at the middle and higher levels with a marked tendency to agree, right or wrong, with the powers that be.

The employee who joined the company as a clerk has now become a Senior Personnel Manager, without additional qualifications or merit. Reason? Why, he is 25 years older than what he was when he joined the concern.
DISTINCTIVE FEATURES OF VISL

For the present, certain vital dissimilarities exist between the major steel plants of the country and the VISL in matters relating to the personnel. For one thing, recruitment in the major steel plants is much more broad-based than it is in VISL. In effect, though, though not by design, in VISL, recruitment has been restricted to persons locally available, or at least available in nearby areas. There has been no deliberate attempt to secure the services of the best available in the country.

Secondly, the job contents are not the same in VISL as in plants coming under the roof of SAIL, though some of the posts carry similar designations. The General Manager, VISL, cannot be equated, for instance, to the General Manager, Alloy Steel Plant, or of a tonnage plant. In the case of Alloy Steel Plant, the General Manager in fact compares to the Managing Director and Vice Chairman of VISL, while in VISL the General Manager is in charge of only plant operations and has nothing to do with such spheres as personnel, finance, administration, purchase and sales. Similarly, posts of Sectional Heads in VISL do not in all cases carry the same responsibilities as those of Sectional Heads in SAIL undertakings. This is specially so because of a tendency in VISL to multiply posts carrying a particular designation without ensuring that the responsibilities, and the job contents, are the same.

When VISL was a Department of Government, as it was until 1962, it was natural that a Minister was placed as its head and an officer drawn from one of the State cadres made the whole-time Chief-executive. When VISL became a company, this practice, to suit the requirements of the
Company Law was put in a garb. The Minister was made the Chairman and a Cadre Officer the Managing Director. This arrangement continued until recently (1977), when for administrative reasons a senior IAS (Indian Administrative Services) officer was made Chairman.

Presently, VISL's Board of Directors comprises 10 Directors, besides the Vice-Chairman and Managing Director, who is the only full-time director. The State Government nominates six Directors, including the Chairperson and the Chief Executive of the company, the SAIL nominates four directors and the Financial Institutions (concerned) nominate one Director—the only professional director. The other directors can only by chance be professionals. They are appointed either to represent certain points of view or interests, or to ensure the benefits of certain types of expertise. While the need for a certain number of part-time directors certainly exists, if it were only to maintain contact with other institutions and organisations and to have the benefit of fresh points of view, one feels that to make the Chief Executive the sole member of the Board is to place a responsibility on him practically for all the important decisions taken in the company. This has posed a problem in VISL. For too many things claim the attention of the Managing Director which should have been disposed of at other levels.

The functioning and performance of the directors also needs to be reviewed and made more meaningful. "In many cases the boards are unwieldy, include persons having no aptitude for the work and subject to no monitoring of their own working in the board."

Often a person is appointed on several boards simultaneously and is not able to pay proper attention to any single organisation. Many persons do not attend even a single meeting and a kind of "Kitchen Cabinet", consisting of the Chief Executive, the Government Finance Director and the Director of the Administrative Ministry, runs the show.

Every director should therefore be required to attend board meetings regularly. Further, the director from the administrative ministry and the finance director should be required to submit to the administrative secretary and Minister periodically their own assessment of the unit and no one should be allowed to function on more than three boards.

VISL has come a long way today. It is no longer a small unit of the yester years to have a centralised power base. Time has come when the decision making responsibility has to be shared by the Managing Director with his colleagues who should be directly responsible for decisions taken in the areas assigned to them. To bring about this kind of decentralisation, the R C Dutt Committee, way back in 1973, had recommended for four whole-time Functional Directors: "Analyzing the position in the NISL(VISL) further and taking into account the volume of work which is thrown up in its present stage of development, I feel that there should be four Functional Directors, apart from Chief Executive himself. These four Functional Directors should head the four

7 R C Dutt Committee was constituted by the Government of Mysore in consultation with the Ministry of Steel and Mines of the Government of India in October, 1972 to take up an enquiry into the activities of VISL. The Committee submitted its Report in May, 1973.
broad Divisions of the Undertaking, and be designated as Technical Director, Finance Director, Commercial Director and Personnel Director." 

Below is given the pattern of organisation for VISL as recommended by Shri R C Dutt in his Report (p.174).

Chart 2

Proposed Top Organisation

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<td>Secretary</td>
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<td>Chief Security</td>
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As a corollary to the recommendation to have four functional Directors, Shri R C Dutt opined that the post of Chairman be combined with that of the Managing Director. "With a number of functional Directors, however, it is necessary, if the position of the Chief Executive is to be maintained, to place him at a slightly higher level in status than the other Directors. I feel that this can be done by the Managing Director combining in himself the post of Chairman."

A decade has passed since the Report of the Committee, but nothing categorically seems to have changed at VISL in its manning structure.

idem, p.147.
Chart 3

VISH Revised Organisational Structure (Personnel)

Chief Administrative Officer (CAO)
The Chief Administrative Officer (hereafter referred to as the CAO) came on the radar only in 1972, the year in which there was a major strike in VISC. Government thought of deputing a second IAS Officer with the designation of Chief Administrative Officer to look after the personnel and administrative matters. The virtue of his being an IAS Officer gives one a feeling that he is No. 2 in the organisation (next to the Chief Executive), though the CAO's rank in E-7 while that of the General Manager (GM) is E-3.

Until 1970, the Personnel Department was considered a part of the production organisation and reported to the General Manager. It was only after the CAO's appearance on the scene, that this function was dissociated from the GM's "portfolio". But neither the GM nor the CAO sits on the Board.

The present structure in VISC suffers from two important defects. The first is that the job contents of the departments are not being precisely defined and groupings of the different departments in the organisational hierarchy are often faulty. A more important defect is that posts have been created and placed at various levels of the hierarchy more with a view to provide career prospects to the existing personnel than on the basis of their job content. It has been accepted, for instance, that all Manager/Sectional Heads be given the same scale of pay, but all Managers do not carry the same responsibility. The Manager in charge of the IA and ICE Rings, for instance, cannot really be equated to the Manager in charge of the Rolling Mills. Yet both are Managers carrying the same scale of pay. There is little justification for equating of such posts.
In the proposed organisation structure, Shri R C Dutt has tried to rectify these defects. In the first instance, the groupings of the departments have, to the extent necessary, been modified. In regrouping then, he has tried to ensure that the span of control of an officer is not unduly large. At present, for instance, the Deputy General Manager (Electric Services) and Deputy General Manager (Electric Maintenance) have five managers each reporting to them. Obviously, the span of control is too large. On the other hand, there are instances where only one, or at the most two, officers report to a Deputy General Manager. The Deputy General Manager (Cement and Refractories), for instance, has only two managers reporting to him. Shri R C Dutt has tried to remove these discrepancies and provide for a more balanced structure.

Since the duties and responsibilities of departments vary a good deal, Shri R C Dutt has suggested that comparatively light departments should be placed in charge of the Superintendents, while the heavier ones will have Senior Superintendents at their heads. For groups of departments Chief Superintendent on the works side, Chief Controller of Purchase and Stores and Chief Sales Manager on the Commercial side, Personnel Manager on the personnel side, Finance Manager on the Finance side have been suggested. These posts would carry the same pay and status. On the Technical side three Assistant General Superintendents have been suggested for which there are no comparable posts in the commercial, personnel or finance division.

In the present organisation, there is a position entitled Chief Personnel Manager, which has never been filled up. The reason given is
lack of a suitable incubation. This, in recnt, has increased the work load of the CAO, who has become the direct reporting officer to the three Senior Personnel Managers, one Deputy General Manager-Sytems, one Personnel Manager-Executive Establishment, one OSD-HAC, one Convenor HAC, one Senior Public Relations Officer, one Public relations Officer, one Town Administrator, one Chief Industrial Engineer and one Legal Advisor—12 officers in total; whereas in the proposed organizational structure of Shri Dutt, the Director (Personnel and Administration), if equated to the present CAO, has only six officers to receive reports from: Personnel Manager, Manager (Technical training and Management Development), Chief Law and Contracts Officer, Town Administrator, Chief Medical Officer and Public Relations Officer.

In the proposed Organisational Structure the Personnel Manager will have two wings: (i) A Deputy Personnel Manager (Estb.), and (i.) a Deputy Personnel manager (Labour Welfare and Industrial Relations). The former will take care of all establishment matters like man-power planning, recruitment, promotion, etc., both of executives and non-executives. A senior level officer has been provided to take care of manpower planning as a continuous task. Presently Manpower planning comes under senior Industrial Engineer, who reports to Deputy Chief Industrial Engineer-Manpower Planning, who in turn reports to the Chief Industrial Engineer.

It would not be quite wrong if said that Manpower planning is, at present, completely absent in VISL. The strength today in VISL is just the same as it was a decade ago! While heavily preoccupied with technical aspect of expansion since 1950, VISL management have given no
evidence of any preparatory planning to meet the manpower requirements of the expansion programs.

For this purpose, it is necessary that VISL should have a Manpower Planning Group consisting of representatives of the line managers, the Industrial Engineering Department, and the Personnel Department, who should be serviced by a small whole-time cell or secretariat located in the Department of Personnel. The function of this group should be to draw up manpower plans for at least a three-year period, taking into account the present as well as the future requirements (both quantitative and qualitative) of the plant.

Coming to the point of professionalism of the top brass in VISL, the trend of modern thinking is that management is a profession by itself, with its own techniques and expertise. This profession deserves to be nurtured, it is from this point of view that the Government of India have long ago taken a decision that posts in the Undertakings should not be filled on deputation from Government Services. Government Officers who choose to join Industrial Undertakings may still do so, but after a requisite period of probation, should decide either to opt permanently for the undertaking or revert to the parent cadre.

A similar practice should be adopted by the State Government. In addition, an active attempt should be made to draw to this post professional managers, from whatever source such persons may be available. It appears as though it would be a wishful thinking to have a professional Chief Executive when the vacancy arises next, and withdraw the State IAS personnel. The field should be widened to locate persons with proven record of managerial service wherever available. Competent men from within can also be encouraged.
Another unsavoury observation about the Deputation Policy is the frequent changes at the top and long gaps between the departure of a chief executive and the arrival of his successor. For long periods several units have remained "headless", the appointing authorities letting matters drift without a well-thought-out management promotion plan. Policy on personnel is one of the weakest instruments in the organization of Government enterprises.

In VISL, to take a count since inception (1923), there have been 25 chairmen and 10 Chief Executives (three Government Directors, three General Managers, four Directors and Vice-Chairmen, seven Managing directors and Vice-Chairmen, one Chairman and Managing Director). Their period of office varies between 10 months (the shortest) and 10 years (the longest). The stay of a Chief Executive in VISL averages to about three years and that of the Chairman to about 2.4 years. (vide Appendix II).

There are indications that the Government is ready to accept the long-standing suggestion on a firm and reasonably long term of office for chief executives. This will certainly be a step in the right direction, perhaps a first step in restoring self-confidence among the managers who have lost their morale as a result of a series of abrupt and arbitrary ministerial decisions in the past decade. The choice of the right person at the top has to be supported by an effort to build under him a team of competent men; both are matters requiring serious attention from the secretaries and ministers who supervise the various industrial and trading enterprises.
To make an over-all assessment of the personnel position as it exists today in VISL: there can be no doubt that the manpower available to VISL, both at the level of workers and that of managers, is not inferior in merit to the manpower available elsewhere in the country. At the managerial level, however, not so much deliberate restriction, as an inadequate recruitment policy has prevented VISL from attracting to itself the best available talent in the country. This limitation has to some extent been overcome by the idealism of and the great tradition set by the founder of the organisation, the late Sir II V, which has continued to inspire all those connected with VISL.

Nevertheless, this is not enough. VISL has, over the years, lived in comparable isolation, cut off from the rest of the world, and even from the rest of the country, where marked developments in management techniques and in personnel administration have been taking place. There has been no attempt to expose the VISL personnel to these developments. The reluctance to change and the desire to follow the tradition-bound management practices have been accentuated by the weight attached to seniority in the matter of promotion. Persons brought up in the old ways, who have come to the top for reasons of seniority, are not inclined to innovate and try new methods. Some of the younger recruits who brought new ideas when they joined soon found the weight of tradition upheld by their seniors too strong for them.

The collaboration with Me Dohlers of Austria in 1963 did indeed expose VISL to the winds of change, but the collaboration was on a technical plane, and Dohlers were not management experts. The management practices, therefore, remained un-influenced by modern
What is needed now is to expose the managerial personnel to outside influences. It would be ideal if there could be exchange of officers with other steel plants of the country. This would be of mutual benefit, for the latter would profit from some of the attitudes prevailing in VISP while the personnel from VISP would have the advantage of learning some of the modern methods of management. The feeling of isolation should end, and be replaced by planned exchange in a conscious effort at cross-fertilisation of ideas.