The problem of relationship is even more difficult and more acute when it concerns supervisors themselves and supervisors of supervisors. It is here that confusion in authority and responsibility as well as misfits in capability or personality do their greatest harm, even small mistakes in division of work or assignment of personnel may be magnified manyfold by the time their efforts reach the lower ranks. The effects of bad relationships in the lower ranks of workers may be corrected or at least ironed out by supervisors in higher ranks, but bad relationships among higher supervisors, groups of workers, or major processes or functions are seldom lessened as they spread downward through the lower ranks.]

E.H. Anderson

Industry in our civilization is organized along authoritative lines. Leadership at the top, therefore, plays an important role in the functioning of an enterprise. The inter-relationships within the organization depend, among other things, on the constitution of the Board and the organization structure of the enterprise. The Board’s responsibilities are to define the objectives of the enterprise and to effectively control the activities and

supervise the personnel to achieve them. The effectiveness of an organization structure depends upon combining jobs and their respective job holders into groups that constitute an effective team. This can be achieved by proper division of work, power and responsibility at each level of administration in the organization.

Each public sector company in India is controlled by one of the Ministries of Government of India, through which the government guides the companies for overall policies, constitutes the Board of Directors and also approves expansion plans, expenditure beyond a ceiling and arrange release of foreign exchange. In spite of various announcements of the government from time to time to allow full freedom in the working of these companies, the hand of the government not only in laying down broad outlines of policies, but also in their day-to-day working has not been meagre.²

No hard and fast rule is laid down for selecting

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²"I would like to see every minister (not only in India but in other countries also) who is responsible for an enterprise, take upon himself a self denying ordinance. Every time he gets up in the morning he should 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.'" A.H. Maslow; *Managerial Problems in Public Enterprises*, Asia Publishing House, Bombay, 1962, p. 121.
the Chairman and members of boards of public undertakings. Government prefers posting of senior civil service officers on key posts in all undertakings under its control.  

Appointments are made either by virtue of their position in the government, or the esteem and relationship they have with the minister or authorities in the ministry concerned. Speaking at the Management Training Institute, Ranchi on 5th August 1964 Shri A.K. Roy, Controller and Auditor-General of India rightly remarked that in the public sector organisation 'the directors are not chosen either for their intrinsic ability or for their intrinsic experience — I myself happened to be a director of a shipping corporation and of a Mining Corporation, all at the same time and till about a year ago or so; I had never seen inside of a ship. I was chosen as director of that company merely because I happened to occupy a particular post in the government hierarchy.' The flow of government officers having little experience of running similar undertakings earlier has been partly due to the scarcity of managerial skill and talent and partly because of the desire of the authorities in the government to have a controlling hand in these big undertakings.

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3In a recent survey out of 334 directors in 53 government companies, 203 directors were government officials, 55 were businessmen, 27 were professionals and 49 were specialists.
At present the HSL is under the administrative control of the Ministry of Steel, Mines and Metals of the Government of India. Regarding appointment of directors the Articles of Association of the company authorise the President of India to determine from time to time the number of directors of the company which shall not be less than two. The directors shall not be required to hold qualification shares. They shall be appointed by him and shall be paid such salary or allowances as he may from time to time determine. The articles also empower the President to appoint the Chairman and the Deputy Chairman of the Board and determine the period for which either of them would hold his respective offices.

DISTINCTIVE FEATURES OF HSL BOARD

The distinctive features of the composition of HSL Board during the last few years have been as follows:

1. The chairman of the board is the chief executive of the company. There is no separate post of managing director. The other big public enterprises in which chairman combines in himself the functions and duties of both the chairman and the managing director are the Fertilizer Corporation of India, Heavy Electricals (India) Ltd., Heavy Engineering Corporation, Hindustan Machine Tools and Indian Oil Co. Ltd.
2. The chairman is the only whole-time director on the board. All other directors are part-time officials. When the company was in the construction phase there were two other whole-time directors - the Financial Director and the Technical Director. However, when the construction phase was over government appointed financial and technical advisers in their places.

3. Compared to the size of the company the strength of the board is relatively small. While small units like Hindustan Antibiotics and Hindustan Insecticides each with capital investment of less than ₹3 crores have 12 and 14 directors respectively, HSL with an investment of ₹960 crores has only 7 directors.

4. General managers of the three plants were members of the board till 1963 when this practice was discontinued.

5. In 1959 the nature of the board was changed from a policy type to a functional type. Experts in different fields were brought on the board. Unfortunately the type of cooperation and team spirit required on the part of board members was lacking. In 1962 the policy nature of the board was again restored and functional members were dropped.

6. The chairman and the members of the board have been frequently changing. Since the company's inception in 1954 till the end of 1965, more than 100 persons have
come and gone as members of the board and the company has had six chairmen during this period (Appendix II). Such frequent changes at the top have been a matter of great concern. Company policies have been changing with the coming of new persons at the top who used to retire even before they could see those policies materialize and tested. Late Dr. P. Prasad, Economic adviser to HSL rightly observed that "all were driven on swift current of change both in direction and tempo."

7. The Board at present consists of a labour leader Mr. Michael John whose understanding and experience in labour affairs is well known.

The system of having part-time directors on the board needs rethinking. Such directors, no doubt, can bring to bear upon the enterprise and its problems their mature judgement and fresh approach. But they may not always make much contribution for lack of knowledge about the enterprise or the necessary time to familiarize themselves with its problems. An analysis made by late Dr. P. Prasad revealed

4...The shedding of skins in a biological or botanical species is a natural response to the need for rejuvenation and is a sign of revitalization and health. If however the shedding of skin takes place prematurely; it reflects a condition of disease and if it is forced, it leaves severe wounds. Both these took place in case of HSL since the appointment to all the important positions is made by Government. It is not clear why over all these years no attention was paid to the harm done by not evolving a system which could ensure ability, continuity in tenure, interest and leadership at the top. — Dr. P. Prasad.

that quite a large number of decisions were taken at meetings where only 50 per cent or less members were present. The number of whole-time directors should, therefore, be increased. General managers of the plants should be brought into board again as they can make important contribution in the deliberations of the boards. They can impress the board to think in more realistic terms and smooth implementation of the policies at the plant level may be possible. The advisory nature of the board may, however, be retained as it has proved to be advantageous during the last few years. Persons with previous experience of running large industrial and business enterprises should be given more representation on the board and gradually the system of appointing government officials should be dispensed with. This arrangement would also reduce scope for government intervention in the day-to-day affairs of the company. Where government has made an imaginative selection as in case of Mr. J.R.R. Tata’s appointment as chairman of Air India, the results are outstanding. The ideological prejudice against businessmen should not stand in the way of public sector concerns getting the services of men with the right qualifications. The association of industrialists and businessmen with government undertakings will help in softening the existing economic cold war between the two sectors.

The head office of the company is located at Ranchi.
As will be seen in Chart I, the chairman of the company is assisted in his functions by the chiefs of divisions. There are 5 divisions at the Head Office (i) Economic Studies Division, (ii) Finance Division, (iii) Secretary’s Division, (iv) Manpower Productivity and Training Division, (v) Establishment, Recruitment and Industrial Relations Division. At present, however, the Industrial Relations and Establishment Divisions are working separately having different chiefs. This does not seem to be a sound policy. The Establishment division is an imposition of governmental administration in an industrial unit. In the companies the personnel or the labour department usually performs all such functions as are performed by the establishment sections in the ministries or government departments.

Chart II shows that all the three steel plants and the alloy steel projects have general managers who are appointed by the President of India. The coal washeries at Dhanbad were headed by superintendents. The work of central engineering and design bureau is organized by the chief engineer. There is a chief transport and shipping officer for transport and shipping office and a chief sales manager for sales office at Calcutta. The board of directors formulate general policy for the company as a whole. Execution of those policies at the plant level is the responsibility of general plant managers. They enjoy wide
powers in the day-to-day affairs of the plant. For instance, the board of directors of HSL, can create and fill posts of the scales of pay upto Rs. 2500 per month. All powers of the board, however, have been delegated to the general managers of the plants. In no other public undertaking in India have general managers been given such wide powers.

CONFLICT AREAS AND DECENTRALIZATION OF AUTHORITY

There has been a good deal of controversy over conferring too much powers to the general plant managers. The process of decentralization of authority at plant level initiated in three stages during the period 1961-63 has given greater or fuller powers to the general managers in respect of personnel, promotion, purchase of raw materials, control over funds required for operation expenses etc. It has been felt by some authorities at the head office that decentralization has resulted in making general managers as absolute monarchs of their plants. The board and the head office have little control over them. In some cases the board can overrule the general manager of a plant. A recent objective study contains useful suggestions for the

5 Dr. P. Prasad. 'Commerce'. Bombay, 9th October, 1965.

6 In some respects decentralization has come to be a 'gospel' of management. First leaders like Sloan and Cordiver have regarded it as a way of life to be adopted
improvement in the present system of division of power.
Some of these are: (1) Powers regarding recruitment and promotion in the grade of Rs. 1600 - 2000 and above should revert to the board; (2) an effective system of appeal to the head office by officers who feel aggrieved over decisions of delegated authorities should be developed; (3) There should be coordination at head office of raw material purchases by different plants; (4) Formulation of budgeting, manpower, recruitment, promotion and bonus standards should be done by the central authority; (5) There should be periodic review of the working of decentralization; (6) Lines of communication between the plant and outside bodies and agencies should be clearly indicated; and (7) Internal audit as a head office function and its subsequent expansion to include management auditing should be activised on better lines.

These suggestions are obviously meant for giving more powers to the Board and to the head office. The learned writer has referred to the example of the U.S. Steel at least partially on faith; secondly, it is an idealistic concept with ethical roots in democracy. Thirdly, it is in the beginning a more difficult way of life because it involves a change in behaviour running counter to historically rooted culture patterns of mankind .... Men find it difficult to delegate, to think in terms of the abstractions required by long term planning, to listen rather than to give orders, to evaluate other men and their work in terms of overall results instead of the irritations and tensions of the moment. Yet this is the very key to the behaviour required of leaders in a decentralized organization." - Piffner & Sherwood. Administrative Organization. Prentice Hall of India Private Ltd. New Delhi. 1984. pp. 190-91.
Corporation which manages steel companies producing about 40 million tons in private sector, and which was formerly a holding company but later effected the merger of all the companies and was able to streamline operations, eliminate duplication and establish uniform policies for purchase, sale, research, training etc. It is, however, doubtful if it would be practicable to adopt this type of centralized giant structure in India where business and manufacturing enterprises are being administered by civil servants having little business insight and where managerial efficiency for running enterprises like HSL is still lacking. The excessive centralization under these circumstances can create only more bureaucracy in day-to-day administration of the plants; delays in operations and lack of initiative at lower levels.

THE QUESTION OF LOCAL BOARDS

In fact, it was the idea of avoiding much centralization which resulted in the recommendation in favour of local boards — (Estimates Committee of the Lok Sabha in its report on HSL, 1959). The local board, it was felt, may consist of the general managers and heads of departments for each plant and the chairman and the board may only deal with policy matters of common interest, provision for finance, observance of company law requirements etc. Fears were expressed that forming a board of general managers as
well as his subordinate officers i.e. heads of sections would not result in smooth working as it was felt that "parity of power and position between the leader and the led can hardly be to the good of the either." This fear however, can have any reality only when the general manager himself is not a capable leader.

It may be added here that the estimates committee opted for the local board on the basis of the functioning of area gas board and divisional coal boards under National Coal Board in the U.K. But there is not much of parity between the circumstances existing in case of National Coal Board in the U.K and HSL in India and there is no pressing need to form local boards.

MANAGEMENT STRUCTURES AT THE PLANT LEVEL

Charts III, IV and V indicate the management structure at the plants, which is more or less similar in nature. In each plant under the general manager there is general superintendent who is in the sole charge of the different units. At Durgapur (Chart III) the general superintendent is assisted by two chief superintendents, one for coke and iron and the other for steel making and finishing, one assistant general superintendent for maintenance and three superintendents, one chief industrial engineer, one chief metallurgist and one safety engineer.
Chart V
HINDUSTAN STEEL LIMITED
BHILAI STEEL PLANT
TOP ORGANIZATION CHART

General Manager

Commercial Manager
Personnel Manager
Medical Officer
Special Officer

Controller of Purchase
and Store

Superintendent
(Ore, Mines & Quarries)

Financial Chief Adviser & Engineer
Chief (Const.)
Accounts Officer

Chief

Financial Adviser

Chief (Order Deptt.)

Personnel Manager

Chief

Superintendent
(Iron & Steel)

Chief

Superintendent
(Rolling Mills)

Chief

Superintendent
(Blast Furnace)

Chief

Superintendent
(Blooming & Billet Mills)

Chief

Superintendent
(Steel Melting Shop)

Chief

Superintendent
(Rail & Structural Mill)

Chief

Superintendent
(Merchant & Wire Rod Mill)

Chief

Manager (Roll Turning Shop)

1. Superintendent (Coke Ovens)
2. Superintendent (Blast Furnace)
3. Superintendent (Steel Melting Shop)
4. Refractories Engineer
5. 1. Chief Mechanical Engineer
6. Chief Power Engineer
7. 2. Chief Industrial Engineer
8. Chief Metallurgist
9. Traffic Manager
10. Superintendent of Training
11. Safety Engineer
12. Sr. Raw Materials Officer
13. General Foreman (Soap & Salvage)
At Rourkela (Chart IV) there are four chief superintendents to help the general superintendent, one each for iron and steel, rolling mills, engineering services, and general services. At Bhilai (Chart V) there are two chief superintendents, one each for iron and steel and rolling mills, but there are no posts of chief superintendents, engineering services and general services as in case of Rourkela. Persons in charge of these services are however directly responsible to the general superintendent.

Variation in organization structure of the three plants is mainly due to the nature of the work. Besides the general superintendent the staff of the general manager at each plant consists of commercial manager, personnel manager, town administrator, chief medical officer, financial adviser and chief accounts officer, chief engineer (construction), security officers etc. Here again, one finds certain differences at this level at the three plants, but they are not very important. For example, there is no commercial manager at Rourkela; and his functions are performed at this plant by deputy general manager (coordination). At Bhilai there is an officer on special duty and it appears that some of these posts have been created to accommodate some senior experienced persons on adhoc jobs. This, however, does not seem to be a sound commercial practice. The officer on special duty may be appointed to conduct
certain specific jobs, but not just to look after adhoc assignments. At Bhilai there is a post of chief design and planning engineer also which does not exist in other two plants, because the function of the chief design and planning engineer at Durgapur and Bourkela are conducted by the Central Design and Engineering Bureau, Ranchi. At Durgapur the commercial manager incorporates in himself the function of the controller of purchases and stores for which there are separate officers in the other two plants. Except for these minor variations, the management structure of all the three plants is broadly the same.

**INFLUENCE OF THE ORGANIZATION STRUCTURE OF TISCO**

Considering the organisation structure of HSL as a whole and comparing the same with TISCO, the biggest steel plant in the private sector, one finds that there are certain similarities. Both have technical and financial advisers directly under the chief executive. There are two resident directors at Jamshedpur — one in-charge of operations and the other in charge of administration while the resident director (operation) controls technical, operational and raw materials and sales divisions, the resident director (administration) is in overall charge of industrial relations, public relations, town, medical and health services, accounts and all other matters — non technical in nature including central administration. Under the resident director (operation) the general manager is
responsible for the production and technical functions of the steel company. In a recent reorganization, the raw materials division has been centralized and the agent (raw materials division) who is also responsible for sales functions reports to the resident director (operation). The top organization consists of several divisional heads reporting to the resident director (operation) or resident director (administration), as the case may be. They are controller of finance and accounts, general manager, general superintendent, manager engineering division, director town services and director of personnel.\(^7\) (Chart VI).

The general manager of the plant in TISCO is assisted by general superintendent who is overall incharge of different production and servicing units. The same is the case at the different plants of HSL. The posts of controller of purchases, superintendent order department, and chief engineer etc. are also under general managers in TISCO as in the plants of HSL. Some functions regarding organizing of training for various categories of employees are the responsibility of the head office in HSL whereas in TISCO they are the responsibility of director of personnel. The pilot officer in HSL is under the secretary of the company, at head office, but in TISCO he is under agent

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(administration). There is no post of agent (administration) in HSL as it is in TISCO. At HSL his functions are performed partly by the secretary and partly by manpower and industrial relations divisions.

Some of the differences between the organization structure of HSL and TISCO can be accounted for by the fact that while HSL has different plants located at different places, the main plant of TISCO is at one place i.e. Jamshedpur. The decentralization of power by the board to the general managers in HSL is therefore more than what it is in TISCO. The head office stands only as the organizer of all the plants and their policy forming body at the highest level. The day-to-day affairs are entirely left to the general managers. Again, the practice of appointing agents under the chairman or the resident director is usually followed in the private sector and is found in the organization structure of TISCO, but this practice has not been adopted at HSL, it being a government company. On the whole the organization structure of TISCO has a great deal of influence over the organization structure of HSL and this is natural also. The government has secured a good deal of help in organizing the company from TISCO. At one time a former general manager of TISCO was a full time director of the board of HSL.
PERSONNEL DEPARTMENTS

Manpower management in HSL is the responsibility of the personnel departments at each plant. However it took a long time for the company to establish fullfledged personnel departments in the different plants. As stated elsewhere, among the various aspects of management personnel relations was the last to get proper attention of the authorities. The history of the personnel departments at Rourkela and Durgapur plants indicates that the areas of conflict between line and staff are still wide. Handling of personnel matters has been more effective at Bhilai where personnel department is well organized and line and staff relations are also smooth.

GROWTH OF PERSONNEL DEPARTMENTS IN THE PLANTS AND INTER-PLANT VARIATIONS

In the early stages of the company the personnel function was organized on the lines of the establishment function in a government department. In 1954, when the

8 Similar conditions have prevailed in some other big public enterprises. Till 1965, Heavy Engineering Corporation, which employed more than 12000 persons and which is one of the first five undertakings in India, did not have a personnel department. A personnel officer was appointed in Hindustan Housing Factory Ltd., after eight years of its formation.
office of the company was set up in Delhi, the personnel function was a part of the office of secretary and dealt with the administrative aspects of recruitment, selection, salaries and wages. In about a year's time an assistant personnel officer and a personnel officer were appointed. The deputy technical adviser was then in charge of the personnel branch. No specialized man in the field of labour was appointed to organize the personnel department and run it properly from the very beginning.

In August 1955 when the offices of the company were shifted to Calcutta, the personnel officer, who was a deputationist, did not join. The assistant personnel officer was shifted under administrative officer. In November 1956 the offices of the company were shifted to Rourkela. A person trained in the maintenance of records and files was appointed as assistant personnel officer and the existing APO was transferred as assistant administrative officer to look after foreign personnel. The post of personnel officer was created again only in 1957 when the Bhilai and Durgapur projects were handed over to MSL for management. The head office of the company was again shifted to Delhi in 1957. The assistant general manager (an IAS on deputation) was given the charge pertaining to general administration and personnel. In October 1958 when

9The office was ultimately shifted to Ranchi in 1961.
he relinquished the charge, a town administrator was put in charge of personnel functions and promoted as assistant general manager. Later on, he was redesignated as DGM (G).

In about a month's time another IAS officer joined on deputation and was put in charge of personnel and labour matters. In February 1959 he was redesignated as DGM (P).

It was here that we find the birth of the first personnel and labour department at the Rourkela Project — five years after the formation of the company. Three APOs having foreign qualifications in business administration were recruited to assist him. In September 1961 the personnel department consisted of two personnel officers, four assistant personnel officers, one labour officer, one labour welfare officer and some junior welfare officers (Chart VII).

Thus it took about five years for the company to have a personnel department in its first plant. That it has been due to their initial preoccupation with administrative, financial, engineering, construction and operational problems is a view not acceptable. Manipower planning and organization is as essential as any other managerial function. While building up an organization employing thousands of people at a time, a fullfledged personnel department with persons having adequate background of labour problems in India was a must. Rourkela Steel Plant has a history of

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Chart VII

ROURKELA STEEL PLANT

ORGANIZATION CHART

PERSONNEL AND LABOUR DEPARTMENT$ (As on September 1, 1961)

D.G.M. (P)
1300-1600

Confidential Section
Office Superintendent I.

P.O.
600-1000

A.P.O.
300-850
Recruitment
Non-Tech.

Section
Officer I
275-500

A.P.O.
275-800

Labour
Bureau
Technical

Office Superintendent
275-400

A.P.O.
350-850
Policies & Coordination
& Post Recruitment
Sections I, II.

Office Superintendent
275-400

Office Superintendent
I.

Office Supdt.
275-400

Social Workers
(5)

Jr.W.O.
260-350

Jr.W.O.
260-350

L.I.
200-300

Welfare
Inspector

Foreign
Personnel
Confidential
& Promotion

Office
Supervisor
275-800
labour troubles. Lack of proper planning and organization of manpower has been one of the reasons for these difficulties.

In Durgapur plant also the personnel aspect of management remained in the neglected states of affairs for many years. As on October 13 1961 (Chart VIII) there was only one personnel officer and four administrative officers under DGM (P). The administrative officers were working on the pattern of government establishment department rather than on the pattern of a personnel department in a business concern.

Among the three steel plants, Bhilai was the last to be established. Here also personnel matters were regarded as part of general administration. In the beginning the establishment work for personnel in operation, township, construction and other project administration departments was under the charge of an administrative officer. The selection and placement of personnel was a big problem in Bhilai in the initial stages because of the need to employ a large number of persons who had been relieved from construction work when it was over. The problem of fixing wages on some rational basis also existed there. But adequate steps were not taken by the management to achieve this end. A fullfledged personnel department under DGM (P) was established only in January 1960. An IAS was appointed to man it. In October 1961 the personnel department had two personnel officers (one each attached to production and
CHART VIII
DURGAPUR STEEL PLANT
ORGANIZATION CHART
PERSONNEL AND LABOUR DEPARTMENT
(As on October 13, 1961)

D.G.M. (P)
1300-1600

P.O.
600-1000
Post Recruitment
of Officers
Contract of
Service Leave,
Increments and
Disciplinary
Action.

A.A.O. (III)
275-800
Non-Works
Establishment
Matters

A.G.M. (P)

A.A.O. (II)
275-800
Grade Fixation

A.A.O. (IV)
275-800
Notifications
Parliament &
Assembly
Questions etc.

A.A.O. (II)
275-800
Recruitment
Postings &
Promotions
of Fixation
of Pay

Canteen
Manager
350-850

A.L.O.W.
350-850

L.I. (S)
construction), 5 assistant personnel officers besides a senior labour officer, seven labour officers and labour welfare officers (Chart IX).

**LINE AND STAFF RELATIONSHIPS**

Some drastic changes were needed in the organization of plant personnel departments because of the conflict that arose between the powers of the personnel department and operating departments. Earlier all powers regarding personnel matters were in the hands of personnel departments in the plants. The heads of the operating departments felt that they did not have any control over the people working under them. Leaves were granted by the personnel department. Disciplinary actions were taken by it. Promotion cases were finalized by personnel officers. Other departments were jealous of the personnel department which was also branded as 'Chowdhary' department by some. The operating departments demanded some rights over their workers in order to keep them under their direct control. This necessitated a decentralization of power of the personnel department. A policy of decentralization was embodied in DGM (P)'s order (Rourkela) September 4, 1961, consequent to which the officers of the personnel department were attached to the operating departments. Although they were kept under the control of their parent department, they were to act in cooperation with the heads of the department to whom they
Chart IX
BHILAI STEEL PLANT
ORGANIZATION CHART
PERSONNEL AND LABOUR DEPARTMENT
(As on Oct. 5, 1961)

D.G.M.(P)
1300-1600

P.O. Production
600-1000

P.O. Construction

U.D.C.
Incharge
Research
Unit
80-220

Office
Supdt.
275-400
Estt. Section
III & IV A & B.

A.P.O.
275-800
Estt. Section
V & VI

Office
Superintendent
Seniority

A.P.O.
350-800
Estt. Section
II & III

Asstt. L.O. Towns
275-800

L.O.S.(7)
275-900


Labour Inspector (14)
250-400

Labour Supervisor I
80-200

Sr. L.O.
600-1000

Section Officer

Section

Recruitment
E.P.F.
Budgeting & Visitors

A.P.O.
275-900
Estt.

A.P.O.
275-600
Estt. Section
VII

I & II

Section

IX & X

A.P.O.
275-800
Estt. Section
I & II

A.P.O.
275-900
Estt.

A.P.O.
275-800
Estt. Section

D.G.M.(P)
1300-1600
were attached (Charts X and XI). It was also their responsibility to properly implement the decisions of the personnel department. This decentralization was, however, carried to the extreme, with the result that the personnel department became a service department. Various operating departments became powerful in the matter of personnel functions. It was feared that the personnel department may lose its status as a department performing independent staff function to line management.

Commenting on this policy of decentralization the general manager of Rourkela Steel Plant observed; "The penultimate paragraph of the office order gives a wrong emphasis. To make the purpose of decentralization clear, while issuing detailed list of their (APO's plant) functions it should be emphasized that they are performing staff functions to the line management. Where APO's find that their advice has not been taken and this would lead to repercussions, they must bring it to the notice of DGM (P) after advising line staff. The APO's action is not to be in consultation with the shop level officers, but according to their needs, subject to the observation of rules and procedures."

Consequent upon reorganization, in Rourkela one personnel officer along with two assistant personnel officers and two junior welfare officers were attached to main plant and recruitment. One personnel officer was attached to look after non technical personnel. A post of senior
Chart X

ROURKELA STEEL PLANT

ORGANIZATION CHART

PERSONNEL AND LABOUR DEPARTMENT (As on February 4, 1962)

D.G.M.,
1300-1600

Confidential Section
Office Superintendent

Sr.P.O.
1000-1400

P.O.
600-1000

Main Plant
& Rent

J.W.O.
275-800

G.A.G.

G.A.G. G.A.G.

A.P.O.
275-800

Jr.W.O.
275-800

L.I.
250-400

L.W.O.
275-800

L.I.
250-400

Social Worker

L.I.
(Township)
250-400

W.O.
275-800

W.O.
275-800

S.W.O.
250-400

W.O.
275-800

L.W.O.
275-800

W.O.
275-800

P.O.
600-1000

L.I.
250-400

Social Worker

(5)
personnel officer was created to look after the implementation of the personnel policies by the officers attached to the operating departments. It is doubtful if this process is yet complete. The line management in Rourkela still has grounds to grumble. For instance, the present practice in Rourkela is that while appointment and promotion orders are signed by the officers of the personnel department, orders regarding disciplinary actions are signed by line management. This gives the impression to the employees that line management is only responsible for punishment and for reward they have to look to the personnel department. Line management, therefore, has been demanding that promotion orders should also be issued under their signature.

The relationship between line and staff in Durgapur Plant also has not been cordial. There is a general feeling in Durgapur Plant that real authority in all personnel matters vests in personnel manager rather than the line managers. In majority of cases, the views of the personnel manager prevailed over the view of the line managers.\textsuperscript{11}

In Bhilai Plant the handling of personnel matters by the personnel department has been quite effective with the result that line management had little to worry over personnel issues. There has been a tendency among the

\textsuperscript{11}C.S.N. Raju, General Supdt., Durgapur in the top management seminar on personnel management held at management training Institute, Ranchi, April, 1967.
line managers of the plant to pass on problem relating to personnel to the personnel manager. In a number of cases the personnel officers posted under line managers have been taking decisions on matters falling within the delegated authority of the line management.

Changes were needed in the staff position and structure of organization because of the changing circumstances in the plants. During the transition from construction to production new organizational problems were created for these plants. In 1961 there were only two personnel officers — one attached to production and the other to construction in Rourkela. The P.O. production had a very small staff. In 1962 P.O. (main plant) had a staff of two APO's having five sections under them. Besides a P.O. for construction, a post of P.O. for general matters and recruitment was also created.

But the changes in organization structure of personnel departments came too late. They took an unusually long time to materialize. The decentralization of power itself was done only when much bitterness had already been caused between operating and the personnel departments in the plants.

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Although the three plants have been under the same company, there was little uniformity in their personnel departments. In February 1962, the two POs in Rourkela were directly under the authority of Sr.P.O. who was ultimately responsible to DGM(P). Bhilai did not have any P.O. All the three POs there were responsible to DGM directly. Bhilai plant had a large number of labour welfare officers under a senior labour officer directly responsible to DGM(P) while in Rourkela a few labour welfare inspectors and welfare officers were working under a labour officer directly responsible to DGM(P). This difference in the staff ratio was not justified even on the basis of number of employees. An attempt was made to rationalize the organization structure of all the plants to bring them into a line. Senior personnel officers were appointed in all the plants separately for each plant construction, class I officers and foreign technicians and mines (except for Durgapur where no Sr.P.O. was appointed for mines because there were no mines under it). An assistant personnel manager was appointed in each plant for rules, regulations, recruitment and manpower planning. The pay scale of the head of the personnel section was rationalized and raised from Rs. 1300-1600 to Rs. 1600-2000. The designation was also changed from DGM (P) to personnel manager.
No attempt was, however, made to rationalize the pay structure of the officers working under personnel manager.

**EXPERIMENT IN BHILAI**

In Bhilai the personnel department is divided into two separate divisions. All industrial relations matters are under the control of chief, industrial relations. Labour officers, welfare officers and labour inspectors are placed under a senior labour officer who reports to the chief, industrial relations. The industrial relations in Bhilai could be stabilized and institutionalized earlier than in other plants. Probably this has led to an attempt of this nature.

**PRESENT STRUCTURE AND FUNCTIONS OF PERSONNEL DEPARTMENTS**

**Structure**

In December 1964 the personnel department in Rourkela Steel Plant (headed by DGM (P)) consisted of one assistant personnel manager, 3 senior P.Os., one chief welfare officer, 11 welfare officers and 11 assistant P.Os. For expediting decisions pertaining to management of personnel and industrial relations the plant has been divided into four zones. Each zone is under a chief superintendent with one labour welfare officer and one assistant personnel officer attached to advise on all
personnel matters. This has resulted into further decen­
tralization of powers to enable operative departments to
have better control over people employed under them.

At present industrial relations matters are
looked after by the Sr. P.O. (Industrial Relations) reporting
to DGM (P). A P.O., assistant P.O.s and labour welfare
officers assisted him. The senior P.O. (Plant) is in charge
of canteen and personnel management functions relating to
the plant. An assistant personnel manager is in charge of
manpower planning and recruitment. Welfare activities are
mostly organized by chief welfare officer and other officers
attached to him. They also look after the compliance of
factories act and other labour legislations. The Sr. P.O.
(General) is in charge of rules and regulations in regard
to foreign personnel and non-technical personnel (Chart XII).

In Buragapur a plant personnel manager has one
senior P.O., one Sr. Manpower officer and one assistant
personnel manager reporting to him. The Sr. P.O. looks
after recruitment and is assisted by P.O.s and assistant
P.O.s. The Sr. manpower officer is in charge of manpower
cell and there is an industrial engineer under him. The
assistant plant personnel manager is assisted by three Sr.
P.O.s., one each attached to general, production and service
department to look after their personnel matters. There
are P.O.s and A.P.O.s to help them. There is no separation
Chart XII
ROURKELA STEEL PLANT
ORGANIZATION CHART
PERSONNEL DEPARTMENT

Dy. G.M. (P)

Sr. P.O. (Industrial Relations)

Asstt. P.O. (Plant)

Asstt. P.M. (Manpower, Planning & Recruitment)

Sr. P.O. (General)

Canteen Manager

10 Asstt. P.O./L.O.S.

Chief Welfare Officer

P.O. (Recruitment)

L.W.Os.

A.P.O. (Recruitment)

A.P.O. (Rules & Regulations)

Asstt. P.O. (General), Asstt. P.O. (Non-Technical)

A.P.O. (Town & Medical)
of personnel management and industrial relations function in the department (Chart XIII).

The personnel department in Bhilai Steel Plant (headed by personnel manager) consists of assistant personnel manager, senior personnel officers and chief, industrial relations and a large number of personnel officers, assistant personnel officers, labour officers and additional labour officers under them. Establishment matters relating to plant officers are looked after by establishment officer directly reporting to the personnel manager. An assistant personnel officer who coordinates the functions of the personnel department and operative departments also reports directly to personnel manager. The assistant personnel manager is assisted in his functions by personnel officers and assistant personnel officers who look after reporting procedure, training policy, Soviet establishment, wage structure, manual regulations etc. One senior personnel officer looks after manpower, statistics, seniority, job description and trade tests and is helped by some APOs. Another Sr. P.O. looks after establishment matters and recruitment with the helps of A.P.Os. All industrial relations matters are looked after by chief, industrial relations. There are senior labour officer, secretary grievance committee, Labour officer (Town), labour officer (Construction) and additional labour officer (Research and Training) and some other additional labour officers to
Chart XIII
DURGAPUR STEEL PLANT
ORGANIZATION CHART
PERSONNEL DEPARTMENT

Personnel Manager

Sr.P.O. (Recruitment)

Asstt. P.O.

A.P.O.

Sr.P.O. (General)

P.O. (Recruitment)

P.O. (Township)

P.O. (Construction)

P.O.

A.P.O.

A.P.O.

Sr.P.O. (Production Department)

Sr.P.O. (Service Department)

Sr.P.O. (Manpower Cell)

Asstt. P.M.

Sr.P.O.

A.P.

Sr.P.O.

A.G.O.

A.P.

Canteen Officer

A.P.O. A.P.O.
look after industrial relations matters under him (Chart XIV).

In Bhilai the personnel department is better organized than in Rourkela and Durgapur. The department has greater control over all personnel and industrial relations matters in the plant. The functions of the officers are well-defined and measures have been taken to achieve cooperation of operative departments without delegating too much powers to them. The personnel manager presides over all the meetings of the grievance committee even though the constitution of the committee has not laid down such a provision. A labour officer is always the secretary of the grievance committee. Furthermore the officers of personnel department do not receive guidance from operative departments. Instead they guide them in all personnel matters. The operative departments in Durgapur and Rourkela have reserved too much powers over personnel matters in their hands presumably because they consider it a way to control the employees. The personnel departments in the two plants should, therefore, be strengthened and its officers should play a more effective role in all personnel management and industrial relations matters.

Functions

The chief functions of personnel departments in the plants are divided broadly in two categories -
Chart XIV
BHILAI STEEL PLANT
ORGANIZATION CHART
PERSONNEL DEPARTMENT

Personnel Manager

Establishment Officer

A.P.O. Coordination

Asstt. P.O. Sr.P.O. Sr.P.O. Chief, Industrial Relations

A.P.O. A.P.O. A.P.O. (Manpower, Statistics, Seniority, Job Description Trade Test).


Sr.L.O. L.O. Additional L.O.

Secy. Grievance Committee L.O. (Research & Instruction Training).

Additional & Asstt. L.Os.

Additional L.Os.
1. Personnel management functions which include recruitment, selection and appointment of new personnel, promotion, transfer and maintenance of personal records and confidential reports, wage and salary administration etc.

2. Industrial relations functions which include maintaining contacts with labour unions and state officials, negotiating with labour over collective bargaining issues, handling worker's grievances, representing management in various joint consultative committees, organizing and supervising labour welfare activities and ensuring compliance of various statutory obligations under factories act and other labour laws.

Although there is no strict demarcation of work between the personnel officers and labour officers but the later usually are more concerned with the industrial relations functions and the former concentrate on personnel management functions. In the Bhilai Steel Plant which has a separate industrial relations department all industrial relations functions are looked after by labour officers under the direct control and supervision of a chief, in charge of industrial relations. In Rourkela Plant also the industrial relations functions are gradually being separated from those of personnel management. But in Durgapur there is no indication of such separation. Some officers in the personnel department of Durgapur
Plant simultaneously dealing with disciplinary action as well as labour welfare.13

Organization of training programmes is a vital managerial function and usually associated with personnel departments. At HSL however this service is administered by the superintendent of training who reports to general superintendent. The management training programmes are organized directly by the manpower, productivity and training division at head office. Besides this the power of the head office over the following matters is also absolute -

1. Changes in rules and regulations relating to recruitment, placement, promotion, deputation (loan of service from one organisation to another) and other conditions of service and disciplinary action as may be prescribed.

2. (a) Change in wage and salary structure and of the standard designations with their corresponding wage and salary scales,

13Such irregularities have been noted in some other public undertakings also. For instance, in Hindustan Insecticides Ltd., the job assigned to labour welfare officers included the issuing of identity card, renewal of factory licence, supervision of technical library etc. instead of the jobs for which a labour welfare officer is appointed under the mandatory provisions of the factories act.
(b) Changes in rules and regulations relating to grant of special pay and allowances.

3. (a) Appointment reserved for government approval under article 118 (22) of the Articles of Associations for posts carrying a salary of Rs. 2500 per month or more,

(b) All recruitment to posts in the grade of Rs. 400-950 except as provided in the Recruitment and Promotion rules.

4. Variations in the supervision and labour costs except as provided in the budget rules.

5. Number and terms of appointment of foreign technicians.

6. (a) Training of personnel abroad,

(b) Changes in the approved schemes of training, and

7. Matters relating to incentive schemes and annual bonus.

The head office is the policy-framing body of the organization. It is natural that it should reserve powers to make any changes in policy issues. But the function of head office does not end with the formulation of policies or scrutinizing the variations that may be needed.
It has also to ensure that the policies laid down by it are properly implemented by the plants. It is doubtful if the head office has succeeded in this effort. The wide variations in personnel practices in different plants warrant that head office should not only act as policy-framing body but also a controlling body for them. Failure of joint committees to function properly, frequent disputes over promotion and upgrading issues, delays in recognizing trade unions and the slow and haphazard growth of personnel departments in the plants might have been avoided if the head office had kept a close watch over the plant managements.