

Lesson - 3

ORGANISATIONAL SET-UP - ROLE AND RESPONSIBILITIES OF ORGANISATIONAL PERSONNEL

3.0 Objective:

On the completion of this lesson, you should be able to understand:

- * Organisation Process
- * functions of an Organisation
- * concepts of Organisation Structure
- * Formal Organisation
- * Line and Staff Functions
- * Informal Organisation
- * role and responsibilities of Personnel Managers.

Structure:

- 3.1 Introduction**
- 3.2 Organisational Objectives**
- 3.3 Organisation Process**
- 3.4 Organisational Functions**
- 3.5 Concepts of Organisation Structure**
- 3.6 Formal Organisation**
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3.1 Introduction:

Organisation is a group of people working together cooperatively under authority towards achieving goals and objectives that mutually benefit the participants and the organisation. These goals and objectives are social and technological devices made up of people and physical factors. With the aid of technological implementation, these people execute functions or tasks that lead to the

accomplishment of rationally determined objectives. Organisations are processing units that transform certain inputs from the environment into specified outputs desired by society; for example, a hospital transforms ill patients into healthy people, and a manufacturing firm transforms raw material into usable products.

Organisational design is the beginning point for procurement. As a part of this design process, specific units of responsibility, commonly designated as “Jobs” will be setup. The formance of these jobs will lead to the accomplishment of overall organisation objectives. Procurement is concerned with the process of obtaining personnel who are best suited to performing the tasks assigned to specific jobs. However, every manager has the responsibility of organising subordinates into patterns of interactions that will facilitate accomplishment of unit goals.

3.2 Organisational Objectives:

Organisational objectives are classified is as follows:

- I. Primary Objectives
- II. Secondary Objectives

I. Primary Objectives:

A. Create and distribute a product or service.

B. Satisfy personal objectives if; the members of the organisation, such as:

- i. Profit for owners.
- ii. Salaries and other compensation for executives
- iii. Wages and other compensation for employees
- iv. Psychic income for all, including:
 - (a) Pride in work
 - (b) Security
 - (c) Recognition
 - (d) Acceptance

C. Meet community and social obligations, such as:

- (i) Protection and enhancement of the human resources of society.
- (ii) Protection and enhancement of the physical resources of society.

II. Secondary Objectives:

- (a) Economy of operation in meeting the primary objectives.
- (b) Effectiveness of operation in meeting the primary objectives.

3.3 Organisation Process:

The organisation process is the forming of structural inter-personal relationship. This process involves eight steps, viz.,

- (1) Determination of organisational goals or objectives to be strived for;
- (2) Determination of the task requirement (i.e. the amount of skills, efforts and knowledge) necessary to achieve the goals.
- (3) Division of tasks into different jobs to find out how many personnel will be needed for the complete tasks;
- (4) Integration of jobs into departments or other work group to take advantage of the specialisation and efficiency;
- (5) Selection of personnel to fill jobs;
- (6) Assignment of work positions to the individuals;
- (7) Granting the authority to the people to carry out the duties of their jobs; and
- (8) Determination of superior subordinates relationships for facilitating the performance evaluation.

An organisation is a mechanism with which a management directs, coordinates and controls the activities of man. It is distinct from an administration. Thus, an organisation is a machine of management in its achievement of the ends determined by its administration.

3.4 Functions of an Organisation:

On organisation tries to establish an effective behavioural relationship among selected employees and in selected work places in order that a group may work together effectively.

There are three kinds of work which must be performed whenever an organisation comes into being viz., division of labour, combination of labour and coordination, i.e. the work, the people and the relationship between them, these are known as the fundamentals in every successful organisation.

3.5 Concepts of Organisation Structure:

Several fundamental concepts describing the essentials of a sound organisation structure have been presented by the traditional school of thought. These deal with the following essentials:

1. Task Accomplishment or Personnel Satisfaction:

The emphasis is on organisational accomplishment, i.e., the structuring of work relationships, should be so planned that both the objectives of the organisation and the individual are realised simultaneously.

2. Delegation of authority:

It is the delivery by one individual to another the right to act, to make decisions, to requisition resources, to direct others to act and to perform other tasks in order to fulfill job responsibilities. Authority is ineffective without ability to exercise it. Individual is given the authority to make it possible for him to fulfill his organisational obligations. Authority generally goes hand in hand with responsibility.

3. Proper Span of Supervision:

Formal organisation structure determines the breadth of supervisor's responsibilities by

indicating the number of individuals who are directly accountable to that supervisor. The span of supervision is important because it determines the amount of attention each supervisor can give to each subordinate, and it affects ease in communicating, methods of decision - making that can be used and other superior - subordinate relationships.

4. Degree of Specialisation:

Under specialisation, limited duties are performed regularly and repetitively from the individual's point of view, specialisation makes the learning of job routines easier and makes the worker an expert in his job.

5. Communication channel should be proper:

Communication between the subordinates and their bosses should pass through each rung of the ladder without omission as a message is moved upward or downward.

3.6 Formal Organisation:

Formal organisation, called the superstructure of an enterprise, is the way it is departmentalised that is, the way its personnel are grouped into different departments, divisions or sections. The formal organisation also describes how the departments are related to one another. It tells us which departments, because of their proximity to the top levels of management, have strategic importance and which do not because they report to lower management levels.

The usual way of depicting a formal organisation is by means of an organisation chart. It is a snapshot of an organisation at a particular point in time which shows the flow of authority, responsibility and communication among various departments which are located at different levels of hierarchy. The connecting lines on this chart show who is accountable to whom and who is incharge of what department.

Forms of Departmentation: An organisation's departments can be formally structured in three major ways; by function, by division, or in matrix form.

(i) Functional form:

In the functional form the governing principle is that all personnel that can contribute to the accomplishment of a specific function are located together. Thus, in a firm that is functionally departmentalised, all personnel concerned with the marketing function - such as sales and media persons, marketing and sales manager's market researchers, etc, - are grouped together in the marketing department; all personnel engaged in personnel administration are located in the personnel department, and so forth. One major advantage claimed for this functional departmentation is that each function is administered by a specialist.

(ii) Divisionalisation:

Divisionalisation is an alternative way of grouping organisational members by aggregating, all the specialists needed to produce a given product or service. One important advantage of divisionalisation is that it is possible to compare performances, and invest more resources in profitable divisions and withdraw resources from unprofitable ones. But its one serious disadvantage is that results in duplication of staff and facilities.

(iii) Matrix Structure:

A third method of grouping organisational members is that of placing them under dual authority i.e. two bosses. One boss is the head of their own department to which the members permanently belong. The other is the head of the project to which they have been temporarily assigned. For this reason matrix structure is often referred to as a multiple command system". This structure is an adaptive form of organisation widely used by big engineering companies engaged in completing a number of distinctive projects. In these organisations technical personnel of various functional departments are from time to time assigned to one or more projects. On completion of these projects, they revert back to their respective departments until the next assignment to project.

The benefits of a matrix structure are as follows:

1. A better balance between time, cost and performance is obtained.
2. There is a reservoir of specialists which ensures flexibility in their use.
3. Project people have a functional home when they are no longer needed on a given project.
4. One individual, namely, the project manager, becomes the focal point for all matters pertaining to the project. He acts as an integrator to relate diverse activities.

Disadvantages:

Two inherent disadvantages of this form of organisation are that it violates the traditional organisational principle of unit of command and fosters conflict, because of the heterogeneity of team members. The personnel have two bosses, they report administratively to their functional managers, but technically to their project managers. As long as these two areas can be kept separate there is no problem, but this separation is often difficult.

Coordination and Span of Management:

If work activities are divided and departmentalised, it is necessary for managers to coordinate these activities to achieve organisational goals. The ability of managers to achieve effective coordination depends in part on the number of subordinates reporting to them and to other managers in the organisation. That number is known as the "Span of Management" or "Span of Control". Some experts say that a maximum of five subordinates should report to one superior; however, no hard and fast rule for the number can be established.

3.7 Line and Staff Functions:

The functions of an enterprise are very often classified into 'line' and 'staff' functions. Production, finance and distribution are called the line functions. All other functions such as personnel, engineering, legal advice, etc. are called the staff functions. In fact, line functions are the organic functions of an enterprise which directly affect the product. They are found universally in every organisation and are considered absolutely essential. But this is not the case with the staff functions. They are auxiliary in nature and only indirectly affect production, finance or distribution of a product or service.

It is, however, better to distinguish 'line' and 'staff' by authority relationship rather than by activities. Staff is usually advisory in nature and has only the power to recommend. In its strictest sense, staff possesses no authority over the line. As a practical matter, however, it may be accorded

the authority to command because the top level manager has indicated that whatever the staff man says to do should be done when it pertains to his function or sphere of competence. A personnel manager issuing orders to the head of the sales department how he should go about hiring an employee would be an example of this because the hiring procedures fall within the personnel function. This is known as functional authority and should be distinguished from the mere staff authority to give advice.

Line and Staff Conflict:

The line and staff departments of an organisation are generally found to be at loggerheads with each other. The line department complaint that:

- (1) The staff people overstep their authority;
- (2) The staff people do not give sound advice. Their advice is mostly academic and unhelpful in achieving production goals; and
- (3) The staff people steal credit from line. When a project is unsuccessful it is the line people who are blamed and held responsible for its failure but when it is successful, staff people receive credit.

Staff department complain that:

- (1) Line people are generally over-continues and rigid. They resist new ideas and even sabotage staff plans;
- (2) Line people do not give enough authority to staff to translate its advice into action; and
- (3) Line people receive preferential treatment in matters of allowances and other facilities on the basis that they are earning department.

There is only one answer to these two sets of commonly heard complaints; better understanding of the nature of the relationship between line and staff. Line should be educated and encourage to make maximum use of staff. Staff should merely transmit, not originate, orders. The success of an enterprise is dependent upon both the front - line and the back - room personnel.

Position of a Personnel Department:

The personnel department of an enterprise may enjoy either a staff or a functional authority over other departments.

In the first case where it has staff authority the personnel department tenders advice only to all line and other staff executives of the organisation. But it has no authority to issue orders. All orders must be issued by the line manager following the regular chain of command. Further, the line manager is under no obligation to accept the advice and counsel of the personnel department. He may accept it or completely reject and disregard it. The rationale for prohibiting the personnel department from issuing orders to the line is, of course, the confusion that could follow from directing a subordinate to obey two masters and the impossibility of holding line management accountable, if line personnel had to yield to staff commands. Further, by placing individuals under two bosses, this type of relationship clearly violates the principle of unity of command, thus causing serious reorganisational difficulties.

3.8 Informal Organisation:

The formal organisation structure of a company which we discussed in the preceding paragraphs is merely that part of the iceberg which appears above the water. It is only the official picture of how authority is intended to flow. To obtain a total picture of any organisation, a personnel manager must also understand what is known as the informal organisation. This is found in hidden groups of individuals and their interrelationships which, while not intended by formal authority, supplement or modify the formal structure and substantially alter its de facto functioning. Informal groups (called the informal organisation) on the other hand, are formed spontaneously on the basis of personal and social relations among people. Further, the informal work groups are based upon socio-psychological support and reasoning and depend upon members interaction, communication, personal likings and dislikings and social contracts within as well as outside the organisation. However, the informal organisation is a powerful instrument in all organisations and sometimes can mean the difference between success and failure.

3.9 Role and Responsibility of Personnel:

According to **Richard P. Brown**, "the major responsibility of the personnel specialist or staff is that of helping all levels of management to make the company a good place to work in. This naturally means that responsibility of this specialist is very wide and that his role in developing and administering a personnel programme is a multiple one. The specific responsibilities of the personnel in the following directions.

(i) Human Resource Planning:

His responsibility is to supply qualified employees to various departments after making a careful screening, recruitment, selection and to maintain a continuous source of labour force for the organisation.

(ii) Formulation of Programmes and Procedures:

The personnel specialist is also responsible for assisting the top level management in the formulation and development of personnel procedures and programmes after taking into consideration the prevailing Social, Economic, Political, local and national policies on the different issues involved. He suggests how these programmes and policies should be implemented and sees to it that they are actually successfully carried out.

(iii) Employee Health and Safety Programmes:

Employee safety, education and health programmes (pre. employment medical examination, periodic examination of those in service. Operation of dispensaries, treatment of first-aid cases and removing health hazards) are a co-operative responsibility of both the staff and line personnel. In fact, the staff acts as a live wire for the promotion of safety consciousness in the plant.

(iv) Training and Development of Personnel:

His responsibility is to do the necessary research, plan and organise facilities so that the employee is sufficiently trained to perform his job satisfactorily. The responsibility for guiding, developing and co-ordinating it as well as developing programmes and keeping these active is that of the personnel staff.

(v) Labour Management Relations:

His responsibility is to see to it that the employee is treated as a human being. He is required to develop a better understanding between the employees and the employers to ensure that a good labour management relationship is established in the organisation. He is also responsible for bargaining on behalf of the management and for proceedings relating to conciliation, arbitration and adjudication of individual and group disputes. He acts as an advisor and tries to bring all the organisational problems and uncovers the glove and coordinate the line and staff personnel.

(vi) Service and Benefits:

The personnel specialist has the responsibility of administering employee benefits programmes insurance, accident claims, pensions and provident fund and other fringe benefits.

(vii) Personnel Research:

It is the responsibility of the personnel staff to conduct personnel research on improvement programmes or worth while innovations, recommendations or changes in sources of employee motivation.

(viii) Audit and Review Work:

The personnel staff is responsible for a continuing audit and reviewing of the line departments in matters of policies, procedures and programmes particularly those which relate to accidents grievances, absenteeism, voluntary quits and disciplinary actions.

The role and responsibility of personnel men have been very clearly stated in a study by the American Management Association. The role and responsibility of personnel men in an organisation is very crucial and key element. The personnel manager must function as a technical specialist - one who is equipped to perform skillfully the duties which the position entails.

3.10 Summary:

Organising is the process of establishing formal relationships (responsibility, authority and accessibility) among key components (functions, personnel and physical factors) for the purpose of harnessing (line, line/staff, functionalized or project structure) and directing toward common enterprise objectives (service, member and social) objectives govern the specification of functions, which tend to be differentiated, both downward and upward, with increasing size of organisation.

The major responsibility of the personnel specialist or staff is that of helping all levels of management to make the company a good place to work in. This naturally means that the responsibility of this specialist is very wide and that his role in developing and administering a personnel programme is a multiple one.

3.11 Technical Terms:

1. Formal - According to rule, official
2. Informal - Casual, unofficial

3.12 Self-Assessment Questions:

1. What is an informal organisation? How does it come into being?
2. Explain the role played by different personnel positions in an organisation.
3. What is 'Personnel Management'? What is its importance in today's dynamic world? State the operative functions of the personnel manager.
4. Who is a Personnel Manager? Explain his role and responsibility in the organisation?
5. What is a formal organisation? Explain the organisational objectives?
6. Explain line and staff organisation? Explain the differences between them?

3.13 Reference Books:

1. C.B. Mamoria, *Personnel Management*, Himalaya Publishing House, New Delhi, 1999.
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3. Tripathi, *Personnel Management & Industrial Relations*, Sultan Chand & Sons, New Delhi, 1996
4. J.S. Chandan, *Management Theory and Practice*, Vikas Publishing House Pvt. Ltd, New Delhi, 2004.

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