

CASE STUDY

ORGANIZATIONAL STRUCTURE AND MANAGEMENT STRATEGY OF HINDALCO

Akhilesh Kumar Mishra*

ABSTRACT

An organization works towards its mission and optimizes the effectiveness of human resources. Birla Management Center (BMC) has changed various areas of management on the basis of its motto Yog Karmasu Kaushlam. BMC philosophizes the concentration of units, groups, power and knowledge. The units share their experiences and strengths with others that offset their weaknesses resulting into synergy. BMC has worked out a six step formula to achieve its mission. First, Participative Management by Consultation and Conscience through Management Committees; Second, Knowledge Integration Program; Third, Skills Development Program; Fourth, Systems Perfection; Fifth Delegation and Decentralization and Human Resource Development.

Introduction

Organization is a group of people working together, cooperatively under authority; achieves the goals and objectives that mutually benefit the participants and the organization. Kossen states that, "An organization is a group of individuals, coordinated into different levels of authority and segments of specialization for the purpose of achieving the goals and objectives of the organization." On the other hand, Allen defines an organization as, "the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in achievement of objectives." The essence of these definitions

is that people need a defined system or structure through which they relate to each other and coordinate their efforts. Every organization sets its goals or objectives. In the case of personnel management, the aim is to optimize 'the effectiveness of human resources. The goals can be achieved more suitably if the behavior of the worker and the composition of the organization is predicted and integrated cooperatively. The formal organization structure attempts to give order and unity to the actions and efforts of those who work together.

Organizational structure

The Chairman of the Board of directors organizes

* Dr. Akhilesh Kumar Mishra is Lecturer in Department of Commerce, Bhim Rao Ambedkar College, University of Delhi - Delhi

the affairs with the help of special adviser. The President is the Chief Executive Officer, the highest in the authority ladder of HINDALCO. There are Joint Vice-President along with Company Secretary to help President in decision making as they form the top brass of the management. There are two senior Vice-Presidents for Alumina & Reduction Plant and Fabrication Plant. The senior Vice-Presidents are solely responsible for the functioning of plant and directly report to the President and Joint Vice-President. The four Vice-Presidents are under the Senior Vice-President in Alumina & Reduction Plant as well as in Fabrication Plant. Vice-President is the head of the plant followed by Production Manager, Superintendent, Assistant Superintendent, General foreman, Asst. Engineer and Foreman. On the maintenance side, there are two divisions viz., Electrical and Mechanical. Every division is headed by the Vice-President & Chief Engineer. Marketing Division is under the Senior Vice-President, Sales; there are Zonal Sales Managers. The Vice-President (Finance) is the chief of Finance who is accountable to the President and Joint Vice-President.

MANAGEMENT STRATEGY

Birla Management Centre

Birla Management Centre (BMC) was established for Birla Industrial Group. BMC's philosophy, conception, thinking, theory changes dynamically with the changing world environment; especially in the economic arena including the national and international scenario. Its main objective is to change each area of management on the basis of "YOGH KARMASU KAUSHLAM". BMC's thought is "few and few makes great." BMC philosophy in each area of management is that its industrial group would give the best performance in India.

BIRLA MANAGEMENT CENTRE



BMC Symbol

The above figure symbolizes the BMC philosophy. Outline of the symbol shows the expression to collective continuity and working. These arrows signify for the centralization of many units in a group and great concentration of power and knowledge. The arrows facing inside, express the centralization of knowledge and affluence and the outside ones, express continuous development- and integration of many units in one group, in context of many forms. Therefore, all six arrows show objectives of BMC, the mild and noble colors try to show noble presentation of Birla's group's end. Group's unity and continuity is expressed by chakra. (Five arrows are of light blue color and sixth is dark)

BMC's Philosophy

- (i) **Total Productive Management (TPM)** To reach perfection and excellence in the quality of management in all the spheres by adopting the concept of Total Productive Management
- (ii) **Synergy** To benefit from the Synergies of the group companies.
- (iii) **Practices** To incorporate a common business Philosophy and Management practices within the group.
- (iv) **Friendship** To inculcate friendship and camaraderie between various individuals of the group companies.
- (v) **Strategy** To evolve strategies to meet the growing challenges and opportunities in a deregulated Indian and intensely competitive world scenario.

- (vi) Knowledge Integration Program (KIP)** To increase knowledge by interacting with each other and the outside world.
- (vii) Delegation and Decentralization** To delegate authority and decentralize decision-making and working by providing freedom, autonomy, space and opportunity for persons at all levels, to participate in the decision-making process and shouldering more responsibilities of management, after suitable training in Skills Development Program (SDP) and System perfection. This develops a work culture, - where there is respect for juniors and a spirit of self esteem, pride and sense of belongingness. Delegator of authority should concentrate on widening his area of activity to bring about a much higher level of total contribution to the organization and satisfaction to self.

All the above objectives articulate the collective wisdom of individuals of the group and capture the felt needs, urges and aspirations of individuals and the goal of the group.

Steps in for Achieving the Objectives of BMC

Participative Management It is ensured in consultation with Management Committees. This concept and philosophy must permeate through the fabric of management culture. The world over trend in all corporations is to get the maximum contribution and output from each individual by giving due recognition, opportunities and involving him in the decision-making process, thereby, harnessing the creativity, innovative and administrative talents.

I. Management Committees Objectives

- a) **Focus** The meeting must bring clarity and focus on our objectives with

particular attention on financial losses so as to realize the comparative importance of each subject.

- b) **Commitment and Involvement of the Individual** Participation of the individual in the decision-making process ensures a high degree of commitment and a feeling of belongingness to the organization. When an individual becomes a part of the decision making team, he can contribute much more and identify himself more closely with the organization.
- c) **Problem Solving** It provides a platform for problem solving, through discussions between various members. A solution emerges by the combined efforts, knowledge and experience.
- d) **Preparation and Review of Action Plans** It is the objective of the committee to review progress on the last action plan and prepare a future plan of action with target dates, ascertaining the responsibility on an individual, and identifying weak spots and taking remedial steps.
- e) **Innovation and creativity** The committee provides the platform and acts as a catalyst to inspire people for innovative and creative thinking. Innovation of the group must become the fundamental and key attribute of the management. Several achievements are based on innovations and creative thinking. This process must continue with renewed strength and vigor. Each individual participant in the committee meeting is encouraged towards creative and innovative thinking in all spheres of management.

- f) **Team work** Committee meetings inculcate team spirit by virtue of constant interaction between members. It should also bring about commonality in approach and thinking. This is not a platform for criticism, but an instrument for building team spirit and providing support to each other. It must also bring about greater coordination and create stronger bonds.

II. Shop Floor Committees

In order to involve the second layer of management down to the "Foreman" and to percolate the message of the Birla Management Centre throughout the length and breadth of the organization, a part of the Management Committee as, a second layer of "Shop Floor Committee" is instituted.

In this layer, the participation is kept flexible from the level of Vice-President to the foreman. This involves the middle and lower management and ensures the participation, and commitment of a wide cross-section of people from the organization.

An individual should not see himself as a cog in the wheel rather should be made to realize that they are the part of the group, the group belongs to him. Each unit can evolve with suitable modifications, its own shop floor committees to suit its individual characters and needs. This has been effectively done at HINDALCO which has given excellent results in a very short period. By institutionalizing the committee meetings a proper review would take place automatically as a matter of system, rather than an individual's sporadic effort.

III. Quality Circles

Quality circle is a collection of worker

(same working personality) made according to their own will, which work regularly, analyze the problem and try to solve it. Number of the members may vary between 5 to 15. Regular Meetings are held time and place are fixed then all the members are supposed to reach timely to attend the meetings and discuss the problem.

Objectives of Quality Circle

- a. Try to nourish relationship between staff and manager.
- b. Reform the personality and leadership abilities of staff,
- c. Improving team work,
- d. Better communication system,
- e. Developing the habits of solving the problem,
- f. Yardstick to measure the quality,
- g. Developing the production and reducing the cost,
- h. Satisfaction.

Philosophy of Quality Circle

Philosophy of BMC in regards to quality circle includes: making working area attractive and meaningful with respect to human sentiment; do not treat staff as a machine but a good & laborious person; staff should use personal ability and creativity in the job; worker should exploit mental ability, staff should be treated as a part of the unit; increase the knowledge by one-another; approval of staff; every member should be given a chance to show his ability; aim of quality circle is to develop the working efficiency of all areas of unit; contribution to the development and progress of institution.

In BMC these areas are taken due care to achieve the success through quality circles, better atmosphere, support of high level authority, determination of the end,

Organizational Chart of other Meetings at Shop Floor

LEVEL AT WHICH MEETING BEING HELD	DEPARTMENT	FREQUENCY STAFF	PARTICIPATION WORKERS	LEVEL OF PARTICIPATION
Vice President (technical)	Mechanical	Monthly	16	Foreman and above
	Electrical	Monthly	24	Jr. engineer & above
	Instrument Production	Monthly	12	Asstt. engineer & above -CCR operators
Senior Manager	Mechanical	Monthly	16	Foreman and above
	Electrical	Monthly	15	Jr. engineer and above
	Instrument	Monthly	15	Jr. engineer and above
Manager/Deputy	Mechanical	Fortnightly 2	12	Foreman to Sr. Engrs. skilled / semi-skilled Workmen
Chief Engineer	Electrical	Fortnightly 5	8	Jr. Engr. to Sr. Engrs skilled/semi-skilled Workmen
	Instrument	Fortnightly 7	12	-do-
	Production	Fortnightly 2	11	Engineers-CCR operators
Senior Engineer	Mechanical	Fortnightly 21	2	Sectional Engrs-skilled. /semi-skilled workmen
	Elect./Inst.	Fortnightly -	-	-
	Production	Fortnightly 3	11	Sectional Engrs. Machinery Operators /Attendants

communication system, participation according to own will, training, supporting of open heart, and presentation.

Knowledge Integration Program (KIP)

A powerful management instrument has been evolved by the interaction between different units of the group within the BMC frame work. There has been both intra-group and inter-group interaction. Each unit has its own areas of strength and weaknesses, specialization and mediocrity. In each function, there are islands of excellence and knowledge as well as a sea of ignorance.

A number of interactions have taken place under KIP in the past one year. This can be broadly classified under two heads: firstly Inter-unit Visit Let each unit share its specialized knowledge with other units and let it shed its ignorance, by learning from others by interaction under KIP. Secondly Conferences Several specific function-related conferences were

held. The group members were asked to discuss and share a problem common to them and to their experience. Sharing experiences and pooling suggested solutions through participation of all members create interest and satisfaction. Analytical thinking is encouraged as well as savings

Skills Development Program

As competition increases, there is extensive pressure on performance. The performance of a unit or the group will depend not only on the commitment of its staff and workmen but also on the skill of the staff and workmen. In BMC the objectives of Skill development program are : to Motivate the employees, development of proper Feed-back system, for providing reere training to the employees, for Reinforcement on the basis of evaluation results, and for evaluation the progress

Systems Perfection

For a large multi-product, multi-locational and multi-national group as ours, it is imperative to have a "very strong" and "simple to understand" system of reporting and other functions. In BMC for communality of basic systems and approach there are following criteria: simple to understand, self-explanatory and self-contained, focus, aid for objective decisions, tabular forms of presentation of information, number of statements to be minimum and record of action and timeliness of action as well.

Delegation and Decentralization

Delegation does not mean either abdication of responsibility or dilution of authority. On the contrary, delegation will result in the widening of the field of activity and of the total canvas of the delegator. Delegation of authority is an integral part of the organizing process. It is the key to formal organization. Division of work, departmentation and authority relationship all depend upon the delegation of authority. In brief, the delegation helps in reduction in the work-load of busy manager, development of subordinate executives, and optimum utilization of organizational, improvement in human relation facility of coordination, communication and control

BMC ensures the philosophy of delegation & decentralization at all levels. It gives each layer of management more time to think and plan on strategic and long term issues. Delegation and Decentralization has to be a constant effort. To delegate, a proper environment has to be created by : training of the delegate, providing a simple system which can be understood and used easily and effectively by the delegate.

Human Resource Development

People have been the main strength of the group. Large number of individuals have been

trained and promoted and given extensive responsibility. They have shouldered these admirably. However, as in any function, there is a need to improve our own performance and systems with the passage of time and with the changing environment. This area needs to be scientifically and systematically developed with maturity and decisive actions.

The need to do this has been evidenced from the following factors; shortage of trained manpower; growing competition for talented people with extensive opportunities being available; our own extensive needs in view of our considerable expansion plan; our inability to attract adequate talent in recent times.

Suggestions

The following suggestions are made by BMC for HINDALCO:

- To appoint a Vice President /General Manager in HRD Dept. by each of the large units.
- HRD for small units- Each small unit will employ the services of a HRD consultant as an alternate to the above. Alternatively, several small units under one board member could have one HRD man for all the units.
- Central HRD . One person will be stationed at Head Quarter and will assist the activities of each of the HRD centers. The central HRD man will be assisting in inculcating a common philosophy towards personnel planning, recruitment and training in the entire group and would act as an advisor and knowledge integrator for the unit. It will be the policy of the group to promote in-house people for a higher functions and designation as for as it is practicable without compromising the recruiting unit's interest.

- Action plan for attracting, training and retaining talent : The following specific functional areas of HRD need to be reviewed and strengthened by each unit : to start using performance appraisal systems effectively and judiciously. A suggested form will be circulated at the conference. Each unit may well adopt it with suitable modifications.
- To make succession plans for people up to the Vice President level. To promote in house people, as far as possible for taking higher responsibilities or for positions in outside units.
- Exit interviews must be taken and recorded in writing. Manpower policies should be reviewed, in the light of the exit interviews, from time to time.
- It would be the responsibility of each member of the staff to teach and

upgrade the skills of his juniors and to take steps to retain them

REFERENCES

1. Allen Louis, *Management and Organization*, McGraw Hill Book Co. Ne, York, 1950, p. 57.
2. Kossen, Stan, *The Human side of organization*, confield press Sanfrancisco, 1978, p. 138.
3. Lvancevich, Szilagyi & Wallance: " *Organizational Behavior and Performance*" Published-1977.P.277-278.
4. Mishra, A. K., *A Study of Managerial Leadership Styles and Performance of HINDALCO*. D. Phil Thesis, University of Allahabad, Allahabad.
5. Scanlain, B. : " *Management and Organizational Behavior*" Published - 1979, Pb 388-389.