

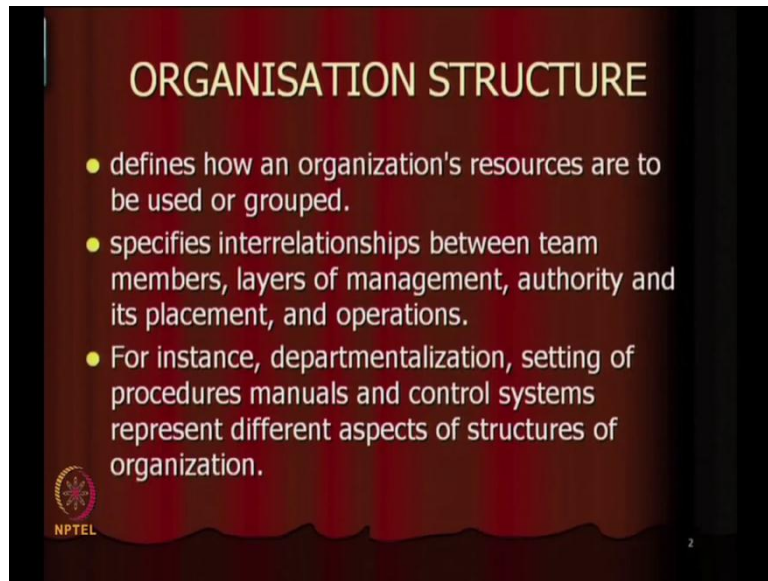
**Organization of Engineering Systems and Human Resource Management**  
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**Module - A**  
**Basics of Organization and Human Resource Management**  
**Lecture - 7**  
**Structure and Process Issues in Running Organizations**

This talk is devoted to considering, structure and process issues in running organizations. If you will recall some lectures preceding this, we look to add the issues of understanding organizations; and we came to the conclusion, that there was no ideal model of running an organization. Indeed, most organizations would be running in multiple modes in a life time, depending upon the kind of person, who is leading it; the kind of environment which existed, and the kind of people who are in the organization. Be that as it may, irrespective all organizations would have some structure; that structure may be consciously designed, or may not be consciously designed, but there cannot be an organization without some kind of a structure.

It is very much like the body of a manual, which cannot stand or move, without some bones in the body, which are in some relationship to each other. The structure of the body of any manual, let us talk of a human being, constitutes of the skeleton, that skeleton is must, around which are muscles, veins, flesh and the list can go on, but the structure gradually grows and expands from birth, till it reaches a stable level, by the time the body matures, and then it stops growing. It does not add to its length, which is why beyond the certain point, height of a person does not change. The structure is therefore, the basic skeletal system of the human body. You know that analogy to an organization, and the organization also would have a basic structure.

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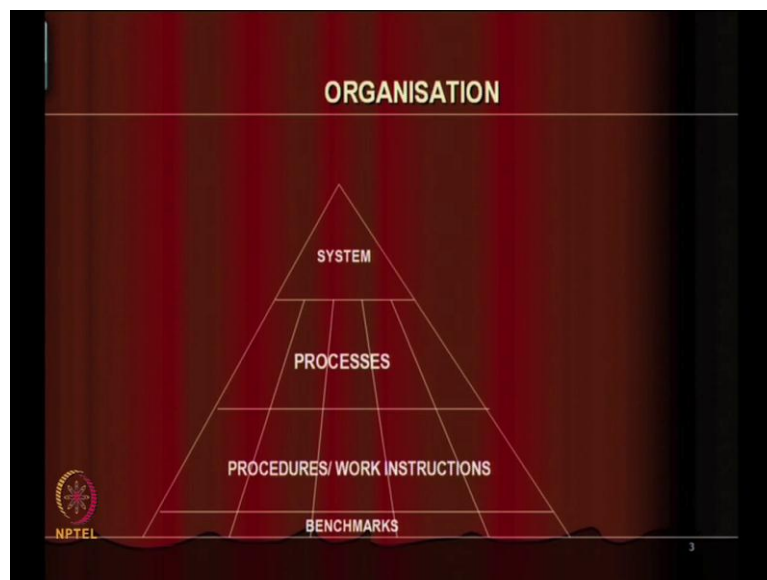


The easiest way of understanding structure, is to look at its characteristics and you will find, that an organization structure, defines how an organizations resources are to be used or grouped. Specifies inter relationships between team members layers of management, authority and its placements and operations. For instance departmentalization, setting of procedures, manuals, control systems, represent all this represent different aspects of structures of organization, and this elaboration will continue, to help you to understand, what has been elaborated under three heads in this slide. I find it useful to say, that just as you can do, an x ray of a human being, to get a skeleton of bones in position. So, also it is possible for organizations to be x rayed, in a matter of speaking, so that its structure shows.

The ultimate structure of an organization, may look like a pyramid. It may look like a pentagon, it may look circular. It can have bit different shapes, just as it can have different sizes, but it is always possible to identify it. In fact, as I said, even if a structure is not given, it will be there, because it would have grown with the organization. What you find on the slide, is a threefold elaboration of a how you would get the x ray of the organization. The first defining characteristic would be, the structure would define, how an organizations resources are to be used or grouped. And if this statement is not clear to you, you go on to the second statement, where you are told that structures specifies interrelationships, between team, layers of management, authority and its placement and it is operations.

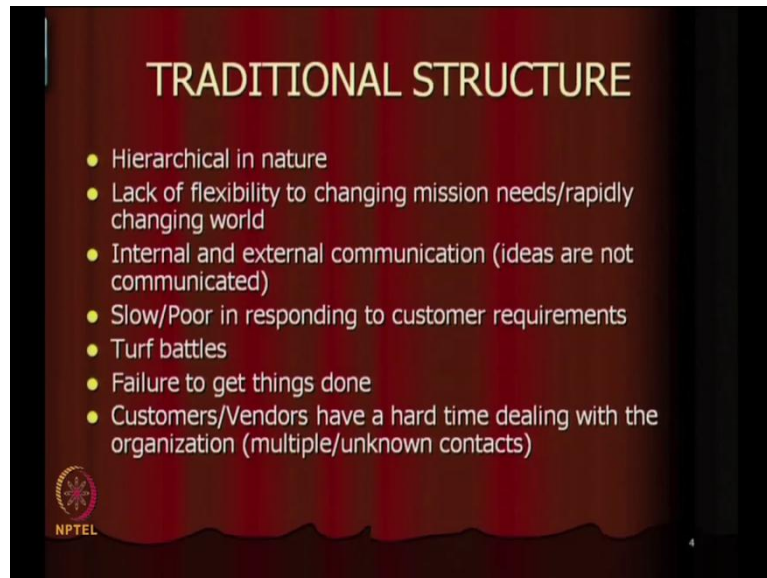
In the next topic of the discussion when we get to the design of organizations, I will be showing to you, different design of organization structures, which will perhaps help you to amplify and understand more clearly, what, is meant by these two observations here. For the present, my attempt is to show to you how to identify structures, and how to see them. For instance departmentalization is a manifestation of the structure. Departmentalization will be further broken down in to jobs, which will be further broken down in to tasks, and these things are again clarified in the subsequent topic. But how do you recognize a structure, and these three statements help you in ways of recognizing a structure. Procedures define a structure, manuals, control systems, all these are the different aspects of the structure of an organization.

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This is again a schematic flow of how structure would operate; in any organization you would have some systems, some method. In any organization you would have some processes, and in any organization it will be reflected in procedures and work instructions, and there will be benchmarks. So, from systems you derive the processes, and from process you derive procedures and work instructions. And from there, the standards of operation and functioning, is created. I have explained to you in a certain manner, what structures are.

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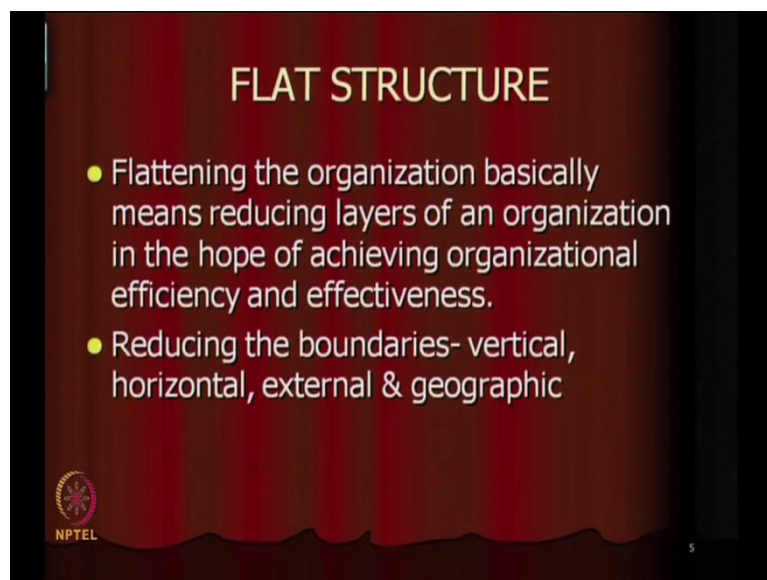
I think you should recognize, that there are traditional structures and there abundant the structures, and then I will go on to explain to you, what processes have to do with structures, but before we get to that, we must realize that there are traditional structures, and there abundant structures. Traditional structures have the following characteristic; they are hierarchical in nature, they lack flexibility to changing mission, needs rapidly changing world, internal and external communications, ideas are not communicated or communicated minimally, slow poor response in responding to customer requirements, there are turf battles, and there is failure to get things done, customers vendors have a hard time dealing with the organization, because there are multiple known contacts, and its necessary to recognize that all this is a very conservative expression, of what traditional structures can be like.

But before you understand what modern structures can be like, you must be clear on what traditional structures can be like. Now traditional structures by themselves do not represent a value, but they help you to understand the beginning of the discussion, by hierarchical in nature is meant, that it is often paramedical in shape, the command control system is clear, and people go through proper channels to get a job done.

The lack flexibility to changing mission; because they tend to take a wooden or a technical way out; and they would not deviate beyond the rules. You can go back to my presentation on understanding organizations, and recall what I was trying to tell you, when I explained to

you the Apollo model, or the Greek temple model, but whether it was Apollo model or the Zeus model, the fact remains that it was rigidity. In Zeus model; the will of the leader became law. In the Apollo model or the Greek temple model, there was rigidity of rules and regulations. In this talk I am using the expression traditional, to explain what is conventionally the shape of structure, which in operational terms is probably never the case, be that as it may be, it is important to realize, that the defining characteristics of slow poor turf battles, failure to get things done. Have nothing to do with the fact that hierarchical structures, may be run in an intelligent or a proactive manner. Opposite of a traditional structure would be a flat structure.

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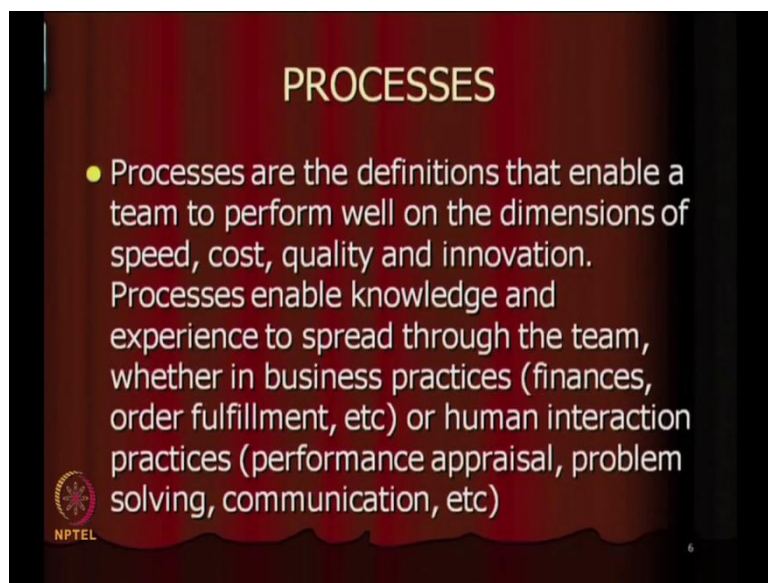


Flattening the organization basically means, reducing levels of an organization, in the hope of achieving organizational efficiency and effectiveness, and reducing the boundaries vertical, horizontal, external and geographic. This is often seen with a great deal of virtuosity, which is quite unrealistic. All organizations cannot be flat, any more that all organizations cannot be hierarchical. Again be that as it may, the purpose here is not to give to you a value rating of different types of structures, but to explain to you how it is necessary to recognize that there are structures, and these structures are a photo representation of the work methods of an organization.

Now any organization will have different levels, different issues to handle, different activities; for example, the activity of marketing division, would be different from an

activity of a manufacturing decision. The activity of a manufacturing decision would be very different, from the activities of a finance decision, and it is not as if the same kind of structure would be in each of the functions. Each function may have a different structure, and those structures may be put together by a linking pen, or by a job description, which has coordination as its basic description. Again these issues will become more clear, once I elaborate to you the concerns of design of the organization, and the concerns of recognition, that the actual operational design of a system, may be at variance of the technical design of a system.

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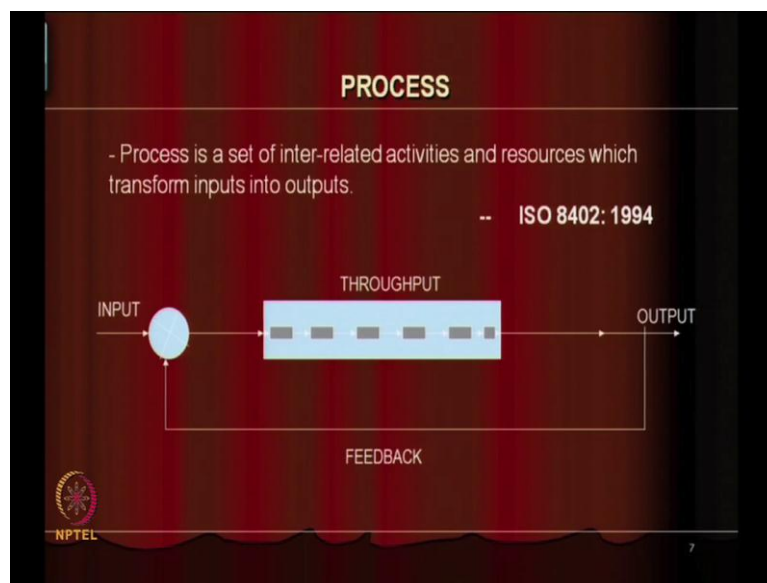


There is always a difference between the grammar or the literature, and there is always a difference between the way something is to be done, and the way something is actually done. The slide before you shows the definition of a process, and that is my of telling you that in real life terms, a structure may not at all be operating the way it is defined, but it may be actually following the process flows; therefore, it brings us to the question what is a process. Processes are the definitions; that enable a team to perform well, on the dimensions of speed, cost, quality and innovation; that we repeat processes are the definitions that enable a team, to perform well on the dimensions of speed, cost, quality and innovation.

Processes enable knowledge and experience to spread through the team, whether in business practices; that is finance, order fulfillment etcetera, or human interaction practices; that is performance appraisal, problem solving, communication etcetera. Now if that is not clear to

you. You need to understand the processes as flows, again let us get back to the human body. There is the skeleton, which is the relationship of bones, which holds a body together, but if it is a live body around the skeleton system, there are blood flows in veins, there are information flows in the nerves, there is a whole sequence of command and compliance, between the brain and the limbs. Processes are flows in organization, processes show how exactly something is done in an organization, and they demonstrate transmission across the organizational system. So, obviously, there has to be a relationship between structure and process.

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Now, this diagram shows to you, how process is a set of inter related activities and resources, which transform inputs into outputs. So, you have the input here, you have the output here, you have the throughput here, and this is the feedback to the input. Link it up with organizations and what is that you defined. You find the system, where the structure may say, that you go up to the general manager, if you are an assistant manager, via the deputy manager, the manager, the senior manager and the deputy general manager. In other words you go through different levels to communicate, to the general manager, if you are in the capacity of an assistant manager in an organization. In operational life; however, this structure need not be followed in all cases.

For example, if you are an assistant manager dealing with a public relations issue, it may be so designated, that once you are face to face with a problem or a situation, you communicate

directly to the general manager, skipping the deputy manager, the manager, the senior manager, the deputy general manager. You skip four levels in between and you directly to the general manager. Therefore, processes have an operational significance. Processes show that in the ultimate analysis it is a task accomplishment which matters; so, again going back to the analogy, which I gave you earlier on. If you have relationship between grammar and literature, grammar tells you how it should be done; literature tells you how it is actually done.

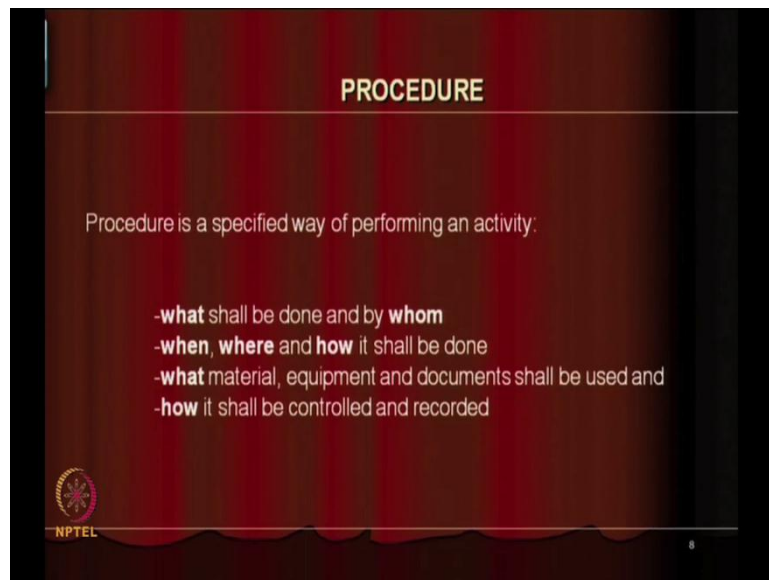
For example, there is the case of a padre talking to a person who was an alcoholic, according to the padre, and the padre wanted the person to give up his drinking, so he gave him a pep tock, asking him to give up drinking, to which the person who was given to alcohol turned around to the padre, and said father me not drinky drunk, me drinky drinky, meaning that by, I do not drink to get drunk, I drink for the sake of drinking.

Now, this statement may be technically all wrong if the grammatical concerns are raised, but no one will denied that it is a powerful statement, and conveys the point quite accurately. So, that is what I stated is the difference between grammar and literature. A structure conveys to you, the grammar of an organization, much like an x ray, but the body has different ways of dealing with the externalities, different ways of dealing with the situation, and processes are the operational aspect of it. The process tells you, how exactly a hand should be lifted, to move a glass.

The processes tell you what speed you should work at, convert the physical analogy to an organizational system, and you will notice how processes decide, how speedily a task is to be accomplished. It is possible for the top man to say, do not bother with the signature, get my oral approval recorded and move ahead. What has he done, he has cut across various procedures to expedite the process. He has put aside the structure in the interest of task accomplishment. Hence I hope what is been conveyed to you, is the difference between structure which defines, the relationship between the different constituent parts of the body, and the processes which a enable a task to be done. Clearly then there has to be a relationship between structure and process, and the question remains on how do we look at it.



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You heard me used just now an expression called procedure, which is yet a third concept in the system. We had structure, we had processes, and now we are talking a procedure. Procedure is a specified way of performing an activity, in a bureaucratic system, and you can go back to my lecture which had to do with Athena, or which had to do with Apollo. These were not personality driven systems, but these were systems which were driven by procedure. So, a decision to be correct has to follow the procedure. Procedure is the guaranty of objectivity in decision making. Procedure is the guaranty of the decision process, being subjected to scrutiny and coming out successful. Procedure is a method by which you eliminate prejudices or you prevent distortions. Procedures therefore, should be understood for their strength, and it is like anything else capable of cutting both ways.

Excessive procedures would impede the process, in adequate procedures would again distort the process. Procedures like muscles in life have to be balanced, proportionate and in sync with what the system requires. The definition first procedure is a specified way of performing an activity, it decides what shall be done and by whom. So, the act is defined, and the person is defined. This again to refer back one of the elaborations which I have already made with you, defines the role; therefore, roles are very important to procedures. Presumably roles go the people who are qualified skill wise to handle the roles. If for example, you are deputy manager legal, then it is presumed that you will be familiar with the legal component. If you are on the other hand manager finance it is assumed that you will be familiar with financial processes and procedures. So, procedure is basically an elaboration of

role relationship. Any procedure then defines when it will be done, where it will be done, and how it shall be done.

These are very important concepts just as important as, what and by whom, defining when and when a task will be done, defining where it will be done, and defining how it will be done, is the essence of good management. When here has a meaning of sequence, you cannot speak out of turn, you cannot take on an activity unless certain recursive activity has been completed, where means, even if you are competent to do a job, if that has not been assigned to you, then in your role in an organization, where you must be embedded somewhere, you cannot start doing it unless it has remitted to you. And how, what are the steps you go through before you take a decision.

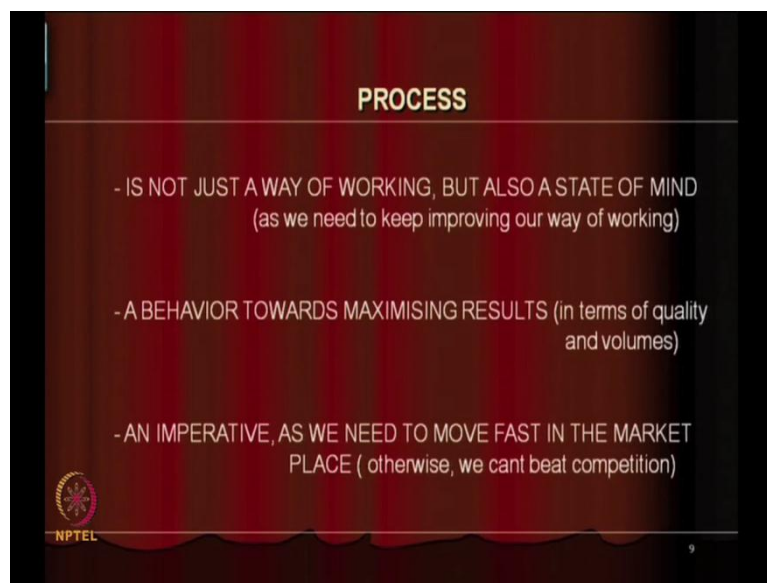
So, the soundness of decision, is really a factor of, when, where and how it shall be done. The forth qualifying dimension of procedure is, what material equipment, documents shall be used. Now procedure here when you are talking about material, need not necessarily be only decision making. It can be a product procedure, that will determine the quality, and even for that there is a procedure. So, the question of what material, what material does not really mean, whether you use plastic or you use clay, or you use alloy. No, material means specifications, is it fully backed, is it fully not backed, backed here meaning is it ready or is it not ready.

Again the equipment, because if you do not use the right equipment, there may be losses of the raw material; for example, if you are cutting precious stones, and you are bow is not sufficiently sophisticated, you are implement for chiseling that precious stone is not sufficiently sophisticated. Then that precious stone will suffer from wastage, and you may be cutting deeper than required or cutting in adequate angles, which would cause further lose of material when connected. So, the choice of equipment is also essential to a procedure, and this is the manufacturing dimension. Then there is the question of documents, you mean have a decision where legal remembrances is needed, and if legal remembrances is an adequate, then you will get a wrong decision. So, procedures are the heart of correctness of an organization.

And finally, there is a concern of how it shall be controlled and recorded, because after a process has been completed, the process tense to be seen only in terms of its resolving. In very few cases are processes actually recorded, and where processes are not actually

recorded, you cannot go back to answering what, how, where, when, whom or any other matter. So, the efficacy and the correctness of the control procedure, cannot be reexamined and a conclusion reached. Hence the how has also to be recorded, and how is the process issue. The conclusion which comes from this kind of elaboration is, procedures are needed to document the processes followed, and there is no getting away from it. So, three concepts are shared with you structure, process, procedures all three of them are essential to the proper running of any organization.

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Let us look at certain definition of processes. Process is not just a way of working, but also a state of mind. Now as you can clearly see, this is another rarified definition of process. Usually people confuse process with procedures, or a way of working, where it says is, process is a state of mind. In other words, we need to keep improving our way of working, we need to know our prodigies, we need to know our predilections. Above all we need to know our own competencies, and know whether we are at all knowledgeable of what we are doing, and the consequences which we were come out of it.

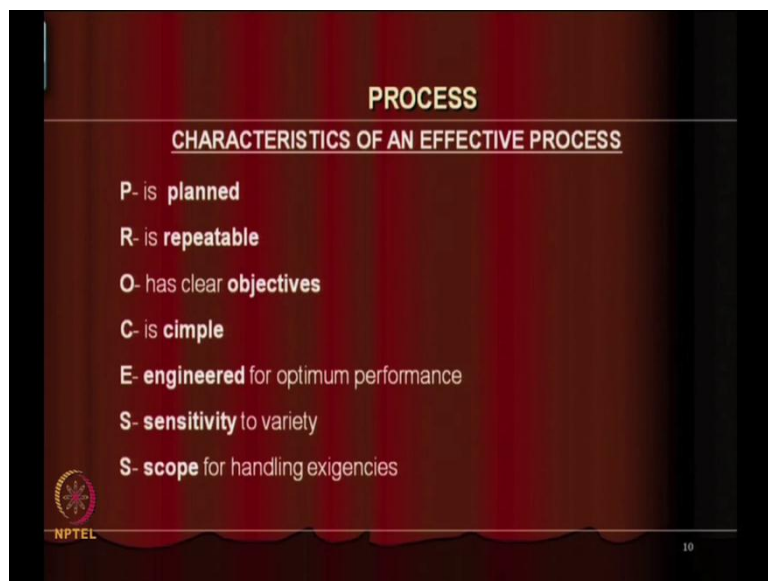
So, processes are little more than technicality. It is a whole approach which permeates an organization before at decision actually get's taken. A behavior towards maximizing results can also be a process, this can be in terms of quality and volumes. This definition is very largely in the manufacturing domain, where you look at a behavior at maximizing the result

not only in terms of the numbers, but also the quality, the standardization and the specification.

The third definition which comes out, is the processes are an imperative, and we need to move fast in the market place, otherwise we cannot beat the competition. Processes are imperative which means what. Then we need to understand the word imperative, you need to be briefed on expression and optional extern; that is you do it when you have to. Where you ignore it when you can, but when it comes to processes there is no choice, and you cannot ignore it.

You have to follow it as an imperative, even though we may need to move as fast in the market place as we possibly we can. In other words, processes are an insurance about the correctness of a decision, not in terms of the ethics alone, which is off course important, but also in term of effectiveness, and later on in the presentation, we will be having a presentation on concerns of effectiveness and efficiency.

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It may be easy for you to remember what process stands for, if you look at the word process as an acronym. There is the break up given there, in an acronym form of characteristics of an effective process, an P R O C E S S. Each of these alphabets represent a concept, let me walk through it and then I will explain it. P in process stands for planned, R stands for repeatable, O stands for having clear objectives, C you take the little liberty with the spelling

of simple, and spell with it C and you get C I M P L, E engineered for optimum performance, S sensitivity to verity, and the second S scope for handling exigencies.

Now if you notice the spelling of process, having seven alphabets, has been broken up here in the form of an acronym, and if you remember the concepts it stands for, it would not be difficult for you, to recall, what is the definition of process? Process is always planned, process is always repeatable, process always has a vectors, processes are usually simple, processes are usually engineered for optimum performance, process have sensitivity, they know that one size does not fit all, and above all the processes must have a scope for handling exigencies, because everything cannot be predicted.

Now you take away from this presentation should be, to understand the processes of your own organization. It may be an educational institution, it may be a place where you work, it may be an organization with which you have to deal with, but remember what I said in the very first talk, there is no use of working through a course like understanding organization structure, and human resources aspect etcetera to this course deals with, and not be aware of the fact that actually these lessons are life skill reinforcing lessons also. They help you to face life batter, they help you to handle life better, they help you to be more effective individual, and off course a more effective organization man. One needs to understand therefore, that without processes, we would be all working in adhoc environment.

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**PROCESS**

WITHOUT PROCESSES WHERE WE ARE ?

- A- Accountability is not there
- D- Different approaches to the same issue
- H- Hunt for a solution every time an issue comes up
- O- Operational and not strategic (no useful analysis related to a business can be made)
- C- Commonality of understanding missing

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And I give you again a set of definitions, which using *ad hoc* as an acronym, and again it is easy for you to remember it. A means accountability is not there, so if you do not have processes, then you will be in an *ad hoc* situation. *ad hoc* as an acronym means what, accountability is not there. D the different approaches to the same issue, now if you have different approaches to the same issue; you get to different results for the same issue. And if you get to different result for the same issue, the sustainability becomes problematic. H stands for a solution every time an issue comes up; therefore, some people call it modeling, and many engineers have the propensity to use the word model just about everywhere.

I do not want to enter that debate, but the proposition I want to put before you is, hunt for a solution every time and show comes up, can be a corrosive process. If you create a model, then you know when that this issue is there, this is the solution for which you come up. O stands for operational and not strategic. No useful analysis related to a business can be made, if it is not strategic. You cannot run business from movement to movement, because of if you run business movement to movement, your predictive validity with your stock holders reduces. They do not know your stand, indeed you may not know whether they will come back, with another problem, which will need a similar solution or otherwise. So, there is no question of taking operational decisions without some kind of a strategic vision. So, if you are in *ad hoc* that you are operational, and you do not have strategic decision.

And finally C states communality of understanding is missing. So, you notice that in each case, accountability, approaches, operational or communality of understanding, are elements which go missing. So, once you create an *ad hoc* situation, which is the opposite of a procedural situation, of a process situation, then you end up in a fairly keyotic manner. And if you end up in fairly keyotic manner then there is no way in which the organization, can go through a process of stress testing, demand on its system, and where you will recognize that it is important. In the interest of evoking confidence amongst your stake holders, that they know what rules are, what your regulations are, what your processes are, and how you are going to handle it.

Indeed half the game of comp active success in the market, today comes out of evoking confidence amongst all your stock holders, your regulators, so that they are instantly in strictly believe that that your operating within the frame work of regulation, and you are not going to jump it. They instinctively trust what you say, rather than in each case ask you to produce evidence, ask you to produce documentation, which is such destroyer of time when

it comes to managing business results. Also in dealing with vendors and customers, if there are not standard operating procedures, if there are not processes which are identified, which people deal with, and which a people have level of comfort. Then you are not going to grow, but every case going to handle on case to case bases, and that becomes a fairly problematic situation. The longer shot of it is, that to sum up if structures give an grammar of an organization. The processes show, how an organization comes alive.

Then procedures explain how a task is gone about, and the results are usually fulfilling to a business interest, and they help you to establish, how exactly one may be able to put together different forms of interest, resources, and indeed create an organization, which is capable for of responding to fluctuating times, turbulent times, and demands of a variety, which is earlier on were neither experienced nor known. Structure processes procedures, therefore make an organization come alive, raise its responsive capabilities, make it more self renewing, and make it possible for an organization to be trusted by all its stock holders, and therefore get in to business environment, with confidence of growth and with confidence of success. We shall be taking up subsequently the relationship between structure processes and the implication, which it has for the functioning of organizations, beyond what already has been discussed.