

# A Study of HR Department Structure in Auto Component Companies in Haryana

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## Abstract

Sound organization structure is essential for the conduct of business activities in an efficient manner. It is within the framework of the organization that the whole management process takes place. The success of the management process will be determined by the soundness of the organization structure. This paper focuses on the status of HR department reporting structure in auto component industry in Haryana. The paper reviews the organization structure of various Indian and multinational auto component companies and examines the significance of HR department in the organization. The first section presents the introduction, objective, research methodology followed by the data collection, interpretation and analysis in section two. Finally, section three provides conclusion and suggestions.

## Keywords

Automotive Industry, Organization, Human Resource, Organization Structure, HR Department.

## I. Introduction

Organization - A consciously co-ordinated social unit created by groups in society to achieve specific purposes, common aims and objectives by means of planned and co-ordinated activities. It is a group of people working together cooperatively under 'authority' toward achieving goals and objectives that mutually benefits the participants and the organizations. 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 establishing of objectives".

The enterprise consists of people who pursue common objectives. It is necessary that they should work cohesively and in a co-ordinated manner, so that the work is performed smoothly and efficiently. In other words, men and the material in the office should be put to the greatest use if pursuing the objectives of the enterprises. Organization thus can be defined, "The process of welding the positions together in the office for the pursuit of the goals or objectives set forth."

Organization is a dynamic process. It is not a static phenomenon; changes in the organization take place for many reasons, like a change in the objectives of the enterprise, change in personnel and change in environment which take place inside within the enterprise or outside the enterprise. Change in political set up or scientific inventions are the examples of changing environment. Organizing is an active or living entity, it is not a passive or rigid concept. The significance of organization for any enterprise can hardly be over-emphasized. It is the edifice of managerial success. Organization is definitely the back born of management, through which operations of the enterprise are run. Organization sets the relationships between people, work and resources to get productive

results. Without good organization, a one man enterprise cannot successfully grow beyond the limits of the owner's strength and ability. This relationship of people, work and resources is guided by the hierarchical structure or organization structure of that organization.

Organizational structure refers to how authority and responsibility for decision making are distributed in the entity. Top managers make judgments about how to organize subunits and the extent to which authority will be decentralized. The organization structure seeks to establish relations among all the people working in the organization. Under the organization structure various post are created to perform different activities for the attainment of the objectives of the enterprises.

According to Hurley, "Organizational structure is the pattern of activities among the various positions in the firm and among the various people occupying the positions." According to William H Newman, "Organizational structure deals with the overall organizational arrangement in an enterprise."

Organization structure represents the pattern of relationships of the workforce and their relative positions in the organization. The structure provides the framework for order and control, whereby the organization's activities can be planned, organised, directed and monitored. Organization structure contributes in the following ways to the effective functioning of organizations:

### A. Clear Cut Authority Relationship

Organization structure allocates authority and responsibility. It specifies who is to direct whom and who is accountable to whom.

### B. Pattern of Communication

Organization structure provides pattern of communication and coordination. By grouping activities of people it facilitates communication between people centered on their job activities.

### C. Location of Decision Centre

Organization structure determines the location of centre of decision making in the organization.

### D. Proper Balancing

Organization structure creates a proper balance and emphasis of activities. Those more critical to the organization success might be placed higher in the organization.

### E. Encourage Growth

An organizations structure provides the framework within which an enterprise functions. If it is flexible it will help in meeting challenges and create opportunities for growth.

All the people working in the enterprise are assigned certain jobs and for their successful accomplishment some authority is also given to them. It depends upon the nature of the job in every enterprise that decides how the authority should flow. That's why enterprises have different organizational structure. To put it simply an organizational structure is a plan that shows the organization

of work and the systematic arrangement of work.

## II. Objective of Study

To examine the authority and accountability structure of HR department of various auto component companies in Haryana.

## III. Literature Review

Increasing importance of human resources is realized by the management of the organizations way back and hence separate human resource department was established in the organization structure. The first HRD department in the Indian corporate sector was started in 1975 in Larsen & Toubro (L&T) after recommendations by two consultants, Udai Pareek and T V Rao from The Indian Institute of Management, Ahmadabad. In the next year State Bank of India (SBI) and its associated banks influenced by the conceptual underpinnings of HRD, decided to establish HRD department. Two years later, Bharat Earth Movers Ltd., Bangalore, one of the large public sector companies in India, established the HRD department. Upto 70s, there was hardly a dozen of companies with HRD department. Bu 80s many had started establishing them. By the 90s, almost every organization had a HRD department with the function being fully institutionalized.

Today HR, instead of being the mouthpiece of all management decisions, is now taking on the frontal role of bringing the employee and the management closer. Making both understand each other's roles & responsibilities. Making them understand their importance in the growth of the organization and thus building respect for each other.

HR is no more about recruiting people or for that matter even hiring people. It's more about acquiring the right talent that will help the organization achieve its goal or vision. It's like bring together a bunch of talented musicians to deliver great music and you are the director of the orchestra. HR is no more about making salary packages (that can be done through technology if the parameters are defined) but putting together a life for the acquired talent so that he or she can deliver 100 % on their core competency. HR is no more about facilitating appraisals and drawing up increment sheets. It's more about helping management identify the stars and pillars of the organization. Helping them nurture, groom and reward these people so they in turn drive the organization towards its vision. HR is no longer about giving employees a raise. It's about having a totally unbiased approach towards both employee and management and encouraging each other to recognize, respect and reward each other so that they all move together as one group towards a common goal.

HR is all about planning employees career (career progression plans), putting together a business continuity plan (BCP) by ensuring succession planning for all key talents and positions, it's about building cultures, purpose, value systems and various other pillars that transform the organization from a "place to work" to where people want to come and display their talent, be recognized, nurtured, groomed and rewarded.

## IV. Research Methodology

Being empirical study, it is completely based on primary data collected by the researcher through the interview with HR Heads/ Representatives of auto component companies and the secondary data is collected from the various documents relating to reports, external surveys and information from published media if any.

## V. Data Collection, Interpretation & Analysis

The researcher has visited and interviewed the HR Heads/ Representatives of six auto component companies to understand the organization structure and HR department reporting structure. The researcher has taken care that the companies represent the true picture of the industry. He has selected the similar kind of companies in order to nullify the issues that could be cropped up while study. The snap shot of the companies under the study are:

- Two companies were Indian, two were Japanese and two were European.
- The turnovers of all the companies were between Rs. 100 crores to Rs. 300 crores.
- These six companies represented the Tire-1 companies in automotive sector and nature of business is same i.e. auto components.
- The two companies were having around 200 employees, two were having around 800 and two had more than 1000 employees thus giving the complete picture of the industry in terms of number of employees.

The study of these six auto component companies has revealed that the organizational structure of companies under study is functional structure in nature. All the companies have HR department but no person is identified trained in implementing HRD practices. The analysis of HRD department structure had been summarized in below table:

Table 1: Details of Structure of HR Departments in Six Auto Component Companies

S.No.	Name of Company	Details of structure of HR Department
1	A	The department is headed by DGM-HR (Corporate). At plant level, the department is bifurcated at the Dy. Manager into HR & IR sections. The employees of HR section handle the recruitment, training and development activities, Group activities such as Kaizen, Quality Circles etc. No separate employee allotted purely for HRD activities.
2	B	The Head (HR) represents the senior management level person. The department is split into two section- IR & Admin and HR. HR department is having only three members. One Dy. Manager and Two Officers. The HR team is doing only the routine activities of recruitment, counseling and welfare activities.

3	C	The Head (HR) represent the top Management team member. The department is divided in three sections HR, IR and GA. Each section has Dy. Manager and above section head. The HRD activities are conducted by three employees. The company is performing various HRD activities such as trainings based on organization target, competency mapping & assessment centre, Kaizen, Compensation benchmarking and linking with performance management system etc.
4	D	The responsibility of HR department is entrusted to DGM – Commercial. No separate section for HR function. One Assistant Manager level person handles the HR, PM & IR functions all together. HRD is mainly in terms of recruitment and appraisal.
5	E	The Sr. Manager (HR) – Corporate represents the Head (HR). Each unit has separate Manager (HR) who handles the plant level HR activities. No separate HRD department. HRD activities are coordinated from Corporate level.
6	F	The Manager (HR) handles the plant level personnel management activities. HR activities are carried out by the Sr. Executive level employee having no experience in HRD.

Based on the above information, the researcher has subdivided the entire HR activities into four major sub activities i.e. Personnel Management, Industrial Relation, Administration and HRD and collected the data from HR Heads/ Representatives through interview the amount of time spend on each activity by their department.

It is found that companies are spending most of their time in Personnel Management comprises of personnel policies, employee welfare, wage and salary administration etc and Administration activities such as canteen, transport, security, insurance etc. The least time spend on HRD activities such as employee development and Organizational goals linked activities.

The data collected is further analyzed to review the status of HR activities at individual company level and it is found that in each company HRD activities are least carried out.



Fig. 1: Amount of Time Spent on HR Activities

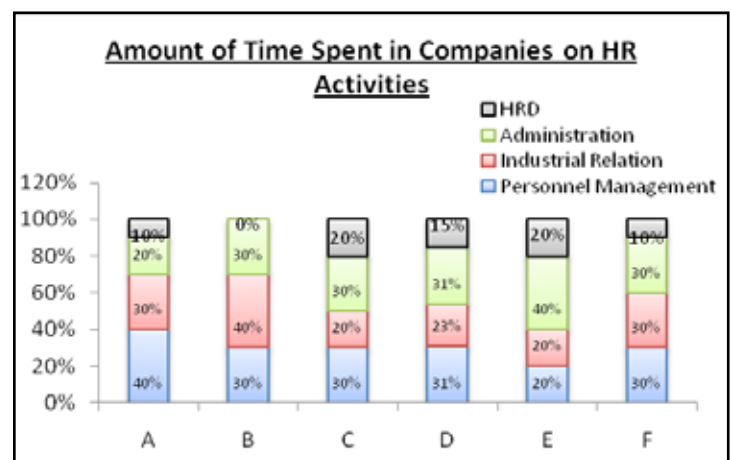


Fig. 2: Amount of Time Spent in Companies on HR Activities

**VI. Conclusion**

On the basis of discussion and detailed analysis of HR department of six companies the current status can be said to be the following:

- There is only a change in title and there is no real HRD taking place.
- A large part of their time is spent on recruitment, performance, compensation survey and administration.
- HRD managers of today do very little HRD and do a lot of personal administration including expats management and welfare activities.
- Large number of HRD managers is not professionally qualified to handle HRD roles. They lack adequate professional preparation.

The HR departments of the companies under study reflects that in spite of having Vice President / General Manager level person heading the department most of the companies are just doing the service function with no targets or without linking their activities with the organizational objectives. Manpower is hired without estimating the manpower productivity ratio, trainings are held without identifying the requirement, increment and promotions are done before the appraisal forms are handed over to the HR department after duly filled in, none of the employee knows his/ her career path.

## VII. Suggestions

In today's time HRD has been mixed up with HR. As a result most of the HR managers today carry the HRD role and/ or HRD managers carry the HR role. Even globalization and liberalization has made IR jobs redundant. Thus, most of the organizations have diverted a large number of their IR managers to the HR side who do not have the knowledge, skill or sanity of HRD functions.

The placement of the HR department has a lot of significance. It should preferably be headed by the broad level functionary who directly reports to CEO/MD. This is because most HR decisions are strategic in nature and/ or have strategic implications which need continuous communication with the top management group. The position of the HR department itself reflects the importance given to the HR in the organisation.

HRD department needs to be appropriately structured and competently handled as it plays a critical role in the achievement of organizational goals and helping the organization to achieve and maintain excellence. Good people and a good culture make good organizations. Good people mean competent, committed, learning and team- oriented people. HRD has the role of getting the right kind of people, creating a culture that nurtures and retains talent, providing avenues for competence development at all levels, ensuring utilization of talents and aiding in renewal of various productive human processes. While the HRD department facilitates the achievement of these goals every senior employee becomes facilitators of the development of both himself and those who work with him.

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