

P R E F A C E

One of the important factor for undertaking this study has been the strong feeling that exists in the present day Indian industrial organisations about the relationship problems between finance and non-finance managers. We have observed that the executives on both sides often tend to raise this topic out of their own volitions in our discussions with them on various things relating to the finance and accounts function. There are many executives who think that this issue is of crucial importance to the organisations.

Atleast in our country, there is hardly any important study on this phenomenon. This particular study has to be viewed in this context. The study is a modest effort to explore the phenomenon in Indian firms to enable the organisations to approach the relationship problems with greater clarity and in a more organised fashion.

The study has been handicapped by the paucity of literature on specific aspects of relationship between finance and non-finance managers. The scope of the study is broad and general. Number of issues pertaining to the basic subject matter of the study, especially relevant in Indian context, are sought to be examined.

Though the main thrust of this dissertation is on the interrelationship between finance and non-finance managers, one chapter (chapter I) is devoted to the empirical study of the differentiation in finance and accounts functions of indian organisations. The pattern of differentiation is important by itself. We are not making an attempt to link the structure of the finance function with the aspects of inter-relationship. However, by studying the existing pattern of differentiation in the function, we hope to

answer, though indirectly, ~~is~~ whether the function is planning and control oriented or still remains entrenched in the accounting and legal orientation. This basic orientation is quite important for understanding interrelationship. Besides, the study of differentiation has brought into light some facts, especially relating to the territory of finance function vis-a-vis MIS and secretarial functions.

The main topic starts from Chapter II. Here, a brief review of the relevant literature is presented along with an outline of the interface aspects that we propose to study. We have considered those aspects that are important to finance and non-finance people in their mutual relationships in an organisational setting. It is essentially an outline of how and on what factors we characterise the relationship in our study. The scope, objectives and methodology of the study are discussed in chapter III.

The non-finance viewpoint based on the study of a sample of non-finance executives across several companies is presented in chapter IV. The important aspect of this chapter is the impact of basic interface characteristics on the interrelationship patterns. The role of finance function in relation to the non-finance people can be described in terms of the two basic components of helping role and control role. Analysis of interrelationship patterns with respect to the various categories of these two basic components has led to some interesting implications. A notable contribution of this chapter is the normative implication that has emerged about the appropriate form of dominant control focus from finance and accounts function. A shift in the focus of finance and account's control from means to ends of non-finance is desirable from the point of view of relationships.

We move on to the comparative relationship problems in different sectors and different non-finance functions, in chapter V. The relationship problems in public sector firms are more severe compared to the private sector. We make an attempt to trace the additional severity to the factors operating in the public sector.

Chapter VI is on the study of interrelationship patterns in five specific organisations as viewed by the non-finance managers. This chapter supplements some of the findings and observations made in chapter IV, and also in Chapter V.

Chapter VII deals with the viewpoint of finance managers and discusses the points of agreement and disagreement in finance and non-finance viewpoints. The treatment of finance viewpoint is done in a comparatively limited way.

Chapter VIII is on the preliminary study of finance and non-finance group stereotypes in present day organisations. From our observations of finance and non-finance interactions in various settings, we have selected number of stereotypes referring to the finance and non-finance groups in organisations. The focus of the chapter is on the degree to which the characteristic referred to by the stereotype is present, the comparison of self-perception vs. other group perception on these characteristics, and the implications of these to the interrelationship between finance and non-finance managers.

An outline of our recommendations to Indian organisations towards improving the relationships between finance and non-finance managers is available in chapter IX.

FINANCE FUNCTION

It should be admitted that the conceptual and methodological rigour is not perfect. However, within the constraints of time, resources and lack

of relevant literature in this particular area, it is hoped that the study

1.1. INTRODUCTION

has served its purpose by bringing into light the relationship problems

between finance and non-finance managers and the possible remedies in Indian

context. It may also be hoped that the organisations will take note of the

findings of the study and take relevant corrective action in their organisa-

tions. Finally, in view of the broad scope of the study, there is ample scope

for a more rigorous analysis by concentrating on specific issues. The scope

for further research in this and related areas is quite promising, as well as

quite fruitful.

Functionalisation stems from the necessity of specific

grouping of enterprise activities such that each specific management function

deals with a specific segment of the enterprise activities. The Personnel

function deals with human resources management. The Production function deals

with equipments, processes etc., and is responsible for the creation of time and

force utilities. Marketing is concerned with place utility and deals with

products. The Finance and accounting function with its focus on the management

of monetary resources is essentially a supportive or service function in relation

to other specific management functions. As a specific function, Finance and account-

ing is necessary for the efficient discharge of generic management functions in

each of the other specific management functions and the organisation as a

whole in consonance with the economic or financial objectives of the enterprise.