UNIT 2: FUNCTIONS AND LEVELS OF MANAGEMENT

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2.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- discuss the concept of management
- define goals and objectives
- discuss the concepts of organizing, staffing, controlling and coordination
- learn the Indian Management style and tradition

2.2 INTRODUCTION

In previous unit we had gone through the meaning and evolution of Management. In the present unit we shall be discussing on the levels and the various functions of Management. The present day industrial world,

management has become universal. With the increase in the complexities of doing business, the importance of 'management' has increased enormously. The principles of management are being applied not only for managing business concerns, but also to manage various other institutions like hospitals, educational and social institutions and government. Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it.

You will find this unit interesting because here you will know the importance of different functions of management and how managers plan and perform their task in the organization.

Let us discuss the concept, levels and functions of Management in the following sections

2.3 CONCEPT OF MANAGEMENT

Management is a process of maintaining and designing the organization in such a way so that the individual and the groups as a whole work efficiently for the achievement of the set goals.

In an organization a mangers plays an important role and it involves performance of management functions (see section 2.4).The functions are different for the managerial jobs and these differences arise because of the different levels in the organization. As discussed in the previous unit, we got a fair idea on the concept of management. In order to achieve the desired results, the managers perform certain basic functions namely planning, organizing, staffing, directing and controlling. We shall be discussing these functions in detail in the following sections.

2.4 FUNCTIONS OF MANAGEMENT

Henry Fayol in the early part of 20th century classified the functions of management as planning, organization, command, coordination and control. Luther Gulick classified functions of management by using the alphabets POSDCORB that refers to:

- Planning
- Organizing
- Staffing
- Directing
- Coordination
- Reporting
- Budgeting

It is clear that Gullick's classification is similar to that of Fayol, only new is that he divided the function of controlling into reporting and budgeting.

In this unit we will discuss on Planning, Organizing, Staffing, Directing, Controlling and Coordination.

2.4.1 Planning

Planning is concerned with the determination of objectives to be achieved and the course of action to be followed to achieve them. Before starting any action, one has to decide how and where it has to be performed. Thus planning implies decision-making as to what is to be done, how it is to be done, when it is to be done and by whom it is to be done. Planning helps in achieving the objectives efficiently and effectively. It involves selection of objectives, strategies, policies, programmes and procedures for achieving them. In simple words, Planning is where we are and where we want to go.

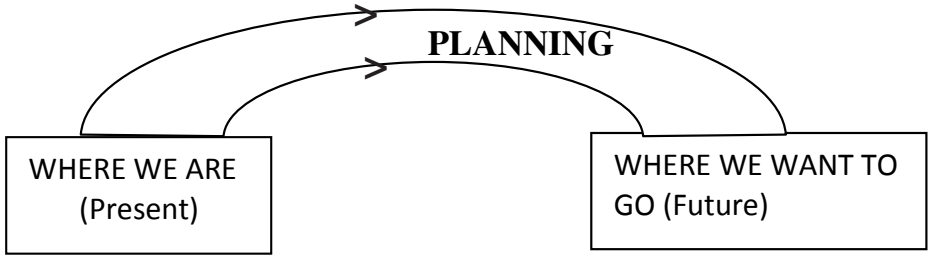


Figure 2.1: Concept of Planning

Planning is deciding in the present for what is to be done in future. It is the primary function management; it answers the following basic questions:

1. ***Where are we now?:*** This question arises because of the making realistic assessment of the current situation and forecasting how the picture may change in the future.
2. ***Where do we want to be?:*** This question arises to find out the desirable objectives keeping the present as well as future requirements in mind.
3. ***Difference*** : Finding the difference between where we are and where we want to go.
4. ***How can we go there from here?*** : This question is about what has to be done in future.

Now, let us discuss the approaches and types of Planning.

Approaches to Planning: Managers follow various approaches to planning based on the extent of participation, authority delegation and competency level of managers working at various levels, namely:

a. **Top-down Approach:** In most family-owned enterprise, authority and responsibility for planning is centralized at the top. The top management defines the mission, lays down strategies, and specifies action plans to achieve the stated goals. The blueprint is then passed on to the people working at lower levels, who have very little to contribute to the process of planning. The success of this approach is wholly dependent on the qualifications, experience and capabilities of people working at the top level.

b. **Bottom-up Approach:** Thinking and doing aspects in the planning process are two sides of the same coin. So, if lower level managers were drawn into the preparation and implementation of plans, their loyalty and commitment would go up automatically. Participation enables them to give their best to the plan document. In bottom up approach, the lower level managers convey their opinion to the top level manager.

Types of Planning: Planning may be classified into several types on the basis of comprehensiveness, time span and frequency of use of the plan. A brief description of these follows:

a. **Long-range Planning:** A plan that covers many years and affects many departments or divisions of an organization in a major way. Long range planning is quite common in stable industries such as steel, public utilities and automobiles.

b. **Short-range Planning:** A plan that is specific and detailed and generally covers a span of one year or less. Short-range plans are otherwise called operational plans. Market plans, production plans and financial plans are typical examples of operational planning.

Importance of Planning: Planning is an essential activity carried out in all organizations in the modern world. Planning helps in determining the goals of an organization and the activities needed to satisfy these goals. If organizations are operating on a day-to-day basis with no feel of where they are heading, the result will be haphazard. Planning helps an organization in the following ways:

a. **Provides Direction:** Planning as a road map shows direction where the organization is heading and for what. Without plans and goals, organizations merely react to daily occurrence without considering what will happen in the long run.

b. **Reduces Uncertainties:** Planning enables organizations to shake off their inertia and insulation in outlook. It induces them to go beyond narrow vision and cut through uncertainties of the environment.

c. **Facilitates Decision-Making:** Decision-making involves searching of various alternative courses of action, evaluating them and selecting the best one. Planned targets serve as the criteria for the evaluation of different alternatives so that best one may be chosen.

d. **Improves Efficiency:** Planning serves as a mechanism to make judicious allocation of limited resources for achieving organizational goals. Planning adds value to resource by ensuring their judicious and best use for the fulfillment of organizational requirement.

e. **Provides Unifying Framework:** Planning forces people to continually address their efforts to the most important work rather than the least important. Plans serve as the basis of coordinating the efforts of different divisions, departments and people.



ACTIVITY 2.1

List out five long range planning and five short ranges planning in any organization.

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2.4.2 Organizing

In simple words organizing is concerned with the process of structuring, integrating the organization's resources-people, materials, technology and finance in order to achieve enterprise objectives of the organization.According to Fayol, "to organize a business is to provide it with everything useful to its functioning-raw materials, tools, capital and personnel". Thus, organizing involves bringing together the manpower and material resources for the achievement of objectives laid down by the enterprise. Organizing involves the following processes:

a. Determining and defining the activities involved in achieving the objectives laid down by the management;
b. Grouping the activities in a logical pattern;
c. Assigning the activities to specific positions and people; and
d. Delegating authority to their positions and people so as to enable them to perform the activities assigned to them.

Organizing function helps in increasing the efficiency of the enterprise. Further, by avoiding repetition and duplication of activities, it reduces the operation cost of the enterprise.

But organizing function can be useful to the enterprise only when there are clear and verifiable objectives, clear understanding of the activities needed to achieve the objectives and clear definition of the authority assigned to the manager at every level.

2.4.3 Staffing

Every enterprise is very much concerned with the quality of its people, especially its managers. The staffing function is very much concerned with this aspect of management. According to Harold Koontz and Cyril O'Donell, "the managerial function of staffing involves manning the organizational structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into structure", thus, the staffing function involves:

a. Proper selection of candidates for proper positions;
b. Proper remuneration;
c. Proper training and development so as to enable them to discharge their organizational functions effectively; and
d. Proper evaluation of personnel.

Staffing function is performed by every manager of the enterprise, as he is actively associated with the recruitment, selection, training and appraisal of his subordinates. For example, the Board of Directors of the enterprise undertakes the staffing function by selecting and apprising the Chief Executive who, in turn, performs these functions in relation to his sub-ordinates like divisional heads of the enterprise. Similarly, departmental heads or their sub-ordinates also perform the staffing function.

Staffing function is a difficult managerial function because it is concerned with the selection of the persons who are properly qualified and mentally well adjusted to the situations.

2.4.4 Controlling

Controlling is related to all other management functions. It is concerned with seeing whether the activities have been or being performed in conformity with the plans. According to Haimann, "control is the process of checking to determine whether or not, proper progress is being made towards the objectives and goals and acting if necessary to correct any deviation". Koontz and O'Donell have defined controlling "as the measurement and correction of the