

LEVELS OF MANAGEMENT

An enterprise may have different levels of management. Levels of management refer to a line of demarcation between various managerial positions in an enterprise. The levels of management depend upon its size, technical facilities, and the range of production. We generally come across two broad levels of management, viz. (i) administrative management (i.e., the upper level of management) and (ii) operating management (i.e., the lower level of management). Administrative management is concerned with "thinking" functions such as laying down policy, planning and setting up of standards. Operative management is concerned with the "doing" function such as implementation of policies, and directing the operations to attain the objectives of the enterprise.

But in actual practice, it is difficult to draw any clear cut demarcation between thinking function and doing function. Because the basic/fundamental managerial functions are performed by all managers irrespective of their levels or, ranks. For instance, wage and salary director of a company may assist in fixing wages and salary structure as a member of the Board of Directors, but as head of wages and salary department, his job is to see that the decisions are implemented.

The real significance of levels is that they explain authority relationships in an organization. Considering the hierarchy of authority and responsibility, one can identify three levels of management namely:

- (i) **Top management** of a company consists of owners/shareholders, Board of Directors, its Chairman, Managing Director, or the Chief Executive, or the General Manager or Executive Committee having key officers.

(ii) **Middle management** of a company consists of heads of functional departments viz. Purchase Manager, Production Manager, Marketing Manager, Financial controller, etc. and Divisional and Sectional Officers working under these Functional Heads.

(iii) **Lower level or operative management** of a company consists of Superintendents, Foremen, Supervisors, etc.

1. **Top management** : Top management is the ultimate source of authority and it lays down goals, policies and plans for the enterprise. It devotes more time on planning and coordinating functions. It is accountable to the owners of the business of the overall management. It is also described as the policy making group responsible for the overall direction and success of all company activities. The important functions of top management include :

(a) To establish the objectives or goals of the enterprise.

(b) To make policies and frame plans to attain the objectives laid.

(c) To set up an organizational frame work to conduct the operations as per plans.

(d) To assemble the resources of money, men, materials, machines and methods to put the plans into action.

(e) To exercise effective control of the operations.

(f) To provide overall leadership to the enterprise.

2. **Middle management** : The job of middle management is to implement the policies and plans framed by the top management. It serves as an essential link between the top management and the lower level or operative management. They are responsible to the top management for the functioning of their departments. They devote more time on the organization and motivation functions of management. They provide the guidance and the structure for a purposeful enterprise. Without them the top

management's plans and ambitious expectations will not be fruitfully realized. The following are the main functions of middle management :

- (a) To interpret the policies chalked out by top management.
- (b) To prepare the organizational set up in their own departments for fulfilling the objectives implied in various business policies.
- (c) To recruit and select suitable operative and supervisory staff.
- (d) To assign activities, duties and responsibilities for timely implementation of the plans.
- (e) To compile all the instructions and issue them to supervisor under their control.
- (f) To motivate personnel to attain higher productivity and to reward them properly.
- (g) To cooperate with the other departments for ensuring a smooth functioning of the entire organization.
- (h) To collect reports and information on performance in their departments.
- (i) To report to top management
- (j) To make suitable recommendations to the top management for the better execution of plans and policies.

3. Lower or operative management: It is placed at the bottom of the hierarchy of management, and actual operations are the responsibility of this level of management. It consists of foreman, supervisors, sales officers, accounts officers and so on. They are in direct touch with the rank and file or workers. Their authority and responsibility is limited. They pass on the instructions of the middle management to workers.

They interpret and divide the plans of the management into short-range operating plans. They are also involved in the process of decisions-making. They have to get the work done through the workers. They allot various jobs to the workers, evaluate their performance and report to the middle level management. They are more concerned with direction and control functions of management. They devote more time in the supervision of the workers.

MANAGERIAL SKILLS

A skill is an individual's ability to translate knowledge into action. Hence, it is manifested in an individual's performance. Skill is not necessarily inborn. It can be developed through practice and through relating learning to one's own personal experience and background. In order to be able to successfully discharge his roles, a manager should possess three major skills. These are conceptual skill, human relations skill and technical skill. Conceptual skill deals with ideas, technical skill with things and human skill with people. While both conceptual and technical skills are needed for good decision-making, human skill is necessary for a good leader.

The *conceptual skill* refers to the ability of a manager to take a broad and farsighted view of the organization and its future, his ability to think in abstract, his ability to analyze the forces working in a situation, his creative and innovative ability and his ability to assess the environment and the changes taking place in it. In short, it is his ability to conceptualize the environment, the organization, and his own job, so that he can set appropriate goals for his organization, for himself and for his team. This skill seems to increase in importance as manager moves up to higher positions of responsibility in the organization.

The *technical skill* is the manager's understanding of the nature of job that people under him have to perform. It refers to a person's knowledge and

proficiency in any type of process or technique. In a production department this would mean an understanding of the technicalities of the process of production. Whereas this type of skill and competence seems to be more important at the lower levels of management, its relative importance as a part of the managerial role diminishes as the manager moves to higher positions. In higher functional positions, such as the position of a marketing manager or production manager, the conceptual component, related to these functional areas becomes more important and the technical component becomes less important.

Human relations skill is the ability to interact effectively with people at all levels. This skill develops in the manager sufficient ability (a) to recognize the feelings and sentiments of others; (b) to judge the possible actions to, and outcomes of various courses of action he may undertake; and (c) to examine his own concepts and values which may enable him to develop more useful attitudes about himself. This type of skill remains consistently important for managers at all levels.

Table-2 gives an idea about the required change in the skill-mix of a manager with the change in his level. At the top level, technical skill becomes least important. That is why, people at the top shift with great ease from one industry to another without an apparent fall in their efficiency. Their human and conceptual skills seem to make up for their unfamiliarity with the new job's technical aspects.

Tables-2 : Skill-mix of different management levels

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|-------------------|---|------------------------|
| Top Management | → | Conceptual Skills |
| Middle Management | → | Human Relations Skills |
| Low Management | → | Technical Skills |