Levels of Management and their Functions

With the growing complexities of business, the process of management also become more complicated and calls for a higher degree of skill and ability. Particularly in view of the technological features influencing the size and the scale of modern enterprise, management cannot be a simple task that can be performed by an individual or a few persons interested therein as proprietors. As observed by Louis A. Allen,

*it is humanly impossible for one individual to do justice to the multi various and complex demands of both managing and operating the business.*

Therefore, the managerial functions are assigned to different managerial personnel all along the enterprise. Hence, there arise a hierarchy of management with authority and responsibility graded according to functions arranged department-wise.

**Three Levels of Management**

The usual way of classifying the set up of any undertaking is:

1. Top Management
2. Middle Management, and
3. Lower Management,

the pictorial representation of which is shown in the following Figure.

Levels of Management

We shall now discuss the different levels of management.

**1. Top Management**

Since majority of the large scale undertakings are organized as joint stock companies, the top level management is made up of Board of Directors. However, in practice the Directors do not take part in the day-to-day affairs of the enterprise. But the task is generally entrusted to the Managing Directors or General Managers. They are called as Chief Executives and they are
responsible to carry out the broad policies formulated by the Board. However, the ultimate control rests with Directors. This top level management is the policy making body responsible for the overall direction and success of all the activities of the company.

**Functions of the Top Management**
The principal functions of the top management can be outlined as follows:

1. **Determination of Objectives**
   It is the top level management which determines the broad objectives of the enterprise. Within the framework of the Memorandum of the company, the Board must determine the goals of the enterprise. The objectives may be either general or specific.

2. **Formulation of Policies**
   For realizing the cherished goals of the company, the top management must also formulate the policies. The objectives and policies must guide the activities of the company, the selection of policies also calls for the Board’s judgement.

3. **Long Range Planning and Strategy**
   Since long range plans and strategies are major decisions, they are also rested in the hands of the top level management. If the long range planning proves faulty, the company shall find itself in serious financial difficulties.

4. **Organizing for Action**
   Setting up of the administrative organization of large companies with thousands of employees is a complex problem and calls for greater caution and skill. Hence, this function also vests with the top management. Responsibilities which are necessary to execute the policies must be assigned to different employees and relationship among the jobs should also be clarified.

5. **Developing of Major Resources**
   This function includes the finding out of the various ways and means for procuring the resources required to put the plans into action. Resources also include physical resources such as machinery, tools, furniture, equipment, building, etc.
6. Selecting Key Personnel
The managerial personnel not only dominate the success or failure of the existing policies but they are key figures in formulating future plans. Right type of men must be selected and placed at the right places. Hence, this function also vests with the top management.

7. Co-ordination and Controlling
Although the top management is primarily concerned with the future, it must maintain guiding influence on the current activities. It must guide in the execution of plans through the organization with the resources assembled. This calls for co-coordinating and controlling the operation.

2. Middle Level Management
The middle level management is concerned with the execution of the policies and plans evolved by the top management. Therefore, the middle level management comprises of departmental heads and other executives. Though the top management forms the head and brain of the enterprise, the personnel in the middle management actually take part in the execution of the plans and experience the difficulties involved in it.

In this connection Newman rightly remarked as follows:

*Without good executive personnel, sound objectives and policies and a clear organization plan soon become idle hopes and unrealistic aspirations; with good executive personnel, they provide the guidance and the structure for a purposeful enterprise.*

Functions of the Middle Management
The principal functions of the middle level management can be outlined as follows:

1. Middle level management interprets the policies of the company.

2. It is the responsibility of the Middle Management to prepare organizational set up in their department.

3. They issue orders to the subordinates and others in their department,
4. Middle level management motivate the personnel for higher productivity.

5. Collecting reports and other information about the work turned out in their respective departments, and

6. Providing information and assisting the top management in revising the plans to secure better performance.

3. Lower Level Management
This term is applied to subordinate departmental heads, foremen, office superintendents, supervisors, etc. The personnel in the lower level management come in direct contact with the workers. They actually carry out the operations as per schedule. Hence, they are also designated as ‘operating management’. They provide the essential link between the worker and the management. In fact, the efficiency of the whole organization depends on the efficiency of the lower management.

Functions of the Lower Management
The important functions of the personnel in lower management can be summed up as follows:

1. Executing of the work entrusted to them,

2. Maintaining of the standard, quality and workmanship of the product,

3. Eliminating wastage of material, time, etc.,

4. Maintaining strict discipline amongst the workers,

5. Preserving the morale of the workers, and

6. Providing instructions and other information to the workers and guiding them while in action.