FUNCTIONAL MANAGEMENT

Functional management is the most common type of organizational management. The organization is grouped by areas of speciality within different functional areas (e.g., finance, marketing, and engineering). Some refer to a functional area as a "silo". Besides the heads of a firm's product and/or geographic units the company's top management team typically consists of several functional heads such as the chief financial officer, the chief operating officer, and the chief strategy officer. Communication generally occurs within a single department. If information or project work is needed from another department, a request is transmitted up to the department head, who communicates the request to the other department head. Otherwise, communication stays within the department. Team members complete project work in addition to normal department work.

AREAS OR TYPES OF THE FUNCTIONAL MANAGEMENT

- Financial Management
- Production and Operation Management
- Marketing Management
- Human resource Management

FUNCTIONAL MANAGER

- A functional manager manages a specific department such as finance, marketing, operations, human resource, strategic management.
- Functional manager shares the responsibilities and authorities and directing the work of individuals.
- It is the responsibilities of functional manager to avoid only conflicts and coordinate with respective work and staff.

ACTIVITIES OF A FUNCTIONAL MANAGER

- Assign specific individuals to the team, and negotiate one individuals work
- Participate in the all kind of activities.
- Provide subject matter expertise.
- Approve the final schedule during schedule development
- Approve the final project management plan during project management plan development
- Recommend changes, including corrective actions
- Manage activities within their functional areas.
- Assist with problems related to team member performance
- Improve staff utilization
- Spotting in technical issues
- Informing users via key users
- Supervising new implementations
- Functional testing
- Training operators

1) FINANCIAL MANAGEMENT:

- Financial management can be looked upon as the study of relationship between the increasing of funds and the deployment of funds.
- The subject matter of financial management is: capital budgeting cost of capital, portfolio management, dividend policy, short- and long-term sources of finance.

TYPES OF FINANCIAL MANAGMENTS

1. Investment policies:

- It dictates the process associated with capital budgeting and expenditures. All proposals to spend money are ranked and investment decisions are taken whether to sanction money for these proposed ventures or not.

2. Methods of financing:

- A proper mix of short- and long-term financing is ensured in order to provide necessary funds for proposed ventures at a minimum risk to the enterprise.

3. Dividend decisions:

- This decision affects the amount paid to shareholders and distribution of additional shares of stock.

OBJECTIVE OF FINANCIAL FUNCTION:

1 Barometer to measure performance

2 Ensures welfare of Shareholders employees and creditors

3 Attracts Short term investment

4 Plants for expansion and diversification

5 Efficient use of resources

OBJECTIVES OF FINANCIAL MANAGMENTS

PROFIT MAXIMIZATION APPROACH

- Main aim of any kind of economic activity is earning profit. A business concern is also functioning mainly for the purpose of earning profit. Profit is the measuring techniques to understand the business efficiency of the concern.
- The finance manager tries to earn maximum profits for the company in the short-term and the long-term. He cannot guarantee profits in the long term because of business uncertainties. However, a company can earn maximum profits even in the long-term, if:

The Finance manager takes proper financial decisions

He uses the finance of the company properly

OBJECTIONS TO PROFIT MAXIMISATION

1 Assumes perfect Competition

2 Morden business situations

3 produces unnecessary goods and services

4 can lead to inequality of wealth of income

5 Profit is not a clear term

6 Time Value of money not considered

7 Risk not considered

8 Corupt practices increase

9 Sales Orientation of some Companise

10 workers dissatisfied

11Consumers feel exploited

12Narrow Consept concerned with short term only.

Wealth Maximization Approach

- Wealth maximization (shareholders' value maximization) is also a main objective of financial management. Wealth maximization means to earn maximum wealth for the shareholders. So, the finance manager tries to give a maximum dividend to the shareholders. He also tries to increase the market value of the shares. The market value of the shares is directly related to the performance of the company. Better the performance, higher is the market value of shares and vice-versa. So, the finance manager must try to maximize shareholder's value

If we don't follow profit maximization

1. **Shareholder wealth maximization**
2. **It means maximizing the next present value from a given project.**
3. **Net Present value means the difference between present value of benefits and present value of cast in a given project.**
4. **A Project with positive net present value should be accepted where as a project with negative net present value should be rejected**
5. **Among several problems under Consideration the project with highest net present value Should be accepted**

Advantages of SWM

1 **Shareholders wealth maximization is a clear term.**

2 **It takes care of the Concept of time value of money and there for takes care of risk also.**

IMPORTANCE OF FINANCIAL MANAGEMENT

- There is a huge importance of financial management in business planning and controlling for your financial stability and to keep you away from bankruptcy.
- It will provide you financial stability, improve your standard of living, give you peace of mind and keep you financially stress free.

1. Financial Planning:

- Financial management its importance is financial planning. It decides each financial necessity associated with business concern. Also financial planning associates need to take prompts and correct measures instead of worries in later stage of financial management life-cycle of a company. Financial planning looks a crucial area associated with business concern.
- Typically, all the credit for business success is mostly depends on the financial planning of a company.

2. Safeguarding / Protecting Funds:

- Importance of financial management include protecting finance towards achieving business goals. One has to measure the areas where funds are required and allocate it well in all the areas for smooth functioning of business. Overspending on one project and impact other business operations as they may lack finance in many cases. It is crucial to safeguard funds and invest wisely.

3. Allocation of Funds:

Importance of financial management in an organization is to allocate funds appropriately. When making proper use of allocated finance to assets enhance the operational proficiency for the business concern. Whenever the finance specialists makes use of the funds appropriately and allocate it wisely, they can reduce business expense and increase capital estimated for a company.

4. Investment Opportunities:

As a person, if you are good at managing your finance and saving then you get opportunities to explorer investment. Investment opportunities will assist you in creating wealth so that you can enjoy your retirement period. There are various investment opportunities you can explorer like investing in stocks, gold, mutual funds, property, lands, etc. You can study about investing in detail to know the risk and return of investment.

Depending upon your risk ability you can then choose the appropriate investment options.

5. Financial Decision:

Its importance of financial management points is financial decision. Once financial choice according to the business concern has made, it cannot be rewind. As finance once spend will not be repaid again for any wrong decision made. Financial selection might impact the whole business operation. Since it has an instant relationship with all the departments of a company. For example: production, advertising, rents, salary to human resources and so on.

6. Economic Growth and Stability:

Proper financial planning will ensure your economic growth. Gradually you will expand your wealth creation which will help you to grow financially. Important thing in someone's life is financially stability. Only way to ensure your financial stability is through economic growth and only option to ensure the same is through financial management.

7. Improve Standard of Living:

Once you have learned and taken good knowledge on financial management, this will not only provide you financial stability and peace of mind but also it will improve your standard of living. Your economic growth will transform into better standard of living.

8. Valuation of a Company:

Importance of financial management in an organization in the area of enlarging the variety of speculators and the business concern. Extreme point concerning of any business is that they will achieve maximum gain with greater efficiency.

It may be related to increasing production or expanding business to other countries. A great management and financial specialists can assist in improving valuation of any company.

9. Tax Planning:

Your financial planning should also include your tax planning. When failing to plan your taxes appropriately, it will lead you spend more out of your pocket. For example: If you can analyze that current fiscal year you will be spending less on taxes but in next year you are more likely to pay heavy taxes then you should manage your budget and saving accordingly. This will help you towards economic growth else you may run out of cash and may lead in disturbance in your investment decisions.

10. Capital Reserves:

Money have always been imaginable and possible really when the business earning rises to higher levels and expansion arises. Here is an importance of financial management in success of business by ways of expanding as well as creating capital reserves in the book of companies accounts.

FINANCIAL MANAGER ROLE

There are two types of role of financial manager

1) Controller of the organization

1 Planning and Budgeting

2 Accounting and casting

3 Tax management

4 Inventory management

5 financial Appraisal and reporting

6 Signing Securities and custody of Securities

7 Internal Control

2) Treasurer of the organization

1 Procurement of capital

2 Managing Investment

3 Credit Management

4 Liaison with Investors

5 Auditing

6 Banking arrangements

2. PRODUCTION AND OPERATION MANAGEMENT

Operation management can be defined as, “the organization achieve a specified purpose and to make the best use of the personnel by using the most appropriate machines and equipment, the best possible methods of work and by providing the most suitable environment.”

The main topics of office management are: office accommodation, layout and environment, communication, handling correspondence and mail, typing and duplicating, record management and filing, indexing, forms and stationary, machines and equipment’s, O & M, office reporting, work measurement and office supervision.

Production management refers to planning, organization, direction, coordination and control of the production function in such a way that desired goods and services could be produced at the right time, in right quantity, and at the right cost. Some authors treat material, purchase and inventory management as part of production management.

Production management involves the following functions:

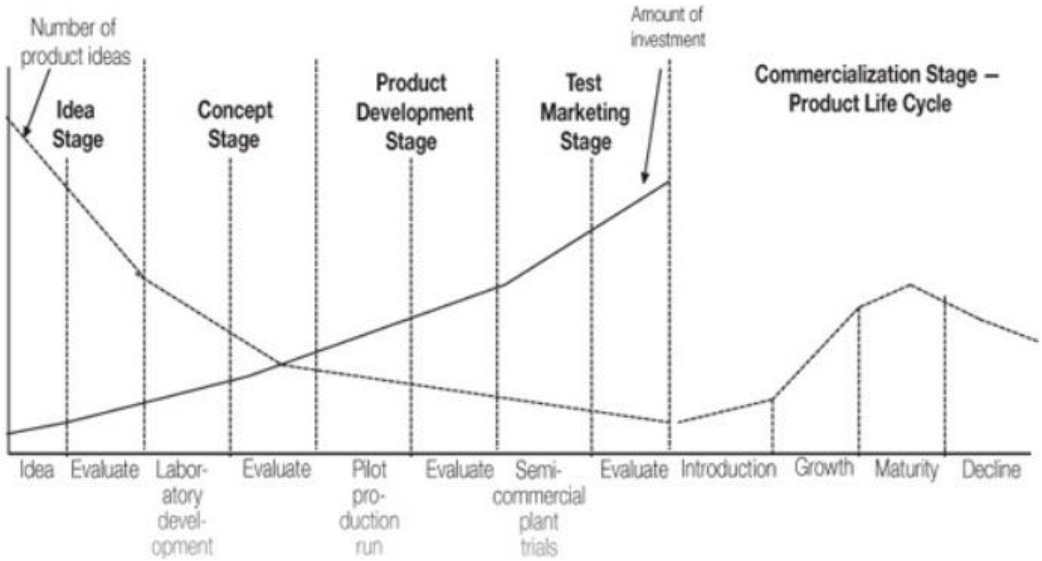
(a) Product planning and development,

(b) Plant location,

(c) plant layout

(a) PRODUCT PLANNING AND DEVELOPMENT.

Once ideas emerge and are analysed through the opportunity analysis plan, they will need further development and refinement. This refining process—the product planning and development process—is divided into five major stages: idea stage, concept stage, product development stage, test marketing stage, and commercialization. These stages result in the start of the *product life cycle*



(b) PLANT LOCATION

Plant location refers to the choice of the region where men, materials, money, machinery and equipment are brought together for setting up a business or factory. A plant is a place where the cost of the product is kept to low in order to maximize gains. Identifying an ideal location is very crucial, it should always maximize the net advantage, must minimize the unit cost of production and distribution. Plant location decisions are very important because once the plant is located at a particular site then the organization has to face the pros and cons of that initial decision.

While taking plant location decision organizations need to consider various factors such as availability of men, materials, money, machinery and equipment. At the same time plant, location decisions should also focus on expanding and developing facilities, the nearness of the market, transport facilities, availability of fuel and power, availability of water and disposal of water etc. There is no exact method of analysis or assurance for the selection of an optimal location. But an extent of analysis and study can help in maximizing the probability of finding the right locations.

If an organization is placed in a potentially satisfactory location then it can fulfill the objectives smoothly in the long run, on the other hand, opt for a poor location does not give the expected results due to the non-availability of raw materials, problems from local people, problems associated with availability and disposal of water, power supply problems, etc. However following a systematic method in order to evaluate the better location can give maximum results in generating profits.

FACTORS AFFECTING THE PLANT LOCATION

Decisions regarding selecting a location need a balance of several factors. These are divided into primary factors and secondary factors; here both the factors can influence the business in the long run.

Primary factors

Availability of raw materials

Availability of raw materials is the most important factor in plant location decisions. Usually, manufacturing units where there is the conversion of raw materials into finished goods is the main task then such organizations should be located in a place where the raw materials availability is maximum and cheap.

Nearness to the market

Nearness of market for the finished goods not only reduces the transportation costs, but it can render quick services to the customers. If the plant is located far away from the markets then the chances of spoiling and breakage become high during transport. If the industry is nearer to the market then it can grasp the market share by offering quick services.

Availability of labor

Another most important factor which influences the plant location decisions is the availability of labor. The combination of the adequate number of labor with suitable skills and reasonable labor wages can highly benefit the firm. However, labor-intensive firms should select the plant location which is nearer to the source of manpower.

Transport facilities

In order to bring the raw materials to the firm or to carrying the finished goods to the market, transport facilities are very important. Depending on the size of the finished goods or raw materials a suitable transportation is necessary such as roads, water, rail, and air. Here the transportation costs highly increase the cost of production, such organizations can not complete with the rival firms. Here the point considered is transportation costs must be kept low.

Availability of fuel and power

Unavailability of fuel and power is the major drawback in selecting a location for firms. Fuel and power are necessary for all most all the manufacturing units, so locating firms nearer to the coal beds and power industries can highly reduce the wastage of efforts, money and time due to the unavailability of fuel and power.

Availability of water

Depending on the nature of the plant firms should give importance to the locations where water is available.

For example, power plants where use water to produce power should be located near the water bodies.

Secondary factors

Suitability of climate

Climate is really an influencing factor for industries such as agriculture, leather, and textile, etc. For such industries extreme humid or dry conditions are not suitable for plant location. Climate can affect the labor efficiency and productivity.

Government policies

While selecting a location for the plant, it is very important to know the local existed Government policies such as licensing policies, institutional finance, Government subsidies, Government benefits associated with establishing a unit in the urban areas or rural areas, etc.

Availability of finance

Finance is the most important factor for the smooth running of any business; it should not be far away from the plant location. However, in the case of decisions regarding plant location, it is the secondary important factor because financial needs can be fulfilled easily if the firm is running smoothly. But it should be located nearer to the areas to get the working capital and other financial needs easily.

Competition between states

In order to attract the investment and large scale industries various states offer subsidies, benefits, and sales tax exemptions to the new units. However, the incentives may not be big but it can help the firms during its startup stages.

Availability of facilities

Availability of basic facilities such as schools, hospitals, housing and recreation clubs, etc can motivate the workers to stick to the jobs. On the other hand, these facilities must be provided by the organization, but here most of the employees give preference to work in the locations where all these benefits/facilities are available outside also. So while selecting plant location, organizations must give preference to the location where it is suitable for providing other facilities also.

Disposal of waste

Disposal of waste is a major problem particularly for industries such as chemical, sugar, and leather, etc. So that the selected plant location should have provision for the disposal of waste.

(C) CLASSIFICATION AND ADVANTAGES OF PLANT LAYOUT

Layouts can be classified into the following five categories:

1. Process layout.
2. Product layout

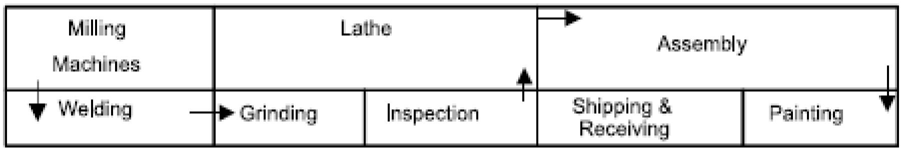
Process Layout

Process layout is recommended for batch production. All machines performing similar type of operations are grouped at one location in the process layout *e.g.*, all lathes, milling machines, etc. are grouped in the shop will be clustered in like groups.

Thus, in process layout the arrangement of facilities are grouped together according to their functions. A typical process layout is shown in the following figure. The flow paths of material through the facilities from one functional area to another vary from product to product. Usually the paths are long and there will be possibility of backtracking.

Process layout is normally used when the production volume is not sufficient to justify a product layout. Typically, job shops employ process layouts due to the variety of products manufactured and their low production volumes.

Process layout



Advantages

1. In process layout machines are better utilized and fewer machines are required.
2. Flexibility of equipment and personnel is possible in process layout.
3. Lower investment on account of comparatively less number of machines and lower cost of general purpose machines.
4. Higher utilization of production facilities.
5. A high degree of flexibility with regards to work distribution to machineries and workers.
6. The diversity of tasks and variety of job makes the job challenging and interesting.
7. Supervisors will become highly knowledgeable about the functions under their department.

Limitations

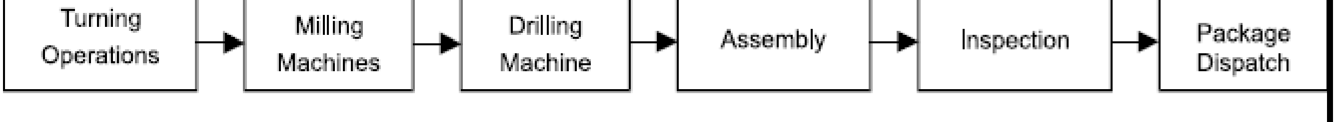
1. Backtracking and long movements may occur in the handling of materials thus, reducing material handling efficiency.
2. Material handling cannot be mechanized which adds to cost.
3. Process time is prolonged which reduce the inventory turnover and increases the in- process inventory.
4. Lowered productivity due to number of set-ups.
5. Throughput (time gap between in and out in the process) time is longer.
6. Space and capital are tied up by work-in-process.

Product Layout

In this type of layout, machines and auxiliary services are located according to the processing sequence of the product. If the volume of production of one or more products is large, the facilities can be arranged to achieve efficient flow of materials and lower cost per unit.

Special purpose machines are used which perform the required function quickly and reliably. The product layout is selected when the volume of production of a product is high such that a separate production line to manufacture it can be justified. In a strict product layout, machines are not shared by different products. Therefore, the production volume must be sufficient to achieve satisfactory utilization of the equipment. A typical product layout is shown in the following figure.

Product layout



Advantages

1. The flow of product will be smooth and logical in flow lines.
2. In-process inventory is less.
3. Throughput time is less.

4. Minimum material handling cost.
5. Simplified production, planning and control systems are possible.
6. Less space is occupied by work transit and for temporary storage.
7. Reduced material handling cost due to mechanised handling systems and straight flow.
8. Perfect line balancing which eliminates bottlenecks and idle capacity.
9. Manufacturing cycle is short due to uninterrupted flow of materials.
10. Small amount of work-in-process inventory.
11. Unskilled workers can learn and manage the production.

Limitations

1. A breakdown of one machine in a product line may cause stoppages of machines in the downstream of the line.
2. A change in product design may require major alterations in the layout.
3. The line output is decided by the bottleneck machine.
4. Comparatively high investment in equipments is required.
5. *Lack of flexibility*. A change in product may require the facility modification.

3) MARKETING MANAGEMENT

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Marketing management is the *art and science* of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

CONCEPT OF MARKETING

1. Production Concept,
2. Product Concept,
3. Selling Concept,
4. Marketing Concept,
5. Societal Marketing Concept.

Production Concept

The idea of production concept – "Consumers will favor products that are available and highly affordable". This concept is one of the oldest Marketing management orientations that guide sellers.

Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective.

Most times; the production concept can lead to marketing myopia. Management focuses on improving production and distribution efficiency.

Although;

in some situations; the production concept is still a useful philosophy.

Product Concept

The product concept holds that the consumers will favor products that offer the most in quality, performance and innovative features.

Here; under this concept,

Marketing strategies are focused on making continuous product improvements.

Product quality and improvement are important parts of marketing strategies, sometimes the only part. Targeting only on the company's products could also lead to marketing myopia.

For example;

Suppose a company makes the best quality Floppy disk. But a customer does really need a floppy disk?

She or he needs something that can be used to store the data. It can be achieved by a USB Flash drive, SD memory cards, portable hard disks, and etc.

So that company should not look to make the best floppy disk. They should focus to meet the customer's data storage needs.

Selling Concept

The selling concept holds the idea- "consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort".

Here the management focuses on creating sales transactions rather than on building long-term, profitable customer relationships.
In other words;
The aim is to sell what the company makes rather than making what the market wants. Such aggressive selling program carries very high risks.
In selling concept the marketer assumes that customers will be coaxed into buying the product will like it, if they don't like it, they will possibly forget their disappointment and buy it again later. This is usually very poor and costly assumption.
Typically the selling concept is practiced with unsought goods. Unsought goods are that buyers do not normally think of buying, such as insurance or blood donations.
These industries must be good at tracking down prospects and selling them on a product's benefits.

Marketing Concept

The marketing concept holds- "achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do".
Here marketing management takes a "customer first" approach.
Under the marketing concept, customer focus and value are the routes to achieve sales and profits.
The marketing concept is a customer-centered "sense and responds" philosophy. The job is not to find the right customers for your product but to find the right products for your customers.
The marketing concept and the selling concepts are two extreme concepts and totally different from each other.

Societal marketing concept

Societal marketing concept questions whether the pure marketing concept overlooks possible conflicts between consumer short-run wants and consumer long-run welfare.

The societal marketing concept holds "marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and society's well-being".

It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

The Societal Marketing Concept puts Human welfare on top before profits and satisfying the wants.

The global warming panic button is pushed and a revelation is required in the way we use our resources. So companies are slowly either fully or partially trying to implement the societal marketing concept.

STP OF Marketing management

The STP Model consists of three steps that help you analyze your offering and the way you communicate its benefits and value to specific groups.

STP stands for:

- Step 1: Segment your market.
- Step 2: Target your best customers.
- Step 3: Position your offering.

This model is useful because it helps you identify your most valuable types of customer, and then develop products and marketing messages that ideally suit them. This allows you to engage with each group better, personalize your messages, and sell much more of your product.

Step 1: Segment Your Market

Your organization, product or brand can't be all things to all people. This is why you need to use market segmentation to divide your customers into groups of people with common characteristics and needs. This allows you to tailor your approach to meet each group's needs cost-effectively, and this gives you a huge advantage over competitors who use a "one size fits all" approach.

There are many different ways to segment your target markets. For example, you can use the following approaches:

Demographic – By personal attributes such as age, marital status, gender, ethnicity, sexuality, education, or occupation.

Geographic – By country, region, state, city, or neighborhood.

Psychographic – By personality, risk aversion, values, or lifestyle.

Behavioral – By how people use the product, how loyal they are, or the benefits that they are looking for.

(You can use Simonson and Rosen's Influence Mix to identify factors that influence customer purchases.)

Example

The Adventure Travel Company is an online travel agency that organizes worldwide adventure vacations. It has split its customers into three segments, because it's too costly to create different packages for more groups than this.

Segment A is made up of young married couples, who are primarily interested in affordable, eco-friendly vacations in exotic locations. Segment B consists of middle-class families, who want safe, family-friendly vacation packages that make it easy and fun to travel with children. Segment C comprises upscale retirees, who are looking for stylish and luxurious vacations in well-known locations such as Paris and Rome.

Step 2: Target Your Best Customers

Next, you decide which segments to target by finding the most attractive ones. There are several factors to consider here.

First, look at the profitability of each segment. Which customer groups contribute most to your bottom line?

Next, analyze the size and potential growth of each customer group. Is it large enough to be worth addressing? Is steady growth possible? And how does it compare with the other segments? (Make sure that you won't be reducing revenue by shifting your focus to a niche market that's too small.)

Last, think carefully about how well your organization can service this market. For example, are there any legal, technological or social barriers that could have an impact? Conduct a PEST Analysis

Example

The Adventure Travel Company analyzes the profits, revenue and market size of each of its segments. Segment A has profits of $8,220,000, Segment B has profits of $4,360,000, and Segment C has profits of $3,430,000. So, it decides to focus on Segment A, after confirming that the segment size is big enough (it's estimated to be worth $220,000,000/year.)

Step 3: Position Your Offering

In this last step, your goal is to identify how you want to position your product to target the most valuable customer segments. Then, you can select the marketing mix that will be most effective for each of them.

First, consider why customers should purchase your product rather than those of your competitors. Do this by identifying your unique selling proposition , and draw a positioning map to understand how each segment perceives your product, brand or service. This will help you determine how best to position your offering.

Next, look at the wants and needs of each segment, or the problem that your product solves for these people. Create a value proposition that clearly explains how your offering will meet this requirement better than any of your competitors' products, and then develop a marketing campaign that presents this value proposition in a way that your audience will appreciate.

Example

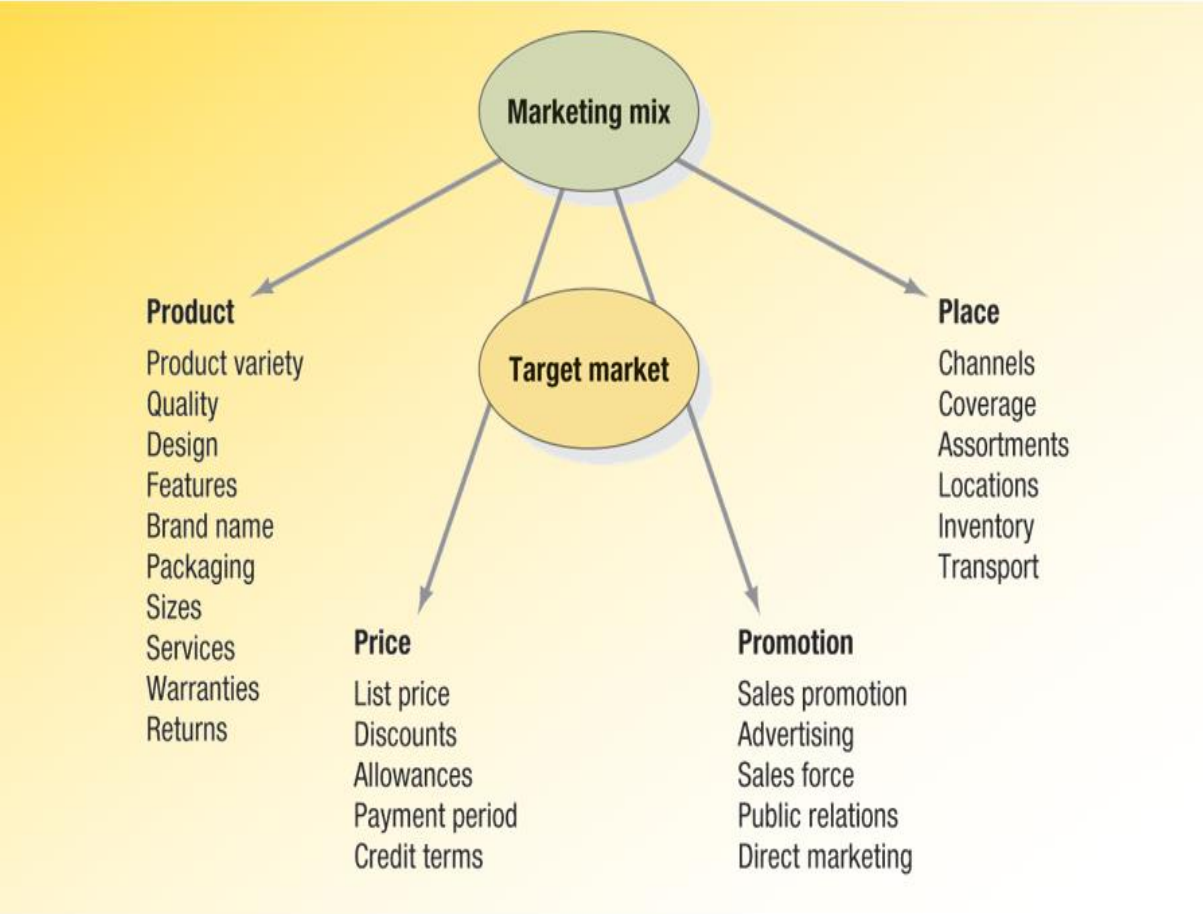
The Adventure Travel Company markets itself as the "best eco-vacation service for young married couples" (Segment A).

It hosts a competition on Instagram® and Pinterest® to reach its desired market, because these are the channels that these people favor. It asks customers to send in interesting pictures of past eco-vacations, and the best one wins an all-inclusive trip.

The campaign goes viral and thousands of people send in their photos, which helps build the Adventure Travel Company mailing list. The company then creates a monthly e-newsletter full of eco-vacation destination profiles.

Originator unknown. Please let us know if you know who the originator is.
This site teaches you the skills you need for a happy and successful career; and this is just one of many tools and resources that you'll find here at Mind Tools. Subscribe to our free newsletter, or join the Mind Tools Club and really supercharge your career!

THE FOUR P'S



PRODUCT

The product is either a tangible good or an intangible service that is seem to meet a specific customer need or demand. All products follow a logical product life cycle and it is vital for marketers to understand and plan for the various stages and their unique challenges. It is key to understand those problems that the product is attempting to solve. The benefits offered by the product and all its features need to be understood and the unique selling proposition of the product need to be studied. In addition, the potential buyers of the product need to be identified and understood.

PRICE

Price covers the actual amount the end user is expected to pay for a product. How a product is priced will directly affect how it sells. This is linked to what the perceived value of the product is to the customer rather than an objective costing of the product on offer. If a product is priced higher or lower than its perceived value, then it will not sell. This is why it is imperative to understand how a customer sees what you are selling. If there is a positive customer value, than a product may be successfully priced higher than its objective monetary value. Conversely, if a product has little value in the eyes of the consumer, then it may need to be underpriced to sell. Price may also be affected by distribution plans, value chain costs and markups and how competitors price a rival product.

PROMOTION

The marketing communication strategies and techniques all fall under the promotion heading. These may include advertising, sales promotions, special offers and public relations. Whatever the channel used, it is necessary for it to be suitable for the product, the price and the end user it is being marketed to. It is important to differentiate between marketing and promotion. Promotion is just the communication aspect of the entire marketing function.

PLACE

Place or placement has to do with how the product will be provided to the customer. Distribution is a key element of placement. The placement strategy will help assess what channel is the most suited to a product. How a product is accessed by the end user also needs to compliment the rest of the product strategy.

4).HUMAN RESOURCE MANAGEMENT

- Human resource development or personnel management or manpower management is concerned with obtaining and maintaining of a satisfactory and satisfied work force i.e., employees. It is a specialized branch of management concerned with 'man management'. The recruitment, placement, induction, orientation, training, promotion, motivation, performance appraisal, wage and salary, retirement, transfer, merit-rating, industrial relations, working conditions, trade unions, safety and welfare schemes of employees are included in personnel management. The object of personnel management is to create and promote team spirit among workers and managers.

OBJECTIVE OF HUMAN RESOURCE MANAGEMENT

The primary objective of HRM is to ensure the availability of a competent and willing workforce to an organization. Beyond this, there are other objectives, too. Specifically, HRM objectives are four folds- societal, organizational, functional, and personal.

Societal Objectives:

To be ethically and socially responsible to the needs and challenges of the while minimizing the negative impact of such demands upon the organization. The failure of organizations to use their resources for the society's benefit in ethical ways may lead to restrictions. For example, the society may limit HR decisions through laws that enforce reservation in hiring and laws that address discrimination, safety or other such areas of societal concern.

Organizational objectives:

To recognize the role of HRM in bringing about organizational effectiveness. HRM is not an end in itself. It is only a means to assist the organization with its primary objectives. Simply stated, the department exists to serve the rest of the organization.

Functional Objectives:

To maintain the department's contribution at a level appropriate to the organization's needs. Resources are wasted when HRM is either more or less sophisticated to suit the organization's demand. The department's level of service must be tailored to fit the organization it serves.

Personal objectives:

To assist an employee in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline and employees may leave the organization.

CONCEPT OF HRM

1) **RECRUITMENT**
2) **SELECTION**

1) RECRUITMENT

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organisation. When more persons apply for jobs then there will be a scope for recruiting better persons.

The job-seekers too, on the other hand, are in search of organisations offering them employment. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs. In simple words, the term recruitment refers to discovering the source from where potential employees may be selected. The scientific recruitment process leads to higher productivity, better wages, high morale, reduction in labour turnover and enhanced reputation. It stimulates people to apply for jobs; hence it is a positive process.

Recruitment is concerned with reaching out, attracting, and ensuring a supply of qualified personnel and making out selection of requisite manpower both in their quantitative and qualitative aspect. It is the development and maintenance of adequate man- power resources. This is the first stage of the process of selection and is completed with placement.

2) SELECTION

Selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization. In others words, selection can also be explained as the process of interviewing the candidates and evaluating their qualities, which are required for a specific job and then choosing the suitable candidate for the position.

The selection of a right applicant for a vacant position will be an asset to the organization, which will be helping the organization in reaching its objectives.

Employee selection is a process of putting a right applicant on a right job.

Selection of an employee is a process of choosing the applicants, who have the qualifications to fill the vacant job in an organization.

Selection is a process of identifying and hiring the applicants for filling the vacancies in an organization.

Employee selection is a process of matching organization's requirements with the skills and the qualifications of individuals.

A good selection process will ensure that the organization gets the right set of employees with the right attitude.

Advantages of Selection

A good selection process offers the following advantages−

- It is cost-effective and reduces a lot of time and effort.
- It helps avoid any biasing while recruiting the right candidate.
- It helps eliminate the candidates who are lacking in knowledge, ability, and proficiency.
- It provides a guideline to evaluate the candidates further through strict verification and reference-checking.
- It helps in comparing the different candidates in terms of their capabilities, knowledge, skills, experience, work attitude, etc.

A good selection process helps in selecting the best candidate for the requirement of a vacant position in an organization.

Selection Process and Steps

As we have discussed that Selection is very important for any organization for minimizing the losses and maximizing the profits. Hence the selection procedure should be perfect. A good selection process should comprise the following steps –

- **Employment Interview** − Employment interview is a process in which one-on-one session in conducted with the applicant to know a candidate better. It helps the interviewer to discover the inner qualities of the applicant and helps in taking a right decision.

- **Checking References** − Reference checking is a process of verifying the applicant's qualifications and experiences with the references provided by him. These reference checks help the interviewer understand the conduct, the attitude, and the behavior of the candidate as an individual and also as a professional.
- **Medical Examination** − Medical examination is a process, in which the physical and the mental fitness of the applicants are checked to ensure that the candidates are capable of performing a job or not. This examination helps the organization in choosing the right candidates who are physically and mentally fit.
- **Final Selection** − The final selection is the final process which proves that the applicant has qualified in all the rounds of the selection process and will be issued an appointment letter.

A selection process with the above steps will help any organization in choosing and selecting the right candidates for the right job.

DIFFERENCE BETWEEN RECRUITMENT AND SELECTION

The major differences between Recruitment and Selection are as follows −

Recruitment	Selection
Recruitment is defined as the process of identifying and making the potential candidates to apply for the jobs.	Selection is defined as the process of choosing the right candidates for the vacant positions.
Recruitment is called as a positive process with its approach of attracting as many candidates as possible for the vacant jobs	Selection is called as a negative process with its elimination or rejection of as many candidates as possible for identifying the right candidate for the position.

Both recruitment and selection work hand in hand and both play a vital role in the overall growth of an organization.