Management and Decision Making
FEM 3201

FEM 3201 (Unit 1-10)
Program Bachelor Sains Pembangunan Manusia

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MODUL PEMBELAJARAN : FEM 3201 MANAGEMENT AND DECISION MAKING disediakan dalam bentuk bahan pengajaran dan pembelajaran kendiri di bawah program Pendidikan Jarak Jauh, Universiti Putra Malaysia. Sebarang pertanyaan dan cadangan untuk memperbaiki gaya penyampaian dan isi kandungan modul ini bolehlah dikemukakan kepada penulis dengan menggunakan alamat Pusat Pendidikan Luar.

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INTRODUCTION

a. Course Outline
Department: Resource Management and Consumer Studies
Course Title: Management and Decision Making
Code: FEM 3201
Credit Hour: 3 (3+0)

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c. Course Objectives
This course will enable student to
1. Describe the concepts of management and decision making
2. Explain management strategies and decision making technique in managing resources
3. Apply management strategies and decision making skills towards self-excellence
d. Course Synopsis

Understanding the concepts, processes, techniques of management and decision making in utilization of human and nonhuman resources from the ecosystem perspective. Emphasis on the development of human potential and skills in decision making towards self-excellence.

e. Course Content

In general this course requires 42 hours lectures (3 X 14 weeks). In order to meet the requirement, this module is subdivided into 10 units with several major topics. Table 1 shows topics for each unit and the proposed time allocation needed for student to study the material in each unit.

**Table 1: Topic for each unit and the proposed time allocation**

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### f. Course Evaluation

Your final grade will consist of the following

(i). Course work

- Assignment 1 (group) (15%)
- Assignment 2 (individual) (20%)
- Mid-Term Examination (25%)

(ii). Final examination (40%)

**Total (100%)**
g. Assignments

A. Group Assignment: Analyzing Managerial Components (10%)
   Due date: (week 7)

B. Individual Assignment: Analyzing Personal Management and Decision Making Skill (20%)
   Due date: (week 13)

Assignments can be written in English or Bahasa Malaysia. The maximum length of your paper is 20 pages (double spaced) with the required font size of 12 point (Times New Roman or Arial).

h. Examinations

The examinations may consist of multiple choice and true/false questions which measure the ability to understand and apply knowledge related to management and decision making. The mid-term will cover unit 1 – 3; the final will cover unit 3 – 10. Example of exam questions will be given at the end of every unit. You may wish to refer back to the unit for additional support for your answer.

h. References


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b) Objective

c) Main points/ key words

d) Summary

e) Questions for discussion and review

f) Suggested answers
UNIT 1
INTRODUCTION

Management occurs in many different situations. To manage we must be able to perform a variety of mental processes as well as physical activity. Decision making is the key process in managing, that enable us to do all other process of management. This unit will provide an overview of management concepts and decision making. Discussion will also be focused on the relationships between management and decision making in solving a problem.

Unit Objectives
After studying this unit you should be able to:
1. Define management concept
2. Define decision making concept
3. Describe the relationships between management and decision making

Topics
Topic 1. Overview of Management

Topic 2. Decision making concept

Topic 3. Relationship between management and decision making
Topic 1: Overview of Management

What is management?
Generally speaking, management involves using resources to achieve goals, that is, using the means to an end in a planned action.

- According to Drucker (1989), a famous management guru, thinks that management’s “task is to make people capable of joint performance, to make their strengths effective and their weaknesses irrelevant” This definition stresses the interpersonal aspect as well as skills aspect of management. Most people would agree that management somehow involves using our abilities/strengths to make the best of our resources and relationships.

- Management could also be defined as “planning for and implementing the use of resources to meet demands”. Management is both affected by and affects the environment and the context within which it functions. For an organization, the term management refers to the tasks that managers do. It is a process of achieving organizational goals by engaging in four major functions of planning, organizing, leading and controlling. This definition recognizes that management is an on going activity entails reaching important goals.

Why do we manage? In general, why we manage is related to the five preceeding points. We manage because we want to solve problems, decide between conflicting courses of action, increase resources, achieving goals or make changes. Goldsmith (1999) asserts that there is no other way – people had better learn to manage their lives! In fact, management is applicable at every stage and part of our lives. By learning about management, we gain insight into processes such as decision making, problem solving, economic and social challenges, teamwork and planning.

Who is the manager? As we mentioned earlier, management occurs in many different situation. For example, management is required in an organization, in a
school system or at home. Athletic teams have manager. In an organization such as in industrial affairs, it is common to speak of management and labor. Here, management refers to a group of people who have special responsibilities to hire labor and to organize work in industry. A democratic organization is based on the principle that everyone has a share in the management. Sometimes this share in the management is to elect the officers who will do the managing. Even in a small organization, the elected president makes some decisions and manages routine operation without direct advice or participation of the members of the group. So, in your home, when we ask “who is the manager?” the answer may be one person or more. Thus, you can see, even in a small organization, or family unit, there still need to be special persons who are the managers.

Following from the previous point, it is obvious that everybody must manage. The best managers may be the ones that have had training, or alternatively, have learned the hard way to manage. Management may occur to some degree in the daily lives of people who are not aware of their management action. As situation change what is good management at one time may become inadequate at others or may not work for another person. The style of management that one person or group chooses is often differ from one member or to another. Even within a cohesive group, goals and expectations as well as resources differ from one member to another.

1. Management is the process of using what we have to get what we want or using resources to achieve goals.

2. Management is said to be mental. The mental process of management usually occur intermittently with physical activity.
Management and Organization

For most of us, organizations are an important part of our daily lives. As a system, an organization refers to two or more individuals engaged in a systematic effort to produce goods or services. You deal with an organization when you attend lectures, deposit money at the bank, and buy food and clothing. Your lives are indirectly affected by organization through the products you use.

All organizations strive to achieve specific goals. Regardless of organizations specific goals, the job of managers in organizations is to help the organization achieve those goals. Thus, an important responsibility of managers is to ensure that their groups understand their goals and how achieving their goals are related to the success of their organization. The successful managers capably perform four basic managerial functions—planning, organizing, leading, and controlling.

For managers to engage in managerial function effectively and efficiently, they need several competencies. The term managerial competency refers to combination of knowledge, skills, behaviors, and attitudes that a person needs to be effective in a whole range of managerial jobs and various types of organizations. The six key managerial competencies are:

- communication - informal communication, formal communication and negotiation,
- planning and administration – information gathering, analysis, and problem solving, planning, time management, budgeting and financial management,
- teamwork – designing terms, creating a supportive environment,
- strategic action – understanding the organization, taking strategic action,
- global awareness – cultural knowledge and understanding, cultural openness and sensitivity, and
- Self-management – integrity and ethical conduct, personal drive and resilience, balancing work and life, self-awareness and development.
Levels of Management in an Organization. As you have seen, managers work in organization. In general managerial job in organizations fall into three categories: first-line, middle, and top management.

First-line managers or first-line supervisor are directly responsible for the production of good or services. They may be called sales managers, section heads, or production supervisors. This level of management is the link between the operations of each department and the rest of the organization. First-line managers in most organization spend little time with higher management. Most of their time is spent with the people they supervise and with other first-line managers. They spent little time planning and organizing. First-line managers usually need strong technical expertise to teach subordinates and supervise their day-to-day tasks.

Middle managers typically have titles such as department head, plan managers, and director of finance. They are responsible for directing and coordinating the activities of first-line managers and, at times such nonmanagerial personnel as clerk, receptionist, and staff assistants. Middle managers carry out top management’s directive primarily by delegation authority and responsibility to their subordinates and by coordinating schedules and resources with other managers. Middle manager often is involved in reviewing between the work plans of various groups, helping the set priorities and coordinating activities. They are involved in establishing target dates for products or services to be completed. Finally they must be adept at developing their subordinate, planning lines of communication for them and making them visible to their middle managers and top managers.

Top managers are responsible for the overall direction of an organization. Typical titles of top managers are chief executive officer, president, chairman, division president and executive vice president. Top managers develop goals, policies, and strategies of the entire organization. Top managers spend most of their day planning and leading. They spend most of their leading time with key people and organization beside their own organization. Top managers, like middle managers, spend little time directly controlling the work of others. Top managers also face expanding public relation duties. They must be able to respond quickly to crises that may create image problems for their organizations.
Managers establish organizational goals and then direct the work of subordinate, whom they depend on to achieve those goals.

- Effective management is essential to the success of an organization.
- To be effective manager requires six managerial competencies.
- Managers at different levels divide their time among the managerial function quite differently.

**Topic 2: Decision Making Concept**

Decision making is the first important skill you need to develop for managing. It is the major process used in allocation and management of resources. This section will introduce some aspects of decision making which include definition, process and relationship to problem solving and management process. Decision making and its related components will be discussed further in Unit 7.

**What is decision making?** Decision making is the action taken to select from various course of action. It is an evaluation process which requires the decision maker to think about alternatives, then make a choice. Decision, even minor ones, form patterns that can affect quality of life. Conscious evaluation of routine action can facilitate successful decision making by alerting decision makers to event outside their control that could influence the result of decision making. Such knowledge can lead to realistic selection from possible course of action.

Effective decision-making means that you can "make things happen," instead of just "letting things happen." Decision-making is required in every activity. It is involved in a variety of situations and problems, from the very simple to the very complex.
Making decisions which direct and guide events and actions into a planned course, rather than letting events fall to chance, is one of the marks of a good manager.

Everyone, young or old, can learn to improve their decision-making skills. Making a decision is not something you do from habit -- it requires conscious thought. Life consists of a series of decisions. Every decision we make is different from all others because we have had one more experience. Most decisions are made in a series -- you do something and then do something else. Often, making one decision does not settle anything. Instead, it gets you into the position to make another.

Family decisions give each person an opportunity to voice opinions on matters that affect work and family living. If the older children are a part of the decision-making team, they will be more understanding of family goals and problems. Through this experience, they will learn and be able to help the family make better decisions.

As we mentioned earlier, making a decision involves making a choice and selecting from among alternatives. All decisions carry with them some dissatisfactions and conflicts. The bad must be accepted along with the good. Successful decision-making means making a choice that has enough of the important satisfactions in it to outweigh the less important dissatisfactions.

Decision-making in resource management focuses on two general areas of concern -- resource development and resource allocation. Where the kinds of resources available to the individual or family are inadequate to assure goal achievement, decisions about how additional resources can be achieved are necessary. Where many goals are being pursued, and the resources for achieving them are limited in amount, quality, or kind, decisions about how to allocate or distribute the available resources among the goals are required.

These decisions can be: social decision, allocative decisions and technical decisions. These categories of decisions show how interrelated and interdependent decisions can be made.

A rational approach to decision making basically involved three steps:

1. Recognition of a decision is needed
2. Identifying and weighing acceptable alternatives, and
3. Choosing among or resolving alternatives.

Decision making occurs when people have a choice among alternatives or problem to solve. If no choices are perceived or brought to the level of awareness, no decisions are made.

Bad decision would involve:

- Not considering important alternatives
- Mistakes in estimating potential results
- Selecting a less than optimal alternative
- Arriving at the wrong goal and thus causing a poor result.

There are obstacles to decision making. They include:

- Fear of past mistakes
- Role of information not understood
- Uncertainty
- Laziness
- Time pressure and stress
- Lack of a strategy
- Failure to define the problem correctly

**Decision Making and Problem Solving:** Decision making includes recognizing that a decision needs to be made, identifying and weighing appropriate alternatives, and choosing among the alternatives. Problem solving involves implementing decisions in order to achieve a goal or goals. Problem solving includes developing goals, locating and processing information, implementing decisions, and evaluating results. Problem solvers must find a way to overcome obstacles that prevent goal achievement. A common obstacle is failing to identify the alternatives and consequences of each action. Problem solving/decision-making needs differ according to the complexity of the situation, the pervasiveness of the problem, and the source of the problem. Not all decisions or solutions to problems are new. The past is an important resource to use in recurring situations. Regardless of the
outcome, the decision maker/problem-solver is responsible for accepting the consequences. If a better solution is possible, change should be initiated. Problem solving and decision making are essential life-skills that are developed over the life span. Having individual learn and practice these skills is critical to the future well-being of individuals and society.

Problem identification is the first step in the problem solving process. Decision making is part of the process. Once choices among alternatives are made, the problem solving process continues by implementing and carrying out the decisions in order to reach the desired goal.

1. Decision making is the central activity of the management process.
2. It involves: (1) the recognition of need for decision, (2) identifying and weighing acceptable alternatives, and (3) selecting an alternative.

**Topic 3. Relationship between Decision Making and Management**

Decision making occurs throughout management process. People decide to work toward goals, to allocate resources, and implement or adjust plan in ways that will meet their needs. Decision making can be applied in varied ways within the processes of management. The managerial process is more comprehensive than decision making or problem solving. It includes both, as part of the whole managerial process. The relationship between these processes is shown in Table below.
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<tr>
<td>Recognize demands/problem requiring action</td>
<td>Recognize that a decision is needed</td>
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<tr>
<td>Determine the resources to use; plan the standard and sequence of action</td>
<td>Identify and consider possible alternatives</td>
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<tr>
<td>Implement the plan; check and adjust</td>
<td>Select an alternative</td>
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<td>Facilitate conditions</td>
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<td>Review the processes and the output; and effects on future system actions</td>
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When you manage, you make the decision that there is a problem worth working on, then make a decision to work on it. When there is a conflict of wants, values or goal of different individual in a group, other kinds of decision must be made. Decision must be made to determine the goals and which resources of the group are going to be used to attain these goals. These are all planning decision.

There are many kind of decision to make and different ways to make them throughout the management process. We will discuss further in unit 7.

1. Decision making can be applied in varied ways within the process of management.

2. Management and problem solving is a process which includes decision making.
Summary

Management is a conscious-goal oriented process which includes both decision making and problem solving. Since management process is made up of decision, decision making is the first management skill people need to develop for managing.

Decision making is the action taken to select from various course of action. Previous decisions affect current choices and influence the way in which subsequent decisions are made.

EXERCISE

1. What is the important of management skill?
2. What is the different between management and decision making process?
3. Think of someone you know whom you consider to be a good manager. What are the abilities that make him or her good manager?
4. Example of exam questions.

   i. (TRUE/ FALSE).
      Mark ( A ) for TRUE statements and ( B ) for FALSE statements.
      1. Management is the process of using resources to achieve goals.
      2. Decision making should be applied in a specified ways within the processes of management.

   ii. (MULTIPLE CHOICES).
      Choose the one best answer for each question.
      1. Management is the process of..
         a. Controlling others' lives.
         b. Using resources to achieve goals.
         c. Changing one's perspective.
2. _______ is the process of making a choice between two or more alternatives.
   a. Bargaining
   b. Decision making
   c. Problem solving
   d. Managing resources

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**ANSWER**

1. **What is the important of management skill?**
   - Enable individuals to cope with the pressure of changing conditions and achieve a more effective daily life, improve the quality of life of the individual / family, improve the productivity of work, improve management practices within the family/ organization, provide a basic tool for achieving desired goals and purposes by using resources to advantage.

2. **What is the different between management and decision making process?**
   - Management processes are made of up decisions. It is more comprehensive than decision making. It is a conscious-goal oriented process which includes both decision making and problem solving. Decision making the first important skill individuals need to develop for managing. The process takes place throughout the management process. It is a major process used in management of resources.
3. Think of someone you know whom you consider to be a good manager. What are the abilities that make him or her good manager?

- Some examples -- Seek responsibilities and willing to innovate and take risks, work hard to get things done, willing to admit mistakes, show respects for other opinions, accepts responsibilities for own actions, has clear personal, career, organizational goals, show perseverance in face of obstacles, ambitious and motivated to achieve goals, doesn’t put personal ambition ahead of the organizational goals.

4. 1. a  2. b  1. b  2. b
UNIT 2
A SYSTEM APPROACH TO MANAGEMENT

Resource management uses an ecosystems perspective that combine the ecological and system approach into an analytical framework to view an interactions between units/ systems and their environment. This unit will focus on the ecosystem perspective and the system approach to resources management.

Unit Objectives
After studying this unit you should be able to:
1. State the elements of ecosystem
2. Describe the system approach to management
3. Describe the management process as a system

Topics
Topics 1. Concepts and Elements of Ecosystems
Topics 2. A System Approach to Management
Topics 3. Management Process as a System

Topics 1. Concepts and Elements of Ecosystems

The term "ecosystem" refers to unit made up of living organisms in interaction within an environment. The term emphasizes energy exchange through interactions with the environment. Ecosystem stresses on the interdependence of organisms and their environment. Living organisms which include humans are
constantly interacting with each other and with the environments. Interdependence is a key concept in the ecological perspective.

**Elements of Ecosystems**

Ecosystems have three basic elements.

1. **Members**, interacting, interdependent persons working together through feelings of unity. People living together in some form of commitment and behaving as a unit, rather than as separate entities, exemplify the concepts of wholeness. In an ecosystem, the whole is greater than the sum of its parts.

2. **Environments** both human and natural (anything external to the members that can affect them) resources and the source of resources. Generally anything outside a system that influences but not an integral part of the family is its environment. A micro environment is the immediate physical habitat in which a system such as a family lives together with social aspects relating to kin and friendship interdependency and interactions. In addition macro-environments influence how individuals function in and between their micro-environments. Macro-environments consist of natural elements of the surroundings and the social, economic, political, cultural and technological institutions of the society. There are overarching characteristics of the culture that give meaning and character to daily life and impose their demand in the resources and values of people.

3. **Organizations** the web of human transaction- the role pattern of members-the management system for processing information and coordinating activities for the achievement of some common goals.

**Concepts and Components of System**

A system is an association of interrelated and interdependent part or it is a group of units so combined as to form a whole and to operate in unity. A system works, moves or has action. On part influences the operation of another part. Almost
anything with life or action can be seen as a system. A system can be living (such as the reproductive system in the human body with organ, muscles, nerves that links all its part, the family, on organization), or non living (such as the bicycle or automobile) or a bit of both (the education system).

An individual is one subsystem. The people in family constitute a family system, the environments in which the people live, work and operate daily, constitute additional system. The community, state, nation and world are still other system. Each system interacts with and influences other system in its environment. A change in any one of the component of the system causes changes in other components.

Example a mother entering the labor force experiences changes in her role and routine that cause changes in her roles, routines responsibilities and resources for others in the family system.

Systems are directed toward common goals. Individuals in the family system, coordinated to accomplish a set of goals. Similarly, an organization is a system with many employees, departments, and levels that are linked to achieve its goals.

As a system, the following characteristics are found:

- Wholeness and structure
- Open/close system
- Boundaries which interface with other systems
- Hierarchy
- Has function to perform and
- Has four major components: input, throughput output, and feedback

Wholeness refers to the fact that the parts of a system are interdependent and operate as a whole. For example, a family or household is made up of man, women and children (parts of system), who interact and function as a system, striving to
1. Element of ecosystem
2. Concepts and components of a system
3. The characteristics of a system

**Topics 2. System Approach to Management**

A general definition of management is planning and implementing the use of resources to meet desired ends. Management processes enable individuals to cope with the pressure of changing conditions and achieve a more effective daily life. They can be applied to situation ‘inside’ and ‘outside’ the system, throughout their life cycle, and they can be applied to allocation of resources.

**Family Resources Management as a System**

Family resource management differs from the way management is taught in business schools. In colleges of business, the application is mostly to employer/employee relationships in nonprofit and for-profit organizations. The fields are alike in that both are concerned with productivity and decision making but in family resource management the examples are more likely to be of a personal, home-based, or family nature. However, it should be pointed out that there are several cross-over topics such as time management and financial planning are common.

As a system family resources management comprised of 1. **Inputs** consisting of demands and resources; 2. **Throughputs** of planning and implementing; and 3. **Outputs** consisting of met demands and used resources (Figure 2).

**Input**. The input to the managerial system are demands (values, goals, needs and events) and resources. They provide the basis for answering such question as why
resources are allocated in a given way, what resources are allocated and whether or not resources are allocated.

The concepts of values, goals, needs and demands will be discussed in unit 3.

**Throughput.** Throughput is the transformation of matter, energy and/or information by system from input to output. Within the managerial system, transformation processes are brought about by two basic managerial activities—planning and implementing. The concepts of planning and implementing will be discussed further in Unit 5.

![Diagram of Family Resources Management as a System](image)

**Output.** Outputs are the end results of managerial action: the met demands, used resources and the quality of life. In order to evaluate the effectiveness of a management system, individual can compare actual outputs with the anticipated outcomes of met demands. The more consistent the outputs are with what was expected, the more effective the management system. Unit 6 will focus on this concept.

**Feedback** is information that can evaluate the process of planning and implementing and about output. It occurs during every stage of the management process. An evaluation is a kind of decision making which takes place throughout every phase of management. Evaluation can be done if there is knowledge, criteria or standard available to use for judging the end result. The more definite or clear the standard, the more accurate evaluation can be.
**Communication** is the process of human interaction that involves generating, organizing, and sending ideas to one or more receivers. Communication is learned behavior, can be improved with practice. Effective communication is needed for interpersonal understanding in family decision making and management. The exchange of fully understood massages is essential for clarifying goals and standard, planning and implementing plans, and for evaluating outputs. Communication concept will be discussed further in Unit 8.

**Decision making** as mentioned earlier is essentially a process of evaluation in the choices or resolution of alternatives. The process takes place throughout the managerial system—in the input phase, throughput and output. Decision making will be discussed in Unit 7. The main focus of this module will be given on those concepts.

**Topic 3. The Management Process as a System**

A process is by definition, a system of production. A process is composed of a series of action or activities to bring about desired results. As a system, management is a transformation process which means that resources inputs to a system are changed (through a series of activities) inside the system to produce outputs.

The managerial process is shown in the diagram (Figure 3). It begins with identifying inputs...recognizing demands (goals/ event/ problems); and determining available resources which can be used to reach goals. The inputs reenter the system to affect managerial process which consists of planning and implementing. As noted earlier the elements involved in planning include: setting and clarifying goals, assessing available resources, establishing standard and determining the sequence of action. After plans are developed, implementing the plan, the other managerial activity. To implement the plan, action must be taken by someone or something. Action must be controlled in order to make sure that the plan works out as anticipated. If after checking, the action is not moving in the desired direction, adjustment may be necessary to keep plan under control. The result or outputs of management process
are met demand, used resources and the quality of life. A portion of output that returns to the system as input is called feedback. Feedback can be used to evaluate the effectiveness of the managerial process.

![Diagram of the Management Process]

**Figure 3. The Management Process**

**Summary**

The system approach looks at family, organization and management process as a series of inputs, throughput, and outputs. Systems have inputs consisting of demands and resources. The outputs of the system are recognized as met demands, used resources and quality of life. The processes of planning and implementing action toward achieving goals and satisfying demand that change these inputs into outputs is called throughput. Throughput requires decision making and communication to achieve the desired outputs. An essential part or each system is its feedback mechanism, which monitors progress toward goals and gives messages of satisfaction or dissatisfaction to reactivate inputs.
EXERCISE

1. Name four components that are characteristic of all system?
2. What is meant by resource management?
3. Describe the system approach to management process?
4. What function does feedback serve in a system?
5. Example of exam questions.  
   (TRUE/ FALSE). Mark (A) for TRUE statements and (B) for FALSE statements  
   An open system interact with the external environment and may limit  
   its interactions with its environment  
   Ecosystem stresses on the interdependence of organisms and their  
   environment.

   (MANY CHOICES). Choose the one best answer for each question.

   The place or point where independent systems or diverse groups interact is called the __________
   a. interface
   b. boundary
   c. subsystem
   d. locus
   e. environment

Which of the following is /are not a characteristic/s of a system?
   a. wholeness and structure
   b. open/close system
   c. hierarchy
   d. has function to perform
   e. all of the above (1 – 4) are correct
1. Name four components that are characteristic of all system?
   - Input, throughputs, outputs and feedback.

2. What is meant by resource management?
   - Resources management is planning for and implementing the use of
     resources to meet desired ends or goals.

3. Describe the system approach to management process?
   - The system approach looks at management process as a series of input,
     throughputs and outputs. Throughput is the heart of management system.
     It is the transformation of matters, energy, and information by system form
     input to outputs. Within the managerial systems, transformation processes
     are brought about by two basic managerial activities—planning and
     implementing.

4. What function does feedback serve in a system?
   - Feedback is information that can evaluate the process of planning and
     implementing and about output. It occurs during every stage of the
     management process. It is a kind of decision making which takes place
     throughout every phase of management.

5. Answers b, a, a, e,
UNIT 3
MOTIVATION FOR MANAGEMENT: GOALS, NEEDS, AND VALUES

Why do people become actively and positively involved in some issues and oppose others? Why do people purchase some product and ignore others that are available? An understanding of human motivation can provide some answers to these and other questions about individual differences. The specific motivational inputs to be discussed in this unit include goals, needs and values.

Unit Objectives
After studying this unit you should be able to:
1. Understand the nature of goals and state types of goals
2. Understand the nature of human needs
3. Describe the importance of values in managing resources

Topics
Topic 1. The nature of Goals
Topic 2. Needs
Topic 3. Values

Topic 1. The Nature of Goals

Goals are result to be attained and thus indicate the direction in which decision and action should be aimed. In the contexts of resources managements, goals and events are demands that will motivate or that will influence on the use of resources. They provide the basis for answering such question as why resources
are allocated in a given way, what resources are allocated, and whether or not resources are allocated.

Goals are the end results toward which individuals, families or organizations are willing to work. In simple terms, goals are what you want. They may be products or services (such as buying a new car or having your car repaired, or produce a new food product), activities (going on a trip, or road show to promote new product), money (MR. 10,000 in a savings or investment plan), or something less tangible. Goals evolve from values—your ideas about what are important and worthwhile to you.

**Setting Goals**

Goal setting perhaps is the hardest step of the management process. Most people are not used to thinking in terms of setting and accomplishing goals. As we know, goals give direction to our plan. To be effective, goals should always be defined as SMART (specific, measurable, attainable, realistic, and time-bound). Using the SMART approach to goal-setting will help individuals make sure that they understand the goal.

Is your goal specific? Goals should be clearly formed and simply stated. They need to be clear and specific. The individual should be optimistic toward achieving that goal and also needs to be flexible.

Is it measurable—that is, can you tell when you have reached it? Some examples of non-specific family goals are:—providing educational opportunities for all family members.

Is your goal realistic? Is the goal practical and attainable? Goals that are unrealistic or far in the future may provide excuses for not trying to reach them. Goals need to be reasonable, affordable, and you need to have the resources to achieve the goal. If the current income is not sufficient to meet your goals, you can change your goals and look for ways to increase your income. This doesn’t necessarily mean that goals need to be too easy to accomplish. In fact, goals should be somewhat challenging. Even if the goals are attained, they will not be as satisfying as anticipated.
Does the goal include a completion date? Do you have a time plan to accomplish your goal? Goals are more difficult to complete without a time framework. A sense of accomplishment and pride will develop as you complete some goals. It takes commitment and effort to make goals a part of our daily life. Time, money, and other resources must be devoted to working toward goals. Each goal will require a separate plan, as well as a method for coordinating and allocating resources among different goals.

An example of a SMART family’s goal is:

Specific: “to provide a four-year university education for three children,” not “to provide well for the children.”
Measurable: “Each child will need RM40,000 for four years of study,” not “Each child will need lots of money.”
Attainable: “We will put RM25 per month into a savings plan for each child beginning when they are born,” not “I’ll win the Malaysian Ideal contest and use it to pay for their education.”
Realistic: “Each child’s savings and financial aid will enable them to go to any local university, “not “They will be able to go to any university with this plan”
Time-bound: “Each child will have RM10,000 to support their tuition fees when they are ready to attend,” not “I want to save enough money by the time they’re 18.”

Setting goals provide several benefits. Goals
1. serve to focus individual or system decision and action
2. aid the planning process
3. motivate people to work
4. help people to decide what is important to achieve in life
5. help to separate what is important from what is irrelevant
6. help in building people self-confidence based on measured achievement of goals
7. assist in performance evaluation and control

**Setting Priorities.** Individuals, as well as groups, often have more than one goal at a time. Goals compete with each other, and resources are limited. Choices among competing or conflicting goals are made through priority-setting decisions. Setting priorities means that you plan to do first things first. “First things” refers to the most important things, those that help you move closer to your goals. When putting your plan into action, begin working on the top priority activities. Because time, money, and other resources are limited, not everything can be accomplished at the same time. Daily action may be necessary to move toward a long term goal. For example, reading a unit a day lets you finish a module in a few weeks. Identifying priorities also helps to allocate your resources to the most important goals.

**Measuring Progress toward Goal.** Standards are needed to measure progress toward goals. They tell you “how much is enough” and when you have accomplished what you set out to do. Without standards, it is difficult to tell when goals have been reached. For example, all family members may agree that they want a neat house. But the degree of neatness satisfactory to one family member may not be acceptable to another. Standards may vary with the situation and the persons involved. The concept of standard will be discussed further in Unit 5.

**Types of goals**
Goals can be categorized in the following ways:

a. By time: is the goal short term, intermediate, or long term?
Short term goals usually take less than 3 months to accomplish. For example, finishing your project paper by week 14, when it's due.
Intermediate goals can usually be achieved in 3 months to 1 year. For example, finishing out the semester; finishing out your first year study.
Long-range goals usually take more than 1 year to achieve. For example, striving to complete a 3 year BS(PM) program.

b. By role: is this a personal goal, a professional goal, a societal goal, or a familial goal?
Personal goals mean things like learning to drive a car, bicycling every day, exercising 4 times a week.
Professional goals are related to your job or career: learning how to use a computer; taking the "PTK" exam to enhance your professional / job promotion.
Societal goals are commonly held by the greater society, things like having a full-time job by a certain age, marrying, having children. These things can also be personal goals.
Familial goals are related to being a son, daughter, husband, wife, or other family member. I'm not going to be so stressed because that affects my family members; I'm going to get this extra job because the family needs the extra income.

c. By type: Primary and secondary goals.
Primary goals – formed to influence process and progress (like getting a degree)
Secondary goals – motivate the individual and eventually lead to and complement the primary goal (like choosing a major that you like and will get you dream job)

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A need is a strong feeling of deficiency in some aspect of a person's life that creates an uncomfortable tension. That tension becomes a motivating force, causing a person to take action to satisfy the need, reduces the tension, and diminish the intensity of the motivating forces. Human needs provide motivation to management. All people have a complete set of needs which must be fulfilled at some level if the human is to survive. Maslow holds that there is a hierarchical structure of needs that initiate goal-directed behavior. Before an individual is motivated to satisfy one of the higher motives, needs must be fulfilled at the level that are below it in Maslow's hierarchy. Maslow suggested that these structures of human needs apply to people throughout the world—not just to one or a few cultures. These needs, in order are:

1. Physiological needs. Those for food, clothing or shelter are important in maintaining life and are more specific than are the higher levels needs. As the most basic human needs, they occupy the first level in Maslow's hierarchy. If a person is hungry, lacking shelter, or in serious need of sleep; that individual is motivated to fulfill this need. If food is desperately needed, a person may be unconcerned about the quality of the food or how it is served, as long as it is present. People try to satisfy physiological needs before all others.

2. Safety or security needs. Next in the order of complexity are the needs related to maintenance of the physical self, protection against the dangers of the environment, threat or deprivation, the absence of pains and illness. Physiological and safety needs are very basic to living. There are individuals who never progress beyond these two most elementary levels.

3. Social needs-belongingness and love needs. When both basic needs are met fairly well, the individual experiences the need for a close, emotionally satisfying relationship with other persons. Individuals have an affinity for
companionship, for caring and being cared for. Effort is made to be a part of a group, such as family. There is a willingness to conform to group norms.

4. Esteem needs. The needs include a desire for status, self respect, self esteem, and the esteem of others. A person who senses a need to be respected in a community may, for example work toward personal growth as a means of gaining recognition. Satisfaction of esteem needs builds self confidence, strength, and capability.

5. Self-actualization needs. Generally these needs emerge after the first four levels are satisfied. Self actualization refers to the realization of one’s potential and ideals, the fulfillment of one’s capabilities. According to Maslow, a few people become completely self-actualized. Creativity, self-discipline, unity personality, and openness to experience are characteristics of people who working toward self-actualization.

These needs affect one’s perception on the environment and influence goal formation. It is apparent from the description just given that human needs provide motivation to management. The concept of human needs can be applied to personal motivation and to encourage self-motivation in others.

### Topic 3. Values

Values give meaning to life. They are concepts of the desirable and what one believes is right, good, or best, what one holds dear, and feels a commitment toward. Values can be sources of guilt if particular actions are in conflict with value. They impose feelings of obligation, helping individuals determining what the “ought to” do how the “should” behave. Values are principles that guide our behavior. They are deep-seated psychological constructs that form the foundation of our goal-seeking behavior. Values answer the question of why people make specific selection for alternatives course of action.
For example: Try to imagine that someone has suddenly given you one thousand Ringgit, no string attached. What would you do with it? If you answer quickly to your self, without stopping to discuss it, you will reveal something of your values. Think back over the last twenty-four hours. Try to recall back, what you did with your free time when you were free to do as you choose to do. How did you use your free time?

The answer to those questions gives some clue about what your values are. Rokeach (1973) defines values as "global beliefs that guide actions and judgments across a variety of situations; they are individual attributes that affect attitudes, motivation, needs and perceptions."

According to Klucholn, a value is "a conception, explicit and implicit, distinctive of an individual or characteristics of a group, of the desirable which influences the selection from available means and ends of action. Values are deeply internalized personal feelings that directed action. Values are desirable to the person or group that holds them. Since values cannot be seen, they must be recognized in behavior. Examples of values include freedom, love, honesty, knowledge, comfort, economy, prestige and friendship.

In relation to resource management values serves two important roles specifically at a point of decision — to serves as criteria for goal selection, and to rank alternative goals in preferential order. Values are identified when decision are made. They are clarified in problem solving through reflecting on what are the more or most important alternatives in a situation.

**Characteristics of Values**

1. Values influence action and decision.
2. Values are general rather than specific.
3. Values are complex.
4. Values are expressed in strong feeling.
5. Values are important, trivial.
6. Values rank differently at different times.
Sources of Values

Values have deep-seated, often irrational origin in one’s environment. A value system is built from all forces to which a person is exposed—home, school, peers, the various subcultures to which one belongs as well as exposure to mass media, especially television. The code of value a family exposes to its children affects their value formation. Parents who wish their child to value what they believe are “right” must first decide what they believe “ought to be”.

From infancy, children inculcated with their parents’ values. Even though parents may not teach values deliberately, children sense what the parents consider to be good and bad. An inconsistent home environment is confusing to the children. For example, children learn mother say never to lie, yet she tells a telephone caller that father is not at home when he is actually watching television. In a situation, a father approves a bicycle, mother wants the son to wait another year. Who is right? How does a child sort out differences in the value of persons the child loves and respect? How does the child begin to develop ideas of what is desirable?

Values develop differently, depending on contacts with other people. Children who grow up knowing only adults who think as their parents do, and knowing only children who have been brought up in the same way as they, usually have a somewhat narrow range of ideas. Knowing people who, are different form themselves, or from their parents, broadens the range as possibilities for the development of values.

Value Classification

A simple way to classifying values is to sort them into three basic types: personal, moral, and social values.

1. Personal values. Character, or the manner in which an individual cops with everyday living, is expressed through such values as self-discipline, punctuality, respect for high quality work, achievement, orderliness and devotion to the work. No one individuals acts on all the values that might be considered desirable.
What one person values differs from what another values. Within a family, individuals have different values that affect their goal rankings as well as how they seek to implement their decision.

2. Moral values. Values concerned with what is good and right behavior are classified as moral values. A sense of right or wrong, a responsibility to live in way that protects freedom and rights of others reflect one’s concepts of moral values. Moral believes are shown in honesty, dependability, tolerance, peace of mine, integrity,

3. Social values. In relationship with others, an individual shows such values as helpfulness, support, cooperation, recognition, independence, justice, equity, conformity, respect for law, acceptance of majority rule, and sense of interdependence.

Basically, many people probably have the same values. The concepts of different values refer to differences in rank order, interpretation, and degree of emphasis. Values may change in importance due to an individual changing his role in life and fulfilling the responsibility assigned to it. The individual as a worker has different concerns than he had as a student, as a mother different then as a daughter, and as an employer different than as an employee. A family progressing through stages may appear to have different values. They may be basically the same although the emphasis, the goals, or the means for expressing the values differ.

Types of Values
Values can be distinguished in several ways.

1. Absolute vs. Relative
Absolute values are extreme and very black and white, no room for in-between or gray zone. For people who hold honesty as an absolute value (as in, “honesty is the best policy”), these people would seek honesty in all situations. What do you hold most strongly? Do you have any absolute values? Relative values can vary from situation to situation; they are more flexible and depend on the context in which you find yourself. So, a person who holds honesty as a relative value may find that it’s not necessary to be honest in all situations. What may be more
important in a particular situation is that it would hurt the person to be honest. Such people tend to seek additional information before expressing opinions or taking action.

2. **Intrinsic vs. Extrinsic Values**
   - Intrinsic Values are ends in themselves, whereas extrinsic values derive their worth or meaning from someone or something else. For example, I'm putting together a bookshelf all by myself. I find this activity intrinsically rewarding because I am demonstrating the values of independence and self-reliance. With extrinsic values, their worth is derived from something external. Example of an Academy award is good. The award has no meaning unless people ascribe a meaning to it; and a group of people has awarded this to you. It would have no value if you went to the souvenir shop and bought a fake award.

3. **Instrumental vs. Terminal Values**
   - Terminal values are preferences for end states of existence, such as equality, freedom, or a comfortable life. Instrumental values are preferences for general modes of conduct, such as being helpful, loving, and intellectual.

   1. Needs
   2. Values
   3. Characteristics of values
   4. Sources of values
   5. Types of values: personal, moral, and social values.
   6. Values classification- absolute/ relative, intrinsic/ extrinsic, terminal/instrumental
Summary

Motivations are reasons for action or influences that can alter an individual’s behavior. Goals, needs and values are input to management system. Goals are something definite toward which you work. Selecting goals is the first step toward good management. Needs are basis factors for survival and development. Needs are interrelated. The need hierarchy is not fixed for everyone following Maslow’s theory. Values are what people think are important, right, and good. They give meaning to your life providing the basis for making a decision. Thus, values are an important influence on all resource use.

EXERCISE

1. Explain the concept of SMART in establishing goals?
2. Distinguish goals, needs and values
3. How are values developed?
4. Example of exam questions.
   (TRUE/ FALSE). Mark ( A ) for TRUE statements and ( B ) for FALSE statements

   Moral values are preferences for general modes of conduct, such as being helpful, loving, and intellectual.

   Goal setting perhaps is the hardest step of the management. process

   (MULTIPLE CHOICES). Choose the one best answer for each question

   _____ As the most basic human needs, they occupy the first level in Maslow’s hierarchy.
   a. Physiological needs
b. Esteem needs
c. Security needs
d. Social needs

________________________ goals usually take more than three years to achieve.

a. Short-term
b. Intermediate
c. Long-range
d. Organizational

**ANSWER**

1. Explain the concept of SMART in establishing goals?SMART (specific, measurable, attainable, realistic, and time-bound). Using the SMART approach to goal-setting will help individuals make sure that they understand the goal.

2. Distinguish goals, needs and values

Goals are demands that will motivate or that will influence on the use of resources. They provide the basis for answering such question as why resources are allocated in a given way, what resources are allocated, and whether or not resources are allocated.

Values are concepts of the desirable and what one believes is right, good, or best, what on holds dear, and feels a commitment toward. Values answer the question of why people make specific selection for alternatives course of action. Values serves two important roles specifically at a point of decision—to serves as criteria for goal selection, and to rank alternative goals in preferential order.
A need is a strong feeling of deficiency in some aspect of a person's life that creates an uncomfortable tension. That tension becomes a motivating force, causing a person to take action to satisfy the need, reduces the tension, and diminish the intensity of the motivating force. Human needs provide motivation to management.

3. How are values developed? A value system is built from all forces to which a person is exposed—home, school, peers, the various subcultures to which one belongs as well as exposure to mass media, especially television.

4. b, a, a, c
UNIT 4
RESOURCES FOR MANAGING

Resources are central to the management process. They are the means to attain goals and meet demands for individuals or a system. Understanding resources help individuals to increase their awareness of and refine the quality of their available and potential resources. This unit will discuss some aspect of resources.

Unit Objectives: After studying this unit you should be able to:

1. Define resources
2. Understand resources and economics
3. State the characteristics of resources
4. Describe factors affecting management of resources
5. Describe the principles of resources allocation

Topics

Topic 1. What are Resources?

Topic 2. Resources and Economics

Topic 3. The Characteristics of Resources

Topic 4. Factor affecting Management of Resources

Topic 5. The Principles of Resources Allocation
Topic 1. What are Resources

Resources are what is available to be used, or anything with a real or perceived value put to service for attaining goals. For example, time, money, energy, knowledge, personality, etc.

Resources are assets—anything owned or accessible that has exchange value—that can be used to accomplish goals. Assets are tools, talents, and possessions people used to attained goals, solve everyday problems, and achieve ambitions.

Resources are tools that individual, families or organizations have or can create that will help them reach their goals. They need to recognize and manage their resources wisely to meet their needs and to accomplish their goals.

Classification of Resources

Resources may be classified in several ways:

1. Tangible versus Intangible resources
   Tangible resources can be touched, seen or appraised — e.g. money, things, jewelry, food, clothing, vehicles, equipment. Intangible resources cannot be touched — e.g. confidence, literacy, wisdom, power, knowledge, attitudes, skills, health, interest, abilities.

2. Human versus material resources
   Human resources are instrumental traits or qualities within people (the skills, talents, attributes that people have). These increase through use. The sum total of human resources is human capital. The components of human resources to be considered are: cognitive, affective, and psychomotor.

   - Cognitive resources are mental traits of an individual that relate to knowledge by reasoning and perception, such as knowledge, understanding, application,
analysis, creativity in problem solving. They are valuable because they affect the quantity and quality of other resources needed to achieve goals.

- Affective resources are traits and feeling pertaining to emotion such as interest, attitudes, motivation, and tolerance.
- Psychomotor resources are those that combine muscular activities with associated mental processes, such as communicative skills, work habits, physical strength, human energy and manipulative skills.

Resource stock is the sum of readily available resources an individual possesses. Of the human resources, decision making skill-a cognitive resource-is one of the most important to management.

Material resources are concrete and tangible which include a natural tangible surrounding (natural resources like soil, water, plant, animal); natural, intangible (air, light, wind); and human-made objects (buildings, computers) and community resources as well as other environmental resources.

**Topic 2. Resources and Economics**

Most decisions in life are affected by economic realities. Economics refers to the production, development and management (also distribution and consumption) of material wealth.

*Scarcity* is the idea of a shortage or insufficient amount or supply of a resource. Obtaining any scarce resource involves some cost, and this leads to people engaging in economizing behavior and goal setting. Since everyone defines for himself/herself what constitutes scarcity, the richest as well as the poorest person will experience scarcity. Availability is a related concept, and a resource is available or not depending on how scarce or abundant it is. One scarce resource we all understand is time. Scarcity forces people to make allocation choices and decisions.
Choice and Opportunity costs. The more scarce (expensive) a resource is, the more likely we have to encounter an opportunity cost in order to obtain that resource. Opportunity Costs are the highest valued alternative that must be sacrificed to satisfy a want or attain a resource. Many household activities include decisions about opportunity costs – seen as tradeoffs (e.g., time being increasingly scarce, many families trade off healthy eating habits in favor of fast food meals and takeouts).

Laws of Supply and Demand. According to the law of demand, as the price of a resource rises, the quantity demanded falls. As the price falls, the quantity demanded of a resource increases. The Law of Supply is the inverse: As the supply for a resource increases, the price will start to drop, and as the supply goes down, the price goes up. In economic theory, the right price is reached only when supply and demand are equal.

Economic well-being. This is the degree to which individuals, families or a system have economic adequacy and security – degree of protection against economic risks like job loss, illness. How much is enough - money, things, and possessions? This is more of a cultural and psychological question. Economic well-being is influenced by several things combined, like income, financial assets, human capital, time, management skills, feelings of control, values, etc.

Allocation and Recognition of Resources
Management is the process of using resources to attain goals through planning and strategy - taking the steps necessary to meet short term, intermediate and long term goals. (Often, resources are allocated more to immediate demands, to the neglect of long term goals). This requires an understanding of ourselves and of the environment in which our resources reside. Resource recognition involves realizing what skills, talents and materials one possesses.
Which personal resources that are most crucial to successful management? Although there are many human resources used in the process of management,
studies of successful people indicate that the following personal resources are crucial to successful management:

- Intelligence is knowledge applied to the solution of problems
- Judgment is the ability to distinguish between relationship and alternatives.
- Adaptability is the human quality that contributes to flexibility in living.
- Enthusiasm is partially a by-product of well-balanced mental and physical health and of temperament
- Initiative is ability together with trained instinct to introduce needed action and follow through to the desired result. It is a willingness to take the lead, contribute ideas, and find new ways for succeeding. Initiative is prompt, decisive action.
- Perseverance combines courage and patience. It is steadfastness, the quality of holding to a course of action, belief, or purpose without giving up.
- Communication involves the conveying of accurate meaning to others.

### Topic 3. Characteristics of Resources

An individual needs to understand the characteristics of resources in order to become skillful in resources use.

1. All resources are limited.
2. Resources are interchangeable and interdependent
3. Resources exist and are accessible in varying quantities and qualities
4. Utility the value, worth, applicability, productiveness or usefulness of a resource.
5. Substitution
6. Alternate uses
7. Manageability
8. Sometimes transferability
9. Can sometimes be stored for later use.
Topic 4. Factors Affecting Management of Resources

There are many factors affecting the management of resources. Among the most prominent factors are:

1. Values and goals. The values and goals people hold motivate them to deal with current situations and seek solutions to problems. These are motivators that cause people to make decisions regarding the use of specific resources. The goals people set for themselves determine the quality and quantity of resources needed to achieve satisfaction.

2. Resourcefulness. Resourcefulness is the ability (a learned ability, a skill) to recognize and use resources effectively. When resourceful people encounter a problem, they are not defeated by it, but find a way to solve it. Before resources can be used, they need to be recognized and assessed in relation to the goals to be achieved. Involves (1) the use of technical knowledge to deal with economic resources, and (2) the use of social knowledge to deal with noneconomic resources. Decon and Firebaugh call resourcefulness as the highest human capacities. Resourcefulness is taught in many different ways: stumbled onto, or discovered, learned from family members and friends, provided by community, government, school, social organizations (e.g. Boy Scouts), and accessed through work.

3. Stock and flow of resources. People have many kinds of resources and the amount of each may vary widely from one person to another. The resources stock is the total supply of all resources on hand at a particular time. As resources are used to supply daily needs, the supply of resources is exchanged for another, is consumed or is increased through use. This activity is referred to as the flow of resources. Scarcities of some resources often affect the usefulness of other resources. When all resources are scare, attainment of long range goal an management abilities are limited.
4. Life cycle and family factors. Family size, age, and sex of the group members greatly affect the use of resources. Resources also vary according to stages of the life cycle.

5. Media. Communication media are influential in motivating goals through advertisements of products for consumption. Computers and mass communications media are affecting the resources management of individual/family and contributing to their quality of life in many ways.

Topic 5. Principles of Resources Allocation

Some principles of resources allocation include:

1. Use enough resources to accomplished desired goals without wasting resources.
2. Increase the utility of resources. Use the characteristic of resources to increase their utility.
3. Expand awareness and appreciation of latent resources
4. Protect those resources on hand. Resources that are protected will last longer than those that are treated carelessly.
5. Balance choice among resources. Achieving balance among the resources used to reach goals increase chances of living a well-balanced life.
6. When resources are found to be inadequate; consider increasing the total supply particularly human resources that are developed through use. Method of increasing the supply of resources include: producing, creating, converting and making capital investment.
Summary

Resources are tools with which people attain goals. Resources are classified into human and non-human categories. The characteristics of resources that assist in their management include utility, accessibility, interchangeability, alternate use, transferability, and manageability. Resources are important because they are the building blocks of management, and the way they are used determined the quality of people’s lives.

EXERCISE

1. Give an example of personal resources that are most crucial to successful management?
2. Describe some of the most prominent factors affecting the management of resources.
3. Example of exam questions.
   (TRUE/ FALSE). Mark (A) for TRUE statements and (B) for FALSE statements.
   The sum total of human resources is human capital.
   Resourcefulness is the ability (a learned ability, a skill) to recognize and use resources effectively.
   (MULTIPLE CHOICES). Choose the one best answer for each question.
   Which of the following are the ways resources are classified?
   a. Tangible versus Intangible resources
   b. Human versus material resources
   c. Material versus physical
   d. Traditional versus conventional
   __________ resources are the skills, talents, and abilities that people possess.
   a. Material
   b. Capital
   c. Human
   d. Cultural
   e. Social
1. Give an example of personal resources that are most crucial to successful management?
   (a) Judgment is the ability to distinguish between relationship and alternatives.
   (b) Adaptability is the human quality that contributes to flexibility in living.
   (c) Enthusiasm is partially a by-product of well-balanced mental and physical health and of temperament.
   (d) Initiative is ability together with trained instinct to introduce needed action and follow through to the desired result. It is a willingness to take the lead, contribute ideas, and find new ways for succeeding. Initiative is prompt, decisive action.
   (e) Perseverance combines courage and patience. It is steadfastness, the quality of holding to a course of action, belief, or purpose without giving up.

2. Describe some of the most prominent factors affecting the management of resources.
   Values and goals. These are motivators that cause people to make decisions regarding the use of specific resources. The goals people set for they determine the quality and quantity of resources needed to achieve satisfaction.
   Resourcefulness. Resourcefulness is the ability (a learned ability, a skill) to recognize and use resources effectively
   Stock and flow of resources. People have many kinds of resources and the amount of each may vary widely form one person to another.
   Family factors. Family size, age, and sex of the group members greatly affect the use of resources.

3. Answer a, a, a, a
UNIT 5
PLANNING AND IMPLEMENTING

Throughput includes a series of processes by which people transform input into output. These transformations involve planning the use of resources and implementing plans. These processes and their components will be discussed in this unit.

Unit Objectives
After studying this unit you should be able to:
1. Define the concept of planning and implementing
2. Explain planning process
3. State the characteristics of a good plan
4. Explain the components of implementing

Topics
Topic 1. Planning
Topic 2. Components of Planning
Topic 3. Implementing
Topic 4. Components of Implementing

Topic 1. Planning

Planning is a series of decision concerning future standard and/or sequences of action to meet demands. Planning is a part of throughput and result in a plan for implementing. It includes establishing priorities among goals, clarifying
goals through the development of standard to measure goal attainment, and sequencing the activities needed to reach goals. Planning differs with person, situation and stage in life cycle. Family plans, like personal ones, involve considerations of time, energy, personnel, cost and schedules. The planning process and task are more complex than decision making. Planning involves a series of decisions and tasks; it is a process, implying change from step to step. Figure 4 shows the whole process; the concepts included in the figure are defined and discussed in this section.

Figure 4. Components of Planning

**Topic 2. Components of Planning**

**Standard Setting**
Standard setting - Standards are the quantitative or qualitative criteria that reconcile resources with demands and serve as measures of values and goals. It is also referred to as a performance standard. These standards can be expressed in exact terms, or as a range with acceptable limits.

In planning, standards also provide criteria for action. That is a procedural standard – which describe how a goal will be reach. They answer question about goals, such as who, what, when, and how. Procedural standard may vary with inputs and the specific activity or event being planned.
Developing performance and procedural standards can direct group or individual effort toward a desired quality of life. Without a clear understanding of what the result of implementation should be to occur, satisfaction may be minimized and resources may be misallocated.

In families, standards come from family values and goals, which develop over time as the family grows and develops. Individual or the family adjusts standards to meet their needs, in their particular stage of life, and according to their resources. Thus goals provide criteria for developing standards to guide managerial activity; values underlie goals. The resulting standards are specified qualities and/or quantities of what is desired.

Know that our standards evolve and change over our lives. As we grow and have experiences, we begin to understand how the way we behave and what we want out of life has to be consistent with our standards for living. Criteria for action just means the point at which, according to our standards, we are moved to do something about a situation. We then assess our resources and decide what resources should be transferred to the solution. This process helps us make decisions in the future by clarifying our demands, decisions, plans and actions.

Quality is the property or image of what is desired. Positive or negative attributes other than amounts are qualitative. For example, in buying a car, criteria related to color or performance are qualitative; an image such as “attractive” or “ok” for a particular place is a quality. Quantity is definitive or estimated amount of something, and can be measured in absolute terms or estimated in a comparative way. For example, in setting standards for buying a car, the size of the car in relation to the size of another is quantitative consideration.

Systematic judgment about quality and quantity of a product or thing are made by grading or ranking. Grading is a quality judgment and usually refers to the position of something in relation to all other items of its kind, or, at least of those known.
Specific qualities for eggs or fruits are graded according to generally recognized standard.

**Sequencing of Actions**
Planning is a way to get thing together and to synthesize activities purposely. Sequencing is the ordering of activities, events, & resources necessary to achieve goals or it is the ordering of parts of planned activities and of separate tasks or specifying successions among activities in some reasonable arrangement. Skillfully ordering the parts of an activity (arranging the steps) can improve the flow of activities.

Conscious sequencing in the placement of one activity in relation to another to accomplish the standards set for the activity. Sequencing activities or tasks can be described as:

- **Dovetailing** – more than one activity at a time / giving intermittent attention to two or more activities
- **Overlapping** – finishing one activity as another is started / giving concurrent attention to two or more activities at the same time
- **Interdependent** – when one activity must be completed before starting the next.
- **Independent** – scheduling one activities at a time

When possible, plans should include interdependency, which is the necessary order of activities to move most efficiently toward a goal.

**Qualities of Plans**
Plans are the result of the planning process and are the basis of managerial process. It is a detailed schema, program, strategy or method worked out in advance of action, for the accomplishment of a desired end result (a goal). It starts with mentally organizing activities to accomplish a desired end state. Deacon and Firebaugh describe four attributes of plans that affect implementation.
1. Clear and concise – easy for everyone to understand/ specific standards and sequences of activities.
2. Flexible – able to change if conditions change unexpectedly/ achieved through the development of ranges of acceptable performance standards and varying sequencing / adaptive– being able to adjust or appropriate (suited to the situation and the people involved)
3. Complexity-relates to the number of people and goals involves in a plan.
4. Realistic – feasible and likely to work

**Types of Planning**
There are many types of planning which can be categorized as

a. Strategic and tactical
   - Strategic planning is the process of (1) analyzing the system’s external and internal environments, (2) developing a mission and vision, (3) formulating overall goals, (4) identifying general strategies to be pursued, and (5) allocating resources to achieve the system’s goals. The overall purpose of strategic planning is to deals effectively with environmental opportunities and threats as they relate to the system’s strengths and weaknesses.
   - Tactical planning is the process of making detailed decision about what to do, who will do it, and how to do it- with a normal time limit of one year or less. The process generally includes; choosing specific goals and the means of implementing the plan; deciding on course of action for improving current activities; and planning the use of resources.

b. Directional - progress occurs along a linear path to long term goal fulfillment (career planning is an example).

c. Contingency - used as back-up or secondary plans in the case of original plan failure. (E.g. applying to more than one place at a time for a job).

d. Proactive and reactive
• Proactive behavior involves taking responsibility for one's own life. Proactive management involves change oriented planning where the desired change is conceived of by a person or family - the implementation of that change alters the environment. A proactive approach is reflected in one's language “There's always another alternative!” and “I choose..” instead of “I cannot” and “If Only”, which are phrases that characterize reactive people.

• Reactive behavior occurs when people are overly affected by forces outside themselves, like the weather, or others' attitudes. Effective managers tend to be proactive and goal-oriented, and are thus prepared for events to come, rather than waiting for the event to occur.

Factors Affecting Planning
Planning is affected by time-constraints, and also situational and personality factors.

• Situational factors often shape wants, needs, and goals. For example
  - physical surroundings: temperature
  - social surroundings – friends
  - time of day, month, year

Studies in social psychology are convincing of the importance of the situation and especially, of others' behaviors on influencing our own behavior. These conditions motivate us to act, to search out alternatives, and to plan.

• Personality traits or individuals characteristics also shape our ability to plan because, their time orientation, foresight ability, and internal/external control differ.
  - time orientation: the dominant reference points in life- differ for men and women, probably due to their socialization. Men tend to accept the uncertainties with a future orientation as normal feature of everyday behavior; women are supposed to deals with the present and men with the future.
  - foresight ability: is an awareness of possible future events relating to current situations. Perceptual foresight- the ability to project to the future from the present-to explore possible alternatives and select the most effective alternatives for solving problems. It involves analysis of factual information in relation to a specific future
situation. Conceptual foresight is the ability to relate anticipated future situations to the present. It involves anticipation of needs or consequences of problem situations. It is also the ability to alter factors in the present situation that will affect future needs.

-Internal-external control: people who believe they are in control their own destiny have internal control, and believe in the potential benefits of planning. Those with external control perceive events as being unrelated to their own behavior and beyond personal control (believe in astrological power).

**Topic 3. Implementing**

Implementing is the process that involves the actual transformations of resources to achieve goals. It is actuating plans and procedures (standard and sequences) and controlling the action. Actuating is putting plans and procedures into action, and controlling is checking or comparing actions with plans, and if necessary, adjusting the planned standards and sequences of those actions to increase the chances of achieving the desired results. That is, once plans are put into action, they need to be checked to see that they are leading to the desired end state. Self-discipline and supervision are skills that managers apply to implement plans. The activities involves are shown in Figure 5.

![Diagram of Implementing Process]

**Figure 5: Implementing**

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Topic 4. Components of Implementing

Actuating Plans

Actuating refers to putting plans into effect, which can be done in stages. It is most likely to occur when there is high goals intensity, when the desired outcome is important to people involved, when the plan is clear and feasible, and when resources are available to meet the demands. Plans will not lead to goal attainment unless they are activated. Some simple plans are easily activated, and action may seem to be simultaneous with planning. More complex plan may require activation in stages.

Controlling

Controlling in another component of implementing. It involves both checking action and adjusting activities or plans. Checking means determining if actions are in compliance with standards and sequences of plans. It is the comparison of action to plans. Standard and sequences in plans serve as the basis of evaluation. The checking will be more easily performed if expectations are clear. If a check shows that activities are inconsistent with expectations, adjusting is necessary. There are number of possible adjustments: changing standards to better reflect activities, adjusting action to more adequately meet standard, or revision of the whole plans themselves. Changes or adjustment in both sequences and standards may require a new plan.

Many plans must be adjusted in the real world. Inadequate information during the planning process may create a need for adjusting a plan. The extent of adjustment often depends on how critical it is to meet given goals or to conserve resources.
Factors Affecting Implementation

- Individuals characteristics- the ability for people to focus clearly on what it is that they want and then to plan to achieve those wants improves the possibilities of success through implementing. Some personalities may not want to control their lives and their time use. Personality traits related to control are responsibility, tolerance, intellectual efficiency and flexibility.

- Group characteristics – Individuals can implement plans with greater certainty than groups. Because interest and goals vary, individual within a group may not have the same importance to plans to be implemented.

- Environmental-related characteristics- people can exert control over some aspects of the micro or macro environment in implementing plans. The macro environments include the human-made and natural space and the biological contents of the surroundings. The micro-environment is the immediate surroundings of the individual/family – it physical setting, the things directly impinging on the system.

- Task oriented-complicated tasks need more controlling and greater attention to reach the desired standard.

1. Planning
2. Components of planning
3. Qualities of plan
4. Types of planning
5. Factors affecting planning
6. Implementing
7. Factors affecting implementation
Summary
Planning is a managerial activity of great importance. It is made up of standard setting and action sequencing. It utilizes decision making skills. The setting of standards and the reconciliation of available and/or potential resources against system demands are important part in the planning process. There are several types of planning. Planning must proceeds implementing, but not all plans can be successfully carried out unless the implementation is properly controlled. Action involves in implementation may be undertaken by the planner or by another person, machine or organization. Checking the action against the plan and adjusting the standards and sequences make up the controlling aspect of implementing. Several factors affect planning and implementing of actions.

EXERCISE

1. Describe four attributes of a good plans?
2. Standards are the quantitative or qualitative criteria of plan. Describe what is meant by qualitative criteria and give one example?
3. Example of exam questions. (TRUE/ FALSE). Mark (A) for TRUE statements and (B) for FALSE statements

Planning is a part of throughput and result in a plan for implementing.
Implementing is the process that involves the actual allocation of resources to achieve goals

(MULTIPLE CHOICES). Choose the one best answer for each question
Sequencing activities or tasks can be described as....
I. Dovetailing  
II. Overlapping  
III. Interdependent  
IV. Independent  
V. All of the above (1 – V) are correct  
   a. I, II, III  
   b. I, II  
   c. II, III, IV  
   d. V  

Factors affecting implementation include the following  
I. Personality traits  
II. Micro-environment  
III. Macro environment  
IV. Group characteristic  
V. All of the above (1 – V) are correct  
   a. I, II, III  
   b. I, II  
   c. II, III, IV  
   d. V  

**ANSWER**

1. Describe four attributes of a good plans?  
   i. Clear and concise – easy for everyone to understand/ specific standards and sequences of activities.  
   ii. Flexible – able to change if conditions change unexpectedly/ achieved through the development of ranges of acceptable performance standards and varying sequencing / adaptive -- being able to adjust or appropriate (suited to the situation and the people involved)  
   iii. Complexity-relates to the number of people and goals involves in a plan.  
   iv. Realistic – feasible and likely to work
2. Standards are the quantitative or qualitative criteria of plan. Describe what is meant by qualitative criteria and give one example?

Quality is the property or image of what is desired. Positive or negative attributes other than amounts are qualitative. For example, in buying a house, criteria related to size, type of house or location are qualitative; an image such "attractive" or "ok" for a particular location is a quality aspect of a desired house.

3. a, b, d, d
UNIT 6

MANAGEMENT OUTPUT:
MET DEMANDS, USED RESOURCES AND QUALITY OF LIFE

The focus of this unit is on the output of managerial process which includes met demands, used resources, and quality of life. The function of feedback will also be discussed.

Unit Objectives

After studying this unit you should be able to:

1. identify the component of managerial output
2. define the concepts of met demands, used resources and quality of life.
3. explain the function of feedback

Topics

Topic 1. Met demands
Topic 2. Used resources
Topic 3. Quality of life
Topic 4. Feedback

Topic 1. Met Demands

Met demands as a component of output, represent the value related meaning or satisfactions that follow from the managerial activity. The nature of the
satisfaction is affected or determined by the sources and purpose of the goals, events and by the planning and implementing process involved in fulfilling them.

As indicated earlier, goals may give either specific or general direction to planning. Whether the satisfaction from output follow from goals providing specific or general direction to the system, satisfaction may be focused within or outside the system. Goals that evolve within the system are likely to produce met demands that have their primary effect within the system, although sharing with others may influence the goals.

For example, the goals of a family to paint the house for family activities may be motivated by the family's pleasure in being together or in their enjoyment of certain activities. When the project is finished, the shared meaning attached to this effect will be of importance to the family members.

Events. The response to an unforeseen occurrence may be positive depending upon the nature of the events and the accompanying expectations. The effects of events as met demand may be retained within the system or become related to the external environment. Output that results from a disastrous event, such as a flood, is an example of internal and external output.

| Topic 2 | Used Resources |

Used resources, especially material resources, represent a shift in the stock of available means for meeting demands, whether the effect of the resources use has occurred within the system, or through interchange with the external environment. There are several managerial activities that will influence the direction of change in amount and kind of available resources. These activities can include exchanging (no change), consumption (decreases), protection (decreases),
transferring (decreases), producing (increases), saving, or investment (increases) of resources to reach goals.

Exchange is altering the mix of specific resources with no change in the overall worth of the inventory. Such exchange may occur within the system and between the systems, they may or may not involve money although, people can directly exchange goods and services, as in use money as a medium of exchange.

Consuming, protecting, or transferring resources outside the system would involve a decrease in the worth of the resources available to the system. Consuming a resource involves direct use, such as in the eating of food. The food is no longer available once it is eaten. Thus, consuming reduce available resources through the amount of their utility value. Utility is an economic concept that relates to the benefits obtained from resources as they contribute to meeting demands.

Protecting involves incurring costs to preserve the overall worth of a resources inventory. For example, people purchase and install locks on the doors of their house are protecting themselves and their possessions from intruders. Through protecting, people can minimize their potential economic losses at the cost of risk sharing, such as through buying insurance.

Transfer of resources occurs in lending resources or giving gifts of time, money, taxes, or possessions. Transfer must be external to the system to reduce resources.

Producing, saving, or investing are intended to increase the overall worth of the resources inventory. Producing is the addition of worth to existing resources. Earning outside the home and household production are example of productive output. Saving is postponing the use of resource. And investing is the use of current resources to increase the overall supply of resources in the future. The appropriateness of activities will depend on input and will affect future managerial choices. In addition to change in resources, the managerial activities can
enhance or reduce satisfaction. Some activities will occur in the expected direction, and others do not meet expectations.

**Topics 3. Quality of life**

Quality of life is both the output of the managerial system and a standard for measuring the satisfaction people gain from their lifestyle. In this section quality of life will be defined and the method of measuring quality of life will also be described.

Quality of life is defined as the state of well being of people as individuals or in groups, as well as the characteristics of the environment in which people live. This definition implies both quantity and quality. It includes the thing people have, the places in which they live, and their physical, social, environmental, and psychological conditions and characteristics at a particular time. “State of well-being” also includes people’s feelings of happiness or satisfaction with their material and nonmaterial accomplishment and the surroundings of their community. According to this definition, quality of life involves both objective aspects of reality and subjective perceptions and evaluations of life.

Quality of life is due, in large part, to the quality of management used and is dependent on the quality of decisions made in each process of management system. Decisions are made about which inputs will affect management, the activities and resources needed to reach goals, and in evaluating satisfaction with the output of the management system.

**Measuring The Quality Of Life**

As we mentioned earlier, quality of life is a concept commonly used to measure the state of well-being in the whole nation. It is represented as the product of varied conditions in a person’s life and the person’s perceptions of them. Thus, an
individual's level of satisfaction with his or her overall quality of life is a function of satisfaction with a set of life domains such as level of health, education, community services, community environment, family management, financial security, management, housing, employment situation, friendship and leisure. Satisfaction with a particular life domain is a function not only of the degree of satisfaction or dissatisfaction the person gains from the domain, but also the relatives importance the person places on the domains.

Quality of life of individuals and families is easier to talk about than it is to measure because it includes nonmaterial, intangible characteristics. Nonmaterial accomplishments are more difficult to measure because characteristics such as changes in feeling of human being are specific to a given time, person, and place.

**Topic 4. Feedback**

Feedback is the portion of output that reenters as input to affect succeeding output. Feedback involves the system’s evaluation of its own output, including information about how the output is received by other system, compared to intended responses. The negative or positive feedback from overall system output promotes either continuity or change in the system.

Positive feedback shows any differences between expected and actual outcomes, acknowledges factors that support the deviation, and favors an increase in the deviation—which is really a change in goals. Negative feedback indicates a difference between actual and desired output and influences the system to reduce the deviation so that the output stays within the limits established by goals. Negative feedback is a monitoring function that may be used critically. In Figure, feedback lines extend from the managerial output to the input arrow of the managerial system. Feedback from output to the external environment may also
return to the system. However the output of one system enters another system as input and is processed by that system into its own output.

**Function of feedback**
- Reinforces or redirects value orientation
- Provide insight into the nature of other systems
- Evaluate the system’s own output
- Mechanism for adapting to changing conditions
- Maintains dynamic character of open systems
- Information sources for evaluating activities
- Affects future input into management system
- Provide knowledge of results as activity progresses
- Help modify goals

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1. Output of managerial system
2. Definition of met demand, used resources and quality of if
3. Measuring quality of life
4. Function of feedback

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**Summary**

Outputs of management include the resulting resource inventory and the met demand. Through feedback people can evaluate the relative benefits of managed and unmanaged activities. It can then be applied to further managerial activity. Resources are not only a source of utility or satisfaction but also are allocated or utilized. The availability of resources will be reduced by consuming, protecting and transferring. Producing and saving contribute to increase in total resources held.
Management improves the quality of life when it places importance on person or group goals and recognizes managerial capabilities as means rather than ends. Providing order and direction to life through management requires that each person or each system consider their own needs and desires, rather than looking for a set of universal rules for management.

**EXERCISE**

1. Define the concept of used resources and quality of life?
2. What is the difference between positive and negative feedback?
3. Example of exam questions.
   
   (TRUE/ FALSE). Mark ( A ) for TRUE statements and (B) for FALSE statements
   
   Quality of life of individuals and families is easier to talk about than it is to measure because it includes nonmaterial and intangible characteristics.
   
   Exchange is altering the mix of specific resources with no change in the overall worth of the inventory.
   
   Earning outside the home and household production are example of productive output.
   
   (MULTIPLE CHOICES). Choose the one best answer for each question
   
   Feedback has certain functions. Which of the which of the following is not one of them?
   
   a. Maintains dynamic character of open systems
   b. Information sources for evaluating activities
   c. Affects future input into management system
   d. Help setting new goals and values
1. Define the concept of used resources and quality of life?
   Used resources, especially material resources, represent a shift in the stock of available means for meeting demands, whether the effect of the resources use has occurred within the system, or through interchange with the external environment.
   Quality of life is defined as the state of well being of people as individuals or in groups, as well as the characteristics of the environment in which people live. This definition implies both quantity and quality. It includes the thing people have, the places in which they live, and their physical, social, environmental, and psychological conditions and characteristics at a particular time.

2. What is the difference between positive and negative feedback?
   Positive feedback shows any differences between expected and actual outcomes, acknowledges factors that support the deviation, and favors an increase in the deviation- which is really a change in goals. Negative feedback indicates a difference between actual and desired output and influences the system to reduce the deviation so that the output stays within the limits established by goals. Negative feedback is a monitoring function that may be used critically.

3. a, a, a, d
UNIT 7
DECISION MAKING

The key factor in "making things happen" instead of just "letting things happen" is skillful decision-making. One of the vital characteristics of a good manager is the ability to make decisions that direct and guide actions and resources in a planned direction. This unit will focus on decision making and its related aspects—decision making process, the dimension of decision making, decision making strategies and guidelines on how to improve decision making skills.

Unit Objectives
After studying this unit you should be able to:

1. Define decision making concept
2. Explain decision making process
3. Explain the dimension of decision making
4. Explain decision making strategies

Topics

Topic 1. Decision making process
Topic 2. Dimension of decision making
Topic 3. Decision making strategies
Topic 1. Decision Making Process

Decision Making is the process of concluding or making a judgment about some issue or matter – making a choice between two or more alternatives (in management terms) – or part of the transformation process of inputs to outputs (in systems theory terms). If you have only one possible alternative (or do not perceive more than one course of action), you are not making a decision. However, even in this limited choice situation, if you have the choice of taking action or not taking action, decision-making is involved. Although many decisions are made largely by habit, others involve weighing two or more alternatives.

The steps in the decision-making process are similar, regardless of whether the decision involves family and individual resource management, consumer purchases, or other situations requiring choices. These steps include:

1. recognition of a decision is needed
2. identifying and weighing acceptable
3. choosing among or resolving alternatives

The first step in the decision making process is recognizing that a decision is needed. This can occur if there is a problem to solve or a feeling of uncertainty, if there is a conflict of wants or goals, a shortage of resources, a need for a change, or some other concern which alerts the attention of individuals or groups.

Once the problem has been identified, several alternatives need to be generated and examined. This often requires a search for information and evaluation of that information. Internal information search involves looking within oneself, while external search involves gathering information from family, friends, media and other resources. Searching for information is critical in generating alternatives and in clarifying possible consequences of alternatives. The number of alternatives considered in decision making varies with the important of the decision and with the
background of the decision maker for generating them. Basically, as a guide the number of alternatives to be considered is between three to five. The number of alternatives, especially when exceed ten, can confuse decision maker.

The final step in decision making process is selecting an alternative. Optimum decision making is the seeking of on “best” alternative. Quite often people choosing a reasonable alternative, but do not often bother trying to find the “best” alternative. However optimum decision may be unrealistic, because decision makers do not recognize all possible alternatives, may not have access to complete information and do not have complete controlled over all factors affecting the outcome of a decision. By limiting the scope of a decision making, decision maker may seek a limited range of alternatives, and then decide on one or a combination of alternatives that reasonable in the current situation.

Uncertainty and Risk
Rational people reduce or avoid risk, though it is subjectively defined in terms of level. Uncertainty is the state/feeling of being in doubt, while risk is the actual probability of harm/loss/pain. One’s perception of uncertainty leads to perception of risk. The idea is to reduce risk through analysis and study the information, and to decrease uncertainty through the same processes.

| Topic 2 | Dimensions of Decision |

Decision may be analyzed from many points of view. In the following discussion, four such view points will be considered— types of decision, relationships among decisions, the effect of the decision maker, whether an individual or a group decision, and differences in decision making situation.

**Types of Decisions:**
Decision can be classified according to the content of decision making and the nature of the problem to be solved. Each type requires a different degree of rational and creative thinking and decision making process.
1. Social or human decisions occur when members of a group encounter conflicts in values, interests, goals or roles. It involves setting goals and priorities that determine the general roles of individuals and relationships among individuals within a group. It is also a process which builds cooperation and solidarity.

2. Economic or allocation decisions involve the availability of resources and ways of allocating or distributing these resources among various goals. In making economic decision people compare costs in resources use to benefits in satisfaction or in resources gain. The decision usually attempt to maximize satisfaction and minimize resources use.

3. Technical or “what, when, how, who, why” decisions involve allocating specific amounts of given resources to most efficiently attain a single goal, accomplish a specific task or make a specific consumer purchase.

4. Coordination and interaction decisions relate to social, economic, and technical decisions. They deal with communication within the family and with the larger community, the kinds of information needed to make other decisions, criteria for evaluating decisions and ways of motivating family members to carry out their roles.

5. Legal decision is concerned with rules, regulations and policies established by authorities in the family or large society (e.g. the rule for inheritance and marriage). Rules are made by traditional extended family system as well as by court of laws.

6. Political decision is made by groups of people who are trying to establish policies and procedures. The emphasis is on how decision is made rather than on resolution of a problem.

**Relationships among Decisions**

Decision-making is a dynamic process because decisions are often interrelated and interdependent. Decisions made at one time affect (and are affected by) other decisions. Consider these three patterns of decision linkage.
a). Central and satellite pattern characterizes by a major central choice with several minor choices dependent on and related to it (Figure below). Central decisions are key decisions that have a significant impact on a situation or even a total lifestyle. Most social decisions, as well as some economic decisions, fall into this category.

Satellite decisions are related to the central decision. These "follow-up" decisions determine how well the central decision is carried out and how satisfying the results are. If the key decision is whether or not to buy a house, many satellite decisions also must be made. Choices include location, the specific house itself, methods of financing, how and when to move, changes in jobs, schools and transportation, revision of insurance coverage, and many more. Each satellite decision may require smaller satellite decisions. If the move requires the family to purchase a second car, then a number of decisions about the model of car, new or used, where to buy, how to finance, added insurance, etc. would be needed.

![Central and satellite decisions](image)

b). Chain decisions are another pattern of linkage. Some decisions can be visualized as a chain reaction (a straight line, sequential dependence on one decision upon another. One decision is influenced by the preceding one, and in turn
influences the next one. The size of your house and the condition of your furniture will influence choices in new furniture. These Chain decisions may influence family activities and changes in the uses of the older furniture. “One thing leads to another” is a phrase that illustrates the continuing nature of the decision making process. Chain decisions can occur by themselves or as part of a central-satellite complex.

c). Decision trees are sets of choices resembling a tree with two (or more) separate branches. Some decisions set a course that is difficult (although not impossible) to change. Some examples are choosing a career, buying a house or retiring. After such a basic choice is made, subsequent options and decisions branch out like the forks of a tree. If the basic choice is “A,” a set of options will need to be decided. If the choice is “B,” a different set of options will develop. Many people are fearful of making such basic decisions because they think there is only one “right” or “best” decision and that direct consequences will result if the wrong choice is made. All decisions can be “right”, although the benefits will differ with each basic choice. The outcome of any decision provides opportunity for learning and growing. For example, if you choose to accept a new job, you may have to decide the place to live, the mode of transport etc.

**Individual and Group Decisions:**
One way to explore decision-making is to look at individual and group decisions -- their differences and their similarities. While many decisions are primarily a personal
or individual concern, others involve the whole family, group, the community and the broader society. Group members accept decisions more readily and carry them out more efficiently when they have been involved in the decision making process. Group decisions may be better if more alternatives are suggested and nonproductive options are identified earlier. Families or other groups reach decisions in several ways, such as through:

1. Accommodation/Dominance/Submission (Win/Lose)—one person dominates the situation; others give in as a decision is made.
2. Conversion (sometimes Win/Win, sometimes Lose/Lose)—Additional facts are presented so one person persuades others to his or her view, or he or she gives up something to get something.
3. Consensual agreements / Integration (Win/Win)—Unanimity or a synthesis of ideas develops that everyone can agree on and support.
4. De Facto decision making occurs when no one really cares enough to make their wishes known about an issue (‘lack of dissent, rather than active assent’)

**Differences in Decision Making Situation**
Generally managerial decision situation falls into two categories: programmed and non programmed.

**Programmed Decisions.** Programmed decisions are those made in routine, repetitive, well structured situation through the use of predetermine decision rules. The decision rules may be based on stored information and can become habitual, computational technique, or established policies and procedures. For example, everyday family activities are programmed: how to prepare food, shopping, ways for paying bills.

**Nonprogrammed Decision.** By contrast unprogrammed decisions are those for which predetermined decision rules are impractical because the situations are novel, unstructured and require new information. Nonprogrammed decisions range from rather minor ones to those of a critical nature. Such decisions need intelligence,
combined with adaptive, solution-oriented action. Traditionally these choices are associated with policy making.

They can be simple or complex. They are challenging because they represent unstructured, new situation. For example, your family has never had a pet. Since this is a new situation for family members and it involves some potential sources of conflict, they must consider such questions as: Who will be responsible for looking after the pet? What will be sacrificed in order to find time for looking after the pet and ect. In an organization most of the significant decision that managers make fall into nonprogrammed category. Because of their nature, nonprogrammed decision usually involve considerable amount of uncertainty, a condition in which the decision maker must choose a course of action without complete knowledge of the consequences that will follow implementation. Decisions made under uncertainty involve risk, the probability that a choose action could lead to losses rather than the intended results.

**Topic 3. Decision Strategies**

To make decision individuals, groups and organizations use many rules and strategies, different ones being adopted at various stages during the task of deciding. There are at least three principal decision strategies within which there may be further variations:

(i). Optimizing
(ii). Satisficing
(iii). Pro and con

**Optimizing**
The goal is the selection of course of action which, within the given constraints, produces the best possible results. The latter is sometimes termed a pay-off. There are several variations of optimizing. These include: maximin, maximax, and regret.
The maximin strategy is based on the theory that the decision maker will try to maximize the desirable or pleasurable aspects of the choice. The less desirable aspects will be minimized. Basically, this is an application of the psychological principle that the goal of human action is to seek pleasurable and avoid pain. Under the maximin principle, the most attractive option may be chosen in terms of the one most likely to lead the defined goal, yield the greatest return for the resources expended, or offer the greatest satisfaction. It may produce the least pain, loss, or inconvenience.

One problem inherent in this approach is that all the courses of action open are not always known. Even if they were known, one would not be able to predict the outcome of all actions. One could calculate probabilities but still be confused about which consequences would be satisfying. Because human beings are not perfectly consistent or sensitive, they do not always choose the alternative that is “best” from an objective standpoint.

The maximax strategy. A similar principle states that, among the possible alternatives, one choice has the worst consequences or the smallest payoff. The aim is to minimize one’s maximum losses.

The regret principles. This principle assumes that it is more natural for decision maker to think in terms of opportunities forgone. Using this approach the aim is to identify the opportunity costs carefully and to minimize the losses and the maximum regret due to a failure to take the best action available. If the option with maximum payoff was chosen, regret would be zero.

Satisficing
Satisficing recognized the decision maker limited ability to process information and thus involves a less sophisticated search for data. It rest form to main beliefs:

- Inability of the decision maker to analyze all information
- at some stage unacceptable costs arise in terms of time, money, frustration or some other dimension in obtaining more information.

Satisficing involves selecting a course of action which is merely "good enough" in meeting a minimal set of requirements. The decision maker is aware that the decision will have a measure of both sacrifice and satisfaction. The search for a satisfactory and hence ‘satisficing’ solution means looking to see what is feasible here and now, rather than what may be optimal but unrealistic.

**Costs and Benefits (Pro and Con)**

One of the simplest strategies is that of identifying and analyzing possible alternatives on the basis of their advantages and disadvantages or costs and benefits. To do this write the decision situation at the top of a piece of paper, draw a line in the middle, making the two columns. Head one column benefits and the other costs. When possible, allow at least three of four days to think of every pertinent idea or the different motives appropriate for the ideas as they come. Weight all the ideas for their relative importance. Write the conclusion at the bottom of the page. Viewing the costs and benefits arguments together enables the decision maker to evaluate a situation better, thereby reducing some of the chances the might otherwise be operating.

From the above discussion it is apparent that decision makers can choose from a wide variety of decision strategies. The choices range from the more complex optimizing version through the simplistic single decision rules, pro and con. No strategy ideally fits all situations and the art of the good decision maker resides in adapting an appropriate strategy to meet the particular situation.

**Improve Your Decision-Making**

Some individuals make decisions in a “task-oriented” manner. They prefer to establish a goal and a time frame, gather the facts, analyze the information and make a choice. Other individuals regard decision-making primarily as a social activity, rather than a job to accomplish. Highly productive people usually have a
balanced style, so their decisions consist of both tasks and relationships. Decision-making skill can be improved by study and practice. Avoid these mistakes which are often made by unskilled decision-makers:

• Not choosing an action because the possibility is not recognized;
• Choosing an action even though the possible outcome is unknown;
• Underestimating or overestimating the importance of certain information;
• Collecting information that cannot be used or is not necessary;
• Choosing a course of action on impulse, without considering the consequences;
• Neglecting to make a choice because not everything can be predicted with certainty.

To improve your ability as a decision-maker:

• Be aware of your own and your family’s values. Review what you want to accomplish before you begin comparing alternatives.
• Get the facts. Look at the situation in an unbiased way. Review your information clearly and evaluate it objectively.
• Consider both emotions and facts.
• Avoid making excuses or rationalizations.
• Try not to make decisions while you are tired or under stress.
• Realize that few decisions are irreversible.

1. Decision making process
2. Dimension of decision
3. Decision making strategy

**Summary**

Decision making occurs throughout management process. It is the process of selecting one course of action from several alternative actions. Developing your decision-making abilities can give you more freedom and control over your life,
and increase your chances of being satisfied with your decisions. The steps in the
decision-making process are similar, regardless of whether the decision involves
family and individual resource management, consumer purchases, or other
situations requiring choices. It involves the following steps: recognize the problem
or opportunity, look for alternatives, and select the best alternative. If there is no
best alternative, or none seems satisfactory, perhaps a new alternative can be
created by compromising or combining some of the possibilities. There is no single
‘ideal’ decision strategy. A mixture of optimizing and satisficing strategies may
prove more acceptable to decision makers.

**EXERCISE**

1. Define decision making?
2. Explain how goals affect decision?
3. Explain the conditions of certainty, risk, and uncertainty under
which decisions are made.
4. Example of exam questions.
   (TRUE/ FALSE). Mark ( A ) for TRUE statements and ( B ) for
   FALSE statements
   
   Programmed decisions are those made in routine, repetitive, well
   structured situation through the use of predetermine decision rules.

   Decision making is the process of making a judgment about some
   issue or matter.

   (MULTIPLE CHOICES). Choose the one best answer for each
   question
   __________________ guide decisions.
   a. Values
   b. Resources
   c. Worries
   d. Concerns
is the process of making a choice between two or more alternatives.

a. Bargaining
b. Decision making
c. Problem solving
d. Goal setting

ANSWER

1. Define decision making?
Decision making involves identifying problems, gathering information, considering alternatives and choosing a course of action from the alternatives generated.

2. Explain how goals affect decision?
Goals indicate the direction that decisions and actions should take and the quality or quantity of output desired. Four benefits derived from setting goals are a. focusing decisions and efforts, b. aiding the planning process, c. motivating people and stimulating actions, and d. facilitating evaluation and control action.

3. Explain the conditions of certainty, risk, and uncertainty under which decisions are made.
Decision are made under conditions that reflect the likelihood that events will occur over which the decision maker has no control but which may influence the result of the decision. These conditions may be characterized as a continuum from certainty to risk to uncertainty. The greater the risk and uncertainty of future event, the more difficult and challenging is decision making.

5. a, a, a, b
UNIT 8
MANAGING HUMAN RESOURCES: STRENGTHENING COMMUNICATION

Communication is a frequent part of life. Because people communicate so often, it is sometimes assumed to be a simple process that anyone can master. This unit will focus on the components of communication and some strategies for improving communication.

Unit Objectives
After studying this unit you should be able to:
1. define communication
2. explain communication process
3. state strategies for improving communication

Topics
Topic 1. Definition Communication
Topic 2. Components of Communication
Topic 3. Strategies for Improving Communication

Communication is the process by which one or more persons stimulate meaning by the way of verbal and nonverbal massages in the minds or others. It is a transfer and exchange of information and understanding from one person to
another through meaningful symbols. It as way of exchanging and sharing ideas, attitudes, values, opinions and facts.

Topics 2. Components of Communication

Communication is a process that requires both a sender, who begins the process, and a receiver, who completes the communication link. When the receiver understands the communication, the cycle is complete. In general communication process comprises five elements: the sender, the receiver, the message, channels and feedback.

The sender or source is the transmitter of the massages. There are five factors which influence the sender in any communication he transmits: communication skills, attitudes, knowledge, position in the social system and culture. These five factors also influence the receiver and will only be summarized here. There are five verbal communication skills which determine our ability to transmit and receive massages: speaking, writing, listening, reading and reasoning. The extent of the development of these skills helps determine our ability to communicate verbally.

The effectiveness of our communication sis also determine by our ability to make use of nonverbal communications skills. As an example, a stern look of disapproval from the group leader readily communicates to the group member receiving the look that something he said or did was not well taken.

Attitudes, the second factor influencing the sender and receiver, are hard to define. For our purpose we will say that an attitude is generalized tendency to feel one way or another about something. For instance, you may have a favorable or a favorable attitude toward voluntary groups working to solve community problem. If your attitude on this mater is favorable, you may, however, feel that certain problems could be better handled by the city council.
Attitudes influence our communication in three ways. Attitudes toward ourselves determine how we conducted ourselves when we transmit massages to others. If we have a favorable self-attitude, the receiver will note our self confidence. If we have an unfavorable self-attitude, the receiver will observe our uneasiness. Attitude toward subject matter affects our communication by predetermining the way we word our messages about certain subject. An example would be a manager with favorable attitude toward bringing industry into a specific area or community. He is likely to talk about only the good that industry could achieve and may deliberately neglect to mention any possible undesirable effect that may result. Attitude toward the receiver or the receiver's attitude toward the sender is third aspect which influences our communication. Our messages are likely to be very different when communicating the same content which influences our communication. Our messages are likely to be very different when communicating the same content to someone we like and someone we dislike. Knowledge level has a bearing on our ability to communicate effectively about a subject. An engineering student might feel ill at ease trying to give a talk to a farmer about cattle, goats, or paddy.

A position of the sender and the receiver in their respective social system also affects the nature of communicative act. Each one of us occupies a position in one or more social system, such as family, work group, community or the organization of which we belong. We perceive those with whom we communicate as occupying a similar, higher, or lower position in their respective social system. Our culture is the fifth influence determining our communication effectiveness. Communication is more effective between persons with similar cultural backgrounds. Culture is relatively independent of social position in many cases. For instances, a leader could probably communicate better with the people in his own group, because of their similar culture background, than he could with a leader in the same organization located in a different geographic area.

Message. The massage is what the sender attempts to transmit to his specified receivers. Every message has at least two major aspects: content and treatment. The content of the message include the assertions, arguments, appeals, and the
themes which the sender transmits to the receivers. The treatment of the message is the arrangement or ordering of the content by the sender.

The selection of content and the treatment of the message depend upon our communication skills, attitudes, knowledge level, our position in social system, and our culture. The selection of the content and the treatment of the message we use also depend upon our audience and their communication skill, knowledge, attitudes, social position, and culture.

**Channel.** Channel is a means to transmit messages from the sender to the receiver such as printed materials, the electronic media, face-to-face conversation. Face-to-face conversation has the greatest potential for getting the receiver's attention.

**Receivers.** The receiver must attend to, interpret, and respond to the transmitted message. The goal of communication is reached when the receiver accepts the sender's message. Attention and comprehension are the means the receiver uses to attain the goal of acceptance of the message. **Attention** is the process by which the receiver tunes in on a message and listens to it, watches it, or reads it. The sender must consider his receiver and treat the message is such a way that the receiver's attention is more easily gained and retained. Comprehension implies understanding of the message by the receiver. Here again, the sender must consider his intended receiver and use message content that will enable the receiver to understand the message.

Once the receiver has attended to the message and comprehended or understood the content, his next task is to accept the message on at least one of three levels: the cognitive, that is, the receiver accepts the message content as true; the affective, the receiver believes that the message is not only true but good; overt action, where the receiver deciding on his content of the message to gain the receiver's attention and comprehension. One consideration required at this point is to note that receivers are more inclined to accept message contents which agree
with their previous attitudes. The sender has a less difficult task if his message agrees with the receiver's attitudes. If the receiver disagree with the sender's message, acceptance is less likely.

Feedback. Feedback is the sender's way of determining the effectiveness of his message. During feedback the direction of the communication process is reversed. When providing feedback, the original receiver goes through the same process as did the original sender and the same factors influence him as they did the sender.

The receiver may use the same channel for feedback as the sender use the original message; this is usually the case in face-to-face conversation. In face to face conversation feedback is more easily perceived. The sender can tell if the receivers are paying attention when he speaks to them. If a receiver falls asleep or look at other things in the surrounding environment, the sender realize that he does not have the receiver’s attention. The receiver may take a different channel, as might be the case when you as a leader transmit a message to your group requesting action on matter ad a group acts or does not act in the way you asked. The group's actions have then become the feedback. If the group takes the action you want them to take, you have been influential; if it does not, then were not influential. Feedback provides a method of eliminating miscommunication. It is most effective in face-to-face conversation where feedback is instantaneous.

Feedback should have the following characteristics:

a. It should be helpful.
b. It should be descriptive rather than evaluative
c. It should be specific rather than general
d. It should be well timed
e. It should not overwhelm.
Topics 3. Improving Communication

To be an effective communicator, you must understand not only the process of communication discussed earlier, but also the guidelines for effective communication. These guidelines presented throughout this unit, are summarized in the following list.

1. Clarify your true ideas before communication. Analyze the topic or problem to clarify it in your mind before sending a message. Communication often is ineffective because the message is inadequately planned. Part of good message planning is considering the goals and attitudes of those who will receive the message.

2. Be sure your actions support your communication. The most effective communication is no in what you say but in what you do.

3. Examine the true purpose of communication.

4. Remember that listening is not just about receiving information, -- how we listen also sends a message back to the sender.

5. Consider the setting in which the communication will take place.

6. Follow up the communication. Questions are followed by answers.

7. Take the opportunity to convey something helpful to the receiver.

8. Consult with others, when appropriate, in planning communications.

9. Try to overcome barriers to communication: regulate the flow of information, encourage feedback, listen actively, simplify the language used in the message, use nonverbal cues and restrain negative emotions.

10. Be an attentive listener.
1. Definition communication
2. Components of communication process
3. Guidelines for effective communication

Summary

Effective communication is essential to many aspects of human endeavor - including life in a family system, individuals as well as in organizations. Through communication people gather and interpret information that they then use in managing resources. Effective communication will also contribute to mutual understanding in family or organization decision making and management. The communication process comprises of at least five elements: the sender, the receiver, the message, channels, feedback. Barriers to communication hinder the sending and receiving of messages by distorting or even blocking intended meanings. Guidelines for effective communication include: clarifying your ides, examining your purpose of communicating, considering the setting, consulting with others, taking the opportunity to convey something helpful to the receiver, trying to overcome the barriers, and being sure that your actions support your communications.

1. Define the main elements of the communication process?
2. State the guidelines for effective communication?
3. What are the primary barriers to communication and describe ways to overcome them?
4. Example of exam questions.
   (TRUE/ FALSE). Mark ( A ) for TRUE statements and ( B ) for FALSE statements
In general communication process consists of four elements. Face-to-face conversation has the greatest potential for getting the receiver's attention. The goal of communication is reached when the sender accepts the receiver's message.

(MULTIPLE CHOICES). Choose the one best answer for each question.

Which of the following are characteristics of feedback?

I. It should be descriptive rather than evaluative
II. It should be specific rather than general
III. It should be well timed
IV. It should be helpful
   a. I, II, III
   b. I, and II
   c. III and IV
   d. I, II, III and IV

The basic elements of communication consist of

I. Sender
II. Receiver
III. Non verbal
IV. Emotions
   a. I, II, III
   b. I, and II
   c. III and IV
   d. I, II, III and IV
ANSWER

1. Define the main elements of the communication process?
The communication process comprises five elements: the sender, the receiver, the message, channels, and feedback. Channels of communication are both formal and informal.

2. State the guidelines for effective communication? Guidelines for effective communication include clarifying your ideas, examining your purpose in communicating, considering the setting, consulting with others, being mindful of non-verbal messages, taking the opportunity to convey something helpful to the receiver, following up, and being sure that your actions support your communications.

3. What are the primary barriers to communication and describe ways to overcome them? Barriers to communication hinder the sending and receiving of messages by distorting or even blocking intended meanings. Barriers can be either individual, family system or organizational. It may result from differences in social status, from different goals, from conflicting assumptions on the part of the sender and receiver, from misinterpretation of meaning, and from misunderstanding of emotional reactions. Several ways of overcoming barriers to communication are: regulate the flow of information, encourage feedback, listen actively, restrain negative emotion, use non-verbal cue, and simplify the language used in the massage.

4. b, a, b, d, a
UNIT 9
MANAGING HUMAN RESOURCES:
MANAGING USE OF TIME

Time can't be managed, time is uncontrollable and we can only manage ourselves and our use of time. Time management is actually self management. Since time is finite, priceless, and irreplaceable, it makes sense to review of how it is being used to determine whether use of time is in line with long-term goals. For effective time management we need the ability to plan, delegate, organize, direct and control every aspect of our lives. This unit will focus on several different concepts related to time management and present some strategies and tools for managing personal activities.

Unit Objectives

After studying this unit you should be able to:
1. Understand the concepts of time
2. Understand the method of time measurement
3. Identify tools for managing time
4. Identify some strategies of time management

Topics

Topic 1: Concepts of Time
Topic 2: Method of Time Measurement
Topic 3: Tools for Managing Time
Topic 4: Time Management Strategies

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Topics 1. Concepts of Time

In economics, time is considered as a nonrenewable resource because it is a scarce commodity. Time is saved, spent, and allocated to fulfill wants or to achieve goals. A resourceful person uses time effectively or imaginatively, especially in difficult situations. Money is sometimes traded off for time, as when a busy person hires someone to clean the house or take care of the pets. Thus time, is a resource related to fulfillment of wants, needs and goals. Time can be measured in units (i.e., minutes, hours, days). It is difficult to comprehend time since each individual’s perceptions and use of time affects the ways they think about it.

We all have a limited amount of time in life and a limited amount of time at our jobs. Time management arises from the knowledge that time is a limited resources, and it is the effort to make the most of that limited resource—the effort to eliminate wasted time and to be as productive as possible.

Time management is the conscious control of time to fulfill needs and achieve goals. It is also referred to as gaining control over what we do, when we do it, how we do it, and why we do it. Thus time management is the measure of how we allocate this valuable resource. To accomplish time management requires some understanding of the nature of time and how it differs from person, in spite of its finite measurement.

Time management is, in large part, a matter of choosing priorities. Too much time at work and in life is spent on tasks that have little or no value, while jobs that have high value are ignored or delayed. Good time managers recognize what needs to be done, focus their efforts on it, and delay the less-important jobs. The way you spend your time shows what your priorities are.

Time can be categorized as
1. Discretionary - Is the free time an individual can use any way she or he
wants. During the day nearly all people have some discretionary time. For examples, when people take breaks, use the bathroom, eat meals, and come and go between the activities. Evening and weekends generally offer most of the discretionary time.

2. Nondiscretionary - Is the time that an individual cannot control totally by himself or herself. For example, lecture time – they are set by the university or faculty; Opening and closing of banks, post office, stores and also restaurants.

**Time Perception**
Perception refers to the process whereby sensory stimulation is translated into organized experience. Time Perception is the awareness of the passage of time.

**Perception of Time across Cultures**
Culture influences the way people think about time. There are three anthropological models of time, which were further delineated by Robert Graham and Alma Owen. These models define time in the context of various activities, life stages, or time of year. The models illustrate what time means to different cultural groups and also the ways in which they process and structure time.

**The models are as following**
1) Linear- Separable Model of Time - Linear-separable time processing is related to economic time. Long -term planning is accepted as normal in the linear-separable model. The model also treats the past, present, and future as distinct entities that are broken down into units. In linear-separable time orientations, steps, and procedures are usually told in chronological order. Time is measures by clocks and calendars. Appointments are kept on time. It is assumed that the future will bring better things. The model represents and optimistic point of view because improvements are expected over the time.

2) Procedural – Traditional Model of Time - Individuals, with a procedural Perception considers the actual steps, event, or procedure to be more important than time spent in the activity. Being prompt is not as critical as doing things
correctly or when conditions are right. This model is characterized by staying with a task until it is completed no matter how much time it takes.

3) Circular- Traditional Model of Time - A circular or cyclical perception emphasizes the repetitive nature of time. The model assumes that today will be much likely like yesterday and tomorrow will be more of the same. Time follows a rhythmic pattern with regular beginnings and ends, but without discrete units of past, present, and future. In this model, things may move forward or may remain the same. The circular perception is often associated with poverty because life for the poor, regardless of country, may change little from day to day.

None of these models of time perceptions is good or bad; they simply illustrate cultural differences that affects managerial and consumption behavior. Many countries use a combination of the models or include cultural groups that ascribe more to one model than another. In Western culture, all three models exist, although the linear-separable model is dominant. Our culture probably can provide an example of how perception of time can affect consumption behavior. Malaysian generally views time as less concrete and less subject to scheduling than Western culture. Consequently, appointments and meetings rarely start at the schedule time. In circular perception, the concept of the future is vague.

**Topic 2: Method of Time Measurement**

a). **Quantitative Time Measurement**

A quantitative time measure refers to the number, kind, and duration (e.g., minutes, hours, day) of activity that occur at specific point of time. A quantitative time researcher would be interested in how many minutes a day an individual spends in food preparation, shopping, eating, driving, grooming, playing, child care, elder care, and working.

Quantitative time-use data are gathered in four ways:
1) Self-report or Diary Method.
Individual records his or her own time-use data on a form provided by the researcher.

2) Recall Method
Individual are asked to think back (recall) and explain in detail a previous day’s activity to an interviewer in person, or over the telephone, or by self-report on a form provided by the researcher.

3) Observation Method
A trained researcher observes and records the precise way, duration and sequencing of an individual’s activities. This method has been extensively used in anthropology and child development.

4) Self-observation control-signaling Method
This method is rarely used for collecting data on family/personal time use. It is extensively used in business management studies. In this method, subjects are asked to record their time use at a given signals, such as when a bell sounds, a telephone rings, or a light flashes. The reports in the control-signaling method are required at random times and are less expected and less time-consuming for the subject than lengthy ongoing diary self-reports. Some researchers conclude that the control-signaling method produces more accurate results than other methods since signals occur sporadically and the subject responds immediately. Using a combination of methods with built-in crosschecks is generally considered to be the best way to obtain accurate data.

b) Qualitative time measurement
Investigates the meaning or significance of time use as well as how individuals feel about their time use that is the satisfaction it generates. It also measures who they are spending time with. The “who” part of how time is spent is important because daily life is not defined solely by what we do, but also by who we are with. A simple way to evaluate time use is to make a time log of daily activities and then analyze it. Time logs are not plans for the future, but are records of how time was used in the past. Time logs help people-see with observation the changes that are needed in their time allocation.
Topic 3: Tools for Managing Time

There are some tools that are specifically related to time management that will be introduced in this section – effectiveness or efficiency, Pareto’s principle, Parkinson’s Law, and prime time.

Effectiveness or efficiency: It is important to distinguish between efficiency and effectiveness. Efficiency is performing a task in the least wasteful manner, usually measured only in terms of time and energy. Effectiveness is a broader term that concerns the most functional way of reaching goals or reaching determined outcome. Effectiveness requires doing the right task well. Selecting or doing the most appropriate thing which requires priorities is essential to achieve effectiveness.

Pareto’s Principle: This principle was named after the Italian economist and sociologist Vilfredo Pareto. Pareto’s principles theorizes that 20% of the time expended usually produces 80% of the results, while 80 percent of the time expended produces only 20 percent of result. This principle also emphasizes the importance of setting priorities when planning. Even in personal life, the 20:80 rules are effective. For example, twenty percent of the people in a community do 80 percent of the volunteer work.

Parkinson’s Law: According to Parkinson’s Law – work does expands to fill the time available to accomplish the task illustrate the elasticity of some resources, even one as rigid as time. When time seems limited and people are busy, they tend to squeeze many activities into a short time span and seem to accomplish more than when they are under less pressure. Thus the answer to Parkinson’s Law is to make less time available for given tasks and the task will be done more quickly. By setting a deadline for each task and holding to that deadline, Parkinson’s Law is reversed.

Prime Time: The concept of prime personal time is important for productivity. Some people are morning people; others seem to become more productive as the
day progresses. Knowing when you are most productive can improve both time use and output. This is internal prime time, and refers to the periods of the day when energy is high for the individual. This time should be reserved for high priority activities that require concentrated effort. External prime time is the best time to attend to other people. This is the time when people at work should make available to meet with other staff or when family members should make available to get together.

In order for a time management process to work it is important to know what aspects of our personal management need to be improved. Below you will find some of the most frequent reasons for reducing effectiveness in and around our lives. You might want to check the ones which are causing to be the major obstacles to your own time management. These are referred to as your time stealers.

**Constraints on Effective Time Management**

- Interruptions for example the telephone or TV (these are also distractions
- Interruptions, for example, guests
- Meetings
- Tasks you should have had someone else do for you
- Procrastination and indecision
- Acting with out total information
- Dealing with other people’s issues or problems
- Some sort of personal crisis, for example, family member is sick or injured.
- Unclear communication
- Inadequate knowledge
- Unclear objectives and priorities
- Lack of planning
- Stress, anxiety and fatigue
- Inability to say “No” to anybody with a request
- Personal disorganization
Effective goal setting begins and ends with time management. You must be able to balance your time in the best way possible in order to achieve your goals.

**Topic 4: Time Management Strategies**

- Make and use a "Things To Do" list everyday. List and do them in order of importance.
- Keep a notebook and calendar with you all the time. Use them for listing tasks to be completed, appointments, and shopping needs.
- Use your waiting time. Accomplish small chores while you wait, such as reading, writing letters, or making a shopping list. Look at waiting time as a gift of time rather than a waste of time.
- Guard yourself against agreeing to do things that you don't have time to do well. Learn how to say "No" or "I really don't have time to do a good job, it wouldn't be fair of me to take this on." Be firm!
- Don't let unplanned activities drain away your own plan for using the day. Refuse calls you don't want to take; especially when you are taking advantage of your prime time. Reasonable people will understand and respect you if you ask them to make an appointment.
- Organize your work area. Keep all records and supplies needed frequently in order to reduce frustration and lost time.
- Concentrate on one thing at a time. Put all your energy into the task at hand. Tune out interruptions. Don't waste time thinking of all the things that have to be done.

Remember that 80 percent of the value of work or of life comes from about 20 percent of your activities. Use time management as a tool to set your goals in order of importance, to identify the activities that help to achieve them, and to permit you to "work smarter, not harder."
1. Concepts of Time
2. Time Perception
3. Constraints on Effective Time Management
4. Method of time measurement
5. Tools for Managing Time
6. Time Management Strategies

**Summary**

Time is probably the only resource everyone has in equal quantities, yet, some people accomplish more than others with their available time. Time management means gaining control over what you do, how you do it, and when you do it, and why you do it. Successful time management makes the attainment of individual or group goal possible without causing unnecessary tension. This unit views time as a highly personal resource, which can be controlled through the management of activities. Effectiveness of time application may be improves by use of such tools as application of Pareto's principle, applying the concepts of prime time and to do lists. Personal perception of time and individuals pace of activity often determine the accomplishment that a person achieves. People with a linear-separable perception view time as a line reaching from the past into the future. With discrete compartments the can be allocated for specific tasks; therefore, time can be spent or saved. Those with a circular perception consider time as a circular system in which the same events are repeated, therefore. Tomorrow is as good day to accomplish their tasks as today.
EXERCISE

1. Time can be categorized as discretionary and nondiscretionary time. Suggest ways to help in managing both discretionary and nondiscretionary time?

2. Describe quantitative and qualitative time measures?

3. Example of exam questions.

(TRUE/ FALSE). Mark ( A ) for TRUE statements and (B) for FALSE statements

Time Management is the conscious control of time to fulfill needs and achieve goals.

Discretionary time is the free time an individual can use any way she or he wants.

Time management is actually self evaluation.

(MULTIPLE CHOICES). Choose the one best answer for each question. Answer:

a. if I, II, III are correct
b. if I, III are correct
c. if II, III, IV
d. if V is correct

Which of the following are constraints on effective time management ?

I. Interruptions / distractions
II. Procrastination and indecision
III. Lack of planning
IV. Unclear objectives and priorities
V. All of the above (I– IV) are correct
Which of the following are some tools specifically related to time management?

I. Effectiveness or efficiency
II. Pareto's principle
III. Parkinson's Law
IV. Prime time
V. All of the above (I–IV) are correct

ANSWER

1. Time can be categorized as discretionary and nondiscretionary time. Suggest ways to help in managing both discretionary and nondiscretionary time. Suggestions to help in managing both discretionary and nondiscretionary time:

   - Make a daily: things to do list" or keep a calendar.
   - Say "no" to request for time that keep one from finishing projects already under way.
   - Make use of the telephone and the computer whenever possible
   - Delegate
   - Keep a flexible schedule that allows for unexpected events
   - Ask, "Is this the best possible use of my time at the moment?"

2. Describe quantitative and qualitative time measures?

A quantitative time measure refers to the number, kind, and duration (e.g., minutes, hours, day) of activity that occur at specific point of time. A quantitative time researcher would be interested in how many minutes a day an individual spends in food preparation, shopping, eating, driving, grooming, playing, child care, elder care, and working. Data are gathered in four ways: self-report or diary method, recall method, observation method and self-observation control-signaling method-- rarely used for collecting data on
household time use, extensively used in business management studies. A qualitative time measurement investigates the meaning or significance of time use as well as how individuals feel about their time use that is the satisfaction it generates. It also measures who they are spending time with. The “who” part of how time is spent is important because daily life is not defined solely by what we do, but also by who we are with.

3. a, a, b, d, d
UNIT 10
FINANCIAL MANAGEMENT

As has been explained in previous units, the input in the management system includes resources – human and non human, and demands – values, wants and goals. This unit will focus on one category of non human resources, which is economic resources specifically money. The use of economics resources may affects the use of other resources.

Unit Objectives
After studying this unit you should be able to:

1. Understand the concept of money management
2. Understand the importance of budget
3. Plan a budget
4. Describe the principle of financial management

Topics
Topic 1. Money management
Topic 2. Budgeting
Topic 3. Guide for planning a budget
Topic 4. The principle of financial management

Money Management

The feeling that you have control over your finances is one of the greatest satisfactions you can have in life. On the other hand, worrying about where to find
the money to cope with emergencies or even major anticipated expenses such as
college tuition, can add a tremendous level of stress to everyday life.
Controlling your financial situation requires careful planning, realistic budgeting and
use of management techniques that anyone can learn. Knowing how to handle
money properly—and developing the discipline you need to do it well—can benefit
you and your family tremendously.

Money is a part of our life every day. What we wear, what we eat, where we live,
and the fun things we do are only a few money related decisions we make. For
some people, having a million dollars wouldn't be enough to satisfy their wants.
Millions of other people manage to pay their bills, save for the future, and enjoy life
while still living within their income. Managing money takes time and effort. The way
you spend or save money today will help determine what you have and whether you
can pay your bills in six months, a year, or many years from now. For example, if
you spend your money as fast as it comes in, you may find yourself in debt when
unplanned expenses occur.

The basic concept of money management is not clear to many people. Money
management is the process of setting up, controlling, evaluating, and when
necessary, revising a plan for the use of money income. It is commonly referred to
as budgeting.

**Topic 2. Budgeting**

A budget is simply a plan for spending our money. Budgeting is about
deciding where your money will go and making a spending and savings plan. A
budget can be used as a guide to help us reach our goals, such as saving up for
something special or expensive. We actually budget all the time. For example, if I
look in my pocket on Friday and find I have RM50.00 to last through the weekend, I
have to choose between eating outside and cooking some food in the home. What I have done is to make an informal "mental" budget.

Why is it important to develop and follow a budget?
Even if we don't have much money, we still need a plan for managing whatever money we have. A budget is a way of our gaining control over our resources—and over our lives. It helps us control our money rather than letting money control us. A budget also helps us decide how to get the most from what we have. It lets us decide what we and our families need most, what we want most, and how we can reach our financial goals.

Budgeting may
1. help in planning work effectively
2. assist in allocating resources
3. assist in controlling and monitoring resource utilization during the budget period. It may be easier to resist sales, impulse buying, and pressure to buy when items are known.
4. help a person realize a greater total of satisfaction for self and others
5. provide a sound basis for expenditure by making decision before major purchase must be made
6. adds insight as to what might happen if income or expenses go up or down. It helps determine where adjustment can be made.
7. provide records of expenditure and information for accurate estimations for the present and future expenses.

What a Budget Won't Do
The budget will not solve all the money problems of the individuals or the family. It won't increase the family's income or its regularity, nor eliminate the need for emergency funds. Neither will it tell a person what things are good. It will not necessarily promote saving. Yet, it is an aid to those who "want to save but can't" when budget plans allocate funds to saving.
### Topic 3. Guide for Planning a Budget

There are several steps in making a plan or planning a budget.

#### Step 1. Decide on your spending goals.
Write down goals that are important to your whole family, for example, a vacation and a new television. Consider ways you or your family can work toward those goals.

<table>
<thead>
<tr>
<th>Goals</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

#### Step 2. Know exactly how much money you have.
To get started managing your money, you need to know how much money you have and what you need to use it for. List all the money you know you will receive for each month, such salary, over time allowance, and gift.

**How much money is coming in**

<table>
<thead>
<tr>
<th>Where from</th>
<th>Weekly</th>
<th>Twice a month</th>
<th>Monthly</th>
<th>Yearly</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Step 3. Make a list of all your/or your family's expenses for the month.
Do this on paper so you will be able to check off items as they are paid. The
amounts can be estimated by looking at old bills, or receipts. Then keep track of
everything you spend for several months. Save your receipts. This will help you
determine what your expenses will probably be in the future. At least once a week,
write down what you have spent for items such as food, bills, transportation,
clothing, doctor/medicine, and other items.

Step 4. Don't forget that your or your families often have unexpected
expenses.
Plan to save something each month to use when an emergency happens and you
need extra money.

Step 5. Compare your income to your expenses.
You may find that you must adjust your plan so spending doesn't add up to more
than your income. Make any changes necessary to meet your family's needs.

<table>
<thead>
<tr>
<th>Where Does Your Money Go?</th>
<th>RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>(List the amount of money owed for bills and other family expenses.)</td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>...</td>
</tr>
<tr>
<td>Food</td>
<td>...</td>
</tr>
<tr>
<td>Bills</td>
<td>...</td>
</tr>
<tr>
<td>Clothes</td>
<td>...</td>
</tr>
<tr>
<td>Children's school expenses</td>
<td>...</td>
</tr>
<tr>
<td>Car or bus transportation</td>
<td>...</td>
</tr>
<tr>
<td>Insurance</td>
<td>...</td>
</tr>
<tr>
<td>Furniture</td>
<td>...</td>
</tr>
<tr>
<td>Recreation and entertainment</td>
<td>...</td>
</tr>
</tbody>
</table>
Step 6. Make Up Your Plan

Now it’s time to make out your actual spending plan or budget. Write down your expected income, how much you plan to save, and how much you plan to set aside for each goal. You may use a form similar to Table given below or design your own. Every budget will have some of the same categories and some categories that are different.

<table>
<thead>
<tr>
<th>Spending Plan</th>
<th>RM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a. Total income</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td></td>
</tr>
<tr>
<td>Car payment</td>
<td></td>
</tr>
<tr>
<td>Installment loans</td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td></td>
</tr>
<tr>
<td><strong>Flexible expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
</tr>
<tr>
<td>Bills</td>
<td></td>
</tr>
<tr>
<td>Personal care</td>
<td></td>
</tr>
<tr>
<td>Medical expenses</td>
<td></td>
</tr>
<tr>
<td>Recreation</td>
<td></td>
</tr>
</tbody>
</table>
Household expenses
Children’s school expenses
Car or bus transportation
Insurance
Furniture
Recreation and entertainment
Other

b. Total Expenses

Step 7. Keep Records and Review
After your plan is complete, put it to work. To find out how well it is working, you must keep records. Make up your own forms or use some like the ones shown here. The important thing is to regularly check your actual spending against your spending plan. At the end of each month, total your expenses and compare them with your plan. Notice where your actual spending differs from your plan. Ask yourself why. Do you need to change your plan? If your first plan doesn’t work, don’t be discouraged. Adjust it and try again.

Monthly Expenses Record

<table>
<thead>
<tr>
<th>Date</th>
<th>Food</th>
<th>Household</th>
<th>Housing</th>
<th>Transportation</th>
<th>Loans</th>
<th>Clothing</th>
<th>Personal Care</th>
<th>Recreation</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total

A budget is not something you make once and never touch again. Instead, you keep adjusting until it works and the results satisfy you. Then, as you goals change - a move to a different house, or a change in jobs or income - you will find you need to re-examine your plan, set new goals, and plan around them.
Step 8. Prepare a Net Worth Statement

Everyone or every family needs to know what it is worth financially. A net worth statement is a big help in making your financial plan, in making decisions about the use of credit, and in making other major decisions. A net worth statement is a statement of assets (any money, investments, or items of value belonging to the family), liabilities (debts owed by the family), and the difference between the two. A good time to prepare a net worth statement is when you fill out your income tax forms each year. Such statements, if compared from year to year, will give you some idea of the financial progress that you are making.

### Net Worth Statement

<table>
<thead>
<tr>
<th>Assets</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current account balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings account balance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash value of insurance policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market value of personal property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market value of automobile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money owed to you</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debts</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid bills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments remaining on car</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments remaining on loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid balance and interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Debts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NET WORTH (Assets minus Debts)**
CREDIT

At some point in our lives, almost everyone uses credit. Credit means buying now and paying later — using goods and services while paying for them (or borrowing cash and repaying it in the future). Credit also means becoming indebted to someone else; you have to pay back the debt.

Credit has both advantages and disadvantages. Advantages include:

- You get to use the purchase (or enjoy the service) while you pay for it.
- You can buy things that are needed when you don’t have enough money on hand to pay for them.
- Credit can be helpful in financial emergencies, such as when you have unexpected major medical costs, or need to replace (or have major repairs made on) appliances or automobiles.
- Credit is convenient. You do not have to carry a lot of money around with you.
- Credit helps to make expensive items easier to purchase.
- Using credit wisely helps build a good credit history, which can be important for getting credit in the future.
- You may be able to save money by taking advantage of special sales when you don’t have enough money with you.

Disadvantages include:

- Credit can encourage overspending. You may buy more than you can pay for, and may even buy things you don’t want or need.
- If poorly managed, credit can lead to major financial problems.
- Some consumer items cost more when using credit. Interest and other charges are added to the purchase price of goods and services.
- Credit ties up future income. When you use credit, you owe money that must be paid back from income you haven’t yet earned. By committing to monthly credit payments, you may have to give up other things that you need in the future. It also may be more difficult to deal with unexpected events and emergencies (such as illnesses).
Deciding to Use Credit

Whether or not you use credit is a decision that requires careful thought. Using credit creates a financial obligation that can affect your family’s future. So, whenever you are considering using credit, ask yourself these questions:

- Is it worth the extra cost to have the item now?
- Is this something I really want?
- Is this something I had planned to buy? Is it related to my financial goals?
- Can I make the payments?
- Have I been realistic in estimating my other expenses?
- Will I want to be paying for this for the length of the credit agreement?
- Will the payments force me to use (or limit my contributions to) savings that have been set aside to meet my financial goals or build my emergency fund?
- Can I afford to tie up my future income?
- What if I get sick or have an accident?
- Do I want to risk repossession, a bad credit history, or legal action if I cannot repay the debt?
- Would it be wiser to save money and buy this later?
- Am I borrowing from a fair and honest lender?
- Do I understand what the contract says?


1. Prioritize goals and set standards

Establishing priorities and timing for goals helps to put the steps necessary to achieve them into perspective. It is difficult to prioritize undefined goals. Priorities and timing may be established by deciding which goals are most important to you or
to the members of a family, which are most urgent, and which can be attained with the least effort.

2. Analyze financial resources

Before beginning a major change in spending, and especially when making a move, it is useful to determine where we are financially. A personal net worth statement or balance sheet is simply a list by categories of the assets owned and the liabilities owed on the assets. The difference between total assets and total liabilities is net worth. It should be dated for future reference. The net worth statement can be used as the basis for revising financial plans.

3. Make a budget to control spending and saving

A budget is a plan for the use of financial resources to achieve needs and goals. According to Deacon and Firebaugh, “Once made, a budget is a repeat-use plan with organizing features and built-in reminders that promote implementation of the plan as anticipated.” The budget reflects what the group determines as their standard of living. Budgets list the things that are needed or wanted within a time period and an estimate of the cost of the items. Practical budgets are based on identification of weaknesses in prior spending and change needed to achieve desired goals. After a budget is planned, it needs to be implemented.

4. Keep adequate records.

The importance of record is to help improve present and future financial management. If records are kept but nothing is done with them the time and effort used to keep records will be ineffective. Some people keep records of expenditure but never analyze them to determine whether spending is in line with goals.

5. Set credit limits and use them responsibly

Possession of credit cards includes responsibility for use and control. Lending credit cards can be costly. The cost of using credit varies considerably from one person to another. Limiting the amount charged on all cards requires weighing convenience and advantages against additional cost and risk of overspending. Just as with other resources, credit can be a constraint on goal attainment; with effective management, it can help people reach their goals earlier and more conveniently.

6. Build wealth early and systematically
Wealth is seldom built by chance and few people inherit it. People which are able to build wealth set goals for accumulation and evaluate progress regularly to eliminate undue risk. To begin, one could establish an investment budget and make payments to the savings plan.

7. Protect asset adequately and reasonably
When insurance is considered as protection and the amount of protection calculated carefully on the basis of probability of loss, it is more likely to be reasonable.

8. Check and adjust regularly
Controlling resources requires checking and adjusting. This is important with financial resources. Spending may need to be changed to keep pace with change in income and new goals. Some people are reluctant to revise unworkable plans. A financial management plan is only as good as the results it achieves.

| 1. The concept of money management |
| 2. Purpose of budgeting |
| 3. Guide for planning a budget |
| 4. Principles of financial management |

**Summary**

Money management is the process of setting up, controlling, evaluating and, when necessary, revising a plan for the use of money income. Money management is based on individual and family needs, wants, values, and goals. The use of money affects the use of other resources. Using money may be an activity which brings satisfaction or it may be a source of conflict and bringing dissatisfaction. Technically a budget is only the expenditure plan. Some people think budgets are not necessary when life is "going smoothly", there are no decisions to be made, or when the family is "affluent". Budgeting is a way to get the most out of your dollars.
**EXERCISE**

1. Describe several reasons for saving?
2. How values relate to financial management? Explain how values influence our decision in spending our money?
3. Example of exam questions.
   (TRUE/ FALSE). Mark ( A ) for TRUE statements and (B) for FALSE statements

A budget is simply a plan for spending our money.

Gross income is the combined income an individual or family has from all sources.

(MULTIPLE CHOICES). Choose the one best answer for each question

___________ is the science or practice of managing money or other assets.

a. Financial management
b. Budgeting
c. Accounting
d. Money problem

___________ is a spending plan or guide.

a. Financial literacy
b. Spending habit
c. Budget
d. Current account
ANSWER

1. Describe several reasons for saving? Saving money is important for several reasons: It provides funds for emergencies and unexpected expenses, helps us reach our financial goals, gives us a feeling of security. Save and build an emergency fund so we have money available for unexpected expenses such as car repairs, medications, and appliance breakdowns. Most experts suggest having an emergency fund equal to three months of living expenses in case we lose our job or become ill and cannot work. This allows us a cushion to pay bills. Often people feel they cannot save that much money, but we can start by saving small amounts out of monthly income. Save some money from our income for our goals, and to pay those expenses that do not occur monthly, but at specific times during the year. “Pay yourself first” is a good rule to follow each time we receive money. Put money aside for savings before spending our income and we will have a reserve to fall back on when needed. Practicing “pay yourself first” may mean we delay buying some items we want now to build up our savings.

2. How values relate to financial management? Explain how values influence our decision in spending our money? Values are the basic reason behind everything we do. Values represent what is the “good life” to each of us. Values shape our standard of what we want our life to be. We show our values in the way we talk and act, how we spend our time and effort, in our actions at work and leisure, and in our spending choices. Knowing what is important to us helps us understand ourselves better. Knowing other people’s values makes it easier to understand them and why they do things as they do. Living and working become easier when values are understood. As individuals, we all have different values and attitudes toward spending and saving money. This is what makes each of us unique. It may help to list them from the most valued to the least valued. If we determine what is important to
us and why, our values become clear. These values influence how we spend our money. Values also influence how we save for important things.

3. Answers a, a, a, c