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# UNIT 2 MANAGEMENT OF RESOURCES

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## 2.0 OBJECTIVES

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After completing this unit, you will be able to:

- describe meaning and functions of personnel management and policies;
- explain meaning and purpose of financial management;
- describe the meaning and objectives of materials management;
- define inventory control and its procedure; and
- explain the meaning of time management and type of time plans.

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## 2.1 INTRODUCTION

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In the preceding unit you have learnt about meaning, importance and functions of management. Management is a process of working with and through people to achieve organizational objectives by efficient and effective use of human and physical resources. Management is a part of daily routine of an organization and to perform the daily activities, resources of all kinds are required i.e., men, money, materials and time. Efficiency of manager and organization depends on efficient management and use of resources to achieve the objectives.

It is essential for you to understand the basic concepts of management of men, material, money and time, so that you are able to apply this knowledge in your practical field to provide quality care to people. In this unit you will learn about management of personnel, materials, money and time.

## 2.2 MANAGEMENT OF PERSONNEL

Personnel management is concerned with human resource of the organization. This involves planning, organizing, directing, controlling and coordinating the activities of personnel at work and their selection, development and maintenance.

### 2.2.1 Meaning of Personnel Management

Personnel Management is an art of acquiring, developing and maintaining a competent work force in such a manner as to accomplish maximum efficiency and economy in the functions and objectives of organization (American Society of Personnel Administration). It means preparing staff well for the assigned job so that set objectives are achieved and quality care is provided.

### 2.2.2 Functions of Personnel Management

Functions of personnel management are:

- The basic function of personnel management is the management of human work force to plan, utilize, direct and develop the efforts of people to attain individual and group goals.
- Personnel management is a method of developing the potentialities of employees so that they get maximum satisfaction of their work and give their best to the organization. In other words, if one gets job satisfaction, she in return does the job well.
- Good working environment and structure are provided for maximum efficiency.
- Suitable staffs are recruited, their needs are determined and they are trained and retained.
- Staff is developed through training, career advancement, and welfare facilities.
- Joint consultation system is used for solving problems.
- Effective communication system and interpersonal relations are established in the organization.
- Personnel policies are formulated.

### 2.2.3 Meaning and Importance of Personnel Policies

“Policies are basic rules established to carry out functions, with defined objectives.” Policies are based on institutional philosophy, purpose, values and principles. They are guides to action.

- All organizations have written policies developed by top-level manager.
- Policies set the pattern for planning and implementation.
- They provide guidelines for relationships in the organization, e.g., role of subordinate and superior.
- Policies serve as standards for evaluating the performance of staff.
- Policies provide guidance for new personnel.

Policies play a key role in the process of total management. To carry out any function, policies are to be set before hand. For example, in personnel management, to carry out the function of recruiting, selecting and placing a staff, policies have to be worked out before hand.

### 2.2.4 Characteristics of Good Policies

Characteristics of a good personnel policy are given below:

- i) **Flexibility:** It should not be rigid, it should be adjustable to any change but fit into over all policies, e.g., salary structure is reviewed from time to time.
- ii) **Stability:** It should be stable and permanent, e.g., the leave pattern is usually stable, although some changes have to be made when needed.
- iii) **Responsive to recent trends:** It should adjust to recent trends and norms. For example, the qualification for each category of workers need to be revised.
- iv) **Precision and Certainty:** It should be clear, complete in all respects and, should not create conflict. For example, policies are written documents.

- v) **Uniformity:** It should be applicable to all the units and to all the employees. For example, providing house allowance to all the employees.
- vi) **Protection of interest of all:** Interest of top, middle and lower level managers should be taken into consideration.
- vii) **Acceptability:** Workers should accept these policies willingly and these should match with their capabilities, interests, aspirations and beliefs.
- viii) **Communication of policies:** All the employees should be aware of the policies and they should be written and available. These policies need to be communicated to the lower level managers by the higher level.

**Check Your Progress 1**

- i) Define Personnel Management.

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- ii) List down the functions of Personnel Management.

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- iii) Define Personnel Policies.

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- iv) List five characteristics of Personnel Policies.

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## **2.3 MANAGEMENT OF FINANCE**

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Managing money is a difficult and complex activity. Health workers at subcentre level have very less responsibility in spending money but are asked to keep records of whatever little amount they spend.

### **2.3.1 Meaning and Purpose of Financial Management**

Financial management is an activity of management that is responsible for obtaining and effectively utilizing the funds necessary for efficient working and achievement of objectives. There are two types of money i.e. invisible and visible as described on page 23.

You will learn more about this in Section 2.4 on materials management and inventory keeping. Visible cash is given in advance and is replenished as and when necessary. It is a definite amount for definite period. In case of emergency, whole of it can be spent and will be replaced by authorities e.g., if a health worker is given Rs.50/- for a month, she has to enter details of expenditure in cash register and submit receipts to accounts officer. Money

will be reimbursed and then total amount will be again i.e., Rs.50/-. You need to keep original receipts to avoid any problem.

1. Invisible Money	2. Visible Money
<p>Money not seen or handled by health workers e.g., the Government allocated to each health centre an amount of Rs. 10,000 to draw drugs from Central store. The health centre applies for these drugs from store with a requisition or indent. In this way actual money does not pass through the health centre but written account of each requisition is kept. Allocation of amount is for a definite purpose e.g., drugs, equipment, linen etc. and has to be spent for specified purpose.</p>	<p>Money that is seen or handled. It is cash given to health workers to spend in small amount e.g., stamps, bus fares, telephone call, matchbox, candles, paper, envelopes, photocopy, and kerosene etc. This varies from place to place. Bills are kept and records are maintained.</p>

Whenever you spend money, note it down immediately in the cash register – write Bill No., date, items purchased, amount paid, and amount balance.

Maintain a file for bills, if possible keep photocopy of bill, as you will be submitting original Bill in the office. A person who has sold the thing should sign the Bill.

(In emergency, one has to spend money e.g. you may spend money for spending on various items.)

**Example: Cash Record**  
special report of Pulse Polio Immunisation (PPI) Camp is given below.)

Date	Bill No.	Amount Received Rs.	Amount Spent Rs.	Details of amount spent on Items				Amount Balance Rs.
				Paper	Stamps	Photocopy	Envelope	
1.10.99		Rs.50/-					Rs.10/-	Rs. 5/-
12.10.99	60896	-	Rs. 20/-	-	Rs. 4/-	Rs. 16/-		-
16.10.99	71814	-	Rs. 25/-	Rs. 15/-	-			
<b>Total</b>	<b>1,32,710</b>	<b>50/-</b>	<b>45/-</b>	<b>15/-</b>	<b>4/-</b>	<b>16/-</b>	<b>10/-</b>	<b>5/-</b>

### 2.3.2 Definition and Purpose of Budgeting

**Definition:** Budget is a financial interpretation (document) of a policy to be pursued to attain objectives in a given period.

It is a formal expression of plans, policies and objectives laid down in advance for the organization as a whole.

Budget is a blue print of projected plan of action and expenditure of an organization for a definite period of time. Refer Unit 1, sub-section 1.3.7.

#### Purpose of Budgeting

- It is helpful in financial planning and decision-making.
- It helps in communicating financial objectives and cost of activities to achieve these objectives.

- It is a feedback for actual expenditure against budget allocation.
- It shows relationship between organization, objectives and financial planning.

### 2.3.3 Salient Features of a Budget

Some of the salient features of a budget are given below:

- Top management is ultimately responsible for planning, implementing and evaluating the budget. Although middle and lower level managers make departmental budget plans and implement them.
- Budget should be prepared by anticipating the future, keeping in touch with the present and relating with the past. It should be flexible to accommodate uncertainties and variable cost of services.
- Budget should be in the form of financial statements i.e., in numerical form, not described in words.

### 2.3.4 Steps in Preparing a Budget

After going through the features of a budget we will see what are the steps in preparing a budget. Steps in preparing a budget are:

- Examination of the past performances to know about achievement of objectives, its successes or failure.
- Setting objectives for forecoming year, stating them in the form of services to be provided.
- Estimation of increase in cost of various aspects including any change in payment system.
- Preparation of budget report and submit for review by top-level manager.
- Review of budget plan and submit to finance committee.
- Modification by finance committee and then approval by board.

### 2.3.5 Meaning and Purpose of Auditing

#### Meaning of Auditing

- Auditing is a systematic examination of the books and records of the organization, in order to ascertain or verify, and to report on the facts regarding its financial operations.
- Auditing is an instrument of financial control.
- Audit is the examination of all practices related to financing of services, material, machines, workers or any other activity that involves cost.

#### Purpose of Auditing

- Assessment of the quality of services carried out.
- Assessment of the activities in relation to policies and plans.
- Assessment of accounts maintained for various purposes.
- Safeguard against carelessness, fraud and losses.

#### Check Your Progress 2

- i) Define financial management.

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- ii) Define Budgeting.

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- iii) List down three purposes of budget.

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 iv) List purposes of auditing.  
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## 2.4 MANAGEMENT OF MATERIALS

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For providing quality care, right material of right quality in right quantity, should be available at right place and at right time.

Lack of proper material management in the hospitals and district health system leads to ineffective implementation of health programmes. A good and systematic material management can improve efficiency. The non-availability of drugs, equipment and material supplies causes dissatisfaction among health workers and community.

Materials are of two types:

- **Consumable materials** are used within short time. They are disposable items e.g., stationary, cotton, dressing, etc.
- **Capital materials** last for long time and need maintenance e.g., microscope, refrigerator, furniture, vehicles, etc.

### 2.4.1 Meaning and Objectives of Materials Management

#### Meaning

Material management is concerned with planning, organizing and controlling the flow of material, from their initial purchase through internal operations to distribution or service points. In health care organization, materials management is an essential function.

#### Objectives

- **Low Cost:** To get good quality material at low price.
- **High inventory turnover:** Use the materials in the stock along with getting new ones so that minimum money is blocked in inventories.
- **Low storage cost:** The cost of storing the material should be minimized in terms of space, cost.
- **Maintaining continuous supply:** Organization should have continuous supply to provide quality care services for example supply of vaccines should be continuous.
- **Maintaining quality of purchase:** Material of standard specification and good quality should be purchased.
- **Maintain cordial relations:** Maintain cordial relations with the suppliers to get supplies of good quality material in time and to avail 'after sale service' of the equipments.

### 2.4.2 Material Management System

Four main procedures are used in management of materials (Fig. 2.1). These are described below:

- Ordering
- Storing
- Issuing
- Maintaining and Controlling

Management of Material

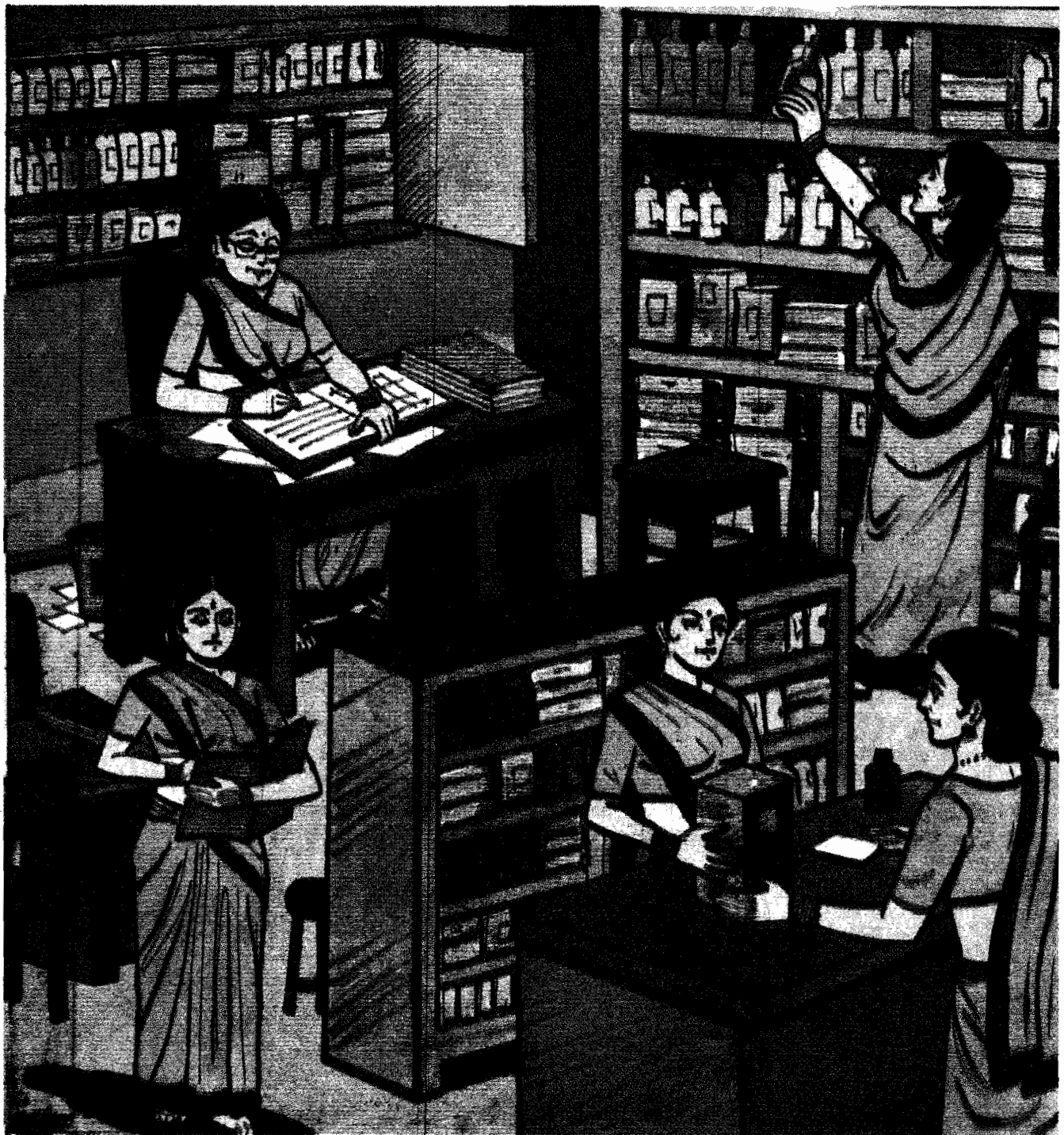
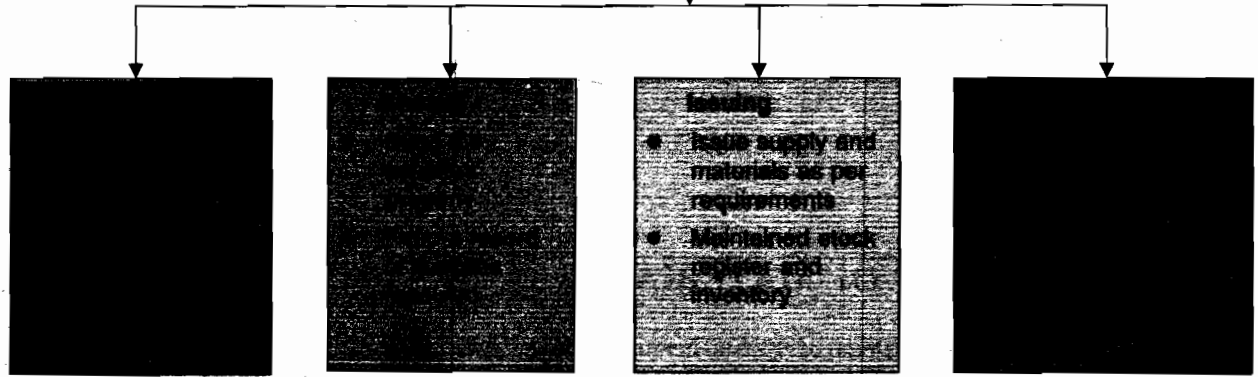


Fig. 2.1: Material management system—Ordering, Storing, Issuing and Maintaining

For example in most of the primary health centres main stock registers for medicine, equipment and supplies are maintained.

**Example: Stock Register for DPT Vaccine**

S.No.	Date	Requisition No.	Total Quantity Received	Total Quantity Issued	Total Quantity Balance	Remarks if any	Signature
1	5.6.99	09018	20 vials	15 vials	5 vials	-	
2	10.10.99	11945	10 vials	-	15 vials	-	
3	12.10.99	-	-	9 vials	6 vials	-	

### 2.4.3 Inventory Control

Inventory control is the process of deciding what and how much of items are to be kept in stock. It determines the time and quantity of items to be procured.

Inventory control is a management function. Inventory control system should exist at all levels of management depending on need and requirement at each level. It is used to maintain investment in materials for the purposes of obtaining a maximum financial return.

Materials management involves unlimited transactions every year. To avoid confusion Inventory Control Procedures are used to keep precise control over items. For this purpose items are classified into groups. One widely used classification is the ABC analysis, others are VED and SDE methods.

#### ABC Analysis

This means "Always Better Control" or Alphabetical Approach. ABC analysis depends on annual usage of items.

Inventory is classified into 3 categories according to their usage:

- A Items having high annual usage
- B Items having average annual usage
- C Items having a low annual usage

Category	Percentage of items	Percentage of investment
A	10-15	70-80
B	20-25	15-20
C	60-70	5-15

It is seen that large number of items consume small percentage of resources and vice versa.

- A A list of a few but high value items, e.g. an incubator.
- B A list of medium value items, e.g. Sphygmomanometer etc.
- C A longer list but of low value items e.g., iron, folic acid tablets, vaccines, syringes and needles.

#### VED Analysis

This analysis is based on critical value of an item and its affect on the functioning of the organization.

- V stands for Vital items without which organization cannot function. Certain items should be always available in stock, controlled by top management e.g., life saving drugs, oxygen cylinders etc.
- E stands for Essential items without which organization can function but quality of services will suffer. These are controlled by middle management e.g., bandages, disposable syringes and needles etc.
- D stands for Desirable items without which organization can function, without any affect on services provided but their presence would add to the quality of services. These are controlled by lower management e.g., health education material (projector, video films).



### SDE Analysis

- This system is based on availability of items in the market.
- S** items are **scarce** in the market means in lesser amount.
- D** items are **difficult** to obtain but are available at a few places.
- E** items which are **easily** available in the market.

#### Check Your Progress 3

- i) Define materials management.

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- ii) Enumerate four main steps in material management.

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- iii) List down the three types of inventory control procedures.

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## 2.5 MANAGEMENT OF TIME

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Time is a very scarce resource, which cannot be stored and cannot be utilized later. But if used with other resources efficiently can lead to achievement of objectives. Adequate planning of work according to available time will make sure that all activities are carried out and maximum problems are solved.

### Time Plans in a Health Care Organization

Time is a non-renewable resource and one should use it efficiently. Schedule helps to use time efficiently:

- It helps in overcoming confusions, delays and overlapping.
- It helps to spend time for important activities or on a priority basis.
- It helps in saving time by coordinating various activities.
- It helps to motivate workers as a team to complete work in time.
- It helps in division of work among workers.
- It helps to undertake urgent or unexpected work and complete it.

Time plans are written in the following forms:

- i) **Timetables:** Timetables are made for regularly recurring events, e.g., OPD, home visits, meeting, training, record maintenance and group health education etc. You have to block time for these activities. There may be daily, weekly or monthly events e.g. daily OPD and home visit, weekly meeting, record maintenance and you may plan monthly training programmes.
- ii) **Schedule:** Schedule is made for intermittent activities and where they take place i.e. different or same activity takes place in a different place; e.g., mobile van visits to different villages on the same day every week.
- iii) **Programme:** Programme is made for any special health activity e.g., well baby show, family welfare camp. It lists activities that will take place in the future and includes what will be done, where it will take place, who will do it and when it will occur. For example, special health check up programme for schoolchildren in a district X on a given date, month and time.

- iv) **Roster:** Roster is duty plan for different staff at different or same time. To distribute the work evenly during working hours, duties are changed monthly so that all accept it.

**Check Your Progress 4**

- i) Explain time management.

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- ii) List down types of time plan.

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**2.6 LET US SUM UP**

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In this unit, you have learned about management of resources—men, money, material and time, without which it is impossible to carry out any managerial activity.

Nowadays personnel management or human resource management is getting importance. Its aim is to make use of human force to achieve objectives by using resources and providing good working atmosphere. Personnel management’s function is to recruit, select, give training, put a person on job, develop, promote or transfer the employees. Further we have discussed the most important function of this department that is to make personnel policies, which are flexible, stable, acceptable and communicated to all the employees.

Financial management is the second important function that you have studied under budgeting and auditing process. Auditing is an essential aspect of financial management. It helps the management to keep check on finances, type of services provided and objectives achieved. Auditing is a safeguard against misuse of finances.

Inventory management is vital to material management. Material management is a crucial aspect as supply of material is limited. In case drugs or dressing or any other material is not available in time, it is very difficult to serve and convince people.

At the end we have also discussed the most expensive and non-renewable resource that is time. Time plans are explained in the form of timetable, schedule, programme and poster.

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**2.7 GLOSSARY**

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<b>Administration</b>	:	Process of achieving the set objectives of an organization through policies, plans and procedures.
<b>Concept</b>	:	General idea or understanding about a complex thing/ phenomenon.
<b>Development</b>	:	To develop overall capabilities of an employee.
<b>Management</b>	:	Process of putting policies, plans and procedures into action.
<b>Manpower</b>	:	Human force to do the work.
<b>Material</b>	:	Equipment, apparatus, supplies, drugs used in an organization.
<b>Objectives</b>	:	Objectives or goals are the desired end or end results of actions taken

<b>Orientation</b>	:	Introduction of new employees to the organization.
<b>Performance Appraisal</b>	:	Periodic and annual systematic evaluation of an individual employee.
<b>Placement</b>	:	To place a selected candidate on the job i.e. process of determining job.
<b>Recruitment</b>	:	Process of identifying sources of human force, attracting and motivating them to apply for the job.
<b>Selection</b>	:	Process by which suitable candidates for employment are identified.

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## 2.8 MODEL ANSWERS

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### Check Your Progress 1

- i) Personnel management is a method of developing the potentialities of employees so that they get maximum satisfaction out of their work and put their best efforts to the organization.
- ii)
  - Determine staff needs, recruit, train and retrain them.
  - Developing and deploying staff through training and career advancement.
  - Provide good working environment.
  - Formulating personnel policies.
  - Developing effective communication system.
- iii) Policies are basic rules established to carry out functions and as a guide towards achievement of accepted objectives.
- iv)
  - Flexibility
  - Stability
  - Uniformity
  - Acceptability
  - Precision and certainty.

### Check Your Progress 2

- i) Financial management is an activity of management that is responsible for determining and effectively utilizing the funds necessary for efficient working achievement of objectives.
- ii) Budget is a financial interpretation of a policy to be pursued for that period to attain given objectives.
- iii)
  - Helpful in financial planning and decision-making.
  - Translates objectives into expenditure.
  - Feedback for actual expenditure against budget allocation.
- iv)
  - Safeguard against losses and carelessness.
  - Assess quality of services.
  - Assess activities in relation to plans and policies.
  - Assessment of accounts maintained.

### Check Your Progress 3

- i) Material management is concerned with planning, organization and control of goods, services and equipment from purchase point to distribution or service point.
- ii)
  - a) Ordering
  - b) Storing
  - c) Issuing
  - d) Maintaining and Controlling
- iii) a) ABC Analysis

- b) VED analysis
- c) SDE analysis

**Check Your Progress 4**

- i) Time is a very important, non-renewable resource, it has to be managed by all the managers to achieve the objectives by planning the programmes in advance, follow the programme/schedule to carry out the activities. Plan time and take timely action to march towards your goal with your team.
- ii)
  - a) Timetables
  - b) Schedules
  - c) Programmes
  - d) Rosters.