



Learning Objectives

This chapter will enable the students to:

- Know about resource management and its importance
- Understand the types of resources
- Gain information about values, goals, and standards
- Learn about the process in decision making



7.1 INTRODUCTION

The first contact for every individual in this world is her/his family. The family is a socially recognized unit of people united together by marriage, kinship or legal ties. Management in the context on the family is the natural outgrowth of human associations and interactions. Its ultimate aim is to provide for optimal development

of its individual members. Management of family allows us to overcome our individual limitations. Through the combination of individual efforts and resources, we achieve far more than what we could do independently. Most families are not aware of all the resources at their disposal. The quality and quantity of resources that are available to each family varies.

7.1.1 Definition and Concept of Family Resource Management

Resources can be defined as anything we use to achieve what we want (our goals). In other words, they are the materials and human attributes which satisfy our wants.

The concept of management involves planned use of resources directed towards the achievement of desired ends. This involves the weighing of values and the making of series of decisions.

Home management is the vital factor in every family contributing to the overall health, happiness and well-being and higher standard of living for the family members. In simpler terms, home management is defined as the mental process of utilising the available resources to achieve what you want in life.

Figure - 1 indicates that **management is a process involving activities, through which action is initiated and resources are used for achieving a goal.** For this purpose, certain guidelines in the form of values, goals and standards can be formulated by every manager. For sure attainment of desired goals it becomes essential to plan, organise, coordinate and control all the activities, so that the resources are not wasted.

Management Process:

Management process consists of five steps
1) Planning 2) Organizing 3) Directing.
4) Controlling 5) Evaluating and are discussed below in detail.

1. Planning

Planning is very important to the success of management process. It is basically

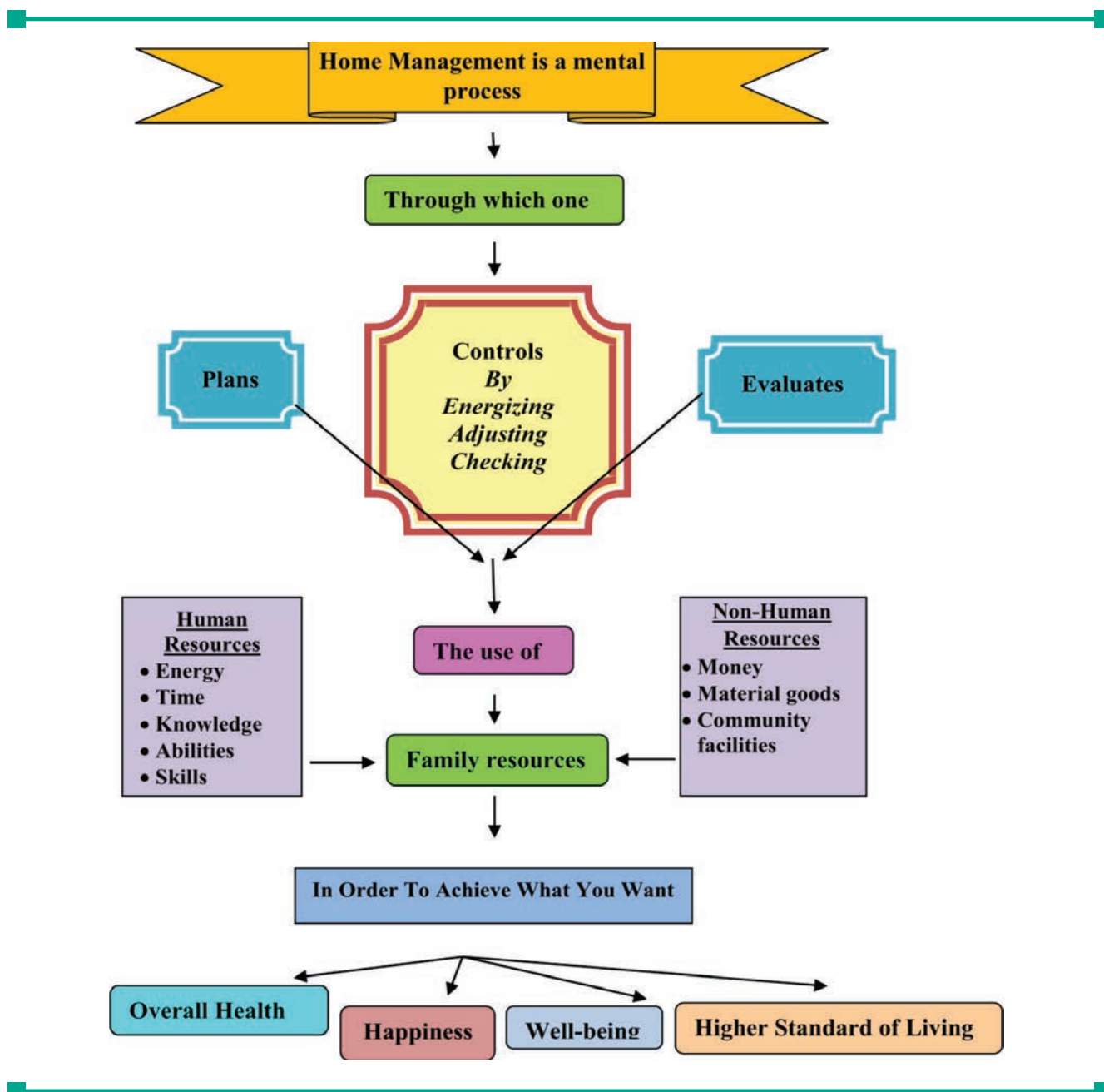
working out ways or course of action to achieve the goals. Planning can be habitual or conscious.

Planning involves thinking through the possible ways of reaching a desired goal. It also involves developing a sequence of actions within an overall organizational structure.



The entire task from beginning to its completion must be viewed in whole. If the paths leading to the goals are easy to see, the choice of the best plan can be made quickly. When the path is hard to see due to some obstacle, the planner must find ways of overcoming them. As children do not have enough experience, they can get the help of an experienced adult to plan. The final act in planning is arriving at a decision. **‘It is the gate that releases action’.**

Good planning requires the use of the powers of thinking, memory, observation, reasoning and imagination. These powers, make it easier to plan and to meet situations in everyday living. For example the following points should be borne in mind while planning a birthday party.



▲ Fig. 1 Management Process

1. The place or the venue of the party.
2. Number of invitees
3. Menu
4. How much money are we going to spend?
5. When are we going to have the party?

While planning, the following points should be considered.

- There should be a balance between the amount of resources available and the

demands or needs.

- The decision should be made according to individual situations.
- The plan should be realistic.
- The plan should be flexible.

Types of Plan:



Single-use plan is one that is developed for a specific function, event or activity with the anticipation it will not be used again. While **repeat use plan** is one that is developed in the anticipation, it will be modified and frequently used in similar situations, for similar demands or events or to resolve like problems. **Sequencing** is a phase of the planning component of management process in which all tasks necessary to achieve the goal are placed in a logical order; the standards for each task are established.



Activity 1

- Identify and record the repeat use plans you use frequently and list the sequence of activities that take place.
- List any two single-use plans you have developed and identify the function, situation or event for which the plan was developed.

2. Organizing

Organising involves the performance of the following tasks.

- a. Division of work among employees (assignment of duties)
- b. Delegation of authority (transfer of official rights by a superior to his subordinate)
- c. Creation of accountability (the subordinate, to whom work has been assigned and authority has been delegated, is made answerable for the progress of work).

3. Directing

Directing the human resource does not mean the process of issuing mere orders

and instruction to the subordinate staff. It is, in fact, the process of supervising, guiding and motivating the employees in order to get the best out of them. By performing the directing function, the human resource manager will also be able to get the whole –hearted support and co-operation of all his subordinate staff. This help in the effective attainment of the enterprise objective.

4. Controlling

Controlling is carrying out the plan. This step calls for flexibility in thinking. At times new decisions are required which may result in changes in plan. For example: when the menus are planned for meals, if certain things are not available during shopping a fresh decision need to be made. The different phases of controlling are

- **Energising:** This is initiating and sustaining the action. The individuals who are involved in doing a particular task must be energized in order to get results. In spite of having a good plan, sometimes implementing the plan would become difficult. Here, the energizing function would act as a catalyst.
- **Checking:** This is a quick step by step evaluation of the progress of a plan. To go to school on time one has to get the clothes, the meals and books ready, which need checking of time at all stages.
- **Adjusting:** Adjusting is done in the plan if there is a need for fresh decisions to be taken. This should be done taking into account the problem in hand and the resources available. Getting into action,



What is the role of management process in your daily life?

The management process is a tool used to achieve your goals. Through its use you are better able to attain your desired quality of life. Through the management process you can identify the demands being placed upon the resources (skill, time and money). This knowledge is then used for effective allocation and use of resources and to lead a more satisfying and successful life.

keeping the resources mobile and knowledge of what is to be done are all important in this step.

5. Evaluating

This is a checking up process, which may help one move forward. The efficiency of the process and the quality of the end product are to be checked. When there is clear cut objectives it becomes easier to evaluate the entire process. The success or failure of the plan must be evaluated on the basis of the set goals. In case of failure the demerits of the plan may be noted and rectified while making further plans. Evaluation can be general or more detailed.

Thus management in the home is a dynamic force in day to day living and is the administrative side of family living. The steps in the management process are interdependent and interrelated for efficient, effective and dynamic use of resources which leads to the proper management of the house, whereby goals are achieved to attain maximum satisfaction.

7.2 VALUES, GOALS AND STANDARDS

7.2.1 Values

Values, Goals and Standards are important factors in the management process. Values are the key to all motivating factors in human behavior. Value, as a concept is vague and subjective although it is very important to an individual. Values grow out of human desire and interest. Values differ in cultures. The family has the major responsibility for fostering values among the members. **The term “value” signifies the meaning or definition of worth that is attached to any object, condition, principle or idea.** Values provide a basis for judgement, discrimination and analysis and it is these qualities that make intelligent choices possible between alternatives. Thus, values are the fundamental forces that force or motivate human activities and endeavors.

According to **Gross and Crandall (1980)** a value is always important to the person who holds it. It is desirable and satisfying. It has the ability to develop in self-creative way and it tends to endure. It is a concept of the desirable, explicit or implicit which governs our choice of methods, modes or goals.

The following are the motivating values of human behavior-comfort, health, ambition, love, desire for knowledge, technological satisfaction, play, art, religion.

7.2.1.1 Classification of values

- **Intrinsic or Instrumental:** An **intrinsic value** is one that is important and desirable simply for its own sake. It

is worthy of being sought for itself alone. Honesty, co-operation, creativity, beauty, discipline, respect etc. are some of the intrinsic values in management. On the other hand, **instrumental values** are ways of reaching intrinsic or end values, sometimes called goal values. Therefore, they form the basic values leading to another. Planning, skills, order and efficiency and technological satisfaction are examples of instrumental values.

- **Factual and Normative Values:** The other classification of values as factual or normative brings out the difference between the factual values that exist, regardless of their level of desirability and the normative values that have an ethical basis. The factual values also called descriptive, generally are based on people's preferences and desires. The normative are ethical values, which carry the idea of right or wrong. Some examples of factual values are honesty, religion, loyalty, faithfulness.



Activity 2

- What are your five highest values? Describe how these values are shown in your interaction within your family sphere.

7.2.2 Goals

Goals are important factors in the management process. Goals are the desires that individuals or families are willing to work for. They are more definite and clear than values because they are to be accomplished. They are tangible things, objects, ends or purposes. Goal is an

objective or purpose to be attained. They are specific ways of realizing the values one hold.

Definition: Goal is defined as an objective, condition or something you desire to achieve or attain at any given period or time.

At present, your goals are to complete your courses and obtain higher degree so as to get job in your chosen profession. As each of these goals are achieved, new goals, will emerge leading to other higher goals in your life.

Goals, like values, play an important role in your life. Values give meaning to your life. Goals on the other hand, point the direction you want your path to follow. Thus, it can be said that values and goals are inter-related. Values are the vehicles and goals are the highways you use to attain your desired quality of life.

7.2.2.1 Types of Goals

Goals are classified under the following heads.

They are classified:

- I) **According to the number of groups:**
 - i) **Individual goals** are established by an individual for himself. These are based on his own values. He puts in efforts for their achievement and receives satisfaction to himself, for example scoring 70% marks in the examination.
 - ii) **Group goals** are established by the group. These are based on the some of the common values and interests of the group members, for example, achievement of 100% result of the class at the S.S.L.C. examination.

II) According to duration for achievement of goals

Throughout life each individual and each family is always seeking some objectives.

According to duration for achievement, goals are classified as short-term, intermediate and long-term goals.

i) Short-term goals

In short term goal, the period of attainment of goal is short. Example is to successfully complete the course of study. Since the achievement is anticipated in the near future, these goals usually involve a time period of six months or less.

ii) Intermediate goals

Intermediate goals are nothing but the link connecting between short term and long term goals. They have definite characteristics and serve a purpose in your life time achievement. The time duration involved in intermediate goals is longer than short term goals. Achievement of these goals is measured in terms of several months or years. For example, to

complete your graduation you will require few years.

iii) Long term goal

The duration in achieving this goal is long. Classification differs from the other two, in regard to the time period, the degree of specificity and the extent of active implementation involved in attainment. Long term goals are those you have set for yourself in the distant future.

Long term goals may include one or more of the following – getting a good job in chosen profession, getting married, owning home or farm.

7.2.3 Standards

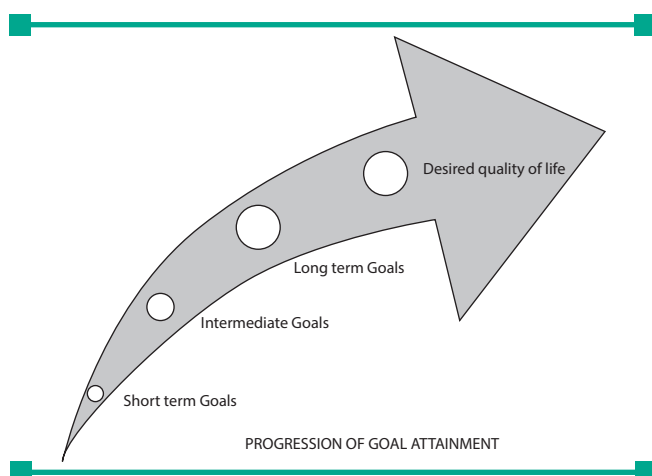
Standard is a scale of measurement of values. **According to Nickell and Dorsey (1970), standards are a set of measure of values stemming from our value patterns, determining the amount and kind of interest in something and the satisfaction we receive.** Standards serve as a measure or criterion for measurement of objects or ways of doing things.

There are standards that apply to a single situation or area such as standard of food or dress or conduct. Standards set the limits one will accept in working towards a goal.

Gross and Crandall classify standards as (1) conventional and (2) flexible.

i) Conventional Standards:

Conventional standards are those that are traditional and accepted by the community at large or by a social group within it. To illustrate



‘high’ standard of cleanliness, we can take an example of cleaning and dusting furniture twice a day. This can be standard of any family. If an unexpected guest arrives and there is dust visible, the homemaker is apt to say ‘I did not dust today’.

ii) Flexible standards:

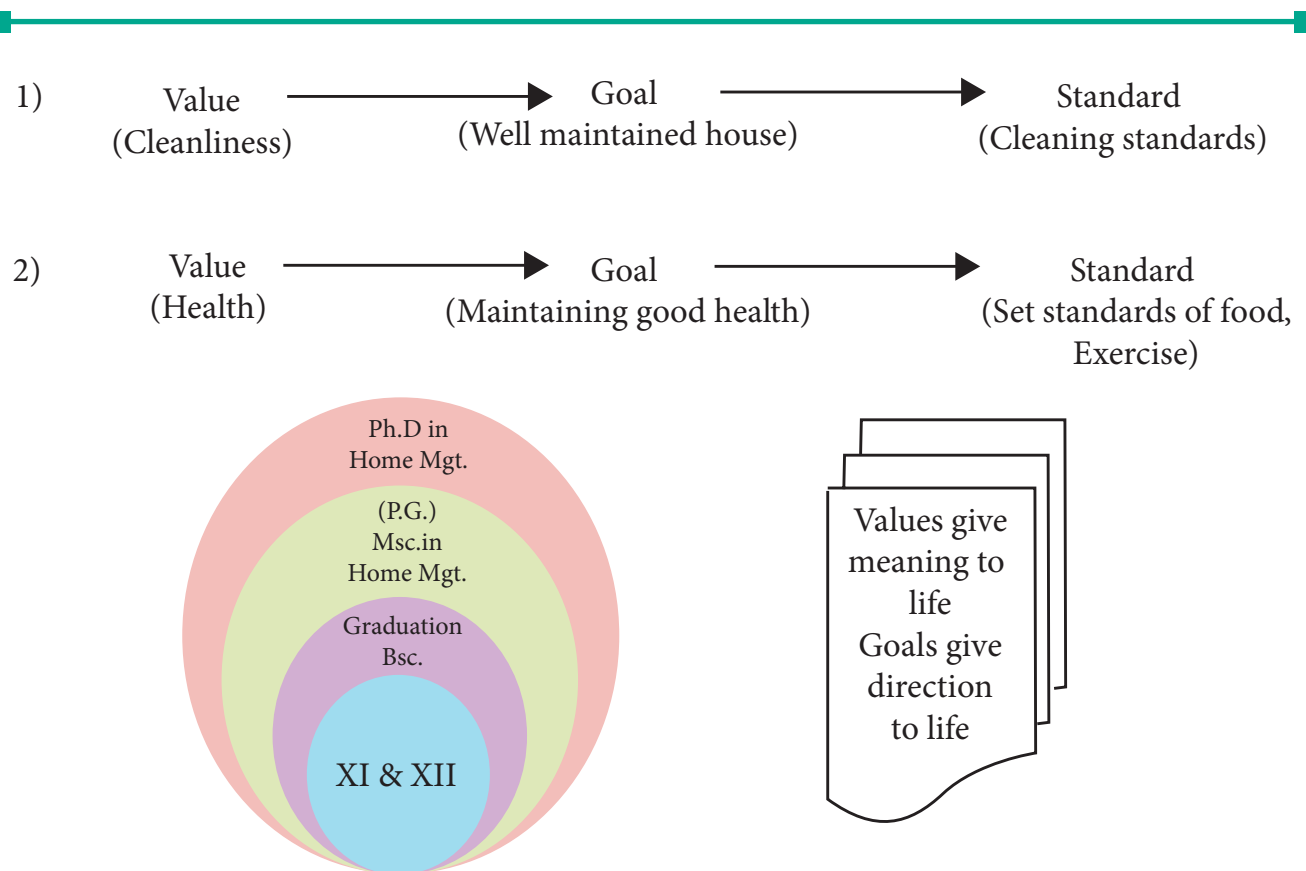
Flexible standards can be changed to suit different situations; they give greater freedom of choice. Adjusting family standards to changing conditions is an example of the need to have flexibility in one’s standards.

Interrelationship between goals, values and standards: Using kitchen as a selected area of the house, the concept of values,

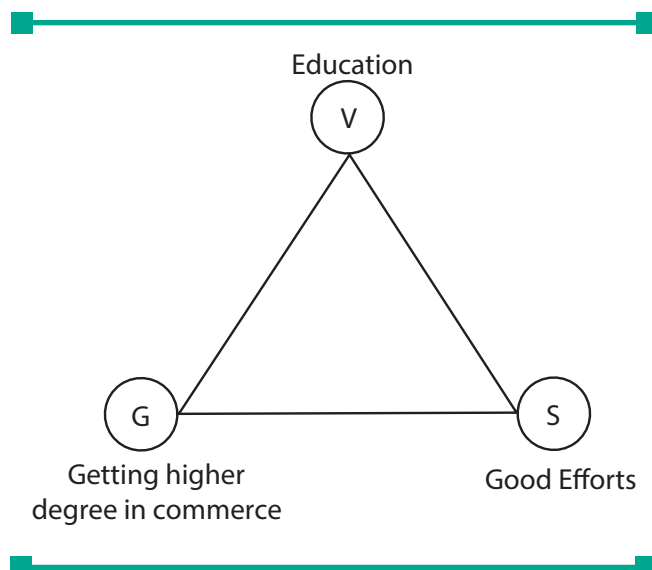
goals and standards can be illustrated as follows.

- Values give meaning to your life.
- Values are a prime motivating force in all management.
- Values is a dominant term

Goals are closely related to both values and standards in initiating management. They stem from values and are influenced by standards. Each exerts an influence on the other two. Goals are indicators of values. For example, the goal of owning one’s home may be one expression of the value of security. Standards are specifications of values. They measure the degree of influence of a value. Standards set the limits one will accept in working towards a goal.



▲ Fig. 2 Inter-relationship of values, goals and standard



7.3 DECISION MAKING

The various steps in the management process are really a series of decisions, based upon our previous experiences. Therefore, decision making is the heart of the management. **A decision can be defined as a course of action consciously chosen from the available alternatives for the purpose of desired result.** So the role of decision making in management involves knowing and actually applying essential information in problem situations of day to day life. Thus it is used to achieve goals and assessing standards.

Management is a mental process which involves a series of decision making.

7.3.1 The steps in decision making process are:

1. Defining the Problem

It involves the recognition of the problem. It needs relevant information to identify and define it first. Unless the problem is clearly defined and analysed the ultimate decision would not be

effective. For e.g. planning household activities, purchasing labour saving devices, selecting clothing for the family.

2. Identifying the Alternatives

Decision making will be effective only when one identifies possible alternatives. The choice of best selection of alternatives requires thorough knowledge about the availability of resources and their limitations.

3. Analysing the Alternatives

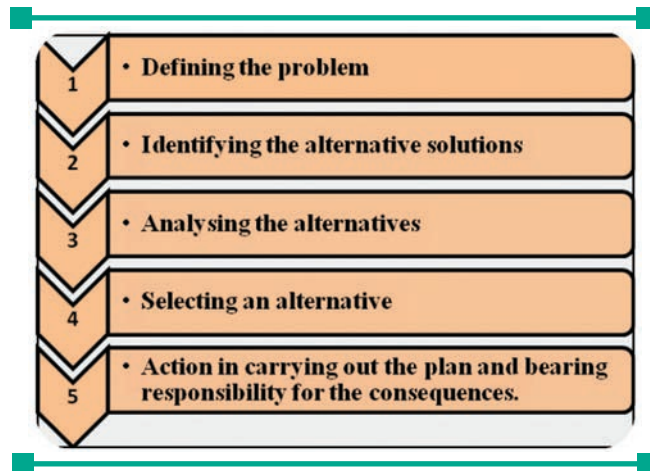
After identifying the alternatives, the consequences of each alternative is systematically found, considering the goals, values and standards.

4. Selecting an Alternative

After analysing the problem the possible alternatives are selected. Evaluation plays a very important role in this selection. Choosing the best from the several possible alternatives will be helpful in solving the problem.

5. Accepting the Consequences of the Decision

This is the ability to assess and accept the consequences of the decision for making future decision. It is the evolutionary process. The process of evaluating the alternatives is based on your goals, values and standards. This experience would indicate the final outcome of the decision making. It creates self confidence in people and gives feedback to make effective decisions in the future.



▲ Fig. 3 Steps in Decision making

7.3.2 Types of Decisions

There are different types of decisions namely individual decision, group decision, habitual decision, central decision, economic decision, technical decision and decision making due to experience and knowledge.

- **Individual Decision**

It is the decision pertaining to an individual e.g. education. Individual decisions are more quickly made. The decision making of an individual revolves around the values, goals, standards and roles the individual assures in the relevant set of frame work.

- **Group Decision**

It is made from the collective action of several individuals each of whom has distinct values, goals, standards and role perception. It is a difficult process and a slow process. Role conflicts would emerge in this situation.

- **Habitual Decision**

It is the lowest level of decision. Once an individual is trained to do systematic work, he will follow that

throughout his life. They are routine, repetitive actions related to daily activities. Once it becomes a habitual choice, the resultant action is quick and spontaneous.

- **Central Decision**

Central decision has many supporting decisions to complete the whole task e.g. purchasing a house is a central decision. This leads to look out for other supporting decisions like transportation facilities, community facilities, savings etc.

- **Economic Decision**

It is based on allocation and exchange process relating to resource use. This decision needs the allocation of human and non-human resources to attain a goal. It reveals the allocation of resources among the combination of goals that will bring about the greatest degree of satisfaction.

- **Technical Decision**

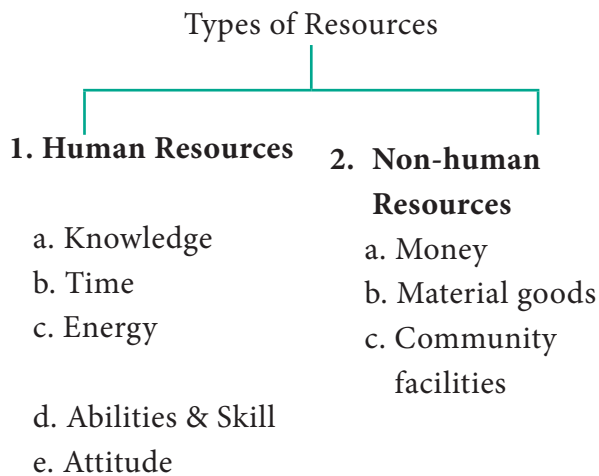
This decision involves a decision, which will enable the best combination of resources to achieve the stated goal.

Decisions must be made based on past experiences and knowledge. This helps a person to become more efficient and skilled in decision making process.

7.4 FAMILY RESOURCES

Resources can be defined as anything we use to achieve what we want (our goals). In other words, they are the materials and human attributes which satisfy our wants.

7.4.1 Types of Resources



1. Human Resources: These are the capacities and characteristics of an individual. These can be used only by the person who possesses them. They have the high potential to achieve what we want and many a times may not be cultivated or made available. Most of the time, families underestimate these resources and are unaware of them.

a. Knowledge: It is important to be aware of things to be able to achieve what we want. If we want to buy a T.V. we need to know what features to look for, brands available. This will help in buying a better quality product.

b. Time: It is constant for everyone, 24 hours a day. The way a person manages and uses her time is her personal choice. A student may finish all the work before going to play; another may waste his time watching television or talking on the cell phone.

c. Energy: This is both mental and physical power of a person. To achieve goals, one needs to plan, organise and finally implement the plans. This would require both mental and physical energy.

d. Abilities and skill: These are inherited and acquired. These may include skills like cooking, decorating, gardening. Each individual has particular abilities with which he/she can achieve his/her goals. These skills can also be developed by systematic learning and practice.

e. Attitude: These are opinions or feelings a person has towards a thing which may hinder or help in achieving his goals. A positive attitude may help a person achieve what he wants whereas a negative attitude may hinder her in achieving what she wants.

2. Non-human Resources: These are tools and assets that families have at their disposal to achieve what they want. These are available for everyone to use. A person works hard and earns money to be used by him and his family. He/she may buy material goods or land from this money and may build a house on this land. Community facilities like banks, post offices, parks, and library. These are tangible and are more identifiable.

a. Money: It is the pivotal resource which can be exchanged to buy material things, commodities and services. It can also be used for future use and thus gives a sense of security to the family.

b. Material goods: These include durable goods or perishable goods used and owned by a family in their everyday use. Land, house, furniture and vehicle are examples. These help to make life easier and more comfortable for all family members. Durable goods like land can also help families to earn or save money. If vegetables are grown



on land, the family can save money on buying vegetables or sell these vegetables to earn money.

- c. Community facilities:** These are those facilities which are common for all members of a community. Parks, libraries, post office, police and fire protection, banks, hospitals, transport facilities, roads, railways, electricity, water supply, markets, community centres and ration shops are examples of community facilities. All families can avail these facilities without directly paying for them but indirectly paying for them through taxes.



Activity 3

- Develop a plan to study for your examination.
- Identify all of the resources you would use to complete this plan.
- Classify each resource as to whether it is material or human.
- Does this plan use more of one classification than another? Why?

7.4.2 Characteristics of Resources

1. All resources are useful and all help to achieve goals.

One cannot call energy or time as a resource if it is wasted or not used. If a piece of land is lying vacant, it is not a resource, only when a family grows vegetables on it, does the land become a resource.

2. All resources are limited.

There is a limit to a person's knowledge, skill, energy, material goods and money available to the family.

3. All resources are inter-related.

A resource cannot be used in isolation. If a homemaker has to go to the market, she will use her knowledge, skill of bargaining, time, energy, money, market and transport to achieve this goal.

4. Resources can be substituted.

One can exchange one resource for another. A family uses time, skill and energy of a servant and gives her money in exchange. Similarly, material goods can be bought in exchange of money. One can exchange knowledge by paying tuition fees.

5. All resources need to be managed.

Since all resources are limited, they need to be utilized properly, otherwise they may be wasted. Time and energy have to be managed by work simplification techniques, proper postures and labour saving devices.

7.5 TIME AND ENERGY MANAGEMENT

Many activities are performed throughout a day. Some of the activities like eating, cooking, exercising, sleeping, bathing and entertaining are also carried out along with work related activities but all these are to be completed within the available time that is 24 hours. If energy will not be rebuilt from time to time the work would cease. The capacity needed to perform these activities is called energy.

Energy is the capacity to do the work. It means that just as available time as a resource is limited, we also have limited amount of energy. So we can say that within limited time we must finish all our work with our limited energy.

Time and energy are the resources available to all the individuals. These two resources are very closely interlinked. Each one affects the other. Although energy available to each one is different but the time available is equal i.e. 24 hours in a day. If the work is needed to be finished properly and on time, it is needed to make best possible use of time and energy. In other words one must learn to manage time and energy properly.



7.5.1 Steps in Time-Planning

1. **Listing all the activities:** List activities that have to be performed on a particular day. These can be eating, sleeping, going to school, school time and completing homework.
2. **Grouping flexible and inflexible activities:** Separate the activities into two types. Those which are **flexible** like going to market for shopping. The timing and day for shopping can be changed as the situation demands and can be delayed to the next day. The other set of activities are those which are **inflexible**, like going to school, music or dance classes. The time for

performing these activities is fixed and cannot be delayed or changed.

3. **Estimating time required for performing each activity:** In the list that is prepared in step-1, allot time required for performing each activity. Going to school may take between 7 -10 minutes or 1 hour. School time may be 5-6 hours. Fill in all other works which can be done within a short time in between all the other activities with fixed activities.
4. **Balancing:** Balancing is the adjustment of time for each of the activities. This is the most difficult task. After allotting time to each of the activities, you might find that the total time required by you to do all the work is more than 24 hours. This is done by the identifying the time needed for various activities in a day and allotting the time for each activity based on their priority.



Activity 4

Classify the following activities into flexible and inflexible activities.

Dusting, Mopping, Cooking food, Stitching clothes, Going to school, Washing clothes, Going for shopping, Preparing lunchbox for children, to attend a marriage ceremony, Ironing clothes

7.5.2 Factors that influence effective time management

- Make a time schedule which can be easily followed.
- Make a time schedule which is practical and flexible and can be changed easily in emergencies.

- Think of an alternative plan of action for emergency.
- Allow for rest and leisure time activities.
- Combine activities (Dovetail) for better time utilization of time.



Activity 5

- Develop a time schedule for the coming week. Use this management tool (time schedule) for the week. Note on the time schedule for the week the use of your time resource and the factor that created the change.
- Record the use of energy resources for each day for one week.

7.5.3 Energy Management

Energy management is a difficult task as the energy expenditure for various activities depends on the individual's physical and mental health. Various efforts are

needed to perform different household tasks. They are mental effort, visual effort, manual effort, torsal effort and pedal effort.

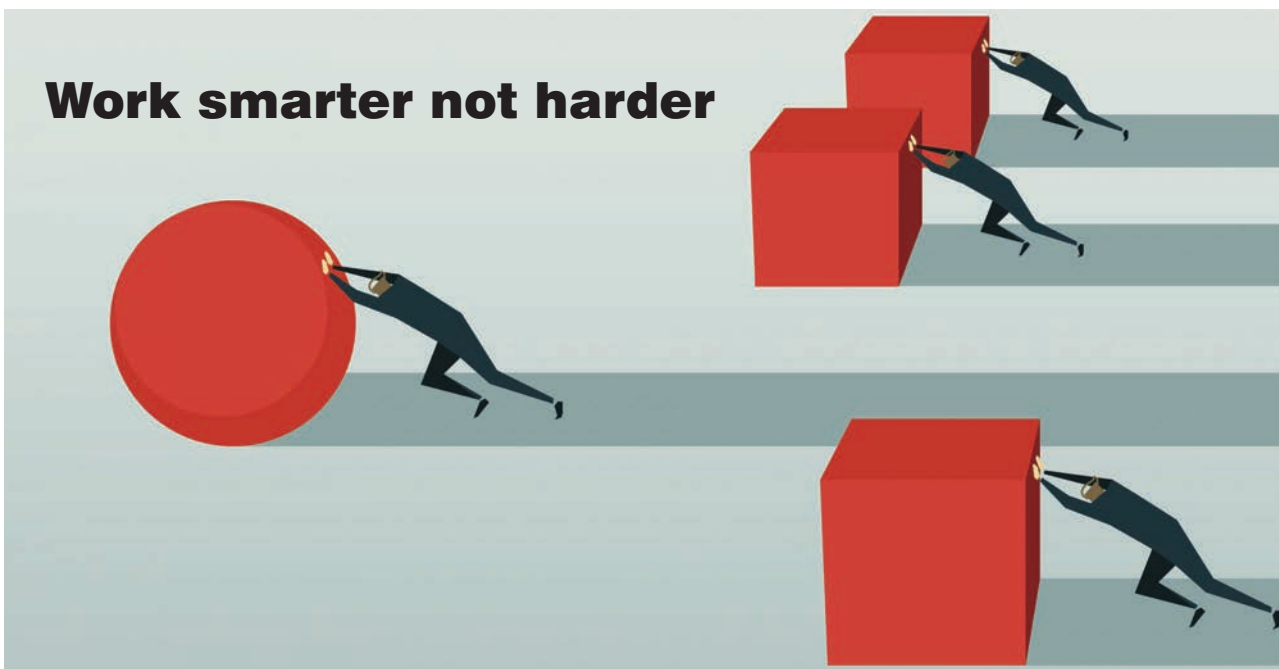
During the day, different types of activities are performed requiring different amount of energy.

- Heavy activities** like running, jogging and mopping requires large amount of energy.
- Moderate activities** like sweeping, ironing and cooking require average amount of energy.
- Light activities** like reading, watching T.V. and listening to music need very little energy.

7.6 Work Simplification

Work simplification is making work easier. According to Nickell and Dorsey (1959), **“it is the conscious seeking of simplest, easiest and quickest method of doing work.”** It aims at accomplishing more work with limited amount of time and energy.

Work smarter not harder





Home-making involves various types of activities which are most of the time tedious, monotonous, time consuming and involves various types of skill. Most of the work if done without much skill and under pressure would lead to unhappiness or frustration. To manage the house one should know the best way of doing each household activity. To do the work easily one should know why, how, when, who and where a work should be done.

Dr. Marvin Mundel (1985) has given five factors (classes of change) that influence the character of work. They are:

1. Change in hand and body motions

Work can be simplified by using each part of the body properly and economically.

This can be achieved by,

1. Keeping body parts in alignment
2. Using muscles effectively
3. Doing the work in rhythmic motion
4. Developing skill in work.

2. Change in equipment and work arrangement

Using labor saving devices, planning work surfaces at proper height, depth and width with proper tools and adequate storage space and lighting will improve the efficiency of work.

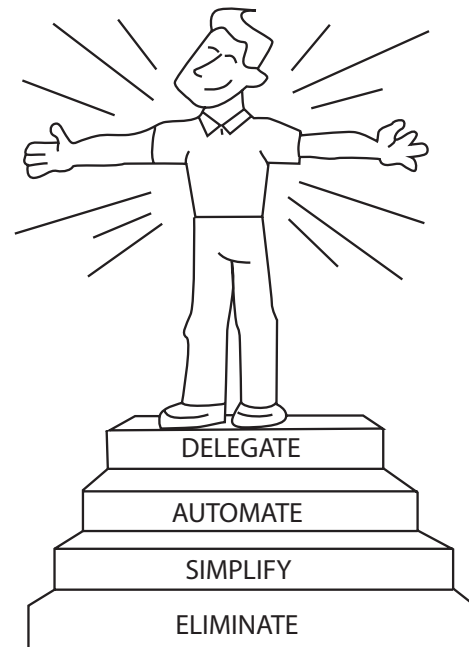
3. Change in production sequence

When there are lot of household activities to be accomplished, time and energy can be saved by simplifying the work through combining the tasks and eliminating unnecessary steps.

4. Change in finished product

Simplification of work could be achieved by changing the standards or expectations of the finished product. Instead of

laying a dining table in a formal way, especially when the mother is working outside home, she can just keep food items on the table and members in the family can help themselves.



5. Change in material

This refers to the change in the raw ingredient to get the same final products. For example, instant Vada mix or Dosa mix can be used to prepare the same final product, at the same time requirement for pre-preparation of Vada or Dosa from raw materials can be reduced.

7.7 Money Management

Among all the resources that are available to the family, the most important one is money. Money plays an important role in the life of man as an instrument through which he can satisfy his physical, material and mental needs. The income and expenditure pattern of the family decides the family's standard of living and its place in the society.



7.7.1 Concept of Income

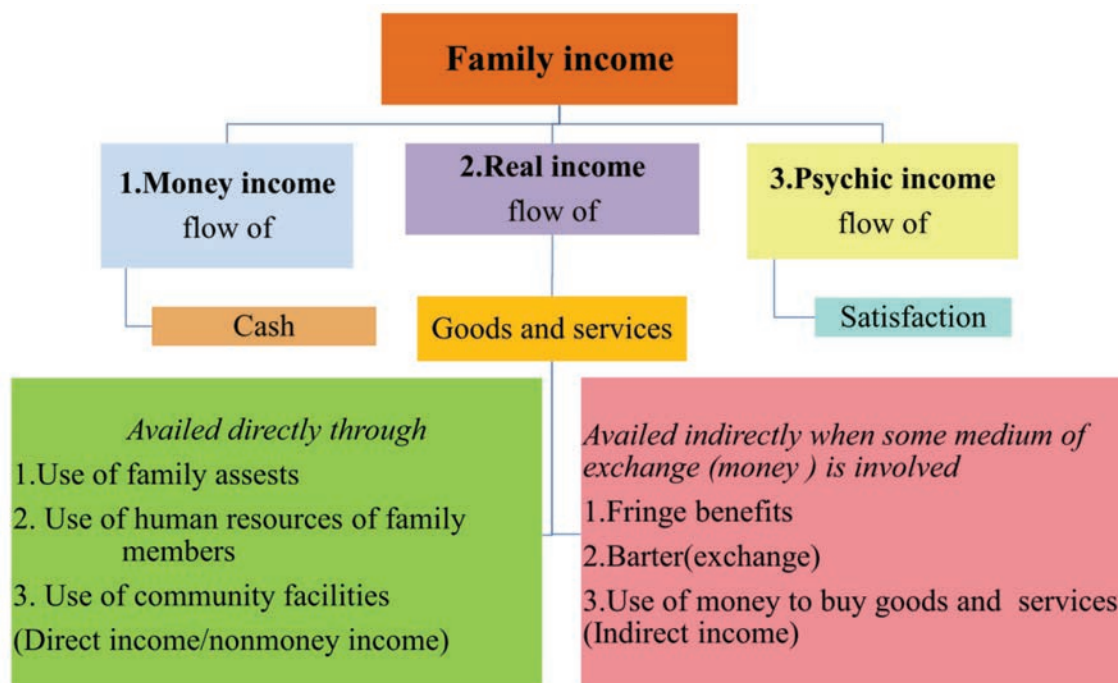
Income is the inflow of money, goods and services. Family income is one of the concept of income. It is defined as money or purchasing power earned by family members during a specific period of time and goods and services received or created in that time by the family eg. goods like vegetables from kitchen garden, services like doing household chores, teaching children etc.

Family income can be classified as:

1. Money income
2. Real income
3. Psychic income

1. Money income

Money income is the cash available to a family from any source, over a period of time. The period can be daily, weekly, monthly or yearly. It is obtained in the form of a currency, bank draft or cheques.



▲ Fig. 4 Types of family income



Money income is tangible and is used for purchasing goods and services for the family. The sources of money income are given below.

Sources of money income

- Salary
- Bonus
- Wages
- Dividends from shares
- Pension
- Lotteries
- Rent
- Profits
- Cash gifts
- Interest from banks
- Investments

2. Real income

Real income is the stream of goods and services available to a family over a period of time. Real income is derived from properties and possessions owned by a family, skills, efforts and abilities of the family members and also from community facilities. These goods and services may be available to a family either directly through direct contribution of family members or by community facilities or indirectly when some medium of exchange, usually money is involved.

3. Psychic income:

It is the flow of satisfaction that arises out of everyday experiences, derived largely from use of money and real income. It is intangible, subjective and is the most important income in terms of quality of living. Psychic income depends on the skills of family members in utilizing their money and commodities judiciously. Satisfaction derived out of flowers obtained from the plants at home is an example for psychic income.

7.7.2 Factors Affecting Income of a Family

Several factors affect income generation such as:

- Skills and talents:** If a person has tailoring skills, they can start a boutique, while a knowledgeable homemaker can conduct bakery classes and generate income.
- Time and energy:** A person with time and adequate energy would be able to supplement his income by doing additional work.
- Interest in job:** A higher interest in the job increases efficiency which in turn helps in career advancement through promotions and results in a higher salary.
- Location of home:** Living in a remote area may lead to lesser job opportunities as compared to Cosmopolitan cities where there are more job opportunities.
- Investments/assets:** The more a person invests, the more interest can be earned. Other assets like property/ land also help in generating income through rent.

7.8 EXPENDITURE AND BUDGET MANAGEMENT

Happiness of the family is secured by income use or expenditure. The outflow of money is called expenditure. After earning money, a family spends it on their various needs, basic necessities such as food, clothing and shelter. After their needs are fulfilled, the family desires to have comforts and luxuries, which makes the family members more comfortable. All these expenses are referred



to as expenditure. Expenditure provides the satisfaction of life for the members of the family.

7.8.1 Factors Affecting Expenditure of a Family

1. **Income:** In low-income groups, a major portion of income is spent on food whereas in high income groups only %50 of their money is spent on food.
2. **Family size:** Expenses on food, clothing, and education is more in larger families as compared to small sized families.
3. **Family composition:** In the expanding stage of the family more money is spent on education and clothes while in the contracting stage, more expenses are incurred on medicines.
4. **Family status:** Influenced by the social circles they move in, a considerable amount of cash may be spent by some families on, maintaining a number of cars, designer clothes, entertainment, luxury items.
5. **Type of family:** In a joint family, money is saved on rent and childcare.
6. **Family values:** Some people give more value to education and prefer spending more on books. Those giving more importance to religion spend more on religious activities.
7. **Location:** There is less expense in small towns as compared to that in cities. If the school or office is nearby, less money is spent on transport.
8. **Skill, knowledge and an interest to save:** A homemaker with her knowledge, skill and interest in culinary arts can prepare exotic dishes at home and thus reduce her expenditure.
9. **Access to community facilities:** Community facilities help save expenses.

A person using a library need not spend money on buying books.

7.8.2 Budgeting

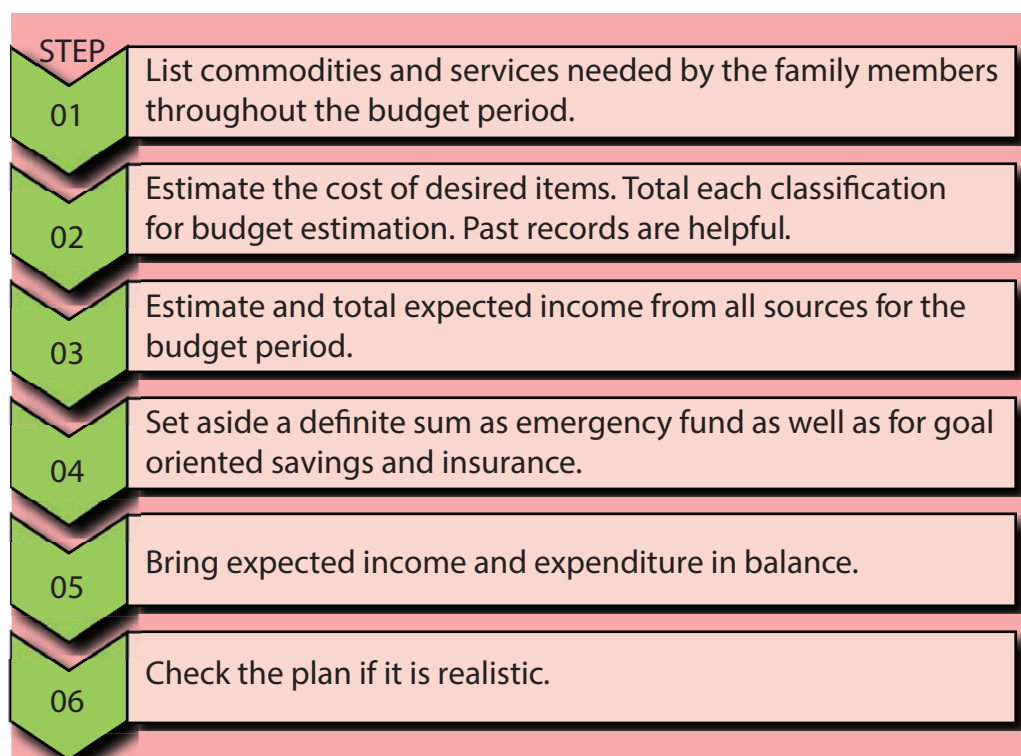
The common planning device for the use of money is the budget. It is a carefully prepared spending plan based on the actual family income. It is a plan based on previous experience, present needs and future expectations. A budget is always prepared for a fixed period of time generally for a month. Budget is a guide to realistic spending aimed at avoiding over expenditure.

7.8.2.1 Importance of budgeting

- Budget acts as an intelligent guide to spending.
- It enables a family to have an overall view of their income.
- Budgeting facilitates adjusting irregular income to regular expenditure.
- Budgeting helps people to discuss their needs and set their own priorities on them.
- It helps one to cut unnecessary expenditure.
- It helps one to be free from debts.
- It helps one to live within one's income.
- It encourages conscious decision making which may help in including long term goals in the budget.
- It relieves the family members from worries of future.
- It forces one to decide what one wants most out of life.
- It provides for future saving.

Its success depends upon its being simple, realistic, flexible and suited to the family or individual for whom it is made.

Steps in preparing the budget for a family are given below.



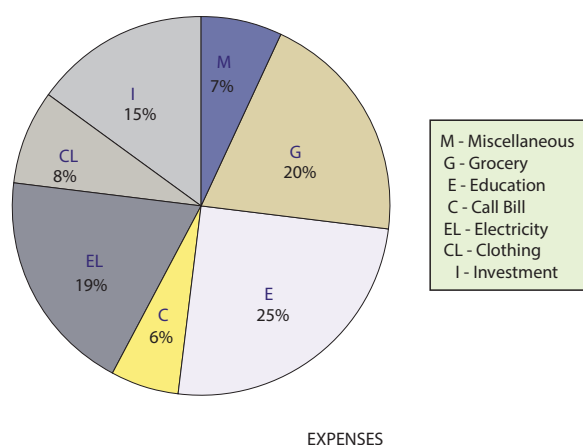
▲ Fig. 5 Steps in preparing budget

7.8.2.2 The List of Budget Items

It is necessary to list the chief budget items to make sure that each item is attended to in the expenditure plan while portioning the income. Each family may have their own way of listing the items.

The chief budget items include:

- i. Food
- ii. Clothing
- iii. Housing
- iv. Education
- v. Transport
- vi. Personal Expenses (Sundries)
- vii. Household Expenses
- viii. Savings



7.9 SAVINGS AND INVESTMENTS



Activity 6

- Find out what are the saving options available to a family.
- Find out how to open a bank account.

Money from the present income that is collected and put aside for future consumption is known as **savings**. Savings of a month is the difference between the income and expenditure of that month.

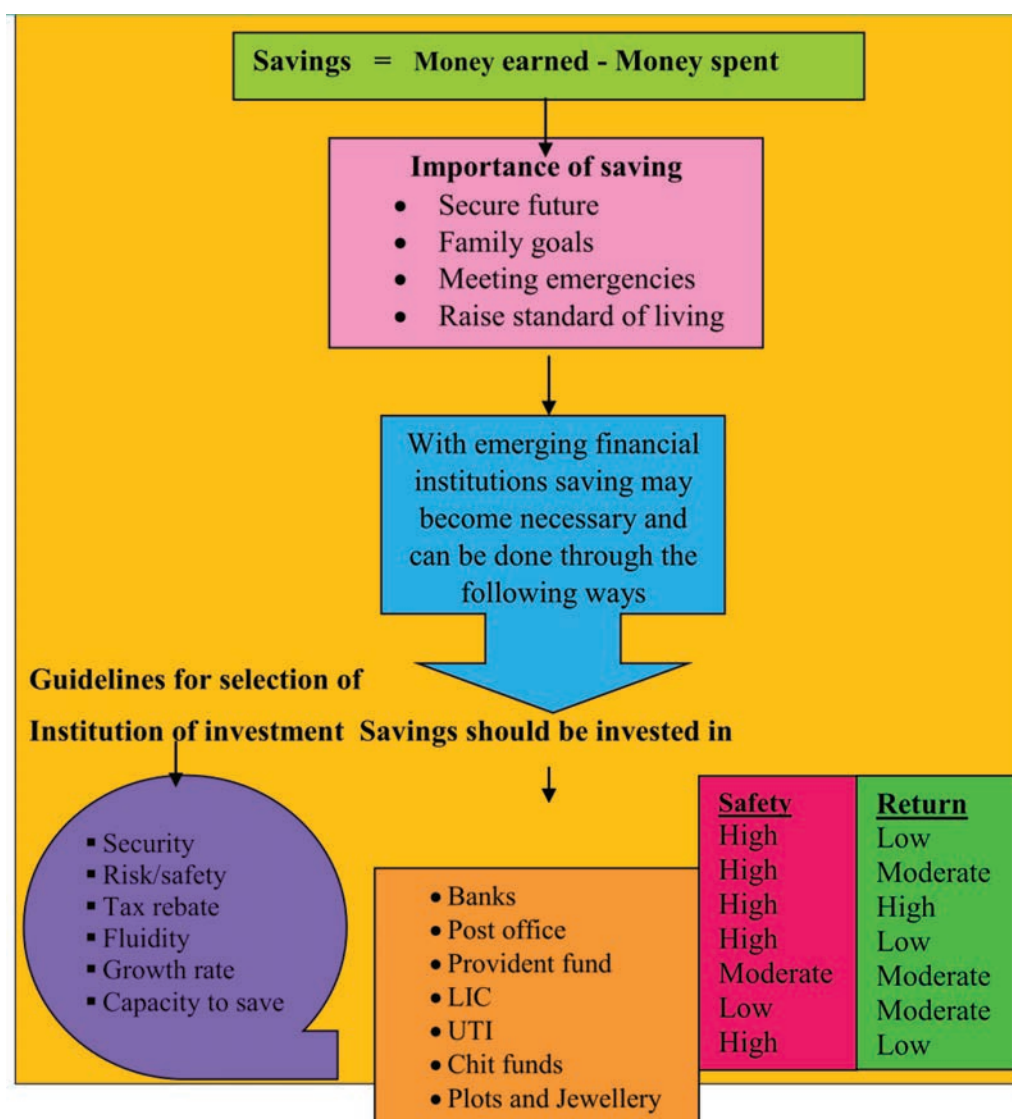
Families should make sure that they save by cutting down their wasteful expenditures. The following figure shows the importance of savings and various institutions for savings and guidelines for selection of those institutions.

1. Bank Accounts

Savings Account
Current Account

2. Post office

Savings Account
Recurring Deposit Scheme
Post Office Time Deposit Scheme



▲ Fig. 6 Importance of Savings and Institution



3. Provident Fund

General Provident Fund

Contributory Provident Fund

4. Life Insurance Scheme

LIC (Whole Life Policy)

Medical Insurance Scheme

Endowment Policy

5. Units of Unit Trust of India

6. Shares and debentures

7. Bonds

8. Chit Funds

9. Real Estate

10. Gold, Silver Jewellerys

7.9.1 Important Avenues of Investment

When the **savings** are made to grow, it is called investment. There are various avenues of investment. They are:

7.9.1.1 Banks

An investor deposits his savings in a bank account which earns him a nominal rate of interest. Besides banking, the banks offer a series of diverse financial services such as loans, credit cards, ATMs (Automatic Teller Machines). With the

computerization and networking of some of the banks, their services have become faster and customers can operate their account from any of its branches. This is called core banking. These are the main accounts used for depositing money in a bank.

1. Savings Account

- An individual can open this account either singly or jointly. The minimum balance amount required in an account with nationalized banks is ₹ 500/- and ₹ 1000/-* with cheque book facility. This amount may vary in private banks.
- The deposit can be made as and when the investor desires. Withdrawals are done with the help of cheques or withdrawal slips. A passbook is also provided for the record of deposits (credits) and withdrawals (debits).
- **Advantages of paying through cheques:** Cheques are considered safe method because
 - 1) Cheques are deposited directly into the payee's account.
 - 2) Currency is not handled directly by either the payer or the payee.
 - 3) Cheques are an unquestionable proof of having paid or received a payment.



2. Current Account	<ul style="list-style-type: none">• This account is suitable for business persons who would like to keep their money in safe custody and withdraw or make payments as and when required.• There is no limit to the number of withdrawals. A person can withdraw his money any number of times.• No interest is paid in this account.• The bank charges for the services of keeping the money safe and offering it whenever required.
3. Fixed Deposit Account	<ul style="list-style-type: none">• A certain amount of money is deposited in the bank for a fixed period.• The interest rate varies with the period of investment. The interest rate is higher than that of the ordinary savings account.• After the stipulated period, the principal amount and the total interest is paid to the investor.• An investment up to 1 lakh for 5 years qualifies for tax rebate.
4. Recurring Deposit	<ul style="list-style-type: none">• This is an ideal form of savings for those having salaried income with a view to inculcate a regular saving habit.• A fixed amount of money (core money) is deposited every month (only once, between 1st -10th). At the end of the term the amount is paid.



Activity 7

- Find out what is the minimum sum of money needed to start a bank account.
- Find out details on specimen signature card, withdrawal slip, pay in slip, cheque.

7.9.1.2 Post Office

Post offices are situated in every locality and are found even in remote areas. There are various post office schemes, each having its distinct advantages.

1. Post Office Saving Accounts	<ul style="list-style-type: none">• For opening of new account the introduction of depositor is necessary by a responsible person.• This is simple account involving a minimum deposit of ₹ 50/-• A cheque book facility is available; subject to a minimum balance of ₹ 500/-* in the account.• Maximum amount allowed in a single account is 1 lakh * and 2 lakh in a joint account. However, there is no limit for group/ institutional account.• The rate of interest is 4 %* per annum.
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2. Post Office Recurring Deposit Scheme	<ul style="list-style-type: none">Any individual (a single adult or two adults jointly) can open an account.Minimum: Rs.10/- and multiples of Rs.5/- thereafter. Maximum: No limit.Maturity period: 5 years.Rate of interest 7.1% per annum with effect from 01.07.2017One withdrawal up to 50% of the balance allowed after one year.Premature closure allowed after three years.Interest earned is deductible under Section 80L of I.T. Act.
3. National Saving Certificate	<ul style="list-style-type: none">These can be purchased by an adult for himself or on behalf of a minor, jointly by two adults, a minor and a trust.Certificates in denominations of ₹ 100/-, 500/-, 1000/-, 5000/-, and 10,000/- may be purchased from any post office, either directly or through authorised agents.Minimum ₹ 100/- can be invested. There is no limit on amount of investment.Period of maturity is 6 years.Interest rate is 7.8%* per annum, (w.e.f 01-07-2017).Deposit qualifies for tax rebate.Premature withdrawals are not allowed.Certificates can be kept as collateral security to get loan from banks.

CASE STUDY

Case study 1

Kumar is a Private company employee. He gets a salary of Rs.10000/- per month. His Salary is spent in meeting out the various needs of the family like food house rent Education of the children clothing etc., Kumar's wife keeps asides small amount of money from his salary every month. Kumar's salary is income and the money spent on various items is his expenditure.

What is the amount kept aside by Kumar's wife called?

What is the need of keeping aside this money?

What can be done with this money?

Fulfilling needs of the family meeting emergencies, maintaining a good standard of living

She has to deposit a fixed amount in each month.

7.9.1.3 Provident fund

1. General Provident Fund	<ul style="list-style-type: none">• It is compulsory only for government employees.• 10% of basic salary is contributed in the provident fund.• The employee can take loan from this fund and can return the loan in easy instalments every month, deducted from his/her salary.• At the time of retirement, the person gets this money in lump sum and pension.• Get tax rebate on amount invested.• Rate of interest is 8.5%.
2. Contributory Provident Fund	<ul style="list-style-type: none">• This is compulsory for private and semi-private company employees.• In this both employee and the employer contribute certain percentage of money. On retirement, the employee gets his/her part of contribution in a lump sum but he/she gets employers' contribution in instalments as pension.• Eligible for tax rebate.
3. Public Provident Fund	<ul style="list-style-type: none">• This is a statutory scheme of central government framed under the provisions of the Public Provident Fund Act, 1968. Such account can be opened in any Head Post Office, any branch of the State Bank of India and selected branches of other Nationalized Banks.• This is a 15 year scheme and the rate of interest is 8.8%• Only one Public Provident Fund account can be opened by any adult in his/her names or as guardian of a minor.• Invested amount can be minimum ₹ 500/- and maximum ₹ 1, 00,000/- in a financial year. The financial year starts from year ending 31st March.

7.9.1.4 Insurance

Insurance is provided by private as well as government institutions. Life Insurance Corporation is provided by government of India. It is a means of providing against loss caused by natural or man-made factors. It is the most popular method of securing the future.

LIC has a variety of schemes to choose from. These schemes cater to all categories of people and to their diverse needs. Some of the popular schemes are given below:

7.9.1.5 Shares

Shares are a fractional part of the capital of a company. When a company wants to

1. New Money Back Plan- (20 years)	<ul style="list-style-type: none">• This is a participating non-linked plan which offers an attractive combination of protection against death throughout the term of the plan.• Also there is periodic payment on survival at specified durations during the term.
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	<ul style="list-style-type: none">• This unique combination provides financial support for the family of the deceased policyholder any time before maturity and lump sum amount at the time of maturity for the surviving policyholders.• This plan also takes care of liquidity needs through its loan facility.• In case of Life Assured surviving to the end of the specified durations 20% of the Basic Sum Assured at the end of each of 5th, 10th and 15th policy year.• In case of Life Assured surviving the stipulated date of maturity, 40% of the Basic Sum Assured along with vested Simple Reversionary Bonuses and Final Additional Bonus, if any, shall be payable.
2. Term Policy- AnmolJeevan and AmulyaJeevan - II	<ul style="list-style-type: none">• These are a protection plan which provides financial protection to the insured's family in case of his/her unfortunate demise.• Death Benefit: In case of unfortunate death of the life assured during the policy term Sum Assured shall be payable.• On survival to the end of the policy term, nothing shall be payable.
3. Medical Insurance	<ul style="list-style-type: none">• One year temporary medical assurance is provided to the insured.• This policy needs to be bought every year.• It has the benefit of 100% tax rebate and provides insurance cover for any hospitalization, major operation or illness. Some concession is given if the scheme is purchased for the whole family.

develop, they float shares to the public. When a person buys shares she becomes part owner of the company. She will then share both profit and loss of the company. The profits are called dividends.

- A person can get high rate of interest, if the company is making profits.
- Dividends are tax-free.
- There is a risk of losing money, in case the company goes in a loss.
- Investor may not be able to find a suitable buyer for his/her shares or may not get a good price.

Debentures

A debenture is an instrument of debt. Debenture holder is a creditor to the company who loans funds to the company for a period of time against a fixed rate of interest.

7.9.1.6 Units

Mutual fund is a public and private sector financial institution which offers various schemes for attracting investments from public. It issues units to the investors (unit holders) and invests the collected amount in securities. Each unit is of ₹ 10/-.

Profit and losses are shared by the investors in proportion to their investment. Mutual fund is required to be registered under SEBI (Securities and Exchange Board of India), before it can collect funds from public. SEBI protects the interest of investors and regulates the securities market.

- Open end fund-scheme is available for subscription and repurchase on a continuous basis. These do not have a stipulated maturity date.



- Close end fund- these schemes have a stipulated maturity period. Fund is open for subscription only for a specified period of time.
- Investors have an option to sell back the units to mutual fund at the NAV (Net Asset Value) market value of assets.
- Tax rebate is available under some schemes such as ULIP (Unit Linked Insurance Plan and Pension Plans).
- There is no limit on investment in some schemes.
- Units can be pledged as security for loans.
- Unit holders can switch from close end to open end schemes.
- Some schemes may have high risk and high rate of interest. On the other hand, some schemes have fixed rate of interest but no risk.
- Dividends are tax free.

7.9.1.7 Bonds

Bonds are also debentures which are issued by government or Government Company. On liquidation (closing) of the company, the creditor is secured.

7.9.1.8 Chit Funds

This is an easy and simple device where a group of people join as committee and agree to contribute a fixed sum every month. Chits are taken out once every month. Chits are taken out once every month. The promoter gets the first collection and after that, whosoever gets his name on the chit drawn, gets the money.

SUMMARY

- Management is a process involving activities, through which action is initiated and resources are used for achieving a goal.
- Planning, organizing, controlling and evaluating are essential for effective management.
- Values, Goals and standards are important factors in the management process. Values are the key to all motivating factors in human behaviour. Goals are the desires that individuals or families are willing to work for. Standards are a set of measure of values stemming from our value patterns, determining the amount and kind of interest in something and the satisfaction we receive.
- Management occurs when there is some problem to solve, some choices to make. A decision can be defined as a course of action consciously chosen from the available alternatives for the purpose of desired result.
- Effective management involves careful use of resource. Resources can be defined as anything we use to achieve what we want (our goals). In other words, they are the materials and human attributes which satisfy our wants. They include human resources such as a. Knowledge b. Time c. Energy d. Abilities and skill e. Attitude and Non Human resources such as a. Money b. Material Goods c. Community facilities.



GLOSSARY

Attribute - (பண்புகள்) A quality or characteristic of someone.

Sequence -(வரிசை) Coming after or next series.

Delegation -(அதிகார ஒப்படைப்பு) The assignment of any responsibility

Intrinsic - (உள்ளார்ந்த) Essential

Fringe -(விளிம்பு) An outer edge, margin

Psychic Income -
(மனநிறைவுதரும்வருவாய்) -

A pleasure and satisfaction that someone get from doing their job

Debenture -(கடன்பத்திரம்) A type of loan

Standard - (வாழ்க்கைத்தரம்) A level of quality

Value -(மனிதநேயம்) A major influence on a person's behavior and attitude.

Flexible - (நெகிழ்வான) Able to change

Decision Making - (தீர்மானித்தல்) Is the process of identifying and choosing and alternative based on the values.

QUESTIONS

I. Choose the correct answer

1. The planned use of resources to achieve the desired goal is
a) Management c) Standard
b) Values d) Goal
2. The process of basically working out ways or course of action to achieve goals is known as ____
a) Organizing c) Planning
b) Implementing d) Evaluating
3. The steps in the management process to carry out the plan is called ____
a) Planning c) Directing
b) Controlling d) Organizing
4. The link between short term and long term goal is
a) Intermediate goals
b) Interest goals
c) Individual goals
d) Short term goals



5. Heart of the Management is
a) Decision Making c) Evaluating
b) Planning d) Directing
6. Non-human resources is
a) Knowledge c) Money
b) Skill d) Attitude
7. Circle the source of money income
a) Salary c) Skill
b) Cash gift d) Pension

II. Very short answer (2 marks)

1. Define management
2. What is planning?
3. Differentiate between human and non-human resources
4. What are community resources?
5. What is energy management?
6. What is the meaning of work simplification?

7. Mention the name of decision where a person is doing a systemic work?
8. List the various types of simplifying work
9. What is 'organizing' in the process of management?

III. Answer briefly (3 marks)

1. List the steps involved in any management process
2. What are the different phases in controlling?
3. Explain the importance of 'evaluation' in the management process
4. List the various steps involved in decision making process
5. What do you understand by 'decision making'?
6. List the various steps to be kept in mind while making a time plan.
7. As a student how would you manage time?
8. List four ways of supplementing income
9. Differentiate between real income and psychic income
10. State four advantages of savings
11. Suggest 3 practical tips to save energy
12. Sheela is a homemaker. Suggest her some ways to control expenditure to manage her family.

IV. Write in detail (5 marks)

1. Discuss the interdependence and inter-relationship of the various steps involved in the process of management.
2. Explain the process of decision making with a suitable example
3. Discuss the importance of 'planning' for good home management
4. How does 'controlling' help in the proper management in any home situation. Explain with a suitable example
5. What are the different types of goals?
6. Give an account of the guidelines that you will keep in mind while making sound investments.
7. A person in IT Company wants to save his monthly income and avail insurance. Suggest some strategies to avail insurance and save his income.
8. Plan your daily schedule according to the concept of work simplification and rest periods.
9. What advice would you give to a married women who is finding difficult to manage work at home?

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