

Residential Home Management



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Certificate in Residential Home Management

Part A. Management Principles

Unit 1 Introduction to Management

Unit 2 Management Duties & Activities

Unit 3 Organisations and Their Dynamics

Unit 4 Management Skills

Part B. Management Practices

Unit 5 Developing Admissions and Occupancy Policies

Unit 6 Standards in The Home

Unit 7 Managing Residential Home

Activities

Appendix 1 Selection of Helpful Notes

Appendix 2 Selection of Helpful Forms

Certificate in Residential Home Management

Part A

Management Principles

Introduction to Management

The Ecology of Management

Modern management operates in a turbulent world of change. Organisations forming the theatre of management operations have grown in technical complexity. Many larger organisations caring for the aged have grown to such proportions that they expose their home managers to external and internal pressures, creating problems of ever increasing intricacy. The solution to these problems demands a high degree of individual managerial expertise and cooperative human endeavour.

The term "ecology" is a term used in biology and refers to the study of an organism that is adapting in response to changes taking place in its environment. If the environment is hospitable, the organism will thrive, but if the organism is in a hostile environment, its survival is threatened. We have recently extended this concept to the field of management study, embracing the study of a business organisation's behaviour in relation to the environment in which it operates.

This analogy is not 100% appropriate, because in contrast to the biological organism, the human organisation can frequently display a great propensity to change. At times it may even modify its environment rather than be subjected to it. However, the concept is useful in that it enables an appreciation of the challenge to management, and it also serves to underpin the need for a professional approach to the subject.

The External Environment

Figure 1 shows the external forces that bear upon organisations, and therefore, upon those required to make decisions within the organisations.

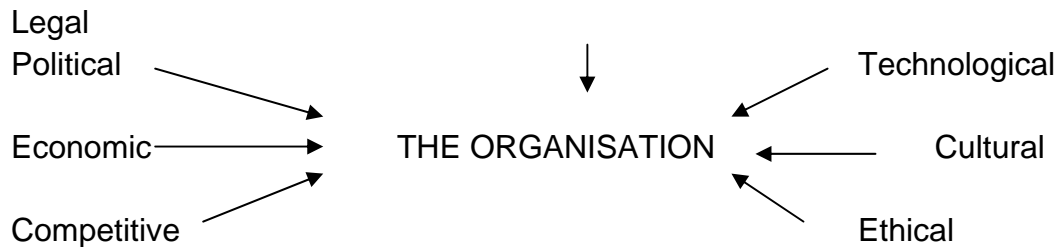


Figure 1

We will consider each of these forces in turn.

1. Competitive

In a depressed economy the organisation caring for the Aged exists in the long term if the service it delivers continues to satisfy consumer needs and is thus sought after. In the relevant societies, which have developed in the "free world," consumers have a free choice with many alternatives on how to exercise that choice. If the goods and services offered do not match the consumer's specifications, they will not accept them. The organisation that fails to innovate, or to stay abreast of its competitors in marketing expertise, will flounder.

Please note that the size of the organisation, or a record of past success, is no guarantee of survival.

2. Economic

The last half-century has been characterised by inflation in most of the economies of the world. In a situation of economic growth an acceptable level of inflation does not present a problem. If, however, there is economic growth, then a phenomenon known as "stagflation" can exist. This was a condition developed in the western economies during and after the Vietnam War. The oil crisis in the Middle Eastern states worsened the situation towards the end of the decade. This situation, which brings high inflation and high unemployment, has been largely overcome, and many economists and social commentators feel that the situation is unlikely to persist into the future. In South Africa inflation has

been accompanied by periodic balance of payments deficits, and in recent years by the administration of sanctions. These effects have had severe repercussions upon managerial decision-making. Value Added Tax affects the economy almost instantaneously. For instance, an increase in general sales tax has an immediate effect on the purchasing power of the consumer. In turn this results in less output and an increasing unemployment rate.

3. Political

Each society has its own political system. We must decide in the light of the political system and the prevailing political ideology. In South Africa, the present situation is very complex. The ruling African National Congress still favours the free enterprise market system for the economy, but there is always the threat of a centralised economy with nationalisation of the larger industries. The ideologies influence the economic and social policies, which the government frames, and in turn, these decisions affect the environmental opportunities for organisations that care for the Aged. Thus, any anticipated change in government can bring about different attitudes in such matters as:

- Public defence spending
- Public works programmes
- Health and welfare
- Social security
- Housing
- Local government
- Education
- Financial assistance to selected industries
- State ownership of industry
- Policies for the development of employment, industrial growth and regional economic development.

4. Legal

The legislative arm of government, supported by practices accepted as common law, sets the formal rules within which business decisions must be made. The legal environment of business is so extensive that it almost defies documentation. Moreover, it is an environment continually changing on a daily basis. Legislation covers the rules for the formation of an organisation and the conduct of its affairs. It encompasses the rights of employees and provision for their health and safety at work. In the main it is considered to provide equal opportunity employment and we must give recognition to the increased

opportunities for sexual harassment, which can become blight on organisational life. Legislation must ensure that the penalties for this type of behaviour are sufficiently high as to be a major deterrent.

Legislation prescribes the rights for trade unions, which may represent the employees. It may set out certain standards to be observed in services offered by the organisation and provides rights for clients availing themselves of these services. It sets out contractual rights and obligations for the organisation in its external transactions. It imposes constraints upon the activities of organisations.

It is beyond the capacity of the practising manager to comprehend all the intricacies of the legal environment, but he must recognise the implications of that environment and know where he can obtain specialist legal assistance if necessary.

5. Technological

Throughout the twentieth century the pace of technological change has gathered increasing momentum. The gap between scientific discovery and technological application has been diminished by rising educational levels and an increase in the level of scientific knowledge, with improvements in the means of processing and distributing that knowledge. The rise in the multinational enterprise has helped the process of technology diffusion. Increased automation has led to staff retraining problems and confrontation with the trade unions over the issues of manning levels and redundancy.

The problem facing the manager because of the technological revolution is one that allows change to be accommodated. Because of an almost innate resistance to change by people in organisations, it is not surprising that this subject has received much attention by social scientists in recent years. The management of change and conflict calls for special skills.

6. Cultural

The influences of the religious, familial, educational and social systems of a society comprise the social pressures on the organisation. Culture embraces the set of values and attitudes transmitted from one generation to the next, helping to shape social behaviour. Culture varies significantly from country to country, and even within a culture there may be important "sub cultural" differences. For example, managing a home in Cumbria may be an entirely different proposition to managing one in Kent. Cultural values once changed very slowly, but now the

rate of change is increasing. This is due to the declining influence of religion and the family and higher educational standards.

The "Protestant Ethic" preached the virtue of work and the pursuit of profit. Some writers, like Weber, Florence, Whyte, have identified this as a major factor in the emergence of modern capitalism. The "unacceptable face of capitalism" has been the subject of much questioning recently. Writers such as Katz, Bennis and Harman have identified a youth rebellion against traditional patterns of authority and a questioning of the virtue of work handed down by conventional wisdom in the post industrialism era.

7. Ethical

Managerial ethics reflect a code of behaviour the public expects of managers. Certain professional bodies have codes of ethic, which have been in use for many years, but mainly for their self-interest. Society is now expecting more from its managers. We sum the ethical forces up in the term "social responsibility", and reflect the growth of Naderism, consumerism and environmentalism. (Naderism was named after Ralph Nader who challenged General Motors about planned obsolescence and the safety of its cars). These forces demand that companies be more honest and less secretive in their dealings with society and that they go beyond their legal obligations.

The Internal Environment

The forces of the external environment make their ultimate impact within the inner environment of the organisation. Management cannot exercise control over the external environment. However, the manager can frequently exert influence over the inner environment. Yet even in this position he must be capable of adaptation.

There are two main elements in the internal environment:

- The social - this includes people who work within the organisation, their personalities, motivations, attitudes, relationships and behaviour.
- The technical - this covers the physical plant or office facilities, the decor, the machinery and equipment facilities, the work itself and the formal policies and organisational procedures.

Together these factors make up the socio-technical system, or the organisational climate of the work organisation. As they will assess the executive on the output

of the work organisation, it is his prime duty to maintain or develop a productive organisational climate in the light of the external environment.

The Evolution of Management

When one reflects upon the major developments in technology and industrialism in the twentieth century, it is not surprising to find many different approaches to the theory of management.

In and before the nineteenth century, very little was written, and the writings were pragmatic, reflecting the experiences of the managers and administrators in their different fields and their personal approaches to the problems of the day.

The earliest contributions to management theory are now out-of-date, but we should assess them, given the time when they were written.

Since the end of World War II, many approaches reflect the increasing interest of social scientists in industrial problems.

There are four main separate schools of thought:

- Process or operational.
- Behavioural.
- Quantitative.
- Systems

The Process or Operational School

This school offers a widely used approach to management training because it provides a systematic ordering of the subject.

We sometimes call this the "universalist" approach. This is because its adherents insist that management has a set of principles with universal application, despite the state of the environment. This school views management as the application of principles and functions to achieve objectives.

There have been many pioneer writers in the process school, but we shall be concerned with just one of these, Henri Fayol.

Henri Fayol was the chief executive of a French iron and steel combine from 1888 to 1918. During his term of office, he took the organisation from the verge of bankruptcy to great success. In 1916 he published a paper in a trade association bulletin. The title of the paper was *Administration Industrielle et Generale* which translated means *General and Industrial Management*.

In this paper he defined certain functions and principles that he regarded as having a universal application in the management situation. This paper was to become a major influence in the evolution of management thought.

Fayol identified five functions:

- To plan.
- To organise (both men and machines).
- To command (to give instructions to subordinates).
- To coordinate.
- To control.

The principles Fayol put forth were:

- Those who have authority to give orders must be held responsible for the consequences. In modern management techniques we also stress the converse - Those who are responsible for an operation should be given the authority to initiate the action necessary to ensure success.
- There should be unity of command. An employee should receive orders from one superior only.
- There should be unity of direction. In other words, there should be one head and one plan for activities having a common purpose.
- Means of lateral communication should be provided.
- There should be division of work and specialisation.
- Discipline is necessary for the smooth running of a business.
- The interests of one employee or a group should not prevail over the interests of the concern.
- The remuneration plan should be fair, but not lead to overpayment.

- Centralisation is desirable, but should be done with discretion. We may need decentralisation in large organisations.
- There should be order and balance in the organisation.
- There should be equity (Justice tempered with fairness).
- There should be stability of tenure of the personnel.
- Managers should encourage initiative in subordinates.
- Managers should encourage "team spirit".

Fayol intended his principles to be guidelines only and not immutable laws. He became an important influence on many other writers in the process school. These writers included - Urwick, Brech, Mooney, Reilly, Koontz and O'Donnell.

The Behavioural School

This approach dates from the early 1920's when social scientists set out to test a "principle", advanced by the process school, that short work periods interspersed with rest breaks produced more output than long periods without breaks.

Experiments, carried out at the Western Electric Company in the United States of America, disproved this theory, but gave new insight into the social, psychological and human factors affecting productivity in organisations. This initial contribution was Elton Mayo's and with it began the human relations movement. Since then there has been a myriad of contributions.

Berthnal has defined the Behavioural School as follows -

It is an approach that explains man's behaviour in productive organisations and specifically the behaviour of individuals in a social system designed to achieve particular objectives through cooperative effort.

The Behavioural School can count contributions from many disciplines - economics, political science, anthropology, and especially sociology and social psychology.

In many respects, the behaviouralists have been more successful in defining the faults that we attribute to specific organisations than they have been in offering general prescriptions to put matters right. However, they have added a new dimension to the field of management study. One other criticism we sometimes

make regarding the writers of the behavioural school is that they are more interested in furthering their own disciplines than in developing a theory of management. As a result there has, at times, been a communication problem - practising managers find it difficult to understand some language of the social sciences. Nevertheless, there is growing acceptance of the behavioural approach. We may classify the contributions of the behavioural school under three areas.

- Conceptual - forming abstract concepts about human behaviour in organisations.
- Methodological - providing techniques for the empirical testing of concepts.
- Prescriptive - formulating managerial policies based upon research findings.

Although the earliest work centred upon human relations, contributions have covered such matters as motivation (Porter, Lawler, Likert), organisational conflict (Litterer, Tannebaum), authority and leadership (Argyris, Likert, Leavitt), attitude and organisational change (Bennis, Blake and Mouton).

The Quantitative School

They derive the newest approaches to management theory from mathematics and the physical sciences. Immediately before World War II, Bernal defined operations research as the social function of science.

However, the direct result of the war contributed to the rapid advancement of the theory. Scientists became involved with military problems such as the assignment of personnel and the deployment of forces. As a result, they developed a variety of mathematical techniques and models. In the immediate post war years these techniques received application in organisational decision-making. A decade later, the evolution of computers gave further impetus, and the mathematical solutions to increasingly complex problems became available to management.

The quantitative school has been accused of Neo-Taylorism that is attempting to quantify business problems while paying little attention to qualitative considerations and the human dimension. In spite of this, many significant contributions have been made. Some of these are:

- Dynamic scheduling of production to reduce downtime and the production cost.
- Optimum inventory planning to reduce stockholding cost, consistent with acceptable service levels.
- Optimum warehouse location planning to reduce physical distribution cost, consistent with acceptable service levels.
- Vehicle and sales staff routing.
- Determination of the most profitable profit mixes under various output constraints, like material, work force shortages.
- Determination of the optimum number of service points, for example, the number of check out points in a supermarket.
- PERT (Programme Evaluation Review Technique) to reduce time taken on major projects in construction and to help in labour planning, or to reduce cost.
- Forecasting models.

This list is far from complete. With the rapid development of computers there have been major developments in the design of simulation models to help analyse the production and marketing operations of organisations. Through these simulators executives have tested the effects on profits of changes in strategy both by the organisation itself and by competitors.

The Systems Approach

This approach dates from the early 1960's when Ludwig von Bertalanffy Boulding laid the modern foundations of a general systems theory. This theory developed out of the desire of many academics and practitioners for a new approach that would encompass the other approaches.

We can define the systems approach as; *A set of interrelated components.*

The business organisation is an organised behaviour system, which in its environment forms part of a wide social system. Similarly, within the business organisation there may be components, or subsystems, such as marketing or production. Managers analyse each of these individually within strictly defined boundaries and can be considered a system in its own right.

Stanley Young has defined a management system as the subsystem of the organisation whose components consist of a subset of individuals, whose duties are to receive certain organisational problems (inputs) and then to execute a set of activities (process) which will produce organisational solutions (outputs) for increasing either the value of the total organisational return to the activity (satisfying) or the optimising of some function of the total organisational inputs and outputs.

The contribution of the systems school has chiefly been one of methodology, that is, providing a new way of looking at "micro" problems in the organisation and the structuring and functioning of the organisation as a whole.

The evolution and development of computers demanded a new way of looking at the management problem, particularly the information needs of managers for control and decision-making. This need was readily satisfied within the systems approach.

