1. NATURE AND SCOPE OF THE STUDY
CHAPTER I

NATURE AND SCOPE OF THE STUDY

INTRODUCTION :-

The history of charitable institution is a history of Civilization. Philanthropic and Benevolent attitude is a basic characteristic of human beings which has helped man kind, to establish a large No. of institutions useful for development of human race. Had there been the idea of kind heartedness and ideology of mutual benefit, there would not have been an institution called family. It may be right to say that every man is an island but a global view of the society helps to conclude that all man together make a Society, a country and the world united.

Most of the researches, developments, inventions and discoveries are the reasons of Joint endeavoeur of human beings. A singuler human being may be feeble, weak, meek and ordinary creature but jointly a human race or group of human beings make a strong, powerful and extra ordinary force, which can conquer the nature and be master of universe if desired. Hundreds of evidences are there in the annals of social economic history to prove this point. The basic institutions in primitive as well as modern times are the institutions based on the fundamental principles of co-operation and charity. The phases & stages of primitive forest hunters, the agrarian farmer and industrial enterprenure are full of joint ventures, common groups and combine efforts. Institution for a co-operative motto and not the profit are the foundation stone of every stage of human development, hence it is necessary to understand how these
institutes have come forward in making our lives more peaceful, simple and easy going whatever may be the field or spectrum of our activities there is at least one institution that works on the principles of charity and not on the mere urge of profiteering. Education, religion, health care, natures protection, sports & recreation, care of aged and disabled, whatever may be type of activity, charitable institutions and voluntary organizations have always imprinted their marks of excellence. The contribution of these institutions in the well being in our societies can not be measured purely in monetary terms because they are not established with the ultimate aim of materialistic well being but there is a spiritual and social dimension to most of the institutions working on the principles of charity are now termed as non profit organizations. This is right if one looks at everything from the business point of view the term non profit is synonym to loss leading institutions. But it is an indication of essential feature of these institutions. Such institutions don't work with the aim of maximising their profits or earning extra layer of revenue. Their operations and activities concentrate on those segments of the society who need special attention, care, affection and a hand of help. There are a variety of activities which are presently undertaken by such voluntary and non profit organizations. These organizations are the pillars of our society as they maintain a delicate but sound balance between have's and havenot's. A study of functioning of such institutions can be a fund of information to all those who have an utilitarian view of society. It can tell us as to what are their aims, the scope of their activities and varieties of problem that they often faced while dealing with different publics.

(1.2)
THE PROBLEM DEFINED:

Research has various dimensions. A research in the field of social science has not a purely academic objective but it has a practical dimension also. Baldamus 1.1,(1967) "has rightly commented that a research in the field of social science act as an agent of planned change and as an instrument of policy control." Modern social research though sometimes is a job of an individual but it actually is an enquiry into why and how a particular phenomenon has occurred its repercussion and ultimately an effort to establish cause & effects relationship. It also provides a theoretical dimension of analysing various phenomenal appearing for the first time in society 1.2. Caplan 1.3 has very aptly said that a new information acquired from research is more easily absorbed when presented in a system of theoretical conclusion. Research in the field of Socio Economic happening especially relating to analysis of contribution of institution/s to the society is very useful to understand the cross relationship between individual institutions and society as often termed as applied research it plays a three phase role for planned social change. It helps to diagnose the social happenings and to increase the awareness of the problems by providing valid and reliable information about its origin,

1.2. France Heller- The use and abuse of Social Science : Sage publications - London (1986) page No. 190

(1.3)
structure and scope (Parsler-1978)1.4. In designing the various policy alternatives so as to find out ways to solve the problems. (Mayer and Grenwood-1980)1.5. As well as in development of selected policy programmes for improving effectiveness of that institution in the total social setup (Williams & Elmore 1976)1.6.

The contribution of voluntary associations as visualized in different walks of life has tremendous impact on our society. Educational institutions right from the early stages of development have remained in the field of charitable or volunteer sectors. These institutions not only help in shaping the life of an individual but they are the prime builders of society. Such institutions are the indication of social development. From this point of view study attempts to analyze how educational institutions are administering their funds and resources what are the problems faced by such institutions in acquisition, maintenance and development of finances, can these institutions manage their funds on more rational terms in order to strengthen their position financially and reduce their dependence on Govt. grants as well as aids from various social and charitable organizations. Hence the title of this study is, "A. Study of Financial Administration in selected non-profit organizations in Amravati City". (A case study of selected educational institutions in Amravati city).

THE RATIONALE OF THE STUDY:

Research, basically is an enquiry with specific intention in mind. There are various objectives that the research may keep in mind while initiating such enquiry. D.A. Devans opines "that the research is basically an enquiry in building a theoretical foundation required to pose a theorem or a tested theory" whereas Heller says that "research action at its best produces evidence that can be generalised beyond the experience of a single case." The type of research on Social Science mainly depends upon secondary and primary data. This creative mix of idea, ideology, theory and reality leads to development of humanisation of research.

The present research study has many dimensions to put forward to justify the project in hand.

1) Resource scarcity is a major problem for every type of organization. Limited resources is not the problems of Only Government and business organizations but even the non-governmental, social, political and charitable organizations also face the same problem.

2) Educational institutions, as is always noticed, face problems of limited resources because of low priced educational facilities in India. The institutions often find at difficult to maintain their regular operation in order because of extreme paucity of funds. It is not a matter of surprise in India that many schools are still imparting instructions to the pupil with inadequate

1.8 Heller Frank - The use and abuse of social science Sage publication - 1986 London.
teaching staff and in many cases without qualified staff also.

3) If one accepts education is a process of overall personality development and not merely supplementing theoretical and bookish knowledge then it has to be fully enlightening and personalising the experience of education. Such a type of education means providing sufficient educational recreational and cultural facilities to the students. This certainly requires good schooling facilities, congenial ecology in the school and good amenities in the class. Without adequate resources it is difficult to imagine such a type of school. A review of realities in this connection offers a very pathetic picture of Indian Education in schools and colleges.

4) There appears to be a class distinction in the type of Educational facilities that are provided in the country. There are schools of world repute and educational institutions of international standard which certainly offer the best possible facilities to the students however, the number of schools can be measured on fingertips. Whereas the second grade of educational institutions offer good schooling but opportunities for Individual development because of over populated institutions limited resources and meagre funds. The third range of Educational instutions even can not offer proper educational facilities due to very small size of resources at their disposal.

5) Good education is a right of every citizen. Such an education is not primafacie a monopoly of chosen few. However to provide good education, good instution is pre requisite. Unless and until these instutions are able to manage their resources they can not offer good education. Proper utilisation of
resources never means providing additional resources or additional funding. In simple words it is curbing or controlling misutilisation or underutilisation of resources.

As mentioned in point 3 the institutions of class 2 category certainly improve their standard and quality of service if they give second look as to how they are managing their resources. There are some operational problems which can be definitely solved if the existing system of resource allocation is rationalised.

6) The approach towards the accounting and fund utilisation is also faulty in many cases. Keeping funds idle means loosing an opportunity is the simple logic in the science of finance. The traditional outlook adapted by managers of such institutions neglects this point. The deficits and mounting losses can be minimised if the idle funds are transferred to more productive and performance based activities.

7) The procedures and formalities involved in maintenance of funds utilisation and acquisition are quite outdated. There is a dire necessity of modifying these systems in the light of changes in the accounting conventions and new techniques of institutional administration.

8) The concept of charitable institution that prevails in India is often based on the presumption that such an institution should not earn profit. There is misnomer that charity means incurring losses. This misconception leads in improper pricing of services. Sometimes offering such services at a price below cost often certain resources are never utilised or under utilised. Drucker has rightly observed that "a voluntary organization is
not one which offers service below cost and incurs losses but is one which offers these services at price which helps it future cost." The point under discussion needs no further elaboration. If developmental and voluntary organizations do not acquire sufficient resources and revenue then how can they withstand in future where resources will become more scarce and costly.

9) There are continuous innovation and development in the field of education. Expectations of people are growing. A modern educational institution is no longer a place of preaching a person but a place of enriching the personality. Hence such an institution must have more amenities, equipments, libraries, and sophisticated infrastructure. But this needs funds and such funds can not be generated by increasing prices and services only. There is a limit beyond which a facility or service turns over price.

10) Modern Philosophies of Governance believe more in self Governance, Autonomy and least dependence on the state. Interference of Govt. and Central administrative authority should be minimum. This means the amount of grant, subsidies and assistance should also not be very heavy. The institution should try for self funding or generate their own resources. Autonomy in governance carries no meaning unless and until there is a financial independence. Which again needs proper administration, specially financial administration.

11) The best way to raise resources is creating new avenues of funds raising. Many institutions in the field of education can provide certain services apart from their educational activities. They can raise funds by offering their premises on rental basis,
they can offer some other educational services to the society and
if required they can go for other co-curricular or extra
curricular activities, but this means proper maintenance of
resources, time, equipment and funds. Pricing of additional
services is a major activity that is covered under financial
administration.

12) The points cited above make it very clear that no
institution can neglect its fund management. The techniques of
financial management can certainly hold educational and other
voluntary institutions in minimising waste, improving revenue
levels and reducing dependence on outsiders. From this point of
view study has great utility not only for the planner of
education but practising managers working with some or other
voluntary association.

THE OBJECTIVITY OF THIS RESEARCH.

The concept of objectivity signifies how a project is
undertaken and its utility in absolute and relative terms. The
present project is relevant in many senses. The thrust area of
this research is to find out how principles of financial
administration are applicable to Non Profit Organization's.
Objectivity also signifies the extent to which the proposition
can be generalised. From this point of view the objectivity of
present study is restricted in the sense that the sample size is
small (13 Institutions). However the size and scope of the
institutions understudy is such that the conclusions can be
generalised.

The researcher has tried to reduce the bias by taking
institutions of different size, with different life span and

(1.9)
covering large varieties of activities. Thus the study reflects as to how the principles of financial administration are applicable to small educational institutions and to established institutions also.

Major objectives of this studies are as follows:
1) To enquire into the practices of administration of finance adopted by institutions under study.
2) To study the relevance, utility and limitations of present practices of financial administrations.
3) To find out the extent to which modern concepts of financial administration can be adopted.
4) To know the reasons or failure of these organisations from the viewpoint of finance as core issue.
5) To generalise certain models of financial administration as they are applicable for improvement of Educational institutions on the basis of the present study.

HYPOTHESIS:

The research enquiry is aimed at understanding existing practices of financial administration and its impact on overall position of educational institutions under study. This enquiry is based on certain presumption. It is believed that there is a necessity to improve the status of finance of educational institutions. The conceptualisation of this presumption is based on a sizable number of problems faced by educational institutions, while acquiring their finance and utilising it properly. This presumption is generalised in order to right set of Hypothesis. The argument of Lundenberg regarding Hypothesis "It is a tentative generalisation the validity of which remains
The presumption is also clustered with a set of hypothesis of which some are taken as major or primary hypothesis and some as secondary or working hypothesis. A hypothesis is a first step towards research process and hence proper formulation of such hypothesis is a must. COHEN & NAGEL have rightly expressed this point. "We cannot take a single step forward in any enquiry unless we bring with a suggested explanation of solution of the difficulty which originated it. Such tentative explanations are suggested to us by something in the subject matter and by our previous knowledge. When they are formulated as proposition, they are called hypothesis". 1.10

Major Hypothesis :-

For the purpose of this study, the hypothesis formulation process is divided into two categories. The major hypothesis centres around the basic idea, can we apply modern management accounting techniques for improving financial performance of Non Profit Organization? From this angle the major hypothesis is framed as follows:

Statement of Hypothesis No. 1:
There is a dire necessity of improving the existing system of accounting in Non Profit Organization's.

Justification of Hypothesis :-

The present state of affairs of Non Profit Organizations is not well satisfactory. Most of the institutions are suffering

1.9 Lundenberg G.A. Social Research longman Green Co. 1942 London
1.10 1965 Cohen & Nagen - Research Methods in social relations Methuen.
(1.11)
due to want of funds. Their main problem is paucity of funds or irregular supply of funds. In order to manage the funds properly and to reduce their dependence on other agencies, it is necessary that these organizations should use more sophisticated system of accounting and thus improve their profitability.

The existing method of accounting has been in use for more than a century. During this period a good many numbers of changes occurred. Business organizations have shown swiftness in adopting new methods and accepting these changes. Hence they could always stand with time. Contrary to this there has been a great rigidity in the functioning of Non Profit Organizations. Due to this either most of the changes have gone unnoticed or they were accepted in competitive environment. Dynamisim is the test of survival hence from this angle the research has put forward the above hypothesis.

Statement of Hypothesis No. 2

Modern management techniques are applicable with equal efficiencies to Non Profit Organizations like business organizations.

Justification:

Earlier people often used to confuse profiteering with profit making. Profit is the basis of survival for every organization. Whether one terms it profit or not, surplus or excess of income over expenses, only decides the efficiency and quality of management. Hence the management of non profit organizations also can prove their ability by better utilisation of their resources.

Non Profit Organizations generally work with the help of funds supplied by people. Money is a very scarce resource which
these organizations must utilise carefully hence the management of non profit organizations also must utilise its finances efficiently and bring additional revenue for survival and development. The present scenario of functioning of Non Profit Organizations provides evidences that the funds are not been properly utilised or there is waste and under utilisation of funds which can be curbed by applying modern financial techniques.

**Secondary or Working Hypothesis:**

The major hypothesis laid down indicate that the existing system of funds management, resource allocation and accounting systems needs renovation. Taking this into account following secondary hypothesis are formulated.

1) Management accounting techniques are useful in proper pricing services offered by Non Profit Organizations especially educational institutions.

2) The gap between income and expenses are mainly due to improper balancing of revenue and outlays.

3) A revised and modified system of Accounting can help these institutions in reducing their dependence on outsiders especially the Government.

**UNIVERSE AND SAMPLE :-**

Amravati is a large and established educational centre of the state. It has a university and 30 colleges of different disciplines. There is a chain of Educational Institutions with more than 120 schools, as well as internationally acclaimed Hanuman Vyayam Prasarak Mandal. For the purpose of this study 13 educational societies are selected. These societies cover about (1.13)
70% of the institutions in the city and make a representative sample. Though apparently 13 educational societies appear to be a small sample but in reality number of schools and colleges belonging to these society is sizable. There are 355 number of schools and colleges affiliated to these societies. Thus the sample is representative and sufficiently large for the purpose of this research. A list of these societies is given here.

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Name of Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Shivaji Education Society</td>
</tr>
<tr>
<td>2.</td>
<td>Shri Hanuman Vyayam Prasarak Mandal</td>
</tr>
<tr>
<td>3.</td>
<td>Ganeshdas Rathi Chatralayas Samiti</td>
</tr>
<tr>
<td>4.</td>
<td>Gujrati Education Society</td>
</tr>
<tr>
<td>5.</td>
<td>Vidyabharti Shikshan Mandal</td>
</tr>
<tr>
<td>6.</td>
<td>Anjuman Gulshane Islam</td>
</tr>
<tr>
<td>7.</td>
<td>Indrapuri Sikshan Sanstha</td>
</tr>
<tr>
<td>8.</td>
<td>New Education Society</td>
</tr>
<tr>
<td>9.</td>
<td>Samartha Education Society</td>
</tr>
<tr>
<td>10.</td>
<td>Nootan Vidarbha Sikshan Mandal</td>
</tr>
<tr>
<td>11.</td>
<td>Mahatma Fule Sikshan Samiti</td>
</tr>
<tr>
<td>12.</td>
<td>National Association for Welfare of Physically Handicaped</td>
</tr>
<tr>
<td>13.</td>
<td>Friends Welfare Society</td>
</tr>
</tbody>
</table>

**METHODOLOGY :-**

For the purpose of this study, primary and secondary data was collected from different sources. Primary data consisted of varieties of sources having its origines in the financial documents of the institutions under study. Some data was also collected from circulating questionnaire and structured interviews.
schedules. A copy of such a questionnaire and interview schedule is given in the appendix. The interviews of office bearers of these instructions were conducted in order to collect such information which are not directly and readily available in the books. Further the plans of future expansion and views towards development were understood by undertaking such interviews.

Secondary information is a great source of supporting data. This was collected by a careful scrutiny and review of available literature, published data and journals. A flow chart, explaining variety of sources of data is shown here.

**INFORMATION**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>--- Questioners</td>
<td>--- Circulated to Account &amp; Administrative</td>
<td>--- Interview with</td>
</tr>
<tr>
<td>--- Primary</td>
<td>--- Original records &amp; Primary books of Accounts</td>
<td>--- Balance Sheets &amp; Audited Statements</td>
</tr>
<tr>
<td>--- Data Collection &amp; Information Sources</td>
<td>--- Text Books</td>
<td>--- Reference Materials</td>
</tr>
<tr>
<td>--- Secondary</td>
<td>--- Articles, published in journals.</td>
<td>---</td>
</tr>
</tbody>
</table>

Fig. No. 1

(1.15)
REVIEW OF AVAILABLE LITERATURE

The topic of financial administration in Non Profit Organizations especially in the context of educational institutions is very recent in India. There is hardly any literature available on this topic. Though the concept has gained important in the western world but in real life in India, it is still a conceptual & debatable issue. The Non Profit Organizations are yet to acquire a status where they will need managerial approach and a scientific technique of management.

It will be appropriate here to understand how the concept has been accepted in western world.

The term "institution", as different from "organisation", denotes some special characteristic. Blaise(1964) suggest three common elements in the concept of institutions:
  a) prescription of norms of behavior,
  b) their relative permanence independent of individuals,and
  c) their applicability to both a small group as well as to an entire society.

Blaise defines institutions as organisations which embody foster, and protect normative relationship and action patterns, and perform functions and services which are valued in the environment. According to Selznick (1957) an organisation is an expendable tool, whereas an institution is "a valued source of personal satisfaction". Esman (1967) defined an institution as "a change-inducing and change-protecting formal organisation".


(1.16)
In short, the main characteristics of an institution is its normative character and role— it is characterised by a mission, a set of values, and by its role in making impact on a smaller or a larger part of the society.

"Institution building" can then be seen as a process of developing institutions (organisation imbued with a mission to make an impact on the society) through special efforts to develop capabilities of the organisation to grow into "institutions".

Parlmutter (1965) has suggested conceptual schemes for the development of "social architecture" (which is similar to institutions building). The schemes are concerned with concept concerned with the following: objective-reaching process; relating the institute to its environment; creation of essential organisational structure; realisation of positive values; changes of feelings, anxieties and emotions; and general system models of organisations.

According to Lynton and Thomas (1979) the institution building (IB) framework can effectively deal with organisation environment transactions "which are more mutual and reciprocal". They have emphasised the need of attending to the effective management of its various linkage relationship by an organisation. They suggest that the IB framework can provide a chart system with a comprehensive checklist for discussion and periodic internal examination.

The term "institution building" has been popularised by the Inter-University Research Programme in Institution Building (IURPIS), started in the early sixties, the main purpose of which was to develop relevant concepts for technical assistance to developing countries.

Ganesh (1979) has proposed the following four processes of institution building:

A. Birth Processes
   1) Incubation
      a) Idea origination and nurturance
      b) Choice of institutional form
      c) Location
   2) Inception
      a) Choice of model
      b) Choice of early leadership
      c) Resource mobilisation
      d) Support mobilisation

B. Development Processes
   1) Culture Creation
      a) Recruitment
      b) Enculturation
      c) Decision making
      d) Structure
      e) Leadership style
   2) Boundary Management
      a) Identify building
      b) Maintenance
      c) Enlargement

C. Renewal Processes
   1) Change in leadership
   2) Regeneration
   3) Exit
   4) Voice
   5) Redefinition of mission
   6) Integration


(1.18)
D. Institutionalisation Processes

1) Relevance Building
   a) Research
   b) Dialogue

2) Impact
   a) Dissemination
   b) Transfer

Lynton and Pareek (1978) proposed a five-stage model of the development of training institutes (birth, identify, growth, maturity, and development). Using Brikson's concept, they further proposed that at each state of development in institute experience a crisis ("not in the sense of an emergency, but of a constellation of forces internal and external that insistently pose a dilemma"). The institute faces a dilemma, with alternatives which are easy and tempting, but which provide dysfunctional choices. The dilemma demands resolution, which consists in a search for a creative third alternative which helps in escaping the proverbial horns of the dilemma. The crises and the relevant dimensions proposed are given in Exhibit.

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(1.19)
## Crises in the Life of an Institution

<table>
<thead>
<tr>
<th>Crisis</th>
<th>Characteristic features</th>
<th>Dilemma</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Birth</td>
<td>A few individuals full of ideas and zeal. Frenzied activity. Attention oriented outward-power points, sister institutions, customers.</td>
<td>When should the institution be born and how large? Planning for every contingency or have a crash programme?</td>
<td>Strong continuing leadership.</td>
</tr>
<tr>
<td>2. Identity</td>
<td>a) Seeking identity</td>
<td>Search for main focus or foci. Conflict and uncertainty. Internal competition for attention.</td>
<td>Perfection of one thing or value on all comers?</td>
</tr>
<tr>
<td></td>
<td>b) Seeking acceptance</td>
<td>Search for relationship with existing systems. Inter-organisational jealousies. Attention outward.</td>
<td>Stress likeness and conformity or stress novelty and differences?</td>
</tr>
<tr>
<td></td>
<td>c) Seeking balance</td>
<td>One or two activities have made a quick start, threaten to dwarf or belittle others. Jealousies within.</td>
<td>Curb fast starters or let them run loose?</td>
</tr>
<tr>
<td>3. Growth</td>
<td>Great demands for services, mostly short-term. Temptation to take on too much load. Meeting demands increases demand.</td>
<td>Consolidate and develop slowly or expand in all promising directions?</td>
<td>Moratorium to re-examine objectives and priorities. Publicise long-ranges plans.</td>
</tr>
<tr>
<td>4. Maturity</td>
<td>Success revives inter-organisational jealousies, even threatens sponsors. Attacks on autonomy and independence.</td>
<td>Forego identity and submit or revolt and breakaway?</td>
<td>Develop inter-dependent relationship focussed on tasks</td>
</tr>
<tr>
<td>5. Development</td>
<td>Self-satisfaction. Temptation to rest on laurels. Reluctance to work out new ideas.</td>
<td>Fossilise or break up into progressive and conservative, young and old?</td>
<td>Check objectives against changing situation, rejuvenate institution, build in indices of relevance.</td>
</tr>
</tbody>
</table>
Institution building as a self-renewal process can be achieved through special efforts to improve process effectiveness of an institute, i.e., its capability to diagnose its problems, to develop collaborative mechanisms of searching alternative solutions, to try out a viable solution, and to evaluate the results and replan for further improvement. This can be done through special efforts, known as organisation development (OD). This book is primarily concerned with institution building as a self-renewing process although the development of the self-renewal capability of an organisation helps it to take the role of an institution (developing a mission and making impact on a large segment of the society).

According to Esman and Blaise (1966) institutions are "organisations which incorporate, foster and protect normative relationship and action patterns and perform functions and services which are valued in the environment." According to this definition, an institution is an organisation which is relatively indispensable and which is characterised by the following three features:

Its functions and services are related to the society's commonly agreed requirements as tested by its adaptability over time, to human needs and values.

Its internal structures embody and protect commonly held norms and values of the society to which it is related.

Its achievements over time include influencing the environment in positive ways, as for example, through the values


(1.21)
it creates and makes available to other institutions which are linked to it.

Exman's subsequent definition (Esman, 1967) is very brief. He defines an institution as "a change-inducing and change-protecting formal organisation". Hill et al. (1973) stress the institutional accomplishment related to objectives.

The process of institution building is characterised by the Inter-University Research Programme as an end-state of the transformation of an organisation to an institution. The concept indicates that "at least certain relationship and action patterns incorporated in the organisation are normative both within the organisation and for other social units, and that some support and complementarity in the environment have been attained". (Esman 1967) Hill et al. (1973) define institution building as "the process involved in deliberately forming a new institution or reforming an existing one". This is a simple and pragmatic definition useful for technical assistance.

Perlmutter (1965) has suggested conceptual schema for the development of social architecture (which is similar to institution building) as follows:

* Concepts concerned with the human dimensions of institution building;
* Concepts concerned with the objective-reaching process;
* Concepts relating the institution to its environment;
* Concepts relating to the creation of essential organisation structure;
* Concepts that concern the realisation of positive values;
* Concepts regarding changes of feelings, anxieties and emotions;
* Concepts relating to the general systems model of the organisation.


(1.22)
Management Models for the Future Institutions and Education:

Management is a tool to ensure effective operationalisation of plans for specified goals. The ultimate directions and goals are not within the purview of management. These have to be determined first. The shifts discussed above indicate the direction of movement of education in the future. Essentially, the movement will be from the elitist-orientation (selective quality education for a few in the society) to the "whole society" education (education to develop skills to solve problems collaboratively for all). Once this is agreed upon, the role of management will be to contribute to a fast and effective transition. Management will however, have to play an innovative role.

Management helps in the total process of achieving what one wants to achieve by planning (translating the general goals into operational goals), and taking action ensure coordination between motivation and commitment on the one hand and organisational goals on the other.

Management of education should ensure that; experiences and values are used as basic tools for planning; persons in the field are used as basic tools for planning; persons in the field are able to develop skills and capabilities to formulate and use control systems; decisions are promoted through a climate of trust and collaboration; problems are solved through goal oriented confrontation with understanding; and individual creativity and commitment are ensured in the group achievement. Traditional management with its theory and practice may not be able to play this role effectively, so new management processes may have to be developed.

(1.23)
The various dimensions of management will have different emphasis. The various changes required in moving from the position of the present to the position of the future are indicated in Exhibit which summarises changes in the various dimensions of management. These are briefly discussed here.

**Exhibit**

**Management Models of the Present and the Future Education**

<table>
<thead>
<tr>
<th>Dimensions Process</th>
<th>Elitist Education</th>
<th>Whole Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Strategy</td>
<td>Producing ideas and models for others (Consumerism)</td>
<td>For collective needs</td>
</tr>
<tr>
<td>Marketing</td>
<td>(Dissemination of) ideas and models</td>
<td>Experiences and values</td>
</tr>
<tr>
<td>Control systems</td>
<td>Specialist function</td>
<td>Function of the persons in the field</td>
</tr>
<tr>
<td>Differentiation</td>
<td>Through specialised and compartmentalised function</td>
<td>Interchange of roles and temporary specialised role taking</td>
</tr>
<tr>
<td>Integration</td>
<td>Through conceptual linkages</td>
<td>Productive work and experience</td>
</tr>
<tr>
<td>Linkages between</td>
<td>Through ideas and models</td>
<td>Work and specific problem contributing to theories and knowledge</td>
</tr>
<tr>
<td>Appraisal and reward system</td>
<td>Promoting individual capabilities</td>
<td>Collective pride and individual commitment and excellence</td>
</tr>
</tbody>
</table>

(1.24)
Production strategy:

In the elitist education, ideas and models are produced by a few individuals for the use of others. This, as already stated, is a position of consumerism. Education should stress the production of ideas and models by all people involved for their own collective use. This would mean a different strategy of education.

Marketing:

In the traditional education, there is much more emphasis on the dissemination of ideas and models. Models are prepared and books are written by experts and it is hoped that these are model books. New ideas are prepared in a central place by knowledge persons, and all these are disseminated to a larger mass of educational administrators and teachers. The education of the future will have a different marketing strategy. Instead of disseminating ideas and models, experience and basic values to be developed in society will be disseminated. This will be through the sharing of the experiences and commitment to the values by the people at various levels.

Control Systems:

In the traditional education, specialised functions are used to control the quality of education. Inspectors of schools or supervisors have an important control role. The headmaster plays that role in relation to his teachers, and the supervisor plays it in relation to the headmaster and a large hierarchy builds up thus. In the education of the future, the control will be through the function of the persons in the field. Instead of
separate control roles, control will be built into each role, and much more reliance will be put on self-regulation and self-control. Control systems will certainly operate. But the control systems depend on the philosophy of control. With this change in philosophy, the control system will also change.

**Differentiation:**

Differentiation is the process of attending to functions which emerge as major functions and which demand enough attention. In the traditional organisation, differentiation results in specialised and compartmentalised functions. The problem of compartmentalisation is solved through integration. This happens in the field of education when even an introduction of change becomes a specialised function, and someone is given the responsibility of attending to this important function. This results in divorce between theory and practice, between ideas and their implementation. The differentiation process in the education of the future will be able to go from one specialised role to another. These roles may be taken temporarily. However, they do not continue in those roles for long. Such an integration and interchange of roles will be much too functional for the values indicated in this paper.

**Integration:**

As stated above, differentiation poses the problem of the integration of some functions. In traditional education, this is achieved through conceptual linkages. Various functions are related to each other through an intellectual understanding. However, integration cannot take place effectively unless it is done through work itself. By working together and generating
experience in a collaborative framework, integration is much more effective.

**Linkages between Expertise and Field Work:**

There is always a problem in an organisation to build linkages between the central office where specialised knowledge of various forms resides, and the field units. The linkages are made through ideas and models. As already stated, the supervisor, for example, bridges the gap by suggestions and ideas. He hopefully brings back the experience of the field to feed into the head office for building new models. The same thing happens between research and practice. If work is the most important entity, the specific problems on which collaborative work is to be done by people from various roles and various levels build these linkages and they contribute to the development of theory and knowledge.

**Appraisal and Reward System:**

Traditional educational rewards and promotes individual capabilities. The best appraisal system available would do this excellently. However, if emphasis has to be on the development of collaboration rather than on competition, the appraisal and reward system should promote the achievement of superordinate goals and individual commitment to both collective and individual goals. The appraisal and reward system should certainly promote excellence, not in isolation but in the context of collaboration.

Udai Pareek has tried to analyze whole exercise of Educational Institution Building from managerial point of view. According to him there are basic proposition which are useful for
success of these organizations. These propositions are detailed out here.

1) If the goals of an institution are perceived as important for the society, and those are seen as challenging and further, if these are shared among the members of the institution, the process of institution building will be smooth.

2) If the goals are accepted widely amongst the members of the institution and these are fairly focussed, the institution has good chances of success.

3) If an institute identifies key, committed people in the beginning before identifying the specific programmes or fields of action, it has a better chance of development.

4) If enough trust is not put in people working in an institution, and they are not given enough autonomy to work, institution building will suffer.

5) If enough attention is paid to the process in the beginning of the institution's life, less attention will be needed to it later, and enough time will be available to work on the substantive aspect of the institutional work; on the other hand, if very little attention is given to the process in the early life of the institute, more time will be wasted in process matters.

6) The matrix form of organisation is most suitable for institution building.

7) An institution which establishes the necessary mechanisms to foster and stabilise the tradition and culture has more chances of making more impact on other institutions.
8) An institution which builds linkages with its major client systems has more chances of healthy growth.

9) Sharing of common experience and developing some homogeneity of thinking by the various members of an institute in its early life would help in the institution building process.

10) Mechanisms of establishing a balance between the autonomy of individual members and their collaboration for common goals help in the institution building process.

11) A delicate balance between the autonomy of the institute and its strong linkages with and support from outside may help in the institution building process.

12) The process of self-renewal throughout the life of the institution ensures institution building.

13) If the leader is able to devote his full attention and time for the institute, he will be able to contribute the maximum to its development.

14) A non-competitive leader helps in the process of institution building.

15) The leader who respects the roles of members of the institute and provides autonomy to them to function contributes to an effective institution building process.

16) Institution building is facilitated if the leader of an institute establishes linkages and attends to the external affairs of the institute.

17) A leader who is prepared to change and learn contributes a great deal to the institution building processes.

18) The most crucial test of institution building is to what extent a leader is able to dispossess the institute which he has been able to build up.

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The entire study of Udai Pareek 1.21 deals with management of Educational Institutions from Institutional development point of view. However very little information is available regarding management of finance.

Peter Drucker 1.22 in his classic "Managing the Non Profit Organisation - Principles and Practice" also stress on how the resource should be utilised by such organisations. How they can create more customers and what value should be inculcated to be in society for a long period.

Philip Kotler 1.23 in his "Marketing Management in Non Profit Organisations" stresses on customer creation and appropriate positioning of services. In his book also little attention is given to financial aspect.

The survey of research in commerce edited by Dr. M. Saeed given an anthology of doctoral works completed in Indian Universities. In this seven volume book also researcher could not get any topic directly linked with theme of the research.

The survey of various books have offered little information directly linked with subject under study. The thesis of Dr. Patangrao Kadam Titled as "Management of Educational Institution" also reveals little information on the topic under study. The researcher has referred to the library of Administrative staff college of India, Hyderabad which also has no direct references on the subject.

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