

COURSE GUIDE

LIS 328 FINANCIAL MANAGEMENT IN LIBRARY AND INFORMATION SERVICES

Course Team Dr. Ajie, Ifeoma Abigail (Course Writer) - NOUN
 Prof. Victor, N. Nwanchukwu (Content Editor) -
 UNN
 Dr. Lovette, O. Ekueme (Course Coordinator) -
 NOUN
 Mr. Awe, O. Joseph (Copy Editor) - NOUN



NATIONAL OPEN UNIVERSITY OF NIGERIA

© 2021 by NOUN Press
National Open University of Nigeria
Headquarters
University Village
Plot 91, Cadastral Zone, Nnamdi
Azikwe Expressway Jabi, Abuja

Lagos Office
14/16 Ahmadu Bello Way
Victoria Island, Lagos

e-mail: centralinfo@nou.edu.ng
URL: www.nou.edu.ng

All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

Printed 2021

ISBN: 978-978-058-282-1

CONTENTS	PAGE
Introduction	iv
What you will Learn in this Course	iv
Intended Learning Outcomes (ILOS)	v
Working Through this Course	v
Study Units	vi
Presentation Schedule	vii
Assessment	vii
Final Examination and Grading	vii
Course Marking Scheme	viii
How to get the most from the Course	viii
Facilitation	x
Contents	xi

INTRODUCTION

Welcome to **LIS 328: Financial Management in Library and Information Services**. This is a two-credit unit course which is an elective course for all the undergraduate students in the department. It is designed to enable you to explore and apply strategies involve in financial management in information services. The course examined the definition, concepts and essence of financial management in public and private organisations; sourcing, funding and financing library and information centres; library budget and budgeting; and library incomes and expenditure; risk management in libraries and information centres. This will facilitate an excellent successful academic journey and enhance your personal development and social status in the community.

The course guide tells you briefly what to expect from reading the accompanying study material. It provides you with information on how to make the best use of the materials so that you can achieve good success. Make sure you read it carefully and pay attention to the instructions and suggestions.

WHAT YOU WILL LEARN IN THIS COURSE

This course, LIS 328, titled Financial Management in Library and Information Services, has been specifically designed to help you understand the importance of financial management in library and information science. In this regard, the course will highlight the importance of business information systems and services.

Also, you will learn about the following:

- concept of finance
- concept of management
- modern management techniques
- goals of financial management
- challenges in management
- explain financial management and its scope
- definition of the principles and rules and rules guiding financial management
- definition of public organisation
- financial management in public organisation
- definition of private organisation
- financial management in private organisation
- concept of library
- how to identify types of libraries and their functions
- definition of budget

- the two major purposes of budget
- explain the three classifications of budget
- definition of funding
- identify the different sources of funding
- importance of library budget
- challenges of library budget
- definition of risk
- identification of risk classified according to their consequences
- common risks that affect library and information centres
- effects of risks in library and information science
- techniques to avert risks in library and information science
- techniques to avert risk in library and information science
- concept of enterprise risk management
- enterprise risk management framework
- advantages of enterprise risk management
- disadvantages of enterprise risk management
- factors that affect enterprise risk management.

INTENDED LEARNING OUTCOMES (ILOs)

By the end of this course, you should be able to discuss any topic in the area of financial management in library services. Specifically, you will be able to:

- define the concept of financial management in library and information science
- recognise the essence of financial management in public and private organisations
- sources of funds in library and information science
- identify types of library budget and budgeting
- enumerate the different sources of funding libraries
- determine library income and expenditure
- identify risks generally, and risks in library and information science
- discuss the concept of risk management and enterprise risk management.

WORKING THROUGH THIS COURSE

To successfully complete this course, you are required to participate in both the theoretical and practical parts of the course. You are also to read the study units, listen to the audios and videos, do all assessments, examine the links and read, participate in discussion forums; read the recommended books and other materials provided, prepare your portfolios, and participate in the online facilitation.

Each study unit has an introduction, intended learning outcomes, the main content, summary conclusion, and references/further readings. The introduction opens the door to each unit and gives a glimpse of the expectations in the study unit. Read and note the intended learning outcomes (ILOs) which outlines what you should be able to do at the completion of each study unit. This will help you evaluate your learning at the end of each unit to ensure you have achieved the designed objectives (outcomes). To achieve the intended learning outcomes, the content of each section is presented in modules and units with videos and links to other sources to enhance your study. Click on the links as may be directed but where you are reading the text offline, you may have to copy and paste the link address into a browser. You can download the audios and videos to view offline. You can also print or download the texts and save them on your computer or external drive. The unit summaries provide a recapitulation of the essential points in the unit. It's an indispensable brief that garnishes your journey through the unit. The conclusion brings you to the climax of the study and what you should be taking away from the unit.

There are two main forms of assessments – the formative and the summative. The formative assessments will help you monitor your learning. This is presented as in-text questions, discussion forums and Self-Assessment Exercises. The summative assessments would be used by the university to evaluate your academic performance. This will be given as a Computer-Based Test (CBT) which serves as continuous assessment and final examinations. A minimum of three computer-based tests will be given with only one final examination at the end of the semester. You are required to take all the computer-based tests and the final examination.

STUDY UNITS

There are 11 study units in this course divided into four modules. The modules and units are presented as follows:

Modules 1 Concepts and Essence of Financial Management in Libraries

Unit 1	Concept of Finance and Concept of Management
Unit 2	Financial Management in Libraries, Principles or Rules Guiding Financial Management
Unit 3	Financial Management in Public and Private Organisations
Unit 4	Financial Management in Libraries and Information Science

Module 2 Library Funding and Expenditure

- Unit 1 Concept of Libraries and Types of Libraries
- Unit 2 Budget and Budgeting
- Unit 3 Sources of Funding Libraries
- Unit 4 Challenges Associated with Sourcing of Funds for Libraries

Module 3 Risk Management in Libraries

- Unit 1 Risk Management in Library and Information Science
- Unit 2 Risks in Library and Information Science
- Unit 3 Risk Enterprise Management

PRESENTATION SCHEDULE

The presentation schedule gives you the important dates for the completion of your computer-based tests, participation in forum discussions and facilitation. Remember, you are to submit all your assignments at the appropriate time. You should guard against delays and plagiarisms in your work. Plagiarism is a criminal offence in academics and it attracts a heavy penalty.

ASSESSMENT

There are two main forms of assessment in this course that will be scored. First is the set of Tutor-Marked Assignment (TMAs). You are advised to be sincere in attending to the exercises. The second is TMA. This is the continuous assessment component which is graded. It accounts for 30% of the total scores. You are advised to take this with all seriousness because it will assist you to pass the course. The TMAs will be given in accordance with the University calendar. Endeavour to strictly adhere to the slated calendar

FINAL EXAMINATION AND GRADING

At the end of the course, you are required to take an examination which will last for a 2-hour duration. It has a value of 70% of the total course grade. The examination will consist of questions that will reflect the type of self-assessment, practice exercises carefully.

Try to use the time between finishing the last unit and sitting for the examination to revise the entire course. You may find it useful to review your Tutor-Marked Assignment or activities before the examination.

COURSE MARKING SCHEME

The following table lays out how the actual course marking is done

Assessment	30% (Undergraduate) 40% (Postgraduate)
Final Examination	70% (Undergraduate) 60% (Postgraduate)
Total	100% of Course work

HOW TO GET THE MOST FROM THE COURSE

In Open and Distance Learning (ODL), the study units replace the university lecture. This is one of the advantages of ODL. You can read and work through specially designed study materials at your own pace and at a time and place that is convenient for you. Just as a lecturer may give you classroom exercises, your study units provide exercises for you to do at a particular point in time.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the study unit and how a specific study unit is integrated with the other study and the course as a whole. Following the introduction is the intended learning outcomes which help you to know what you should be able to do by the time you have completed the study unit. When you are through studying the unit, you should endeavour to go back and check if you have achieved the stated learning outcomes. If you consistently do this, you will improve your chances of passing the course. The main content of the study unit guides you through the required reading from recommended sources.

Tutor-Marked Assignment (TMAs) are found at the end of every study unit. Working through these SAEs will help you to achieve the objectives of the study units and prepare you for the examination.

You should do every SAE as you come to it in the study units. There will also be examples given in the study units. Work through these when you come to them too.

The following is a practical strategy for working through the course. If you encounter any problem, telephone your tutor immediately. Remember, that your tutor's job is to help you. When you need help, do not hesitate to call and ask your tutor to provide it.

1. The main body of the unit guides you through the required reading and directs you to other sources if any.

2. Your first assignment in this course is to read this course guide thoroughly.
3. Organise a study schedule: Refer to the course overview for more details. You should note that it is expected of you to devote at least 2 hours per week to studying this course. Note important information such as details of your tutorials, dates for submission of TMAs, exams etc. and write it down in your diary.
4. Once you have created your own study schedule, do everything to stay faithful to it. The major reason that students fail is that they get behind with their coursework. If you get into difficulties with your schedule, please let your tutor know before it is too late to help.
5. Turn to Unit 1, and read the introduction and the objectives for unit 1.
6. Assemble the study materials. You will need your references and the unit you are studying at any point in time.
7. As you work through the unit, you will know the sources to consult for further readings.
8. Visit your study centre whenever you need up to date information
9. Well before the relevant due dates (about 4 weeks before the due dates), visit your study centre for your next required assignment. Keep in mind that you will learn a lot by doing the assignment carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the examination. Submit all assignments not later than the due date.
10. Review the objectives for each study unit to confirm that you have achieved them. If you feel unsure about any of the objectives, review the study materials or consult your tutor. When you are confident that you have achieved a unit's objectives, you can start on the next unit. Proceed unit by unit through the course and try to space your study so that you can keep yourself on schedule.
11. When you have submitted an assignment to your tutor for marking, do not wait for its return before starting on the next unit. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also the written comments on the ordinary assignments.

12. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in the Course Guide).

FACILITATION

You will receive online facilitation. The facilitation is learner-centred. The mode of facilitation shall be asynchronous and synchronous. For the asynchronous facilitation, your facilitator will:

- Present the theme for the week;
- Direct and summarise forum discussions;
- Coordinate activities in the platform;
- Score and grade activities when needed;
- Upload scores into the university recommended platform;
- Support and help you to learn. In this regard personal mails may be sent;
- Send videos, audio lectures and podcasts to you.

For the synchronous:

- There will be eight hours of online real-time contacts in the course. This will be through video conferencing in the Learning Management System. The eight hours shall be of one-hour contact for eight times.
- At the end of each one-hour video conferencing, the video will be uploaded for viewing at your pace.
- The facilitator will concentrate on the main themes that are must know in the course.
- The facilitator is to present the online real-time video facilitation timetable at the beginning of the course.
- The facilitator will take you through the course guide in the first lecture at the start date of the facilitation

Do not hesitate to contact your facilitator. Contact your facilitator if you:

- do not understand any part of the study units or the assignments.
- have difficulty with the self-assessment exercises.
- have any questions or problems with an assignment or with your tutor's comments on an assignment.

Also, use the contact provided for technical support.

Read all the comments and notes of your facilitator especially on your assignments; participate in the forums and discussions. This gives you the opportunity to socialise with others in the programme. You can discuss any problem encountered during your study. To gain the maximum benefit from course facilitation, prepare a list of questions before the discussion session. You will learn a lot from participating actively in the discussions.

Finally, respond to the questionnaire. This will help the university to know your areas of challenges and how to improve on them for the review of the course materials and lectures.

Good luck.

**MAIN
COURSE**

CONTENTS		PAGE
Module 1	Concepts and Essence of Financial Management in Libraries	1
Unit 1	Concept of Finance and Concept of Management	1
Unit 2	Financial Management in Libraries, Principles or Rules Guiding Financial Management	20
Unit 3	Financial Management in Public and Private Organisations	32
Unit 4	Financial Management in Libraries and Information Science	
Module 2	Library Funding and Expenditure	39
Unit 1	Concept of Libraries and Types of Libraries ...	39
Unit 2	Budget and Budgeting	49
Unit 3	Sources of Funding Libraries	59
Unit 4	Challenges Associated with Sourcing of Funds for Libraries	64
Module 3	Risk Management in Libraries	71
Unit 1	Risk Management in Library and Information Science	71
Unit 2	Risks in Library and Information Science	81
Unit 3	Risk Enterprise Management	93

MODULE 3 RISK MANAGEMENT IN LIBRARIES

Unit 1	Risk Management in Library and Information Science
Unit 2	Risks in Library and Information Science
Unit 3	Risk Enterprise Management

UNIT 1 RISK MANAGEMENT IN LIBRARY AND INFORMATION SCIENCE

CONTENTS

1.0	Introduction
2.0	Intended Learning Outcomes (ILOs)
3.0	Main Content
	3.1 Definition of Risk
	3.2 Risks Classified According to Their Consequences
	3.3 Concept of Risk Management
4.0	Summary
5.0	Conclusion
6.0	Tutor-Marked Assignment
7.0	Reference/Further Reading

1.0 INTRODUCTION

Libraries and information centres around the world are exposed to risk one way or another ranging from environmental conditions to human-driven hazards. Most times librarians are not trained in risk management and they have had to rely on others to fight their battles in case a disaster happens. In any library or information centre, it is pertinent to identify hazards that may likely occur and then assess the risks that may be as a result of those hazards. Some risks are high while others are mild.

2.0 INTENDED LEARNING OUTCOMES (ILOs)

By the end of this unit, you should be able to:

- define risk
- discuss the approaches involved in risk management
- explain the classification of risks according to their consequences
- identify the type of risks that can occur in the library.

3.0 MAIN CONTENT

3.1 Definition of Risk

Risk is the occurrence of an unfavourable or undesired event that sets organisations or libraries backwards and causes a lot of damage. These occurrences are most times unexpected and harmful. Risk is not just limited to libraries or organisations; it involves humans as well in one way or another. Every library faces the risk of the unexpected which includes harmful events that can cause serious damage.



Fig. 27: Image of Risk

Source - <https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcS0WgZRqkbjS7xkFmbeihHQGUjaB9YsWQPAmA&usqp=CAU>

In defining risk, critical decisions are made on all levels because risk is not limited to the managerial level or supervisory level. Risks mean different things to different people but it still boils down to uncertainty. According to MacCrimmon, Wehrung and Stanbury (1988) risk is defined in three components namely; the magnitude of loss, probability of loss and exposure to loss.

- **Magnitude of loss**

Magnitude means something that is huge or large in size. The magnitude of loss means the size of the loss which may or may not be in monetary terms. In this instance magnitude of loss is the extent of loss that may be incurred. The size of the loss may vary from magnitude to magnitude. The magnitude of loss may be in productivity, resources, and finance. Risk is measured by the magnitude of damage or in other words loss.

- **Probability of loss**

Probability of loss refers to the chances of loss i.e., there may be a loss and there may not be any loss. It has to be one of the two. The probability of losses is usually objective or subjective. Subjective probability is someone's opinion or feeling that a loss may occur based on past experience and what the person thinks from his/her own point of view. Here there is no formal calculation or report to show like data analysis, rather it is an opinion based on past experience. Subjective probability of loss varies from one individual to another.

On the other hand, objective probability of loss is based on facts, figures, analysis, charts, patterns and any documented evidence that can point to that direction of loss. Here human feelings or hunch are totally absent.

- **Exposure to loss**

Exposure to loss means a situation that creates an atmosphere for a loss to occur whether or not the loss occurs. The loss may occur and it may not occur, but the bottom line here is, the atmosphere was created for it to occur. For example, using floor tiles that are very slippery is a pure exposure to risk because people would trip and fall once in a while. The exposure is out there and there are no two ways about it except the floor tiles are changed to the ones that don't make people trip over and fall.

Risk involves two main things namely:

1. **The probability of the occurrence of the risk**
The probability of the occurrence of the risk is usually fifty / fifty i.e., it may occur and it may not occur.
2. **The impact of the occurring risk**
The impact of the risk is usually fatal, minor, individual or societal.
 - a. **Fatal risk**
Fatal risk is a risk that is capable of causing death. Most times risk is fatal because it was assumed that the risks were not important at all and was not taken as a priority when in actual fact it is a high risk to the organization. A fatal risk is usually disastrous to man and resources. It is a risk that if it occurs the worst-case scenario is the possible outcome so it is best avoided.
 - b. **Minor risk**
Minor risk is a type of risk whereby the risk is minimal. That is the risk impact is not huge. Not that it is not a risk

but that it is not as damaging as a fatal risk. Minor risk can be overlooked most times unless it is properly looked into. A minor risk does not cost the organisation or library much to get fixed.

c. Individual risk

Individual risk is the risk that specific persons are exposed to. Not everyone in the organization would be exposed to this type of risk, only those in sensitive areas would be exposed to this risk. Individual risk is also known as personal risk. Individual risks occur when one puts himself or herself out there when there is a preventive measure that could have been taken. For example, if there is a riot and bullets are flying all over, that is not the right time for one to move around. Anyone who moves around is causing an individual risk to oneself.

d. Societal risk

Societal risk just like the name implies is a risk that can affect a huge number of people, probably a community. This risk is different from individual risk. A social risk usually involves a generally negative perception about something which may be political or socioeconomic. When the majority of the populace has a negative perception of something, it is regarded as a societal risk. A good example is the first and second waves of Covid. Anyone without a mask on is a societal risk or any large gathering in an enclosed place is regarded as a societal risk.

3.1.1 Attitudes of Risk

The attitude of risk simply means how a person interprets risk in his/her mind. Some persons may take it that risk should not be toyed with or ignored while other persons may take it that risk is part of life. There are different attitudes people display concerning risks. Baranof (2001), explained that there are three attitudes that people display when there is an uncertainty of risk. They include; Risk-averse, risk seeker and risk-neutral.

a. Risk-averse

A risk-averse person is one who shy's away from risk and prefers to have as much security and certainty as is reasonably affordable so that his level of discomfort can be reduced to the barest minimum. A risk-averse person/s is willing to pay for extra so that an unpleasant will be removed from their lives. A very good example is this is one who invests in a stock market that has been

on the increase for years. The person believes that it is tested and trusted.

b. Risk seeker

A risk seeker is one who doesn't mind engaging in an endeavour as long as it seems like there is a positive long-term return. A risk seeker refuses to see what could go wrong as long as he/she has seen what could go right. An example is gambling, a risk seeker has seen all the possibilities that he/she could win and so engages in it.

c. Risk neutral

Risk neutral on the other hand is a kind of risk that rests between a risk seeker and a risk-averse person. A risk-neutral person will neither engage in risky behaviour nor will he pay extra to have the risk averted. In other words, they will not gamble and they will not buy shares at the stock market. They are just in between, taking life easy, not afraid of anything and not engaging in any dangerous thing.

3.2 Risks Classified According to Their Consequences

a. Peculiar Risks

Peculiar risks are personal risks that take place due to the decisions and actions of a man. The causes of peculiar risks, as well as the effects, are personal as well as the causes. Peculiar risks originate from individual actions and individual decisions and they are insurable. For example, the decision to build a house, own a car or be educated.

b. Fundamental Risk

Fundamental risk is a risk that is beyond the control of an individual. This risk affects the society in general or a section of the society or group of people rather than individuals. Examples involve earthquakes, typhoons, cultural change, windstorms and political instability.

c. Pure Risk

Pure risks are risks that the outcome is usually fatal and causes a lot of harm either physically or emotionally. Pure risks are known for losses and these are the losses that insurance companies offer protection which includes fire, theft, death and disability.

d. Speculative Risk

As the name implies, the speculative risk is a risk whereby there is a chance of loss or possibility of gain or break even. Speculative risk does not involve a total loss but rather it involves a fifty-fifty chance whereby the risks are not insurable. Examples of such risks are stock exchange transactions, investments, import and export trade.

3.3 Concept of Risk Management

Risk management involves all activities which are assessing risk, developing risk and managing the risk. This is an intentional attempt to prepare for the unexpected that may be fatal to the library. Risk management in library and information centres take precautionary measures to avoid damages that may occur as a result of mishaps. Risk management encompasses some tasks whereby activities are directed at accommodating the possibility of setback or damage.

The Business Dictionary 2015, defined Risk management as the identification, assessment, analysis, control, minimisation, avoidance and elimination of acceptable risks. An organization may use risk assumption, risk retention, risk transfer or any other strategy or combination of strategies in the proper management of future events.

Another name for risk management that is widely used is known as Disaster Plan.



Fig. 28: Image of Risk Management

Source

<https://i.pinimg.com/originals/9c/55/b8/9c55b82aba12d776eb589511ed917ab1.png>

The risk management process is a full cycle which begins with identifying risks, risk assessment & analysis, plan action, implementation and ends with measure, control and monitor.

Rodrigues-da-Silva, L. H., & Crispim, J. A. (2014) outlined the following processes involved in risk management which includes: -

A. Risk Identification

Risk identification as the name implies that there should be a vigorous search for possible causes of losses in the library. These causes should be identified and itemized. Libraries, as well as information centres, should identify areas that are prone to risk, they should identify possible causes and finally, identify the resulting damage to property and personal injury.

B. Risk assessment

Risk evaluation is also known as risk assessment and it involves measuring and assessing the risk according to the value and the likelihood. Here, accurate past records are required in order to make a firm and informed decision.

Some of the factors to consider from past records includes:

- i. The number of possible losses each year
- ii. The possible size of each loss
- iii. The value of assets at risk

These figures help to assess what has been going on and what is likely to occur. Attention will be given to the areas where the risk is high so that it can be reduced. Risk assessment cuts across all organizations including the library and information centres.

C. Risk plan/action

The third stage is the risk plan or action stage which involves exercising one's judgment having identified and assessed. Here, a plan that would reduce or probably eliminate the risk would be well thought out and planned. The possibilities in risk plan/action involves:

i. Risk transfer

Risk transfer involves transferring the risk to another party. The library can engage the services of an insurance company to bear the loss. Some of the insurance companies that take up risks for organisations in Nigeria are Lead Way Assurance and Axa mansard. For libraries to be on the safer side, it is best to insure the library resources and avoid any additional expenses. If the library is exposed to a fire outbreak, the library management can rest assured that all the bills would be taken care of insurance company.

ii. Risk-retention

Risk-retention is whereby the organisation/library keeps money aside in case of any loss or damage. They go ahead with a process knowing fully well that there is a risk involved but here, the library feels the process is beneficial to the library. This is like saving for the rainy day and the rain actually falls.

iii. Risk reduction

Risk reduction like the name implies involves reducing the risk so that if the worst happens, the risk has already been minimised. Here, instead of following a pattern that usually ends up in huge risk, the organisation decides to follow another pattern so as to reduce the risk or probably eliminate it as the case may be. For example, if the floor in a library is tiled and people are always falling, a different types of tiles can be suggested so that both users and staff can be safe.

iv. Risk avoidance

Risk avoidance is a smart thing to do in organizations such as libraries which involve completely eliminating the risk using the risk avoidance strategy that is designed to defect as many threats as possible in order to avoid an expensive and disruptive consequence. This involves changing location, changing procedures and material equipment and giving up activity that gives rise to risk. This is an outright safety measure where they do not leave any stone unturned. The risk is completely avoided and so it does not rise up.

D. Risk Implementation

Risk implementation is whereby the risk has passed through risk identification, assessment, plan/ action and it is time to actually carry out the well thought out plan. This is where the organisation spends money to carry out its plan. Adjustments are made here and new rules are also set for everyone to follow.

E. Risk measure/ control and monitor

Risk measure/ control and monitor is the process of measuring the plan with the implementation. this way the organisation would be able to know whether they are making progress in curbing and eliminating the risk or not. The team in charge needs to go back to the drawing board to check whether they are on track and if all areas planned for were implemented.

4.0 CONCLUSION

In conclusion, Risk is a fifty-fifty kind of thing in the sense that events may go either way so it is good to prepare for them. Risk management is essential in any library or information centre so as to avoid total or partial loss. It involves the probability of the occurrence and the impact of the occurrence. Approaches that can be adopted to cushion the effect of risks includes identification of the risk, assessment of the risk and risk control. If these approaches are followed systematically.

5.0 SUMMARY

In summary, Risk involves the occurrence of an unwanted or undesired event that sets the library backwards. Risk can be individual or societal in the sense that the loss/damage may not exceed the human and in some instances, it may extend in the case of flood, fire, electrical and natural disasters.

Risk can be classified according to their consequences namely:

Peculiar

Fundamental

Pure

Speculative

Risk Management helps to avoid a total loss by the risk management process which consists: Risk identification, Risk assessment, Risk plan/ action, Risk implementation, Risk measure/ Control / Monitor.

6.0 TUTOR-MARKED ASSESSMENT

- 1) What is risk management?
- 2) What are the approaches involved in risk management?
- 3) Explain the classification of risks according to their consequences.
- 4) What are the type of risks that can occur in the library?

7.0 REFERENCES/FURTHER READING

Aven, T., & Renn, O. (2010). "Risk Management." In: *Risk Management and Governance* 121-158. Springer, Berlin, Heidelberg.
https://link.springer.com/chapter/10.1007/978-3-642-13926-0_8

Baranoff, E. (2001). "The Risk Balls Game: Transforming Risk and Insurance into Tangible Concept." *Risk Management & Insurance Review* 4(2), 51–59.
<https://onlinelibrary.wiley.com/doi/abs/10.1111/1098-1616.00005>

Cole, B. (n.d). <https://searchcompliance.techtarget.com/definition/risk-management/>

Dionne, G. (2013). "Risk Management: History, definition and critique." <https://depot.erudit.org/bitstream/003796dd/1/CIRPEE13-02.pdf>

Glendon, A. I., Clarke, S., & McKenna, E. (2016). *Human Safety and Risk Management*. CRC Press

Natarajan, M. (2005). Risk management: Its implication for library and information centres.
<https://ir.inflibnet.ac.in/bitstream/1944/1412/1/52.pdf>

MacCrimmon, K. R., Wehrung, D., & Stanbury, W. T. (1988). *Taking risks*. Simon and Schuster.
<https://www.simonandschuster.com/books/Taking-Risks/Donald-Wehrung/9780029195635>

Rodrigues-da-Silva, L. H., & Crispim, J. A. (2014). The project risk management process, a preliminary study. *Procedia Technology*, 16, 943-949.
<https://core.ac.uk/download/pdf/82632137.pdf>

Saunders, A. (2014). *Financial Institutions Management*. Macmillan Press.

UNIT 2 RISK IN LIBRARY AND INFORMATION CENTRES

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes (ILOs)
- 3.0 Main Content
 - 3.1 Most Common Risks That Affect Library and Information Centres
 - 3.2 Effects of Risks on Library and Information Science
 - 3.3 Techniques to Avert Risks in Library and Information Science
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Library and information centres are not left out when it comes to risks. They have their fair share of risks as well. It is important to note that libraries function like every other organization that is public or private. They have their own fair share of risk.

2.0 INTENDED LEARNING OUTCOMES (ILOs)

By the end of this unit, you should be able to:

- discuss common risks that affect library and information centres
- explain the effects of risks in library and information science
- examine techniques to avert risks in library and information science.

3.0 MAIN CONTENT

3.1 Most Common Risks That Affects Library and Information Centres

Risk in the library or information centre is a situation whereby potential hazards can occur. It is normal to think that in case of any risk, firefighters can be called, ambulances can be called from hospitals and other consultants but it is pertinent to note that in library and information centres, negative events such as fire, flooding, bad weather and other criminal activities can occur at any time. According to Robertson, G.

(2014), there are various risks that affects library and information science and they include:-



Fig. 29: Image of risks in Library and Information Centres

Source: https://www.google.com/url?sa=i&url=https%3A%2F%2Fnewdentistblog.ada.org%2Fmanaging-professional-risks-preparing-for-natural-man-made-disasters%2F&psig=AOvVaw2Y_kphiV5qQL2rsYEDxx2Q&ust=1621187871861000&source=images&cd=vfe&ved=0CAIQjRxqFwoTCIje7OShzPACFQAAAAAdAAAAABAD

1. Natural Risks

Natural risks are caused by nature, they are not man-made in any way. They are also known as physical forces. Some countries are named after natural disasters such as “California which means earthquakes”, Florida which means hurricanes. Due to the natural disasters in those areas, the places were named after them. Some most common natural disasters are:

a. Fire, smoke and fumes

Any library situated near forest or wooden areas where there is a fire burning can be prone to being a partaker of that fire disaster. Electrical faults in the library can also cause fire outbreaks. Smokes and fumes from within or outside the library can cause risk to the equipment and resources in the library.

b. Severe weather

Any weather that is too much to the extreme in its season is known as severe weather. this severe weather can cause risk to the library resources. Too many thunderstorms can cause electrical problems in the library which eventually leads to a fire outbreak. Too much rain can cause water to find its way into the library and flood the

place. Too much wind can remove the roof top of the library building thereby exposing the entire library to risk unless the library management moves fast.

c. Flooding

Risk caused by water or roof leakage results in flooding the library. Any library situated close to any river, lake or body of water is at risk of flooding. An open window or leaking roof that is unattended during the rainy season can cause flooding of the library as well. A plumbing issue can also cause flooding in the library. All these potential risks need to be identified and nipped in the bud to avoid disasters.

d. Earthquakes

Earthquakes are one of the most frightening natural disasters. They occur anywhere in the world and at any time but target areas are known as the seismic regions which include countries like China, Canada, Mexico, the USA and Chile. Library buildings in such areas are not left out of this risk. The very few ones that can withstand an earthquake are one with big building structures and very heavy furniture inside the libraries.

e. Tsunamis

Tsunamis are earthquake-generated sea waves that move at high speed which destroys coastal areas and close communities to them. Tsunamis can wipe out an entire library or a huge part of it thereby setting the academic library backwards. Tsunamis are common in places close to the sea. It is not common in Africa at all. Their damage can be very overwhelming. People will have to vacate their houses and live in shelters provided by the government. If a library is in between those houses, they cannot open for business because everything would have been damaged. As necessary as water is, it can be dangerous to buildings and properties.

f. Landslides and avalanches

This is a natural phenomenon that occurs in mountain areas and areas with natural slopes. A library located on a hillside is very prone to such risks. There are different kinds of landslides such as rockslides, landslips, mudslides and debris torrents. These events could cut off libraries and their communities from neighbouring areas and disrupt routines and activities.

g. Pests

Some insects and other kinds of wildlife can become pests in and around the library and gradually destroy the resources in the library. Some common ones are cockroaches, bedbugs including

rodents such as rats and mice. Where ever these pests are found in the library, the sanitation is quite poor. These pests infest, multiply rapidly and damage library materials.

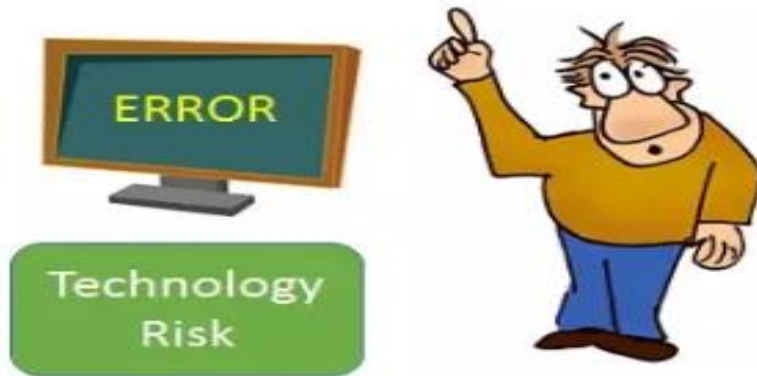


Fig. 30: Image of Technology Risk

Source: https://www.google.com/url?sa=i&url=https%3A%2F%2Fwww.fincash.com%2F1%2Frisksipinvestmentplan&psig=AOvVaw3fpynHGInk9j7WS437iO_R&ust=1621188104036000&source=images&cd=vfe&ved=0CAIQjRxqFwoTCMCVhY6jzPACFQAAAAAdAAAAABAd

2. Technological Risks

Technological risks as the name implies has to do with risks pertaining to Information Communication Technology (ICT). Some examples of technological risks include: ICT failure, power outage and data loss.

a. ICT Failure

ICT failure ranges from the malfunction of computer hardware and software. The hardware of a computer can develop an irreparable fault and so can the software can also develop an irreparable fault.

b. Power Outage

Frequent power outage poses a huge risk to the ICT equipment and can damage them in the long run. In some parts of the world, a power outage is a regular occurrence and it can pose a risk to the gadgets as well as the environment. When the devices are not supported by a stabiliser or an inverter, a power outage poses a huge risk to the devices.

c. Data Loss

Data loss can be a result of accidental deletion, theft, power inconsistency. Data loss can also be due to deterioration of ICT equipment bad storage of resources in places where they can be destroyed beyond repair. Data loss can occur when the offline storage device used to store data and information is damaged. For example, if data is stored in CDs and they get broken, that is the end of the data, it can not be retrieved. If data is stored in a flash and it gets stolen, the data is lost.

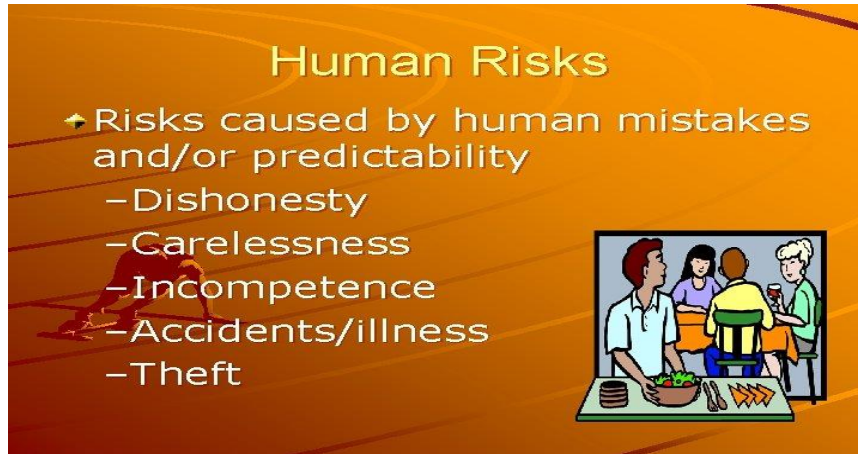


Fig. 31: Image of Human Risks

Source:

3. Human-caused Risks

Human-caused risks are risks that are caused by human beings and not due to nature or other causes. Episodes of war, civil unrest and rioting can be extremely dangerous and most times causes irreparable damage. The most fatal instances are, library staff are threatened, resources are looted and buildings are burnt. There are fewer fatal instances and they include the following:

a) Carelessness

Human-caused risks can be caused by the carelessness of library staff or users. An instance is when a book falls either from the shelf or table and the spine of the book breaks. If this happens on a regular basis the books will look mutilated. When the resources are not treated with care in terms of cleaning, placing properly, repairing in the binding section, covering desktop when not in use and so on, several risks can occur as a result in the library and information centres.

b) Inattention to detail

Inattention to detail means a situation when the library staff does not pay enough attention to things in the library under his/her custody. An instance is when the desktops and other equipment like shelves is gradually bending and then falls with everything on it. That is a risk to both users and staff.

c) Forgetfulness

Forgetfulness happens a library staff fails to do something at the right time. An example is when there is a new delivery of goods and it is kept outside pending when there is time to offload and display on shelves and then all of a sudden there is a heavy downpour. The books and journals in cartons left outside will definitely get wet and destroyed, not fit for reading.

d) Fire

This is mostly manmade that is, when an electrical fault is not handled properly it escalates to a fire outbreak thereby ravaging the items in the library or information centre. The damages fire can

do to the resources are flame and soot. Soot is the darkish substance that is left after fire burns. It stains the items and renders them unfit to be utilised.



Fig. 32: Image of Fire Risk

Source: https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcQ3b4qvsEW9Fjc7xk_517LG_EXEjCiG4BTgqQ&usqp=CAU

4. Proximity Risks

Proximity risks are risks that can occur as a result of being close to the havoc that is happening. Just recently in April 2021, a library in a university in South Africa was burnt with everything as a result of fire from a nearby bush that engulfed buildings in the university. Such an instance is very rare but it happens. For the safety of the library, it is necessary to look around and act fast. The proximity of a library to a petrol station should be considered when considering a location because if the petrol station suddenly catches fire, it will definitely extend to buildings around.



Fig. 33: Image of Security Risk

Source: <https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcQW30LDV9--qvaeBPz8G46NQC0xWuo2mCBYnQ&usqp=CAU>

5. Security Risks

Security risks are risks that need to be identified and checks put in place in order to avert them. Security risks can be in various forms.

- a. **Theft**

Theft here is when a user knowingly wants to leave the library with a library resource. There is a need for the library staff to be vigilant. In the case where there are detectors at the entrance or exit doors, there is something that is put in between the books or journals that makes the detector to beep so that the culprit can be apprehended.
- b. **Malware**

Malware is a computer virus that affects the systems in a library putting the systems at risk. For instance, if a users' flash is infected with a virus and he/she inserts it in any of the systems available for use, the desktop most definitely will be corrupted by the virus. It is necessary for desktops in the library to protect themselves with antivirus so as not to have malware in their system. Examples of malware are:

 - i) **Worms**

A worm is a malware infection that replicates itself on the system and causes damage to software programmes. It is a type of infection that spreads from computer to computer and doesn't need to attach itself to any software program.
 - ii) **Trojan**

Trojan infection is known as Trojan horse. When it finds its way into a computer, it releases a code that makes the software applications in a system penetrable by malicious people. Trojan specialises in stealing logins, passwords and personal information that people do online which can be used remotely to gain access into peoples personal space and bank accounts.
 - iii) **Spyware**

Spyware is a malicious malware infection that enters one's computer without one's knowledge and steals one's sensitive information and ends up damaging the computer. Spyware is usually installed into a system without the user's consent.
 - iv) **Adware**

Adware is malware that shows an advertisement that a user did not ask for. It also brings up links that redirect people and if it is clicked, they are deceptive and suspicious and can track one's activity online. It is best to avoid pop-ups.
- c. **Workplace violence**

Workplace violence occurs when there is violence or a threat to violence by one person in a workplace against another. This can occur during a period of stress, low morale or economic uncertainty. Most often the cases related to workplace violence are usually related to an emotional problem of the offender.

3.2 Effects of Risks on Library and Information Centres

The effects of risks in libraries and information centres vary from risk to risk. Some risks cause colossal damages while other risks do not. Some of the effects of risks in library and information science consist; individual or mass panic. Mass casualties, Damage to valuable resources and natural infrastructure and system, Loss of library and information centre resources, Emotional reactions like fear or anxiety or sadness, disruption of services, disruption of lifestyle, loss of livelihood, sociological and psychological change after disaster (Abhijit & Abhijit 2017).

I. Individual or Mass panic

Panic occurs when a supposed incident triggers fear in someone and the person reacts most times negatively when in the actual sense there is no apparent danger. Individual panic occurs when it has to do with one person alone but mass panic is a whole bunch of people thrown into a frenzy and they are collectively scared of the unknown because of the risk that has occurred. For instance, if there is a flood close to a library and information centre, those who can not swim will start panicking thinking that if there is a need to swim to safety, they would drown. Most times, the situation doesn't get really out of hand.

II. Mass casualties

The effect of fatal risk can cause mass casualty. Mass casualty is when there are so many injured or displaced people as a result of the risk that occurred. This is the aftermath of the incident, be it fire, flood or whatever risk. A situation whereby people have to be rushed to the hospital for treatment or taken away for safety is known as a mass casualty.

III. Damage to valuable resources and natural disasters and natural infrastructure system

The effect of risk in libraries and information centres can lead to damage to valuable resources and natural disasters. Valuable resources such as archives of important documents are kept in storage devices or stored the way they are.

IV. Loss of library and information centre resources

Some risks that have occurred in areas prone to terrible risk has led to the permanent closure of the library and information centre. This is not common but it happens. Areas prone to landslides and earthquakes or other kinds of natural risks would experience this.

V. Disruption of services

Another important effect of risk in libraries and information centres is the disruption of services. This occurs when services that are offered by the library and information centre are not able to run as usual. For instance, if as a result of the damage a risk caused and one section of the library is shut down temporarily so that repairs

can be done, there will definitely be disruption of services because duties may be reassigned and a few other things restructured pending when repairs or renovation will be over.

I. Loss of livelihood

Some libraries and information centres are run by investors or patrons who have parted with resources in cash and kind to set up the place. When a huge risk occurs that is very serious, it may lead to closing down the place thereby putting several people out of work and as such their source of livelihood has been lost. The library and information centre are run by staff, who are the team for its existence.

3.3 Techniques to Avert Risks in Library and Information Science

Techniques to avert risks in library and information science are necessary things to note especially when risks are involved. Abhijit & Abhijit (2017) made reference to the following techniques that can be applied in the present-day library and information centres. These techniques cut across: Disaster planning, Prevention, Mitigation, Response, Preparedness, Recovery and Development.

a) Disaster Planning

A very important technique to avert risks in libraries is called disaster planning. Disaster planning is a process that involves planning and taking the necessary steps against a risk that may likely occur. There are necessary steps that will be outlined to lessen the damage that is likely to be done by risks. Some steps are taken before the risk occurs, while other steps are to be taken after the risk has occurred.

b) Prevention

Prevention is a technique that helps to avert risks in library and information science by taking records of the past and looking for avenues to avoid the repetition of previous mistakes. When these preventive measures are abided by, it helps in drastically reducing the ill effects of disasters associated with risks. Here the casualty is lessened, the damage is lessened equipment and manpower are arranged for prompt recovery. There is a saying that “prevention is better than cure”.

c) Mitigation

Mitigations are actions or steps that are taken to lessen the effects of risks in library and information science for example having an earthquake-proof building, following rules and regulations of the land, obeying safety measures and setting up a library and information science from risk-prone areas. Following these actions diminishes the effects or risk on libraries and information centres.

d) Response

Response is the first action that is taken when after a risk has occurred. It involves deploying people who respond promptly to emergency calls from the library and information science. It is necessary for libraries and information centres to have a checklist of dos and don'ts for all library and information science personnel on how to react during times of disasters.

e) Preparedness

Preparedness here involves personal activities that protect disasters from occurring in libraries and information centres. These activities are steps that keep the resources in the library, staff of the library and their users safe. There are some common preparedness measures in the library and information centre which are divided into three parts namely;

1. Warning
2. Threat
3. Precaution

f) Recovery

Recovery is the steps that are taken to bring back the affected library and information centre to its previous condition before the risk occurred. Recovery means the reconstruction of a very run-down library and information centre that the infrastructure needs attention as a result of a disaster. Recovery is usually done in phases called Restoration and Rehabilitation. Recovery involves so many operations and services which can only be successful if the staff and users cooperate.

g) Development

Development is the last stage of techniques to avert risks in libraries and information centres. Development is a step away from national development whereby the following tasks must be done:

- applying new and modernized system;
- exploiting national, local and international disaster assistance;
- sharing the experience regarding disaster with researchers;
- following any appropriate means to cope with a particular situation.

4.0 CONCLUSION

This unit scrutinised the most common types of risks found in libraries and information centres around the world. Bearing in mind that different countries are prone to different kinds of risks. Some countries are prone to floods and fires while others are not prone to it. A wide range of risks was covered to capture most countries. Effects of risks in library and information were also discussed which includes individual or mass panic,

mass casualties, loss of livelihood, loss of library and information centres, disruption of services, damage to natural resources and infrastructures. After discussing these effects, some techniques to avert risks in library and information services consist of disaster planning, prevention, mitigation, response, preparedness, recovery and development.

5.0 SUMMARY

Risk in library and information science was broadly discussed in this unit. The most common risks in library and information centres include; Natural risks – fire, flooding, severe weather, earthquake, landslide and pests; Technology risks – ICT failure, power outage, data loss Human risk – carelessness, forgetfulness, inattention to detail Proximity to risk Security risk – theft, malware and workplace violence. All these risks have their effects and techniques to avert them which were properly discussed in the unit.

6.0 TUTOR-MARKED ASSIGNMENT

1. Itemise and explain the most common types of risks found in the library and information science around the world.
2. What are the effects of risks in library and information science?
3. Mention five techniques to aver risks in library and information science, explain them with examples.

7.0 REFERENCES/FURTHER READING

- Abhijit, C., & Abhijit., P. (2017). Disaster management methods and techniques for library and information centres: a framework. *International Journal of Academic Library and Information Science*. 5(7), 206 – 214. <https://www.academicresearchjournals.org/IJALIS/PDF/2017/October/Chakrabarti%20and%20Pramanik.pdf>
- Crane, L., Gantz, G., & Isaacs, S. I. (2013). *Introduction to Risk Management*. <http://extensionrme.org/pubs/IntroductionToRiskManagement.pdf>
- Hopkin, P. (2018). *Fundamentals of risk management: understanding, evaluating and implementing effective risk management*. Kogan Page Publishers. <http://www.hostgator.co.in/files/writeable/uploads/hostgator12628/file/fundamentalsofriskmanagement.pdf>
- Horava, T. (2014). Risk-taking in academic libraries: the implications of prospect theory.

- Kuzucuoglu, A. H. (2014). Risk management in libraries, archives and museums. *IIB International Refereed Academic Social Sciences Journal*, 5(15), 277-294. <http://eprints.rclis.org/23651/>
- Natarajan, M. (2005). Risk Management: Its Implications for Library and Information Centres. <https://ir.inflibnet.ac.in/bitstream/1944/1412/1/52.pdf>
- Roberts, A., Wallace, W., & McClure, N. (2003). *Strategic Risk Management*. Pearson Education. <https://ebs.online.hw.ac.uk/documents/course-tasters/english/pdf/h17rk-bk-taster.pdf>
- Robertson, G. (2014). *Disaster Planning for Libraries: Process and Guidelines*. Elsevier. <https://www.elsevier.com/books/disaster-planning-for-libraries/robertson/978-1-84334-730-9>

UNIT 3 ENTERPRISE RISK MANAGEMENT

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcome (ILOs)
- 3.0 Main Content
 - 3.1 Concept of Enterprise Risk Management
 - 3.2 Enterprise Risk Management Framework
 - 3.3 Advantages of Enterprise Risk Management
 - 3.3.1 Disadvantages of Enterprise Risk Management
 - 3.3.2 Factors that Affect the adoption of Enterprise Risk Management
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Enterprise risk management is a process of effectively managing risk in organisations through the use of risk management framework. Here, the risks are necessary to have in mind so as to ensure continuing operations of organisations and libraries. Risk managers and disaster planners are to ensure they consider technological risks, natural risks, security risks, human-caused risks and proximity risks. Enterprise risk management goes a step further, it is a basket of all kinds of risks that can be thought of that a particular organisation can have.

2.0 INTENDED LEARNING OUTCOME (ILOs)

By the end of this unit, you should be able to:

- discuss the concept of enterprise risk management
- explain enterprise risk management framework
- examine the advantages of enterprise risk management
- identify the disadvantages of enterprise risk management
- highlight the factors that affect enterprise risk management.

3.0 MAIN CONTENT

3.1 Concept of Enterprise Risk Management

Risk involves the possibility of the occurrence of something happening which might be on the positive side or negative side. Risk management

goes beyond just the possibility, it is a management process which helps the organisation to understand who is at risk, what is at risk, the controls put in place to avert risks and evaluating the judgement for the controls in place to know if they are sufficient or not. The implementation of risk management helps to reduce cost at all levels in the sense that if the risk actually occurred it would cost a fortune but implementing risk management cushions the cost effect (Malik, Holt, Freeman, 2013).

Enterprise risk management is quite new in the organisational world, which incorporates the principles of risk management approach. ERM evolved as a new perspective that involves risks which are not only in health, safety and finance but also with technological and other areas business areas (Nayak, Akkiraju, Mantripragada and Torok 2010). Enterprise risk management is a basket of all kinds of risks that would likely affect an organisation either negatively or preferably positively. ERM strengthens the organisation's preparation for risk and cushions the effect of a loss.

Main Objective of Enterprise Risk Management (ERM)

The main objective of Enterprise risk management is that it looks at the organisation's objectives and creates a holistic view of possible risks that may spring up. With this, the organisation is aware and prepared to avoid such risks in full swing. Enterprise risk management opens the organisation's eyes including libraries to risks they would ordinarily overlook until it happens.

Leadership in Enterprise Risk Management (ERM)

The leadership of enterprise risk management lies solely on the Board of Directors and Executive Management who obviously have a say in the organization because of their expertise in different fields. They are involved in monitoring, analysing, managing and understanding the most significant risk that may affect the organisation or library from a holistic angle. They can foretell what a lower-level staff will not envisage. Their duties involve prescribing what should be in place and what should not, tasks that should be carried out to save lives and property,

Enterprise risk management has a lot of new competitive advantages which has caught the notice of several organisations making them adopt the concept.

Some of the areas Enterprise Risk Management covers are:

- Political risk and hostile legislation
- Sudden and deep cuts in operating budgets
- Sudden cancellation of library programmes

- Demands from boards and other authorities to reduce staff and branches
- Lengthy strike actions
- Crises like negative media coverage

All these can easily be overlooked but with Enterprise risk management in place, they will be thoroughly dealt with. For example, a lengthy strike action does not look so harmful but looking at it strategically, so many ugly events can churn out from it. It is the duty of the Enterprise risk management team to devise a means to avoid such risk in the organization in the first place. Risk doesn't always involve something being damaged, so many risks can occur politically, economically, socially and so on.

3.1 Enterprise Risk Management Framework

Beasley (2016) emphasised that the Enterprise risk management framework is similar to risk management framework but there is a slight difference. The Enterprise risk management framework is being considered by the risk culture and leadership in that particular organization. There are different types of leadership such as charismatic leadership, democratic leadership, laissez-faire leadership, autocratic leadership and so. The type of leadership operated has a lot to do with the framework or Enterprise risk management.

The risk culture that is being practised too has to be considered. Some organisations have specific ways they respond to risk. Some are willing to adapt to necessary changes while some are very rigid. Some organizations keep their staff safe from risk while others expose them to risk, hoping that the risk will not occur. Enterprise risk management has put all these into consideration.

There are similarities between Risk Management and Enterprise Risk Management. The difference here is that before identifying the risk in the first place, a holistic view of the organisation or library has been looked at by the board members and members of the executive and they have come with a strategic view after looking at the set objectives for that particular organization. Every organisation is different in its own way and so their objectives and strategies will certainly be different. There are five steps in the Enterprise Risk Management Framework and they consist of:-

- 1) Strategy / Objective Setting
- 2) Risk Identification
- 3) Risk Assessment
- 4) Risk Response
- 5) Monitoring

Strategy / Objective setting implies that the objectives, vision, mission and goals for that particular organization will be scrutinized and looked at by experts in that field as well as board members and executive members before strategic suggestions will be given on all possible risks from a holistic point of view. When this is done then **Risk Identification** can take place. The risk that could occur in various departments and sections are outlined. Risks that an ordinary staff would not think of would be identified so that a possible solution to address that risk would be identified in good time. As soon as this is done, **Risk Assessment** is the next thing to be looked at. Risk assessment involves some processes where the risk is identified, analysed and evaluated. When all these processes are done, **Risk Response** is the next item to examine. Risk response involves a set of strategies that reduces the impact or likelihood of risks. Risk response monitors and prepares for the risk. It even goes as far as transferring the risk. **Monitoring** is a process in an enterprise risk management framework whereby risk is being identified, executed as well as other activities in-between.

ERM Framework

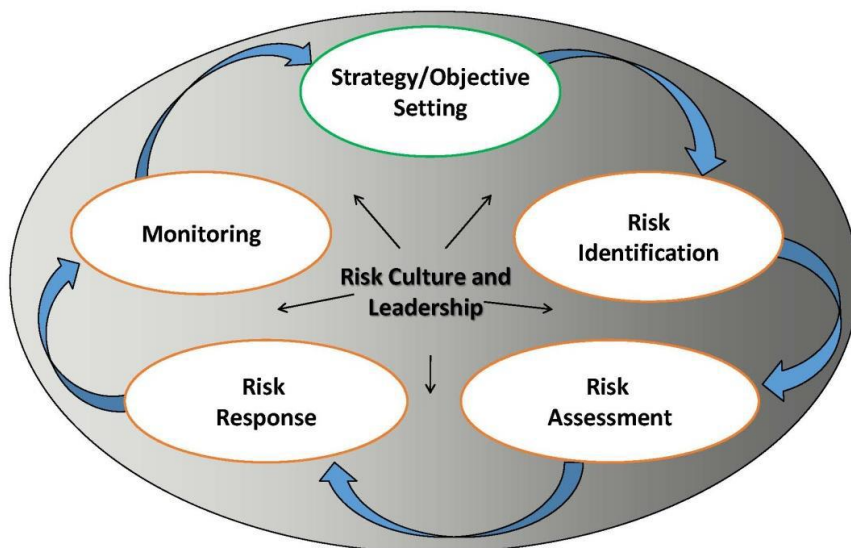


Fig. 34: Enterprise Risk Management Framework

Source: Adopted from Beasley (2016)

3.3 Advantages of Enterprise Risk Management (ERM)

Enterprise risk management has its pros and cons just like every other concept. According to Kraiser (2013), some of the advantages of Enterprise Risk Management are: -

1) Leverage of upsides of risks.

Enterprise risk management is different from traditional risk management in the sense that traditional risk management

considers only the negative side of the effect of the risk but enterprise risk management thinks of the upside. Enterprise risk management brings to the light the positive sides for example if a particular kind of tile on the floor is very slippery and making people fall, traditional risk will only think of putting a 'walk carefully' sign but enterprise risk management will see it as an opportunity to beautify the floor by adding broken tiles to it or changing it entirely to a very beautiful set of tiles.

2) Better decisions are made when ERM is consulted

Definitely, when enterprise risk management is consulted, better decisions are made. Some decisions can be made from a layman's point of view but looking at it from a professional point of view i.e., from someone knowledgeable in enterprise risk management. Better decisions are made when organizations are well informed about something. Before decisions are made, enterprise risk management implementation goes through scrutiny by the Board of Directors and Executive management.

3) Creation of a more risk-focused culture for the organisation

The culture of the organisation with enterprise risk management will be created on a more risk-focused culture. Some organisational cultures focus on risks while some other organisational cultures do not focus on risks at all but focus on other things. Enterprise risk management encourages organisations to see the other side of things when it comes to risks. They are trained, sensitised and well informed on risks and so the culture that is imbibed in them involves risk.

4) Standardised risk reporting

Enterprise risk management goes through a series of screening, the Board of Directors and Executive Management are involved in decision making and there is also a standardized risk reporting that gets to them as part of the routine. Every report they receive on enterprise risk management is standardized and genuine and they act on them accordingly. Standardized risk reporting goes through the series of communication channels until it gets to the top.

5) Effective coordination of regulatory and compliance matters

Every organisation should abide by the laws of the land and laws of their respective sectors. Each sector has rules and regulations that should be complied with by organisations. For example, the Law profession has some strict rules that no member of their profession should flaunt. The military profession also has strict rules that every military personnel should abide by. The implementation of enterprise risk management in any organization

including a library calls for effective coordination of regulatory and compliance matters.

3.3.1 Disadvantages of Enterprise Risk Management (ERM)

According to Zhao, Hwang and Low (2015) and Dafikpaku (2011), there are some challenges associated with enterprise risk management. The disadvantages consist of: -

- 1. Lack of resources such as time, finance and human resources.**
Resources such as time, finance and human resources are in high demand when it comes to enterprise risk management but the irony of it is, they are not readily available. Time has to do with the number of hours to put in for the exercise in achieving the goal. Time is spent on other activities but not activities pertaining to enterprise risk management. To achieve enterprise risk management, money will need to be spent and when there is a scarcity of it in many organisations when this is the case, the goal will not be achieved. There must be manpower/staff/personnel to champion enterprise risk management and when this is in short demand, the aim won't be achieved.
- 2. Unfriendly organisational culture**
Organisational culture is a way of life that the staff in the organisation are used to doing things. When this way of life is altered, introducing enterprise risk management will be a challenge. Organisational culture should be one that sits well with staff so that they can carry out their duties with ease. An unfriendly organisational culture is one where women are not given their full maternity leave or laid off when pregnant when lunch hour is not observed, where an unhealthy competition exists among colleagues and where lots of gossips thrive.
- 3. Inadequate training on enterprise risk management**
When there is inadequate on a particular thing, it most definitely won't thrive well. Training on anything is key to its success. For example, training a newly employed staff at the bank or library is essential because it will point the individual in the right direction. Training someone in enterprise risk management prepares the person for the task ahead. When the person or people spearheading it are not trained, they will be ill-prepared and that is the situation in most organisations.

4. Insufficient knowledge of the benefits of enterprise risk management

Insufficient knowledge on the benefits of enterprise risk management is a result of a lack of sensitisation or lack of orientation on enterprise risk management. When organisations are not fully aware of the benefits of enterprise risk management, they will not want to be a part of it. They may think it is some sort of distraction or wrong investment. The knowledge of enterprise risk investment should be made available through presentations, lectures and other means of advocacy. This way organisations will not be ignorant of it. Anything one is ignorant of is not something one wants to engage in. the same goes for organisations.

5. Unqualified staff to implement enterprise risk management

Unqualified staff for any line of duty is detrimental to that organisation let alone in implementing enterprise risk management. Many people are not qualified to implement the role of enterprise risk management and yet they assume that role to the detriment of the organisation. Enterprise risk management is very different from risk management in the sense that enterprise risk management is a basket full of all the possible risks that may occur in the organisation. So, an unqualified staff will not do justice to the task given. This occurs when the staff/personnel are implementing enterprise risk management.

6. High cost of enterprise risk management implementation

Enterprise risk management implementation gulps up a huge amount of money that so many organisations cannot afford it. Enterprise risk management involves a lot of things from manpower to structures and other necessary things. All these things cost a lot of money and for small and medium organisations, it is not a venture to attempt. Big organisations with the knowledge of enterprise risk management may engage in it if they have the resources.

3.3.2 Factors that Affect the Adoption of Enterprise Risk Management

Enterprise Risk Management has its own share of opportunities as well as threats. Some organisations find it welcoming while others don't because they are used to the traditional risk management and they don't want to make any change. Nayak, N., Akkiraju, Mantripragada and Torok (2010) outlined some factors that affect the adoption of ERM, they include: risk culture, risk technology, risk strategy, risk monitoring and control, employee training and development

I. Risk Culture

Risk culture is also known as risk perception. Every organization should have a risk-awareness culture at all levels because the way people perceive risks is different. Some levels in the organization may feel it's not their problem and they shift the thinking to another level. A culture that makes risk-awareness compulsory for all levels is key.

II. Risk Technology

Risk technology is basically hardware and software within the organization that will help with the identification, analysis and response to risk. Risk technology helps to keep a record of risks as well as predicting different risks based on previous trends. This information helps to keep the organisation one step ahead of any disaster that lurking around.

III. Risk Strategy

Risk strategy according to Frigo and Anderson (2011), is risks that are most consequential to the organisation's ability to execute its strategies to achieve its organisation's objectives. Risk strategy involves the process of identifying, assessing and managing the risks in the organisation which entails taking swift actions. Risk strategy is a primary component and foundation of Enterprise Risk Management which requires the organisation to define a tolerable level of risk

IV. Risk Monitoring and Control

According to RobustPM, 2013, sighted in Nayak, N., Akkiraju, Mantripragada and Torok (2010), a very important factor that affects Enterprise Risk Management is risk monitoring and control. This involves the identification, analysis, planning and tracking of new risks, constantly reviewing existing risks, monitoring trigger conditions and residual risks, as well as reviewing the execution of risk responses.

V. Employee Training and Development

Employee training and development is essential in every organisation as this helps to remind the staff of their mission in the organisation and also to make them aware of the latest trend in their field. Training and development are essential because it helps to prepare them for the organisation where they are and for other organisations when they leave. There are four types of training and development in ERM;

a. Initial User Training

Initial user training is training given to any new employee in an organisation. This training can also be as a result of a new system of a new function that the employee is supposed to carry out. Usually, the new employees are meant to practice what they have been trained on to ensure that they understand what they were trained on.

b. Train the Trainer

Train the trainer involves a training session that is done in-house. Here, experts on certain areas are select across the levels and they train their colleagues just to sharpen their skills. Someone who trains this time may be sitting on the bench next time training is going on because someone else has been selected to train his/her colleagues.

c. Systems Administrator Training

System administrators training occurs when the systems in an organisation are purchased from a reputable vendor that can offer after-sales services for their clients. The after-sales services include training on how to use a particular system that was purchased and also training on fixing the system when it has an issue.

d. Periodic Training

Periodic training is a type of employee training and development whereby staff have been trained on a particular system, they are retrained again to refresh their memory or just as a routine. Periodic training is necessary when there are new updates in the system because it comes along with new features and functions that need to be learnt through training. According to Goldenberg (2002), some organisations do yearly training while others do it half-yearly or more frequently.

4.0 CONCLUSION

This unit explained in detail the meaning of enterprise risk management which is a process of effectively managing risk in the organisation through the use of risk management framework. Other areas of risk management treated were ; Concept of enterprise risk management, objective of enterprise management, leadership of enterprise risk management, enterprise risk management framework, advantages of enterprise risk management – leverage of upsides of risk, better decisions are made when ERM is consulted, creation of a more risk-focused culture for the organisation, standardised risk reporting, effective coordination of regulatory and compliance matters; Disadvantages of enterprise risk management – lack of resources such as time, finance and human resources, unfriendly organisational culture, inadequate training on enterprise risk management, insufficient knowledge on the knowledge of the benefits of enterprise risk management, unqualified staff implement enterprise risk management, high cost enterprise risk management implementation; Factors that affects the adoption of enterprise risk management – risk culture, risk technology, risk strategy, risk monitoring and control, employee training and development, initial user training, train the training, systems administrator, periodic training.

5.0 SUMMARY

Enterprise risk management covers more than risk management alone in the sense that it is more comprehensive and it covers a whole lot more areas. Enterprise risk management reduces cost at all levels almost eliminating it.

6.0 TUTOR-MARKED ASSIGNMENT

1. In your own words, what is Enterprise Risk Management (ERM)?
2. State the advantages and disadvantages of Enterprise Risk Management (ERM).
3. Explain the factors that affect the adoption of Enterprise Risk Management (ERM).

7.0 REFERENCES/FURTHER READING

- Beasley, M. (2016). What is enterprise risk management? https://erm.ncsu.edu/az/erm/i/chan/library/What_is_Enterprise_Risk_Management.pdf
- Dafikpaku, E. (2011). The strategic implications of enterprise risk management (ERM): A framework. Enterprise Risk Management Symposium by the Society of Actuaries, Chicago. <https://www.soa.org/globalassets/assets/files/resources/essays-monographs/2011-erm-symposium/mono-2011-m-as11-1-dafikpaku.pdf>
- Frigo, M. L., & Anderson, R. J. (2011). Strategic Risk Management: A Foundation for Improving Enterprise Risk Management and Governance, *The Journal of Corporate Accounting and Finance*, Wiley Periodicals, Incorporated., pp. 81-88. <https://www.slideshare.net/BatDeegii/aviation-risk-and-safety-management-methods-and-applications-in-aviation-organizations-pdf-drivecom>
- Goldenberg, B. J. (2002). *CRM Automation*. Prentice Hall Professional. [https://scholar.google.com/scholar?q=Goldenberg,+B.+J.+\(2002\).+CRM+automation.+Prentice+Hall+Professional.&hl=en&as_sdt=0&as_vis=1&oi=scholart](https://scholar.google.com/scholar?q=Goldenberg,+B.+J.+(2002).+CRM+automation.+Prentice+Hall+Professional.&hl=en&as_sdt=0&as_vis=1&oi=scholart)
- Kraiser, J. (2013). *Five Benefits of Enterprise Risk Management*. <https://www.claconnect.com/resources/articles/five-benefits-of-enterprise-risk-management>

- Malik, S. A., Holt, B., & Freeman, J. (2013). Enterprise Risk Management (ERM): A New Way of Looking at Risk Management at an Organisational Level. https://www.researchgate.net/profile/Jim-Freeman-2/publication/273459903_Enterprise_Risk_Management_ERM_A_New_Way_of_Looking_at_Risk_Management_at_an_Organizational_Level/links/58f7e92caca272c34c3812d4/Enterprise-Risk-Management-ERM-A-New-Way-of-Looking-at-Risk-Management-at-an-Organisational-Level.pdf
- Nayak, N., Akkiraju, R., Mantripragada, N., & Torok, R. (2010). A Knowledge-based Decision Support Tool for Enterprise Risk Management, *IBM Research Report, IBM T.J Watson Research Centre, Yorktown Heights, USA*. https://www.academia.edu/25436865/A_Knowledge_based_Decision_Support_Tool_for_Enterprise_Risk_Management?auto=download
- Zhao, X., Hwang, B.G., & Low, S.P. (2015). "Enterprise risk management in international construction firms: Drivers and hindrances." *Engineering, Construction and Architectural Management*, 22(3), 347-366. <https://www.sciencedirect.com/science/article/pii/S1877705816339789>

MODULE 1 CONCEPTS AND ESSENCE OF FINANCIAL MANAGEMENT IN LIBRARIES

Unit 1	Concept of Finance and Concept of Management
Unit 2	Financial Management in Libraries, Principles or Rules Guiding Financial Management
Unit 3	Financial Management in Public and Private Organisations
Unit 4	Financial Management in Libraries and Information Science

UNIT 1 CONCEPT OF FINANCE AND CONCEPT OF MANAGEMENT

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes (ILOs)
- 3.0 Main Content
 - 3.1 Concept of Finance
 - 3.2 Concept of Management
 - 3.2.1 Management Cycle
 - 3.3 Skills of a Manager
 - 3.3.1 Skillset for various levels of Management
 - 3.4 Modern Management Techniques
 - 3.4.1 Challenges in Management
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Money is essential in all organisations including the library for goals to be achieved. In order for these goals to be achieved, there is a need for money to be managed in libraries and information centres. Basic knowledge of financial management in the library would put the icing on the cake for the smooth running of a library or an information centre. This unit, therefore, exposes you to the basic tenets of finance which can be applied in any library or information centre.

2.0 INTENDED LEARNING OUTCOMES (ILOs)

By the end of this unit, you should be able to:

- define the concept of finance
- explain the concept of management
- identify modern management techniques
- examine the goal of financial management
- explain the concept of finance in library and information science
- discuss modern management techniques
- state challenges in management.

3.0 MAIN CONTENT

3.1 Concept of Finance

Finance can be defined as the process of managing money that is in one's custody for a particular purpose. This money can be personal money, corporate money or public/ government money. The oxford dictionary explains that finance means the management of money. Many libraries are not revenue earning institutions i.e., they are not run for financial gain because they are part of academic or other institutional bodies. It is therefore pertinent to manage the fund that is being allocated to it.

The concept of financial management basically means how money is being managed in the library, that is the different areas where money will be spent and managed. Definitely, the library will be run on a budget, usually, a tight budget and so financial management is understanding how the money will be managed to cover all expenses. Every financial decision has to undergo approval before money is disbursed for the item. Finance is divided into two broad categories namely: private finance and public finance.

Private firms include: Individual finance, partnership finance and business finance financial activities.

Public firms include: Central government, state government and semi-government financial activities.

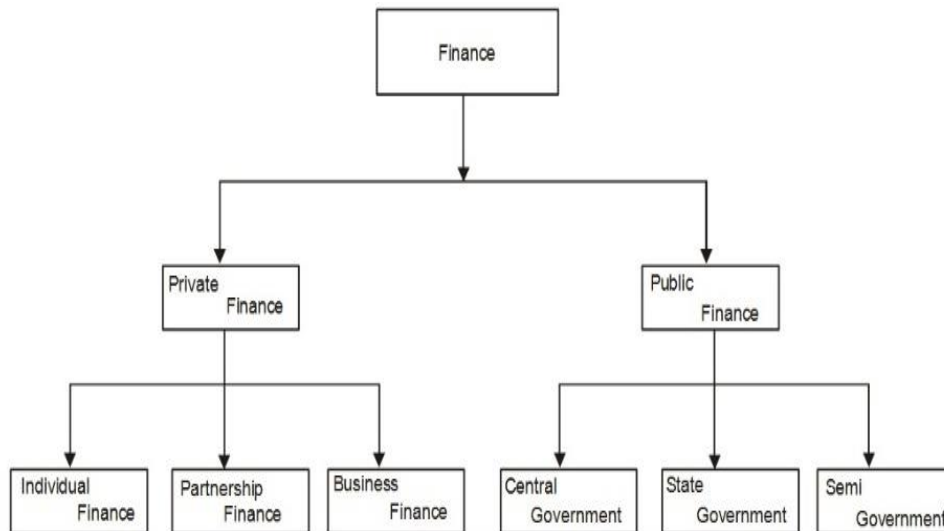


Figure 1 – Image of Public Finance and Private Finance

Source <https://managementdemand.com/wp-content/uploads/2014/02/Types-of-Finance.jpg>

Private Finance

- Individual finance is money that an individual brings out for the smooth running of an organisation.
- Partnership finance is when a group of people contribute money for the smooth running of an organisation.
- Business finance is when the money for running the business comes out from the business itself.

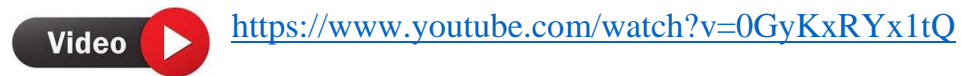
Public Finance

- Central government is the same as the federal government. Finance that comes from the central government is when there is an allocation in the country's budget for running an organisation.
- State government is when the allocation of finance for running a business comes from the state coffers.
- Semi government is when the finance for running a business is both from the government and private.

3.2 Concept of Management

Management is needed when human beings are involved and there is a need for organising them in order to achieve the set mission and vision of the organisation. In the library, like other organisations, management is indispensable and cannot be overemphasised. The productive resources of management which are; man, materials, labour and capital are placed in the hands of leaders who should have administrative, organising and initiative skills. The success or failure of a library is very much influenced by the management. Management is the process whereby for a goal to be achieved, tasks are administered and coordinated properly. Management

is making use of all available services to produce more goods and services.



Let us take a look at how some scholars defined management.

One of the scholars of management known as Koontz and O'Donnell explained the word management as the care of an inner setting where people work together to achieve the same goal effectively and efficiently.

Peter. F. Drucker defined management as a structure that carries out a multipurpose task of managing businesses, managers, workers and work. In Henry Fayol's words; Management is the conduct of affairs of business, moving towards its objective through a continuous process of improvement and optimization of resources.

From the definitions above, it is not farfetched to say that management is the process of using resources effectively as well as efficiently in order to achieve a goal in an organisation. Management is an essential ingredient in any library or information centre. Management involves five (5) key areas which are; planning, organizing, controlling, directing and staffing.

3.2.1 Management Cycle

The management cycle starts with writing employee goals from the least important to the most important. The expectations of the employees must be put into perspective and the necessary resources made available. Some of these resources are money, time and people. All employees go through the cycle during the course of the year. Different people are assigned different tasks and the goal of the management cycle is to achieve organizational goals. The management has a huge responsibility of keeping employees focused on tasks and activities geared towards achieving organisational goals. The management cycle is a blend of planning, organising, staffing, directing and controlling. They are independent and at the same time, intertwined in order to achieve the goal of the organisation like a library. In order to achieve this, a goal status update should be scheduled between the employees and the management. This can be done monthly, quarterly, biannually as the case may be.



Fig. 2: Image of Management Functions

Source: <https://www.managementstudyhq.com/functions-of-management.html>

- **Planning**
Planning is having a blueprint about what a manager has in mind. It involves planning what is to be done in advance. Taking steps on what to do, how to do it, who has to do and when to do it. All these plans have to be mapped out so that the staff would know where there are headed and also know the milestones to cover at each given period. Planning is about setting performance expectations for the employees. That is, they are being told in advance what is expected of them. Planning is one way or the other being mentioned in the job description of every employee. It is important for all plans to be adjustable to accommodate excesses and shortages, a rigid plan is not adjustable and when the need arises for flexibility, it will be very difficult. When an employee is involved in the planning stage, it makes the employee feel relevant and more willing to carry out his/her duties.



Fig. 3: Image of Planning

Source: <https://www.dreamstime.com/photos-images/planning.html>

- **Organising**

Organising is an integral part of management that involves outlining different roles for different individuals to fill in the organisation. In order to organise an organisation such as a library, people and activities need to be grouped and be told what activity to carry out which forms part of the picture. Different sections or departments need to be instructed on what to do in order to achieve the set goals of the organization. A good example is when a library has to organise a book fair at a school. The librarians need to organise what books to take along for the book fair, the tables or shelves that will be used to display the books, the staff that will go to the venue, the mode of transportation and how the sale of books will be accounted for. A lot goes into organising a book fair to make it a huge success.



Fig. 4: Image of Organising

Source: <https://www.freepik.com/premium-vector/time-management-organising-planning-office-work-tasks-work->

[productivity-timing-schedule-office-workers-productivity-illustration-set-time-business-office-management 9602133.htm](http://www.slideshare.net/katiechin/nature-of-staffing)

- i. Determine the activities required to achieve set goals
- ii. Group the activities into departments
- iii. Assign groups activities to managers
- iv. Form delegation of authority
- v. Make provision for coordination of activities.

- **Staffing**

Staffing is necessary as it involves filling up different positions in the organisation /library/ information centre. The first thing to be done is to identify the available workforce requirement then take the inventory of people that are available on the ground and then the last step is to go through the process of recruiting new staff that would work effectively and efficiently. Staffing involves putting square pegs in square holes. Different people have different skills and those skills will be identified by the recruitment team and the right employee placed at the right place. For example, someone with good ICT skills will definitely perform well as a Systems librarian. The process of staffing is summarised below: -



Fig. 5: Image of Staffing

Source: <https://www.slideshare.net/katiechin/nature-of-staffing>

- i) Finding the perfect fit for the job
- ii) Selecting the workers
- iii) Placement, training and development.
- iv) Creating new positions
- v) Staff appraisal

- **Directing**

Directing becomes necessary after planning, organizing and staffing. It involves leading the staff towards the laid down objectives. Directing is not a one-off thing, it is a managerial process that is being carried out throughout the lifespan of the organisation. There will always be instructions to be given so that people can fall in line and achieve set goals set by the organisation. Directing initiates actions and it is a continuous process which is related to subordinates. Superiors direct subordinates on tasks to carry out. There are three (3) sub-functions of directing namely:

 - i. Communication
 - ii. Leadership
 - iii. motivation



Fig. 6: Image of Directing

Source: <https://qsstudy.com/business-studies/characteristics-of-directing>

- i. **Communication**

Communication happens when information is passed from one section to another or from person to person so that there can be a level of understanding. Communication is complete when the recipient understands what is being passed across. Different departments in an organization need to exchange ideas, dish out instructions, follow instructions as well hold meetings. All these are only possible if they communicate verbally or non-verbally. As humans, it is difficult to live without communicating with each other. Communication entails ideas, information and feelings being exchanged through a medium. In the library, a user communicates before he/she is being attended to. A librarian

communicates with his/her users to know how they can be assisted. Colleagues at the office communicate with one another.

ii. Leadership

Leadership happens when a manager is able to properly guide and influence the work of his colleagues and they obey and follow the guidance willingly. In every organisation, there must be a leader that will lead them to the promised land. Leadership involves more than being able to influence colleagues but having empathy and the organisations' goal in mind. For one to be a good leader, the person also needs communication skills. A leader is an active listener, manages time, builds trust and is flexible in dealing with colleagues. Leadership as a management cycle is a necessary tool in any organization such as a library that helps to channel the path of the organization depending on the type of leadership skill. There are several types of leadership skills such as autocratic leadership, authoritative leadership, laissez-faire leadership, democratic leadership.

iii. Motivation

Motivation is when a manager is able to arouse the desire of his colleagues to put their best foot forward and carry out their assignments effectively. Sometimes to motivate colleagues one needs to act by example and then people can be convinced to follow suit. Sometimes reward is being given when motivating staff but other times it is not given.

• Controlling

Controlling is ensuring that work is done according to plan. It involves measuring and correcting the activities of staff to ensure that their performance does not fall short of the goals and plans that were initially laid down. For example, in a library, the most senior librarian controls the younger librarians by ensuring that they carry out their duties effectively and efficiently and also to ensure that the resources for working are in place. Three things make up controlling and they are:

- i. Creating standards of performance
- ii. Measuring performance and comparing with established standards
- iii. Doing the needful in order to meet the set standards



Fig. 6: Image of Controlling

Source

<https://www.assignmentpoint.com/business/management/controlling-process.html>



1. <https://www.youtube.com/watch?v=EH0K6sAV6ew>

3.3 Basic Skills of a Manager

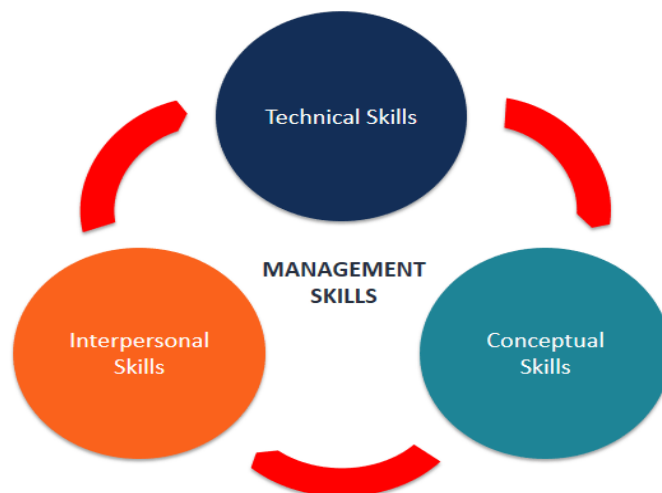


Fig. 7: Image of Management Skill

Source

<https://corporatefinanceinstitute.com/resources/careers/soft-skills/management-skills/>

According to Khaz (2021), having understood what the management cycle is all about, the next thing to look at is the skill of the person overseeing the affairs of the organisation or the library. There are three basic skills that a manager must possess in order to carry out his/her duties efficiently and effectively. The three basic includes: technical skills, interpersonal skills and conceptual skills. All other skills fall under these three categories.

a. Technical Skills



Figure 8 – Image of Technical Skills

Source - <https://www.qlik.com/blog/5-technical-skills-every-successful-analyst-needs-to-have>

Technical skills are skills that are developed through actual practice by doing things over and over again until they have mastered it. Technical skill shows expertise in processes, procedures, methods and techniques which are used in carrying out tasks. Technical skills equip managers with the capability and knowledge to use a variety of techniques to achieve set goals and these skills involve operating machines, production tools and equipment.

b. Interpersonal Skills / Human Skills

Human skills can be seen as the ability one has to work with other colleagues or non-colleagues in the same space without being at each other's throats. This skill avails the manager to interact, work or relate effectively with people. Here, human potential is used to motivate employees in order to achieve better results. It is the ability to build cooperative group relations in order to achieve group objectives which translates to organisational objectives. Interpersonal skills are of various kinds, namely; self-confidence, positive approach to criticism, troubleshooting skills, team bonding, self-confidence and so on. All these skills. Some other

interpersonal skills are team play, empathy, time management, good listening and work etiquette.



Figure 9 – Image of Interpersonal Skills

Source - <https://www.oberlo.com/blog/interpersonal-skills>

c. Conceptual Skills

Conceptual Skills can be described as a skill one has which is closely related to one's mental perception which is intended to develop new ideas. Conceptual skills are also known as general management skills because the manager can see the full picture at a glance so that one can analyse and diagnose a problem and find creative solutions. This skill helps the manager to effectively predict hurdles the library/organisation might have. They have the ability to see hidden situations and understand the relationship among the elements. Conceptual skills are skills that people have that enable them to think out of the box and look for solutions for complex issues. Conceptual skills include ethical judgement, decision making and organisational architect.



Fig. 10: Image of Conceptual Skills

Source: <https://www.dreamstime.com/illustration/conceptual-skills.html>

3.3.1 Examples of Various Management Skills

Chow and Rich (2013) came up with managerial skills that a manager can adopt. These skills are planning, communicating, decision making, delegation, problem-solving and motivating.

a) **Planning**

Planning is a vital aspect of managing. A manager must plan how to get to point “B” from point “A”. He/ she must not fail to plan otherwise he/she is planning to fail. Planning means having the ability to organise events bearing in mind the limited time, money and resources available to the team. Planning is a key skill for managers in order to move the organization forward. The rest of the staff looks up to the manager who they believe must have a plan because, without a plan that looks good, little or nothing can be achieved.

2. <https://courses.lumenlearning.com/wm-principlesofmanagement/chapter/communication-in-the-management-function/>

b) **Communication**

A manager must communicate with his colleagues in order for set objectives to be achieved. Communication can be verbal, nonverbal and audiovisual. It can also be top-bottom, bottom – top

and horizontal. When a manager communicates with his team well, it determines how well-set objectives can be met. Communication cannot be overemphasised in any organization or library. With the advent of the internet, communication can also be done through emails. Distance is no longer a barrier because communication can be done through various channels and set objectives can be achieved.

c) **Decision making**

Every manager should be able to make decisions promptly because there are times when decisions have to be made immediately and there is no time to consult and seek different opinions on the matter. Decision making skill is a key skill of managers especially now that there is information communication technology, distance is not a barrier when a manager needs to make a decision and he/she is not physically present.

d) **Delegation**

Delegating here means allowing a subordinate to be in charge of assigned duty, thereby giving the manager time to face other pressing needs in the organisation/library. The manager cannot do it all so he should train and then delegate and take his eyes and mind off so his subordinates can work, make mistakes and learn on the job. Any manager who doesn't delegate will most definitely wear himself or herself out from carrying out all tasks.

e) **Coaching / mentoring**

Mentoring is having a guide to look up to and point one into the right direction, if possible, to help the person avoid some pitfalls. In every organization, a guide is highly germane in the sense that a manager can fill in the position and be a guide to his/her subordinates. Being a mentor/coach is a prerequisite skill in management. In the library, a colleague with a higher level rank can be a mentor to the junior colleagues, the mentor will advise them on the right path to follow. The mentor doesn't have to be in the same organisation but the person must possess things that are worth emulating.

f) **Problem-solving**

Problem-solving is an important skill whereby a manager in an organisation/library cannot do without because conflict occurs in almost all workplaces including the library. Accepting this reality and managing conflict effectively is a plus for the leader. A manager should be able to identify a conflict that will move the academic library forward and a conflict that will negatively affect the library and act accordingly. He/she should be able to assist his team to work cordially not necessarily squashing every conflict but bringing out each person's strength and utilizing it to achieve the set objective of the library.

g) Motivating

Motivating is when a manager/leader in the library gets his subordinates to willingly go about a task. For a leader to successfully encourage his subordinates, he/she must have been a good follower so he is fully aware of what it feels like to be motivated or demotivated. Reddy and Jyothy (2014), described motivation as the realisation of a need to be satisfied as part of the organisation/library's goals then necessary steps are taken to realize the accomplishment of the goal. Sometimes for some people to be motivated, they look forward to a reward but other times all they need is some encouragement and appreciation from their boss.

3.4 Modern Management Techniques

Modern management techniques are tools or concepts that managers or people in managerial positions use in making decisions that are better off. The managers using these tools do not necessarily have to be experts in different fields like programming and other methodologies, they just need to be sound in the knowledge of these tools necessary for modern management techniques and they are good to go. Prasad, L. M. (2020) highlighted some of the modern management techniques as: Total Quality Management, Bench Marking, Knowledge Management, Business outsourcing and E-Business.

i. Total Quality Management

Total quality management is a management system that is basically for a customer service-based organisation whereby there is a constant improvement of the employees. For example, the library is a customer-based organisation, they attend to customers/users on a daily basis. Total quality management improves customer experience and ensures that the employees are fully equipped for satisfying users queries. Total quality management makes use of strategy, data and effective communication in order to mix quality discipline into the culture and activities of the organisation.

ii. Bench Marking

Bench Marking is a concept in management that answers questions on how the organisation is doing, what areas can be improved upon and how is the organisation doing compared to its counterparts in the same industry that are highfliers. Benchmarking is about understanding the exact position where an organisation is and improving standards as compared to best practices. Benchmarking involves four basic steps; understanding one's business, analysing the performance of other competitive businesses, comparing one's organisation with others and implementing necessary steps to close the gap if there is any. It follows in that sequence.

iii. Knowledge Management

Knowledge management is a management process where knowledge is created, knowledge is shared and knowledge is used. It is a multidisciplinary approach that is used in order to achieve the goals and objectives that the organisation set. Every employee's knowledge is important because it makes up the sum total of what the organisation is worth. The most valuable knowledge should be trapped, shared in order to give the organisation a competitive edge. For example, an organisation like a library has different employees from a different background that are good in different skills. Such knowledge can be used and shared in order to make the library among the highfliers in that industry. Knowledge management can be **tacit** or **explicit**. Tacit knowledge is the knowledge that is in one's head and can be transferred through apprenticeship or mentoring. Explicit knowledge is the knowledge that is written down or documented like in a handbook for new staff.

iv. E-Business

E-Business is known as electronic business. This is when business is carried out electronically instead of the conventional way. The effect of globalisation brought about e-business. E-business is making use of technology to work with various partners, suppliers and customers via the Internet. People in the same industry but in separate locations can do business together via the Internet. Suppliers can be contacted and a supply request can be wrapped up without a physical meeting. E-business has made lots of things easy for organisations including the library. Resources in the library can be purchased locally or internationally through e-business.

v. Business Outsourcing

Business outsourcing is an advantage of management in the sense that activities that can be done in the organisation are contracted out to other individuals or organisations. That time that the organisation would have used to carry out the activity is saved and used for something else. Business can be outsourced in the library when a particular activity such as binding. Binding involves rearranging a book or resource that has been badly damaged. Any activity that an organisation can not carry out conveniently and needs to hire people or another organisation is known as outsourcing. These activities vary from the most minute activity to the most complex activities.

3.4.1 Challenges in Management

Management has many opportunities and positive sides to it, at the same time, it has some hurdles that must be surmounted and nipped in the bud to avoid loopholes. Prasad (2020), outlined some challenges of management and they consist of:

i. Embracing Globalisation

Globalisation came with a lot of trends when it was first introduced. Some of these trends are good, others are not so positive. These trends keep changing and changing for the better and small organisations are not able to meet up with the everchanging trends, policies and guidelines. Globalisation caused some people to lose their jobs, some standards in workplaces have been increased, employees have to be trained regularly on diverse activities. Large organisations may be able to meet up but small and medium organisations would not easily cope with the challenges of globalisation.

ii. Applying Mergers and Acquisitions

When an organisation such as a library has a need to apply merger or acquisition, the employees go through a phase that may be unfavourable to them. A merger occurs when an organisation such as a library cannot sustain itself alone so it needs the assistance of another so that it will not go under. It's like two organisations joining resources and staff strength to become a huge one. When this occurs, the employee strength may be too high for the patrons or owners to pay salaries and do other things and so they would lay some employees off. Acquisition is when a larger organisation buys over a smaller organisation along with its employees and assets. Acquisition results in downsizing employees or a slash in salary.

iii. Computer Networking

As important as networking is in a library or any other organisation, it can be a challenge sometimes. Computer networking involves an organisation or library being able to exchange information between themselves and they are connected together on a network. The challenge here is that a computer network is usually expensive to set up especially in Africa. For a library to be fully automated, it requires a huge amount of money and in areas where the electricity is not constant, it requires a generator or inverter to be on standby.

iv. Improving Employee Welfare

Improving employee welfare means putting making the working conditions for employees very favourable. Employees work better when they are happy with their living and working conditions. An organization that denies its employees favourable welfare packages will pay for it in several ways because the employees would not be happy working there. Improving employee welfare entails considering items like creating a culture that values every employee, educating employees on financial issues, encouraging employees on physical health, supporting employees on mental health, supporting employees on health issues after retirement and so on. The list of welfare packages is endless and can cost the organization a huge amount of money they may not be ready to embark on it.

4.0 SUMMARY

Finance is the process of managing money that is put in one's custody. The management cycle is a blend of planning, organising, staffing, directing and controlling. The three basic skills of a manager include technical, conceptual and human skills. Other skills of a manager are monitoring, delegating, coaching/ mentoring, problem solving, decision making, communication and planning. This unit also discussed modern management techniques which are tools or concepts managers use in making decisions that are better off and they include total quality management, benchmarking, knowledge management, e-business and outsourcing. Challenges in management that the librarian or anyone in an organisation needs to be aware of are; embracing globalisation, computer networking, improving employee welfare and applying mergers and acquisitions.

5.0 CONCLUSION

Knowledge of financial management assists the librarian in making sound decisions which will affect the running of the library or information centre because there is a direct relationship between running the affairs of the library and finance. The librarian needs to understand some things about management which were discussed in this unit such as; management cycle, skills of a manager, modern management techniques and challenges in management.

6.0 TUTOR-MARKED ASSIGNMENT

1. Draw and explain the management cycle.
2. Differentiate between public finance and private finance.
3. Explain the three basic skills of a manager.
4. Give examples of other skills managers should have.

5. Discuss in detail the modern management techniques with examples.
6. Mention the challenges that are likely to occur in management.

7.0 REFERENCES / FURTHER READING

Khaz, R. (2021). *Management Skills*

<https://corporatefinanceinstitute.com/resources/careers/soft-skills/management-skills/>

Chandan, J. S. (1997). *Management Concepts and Strategies*. Vikas Publishing House.

Chow, A. & Rich, M. (2013). "The Ideal Qualities and Tasks of Library Leaders: Perspectives of Academic, Public, School, and Special Library Administrators. *Library Leadership & Management* 27(1)." https://www.researchgate.net/publication/286696309_The_ideal_qualities_and_tasks_of_library_leaders_Perspectives_of_a_cademic_public_school_and_special_library_administrators

Kumar, A., & Sharma, R. (2000). *Principles of Business Management*. Atlantic Publishers & Dist.

Koontz, H., & O'donnell, C. (1972). *Principles of Management: An Analysis of Managerial Functions*. New York: McGraw-Hill. <http://www.sidalc.net/cgi-bin/wxis.exe/?IsisScript=bac.xis&method=post&formato=2&cantidad=1&expresion=mfn=033952>

Reddy, K. I. & Jyothy, M. R. (2014). Managerial skills for library professionals in the digital era. *AJMS* 3(2), 36 – 39. <https://www.trp.org.in/issues/management-skills-for-library-professionals-in-the-digital-era>

Roberts, S. A. (2003). *Financial Management of Libraries: Past Trends and Future Prospects*.

Prasad, L. M. (2020). *Principles and Practice of Management*. Sultan Chand & Sons.

UNIT 2 FINANCIAL MANAGEMENT IN LIBRARIES, PRINCIPLES OR RULES GUIDING FINANCIAL MANAGEMENT

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes (ILOs)
- 3.0 Main Content
 - 3.1 Concept of Financial Management
 - 3.2 Scope of Financial Management
 - 3.3 Objectives of Financial Management
 - 3.4 Functions of Financial Management
 - 3.5 Importance of Financial Management
 - 3.6 Principles of Financial Management
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Having learnt the concept of finance and the concept of management, it is important to know what financial libraries is all about as well as the principles or rules guiding financial management. Financial management is a step further than just managing funds, it is referred to as the tactical way of planning, organising, directing and controlling financial activities in an organisation such as a library. It involves applying the principles and practices involved in financial operations.

2.0 INTENDED LEARNING OBJECTIVES (ILOs)

At the end of this unit, you should be able to:

- explain financial management
- discuss the scope of financial management
- define the principles and rules guiding financial management.

3.0 MAIN CONTENT

3.1 Financial Management

Financial management is when the resources in an organization are being effectively used. Financial management as defined by Subramanian and Paramasivia (2009) is that financial management deals with the

procurement of funds and their effective utilisation in the business. Financial management is mainly concerned with the effective management of funds.

Four building blocks of financial management

Financial management is incomplete without these four building blocks, namely: accounting records, financial monitoring, financial planning and internal control.

Four building blocks of financial management

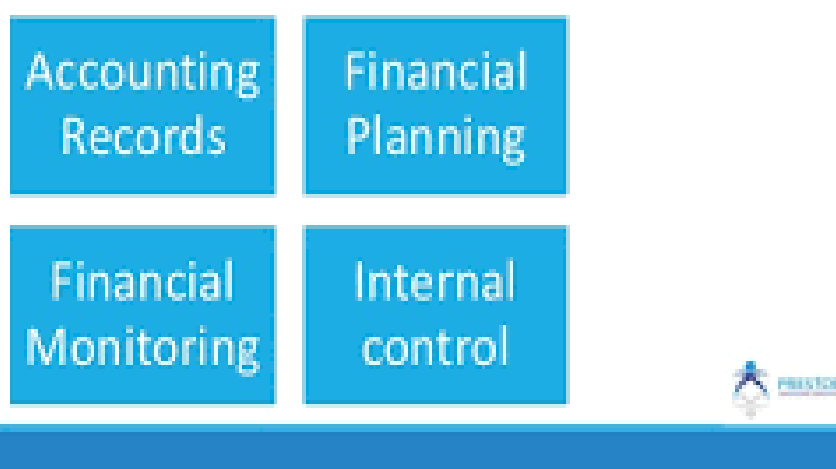


Fig. 11: Image of the four building blocks of financial management

Source - <https://www.slideshare.net/PrestonHealthcare/financial-management-essentials>

i. Accounting Records

Accounting records are accurate and complete transaction records that must be kept by an organisation such as a library. Here, all the transactions that took place during the financial year must be captured. It includes receipts of purchase, invoices of purchase as well as books of account where the transactions were recorded and summarized.

ii. Financial planning

Financial planning includes forecasting receipts and disbursements, building long-term plans such as a financing strategy, short term budgets and daily cash flow forecast. Financial planning literally allocates funds for each project to be carried out no matter how small or big, short term or long-term.

iii. Financial monitoring

Financial monitoring can also be known as financial audit. When a budget is being made for an organisation or library, the financial manager ensures that timely and accurate records and monitored

as against the annual financial statement which provides external accountability to external stakeholders.

iv. Internal control

Internal control is a system that the manager must put in place for checks and balances. These controls are meant to checkmate activities and ensure there are no loose ends that can encourage theft, fraud, incompetence, errors and omissions in accounting.

3.2 Scope of Financial Management

Financial management is directly related to human resources, production management, economics, accounting, mathematics and marketing. All these are called the scope of financial management according to Subramanian and Paramasivia (2009).

i) Financial management and human resources

Financial management is associated with human resources in the sense that every requirement for manpower to each section and allocation of finance to the human resource department is to disburse wages, remuneration, commission, bonuses, pension and other monetary benefits is always handled by a financial manager.

ii) Financial management and production management

Production management entails that the financial manager must be fully aware of the operational process and finance that is required for each process of production activities. Production management takes care of any operational part of the business that assists in multiplying money into profit. The profit that is made hugely depends on the production performance and that is where finance for materials, wages and all other operational expenses comes in. these expenses are being handled by the finance manager.

iii) Financial management and accounting

Financial management in accounting entails every information that has to do with finance in the organisation. Previously financial management and accounting were treated as the same thing and was known as Management Accounting, but now both disciplines are separated but slightly intertwined.

iv) Financial management and economics

Financial management in economics embraces both micro and macroeconomics. The functions here include investment decisions, micro and macro environmental factors, these functions are handled by a finance manager. Financial economics is one of the emerging areas which provides immense opportunities to finance and economical areas.

v) **Financial management and mathematics**

Financial management applies a large number of mathematical and statistical tools and techniques which are also called econometrics. Econometrics is different from economics, it includes economic order quantity, discount factor, time value for money, present value for money, cost of capital and so on. All these are mathematical and statistical tools and techniques in the field of financial management.

vi) **Financial management and marketing**

When goods are produced and sold in the market with modern and innovative approaches, this is done by the marketing department and finance is required to meet these needs. Here, the financial manager is responsible for the allocation of funds so the marketing department can execute its task.

3.3 Objectives of Financial Management

For effective and efficient achievement, the objectives of the financial manager are broadly divided into two parts namely:

- a. Profit maximisation
- b. Wealth maximisation

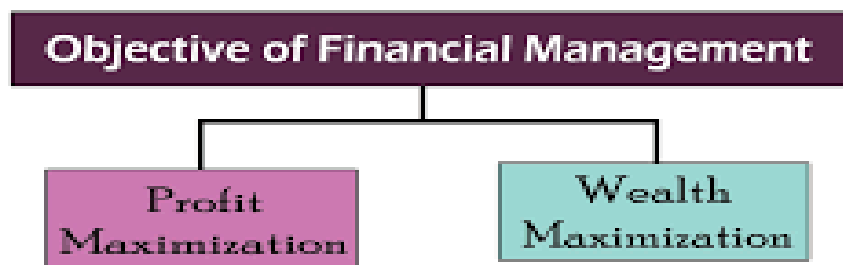


Fig. 12: Image of the Objective of Financial Management

Source

<https://apoorvasaxena8282.wixsite.com/website/post/objective-of-finance-management>

a. **Profit Maximisation**

The main aim of every business organisation is to make profits, not just profit but maximum profit. Profit maximisation is the old-style and straight jacket approach that aims at coordinating things so that there is no form of wastage and profit is being maximised. Profit

maximisation is a set of activities that helps the organisation itself to increase profit. Profit maximisation is fulfilling a short-term objective and not necessarily the long term. Profit maximisation is a subset of wealth maximisation, it helps to facilitate wealth creation.

Video



3. <https://www.youtube.com/watch?v=zym8t71QHZo>

b. Wealth Maximisation

Wealth maximisation simply means shareholder wealth or the wealth of the persons who are entangled in the business concern. The other name for wealth maximisation is value maximization or net present worth maximisation. It is important to note that wealth maximisation is one of the modern approaches and latest inventions in the field of business concern. Wealth maximisation considers the value of stakeholders, shareholders and patrons. Wealth maximisation fulfils the long-term objective of an organisation in the sense that it may stumble initially but once it masters the ropes, wealth is created to the maximum level and shareholders, patrons and stakeholders are happy. Wealth is maximised when sales are increased and capturing more market share.

3.4 Functions of a Finance Manager

In financial management, deciding the functions of a finance manager is one of the ultimate tasks of an organisation. The financial manager is one of the key players and must have complete knowledge in the area of accounting, economics, finance and management. McGraw Hill (2000) described the position of a finance manager as highly placed personnel who performs the following functions:

- a. Forecasting
- b. Acquisition
- c. Investment
- d. Cash management
- e. Liaising with other departments

a. Forecasting

The finance manager is supposed to forecast expenses and prepare a budget to that effect. If it is a new organisation, he/she should approximate how much to acquire fixed assets and the sum needed to meet the working capital necessities of the future. Forecasting means using past expenses or experiences to plan future expenses

or experiences. When a financial manager forecasts, the organization can hardly run into troubled waters because it has been properly guided.

b. Acquisition

The finance manager should be able to estimate what and what would be acquired for the business at the beginning or at intervals. Acquisition involves purchasing items that are needed in the organization. Different organisations acquire different resources depending on the various departments that are in the organisation. For example, in the library, several departments require different things. The binding section needs tools and equipment for fixing damaged books while the serial section requires mainly journals and shelves to display them.

c. Investment

A finance manager should be able to guide his/her boss on the finest investment alternative and consider the rational and unchanging return from the investment. He must be well grounded in techniques of capital budgeting in order to determine the effective utilization of investment. The investment that will yield maximum profit should be that area where a finance manager should advise his/her sponsors. Bad investment or an investment gone wrong can set the organisation backwards.

d. Cash management

In recent times, the term cash management explains how effective it is to for a finance manager to be proficient in handling cash or disbursing cash. Cash is supposed to be available for short term projects as well as long term projects. Cash should be properly managed by the financial manager. Cash should not be released or approved without proper authorization and approval. When cash is properly managed, there will always be cash for important issues.

e. Liaising with other departments

The finance manager deals with various functional departments and sections administrative department, bursary department, ICT department, human resources department and so on. In the case of a library, the finance manager liaises with the reference section, serial section, binding section, current awareness section and so on. The finance manager should have sound knowledge not only in finance-related areas but also well versed in other areas. He must maintain a good rapport with all the functional departments of the business organization. For the smooth running of the organisation, the finance manager must liaise with other departments.

3.5 Importance of financial management

The importance of financial management cannot be overstressed in any organisation. It is said to be the lifeblood of a business organization whereby the needs of the organization are met to ensure smooth running and achievement of set goals. Finance is necessary time and time again, some of the importance of finance according to Holynskyl (2017) includes:- financial planning, acquisition of funds, proper use of funds, financial decision, improved profitability, promotes savings and improves the value of the organisation.

a. **Financial Planning**

Financial management assists in determining what the necessities of the organisation/library are and this leads to planning financially. Financial planning future expenses and this includes working with a budget so that there will not be any unnecessary expenses. Once financial planning is in place, all other departments and units will align properly because they will have all their requirements in order for work to flow properly. If financial management is in any way defective, it will most definitely affect other departments. For example, if the financial department does not provide funds for purchasing raw materials, diesel and other requirements for the day to day running of the organisation, it will affect the sales department and other units connected to finished products and that will reduce the sales of the organisation. So also if the finance department is not able to release funds for fuel or diesel in the library and the power is out, the work for that day will not be smooth; users will not be able to use the systems, employees will not be able to attend to queries remotely or externally.

b. **Acquisition of funds**

Acquisition of funds means sourcing for funds. For any business to kick-off, the funds for it has to be available. The required minimum finance has to be on the ground before the business can take off. A business idea remains a business idea until it is backed up with funds. Funds kicks of activities in an organisation or library. The success or failure of an organisation greatly rests on the acquisition of funds. Funding is not the duty of employees but rather it is the duty of the patron and the finance department. Without enough funds for major activities in the organisation, it is as good as dead on arrival. A sound plan for the acquisition of funds from banks, individuals, family, friends, shares, bonds or investments is vital for the success of the organisation.

c. Proper use of funds

Appropriate use of funds is pertinent to any organisation and this can only be possible when there is operational efficiency. Once a finance manager uses funds properly, it reduces the cost of capital and increases the value of the firm. When funds are used for the purpose which it was given, it helps in moving the organisation forward but when it is diverted for other things, the growth of the organisation is stunted. The financial manager has to study, analyse and evaluate all the financial needs of the organisation and place them in order of priority what needs to be done before the other for smooth running of activities. When this is done, the proper decision for use of funds is made without stress.

d. Financial decision

When a good financial management is in place, a sound financial decision is made which affects the entire business operation because various departments duties such as production and marketing are intertwined. A financial decision can make or break the organisation. It is necessary to consult capable hands before making a financial decision so as not to cripple the business. Here, all facts and figures, budgets financial statements are analyzed using the various financial tools so that a proper decision is made which will maximise the profit and value of the organisation and reduce the risk that might occur.

e. Improved Profitability

Financial management helps to improve profitability especially when the organisation is being run effectively and efficiently and there is proper utilisation of funds. Improved profitability is made possible by good financial management. Financial management that is run properly will definitely yield profit which is the main reason why organisations are in existence. Profit is increased when all risk factors are eliminated or reduced to the barest minimum because when a risk occurs, it sets the organisation back financially. Funds that would have been invested in the business is used to resolve an issue or replace what has been damaged as a result of risk. When proper financial management is in place, it promotes savings. Financial management helps to promote individual and corporate savings which leads to the wealth of the investors as well as the nation. When there is enough profit to pay salaries and settle pending expenses, the leftover is left for savings individually and corporately.

f. Increase the value of the organisation

Financial management is germane in the field of increasing the wealth of the investors and the business organization. Every

organisation has the sole aim of maximising the wealth of the investors and the nation as a whole. An organisation that increases the wealth of the organisation invariably increases the value of the organisation because if it is enlisted in the stock market, its stocks will go high or if it shares dividends at the end of the year, it will surely sell itself and increase the value of the organisation. People want to reckon with an organisation that is doing well, so if an organisation is known to do well, it will attract investors.

3.6 Principles of Financial Management

There are some vital pieces of information in financial management known as the principles of financial management. The five principles are effective control, simplicity, regularity and farsightedness, economy and flexibility.

i. Effective control

There should be effective control of financial management for work to flow efficiently. Control is vital in order to avoid wastage and to ensure that the financial resources are put to maximum use. A financial manager should be able to control other departments effectively to ensure the smooth operation of activities. When money is disbursed to a department for something, the financial manager should ensure that the item was bought or the need was met. When this kind of monitoring is carried out, there will be no room for waste.

ii. Simplicity

Financial management should be made simple for anyone to handle. It should not be difficult that only experts can handle the affairs. The simpler it is the more efficient and effective the manager delivers. The rules should be few and not too numerous to remember, the rules should also be plausible and flexible in order to serve its end for both the library staff and its users. A flexible rule is accommodating and comes in handy when an urgent decision has to be made.

iii. Regularity and farsightedness

Financial management should be well structured that things are done in sequence like a timetable structure where everyone knows what to do at a certain time. When everyone sticks to a structured timetable, there is a tendency for preparation, thinking ahead and future requirements which can be put in view. In financial management, referring to previous budgets is a norm. It helps to maintain regular activities and expenses and also prepares the organisation for activities ahead. For example, it is general

knowledge that after a certain period of time, the generating set will need to be serviced no matter how gigantic it is. Provision for this activity should be set aside so that activities can continue uninterrupted.

iv. Economy

Another principle of financial management is economy. The economy of the country, directly and indirectly, affects the organization so precautions should be taken to avoid unnecessary expenditure and wasteful spending. When an economy is flourishing, it automatically means that organisations will do well if properly managed financially and vice versa. In parts of the world like Nigeria, items used in many organizations are being imported and so if the exchange rate is high, it will have a ripple effect on the goods or services that the organization will produce but if the exchange rate is low, it will have a positive ripple effect as well.

v. Flexibility

There should be some level of flexibility in financial management in order to give room for emergencies and crises. Flexibility here should be within the organisations rules, regulations, guidelines and policies. Being that financial management gives room for flexibility, it should not be abused. The rules should be susceptible to change so that it does not become the master. Needless restrictions should be taken away as well as bottlenecks before urgent matters can be attended to.

4.0 SUMMARY

In conclusion, this unit discussed the four (4) building blocks of financial management which consist of accounting records, financial planning, financial monitoring, internal control; Scope of financial management which consists of financial management in human resources, financial management in production management, financial management in accounting, financial management in economics, financial management in mathematics, financial management in marketing; Principles of financial management which consists of effective control, simplicity, regularity, farsightedness, flexibility; Importance of financial management which consists of financial planning, acquisition of funds, proper use of funds, financial decision, improved profitability, promote savings; Objectives of financial management which consists of profit maximisation and wealth maximisation.

5.0 CONCLUSION

Financial management cuts across all ramifications. The principles, components, importance, objectives, scope and building blocks of financial management were all discussed to a great extent in this unit. Finance management involves managing the finance that is available for the organisation which includes a library. The importance of financial management in an organisation cannot be overemphasised as it is the make or break of an organisation.

6.0 TUTOR-MARKED ASSIGNMENT

1. Name three (3) principles of financial management and explain in detail.
2. Itemise the eight (8) components of financial management.
3. Explain five importance of financial management.
4. What are the objectives of financial management?
5. What are the different scopes of financial management?
6. Mention and explain the four building blocks of financial management?

7.0 REFERENCES/FURTHER READING

Brigham, E. F., & Houston, J. F. (2021). *Fundamentals of Financial Management*. Cengage Learning.

Chandra, P. (2011). *Financial Management*. Tata McGraw-Hill Education.

Lasher, W. R. (2016). *Practical Financial Management*. Cengage Learning.

Holynskyl, Y. (2017). Importance of financial management principles in the state budget execution. *Annals of Spiru Haret University, Economic Series*, (4)
file:///C:/Users/23480/Downloads/The_Importance_of_Financial_Management_Principles_.pdf

McGraw Hill, R. (2000). The goals and functions of management. McGraw – Hill Ryerson Limited.
https://tools.mheducation.ca/college/block5/graphics/block5ffb_student/slideshow/sld01.pdf

Moyer, R. C., McGuigan, J. R., & Rao, R. P. (2014). *Contemporary Financial Management*. Cengage Learning.

- Subramanian., T. & Paramasivian. C. (2009). *Financial Management*. New Age Publishers. <https://www.worldcat.org/title/financial-management/oclc/646815209>
- Shapiro, A. C., & Hanouna, P. (2019). *Multinational Financial Management*. John Wiley & Sons.
- Walker, R . G. (2004). Objectives of financial reporting https://papers.ssrn.com/sol3/papers.cfm?abstract_id=480893

UNIT 3 FINANCIAL MANAGEMENT IN PUBLIC AND PRIVATE ORGANISATIONS

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Objectives (ILOs)
- 3.0 Main Content
 - 3.1 Concept of Public Organisation
 - 3.2 Financial Management in Public Organisation
 - 3.3 Concept of Private Organisation
 - 3.4 Financial Management in Private Organisation
 - 3.5 Difference between Public Organisation and Private Organisation
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Financial management in public and private organizations are organisations that are privately owned by individuals or industries and publicly owned (government). Financial management in public and private organisations describes how the two sectors of organisations are being run and how their finances are being managed. Bearing in mind that public organisations are being run with the intention of not making profit while on the other hand private organisations are run with the sole aim of making profit with the exception of a few.

2.0 INTENDED LEARNING OBJECTIVES (ILOs)

By the end of this unit, you should be able to:

- define a public organisation
- discuss financial management in public organisation
- examine the definition of private organization
- explain financial management in private organisations.

3.0 MAIN CONTENT

3.1 Concept of Public Organisation

Public organisations are known as organisations that carry out governmental services which include public health, public education, law enforcement and public infrastructures such as public roads, water

supplies, roads and bridges. Public organisations are owned by the federal government of the country where it is situated or another country. Raharjo and Eriksson (2017) explained that the fundamental standards of public organisations are basically influenced by the legislature, profile-raising in the society and politics.

Some libraries fall under public organizations for example “public libraries’ and ‘national libraries’. These libraries are owned and funded by the federal government. They get their directives from the government and they report to them as well.

According to Supplemental Guidance (2011), the (4) levels of public sector organisations are:

1. International level

At the international level, the organisations are formed by more than one organisation and between a minimum of two countries. The kind of organisations found there are multistate entities and partnerships. They are governed by international laws and it possesses its own legal personality such as World Health Organisation, NGO’s, United Nations and so on.

2. National level

A public organisation at the national level are public organisation within a country. It is not as broad as the international level which is between two or more countries. A national level public organisation is just within one country. For example a public organisation in Nigeria, Dubai or United Kingdom. It does not have any affiliation with foreign countries; they are self-sufficient on their own.

3. Regional level

A public organisation at the regional level are public organisation in an area, a district or section of a country. In Nigeria for example there are four basic regional areas namely north, south, east and west. Public organisations can be situated in different regions within a country. Some countries base the regions according to the dialects that people speak. The regional level in the United States is divided into the number of states that make up the United States of America. The regional level of government take for instance is the restrictive political activities within the state and they act as a middle person between the state and the president or federal government.

4. Local level

A public organisation at the local level involves public entities that are established at the grassroots level in a given district or community. Public organizations at this level are closer to villages and suburbs, they may have branches at other grassroots areas as well. Just like the name implies, the local level is the people that cannot easily be reached by the government because they are in far interior sides of the town.

3.2 Financial Management In a Public Organisation

Public organisations are organisations that are established by the federal government basically for political purposes. The success of public organisations depends on social measures, political measures and market measures. Financial management in a public organisation involves several activities such as managing funds, budgeting and controlling costs. The funding of a public organisation is done by the Federal government and not private individuals. Before an expenditure/ budget is approved in the public organisations, it goes through some bottlenecks before approval. In financial management, the general public expects that the Federal government will be responsible for the use of the taxes and they expect that there should be enough transparency. Transparency as defined by International Monetary Fund (IMF) can be seen as frankness, consistency and clarity.

3.3 Concept of a Private Organisation

A private organisation is an organisation that is managed, run, owned and controlled by private individuals. According to Raharjo and Eriksson (2017), the main concern of private organisations is profit maximisation. Eriksson (2016) is of the opinion that private organisations perform a lot better than public organisations when it comes to quality management practices as regards progress management which seems easier for private firms. For example, some libraries are privately owned which means they are managed, run and controlled by private individuals. Private organisations example includes non-governmental organisations, companies and partnerships. The scope of the private organisation is not limited to small scale, it varies from size to size and it includes multinational companies and enterprises. Goods and services rendered in primary, secondary and tertiary schools are carried out by private organisations.

3.4 Financial Management in Private Organisations

Financial management in a private organisation is a situation whereby the income and expenditure are being spearheaded by private individuals and

not the Federal government. Financial management. Financial management in a private organisation has the main objective which is to earn a high profit, grow, fulfil the needs of people and maximise the wealth of shareholders. All these are done without the influence of the federal government. Examples are multinational companies and other big corporations. For example, in the library and information science centres, financial management is done by the administrative officers and supervised by the library management.

3.5 Difference between Private Organizations and Public Organizations

Khan and Khandaker (2016), highlighted eight major differences between public and private organisations which are based on certain concepts of organisations which includes several angles such as goods and services, leadership, organisation structure, goals, resource ownership, design and organisational culture.

a. Goods and services

Goods and services here refer to physical items and non-physical items that both public and private organisations render to people. Goods and services of the private organisation operate in a competitive market to meet commercial objectives but public organization operates in a dominant position whereby there is no competition whatsoever in whatever they engage in. Goods and services in a private library or institution are run solely for profit-making and for the institution but goods and services in a public library or public institution is not run for purpose of profit-making but for the services to be readily available.

b. Leadership

Leadership here means being able to carry people along towards achieving the set goals of the organisation. The leadership of a public organisation is solely in the hands of the government who directs the organisation and dictates which way they should go; while the leadership of the private organisation rests with private individuals who own and manage the affairs. Private organisation enjoys less interference from the government and they can reach their leaders easily but this is not so for public organisations.

c. Organisation structure

Organisational structure is basically how information flows within the organisation. Here everyone knows who to report to and who is subordinate to him/her. A good organisational structure divides members duties into distinct tasks which help to coordinate tasks and accomplish the mission and goals of the organisation. Public

organisational structure is lengthy and has some bottlenecks but the private organisational structure has a shorter span and bottlenecks are reduced.

d. Goals

Both public and private organisations have distinctive goals, public goals are more of equity and accountability and are controlled by the forces in the market while public organisations are controlled by forces related to politics. The goal of the private organisation is profit maximisation and to make the business grow while the goal of the public organisation is to serve the people of the country and make life easier for the citizens.

e. Promotion

Promotion is desired by people in both public and private organisations. In a public organisation, promotion is done using the most senior position and then it trickles downwards while in the private sector, promotion is awarded based on how well the individual or team performs. In a public organisation, promotion is more organised and transparent compared to private organisation. Promotion in public organisations are almost sure except the person has a query or commits a crime but in the private organisation, promotion can be delayed and sat upon for a number of reasons ranging from insufficient money to pay huge salaries to intimidation and denial of promotion.

f. Industry focus

The industry focus here refers to sectors of the economy where their strength lies. For the private organisation, their industry focus are industries like technology, banks, manufacturers, financial institutions and real estate while for a public organisation, their industry focus lies in education, power holding, military, mining, oil and banking amongst others. For public libraries falls under the public organisation and it is run like a public parastatal but private libraries are run with more care because the bottlenecks that public organisation possesses is absent.

g. Organisational culture

The organisational culture explains the shared values and general beliefs of the staff in an organisation. These shared values and beliefs are passed to new staff that are employed. In the public organisation, there is usually more job security and members of staff cannot be sacked easily. While in a private organisation, the security of a job is solely based on performance, i.e., if one is not performing well, the person can be easily laid off. For example, the culture a public library has is not the culture a private library has in the sense that a public library takes its instructions from the

federal government and so their cultures, beliefs, rules and regulations are quite different from the private library which takes instruction from the parent institution and its rules, regulations, beliefs and values are passed down from their patrons.

4.0 SUMMARY

In this unit, some topics were discussed extensively; the concept of public organisation, financial management in a public organisation, the concept of private organisation, financial management in a private organisation, the differences between public and private organisations which include; goods, leadership, organisational structure, goals, promotion, industry focus and organisational culture.

5.0 CONCLUSION

Public organisations are very different from private organisations in all ramifications. Public organisations are owned, run and managed by the Federal government while the public organisation is owned, run and managed by private individuals.

6.0 TUTOR-MARKED ASSIGNMENT

1. Mention and explain eight differences between public organisations and private organisations.
2. What do you understand by Financial management in private organisations?
3. What is Financial management in public organisations?
4. What are the four levels of Government organisations?

7.0 REFERENCES / FURTHER READING

Bandy, G. (2014). *Financial Management and Accounting in the Public Sector*. Routledge.

Eriksson, H. (2016). Outcome of quality management practices. Differences among public and private, manufacturing and service, SME and large organizations. *International Journal of Quality and Reliability Management*. 33(9).
https://www.researchgate.net/publication/308787851_Outcome_of_quality_management_practices_Differences_among_public_and_private_manufacturing_and_service_SME_and_large_organizations

- Khan, A. R. & Khandaker, S. (2016). Public and Private Organizations: how different or similar are they. http://elib.sfukras.ru/bitstream/handle/2311/30301/02_Khan.pdf;jsessionid=A1A473983F8593EB32D4BBD3B44AB1B8?sequence=1
- Raharjo, H. & Eriksson, H. (2017). Exploring differences between private and public organizations in business excellence models. *International Journal of Operations & Production Management*.
https://www.researchgate.net/publication/320506761_Exploring_differences_between_private_and_public_organizations_in_business_excellence_models
- Supplementary Guidance (2011). Public Sector Definition. URL: www.globaliaa.org/standards-guidance.
<https://global.theiia.org/standards-guidance/Public%20Documents/Public%20Sector%20Definition.pdf>

MODULE 2 LIBRARY FUNDING AND EXPENDITURE

Unit 1	Concept of Libraries and Types of Libraries
Unit 2	Budget and Budgeting
Unit 3	Sources of Funding Libraries
Unit 4	Challenges Associated with Sourcing of Funds for Libraries

UNIT 1 CONCEPT OF LIBRARIES AND TYPES OF LIBRARIES

CONTENTS

1.0	Introduction
2.0	Intended Learning Objectives (ILOs)
3.0	Main Content
3.1	Concept of Libraries
3.2	Types of Libraries
3.2.1	National Library
3.2.2	Public Library
3.2.3	Academic Library
3.2.4	Special Library
3.2.5	School Library
4.0	Summary
5.0	Conclusion
6.0	Tutor Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

Libraries are storehouses for books and other resources. It is a building that houses both the staff that work there and the resources in it. Ranging from desktops to laptops to scanners, books, journals and any media resource you can think of. The staff in the library are called librarians. There are various sections of the library that handle different duties. There are several types of libraries nationwide. Libraries in one way or the other help to improve the skills and knowledge of people.

2.0 INTENDED LEARNING OUTCOMES (ILOs)

By the end of this unit, you should be able to:

- Discuss the concept of library
- identify types of libraries
- explain the functions of a library.

3.0 MAIN CONTENT

3.1 Concept of Library

A library is established to take care of the information need of its users. Peoples needs differ just like they come from all works of life; some are lecturers, students, civil servants, engineers, architects and so on. Atay and Yilmaz (2018), defined a library as a place where knowledge and science are being preserved and transferred to the next generation. He emphasized that libraries are pertinent when it has to do with the cultural, partial and historical aspects of the society. A library directly or indirectly stores our cultural heritage. According to Online Etymology Dictionary, the term “library” is derived from the Latin word “liber” which means literally book, paper or parchment. Saliu (1999), described a library as a collection of books as well as a collection of records which are in a building, organised and interpreted to meet broad and different queries from users varying from information, knowledge, recreation and esthetic – value.

3.2 Types of Libraries

Libraries are of various types all over the world. They vary in types as well as functions. Libraries contribute to the knowledge and skill of individuals for positive productivity in different spheres of life. Different libraries came up as a result of the different needs of users. There are five major types of libraries namely; National library, Public library, Academic library, Special library, School library.

3.2.1 National Library

A national library is established by the federal government of a country. This type of library is unlike other libraries in the sense that it preserves the literature of the nation within and outside the country. Every nation has a national library which collects and preserves the nation’s literature. The National Library is a legal bank for both African Union and United Nations. The main objective of the national library is to identify, acquire, organise, store and retrieve the print and non-print documents that are published within a particular country.

According to Omasor (2015), some of the Functions of the national library are:

- a. The National Library maintains and develops the national bibliography services throughout the country.

- b. The National Library is the agency for the International Standard Book Numbering for all publications and libraries nationwide.
- c. The National Library performs the function of preserving and receiving all materials that are published in Nigeria for posterity's sake.
- d. The National Library is saddled with the responsibility of collection of library statistics and uses such information to advise the government and its agencies on national development.
- e. The National Library engages in the international exchange of publications which are vital for research and policymaking.
- f. The National Library is a training ground for librarian-trainees from the institute of higher learning for those who are interested in knowing the practical aspect of their career.



Fig. 13: National Library of Nigeria, China.

Source - <https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcTNSSTsg5aUbj8kkQNi5fBpswzv4N0WzD9vsg&usqp=CAU>

3.2.2 Public Library

A public library is a library that meets the needs of the general public irrespective of age, gender, status and educational background. It is a library that is owned by the state and the federal government. Agbaji and Ukwela (2017) opines that a public library is a library that is established for a particular region or a particular local community and is sustained by public funds. A public library gathers materials that are very useful to the

community. Public libraries have a range of responsibilities ranging from the promotion of individual development, commerce, technical progress, social & cultural advancement, recreation and leisure. Public libraries evolved as a result of an intellectual community whereby the need for reading and borrowing books was in high demand. The service fee at a public library is usually free of charge or at a subsidized fee.



Fig. 14: Public Library, New York

Source – <https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcQxTTq2zD9MzAx2lyPF5IWCQRbsHBzZ6AGi7A&usqp=CAU>

Saliu (1999) highlights the functions of Public Libraries to include:

1. Organisation of enlightenment programmes

The organisation of enlightenment programmes are entertainment programmes that involve both young and old in the society. Public libraries are places where anyone in the community can go to listen to stories that are being told by older people and engage in other entertaining activities such as a book club, book services, organised debates, symposia, poetry and drama.

2. Provision of economic documents

Public libraries engage in the provision of economic documents which provides information on goods and services. Public libraries provide local economic capabilities by providing information on income-generating projects, credit facilities, employment activities, state assistant schemes and so on. These kinds of information contribute to the economic well-being of the society.

3. Researches

Research is an enquiry that involves the collection of data, documentation of data, analysis of data and interpretation of data. Public libraries assist in individual research which involves developing their skills, resources and library materials. The people in that community where it is domiciled do not need to travel far because all they need for a research is within their reach in the

public library. A public library compiles bibliographies on various subjects, authors and titles that are useful to the society.

4. Provision of political information

Politics involves bringing a gathering of people together and creating a mutual sense of security among them. The public library engages in the dissemination of information on different political programmes in the society. Being that a public library gets to the grassroots, the government or politicians use it as a medium such as a radio or television to pass across political orientation and culture on government policies.

5. Provision of educational information

Provision of educational information as a function of public library acquires books and other relevant materials which are in line with the needs as well as the demands of their various users. Being that a public library is non-discriminatory, its resources are available at a minimal cost or no cost at all. A public library is a middle point between the users and the outside world. It adds value to the community by engaging in educational programmes for the society such as supporting continuous education programmes like adult education programmes.

3.2.3 Academic Libraries

Academic libraries are libraries that can be found in schools, colleges of education, universities and research libraries. This library assists in taking care of the needs of individuals in the academic environment and helps to conserve and disseminate information and knowledge. Academic libraries are usually owned and funded by the institution where they reside. They abide by the set rules of the educational system in which they form a part.

Brown and Swan (2007) in Klain and Shoham (2019) outline the functions of an Academic Library and they include:

1. To support students, lecturers, doctors, professors and other academic staff in their educational pursuit.
2. To let the university be aware of the latest technological and scientific developments.
3. To orientate the new students in how to search for important resources without wasting time and energy.
4. An academic library is a sure place for quiet reading, researching and studying that users can rely on.
5. An academic library houses all essential research and reference resources that will be useful to any researcher such as bibliographies, monographs, dictionaries, encyclopedias and so on.



Fig. 15: Academic Library in Ethiopia

Source – <https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcQS7SOpwZnomzRi91uTOS6CPKifRIREtBHvrA&usqp=CAU>

3.2.4 Special Library

Special libraries are libraries that offer their services to users who fall into the category of special people. They are special in the sense that their clientele is limited and they have the same thing in common. A special library is usually owned by an organization and so it serves the needs of the organization by gathering literature solely on that particular area. For example, a library that houses only literature on medical books is called a medical library, other examples are Law Libraries, News Libraries. There are special libraries in all works of life like psychology, military, music and so on. A special library is very similar to an academic library in nature. It covers specific subjects and their users have common concerns and services.



Fig. 16: Special Library in Naver

Source – https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcTRuXjMXWzPQ3HO3LqL75GuzSVvf_ITZzUk8A&usqp=CAU

Functions of a Special Library are:

1. A special library subscribes to a lot of journals in its area to enrich its collection
2. A special library provides services like filing, indexing abstracting, licensing for its users to save their time.
3. A special library engages in current awareness service (CAS) concerning new resources as well as the latest services available.
4. A special library offers translation services to its users who require it.
5. A special library provides selective dissemination of information (SDI) to its users.

3.2.5 School Library

A school library is a library that is situated in a school and serves the pupils, teachers and entire school population. A school library is run by a librarian. Mokhtar and Majid (2005), opine that for a library to be termed a ‘school library’, it must be well-staffed, well-stocked and be able to provide a robust programme that is linked to the school curriculum.



Fig. 17: School Library

Source: https://encrypted-tbn0.gstatic.com/images?q=tbn:ANd9GcSXPa45MXml0_1_tukeDIJXHivKhviFgLGqQ&usqp=CAU

Some of the functions of the National library as described by Mokhtar and Majid (2005) are:

1. **Assist students to learn about books**
A school library creates an environment for students to get really comfortable so that they will be willing to learn about books. Here the students are taught how to cater for the books, find books and

fix damaged books. A school library has a variety of books in its possession and they must be eye catchy and in line with the school curriculum.

2. Support literacy instruction

A school library should perform the function of supporting literacy instruction in the sense that both books and all the media materials that support students learning in their daily curriculum subjects such as mathematics, economics, history, geography and other topics should be made available. A collection of fiction or non-fiction should be made available at all levels.

3. Serves as a location for students to talk and interact with books

A school library performs the function of serving as a location for students to talk and interact with the books of simple and meaningful stories. It should be noted that the stories should involve things such as animals, birds and stories that give moral values as well as ethics to children.

4. Provide opportunities for independent reading and extracurricular extensions

A school library performs the function of providing a learning space which provides opportunities for independent reading such as using the computers, accessing the internet use equipment and research materials. Extracurricular activities such as quizzes are also carried out in the school library and this is of interest to the students.

5. Provides a central location for classroom resources

The school library serves as a location where most of the resources used in the classroom can be found. Here, resources of informative value that have been used in the classroom or are yet to be used can be readily assessed. The students and the teachers can access the resources anytime they wish as long as it is within the library working hours.

4.0 SUMMARY

This unit discussed the different types of libraries and their characteristics. School library, academic library, special library, national library and public library were discussed. They are different and unique in their own way. The school library is a library that is situated in a primary or secondary school. An academic library is situated in a college or university. A public library is owned by the government and situated in communities. A special library is basically for people with special needs, the library is not open to all. The national library is owned by the federal government, it's a library that serves as a bank for African Union and United Nations.

5.0 CONCLUSION

Libraries are a necessity everywhere in primary schools, secondary schools, universities, colleges of education, polytechnics, communities, hospitals, prisons and so on. The libraries are publicly owned or privately owned.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is a library?
2. Define a National Library and its functions?
3. Explain the academic library and its functions?
4. What is a special library and explain its objectives?
5. Define a public library?

7.0 REFERENCES/FURTHER READING

- Agbaji.,Y.O., & Ukwela., C.O .(2017). “Libraries as a Pivot for National Development of Nigeria.” *Journal of Research in Humanities and Social Science*, 5(5) 64 – 67.
<https://www.longdom.org/articles/impact-of-state-branches-of-the-national-library-of-nigeria-on-library-and-information-services-delivery-in-nigeria.pdf>
- Atay, G., & Yilmaz, N. (2018). A New Approach To Library Concept: Library-On-Duty. *Journal Of International Social Research*, 11(58).
<https://avesis.cu.edu.tr/yayin/a43e4c4d-2bda-4e58-8020-ea1b1d8b3e53/a-new-approach-to-library-concept-library-on-duty>
- Brown, S. & Swan, A. (2007). Researchers’ use of academic libraries and their services: A report commissioned by the Research Information Network and the Consortium of Research Libraries.
<https://eprints.soton.ac.uk/263868/1/libraries-report-2007.pdf>
- <https://www.lisbdnetwork.com/types-libraries-academic-public-national-special-library/>
- Klain Gabbay, L. & Shoham, S. (2019). “The role of academic libraries in research and teaching.” *Journal of Librarianship and Information Science*, 51(3), 721-736.
<https://journals.sagepub.com/doi/abs/10.1177/0961000617742462>

- Mokhtar, I. A. & Majid, S. (2005). "Use of school libraries by teachers in Singapore schools." *Library Review*, 54(2):108-118. https://www.google.com.gh/?gws_rd=cr&ei=vAPVISSFMrzUuWGg8gI#q=Use+of+school+libraries+by+teachers+in+Singapore+schools
- Online Etymology Dictionary. URL: http://www.etymonline.com/index.php?allowed_in_frame=0&search=library&searchmode=none
- Omasor, A. U. (2015). Impact of State branches of the National library of Nigeria on library and information service delivery in Nigeria. *Global Journal of Interdisciplinary Social Sciences*, 4(3), 179 – 182. <https://www.longdom.org/articles/impact-of-state-branches-of-the-national-library-of-nigeria-on-library-and-information-services-delivery-in-nigeria.pdf>
- Rajan, T. N. (2017). *Unit-2 Types of Libraries and their Functions*. IGNOU.
- Reutzell, D. R., Fawson, P. & Fawson, P. C. (2002). *Your Classroom Library: New Ways to Give It More Teaching Power*. Scholastic Inc. <https://www.amazon.com/Your-Classroom-Library-Teacher-Tested-Research-Based/dp/0439260825>
- Saliu, U. A. (1999). "The development and roles of public libraries in Nigeria." *Ilorin Journal of Education*, 19(20). <http://nppl.ir/wp-content/uploads/THE-DEVELOPMENT-AND-ROLES-OF-PUBLIC-LIBRARIES-in-Nigeria.pdf>

UNIT 2 BUDGET AND BUDGETING

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Objectives (ILOs)
- 3.0 Main Content
 - 3.1 Budget and Budgeting
 - 3.2 Classification of Budget
 - 3.3 Characteristics of a Budget
 - 3.4 Library Budgeting Methods
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor Marked Assignments
- 7.0 References/Further Reading

1.0 INTRODUCTION

In most institutions, most libraries are given the lowest priority when it comes to the disbursement of funds. It is here that the negotiating skill of the University Librarian has to come to play. The University Librarian has to have good presentation skills to convince the authority about his demands and he also needs to keep a good income and expenditure record of the library activities.

2.0 INTENDED LEARNING OUTCOME (ILOS)

By the end of this unit, you should be able to:

- define budget
- itemise the two purposes of budget
- explain the three classifications of budgeting.

3.0 MAIN CONTENT

3.1 Budget and Budgeting

A budget is an estimate of possible income and possible expenditure for the following year. It involves critical estimation of income and expenses which are likely to affect the economy of the organisation. There is a need to plan a budget so as not to be taken unawares by unforeseen events. Every library no matter how small has to work with a budget which will be scrutinized, vetted and if need be it would be approved by higher authorities. The librarian should have a working budget so that activities will not be halted in the library. In every family, there is a working budget that the husband or wife works with in running the home (Rajput, 2015).

A budget has dual purposes and they are:

1. **To limit expenditures to income**
To limit expenditures to income means that the fund that is being spent in the library must not be more than the income otherwise the library will run into troubled waters. The proper way of things is the expenditure must be less than the income so that there is room for emergencies or unforeseen expenses.
2. **Ensure wise spending**
Ensure wise spending simply means that only needful expenses should be made. All frivolous and impulse spending should be curbed and brought to a halt. A budget gives an organisation a focus and a track to maintain and it can be altered due to changes in circumstances. Any expense that won't be beneficial to the library should not be encouraged.
Khan 2016, identifies three (3) ways to be adopted in preparing library budget:
 - i. **By comparison with past expenditures**
There is a need for the library to be compared with the previous one when preparing the present or future budget so that one can remain on track and not introduce anything that is irrelevant. Comparing past expenditures enables the organisations to properly plan ahead. Pitfalls of the past can be avoided when past expenditures are compared.
 - ii. **By budgeting in accordance with the work programme**
A library budget for a particular library may be different from another in the sense that although all libraries are libraries, they are different in nature. A school library is very different from a special library. Their programmes and needs may be slightly different so it is important to align the budget according to the programme.
 - iii. **By using widely accepted standards and norms**
There are some widely accepted norms and accepted standards that all budgets should abide by. Anything outside that means that the library is not conforming to the laid down practices. In accounting, there are widely accepted norms and standards. In librarianship as well, there are widely accepted norms and standards that should be abided by the practitioners.

3.1.1 Classification of Budget

There are some classifications of budgets that can be used to identify which section they belong. There are three classifications which consist:

- classification by character
- classification by objects

➤ classification by departments. According to Khan (2016), a budget can be classified into the following:

i. Classification by Character

Classification by character means time allotted for the period in which the budget was prepared. For example, current year, one year ahead, two years ahead, five years ahead and so on. Items that are included under this category includes: stationery, telephone bills, light bills and postage charges just to mention a few.

ii. Classification by Object

Classification by object is the second type of budgetary expenditure based on the services rendered or materials acquired by libraries. Items that are included under this category are; salaries, wages, building, furniture, fittings and so on. Anything that is referred to as an object falls under this category.

iii. Classification by Departments

Classification by departments is the third type of expenditure classification which is demarcated according to departments. Some of the departments are as follows: -

a. Technical department

The technical department/section of the library handles the processing of newly acquired resources or books. They are the link between the acquisition of resources and circulation. The acquisition department plays a very key role in the library because that is the section where library materials are being processed and an inventory is kept before they are found on the shelves by users.

b. Reference department

The reference department is that area of the library where there are materials that provide quick and easy to understand information on a topic. For example, bibliographies, atlas, thesauri, encyclopedia or a dictionary; these can provide information or meaning of words that users might need answers to.

c. Circulation department

The circulation department is the main public area of the library that is usually very busy. Here, there is a circulation desk/ loans desk where users can borrow a resource and it will be documented. The circulation department is usually found at the main entrance of the library.

d. Periodicals department

The periodicals section is the area of the library where there are magazines, scholarly journals, newspapers and newsletters. All these publications are published at regular intervals such as daily, weekly, monthly, quarterly bi-

annually and yearly. This section is separated from the other resources on the bookshelves.



Fig. 18: Budget

Source

https://www.google.com/url?sa=i&url=https%3A%2F%2Fwww.southpointfinancial.com%2Fhow-to-start-a-budget-and-stick-to-it%2F&psig=AOvVaw0lqCVwdcov_LyRh1fBrG3q&ust=1624027255772000&source=images&cd=vfe&ved=0CAIQjRxqFwoTCIi_pMT1nvECFOAAAAAdAAAAABAD

3.2 Characteristics of a Budget

A budget has distinct characteristics that make one easily identify. These characteristics must be present before the income and expenditure presented must be called a budget. The characteristics include clarity, accuracy, consistency and comprehensiveness.

a. Clarity

In presenting the budget, it should be clear enough for a layman to understand so that the board members, employees and government officials can easily understand it without getting an interpreter or asking all manner of questions. A complex or muddled up budget cannot be understood and will most certainly not be approved. It should be crystal clear and easy to understand by all and sundry.

b. Accuracy

Budget involves figures and so there is a need for accuracy to avoid duplication of figures. The figures must be transcribed and reported carefully without variation from the original document. All income and expenditure must be calculated with precision and accuracy. When one zero is added or removed from a number, it has changed the number totally. Accuracy should not be toyed with so that the right amount will be captured.

c. Consistency

Consistency in a budget is necessary in the sense that budget presentations should retain the same format from year to year so that comparisons can easily be made. Every budget should have some comparability and consistency so that expenses and income of the past can be compared with expenses and income in the present and used to budget for the future.

d. Comprehensiveness

A comprehensive budget means that budget reports should as much as possible include a complete picture of fiscal activities. When all income and expenditure expenses for library operation are captured in the budget, it is said to be a comprehensive budget. The income and expenditure for all the departments must be captured.

3.3 Library Budgeting Methods

Every library whether it is academic or non-academic has to operate with a budget which is supposed to be scrutinized, vetted and approved. There are some methods of budgeting for preparing library budgets which are mixtures of the traditional ones as well as the innovative methods that were established in recent years.

Muhammad, Muhammad and Adamu (2017), identify some library budgetary methods, namely:

i. Line Item or Incremental or Historical Budgeting

Line Item or Incremental or Historical budgeting is a budgetary method that divides items of expenditure line by line into broad categories. Here the budget is prepared with an augmentation of 5% to 10% of each major item compared to the previous year's budget. The advantage of this is that it gives room for inflation.

Line Item Budget

Line Item Budget is the presentation of expenses in columnar form. Expenses in line item budget would be both projected and real from the past year. This helps in comparison process of budgeted expenses of current year and past years. This columnar format help managers to estimate whether budget for current year is in line with previous year's budget or more.

EXPENSE CATEGORIES	MONTH	ACTUAL EXPENSE 2019	PROJECTED EXPENSE 2020	ACTUAL EXPENSE 2020
Office Supplies	January	\$10,000	\$11,000	\$15,000
Salary	January	\$50,000	\$45,000	\$45,000
Advertising	January	\$5,000	\$6,000	\$7,000
Canteen Expense	January	\$7,000	\$6,500	\$7,000
Total		\$72,000	\$68,500	\$74,000

 WallStreetMojo

Fig. 19: Line Item Budget

Source

<https://www.google.com/url?sa=i&url=https%3A%2F%2Fwww.wallstreetmojo.com%2Fline-item-budget%2F&psig=AOvVaw3ksMBtvpYbLldcBiiMBxID&ust=1624091750034000&source=images&cd=vfe&ved=0CAoQjRxqFwoTCJj6-bLjoPECFQAAAAAdAAAAABAQ>

ii. Formular Budgeting

Formular budgeting is based on financial norms and standards whereby formulas are used for financial estimation and budget justification. Using formula saves a lot of time but it does not explain for people who have no idea what it represents.

iii. Programme Budgeting

Programme budgeting has three steps namely: -

- Report of agency objectives
- Full considerations of alternative ways
- Logical selection of the best based on effectiveness and efficacy

Programme budgeting is an extension of the 'line thing way', it focuses on the programmes or services that the library intends to give. The total cost of the programme or service is estimated and then a budget is made. Programmes and services may also be grouped into departments and then a budget is made to accommodate all.

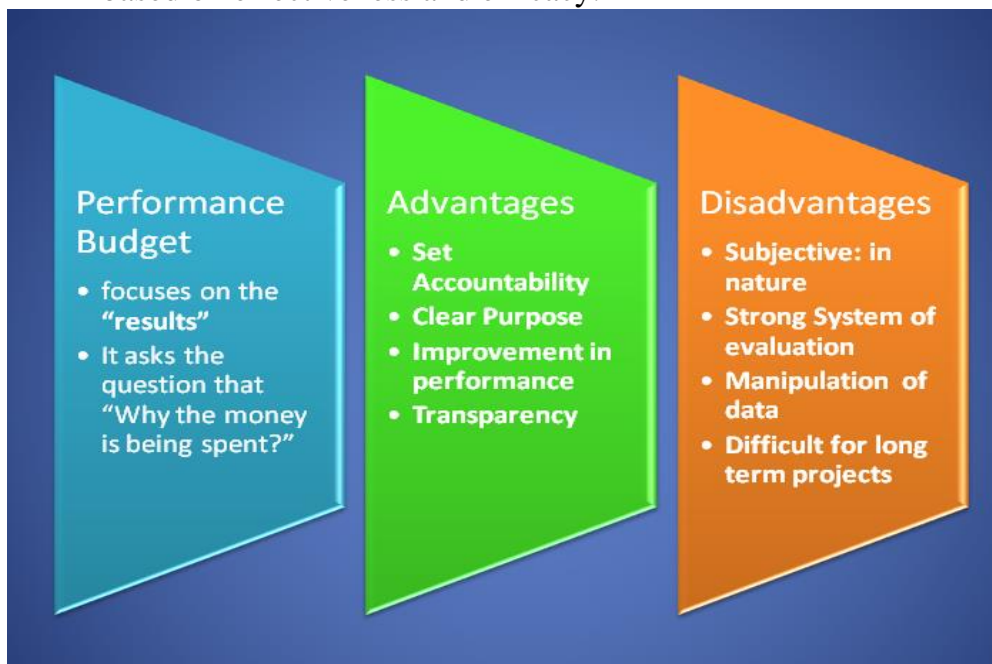
What is Program Budget?	
<p>Program budget is a budget that is prepared specifically for a project or program. This type of budget includes expenses and revenues related to a specific project only.</p>	
<p style="text-align: center;">Advantages</p> <ul style="list-style-type: none"> • It helps in determining the priority of the projects. • It helps in planning and managing the delivery of services in the future. • It helps in spotting the areas where higher funds are required. 	<p style="text-align: center;">Disadvantages</p> <ul style="list-style-type: none"> • If the program budget is incorrect, it can lead to increase in costs. • It requires lot of information so takes ample time to find out exact financial resources required.

Fig. 20: Program Budget

Source <https://efinancemanagement.com/wp-content/uploads/2017/09/Program-Budget.jpg>

iv. Performance Budgeting

Performance budgeting is almost the same as programme budgeting, the only slight difference is instead of an emphasis on programme, emphasis is on performance. It follows the steps as programming budgeting which are a report of agency objectives, full consideration of alternative ways, logical selection of the best based on effectiveness and efficacy.

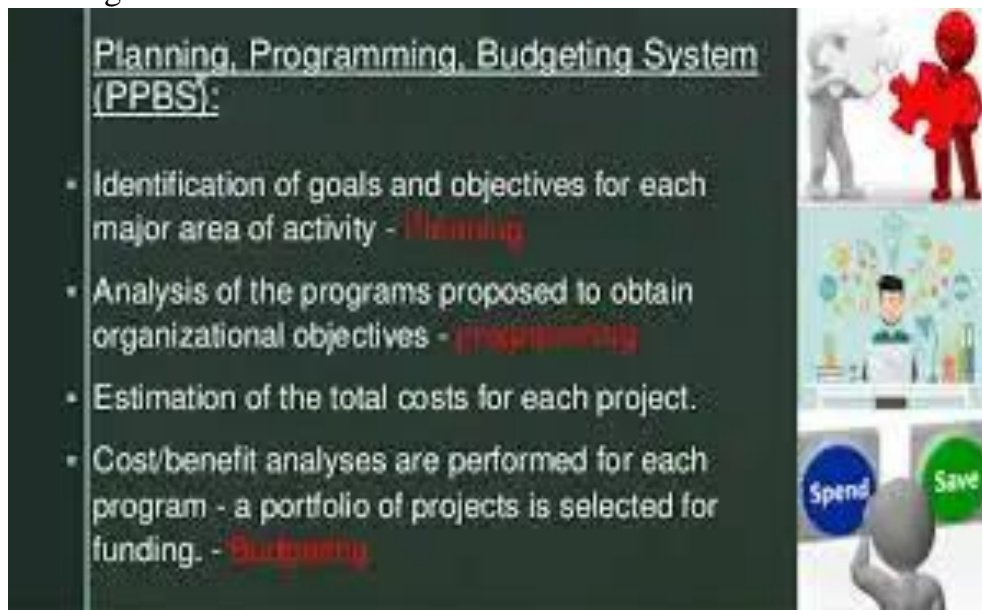


v. Fig. 21: Performance Budgeting

Source <https://efinancemanagement.com/wp-content/uploads/2018/05/PPT-1.png.webp>

vi. Planning Programming Budget System (PPBS)

PPBS is the acronym for planning programming budget system. It is a combination of both programme budgeting and performance budgeting. There are two key units of PPBS which are budgeting and organisation analysis. PPBS focuses on scheduling which begins with the establishment of goals and objectives and then ends with the formulation of programmes or services. PPBS puts its concentration on financing projects or activities that will yield great returns and at the same time helps to achieve organizational goals.



vii. Fig. 22: Planning Programming Budget System (PPBS)

Source: Google Images

viii. Zero Base Budgeting (ZBB)

Zero budgeting starts the budgeting on a clean slate with zero Naira in its coffers until the manager/librarian convinces higher authority of the need to furnish them with a specific amount. Here, no incremental growth is allowed. In ZBB, the manager has to justify every detail that he/she puts down in the budget before a panel. Some steps involved in preparing ZBB are:

- Programmes are grouped to the lowest entity
- Objectives of each programme are examined
- Programmed are grouped into series of 'decision packages' with their report of purpose
- Ranking of 'decision packages'
- Cut off point corresponds to the total budget allocation

Budgeting Committee

A budget committee is a group of people who officially form a group for the purpose of overseeing the best practices and standards which assists in implementing the organizations spending and resource allocation while still maintaining its fiscal responsibility (Hays, 2020). the budget committee is saddled with the responsibility of the make or break of the organization. In other words, they are responsible if the organization succeeds or fails.

Functions of Budget Committee

The budget committee is saddled with some responsibilities that must be adhered to in order to achieve the goal of the organization. Some of the functions are:

1. The budget committee writes and edits the company budget manual and ensures that the various departments adhere to the clear rules and guidelines to ease the budgeting process.
2. The budget committee is the only section within the organisation that is privy to see the entire financial picture of the firm. Other sections see only their part or just a little.
3. The budget committee gives suggestions in areas modification is necessary
4. The budget committee approves revised budgets.
5. The budget committee coordinates the budgetary control programme.

4.0 SUMMARY

In summary, the budget reflects expected income and expenditure that will enable the library to achieve the set objectives and goals. Budgeting is a planning process for income and expenditure that exceeds a year, probably two years or three years and above. A budget can be altered to suit the demand at that point in time. The characteristics of a budget are; clarity, consistency, comprehensiveness and accuracy. Budgets can be classified into three namely; character, object and department. Different departments of the library take part in sharing the budget and they are; reference section, technical section, circulation section and periodical section.

5.0 CONCLUSION

In conclusion, budgeting is a continuous process that involves different processes. Budgets are subject to approval by a higher body. And it involves a lot of convincing on the part of the university librarian or library manager. Some of the types of budgets are formular budget,

program budget, planning programming budgeting system (PPBS), zero budgeting and Line thing / Historical budgeting.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is budget and budgetary?
2. What are the dual purposes of budget?
3. Explain the three budgetary classifications.
4. What are the functions of a budgeting committee?
5. Briefly explain zero-based budgeting?

7.0 REFERENCES/FURTHER READING

Hawkesworth, I., Melchor, O. H., & Robinson, M. (2013). Selected budgeting issues in Chile: Performance budgeting, medium-term budgeting, budget flexibility. *OECD Journal on Budgeting*, 12(3), 1-39. <https://ideas.repec.org/a/oec/govkaa/5k44tpx5bl48.html>

Jones & Bartlett Learning. Khan, R. D. (2016). *A Textbook of Library Management*. Wisdom Press, New Delhi, India

Lee Jr, R. D., Johnson, R. W., & Joyce, P. G. (2020). *Public Budgeting Systems*.
<https://www.jblearning.com/catalog/productdetails/9781284198980>

Muhammad, A. N., Misau, R. C., Muhammad, Y., & Adamu, U. M. (2017). *Budgeting in Public Libraries*. *Journal of Accounting and Financial Management*, 3 (1).
<https://iiardpub.org/get/JAFM/VOL.%203%20NO.%201%202017/BUDGETING%20IN%20PUBLIC.pdf>

Blöndal, J. R. (2001). "Budgeting in Canada." *OECD Journal on Budgeting*, 1(2), 39-82. https://www.oecd-ilibrary.org/budgeting-in-canada_5kzpgb3xd1xx.pdf?itemId=%2Fcontent%2Fpaper%2Fbudget-v1-art10-en&mimeType=pdf

Rajput, A. (2015). *Business Library*. New Delhi, India: Random Publications.

Smith, R. W., & Lynch, T. (2004). *Public Budgeting*. New Jersey: Pearson.

Suberu, S. B. (2010). Budgeting strategies in selected federal polytechnic libraries in Nigeria. *Samaru journal of information studies*, 10(1-2), 17-22. <file:///C:/Users/23480/Downloads/75679-Article%20Text-172272-1-10-20120417.pdf>

UNIT 3 SOURCES OF FUNDING IN THE LIBRARY

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Objectives (ILOs)
- 3.0 Main Content
 - 3.1 Concept of Funding
 - 3.2 Sources of Funding in the Library
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Whether libraries are academic or not, they must be on a budget and usually, the budget is a very tight one. Most universities especially in Nigeria, West Africa, have their libraries funded by the parent bodies. For libraries to remain in existence there is a need to have different sources that can fund the library.

2.0 INTENDED LEARNING OBJECTIVES (ILOS)

By the end of this unit, you should be able to:

- define funding
- identify the different sources of funding in libraries.

3.0 MAIN CONTENT

3.1 Concept of Funding

Funding is maintaining a different account for a specific purpose that the donor has specified which is in line with the set objectives of the organization or library. It is usually in the form of money so that the recipient can finance the need, program or project. According to Inyang & Igwechi (2015), library funding is the act of providing or making available financial resources for use in developing and equipping the library. These funds are needed to run the library, buy materials and for the development of human resources. Most libraries are funded by their universities especially if they are university-based.

3.2 Sources of Funding in the Library

There are various ways in which the library can be funded apart from the parent body. Adequate funds need to be made available for the effective delivery of the library. Some sources are general to all libraries while some are specific to some libraries. Powerpoint 2013 Kumar (1997) highlighted some of the sources of funding for libraries can be grouped into the following: -

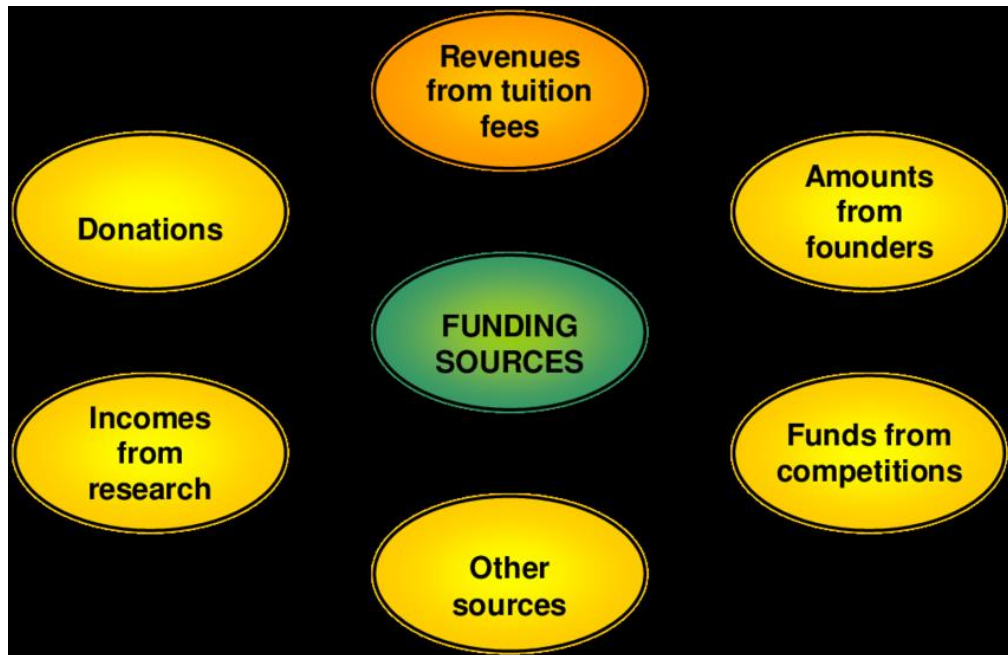


Fig. 23: Sources of Funding in the Library

Source <https://www.researchgate.net/profile/Cristina-Dragusin-2/publication/271965222/figure/fig3/AS:392012902748162@1470474567216/Funding-sources-for-private-and-confessional-institutions-of-higher-education-Source-Own.png>

- i. **Donations / Gifts (Private, Patron, Friends, Group etc)**
Private donations like the name imply are donations that are made from individuals or private organisations. Some private donations are usually anonymous while some are open and the donor is known. Private donors fund libraries out of their own free will and not by obligation. Funding libraries can come in gifts such as books, furniture, computers and any equipment or resource that is required. At the same time, funding can also come in cash whereby the library management will use it to satisfy their need.

ii. Charitable Organisations

Charitable organisations can donate funds to libraries as part of their charitable activities. Some charitable organisations are privately owned while others are publicly owned. They donate both cash and other resources to the library. A charitable organisation can decide that they want to donate all the desktops in the library and they either purchase them or send the money for purchasing them.

iii. Grants

Government grants are funds that the library gets from the government. First of all, the library applies for the grant by filing an application that must have been published either by the government or a private body. After scrutinisation, the government accepts the application that they deem fit for the position. The money attached to the grant is then given to the project that the library intends to carry out can begin fully sponsored.

iv. Fundraising by the library (book sales)

Fundraising is a way of increasing the library budget. A very good example is book sales. Here, some people are invited for a function and books are available on display and the visitors are encouraged to buy. The books are usually at a subsidized rate and displayed attractively.

v. Income from reprographic services, translation services, compilation of bibliographies

There are lots of activities that the library management can engage the staff in. Such activities include reprographic services, translation services and compilation of bibliographies. Reprographic services include; photocopy, scanning and digital printing. Translation services are an important service provided by the libraries and translation helps in enhancing the use of documents. The clients who use the library sometimes request that translations be made other than the language they understand. Funds can come from services like photocopies, fax and overdue fees, just to mention a few. All these services are non-taxable and a very good source of income for the library.

vi. Subscription from the members

There are some libraries whereby one pays money to be a member. It is usually a token and such monies are used to run the library. Subscriptions usually last for a year or in rare cases monthly. When members have not renewed their payment, they do not have access to use the library.

vii. Library fines and fees

Library fines and fees are levies that the library management fined offenders such as those who do not return books on time, those who misplace books and other forms of offences. The amount is usually specified and a fixed rate that is known to library staff and its users. Usually, when students are graduating, their library record is checked and if there is any outstanding fine, they pay it.

viii. Sale of publications

There are some libraries that sell publications to their clients. These publications can be monthly, quarterly, half-yearly or yearly. The proceeds from this are used to fund the library. No matter how little the sales are, it can settle some bills.

ix. Binding

Binding is a section in the library that has the responsibility of preserving the life span of books in the library. When books are damaged by users or general bad handling, it is taken to the binding section where the spine can be sewn to reinforce the pages or the cover can be replaced with a stronger one. These services can also be extended to students and staff who have damaged books or final year students who want to bind their projects. It is a very good and continuous way of making money for the library.

4.0 CONCLUSION

Funding is the act of providing financial resources for equipping and developing the library. Funding can be in various forms such as a grant, sale of publications, library fines and fees, subscription from members, charitable organisations, donations, fundraising by the library and reprographic services.

5.0 SUMMARY

The library should look for more ways in which funds can come in either in cash or in kind. Usually, the parent body funds the library to kick start it but they may not be able to sustain it afterwards so it is pertinent to have various sources for funding so as to ensure the sustainability of the library and salary of the staff as well.

6.0 TUTOR-MARKED ASSIGNMENT

1. Define funding in your own words.
2. What are the types of funding in the library?
3. What do you understand by library fines and fees?

4. What do you understand by reprographic services, bibliographic services and translation services?
5. Define binding.

7.0 REFERENCES/FURTHER READING

Barr, N. (2004). "Higher Education Funding." *Oxford Review Of Economic Policy*, 20(2), 264-283.

Earne, J., & Sherk, L. (2013). *Funding*.

Inyang, N. A. & Igwechi, W. H. (2015). "Funding and library resources in government-owned university libraries in Nigeria." *International Journal of Advanced Library and Information Science*, 3(1), 136-146.
<https://www.mendeley.com/catalogue/fe84de8d-9041-3552-87b3-ca0d8adb0a74/>

Kumar., K. (2008). *Library Manual*. Vikas Publishing House PVT Ltd

https://projects.ncsu.edu/project/fdns-acct/dev_officers_toolbox/Def_funds_Feb13.pdf

Kumar, K. (1997). *Library Organization*. Vikas Publishing house.
<https://www.vikaspublishing.com/books/humanities-social-sciences/library-organization/9780706990324/>

Schick, A. (2007). "Performance budgeting and accrual budgeting: Decision rules or analytical tools." *OECD Journal on Budgeting*. 7(2), 105 – 137.

UNIT 4 IMPORTANCE AND CHALLENGES OF BUDGET IN THE LIBRARY

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes (ILOs)
- 3.0 Main Content
 - 3.1 Importance of a Library Budget
 - 3.2 Challenges of a Library Budget
- 4.0 Summary
- 5.0 Conclusion
- 6.0 Tutor-Marked Assignment
- 7.0 References / Further Reading

1.0 INTRODUCTION

The importance of a library budget gives the library a focus and sense of direction in the sense that the library is working with a guide and not spending funds blindly. Having a budget guides library management. All departments of the library or organisations are supposed to submit their own expenses and income so that they will be put together by the financial manager and submitted to the appropriate authority.

2.0 INTENDED LEARNING OUTCOMES (ILOS)

By the end of this unit, you should be able to:

- Discuss the importance of library budget
- Explain the challenges of library budget.

3.0 MAIN CONTENT

3.1 Importance of Budget

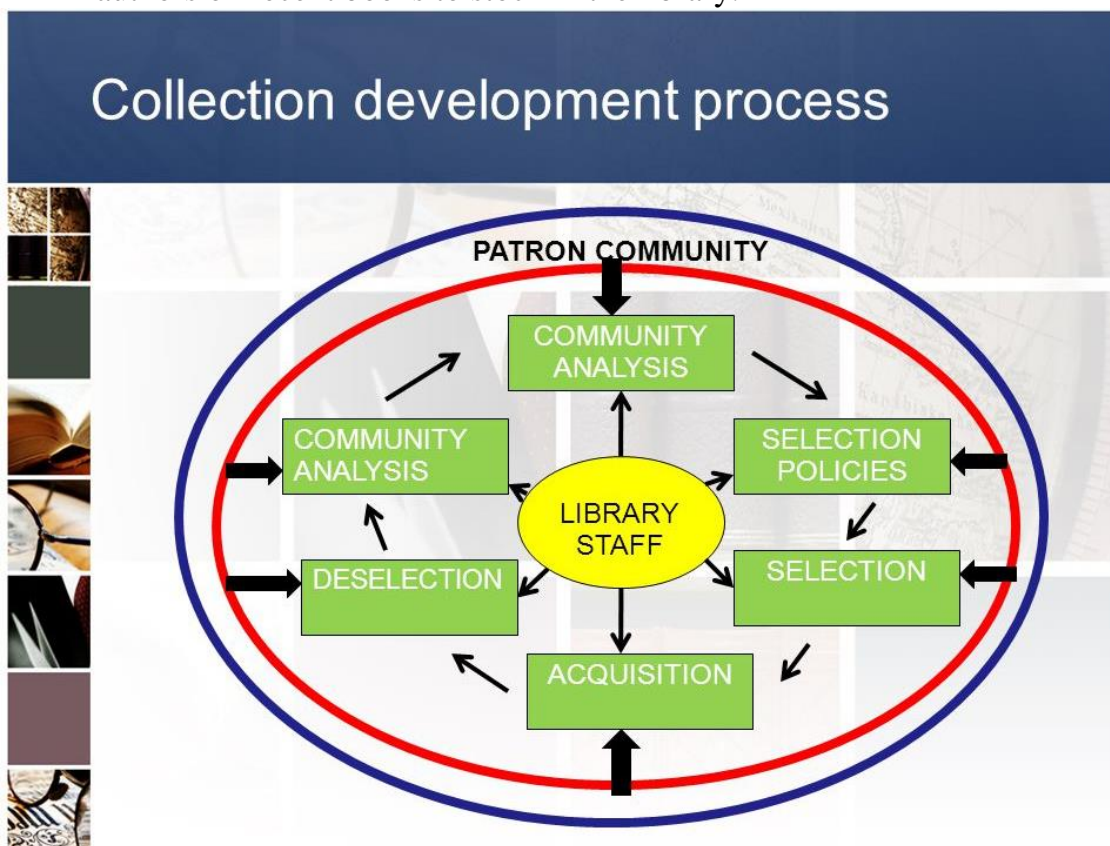
The importance of budget cannot be overemphasised because it helps the library to work within a certain time frame and limit its expenses to income. According to Parameswaran (2005) budget is a plan that tells us the amount and source of money assigned for the facility of a certain service among the priority lists. The word Budget originally meant the moneybag or the public reward. The word now means, “Plans of government finances submitted for the approval of the legislature”. Budget is a time-bound financial program systematically worked out and ready for accomplishment in the succeeding fiscal year. It is a full plan of action, which brings together in one consolidated statement all financial requirements of the government. Obadan (2003) states that a budget is a

procedure of plan, which show programs or projected government expenditure spent towards achieving some policy targets. It is important to deeply understand the budget before going into its importance.

Murugan (2012), outlines the importance of budget in the library which includes:- collection development, increasing demand for online resources and services, division of funds between staff and materials and decentralization of the library.

a. Collection development

There is a continuous growth of collection development i.e. books and journals, because, every year few books are being churned out by authors and there is a need to update the library with current materials. The university librarian will liaise with publishers and authors on recent books to stock in the library.



b. Fig. 24: Collection Development Process

Source

https://www.google.com/url?sa=i&url=https%3A%2F%2Fslideplayer.com%2Fslide%2F5856725%2F&psig=AOvVaw3G9bkQosJN8LyJISqa5yka&ust=1624098207272000&source=images&cd=vfe&ved=0CAoQjRxqFwoTCLiXzL_7oPECFQAAAAAdAAAAABAD

Collection development involves a lot of activities. From the diagram, you can see that the librarian, first of all, needs to analyse the community

where the library is situated. If it's in an academic library, school library, national library or a special library. The kind of library determines the collection that will be acquired. There are policies for acquiring resources based on the type of library which must be adhered to. After this policy has been adhered to, the selection process can begin by acquiring useful resources to suit the kind of library. The deselection process also comes up at this point i.e removing resources that are not useful as well as analysing the community where the library is situated. All these activities cost money in one way or the other. A library or information centre is not functional unless its resources are on point. By resources here I mean collection development. A budget should be set aside specifically for this mission so that the library or information centre can compete with its counterparts.

c. Increasing demand for online resources and services

With the advent of technology, there are a lot of resources on the internet and so there is an increasing demand for online resources and services. Old resources are available but new online resources and services are in high demand. As much as hard copy books and resources are appreciated, the twenty-first century came along with increasing demand for online resources and services because of the introduction of information communication and technology.

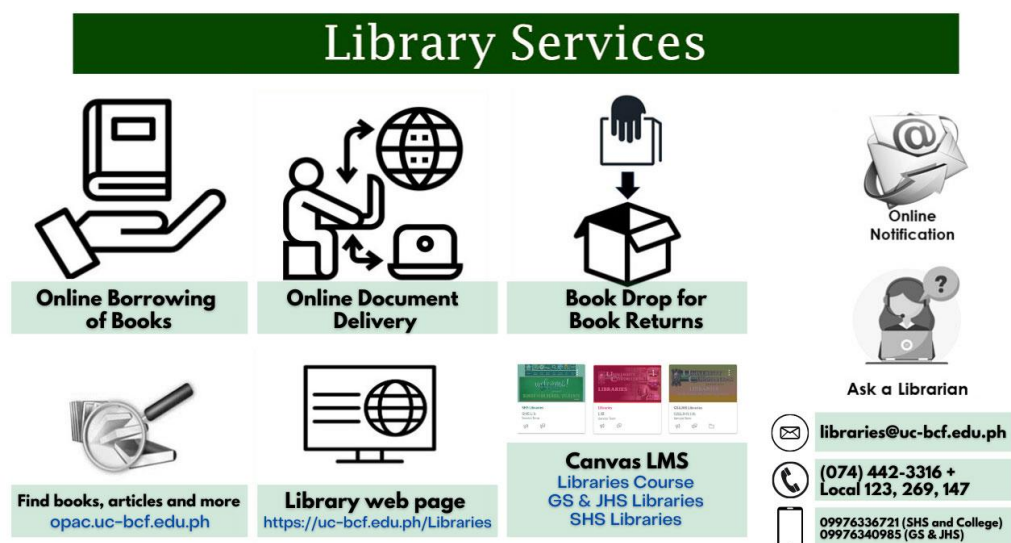


Fig. 25: Library Services

Source https://www.google.com/url?sa=i&url=https%3A%2F%2Fuc-bcf.edu.ph%2FLibraries%2FAbout%3FPage%3DLibraryServices&psig=AOvVaw1o4erJYmwlnQ4lqE9Tr7Kz&ust=1624099176430000&source=images&cd=vfe&ved=0CAoQjRxqFwoTCLi39Yb_oPECFQAAAAAdAAAAABAk

The diagram depicts a typical scenario of online services in a 21st-century library. Some of the online services include online borrowing which is

where users can borrow a resource from the library without physically visiting the place.

Online document delivery just like the name implies is when a document that a user requested is being sent to him/her via mail. Here all transactions are done online as well.

Users can also ask for notifications as well and the librarian will do well to send a notification when new resources are available or a particular resource is available.

Services like “ask the librarian” is quite new and very useful in the sense that any query at all that the user has, the person can ask the librarian and a solution will be sought out.

Most libraries now have a functional webpage where people can visit and see their resources and services and make their comments or demands.

All these activities cost money to function properly without hitches. Everyday users are coming up with one new demand or the other and as an organisation or a library that wants to remain in business, they have to meet up to the standard of their counterparts who offer such services by allocating these online resources and services in the budget.

d. Division of funds between staff and materials

The budget must be effectively divided between staff and materials. Fund for the staff here includes salaries and movement expenses. The materials include acquisitions, services and equipment. Imprest for running the library also comes from the budget. Different sections of the library or organisation should have the imprest for running their affairs depending on how large the organisation is. There should be a balance between the allocation of funds for staff and material so that none will suffer.

e. Decentralisation of the library

Being that the library is decentralised from the university as a whole and partially runs as an entity, it is very important for it to have its own budget. The library works within its own budget. A decentralised library is one that runs its own affairs separate from the university. A decentralised library is run like a separate entity. Sometimes a decentralised library offers services that its sister library does not offer. Some create spaces for children to feel more comfortable while reading. Others use chairs that are very homely and provide cushions. All the extras cost money and should be included in the budget.



Fig. 26: Decentralisation of the Library

Source

https://www.google.com/url?sa=i&url=http%3A%2F%2Fwww.maggielosmcgrane.com%2F2013%2F08%2Flibrary-20-decentralizing-library-into.html&psig=AOvVaw1K2X_6f_jrl5x9C3dLo01k&ust=1624101004050000&source=images&cd=vfe&ved=0CAoQjRxqFwoTCNDXpvmFofECFQAAAAAdAAAAABAD

3.2 Challenges of a Library Budget

In as much as a library budget is critically done, several challenges can be encountered that makes a budget become unsatisfactory. There are a number of challenges associated with a library budget. Some of the challenges of a library include; inaccuracy, rigid decision making, the time required, gaming the system.

i. Inaccuracy

Inaccuracy of a budget is when the figures on a budget are different from the actual price of the items purchased or paid for. Inaccuracy may be a result of changes in interest rates, changes in currency exchange rates and general changes in prices of things. It is necessary to get prices for exchange rates and other items very close to when the budget will be submitted so as to avoid some errors or fraudulent practices.

ii. Rigid decision making

Rigid decision making occurs when a decision in the library needs to be changed and because of policies, they are difficult to change. There are times when something is not captured in the budget and

it suddenly comes up and there is no room to fix it in the budget. A good example will be a domestic accident in the library and there is a need for renovation and there is no budget for it. Under normal circumstances, action should be taken immediately to rectify it but in a situation where protocols need to be followed, and time is wasted, it becomes a huge challenge.

iii. Time required

In preparing the library budget, a lot of time is consumed. For a well-designed library, the staff are accustomed to the whole process and procedure. In some instances, the library staff can be carried away with work and remembers very close to the submission time. When the time for preparing the budget is not enough, there is bound to be some errors. Either something is omitted or erroneously included. Time is actually needed so that thorough work will be done and everything captured but when the time taken is too long, it stalls some other activities in the organisation or library.

iv. Gaming the system

Gaming the system simply means increasing the library budget so that there can be some excess change after the original library expenses have been made. This is a fraudulent act that can go undetected if the budget is not scrutinised. Most times there are unforeseen circumstances and when there is money, the effect will be cushioned but when money is absent, the effect is detrimental depending on the situation. Gaming the system means adding that budget for unforeseen circumstances but in actual fact, it should not be because if there is no unforeseen circumstance, the money allocated for it would be taken by someone.

4.0 CONCLUSION

A budget is a time-bound financial programme. The word Budget originally meant the moneybag or the public reward. The word now means, “Plans of government finances submitted for the approval of the legislature”. The importance of a library budget includes: collection development, increasing demand for online resources, division of funds between staff and materials and decentralization of the library. Challenges that may occur with the library budget includes; gaming the system, time required, rigid decision making and inaccuracy.

5.0 SUMMARY

It is necessary to know the importance of a library budget as well as its challenges. This will help in guiding the library staff. Having known the challenges, it is pertinent to work towards not allowing them to come to pass.

6.0 TUTOR-MARKED ASSIGNMENT

1. Define a library budget in your own words?
2. What is the importance of having a library budget?
3. Explain the challenges of a library budget?

7.0 REFERENCES/FURTHER READING

Abdullahi, S. R., Abubakar, M. A., Kuwata, G., & Muhammad, T. A. (2015). "The role of budget and budgetary control on organisational performance: a case study of Tahir guest house, Kano state, Nigeria." *International Journal of Innovative Research in Information Security*, 4(2), 22-28.

Budgeting Problems (2021) <https://www.accountingtools.com/articles/the-problems-caused-by-budgeting.html>

Egbunike, P. A., & Unamma, A. N. (2017). Budgeting, budgetary control and performance evaluation: Evidence from hospitality firms in Nigeria. *Studies and Scientific Researches Economic Education*, 26, 23-31. [file:///C:/Users/23480/Downloads/BUDGETING BUDGETARY CONTROL AND PERFORMANCE EVALUA.pdf](file:///C:/Users/23480/Downloads/BUDGETING%20BUDGETARY%20CONTROL%20AND%20PERFORMANCE%20EVALUA.pdf)

Obadan, B.A (2003). Review and harmonisation of the framework of fiscal and monetary policies for economic management in Nigeria, CBN Economic and financial review. <http://library.cbn.gov.ng:8092/jspui/bitstream/123456789/502/1/Review%20and%20harmonisation%20of%20framework%20of%20fiscal%20and%20monetary%20policies%20for%20effective%20economic%20management%20in%20nigeria.pdf>

Olaniyan, N. O., & Efuntade, L. O. (2020). "Budget and the budgetary control system in tertiary institution's financial performance in Nigeria." *KIU Interdisciplinary Journal of Humanities and Social Sciences*, 1(2), 281-302.

Parameswaran, D. (2005). *Public Finance and Taxation*. Addis Ababa, Ethiopia.

<http://ndl.ethernet.edu.et/bitstream/123456789/31798/1/27pdf.pdf>

Sebastian, A. Y. (2018). *Effects of Budgeting on Financial Performance: A Study of Selected Manufacturing Firms in Kinondoni District Dar es salaam Tanzania* (Doctoral dissertation, The Open University of Tanzania).