

MODULE - 5

Functions of Management



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CO-ORDINATION AND CONTROLLING

You have learnt about the various functions of management and gone through the details of planning, organising, staffing and directing functions. In this chapter we shall learn the details of coordinating and controlling functions. You know that the various business activities of an organisation are grouped and carried out by different departments and within each department there are divisions and sub-divisions. In order to achieve the organisational goals effectively, there is need to ensure that activities of such divisions, sub-divisions and departments are harmonised and duly monitored so that the performance of the organisation confirms to the plans and the prescribed time schedule. This can be achieved through proper coordination and control of the activities of all groups. Let us now learn about the concepts of coordination and control and the various steps involved in the control process.



OBJECTIVES

After studying this lesson, you will be able to:

- explain the meaning and significance of coordination;
- explain the meaning of control;
- describe the characteristics of control and the importance of controlling and
- identify the steps involved in the process of control.

14.1 MEANING OF CO-ORDINATION

In every organisation, different types of work are performed by various groups and no single group can be expected to achieve the goals of the organisation as a whole. Hence, it becomes essential that the activities of different work groups and departments should be harmonised. This function of management is known as 'co-ordination'. It

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ensures unity of action among individuals, work groups and departments, and brings harmony in carrying out the different activities and functions so as to achieve the organisational goals efficiently. In other words, coordination is the orderly arrangement of individual and group efforts to provide unity of action in the pursuit of a common goal. In an organisation, for example, the purchase department buys raw materials for production, the production department produces the goods, and the marketing department procures orders and sells the products. All these departments must function in an integrated manner so that the organisational goal can be duly achieved. Thus, coordination involves synchronisation of different activities and efforts of the various units of an organisation so that the planned objectives may be achieved with minimum conflict.

“According to Brech, Coordination is balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with the harmony among the members themselves.”

14.2 SIGNIFICANCE OF CO-ORDINATION

The significance of co-ordination as a function of management mainly arises from the fact that work performed by different groups, units or departments form integral part of the total work for which an organisation is established. Without harmonised efforts or unity of action, achievement of goals in some departments may run counter to that of the other departments, or the timing of achievements may not fit in properly. This has to be avoided and the managers have to prevent overlapping and conflict so as to achieve unity of action. With increasing size and scale of operations, the significance of co-ordination becomes more important. This is because of the following reasons -

- (a) When there is growth in size and the volume of work, there will be more people and work groups. So there is greater possibility of people working at cross purposes as the unit and sub-unit goals may be considered more important by them than the organisational goals. Not only that, the large size may also lead problems of supervision and communication. Hence coordinating the activities in a large concern becomes a major task for the managers.
- (b) Large organisations generally tend to have activities located at different places, which may not permit frequent and close interaction among people. Hence, the need for co-ordination becomes greater and it becomes a major responsibility for the managers.
- (c) Growth in size of an organisation is often combined with diversification of business activities. This may be due to new unrelated products being added to the existing products. As a result, there may be more division and sub-division of activities. At the same time, there is an increase in the number of managerial levels and vertical division of responsibilities. All these make coordination more difficult as well as important.

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In view of the importance of coordination in an organisation, it is sometimes called the 'essence' of management. It is a function of managers in all departments and branches of an organisation, and applies at all the levels of management. It ultimately helps in reconciliation of goals, total accomplishment of business objectives, maintenance of harmonious relationship between different groups and ensuring economy and efficiency in the organisation.



INTEXT QUESTIONS 14.1

1. Define the term Co-ordination.
2. Correct the following statements, in case found wrong.
 - (a) Co-ordination leads to diversity in action.
 - (b) The importance of co-ordination is greater in small organisations.
 - (c) As work is divided and sub-divided, the necessity of co-ordination is increased.
 - (d) Co-ordination is the function of lower level managers only.
 - (e) In the absence of co-ordination, organisational goals may be neglected by managers.

14.3 MEANING OF CONTROLLING

Managerial planning results in the framing of objectives and laying down of targets. To achieve the objectives, a proper organisational structure is designed; people are assigned the various tasks; and are directed to perform their respective jobs. The actual performance is then assessed from time to time to ensure that what is achieved is in conformity with the plans and targets. This exactly is the controlling function. Thus, controlling as a function of management refers to the evaluation of actual performance of work against planned or standard performance and taking the corrective action, if necessary.

According to Henri Fayol, "Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established."

According to Brech, "Control is checking current performance against predetermined standards contained in the plans, with a view to ensure adequate progress and satisfactory performance, and also recording the experience gained from the working of these plans as guide to possible future needs.

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Planning and controlling are closely related and depend upon each other. Controlling depends upon planning because planning provides the targets or standards against which actual performance can be compared. Controlling, on the other hand, appraises planning. It brings out the shortcomings of planning and helps to improve upon the plans. For example, in a factory, 10 workers are required to cut steel sheets into small round pieces. The work plan prescribes that each worker should cut 40 pieces in a day (240 pieces per week). After a week, the manager finds that, out of 10 workers, 6 were able to cut only 200 pieces each and 4 could cut only 180 pieces each. In order to find out the causes of this deviation he evaluates the physical facilities provided to workers in the work place.

On being satisfied with these conditions, the manager concludes that the target of 240 pieces per week is too high for workers to achieve. Therefore, it should be revised from 240 to 200 pieces per week. Thus, the manager revises the plan because the control exercise indicated that standard he had fixed was unreasonably high and beyond the reach of the workers. It may be noted that in order to exercise effective control, managers should not only have the standards but also see that information on the gaps between actual and standard performance is made available and action taken to rectify the deviations, if any. This is essential because, without such information, managers will not be able to measure the deviations and, without corrective action, the entire control process would be a meaningless exercise.

You should also make a note that controlling does not simply involve checking the quantity of work done but also includes checking the quality of performance, the time taken and the cost incurred. In the above example, suppose each worker could cut 240 pieces per week but most of the pieces were not of the specified size or there was an excessive wastage of steel sheets. This would result in unnecessary loss to the organisation. Hence, the managers have to take steps so that the quality of work is improved and the wastage is reduced.

Thus, controlling involves

- (i) knowing the nature, quantum and time frame of the work;
- (ii) comparing the performance with the plan;
- (iii) analysing deviation, if any;
- (iv) taking corrective steps; and
- (v) suggesting revision of plans, if necessary.

14.4 CHARACTERISTICS OF CONTROL

The following are the basic characteristics of control.

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1. **Planning is the Basis of Control :** Control is said to be checking performance as per what has been planned. So planning precedes controlling and sets the standards and targets of performance.
2. **Control is a Continuous Process :** It is an ongoing and dynamic function of management. It involves a continuous review of performance and is not a one-time exercise. The period of control normally depends upon the nature of work, the amount of work and the policies of management.
3. **Control is All Pervasive :** Control is exercised at all levels of management, and is done in every functional area and at each unit or department. Thus, control is all pervasive.
4. **Action is the Essence of Control :** Control is an action-oriented process. The very purpose of control is defeated if corrective action is not taken for improvement of performance or the revision of plans.
5. **Control is Forward Looking :** Control is futuristic in nature. It measures current performance and provides guidelines for the corrective action. This ensures future performance as per plans. Thus, it is forward looking.

14.5 WHY CONTROL IS NEEDED

Controlling is one of the important functions of management. It pinpoints the deviations on the basis of which managers can take corrective steps. If no control is exercised, work may not be done as desired and inefficiencies may remain undetected. For example, suppose there is a workshop in which bookbinding is done. The owner hires five persons and tells them that at least four books should be bound per hour. The workers work for six hours a day. At the end of the day, he calls each of them to assess the work done. He finds that 'A' could bind 28 books, 'B' 25 books, 'C' 24 books, and 'D' and 'E' could bind 22 and 20 books respectively. He appreciates A's work and compliments him. He warns 'D' and 'E' because they failed to achieve the standard. His action to compliment 'A' and warn 'D' and 'E' is primarily due to his controlling process. Suppose he does not check the work and treats all the workers alike, 'A' may not be inclined to show better performance and the inefficiency of 'D' and 'E' will not be detected and is likely to continue.

The importance of control has considerably increased now-a-days due to several reasons. Business units have grown in size and include a large variety of operations. There is greater competition in the market among different producers and sellers. Hence, the managers have to maintain and continuously improve the efficiency of operations. For this purpose, regular checking of the work done is required. This may also help in minimising the cost and wastage. It is also necessary that targets of achievement are raised from time to time and employees duly rewarded for better performance of work. This is possible only through the process of control. Thus, controlling

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- (a) helps in achieving the targets;
- (b) helps in taking corrective action on time;
- (c) helps in monitoring and improving employees performance;
- (d) helps in achieving better coordination;
- (e) helps in better planning;
- (f) helps in minimising errors;
- (g) facilitates decision making; and
- (h) simplifies supervision.

Relationship between Planning and Controlling

Planning fixes the goals/standards to be achieved. Controlling checks the actual performance with the standards fixed. Therefore, planning fixes the criteria for controlling. Thus, without planning control is blind.

Planning sets the course of actions. Control compares the actual course and the planned course. Control identifies deviations from the course and initiates corrective actions. Planning is fruitful when control is exercised.

Planning is forward looking as all plans are prepared for future. But it looks ahead on the basis of past data. So we can say planning is both backward looking and forward looking.

Controlling is forward looking because controlling involves comparing the actual performance with the planned performance. Controlling is backward looking because manager looks back at previous year's performance to find the deviations from the standard. Like planning, controlling is also both backward looking and forward looking.



INTEXT QUESTIONS 14.2

1. State the meaning of the term 'controlling' in your own words.
2. Complete the following incomplete words with appropriate letters by using clues given at the bottom. Each blank represents one letter only.

(a) D _ V _ _ T _ ON	(b) P _ _ V A _ _ V _
(c) F _ T _ _ I _ T I _	(d) _ N _ _ I N _

Clues

- (a) When actual performance is different from planned performance.

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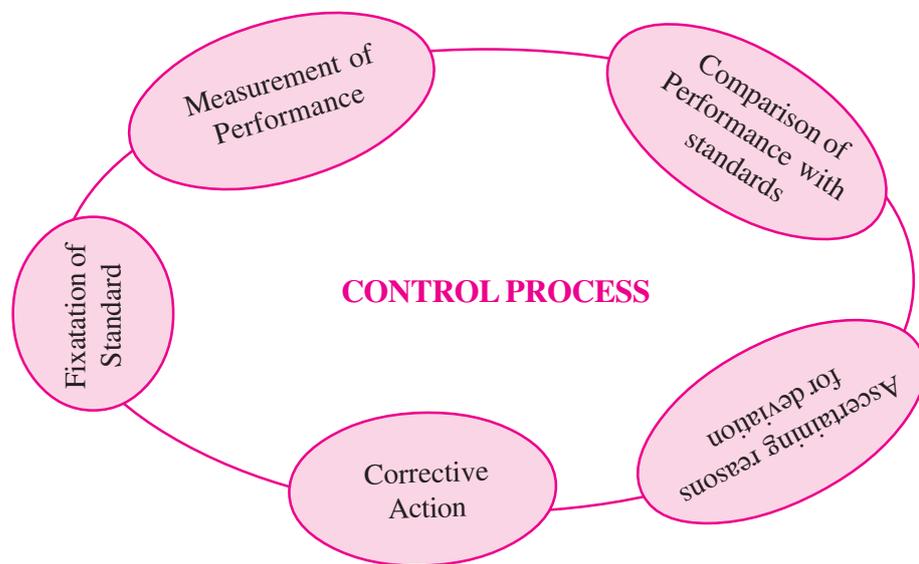
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- (b) Control is needed at all levels, in every functional area.
- (c) Control is forward looking.
- (d) Control is a continuous process.

14.6 PROCESS OF CONTROL

The process of control consists of various steps. Look at the following example.

Ram is employed in a garments manufacturing company. His job is that of sewing trousers. His supervisor specifies that he should sew 20 trousers in a day. This is the first step of the control process, i.e., fixation of standards. At the end of the day, the supervisor counts and finds that Ram has completed only 18 trousers. Thus, the “measurement of performance” is the second step in the control process. Then he compares it with the standards. This is the third step of the control process called “comparison of performance with standards”. While comparing the performance of the other workers he finds that the two workers have produced less than the standard. When the supervisor tries to ascertain the reasons for the poor performance, he finds that machines on which the other two workers were working had developed some fault. This is the fourth step in controlling and is known as “ascertaining reasons for deviation”. Then, in order to avoid such unexpected defects in machinery in future, the supervisor decides that everyday there will be an inspection of all tools and equipments. This is “corrective action”, which is the fifth and last step in controlling.



Let us now discuss these steps in detail.

- 1. Establishment of Standards :** Setting standard is the first requirement of control. Standards arise out of plans and provide the basis of comparison. There can be different types of standards, e.g., number of units to be produced per hour, cost of production per unit, permissible quantity of scrap and wastage per day, quality of the products and so on. As far as possible, the standards should be laid down in quantitative terms. A quantitative standard provides a concrete measure and helps in comparison. It is equally important that the standards fixed are realistic and attainable, neither too high nor very low. If these are too high, employees will be discouraged. On the other hand, if these are too low, the organisation will operate at a lower efficiency level leading to higher cost.

When standards may not be achieved fully, a range of tolerable deviations should also be fixed. This can be expressed in terms of minimum and maximum limits. Performance within the permissible range may not require any corrective action.

- 2. Measurement of Performance :** When standards are established, the next step is to measure the performance at regular intervals. Measurement is not difficult in case of physical operations, e.g., units produced, cost incurred, time spent, etc., as these can be easily measured. Performance can be measured by observations, inspection and reporting. Generally, at lower levels, a detailed control is exercised at frequent intervals on the basis of observation and inspection. For higher levels of management, reports are prepared at regular intervals. Performance should be measured as early as possible so that if a corrective action is called for it may be taken in time.
- 3. Comparison of Performance with Standards :** The next step in the control process is comparison of actual performance against the standards. In case the standards set are well defined and can be measured objectively, comparison becomes very simple. But, in case of activities where, it is difficult to develop measurable quantitative standards, the measurement and appraisal of performance becomes difficult.

Comparison of actual and standard performance may lead to three possible outcomes: actual performance may be (a) equal to, (b) more than, or (c) less than the standard. If actual performance is equal to the standard, managers need not take any action but where deviations are noticed, corrective action becomes necessary. The managers should ascertain whether these deviations are within the permissible range or outside it. Corrective action becomes necessary only for deviations which fall outside the permissible range.

- 4. Detecting the Reasons for Deviations :** Before taking any corrective action, managers should try to ascertain the reasons for the occurrence of deviations. The fault may be that standards fixed were unattainable rather than the subordinate's



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inefficiency. Again, the deviations might have been caused by the nature of instructions issued by the manager rather than due to the subordinate's mistake. Hence, it is essential that the reasons, which caused the deviation, be ascertained to determine the appropriate corrective action.

5. **Taking Corrective Action :** Once the causes for deviations become known, the next step is to go in for a corrective action which may involve revision of standards, changing the methods of selection and training of workers or providing better motivation. As stated earlier, managers should concentrate only on major deviations. The minor deviations, i.e., deviations within permissible range, should not be a cause of anxiety. The rectification of deviations from the standards should be undertaken promptly so that further losses are avoided.



INTEXT QUESTIONS 14.3

1. Match the phrases in column (I) with those in column (II)

Column (I)

Column (II)

- | | |
|--|--|
| (a) Fixation of standards | (i) Actual work done |
| (b) Measurement of performance | (ii) Comparison of actual performance with the standards. |
| (c) Appraisal of performance | (iii) Establishing the desired level of performance. |
| (d) Determination of reasons for deviation | (iv) Efforts to make the actual performance confirm to the standards. |
| (e) Taking corrective action | (v) Why is there a difference between actual performance and standard performance. |
2. Following is the sequence of events in Gopal's readymade dress factory during the month of April 2014. Arrange them in proper order keeping in mind the process of control.
- Gopal fixed a target of 500 shirts for the month of April 2014.
 - Gopal changed defective machines and also the incompetent workers.
 - On 30 April 2014 Gopal found only 400 shirts could be prepared.
 - Gopal was upset to see the output as it was 100 shirts less than the target set for the month.
 - Gopal found some machines were giving trouble and also some incompetent workers wasting their own and other's time.



WHAT YOU HAVE LEARNT

- Co-ordination means orderly arrangement of group efforts to provide unity of action in the pursuit of a common goal.
- The significance of co-ordination as a function of management arises mainly from the fact that without harmonized efforts, different activities may result in neglect of the organisational goals.
- Control refers to evaluation of actual performance and taking corrective action, if necessary.
- Controlling is important to make planning a success. For this purpose, it is necessary to compare actual performance with the planned performance. The difference between actual and planned performance is called 'deviation'. Control means determining the deviation, identifying the reasons for deviation and correcting the deviations.
- Characteristics of the controlling function of management:
 - ▶▶ closely associated with planning;
 - ▶▶ all pervasive;
 - ▶▶ action is the essence of control;
 - ▶▶ continuous process; and
 - ▶▶ exercised at all levels of management.
- Steps in the process of control
 - ▶▶ establishment of standards;
 - ▶▶ measurement of performance;
 - ▶▶ comparison of actual performance with planned performance;
 - ▶▶ determination of reasons for deviation;
 - ▶▶ taking corrective action.



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KEY TERMS

Control	Measurement of performance	Unity of action
Co-ordination	Standards	Working at cross purposes
Deviations	Supervision	

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- (c) Correct
 (d) Coordination is the function of all levels of management.
 (e) Correct

- 14.2** (a) DEVIATION (b) PERVASIVE
 (c) FUTURISTIC (d) ONGOING

- 14.3** 1. (a)–(iii) (b)–(i) (c)–(ii)
 (d)–(v) (e)–(iv)
 2. 1 (a) 2 (c) 3 (d) 4 (e) 5 (b)



DO AND LEARN

Mohan is the owner of a tailoring shop supplying school uniforms. He has 3 workers. He himself does the cutting work. For a long time he is receiving complaints from his customers that the dresses are not delivered to them in time. What should he do so that customers may be served in time? Get in touch with a tailor or persons involved in such activities to ascertain the reasons and suggest a suitable measure.



ROLE PLAY

Ram Swaroop is a businessman having a ball-bearings making factory. About six months ago, he had set up a small unit for his son Suyash. There he makes inverter batteries. While having breakfast on a Sunday morning he asked his son about the progress in his business. His son was looking tense and unhappy.

- Ram Swaroop : What is the matter? Are you doing fine in your business?
 Suyash : No papa, things do not seem to be working out. Profits are not as good as I wanted.
 Ram Swaroop : If we are not able to achieve the targets in terms of sale, profit, cost, resource utilisation etc, either our targets are too high or our performance is below standards. We need to evaluate both from time to time.
 Suyash : Papa, once I have invested money, bought the latest machines, raw materials and employed competent people, why should I not get the desired profits?

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Ram Swaroop : Business is not simply making and implementing the plans. Another important part is taking the performance in the right direction with proper use of control.

Suyash : Control?

Ram Swaroop : Controlling is ensuring from time to time that performance is according to the targets set.

(Further Ram Swaroop guided his son as to how he can ensure that his unit makes profits like others, using proper process of control)

Choose a role for yourself and one for your friend and continue the conversation.