Unit 3- Leadership

Coordinating and controlling

Coordinating

Introduction

Coordination is the function of management which ensures that different departments and groups work in sync. Therefore, there is unity of action among the employees, groups, and departments.It also brings harmony in carrying out the different tasks and activities to achieve the organization's objectives efficiently. Coordination is an important aspect of any group effort. When an individual is working, there is no need for coordination.Therefore, we can say that the coordination function is an orderly arrangement of efforts providing unity of action in pursuance of a common goal. In an organization, all the departments must operate a part of a cohesive unit to optimize performance.Coordination implies synchronization of various efforts of different departments to reduce conflict. Multiple departments usually perform the work for which an organization exists

Definition

Mooney and Reiley defines Coordination is an *orderly* arrangement of group efforts to provide unity of action in the pursuit of common goals.

Charles Worth defines Coordination is the integration of several parts into an orderly hole to achieve the purpose of understanding.

Brech defines 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.

➢ Features of coordination

Coordination is the integration, unification, synchronization of the efforts of the departments to provide unity of action for pursuing common goals. A force that binds all the other functions of management.

- It is relevant for group efforts and not for individual efforts. Coordination involves an orderly pattern of group efforts. In the case of individual efforts, since the performance of the individual does not affect the functioning of others, the need for coordination does not arise.

- It is a continuous and dynamic process. Continuous because it is achieved through the performance of different functions. Also, it is dynamic since functions can change according to the stage of work.
- Most organizations have some sort of coordination in place. However, the management can always make special efforts to improve it.
- Coordination emphasizes the unity of efforts. This involves fixing the time and manner in which the various functions are performed in the organization. This allows individuals to integrate with the overall process.
- A higher degree of coordination happens when the degree of integration in the performance of various functions increases.
- It is the responsibility of every manager in the organization. In fact, this is integral to the role of a manager because he synchronizes the efforts of his subordinates with others.

➢ Principles of coordination

1. Early Beginning:

The first principle is that coordination must be attempted and arranged in the early stage of the management process and policy making. It may be impossible to secure co – ordination in an enterprise if not started at the planning stage. Early coordination improves the quality of plans and influences timely decisions on matters of policy.

2. Direct Personal Contact:

Direct personal contact removes misunderstanding and conflict between departments or between personnel. It involves direct face to face communication, personal discussion, settlement of differences, exchanges of ideas between the personnel.

3. Reciprocal Relationship of Factors:

No department can work in isolation from the other departments. That is, when purchase department works with sales department, which in turn works with finance department and personnel department, each of the four departments finds itself influenced by the other department in the total situation.

Similarly, in a group every person influences all others and is in turn influenced by others. When reciprocal relationships are maintained cordially, adequate coordination can be secured in an enterprise.

4. Continuous Process:

Coordination is a continuous process and must go on all the time. In contrast to the principle of continuity, difference of opinions and information gap may appear and misunderstanding in inter departmental operations may crop up in the absence of coordination. By keeping the process of coordination as a continuous flow of information, sound coordination can be ensured in an enterprise.

5. Action Plan is the Fundamental Element of All Coordination Activities:

Most individual human interactions are modeled by an action plan in which a performer delivers a condition satisfying a customer. The action plan has a requester, performer and four time segments culminating in request, promise, delivery, and acceptance. Each of the four segments can be linked to further action plans that respond to requests from components of the segment. The resulting network of action plan is called an action process or workflow.

6. Coordination Tasks Can Be Delegated to Computational Processes:

Humans delegate tasks to agents by designing computational processes to perform the task

There are three categories of coordination systems according to the amount of task delegation:

i. Human-human with computer assistance- all interaction is between humans, but computational processes track their joint progress states to assist them to complete tasks. (Known as Computer Supported Cooperative Work, CSCW.)

ii. Human-computer- the performer role is delegated to a computational system. Humans interact with the system through an interaction language and interaction interface. (Known as Human Computer Interaction, HCI.)

7. Coordination is a Solution to the Concurrency Control Problems of Arbitration, Synchronization, Serialization, Determinacy, and Deadlock:

Concurrency means that tasks can be executed in parallel. A concurrent system is a set of tasks, some of which are- ordered and the rest concurrent (unordered). Ordered tasks can never be executed at the same time; concurrent tasks can. Arbitration arises when a task is required to select only one of two (or more) potentially simultaneous activities, deferring action on the unselected ones without losing them.

➢ Techniques of coordination

Every manager must remove the obstacles that determines coordination by adopting the following specific techniques:

1. Chain of Command:

This technique also emphasizes that an employee should receive orders form one superior only because dual command is a continuous source of conflict. Management has to exercise authority to regulate the performance of different departments because clear cut authority relationship help in reducing conflicts among different departments.

2. Leadership:

Co-ordination becomes possible through leadership as it provides individual motivation and persuades the group to have an identity of interests and outlook in group efforts. To achieve the common objectives of an enterprise, the manager must guide and co-ordinate the activities of his subordinates.

3. Committees:

This Technique of achieving co-ordination is used in most organisations by forming a committee. Which helps to promote unity of purpose and uniformity of action among different departments. A committee is a group of persons and the decisions of the committee are group decisions which provide co-ordination among various activities and persons through information, advice interchange of ideas etc., while forming the committee utmost care must be taken by the management, otherwise, the decisions taken by the group may not be effective to achieve co-ordination in an enterprise.

4. Communication:

Effective communication conveys ideas, opinions or decisions of managers to subordinate at different levels of the organization and carries back information, suggestions' and responses from subordinates. It regulates the flow of work, co-ordinates the efforts of the subordinates of an enterprise.

To be effective, communication must be as direct as possible so as to minimize the chances of misinterpretation. To ensure proper co-ordination, various kinds of communication channels may be used, such as verbal relay of information, written reports memos or other forms of documents, mechanical devices such as teletypes, intercommunication system, etc.

5. Voluntarily Coordination:

Self-co-ordination or voluntary co-ordination is possible in a climate of mutual co-operation, when two or more persons working within the same or different departments, mutually discuss their problems and arrive at a coordinated action. This can be easily achieved in any organization, when the supervisor gives his consent without any hesitation for such a mutual consultation among subordinates.

6. Sound Planning and Clear-Cut Objectives:

The objectives of the organization and policies must be clearly defined by the management. A well-conceived plan must clearly define the goals of the organization so that inter-departmental objectives can be accomplished. Thus to ensure co-ordination, clear formulation of policies in the field of production, sales, finance, personnel, etc., must be correlated.

7. Incentives:

Incentives have a tendency to ignite action and bring about co-ordination. In order to infuse enthusiasm in a worker for greater and better work, incentives have a distinct and significant role. Financial incentives which include wage, bonus, salary, etc., and no-financial incentives which include job security of interest, to achieve co-ordination and to reduce conflicts.

➢ Types of coordination

1. Vertical Coordination:

Vertical coordination is the coordination between different levels of the organization to ensure that all levels of organization are in harmony with the organizational policies and programmes. This is achieved through delegation of authority by directing and by controlling.

2. Horizontal Coordination:

Horizontal coordination is the coordination between departments on the same level of managerial hierarchy. Coordination between production and marketing departments at the same level or organizational hierarchy is an example of horizontal coordination. This is achieved by forming cross-functional teams and self-managed teams.

3. Internal Coordination:

Vertical and horizontal types of coordination, if carried out within an organization, are called internal coordination. Internal coordination is achieved through following techniques:

4. External Coordination:

Success or failure of an organization also depends on number of external forces. No organization can operate in isolation, it has to continuously interact with dynamic environmental forces and devise its strategies to respond to such forces to survive

➢ Problems of coordination

In practice, coordination in the organisation faces certain problems listed below:

1. Natural hindrance: Due to lack of knowledge, the superior and subordinate communication gap will be raised. Therefore, it prevents effective coordination in the organisation.

2. Lack of administrative talent: Lack of administrative talent is widely applicable for the superiors in the organisation such as autocratic attitudes and non-acceptance of feedback from the subordinates.

3. Lack of techniques of coordination: Without mutual respect among the subordinates, the coordination may not survive. Moreover, the managers must respect the feelings and emotions of the employees.

4. Ideas and objectives: Every manager in an organisation must know the objectives very clearly. If he cannot understand the objectives, then the coordination will not be successful and effective

➢ Characteristics of coordination

A good system of co-ordination should satisfy the following characteristics:

(1) Co-Ordination is a continuous process carried on by the managers. In involves an orderly arrangement of group efforts. Its purpose is to secure unity of action towards common objectives.

(2) Co-Ordination should not be made through orders. It should not come from the above. Instead it should come through co-operation and willingness. Coordination through co-operation and willingness ensures better results.

(3) Co-Ordinating activities must respond to time, policies, programmes and objectives. They should always be in tune.

(4) Co-Ordinating approach should be balanced and as far as possible it should be of both the types – vertical as well as horizontal.

(5) It should be based on personal contact, Mumbai co-operation, mutual confidence, good human relations and above all on the continuity principles.

(6) It should aim at morale boosting of the workers.

Controlling

Meaning and definition

Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates. In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization's resources are being used effectively & efficiently for the achievement of predetermined goals.

- Controlling is a goal-oriented function.
- It is a primary function of every manager.
- Controlling the function of a manager is a pervasive function.

➢ Importance of controlling

1. Accomplishing Organizational Goals

The controlling function is an accomplishment of measures that further makes progress towards the organizational goals & brings to light the deviations, & indicates corrective action. Therefore it helps in guiding the organizational goals which can be achieved by performing a controlling function.

2. Judging Accuracy of Standards

A good control system enables management to verify whether the standards set are accurate & objective. The efficient control system also helps in keeping careful and progress check on the changes which help in taking the major place in the organization & in the environment and also helps to review & revise the standards in light of such changes.

3. Making Efficient use of Resources

Another important function of controlling is that in this, each activity is performed in such manner so an in accordance with predetermined standards & norms so as to ensure that the resources are used in the most effective & efficient manner for the further availability of resources.

4. Improving Employee Motivation

Another important function is that controlling help in accommodating a good control system which ensures that each employee knows well in advance what they expect & what are the standards of performance on the basis of which they will be appraised. Therefore it helps in motivating and increasing their potential so to make them & helps them to give better performance.

5. Ensuring Order & Discipline

Controlling creates an atmosphere of order & discipline in the organization which helps to minimize dishonest behavior on the part of the employees. It keeps a close check on the activities of employees and the company can be able to track and find out the dishonest employees by using computer monitoring as a part of their control system.

6. **Facilitating Coordination in Action**

The last important function of controlling is that each department & employee is governed by such pre-determined standards and goals which are well versed and coordinated with one another. This ensures that overall organizational objectives are accomplished in an overall manner.

➢ Process of Control:

Following are the steps involved into the process of control:

1. Establish the Standards:

Within an organization's overall strategic plan, managers define goals for organizational departments in specific, precise, operational terms that include standards of performance to compare with organizational activities. However, for some of the activities the standards cannot be specific and precise.Standards, against which actual performance will be compared, may be derived from past experience, statistical methods and benchmarking (based upon best industry practices). As far as possible, the standards are developed bilaterally rather than top management deciding unilaterally, keeping in view the organization's goals.

2. Measure Actual Performance:

Most organizations prepare formal reports of performance measurements both quantitative and qualitative (where quantification is not possible) that the managers review regularly. These measurements should be related to the standards set in the first step of the control process.For example, if sales growth is a target, the organization should have a means of gathering and reporting sales data. Data can be collected through personal observation (through management by walking around the place where things are happening), statistical reports (made possible by computers), oral reporting (through conferencing, one-to-one meeting, or telephone calls), written reporting (comprehensive and concise, accounting information – normally a combination of all. To be of use, the information flow should be regular and timely.

3. Compare Performance with the Standards:

This step compares actual activities to performance standards. When managers read computer reports or walk through their plants, they identify whether actual performance meets, exceeds, or falls short of standards.Typically, performance reports simplify such comparison by placing the performance standards for the reporting period alongside the actual performance for the same period and by computing the variance—that is, the difference between each actual amount and the associated standard.

4. Take Corrective Action and Reinforcement of Successes:

When performance deviates from standards, managers must determine what changes, if any, are necessary and how to apply them. In the productivity and quality-centered environment, workers and managers are often empowered to evaluate their own work. After the evaluator determines the cause or causes of deviation, he or she can take the fourth step— corrective action.

➢ Requirements of effective control system

It is the duty of the manager to improve the effectiveness of organization's control system. ¬ Controlling is the last steps of management where how the implemented plan is working is assessed and evasive actions are taken.

1. Suitable

The control system must be suitable for the kind of activity intended to serve. A system of control useful at a higher level of management will be different in scope and nature from that in use at the operative level. Several techniques are available for control purposes such as budgets, break-even points, financial ratios and so on. The manager must be sure that he is using the technique appropriate for control of the specific activity involved.

2. Understandable

The system must be understandable, i.e., the control information supplied should be capable of being understood by those who use it. A control system that a manager cannot understand is bound to remain ineffective. It is the duty of the manager concerned to make sure that the control information supplied to him is of a nature that will serve his purpose. In this sense, the data supplied as information must be understandable and helpful

3. Economical

The cost of a control system should not exceed the possible savings from its use. Undue complexity of the control system should be avoided to keep a check on the costs of control.It is necessary to concentrate the control system on factors, which are strategic to keep the costs down and the system economical.

4. Flexible

The system of control must be flexible, i.e. workable even if the plans have to be changed. In case the control systems can work only on the basis of one specific plan, it becomes useless if the plan breaks down and another has to be substituted. A good control system would be sufficiently flexible to permit the changes so necessitated. The control system should report failures and should contain sufficient elements of flexibility to maintain managerial control of operations in spite of such failures.

5. **Expeditious**

The control system should report deviations from plans expeditious. No useful purpose can be served by a deviation detected months after its occurrence. The objective of the control system should be to correct deviations in the immediate future. The lime-lag between the occurrence of a deviation and its reporting be kept at the minimum possible.

6. **Forward Looking**

The control system must be forward looking, as the manager cannot control the past. Cash forecasts and cash control is an example in point where a financial manager can forecast the future cash requirements and provide for them in advance.

7. **Organizational Conformity**

It is necessary that the control data and system must conform to the organizational pattern. The control data must be so prepared that it is possible to fix responsibility for the deviations within the areas of accountability. organization and control are difficult to separate, being dependent on one another for effective management.

8. **Indicative of Exceptions at Critical Points**

The management principle of exception should be used to show up not only deviations but the critical areas must also be fixed for most effective control

9. Objectivity

- The measurements used must have objectivity.
- The use of indefinite terms can frustrate the subordinate like being told that he is not doing a good job.

10. **Suggestive of Corrective Action**

An effective control system will disclose where failures are occurring and who is/are responsible for the failures and it will ensure that some corrective action is taken. Control is justified only if deviations from plans are corrected by an appropriate authority. As a matter of fact, taking the proper corrective action necessitates sufficient authority to accomplish this task.

Techniques of controlling

1. **Direct Supervision and Observation**

'Direct Supervision and Observation' is the oldest technique of controlling. The supervisor himself observes the employees and their work. This brings him in direct contact with the workers. So, many problems are solved during supervision. The supervisor gets first hand information, and he has better understanding with the workers. This technique is most suitable for a small-sized business.

2. Financial Statements

All business organisations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organisation at the end of the specified period. Financial statements are used to control the organisation. The figures of the current year can be compared with the previous year's figures. They can also be compared with the figures of other similar organisations.

Ratio analysis can be used to find out and analyse the financial statements. Ratio analysis helps to understand the profitability, liquidity and solvency position of the business.

3. Budgetary Control

A budget is a planning and controlling device. Budgetary control is a technique of managerial control through budgets. It is the essence of financial control. Budgetary control is done for all aspects of a business such as income, expenditure, production, capital and revenue. Budgetary control is done by the budget committee.

4**. Break Even Analysis**

Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. When an organisation sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

5. **Return on Investment (ROI)**

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

6. **Management by Objectives (MBO)**

MBO facilitates planning and control. It must fulfill following requirements :-

- Objectives for individuals are jointly fixed by the superior and the subordinate.

- Periodic evaluation and regular feedback to evaluate individual performance.
- Achievement of objectives brings rewards to individuals.

7. Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

8. Management Information System (MIS)

In order to control the organisation properly the management needs accurate information. They need information about the internal working of the organisation and also about the external environment. Information is collected continuously to identify problems and find out solutions. MIS collects data, processes it and provides it to the managers. MIS may be manual or computerised. With MIS, managers can delegate authority to subordinates without losing control.

9. PERT and CPM Techniques

Programme Evaluation and Review Technique (PERT) and Critical Path Method (CPM) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

Importance is given to identifying the critical activities. Critical activities are those which have to be completed on time otherwise the full project will be delayed.

So, in these techniques, the job is divided into various activities / sub-activities. From these activities, the critical activities are identified. More importance is given to completion of these critical activities. So, by controlling the time of the critical activities, the total time and cost of the job are minimised.

10. Self-Control

Self-Control means self-directed control. A person is given freedom to set his own targets, evaluate his own performance and take corrective measures as and when required. Self-control is especially required for top level managers because they do not like external control.

The subordinates must be encouraged to use self-control because it is not good for the superior to control each and everything. However, self-control does not mean no control by the superiors. The superiors must control the important activities of the subordinates.

➢ Limitations of Controlling:

The defects or limitations of controlling are as following:

1. Difficulty in Setting Quantitative Standards:

It becomes very difficult to compare the actual performance with the predetermined standards, if these standards are not expressed in quantitative terms. This is especially so in areas of job satisfaction, human behaviour and employee morale.

2. No Control on External Factors:

An organization fails to have control on external factors like technological changes, competition, government policies, changes in taste of consumers etc.

3. Resistance from Employees:

Often employees resist the control systems since they consider them as curbs on their freedom. For example, surveillance through closed circuit television (CCTV).

4. Costly Affair:

Controlling involves a lot of expenditure, time and effort, thus it is a costly affair. Managers are required to ensure that the cost involved in installing and operating a control system should not be more than the benefits expected from it.