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Chapter 5.2

Coordination and Control

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Aim

To equip the students with the elements of coordination and control



Instructional Objectives

After completing this chapter, you should be able to:

- Define meaning of coordination
- Discuss principles and techniques of coordination
- Discuss the meaning of controlling
- Analysing the needs and steps of controlling



Learning Outcomes

At the end of this chapter, you are expected to:

- State the meaning of coordination
- Recognise the principles and techniques of coordination
- Write the meaning of controlling
- Examine the needs and steps of controlling

5.2.1. Coordination

In an organisation there are various operational units and synchronisation of these units and the employees associated is essential to achieve the organisational objective. Hence in management, coordination is an integration or synchronisation of group efforts in an organisation.

(i) Meaning of Coordination

In management, coordination is an integration or synchronisation of group efforts in an organisation. Efficient and economic coordination brings down the chance of conflicts among organisational functions and individuals.

The main features of Coordination are as follows:

- Coordination is relevant for group efforts. In an organisation where many groups work together, coordination among the team brings in orderly pattern of group efforts.
- Coordination is a continuous and dynamic process. It is continuous because it is achieved through the performance of functions. It is dynamic because functions themselves are dynamics and may change over the period.
- It serves as a unity of efforts. Fixation of time and manner of performance of various functions in the organisation.
- It promotes a higher degree of integration in the performance of different functions by the employees of the organisation.
- It is the responsibility of every manager in the organisation, as it synchronises the efforts of his subordinates with each other.

Different types of Coordination are as follows:

- **Internal Coordination:** Generally in management we talk about internal organisational coordination. It is the coordination between the various departments of the organisation to achieve its goal.
- **Vertical and Horizontal Coordination:** Vertical coordination speaks of the coordination between the superior and the subordinates. It is required for the smooth

functioning of the day to day activities of the organisation. In the case of horizontal coordination is needed for the synchronisation of activities of the various departments. It is particularly useful in the event of teams where the different units are interdependent. *For example*, production, marketing and finance.

- **Substantive and Procedural Coordination:** Substantive dimension involves decisions relating what to do and procedural aspect includes deciding how to do. In functional coordination, the emphasis is put on how interrelated activities should be divided in a synchronised way. *For example*, in a manufacturing unit, a production manager is responsible for manufacturing the desired quantity of product with the given resources in the specified time limit. Procedural coordination involves prescribing the procedure for performing those activities which have an impact on more than one department. *For example*, if the process for procuring the raw material is predetermined then it would be easier for the production department to place the order for the raw material. Moreover, they can track the status of the raw material and plan the operations accordingly.
- **External Coordination:** It is required for the organisation to build relationships with the external parties. As the organisation works as the input-output mediator, it takes the various inputs from different suppliers and converts them to the final product. This again goes to the distributors for further selling of the product to the end customers.

(ii) Principles of Coordination

Mary Parker Follett gave four main principles of Coordination:

1. **Principle of Early Stage:** In the management process, coordination should start at the planning stage. This will result in making the best plan and the implementation of this plan also becomes easier.
2. **Principle of Continuity:** Coordination should be done continuously during the management process. It starts with the starting of the organisation till the organisation exists.
3. **Principle of Direct Contact:** Managers should have direct contact with their subordinates. This helps in avoiding misunderstanding, misinterpretations and disputes between managers and subordinates.

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4. **Principle of Reciprocal Relation:** The decisions and actions of all the people (managers as well as employees) and departments are inter-related. The action of one person or department effects the action of other persons or departments in the organisation. Before implementing any decision the managers must find out the expected implication of that decision.

Modern management experts have come up with additional principles of coordination like:

- **Principle of Effective Communication:** Effective communication helps to avoid misunderstandings in the organisation.
- **Principle of Mutual Respect:** Managers and employees working in the organisation must show mutual respect to each other.
- **Principle of Clarity of Objectives:** Managers and the employees should be clear with the objectives. This makes the work easier and goal oriented.
- **Principle of Scalar Chain:** The line of authority from the top management to the lowest grade employees. Business problem needs immediate solution so we must need direct contact with the concerned employee.

(iii) Techniques of Coordination

The objective of the management is to get the things done in a coordinated manner.

Some of the techniques of effective coordination are as follows:

- **Coordination by Chain of Command:** In the case of a vertical chain of command, coordination is required to harmonise the work allocated to different departments. All the departments should follow the orderly efforts in a coordinated way irrespective of all their levels to attain the organisational objectives. A manager can issue instructions to his subordinates regarding their functions and timing of performance by his power and position.
- **Coordination by Leadership:** The culture of coordination can be inculcated among the employees through proper leadership. Leadership encourages individual motivation and promotes group efforts. Thus through effective coordination among the employees, we can avoid conflicting situations.

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- **Coordination by Committees:** Committees are the group of person discharging their efforts. Horizontal coordination among the committees brings together the functional, divisional and territorial units.
 - **Staff Meetings:** Through staff meeting better coordination can be attained due to direct communication between the employees. Coordination brings in a sense of unity, adaptability and participation of the employees in the decision making process.
 - **Special Coordinators:** Special coordinators are appointed in large organisations. They work at the shop floor level and help in the working of the line managers. Their main job is to assimilate information and pass it to the relevant department to facilitate interdepartmental functioning.
 - **Self-Coordination:** Self-coordination is a modification of the operation of a unit in such a way that each department coordinates with other agencies. Organisational development takes place with the integration of the individual, group and corporate organisational goals.



Self-assessment Questions

- 1) Coordination is an _____ of group efforts in an organisation.
 - a) Integration
 - b) Interchange
 - c) Collection
 - d) Finalisation

- 2) Coordination between the superior and the subordinates is known as;
 - a) Horizontal coordination
 - b) Vertical coordination
 - c) Procedural coordination
 - d) External coordination

- 3) When function of one department is affected by some functions of another department, it is known as;
 - a) Principle of timing
 - b) Principle of dynamism
 - c) Principle of continuity
 - d) Principle of reciprocal relationship

- 4) The culture of coordination can be inculcated among the employees through proper _____.
 - a) Leadership
 - b) Timing
 - c) Mentoring
 - d) Continuity

- 5) Better coordination can be attained due to direct communication between the employees through;
 - a) Chain of command
 - b) Self coordination
 - c) Staff meetings
 - d) Leadership

5.2.2. Controlling

Controlling is an important managerial function. It is the process of monitoring, comparing and correcting work performance. It is defined as; “*Controlling is the process of evaluating actual performance and, if necessary, taking corrective actions so that the performance is by planned performance*”.

(i) Meaning of Controlling

Controlling is the measurement of the present performance about the past performance. Managers can suggest corrective actions for the future period based on the past performance.

In an organisation, each manager has to perform controlling function although the degree of controlling differs based on the managerial hierarchy.

Controlling is a continuous process by which manager exercises his powers to monitor the point of action, pattern and time taken.

Controlling is a coordinated and integrated system. Although data collected for one purpose may differ from another purpose. However, the control system is a set of the interlocking subsystem. It helps in attaining the organisational objectives.

(ii) Need for Controlling

Controlling serves as an integrated action of an organisation. It aims at achieving the organisational goals by monitoring the actual performance.

Monitoring is required for the following reasons:

- **Adjustment in Operations:** Control system acts as a change in organisational operations. Organisations have predetermined objectives which have to be met. In the case of any deviation in the actual performance, corrective measures have to be taken.
- **Policy Verification:** The organisations have pre-determined policies which have to be followed by the employees. However, these policies have to be verified from time to time. Any discrepancy in the actual performance needs to be rectified.
- **Managerial Responsibility:** Manager assigns activities to his subordinates and it is his duty to see that the activities are performed as per the plan. He is accountable for the performance of his subordinates as well. Hence, he needs to monitor their performance by applying his authority of power and position.
- **Psychological Pressure:** The control process puts a psychological pressure on the employees for better performance. As the performance management process takes into account the performance of the employees based on the set standards. Employees feel pressure to achieve the standards set by them, as they are complemented by rewards and punishment based on their performance.
- **Coordination in Action:** Control systems are designed in such a way that they focus on the managers overall responsibility. The manager tends to coordinate the activities

of the employees in such a way that each of them contributes positively as per the instructions of their superior.

- **Organisational Efficiency and Effectiveness:** Factors of control like making managers responsible, motivating for higher performance and achieving coordination in their performance ensures proper functioning of the organisation. Since control focuses on the achievement of organisational objectives leading to organisational effectiveness.
- **Employee Empowerment:** An effective control system can provide information and feedback on employee performance and minimise the chance of potential problems.
- **Protects the Organisation and its Assets:** Organisations are subject to changes in external environment. *For example*, threats from natural disaster, financial scandals, workspace violence, supply chain disruptions, security breaches, terrorist attack, etc. In case the organisation comes across such disruptions then it is the duty of the manager to protect the organisation and its assets from such disruptions.

(iii) Steps for Controlling

The control process is a four step process of establishment of control standards, measuring actual performance, comparing actual performance against a standard and taking corrective managerial action to correct deviations or to address inadequate standards.

The different steps in controlling can be briefly explained as follows:

- **Establishment of Control Standards:** Organisational standards are established which becomes the measuring rod for the actual results. But first, we should have clarity about the objective that we need to achieve. Control standards should be precise regarding volume, man-hour, the cost of production, revenue, the investment required, etc. After setting of standards, we should decide on the desired level of performance. The desired level of return should be reasonable, feasible and should have some amount of flexibility.
- **Measurement of Performance Standards:** To determine the quality of actual performance, we should first measure the performance as per the control standards. The actual performance can be measured through personal observations, statistical reports, oral reports and written reports. Measurement of performance standards

should be on a futuristic basis. Deviation in the performance should be detected in advance to their actual occurrence and can be rectified through corrective measures. Performance measurement becomes easy if the methods of measuring performance are predetermined and expressed in physical and monetary terms. Most of the work activities can be expressed in quantifiable terms but when they can't, managers should use subjective measures. In such cases, tools like psychological tests and opinion surveys can be applied.

According to Peter Drucker, *“For measuring tangible and intangible performances, measurement must be clear, simple, rational, relevant, direct attention and efforts, reliable, self-announcing and understandable without complicated interpretation or philosophical discussions”*.

	Advantages	Drawbacks
Personal Observations	Get first-hand knowledge Information isn't filtered Intensive coverage of work activities	Subject to personal biases Time consuming Obtrusive
Statistical Reports	Easy to visualize Effective for showing relationships	Provide limited information Ignore subjective factors
Oral Reports	Fast way to get information Allow for verbal and non verbal feedback	Information is filtered Information can't be documented
Written Reports	Comprehensive Formal Easy to file and retrieve	Take more time to prepare

Table 5.2.1: Sources of information for measuring performance

- Comparing Actual and Standard Performance:** The next step in the control process is the comparison of real and standard performance. There are two stages in this process like; finding out the extent of deviation and identifying the causes of such differences. Information regarding work performance, data, chart, graphs and written reports and personal observation related to the functioning of the different department

are collected. Such data is analysed and compared with the standard performance and any deviations identified rectified through corrective measures. For controlling and planning purposes, finding out the causes of variations along with computation of changes is important. This kind of analysis helps in finding out the person who is responsible for such deviation in the performance. He is supposed to take corrective measures to achieve the predetermined performance standard. Control charts show the differences between the actual and expected performance. It is to be shared between the manager and the subordinates so that the concerned person can take corrective actions. The managers can also guide them to achieve the desired level of performance and at times warn them about the consequences of non-attainment.

- **Corrective Actions:** Managers can choose among the three possible course of action: do nothing, correct the actual performance or revise the standard. Generally in organisations, do nothing is not applicable, except in the case of negligible deviations. In the case of fixing the actual performance, the manager can take different corrective actions depending upon the importance of the problem. Unsatisfactory work performance can be rectified by implementing training programs, taking disciplinary action, making changes in compensation practices, etc. Depending on the severity of the problem, the manager decides whether to take immediate corrective action or basic corrective action. Immediate corrective action corrects problems at once to get performance back on track. The basic corrective action looks at how and why performance deviated before correcting the source of deviation. In some cases, the standards are revised if the standards are not achievable and realistic. In case the actual performance consistently exceeds the goal then the expected performance level is raised. The manager should set specific, measurable, achievable, reasonable and time-bound goals. He should motivate the employees to attain the goals through improvement in their performance by taking corrective actions.



Self-assessment Questions

- 6) The process of monitoring, comparing and correcting work performance is known as;
- a) Coordinating
 - b) Measuring
 - c) Controlling
 - d) Comparing
- 7) The control process puts a _____ on the employees for better performance.
- a) Controlling
 - b) Coordination
 - c) Corrective action
 - d) Psychological pressure
- 8) What serves as a measuring rod for the actual results?
- a) Work standard
 - b) Control standard
 - c) Supply standard
 - d) Progress standard
- 9) Measurement of performance standard according to the control standard is required for determining the _____.
- a) Quality of actual performance
 - b) Time taken
 - c) Cost of production
 - d) Output produced
- 10) What is the last step in the controlling process?
- a) Establishment of control standards
 - b) Comparing actual and standard performance
 - c) Corrective actions
 - d) Measurement of performance standards



Summary

- Coordination is an integration or synchronisation of group efforts in an organisation.
- Coordination is a continuous and dynamic process because it is achieved through the performance of functions which are dynamic and may change over a period.
- Internal coordination between the different departments of the organisation to achieve its goal.
- Vertical coordination talks about the coordination between the superior and the subordinates, but horizontal coordination is required for the synchronisation of activities of the various departments.
- Substantive dimension involves decisions relating what to do and procedural dimension involves deciding how to do but procedural coordination involves prescribing the procedure for performing those activities which have an impact on more than one department.
- In the vertical chain of command, coordination is required to harmonise the work allocated to different departments.
- Leadership encourages individual motivation and promotes group efforts.
- Horizontal coordination among the committees brings together the functional, divisional and territorial units.
- Coordination brings in a sense of unity, adaptability and participation of the employees in the decision making process.
- Special coordinators work at the shop floor level and help in the working of the line managers.
- Self-coordination is a modification of the functioning of a department in such a way that each department coordinates with other departments.
- Controlling is the process of evaluating actual performance and, if necessary, taking corrective actions so that the performance is by planned performance.
- Control system acts as an adjustment in organisational operations.
- The manager needs to monitor the performance of his subordinates by applying his authority of power and position.

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- The control process puts a psychological pressure on the employees for better performance.
 - An effective control system can provide information and feedback on employee performance and minimise the chance of potential problems.
 - The actual performance can be measured through personal observations, statistical reports, oral reports and written reports.
 - Information regarding work performance, data, chart, graphs and written reports and personal observation related to the functioning of the different department are collected and analysed to find out the deviation between the actual and the expected performance.
 - For corrective actions, managers can choose among the three possible courses of action: do nothing, correct the actual performance or revise the standard.



Terminal Questions

1. Explain the meaning and principles of coordination.
2. Explain the different techniques of coordination.
3. What are the different steps in controlling?



Answer Keys

Self-assessment Questions	
Question No.	Answer
1	a
2	b
3	d
4	a
5	c
6	c
7	d
8	b
9	a
10	c



Activity

Activity Type: Offline

Duration: 30 Minutes

Description:

In the production facility that manufactures cardiovascular and endovascular devices at the Cordis de Mexico S.A. de C.V. There operates a response team at the production facility in Ciudad Juarez, Mexico. Employees at this facility which is part of Cordis Corporation, a Florida based subsidiary of Johnson and Johnson make catheters and stents used to treat various circulatory system problems. The rapid response team is an employee troubleshooting group that's called into action with Mozart's Symphony No. 40 blaring through overhead speakers. Whenever a production line employee activates the music to signal a problem on the line, the team races towards the work area to find out what's happened and how it can be corrected quickly. Because customer demand is so great and the product manufactured so exactly, such work stoppages must be addressed promptly. Cordis plant managers want to make sure that the rapid response team gets the information it needs to do the job as quickly as possible.

You are required to:

1. Find out different methods of controlling, that can be employed at the shop floor level to attain the organisational objective.
2. Do you feel that control is important to ensure consistency with the quality standards.

Case Study

The Odisha State Cooperative Milk Federation Limited (OMFED) is the leading organised milk producer in Odisha. Its main activities include promoting production, procurement, processing and marketing milk and milk products for economic development of the rural farming community of Odisha. As majority of the population is dependent on agriculture animal husbandry and related activities. In rural areas large number of people depend upon livestock (cows and buffalos) as a supplementary income source. The per capita ownership of cattle is not large enough to justify organised milk production. This is why OMFED came into picture. It not only provides livelihood to the people of rural Odisha but also provides the urban middle class with a safe hygienic source of milk.

The main activities of OMFED are as follows; procurement of milk, providing technical input to the milk producers, provide training in new and scientific methods of production of milk, storing (chilling) the milk and processing and marketing the product.

OMFED follows a three tire system in of operations with three components as; the village milk society (actual milk producers), the district milk union (procures milk from the producers and provides them with required inputs) and the milk federation (processing and marketing the milk). This eliminates the role of middle man who exploited the poor milk producers by offering lower price for their produce. With OMFED the collective ownership lies with farmers and thus ensures, fair price for the product. Milk is procured from various cooperative societies throughout the districts twice daily. This milk is sent to the chilling centres at the nearest district milk union in hired trucks. This chilling milk is sent from the milk unions to the nearest milk federation dairy for processing and marketing.

The Village Cooperative Society is the first tire in the whole system. It is the voluntary association of the milk producers in the village willing to sell milk collectively. Any milk producer can become a member by paying a nominal fee of Re 1 and by buying a share of Rs 10. The milk producers elect a committee and a chairman for the management of the daily affairs. The committee then selects some more people to act as aides (milk testers, secretary etc.). Milk producers bring milk to the society every morning and evening. A sample of the milk from each producer is taken and tested by a lactometer for quality. The society sells milk only to the district milk union.

District Milk Union carries the collected milk from the society by using hired transport vehicles to their processing centres. Milk is chilled at 5°C in the chilling centres. The collector

of the district serves as the chairman of the district milk union. The milk union also provides technical input (new method of artificial insemination), training and sometimes even provide cattle feed and fodder to the village societies. Some of the prominent technical input programmes (TIP) are; embryo transfer technology, artificial insemination, feed and fodder programmes and trainings from time to time.

The milk federation helps in processing and marketing of milk and milk products. The chilled milk from the milk union is sent to the milk federation dairy for processing, packing and marketing. The federation is managed by Board of Directors and has representations from various milk unions and government of Odisha. After marketing the produce, whatever monetary realisation is achieved is routed back through supply chain to the producers once in 10 days. The milk and the milk produce are being marketed by authorised retailers of OMFED throughout the state. The urban customer is the last point of milk flow supply chain. OMFED milk is supplied in standard poly packs to the authorised retail centres once every morning in standard hired OMFED trucks. These trucks pick up milk from the nearest federation dairy and have to cover all authorised retail outlets in particular area assigned to them. However due to the massive scale of operation there are many challenges before OMFED. As it is a cooperative comprising of various village societies and district milk unions. Hence issues regarding consistent product quality throughout the procurement chain. All though diligent care is taken in milk testing at village societies there has been cases where the testing personnel (who use lactometer test the viscosity of the milk) has been duped by addition of cheap milk products to increase the viscosity of milk. The supply chain requires cold infrastructure throughout the supply chain. A good chain system comprising of bulk storage facilities throughout the state, cold chain enabled vehicles throughout the coverage area. But owing to the conditions and lack of availability of modern infrastructure in the state there lies a huge scope of improvement. The improvement in the road infrastructure in Odisha due to the national programmes is promising for the future growth plans of OMFED. The parts of odisha which are organised and could be the potential markets for pasteurized and packaged milk has been mostly covered by OMFED. It has loyal customers throughout the state but there is lot of scope to improve and tap potential procurement areas in rural market. Thus OMFED has come up with an aggressive strategy to venture into the potential market of nearby states. Reverse supply chain is another major problem, where the milk products not sold in the retail outlets within the consumable period has to be brought back to the nearest dairy plant of the cooperative. This accounts to roughly 7% loss to the cooperative. This arises due to the mismatch between the actual and expected demand of milk

products in the retail outlets. This can be reduced with the increase in the quantity and volume of milk products through the chain.

OMFED has many parties as stake holders, its organisational structure should emphasize on quality issues which would insist its supplier to have a consistency in its quality. The importance of ethical business practices should be followed with regular quality checks. Better forecasting of the expected demand for the product can be done with the help of inputs from the distributors.

1. Do you feel that effective coordination in the activities is required for OMFED?
2. Which techniques of coordination should be adopted by OMFED for increasing the efficiency and productivity of the organisation?

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External Resources

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- Prasad, M. L. (2007). *Principles and Practice of Management (7th ed.)*. New Delhi: Sultan Chand and Sons.
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Video Links

Topic	Link
Coordination in Management	https://www.youtube.com/watch?v=EtPvAPulMZg
Coordination Technique	https://www.youtube.com/watch?v=406VsoVdjnc
Management function controlling	https://www.youtube.com/watch?v=ewvqRX_bibg
Management function controlling and evaluation	https://www.youtube.com/watch?v=YQO6B7Xm_O8



Notes:

