

1. Details of Module and its structure

Module Detail	
Subject Name	Business Studies
Course Name	Business Studies 03 (Class XII, Semester - 1)
Module Name/Title	Nature and significance of Management
Module Id	Lebs_10104
Pre-requisites	Basic knowledge of nature and significance of management
Objectives	After going through this lesson, the learners will be able to understand the following: <ul style="list-style-type: none">• Coordination• Characteristics of Coordination• Importance of Coordination• Need for coordination rises
Keywords	Coordination, Characteristics of coordination, Importance of coordination, Global manager

2. Development team

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Coordination

Management is the synchronization and integration of activities, responsibilities, and command and control structures to ensure that the resources of an organization are used most efficiently in pursuit of the specified objectives. Along with organizing, monitoring, and controlling, coordinating is one of the key functions of management.

A manager has to perform five interrelated functions in the process of managing an organisation which is a system made up of different interlinked and interdependent subsystems. The process by which a manager synchronises the activities of different departments is known as coordination. It is the force that binds all the other functions of the organisation. It is the common thread that runs through all activities such as purchase, production, sales, and finance to ensure continuity in the working of the organisation. Coordination is implicit and inherent in all functions of an organisation. *It is the essence of management*, for achieving harmony among individual efforts towards the accomplishment of group goals.

Coordination refers to synchronising the efforts by unifying, integrating, and harmonising the activities of different departments and individuals towards the achievement of common objectives. This provides the requisite amount, quality, timing, and sequence of efforts which ensures that planned objectives are achieved with a minimum of conflict. Orderly arrangement of individual and group efforts ensures unity of action for realisation of common objectives.

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 effort 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.

You know that the various business activities of an organisation are grouped and carried out by different departments and within each department there is division and sub-division. 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 conforms to the plans and the prescribed time schedule. This is achieved through proper coordination and control of the activities of all groups.

The process of coordinating the activities of an organisation begins at the planning stage itself. This provides the requisite amount, quality, timing and sequence of efforts which ensures that planned objectives are achieved with a minimum of conflict. A manager can be compared to an orchestra conductor since both of them have to create rhythm and unity in the activities of group members. Co-ordination is an integral element or ingredient of all the managerial functions.

In **Planning** coordination is required between the master plan of the organisation and the plans of different departments. Coordination is also required between the objectives and the resources. Planning cannot prove effective if the sub plans of the organisation does not match with the overall or main plan. Coordination reconciles the policies and programmes of the various departments with the policies and programmes of the organisation, so that overall objectives can be achieved. Proper coordination as well is required when plans of the organisation are prepared with the participation of all the people who are involved in it. Further, coordination can be achieved through planning by integrating the plans of different departments.

In **organising** coordination is needed between resources of an enterprise and the activities to be performed. There should be coordination between authority, responsibility, and accountability. For example, if a finance manager is given authority to raise funds, he should also be given the responsibility to manage the funds efficiently. Organisation would be poor if there is lack of harmony in vertical and horizontal authority relationships. Coordination helps in simplifying the organisational structure as well as reduces the conflicts. Coordination is required at the time of division of work i.e. delegating authority and creating responsibility. So for successfully performing the function of organising, there is great need of coordination.

In **staffing** coordination is needed between skill of the employee and jobs assigned to them, between efficiency of the employee and the compensation given to them. Staffing must be consistent with the needs and the resources of the enterprise. Every manager requires coordination for performing the function of recruitment, selection, training, development, performance appraisal, transfers, demotion, promotion etc. Placing the right person at the right place and at the right time requires coordination. So coordination is required for effectively performing the function of management.

In **directing** coordination is required between superior and subordinate, between orders and instructions and suggestions. For example, a manager instructs his subordinates, motivates them, and supervises their work. Direction cannot be proved effective if the orders and instructions

given to the employees are not consistent with the requirements of the circumstances. Coordination promotes effective communication, leadership, supervision, and motivation. Similarly effective communication, leadership, motivation, and supervision enhance coordination in the enterprise.

In **controlling** coordination is needed between planned standards and actual performance. Corrective actions should be taken to ensure coordination between the target set and actual performance. Controlling creates harmony between planning and the performance. For the measurement of actual performance, comparing it with the standards and taking the corrective action requires coordination of the different activities and the units in the organisation. So coordination is required for the performance of the controlling function efficiently.

Coordination **is required at all levels**. Top level needs to coordinate with subordinates to ensure that overall policies for the organisation are carried out. Middle level coordinates with both the Top level and Lower level managers. Operational level management coordinates activities of its workers to ensure that work proceeds according to plans.

It is through the process of coordination that a manager ensures the orderly arrangement of individual and group efforts to ensure unity of action in the realisation of common objectives. Coordination therefore involves synchronization of the different actions or efforts of the various units of an organisation. This provides the requisite amount, quality, timing and sequence of efforts which ensures that planned objectives are achieved with a minimum of conflict.

Thus coordination is concerned with the functions of management and levels of management.

Therefore it is called the essence of management.

Co-ordination is an orderly arrangement of efforts to provide unity of action in the fulfillment of common objective whereas **co-operation** denotes collective efforts of persons working in an enterprise voluntarily for the achievement of a particular purpose. It is the willingness of individuals to help each other.

Co-ordination is an effort to integrate effectively energies of different groups whereas co-operation is sort to achieve general objectives of business.

Though these two are synonymous but they are different.

Characteristics of Coordination

Coordination is a process to establish harmony among the different activities of an organisation, so that the desired objectives can be achieved. Definitions of coordination present the following facts about its characteristics:

The main characteristics of coordination are as follows.

(i) Coordination integrates group efforts: Coordination is needed in group efforts not in individual effort. It 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 harmony among the members themselves. E.F.L. Brech

(ii) Coordination ensures unity of action: Coordination always emphasises on unifying the efforts of different individuals because conflicting efforts may cause damage to organisation. The purpose of coordination is to secure unity of action in the realization of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organization. Coordination is the process whereby an executive develops an orderly pattern of group efforts among his subordinates and secures unity of action in the pursuit of common purpose. McFarland

(iii) Coordination is a continuous process: Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling. It runs through making Plans, ensuring adequate workforce and continuously monitoring Production so that it is proceeding according to plans and involving marketing dept. for promotion and sales.

(iv) Coordination is an all pervasive function: Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels. The purchase, production and sales departmental efforts have to be coordinated to avoid overlapping. Coordination is universal in nature. It is carried on by all managers at all times.

(v) Coordination is the responsibility of all managers: Coordination is the function of every manager in the organisation. Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out. Middle level management coordinates with both the top level and first line managers. Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.

(vi) Coordination is a deliberate function: Coordination is a deliberate function. A manager has to coordinate the efforts of different people in a conscious and deliberate manner. Coordination gives a direction to the willing spirit of the employees. Cooperation in the absence of coordination may lead to wasted effort and coordination without cooperation may lead to dissatisfaction among employees. This is not a separate function of the management, but its' very essence. For an organisation to effectively and efficiently achieve its objectives coordination is required.

It is the orderly synchronising of efforts of subordinates to provide proper amount, timing and quality of execution so that their united efforts lead to stated objectives & common purpose of the enterprise. Theo Haimann

Importance of Coordination

Coordination is important as it integrates the efforts of individuals, departments and specialists. Managers need to reconcile differences in approach, timing, effort or interest. At the same time, there is a need to harmonise individual goals and organisational goals. The departments and individuals are interdependent in an organization for information and resources to perform their respective activities. This is the primary reason for coordination.

The Dabbawallas of Mumbai is the story of a SIX SIGMA business enterprise. The success of the business lays in the complex yet well coordinated exercise that is carried out on the streets of Mumbai day after day. They are an example of Excellence in coordination.

The need for coordination rises due to the following reasons:

(a) Growth in size: As organisations grow in size, the number of people employed by the organisation also increases. Employees may have their own individual goals also. As organizations grow in size, the number of people employed by the organisation also increases. At times, it may become difficult to integrate their efforts and activities. All individuals differ in their habits of work, background, approaches to situations and relationships with others. It becomes necessary to ensure that all individuals work towards the common goals of the organisation. But employees may have their own individual goals also. Therefore, for organisational efficiency, it is important to harmonise individual goals and organisational goals through coordination.

Number of employees: In the large organizations the size of operations and number of employees are increasing. This gives rise to the new complexities as each individual is unique and work for his own as well as the needs of the organisation. Management requires integrating the individual needs with the organisational goals and this integration can only be achieved through coordination.

Interdependence of Units: The need for coordination in an organisation also arises because of the interdependence of various units. The greater the interdependence between the units, the greater is the need of coordination. This coordination is required because due to the interdependence performance of one unit is affected by others and also at the same time affects others.

Difference in outlook: Every person in the organisation has his/her own way of doing the job or solving the problem. So it becomes all the more important to coordinate their working and to direct them towards the overall objectives of the organisation.

(b) Functional differentiation: Functions of an organisation are divided into departments, divisions and sections. All these departments may have their own objectives, policies and their own style of working. In an organisation there may be separate departments of finance, production, marketing or human resources. All these departments may have their own objectives, policies and their own style of working. For example, the marketing department's objective may be to increase sales by 10 per cent by offering discounts. But, the finance department may not approve of such discounts as it means loss of revenue. These kinds of conflict arise in organisations because each unit/department is performing activities in isolation from others and barriers between departments are becoming more rigid. However, all departments and individuals are interdependent and they have to depend on each other for information to perform their activities. The activity of each department needs to be focused on attainment of common organisational goals. The process of linking the activities of various departments is accomplished by coordination.

Differentiation in the functions: Functions performed in the organisation are mainly divided into various departments and it is necessary to link these functions so as to achieve the overall objectives of the organisation. This linkage can only be established through the coordination.

Resolution of conflicts: In any organisation, conflict may arise between the employees or superiors and subordinates. These conflicts can easily be resolved through coordination. Further if proper coordination is maintained in the organisation there are fewer chances of the conflicts to arise among the members of the organisation.

Greater efficiency and economy in operations: Coordination brings efficiency and economy in operations by avoiding the overlapping and duplication of the work. Coordination brings synergy in the group and the team efforts.

Better interpersonal relations: Coordination not only promotes efficiency and economy in the operations of the organisation but it also improves the morale among the employees and promotes the feeling of job satisfaction. Further both of these factors improve interpersonal relations among the employees.

(c) Specialisation: Modern organisations are characterised by a high degree of specialisation. Specialisation arises out of the complexities of modern technology and the diversity of tasks to be performed. Specialists usually think that they only are qualified to evaluate, judge and decide according to their professional criteria. They do not take advice or suggestions from others in matters pertaining to their area of specialisation. This often leads to conflict amongst different specialists as well as others in the organisation. Some coordination is required by an independent person to reconcile the differences in approach, interest or opinion of the specialists to avoid conflict.

When manager divides work into specialized functions or departments, they at the same time create the need for the coordination of these activities. The greater the division of labour, the greater is the need of coordination. This is due to the reason that specialist think that they are well qualified to judge each other according to the professional criterion, but the outsiders cannot

do so. If the specialists work without coordination, then the results can be costly. So coordination is required to link the work of specialists.

Basis of Cooperation: Coordination is the source, base and the means to achieve cooperation. Without coordination, cooperation cannot achieve its objectives.

Difference between coordination and cooperation:-

Basis	Co-ordination	Co-operation
Meaning	It is an orderly arrangement of group efforts in pursuit of common goals. It is the result of conscious and deliberate efforts of manager	It means voluntary efforts to help each other willingly.
Scope	It is broader than co-operation which includes as well because it harmonizes the group efforts.	It is termed as a part of co-ordination and has narrow scope.
Need	Co-ordination is required by employees and departments at work irrespective of their work.	Co-operation is emotional in nature because it depends on the willingness of people working together.
Relationship	Coordination can be achieved through both formal and informal relationships.	It establishes and arises out of informal relationship.
Nature	Coordination is planned and entrusted by the central authority & it is essential when a group of people are working together for achievement of organizational goals.	It depends upon the sweet will of the individuals and therefore it is not necessary.
Characteristics	It seeks wholehearted support from various people working at various levels.	Co-operation without co-ordination is fruitless & therefore it may lead to unbalanced developments.

Therefore, existence of co-operation may prove to be effective condition or requisite for co-ordination. But it does not mean that co-ordination originates automatically from the voluntary efforts of the group of members. It has to be achieved through conscious & deliberate efforts of managers, therefore to conclude we can say that co-operation without co-ordination has no fruit and co-ordination without co-operation has no root.

Coordination for Convergence of Formal and Informal Organization

Outside of formal, established under the company's objectives, and recognized by official documents (organization, rules of organization and operation, the job description), are bounded informal structure that forms the basis of individual goals or aspirations and sympathies of the members. Relations are established between formal and informal structures are complex and management must be directed so that the two become complementary and converging.

In any company, organization coexist alongside the informal elements of structural organization, the two structures there are strong ties of interdependence arising from the existence of common elements such as: Both are in the same company, the human element is also included, both aimed at achieving the objectives own, possess a high dynamic of change over time given the objectives pursued, are general, is being found in all organizations, regardless of hierarchical level, industry or size.

Vertical Coordination: Vertical coordination, aimed at linking activities at higher levels and lower average levels for the achievement of company objectives. The main parameters which determine the effective exercise of vertical coordination are: degree of formalization, hierarchical weighting, centralization and decentralization, delegation of powers and division of operational and functional positions.

Formalization is the extent to which words company policies, tactics, rules, job descriptions and other official documents, describing explicit operational directions to be taken in certain situations. The degree of centralization of authority reflects the concentration of the upper echelons of the organizational structure. Delegation of powers is another parameter of vertical coordination involving the transfer of responsibility and authority for the decisions of a managerial level to another immediately below. Unlike decentralization which standing downward movement of tasks and powers, the delegation is temporary, covering a period set by

managers and subordinates. Operational position means a job or function constituting the organizational structure invested with authority and responsibility necessary to achieve the major objectives of the company. Functional position is associated with a job or function designed to provide specialized knowledge and support operational work. Operational or functional positions and departments differ in relation to company type analyzed. For example, a manufacturing firm productive department are considered operational, while the sales and procurement are functional departments. For a company operating a commercial activity, the roles are almost reversed: sales and supply are invested with authority operational departments. Among the departments with functional role in any company are listed: human resources, legal, marketing, environmental protection.

Horizontal Coordination: Horizontal coordination is intended to harmonize activities in hierarchical levels similar or close, but belonging to different departments. Four major directions are known to promote horizontal coordination: *buffer resources, information systems, horizontal relations (cooperation) and managers Coordinators*. In essence, managers Coordinators act as agents of horizontal coordination without hierarchical authority over the employees and functional departments that coordinate. Resources buffer facilitates the adaptation to internal and external environmental conditions and initiate change. Firms often use resources like buffer surplus staff, extra time, the stock or additional equipment to minimize the efforts required for their distribution among organizational subunits and allocation processes to ensure flexibility.

One of the secondary functions of information systems is closely linked to facilitate horizontal coordination of business components. In other words, building a solid information system built around an efficient information communication is the major premises timely intelligence and coordination of efforts of employees. Horizontal relations facilitate aligning employees to the same hierarchical level, to cope with sharing of complex problems without the involvement of superiors.

Horizontal relations are sometimes called "bridge relations". The main ways of realizing the horizontal relations are: *direct contact* made between mid-level managers or lower in order to coordinate activities and resolve complex tasks; *indirect contact /connection through the liaison agency role* exercised by a manager who handle effective communication and continuous coordination between departments performing common; task forces and *interdepartmental work*

teams are groups set up a temporary rule to make recommendations on a topic or solve a specific problem

<http://upet.ro/annals/economics/pdf/2009/20090339.pdf>

Organisation and its management are changing. As boundaries between cultures and nations get blurred and new communication technology makes the world as a ‘global village’, The modern organisation is a global organisation that has to be managed in a global perspective.

The Challenge off Being a Global Manager

Therefore, the management of 21st century is a global management. The global manager has to play a multidimensional role demanding diverse combination of skills.

- In the capacity of the ‘country manager’ –the global manager has to deal with establishing his company’s legal and business presence in the form of a local office or business partner, contacting and negotiating with clients, with legal bodies including lawyers and immigration authorities
- In the capacity of the ‘functional manager’ – the global manager has to ensure he is able to source the right technical skills, build a strong resource base of these skills, and be able to deliver on software projects with these skill-sets working in a globalised work environment – in terms of multiple time-zones, understanding of client’s priorities based on the business cycles, Understanding and adapting to the new processes and methodologies & Customer expectation management.
- In the capacity of the ‘business leader’ – the global manager has to be alive to changing business situations, customer priorities operating environment, upcoming opportunities as well as potential risks

To summarise, a global manager today is one who possesses what can be termed as **a) ‘hard’ types of skills as well as b) ‘softer’ types of skills**. Managers who not only a) understand analysis, strategy, engineering, and technology , but extremely critical to global success are people who b) understand how teams work, how organisations work, how people are motivated.

It can thus be understood that the role of a global manager has evolved in much the same way that the global industry and economy have evolved. It has changed from being a single dimensional role in a defined business context, to being a multi-faceted role that calls for a

diverse combination of technical skills, soft management and people skills, and the ability to imbibe and learn different cultural experiences.

Source: Harvard Business School, Working Knowledge

Thus to conclude the chapter on Nature and significance of management, we can say that the conceptual framework of Management consists of reciprocal interaction among environmental context, organizational context and cognitive processes. In today's world the impact of internationalization, information technology, diversity and ethics also leads to a new perspective and a paradigm shift in management.