Unit – 9

Coordination

(Lesson Structure)

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9.0 Objective

The main objective of this lesson is to apprise the students about the role of coordination in management function. Students will gain knowledge about the concept, features, elements, importance and limitations.

Coordination has various types, techniques and principles. This lesson aims at enumerating these types, techniques and principles. Generally, coordination and cooperation are treated as two sides of the same coin. It is not so. By the study of this lesson students will learn the points of difference between and they can differentiate the respective role of these concepts in the process of management.
9.1 Introduction

The purpose of organising; division of work, department, span of management, centralisation and decentralisation, delegation of authority and organisation structure is to optimally achieve the organisational goals. This is possible if units or departments of the organisation are integrated, united and co-ordinated in a unified direction. Once the activities of the organisation are broken into smaller units which are re-grouped into departments (on the basis of similarity of features), it becomes necessary for managers to coordinate the activities of these departments by communicating the organisational goals to each department, setting departmental goals and linking the performance of each department with that of others so that all the departments collectively contribute towards the organisational goals. Coordination is, thus, "the process of linking the activities of various departments of the organisation."

Coordination is "the process of integrating the objectives and activities of the separate units, departments or functional areas) of an organisation in order to achieve organisational goals efficiently."

Coordination is "integration of the activities of individuals and units into a concerted effort that works towards a common aim." — Pearce and Robinson

Co-ordination maintains unity of action amongst individuals and departments. Absence of co-ordination will result in sub-optimal attainment of goals. In extreme situations, it may result in losses and liquidation of companies. Co-ordination integrates, harmonises and balances the conflicting opinions of individuals and departments and facilitates their movement in a direction of the organisational goal.

If, for example, the production department does not coordinate its activities with the sales department, production may be more or less than the required sales. Production more than sales will result in piling of stock and blocking up funds in inventory and production less than sales will result in loss of sales revenue and goodwill of the firm. Coordination, thus, facilitates smooth running of a business.

Effective coordination is based on interdependence of organisational activities. It is based on systems approach to management which acknowledges that different departments of the organisation are inter-dependent (input of one is the output of other). It also assumes the interdependence of organisation's internal and external environment. The degree of coordination depends upon the degree of interdependence. More the interdependence (internal or external), more is the need for coordination and vice versa. If there is no interdependence amongst organisational activities, there is no need for coordination. This is known as system approach to coordination. Coordination is the most basic and fundamental principle of organisation. It is "the orderly arrangement of group effort to provide unity of action in the pursuit of a common purpose."

— J.D.Moony
9.2 Features of Coordination

Coordination has the following features:

1. **Group effort**: Coordination integrates the efforts of individuals and departments to make them work as a group. The group works for maximising the group goals as well as organisational goals.

2. **Unity of action**: Every individual and department has his own perspective or way of achieving the organisational goals. Coordination ensures unity of action amongst individual and departmental activities.

3. **Common goal**: Each individual and department has a goal, which it strives to maximise. Maximisation of departmental goals at the cost of organisational goals can be harmful for the organisation. Sales department, for example, may want to increase expenditure on advertisement to maximise sales. Finance department, however, may not release funds for advertisement to control financial costs. Coordination harmonises the conflicting departmental goals towards a common goal, that is, goal of the organisation.

4. **Continuous process**: Coordination is not a one time attempt by managers to integrate and harmonise individual goals. It is a continuous process that keeps going as long as the organisation survives.

5. **Managerial responsibility**: Coordination is the responsibility of every manager at every level for every operative function (production, finance, personnel and sales.) All managers continuously coordinate the efforts of people working in their respective departments.

6. **Essence of management**: Coordination is not a separate function of management. It is required for every managerial function. Managers coordinate the human and non-human resources while carrying out all the managerial functions of planning, organising, staffing directing and controlling. Coordination is, thus, called the 'essence of management.'

7. **Process of synthesis of efforts**: Coordination integrates and synthesises the efforts of people of all departments at all levels towards achievement of common organisational goals. It also synthesises the organisational resources (physical, human and financial) to collectively contribute to organisational goals.

8. **Necessary obligation**: Coordination is not something that managers may or may not strive for. All managers (also non-managers) must direct their efforts towards a common goal considering this as their obligation.

9. **Deliberate effort**: Coordination is not a spontaneous effort of managers. Managers make deliberate efforts to coordinate their inter-departmental activities.
9.2.1 Elements of Coordination

Following are the elements of coordination:

1. **Group effort**: Coordination integrates individual effort of each unit so that the unit works as a group. It ensures that individuals work as group for promoting their individual and organisational goals.

2. **Unity of action**: Coordination ensures that activities of each individual, group and department are headed towards the common goals. They must be carried out within the framework of policies, procedures etc.

3. **Common purpose**: Coordination strives to maintain balance amongst individual, departmental and organisational goals. It ensures that resources and tasks are assigned to individuals and departments in a manner that working of one department promotes the working of other departments. All individuals, groups and departments should have a common purpose, that is, achieve organisational goals.

9.2.2 Importance/Need for Coordination

The need for coordination arises because individuals and departments have different goals. They depend on each other for resources and information. To ensure that all individuals and departments use organisational resources and information for successful attainment of organisational goals, managers continuously coordinate their activities. The following benefits are offered by coordination.

1. **Non-routine jobs**: Jobs which are non-routine in nature need constant flow of information, both vertical and horizontal. Unless there is proper coordination amongst these jobs, they cannot be performed efficiently. Coordination, thus, helps in effectively carrying out non-routine jobs.

2. **Dynamic activities**: Coordination helps in integrating activities which constantly change according to changes in the environment.

3. **Standards of performance**: When standards of performance against which actual performance is to be measured are too high, managers need to coordinate various business activities to ensure that high performance standards are achieved.

4. **Interdependence of activities**: When different units of organisation are dependent on each other for resources or information, there is greater need for coordination amongst them. Greater the interdependence, greater is the need for coordination. According to Thompson, there are three types of interdependence. In pooled interdependence, organisational performance depends upon pooled or combined performance of all the departments. This happens when different divisions make different products not dependent on each
other. The need for coordination is, therefore, minimum. In sequential interdependence, performance of one unit depends upon that of another (marketing department depends upon production department to increase its sales). This requires coordination between production and sales departments. In reciprocal interdependence, there is give and take relationship amongst units. With increase in degree of interdependence from pooled to reciprocal, the need for coordination also increases.

5. **Specialisation**: Specialisation leads to concentration on very narrow areas of job activity. Individuals tend to overlook overall perspective of the job. This requires coordination to direct the activities towards a common goal.

6. **Growing organisation**: In growing organisations, number of people and divisions become so large that it becomes difficult for top managers to coordinate the activities performed by all of them. Various techniques of coordination (rules, procedures, plans, goals, resource etc.) help managers in unifying diverse and multiple organisational/departmental activities towards the common goal.

7. **Promoting group effort**: In the absence of coordination, each individual and department will carry out their objectives in a manner that they perceive as the best. People maximise their individual goals. This may, however, not be the best for the organisational whole. Coordination helps in promoting group effort rather than individual effort to achieve organisational goals optimally. It harmonises individual goals with organisational goals and satisfies individual goals through satisfaction of organisational goals.

8. **Unity of action**: Organisations have diverse work force, thoughts, resources, goals, activity and skills. Coordination helps to unify these diverse set of actions towards a single goal and thus, maximise their use.

9. **Synergy**: Coordination facilitates the sum total of output of group to increase by more than the sum total of their individual output. It integrates work of different units and produces synergistic effects by increasing the overall organisational output.

### 9.2.3 Limitations in Achieving Coordination

There are limitations also in achieving effective coordination. Some of these are discussed below:

1. **Increased specialisation**: Though specialisation helps to increase organisational productivity, it also creates the problem of coordination. People in specialised units tend to develop their own sense of the organisation's goals as how to pursue them. Higher the degree of specialisation, therefore, more difficult it is to coordinate the activities.
Coordination

2. **High interdependence amongst various units:** Higher the degree of dependence of one unit on the other, greater the need for coordination and more difficult it is to ensure coordination. Achieving coordination of units/activities with reciprocal interdependence is more complex than for activities with pooled interdependence.

**Pooled interdependence:** Performance of one unit does not depend on the other, but overall performance of each unit affects the performance of the organisation as a whole. The organisational performance depends upon pooled or combined performance of each unit or department of the organisation.

For example, an organisation is structured on the basis of products. Each product division has functional heads to look after activities related to its product. Success of one product division does not depend upon pooled or combined performance of each unit or department of the organisation rather it depends upon how successfully each product division operates its activities.

Reciprocal interdependence: Where there is give and take relationship between different units, it is known as reciprocal interdependence.

If a business firm loads its trucks with finished goods and sends them to different locations for unloading; unless the unloaded trucks come back to them, they cannot be reloaded for further shipment. This two-way flow of activities between different units is a form of reciprocal interdependence.

3. **Different approach towards the same problem:** If different departments look at the same problem in different ways, there will be problem of coordinating their activities. If a company wants to increase its profits; production department may want to improve the quality of goods, while sales department may want to improve advertisement to increase the sale. Finance department may aim at cost control as the means of increasing company's profits. Since each department has different perception about the way organisational profits can be increased, top managers may find it difficult to coordinate conflicting opinions of different functional heads.

4. **Uncertainty about future:** Howsoever skilled and competent may the managers be in coordinating the activities of different units, changes in environmental factors can make coordination difficult. Internal uncertainties like strikes and lockouts also make coordination difficult.

5. **Informal groups:** Informal groups which are strongly bonded by forces of culture, social values and ethics can affect the ability of highly skilled managers to coordinate organisational activities.
9.3 Types of Coordination

Coordination can be of the following types:

1. Internal and External Coordination
2. Vertical and Horizontal Coordination

1. **Internal and External Coordination**: Coordination between the activities of departments of people working within the organisation is known as internal coordination. Coordination between activities of the organisation with units outside the organisation (Government, customers, suppliers, competitors etc.) is known as external coordination.

2. **Vertical and Horizontal Coordination**: Both these types of coordination are the forms of external coordination. Vertical coordination is achieved amongst activities of people working at different levels. It coordinates the activities of top managers with those people of middle and lower level managers. It is "the linking of activities at the top of the organisation with those at the middle and lower levels in order to achieve organisational goals." Vertical coordination can be achieved through span of management, centralisation, decentralisation and delegation.

   Horizontal coordination is coordination amongst the activities of people of different departments working at the same level. It is "the linking of activities across departments at similar levels. It links the activities of four primary departments — production, finance, personnel and sales.

   Need for horizontal coordination arises when departments depend upon each other for information or products. When information is transmitted across departments, departmental managers share their views on the same problem and arrive at innovative ideas and thoughts ideal with the situation. According to Jay R. Galbraith, "the more organisations need to process information in the course of producing their product or service, the more methods of horizontal coordination they will need to use."

**Different methods of achieving horizontal coordination are Stack resources, information systems and lateral relations.**

1. Stack resources means maintaining a cushion of resources like extra time, money, material, inventory, people etc. by each department. This provides flexibility to the organisation to adapt to various internal and external pressures without waiting for resources. It also provides a leeway to different units to meet each other’s requirement and reduces the need for constant and continuous coordination.

2. Information systems are the systems which facilitate exchange of information among units of the organisation. Computers have eased the work of managers in transmitting information to different departments. Information systems facilitate effective coordination amongst departments.
3. Lateral relations refer to relations between peer groups of different departments whose interaction with each other (through direct contact or appointment of liaison officers' work groups/teams) helps in arriving at solution to the problem.

Lateral relations allow the information to be exchanged across the scalar chain rather than people placed at higher levels in the organisational hierarchy. These relations are "coordination of efforts through communicating and problem solving with peers in other departments/ units, rather than referring most issues up the hierarchy for resolution."

Lateral relations can be maintained in the following ways:

1. **Direct contact:** Mostly prevalent at middle and lower levels, people of different departments directly communicate with each other to solve their organisational problems without involving the top managers. Coordination is, thus, achieved laterally without following the chain command.

2. **Liaison roles:** Rather than people of different departments solving their problems on their own, through direct contact, the problems are solved by an individual who maintains direct contact with people of different departments. The individual, known as the liaison officer is a common link between the units or departments. Though he does not have formal authority over the groups, he facilitates the flow of information and communication between them and coordinates the efforts of diverse groups by dealing directly with departments where problems are occurring.

3. **Task forces:** Where the liaison officer cannot coordinate the activities of departments because the inter-departmental dependence is complex or because coordination has to be achieved amongst many departments, task forces are created to facilitate coordination. The task force is a team where members from different departments (where the problem has arisen) form a group and share information with respect to the problems of their respective departments. When solution to the problem is achieved, the task force is dissolved and members go back to their respective positions. Coordination amongst different departments is, thus, facilitated through task forces.

4. **Committees:** "Committees are usually formally organised groups with a designated membership and chairperson which regularly hold scheduled meetings." Committees are general formed to look into specific organisational problems which may be recurring in nature. It looks into the cases of absenteeism, promotion and transfer of workers and achieve coordination with respect to keeping the labour force satisfied in the organization.

5. **Managerial integrators:** The role of integrating or coordinating the activities of various departments is assigned to a specifically appointed manager whose work is to coordinate products, projects or brands that involve their-departmental dependence or interaction. The managers are usually product managers, project managers or brand managers.
They ensure efficient use of scarce organisational resources over products or projects and require integration of functional activities. They also enable the organisation to adapt to the fast changing environment.

### 9.4 Techniques of Coordination

The following techniques help to achieve coordination:

1. **Scalar chain**: Scalar chain clearly identifies every person's position in the organisation structure. It also identifies the authority and responsibility attached to each position in the scalar chain. When one knows clearly his position, the position of his boss and subordinates, it facilitates coordination.

2. **Rules and procedures**: In organisations where simple and routine activities are performed rules and procedures provide established standards of performance. Organisational members perform according to rules without going to top managers everytime they face a problem. Rules and procedures, thus, provide an effective way of achieving coordination.

3. **Plans and goals**: Well defined plans and goals help to achieve coordination by ensuring that efforts of all individuals and departments are directed towards organisational goals.

4. **Information system**: People of different departments at all levels need information for making various decisions. Effective information systems, like computers and networking facilitate free flow of information and, thus, facilitate coordination throughout the organisation.

5. **Lateral relationships**: Lateral relations refer to relations between peer groups of different departments. People of different departments constantly interact with each other through formal and informal communication systems. These relations refer to "coordination of efforts through communicating and problem solving with peers in other departments or units, rather than referring most issues up the hierarchy for resolution." An effective system of communication, thus, facilitates coordination by developing strong relationship amongst people of different departments.

6. **Stack resources**: It means keeping a backup of resources. If an organisation expects demand for its product to be 10,000 units every month, it should produce 11,000 units to meet sudden, unexpected increase in demand. In case it does not do so, it will have to wait to produce to meet the increased demand. Competitors can take advantage of this and divert the firm's customer increase their clientele. Maintaining stack resources, thus, facilitates coordination amongst different departments and units.
7. **Cooperation**: Cooperation is a way of achieving coordination. Cooperation refers to voluntary actions of members to work collectively as a group. If all the members cooperate with each other, it will result in coordination amongst their activities.

8. **Independent units**: If organisation is structured in a manner that different units carry out all functional activities (production, finance, marketing and personnel) with respect to their units independently, the need for coordination gets reduced. Though this will be financially costly, it will reduce top manager's burden to coordinate the activities of these units.

9. **Committees**: "Committees are usually formal organised groups with a designated membership and chairperson which regularly conduct scheduled meetings." Committees are formed to solve specific organisational problems like leave committee. This looks into cases of absenteeism and transfer of workers and achieves coordination by keeping the organisational work force satisfied at their jobs.

10. **Managerial integrators**: Managerial integrators are specially appointed managers who continuously coordinate the products, project or brand managers who coordinate the activities of work groups carrying out different projects or producing different products.

### 9.5 Principles of Coordination

Principles refer to fundamental truths on which an action is based. In order to achieve coordination, managers follow the following principles of coordination:

1. **Unity of command**: Unity of command means one boss for one subordinate. It will be difficult to achieve coordination if one individual has to report to more than one boss. Unity of Command, thus, helps in coordinating the activities of individuals and departments.

2. **Early beginning**: It follows the principle of earlier the better. Managers should initiate efforts to coordinate organisational activities right from the planning stage. If plans are implemented without coordination in mind, it will become difficult to coordinate the working of people at later stages.

3. **Scalar chain**: It refers to chain or link between top managers and lower managers. It is a hierarchy of levels where information and instructions flow from top to bottom and suggestion and complaints flow from bottom to top. This chain facilitates coordination as top managers pass only those orders and instructions down the chain which are necessary for subordinates to work efficiently. Subordinates also pass upwards only those suggestions and complaints which they feel should be brought to the notice of top managers through middle
managers. Passing of only necessary information facilitates coordination amongst various levels. Scalar chain, thus, facilitates coordination.

4. **Continuity**: Managers appreciate the fact that coordination is a continuous process and must be continuously carried out at all levels in every department.

5. **Span of management**: It refers to the number of subordinates that a manager can manage effectively. It is important to place only as many subordinates under the direction of one manager as can be effectively managed by him. It affects the manager's ability to coordinate the activities of subordinates working under him.

6. **Direct contact**: Direct or personal contact between managers and subordinates can achieve better coordination than indirect or impersonal contact. Face-to-face interaction amongst people of different levels or same level in different departments promotes understanding, information and thoughts. This facilitates effective communication and through it, effective coordination.

7. **Reciprocity**: It refers to interdependence of activities. Production and sales department, for example, are inter-dependent. The more one sells, the more one needs to produce. The more one produces, the more one attempts to sell what is produced. The nature and extent to which organisational activities are dependent on each other are considered by managers when they initiate to coordinate the organisational activities.

8. **Dynamism**: There are no fixed and rigid rules for coordination. Changes in organisational environment necessitate changes in the techniques of coordination also. It is, thus, a dynamic and not static concept.

## 9.6 Coordination and Cooperation

Though the terms 'coordination' and 'cooperation' are used interchangeably, they are conceptually different. While cooperation is a voluntary action of members to work collectively as a group, coordination is a deliberate attempt of managers to unify the actions of organisational members. Coordination can be achieved if all the members cooperate with each other and with top managers. Even when members cooperate with each other, there is need for managers to coordinate their efforts to achieve the organisational goals. For example, the departmental manager wants to organise a seminar. All the members of his department cooperate with him in organising it. Despite their cooperation, the departmental manager has to coordinate their activities by dividing works amongst them and giving them the authority and responsibility to effectively discharge duties related to that work.

The terms 'coordination' and 'cooperation' are supplementary to each other. Achieving one without the other is almost impossible. The term 'coordination' is however, wider in scope and includes 'cooperation'. Differences between the two terms are as follows:
### Coordination

<table>
<thead>
<tr>
<th>1. Attempt</th>
<th>Cooperation</th>
<th>Coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>It is voluntary attempt of members</td>
<td>It is deliberate attempt of managers.</td>
</tr>
<tr>
<td>2. Scope</td>
<td>It is narrow in scope</td>
<td>It is wider in scope</td>
</tr>
<tr>
<td>3. Relationship</td>
<td>Relationship amongst members is informal</td>
<td>Relationship amongst members is formal</td>
</tr>
<tr>
<td>4. Nature</td>
<td>It is an important technique of coordination.</td>
<td>It is not a technique to achieve cooperation.</td>
</tr>
<tr>
<td>5. Concept</td>
<td>It is a collective effort of group members that arises out of their need to work together to attain a common goal</td>
<td>It is an attempted effort of managers to unify the actions of all the organisational members.</td>
</tr>
</tbody>
</table>

#### 9.7 Summary

When the organisational structure is created and departments are made, managers coordinate activities of these departments to achieve organisational goals. Top managers communicate the organisational goals to departmental managers and help them carry out the functions of learning, organising, staffing, directing and controlling for their respective departments. They integrate objectives of the organisation with the objectives and activities of departments through coordination, in order to harmonise departmental goals with organisational goals. Coordination, thus, helps in order to coordinate the work of different departments and within each department, it integrates the functions of management. Coordination is, therefore, rightly called the essence of management. It helps each managerial function and each departmental activity contributes to overall organisational goals.

1. **Coordination while planning:** When plans are made by managers, they ensure that different types of plans (long-term and short-term, strategic and routine), policies, rules and procedures operate in harmony and coordination with each other so that various departments effectively follow these plans.

2. **Coordination while organising:** Division of work into departments on the basis of similarity of activities, appointing people to manage these departments, defining their authority and responsibility and creating the organisational structure are done to coordinate departmental activities with the overall organisational goals. If the activities are divided haphazardly without coordination, some activities may not be assigned to individuals and some may be assigned to more than one individual.
3. **Coordination while staffing:** The jobs having been created, managers ensure that individuals are placed on different jobs according to their skills and capabilities. This ensures placing the right person at the right job in order to achieve coordination amongst their work activities.

4. **Coordination while directing:** When a manager directs his subordinates through motivation, leadership and communication, he coordinates the various organisational activities. It is also an attempt to harmonise individual goals with organisational goals. Directing maintains unity and integrity amongst activities of members in the organisation.

5. **Coordination while controlling:** Controlling ensures that actual performance is in conformity with planned performance. The purpose of controlling through budgets or information system is to coordinate the various organisational activities.

Every managerial activity is, thus, coordinated to contribute towards organisational goals. Coordination is required throughout the organisation.

"Coordination is achieved by structuring the organisation in such a way as to ensure vertical coordination between hierarchical levels of management and horizontal coordination across individuals and work units at similar levels." The principles of management like unity of command and scalar chain ease the task of managers in effectively coordinating various managerial functions.

### 9.8 Questions for Exercise

1. "Coordination is the essence of management." Discuss.

2. Explain the term 'co-ordination'. What are the various techniques of effective coordination?

3. Explain the meaning and principles of co-ordination.

4. "The need for co-ordination arises because of the interdependence of activities". State different kinds of interdependence between the organisational activities.

5. How is coordination different from cooperation.

### 9.9 Suggested Readings
