

CBSE Class 12 Business Studies
NCERT Solutions
Chapter 07 Directing

Multiple Choice Questions

1. Which of the following is not an element of direction?

- (a) Motivation**
- (b) Communication**
- (c) Delegation**
- (d) Supervision**

Ans: Delegation is not an element of directing, rather, it precedes directing. Direction refers to a process where employees of an organisation are instructed, motivated and guided to achieve certain goals and objectives. Motivation, communication and supervision are elements of direction.

2. The motivation theory which classifies the needs in hierarchical order is developed by

- (a) Fred Luthans**
- (b) Scott**
- (c) Abraham Maslow**
- (d) Peter F. Drucker**

Ans: Abraham Maslow gave the need hierarchy theory of motivation. His theory was based on the argument that within each individual there lies five basic needs that can be put in hierarchical order. Starting from the most primary ones, the order of hierarchy was stated as physiological needs, security needs, belongingness needs, esteem needs and actualisation needs.

3. Which of the following is a financial incentive

- (a) Promotion**
- (b) Stock Incentive**
- (c) Job Security**
- (d) Employee Participation**

Ans: Stock incentive is a kind of financial incentive. It is a direct monetary incentive wherein the employee is offered the shares of the company at a price lower than the market price. The other three options as given in the question, that is, promotion, job security and employee participation are non-financial incentives that focus on psychological and social needs of the employees.

4. Which of the following is not an element of communication process?

- (a) Decoding**
- (b) Communication**
- (c) Channel**
- (d) Receiver**

Ans: Communication is a process wherein ideas, feelings, facts, etc. are exchanged among people. Decoding, channel and receiver are elements of communications. Channel refers to the path through which the message in the form of encoded symbols from the sender is transferred to the receiver. Before the message is received by the receiver, the encoded symbols must be converted. This process of converting the encoded symbols is known as decoding. On the other hand, receiver refers to the person who actually receives the message.

5. Grapevine is

- (a) Formal communication**

(b) Barrier to communication

(c) Lateral communication

(d) Informal communication

Ans: Informal communication is known as grapevine. This is because informal communication spreads throughout the organisation in all directions without following the formal path of communication.

6. Status comes under the following types of barriers

(a) Semantic barrier

(b) Organisational barrier

(c) Non semantic barrier

(d) Psychological barrier

Ans: Status comes under organisational barriers. Organisational barriers refer to those barriers in the communication that are related to structure of the organisation, hierarchical relationships in the organisation, rules and policies. Sometimes status of an individual in the company in terms of profile, authority, etc. instils a feeling of superiority (or inferiority) in him. Such a psychology acts a barrier in free flow of communication in the organisation.

7. The software company promoted by Narayana Murthy is

(a) Wipro

(b) Infosys

(c) Satyam

(d) HCL

Ans: Narayana Murthy was the founder of the software company 'Infosys'. He started Infosys in the year 1981 and in 2002 it was a global IT company. Narayana Murthy was the CEO of

Infosys for two decades before he retired from the post in 2002. Under the leadership of Murthy, Infosys reached unimaginable heights and is today among the biggest exporters of software from India.

8. The highest level need in the need Hierarchy of Abraham Maslow:

(a) Safety Need

(b) Belongingness Need

(c) Self Actualisation Need

(d) Prestige Need

Ans: The highest level need in the need Hierarchy of Abraham Maslow is self actualisation need. This need of an individual refers to achieving what one aims or aspires. For an employee in an organisation, such needs relate to growth, work satisfaction, etc.

9. The process of converting the message into communication symbols is known as:

(a) Media

(b) Encoding

(c) Feedback

(d) Decoding

Ans: The process of converting the message into communication symbols is known as encoding. The communication symbols in the process of encoding can be in the form of pictures, gestures, etc.

10. The communication network in which all subordinates under a supervisor communicate through supervisor only is:

(a) Single chain

(b) Inverted V

(c) Wheel

(d) Free flow

Ans: The communication network in which all subordinates under a supervisor communicate through supervisor only is wheel communication network. In a wheel network, the supervisor is at the centre of the communication network (wheel). The subordinates cannot communicate among themselves, rather they need to communicate through the supervisor.

Short Answer Type:

1. Distinguish between leaders and managers.

Ans: The following points highlight the difference between a manager and a leader.

Basis of Difference	Manager	Leader
Existence	A manager can exist only in a formal organisation.	A leader can exist in formal as well as informal organisation.
Objective	A manager focuses towards influencing the behaviour of employees towards achievement of the goals of the organisation.	A leader focuses towards the satisfaction of the individual and group goals of his followers.
Power and Authority	A manager holds formal authority and can exercise power and control to influence the behaviour of the employees.	A leader does not command formal authority and can only influence the behaviour of the followers through such means as trust and faith.
Interrelationship	A manager can be a leader as well.	A leader may not be a manager.
Functional Spread	The functions of the manager are widespread and include planning, organising, staffing	Functions of a leader are limited to directing.

	and directing.	
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2. Define Motivation.

Ans: Motivation can be defined as stimulating, inspiring and inducing the employees to perform to their best capacity. Motivation is a psychological term which means it cannot be forced on employees. It comes automatically from inside the employees as it is the willingness to do the work. Motivation is a process of making subordinates to act in a desired manner to achieve organisational goal.

3. What is informal communication?

Ans: Informal communication between different members of organisation who are not officially attached to each other is known as informal communication. Generally, the social interactions, friendly talks and non- official matters are discussed in the informal communication.

4. What are semantic barriers of communication?

Ans: Sometimes the same word and sentences can be understood differently by different people in the organisation which means difference in the understanding levels of employees. For example- if the production manager announces in the meeting that there will be increase in the budget of production department then employees may understand that their salary will increase but managers may understand it that expensive machinery will be purchased.

5. Who is a supervisor?

Ans: A supervisor refers to a person who directly oversees the activities of the workers. In the organisational hierarchy he lies immediately above the worker.

6. What are elements of directing?

Ans: Directing is the complex function that includes all those activities which are designed to encourage subordinates to work effectively and efficiently. The elements are-

i. Supervision: Supervision means instructing, guiding, monitoring and observing the employees while they are performing jobs in the organisation.

ii. Motivation: Motivation implies encouraging and inducing the employees to perform to the best of their capabilities so as to achieve the desired goals of the organisation. Motivation can take various forms such as promotion, appraisal, recognition, etc.

iii. Leadership: Leadership is a process of influencing the behaviour of people at work towards the achievement of specified goal.

iv. Communication: Communication refers to the process of exchange of ideas, feelings, facts, etc. among people.

7. Explain the process of motivation?

Ans: Motivation implies inducing and stimulating an individual to act in certain manner. The following points explain the process of motivation.

i. Unsatisfied Want: The motivation process begins with an unsatisfied need of an individual.

ii. Frustration: As the want remains unsatisfied frustration builds up in the mind of the individual.

iii. Drives: The frustration drives the individual to look out for alternatives to satisfy his need.

iv. Behaviour: Among the various alternatives he chooses one and starts behaving according to it.

v. Satisfaction: After following a particular alternative for some time, he assesses if his need is satisfied.

vi. Reduced Frustration: Once the need is satisfied, the frustration and tension of the individual finally gets reduced.

For example, suppose an individual desires promotion. This makes him uneasy and he starts looking out for alternatives through which he can earn a promotion. He may think of

working harder and improving his performance. After consistently working hard, he may get recognition and the promotion that finally satisfies his want and reduces his frustration.

8. Explain the different networks of grapevine communication?

Ans: There is no fixed direction or path for the flow of information under informal communication. The information moves in a very vague, confusing and zigzag manner. That is why the network of informal communication is known as Grape Vine. following are the types of grapevine communication network.

- i. Single Strand Network:** In a single strand pattern each individual communicates to the other in sequence.
 - ii. Gossip Network:** In gossip network, one person shares the information with many other people.
 - iii. Probability Network:** In probability network the individual communicates randomly with other individuals.
 - iv. Cluster Network:** In this network, information is first shared between two people who trust each other. One of them then passes the information to some other person who in turn shares it with another and so the information spreads.
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Long Answer Type:

1. Explain the principles of directing?

Ans: Directing as a function of management is quite complex. To help in the directing process, certain principles have been developed. The following are the principles of directing.

(a) Maximum Individual Contribution: According to this principle, a manager should use such directing techniques that induce the workers to perform to the best of their capabilities. It should encourage the workers to work towards the goals of the organisation. That is, each individual should contribute the maximum towards the organisational goals. For example, suitable incentive and motivation techniques can be used by the managers to urge the

employees to perform better.

(b) Harmony of Objectives: Often the objectives of an individual diverge from the overall organisational objectives. For example, an individual's focus may be on earning greater income while the organisation aims at increasing the production. In such a case, directing should work towards converging the individual goals with the goals of the organisation.

(c) Unity of Command: As per this principle, an individual should receive commands and instructions from only one superior. If a worker receives orders from more than one superior, it creates confusion and clashes that leads to delay in the work. For example, the worker might get confused whose order to follow. Moreover, it might also happen that a conflict is created between the two superiors.

(d) Appropriateness of Direction Technique: According to this principle, the direction technique to be used should be appropriately selected. It should suit the need and attitude of the employees. For example, one employee might get motivated by a praise while other requires monetary incentive. Thus, the manager should use suitable directing techniques on requirement basis.

(e) Managerial Communication: Effective communication plays a key role in directing. The instructions and commands given by the superior must be clear and easily understandable by the subordinates. In addition, the subordinates must also be able to communicate with the superiors in an unhesitant manner. They must be able to express freely their feedback and suggestions. Thus, an effective two-way communication must take place between the superior and the subordinates.

(f) Use of Informal Organisation: The manager should realise the existence and importance of informal organisation. He must strategically use them. For example, informal communication can be used to divulge true and real feedback on policy matters.

(g) Leadership: Leadership is an important element of directing. A manager must be able to bring out the capabilities of the employees. He must be able to influence the behaviour of the employees such as to boost the willingness of the employees to work towards the organisational goals. In addition, he must also be able to work effectively towards the satisfaction of the individual goals of the employees.

(h) Follow Through: According to this principle, a manager's role is not just limited to giving instructions to the subordinates rather, he should continuously review the implementation of the instructions. Through a proper follow up he must ensure that the commands are properly followed and implemented. If required suitable corrective actions must also be taken.

2. Explain the qualities of a good leader? Do the qualities alone ensure leadership success?

Ans: It is said that to be a successful leader an individual must possess certain qualities. Some of the qualities of a good leader are as follows.

(a) Physical Attributes: Physical features like height, weight, health, appearance determine the physical personality of an individual. Health and endurance help a leader to work hard which Inspires others to work with same tempo.

(b) Knowledge: A good leader should have required knowledge and competence. Only such person can instruct subordinates correctly and influence them.

(c) Intelligence: A leader must have a good presence of mind and knowledge. He should be competent enough to effectively examine and solve the problems encountered in the course of work. He must have the required intelligence to take proper decisions based on logic and facts.

(d) Inspiration: A leader should be a source of inspiration and motivation to others. That is, he must be exemplary in terms of work, performance and values. He must be able to develop willingness among the subordinates to work to the best of their capabilities.

(e) Confidence: A leader should be high in confidence. He must also be able to maintain his confidence in difficult situations as well. Only when a leader is confident himself, he can boost the confidence of his subordinates.

(f) Responsibility: A leader should command responsibility for the work and tasks of his group. He should hold the responsibility of being answerable for the mistakes of his subordinates. However, as a mark of encouragement he must share the credit of the success with his subordinates.

(g) Effective Communication Skill: A leader should be able to clearly express his ideas and instructions clearly to the subordinates. On the other hand, a leader also forms the link between the higher authorities and the subordinates. He should be able to effectively pass the problems and suggestions of the subordinates to the seniors. Besides, he should also be a patient listener and counsellor.

(h) Ability to take Decisions: A leader should be able to take appropriate decisions based on logic, facts and figures. Moreover, he should be confident enough to hold on to his decisions and not get confused.

(i) Social Behaviour: He should maintain a friendly and supportive behaviour with his subordinates. He must be able to understand people and maintain good social relations with them.

(j) Initiative: A leader should have courage and initiative. He should not wait for opportunities come to his way, rather he should grab the opportunity and use it to the advantage of organisation.

Though the above mentioned qualities are necessary for being a good leader, however, the mere presence of these qualities does not ensure leadership success. In fact, no single individual can possess all the qualities. However, a conscious effort must be made by the managers to acquire them.

3. Discuss Maslow's Need Hierarchy theory of motivation.

Ans: Need or the desire is a very important element in motivation because the employees get motivated only for their needs and if the needs are fulfilled completely then it is not possible to motivate the employees. Maslow has given a sequence or hierarchy of needs .

Assumptions:

Maslow's theory is based on the following assumptions.

(i) People's need influences their behaviour.

(ii) Needs of the individuals can be arranged in a hierarchical order.

(iii) An individual can move to a higher level need only when the lower level need in the hierarchy is satisfied.

(iv) Once a need is satisfied, an individual can be motivated only through the next higher level need.

Theory

The following is the hierarchy of needs as given by Maslow.

(a) Physiological Needs: Such needs comprise of essential requirements for sustenance of life. They are at the top of the hierarchy. The fulfilment of these needs is necessary for survival. For example, food, clothing, shelter are physiological needs. An employee requires a certain basic salary for the satisfaction of these needs.

(b) Security Needs: These needs relate to physical and economic security and well-being. For example, an employee desires job security, income stability, etc.

(c) Belongingness Needs: Such needs comprise of the social needs of an individual such as affection, acceptance, companionship, etc. as every individual yearns for social acceptance and belongingness.

(d) Esteem Needs: These needs include such elements as respect, dignity, recognition, etc. as every individual wants to command respect and acknowledgement in the peer group.

(e) Self-Actualisation Needs: This need refers to achieving what one aims or aspires. It is the highest level need in hierarchy. For an employee such needs relate to growth, work satisfaction, etc.

Maslow's theory is widely appreciated and is used as basis for motivation by the managers. However, sometimes it can happen that needs of an individual do not follow the exact order of hierarchy. Nevertheless, an understanding of the needs as given by Maslow helps the managers in practicing efficient motivation.

4. What are the common barriers to effective communication? Suggest measures to overcome them.

Ans: Barriers in Communication: Sometimes the message is sent by sender does not reach the receiver in the same manner as expected by the sender. Therefore it is important for a manager to identify these barriers and take measures to overcome these. Barriers to communication can be classified as follows:

(a) Semantic Barriers: Semantic barriers of communication relate to the use or understanding of language. Sometimes it happens that certain words, sentences or phrases remain ambiguous or difficult to understand. Thereby, they are likely to get misinterpreted. Such barriers in communication that arise out of ambiguity or difficulty in understanding of words and sentences are known as semantic barriers. For example, sometimes while giving out instructions the senior or specialist uses technical vocabulary that might be difficult to understand for the subordinates. Similarly, at times two or more words have the same pronunciation (such as access and excess), that results in confusion regarding the correct interpretation of the word.

(b) Psychological Barriers: Emotional or psychological factors also act as a Barrier to effective communication. The state of mind has great influence over the information and it's reflection. As a frightened person may not communicate properly similarly an angry person may not receive the communication effectively.

(c) Personal Barriers: Sometimes personal factors related to the sender or the receiver act as a hurdle in communication. For example, often in formal organisations, superiors do not share such information that they fear will harm their authority. Similarly, due to lack of trust on their subordinates, they may not be willing to pay attention to the information provided by them. In a similar manner, subordinates may lack the incentive to communicate freely with the superiors. Thus, in such cases effective communication is hindered due to personal factors pertaining to the sender and the receiver

(d) Organisational Barriers: In formal organisational structures, barriers to communication arise due to such factors as authority, rules, regulations, relationships, etc. For example, if an organisation follows long vertical chains of communication, it might result in delay in the flow of information. Similarly, a highly centralised organisational structure obstructs free communication.

Measures to overcome Barriers in Communication:

The following are some of the measures that can be adopted to overcome various barriers of communication.

- (i) The communication should take place as per the understanding level and capabilities of the receiver. That is, it must be ensured that the receiver is clearly able to understand the information.
 - (ii) The language, tone and content of the information should be appropriately chosen. It should be easily understandable and should not harm anybody's sentiments.
 - (iii) For the communication to be effective proper feed backs must be taken from the receiver. That is, he must be encouraged to respond during the conversation.
 - (iv) It must be ensured that the information is complete in all respect and nothing is left ambiguous.
 - (v) The core idea of the communication must be clear between the sender and the receiver. That is, it must be conveyed properly what the communication is about.
 - (vi) The sender of the information should also be a patient listener. He should be open to communication from the other end as well.
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5. Explain different financial and non-financial incentives used to motivate employees of a company?

Ans: Financial Incentives: The reward or incentive which can be calculated in terms of money is known as Financial incentives. The following are some of the financial incentives used in the organisations.

- i. Salary and Allowances:** In every organisation salary and allowances given to the employees forms the basic form of financial incentive. Regular raise in salaries and grant of allowances acts as a motivation for the employees
- ii. Performance Based Incentives:** Often organisation offer monetary rewards for good performance. This induces the workers to improve their efficiency and performance.
- iii. Bonus:** Bonus refers to the extra reward over and above the basic salary. It can take the

form as cash, gifts, paid vacations, etc. For example, some organisations grant bonus during festival times such as Diwali bonus.

iv. Commission: Commission is the common incentive offered to employees working under sales department. Generally the sales persons get the basic salary and along with this commission on every sales order.

v. Retirement benefit: Some organisation offer retirement benefits such as pension, provident fund, gratuity, etc. to motivate people.

Non- Financial Incentive: The incentive which cannot be calculated in terms of money are known as non- financial incentives. These are-

i. Status: Status refers to rank, authority, responsibility, recognition and prestige related to job. By offering higher status or rank in the organisation managers can motivate employees having esteem and self actualisation need active in them.

ii. Organisational climate : It refers to relation between superior and subordinates. A positive approach adopted by manager creates better organisational climate whereas negative approach may spoil the climate.

iii. Career Advancement: Managers must provide promotional opportunities to employees. Whenever there are promotional opportunities employees improve their skills and efficiency with the hope that they will be prompted to high level.