

## CBSE CLASS 12 BUSINESS STUDIES

### CHAPTER – 7

### DIRECTING

### REVISION NOTES

#### MEANING

Directing refers to giving instructions, guidance and motivation to the staff in an organization to work efficiently in order to achieve organizational goals. Directing is a key managerial function performed by the manager along with planning, organizing, staffing and controlling. Directing is a continuous process initiated at top level and flows to the bottom through organizational hierarchy.



#### CHARACTERISTICS OF DIRECTING

- 1. Directing Initiates Action:** Directing is required at all stages, a manager has to perform this function along with planning, organizing, staffing and controlling.
- 2. Directing Takes Place at all Levels of Management:** every manager has to perform this function and thence it takes place at all levels of management.

**3. Directing is a Continuous Process:** Directing takes place at all levels of the organisation so that all activities are directed towards the achievement of organizational goals

**4. Directing Flows from Top to Bottom:** Directing initiates at top level and flows to the bottom of organisation through organizational hierarchy.

## IMPORTANCE

**1. Directing Initiates Action:** It helps in initiating action by the people in the organization towards attainment of desired objectives.

**2. Directing Integrates Employee's Efforts:** Coordination of all the activities of an organization is very necessary. A manager is required to motivate employees and work as team.

**3. Motivation and Leadership:** It motivates the subordinates by showing leadership qualities to work efficiently and to contribute their maximum efforts towards the achievement of organizational goals.

**4. Directing Facilitates Change:** Employees often resist changes due to fear of adverse effects on their employment and promotion. Effective directing through motivation, communication and leadership help employees to cope with changes in the environment.

**5. Directing helps in Stability and Balance in the organization:** Effective directing fosters cooperation and commitment among employees and helps in striking a balance between various activities and departments.

## PRINCIPLES OF DIRECTING

Effective directing is a challenging task as it involves many complexities. A manager has to deal with people with diverse background, and expectations. This complicates the directing process.

The following are the basic principles of effective direction:

### 1. Maximum Individual Contribution:

- Directing techniques must be applied towards maximizing individual contribution of employees for the achievement of organizational objectives.
- It should bring out untapped energies of employees for the efficiency of organisation.

### 2. Harmony of Objectives:

- It is an important function of management to motivate people and direct their efforts towards the achievement of enterprise objectives and their personal goals.
- The interest of the group must always prevail over individual interest. The principle implies harmony of personal interest and common interest.

### **3. Unity of Command:**

- This principle states that one person should receive orders from only one superior, in other words, one person should be accountable to only one boss.
- If a person receives orders from more than one superior, it creates chaos, confusion, conflict and disorder.

### **4. Appropriateness of Direction Technique:**

Appropriate motivational and leadership technique should be used by a manager while directing the people based on subordinate needs, capabilities, attitudes and other situational variables.

### **5. Managerial Communication:**

- Directing should convey clear instructions to subordinates and proper feedback ensure that they understood the instructions clearly.
- To have effective direction, it is very essential to have an effective communication which provides for free flow of ideas, information, suggestions, complaints and grievances.

### **6. Use of Informal Organisation:**

A manager must be aware of the informal groups in a organisation and use it for effective directing.

### **7. Leadership:**

Managers should exercise good leadership as it can influence the subordinates positively without causing dissatisfaction among them.

### **8. Follow through:**

A manager not only issue orders and instructions, but also follow-up the performance employees so as to ensure that work is being performed as desired. He should intelligently oversee his subordinates at work and correct them whenever they go wrong.

## ELEMENTS OF DIRECTING

**(i) Supervision:** Implies overseeing the work of subordinates by their superiors. It is an act of watching & directing worker's activities.

**(ii) Motivation:** It means the process of making subordinates to act in a desired manner to achieve certain organisational goals.

**(iii) Leadership:** Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals.

**(iv) Communications:** is the process of passing information, experience, opinion etc. from one person to another.

## I: SUPERVISION

- It is a process of guiding the efforts of employees and other resources to accomplish desired objectives.
- Overseeing the work and activities of workers and employees
- Involves instructing, observing, monitoring and guiding employees.
- It is an important function at the lower levels of management therefore the term 'Supervisor' is used at the operatives level of management

## IMPORTANCE OF SUPERVISION

1. Supervisor maintains **good contact** with workers. A good supervisor acts as a guide, friend and philosopher to the workers.
2. Supervisor acts as a **link between workers and management** as he/ she explains management policies to workers and brings workers problems to the notice of the management.
3. Supervisor plays a key role in maintaining **group unity** among workers placed under his control.
4. Supervisor **ensures performance** of workers is according to the **set targets**.
5. Supervisor provides good **on the- job training** to the workers and employees.

6. Supervisory leadership plays a key role in **influencing the workers** in the organisation.
7. A good supervisor **analyses the work** performed by workers and gives **feedback** to the workers.

## **II. Motivation**

- Motivation means incitement or inducement to act or move.
- Motivation is the process of stimulating people to action to accomplish desired goals.

Three key terms = motive, motivation, motivators

**Motive** : Inner state that energizes, activates and directs behaviour towards goals. Arises out of unsatisfied needs and causes restlessness.

**Motivation** : Process of stimulating people to action to accomplish desired goals.

**Motivators**: Technique used to motivate people. E.g. = bonus, promotion, recognition etc.

## **FEATURES OF MOTIVATION**

### **1. Motivation is a Psychological Phenomenon:**

Motivation is an internal feeling, such as urge, drives and desires which means it cannot be forced on employees.

### **2. Motivation is a Goal Oriented Behaviour:**

It induces people to behave in a particular manner so that they can achieve their goals. A motivated person works towards the achievement of desired goals.

### **3. Motivation can be either positive or Negative:**

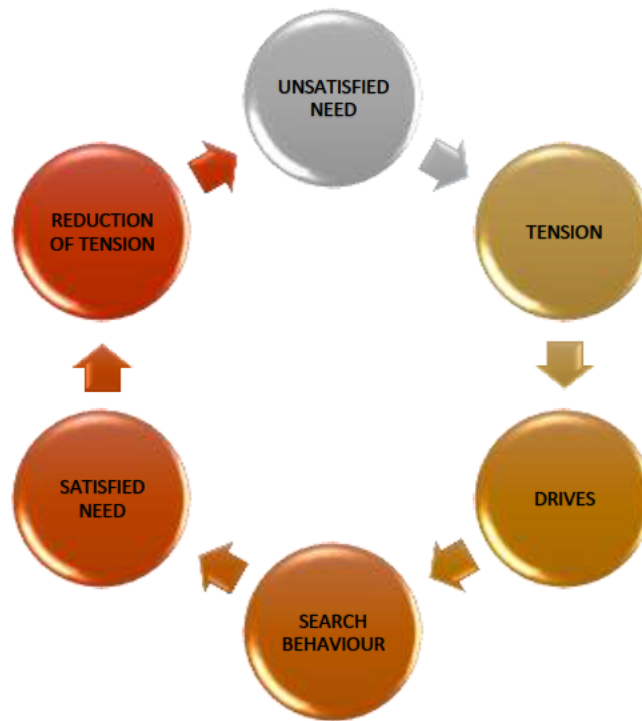
- **Positive motivation** means inspiring people to work better and appreciating a work that is well done e.g., pay increase promotion recognition.
- **Negative motivation** means forcing people to work by threatening or punishing them. e.g., issue of memo, demotion, stopping increments etc.

#### 4. Motivation is a Complex Process:

- It is a complex and difficult process as human factor is involved.
- Individuals differ in their needs and wants and moreover human needs change from time to time.

#### Motivation Process:

An unsatisfied need of an individual creates tension which stimulates his or her drives. These drives generate a search behaviour to satisfy such need. If such need is satisfied, the individual is relieved of tension.



#### IMPORTANCE OF MOTIVATION

##### 1. Motivation improves performance:

Good motivation in the organisation helps to achieve higher levels of performance as motivated employees contribute their maximum efforts for organisational goals.

##### 2. Motivation helps to change negative attitude:

By motivating the employees and praising them for the good work positive attitude can be developed in workers.

### **3. Motivation helps to reduce employee turnover:**

The main reason for the high turnover is employee motivation, so by motivating employees new recruitment and training cost can be reduced.

### **4. Motivation helps to reduce absenteeism in the organisation:**

If sound motivation, good working conditions, rewards etc. are adequately provided, work becomes a source of pleasure and workers absenteeism can be reduced.

### **5. Motivation facilitate change:**

Motivation helps managers to introduce changes smoothly without much resistance from workers.

## **MASLOWS'S NEED HIERARCHY THEORY OF MOTIVATION**

Maslow's need hierarchy is considered as a fundamental theory in understanding motivation phenomenon.

- Every human being have a wide range of needs like physiological needs, social needs, safety needs, esteem needs and self actualisation needs which motivate them to work.
- The manager must understand the needs and wants of people in order to motivate them and to improve their performance levels.
- For the satisfaction of these needs, managers must offer different incentives (monetary and non-monetary) to employees depending on the level in which the person belongs.

**1. Basic Physiological Needs:** These are the most basic need such as food, shelter, sleep etc. In the organisational context, basic salary helps to satisfy these needs.

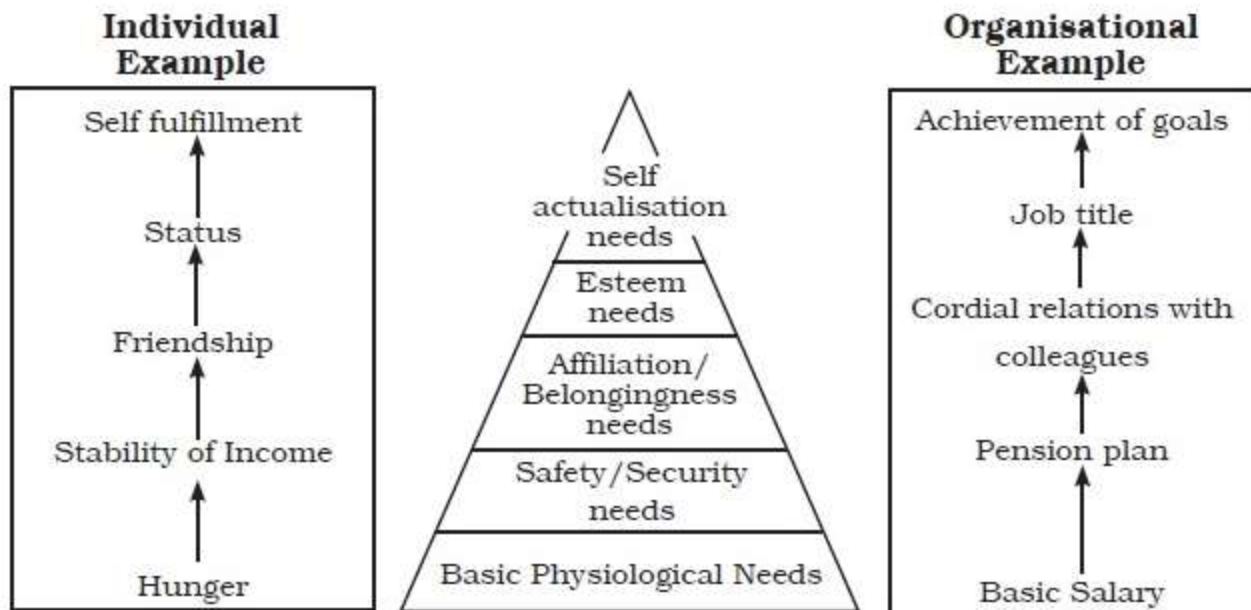
**2. Safety/ Security Need:** Provide security from physical and emotional harm E.g. Job security, stability Etc.

**3. Affiliation/ Belonging Need:** These needs refer to affection, sense of belongingness, acceptance and

Friendship for mental satisfaction.

**3. Esteem Needs:** These include factors such as self-respect, prestige, autonomy status, recognition and attention.

**4. Self Actualisation Needs:** It is the highest level of need in the hierarchy. It refers to the drive to become what one is capable of becoming.



*Maslow's Need Hierarchy Theory*

## FINANCIAL AND NON- FINACIAL INCENTIVES

**Incentive** means all measures which are used to motivate people to improve their performance.

**I. Financial incentives:** refer to incentives which are measurable in monetary terms and serve to motivate people for better performance.

### Types of Financial incentives:

**1. Pay and allowances:** For every employee/ worker, salary is the basic monetary incentive.

**2. Productivity linked wage incentives:** In this the payment of wages is determined on the basis of the goods produced. This is used for increasing productivity.



**3. Bonus:** Bonus is an incentive offered over and above the wages/ salary for the services provided by the employees.

**4. Profit Sharing:** Profit sharing is meant to provide a share to employees in the profits of the organisation in order to motivate them.

**5. Co-partnership/ Stock option:** Under these incentive schemes, employees of the company are given an option to buy the company shares at a set price which is lower than market price.

**6. Retirement Benefits:** Retirement benefits are the benefits received either at the time of retirement or afterwards, such as provident fund, pension, and gratuity. These provide financial security to employees after their retirement.

**7. Perquisites:** In many companies perquisites and fringe benefits are offered such as car allowance, housing, medical aid, and education to the children etc., over and above the salary.

**NON-FINANCIAL INCENTIVES:** It refers to reward that doesn't form part of salary/ wage of the employee. It provides psychological satisfaction to an employee.

Some of the important non-financial incentives are discussed below:

**1. Status:** In the organizational context, status means ranking of positions in an organisation, in other words status given to a person holding a managerial position.

**2. Organisational Climate:** Organisational climate indicates the characteristics which describe an organisation and distinguish it from another one.

**3. Career Advancement Opportunity:** A company must provide employees appropriate skill development programmes, and a sound promotion policy to achieve promotions.

**4. Job Enrichment:** Job enrichment is concerned with designing jobs that include greater variety of work content and require higher knowledge and skill.

**5. Job security:** Employees want job security and stability about future income and work so that they don't have to worry on these aspects and work with greater zeal.

**6. Employee Recognition programmes:** Recognition means acknowledgment with a show of respect and appreciation. Most people have a need for evaluation of their work and due recognition.

**7. Employee participation:** It means involving employees in decision making of the issues related to them. This gives them a sense of belonging in the company.

**8. Employee Empowerment:** Empowerment means giving more autonomy and powers to Subordinates in the completion of their work.

## LEADERSHIP

Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute for achieving organisational goals. It is a process of interaction and communication between the leader and his followers.

Features	Importance
<ul style="list-style-type: none"><li>• Ability to influence others</li><li>• Influence others behaviour</li><li>• Interpersonal relationship between leader and followers</li><li>• Exercised to achieve goals</li><li>• Is a continuous process</li></ul>	<ul style="list-style-type: none"><li>• Influences the behaviour of people positively</li><li>• A leader maintains personal relationship with followers.</li><li>• Plays key role in introducing changes in an enterprise.</li><li>• Handles conflicts effectively</li><li>• Provide training to subordinate.</li></ul>

## QUALITIES OF GOOD LEADER & LEADERSHIP STYLE

QUALITIES OF GOOD LEADER	LEADERSHIP STYLE
<ul style="list-style-type: none"><li>• <b>Physical features:</b> appearance, personality, health and endurance inspire subordinates/ followers.</li><li>• <b>Knowledge:</b> knowledge and competence to direct and influence subordinates.</li><li>• <b>Integrity:</b> the leader should be a role model regarding ethics, values, integrity and honesty.</li><li>• <b>Initiative:</b> grab opportunities instead of waiting for them.</li><li>• <b>Communication:</b> capacity to explain his ideas and also be a good listener.</li><li>• <b>Motivation skills:</b> understand followers needs and motivate them.</li><li>• <b>Self-confidence:</b> so that he can provide confidence to followers</li><li>• <b>Decisiveness:</b> should be firm and not change opinions frequently</li><li>• <b>Social skills:</b> sociable, friendly and maintain good relations with followers.</li></ul>	<ul style="list-style-type: none"><li>• <b>Autocratic or Authoritarian Leader:</b> an autocratic leader give orders and expect others to obey them. The decision making power is centralised. It is best applied in situations where there is little time for group decision making or where the leader is the most knowledgeable member of the group.</li><li>• <b>Democratic or Participative Leader:</b> A democratic leader gives order after consulting the group and works out the policies with the acceptance of the group. It works best in situations where group members are skilled and competent to share their knowledge.</li><li>• <b>Laissez Faire or Free Rein Leader:</b> The followers are given a high degree of independence to formulate their own objectives and ways to achieve them. The leader gives complete freedom to the subordinates.</li></ul>

## COMMUNICATION

Communication is transfer of information from the sender to the receiver with the information being understood by the receiver.

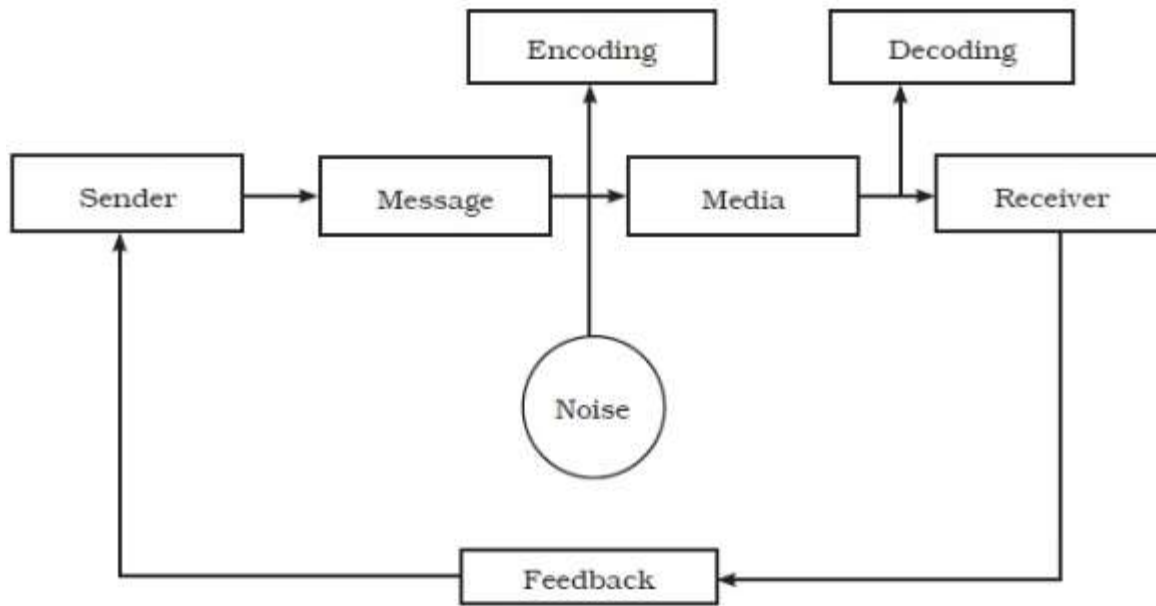
**Harold Koontz and Heniz Weihrich**

### Meaning

Communication is understood as a process of exchange of ideas, views, facts, feelings etc. It is transfer of information from the sender to the receiver. Communication plays key role in the success of a manager

## **ELEMENTS OF COMMUNICATION PROCESS**

- 1. Sender:** the person who conveys his thoughts or ideas to receiver.
- 2. Message:** Ideas, feelings, suggestions, order etc. intended to be communicated.
- 3. Encoding:** the process of converting the message into communication symbols such as words/pictures etc.
- 4. Media:** Path or channel through which encoded message is transmitted to receiver.
- 5. Decoding:** Converting encoded symbols of the sender.
- 6. Receiver:** Who receives the communication of the sender.
- 7. Feedback:** All the actions of receiver indicating that he has received and understood the message of the sender.
- 8. Noise:** Some obstruction or hindrance to communication like poor telephone connection, inattentive receiver.



## IMPORTANCE OF COMMUNICATION

- 1. Acts as a basis of coordination:** Facilitates Coordination between various departments and sections thus creating a unity of purpose and action.
- 2. Helps in smooth working of an enterprise:** By effective communication a manager can coordinate all the human and physical elements of an organisation and thus enable smooth functioning.
- 3. Acts as a basis for decision making:** Provides necessary data for decision making and thus information is effectively and efficiently communicated to management.
- 4. Increases managerial efficiency:** All individuals in the organization is assigned a job or task. The employee must know clearly whom he/ she has to report and what part of total job they are expected to perform and what are their decisions.
- 5. Promotes cooperation and Industrial Peace:** Efficient and effective communication promotes cooperation and mutual understanding between the management and workers and brings peace in the organization.
- 6. Establishes effective leadership:** Communication helps to influence subordinates. A leader should possess good communication skills to influence subordinates. Boosts morale and provides
- 7. Motivation:** An efficient system of communication enables management to motivate,

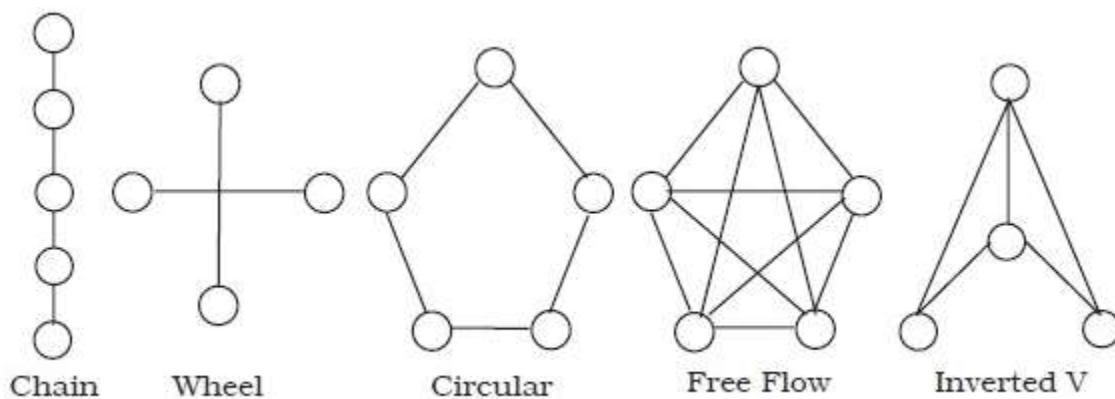
## FORMAL AND INFORMAL COMMUNICATION

### FORMAL COMMUNICATION

Formal communication flows through official channels designed in the organisation chart. There is a two-way information flow between the superior and subordinates. The communications may be oral or written

The pattern through which communication flows within the organisation is called as **communication network**.

Some of the popular communication networks are:



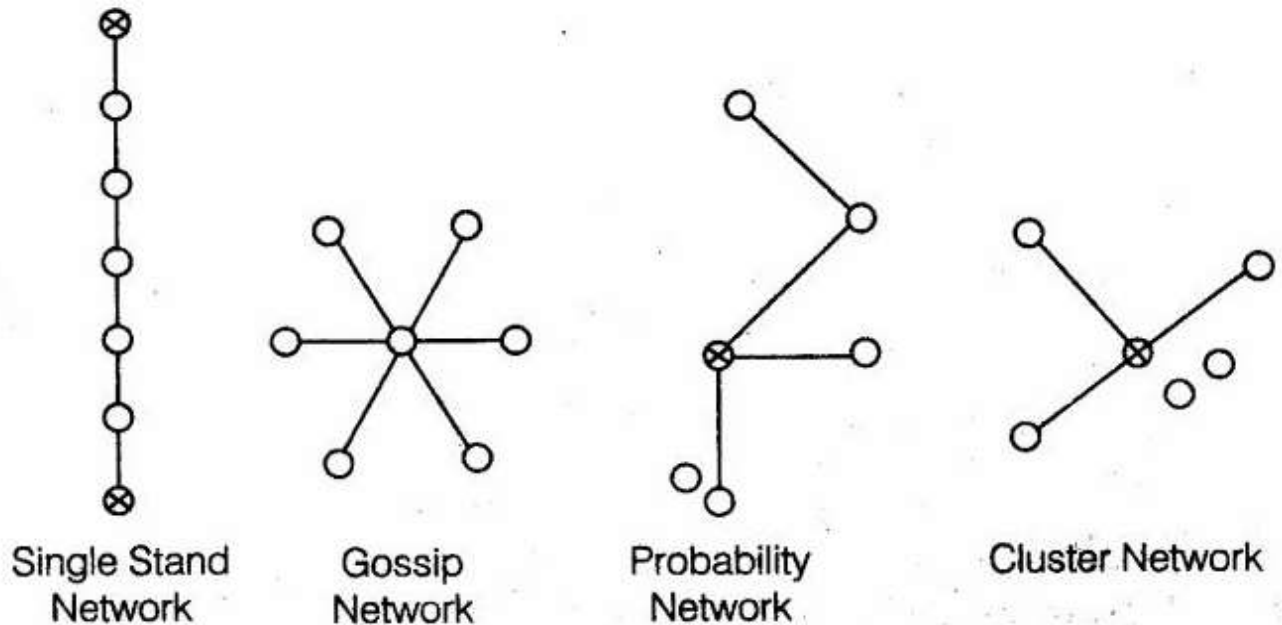
1. Single chain: in this communication exists between a supervisor and his subordinates.
2. Wheel: In wheel network, all subordinates under one superior communicate through him only as he acts as a hub of the wheel.
3. Circular: The communication moves in a circle.
4. Free flow: Free flow of communication with each and every one in an organisation.
5. Inverted V: A subordinate is allowed to communicate with his immediate superior as well as his superiors superior.

### INFORMAL COMMUNICATION

Communication that takes place without following the formal lines of communication is said to be informal communication.

Informal communication is sometimes called the grapevine as it spreads throughout the organisation and might be observed occurring in conversations, electronic mails, text messages and phone calls between socializing employees.

#### GRAPEVINE COMMUNICATION NETWORK



**Single strand network:** each person communicates to the other in a sequence.

**Gossip network :** each person communicates with others on a nonselective basis.

**Probability network:** the individual communicates randomly with others.

**Cluster network:** A person communicates with only those people whom he trusts.

#### BARRIERS TO COMMUNICATION

**I. Semantic Barriers:** Concerned with communication problems and obstructions in the process of encoding or decoding of message into words or impressions. Semantic barriers are as follows:

- 1. Badly expressed message:** Sometimes intended meaning may not be conveyed by the usage of inadequate vocabulary, wrong meaning words etc.
- 2. Symbols with different meaning:** Words with different meanings confuses the receiver.
- 3. Faulty translations:** The meaning of a message in one language if translated will be different in other language.
- 4. Unclear assumption:** Different assumptions may have different interpretations, which result in confusion.
- 5. Technical Jargon:** Usage of technical words by specialists will result in misunderstanding among workers.
- 6. Body language and gesture decoding:** Every movement of body communicates a meaning.

**II. Psychological/Emotional barriers:** Emotional or psychological factors acts as barriers to communicators.

Some of the psychological barriers are:

- 1. Premature evaluation:** judgement before listening leads to misunderstanding.
- 2. Lack of attention:** poor listening due to preoccupied mind of the receiver may disappoint the sender.
- 3. Loss by transmission and poor retention:** When oral communication passes through various channels of communication, it destroys the structure of the message or leads to transmission of inaccurate message.
- 4. Distrust:** If the parties do not believe each other, they cannot understand each other's message in its original sense.

**III. Organizational Barriers:** If the organisation policy is not supportive of free flow of communication it disrupts effectiveness of communication.

1. Organizational policy
2. Rules & Regulations
3. Status
4. Complexity in the organisation structure
5. Organisational facilities



**IV. Personal Barriers:** Personal factors of both superior and subordinate may influence an effective communication.

Some of the personal barriers of superiors and subordinates are given below:

1. Fear of challenge to authority
2. Lack of confidence of superior on his subordinate
3. Unwillingness to communicate
4. lack of proper incentives

### **IMPROVING COMMUNICATION EFFECTIVENESS**

Some efforts to improve communication and to overcome barriers are given below

1. Clarify the ideas before communication.
2. Communicate according to the needs of receiver.
3. Consult others before communicating.
4. Be aware of language, tone and content of message.
5. Convey things of help and value to listeners:
6. Ensure proper feedback
7. Communicate for present as well as future
8. Follow up communication: helps to remove hurdles, misunderstanding of instructions given by managers to subordination.
9. Be a good listener.