

# NCERT Solutions for Class 12 Business Studies Principles and Functions of Management Chapter 7

## Directing Class 12

### Chapter 7 Directing Exercise Solutions

**Multiple choice questions :** Solutions of Questions on Page Number : 211

**Q1 :**

**Which of the following is not an element of direction?**

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

**Answer :**

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.

**Q2 :**

**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

**Answer :**

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.

**Q3 :**

**Which of the following is a financial incentive**

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

**Answer :**

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.

**Q4 :**

**Which of the following is not an element of communication process?**

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

**Answer :**

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.

**Q5 :**

**Grapevine is**

- (a) Formal communication**
- (b) Barrier to communication**
- (c) Lateral communication**
- (d) Informal communication**

**Answer :**

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.

**Q6 :**

**Status comes under the following types of barriers**

- (a) Semantic barrier**
- (b) Organisational barrier**
- (c) Non semantic barrier**
- (d) Psychological barrier**

**Answer :**

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. instills a feeling of superiority (or inferiority) in him. Such a psychology acts a barrier in free flow of communication in the organisation.

**Q7 :**

**The software company promoted by Narayana Murthy is**

- (a) Wipro**
- (b) Infosys**
- (c) Satyam**
- (d) HCL**

**Answer :**

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.

**Short answerslong answersmultiple choice questions : Solutions of Questions on Page Number : 212**

**Q1 :**

**Distinguish between leaders and managers.**

**Answer :**

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

<b>Basis of Difference</b>	<b>Manager</b>	<b>Leader</b>
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 and directing.	Functions of a leader are limited to directing.

**Q2 :**

**Explain the principles of directing?**

**Answer :**

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.

1. **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.

2. **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.

3. **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.

4. **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.

5. **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 feedbacks and suggestions. Thus, an effective two way communication must take place between the superior and the subordinates.

6. **Use of Informal Organisation:** The manger 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.

7. **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.

8. **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.

**Q3 :**  
**Define Motivation.**

**Answer :**

Motivation refers to a process of inducing and stimulating an individual to act in certain manner. In the context of an organisation, motivation implies encouraging and urging the employees to perform to the best of their capabilities so as to achieve the desired goals of the organisation. In other words, it refers to driving the individual psychologically so as to induce his willingness to work and perform better. In an organisation motivation can take various forms such as promotion, appraisal, recognition, etc. depending on the expectations and desires of the employee. For example, an appraisal may act as a motivating factor for an employee to improve performance. Similarly, for another employee praise from the senior may motivate him to further improve the performance.

**Q4 :**

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

**Answer :**

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.

1. **Physical Attributes:** People with good physical features such as height, appearance, health etc. are attractive. A healthy and active person can himself work hard and efficiently and thereby, has the capability of being looked up to. Thus, he can induce his subordinates as well to work and perform better.
2. **Honesty:** A good leader should maintain high degree of honesty. He should be sincere and should follow ethics and values. He should be an idol for others in terms of honesty, integrity and values.
3. **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.
4. **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.
5. **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.
6. **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.
7. **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.

8. **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.

9. **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.

10. **Dynamic:** A leader must be dynamic and outgoing. He must be able to take up new initiatives and break the old paradigms for the benefit of the 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.

**Q5 :**

**What is informal communication?**

**Answer :**

Informal communication refers to the communication that flows without following the formal defined path. An informal communication system is also known as grapevine. Under informal communication, a piece of information flows in all directions without paying any heed to the level or authority. It arises out of social interactions among the employees and then spreads throughout the organisation. It can take the form of a rumour or a gossip. For example, a talk over lunch regarding the attitude of a senior is an informal communication. It is difficult to determine the source of such information. Moreover, the actual talk may even get distorted and the final piece of information may come out to be much different from the original one.

**Q6 :**

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

**Answer :**

Maslow's Need Hierarchy theory provides an understanding of the complex phenomenon of motivation. According to Maslow, within each individual there exists a set of five needs that can be arranged in a hierarchy. Knowledge of these needs helps the manager in understanding the behaviour of employees. With identification of the needs of the employees, appropriate motivation can be provided to them.

### ***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.

1. ***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.
2. ***Security Needs***: These needs relate to physical and economic security and well being. For example, an employee desires job security, income stability, etc.
3. ***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.
4. ***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.
5. ***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.

**Q7 :**

**What are semantic barriers of communication?**

**Answer :**

Semantic barriers of communication relate to the use or understanding of language. Sometimes certain words, sentences or phrases are misinterpreted or misunderstood. In such cases, effective communication is obstructed. Such barriers in communication that arise out of ambiguity or



difficulty in understanding of words and sentences are known as semantic barriers. The following are some of the causes of semantic barriers.

- i. Sometimes due to poor vocabulary or wrong use of words, the information may not be clearly expressed.
- ii. At times a word may have more than one meaning or two or more words may have same pronunciation (such as idle and idol). In such cases, the correct interpretation of the word remains ambiguous.
- iii. In certain cases the proficiency of a language differs among the workers and the managers. In such cases, a translation of the information is required in the language which is understandable to the workers. However, in the process of translation some of the words or sentences may get misinterpreted. For example, in a translation of an instruction from English to Hindi, the meaning of certain words might change.
- iv. At times while giving out instructions the senior or specialist uses technical vocabulary that might be difficult to understand for the subordinates.

**Q8 :**

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

**Answer :**

### ***Barriers in Communication***

Sometimes the information that reaches the receiver is not in the manner that the sender had intended. That is, at times there arises misunderstanding or misinterpretation of the information as it is passed from the sender to the receiver. This creates barriers in the effective flow of communication. Barriers to communication can be classified as follows.

1. ***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.
2. ***Psychological Barriers***: Sometimes psychological factor such as frustration, anger, fright may also obstruct effective communication. For example, out of frustration over a certain matter, an individual's mind may be preoccupied and he may not be able to attentively grasp the information given to him. Similarly, due to preconceived notions regarding a conversation, an individual might derive conclusions even before the information is completed.

3. **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.

4. **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 feedbacks 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.

**Q9 :**  
**Who is a supervisor?**

### **Answer :**

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

- i. He is in direct contact with the workers and thereby guides and supports the workers. He also helps in maintaining harmony and unity among the workers.

- ii. He acts as a link between the manager and the workers. Through supervisor, on one hand, the management communicates the ideas and policies to the workers and on the other hand, the workers are able to communicate their problems and grievances to the management.
- iii. Supervisor ensures that the workers work efficiently and as per the set targets.
- iv. He provides the required knowledge and skill to the workers.

#### **Q10 :**

**Explain different financial and non-financial incentives used to motivate employees of a company?**

#### **Answer :**

##### ***Financial Incentives***

Financial incentives refer to direct monetary incentives offered to the employees to motivate or reward people for better performance. 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. Stock Option:** Under this incentive scheme, the employee is offered the shares of the company at a price lower than the market price. This instils a feeling of ownership and belongingness in the employee and urges him to contribute towards the goals of the organisation.

**v. Sharing of Profit:** Herein, the organisation shares a portion of the profit with its employees. This encourages the workers to contribute actively towards the growth of the organisation.

**vi. Retirements Benefits:** Many organisations offer certain retirement benefits to its employees such as pensions, gratuity, provident fund, etc. This provides a sense of security and stability to the employees.

**vii. Fringe Benefits:** Besides the basic salary an organisation may offer certain additional advantages also to its employees such as housing allowance, medical allowance, etc.

##### ***Non Financial Incentives***

Non-financial incentives refer to those incentives that focus on non-monetary needs of the employees such as the social and psychological needs. The following are some of the non-financial incentives used in the organisations.

**i. Position:** Rise in status in terms of power, authority, responsibility provides a psychological boost to the employees. For example, a promotion may satisfy the esteem and self actualisation needs of an individual.

**ii. Organisational Characteristics:** Certain characteristics such as employee freedom, recognition of performance, incentives and rewards play an important role in influencing the behaviour of the employees. For example, if the employees get due recognition for their performance, it encourages them to work more efficiently.

**iii. Work Enrichment:** Often, a challenging work endowed with greater responsibility and requiring higher knowledge and skill enhances the interest of the employee. It provides the employee prospects for personal growth. Thus, it proves to be a good source of motivation for him.

**iv. Career Opportunities:** If the organisation is endowed with appropriate growth and career opportunities for its employees, it strives then to perform better and thereby, climb the professional ladder.

**v. Job Security:** An employee should have a certain extent of security regarding his association with the organisation. Constant fear of losing the job hampers their efficiency. However, a complete security can also result in loss of interest in work.

**vi. Involvement:** If an organisation allows the participation of the employees in the policy and decision making matters, then it instils a feeling of belongingness in them and motivates them to work towards the organisational goals.

**Q11 :**

**What are elements of directing?**

**Answer :**

Directing refers to the process of instructing, motivating, guiding and leading the people to achieve certain goals and objectives. Directing involves the following four elements.

**i. Supervision:** Supervision implies the process of guiding and instructing the subordinates towards achieving the desired goals. In other words, it implies overseeing the work of the subordinates. Supervision ensures that work takes place as per the desired objectives. A good supervision helps in improving the efficiency of the workers. Besides this, it also plays a key role in maintaining harmony and unity among the workers.

**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. By satisfying the needs of the employees, motivation helps in improving their performance. It provides a psychological boost to the workers and drives their willingness to work. Moreover, it also helps in reducing the turnover and absenteeism in the organisation.

**iii. Leadership:** Leadership implies influencing the behaviour of the employees in such a manner that they willingly work towards achieving the objectives of the organisation. Leadership plays a key role in the success of an organisation. Good leadership brings out the capabilities and talents of the workers and thereby, boosts their confidence. They act as guide to the workers and induces a feeling of initiative in them.

**iv. Communication:** Communication refers to the process of exchange of ideas, feelings, facts, etc. among people. A smooth functioning of an organisation requires a good communication. It fosters coordination among various departments and individuals in the organisation. Communication forms the basis of management. Without good communication network efficient management becomes difficult.

**Q12 :**  
**Explain the process of motivation?**

**Answer :**

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.

**Q13 :**  
**Explain the different networks of grapevine communication?**

**Answer :**

Grapevine communication or informal communication refers to the communication that arises out of social interaction among employees and spreads without following the formal communication path. The following are the types of grapevine communication network.

*i. Single Strand Network:* In this network, the information spreads from one person to other in a sequence. That is, one person communicates to another person who turn communicates to some other person.

*ii. Gossip Network:* In gossip network, one person shares the information with many other people.

*iii. Probability Network:* Under a probability network, an individual shares the information randomly with other people. That is, the person is indifferent about who he shares the information with.

*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.

**Q14 :**

**The highest level need in the need Hierarchy of Abraham Maslow:**

**(a) Safety Need**

**(b) Belongingness Need**

**(c) Self Actualisation Need**

**(d) Prestige Need**

**Answer :**

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.

**Q15 :**

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

**(a) Media**

**(b) Encoding**

**(c) Feedback**

**(d) Decoding**

**Answer :**

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.

**Q16 :**

**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**

**Answer :**

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.