CBSE Class 12 Business Studies
Revision Notes
CHAPTER – 7
DIRECTING

Meaning:

Directing means giving instructions, guiding, counseling, motivating and leading the staff in an organization in doing work to achieve Organizational goals. Directing is a key managerial function to be performed by the manager along with planning, organizing, staffing and controlling. From top executive to supervisor performs the function of directing and it takes place accordingly wherever superior – subordinate relations exist.Directing is a continuous process initiated at top level and flows to the bottom through organizational hierarchy.

Direction has got following characteristics:

1. Pervasive Function- Directing is required at all levels of organization. Every manager provides guidance and inspiration to his subordinates.
2. Continuous Activity- Direction is a continuous activity as it continuous throughout the life of organization.
3. Human Factor- Directing function is related to subordinates and therefore it is related to human factor. Since human factor is complex and behaviour is unpredictable, direction function becomes important.
4. Creative Activity- Direction function helps in converting plans into performance. Without this function, people become inactive and physical resources are meaningless.
5. Executive Function- Direction function is carried out by all managers and executives at all levels throughout the working of an enterprise, a subordinate receives instructions from his superior only.
6. Delegate Function- Direction is supposed to be a function dealing with human beings. Human behaviour is unpredictable by nature and conditioning the people's behaviour towards the goals of the enterprise is what the executive does in this function. Therefore, it is termed as having delicacy in it to tackle human behaviour.

Importance

1. Initiates Action: It helps to initiate action by the people in the organization towards attainment of desired objectives. The employees start working only when they get instructions and directions from their superiors. It is the directing function which starts actual work to convert plans into results.

2. Integrates Employee's Efforts: All the activities of the organization are interrelated so it is necessary to coordinate all the activities. It integrates the activities of subordinates by supervision, guidance and counselling.

3. Means of motivation: It motivates the subordinates to work efficiently and to contribute their maximum efforts towards the achievement of organizational goals.

4. Facilitates change: Employees often resist changes due to fear of adverse effects on their employment and promotion. Directing facilitates adjustment in the organization to cope with changes in the environment.

5. Stability and balance in the organization: Managers while performing directing function instruct, guide, supervise and inspire their subordinates in a manner that they are able to strike a balance between individual and organizational interests.

Principles of Effective Direction:

Effective direction leads to greater contribution of subordinates to organization goals. The directing function of management can be effective only when certain well accepted principles are followed.

The following are the basic principles of effective direction:

1. Harmony of Objectives:

It is an essential function of management to make the people realize the objectives of the group and direct their efforts towards the achievement of their objectives. The interest of the group must always prevail over individual interest. The principle implies harmony of personal interest and common interest..

2. 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 one person is under more than one boss then there can be contradictory orders and the subordinate fails to understand

whose order to be followed. In the absence of unity of command, the authority is undermined, discipline weakened, loyalty divided and confusion and delays are caused.

3. Unity of Direction:

To have effective direction, there should be one head and one plan for a group of activities having the same objectives. In other words, each group of activities having the same objectives must have one plan of action and must be under the control of one supervisor.

4. Direct Supervision:

The directing function of management becomes more effective if the superior maintains direct personal contact with his subordinates. Direct supervision infuses a sense of participation among subordinates that encourages them to put in their best to achieve the organizational goals and develop an effective system of feed-back of information.

5. Participative or Democratic Management:

The function of directing becomes more effective if participative or democratic style of management is followed. According to this principle, the superior must act according to the mutual consent and the decisions reached after consulting the subordinates. It provides necessary motivation to the workers by ensuring their participation and acceptance of work methods.

6. Effective Communication:

To have effective direction, it is very essential to have an effective communication system which provides for free flow of ideas, information, suggestions, complaints and grievances.

7. Follow-up:

In order to make direction effective, a manager has to continuously direct, guide, motivate and lead his subordinates. A manager has not only to issue orders and instructions but also to follow-up the performance 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 Direction
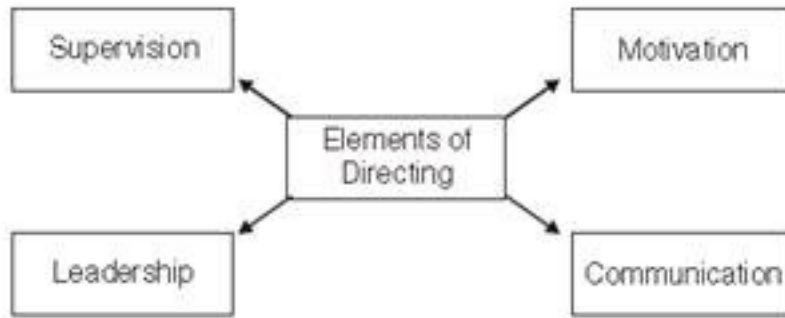
(i) Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

(ii) Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

(iii) Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

(iv) Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

1. Supervision, as an element of directing:

 process of guiding the efforts of employees and other resources to accomplish desired objectives.

 Overseeing people at work

 Involves instructing, observing, monitoring and guiding employees.

Carried out at all levels but more important at the lower levels therefore the term 'Supervisor'is used at the operativeslevel of management

I. Importance of Supervision/Role of a Supervisor/Functions

1. Link between workers and management because the supervisor explains management policies to workers and brings workers problems to the notice of the management.

2. Ensures issuing Instructions: To make sure that the instructions are communicated to each and every employee.

3. Facilities Control: Control means match between actual and planned output. It ensures checking on the methods in use and progress of work according to planned schedule.

4. Maintenance of discipline: The strict supervision and guidance of supervisor encourages the employees and workers to be more disciplined in the activities.

Under the guidance of superior the workers follow a fixed or strict timetable and execute the plans in right directions.

5. Feedback: The supervisors are directly dealing with the subordinates. As a result, feedback in the form of suggestions, grievances keep coming to the management. It improves quality management decisions and revision of plans & policies.

6. Improved Motivation: A supervisor with good leadership qualities can build up high morale among workers. The relationship with the supervisor is a very good incentive to improve the motivation level of the employees while guiding the employees, the supervisors encourage the subordinates to perform to their best capacities.

7. Optimum utilization of resources: All the activities are under the observation of supervisor so less wastage and optimum utilization of resources is possible.

II. Motivation

Meaning:

i. Incitement or inducement to act/move.

ii. 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 = causes restlessness.

 Motivation : Process of stimulating people to action + Depend on satisfying needs of people.

Motivators: Technique used to motivate people.Egs. = pay, bonus, promotion, recognition etc.

Features

1. Psychological Phenomenon: Motivation is an internal feeling which means it cannot be forced on employees. The internal feeling such as need, desire, aspiration etc. influence human behaviour to behave in a particular manner.

2. Goal Directed Behaviour: It induces people to behave in such a 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.Complex Process: It is a complex and difficult process. Individuals differ in their needs and wants and moreover human needs change from time to time.

5. Continuous Process: Human needs are unlimited and so they keep on changing continuously, satisfaction of one need gives rise to another. As soon as one need is satisfied another need arises. So managers have to continuously perform the function of motivation.

Maslow"s Hierarchy Of Needs:
Maslow's need hierarchy is considered to be fundamental to the understanding of motivation and plays an important role in motivation.

• People 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 improve their performance levels.

• For the satisfaction of these needs, managers must offer different incentives (monetary and non-monetary).

	Examples Of Need	Management Can Satisfy This

NEED	(Individual Example)	Need By (Organizational Example)
1. Basic Physiological Needs	Most basic in the hierarchy and corresponds to primary needs. Hunger, thirst, shelter, sleep.	Offer monetary incentives e.g. Good salary/wages and comfortable working conditions
2. Safety/Security Needs	Security and protection from physical and emotional harm, stability of Income etc.	Offer job security, pension, insurance etc
3. Affiliation/Belonging Needs	Refer to affection, sense of belongingness, acceptance and friendship	The firm can encourage team building and permit the workers to opportunity to interact socially and so develop cordial relations with colleagues
4. Esteem Needs	Include factors such as self-respect, autonomy status, recognition and attention	Recognize good performance, provide opportunity for employees to feel a sense of accomplishment, provide important job titles etc
5. Self Actualisation Needs	The drive to become what one is capable of becoming. These needs include growth, self-fulfillment and achievement of goals.	Offer the freedom to take decisions, providing them with opportunity to learn things, encouraging creativity, leading to achievement of goals etc.

Financial and Non-Financial Incentives: Incentive means all measures which are used to motivate people to improve performance.

	Non-financial incentives= main emphasis is

Financial incentives = directly in money form or measurable in monetary terms.	to provide psychological and emotional satisfaction. Not measurable in monetary terms.
1. Pay and allowance	1. Status
2. Productivity linked incentive schemes	2. Organizational climate
3. Bonus	3. Career advancement opportunities
4. Profit sharing	4. Job enrichment
5. Co-partnership/Stock options	5. Employee recognition programmes
6. Retirement benefits	6. Job security
7. Perquisites	7. Employee participation 8. Employee empowerment

III. Leadership

Leadership is the activity of influencing people to strive willingly for mutual objectives. Managers at all levels are expected to be the leaders of their subordinates. Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute for achieving organizational objectives. It is a process of interaction between the leader and his followers. It helps in persuading employees to work cooperatively and enthusiastically towards common goals.

Importance of Leadership:

1. Makes people contribute positively:

• Influences behaviour and makes people contribute positively and produce good results.

2. Creates congenial work environment:

• Maintains personal relations, helps followers fulfil their needs+ provides confidence, support and encouragement.

3. Introduces change:

• Persuades, clarifies and inspires people to accept changes.

• So overcomes resistance to change with minimum discontent..

4. Handles conflict

• Does not allow adverse effects .

• Allows followers to express their feelings and disagreements and gives suitable clarifications.

5. Trains subordinates:

• Builds up successors and helps in smooth succession process.

Qualities Of A Good Leader:

1. Physical features – appearance, personality, heath and endurance inspires followers to work with the same tempo.

2. Knowledge – knowledge and competence to instruct and influence subordinates.

3. Integrity – the leader should be a role model regarding ethics, values, integrity and honesty.

4. Initiative – grab opportunities instead of waiting for them.

5. Communication – capacity to explain his ideas and also be a good listener, teacher, counselor and persuader.

6. Motivation skills – understand followers needs and devise suitable means to satisfy them.

7. Self-confidence – so that he can provide confidence to followers

8. Decisiveness – should be firm and not change opinions frequently

9. Social skills – sociable, friendly and maintain good relations with followers.

Styles of Leadership

Leadership styles refer to a leader's behaviour. Behavioural pattern which the leader reflects in his role as a leader is often described as the style of leadership.

A Leadership style is the result of the leader's philosophy, personality, experience and value system. It also depends upon the type of followers and the atmosphere revealing in the organization.

Different types of leadership style are:

1. Autocratic leadership
2. Participative leadership/Democratic
3. Free rein leadership/Laissez Faire

A leader may use all styles over a period of time but one style tends to predominate as his normal way of using power.

l. Autocratic or Authoritarian Leader

An autocratic leader gives orders and insists that they are obeyed. He determines the policies for the group without consulting them. He does not give information about future plans but simply tells the group what immediate steps they must take. Under this style, all decision making power is centralized in the leader. He does not give the subordinates any freedom to influence his decisions.

It is like "bossing people around." This style should normally be used on rare occasion.

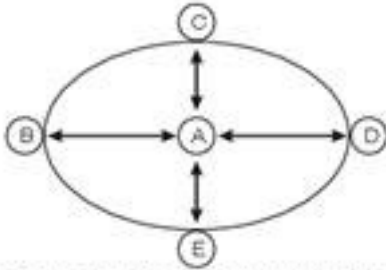A is the leader (Boss Centered Leadership)
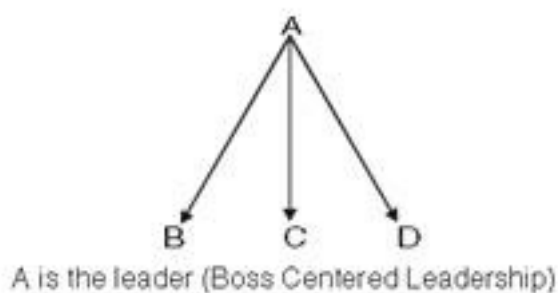
It is best applied to situations where there is little time for group decision making or where the leader is the most knowledgeable member of the group.

2. Democratic or Participative Leader

A democratic leader gives order only after consulting the group and works out the policies with the acceptance of the group.

He never asks people to do things without working out the long term plans on which they are working. He favours decision making by the group as shown in the diagram.

This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale. Using this style is of mutual benefit - it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.

A is the leader (Group Centered-Leadership)

When should Participative/democratic leadership be applied?

It works best in situations where group members are skilled and eager to share their knowledge.

It is also important to have plenty of time to allow people to contribute, develop a plan and then vote on the best course of action.

This style should NOT he used when:

In situations where roles are unclear or time is of the essence, democratic leadership can lead to communication failures and incomplete projects.

3. Laissez Faire or Free Rein Leader

A free rein leader gives complete freedom to the subordinates. Such a leader avoids use of power. He depends largely upon the group to establish its own goals and work out its own problems. Group members work themselves as per their own choice and competence. The leader exists as a contact man with the outsiders to bring information and the resources which the group requires for accomplishing the job. Note: This is also known as laissez faire which means no interference in the affairs of others. [French laissez means to let/allow fair means to do].
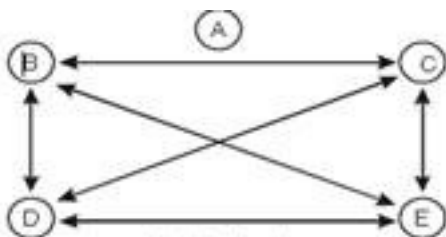
A is the leader

(Subordinate - Centered - Leadership)

Communication

It is transfer of information from the sender to the receiver with the information being understood by the receiver. Communication plays key role in the success of a manager. Directing abilities of manager mainly depend upon his communication skills. That is why organization always emphasizes on improving communication skills of managers as well as employees. Communication is important for the directing function because all other elements of directing become possible only when there is adequate communication.

Elements of Communication Process

1. Sender: Who conveys his thoughts or ideas.

2. Message: Ideas, feelings, suggestions, order etc.

3. Encoding: Converting the message into communication symbols such as words/pictures etc.

4. Media: Path/Channel through which encoded message is transmitted to receiver e.g., face to face, phone call, internet etc.

5. Decoding: Converting encoded symbols of the sender.

6. Receiver: Who receives communication of the sender.

7. Feedback: All those 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. Facilitates Coordination: between interrelated departments and sections thus creating a unity of purpose and action.

2. Provides data necessary for decision makings: When information is effectively and efficiently communicated to management.

3. Increases managerial efficiency: Every individual in the organization is assigned a job or task. The employee must know clearly who has to report to whom, what part of total job they

are expected to perform and what are their decisions. The clarity comes only with smooth flow of communication which keeps the organization at work with efficiency.

4. Promotes cooperation and Industrial Peace: The two-way communication promotes cooperation and mutual understanding between the management and workers and brings peace in the organization.

5. Establishes effective leadership: Effective communication helps to influence subordinates. while influencing, a leader should possess good communication skills.

If there is two-way information flow between the superior and subordinates then there will be positive reaction of employees.

Communication taking place within an organization may be broadly classified into two categories.

Formal communication	Informal Communication:

1.Official communication following the chain of command
2.Is concerned with official matters
3. May be written/oral but generally recorded and filed.
4.Directions =
 	
    • Vertical:
 	
1. Downward-superior to subordinates –sending notices, passing guidelines, asking them to complete assigned work.
2. upward- subordinates to superior – application for leave, submission of reports.
 	
    • Horizontal- between departments – about schedule of product delivery, product design etc.
 	
5.Popular communication networks are:
	1.Takes place outside the official channels –
	2.May be work related or other matters –
	3.Arises out of social interactions –
	4.Grapevine:
	
	    • Origin and direction of flow is not easily located
	    • Cuts across scalar chain
	    • Spread of rumors is possible as it is not easy to fix responsibilities -
	
	5.Types =
	
	    • single strand,
	    • gossip,

• Single chain, Wheel, Circular, Free flow and Inverted V	• probability network, • clusters

Difference between Formal and Informal Communication

Basis	Formal Communication	Informal communication
1. Meaning	Follows the official chain of command.	Between individuals and groups are not officially recognized.
2. Channel	Through a definite path.	No definite path.
3. Speed	Slow: because all information has to pass through an established scalar chain.	Very fast-Cuts across all the official channels.
4. Nature	More rigid and cannot be modified.	Flexible and varies from individual to individual.
5. Expression	It is mostly expressed in the written form.	It mostly tends to be oral.

Barriers to Effective Communication

Semantic Barriers: Concerned with 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.
2. Words with different meanings confuses the receiver.
3. Faulty translations may transfer wrong messages.
4. Unclarified assumption: Different interpretations may result in confusion.
5. Technical Jargon: Technical words may not be understood by the workers.

Psychological/Emotional barriers

1. Premature evaluation- judgement before listening leads to misunderstanding.
2. Lack of attention/poor listening may disappoint the employees.
3. Loss by transmission and poor retention: When oral communication passes through various levels 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.

Organizational Barriers

Factors related to organization structure:

1. If organizational policy does not support free flow of information it creates problem.

2. Rules and regulations: Rigid rules and regulations may lead to red tapism and delay of action.

3. Status conscious managers may not allow subordinates to express their feelings freely.

4. Complexity in organization structure results in delay and distortion.

Personal Barriers: of superiors and subordinates.

1. Fear of challenge to authority may withhold or suppress a particular communication.

2. Lack of confidence of superior in his subordinates.

3. Unwillingness to communicate. e.g., fear of punishment/demotion.

4. Lack of proper incentives stops the subordinates to offer useful suggestions.

Improving Communication Effectiveness

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. Ensure proper feedback. Feedback provides opportunity for suggestions and criticism.

6. Follow up communication helps to remove hurdles, misunderstanding of information given by managers to subordination.

7. Be a good listener.