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

Directing Class 12

Chapter 7 Directing Exercise Solutions

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

Question 1 : Which of the following is not an element of direction?

(a) Motivation

(b) Communication

(c) Delegation

(d) Supervision

Solution :

The process of directing involves guiding, coaching, instructing, motivating, leading the people in an organisation to achieve organisational objectives. The elements of directing. These are:

(i) Supervision

(ii) Motivation

(iii) Leadership

(iv) Communication

Delegation is not an element of directing, rather, it precedes directing.

Question 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

Solution :

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.
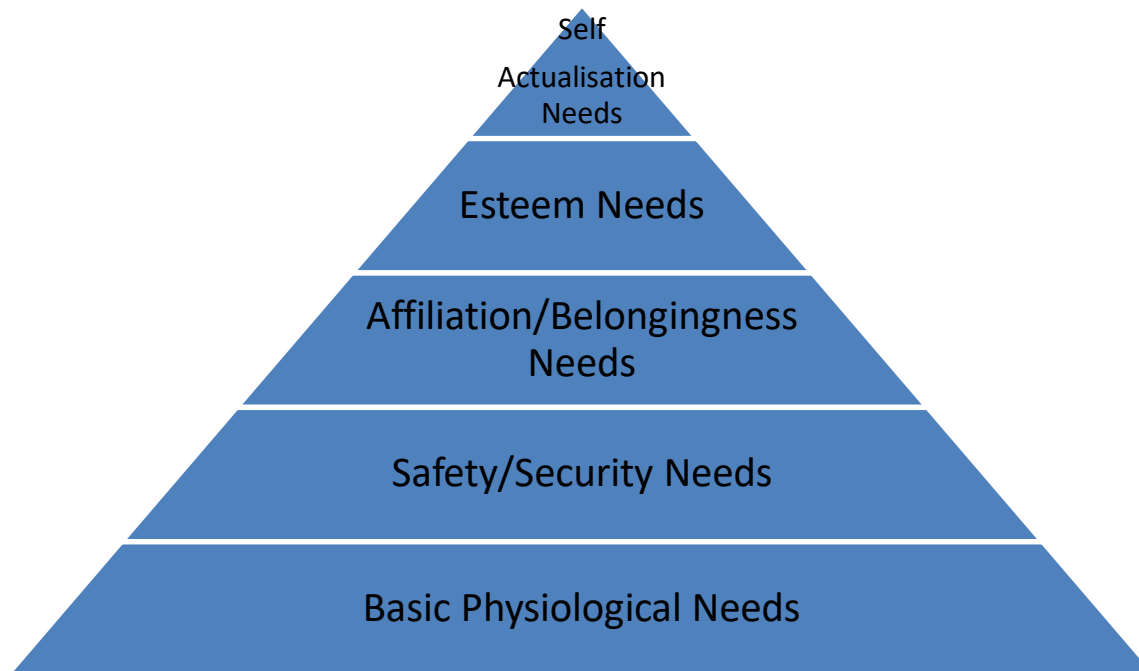
Question 3 : Which of the following is a financial incentive

a) **Promotion**

b) **Stock Incentive**

c) **Job Security**

d) **Employee Participation**

Solution :

Stock incentive is a kind of financial incentive. Financial incentives refer to incentives which are in direct monetary form or measurable in monetary term and serve to motivate people for better performance. Stock Incentive 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.

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

(a)Decoding

(b)Communication

(c)Channel

(d)Receiver

Solution :

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.

Question 5 : Grapevine is

(a) Formal communication

(b) Barrier to communication

(c) Lateral communication

(d) Informal communication

Solution :

Informal communication is known as grapevine. Informal system of communication is generally referred to as the 'grapevine' because it spreads throughout the organisation with its branches going out in all directions in utter disregard to the levels of authority. This is because informal communication spreads throughout the organisation in all directions without following the formal path of communication.

Question 6 : Status comes under the following types of barriers

(a)Semantic barrier

(b)Organisational barrier

(c)Non semantic barrier

(d)Psychological barrier

Solution :

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.

Question 7 : The software company promoted by Narayana Murthy is

(a)Wipro

(b)Infosys

(c)Satyam

(d)HCL

Solution :

Narayana Murthy was the founder of the software company 'Infosys'. He started Infosys in the year 1981and 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.

Question 8: The highest-level need in the need Hierarchy of Abraham Maslow
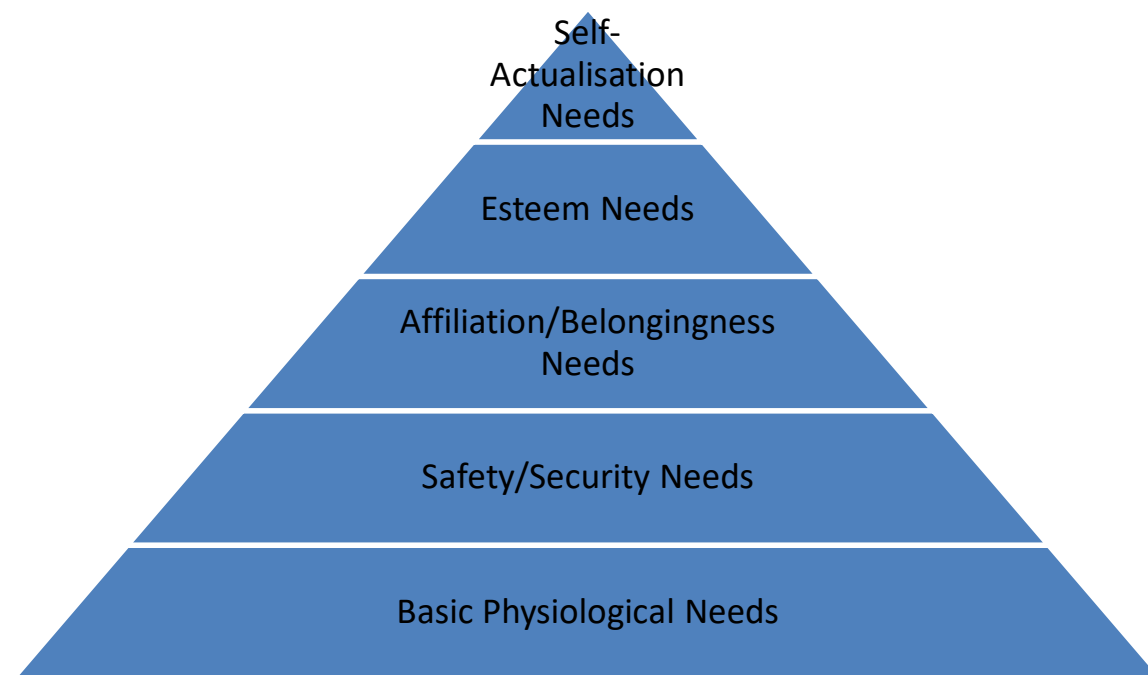
(a)Safety Need

(b)Belongingness Need

(c)Self Actualisation Need

(d)Prestige Need

Solution :

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.

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

(a) Media

(b) Encoding

(c) Feedback

(d) Decoding

Solution :

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.

Question 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

Solution :

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.
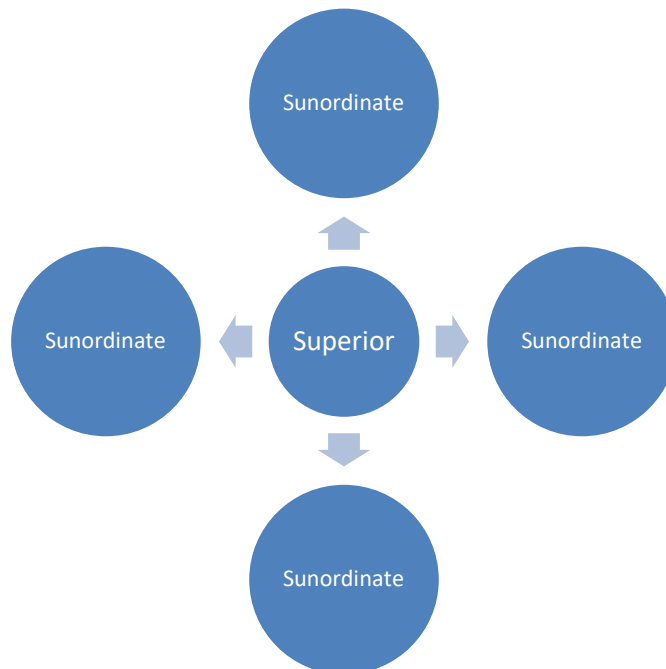
Short answers questions
Page Number : **212**

Question 1 :
Distinguish between leaders and managers.

Solution :

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

Basis of Difference	Manager	Leader
Existence	A manager can exists only in a formal organisation.	A leader can exists in formal as well as informal organisation.
Objective	A manger 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.

Question 2: Define Motivation.

Solution :

Motivation refers to a process of inducing and stimulating an individual to act in certain manner.

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. Motivation is considered important because it helps to identify and satisfy the needs of human resources in the organisation and thereby helps in improving their performance.

Unsatisfied need

Tension

Drives

Search Behaviour

Satisfied need

Reduction of Tension
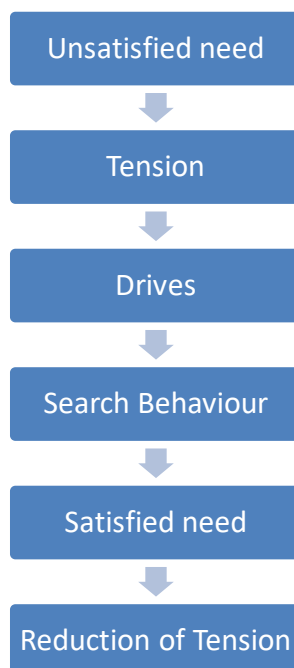
In the context of an organisation, motivation implies encouraging and urging the employees to

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.

Question 3: What is informal communication?

Solution :

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. The informal communication arises out of needs of employees to exchange their views, which cannot be done through formal channels. Workers chit chatting in a canteen about the behaviour of the superior, discussing about rumors that some employees are likely to be transferred are some examples of informal communications. The grapevine/ informal communication spreads rapidly and sometimes get distorted. It is very difficult to detect the source of such communication. It also leads to generate rumors which are not authentic. People's behaviour is affected by rumors and informal discussions and sometimes may hamper work environment. Sometimes, grapevine channels may be helpful as they carry information rapidly and, therefore, may be useful to the manager at times. Informal channels are used by the managers to transmit information so as to know the reactions of his/her subordinates. An intelligent manager should make use of positive aspects of informal channels and minimise negative aspects of this channel of communication.

In single strand network, each person communicates to the other in sequence. In gossip network, each person communicates with all on nonselective basis. In probability network, the individual communicates randomly with other individual. In cluster, the individual communicates with only those people whom he trusts. Of these four types of networks, cluster is the most popular in organisations

Question 4 : What are semantic barriers of communication?

Solution :

Semantics is the branch of linguistics dealing with the meaning of words and sentences. Semantic barriers are concerned with problems and obstructions in the process of encoding and decoding of message into words or impressions. Normally, such barriers result on account of use of wrong words, faulty translations, different interpretations. The following are some of the causes of semantic barriers.

i. **Badly expressed message**: Sometimes due to poor vocabulary or wrong use of words, the information may not be clearly expressed.

ii.**Symbols with different meanings**: 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. **Faulty translations**: In certain cases the proficiency of a language differs among the workers and the mangers. 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. **Technical jargon**: At times while giving out instructions the senior or specialist uses technical vocabulary that might be difficult to understand for the subordinates.

v. **Body language and gesture decoding**: Every movement of body communicates some meaning. The body movement and gestures of communicator matters so much in conveying the message. If there is no match between what is said and what is expressed in body movements, communications may be wrongly perceived.

vi. **Unclarified assumptions**: Some communications may have certain assumptions which are subject to different interpretations.

Question 5: Who is a supervisor?

Solution :

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.

Question 6: What are elements of directing?

Solution :

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.

Question 7: Explain the process of motivation?

Solution :

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

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

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

Unsatisfied need
↓
Tension
↓
Drives
↓
Search Behaviour
↓
Satisfied need
↓
Reduction of Tension
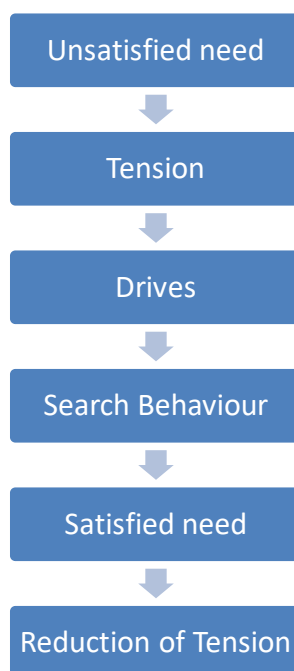
For example, suppose an individual desires promotion. This makes him uneasy and he starts looking out for alternatives through which he can earn a promotion. He may think of working harder and improving his performance. After consistently working hard, he may get recognition and the promotion that finally satisfies his want and reduces his frustration.

Question 8: Explain the different networks of grapevine communication?

Solution :

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.

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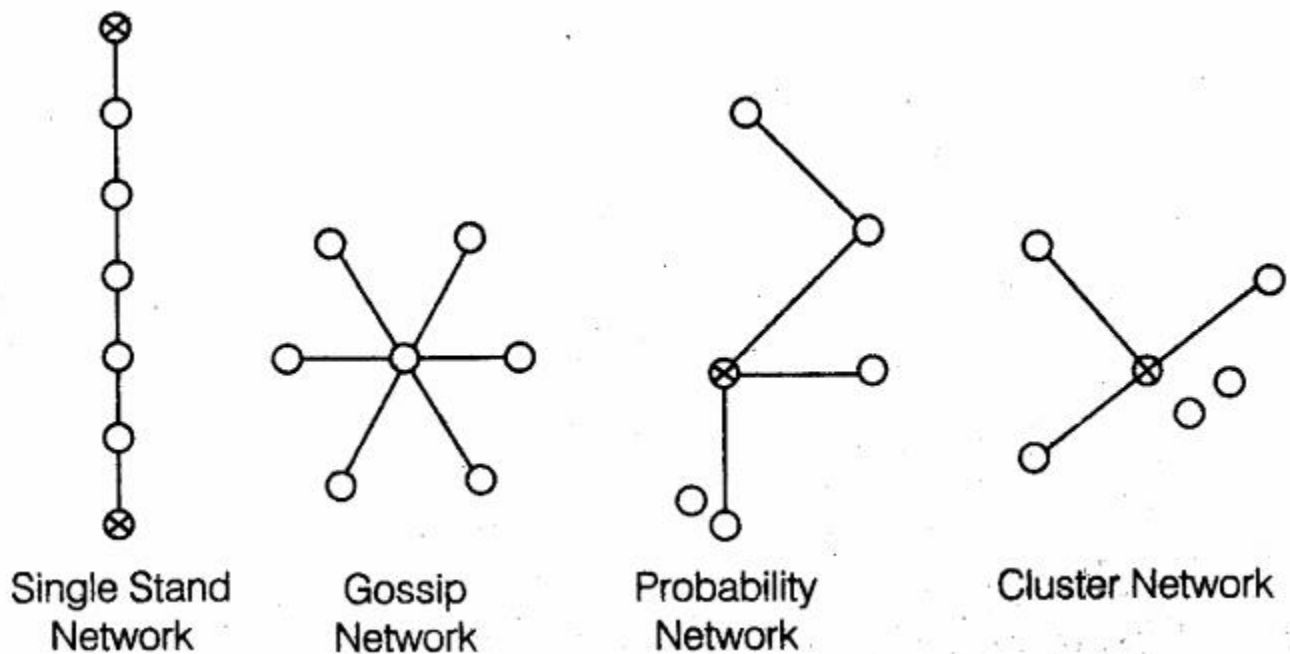
i. Single Strand Network: In this network, the information spreads from one person to other in a sequence. That is, one person communicates to another person who turn communicates to some other person.

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

iii. Probability Network: Under a probability network, an individual share 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.

Long answers questions
Page Number: **212**

Question 1: Explain the principles of directing?

Solution :

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.

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

Solution :

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.

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

Solution :

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 behaviour is based on their needs. Satisfaction of such needs influences their behaviour.

(ii) People's needs are in hierarchical order, starting from basic needs to other higher-level needs.

(iii) A satisfied need can no longer motivate a person; only next higher-level need can motivate him.

(iv) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.

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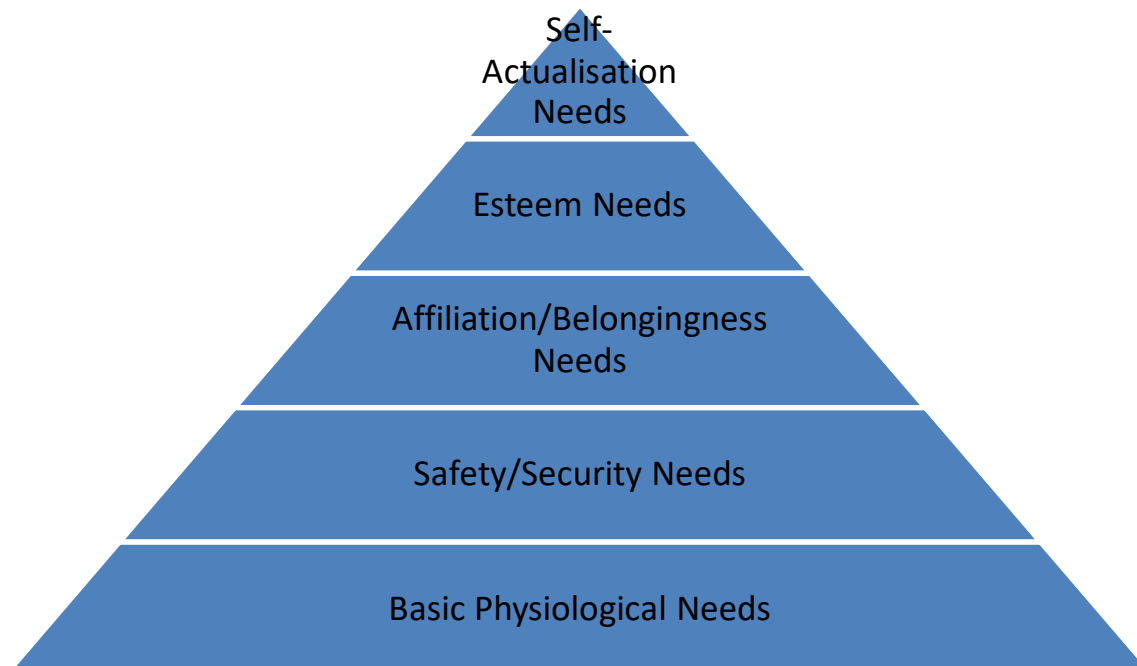
Maslow's theory is widely appreciated and is used as basis for motivation by the managers. However, sometimes it can happen that needs of an individual do not follow the exact order of hierarchy. Nevertheless, an understanding of the needs as given by Maslow helps the managers in practicing efficient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

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

Solution :

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) **Clarify the ideas before communication**: 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) **Be aware of languages, tone and content of message**: 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) **Ensure proper feedback**: 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) **Communicate for present as well as future**: It must be ensured that the information is complete in all respect and nothing is left ambiguous.

(v) **Communicate according to the needs of receiver**: 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) **Be a good listener**: The sender of the information should also be a patient listener. He should be open to communication from the other end as well.

Question 5: Explain different financial and non-financial incentives used to motivate employees of a company?

Solution :

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.

Application type

1. The workers always try to show their inability when any new work is given to them. They are always unwilling to take up any kind of work. Due to sudden rise in demand a firm wants to meet excess orders. The supervisor is finding it difficult to cope up with the situation. Suggest ways for the supervisor to handle the problem.

Solution:
1.Supervisor can provide monetary incentive like wages linked with productivity to motivate the employees.
2. He can encourage the workers to work by making them understand that this work will lead to increase exposure to industry and will have better job prospects.

2. Workers of a factory often come to the Production Manager with the grievances. The production manager finds himself overburdened with so many tasks. Advise a way to relieve the production manager.

Solution:
   1. Provide training to the workers.
   2. Delegate some authorities.
   3. Proper availability of resources.
   4. Give incentives to worker by their productivity.

3. In an organisation employees always feel they are under stress. They take least initiative and fear to express their problems before the manager. What do you think is wrong with the manager ?

Solution:
1.The manager should have a cordial behaviour with the workers.
2.The manager should have two-way communication so that workers give their suggestion, share their problems.

4. In an organisation all the employees take things easy and are free to approach anyone for minor queries and problems. This has resulted in everyone taking to each other and thus resulting in inefficiency in the office. It has also resulted in loss of secrecy and confidential information being leaked out. What system do you think the manager should adopt to improve communication.

Solution:
The manager should adopt a formal way of communication. The manager should follow Single chain. This network exists between a supervisor and his subordinates. Since many levels exist in an organisation structure, communication flows from every superior to his subordinate through single chain. Only necessary information should be passed through the chain of command. The employees are not allowed to communicate at all levels. This will lead to efficiency in work, leak proof system of information.

Case Problem

Y limited is a bank functioning in India. It is planning to diversify into insurance business. Lately, the government of India has allowed the private sector to gain entry in the insurance business. Previously, it was the prerogative of LIC and GIC to do insurance business. But now with liberalisation of the economy and to make the field competitive other companies have been given licenses to start insurance business under the regulation of 'Insurance Regulatory and Development Authority'.
Y limited plans to recruit high quality employees and agents and exercise effective direction to capture a substantial part of life and non life insurance business.

Questions

1. Identify how the company can supervise its employees and agents effectively. What benefits will the company derive from effective supervision?

Solution:
Supervisor can effectively supervise by following:
    1. Training programs
    2.Understand policies
    3. Establishing targets with linking incentives.
    4. Periodic report of performance.

Benefits:
1.Better performance to earn incentives.
2. Improvement in skill.
3. Able to judge where specialised training is required.

2. What financial and non-financial incentives can the company use for employees and agents separately to motivate them. What benefits will the company get from them?

Solution:
Incentives to Employees:
Financial: Productivity linked wage incentives, bonus, co-partnership, stock option.
Non-Financial: Job security, status, employee empowerment, employee recognition programme.

Incentives to Agents:
Financial: Commission, paid vacation
Non-Financial: Cordial relationship, career opportunity, job enrichment.

3. How can the company ensure that higher order needs i.e., esteem and self-actualisation as specified by Abraham Maslow are met?

Solution:
- The higher order needs are satisfied by fulfilling challenging assignments.
- The higher order needs are satisfied by perks.
- The higher order needs are satisfied by taking part in management decisions.

4. Identify the qualities of leadership in this line of business that the company managers must possess to motivate employees and agents.

Solution:
Qualities of Leadership are explained below:
(i) Physical features: Physical features like height, weight, health, appearance determine the physical personality of an individual. It is believed that good physical features attract people. Health and endurance help a leader to work hard which inspires others to work with same tempo.

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

(iii) Integrity: A leader should posses high level of integrity and honesty. He should be a role model to others regarding the ethics and values.

(iv) 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.

(v) Communication skills: A leader should be a good communicator. He should have the capacity to clearly explain his ideas and make the people to understand his ideas. He should be not only good speaker but a good listener, teacher, counsellor and persuader.

(vi) Motivation skills: A leader should be an effective motivator. He should understand the needs of people and motivate them through satisfying their needs.

(vii) Self Confidence: A leader should have high level of self-confidence. He should not lose his confidence even in most difficult times. In fact, if the leader lacks self-confidence, he cannot provide confidence to his followers.

(viii)Decisiveness: Leader should be decisive in managing the work. Once he is convinced about a fact, he should be firm and should not change opinions frequently.

(ix) Social skills: A leader should be sociable and friendly with his colleagues and followers. He should understand people and maintain good human relations with them.

5. Give a model of formal communication system that the company can follow. Identify the barriers in this model. How can they be removed?

Solution:
The company should follow single chain communication system.
Barriers:
    1. Organisational Barriers: With the organisation structure growth, the levels of management grows. Long chain of management communication leads to loss of message.
    2. Psychological Barriers: everybody perceives information in respect to their own experience.
    3. Inability to communicate: Lack of communication results in misunderstanding and confusion.
    4. Status and position: effective flow is hampered by the status of sender and receiver.

    They can be removed as follows:
    1. Clarify the ideas before communication
    2. Communicate according to the needs of receiver
    3. Consult others before communicating
    4. Be aware of languages, 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 communications
    9. Be a good listener

6. How can informal communication help to supplement formal communication model given by you in answer to question 5?

Solution:
Informal communication happens outside the organisational structure and thus, helps fill the gap that exists in formal communication.
Merits :
    1. It helps to discuss matters which cannot be done at official levels.
    2. Builds team spirit.
    3. Helps to know the reactions of people
    4. Fast flow of information