



Collegedunia NCERT Notes

The Ultimate NCERT Revision Guide for Class 12 Business Studies

Chapter 7: Directing

What this chapter covers: the directing function and its importance, the eight principles of directing, the four elements – supervision, motivation, leadership, communication – Maslow’s hierarchy theory, financial vs non-financial incentives, leadership styles (autocratic / democratic / laissez-faire), the seven-element communication process, formal vs informal (grapevine) communication, the four grapevine networks, and the four families of communication barriers. Session 2026-27.

Contents

1. Meaning of Directing

Core Definition

Directing refers to the process of *instructing, guiding, counselling, motivating and leading* people in the organisation to achieve its objectives. It is the management function that converts plans (on paper) and organisation structure (boxes on a chart) into actual goal- directed action.

Directing operates at every level of management – from the CEO who directs vice-presidents, down to the supervisor who directs operatives. It is initiated at the top and flows down through the chain of authority.

2. Importance of Directing

1. **Initiates action.** People do not begin to work until they are directed; directing is the trigger.
2. **Integrates effort.** Aligns the work of many employees toward a single goal.
3. **Means of motivation.** Through incentives and recognition, directing keeps the will to work alive.
4. **Facilitates change.** Helps the organisation absorb new technology, processes and markets by communicating the change to employees.
5. **Brings stability and balance.** Through clear leadership, sound communication and fair motivation, directing creates organisational equilibrium.

Memory Aid - I-I-M-F-S

Initiates, Integrates, Motivates, Facilitates change, Stability – 5 reasons directing matters.

3. Principles of Directing

The NCERT lists **eight principles** that guide effective directing:

1. **Maximum individual contribution.** Get the best out of every employee.
2. **Harmony of objectives.** Align personal goals with organisational goals.
3. **Unity of command.** A subordinate gets orders from one boss only.
4. **Appropriateness of direction technique.** Use the right style for the right employee and situation.
5. **Managerial communication.** Two-way, clear, timely.
6. **Use of informal organisation.** Don't ignore the grapevine – listen to it.
7. **Leadership.** Influence by example, vision and personality, not just authority.
8. **Follow-up.** Track whether direction has translated into action.

4. Elements of Directing

Four Elements

Supervision

Motivation

Leadership

Communication

4.1 Supervision

Supervision is the process of guiding the efforts of employees (and other resources) to achieve the desired objectives. The first-line manager (supervisor / foreman) is the link between management and operatives.

Role of supervisor:

- Plans daily work and assigns tasks.
- Issues instructions and provides guidance.
- Maintains discipline.
- Acts as a bridge: passes information up (workers' problems) and down (management directives).
- Builds morale and team spirit.

5. Motivation

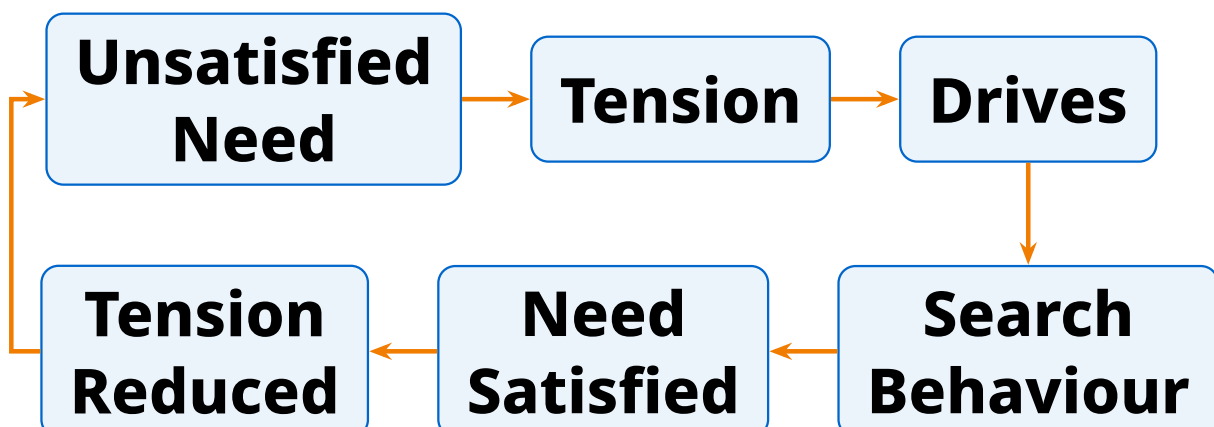
Definition

Motivation is the process of *stimulating people to action* to accomplish the desired goals. It is an *internal* feeling that drives goal-directed behaviour.

5.1 Features of Motivation

- Internal feeling, arises from within.
- Produces goal-directed behaviour.
- Can be positive (carrot – reward) or negative (stick – punishment).
- Is a complex process – people differ in what motivates them.
- It is dynamic – needs change over time.

5.2 Process of Motivation (6 steps, cyclical)



5.3 Maslow's Need Hierarchy Theory

Five Levels (Bottom → Top)

1. **Physiological** – food, water, shelter, sleep. (Met by basic salary.)
2. **Safety / Security** – physical and economic security. (Permanent employment, PF, insurance.)
3. **Social / Belonging** – friendship, love, acceptance. (Team work, cordial environment.)
4. **Esteem** – self-respect, status, recognition. (Promotion, awards.)
5. **Self-actualisation** – becoming all one can become. (Challenging work, autonomy.)

Three assumptions:

1. Lower needs are satisfied first; only then do higher needs motivate.
2. A satisfied need is not a motivator – only unsatisfied needs are.
3. Lower needs are mostly met by financial incentives; higher needs by non-financial.

Memory Aid – P-S-S-E-S

Physiological, Safety, Social, Esteem, Self-actualisation – bottom to top.

5.4 Financial Incentives

- Pay and allowances (basic + DA + HRA).
- Productivity-linked wage incentives (piece-rate, bonus systems).
- Bonus (statutory/Diwali).
- Profit sharing.
- Co-partnership / ESOP – employees own shares.
- Retirement benefits (PF, gratuity, pension).
- Perquisites (car, club membership, education allowance).

5.5 Non-Financial Incentives

- **Status** – prestige, authority, responsibility.
- **Organisational climate** – trust, openness, autonomy.
- **Career advancement** – clear promotion ladder.
- **Job enrichment** – meaningful, challenging work.
- **Employee recognition** – praise, awards, badges.
- **Job security** – permanent appointment, no-retrenchment policy.
- **Employee participation** – involvement in decision-making.

- **Employee empowerment** – authority to decide certain matters independently.

6. Leadership

Definition

Leadership is the process of *influencing people to strive willingly* for group objectives. Without leadership, plans and instructions remain dead letters.

6.1 Features of Leadership

- Process of influencing the behaviour of others.
- Inter-personal – exists between leader and follower.
- Aimed at achieving common goals.
- Continuous, on-going process.
- Exercises influence by personal qualities, not by formal authority alone.

6.2 Qualities of a Good Leader

Courage, will-power, judgement, knowledge, integrity, physical energy, faith, moral qualities, fairness, vitality, decisiveness, social skills. (*No one person possesses all – different combinations suit different situations.*)

6.3 Leadership Styles

| Style | Use of power | Where it fits |
|-----------------------------------|--|---|
| Autocratic / Authoritarian | Centralised; one-way orders; uses fear | Emergencies; with unskilled / undisciplined workers |
| Democratic / Participative | Shared with team; consults; two-way | Most normal situations; with educated, experienced employees |
| Laissez-faire / Free-rein | Held back; used only when essential | Highly skilled, self-motivated professionals (researchers, faculty) |

Spotter Words

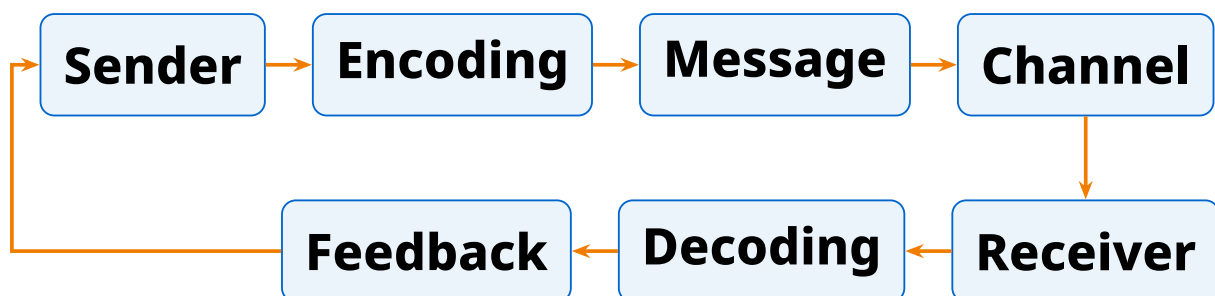
“Inflexible, refuses contradiction, fear” ⇒ autocratic. “Consults team, participates” ⇒ democratic. “Lets the team decide unless necessary” ⇒ laissez-faire.

7. Communication

Definition

Communication is the process of exchanging ideas, information and feelings between two or more people to create *shared understanding*. Without communication, no other element of directing can function.

7.1 The Communication Process (7 Elements)



- **Sender** – has an idea to communicate.
- **Encoding** – converts the idea into symbols (words, gestures, pictures).
- **Message** – the encoded content.
- **Channel / Media** – the carrier (e-mail, phone, meeting, memo).
- **Receiver** – the person for whom the message is intended.
- **Decoding** – receiver interprets the symbols back into meaning.
- **Feedback** – receiver’s response, completing the loop.

7.2 Formal vs Informal Communication

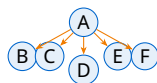
| Basis | Formal | Informal (Grapevine) |
|-------------|--------------------------------|---------------------------|
| Origin | Designed by management | Arises spontaneously |
| Path | Follows chain of authority | Random social paths |
| Speed | Slower | Very fast |
| Reliability | High (recorded) | Often distorted |
| Examples | Orders, memos, agenda, minutes | Rumours, whispers, gossip |

7.3 Four Grapevine Networks

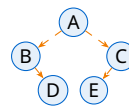
Single-strand



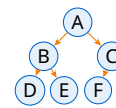
Gossip



Probability



Cluster



(i) Single-strand: $A \rightarrow B \rightarrow C \rightarrow D$, message passes one-to-one in a chain. **(ii) Gossip:** One person tells many. **(iii) Probability:** Pass to random subsets; spread is unpredictable. **(iv) Cluster:** Pass to selected, trusted people who pass on selectively – the most common form in organisations.

7.4 Barriers to Communication

Four families (with examples):

1. **Semantic barriers** (language / meaning): badly expressed message, symbols with multiple meanings, faulty translation, unclarified assumptions, technical jargon, body language mis-reading.
2. **Psychological barriers:** premature evaluation, lack of attention, loss by transmission, distrust.
3. **Organisational barriers:** organisational policy, rules and regulations, status differences, complexity of organisation, inadequate facilities.
4. **Personal barriers:** fear of challenge to authority, lack of confidence in subordinates, unwillingness to communicate, lack of proper incentives.

7.5 How to Overcome Barriers

- Clarify the idea before communicating.
- Communicate according to the receiver's needs.
- Consult others before communicating.
- Be aware of language, tone and content.
- Convey things of value to the receiver.
- Ensure proper feedback (two-way).
- Follow up.
- Be a good listener.

Why Indian IT Firms Use Stand-up Calls

A daily 15-minute "stand-up" communicates yesterday's progress, today's plan and any blockers to the whole team in real time – overcoming organisational (status), psychological (premature evaluation) and semantic (jargon) barriers in one ritual.

8. Quick Recap – Exam-Ready Summary

10-Point Cheat Sheet

1. Directing = instructing, guiding, motivating, leading people.
2. Eight principles, four elements (Supervision, Motivation, Leadership, Communication).
3. Motivation process is a 6-stage loop ending where it began.
4. Maslow = P-S-S-E-S (Physiological → Self-actualisation).
5. Financial incentives (pay, bonus, profit share, ESOP) target lower-level needs.
6. Non-financial incentives (status, recognition, security, job enrichment) target higher-level needs.
7. Three leadership styles – Autocratic, Democratic, Laissez-faire.
8. Communication = S-E-M-C-R-D-F (Sender, Encoding, Message, Channel, Receiver, Decoding, Feedback).
9. Four grapevine networks – Single-strand, Gossip, Probability, Cluster.
10. Barriers = four families: Semantic, Psychological, Organisational, Personal.

CBSE Spotter Words

“Unwilling, refuse new work” ⇒ motivation. “Inflexible boss, employees fear” ⇒ autocratic leadership. “Free education for children” ⇒ non-financial incentive (employee welfare). “Converts message into words, symbols, gestures” ⇒ encoding.

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