

NCERT Solutions for Class-XII Business Studies

Chapter-7

1. What is informal communication?

Sol. Informal communication is the type of communication that does not follow the formal path of communication. It is also known as grapevine. Under this mode of communication, information is flowing in all directions irrespective of the level or authority. The social interactions among the employees in the form of a rumor or gossip spreads throughout the whole company. The characteristic of informal communication is that the actual information might get distorted and the information presented may be different than the original.

2. Which style of leadership does not believe in use of power unless it is absolutely essential?

Sol. Laissez-Faire which is also known as the free reign leadership is that kind of leadership that believes that powershould be used only when it is essential. In such a type of leadership subordinated are given the full authority. They are allowed to have maximum freedom to take decisions.

3. Which element in the communication process involves converting the message into words, symbols, gestures etc.?

Sol. The element encoding in the communication process is used in converting messages to words, gestures and symbols. It is the process in which messages are converted into symbols that are to be made into symbols used for communication. It involves developing words, pictures and gestures that form the message.

4. 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. State the element of directing that can help the supervisor in handling the problem.

Sol. The employees in this situation should be provided motivation. Supervisor should be proactively motivating the employees and help them in performing to their best of abilities. The supervisor should also be able to understand the requirements and needs of the workers. Managers must be able to identify the reason behind the workers not showing the willingness to work and put all

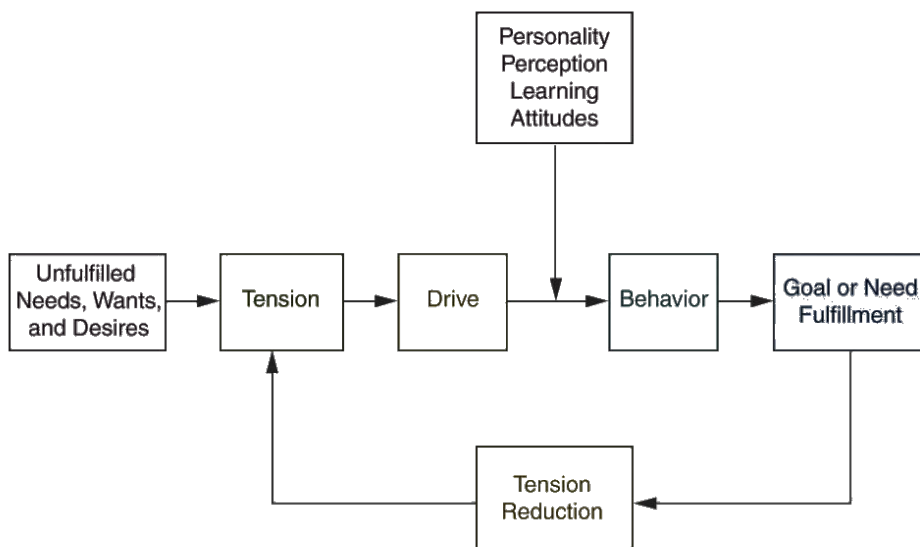
efforts in solving that issue. Managers can also provide monetary benefits in form of incentives to workers to keep them motivated.

Short Answer Type Questions

1. What are semantic barriers of communication?
Sol. Semantic barriers are those barriers in communication that is related to using or understanding the language. It can happen that certain words, phrases or sentences can get misinterpreted at times, or it can be misunderstood. This obstructs the effective communication. Such barriers in communication that are created due to difficulty in understanding of words and sentences are known as semantic barriers.

Following can cause semantic barriers

1. At times due to wrong use of words or choosing poor vocabulary the information may not be expressed clearly.
 2. A word can have more than one meaning or it may happen that two words can have same type of pronunciation. In these cases, the interpretation of word is ambiguous.
 3. In certain cases there might be variation in language among managers and workers. For such cases, it is helpful to translate the information in a language that is easy for workers to understand. During this process some words or sentences may be misinterpreted which leads to semantic barriers.
 4. While giving instructions the specialist may use technical vocabulary which the subordinates may find difficult to understand.
2. Explain the process of motivation with the help of a diagram.
Sol.



3. State the different networks of grapevine communication?

Sol. Grapevine communication is a type of informal communication that is a result of social interaction among employees. It does not follow a formal communication path. Following types of grapevine communication networks are present

1. Single Strand Network: In such type of a network, the mode of communication and spread of information is from an individual to another. This forms a chain of communication with multiple individuals engaging in the communication.
2. Gossip Network: In this type of network, information is shared by one individual with many other individuals.
3. Cluster Network: Information sharing in this type of network is between two people who trust each other. Information is distributed between the trusted persons and therefore forms a network.
4. Probability network: In this type of network, the individual shares the information randomly with people. It can be anybody who he chooses to share information with.

4. Explain any three principles of Directing?

Sol. Directing process is a critical function of management. These are certain principles that help in the directing process:

1. As per the principle of maximum individual contribution, the managers should use techniques of directing in such a way that makes the worker to perform their best. These techniques should motivate an employee to work for achieving the goals of the organisation. It can be in form of incentives or motivational sessions that help employee in contributing more for the organisation.
 2. As per the principle of unity of command, the employees should be receiving instructions from only one superior. If multiple superiors are directing the worker, it creates confusion and causes delay in the work.
 3. The principle of managerial communication states that managers should communicate clearly and, in a way, that workers can understand and in a similar way, workers should also be communicating with superiors without any hesitation. A two-way communication must take place between the managers and workers.
5. In an organisation, one of the departmental managers is inflexible and once he takes a decision, he does not like to be contradicted. As a result, employees always feel they are under stress and they take least initiative and fear to express their opinions and problems before the manager. What is the problem in the way authority is being used by the manager?
- Sol. In this situation it can be seen that there is obstruction in the free flow of communication. In an ideal situation the manager should involve his subordinates in the decision-making process and also encourage the workers to provide suggestion and feedback. This will be beneficial for the organisation.
6. A reputed hostel, Gyan Pradan provides medical aid and free education to children of its employees. Which incentive is being highlighted here? State its category and name any two more incentives of the same category.
- Sol. The incentive that Gyan Pradan is providing its employees in the form of medical aid and free education to children is called as Financial Incentive. Two other types of financial incentives are:
1. Bonus: This could be in the form of benefits that are apart from salary and it can be provided in the form of festival bonus or yearly bonus.
 2. Retirement benefits: Employee benefits in the form of pensions, provident funds and gratuity etc can be offered to employees.

Long Answer Type Questions

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

Sol. A successful leader should have some set of qualities. Here are some of the qualities that a good leader must possess so that success can be achieved.

1. A person having good physical features such as height, health and physical appearance will be deemed as attractive. A healthy person can work hard and be efficient and therefore such a person can also set an example for others. If this person is made a leader, he can guide his subordinates well.
2. A good leader should be honest. He should follow business ethics and values. The subordinates will follow a person who has such qualities.
3. Another quality that is sought after in a leader is intelligence. A person who is a leader must be able to examine the problems and effectively solve them. The leader must be intelligent to take proper decisions taking into account the facts and logic.
4. A leader should inspire others and should lead from front by showing exemplary work prowess while maintaining performance and organisation values. He must also bring a feeling among the workers to be more productive.
5. Having confidence is a necessary quality of leaders. The confidence of a leader must be high in difficult situations. A confident leader is able to make the workers more confident.
6. A leader must be having a high sense of responsibility for his own and for his group of workers. He should be responsible for the mistakes committed by his team members. A good leader puts his team first.
7. The ability to communicate effectively is one of the most essential qualities of a leader. By expressing ideas and instructions clearly the leader makes sure that workers understand what is being communicated. Communication helps in bridging the gap between worker, manager and the management.
8. Decision making ability is necessary for a leader, as situations will be there where a decision needs to be taken in order for a process to move forward. The decisions need to be taken by weighing the pros and cons and analysing the figures and facts.

9. The leader should be having a friendly behaviour with the workers. He should be supportive of the workers decisions. By maintaining a good social relation with employees, a manager can ensure good response from the workers.
10. A leader must be dynamic in nature. He should be able to take initiatives and be proactive in nature. These steps will benefit the organisation.

All these qualities are necessary for a leader but the presence of all these factors in a leader is not sufficient to ensure success.

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

Sol. Maslow's need hierarchy theory helps understand the concept of motivation. As per Maslow, human needs can be categorised in a five-tiered pyramid structure in form of a hierarchy. A manager having an understanding of this theory will be in a better position to understand the employee behaviour.

Maslow's need hierarchy is based on the following points

1. Needs of people influence their behaviour.
2. Individual needs can be arranged in form of a hierarchy.
3. The shift to higher level can only be achieved when an individual is satisfied at the lower level.
4. On satisfaction of a need an individual is motivated to reach the higher level of need

The theory can be described as follows:

1. Physiological needs: These are needs which are considered essential for sustaining human life. It is at the top of the needs. Fulfilling these needs is essential for every individual. Example of such needs are food, shelter etc.
2. Safety needs: It is the next level of needs. Once a person has fulfilled physiological needs, he then feels the necessity of safety and security. It is related to both economic and physical safety. Examples are job security, employment, law and order.
3. Belongingness needs: These needs arise once the first two levels of need are satisfied. It is related to the feelings of belongingness that an individual seeks. The examples are friendship, love, family etc.

4. Esteem needs: It is the need of being respected by everyone and being respectful in one's own judgement. In this category of need, the person seeks reputation and respect from others. Examples are dignity, prestige etc.
5. Self-actualisation needs: This need is all about the aims and aspirations that a person wants to achieve. It is regarded as the highest level in need hierarchy. The examples of such a need can be work satisfaction, growth etc.

The theory as suggested by Maslow helps a manager in providing a source of motivation to employees. Having a good understanding of the needs will help managers understand the employee behaviour in a better way.

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

Sol. It happens that sometimes the information that is not received by a receiver in the manner that was sent by the sender. It causes misunderstandings as information is passed from sender to receiver. These causes creation of barrier in communication. The main barriers in communication are as follows:

1. Semantic Barriers: These barriers are related to the use or we can say understanding of the language. It happens that as sentences, paragraphs or certain phrases become difficult to understand which makes it more likely to suffer from misinterpretation. Such barriers which are caused due to difficulty in understanding are called as semantic barriers.
2. Psychological barriers: It can happen that sometimes that certain factors such as fear, anger and frustration can cause obstruction in communication. These types of barriers are called as physiological barriers.
3. Personal Barriers: Sometimes personal factors can cause barriers in communication between a sender and the receiver. In a formal organisation all information is not shared by superiors with subordinates which can cause barriers in communication. Such barriers are called personal barriers.
4. Organisational Barriers: In organisations due to the structure of leadership, there arises barriers to communication which causes delay in flow of information. It can also occur in a centralised organisation where power and authority rests with the top management

In the following ways you can overcome barriers to communication

1. The communication should take place according to the level of understanding and capabilities of the receiver. If the receiver is able to receive information clearly, then there will be no barriers.
2. In order to make information clear it should be taken into consideration to have the language, content and tone in proper order. It makes the communication easy to understand and reduces barriers.
3. Proper feedbacks from the receivers should be taken in order for information to be complete. It helps providing encouragement to the user in responding to the conversation.
4. The information must be complete in all respects as it will leave no ambiguousness in the communication.
5. The idea of the communication should be very clear between the sender and the receiver. The subject of the communication must be properly conveyed for easier understanding.
6. The person sending the information should be a good listener which means that the person should be open to all the communication from the side of receiver.

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

Sol. The different financial and non-financial incentives used by a company to motivate employees are:

Financial incentives are those incentives that are monetary benefits that are awarded to employees for exemplary performance. Some type of financial incentives used in the organisation are:

1. Salary and allowances form the most basic form of financial incentive. Increase in the salary or allowances provide the employee motivation and helps in improving his performance.
2. Performance based incentives are monetary benefits that are awarded to employees who are showing good performance among the employees in an organisation. Such an act will encourage other workers to be more productive.
3. Bonus offered to employees is a form of reward that is given over and above the salary.

4. **Stock Option:** This option grants employee's stocks of the company at lower prices than market, it will help bring the feeling of ownership which will motivate them to work harder for the organisation.
5. **Profit Sharing:** Under this system there is a system of sharing profit with the employees. It helps in making the employee more active towards the growth of the organisation.
6. **Retirement benefits:** Some companies have the system of offering benefits to employees upon retirement which includes offering pension, provident funds and gratuity. It offers security and stability for the employees.
7. **Fringe benefits:** The organisation offers certain additional benefits such as medical allowance, housing allowance etc. These benefits are in addition to the salary provided.

Non-financial benefits are those benefits that focuses on non-monetary aspects of the employee needs such as psychological and social needs. Here are certain types of non-financial benefits that are offered by organisations

1. If an employee gets rise in position, it leads to increase in status, responsibility and authority which provides a motivation for the employees.
2. Certain characteristics such as freedom of employees, rewards and recognition and appreciation for good work play an important role in making the employee more motivated. It makes employees work more for the organisation.
3. Work that involves challenges will lead to more interest for the employee. Any work which requires high degree of skills opens up ways of personal growth thus motivating the individual to take the challenge and perform well.
4. If a company provides appropriate avenues for the growth of the employee by having a defined career path, it makes them more responsible and encourage them to perform better so as to achieve growth.
5. An employee must have a certain amount of job security with the job that he is doing. Lack of job security leads to demotivated employee and high rate of attrition.
6. Organisations allowing involvement of employee in matters concerning the company will see more productivity as employees feel that they are a part of the organisation.

5. 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 talking 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?
- Sol. In the current situation the system of communication that is followed is informal. The need of the company is to shift to a formal communication system. In such a system the messages and facts will follow an officially designated channel. Therefore, the information flow would be systematic and in correct order. It is easier to locate the original source of communication in such a method.

