

OPEN STUDENT FOUNDATION
Std-12 Business Administration
Day - 6

Chapters : 6

Date : 24/02/24

Section A

- Choose correct answer from the given options. [Each carries 1 Mark] [5]
1. At which level of management, direction is required more? (May-2021)
(A) Bottom (B) Middle (C) Top (D) All of them
 2. The process of achieving the desired goal by giving incentives is called (March-2022)
(A) Motivation (B) Supervision (C) Training (D) Guidance
 3. The process of sending information in the form of report from bottom level to upper level is (March-2022)
(A) Communication (B) Reporting (C) Correspondence (D) Postal services
 4. Which of these is related to financial incentives? (July-2022)
(A) Promotion (B) Appreciation
(C) Job security (D) Appreciation of work and reward
 5. Which of the following is needed for the existence of leadership? (July- 2022)
(A) Supervisors (B) Planners (C) Subordinates (D) Managers

Section B

- Write the answer of the following questions. [Each carries 3 Marks] [12]
6. Distinguish between formal and informal communication. (March-2019, July-2019)
 7. Explain the importance of direction. (July-2022)
 8. What are the qualities of a good leader ?
 9. What are the features of Informal Communication?

Section C

- Write the answer of the following questions. [Each carries 4 Marks] [20]
10. Explain financial and non-financial incentives. (July-2018)
 11. Explain the Maslow's hierarchy of needs with diagram. (March-2022 July-2022, March-2023)
 12. Explain barriers to effective communication.. (Aug-2020, March-2022)
 13. Write the differences between formal and informal communication. (March-2019, July-2019)
 14. Explain the Maslow's hierarchy of needs with diagram (March-2018, May-2021)

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- ➡ Ans : (D)
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- ➡ Ans : (A)
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- ➡ Ans : (C)

Section B

- Write the answer of the following questions. [Each carries 3 Marks] [12]
6. Distinguish between formal and informal communication. (March-2019, July-2019)

No.	Points	Formal Communication	Informal Communication
1	Meaning	The communication which is based on organizational policies to achieve business objectives is formal communication.	The communication which is based on human relations and friendship among the employees working in the business unit is called informal communication.
2	Purpose	The purpose of formal communication is co-ordination and control.	The purpose of informal communication is to make the organisation more integrated and to provide credibility.
3	Base	In formal communication, the exchange of information is taken place between two people because of rules and regulation.	In informal communication, the exchange of information because of a personal relationship or friendship.
4	Control and Monitoring	The formal communication requires control and monitoring.	The informal communication does not require control and monitoring.
5	Flexible	The formal communication is less flexible.	The informal communication is more flexible.
6	Nature	The formal communication is in written form.	The informal communication is verbal or in sign language.
7	Information in advance	Here, sender and receiver of information as well as form of communication are decided in advance.	The form of communication and procedure are not decided in advance. It takes place as per time and situation.
8	Time	It takes place at the workplace and during working hours.	It takes place outside working hours and any place.

7. Explain the importance of direction. (July-2022)

Directing Meaning

- ⇒ 'Directing is the act of supervising subordinates by giving them orders to achieve decided objectives.'
 - ⇒ The employees are motivated through directing. The proper guidance is given after monitoring their work so that the unit goals can be achieved. Among the various functions of management, the function of directing is very important. The importance is as follows :
- (1) **Increase in efficiency :**
 - ⇒ An organisation becomes more efficient only when the employees are given proper direction regarding the tasks. Through direction, employees get clarity about their work, authority and responsibility and increase their efficiency.
 - (2) **Assessment of Efficiency :**
 - ⇒ Through direction, the work of employees is analyzed, and evaluated. Whether the employee has worked as directed, how much work has been done, how much his efficiency has increased, etc. can be evaluated.
 - (3) **Motivation to Employees :**
 - ⇒ Directing motivates the employees to work and due to directing, the employees can be made aware of the proper work methods and policies.
 - (4) **Effective Planning :**
 - ⇒ It is not possible for a single person to organize all the functions of a business unit. The planning officer prepares the plan by collecting the necessary information through the subordinates. Achieving the goal set by planning is done by directing.
 - (5) **Effective Organisation :**
 - ⇒ Due to the direction, every employee aware of his authority and responsibility and follows the orders and instructions of the authorities properly. Hence, the organisation becomes effective.
 - (6) **Co-ordination and Co-operation :**
 - ⇒ Individual goals of the employee are to be linked with the main goal of the unit so co-ordination of the

work of employees can be achieved through directing.

(7) Function of Control :

⇒ The chances of errors and defects are reduced through providing training and direction to the employees so it becomes easier to get the work done from the employees according to the determined goals. Thus, the function of control becomes effective.

(8) Increase in enthusiasm :

⇒ By encouraging the employee, his interest is increased and he changes his attitude towards the work and when any obstacles arise, an employee himself can solve them. As a result, work continuity increases, which increases employee's enthusiasm.

(9) Finding out deviation :

⇒ The employees are constantly monitored through directing, so that deviation can be detected at an early stage. Primary stage deviations can be removed by taking appropriate measures.

8. What are the qualities of a good leader ?

⇒ The task and the quality which influences the people to do efforts willingly in achieving goals is called leadership. The qualities of a good leader are as follows:

(A) Physical Qualities :

⇒ An impressive leader should have the qualities like good physical fitness, physical structure, calm and cheerful nature, attractive personality, etc.

(B) Intellectual Qualities :

⇒ A good leader should have intellectual qualities like intelligence, mental abilities, decision-making power, grasping power of new knowledge, scientific approach to questions, logic, insight and various skills such as oratory, numeracy skills, knowledge of inter-relationships and human skills etc.

(C) Psychological Qualities :

⇒ A good leader should have psychological qualities like aptitude, pleasant personality, interest, enthusiasm, entrepreneurship, sense of co-operation, emotion, intelligence, work ethic, politeness etc.

9. What are the features of Informal Communication?

⇒ Meaning of Informal Communication: Informal communication which is based on human relations and friendship among the employees working in the business unit is called informal communication. The features of informal communication are as follows:

⇒ **Features :**

(1) It is based on human relations.

(2) It does not require command or control.

(3) It can be explained verbally or in sign language.

(4) It is based on human and friendly relations.

(5) It is flexible and simple.

(6) Effective communication is automatic and it does not require formalities or process.

(7) It makes the system more integrated and provides more credibility.

(8) Informal communication is not supplementary but complementary to the formal communication.

Section C

● Write the answer of the following questions. [Each carries 4 Marks]

[20]

10. Explain financial and non-financial incentives. (July-2018)

⇒ **Financial Incentives :**

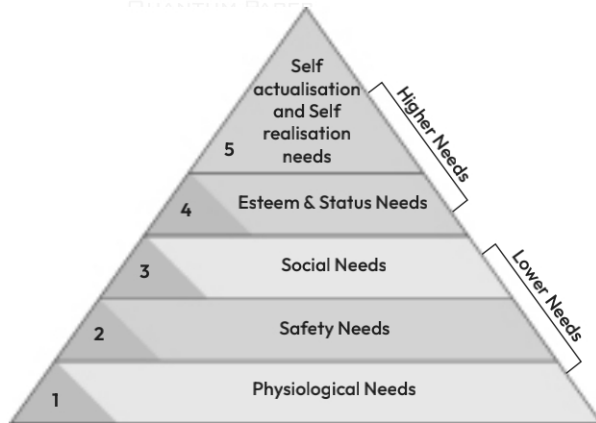
(1) **Share in profits :**

- ⇒ The excess profit earned by the unit is the result of the joint effort of the employer and the employees. A certain portion of the profits, paid to the workers in the form of money in addition to wages, is called profit share.
- (2) Co-partnership :**
 - ⇒ Employees or workers are made partners in the ownership, management and profit sharing of the unit is called co-partnership. As these employees or workers are taken as co-partner, it becomes easy for owners to increase production and to maintain industrial peace.
- (3) Promotion :**
 - ⇒ The process of placing employees from their current positions to higher rewarding positions is called promotion. So the power, responsibility, duties and wages of the employees increase. Promotion increases the efficiency and enthusiasm of employees.
- (4) Bonus :**
 - ⇒ A certain percentage of the profit calculated every year is paid to the employees as bonus at the end of the year.
- (5) Commission :**
 - ⇒ According to the sales achieved by the employees, they are paid financial compensation by the owner in the form of an incentive, called commission. Owners set different sales targets and different commissions for employees in terms of targets to increase the sales of business.
- (6) Prizes :**
 - ⇒ In regards to outstanding performance or style of working, employees or workers are honoured for their services in the form of cash prize, certificate and medal by the business owner. Such prizes are given in annual meetings, get-together or by arranging a special programme by the business unit. Such recognition in public increases the enthusiasm, passion and efficiency of the employee.
- (7) Advice and suggestions :**
 - ⇒ Workers are continuously involved in production work. They provide necessary advice to the owners to make the production process better and more efficient. Such suggestions help in bringing down the marginal cost of products and financial incentives are given to the employees for such suggestions.
- ➡ **Non-Financial Incentives :**
- (1) Security of Employment :**
 - ⇒ It is not only important that employees get wages but also job security is also important. Job security motivates workers to work with enthusiasm. So the production of units increases.
- (2) Appreciation of Work and Reward :**
 - ⇒ Employees who achieve production targets set by the unit in a timely, sparingly and efficient manner are publicly appreciated. So such employees are not only motivated, but other employees also get motivation to work.
- (3) Assignment of responsibility :**
 - ⇒ Special responsibility of training and guiding the subordinates or other employees is given by the officers to motivate the employees. Delegation of responsibility increases employee confidence and motivates them to do more.
- (4) Adviser :**
 - ⇒ When employees maintain the continuity of the best work for a long period of time, their experience is considered in the form of their opinions in formulating policies. If this happens, the employee feels that he is an important part of the company and gets motivated.
- (5) Welfare Activities and Amenities :**
 - ⇒ Welfare activities and facilities provided to the employees also encourage them to work. Example: medical service to employees in addition to wages, cheap canteen facility, library facility, holidays with pay, sports and Re-creational activities and on- the-job training etc.
- (6) Other incentives :**

- ⇒ Apart from the above incentives other types of incentives are also given to motivate the employees to work.
- ⇒ For example : the other incentives include accommodation facility, life insurance service, children's education fee, books, vehicle facility etc.

11. Explain the Maslow's hierarchy of needs with diagram. (March-2022 July-2022, March-2023)

- ⇒ Human needs are different. These needs are determined based on the mental condition of the person. Humanistic psychologist Abraham Maslow presented the theory of hierarchy of needs in 1943 in his article titled 'Principle of Human Motivation'. Such five needs arranged as per their priority are as follows:



(1) Physiological or Primary Needs :

- ⇒ Physiological needs are basic human needs. Primary needs include food, water, clothing, shelter etc. Food is the first requirement for the body to function. A hungry man prefers food. He does not give importance to other needs until the basic needs like food, clothing and shelter are satisfied.

(2) Safety Needs :

- ⇒ Safety needs take second priority when physiological or primary needs are satisfied. This includes physical safety, job security, protection against uncertainties and regularity of wages. Therefore the man takes steps to protect like taking insurance, opening a savings account in a bank or post office, etc. Thus, safety is necessary for peace of mind.

(3) Social Needs :

- ⇒ When person's safety needs are satisfied then comes the sequence of social needs which include affection and love. Human is a social animal, he always wants affection and love from family, relatives, friends and society. He also feels the need to be loved and respected by his relatives, co-workers at work and society.

(4) Esteem and Status Needs :

- ⇒ Esteem and Status needs are also known as position needs or high class needs.
- ⇒ The desires like evaluating himself higher, to receive respect from colleagues, increase in reputation are developed in employee and then he wishes to receive it.

(5) Self Esteem and Self Actualisation Needs :

- ⇒ Man seeks to achieve self esteem or self-actualisation after all four priority needs are satisfied. Every person always wants to climb the peaks of achievement and stand on the top. The need of self- actualisation is the desire to have One's name considered with pride and in the best way, his skill considered with all his best in his own work-field.
- ⇒ Example : Zakir Hussain in tabla playing, Shivkumar Sharma in santoor playing, Sachin Tendulkar in the field of cricket, Amitabh Bachchan in the field of acting, Lata Mangeshkar in the field of singing etc.

12. Explain barriers to effective communication.. (Aug-2020, March-2022)

- ⇒ The efficiency of communication depends on the intelligence and loyalty of the officers and employees. But since communication is a human activity, human limitations such as emotions, mistakes, assumptions,

misunderstandings, and fears become barriers during communication. The barriers to effective communication are as follows:

(1) Lack of Planning :

⇒ Before sending the information, one should plan what information is to be sent, in which order, to whom. If it is not planned properly, the sender of the information gives unclear and incomplete information.

(2) Faulty Translation :

⇒ The employees working at the middle level receive messages from the top level. Sometimes messages don't come in native language. These messages are interpreted as per their level and the information sent to the lower level. Sometimes there are chances of translation errors.

(3) Unclear Messages :

⇒ There is improper arrangement of words or sentences in the use of different media. As a result, such messages fail to convey clear meaning to the receiver and communication is obstructed .

(4) Unclear Assumptions :

⇒ Many messages are based on assumptions. If messages are exchanged without clarifying these assumptions and Pre-suppositions, the meaning and significance of the messages is likely to change.

(5) Shortage of Time:

⇒ Sometimes the right decisions have to be made based on the information and the information has to be implemented. If information is not received in time, it has no meaning and the effectiveness of communication is reduced.

(6) Over Burden in communication :

⇒ In large units there is a constant and continuous exchange of communication. If such an exchange is to be received or provided by a single employee, the employee feels an overload of information rather than maintain the accuracy of the information.

⇒ In such a situation, if the information does not reach the right place on time, the purpose of communication fails.

(7) Ignorance Towards Messages :

⇒ Sometimes top managers or lower level employees remain inattentive to the messages. Then the company does not get correct information. If they fail to listen to the messages, it will create obstacles in communication. Due to this, right decisions cannot be taken.

(8) Improper Selection of Media

⇒ Specific mediums are selected to send and receive the information, if these mediums are not selected properly, then barriers to communication are created.

(9) Distrust and Fear :

⇒ When an atmosphere of distrust and fear prevails in the administration, every message is viewed with suspicion. The Information is deliberately changed for fear of punishment or fines if the correct information is given to the authorities.

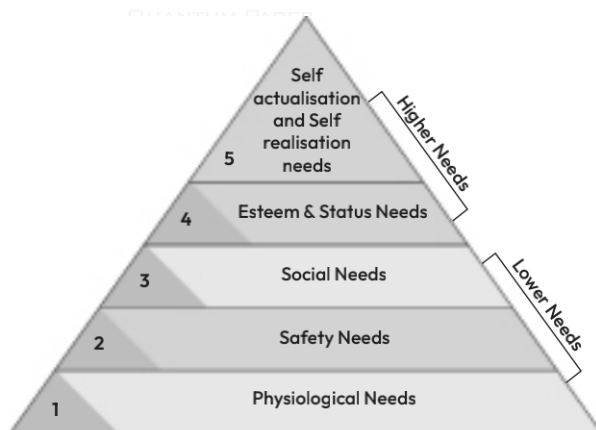
⇒ Past experience must have shown that it has resulted in adverse consequences and punishment. Therefore, correct information is concealed.

13. Write the differences between formal and informal communication. (March-2019, July-2019)

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