

**Economics, Management and Entrepreneurship**  
**Prof. Pratap K. J. Mohapatra**  
**Department of Industrial Engineering & Management**  
**Indian Institute of Technology – Kharagpur**

**Lecture - 32**  
**Directing**

Good morning, welcome to the 32nd lecture on Economics, Management and Entrepreneurship. If you recall, we had discussed 3 functions of management. One was planning, the second was organizing and the third function that we had discussed was controlling. Planning and controlling are like 2 sides of a coin. One cannot exist without the other. If there is a plan, there has to be a control to ensure that the plan is as it.

To implement a plan, we need to have an organization the logical grouping of activities and of defining the flow of authority and responsibility. The last function of management which we shall discuss today is directing.

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## DIRECTING



Directing consists of a number of sub functions supervising, leading, motivating, communicating and of course coordinating. We shall discuss little elaborately on motivation or how to motivate or the function of motivation or motivating. And we shall only give a cursory look at the others of functions of the directing function of management. So, the topic for today is directing.

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## The Directing Function

The process of issuing instructions and making certain that operations are carried out as originally planned.

- Supervising
- Leading
- Motivating
- Communicating
- Coordinating



Directing is the process of issuing instructions and making certain that operations are carried out as originally planned. Usually they are subdivided into 5 sub functions, supervising, leading, motivating, communicating and coordinating. As I said, we shall discuss in great depth on the thirds of function that of motivating and the other ones we shall quickly go through.

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## Supervising

Overseeing the work of the subordinates.



The first is supervising. Supervising is basically to oversee that the subordinates are doing the work. How does it basically work? This function works if proper instructions are available with the supervisor as well as the subordinates ask to what is to be done and how it is to be done, both the product the output of the workers and the process through which the output will be achieved.

If it is a manufacturing process, then the type of type and specification and quantity of raw materials needed, the tools to be used and their specifications, the way the setup has to be done on the machine, the feed, speed and depth of cut all this must be pre-specified. Then both the supervisor and the subordinates, the workers know exactly what is to be done and how it is to be done.

The supervisor work is to ensure that the things are progressing the way it is planned. It is also the supervisor's responsibility to see whether there is untoward list of answers, machine failures, power cuts, materials not available, tools getting blunt and things of that type. If there are such disturbances, then it is the supervisor's responsibility to report it to the right entity or to the right section or department and to see to ensure that this problem is eliminated.

The cause of this problem is eliminated and the work resumes as planned. This is the task of supervision or supervising.

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## Leading

The ability to influence the behaviour of others to achieve the desired goal.

### *Types:*

- Supportive leadership
- Participative leadership
- Instrumental (specific guidelines) leadership
- Achievement-oriented leadership



Next we look at the leading function. As I told earlier, is the ability to influence the behavior of a group. It is not same as the formal authority they stood upon a person the power they stood on an individual to make a decision and to implement the decision. But leadership is much more than that. It may not be formal. In fact, in formal organization it is more informal. The natural ability of a person to influence the behavior of others is leadership. It has a connotation of that leadership is inborn.

However, many have studied the traits of a good leader and certain things have emerged. They are mentioned here in sort.

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## Leading

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### *Types:*

- Supportive leadership
- Participative leadership
- Instrumental (specific guidelines) leadership
- Achievement-oriented leadership



An individual is a good leader if he or she supports the activities of the group. By means of support it does not mean that he supports or he would support the descent of the subordinates. It means the difficulties that they are facing, the ideas that they are generating to solve a problem, the innovation ability of the workers on the job must be supported by the leader.

He must ensure that any idea is properly groomed ideas generated by a subordinate is groomed properly before it is eliminated before it is said that the idea is useless or worthless. No idea should be discarded as useless or worthless. It must be evaluated in proper spirit, in proper perspective and that is one of the leadership quality, the supportive leadership.

Participative leadership, in all activities of the subordinates the superior participants and in all decision making process the group participates. The group participates in deciding what is to be done. The group also participates and deciding how the task has to be done. If this participation is there from the subordinates the task of the superior becomes easy and that is participative management.

In all decision making situations the subordinates must be involved. Later when we will talk about quality control and quality management we shall also discuss a Japanese style of quality management which is called quality circle. A quality circle is an informal group where

the seniors and the subordinates in particular the workers sit together discuss about the problem, the genesis and the root cause of a problem and try to solve them.

No opinion is discarded as being bad, useless or not applicable. That is participative management. Instrumental leadership, basically it says about specificity of guidelines. The exact details of how to do, what to do, the quantity, the quality, the tolerance limits must be specified. The tools to be used must be specified in the fullest extent so that there is no ambiguity.

These detailed write up on the material, on the process is what is required to carry out a job and a trait of a good leader is to be able to write down these details for the group to understand and follow. And lastly achievement oriented leadership. Achievement oriented leadership means that the goal is fixed say for example in a situation the output, the desired output is fixed.

So many quantities to be produced in a month or in a week or in a day and if the worker as if it then he or she is properly rewarded. This is achievement oriented leadership. So the design of wage incentive plans, the design of rewards systems is a part and parcel and a trait of a good leadership. Therefore, leading is very, very important. Great leaders have these other qualities. Some inborn, some designed.

We are not going to discuss more on leading. This itself is a topic that can take hours for discussion. We are only giving very briefly certain aspects of leadership quality. As I said, we shall discuss little depth in more depth rather on the function of how to motivate people whether it is leading, whether it is other aspects.

Whenever there is a group activity, whenever it is required to carry out certain functions so as to achieve the desired goal, motivating group is important. Motivating persons in a group is important. Now how is motivation, how are people motivated?

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## Motivating

Unsatisfied need will dominate the employee behaviour.

**Motivation** is defined as a drive that tries to satisfy an existing unsatisfied need.

A satisfactory need is no longer motivating.

The **ability** and **will power** of a person determines the quality and quantity of output.

***The will to do is motivation.***



Firstly, let us understand that unsatisfied need dominates the behavior of a person. That means if there is a need and that is not satisfied then any individual will be interested to fill that need and therefore he will be willing to work to see that his need is met. That is unsatisfied need being made and that influences the behavior of an individual and what is motivation? Motivation is defined as a drive that try us to satisfy an existing unsatisfied need.

So, motivation is or can be defined as the drive that a person has to try to satisfy an existing unsatisfied need. Therefore, once a need is satisfied then that is no longer motivating. So, this is the essence of motivation. A person works on the basis of 2 things. One, he is or her enact ability to do the work and the second is he is or her willingness to do the work. Ability alone will not result in the desired output. Sufficient willingness must be there to do the work.

It has been seen time and time again that persons having strong will power and less ability can achieve the results compared to persons with strong ability but less will power.

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***The will to do is motivation.***



The will to do is therefore motivation. We are trying to find out how to bring that will power, how to build that will power in an individual and that is motivation.

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## Types of Motivation

### Positive Motivation

Praise and reward for work done, Delegation of authority and assigning responsibility to subordinates, participation of subordinates in the decision-making process.

### Negative Motivation

Losing of job, fear of failure

### Extrinsic Motivation

Introduced by external factors that are financial in nature.

### Intrinsic Motivation

Stems from the feelings of achievement and accomplishment.



Motivation can be classified in many ways. One way of classifying motivation is positive or negative, the other way of classifying motivation is whether it is extrinsic or intrinsic. Let us see what is positive motivation? Positive motivation is basically rewarding a person. Praise and reward for the work done by a person that is a positive motivation. Delegate enough authority and responsibility to the individuals.

He or she will be motivated because he has the power to decide what to do and how much to do and how to do. See, if this power rests with the individual, the individual will be highly motivated to do the work. And if the individuals are part and parcel of the decision making

process if it is a participative management, participative leadership that also provides positive motivation that increases motivation for the worker.

Now, what is negative motivation? Negative motivation is basically punishing, just as a reward rewarding a person can improve his or her motivation. There are situations where some sort of a punishment can also to some extent motivate a person. Of course, there are strong views for and against the punishment really motivates an individual. But the fact remains that if there is a fear that somebody would lose job or that lose salary then that is a motivation but in a negative way, that is negative motivation.

Then we have extrinsic motivation and intrinsic motivation, another way of classifying motivation. Basically extrinsic motivation is something improving the will power increasing the will power of a person to do work because of factors that are extrinsic to him. For example, money is a great motivator for people. Similarly working conditions can be a great motivator for a person.

Air-conditioned environment, good illumination can be a great motivator. That is extrinsic motivation that comes from the environment. Then we have intrinsic motivation. Motivation that comes from within, essence of achievement, essence of accomplishment that have been able to do something that was assigned to me that I have done it with great honesty, great care lot of ability.

And it has changed the way things were happening earlier is something satisfaction that one gets by doing the work and that is accomplishment, self-realization that is intrinsic. Something that comes in the mind of a person is he or she feels satisfied that he or she has been able to do the work in the best way and that has changed the quality of life, that have changed the design of the system, that have changed the work environment. So this is intrinsic motivation.

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## Theories of Motivation

### Two types:

#### - Content theories (What motivates people?)

- Maslow's need hierarchy
- Herzberg's two-factor model

#### - Process theories (How motivation occurs?)

- Vroom's expectancy model
- Equality theory
- Goal setting theory



In this context let us talk about certain theories of motivation that have been developed in the past. The theories can be grouped under 2 types, the content theories, the process theories. Content theories basically address the question; what factors motivates people? And process theories address the question how motivation occurs? Let us spend some time in discussing these theories.

First the content theories in which we shall discuss 2 theories that are very, very important. The classic Maslow's need hierarchy theory or need hierarchy model and the second is Herzberg's 2 factor model. Maslow's need hierarchy model is the first to be discussed here and it is classically very, very important contribution to the theory of motivation.

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### Maslow's Need Hierarchy

What is it that makes people behave the way they do?

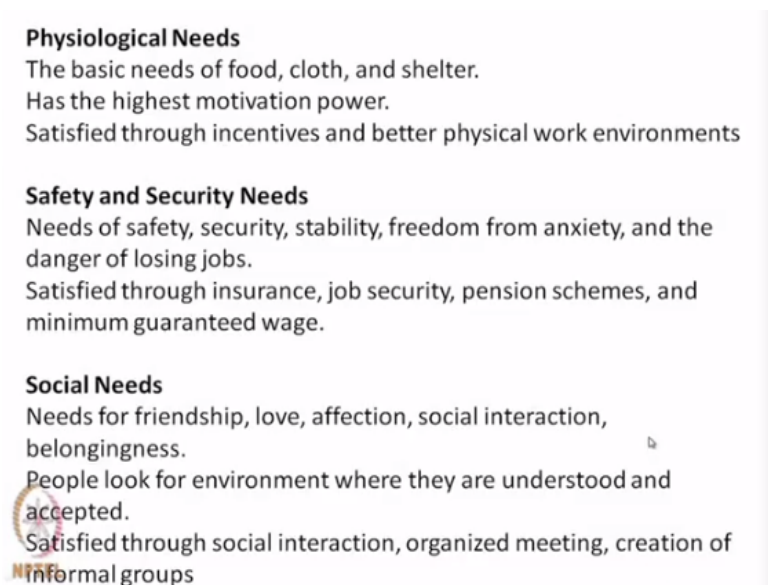


As I said all hierarchies are shown in this manner in a pyramidal structure. Here an individual's need is defined in 5 levels. The bottom level needs, the bare minimum needs of any individual are physiological needs. Food, clothing and shelter, most people would like to have these needs to satisfy. Something to eat, something to wear and somewhere to live, they are physiological needs.

Then the need of safety and security comes. Whether the place where we are staying is safe enough, the place where we are working is safe enough, whether the job is secured or not secured. These are security and safety needs. Then comes social needs. Whether my friends, my colleagues they accept me as one of them, that is the social needs. Then higher level need is the esteem needs, self-esteem. And the last is self-actualization or self-realization needs.

Maslow said that unless a lower level all the lower level needs are satisfied no way of motivation can help realize the upper level needs. That is to satisfy an upper level need all the lower level needs must be satisfied. That means the design of the motivating system must be such that first the lower level needs must be satisfied. We will elaborate on this point further now. But first in detail what these needs are.

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**Physiological Needs**  
The basic needs of food, cloth, and shelter.  
Has the highest motivation power.  
Satisfied through incentives and better physical work environments

**Safety and Security Needs**  
Needs of safety, security, stability, freedom from anxiety, and the danger of losing jobs.  
Satisfied through insurance, job security, pension schemes, and minimum guaranteed wage.

**Social Needs**  
Needs for friendship, love, affection, social interaction, belongingness.  
People look for environment where they are understood and accepted.  
Satisfied through social interaction, organized meeting, creation of informal groups

Psychological needs, sorry this is this should be physiological needs not psychological, sorry. Physiological needs are basic needs of food, clothes and shelter. It has the highest motivating power and this can be satisfied through good wages, incentives and better physical work environments. Then the next need, next higher level need is safety and security needs. Needs

of safety, security, stability, freedom from anxiety, danger of losing jobs and how are they satisfied?

They are satisfied through insurance, job security, pension schemes and minimum guaranteed wage. Each of them will be able to satisfy some of the safety and security needs. Physiological needs through good wage incentives and better physical work environment. The still higher level needs are the social needs. There need for friendship, love, affection, social interaction, feeling of belongingness.

People look for environment where they are understood and accepted. And these needs are satisfied through social interaction, organized meeting, creation of informal groups and look at these whereas physiological and safety and security needs. They are satisfied by the design of job, design of work environment and design of wage and incentive structures.

The social needs require involving the individuals in various group meetings, social interaction and involving them in the decision making process and so on and so forth. That gives a feeling that he is socially also accepted. Esteem need, an urge for achievement, prestige, status and power. Self-respect is internal recognition. This is intrinsic, whereas respect from others is external recognition.

This can be satisfied how if a person is given the task of designing, challenging work. If his contributions are recognized, if he is involved in decision making process, if he is sponsored for higher level trainings, workshops, seminars and symposium then the individual will start feeling that he is respected for his ability, for his achievement by the management. So that is self-respect. That increases self-esteem or self-respect.

And that is a great motivator for many people. And lastly the self-actualization need. This is the need for getting assignment of challenging responsibilities, new product design, managing a new division or a new department, creativity and opportunities for personnel growth and achievement. So, these constitute the self-actualization need. And how they can be satisfied?

They can be satisfied by giving the autonomy of shaping jobs how he himself would do the job he will decide. Having given the full freedom of expression and being able to create


design new way of doing things, new things and new ways of doing things, that improves the self-actualization. That satisfies the self-actualization need of a person.

And the Maslow's need hierarchy says that first the lower level needs have to be satisfied before the motivating schemes have to be designed for satisfying the higher level needs.

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## HERZBERG'S TWO-FACTOR THEORY

What is it about the job that a person likes?  
What is it about the job that a person dislikes?

Factors related to job satisfaction (Motivational Factors)	Factors related to job dissatisfaction (Hygiene or Maintenance Factors)
<ul style="list-style-type: none"><li>• The job itself</li><li>• Recognition</li><li>• Achievement</li><li>• Responsibility</li><li>• Growth and Achievement</li></ul>	<ul style="list-style-type: none"><li>• Wages, salaries, and other benefits</li><li>• Company policies</li><li>• Working conditions and job security</li><li>• Interpersonal relations</li></ul>
	They avoid damage to efficiency and morale, but do not encourage growth.

Now, look at Herzberg's 2-Factor theory. Now here basically 2 questions where Herzberg's asked or tried to answer through a questionnaire survey. What is it about the job that an individual like? And what it is? What is it about the job that a person dislikes? Now here he came up with 2 sets of answers. The factors related to job satisfaction that answers the first question and factors that are related to job dissatisfaction that answers the second question.

First question he calls them motivational factors. And the second question he calls hygiene or maintenance factors. Now, first thing the motivational factor is the job itself. The job itself must be satisfaction to the person. Recognition of the person that he is attached to the job, his achievement must be understood and respected. He should have the responsibility of delivering the job and there must be enough potential for growth in the job if the person continues to do the job himself for a long time.

Now, these are motivational factors. But there are hygienic or maintenance factors like wages and salaries and benefits, working conditions, interpersonal relations. They are required to maintain the interest of the worker in the job. Basically these are helpful in satisfying the

lower order needs in the Maslow's need hierarchy. But true motivation comes not from money not from working conditions.

Yes, they are motivators but they only satisfy the basic needs. The 3 lower levels need in the Maslow's need hierarchy. But the real motivation would come in the motivational factors. The job must be properly designed, must have creativity inbuilt in it and then his achievements must be recognized. He should be able to give his contribution to the product and the process and his growth must be ensured.

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#### **Vroom's Expectancy Model**

Hard work → Better performance → Reward → Motivation

#### **Equality Theory**

Fair and equitable treatment by management → Motivation

#### **Goal-Setting Theory**

Employee participation in setting goal, objectives and in planning

↓  
Motivation



Now in addition to these 2 important content theory based models there are process theory based models, the Vroom's Expectancy model, Equality theory and Goal-Setting theory. Vroom's model is that if you do hard work then performance would be good and there must be a reward for this performance. Then only the person will be motivated and he will put or continued to put hard work. So, this I have not shown but this is understood.

So, work if done well leads to better performance and that must be rewarded. Equality theory says that there has to be a fair and equitable treatment by the management. The management must be very consistent in dealing with giving rewards or punishments to the people for doing or not doing the work assigned to them. And this must be consistently followed. That is fair and equitable treatment and that leads to motivating people to do work.

Yet another theory is that if employees participate in setting goals, objectives and in planning then it also motivates people to do work. Now, there are different theories of motivation and

the basic Maslow's need hierarchy continues to stand tall among them because it says any reward scheme must first of all look at the lower level needs of an individual, the physiological needs, the security needs and the social needs.

If they are satisfied and they can be satisfied mostly through work environments, design of better work environment, paying good incentives schemes and things of that type. But more importantly the employees must be part and parcel of the decision making process with regard to the design of the product, with regard to the design of the process and then he must have enough opportunities for showing the creativity or his creativity in the product or process design.

And that helps an individual to gain self-respect or satisfy the need for self-respect and also feel fully satisfied in terms of self-actualization.

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#### **Learning**

Main condition for motivation: Employee must enjoy doing the work.

Job satisfaction leads to higher productivity.

Job dissatisfaction leads to high absenteeism, high turnover, employee unrest, and quality and schedule problems.

Management must provide both good work conditions and good wage and salary structure, and involve employees in decision making.

Two further ways:



(1) Job enlargement and (2) Job enrichment

Then the main learning from these motivation theories are like this that main condition for motivation is employees must enjoy doing the work. Job satisfaction leads to higher productivity. Job dissatisfaction leads to high absenteeism, high turnover, employee unrest, quality and schedule problems. Management therefore must provide both good working conditions and good wage and salary structures and involve employees in decision making.

In this context, we can discuss 2 other approaches for motivation. One is job enlargement and the other is job enrichment. Job enlargement is a process in which a person is assigned more

than one task. When a person does the same task again and again he gets tired, loses interest does not find any avenue for injecting creativity.

So, sometimes what is done more work is assigned to the person so that he is not tired, he is not bored doing the same work over and over again. He does something else, so he switches from one task to another from one job to another. This is job enlargement. It is often seen that job enlargement helps a person to improve his productivity. However, there are opponents of this view.

They feel that instead of enlarging the scope of a person's activities in terms of giving more job it is better if he is her job content is enriched. Meaning that not only the person knows what to do the person decides what to do. The person decides how to do the job. The person decides whom to engage into in the job. If these freedoms are autonomy or power is given to an individual to do the job the same job, only one job not enlarging it.

But the decision making process involved in the design of the product and the process for the job is done by him then that is job enrichment. It has been seen the job enrichment is a very very important motivating factor in industries.

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## Communicating

Means by which people are linked together.

**The communication process:** Source, Encoding, Channel, Decode, Feedback

**Types of communication:** Oral, Written, Non-Verbal

**Forms of communication:** Downward, Upward, Horizontal, Network

**Communication problems:** Noise, Bias, Semantic disturbance, Scarce information, Information overload



Next we talk about communicating, is the means by which people are linked together. And usually when we talk about communicating, we talk about communication process and here we normally go into theory of communication that says that there is a source who sends the

communication and there is a final sink the receiver of the communication. The center is the source and the receiver receives the communication.

But how is this communication sent? First of all, what is communicated is encoded. It could be a signal, it could be a written document, it could be a computer mail, it could be a telephonic conversation. So, first of all there is an encoding of the message and then it goes through a channel. The channel could be a mail through a telecom model email device, it could be a postal device, it could be by locker, it could be by a person.

So, there is a channel and then it is decoded. Decoded is understanding what is written and then finally the receiver looks at it. Now, these are the various elements in a communication process. Let us understand that there are different problems associated in the communication process. One is in noise component that invariably comes. Something is put in a document and the document some letters are missing or the document is stolen and not available.

The whole document is not received by the receiver. In fact, while encoding also there can be problem. Suppose that a table of figures or numerical figures are to be put in we can always make mistakes and that is an error. It goes through the channel gets received. The receiver does not understand it.

Of course, finally there is another problem when the receiver receives the document he is unable to understand what the message says the semantic problem. He does not understand what was intended in the first place by the center to be conveyed to him in the form of a message. This is the semantic problem associated with communication.

Thus there are noise problems and there are semantic problems and also at the time of encoding there is a problem that the true message is not properly encoded. So, these are also true not for electronic communication messages but also in organizations. And proper means proper redundancy must be designed shows that the semantic problems, the noise problems, the unintentional encoding problems are not there.

When I say redundancy it means that a document may go and at the same time the telephonic messages may also go to the person. This is the redundant flow of communication but it helps in improving the reliability of the communication process. Types of communication could be



oral, could be written, or non-verbal. Non-verbal communication is gaining importance in social systems.

The postures, a person who is angry looks different. A person who is not satisfied looks different. So, the very look can make a lot of meaning to persons before him and there are similar such non-verbal communicating devices, non-verbal devices. Forms of communication, normally communications flow from top to bottom in the form of plans being written down and sent to plans and schedules are sent to the bottom level managers and to the workers.

Instructions, guidelines, procedures, steps, so they are all passed down vertically downwards. But at the same time there is a vertically upward flow of communication as well in the form of reports, appraisal reports, progress reports, implementation reports they all flow upwards. Exception reports they all flow upwards for the top management to get to know what is being done because there are shortfalls, variance reports and similar such things.

Then horizontal flow, as I told you there are functional divisions of work between marketing and production. So, there are also flows of marketing people say I need this many quantities of products at the end of December. This information is passed on to the production department. Production department passes an information about how much raw materials to procure to the purchase department.

Purchase department buys it and the revenue requirement, I am sorry the cash requirement is decided by the finance department. So, you can see that there is a horizontal flow of information as well. And lastly there is a network relationship or communication in which one department head can give copies to other department's people also not necessarily only his own people top or bottom his own subordinates or superiors not just to other functional managers to others as well.

This is network communication. I have already discussed about communication problems. 2 more things that I would like to talk about here is the scarcity in information and information overload. As you know decisions are taken on the basis of information. If information is scarce good decisions may not be taken.

At the same time if one is overloaded with lot of information then also a person receiving that information may not be able to know which information is important and which is not. And therefore, taking a good decision is not always expected from a person who is having lot of information than what he requires.

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## Coordinating

Orderly management of group function.

Collective effort and synchronization of effort

### Methods

Grouping of similar activities, Committees Staff meetings, Conferences, Plans and programmes, Effective communication, Resolving conflicts.



Lastly, we talk about coordination or coordinating. Coordinating is basically the orderly management of a group function. It both requires collective effort and synchronization of effort. Basically, the directing function requires writing down what is to be done and then somebody to supervise, lead, motivate and finally to ensure that the activities done by the group members are done in a coherent fashion in a synchronized fashion as per schedule so that this job is fully done.

For that it is required that people meet together in group meetings, in seminars both formal and informal meetings and with the help of these formal and informal group meetings it is possible to see that the work being done by members of the group are done in a coherent and synchronized fashion.

So, friends we have taken 4 hours or rather 5 hours to talk about the basic principles of management and the functions of management, the generic functions of management. Now what we intend to do in our next classes is to go into the detailed functional management systems. To start with we shall take the case of product management and then we will talk about various other functional managements like manufacturing, marketing and so on and so forth. Thank you for today.