

Unit 3: Leading, Directing and Controlling

Meaning

Directing means to guide & supervise the sub ordinate.

DIRECTING is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals.

S. P. Robbins

Directing involves guiding, motivating, and leading employees toward the achievement of organizational goals.

1. Features of directing

Feature	One-Line Explanation
Managerial Function	Directing is an important function performed by managers to guide employees.
Essential at All Levels	Directing is required at every level of management to achieve organizational goals.
Direct Supervision	Direct supervision helps managers guide, monitor, and support employees in their work.
Continuous Process	Directing continues throughout the functioning of an organization.
Flows from Top to Bottom	Instructions and guidance generally flow from higher management to lower levels.
Involves Human Element	Directing deals with motivating, leading, communicating with, and influencing people.

2. Principles of Directing

Principle	One-Line Explanation
Maximum Individual Contribution	Directing should encourage employees to give their best contribution to organizational goals.
Harmony of Objectives	Individual goals of employees should be aligned with the objectives of the organization.
Unity of Command	An employee should receive orders and instructions from only one superior.
Direct Supervision	Managers should directly guide, supervise, and support employees whenever required.
Effective Communication	Clear and timely communication should be maintained between managers and employees.
Appropriate Leadership	Managers should use a suitable leadership style to guide and influence employees.
Effective Motivation	Employees should be motivated through suitable financial and non-financial incentives.
Follow-up	Managers should regularly check whether instructions are properly understood and implemented.

3. Leadership Theory

Leadership Theory	Simple Meaning
1. Trait Theory	A good leader has certain special qualities or traits , such as confidence, honesty, intelligence, and courage.
2. Behavioral Theory	Leadership is about what a leader does , not just what qualities they have. Good leadership can be learned by practicing good behaviors.
3. Contingency Theory	There is no single best way to lead . A leader should change their style depending on the situation .
4. Participative Theory	A leader involves other people in making decisions and listens to their ideas.
5. Charismatic Theory	A charismatic leader has a strong personality and ability to inspire people . People feel excited and motivated when they are around the leader.
6. Transformational Theory	A transformational leader inspires people to improve, grow, and achieve something bigger .
7. Level-5 Leadership	A Level-5 leader is humble but very determined . They give credit to others when things go well but take responsibility when things go wrong.

1. Trait Theory of Leadership

Meaning

The **Trait Theory** states that effective leaders possess certain **personal qualities or traits** that help them influence and guide others. These traits may include intelligence, confidence, determination, integrity, social skills and communication ability.

Important Traits

1. **Intelligence** – Ability to understand situations and solve problems.
2. **Self-Confidence** – Belief in one's own ability and decisions.
3. **Determination** – Strong commitment to achieve goals.
4. **Integrity** – Honesty, ethics and trustworthiness.
5. **Social Skills** – Ability to maintain good relationships with others.
6. **Communication Skills** – Ability to clearly communicate ideas and instructions.

Advantages

- Identifies important qualities required for leadership.
- Helps in selecting and developing potential leaders.
- Highlights the importance of personal characteristics.

Limitations

- Not every person with these traits becomes an effective leader.
- The theory gives less importance to training and experience.
- It does not adequately consider situational factors.

In One Line

Trait Theory says that effective leadership depends on important personal qualities possessed by the leader.

2. Behavioural Theory of Leadership

Meaning

The **Behavioural Theory** focuses on **what leaders do rather than what qualities they possess**. It suggests that effective leadership behaviour can be **learned and developed through training and practice**.

Main Leadership Styles

Style	Meaning
-------	---------

Style	Meaning
Autocratic Leadership	The leader makes decisions independently and gives instructions to employees.
Democratic Leadership	The leader involves employees in decision-making and encourages participation.
Laissez-faire Leadership	Employees are given considerable freedom to make decisions, while the leader provides guidance when required.

Advantages

- Leadership behaviour can be learned and developed.
- Provides practical guidance for improving leadership.
- Helps managers understand different leadership styles.

Limitations

- Does not give sufficient importance to situational factors.
- The same leadership behaviour may not work in every situation.
- Effective leadership may require continuous learning and practice.

In One Line

Behavioural Theory says that leadership effectiveness depends on the behaviour and actions of the leader.

3. Contingency Theory of Leadership

Meaning

The **Contingency Theory** states that there is **no single best leadership style for every situation**. A leader should understand the situation and select a leadership style that is appropriate for that particular situation.

For example, a manager may use an **autocratic style during an emergency** but use a **participative style when employees' ideas are required**.

Main Idea

Situation → Select Suitable Leadership Style → Effective Leadership

Advantages

1. **Flexible Approach** – Leadership style can be changed according to the situation.
2. **Practical and Realistic** – Recognizes that different situations require different approaches.

3. **Considers Multiple Factors** – Takes employees, tasks and organizational situations into consideration.

Limitations

1. **Difficult to Apply** – It can be difficult to identify the most suitable style.
2. **Difficult Decision-Making** – Choosing the right style for a particular situation can be challenging.
3. **Requires Experience** – Effective application requires good judgment and managerial experience.

In One Line

Contingency Theory says that the best leadership style depends on the situation.

Note: Trait Theory, Behavioural Theory, Participative Leadership, Charismatic Leadership, Transformational Leadership and Level 5 Leadership are different approaches/theories; they are not all "types of contingency theory."

4. Participative Leadership Theory

Meaning

Participative Leadership involves employees in the **decision-making process**. The leader encourages team members to share their ideas, opinions and suggestions before making important decisions.

Example

A college principal may consult teachers before introducing a new examination or academic policy.

Advantages

1. **Better Decision-Making** – Different ideas and viewpoints improve decisions.
2. **Higher Employee Satisfaction** – Employees feel valued and involved.
3. **Better Teamwork and Motivation** – Participation creates cooperation and commitment.

Limitations

1. **Time-Consuming** – Consulting many employees can delay decisions.
2. **Not Suitable for Emergencies** – Quick decisions may be required in urgent situations.
3. **Coordination Problems** – Managing different opinions can be difficult.

In One Line

Participative Leadership means involving employees in decision-making.

5. Charismatic Leadership Theory

Meaning

The **Charismatic Leadership Theory** suggests that leaders influence followers through their **personality, vision, confidence, communication and ability to inspire others**.

A charismatic leader creates enthusiasm and encourages followers to work toward organizational goals.

Advantages

1. **Creates Strong Motivation** – Inspires employees to perform better.
2. **Helps Achieve Objectives** – Builds enthusiasm toward organizational goals.
3. **Useful in Difficult Situations** – Can inspire people during periods of crisis or major change.

Limitations

1. **Overdependence on the Leader** – Employees may become highly dependent on the leader.
2. **Other Skills May Be Ignored** – Personality alone does not guarantee effective management.
3. **Long-Term Risk** – The leadership approach may become less effective if the leader leaves or loses influence.

In One Line

Charismatic Leadership influences people through the leader's personality, vision and ability to inspire.

6. Transformational Leadership Theory

Meaning

Transformational Leadership focuses on **vision, innovation, growth and change**.

Transformational leaders inspire and motivate employees to achieve higher levels of performance and help the organization adapt to change.

Main Features

- Creates a clear vision.
- Encourages innovation.
- Motivates employees.
- Supports organizational change.

- Develops employees and future leaders.

Advantages

1. **Promotes Innovation and Change** – Encourages new ideas and improvements.
2. **Improves Morale and Teamwork** – Creates enthusiasm and commitment.
3. **Develops Future Leaders** – Encourages employees to develop leadership abilities.

Limitations

1. **Requires Strong Vision** – The leader must have a clear and meaningful vision.
2. **May Not Suit Routine Activities** – It is particularly focused on change and improvement.
3. **Time and Resources** – Transformation may require considerable time, effort and resources.

In One Line

Transformational Leadership motivates people to achieve higher performance and bring positive organizational change.

7. Level 5 Leadership

Meaning

Level 5 Leadership, developed by **Jim Collins**, represents a high level of leadership in which a leader combines **personal humility with strong professional determination**.

Such leaders focus on the **long-term success of the organization rather than personal fame or recognition**. They give credit to their team for success and accept responsibility when things go wrong.

Main Characteristics

Characteristic	Meaning
Humility	The leader does not seek unnecessary personal recognition.
Professional Will	Strong determination to achieve organizational goals.
Long-Term Focus	Concentrates on sustainable organizational success.
Team Credit	Gives credit to employees and team members for success.
Responsibility	Accepts responsibility for failures and problems.

Advantages

1. **Supports Long-Term Success** – Focuses on sustainable organizational performance.
2. **Develops Future Leaders** – Builds leadership capacity within the organization.
3. **Builds Strong Teams** – Encourages teamwork and shared responsibility.

Limitations

1. **Difficult to Find** – Leaders with the required combination of humility and determination may be uncommon.
2. **Results May Take Time** – Building sustainable success is generally a long-term process.

4. Control Process

Control is a function of management which helps to check errors in order to take corrective actions. ... Control in management includes setting standards, measuring actual performance and taking corrective action In decision making.

No.	Step	One-Line Explanation
1	Establishment of Control Standards	Standards are set to define the expected level of performance.
	Physical Standards	Standards measured in terms of quantity or quality, such as units produced or product quality.
	Cost Standards	Standards fixed for different costs such as labour, materials and advertising.
	Capital Standards	Standards related to fixed capital, working capital, assets and liabilities.
	Income Standards	Standards related to expected sales income, such as total sales or regional sales.
	Intangible Standards	Standards related to non-measurable qualities such as honesty, loyalty and employee morale.
2	Measurement of Actual Performance	Actual performance is measured by collecting information about work completed.

No.	Step	One-Line Explanation
	Written Report	Regular written reports provide information about actual performance.
	Oral Report	Employees verbally communicate their work progress to their superiors.
	Personal Observation	Managers personally observe employees and their work to assess performance.
3	Comparison of Actual & Standard Performance	Actual performance is compared with the predetermined standards to identify deviations.
	Management by Exception	Managers focus mainly on significant deviations from the standards instead of checking every activity.
4	Taking Corrective Measures	Corrective action is taken when actual performance does not meet the required standards.

5. Methods of Controlling

The following are important **modern methods of controlling** used by organizations to maintain quality, improve performance and achieve organizational objectives.

1. Total Quality Management (TQM) (Used by TOYOTA Company)

TQM is a management approach that focuses on **continuous improvement in the quality of products, services and processes**. It involves all employees in improving quality and satisfying customers.

Key points:

- Focuses on **customer satisfaction**.
- Involves **all employees**.
- Emphasizes continuous improvement.
- Aims to prevent defects rather than correct them later.

Example: A company regularly collects customer feedback and improves its products based on the feedback.

2. Kaizen (Used by TOYOTA Company)

Kaizen is a Japanese concept meaning “**continuous improvement.**” It involves making **small and regular improvements** in work processes, quality and productivity.

Key points:

- Focuses on **small, continuous improvements.**
- Involves employees at different levels.
- Reduces waste and unnecessary activities.
- Improves productivity and efficiency.

Example: Employees suggest small changes in the production process to reduce the time required to manufacture a product.

3. Six Sigma (Used by MOTOROLA Company)

Six Sigma is a **data-driven quality-control method** used to reduce defects, errors and variation in business processes. It aims to improve process performance and customer satisfaction. “**Six Sigma aims at approximately 3.4 defects per million opportunities (DPMO), corresponding to about 99.99966% defect-free output.**”

Key points:

- Based on **data and statistical analysis.**
- Reduces defects and errors.
- Improves process quality.
- Uses the **DMAIC** approach: Define, Measure, Analyze, Improve and Control.

Example: A manufacturing company analyzes production data to identify and reduce defects in its products.

4. Benchmarking (Used by XEROX Company)

Benchmarking is the process of **comparing an organization's performance, processes or practices with those of leading organizations** to identify areas for improvement.

Key points:

- Involves comparison with **best-performing organizations**.
- Identifies performance gaps.
- Helps adopt **best practices**.
- Improves efficiency and competitiveness.

Example: A bank compares its customer-service waiting time with the best-performing bank and adopts better practices.

5. Responsibility Accounting (Used by HUL Company)

Responsibility Accounting is a system of accounting in which **managers are held responsible for the financial performance of the areas or departments under their control**.

Key points:

- Divides the organization into **responsibility centres**.
- Assigns responsibility to managers.
- Compares **actual performance with planned or budgeted performance**.
- Helps identify deviations and take corrective action.

Example: A production manager is responsible for controlling the production department's costs and is evaluated against the approved budget.

List of Common advantages and Limitation for above all the methods**Advantages**

Point	
Quality	Improves the quality of products, services and processes.
Efficiency	Increases efficiency by reducing waste, errors and unnecessary activities.
Cost	Helps reduce costs and control unnecessary expenses.
Customer	Improves customer satisfaction through better quality and service.
Decisions	Provides useful information for better managerial decision-making.

Point	
Goals	Helps the organization achieve its objectives effectively.

Limitation

Point	
Costly	Implementation may require high costs for technology, training and systems.
Time	Collecting data and implementing control measures can be time-consuming.
Skills	These methods require trained and skilled employees for effective implementation.
Resistance	Employees may resist changes in systems, procedures or performance standards.
Small Organizations	Some methods may be difficult or expensive for small organizations to adopt.
Monitoring	Continuous monitoring is required to maintain effective control.