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Formative Assessment

1: Introduction To  
Business Management  
(HBMN102-1)

1.1. According to Maslow, the needs are organized into a hierarchical structure, with each level building upon the previous one. The hierarchy consists of five different levels in descending order which are physiological needs, safety needs, love and belongingness needs, esteem needs and lastly self-actualization.

Firstly, physiological needs which are at the base of the hierarchy. These are our physiological needs such as food, water, shelter, sleep, and other basic necessities required for basic human survival. These basic requirements must be met first before any other higher-level need can become important.

Secondly, after all physiological requirements are satisfied, we can focus on ensuring our safety and security. This includes physical safety, emotional security and financial stability. People are encouraged to work harder in order to create and have a safe environment in which they can reside in.

Thirdly, after achieving a sense of safety comes the need for social connections which is love and belongingness. An individual craves acceptance, friendship and intimacy within relationships like family or community groups because they provide necessary emotional support.

Fourthly, Esteem Needs. Once individuals feel loved and accepted by others around them at different levels, their attention leans to gaining recognition from society through achievements or status symbols for example awards or promotions at work. Esteem boosts self-confidence which leads towards personal development & success.

Lastly, Self-Actualization. The last level is self-actualization where individuals do their best to reach their full potential by pursuing goals which go hand in hand with their values & interests, achieving personal growth through creativity or by contributing to society.

In terms of the Importance of Maslow's Hierarchy of Needs in a business.

Maslow's hierarchy of needs is not only relevant for businesses in understanding customer behaviour but also for comprehending the needs and motivations of their own employees.

In terms of Physiological Needs, employees need basic necessities such as fair wages, comfortable working conditions, access to food and water, and adequate break time. Addressing these physiological needs makes it sure that employees are physically capable of performing their duties effectively.

In terms of Safety Needs, an employer must provide job security, a safe working environment with proper safety measures in place and health benefits which creates a sense of security among employees. This shows trust within the organization and allows them to focus on their tasks without worrying about personal safety concerns.

In terms of Social Needs, a person has an inherent need for social connection and belongingness. Encouraging teamwork, building positive relationships between colleagues through team activities helps to satisfy this social aspect at work.

In terms of Esteem Needs, an employer needs to recognise an employees' achievements by rewarding them or promoting them which contributes to satisfy esteem needs by increasing self-confidence and providing a sense of achievement among individuals.

In terms of Self-Actualization, an employer must support opportunities for personal growth and development which allows employees to reach their full potential professionally while going hand in hand with their individual aspirations.

1.2. Physiological Needs - At this level, the business must ensure that employees have access to basic physiological necessities like fair wages, comfortable workspaces, and appropriate facilities. Providing regular breaks and access to food and water is essential for maintaining employee well-being. Neglecting these needs may lead to decreased productivity or even health issues among employees.

Safety Needs - To address safety needs, the business should focus on creating a safe working environment both physically and psychologically. This can involve

implementing security measures such as cameras or access control systems in the office premises.

**Social Needs** - The social aspect within the organization plays an important role in fulfilling this need level. Encouraging teamwork through collaborative projects or cross-functional teams fosters positive relationships between colleagues while promoting a sense of belongingness within the workplace culture.

**Esteem Needs** - Recognition and appreciation are crucial at this level for boosting employee morale and self-esteem within the organization. Recognizing achievements through rewards, promotions, or public acknowledgment contributes to fulfilling esteem needs among employees - motivating them to perform better in their roles.

**Self-Actualization** - Providing opportunities for personal growth and development is key at this highest level of Maslow's hierarchy of needs in a business context.

Offering training programs, mentorship opportunities, or career advancement paths enables employees to reach their full potential professionally while aligning with their individual aspirations.

By understanding and taking a closer look at these needs, the business can create a positive work environment which promotes employee satisfaction, engagement, productivity, and overall success.

2.1. The role of a manager in an organization is highly valuable and plays a crucial part in its overall success. Managers serve as the connection between the upper levels of leadership and baseline employees. They effectively coordinate and oversee multiple aspects of operations.

**Leadership and Direction** - Managers provide clear direction and instruction, set goals and communicate organizational objectives to their teams. They play a pivotal role in guiding employees towards achieving these objectives by providing guidance, support and making strategic decisions.

**Planning and Decision Making** - Managers are responsible for planning activities such as resource allocation, budgeting, setting targets and developing strategies to achieve organizational goals. They analyse data from different sources to make informative decisions that align with the company's vision and goals.

**Team Management** - Effective managers build strong teams by hiring the right talent, assigning tasks based on skills, working together with team members and promoting teamwork through effective communication channels. They also make sure that individual strengths are utilized effectively while addressing any problems or performance issues within the team.

**Performance Management** - Managers monitor employee performance regularly through feedback sessions, reviews and evaluations. They identify areas for improvement and create training programs accordingly and recognize achievements. This leads to increased work productivity, employee motivation and professional development among employees.

**Communication** - Managers act as the connection between upper management and frontline staff. They oversee effective communication throughout the organization by delivering important information, instructions along with rules and changes. Managers also encourage open dialogue, listening to issues or concerns and addressing questions from employees, resulting in better communication and upliftment of employees.

**Employee Development** - Great managers invest time in nurturing their employees' growth. By identifying individual strengths and weaknesses they create opportunities for skill enhancement and career advancement. Through mentorship, guidance and

training programs they help develop future leaders within the organization. Fostering a learning culture encourages employee engagement and satisfaction while retaining talented individuals long-term.

**Problem Solving** - Managers are responsible for fixing any issues that arise within their teams of employees or across departments. Managers analyse problems, find root causes and come up with solutions. Managers oversee proper problem-solving by promoting creativity, advanced thinking and teamwork amongst employees.

2.2. The first fundamental level of managerial activities is known as Planning. Planning involves setting organizational goals, determining the actions required to achieve those goals, and developing strategies to accomplish them effectively.

Managers must establish clear and measurable objectives that align with the organization's mission and vision. These goals provide direction and purpose for employees.

Once goals are set, managers identify specific actions or steps necessary to accomplish them. This involves analysing available resources, evaluating potential risks or obstacles, and identifying tasks that need to be completed. Managers develop strategies based on the identified actions needed to reach the desired goals.

During planning, managers assess resource requirements such as financial capital, human resources and technology. They allocate these resources according to priority and availability to ensure smooth execution of planned activities.

Planning involves establishing timelines or schedules for completing various tasks within specified deadlines. Managers create realistic timelines considering dependencies, budgetary constraints and market dynamics. Effective planning includes identifying potential risks and devising contingency plans. Planning requires coordination among different departments, functional teams or individuals. Managers collaborate with stakeholders, seek input and align efforts by encouraging communication and cross-functional cooperation.

3.1. Centralizing Procurement is a procedure where you have one unit handling procurement for all departments. This means combining the responsibility of procuring goods and services into a single team or department, rather than each department managing its own procurement.

Centralizing procurement allows for order and streamlining of procedures which ensures consistent practice across the organization. It eliminates the repeat of efforts, reduces redundancies and betters efficiency as a whole. By combining purchasing power and leveraging economies of scale, centralizing procurement can lead to cost savings. A centralized approach enables the development of stronger relationships with key suppliers as they deal directly with a single point of contact within the organization. Having one unit responsible for all procurements increases control over spending decisions while ensuring compliance with company rules or laws. Centralized procurement provides an opportunity to adopt a strategic approach by aligning purchases with organizational goals.

In terms of disadvantages, employees who are accustomed to managing their own departmental purchases may not want to shift towards centralization. Effective communication between departments and the centralized procurement unit is essential. Frequent collaboration, supportive technology platforms and clear communication channels are needed to ensure that relevant information is shared promptly, business needs are understood and procurement decisions align with departmental needs. Procurement for different departments may require domain-specific knowledge or expertise. Centralization can sometimes introduce a system, which may slow down decision-making processes or hinder responsiveness to urgent departmental requirements since employees will not be used to it. There is a risk that any issues or mistakes by the central team could impact multiple departments simultaneously.

3.2. In a decentralized procurement process, each department has its own purchasing methods, leading to no consistency in the current system in place. This lack of standardization can result in inefficiency, confusion among employees, and difficulty in tracking purchases or monitoring compliance. When each department manages its own procurement, it often leads to fragmented purchasing power. Departments may not have sufficient leverage with suppliers due to smaller order quantities or infrequent purchases. With multiple departments independently managing their procurements, there is a higher chance of duplication as similar goods or services may be purchased separately across different departments which can lead to valuable time wasted. The decentralized approach makes it challenging for management to have an accurate overview of organization-wide spending patterns, vendor relationships and potential risks. Without centralized data collection or supervision, it becomes difficult to analyse expenditure, negotiate better deals, enforce compatibility with organizational policies or identify areas for improvement. Decentralized procurement may limit the organization's ability to implement strategic sourcing initiatives. Lastly, with each department managing its own procurement activities, collaboration opportunities between departments are often missed.

4. The management model that aligns with the philosophy of improving all aspects of operations together as a unit is known as Total Quality Management. It is a comprehensive approach to organizational management that aims to continuously improve quality, efficiency, and customer satisfaction. It emphasizes the involvement of all employees in the improvement process.

It places utmost importance on understanding and meeting customer needs and expectations. Organizations adopting this philosophy strive to deliver products or services that consistently meet or exceed customer requirements. It also involves receiving a lot of customer experience and feedback.

Continuous improvement is at the core of Total Quality Control. Organizations following this philosophy believe there is always room for improvement. The focus lies on identifying inefficiencies, obstructions and defects and implementing ways for incremental improvements through methods. This influences everyone to work together to overall better the company or organisation.



This philosophy also recognizes that employee involvement and empowerment are important for achieving quality improvements. Employees are encouraged to include themselves, make suggestions and own their work. They receive proper training and guidance, tools that support them and platforms for teamwork. It also values employees when the company allows them to make decisions which improves their mood which results in better efficiency overall.

A fundamental aspect of this is also about focusing on processes rather than individual tasks. Organizations adopt a system like approach by mapping out processes, identifying issues, finding wasted efforts or non-value-added activities which helps to streamline workflows.

This philosophy also emphasizes the importance of using data and facts to drive decision-making. Organizations collect, analyse and interpret relevant data to gain insights into areas for improvement. They use statistics, quality control charts and other measurement techniques to monitor performance and make informed decisions based on objective results.

Total Quality Management also recognizes the impact and significance of strong relationships with suppliers. Companies adopting this method work closely with their suppliers, establishing mutually beneficial partnerships which can benefit the company and the supplier.

Leadership commitment is important when using this method. Leaders act as role models by demonstrating a genuine commitment to continuous improvement. They communicate the vision, set clear objectives and provide necessary resources and support.