

# 1. Maslow's Hierarchy of Needs Theory

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. This theory is a classical depiction of human motivation. This theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies. These five needs are as follows-

1. **Physiological needs-** These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.
2. **Safety needs-** Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.
3. **Social needs-** Social needs include the need for love, affection, care, belongingness, and friendship.
4. **Esteem needs-** Esteem needs are of two types: internal esteem needs (self- respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).
5. **Self-actualization need-** This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social- service, creativity and being aesthetic. The self- actualization needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing.

According to Maslow, individuals are motivated by unsatisfied needs.

As each of these needs is significantly satisfied, it drives and forces the next need to emerge.

Maslow grouped the five needs into two categories - **Higher-order needs** and **Lower-order needs**. The physiological and the safety needs constituted the lower-order needs. These lower-order needs are mainly satisfied externally.

The social, esteem, and self-actualization needs constituted the higher-order needs. These higher-order needs are generally satisfied internally, i.e., within an individual. Thus, we can conclude that during boom period, the employees lower-order needs are significantly met.



**Maslow's Need Hierarchy Model**

**FIGURE:**

## Implications of Maslow's Hierarchy of Needs Theory for Managers

- ✓ As far as the physiological needs are concerned, the managers should give employees appropriate salaries to purchase the basic necessities of life. Breaks and eating opportunities should be given to employees.
- ✓ As far as the safety needs are concerned, the managers should provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain them.
- ✓ As far as social needs are concerned, the management should encourage teamwork and organize social events.
- ✓ As far as esteem needs are concerned, the managers can appreciate and reward employees on accomplishing and exceeding their targets. The management can give the deserved employee higher job rank / position in the organization.

As far as self-actualization needs are concerned, the managers can give the employees challenging jobs in which the employees' skills and competencies are fully utilized. Moreover, growth opportunities can be given to them so that they can reach the peak.

The managers must identify the need level at which the employee is existing and then those needs can be utilized as push for motivation.

## Limitations of Maslow's Theory

- It is essential to note that not all employees are governed by same set of needs. Different individuals may be driven by different needs at same point of time. It is always the **most powerful unsatisfied need that motivates an individual**.
- The theory is not empirically supported.
- The theory is not applicable in case of starving artist as even if the artist's basic needs are not satisfied, he will still strive for recognition and achievement.

## **2. Theory X and Theory Y**

In **1960, Douglas McGregor** formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals (employees):

1. one of which is negative, called as Theory X and
2. the other is positive, so called as Theory Y

According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

### **Assumptions of Theory X**

- An average employee intrinsically does not like work and tries to escape it whenever possible.
- Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style.
- Many employees rank job security on top, and they have little or no aspiration/ ambition.
- Employees generally dislike responsibilities.
- Employees resist change.
- An average employee needs formal direction

### **Assumptions of Theory Y**

- Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.
- Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.
- If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.
- An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility.
- The employees have skills and capabilities. Their logical capabilities should be fully utilized. In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

Thus, we can say that Theory X presents a pessimistic view of employees' nature and behaviour at work, while Theory Y presents an optimistic view of the employees' nature and behaviour at work. If correlate it with Maslow's theory, we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory Y is based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees.

**McGregor views Theory Y to be more valid and reasonable than Theory X.** Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process.

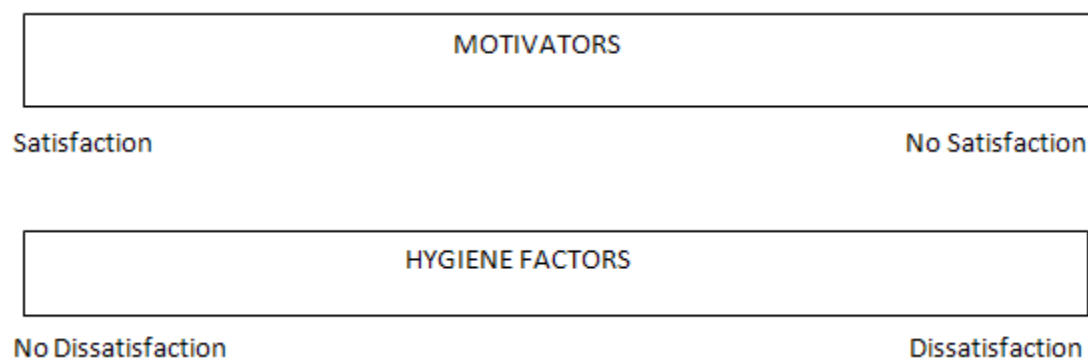
## Implications of Theory X and Theory Y

- Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.
- Many organizations are using Theory Y techniques. Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to organizational well-being.

Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization. Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

## 3. Herzberg's Two-Factor Theory of Motivation

In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction".



**FIGURE: Herzberg's view of satisfaction and dissatisfaction**

Herzberg classified these job factors into two categories-

- Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied.

These factors are extrinsic to work. Hygiene factors are also called as **dissatisfiers or maintenance factors** as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

- Pay - The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.
- Company Policies and administrative policies - The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
- Fringe benefits - The employees should be offered health care plans (mediclaime), benefits for the family members, employee help programmes, etc.
- Physical Working conditions - The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
- Status - The employees' status within the organization should be familiar and retained.
- Interpersonal relations - The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
- Job Security - The organization must provide job security to the employees.

a. **Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

- Recognition - The employees should be praised and recognized for their accomplishments by the managers.
- Sense of achievement - The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
- Growth and promotional opportunities - There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
- Responsibility - The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.
- Meaningfulness of the work - The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

#### **4. Theory z - William Ouchi**

First things first - Theory Z is not a McGregor idea and as such is not McGregor's extension of his XY theory. Ouchi's theory focuses on increasing employee loyalty to the company by providing a job for life and focusing on the employee's well-being.

Theory Z was developed by not by McGregor, but by William Ouchi, in his book 1981 'Theory Z: How American management can Meet the Japanese Challenge'. William Ouchi is professor of management at UCLA, Los Angeles, and a board member of several large US organisations.

Professor Ouchi spent years researching Japanese companies and examining American companies using the Theory Z management styles . By the 1980s, Japan was known for the highest productivity anywhere in the world, while America's productivity had fallen drastically. The word "Wa" in Japanese can be applied to Theory Z because they both deal with promoting partnerships and group work.

The word "Wa" means a perfect circle or harmony, which influences Japanese society to always come to a solution via teamwork. Promoting Theory Z and the Japanese word "Wa" is how the Japanese economy became so powerful. Because the Japanese show a high level enthusiasm to work, some of the researchers also claim that the "Z" in the Theory Z stands for "Zeal. "

Theory Z essentially advocates a combination of all that's best about theory Y and modern Japanese management and places a large amount of freedom and trust with workers, and assumes that workers have a strong loyalty and interest in team-working and the organization.

Theory Z also places more reliance on the attitude and responsibilities of the workers, whereas McGregor's XY theory is mainly focused on management and motivation from the manager's and organisation's perspective. There is no doubt that Ouchi's Theory Z model offers excellent ideas, albeit it lacking the simple elegance of McGregor's model, which let's face it, thousands of organisations and managers around the world have still yet to embrace. For this reason, Theory Z may for some be like trying to manage the kitchen at the Ritz before mastering the ability to cook a decent fried breakfast.

For Ouchi, Theory Z focused on increasing employee loyalty to the company by providing a job for life with a strong focus on the well-being of the employee, both on and off the job. According to Ouchi, Theory Z management tends to promote:

1. Stable employment
2. High productivity
3. High employee morale and satisfaction

The secret to Japanese success, according to Ouchi, is not technology, but a special way of managing people. "This is a managing style that focuses on a strong company philosophy, a distinct corporate culture, long-range staff development, and consensus decision-making" (Ouchi, 1981). Ouchi claims that the results show:

1. Lower turnover
2. Increased job commitment
3. Dramatically higher productivity

William Ouchi doesn't say that the Japanese culture for business is necessarily the best strategy for the American companies. Instead, he takes Japanese business techniques and adapts them to the American corporate environment.

One of the most important pieces of this theory is that management must have a high degree of confidence in its workers in order for this type of participative management to work. This theory assumes that workers will be participating in the decisions of the company to a great degree.

Ouchi explains that the employees must be very knowledgeable about the various issues of the company, as well as possess the competence to make those decisions. He also points out, however, that management sometimes has a tendency to underestimate the ability of the workers to effectively contribute to the decision-making process (Bittel, 1989). For this reason, Theory Z stresses the need for the workers to become generalists, rather than specialists, and to increase their knowledge of the company and its processes through job rotations and constant training.

Promotions tend to be slower in this type of setting, as workers are given a much longer opportunity to receive training and more time to learn the ins and outs of the company's operations.

The desire, under this theory, is to develop a work force, which has more loyalty toward staying with the company for an entire career. It is expected that once employees do rise to a position of high-level management, they will know a great deal more about the company and how it operates, and will be able to use Theory Z management theories effectively on the newer employees.