

# **Application of the Maslow's hierarchy of need theory; impacts and implications on organizational culture, human resource and employee's performance**

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**ABSTRACT:** *Coherent group of tested general propositions, commonly regarded as correct, that can be used as principles of explanation and prediction for a class of phenomena is referred to as theory, it is extremely difficult to empirically test Maslow's hierarchy needs in a way that causal relationships can be established. Several studies and books have argued that Personal opinion is always prone to bias, which reduces the validity of any data obtained. Therefore Maslow's operational definition of hierarchy of needs must not be blindly accepted as scientific fact because it is mostly irrelevant in certain organizations and part of the world, may be simply because of the difficulties in the application of the theory. Contrary to the above assertion, the review suggests and recommends the relevancy of the hierarchy of needs theory in business organizations today, the review explores the relevance of the theory on organizational culture, human resource management and employee's performance and its application towards achieving results in the attainment of organizational goals and objectives.*

**Keywords:** *hierarchy of needs theory, organizational culture, HRM and Employee's performance*

## **I. INTRODUCTION**

Maslow's hierarchy of needs is a theory in psychology anticipated by Abraham Maslow in his 1943 paper "A Theory of Human Motivation". Maslow consequently extended the idea to include his observations of humans' innate curiosity, over the years researchers and authors have tended to criticize the theory as being irrelevant in most part of the world for it is western in nature. Contrary to such assertion, Maslow's hierarchy of needs theory remains relevant in every sector of our business today as it best analyzes below.

Maslow's hierarchy of needs where the lower order needs (physiological and safety needs) may be linked to organizational culture. Every new organization passes through this lower order stage in which they struggle with their basic survival needs.

At the third level of the Maslow's hierarchy, social needs would correspond to the formation of organized roles within the organization into distinct units, depicting the human resource management function which resonates according to the tone set by organizational culture. The positive interaction of organizational culture and human resource management would result in self-esteem and self-actualization. This is manifested through the employees' performance which showcases the strength and reliability of their organization in the face of competitors. It also implies that the organization through its employees has excelled and met their objectives, mission and vision statement, i.e. a stage that can be considered parallel to self-actualization.

### **1.1 ORGANIZATIONAL CULTURE**

Organizational culture has proven to be very elusive because of the lack of a single definition that is generally accepted by all organizational culture literatures. One of the issues involving culture is that it is defined both in terms of its causes and effects (Shili, 2008).

Organizational culture is a complex network of values and norms that guides an individual's behaviors. It involves a set of beliefs, values, assumptions and experience that are acquired through learning, socializing and sharing by members of social unit such as people in the organization (Rousseau, 1990)

Almost all the definitions of culture emphasize the organizational assumptions developed, nurtured and mentored consciously or unconsciously over organization's life cycle; these include experiences, norms, values, philosophy and rituals that hold the organization together; its portrait, self-image, inner workings, interaction with the outside environment where some of the values are kept in written form while others are unwritten but yet adhered to strictly (Schein, 1984).

The culture of an organization is sometimes dynamic in nature, particularly after doing effective strength and weakness analysis, out of which can be eliminated and advantages retained and strengthened (Shumen, 2009). A valid organizational culture is called corporate culture (Shumen, 2009). Schein (1984)

argues that we can describe "how" a group constructs its environment and which behavior patterns are discernible among the way it does its things. It is clear that organizational culture is a process that the organizational founders, top management and employees learn, socialize and adopt over time (Schein, 1984). It selects the best culture that suits the organization's objectives and that can be easily be accepted by wider environment (Robbins & Judge, 2009). Organizational culture is the normative glue that holds an organization together (Tichy, Fombrun & Devanna, 1982). Support by Schein (1990), in a more comprehensive fashion, argued that culture, as values and behaviors that are believed to lead to success and are thus taught to new members. Forehand and Gilmer (1964) suggest that culture is the set of characteristics that describe an organization and distinguish it from others.

Alvesson and Berg (1992) state that, organizational culture is a management tool that helps in work rationalization and efficiency thinking: an attempt to develop control mechanisms that are not based on compulsion or on direction. Parker (2000) argues that workers strive to get to command themselves or each other. The manager's task is considered to be the creation of a culture and its manipulation. The power of cultural theories is seen particularly in fields in which direct control and guidance mechanisms are difficult or impossible to maintain (Parker, 2000). Collins (1998) sums up the matter by stating that cultures are historically developed, socially maintained and individually interpreted. Every culture, however, has an in-built propensity to merge behavior, which happens by creating common norms and a shared social identity; such absolute behavior within a given organization is called corporate culture (Collins, 1998).

### **1.2 Human Resource Management**

Human resource management is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics (Storey, 1992). Aimed at developing people through work (Bratton & Gold, 2001), human resource management includes administrative activities that are associated with planning, recruitment, selection, orientation, training, appraisal motivation and remuneration (Storey, 1992). Robbins and Judge (2009) sum up human resource management by five key concepts: motivating, disciplining, managing conflict, staffing and training. Similarly, Storey (1992) describes the five functional areas of human resource management as staffing, rewards, employee development, employee maintenance and employee relations.

In addition, human resource management may be viewed as a distinctive approach to employment management which seeks to achieve competitive advantage through strategy deployment of a highly committed and capable workforce (Storey, 1992) using an integrated array of cultural, structural and personal techniques (Senyucel, 2009). Likewise, Armstrong (1995) proposes human resource management as a strategic and rational approach to managing of organization's most valued assets, the employees who contribute to the achievement of their goals and objectives. In summary, human resource management involves all management decisions that influence the relationship between the organization and its employees (Gregory, Harris, Armenakis & Shook, 2009).

### **1.3 Employee's Performance**

Employee's performance is an issue that has received wide attention in literature and research due to its importance since every organization aims to achieve higher performance (Ojo, 2009). For clarity, the two concepts, employees and performance, will be defined separately as follows to ensure common understanding.

(a) Employees are people who are hired, working on the basis of part time or full time under an employment arrangement, whether it is in written or oral expression. It also includes agreement on the remuneration and the kind of duties expected of the employee within a time frame (Shumen, 2009).

(b) Performance is the achievement of a set of assigned tasks that are anchored to time, with a result indicator that will measure the accomplishment level of the task assigned, which can be measured only when a performance standard has been put in place (Shumen, 2009). Performances are activities that ensure goals are consistently being met in an effective and efficient manner (Cardy & Selvarajan, 2004; McNamara 2005).

Employee's performance refers to the observable behaviors and actions which explain *how* a job is done, plus the results that are expected for satisfactory job performance (McNamara, 2005). To achieve or encourage higher performance from employees, the following criteria should be considered (Cardy & Selvarajan, 2004). .

**II. PROPOSED MODEL OF ORGANIZATIONAL CULTURE, HRM AND EMPLOYEE'S PERFORMANCE**

**Figure1. Model of Organizational Culture, HRM and Employee's Performance**



**Source: Summary of Author's approach (2013)**

**Figure 1.** is a model of organizational culture, HRM and employee's performance, the model is a researcher's proposed model from the literature approach by scholars that well articulated culture will result to good HRM practice and positive employee's performance whereas poorly articulated culture will result to poor HRM practice and poor employee's performance (Schein, 1984; Storey, 1990; Ojo, 2009). These can translated in relation to the hierarchy of needs theory where the stages in the pyramid of hierarchy when followed will produces good results in the three important variables mention above (organizational culture, human resource management and employee's performance and where the contrary is done it will result to poorly outcomes.

**2.1 THEORY OF THE HIERARCHY OF NEEDS**

Abraham Harold Maslow proposed a theory that outlined five hierarchical needs which could also be applied to an organization and its employees' performance (Gordon, 1965). According to Maslow's theory, one does not feel the second need until the demands of the first have been satisfied or the third until the second has been satisfied, and so on. Figure 2, illustrates Maslow's hierarchy of needs.

Figure 2. Hierarchy of needs



**Source: Maslow (1954)**

The different levels of needs on Maslow's hierarchy are discussed as follows:

**(i) Physiological needs**

These are biological needs which consist of the need for oxygen, food, water, and a relatively constant body temperature. They are the strongest needs because if a person were deprived of all needs, it is these physiological ones that would come first in the person's search for satisfaction.

**(ii) Safety needs**

When all physiological needs are met and are no longer controlling thoughts and behaviors, the needs for security can become active. While adults have little awareness of their security needs except in times of emergency or periods of disorganization in the social structure (such as widespread rioting), children often display the signs of insecurity and the need to be safe.

**(iii) Needs for love, affection and belongingness**

When the needs for safety and for physiological well-being are satisfied, the next class of needs for love, affection and belongingness can emerge. Maslow states that people seek to overcome feelings of loneliness and alienation. This involves both giving and receiving love, affection and the sense of belonging.

**(iv) Needs for esteem**

When the first three classes of needs are satisfied, the needs for esteem can become dominant. These involve needs for both self-esteem and for the esteem a person gets from others. Humans have a need for a stable, firmly based, high level of self-respect, and respect from others. When these needs are satisfied, the person feels self-confident and valuable as a person in the world. When these needs are frustrated, the person feels inferior, weak, helpless and worthless.

**(v) Needs for self-actualization**

When all of the foregoing needs are satisfied, then and only then are the needs for self-actualization activated. Maslow describes self-actualization as a person's need to be and do that which the person was "born to do." "A musician must make music, an artist must paint, and a poet must write." These needs make themselves felt in signs of restlessness. The person feels on edge, tense, lacking something, in short, restless. If a person is hungry, unsafe, not loved or accepted, or lacking self-esteem, it is very easy to know what the person is restless about. However, it is not always clear what a person wants when there is a need for self-actualization.

The aforementioned theory may be applied to the roles of organizational cultural and human resource management in improving employee's performance despite some criticism or limitations of the theory. While some research has shown support for Maslow's theory, others have not been able to substantiate the idea of a needs hierarchy that is considered to be influenced by Western culture, and thus cannot apply to all scenarios (Richard, 2000).

### **III. IMPACTS AND IMPLICATION OF HIERARCHY OF NEEDS THEORY ON ORGANIZATIONAL CULTURE**

The hierarchy of needs theory is relevant to this study as the theory is applicable to organizational orientation and employee motivation (Greenberg & Baron, 2003). They further argue that the theory is able to suggest how managers can lead their employees or subordinates to become self-actualized. The idea implies the dual role of the theory first to organizations and second to employees on the basis that both the organization and the employees must decide on the performance of their organization, and that when employees put in their best in the service of the organization, the culture and human resource practice should also ensure that the employees' level of needs are reflected in the values the organization holds with high esteem (Greenberg & Baron, 2003).

The cultural framework of the organization should reflect the fact that employees' physiological and security needs are paramount; therefore, when such needs became culturally focused, performance will be improved tremendously in that organization (Maslow, 1954). This argument implies a reversed effect that if the need is not culturally focused on, the performance standard will not be met.

As employees yearn for social needs, it is the role of organizational culture to create the values and norms that human resource practice will focus on when planning for the smooth running of the organization, with employee relationship being one of the key areas that human resource must strengthen (Storey, 1992). Culture and human resource management practice should help employees attain their self-esteem and self-actualization needs. When employees discover that their organization cares so much about their developmental status, employees will offer their best to the service of the organization.

### **3.1 IMPACTS AND IMPLICATION OF HIERARCHY OF NEEDS THEORY ON HUMAN RESOURCE MANAGEMENT**

Human resources management are considered to be very important in organizations, theories about how to motivate people to perform more efficiently and effectively are discussed extensively in research areas. One of the basic theories is Maslow's Hierarchy of needs

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Safety needs. A safe working environment should be provided, for example, in dangerous industries like construction industry, company should provide helmets to protect employees from potential dangers, warning boards should be conspicuous at extremely dangerous sites. As financial security is also a kind of safety needs, organizations should pay employees fairly and ensure them stable career.

Social needs. Create an environment of team spirits, generate a feeling of acceptance and belonging by organizing company parties or company culture trainings. For those who are dispatched to other places, either within national boundaries or abroad, offer them enough time to reunite with their families.

Esteem needs. Leaders should recognize employees' achievement, either by financial means or spiritual means. Organizations should set specific awards for achieving certain goals and tasks. The awards should not only be financial motivations but also mental motivations like praises. Organizations should also make promotions based on achievements rather than seniority and provide status to make employees feel valued and appreciated.

Self-actualization needs. Leaders who can satisfy employees' self-actualization needs are the most effective leaders. This enables organizations to fully utilize employees' ability and potentials, in which way enhance the overall productivity and effectiveness of the business. Organizations can offer challenging and meaningful assignments to encourage and explore employees' creativity and innovation ability to maximum extent.

Besides, Maslow (1970) added "needs to know and understand" to the existing five level of needs. The implications for this are obvious; organization should offer both pre-work training and on-job training.

### **3.3 IMPACTS AND IMPLICATION OF HIERARCHY OF NEEDS THEORY ON EMPLOYEES PERFORMANCE**

Organization benefits can also play a large role in an employee's satisfaction and performance. Some organizations offer bonuses or extra benefits to certain employees who make the effort to improve their performance. This can include tuition performance or allocations to attend specialized conferences. These sorts of ancillary benefits can stimulate an employee to take on new opportunities to improve themselves and, as a result, improve his or her performance in their current position. It can also set his or her career path in a better direction, for future growth and promotion (McNamara, 2005).

The method a organization chooses for performance reviews and evaluations can have the biggest effect on employee performance. Organizations that fail to review their employee's performance or recognize a job well done may soon find disgruntled employees. Furthermore, organizations that stringently monitor employee work without providing employees the opportunity to provide feedback may also result in non-motivated employees (Cardy & Selvarajan, 2004).

The performance reviews to keep employees motivated and performing well include periodic, regular, honest and objective feedback to the employee (Collins 1998, and Cooper,1998). However, the organization should also have some mechanisms in place for the employee to give feedback about ways the organization could also improve itself and make itself a better place to work. Allowing open communication in both directions will keep the employees more satisfied with their performance review and happier with their compensation level in relation to their work.

#### IV. RECOMMENDATIONS

Based on the review, the following are recommendations for the stakeholders of organizations concerned.

**(a) Create a unique culture.**

Each organization should work towards creating its own unique culture instead of copying another organization's culture through the right application of the hierarchy of needs theory as propounded by Maslow, the right cultural elements must be selected, blended and fine-tuned over time to fulfill the unique requirements of one's organization this entails the first stage in the hierarchy pyramid .

**(b) Link organizational culture to HRM practice**

Some leaders extol a certain culture, but yet when it comes to incentives, employees who practice the extolled culture are not recognized for their efforts, simply because the organization's HRM function does not have a system in place. Instead, organizations should consciously map key cultural elements to their HRM function to motivate employees to partake in the culture that the management has endorsed. This may be achieved by customizing an existing HR system in the market which depicts the social needs.

**(c) Ensure that organizational culture aims to enhance employees' performance.**

It is pointless to practice a certain culture for the sake of an obsolete tradition that serves no benefit. Whatever cultural element the management decides to introduce, it needs to keep this important aim in mind. Sometimes though, cultural practices are not formally introduced by the management but instead, a certain culture may have informally developed among the staff over time. Whatever its origin, any culture that is not beneficial to employees' performance should be promptly discouraged, with the management offering advice on healthier suggestions or alternative which can leads to self esteem needs.

**(d) Leaders must adequately mentor their staff on organizational culture.**

For organizations that are already getting their managers or leaders to mentor subordinates, they should also ensure that the managers or leaders deal specifically with organizational culture, and mentor their staff according to the intentions of certain cultural practices especially those that the staff find hard to comprehend or appreciate..

**(e) Align reward and recognition consistently with individual contribution.**

The management must clearly lay out a proper system of rewards, recognition and other benefits coherently. Otherwise, the system might backfire – any perceived inconsistency of the system will de-motivate the staff instead.

**(f) Ensure equity in the distribution of rewards and that rewards meet the expectations of employees.**

The management must have an efficient delivery system of rewards. Tracking the fulfillment of rewards is important so as not to marginalize any employee.

#### V. CONCLUSION

Abraham Maslow's hierarchy of needs theory is still important and relevant in today's business organizations, for every organization that seek to obtain success and excellence, any attempt to shy away from practical application of the hierarchy of needs theory, will affect negatively the organizational culture, human resource management and the employee's performance, to achieve organizational excellence and create good atmosphere, better work environment and achieve target at the right time then a drive and application of the theory is paramount.

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