

THE APPLICATION OF MASLOW'S HIEARCHY OF NEEDS TO THE ENTREPRENEUR'S MOTIVATION – THE EXAMPLE FROM REGION PARDUBICE

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Abstract: *The article is focused on the Maslow's hierarchy of needs and its application to the entrepreneur's reality. Firstly the terms such as entrepreneur and entrepreneurship are explained and it is examined which character traits differ from the regular managers and employees. Furthermore the Maslow's hierarchy of needs are explained. The main aim of the contribution is to show the different importance of needs for entrepreneurs. The research was made on the entrepreneurs whom operate in the Pardubice region and have 9 employees at maximum. The results show that the self-esteem is more important for the entrepreneurs than the recognition. Therefore one of the main conditions of Maslow's hierarchy of needs doesn't apply. It is also concluded that money related motivation factors are very strong among the entrepreneurs, however majority of the respondents refused to sacrifice their time with family to obtain higher financial income. Interestingly, the satisfaction with the decision to become an entrepreneur is not high.*

Keywords: *Maslow's hierarchy of needs, Entrepreneurs, Motivation, Human relations theory.*

JEL Classification: *M12.*

Introduction

The motivation is an age-old issue of theory of management. Pouchová gives the definition of motivation as human behaviour “affected by specific, not always conscious or recognized inner driver forces – incentives, motives”. [9] Therefore for the manager “the relationship between motivation and long term work performance is crucial”. [9]

Teturová & Myšková (2010) state that work motivation currently means an important issue for most of the companies. Every individual has different needs and goals that are trying to be addressed. [11]

The article is focused on the examination of the Maslow's theory of motivation and its application to the entrepreneurs.

1 Theoretical Background

1.1 Description of the entrepreneur

The word entrepreneurs came from the French language which means “an organizer”. [1] The entrepreneurship can be defined as “an attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills

to mobilize human, financial and material resources necessary to bring a project to fruition”[5]

According to the theory entrepreneurs tend to have different character traits than managers or employees. The main character traits are:

- 1) Opportunistic trait
- 2) Innovative trait
- 3) Self-confident trait
- 4) Proactive and self-motivated trait
- 5) Visionary with flair
- 6) Willingness to take greater risks and live with even greater uncertainty.

[2]

Burns (2008) explains that entrepreneurs’ “drive and determination comes from being highly self-motivated, amounting almost to an irresistible urge to succeed in their economic goals”. The entrepreneurs tend to have much stronger inner need for an achievement than regular managers. Being entrepreneur means to have “lonely affair, without anyone to motivate and encourage you”. Therefore self-motivation and determination is boundary between success and failure. [2]

One of the solutions for keeping the determination comes from enjoyment. Entrepreneurs are doing what they enjoy, not because they are forced to. Therefore one of the main motivator is self-actualization. [2]

1.2 Human relations theory

Before the human relations theory the managers were convinced that social and psychological environment don’t have any influence on productivity outcomes.

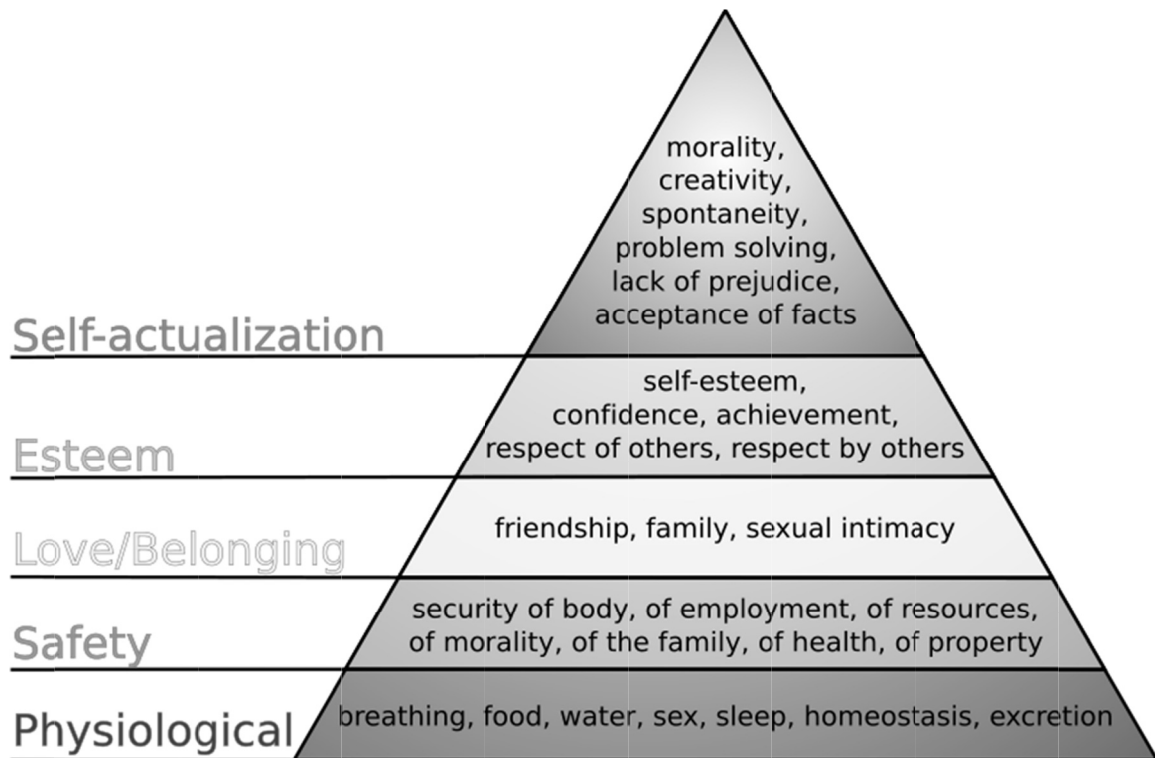
The very beginning of human relations theory lies in Hawthorne Studies which was conducted in 1920s and 1930s at Hawthorne works of the Western Electric Company. [8]. The experiment was based on the examination of the human factor in organizations. The main character of the studies was Elton Mayo. The outcome suggested that the productivity is determined not only by material stimulus but also by psychological and social factors. [8]

Despite of the fact that the researchers from the Hawthorne Studies were mostly criticized, the era of the Human relations theory had begun. The main representatives of the Human relations theory were Alton Mayo, Abraham Maslow, Douglas McGregor, Frederick Herzberg and others.

1.2.1 Maslow’s Hierarchy of Needs Theory

The psychologist Maslow created the early theory of motivation [10]. He assumed that the main motivation of people is to satisfy various needs which can be sorted in hierarchy of importance [4]. According to Maslow there are five need levels (Figure 1). [7]

Fig. 1: The Maslow's hierarchy of needs represented by a pyramid



Source: [8]

The physiological needs are represented by needs for things like food, sex, shelter, air and other. The physiological needs represent the essential issues and biological function. [10] According to Griffin in the company, physiological needs are represented by adequate wages and work environment (restrooms, lighting or ventilation) [4]

The safety needs are based on the needs of safety and security – the safety from physical and emotional suffering. In the organizational view, the safety needs are represented by job continuity, grievance system and adequate insurance and retirement packages. Recently according to the situation on the labour market, the safety needs are getting the importance again. [4]

The belongingness needs are related to the social interaction. This includes the needs for love, relationship, friendship, family etc. As the parallel to the organization the team awareness and acceptance are the important part of the management. Also the manager should be sensitive when the employee has family issues. [4]

The esteem needs are the next step in the Maslow's hierarchy of needs. These include the need for self-esteem, confidence, achievement or respect from others. In the organization the esteem needs are represented by job title, spacious offices and rewards. [4]

The self-actualization needs are at the top of the pyramid. They have needs for realizing one's potential and for the personal development. These needs are the most difficult to address by the manager. The examples how to address the self-actualization needs are giving the employee a chance to participate on company's decision making and the opportunity for personal development. [4]

The different levels of Maslow's hierarchy of needs are in this order for the purpose. Individual (employee) is not motivated by the higher needs until he has satisfied the lower needs. Therefore individuals tend to fulfil the needs from the bottom of the hierarchy of needs.

Despite of broad acceptance by managers the Maslow's hierarchy of needs haven't been confirmed by any research. [10]

Koontz (1998) argues that Maslow's hierarchy of needs was examined by many researches. For instance Edward Lawler and J. Lloyd Shuttle gathered the data from 187 managers but the results don't match the hierarchy of needs. The conclusion of this study states that there are only two levels of needs - biological and others. Individuals have to satisfy their biological needs to be motivated by other needs. The other research made by Douglas T. Hall and Khail Nougaim don't prove the hierarchy of needs as well. [6]

The many other theories have emerged as the response to the Maslow's hierarchy of needs (for instance the ERG theory or the Herzberg's Two factor theory). The Herzberg Two factor theory divides the Maslow's hierarchy of needs to the two main factors – motivator and hygienic factors. [6]

2 Methods

The internet questionnaire was used for the purpose of the research. The respondents were defined as entrepreneur running company with 10 employees at maximum. From the total amount of 100 entrepreneurs asked, 24 replied. Thus the respond rate is 24%.

The results of the questionnaire were analyzed by statistical software package Statistica 10.

3 Problem solving

The main focus of the research is on the examination of the top of the Maslow's hierarchy of needs – esteem and self-actualization needs. The aim of the research is to examine these two needs from the view of individual entrepreneurs.

The questions in the questionnaire for respondents were designed for choosing on the scale between 1 to 10 where 1 is the worst possibility and 10 the best.

Tab. 1: Esteem and self-actualization needs of entrepreneurs

	Are you satisfied with the decision to become an entrepreneur?	Do you think that you have been recognized in your job?	Do you think that the recognition from the others can motivate you for better performance?	Do you think that you have been self-actualized in your job?	Do you think that you are motivated by the vision of self-actualization?
Arithmetic average	6.31	6.72	7.77	8.13	8.45
Coefficient of variation	42.96	26.82	22.43	23.16	19.9

Source: Author

The results show that the average satisfaction with decision to become an entrepreneur is low. On the other hand the coefficient of variation is 42% therefore the results vary significantly. The recognition in the job is lower than self-actualization. The coefficient of variation is at similar level. The motivation based on vision of recognition is lower than the vision of self-actualization. The averages differ significantly. Moreover in the case of vision of self-actualization the coefficient of variation is relatively low therefore the most of the respondents agree that the self-actualization is important motivator for their job.

The next analysis (Table 2) is focused on the correlation of the satisfaction with the decision to become an entrepreneur and esteem and self-actualization needs.

Tab. 2: The relationship analysis

	Do you think that you have been recognized in your job?	Do you think that the recognition from the others can motivate you for better performance?	Do you think that you have been self-actualized in your job?	Do you think that you are motivated by the vision of self-actualization?
Satisfaction with the decision of being entrepreneur	-0.22	0.18	0.25	0.08
Satisfaction with the financial income	0.13	0.13	0.56	0.13

Source: Author

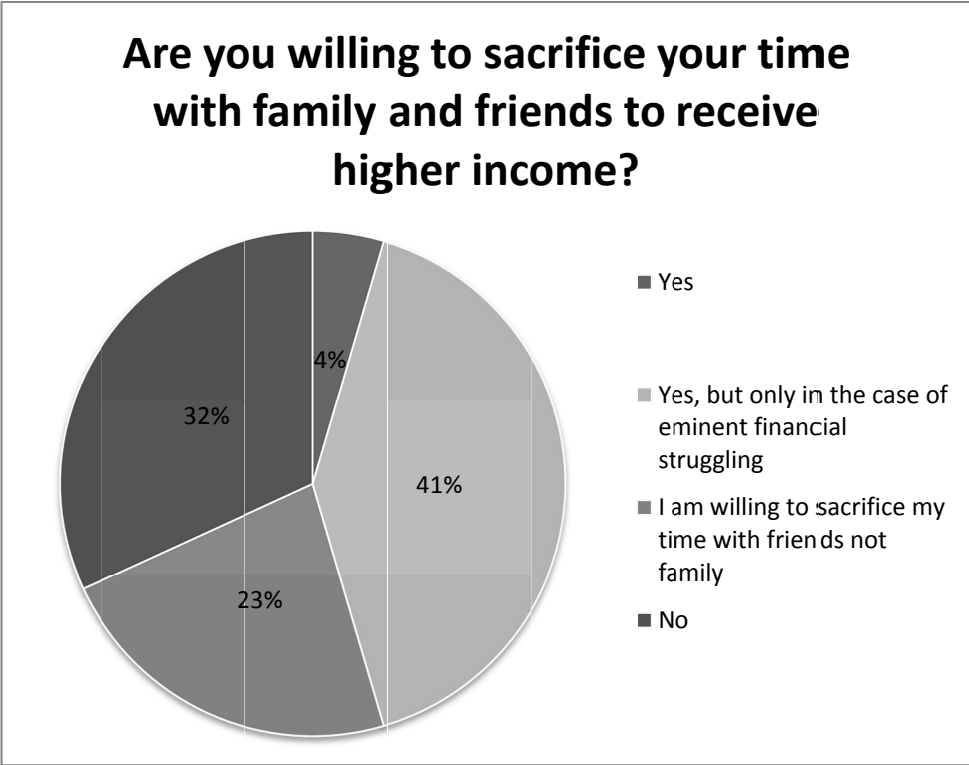
For the correlation analysis it was used the Spearman's rank correlation coefficient on significance of $\alpha = 0.05$.

The outcomes from relationship analysis give the ambiguous results. Mostly there haven't been found any correlation. The only significant, but weak correlation was found in the case of satisfaction with the income and the level of self-actualization in the job. Therefore it could be stated that when entrepreneur is satisfied with his income he tends to be also satisfied with his self-actualization.

In the next question, the respondents were asked what motivate them the most to achieve higher performance. This question was designed as open question, but mainly the answers were that entrepreneurs are motivated by money-related factors (43%).

The next part of the questionnaire was focused on the importance of financial income to the respondent. The Figure 2 shows the results where it is possible to see that 41% of respondents are willing to sacrifice the time with family and friends only in case of eminent financial struggling. 32% of respondents are not willing to sacrifice their time with family and friends at all. High portion of respondents are willing to sacrifice their time with friends but not a family (23%) and only 4% of respondents are willing to sacrifice time with family and friends to receive higher income. The results show that most of the respondents are valuing their time with family more than any rise of income. Therefore the motivator of money is not unconditional.

Fig. 2: The importance of financial income to the respondent



Source: Author

4 Discussion

The Maslow's theory of motivation has strict order of hierarchy of needs. However the entrepreneurs are different from the regular employees. Entrepreneurs have to work with no one to motivate them. Therefore they have to be strongly self-motivated and determined to pursuit their goals.

The research shows that entrepreneurs in Pardubice region are more motivated by a vision of self-actualization even when they don't have satisfied their esteem needs. This is in contradiction with the Maslow's hierarchy of needs. It could be caused by diverse character traits than in case of ordinary employees.

The other interesting result is that entrepreneurs are mostly highly motivated by financial factors however majority of the respondents refused to sacrifice the time with the family to obtain higher financial income.

Conclusion

The human relations theory emerged when Mayo published the outcomes from the Hawthorne Studies. The most spread theory was made by Maslow and it is focused on the hierarchy of needs. The purpose of this article is to show the application of Maslow's hierarchy of needs to entrepreneur reality.

The Maslow's hierarchy of needs divides needs into five levels. The individual can be motivated by higher level of needs just after he satisfies the lower levels. However the research shows that in the case of entrepreneurs this condition does not apply. The entrepreneurs are highly motivated by vision of self-actualization, but in the same time they don't satisfy their esteem needs. One of the possible reasons is that entrepreneurs tend to have different character traits than ordinary employees. Burns (2007) emphasises the different approach to the self-motivation and the importance of self-actualization in the entrepreneurship.

Therefore the results are more close to the study made by Edward Lawler and J. Lloyd Shuttle which argue that the higher needs don't have such strict hierarchy of motivation.

The research also shows that entrepreneurs are highly motivated by financial factors. However majority of the respondents refused to sacrifice the time with the family to obtain higher financial income.

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