

**ATTITUDES, EMOTIONS AND ETHICS/MOTIVATION AT WORK**

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**Abstract**

Organizational Culture has a significant effect on how employees view their organizational responsibilities and commitment. Leaders affect their subordinates both directly through the organization's culture. This paper also outlines the gender pay gap and how this gap is impacting their economic, social and personal life.

This paper examines specific employee behaviors associated with leadership and how they moderate and mediate effects of organizational culture and commitment. This paper presents a model of organization aimed to understand the elements of formal and informal structures on the organization's performance. Effective communication with people of different cultures is especially challenging. Cultural awareness shapes how business firms behave in cross-culturally reflected international markets. Ethical issues have become important to leadership and management practice as a result of many well-known cases of failure by organizations and individuals to observe and maintain ethical standards. For each of the 5 needs in Maslow's motivational hierarchy (physiological, safety-security, belongingness, esteem, and self-actualization), operational definitions were developed from Maslow's theory of motivation.

The study of organizational behavior includes areas of research dedicated to improving job performance, increasing job satisfaction, promoting innovation, and encouraging leadership. Each has its own recommended actions, such as reorganizing groups, modifying compensation structures, or changing methods of performance evaluation.

The study of organizational behavior has its roots in the late 1920s, when the Western Electric Company launched a now-famous series of studies of the behavior of workers at its Hawthorne Works plant in Cicero, Illinois.

### **Focus of Organizational Behavior Study**

The leaders of the Hawthorne study had a couple of radical notions. They thought they could use the techniques of scientific observation to increase an employee's amount and quality of work. And, they did not look at workers as interchangeable resources. Workers, they thought, were unique in terms of their psychology and potential fit within a company.

Over the following years, the concept of organizational behavior widened. Beginning with World War II, researchers began focusing on logistics and management science. Studies by the Carnegie School of Home Economics in the 1950s and 1960s solidified these rationalist approaches to decision-making.

Today, those and other studies have evolved into modern theories of business structure and decision-making.

The new frontiers of organizational behavior are the cultural components of organizations, such as how race, class, and gender roles affect group building and productivity.

These studies take into account the ways in which identity and background inform decision-making.

Organizational behavior focuses on three key areas-

- a. Individual level- this about an employee, involving his performance, job satisfaction, trust, job fit, burnout, leadership behavior, personality, emotional intelligence, attitude, etc.
- b. Team/group level- this focuses on teams in an organization, involving team performance, favoritism in team, leader behavior and bias, workplace bullying, etc.
- c. Organizational level- this is about the organization, involving organizational culture, organizational identity, organizational performance, competitive advantage, etc

The goal here is to observe and modulate the above factors to achieve both individual and organizational success. This is done by reducing employee turnover/ attrition and burnout while working on improving employee job satisfaction.

In 2019, women earn 79 cents for every dollar earned by men. This figure is representative of the uncontrolled — or “raw” gender pay gap, which looks at the median salary for all men and women regardless of job type or worker seniority. Pay Eq

Uity Women are almost half of the workforce. They are the sole or co-breadwinner in half of American families with children. They receive more college and graduate degrees than men. Yet, on average, women continue to earn considerably less than men. In 2018, female full-time, year-round workers made only 82 cents for every dollar earned by men, a gender wage gap of 18 percent. This commonly cited statistic may be understating the extent of pay inequality; an

IWPR analysis of women's and men's earnings over 15 years found that women made just half (49 percent) of what men earned. **Pay Equity & Discrimination**

Women are almost half of the workforce. They are the sole or co-breadwinner in half of American families with children. They receive more college and graduate degrees than men. Yet, on average, women continue to earn considerably less than men. In 2018, female full-time, year-round workers made only 82 cents for every dollar earned by men, a gender wage gap of 18 percent. This commonly cited statistic may be understating the extent of pay inequality; an IWPR analysis of women's and men's earnings over 15 years found that women made just half (49 percent) of what men earned.

Women, on average, earn less than men in nearly every single occupation for which there is sufficient earnings data for both men and women to calculate an earnings ratio. In middle-skill occupations, workers in jobs mainly done by women earn only 66 percent of workers in jobs mainly done by men. IWPR's report on sex and race discrimination in the workplace shows that outright discrimination in pay, hiring, or promotions continues to be a significant feature of working life.

IWPR tracks the gender wage gap over time in a series of fact sheets updated twice per year. According to our research, if change continues at the same slow pace as it has done for the past fifty years, it will take 40 years—or until 2059—for women to finally reach pay parity. For women of color, the rate of change is even slower:

Hispanic women will have to wait until 2224 and Black women will wait until 2130 for equal pay.

IWPR's Status of Women in the States project tracks the gender wage gap across states, by race/ethnicity and by age.

Reasons for the gender wage gap are multi-faceted. IWPR's research shows that, irrespective of the level of qualification, jobs predominantly done by women pay less on average than jobs predominantly done by men. Women have made tremendous strides during the last few decades by moving into jobs and occupations previously done almost exclusively by men, yet during the last two decades there has been very little further progress in the gender integration of work. In some industries and occupations, like construction, there has been no progress in forty years. This persistent occupational segregation is a primary contributor to the lack of significant progress in closing the wage gap.

Persistent pay inequality can have far-reaching economic consequences. According to a recent regression analysis of federal data by IWPR, equal pay would cut poverty among working women and their families by more than half and add \$513 billion to the national economy.

Since 1987,\* **IWPR's** research on the gender wage gap and occupational segregation has changed the conversation on women's pay and provided policymakers, journalists, and advocates the data they need to better inform the debate on women's earnings. We have extensively researched the most common ways companies try to fix a pay gap – and how these fail or cause other problems – and we've worked with several companies in different countries to solve their pay equity issues. We've found that closing a gender gap without regard to cost effectiveness can be prohibitively expensive; however, *only* focusing on cost (as many managers do) creates more problems than it solves.

Our approach focuses on first, identifying which employees are contributing the most to the gender pay gap at your firm, and second, allocating raises as efficiently as possible to close the gap — while working within the framework of your HR strategy and norms of fairness.

### **How to Fix a Pay Gap**

Let's say your firm has a 10% pay gap – meaning that men make roughly 10% more than women despite equivalent job and personal characteristics. This is a pretty realistic figure. The companies we've worked with typically have a pay gap in the mid to high single digits, as do many countries. What should those companies do first?

One approach we've seen leaders take is to give every woman in the firm a 10% raise. But this can be a major cost increase, enough to put companies in the red. So a common next step is to have HR evaluate every employee's pay and give raises to every woman (or person) who appears underpaid based on their job and qualifications. But this process lacks a clear objective way of determining who is underpaid and can be equally expensive.

Our research and experience with practicing managers have identified another way. Managers need to establish a list of defined priorities around closing the gender pay gap. Based on what we've heard from companies, these priorities may be things like minimizing the overall increase in the wage bill, capping raises to individual employees in percentage terms, maintaining pay differences across job categories to reflect different job responsibilities and to incentivize good performance, avoiding large discrepancies with the external job market, and paying women fairly in the context of your firm.

### **Common Pitfalls When Fixing Gender Pay Gaps**

Even with a strong strategy in place, there are pitfalls companies should be prepared for when doing the important work of closing a gender pay gap. Here are a few to consider:

**You may not help women much.** If you focus on closing your gender pay gap at minimum cost, women may not benefit nearly as much as one might expect for two reasons. The first reason is that a cost-efficient allocation of raises will usually cost much less than if you had given your female employees an across-the-board 10% raise.

The mathematical reasons for this are complex, but the intuition is straightforward. In nearly every workforce, there will be gender patterns in terms of what jobs and qualifications women and men tend to have. For example, women at your firm may be overrepresented in certain departments or tend to have more or less education than men. If you give a highly educated employee a raise, you not only raise the average pay of the employee's gender but also raise the importance of education as a predictor of pay. And as education (or anything else) becomes a better predictor of pay, the importance of gender as a predictor goes down.

**You may corrupt incentives.** Giving a \$1 raise to a low-wage employee will have a bigger percentage impact on the gender pay gap than the same raise to a high-wage employee.

**You may create new legal liabilities.** We aren't lawyers, but we have seen enough to know that liability in labor law can have a whack-a-mole quality. You eliminate your pay gap in part to avoid getting sued for gender discrimination.

### **Think About Your Long-Term HR Strategy**

Thinking through the issues outlined above can help your company make progress on its gender pay gap. It can keep you from getting sued, losing your best female employees, and being blindsided with a sudden PR crisis. It can be implemented in a matter of months, even weeks,

and communicated to employees as a proactive strategy to make your company a better employer.

**Formal Organization** is an **organization** in which job of each member is clearly defined, whose authority, responsibility and accountability are fixed. **Elements** of a **formal organization** include objectives, job description, financial structure, policies, and authoritative structures. **Examples** of formal **organization** are: - a company, a school, a college, a bank, etc.

**Informal Organization** is formed within the **formal organization** as a network of interpersonal relationship when people interact with each other

At Hult, diversity and global mindedness are integral to our DNA. More than 25 million people working in the U.S. are foreign-born, and data suggest that in less than three decades, the country will be a truly pluralistic society with no single group holding a majority. If you expect your company to compete and succeed in this new world order, you need to take a close look at the advantages and disadvantages of diversity in the workplace.

**Benefits:**

1. Diverse cultural perspectives can inspire creativity and drive innovation
2. Local market knowledge and insight makes a business more competitive and profitable
3. Cultural sensitivity, insight, and local knowledge means higher quality, targeted marketing
4. Drawing from a culturally diverse talent pool allows an organization to attract and retain the best talent

5. A diverse skills base allows an organization to offer a broader and more adaptable range of products and services
6. Diverse teams are more productive and perform better
7. Greater opportunity for personal and professional growth

**Challenges:**

8. Colleagues from some cultures may be less likely to let their voices be heard
9. Integration across multicultural teams can be difficult in the face of prejudice or negative cultural stereotypes
10. Professional communication can be misinterpreted or difficult to understand across languages and cultures
11. Navigating visa requirements, employment laws, and the cost of accommodating workplace requirements can be difficult
12. Different understandings of professional etiquette
13. Conflicting working styles across teams *Unethical Leadership*

## **5 Common Ethical Issues in the Workplace**

Having a personal issue with your boss is one thing, but reporting to a person who is behaving unethically is another. This may come in an obvious form, like manipulating numbers in a report or spending company money on inappropriate activities; however, it can also occur more subtly, in the form of bullying, accepting inappropriate gifts from suppliers, or asking you to skip a standard procedure *just once*. With studies indicating that managers

are responsible for **60% of workplace misconduct**, the abuse of leadership authority is an **unfortunate reality**.

### **Toxic Workplace Culture**

Organizations helmed by unethical leadership are more often than not plagued by a toxic workplace culture. Leaders who think nothing of taking bribes, manipulating sales figures and data or pressuring employees or business associates for “favors” (whether they be personal or financial), will think nothing of disrespecting and bullying their employees.

### **Discrimination and Harassment**

Laws require organizations to be equal employment opportunity employers. Organizations must recruit a diverse workforce, enforce policies and training that support an equal opportunity program, and foster an environment that is respectful of all types of people. Unfortunately, there are still many whose practices break with EEOC guidelines.

### **Unrealistic and Conflicting Goals**

Your organization sets a goal—it could be a monthly sales figure or product production number—that seems unrealistic, even unattainable. While not unethical in and of itself (after all, having driven leadership with aggressive company goals is crucial to innovation and growth), it’s how employees, and even some leaders, go about reaching the goal that could raise an ethical red flag. Unrealistic objectives can spur leaders to put undue pressure on their employees, and employees may consider cutting corners or breaching ethical or legal guidelines to obtain them.

### **Questionable Use of Company Technology**

While this may feel like a minor blip in the grand scheme of workplace ethics, the improper use of the internet and company technology is a huge cost for organizations in lost

time, worker productivity and company dollars. One survey found that **64% of employees** visit non-work-related websites during the workday. Not only is it a misuse of company tools and technology, but it's also a misuse of company time.

The term "diversity" covers many complex issues. A diverse workforce consists of people from many different backgrounds, including a variety of economic histories, religious beliefs, racial identities, and so on. Diversity can bring strengths to the workplace as it allows your company to recognize and respond to the diversity of the outside world. But it can also present challenges.

### **Define the Issues**

Company policies may refer to a gamut of diversity issues including gender issues, sexual harassment, disabilities, race and religion. While the goal is overall acceptance, inclusiveness and equal opportunity for everyone, business leaders should examine specific diversity issues to determine if policy changes need to be made. Many common examples can be seen in today's business marketplace.

One diversity policy is to offer gender-neutral bathrooms. Another is to change applications to avoid asking a person's age in the interviewing and hiring process.

### **Highlighting Personal Uniqueness**

Some companies celebrate diversity days to recognize and appreciate employee differences. Addressing the topic of diversity is not only about the legal protections in written policies. It is about inviting co-workers to highlight personal uniqueness to promote acceptance and build team strength.

### **Develop Policies Adhering to Company Goals**

Once the diversity issues and needs are clarified, look at the organization's mission. Develop policies that work in unison with the ethics and values of the company as defined in the mission statement. Use your policy statement to emphasize the company's commitment to diversity and recognition of the value it brings to the firm.

### **Communicate Diversity Policies**

Just because a diversity policy is developed and written doesn't mean it has been clearly communicated. Require employees to read and sign employee handbooks or any amendments to the handbook. Hold mandatory company diversity training sessions that review the policies and explain the ramifications. Provide examples of common situations where diversity issues arise.

### **Hold People Accountable**

Policies need to include ramifications, meaning disciplinary action, for failure to follow the diversity policy. Give victims a process to report abuses and develop a protocol to address them. The protocol usually includes speaking with both parties before giving a written warning and perhaps coaching to the guilty party. If the inappropriate behavior continues, suspension or permanent dismissal is usually the final disciplinary action. Some companies have levels of discipline depending on how egregious the action is.

### **Continue to Evolve**

Diversity is not just about a positive corporate culture and enjoyable workplace. Diversity continues to evolve through legislation and human resource rules and laws. It is important for employers to understand changes, adjust existing policies to meet the evolving laws, and continue to work with employees on new diversity issues and resolutions.

Many people come out of business school believing that if they have a solid financial understanding, then they will be a successful and appropriate leader and manager. Mathematics and finance are the “easy” part of any job. The true challenge comes in trying to effectively manage people. Organizational behavior and social psychology” is more important for the individual nuances of people. Also working hard is a key to success and that individuals who learn how to learn are the most effective over time.

In simple words of wisdom to remember when starting off on a new career path: do not become blindsided by your mistakes, but rather take them as a lesson of what not to do. And most important, pursue joy and challenge your personal assumptions.

When hiring employees, companies are interested in assessing at least two types of fit. **Person–organization fit** refers to the degree to which a person’s values, personality, goals, and other characteristics match those of the organization. **Person–job fit** is the degree to which a person’s skill, knowledge, abilities, and other characteristics match the job demands. Thus, someone who is proactive and creative may be a great fit for a company in the high-tech sector that would benefit from risk-taking individuals, but may be a poor fit for a company that rewards routine and predictable behavior, such as accountants. Similarly, this person may be a great fit for a job such as a scientist, but a poor fit for a routine office job. The opening case illustrates one method of assessing person–organization and person–job fit in job applicants.

What are the values people care about? There are many typologies of values. One of the most established surveys to assess individual values is the Rokeach Value Survey. Rokeach, M. (1973). *The nature of human values*. New York: The Free Press. This survey lists 18 terminal and 18 instrumental values in alphabetical order. **Terminal values** refer to end states people

desire in life, such as leading a prosperous life and a world at peace. **Instrumental values** deal with views on acceptable modes of conduct, such as being honest and ethical, and being ambitious.

The values a person holds will affect his or her employment. For example, someone who has an orientation toward strong stimulation may pursue extreme sports and select an occupation that involves fast action and high risk, such as fire fighter, police officer, or emergency medical doctor. Someone who has a drive for achievement may more readily act as an entrepreneur.

Is our behavior in organizations dependent on our personality? To some extent, yes, and to some extent, no. While we will discuss the effects of personality for employee behavior, you must remember that the relationships we describe are modest correlations. For example, having a sociable and outgoing personality may encourage people to seek friends and prefer social situations. This does not mean that their personality will immediately affect their work behavior. At work, we have a job to do and a role to perform. Therefore, our behavior may be more strongly affected by what is expected of us, as opposed to how we want to behave. When people have a lot of freedom at work, their personality will become a stronger influence over their behavior. Barrick, M. R., & Mount, M. K. (1993). Autonomy as a moderator of the relationships between the Big Five personality dimensions and job performance. *Journal of Applied Psychology*, There are other, specific traits that represent dimensions not captured by the Big Five. Still, understanding the main five traits gives us a good start for describing personality. A summary of the Big Five traits is presented in Figure 3.4 "Big Five Personality Traits".

#### *Big Five Personality Traits*

Trait	Description
<b>O</b> penness	Being curious, original, intellectual, creative, and open to new ideas.
<b>C</b> onscientiousness	Being organized, systematic, punctual, achievement oriented, and dependable.
<b>E</b> xtraversion	Being outgoing, talkative, sociable, and enjoying social situations.
<b>A</b> greeableness	Being affable, tolerant, sensitive, trusting, kind, and warm.
<b>N</b> euroticism	Being anxious, irritable, temperamental, and moody.

**Openness** is the degree to which a person is curious, original, intellectual, creative, and open to new ideas. People high in openness seem to thrive in situations that require being flexible and learning new things. They are highly motivated to learn new skills, and they do well in training

**Conscientiousness** refers to the degree to which a person is organized, systematic, punctual, achievement oriented, and dependable. Conscientiousness is the one personality trait that uniformly predicts how high a person's performance will be, across a variety of occupations and jobs

**Extraversion** is the degree to which a person is outgoing, talkative, and sociable, and enjoys being in social situations. One of the established findings is that they tend to be effective in jobs involving sales. Barrick, M. R., & Mount, M. K. (1991)

**Agreeableness** is the degree to which a person is nice, tolerant, sensitive, trusting, kind, and warm. In other words, people who are high in agreeableness are likeable people who get

along with others. Not surprisingly, agreeable people help others at work consistently, and this helping behavior is not dependent on being in a good mood. Ilies, R., Scott, B. A., & Judge, T. A. (2006).

**Neuroticism** refers to the degree to which a person is anxious, irritable, aggressive, temperamental, and moody. These people have a tendency to have emotional adjustment problems and experience stress and depression on a habitual basis. People very high in neuroticism experience a number of problems at work. For example, they are less likely to be someone people go to for advice and friendship. Klein, K. J., Beng-Chong, L., Saltz, J. L., & Mayer, D. M. (2004). How do they get there? An examination of the antecedents of centrality in team networks. *Academy of Management Journal*, 47, 952–963.

It is **important** task for every **managers** and leaders to **understand individual differences** and also to integrate to **individual** and the organization, to provide a better **working** environment that gives **job** satisfaction to their employees as well as help them to achieve organizational goals.

### **Using behavioral assessments**

Modern technology has enabled companies to apply methods of performance improvement on a larger scale than previously possible. With cutting-edge technology at our disposal, it's possible to layer behavioral information and insights throughout the talent management lifecycle to help managers give employees highly effective and meaningful feedback, coaching and communications. Built on the foundation of personality assessment, which are popular during the hiring process, powerful talent intelligence programs can further

extend the usefulness of these assessments to provide managers with valuable insight into the management preferences of their direct reports.

AI is emerging as another solution for talent management. There are opportunities beyond the menial tasks AI has typically been responsible for taking over. AI can improve the post-hire aspects of the employee experience and help to design tailored leadership training for managers.

The first step thus requires that a manager work to understand where a problem employee is coming from: What drives that person? What blocks those drives? What might happen if the impediments are removed? But that isn't all. Two other factors also figure in the equation: you, as the boss, and the context within which the problem is occurring.

Let's start with the employee. How can Tom know so little about what is affecting Jack's work? How well does Annette understand Colin? What does Paolo really know about George? Clearly, these managers need more information. It can come from peers, subordinates, or previous bosses. Much of the data will come, however, from problem employees themselves. You need to have a series of informal conversations—at the water cooler, over lunch, at social events—that will give you insight into what your employees are really about. What does the world look like from where the employee sits? How have his expectations and desires been molded by key past experiences? What passions govern his choices? What stifles these passions in the workplace? This may sound difficult, but in executive classes I teach, I find that people can learn these things about one another in a ten-minute interview, if they ask the right questions. After all, we often have these conversations at dinner parties; we just rarely have them at work. What you discover will likely surprise you. A test of this would be asking problem employees to

describe themselves. It's almost a certainty that they would use different words from the ones you might use.

These informal conversations are the starting point in effectively motivating problem people. For example, Annette learns through some asking around that Colin, outside work, is building a house. No motivation problem there!

Next, you need to look at your own role in the problem you've been trying to solve, especially because direct bosses are the most potent source of employee dissatisfaction and the chief reason people quit their jobs. In fact, you may be the main, if inadvertent, cause of your employee's lack of motivation; for one reason or another, you are bringing out the worst rather than the best in the person you're trying to help. You will have to do some honest soul-searching. And you'll need to do the same sort of asking around that helped you fill out your picture of the employee. Your problem employee may be uncomfortable talking about his or her perception of you, but over time you may even be able to piece together a picture—probably unflattering—of how you are viewed. Even if that picture seems unfair and inaccurate, remember: If something is perceived as real, it is real in its consequences.

Others can provide additional information. Paolo, in discussing George with another manager, complains: "He acts like I'm persecuting him, if you can believe that." Imagine Paolo's surprise when the colleague, who is a friend, responds, "Well, Paolo, I'm sure he's wrong about persecution, but you do come across as a bit of a bully sometimes."

What you learn may convince you that your relationship with the problem employee is dysfunctional beyond repair, at which point you should abandon the method and hand over the motivation task to someone else. More likely, though, the way you interact with a problem

employee—for example, something as basic as the way you talk to that person—is simply a turn-off. What works fine with your other reports is hopelessly wrong for this individual.

Needless to say, that can be a chastening realization, and many managers find it hard to face.

Finally, you need to analyze the context. Is something about the current situation bringing out the worst in the employee—and maybe in you? Annette thinks Colin's performance has deteriorated because of the increased demands the restructuring has placed on the project team. But Annette's under pressure, too. Are Colin's actions bothering Annette more than they would otherwise because of the stress she faces? Do her reactions to him, paradoxically, add to Colin's stress, creating a vicious cycle?

Once you embark on this kind of fact-finding mission, you'll see that you didn't have sufficient data to solve your problem. Quite possibly, your dislike has gotten in the way of getting to know the problem employee. Furthermore, you probably didn't think your own behavior could be partly to blame. And you probably haven't gone out of your way to look for situational factors that might in some sense excuse the employee's shortcomings. It's much easier simply to label people as difficult than to figure out how they got that way or implicate yourself in the mess.

But if you can break out of this narrow mind-set, you're more likely to get the employee to perform better. And you'll probably rethink what you wanted to achieve with this problem employee in the first place.

Effectively motivating employees has long been one of management's most important and challenging duties. **Motivation** refers to the psychological processes that stimulate excitement and persistence of voluntary actions aimed at some goal. Because motivation can be highly individualized, managers use a wide range of techniques to keep their employees motivated and happy. Therefore, it is essential for managers to understand the psychological processes involved in motivation so that they can effectively direct employees towards organizational goals.

**Needs theories** attempt to identify internal factors that motivate an individual's behavior and are based on the premise that people are motivated by unfulfilled needs. For example, if you were dissatisfied with living in your parents' basement at age 40, you might go out and find your own apartment. In doing so, you will fulfill the need for privacy, independence and the ability to bring a date home without having to explain why you still live with your parents. **Needs** are psychological or physiological insufficiencies that provoke some type of behavioral response. The needs a person has can range from weak to strong and can vary based on environmental factors, time and place.

Maslow developed the hierarchy of needs theory.



### **Maslow's Hierarchy of Needs Theory**

One of the most popular needs theories is **Abraham Maslow's hierarchy of needs theory**. Maslow proposed that motivation is the result of a person's attempt at fulfilling five basic needs: physiological, safety, social, esteem and self-actualization. According to Maslow, these needs can create internal pressures that can influence a person's behavior.

**Physiological needs** are those needs required for human survival such as air, food, water, shelter, clothing and sleep. As a manager, you can account for the physiological needs of your employees by providing comfortable working conditions, reasonable work hours and the necessary breaks to use the bathroom and eat and/or drink.

**Safety needs** include those needs that provide a person with a sense of security and well-being. Personal security, financial security, good health and protection from accidents, harm and their adverse effects are all included in safety needs. As a manager, you can account for the safety needs of your employees by providing safe working conditions, secure compensation (such as a salary) and job security, which is especially important in a bad economy.

**Social needs**, also called **love and belonging**, refer to the need to feel a sense of belonging and acceptance. Social needs are important to humans so that they do not feel alone, isolated and depressed. Friendships, family and intimacy all work to fulfill social needs. As a manager, you can account for the social needs of your employees by making sure each of your employees know one another, encouraging cooperative teamwork, being an accessible and kind supervisor and promoting a good work-life balance.

The five basic human needs



**Esteem needs** refer to the need for self-esteem and respect, with self-respect being slightly more important than gaining respect and admiration from others. As a manager, you can account for the esteem needs of your employees by offering praise and recognition when the employee does well, and offering promotions and additional responsibility to reflect your belief that they are a valued employee.

**Self-actualization needs** describe a person's need to reach his or her full potential. The need to become what one is capable of is something that is highly personal. While I might have the need to be a good parent, you might have the need to hold an executive-level position within your organization. Because this need is individualized, as a manager, you can account for this need by providing challenging work, inviting employees to participate in decision-making and giving them flexibility and autonomy in their jobs.

As the name of the theory indicates, Maslow believed that these needs exist in a hierarchical order. This **progression principle** suggests that lower-level needs must be met before higher-level needs. The **deficit principle** claims that once a need is satisfied, it is no longer a motivator because an individual will take action only to satisfy unmet needs. If you look at this pyramid you can see how Maslow's needs are organized with basic physiological needs, such as air, food, water and sleep, at the bottom and the idea of self-actualization, or when a

person reaches the full potential in life, at the top. Again, according to Maslow, before a person can take action to satisfy a need at any level on this pyramid the needs below it must already be satisfied.

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Uity Women are almost half of the workforce. They are the sole or co-breadwinner in half of American families with children. They receive more college and graduate degrees than men. Yet, on average, women continue to earn considerably less than men. In 2018, female full-time, year-round workers made only 82 cents for every dollar earned by men, a gender wage gap of 18

percent. This commonly cited statistic may be understating the extent of pay inequality; an IWPR analysis of women's and men's earnings over 15 years found that women made just half (49 percent) of what men earned. **Pay Equity & Discrimination**

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Women, on average, earn less than men in nearly every single occupation for which there is sufficient earnings data for both men and women to calculate an earnings ratio. In middle-skill occupations, workers in jobs mainly done by women earn only 66 percent of workers in jobs mainly done by men. IWPR's report on sex and race discrimination in the workplace shows that outright discrimination in pay, hiring, or promotions continues to be a significant feature of working life.

IWPR tracks the gender wage gap over time in a series of fact sheets updated twice per year. According to our research, if change continues at the same slow pace as it has done for the past fifty years, it will take 40 years—or until 2059—for women to finally reach pay parity. For women of color, the rate of change is even slower:

Hispanic women will have to wait until 2224 and Black women will wait until 2130 for equal pay.

IWPR's Status of Women in the States project tracks the gender wage gap across states, by race/ethnicity and by age.

Reasons for the gender wage gap are multi-faceted. IWPR's research shows that, irrespective of the level of qualification, jobs predominantly done by women pay less on average than jobs predominantly done by men. Women have made tremendous strides during the last few decades by moving into jobs and occupations previously done almost exclusively by men, yet during the last two decades there has been very little further progress in the gender integration of work. In some industries and occupations, like construction, there has been no progress in forty years. This persistent occupational segregation is a primary contributor to the lack of significant progress in closing the wage gap.

Persistent pay inequality can have far-reaching economic consequences. According to a recent regression analysis of federal data by IWPR, equal pay would cut poverty among working women and their families by more than half and add \$513 billion to the national economy.

Since 1987,\* **IWPR's** research on the gender wage gap and occupational segregation has changed the conversation on women's pay and provided policymakers, journalists, and advocates the data they need to better inform the debate on women's earnings. We have extensively researched the most common ways companies try to fix a pay gap – and how these fail or cause other problems – and we've worked with several companies in different countries to solve their pay equity issues. We've found that closing a gender gap without regard to cost effectiveness can be prohibitively expensive; however, *only* focusing on cost (as many managers do) creates more problems than it solves.

Our approach focuses on first, identifying which employees are contributing the most to the gender pay gap at your firm, and second, allocating raises as efficiently as possible to close the gap — while working within the framework of your HR strategy and norms of fairness.

### **How to Fix a Pay Gap**

Let's say your firm has a 10% pay gap – meaning that men make roughly 10% more than women despite equivalent job and personal characteristics. This is a pretty realistic figure. The companies we've worked with typically have a pay gap in the mid to high single digits, as do many countries. What should those companies do first?

One approach we've seen leaders take is to give every woman in the firm a 10% raise. But this can be a major cost increase, enough to put companies in the red. So a common next step is to have HR evaluate every employee's pay and give raises to every woman (or person) who appears underpaid based on their job and qualifications. But this process lacks a clear objective way of determining who is underpaid and can be equally expensive.

Our research and experience with practicing managers have identified another way. Managers need to establish a list of defined priorities around closing the gender pay gap. Based on what we've heard from companies, these priorities may be things like minimizing the overall increase in the wage bill, capping raises to individual employees in percentage terms, maintaining pay differences across job categories to reflect different job responsibilities and to incentivize good performance, avoiding large discrepancies with the external job market, and paying women fairly in the context of your firm.

### **Common Pitfalls When Fixing Gender Pay Gaps**

Even with a strong strategy in place, there are pitfalls companies should be prepared for when doing the important work of closing a gender pay gap. Here are a few to consider:

**You may not help women much.** If you focus on closing your gender pay gap at minimum cost, women may not benefit nearly as much as one might expect for two reasons. The first reason is that a cost-efficient allocation of raises will usually cost much less than if you had given your female employees an across-the-board 10% raise.

The mathematical reasons for this are complex, but the intuition is straightforward. In nearly every workforce, there will be gender patterns in terms of what jobs and qualifications women and men tend to have. For example, women at your firm may be overrepresented in certain departments or tend to have more or less education than men. If you give a highly educated employee a raise, you not only raise the average pay of the employee's gender but also raise the importance of education as a predictor of pay. And as education (or anything else) becomes a better predictor of pay, the importance of gender as a predictor goes down.

**You may corrupt incentives.** Giving a \$1 raise to a low-wage employee will have a bigger percentage impact on the gender pay gap than the same raise to a high-wage employee.

**You may create new legal liabilities.** We aren't lawyers, but we have seen enough to know that liability in labor law can have a whack-a-mole quality. You eliminate your pay gap in part to avoid getting sued for gender discrimination.

### **Think About Your Long-Term HR Strategy**

Thinking through the issues outlined above can help your company make progress on its gender pay gap. It can keep you from getting sued, losing your best female employees, and being blindsided with a sudden PR crisis. It can be implemented in a matter of months, even weeks,

and communicated to employees as a proactive strategy to make your company a better employer.

**Formal Organization** is an **organization** in which job of each member is clearly defined, whose authority, responsibility and accountability are fixed. **Elements** of a **formal organization** include objectives, job description, financial structure, policies, and authoritative structures. **Examples** of formal **organization** are: - a company, a school, a college, a bank, etc.

**Informal Organization** is formed within the **formal organization** as a network of interpersonal relationship when people interact with each other

At Hult, diversity and global mindedness are integral to our DNA. More than 25 million people working in the U.S. are foreign-born, and data suggest that in less than three decades, the country will be a truly pluralistic society with no single group holding a majority. If you expect your company to compete and succeed in this new world order, you need to take a close look at the advantages and disadvantages of diversity in the workplace.

**Benefits:**

1. Diverse cultural perspectives can inspire creativity and drive innovation
2. Local market knowledge and insight makes a business more competitive and profitable
3. Cultural sensitivity, insight, and local knowledge means higher quality, targeted marketing
4. Drawing from a culturally diverse talent pool allows an organization to attract and retain the best talent

5. A diverse skills base allows an organization to offer a broader and more adaptable range of products and services
6. Diverse teams are more productive and perform better
7. Greater opportunity for personal and professional growth

**Challenges:**

8. Colleagues from some cultures may be less likely to let their voices be heard
9. Integration across multicultural teams can be difficult in the face of prejudice or negative cultural stereotypes
10. Professional communication can be misinterpreted or difficult to understand across languages and cultures
11. Navigating visa requirements, employment laws, and the cost of accommodating workplace requirements can be difficult
12. Different understandings of professional etiquette
13. Conflicting working styles across teams *Unethical Leadership*

## **5 Common Ethical Issues in the Workplace**

Having a personal issue with your boss is one thing, but reporting to a person who is behaving unethically is another. This may come in an obvious form, like manipulating numbers in a report or spending company money on inappropriate activities; however, it can also occur more subtly, in the form of bullying, accepting inappropriate gifts from suppliers, or asking you to skip a standard procedure *just once*. With studies indicating that managers

are responsible for **60% of workplace misconduct**, the abuse of leadership authority is an **unfortunate reality**.

### **Toxic Workplace Culture**

Organizations helmed by unethical leadership are more often than not plagued by a toxic workplace culture. Leaders who think nothing of taking bribes, manipulating sales figures and data or pressuring employees or business associates for “favors” (whether they be personal or financial), will think nothing of disrespecting and bullying their employees.

### **Discrimination and Harassment**

Laws require organizations to be equal employment opportunity employers. Organizations must recruit a diverse workforce, enforce policies and training that support an equal opportunity program, and foster an environment that is respectful of all types of people. Unfortunately, there are still many whose practices break with EEOC guidelines.

### **Unrealistic and Conflicting Goals**

Your organization sets a goal—it could be a monthly sales figure or product production number—that seems unrealistic, even unattainable. While not unethical in and of itself (after all, having driven leadership with aggressive company goals is crucial to innovation and growth), it’s how employees, and even some leaders, go about reaching the goal that could raise an ethical red flag. Unrealistic objectives can spur leaders to put undue pressure on their employees, and employees may consider cutting corners or breaching ethical or legal guidelines to obtain them.

### **Questionable Use of Company Technology**

While this may feel like a minor blip in the grand scheme of workplace ethics, the improper use of the internet and company technology is a huge cost for organizations in lost

time, worker productivity and company dollars. One survey found that **64% of employees** visit non-work-related websites during the workday. Not only is it a misuse of company tools and technology, but it's also a misuse of company time.

The term "diversity" covers many complex issues. A diverse workforce consists of people from many different backgrounds, including a variety of economic histories, religious beliefs, racial identities, and so on. Diversity can bring strengths to the workplace as it allows your company to recognize and respond to the diversity of the outside world. But it can also present challenges.

### **Define the Issues**

Company policies may refer to a gamut of diversity issues including gender issues, sexual harassment, disabilities, race and religion. While the goal is overall acceptance, inclusiveness and equal opportunity for everyone, business leaders should examine specific diversity issues to determine if policy changes need to be made. Many common examples can be seen in today's business marketplace.

One diversity policy is to offer gender-neutral bathrooms. Another is to change applications to avoid asking a person's age in the interviewing and hiring process.

### **Highlighting Personal Uniqueness**

Some companies celebrate diversity days to recognize and appreciate employee differences. Addressing the topic of diversity is not only about the legal protections in written policies. It is about inviting co-workers to highlight personal uniqueness to promote acceptance and build team strength.

### **Develop Policies Adhering to Company Goals**

Once the diversity issues and needs are clarified, look at the organization's mission. Develop policies that work in unison with the ethics and values of the company as defined in the mission statement. Use your policy statement to emphasize the company's commitment to diversity and recognition of the value it brings to the firm.

### **Communicate Diversity Policies**

Just because a diversity policy is developed and written doesn't mean it has been clearly communicated. Require employees to read and sign employee handbooks or any amendments to the handbook. Hold mandatory company diversity training sessions that review the policies and explain the ramifications. Provide examples of common situations where diversity issues arise.

### **Hold People Accountable**

Policies need to include ramifications, meaning disciplinary action, for failure to follow the diversity policy. Give victims a process to report abuses and develop a protocol to address them. The protocol usually includes speaking with both parties before giving a written warning and perhaps coaching to the guilty party. If the inappropriate behavior continues, suspension or permanent dismissal is usually the final disciplinary action. Some companies have levels of discipline depending on how egregious the action is.

### **Continue to Evolve**

Diversity is not just about a positive corporate culture and enjoyable workplace. Diversity continues to evolve through legislation and human resource rules and laws. It is important for employers to understand changes, adjust existing policies to meet the evolving laws, and continue to work with employees on new diversity issues and resolutions.

Many people come out of business school believing that if they have a solid financial understanding, then they will be a successful and appropriate leader and manager. Mathematics and finance are the “easy” part of any job. The true challenge comes in trying to effectively manage people. Organizational behavior and social psychology” is more important for the individual nuances of people. Also working hard is a key to success and that individuals who learn how to learn are the most effective over time.

In simple words of wisdom to remember when starting off on a new career path: do not become blindsided by your mistakes, but rather take them as a lesson of what not to do. And most important, pursue joy and challenge your personal assumptions.

When hiring employees, companies are interested in assessing at least two types of fit. **Person–organization fit** refers to the degree to which a person’s values, personality, goals, and other characteristics match those of the organization. **Person–job fit** is the degree to which a person’s skill, knowledge, abilities, and other characteristics match the job demands. Thus, someone who is proactive and creative may be a great fit for a company in the high-tech sector that would benefit from risk-taking individuals, but may be a poor fit for a company that rewards routine and predictable behavior, such as accountants. Similarly, this person may be a great fit for a job such as a scientist, but a poor fit for a routine office job. The opening case illustrates one method of assessing person–organization and person–job fit in job applicants.

What are the values people care about? There are many typologies of values. One of the most established surveys to assess individual values is the Rokeach Value Survey. Rokeach, M. (1973). *The nature of human values*. New York: The Free Press. This survey lists 18 terminal and 18 instrumental values in alphabetical order. **Terminal values** refer to end states people

desire in life, such as leading a prosperous life and a world at peace. **Instrumental values** deal with views on acceptable modes of conduct, such as being honest and ethical, and being ambitious.

The values a person holds will affect his or her employment. For example, someone who has an orientation toward strong stimulation may pursue extreme sports and select an occupation that involves fast action and high risk, such as fire fighter, police officer, or emergency medical doctor. Someone who has a drive for achievement may more readily act as an entrepreneur.

Is our behavior in organizations dependent on our personality? To some extent, yes, and to some extent, no. While we will discuss the effects of personality for employee behavior, you must remember that the relationships we describe are modest correlations. For example, having a sociable and outgoing personality may encourage people to seek friends and prefer social situations. This does not mean that their personality will immediately affect their work behavior. At work, we have a job to do and a role to perform. Therefore, our behavior may be more strongly affected by what is expected of us, as opposed to how we want to behave. When people have a lot of freedom at work, their personality will become a stronger influence over their behavior. Barrick, M. R., & Mount, M. K. (1993). Autonomy as a moderator of the relationships between the Big Five personality dimensions and job performance. *Journal of Applied Psychology*, There are other, specific traits that represent dimensions not captured by the Big Five. Still, understanding the main five traits gives us a good start for describing personality. A summary of the Big Five traits is presented in Figure 3.4 "Big Five Personality Traits".

#### *Big Five Personality Traits*

Trait	Description
<b>O</b> penness	Being curious, original, intellectual, creative, and open to new ideas.
<b>C</b> onscientiousness	Being organized, systematic, punctual, achievement oriented, and dependable.
<b>E</b> xtraversion	Being outgoing, talkative, sociable, and enjoying social situations.
<b>A</b> greeableness	Being affable, tolerant, sensitive, trusting, kind, and warm.
<b>N</b> euroticism	Being anxious, irritable, temperamental, and moody.

**Openness** is the degree to which a person is curious, original, intellectual, creative, and open to new ideas. People high in openness seem to thrive in situations that require being flexible and learning new things. They are highly motivated to learn new skills, and they do well in training

**Conscientiousness** refers to the degree to which a person is organized, systematic, punctual, achievement oriented, and dependable. Conscientiousness is the one personality trait that uniformly predicts how high a person's performance will be, across a variety of occupations and jobs

**Extraversion** is the degree to which a person is outgoing, talkative, and sociable, and enjoys being in social situations. One of the established findings is that they tend to be effective in jobs involving sales. Barrick, M. R., & Mount, M. K. (1991)

**Agreeableness** is the degree to which a person is nice, tolerant, sensitive, trusting, kind, and warm. In other words, people who are high in agreeableness are likeable people who get

along with others. Not surprisingly, agreeable people help others at work consistently, and this helping behavior is not dependent on being in a good mood. Ilies, R., Scott, B. A., & Judge, T. A. (2006).

**Neuroticism** refers to the degree to which a person is anxious, irritable, aggressive, temperamental, and moody. These people have a tendency to have emotional adjustment problems and experience stress and depression on a habitual basis. People very high in neuroticism experience a number of problems at work. For example, they are less likely to be someone people go to for advice and friendship. Klein, K. J., Beng-Chong, L., Saltz, J. L., & Mayer, D. M. (2004). How do they get there? An examination of the antecedents of centrality in team networks. *Academy of Management Journal*, 47, 952–963.

It is **important** task for every **managers** and leaders to **understand individual differences** and also to integrate to **individual** and the organization, to provide a better **working** environment that gives **job** satisfaction to their employees as well as help them to achieve organizational goals.

### **Using behavioral assessments**

Modern technology has enabled companies to apply methods of performance improvement on a larger scale than previously possible. With cutting-edge technology at our disposal, it's possible to layer behavioral information and insights throughout the talent management lifecycle to help managers give employees highly effective and meaningful feedback, coaching and communications. Built on the foundation of personality assessment, which are popular during the hiring process, powerful talent intelligence programs can further

extend the usefulness of these assessments to provide managers with valuable insight into the management preferences of their direct reports.

AI is emerging as another solution for talent management. There are opportunities beyond the menial tasks AI has typically been responsible for taking over. AI can improve the post-hire aspects of the employee experience and help to design tailored leadership training for managers.

The first step thus requires that a manager work to understand where a problem employee is coming from: What drives that person? What blocks those drives? What might happen if the impediments are removed? But that isn't all. Two other factors also figure in the equation: you, as the boss, and the context within which the problem is occurring.

Let's start with the employee. How can Tom know so little about what is affecting Jack's work? How well does Annette understand Colin? What does Paolo really know about George? Clearly, these managers need more information. It can come from peers, subordinates, or previous bosses. Much of the data will come, however, from problem employees themselves. You need to have a series of informal conversations—at the water cooler, over lunch, at social events—that will give you insight into what your employees are really about. What does the world look like from where the employee sits? How have his expectations and desires been molded by key past experiences? What passions govern his choices? What stifles these passions in the workplace? This may sound difficult, but in executive classes I teach, I find that people can learn these things about one another in a ten-minute interview, if they ask the right questions. After all, we often have these conversations at dinner parties; we just rarely have them at work. What you discover will likely surprise you. A test of this would be asking problem employees to

describe themselves. It's almost a certainty that they would use different words from the ones you might use.

These informal conversations are the starting point in effectively motivating problem people. For example, Annette learns through some asking around that Colin, outside work, is building a house. No motivation problem there!

Next, you need to look at your own role in the problem you've been trying to solve, especially because direct bosses are the most potent source of employee dissatisfaction and the chief reason people quit their jobs. In fact, you may be the main, if inadvertent, cause of your employee's lack of motivation; for one reason or another, you are bringing out the worst rather than the best in the person you're trying to help. You will have to do some honest soul-searching. And you'll need to do the same sort of asking around that helped you fill out your picture of the employee. Your problem employee may be uncomfortable talking about his or her perception of you, but over time you may even be able to piece together a picture—probably unflattering—of how you are viewed. Even if that picture seems unfair and inaccurate, remember: If something is perceived as real, it is real in its consequences.

Others can provide additional information. Paolo, in discussing George with another manager, complains: "He acts like I'm persecuting him, if you can believe that." Imagine Paolo's surprise when the colleague, who is a friend, responds, "Well, Paolo, I'm sure he's wrong about persecution, but you do come across as a bit of a bully sometimes."

What you learn may convince you that your relationship with the problem employee is dysfunctional beyond repair, at which point you should abandon the method and hand over the motivation task to someone else. More likely, though, the way you interact with a problem

employee—for example, something as basic as the way you talk to that person—is simply a turn-off. What works fine with your other reports is hopelessly wrong for this individual.

Needless to say, that can be a chastening realization, and many managers find it hard to face.

Finally, you need to analyze the context. Is something about the current situation bringing out the worst in the employee—and maybe in you? Annette thinks Colin's performance has deteriorated because of the increased demands the restructuring has placed on the project team. But Annette's under pressure, too. Are Colin's actions bothering Annette more than they would otherwise because of the stress she faces? Do her reactions to him, paradoxically, add to Colin's stress, creating a vicious cycle?

Once you embark on this kind of fact-finding mission, you'll see that you didn't have sufficient data to solve your problem. Quite possibly, your dislike has gotten in the way of getting to know the problem employee. Furthermore, you probably didn't think your own behavior could be partly to blame. And you probably haven't gone out of your way to look for situational factors that might in some sense excuse the employee's shortcomings. It's much easier simply to label people as difficult than to figure out how they got that way or implicate yourself in the mess.

But if you can break out of this narrow mind-set, you're more likely to get the employee to perform better. And you'll probably rethink what you wanted to achieve with this problem employee in the first place.

Effectively motivating employees has long been one of management's most important and challenging duties. **Motivation** refers to the psychological processes that stimulate excitement and persistence of voluntary actions aimed at some goal. Because motivation can be highly individualized, managers use a wide range of techniques to keep their employees motivated and happy. Therefore, it is essential for managers to understand the psychological processes involved in motivation so that they can effectively direct employees towards organizational goals.

**Needs theories** attempt to identify internal factors that motivate an individual's behavior and are based on the premise that people are motivated by unfulfilled needs. For example, if you were dissatisfied with living in your parents' basement at age 40, you might go out and find your own apartment. In doing so, you will fulfill the need for privacy, independence and the ability to bring a date home without having to explain why you still live with your parents. **Needs** are psychological or physiological insufficiencies that provoke some type of behavioral response. The needs a person has can range from weak to strong and can vary based on environmental factors, time and place.

Maslow developed the hierarchy of needs theory.



### **Maslow's Hierarchy of Needs Theory**

One of the most popular needs theories is **Abraham Maslow's hierarchy of needs theory**. Maslow proposed that motivation is the result of a person's attempt at fulfilling five basic needs: physiological, safety, social, esteem and self-actualization. According to Maslow, these needs can create internal pressures that can influence a person's behavior.

**Physiological needs** are those needs required for human survival such as air, food, water, shelter, clothing and sleep. As a manager, you can account for the physiological needs of your employees by providing comfortable working conditions, reasonable work hours and the necessary breaks to use the bathroom and eat and/or drink.

**Safety needs** include those needs that provide a person with a sense of security and well-being. Personal security, financial security, good health and protection from accidents, harm and their adverse effects are all included in safety needs. As a manager, you can account for the safety needs of your employees by providing safe working conditions, secure compensation (such as a salary) and job security, which is especially important in a bad economy.

**Social needs**, also called **love and belonging**, refer to the need to feel a sense of belonging and acceptance. Social needs are important to humans so that they do not feel alone, isolated and depressed. Friendships, family and intimacy all work to fulfill social needs. As a manager, you can account for the social needs of your employees by making sure each of your employees know one another, encouraging cooperative teamwork, being an accessible and kind supervisor and promoting a good work-life balance.

The five basic human needs



**Esteem needs** refer to the need for self-esteem and respect, with self-respect being slightly more important than gaining respect and admiration from others. As a manager, you can account for the esteem needs of your employees by offering praise and recognition when the employee does well, and offering promotions and additional responsibility to reflect your belief that they are a valued employee.

**Self-actualization needs** describe a person's need to reach his or her full potential. The need to become what one is capable of is something that is highly personal. While I might have the need to be a good parent, you might have the need to hold an executive-level position within your organization. Because this need is individualized, as a manager, you can account for this need by providing challenging work, inviting employees to participate in decision-making and giving them flexibility and autonomy in their jobs.

As the name of the theory indicates, Maslow believed that these needs exist in a hierarchical order. This **progression principle** suggests that lower-level needs must be met before higher-level needs. The **deficit principle** claims that once a need is satisfied, it is no longer a motivator because an individual will take action only to satisfy unmet needs. If you look at this pyramid you can see how Maslow's needs are organized with basic physiological needs, such as air, food, water and sleep, at the bottom and the idea of self-actualization, or when a

person reaches the full potential in life, at the top. Again, according to Maslow, before a person can take action to satisfy a need at any level on this pyramid the needs below it must already be satisfied.

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