

The underpaid person receives compensation business essay

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Maslow's hierarchy of needs is usually portrayed as a pyramid with the most fundamental levels of need at the bottom and the need for the self actualization at the top of the pyramid. There are four basic layers of the pyramid that are considered as the "deficiency needs" and they are friendship, love, security and physical needs. There might not be a physical indication if the basic needs of human beings are not met (Maslow, 2002). As a result, the individuals will feel anxious and tense. The Maslow's hierarchy of needs states that if the basic needs are not met properly, it is difficult for the individual to meet the secondary or higher needs. Maslow also used the term metamotivation which describes the motivation of people go beyond the basic needs and for betterment (Bugental, 2000). Physiological needs are described by Maslow as the physical requirements that are essential for survival of human beings. If the physical needs are not met then the individual will not be able to work properly and they will fail at the end. The physiological needs for the human beings are air, water and food. These are basic requirements for all animals. Apart from that, other physiological needs are shelter and clothing that are meant to provide protection from the elements. Maslow also described some safety needs that take precedence and dominate the human behavior. If the physical needs are not met properly due to different reasons such as natural disaster, war, family violence etc. people feel post traumatic stress. If there is an absence of economic safety because of economic crisis or the lack of proper work opportunities, the safety needs should be there such as job security, protection of the individual from unilateral authority, insurance policies, savings accounts, reasonable disability accommodations etc. The safety and

security needs described by Maslow include financial security, personal security, health and well being, safety against the adverse impacts (Goble, 1970). Once the physiological and safety needs are fulfilled properly, the next level of human needs is the interpersonal and feelings of belongingness. The need is quite strong in childhood. As per described by Maslow, humans need to feel that they belong to certain social groups and they always want to be loved by others. The social anxiety should not be there in any individual. All human beings want to be respected and it includes self respect and self esteem. The self esteem presents the typical human desire to be valued by others. If a person suffers from low self esteem then an inferiority complex is resulted. People with low self esteem often need respect from others. They might seek glory or fame. All the human beings need stable self respect and self esteem. Maslow described two versions of self esteem. The first one is lower self esteem and second one is higher self esteem (Hofstede, 2004). The lower version needs respect from others and the higher version states that need for the self respect. Self actualization has been described by Maslow as what the full potential of human beings is and how the potential can be realized. The McClelland's Theory of Needs states that there are three major factors that affect the human behavior. They are need for power, achievement and affiliation. The need for achievement is considered as the urge to accomplish as per the set of defined standards to achieve success. The need for power is considered as the desire to influence the behavior of other individuals. It can also be stated that it is the desire to control others (Tay & Diener, 2011). The need for affiliation is referred as the need for open and sociable relationships between

individuals. The individuals who are having high achievement needs are motivated by challenging works and competition. They always look for better opportunities in their jobs and they always have a strong urge for feedback on their achievement. The individuals always tend to get satisfaction on their achievement. High achievement and high performance are two interrelated factors. The equity theory (theory of the equality principle of justice) is a process theory created by John Stacey Adams. Adams tries to explain how the process of developing the motivation runs. People seek social relationships according to fair consideration for their use. The result is an imbalance that is compensated by the victim by means of different reactions. In social psychology, the equity theory refers to an approach to the explanation of behavior in social relations on the basis of fairness or unfairness of the reward distribution. In a social psychological research by Adams (1965) it was established as a separate research direction. In terms of exchange theory, fairness is determined by rewards and contributions. Two persons are treated fairly if the ratio of their rewards is equal to their contributions. According to the principle of relative equality, a person who does a lot of work, also receives a large reward; whereas a person who does little, should receive a smaller reward (Reiss, 2002). Unfairness would arise for example if someone who does little, gets a higher reward than someone who does a lot. There are negative emotions related to fear of retaliation, anger and tension that motivate a restoration of fairness. In general, two ways of restoring fairness have been distinguished: • Compensation: The underpaid person receives compensation, • Appreciation: Higher pay to the underpaid person, or, devaluation: the reduction in wages overpaid person to

justify the status quo psychologically. The equity theory was originally developed for the performance and professional field. Meanwhile, it is applied to a variety of social sectors such close relationships and justification of social privileges. Philosophically, the equity theory states that the pursuit of balance is necessary for coexistence among people. Often, egoism is used to control features and to maximize the benefits. equity can help in resolving conflicts too. Therefore, certain needs in social system standards are met, according to which the distribution of goods is carried out. The violation of this fairness standard, which is described in the equity theory as negative sanctions, serves to maintain a functioning social system. As part of socialization, people learn in a society that fairness in the long-term impact is more advantageous than unfairness. Prerequisite for this is the ability for delayed gratification. The equity theory in the field of social privilege is justified by the fact that it is believed by those earning less that their work performance is worth less. In this way, the perceived balance can be maintained in spite of unequal pay. This corresponds to a generalized form of a just world (Reiss, 2002). The theory of rational expectations is a macroeconomic theory originally developed by John F. Muth (1961) and later modified by Robert E. Lucas. He received the Nobel Prize in Economics for this theory in 1995. The theory is used to model how economic expectations are formed. It particularly finds application in the new classical macroeconomics, the neo-Keynesianism and the theory of financial markets. The gist of this theory is that no systematic or predictable rational expectations differ from those that occur in free markets (market equilibrium). It is thus assumed that economic agents do not commit

systematic errors with respect to their expectations. In economic models, this means that the expected value varies from resulting value only by a stochastic error term. The expected value of this error term is always zero.

This implies that economic agents know the market mechanism and the reactions of supply and demand. They can help in anticipating changing prices (Borman, 2011). This theory provides the basis for many economic policy conclusions that are controversial among scientists economy.

According to the Keynesian view, the unemployment rates can be reduced through expansionary monetary policy. But an expansion of the money supply leads to the assumption of rational expectations. This means that a higher inflation is expected. In anticipation of higher inflation, nominal wages are also accordingly adjusted upwards, so that the real wages remain the same. The government would only increase the rate of inflation in this case; the unemployment rate would remain constant. Representatives of the new classical macroeconomics are therefore of the view that expansionary monetary and fiscal policy can affect the real values of either the short or long term. Keynesian economic policy would be useless in their opinion (Psychology Press, 2012). Money is a great motivator for most employees, but this works only if two important factors are involved. At first, money is not the cause of all evil. Second, money is not the source of all pleasures, but can make a big difference in the kind of life employees want to have. Money cannot buy forgiveness. Money cannot buy love. This feeling is something invaluable. For example, for relatives of a victim of an accident, seeking rightful compensation by the offender is just for the sake of seeking justice. But this does not erase the pain, anguish, and the anger that this

situation creates (Pinder, 2011). The same applies to employees; the money cannot be the main motivator for them to work for a company. Maybe for a while, some of the employees can tolerate such unfair behavior by not wanting to change or lose their current jobs. But such forbearance can not last long. Be assured that in the end, employees reaching their limits and seeking to have a fairer deal with salaries will be more in line with their capabilities. The money must be earned with the effort. Being a generous person is a great virtue, but not if done in excess. As an employer, the role is to compensate employees fairly and in a timely manner. Equity, however, is an attitude that must be always present. Employees are paid a living wage because they really deserve it. This will cause them to be loyal to the company, clients and develop good attitudes in their work. Money ceases to be a motivator, if the management gives the employees the freedom to develop their skills, creativity and entrepreneurship within their posts. Also, the employees do not expect anything in return for paying their fair share, money stops being important (Woolfolk, 2006). Apart from money, there are a number of factors that motivate employees to do their job well. The first one is appreciation for a job well done. Recognition is very important to motivate the employees. It does not only make the employees feel good about the work they have done. The recognition process reinforces a particular effort that result to help in business. Secondly, an understanding attitude from the management is a major factor of motivation. Other alternative factors of motivation are interesting works, loyalty from management, career development opportunities, good working condition etc. Money is a great motivator for the individuals because it makes them

happy and it helps them to lead the life they want. But, the thing is that money cannot buy love. So, money should not be the only motivator for the employees. There are many other motivating factors too such as appreciation and recognition of the work, understanding attitude of the management etc. Various theories of motivation have been developed by many people and some of the most important theories have been discussed in this paper.