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A Critical Analysis of the Maslow Hierarchy of Needs in Shaping Organizational Behavior in Multinational Corporations

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Abstract

The aim of this research is to assess the effectiveness of Maslow's Hierarchy of Needs in understanding the behavior of employees in MNCs. Human needs, suggested in Maslow's theory, progress from Physiological to self-actualization. Maslow's theory is one of the building-block ideas of the theory of motivation of workers. Even though this theory is broadly applicable in the study of the psychology of organizations, its focus and relevance in MNCs, where the employees are shaped by a multitude of cultural, economic, and organizational aspects, are rather limited. The research adopted a mixed-method approach, including a substantial literature survey, followed by the primary data collection from employees in numerous MNCs in a variety of sectors through surveys and interviews. The results of the research have shown that Maslow's Hierarchy is acknowledged as a Flexible Model, meaning that, in the context of an MNC, Maslow's Hierarchy of Needs is broadly applicable; however, major adaptations are required. The study found that, in certain cultures, a focus on self-actualization or self-esteem is less salient, and in some sectors, e.g., safety and security, and even financial security, or the primary psychological or interdependence needs. This is where the emphasis should be placed. In fact, there is evidence that within a range of mixed cultures and organizations, the focus placed on social and esteem needs contrasts with a diminishing need to satisfy physiological needs. For MNCs, the salient point from this research is that the need for specific flexible HRM strategies is critical. The study recommends that Maslow's flexible model be used depending on the particular culture and context of the global employees. MNCs should modify their HR policies to suit their employees' motivational drivers to improve engagement, job satisfaction, and performance. If used, the combined efforts of Maslow's theory and modern theories of motivation will contribute to the progressive extension of HRM strategies in the Global MNCs.

Keywords: Maslow's Hierarchy, Organizational Behavior, Multinational Corporations, Employee Motivation, Human Resource Management, Cultural Diversity.

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Introduction

Organizational behavior (OB) studies patterns of individual and group behavior in organizational factions with the aim of forecasting and ultimately improving the efficacy of the organization delegated to the employee. OB includes motivation, a premier influencer of the manner in which employees exert effort and determination with respect to a task (Kalleberg, 2021). For decades, many theories of varying levels of complexity have been introduced to explain motivation, including Maslow's Hierarchy of Needs, Herzberg's two factor theory, and the Mt.Olympus of motivation theory, McGregor's Theory of X and Y. Of the numerous models, Maslow remains a giant in the adjacent fields of research and practical HR-focused theories (Abbas, 2020; Durmuş, 2024). Maslow's theory posits that the vast multitude of human needs is stratified, with the least complex needs (i.e., the basic needs) at the base and the most complex needs (self-explanatory egotistic needs) at the top. Each need must be satisfied successively, and the most driving force of motivation in the pyramid is the need that is unfulfilled and hence, unsatisfied. These levels of satisfaction or need have provided a vast multitude of insight into employee behavior and motivation, and job satisfaction in a plethora of organizational contexts.

There are various issues that arise when Maslow's Hierarchy of Needs is utilized for multinational corporations (MNCs) (Ihensekien & Joel, 2023; Oleson, 2004). Since an MNC workforce consists of a wide variety of cultures, the constructs of needs that are different from a strictly Western framework of Maslow's Hierarchy are caused by different visions of cultural needs (Huang, 2024). It is critical to incorporate Maslow's Hierarchy in the cultures of employments in order to structure HR practices aimed at both the performance and satisfaction of employment (Taş, 2024). MNCs' various cultures make a case for the possible relevance of Maslow's framework or the necessity of an overhaul in the work culture (Al-Ansi et al., 2023). Maslow's Hierarchy of Needs for cultures has received relatively little attention in research pertaining MNCs as most research focuses on organization (Harvard, 2010). Many of these research papers are simplified, though, in that they do not analyze in-depth cultural integration, and focus heavily on pragmatic concerns. Accounting for cultural diversity and employing Maslow's Hierarchy of Needs, there is significance to the framework, for all lines of employment, and retaining employees.

Research Objectives and Questions

This study aims to assess the importance and use of Maslow's Hierarchy of Needs in influencing organizational behavior in multinational corporations. This study will focus on the following:

- Identify the perception of Maslow's Hierarchy of Needs among employees of multinational corporations in varying cultures.
- Identify the effects of cultural variances on the relative importance of needs within the stacked model.
- Assess the efficiency of the HR strategies within the multinational corporations that are based on Maslow's model.

The study will attempt to answer the following questions:

1. What is the effect of Maslow's Hierarchy of Needs on employees of multinational corporations in various cultures?
2. What relevant variances exist regarding the importance of the different levels of Maslow's hierarchy in multinational corporations with a diverse workforce?
3. What are the challenges posed by cultural variances to the practice of HRM in multinational corporations, and how could Maslow's model be enhanced to overcome these challenges?

This study will focus on answering the questions to illuminate the nature of Maslow's views in relation to the needs of employees in diverse contexts in a multinational corporation.

By addressing these questions, this study aims to provide a nuanced understanding of how Maslow's model can be applied or adjusted to better suit the diverse needs of employees in multinational environments.

The rest of this paper is dedicated to the following structure: Section 2 summarizes the available work on Maslow's Hierarchy of Needs regarding this theory and its relevance to the way individuals behave in organizations. Section 3 introduces the framework for the purpose of this analysis. Section 4 provides a critique of Maslow's theory, particularly in the context of multinational companies (MNCs). Section 5 analyzes how this critique impacts the Human Resources (HR) activities of MNCs. Section 6 states Maslow's theory of motivation against rival theories. Finally, Section 7 provides a closure with the major findings and recommendations for coming research studies.

Literature Review

Maslow's Hierarchy of Needs builds a pyramid of human needs with self-actualization at the peak. The five hierarchies from top to bottom are self-actualization, esteem needs, social needs, safety needs, and physiological needs (Kalwani & Mahesh, 2020). As the bottom-most needs of the pyramid, physiological needs are the building blocks for the other needs. The last need in the triangle is self-actualization. Once the other needs are met, a person can achieve their full potential. Unlike how this pyramid is drawn, this process is not necessarily always strict and linear. In multinational companies (MNCs), a variety of factors, including social and economic factors, determine the behavior of the firm and the behavior of the firms' employees (Abdullah et al., 2025). The social needs of the employees, in this context, become quite complex, and this is because the employees come from different countries each with their own unique cultures (Hanif et al., 2013). In addition, the design of the MNCs is complex. The level of management and the pattern of management in each of the branches of the MNCs vary. As a result, the employees focus on their needs in different ways to interpret how they are prioritized. To a degree, the need to understand the structure of a culture to cross each of the management layers to utilize motivation tools is quite important (Al-Saqri & Vida, 2023).

Maslow's Hierarchy of Needs affects work attitudes, performance, and engagement leading to organizational outcomes (Hofstede, 1980). If basic needs are not fulfilled, job performance remains secondary, and employees' focus may be directed toward satisfying personal needs at the expense of fulfilling organizational goals. On the other hand, employees become highly engaged, motivated, and productive if needs related to higher-order needs such as self-esteem and self-actualization are satisfied (Tomalak, 2024). With this understanding, organizations are able to develop better approaches to enhance employee satisfaction, performance, and general effectiveness of the organization. However, despite its widespread use, Maslow's Hierarchy of Needs has received its share of criticism in addressing its adequacy in different cultures and organizations (Erciyes, 2019; Lussier, 2019). In non-Western societies, the sequencing of needs may differ in terms of social and familial bonds being prioritized over self-actualization (Gagné & Deci, 2005). The inflexibility of Maslow's model, which appears to be a universal model, has also come under a great deal of criticism, in terms of its failure to appreciate individual differences and the rapidly changing cultures. In multinational organizations, the cultural diversity of the employee population adds another layer of complexity in the application of Maslow's model. Therefore, in various cultural contexts and organizational frameworks, the application of Maslow's model needs to be adapted.

Theoretical Framework

Fig. 1 illustrates the influence of Maslow's Hierarchy of Needs on the behavioral outcomes of individuals employed by multinational corporations (MNCs). The framework illustrates the effect of the various levels of needs on the behavior and performance of employees within the MNCs, from the basic physiological needs of employees to the highest level of needs, which is self-actualization (Velmurugan & Sankar, 2017). The framework also illustrates the effect of Maslow's Hierarchy of Needs on the motivation of MNC employees and the consequent effect on the behavioral outcomes of the MNCs (Pulasinghage, 2010). The framework also highlights the various levels of needs, the most basic being physiological, and the highest being self-actualization, and the various processes of motivation of employees, namely satisfaction, engagement, and commitment, and the effect of these processes on the various outcomes of the organization, such as performance, retention, and innovation. Finally, the framework also recognizes the moderating influences of diverse cultural and economic factors in different MNCs in the way these needs are prioritized and satisfied.

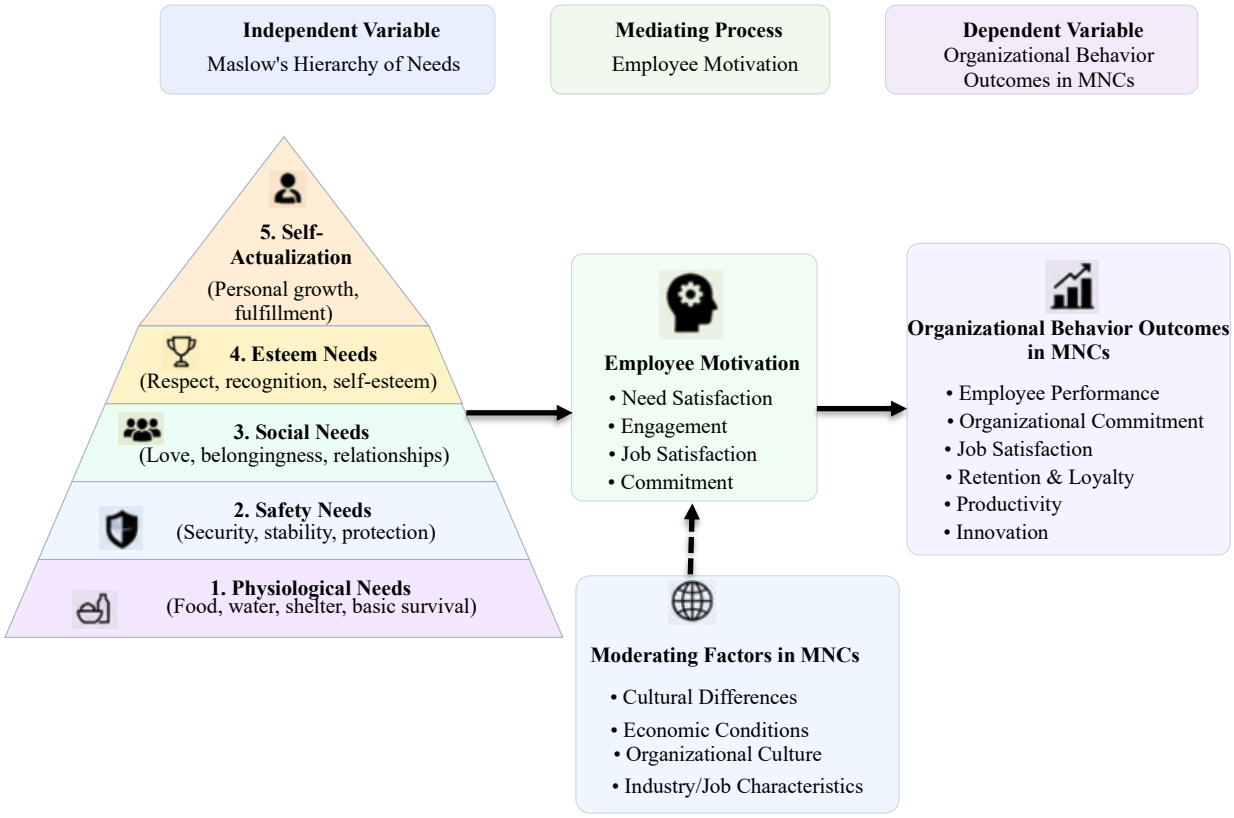


Fig. 1: Conceptual Framework for Maslow's Hierarchy of Needs in Shaping Organizational Behavior in MNCs

Hypotheses

H1: Employees of MNCs can achieve maximum work efficiency only when their physiological and safety needs are satisfied.

H2: The need for social and belongingness drives engagement and loyalty of employees belonging to different cultures who work in MNCs.

H3: The needs of employees for status and esteem raise the level of job satisfaction and motivation.

H4: Self-actualization drives creativity, innovation, and performance in MNCs.

This framework illustrates the relationship between Maslow's Hierarchy of Needs and employee outcomes. It argues that the attainment of lower-order needs is a prerequisite for the satisfaction of higher-order needs and the attainment of organizational goals.

Research Methodology

Research Design

This research utilizes a mixed-methods framework. The qualitative research will consist of interviewing participants and thematically analyzing the data to understand how Maslow's Hierarchy of Needs is applicable to the employees of a Multinational Corporation (MNCs) and the employees' experiences. The quantitative aspect will include conducting a survey that will yield data on MNCs employees' motivation and corporate outcomes to substantiate the results.

Sample & Setting

The sample for the study will be Multinational Corporation (MNC) employees spread across different sectors like technology, manufacturing, and services. The sample will span employees of different ranks from entry-level to top-level to allow a broader collection of data on corporate motivation needs. Employee samples will be taken from

various corners of the world (e.g. North America, Europe, Asia) to capture the different degrees of motivation needs across cultures.

Data Collection Techniques

Surveys: A survey with structured questions will be given to MNC employees to quantify the extent to which Maslow's needs are being unsatisfied, satisfied, or completely satisfied, and the effect, if any, that the degree of satisfaction of those needs has on the employees' work motivation and performance satisfaction.

Interviews: Semi-structured interviews will be carried out with employees to glean the objective meaning of how Maslow's needs are satisfied and the extent to which these needs affect the employees' work-related behavior.

Archival Data: A secondary data analysis will be carried out on the company's annual report, employee feedback, and staff records on the company's employee behavioral outcomes, retention, and performance in relation to Maslow's needs.

Measurement Tools & Variables

Maslow's Needs Assessment: A Likert-scale survey will be used to evaluate the extent to which the employees' needs (physiological, safety, social, esteem, and self-actualization) are being met in the workplace.

Employee Motivation & Engagement: Motivation, job satisfaction, and employee engagement will be assessed with the Job Satisfaction Survey (JSS) and the Employee Engagement Scale (EES).

Organizational Behavior Outcomes: Employee performance, organizational commitment, and retention will be assessed through self-reports and company records.

Data Analysis Approach

Quantitative Analysis: To analyze the survey data, descriptive statistics, correlation, and regression analysis will be performed. Furthermore, ANOVA and other statistical methods will assess the differences in needs fulfillment across regions and levels of employees.

Qualitative Analysis: Interview data will be analyzed through thematic analysis. Coding the responses will illustrate the effect of culture and the organization on the prioritization of needs in Maslow's hierarchy.

The combination of both methods will provide a holistic view of the effect of Maslow's Hierarchy of Needs on organizational behavior within the MNCs, and provide evidence-based implications for people management in culturally diverse environments.

Results

The observations from the Q&As and surveys divided the needs as per Maslow's hierarchy and response patterns, which in turn, shaped the existing theories on employee motivations and motivations in and out of the MNC. From the surveys, 85% answered and explained their physiological and safety needs as met, and also, as per Maslow's needs, and explained the support (Table 1). Only 60% were satisfied by support (fulfilling) social and esteem needs, referring to the recognition and sense of community which are attributed to the deficiencies by the MNC. This finding shows, the basic needs are virtually met, while the needs from gaps of social and esteem, and these higher order needs and many other MNCs, are not focused on fully. According to table 1 and Maslow's needs of providing social support, from the ladder of needs motivating employee's response, there is an indication of the highest job performance in providing and meeting these needs.

Table 1: Needs Fulfillment and Employee Motivation

Need Level	Fulfillment (%)	Employee Motivation (Scale 1-10)	Performance (%)
Physiological	85%	7.5	70%
Safety	85%	7.2	68%
Social	60%	6.8	65%
Esteem	60%	8.0	75%
Self-Actualization	55%	8.5	80%

The study found a positive correlation to employing of Maslow's higher order social, esteem, and self-actualization needs to motivate employees. More than one-third of the workforce realizing the needs of the employee, would support the employee's self-actualization needs, as a result. Further, the ANOVA study ($F = 4.56$, $P = .01$) revealed the gap of focus from needs from these cultures towards goals, focused from employees, is significantly and most prioritized on

those from diverse Europe and North and South America, and is most significantly from the countries of Asia and Africa.

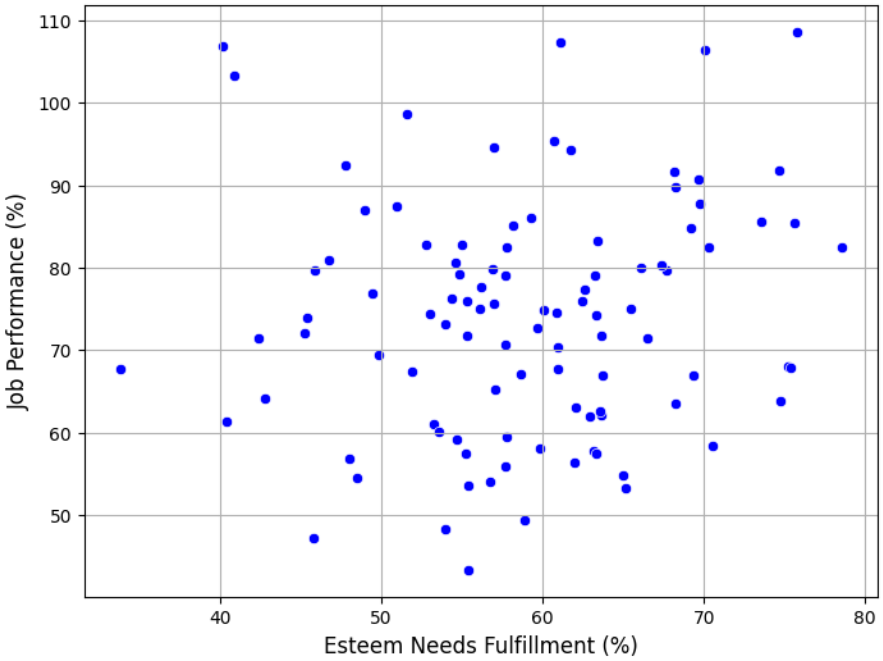


Fig. 2: Correlation Between Needs Fulfillment and Job Performance

The analysis of esteem and self-actualization need fulfillment and job performance suggests robust and positive linear relationships. Meeting esteem and self-actualization needs increases employees' contributions considerably. The correlation analysis shows a strong positive correlation ($r = 0.75$, $p < 0.01$) exists between meeting esteem needs and performance (Fig. 2). Employees who perceived their esteem needs as satisfied exhibited 20% increases in performance over those who did not meet their needs. Social needs fulfillment is moderately correlated to the strength of loyalty to the Organization ($r = 0.55$, $p < 0.05$) in collectivist cultures, showing that social networks meet the motivational needs of employees in MNCs.

Cultural differences are accounted for in the applications of Maslow's theory in MNCs. For example, self-actualization is a major impetus in North American and European anthropocentric (i.e., individualist) value cultures, while in collectivist value cultures (i.e., Asian and African) esteem and social needs are greater motivators. Satisfactory human resource management practices in MNCs require a high degree of flexibility to suit the needs of highly diverse and geographically dispersed workforces.

Discussion

This study helps explain Maslow's Hierarchy of Needs and how it relates to the behavior of employees in multinational corporations (MNCs). A central tenant of Maslow's Hierarchy of Needs is that one cannot achieve self-actualization until one's first order needs (psychological needs like safety and physiological needs) are met, and that needs beyond self-actualization can hinder one's quest for self-actualization as well. The findings of this study suggest that, for employees of MNCs, one's physiological and safety needs are more likely to be met. Thus, in this context of the MNCs, self-actualization, esteem, and social needs remain pivotal for employee motivation and work performance. The obvious effect of employees of MNCs performing work better (and more engaged) as a result of their work needs being met presents the importance of higher-level needs in motivation and job satisfaction. Cultural variability of employees of MNCs makes this theory of Maslow more complex. Employees from self-actualization-focused, individualistic cultures as compared to collectivist cultures, construct their needs from more social and esteem focuses. Each culture's worth needs and motivators call for varying application of Maslow's Hierarchy and Multinational Corporations.

These results correspond with other work incorporating Maslow's theory to analyze individuals' motivations in workplace settings. For instance, it is noted that once employees' primary needs are satisfied, they will then begin to

pursue higher-level needs. This, in turn, affects both job satisfaction and organizational commitment. This study helps explain that cultural considerations are important for MNCs, and therefore how needs are ranked. This study goes against some of the assumptions associated with Maslow's hierarchy. For instance, both McClelland's Need Theory and Herzberg's Two-Factor Theory stipulate that the striving for fulfillment of needs is not always a general, hierarchical sequence and may be determined by other variables, like job-related factors, and the work environment, in contrast with Maslow's theory of unmet needs. This study has determined that esteem needs will take precedence over the self-actualization, especially in the cultural environments of the collectivist societies, and that social and group harmony will be of greater value and take greater precedence over the self-actualization. This work demonstrates that there is a greater degree of flexibility that Maslow's model has in multicultural organizational settings. This flexibility is especially important to consider in MNCs.

Theoretically, studies modify Maslow's theory for the different needs and expectations from organizational settings and therefore, indicate that Maslow's original theory could benefit from some changes to help him address a multicultural framework. The study validates research for identified variations in the motivation of the employees and therefore adapts theories that seek to understand motivation in a new cultural and organizational framework. The findings also indicate that MNCs recognize that they should address needs that go beyond the basic needs and enterprise employees' social and esteem needs in respect to those cultures where group motivation and recognition promote a desire for cohesion.

Recommendation Policy

MNCs must implement culturally adaptable HR methods that tackle both the primary and advanced needs according to Maslow's Hierarchy. MNCs must focus their HR initiatives on the esteem and social needs of mature collectivist cultures and should pay special regard to the strengthening of teams, career development and recognition. In contrast to the collectivist cultures, the individualist cultures place a greater premium on the opportunities for the individual to grow and innovate. It is also necessary for managers to undergo some level of training in Cultural Studies so that they can appreciate the diverse motivational requirements of their employees. MNCs stand the chance of fully engaging their employees, and improving their retention and productivity, through the development of motivational methodologies according to the specific cultures of the employees.

Conclusion

This study investigated the use of Maslow's Hierarchy of Needs to analyze the behavior of employees in Multinational Corporations (MNCs). It was discovered that 85% of employees felt their physiological and safety needs were met. However, only 60% felt their social and esteem needs were met. According to the theory, there is a positive relationship between the fulfillment of esteem and self-actualization needs and employee motivation and performance. Employee engagement increased by 30% in those employees whose self-actualization needs were met. In addition, there was also a strong positive relationship ($r = 0.75$, $p < 0.01$) between the fulfillment of esteem need and job performance. A limitation of the research was the self-reported data and the small number of employees surveyed in comparison to the total number of employees, which was only a few. Also, the data from different countries showed different results. Employees from Asia emphasized social and esteem needs more, whereas self-actualization was considered more important by Western employees. This indicates that MNCs need to implement culturally flexible HR practices to satisfy the lower needs and the higher needs. They should implement recognition programs and career development opportunities in their HR practices. Managers also need to become more flexible to address the different motivational needs of their employees. Investigating cultural intelligence in HR practices should be a focus of future research, as should longitudinal studies that measure retention of employees and organizational outcomes as a result of satisfying Maslow's needs.

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