



## ECONOMIC DEVELOPMENT AND THE ROLE OF MASLOW'S HIERARCHY OF NEEDS

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### Annotation

The effect of the level of satisfaction of human exteriors on the development of the economy. How human satisfaction leads to economic perfection.

**Keywords:** Hierarchy of needs by A. Maslow, the level of need for management.

This theory of the hierarchy of needs, originally as a theory in psychology, was first proposed by A. Maslow in 1943 in the scientific article "Theory of Human Motivation", and then was fully formulated by him in his book "Motivation and Personality" in 1954 [1].

Economic development of a country has a substantial role in the overall well-being of the country amid other countries. Economic development of the country should worry not only the economist but also every single person. In general, economics is the part of the science, which uses different analysis to understand the ways of satisfying the needs of human beings. However, one main factor should being mention, the economics examines how to satisfy unlimited needs of humanity with limited resources. Therefore, it is important to identify what people actually need. Actually how it can be satisfied.

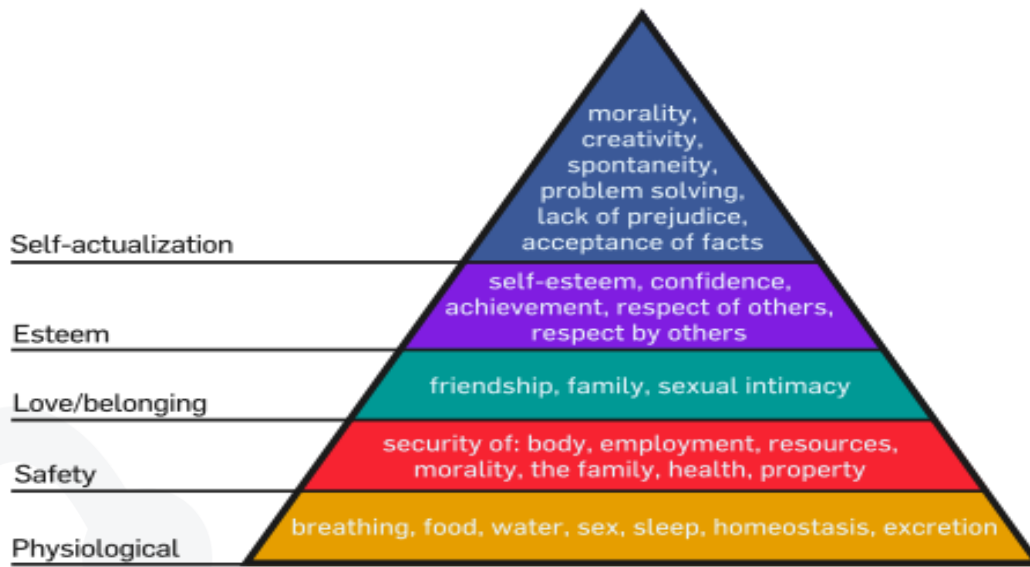
Maslow's well-known hierarchy of needs includes five conjugate levels, which are usually representing in the form of a corresponding pyramid. The lower first and second levels of the pyramid reflect the attributive needs of people in the priority daily use of food resources, providing a place of residence and clothing that must be protecting from natural and social hazards (fires, floods, robbery, violence, etc.). Above them are the third level of an individual's choice of belonging to a certain social group. And in order to the choice of profession, type of work, lifestyle; the 4th level of assessment of the success of an individual's activity, recognition of his merits by





society and the 5th top level of self-realization of the cherished goal (dream) of an individual as the pinnacle of his ego satisfaction [2].

For many years, various variants of the A. Maslow pyramid have been developed, which mainly develop provisions on the priority importance of motivation (1 – picture).



1 – picture

Maslow theory states that an individual can fulfill their self-actualization needs by exercising their creativity and developing their problem solving skills. The best way for an economy to assist an individual in fulfilling their self-actualization needs is by allowing for technological innovation [3].

The problems of economic resources and factors of production, which together represent the material side of social production, are connecting with the problems of human needs and vital goods [4].

To understand what people's needs are, Maslow's hierarchy of needs comes in hand. Maslow's theory explains what do people need and how these needs are placed according to the importance. He split the needs into five categories. An individual can live properly if his/her needs are satisfied in hierarchical order starting from bottom until the up.

Maslow has put physiological needs into the first in terms of importance, because person should satisfy his/her physiological needs first and after other needs become apparent. Moreover, it can also being called Basic Needs, the reason is that food, and drink is the fundamental of basic needs to survive. Satisfying these needs creates a need to develop sectors as agriculture, stockbreeding and food trade. Agriculture is



the basement of the economy of developing countries. According to the Food and Agriculture Organization of the United Nations, over 70percent of the world's food needs are met by small farmers, which means there is a high demand for developing farming and private sector to develop the country's economy [5].

Thus, all of the above convinces us that the construction of hierarchies in any sphere, industry and on almost any topic allows us. To identify more fundamental and general properties of phenomena and move from them to more specific and specific manifestations of things according to the philosophical laws of dialectics, which the economy also obeys, and even more so to them the social structure obeys. Any society, even the simplest, primitive one, obeys the laws of hierarchy, and for this very reason has a hierarchical structure, which we can observe, starting from primitive society up to modern society, that is, up to today.

On this basis, we draw the following conclusion that the law of hierarchical structure is a universal sociological, economic, political, and so on law, which must be taken into account and cannot be discounted in any way when studying a variety of social realities [6].

The theory is criticizing because of its hierarchy and the impossibility of fully satisfying needs. For example, physiological processes will always be relevant — a person constantly needs to drink, eat, and sleep. For some people, only part of the needs may be important.

Critics often cite the fact that over time Maslow completely revised his own theory. In later works, he changed the motivational concept and abandoned the multilevel system [7].

Another category is “Safety”. Safety is meeting when there is a well-developed structure of military forces. In addition, people feel safe when their opinions are respected. This is developing through healthy political democratic environment in the country.

Furthermore, the third category is “Belonging Needs”. Distinctive political partnerships who work with individuals serve to fulfill their belonging needs. When above states needs are fully fulfilled, the third category can then serve to develop the economy. Another category is Esteem. Economy can satisfy Esteem needs of a person through branding in a society.

Finally yet importantly, the fifth level of hierarchy is so-called “Self-actualization”. Self-actualization is fulfilled when person has freedom and develops creativity and soft skills. These factors influence on the economy indirectly. The reason is that, if an individual has creativity and has soft skills, he will be able to create innovations and so on.





Overall, these needs are significant to form a healthy society. When there is a healthy society, there will be a growth in the economy as people are happy and work with enthusiasm.

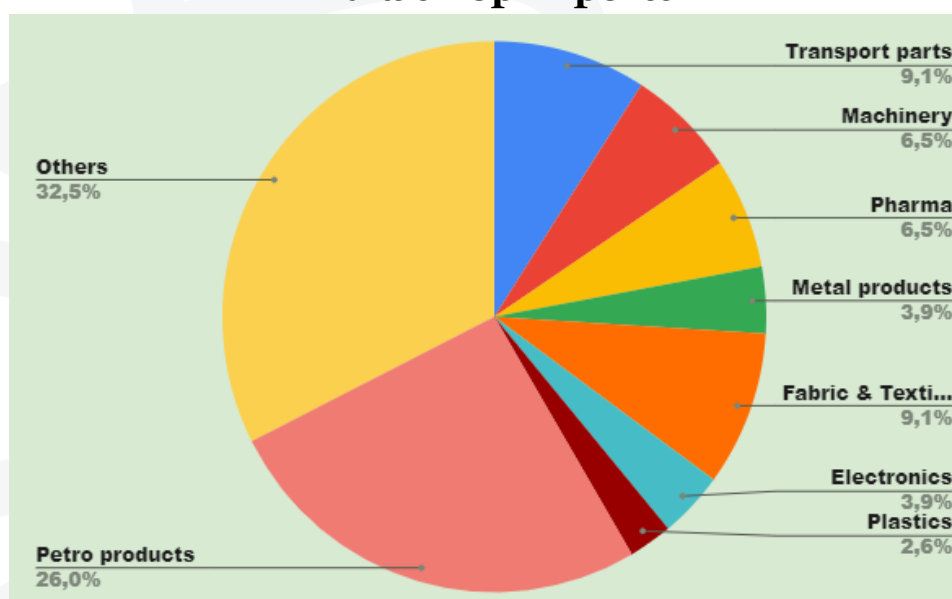
It is true that there is a high correlation between the economic growth and the satisfaction of needs. The reason is that, as the national level of income grows, people will be able to make purchases in large amounts. In other words, people tend to buy more food; purchase high-priced housing, people in rural areas will have better sanitation conditions. Money is motivation for an effective work.

What if government creates a possibility to meet all the categories of needs in Maslow's hierarchy? Would the people start working more effectively? Would the productivity increase in level?

According to the World Bank, in the world GDP per capita rankings, Norway, Austria, Denmark, Sweden and Canada opted for the public service, which means that if public services as education, health care, child care and worker's compensation are well structured, so the productivity level of labour will be increased [8].

After thorough analysis of the presentation by Houghton Mifflin, New York, 2003, so-called "Personality Theories: an Introduction" Abraham Maslow's hierarchy of needs proves to be as a motivation for people, to be more precise labor. Actually, the needs highlighted by Maslow, drives employees to work harder to achieve what they actually need. Also, pyramid pictured step presents inaccurate understanding of Maslow's hierarchy. The reason is that to achieve the steps in pyramid, time and effort are the main factors.

**India's Top Exports**



1-diagram



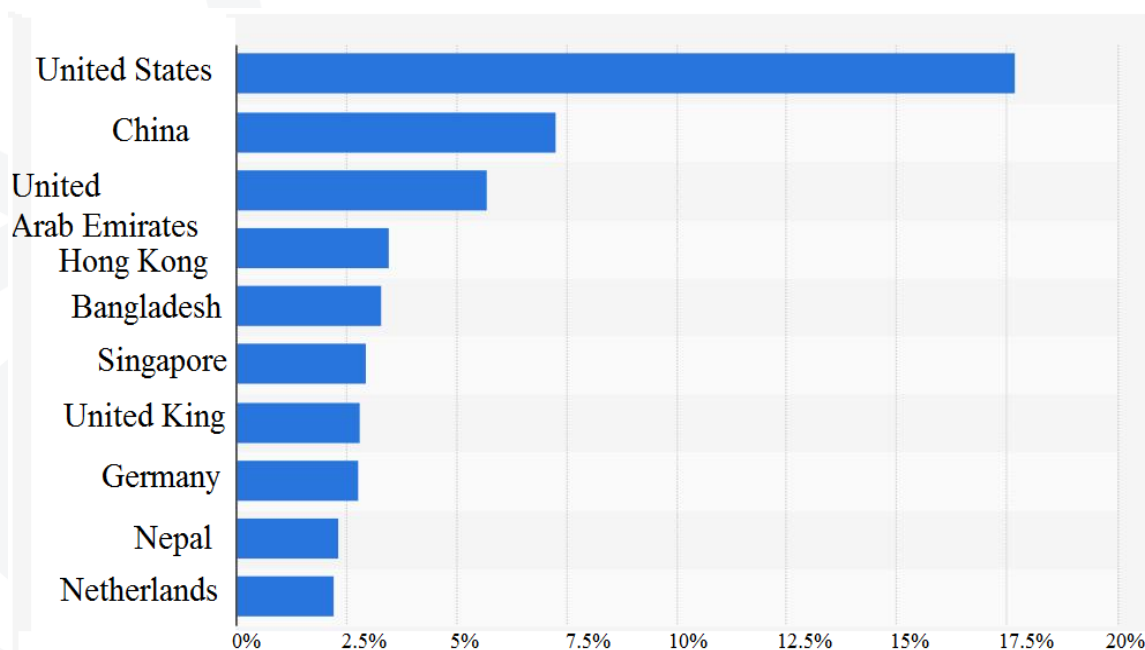


For example, India's economy has benefited through the improved ways of satisfying the needs. Because, to meet the needs of human beings India solely in 2013-2014, exported 10% of petro products. While others and gems& Jewelry stand for 25% and 13% accordingly. To meet the first category in Maslow's hierarchy of needs, physiological needs, India exported food from agriculture sector 10% of overall the export statistics [9].

### **Share of leading destinations for Indian exports in financial year 2021, by country or region**

In addition, from the graph it can be seen that according to the population range, supply chain statistics vary. To illustrate, the U.S.A showed the highest percentage of export for India solely in 2021, which means that how the population range is large, the needs are also broad. Another country with high statistics is China standing for nearly 7.4% in 2021. It can be summed up that if there are a large number of people, admittedly, there will be their needs, to satisfy all of them, and the economy should supply the market with commodities and food (2- diagram) [10].

In conclusion, it is believed that people's needs play as motivating role to work harder which is rightly correlated to the growth of economy in countries. Analyzing solely past years in India, assisted to understand how humanity needs to satisfy first needs and then they will have a motive to work efficiently. As a result, there might happen economic growth.



2- diagram



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