The Needs that Individuals and Organizations Seek to Fulfil by Contemporary Employment Agreements: The Case of Latvia

The paper analyses a contemporary employment deal looking for the answers to the question: “What needs do individuals and organizations seek to fulfil by employment in Latvia?” To answer this question the authors have developed the individual-organizational values exchange model based on E. Schein’s organizational culture formation model suggesting that the behaviour of individuals and organizations mirrors the basic values and needs of both actors. The needs are studied applying A. Maslow’s hierarchy of needs.

Keywords: employment, needs, individual, organization.

Introduction

An employment agreement is an agreement between the organization and the individual signed to satisfy the needs of each party. The organization provides a job to be done (tasks, accountability) (Godin, 2013) and environment in which to perform this job (organizational culture, geographical location, etc.) (Cameron, Quinn, 1996; Gray, 2013; Handy, 1996; Joel, 2013; Schoemmel, Jonsson, 2014; Morgan, 1995, 1996; Rifkin, 2011, 2014). On the other hand, the individual provides an ability to do the job (skills, competencies, education, age, physical state) (Abele, Spurk, 2009; Feldman, Bolino, 1996; Korsakiene, Smailiukiene, 2014; Nga, Feldman, 2014) and willingness to do the job (job or career satisfaction, engagement, etc.) (Godin, 2010, 2014; Schein, 1997; Kahnemahn, 2013; Thaler, Sunstein, 2009).

Both – individuals and organizations – expect certain behaviour from each other, which meets one another’s need not only for the result (a job done or skills needed to
do a job), but also for the process, i.e. how things should be done (Schein, 1996).

The standard employment relationship, characterized by the full time, stable employment and collective bargaining procedures (Mückenberger 1989 in Van Aerden et al., 2015), expects a kind of behaviour which is predictable, reliable and loyal to the needs of an organization. The new work forms such as part time work, self-employment, flexible work, portfolio jobs, virtual jobs and other forms of employment suggest that not only the needs of an organization, but also those of an individual have to be given the same weight, and that the behaviour might be spontaneous, abrupt and selfish.

As the behaviour is driven by the basic needs of an individual or an organization, the goal of the paper is to identify and classify the needs that individuals and organizations seek to fulfill by contemporary employment. To reach this goal, the following tasks have been accomplished:

1) The individual-organizational values exchange model was developed to illustrate the employment agreement;
2) Applying A. Maslow’s psychological needs of hierarchy there were classified individual and organizational needs in the employment relationship;
3) The expected value (given and received) of the employment agreement was assessed in the focus group interviews performed with four different groups of people – Bachelor’s degree students, Master’s degree students, commercial enterprise managers and state institution managers.

To reach the goal, the following methods were employed:

1) A theory review and classification – to develop the individual organizational relationship model and construct the needs fulfilled by employment.
2) Focus group interviews – to identify what needs people of different ages and work experience seek to fulfil within employment in Latvia.

The research of this paper is limited to the needs that individuals and organizations expect to be satisfied by employment. In the empirical study there were conducted focus group interviews with a small number of participants in sample groups, thus a further study is required to approve the methodology and findings within this research.

The individual-organizational values exchange model

An employment agreement is the agreement between the organisation (employer) and the individual (employee). Each employment agreement is two sided – there is a normative, formal agreement signed by both parties and there is a psychological contract, i.e. usually even not verbalized, which regulates formal and informal relationships of the parties (De Witte, Notelaers, 2009 in Karen Van Aerden et al., 2015; Rousseau, 1995; Yaakobi, 2014).

All agreements contain attributes like: voluntarism, incompleteness, reliance, losses and automatic processes (Rousseau, 1995). Up to the 1980s, the nature of the agreement had been reliable and constant, i.e. organizations provided stability and certainty in exchange for rigid behaviour with employees. The fail of existing business models (Handy, 1996; Joel, 2013; Rifkin, 2013) shifted the needs of both parties as well as the expectations towards the behaviour of each other. Moreover,
uncertainty in the external environment prevents reliance on automatic processes, giving more space for employment to develop a more transactional nature of the relationship (Schweitzer, Lyons, 2008).

The authors believe that as contemporary employment provides less possibility to rely on automatic conditioning, it is vital to raise the awareness of the needs of both parties seeking to be satisfied by the employment agreement.

The actors of the employment agreement are the individual and the organization (see Figure 1). The authors assume that both actors possess equal weight of impact on the employment agreement and both are driven by similar interest to satisfy their needs at the maximum level with minimum input.

Each has his/her own idea about “how things shall be done” referring to the definition of organizational culture by E. Schein. The actual behaviour (artefacts) is constructed by one’s values rising from basic assumptions about life or business (Schein, 1997).

On the one hand, the organization provides a job to be done, and on the other hand, the individual does the job for the remuneration agreed. The job is the object of the employment agreement. The value exchange – satisfaction of the both parties’ needs – has happened. The need for relationships in employment has been argued as an invitation to pay greater attention to the organization-employee relationship (Herington et al., 2006 in Wang, 2014) and implications of contemporary employment on management, which traditionally is based on control and subordination, and quite often is executed through bullying, creating an atmosphere of fear (Beale, Hoel, 2011).

When considering both parties as equal partners entering an employment agreement, the authors argue in favour of entrepreneurial labour principles (Nyombi, 2015), wherein the relationship is based on social and financial bonds (affective commitment) rather than on structural and financial bonds (continuance commitment) (Wang, 2014).

The application of entrepreneurial labour principles requires a new approach towards the employment agreement from both parties – individuals and organizations. First of all, by being aware of what kind of needs each party seeks to satisfy,

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**Fig. 1. The individual-organizational values exchange model**

*Note: composed by the authors.*
and, secondly, what needs of the other party it will satisfy in exchange to create value for both actors.

The model proposed by the authors seeks to look beyond the formal employment deal, and recognize the true needs of each party, finding a new balance of formality and informality in employment contracts (Atkinson, Mallett, Wapshott, 2014) thus paving the way from traditional employment to contingent work arrangements (Neumark, Reed, 2004) by building sustainable employment relationships.

**Classification of individual and organization needs**

In order to build sustainable relationships, awareness of expectations of both parties is necessary in order to perform in the most appropriate manner.

The needs that the parties seek to fulfil by an employment agreement are: the necessity for income, safety, structure, order, self-realization, growth and development, obedience to rules, innovation, and etc. The authors propose to classify the expectations of individuals and organizations adopting Maslow’s hierarchy of needs (Maslow, 1943). The results of the classification are presented in Table 1.

The physiological needs are air, food, drink, and sleep. At this level, individuals provide skills and productiveness needed to do the job (Ashford, Hall, Ashford, 2012), expecting in return a variety of benefits (pay, benefits, flexible work time, etc.) (Schweitzer, Lyon, 2008; Tansel, Gaziouglu, 2014; Wang, 2014). Organizations provide individuals with a job, also temporary (Lautenschlager, 2015) and purchasing power (Ashford, Hall, Ashford, 2012), expecting in return performance, competitive advantage and productivity (Schweitzer, Lyon, 2008); being the means for the organization to survive.

In terms of A. Maslow, the necessity to be employed and receive money is related to the safety needs. The authors argue that the state when one is employed (or has a job) and receives money in exchange for the job done, is related to the physiological need for security. This argumentation is supported by the fact that the majority of people in European countries live in cities (the urbanization rate is up to 80 percent), meaning that there is no practical opportunity to support one’s need for food by growing it, as it is possible in the agrarian economy.

For the security needs – safety, stability, health, shelter, the authors propose to consider the job security, health and safety (Ashford, Hall, Ashford, 2012) provided by organizations. On the other hand, individuals here expect influence over job, security, and also uncertainty and insecurity and investment in employability (Tansel, Gaziouglu, 2014; Yaakobi, 2014). To be safe, organizations expect control and subordination of individuals (Nyombi, 2015) in line with the possibility to apply flexible employment conditions (Yaakobi, 2014).

Social needs – acceptance, friendship, intimacy, relationships. Employees contribute feelings of belonging, loyalty (Wang, 2014) and expect organizational support and a psychological contract (Atkinson, Mallett, Wapsott, 2014; Wang, 2014). Organizations create a social environment becoming a social environment themselves (Ashford, Hall, Ashford, 2012), expecting individuals to be loyal and committed (Eilam-Shamir, Yaakobi, 2014).
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### Table 1

**Classification of individual and organizational needs**

<table>
<thead>
<tr>
<th>The need</th>
<th>Individual</th>
<th>Organization</th>
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<tr>
<td></td>
<td>Gives</td>
<td>Expects</td>
</tr>
<tr>
<td><strong>Physiological</strong></td>
<td>Skills [Ashford et al., 2012] Productiveness [Ashford et al., 2012]</td>
<td>Receive the variety of benefits (pay, benefits, flexible working time etc.</td>
</tr>
<tr>
<td><strong>Self esteem</strong></td>
<td>Trustworthiness, dignity at work, development (e.g. career growth) [Schweitzer, Lyon, 2008; Beale, Hoel, 2011; Eilam-Shamir, Yaakobi 2014, Tansel , Gaziouglu, 2014]</td>
<td>Bullying in a name of performance excellence [Baele, Hoel, 2011] Job satisfaction [Ashford et al., 2012]</td>
</tr>
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</table>

*Note:* composed by the authors

In terms of self-esteem (achievement, recognition, respect, competence) both parties expect trust, dignity at work and development (e.g. career growth or business development) (Beale, Hoel, 2011; Schweitzer, Lyon, 2008; Tansel, Gaziouglu, 2014; Yaakobi, 2014). The actual experience is that there is no evidence of individuals adding self-esteem to organizations. Organizations can influence individuals’ experience of nurturing self-esteem by taking care of job satisfaction (Ashford, Hall, Ashford, 2012) or diminishing self-esteem by bullying in the name of performance excellence (Baele, Hoel 2011).
Self-actualization is fulfilling of personal potential. Organizations expect individuals to be highly educated professionals (Lautenschläger, 2015) and to build the culture of excellence (Schweitzer, Lyon 2008). For individuals, it is important to match personal and organizational values, experience personal care within the organization and experience work-life balance (Schweitzer, Lyon, 2008; Tansel, Gaziouglu, 2014; Wang, 2014). Individuals at this level might also feel an obligation to stay (Wang 2014), which might limit the fulfillment of personal potential.

To develop sustainable employment relationship, it is not enough to cover the basic human needs, i.e. physiological, safety, social and self-esteem needs, it is required that both parties – individuals and organizations – also cover the needs for growth, i.e. understanding, creativity, self-actualization and self-transcendence (Maslow, 1943). As the model adapted by the authors represents only five of these needs, the authors propose to consider that if an individual and an organization satisfies the physiological, safety and social needs within their relationship, the employment should be characterized as transactional, meaning that employees are treated only in an instrumental and utilitarian manner (Eilam-Shamir, Yaakobi, 2014). If in their employment agreement there is a demand and fulfillment of the self-esteem and self-actualisation needs, the employment can be characterized as relational-building and growing value for each other (Eilam-Shamir, Yaakobi, 2014; Dabos, Rousseau, 2004).

A review of the relationship and services literature indicates that consumers who have developed a relationship with a service provider not only expect to receive satisfactory delivery of the core service performance, but also expect to receive relationship benefits (Gwinner et al., 1998 in Wang, 2014).

The methodology and findings

In order to discover the needs and expectations of organizations, the focus group interviews were conducted in four groups of participants:
1. Bachelor’s degree students – 1st and 2nd year – 52 people;
2. Master’s degree students – 34 people;
3. Managers of commercial enterprises – 14 people;

The goal of the focus group interviews was to grasp the first associations by people when they see themselves in the employment relationship – what they would be willing to give to an organization (individual contributions) and what they expect in return (individual expectations), and how they see or believe the organization’s behaviour (organization’s contributions and organization’s expectations).

Each group of participants was split into two parts. One part was asked to think about their behaviour, i.e. about their expectations and what they think they are contributing within the employment framework. The other part was invited to consider themselves in a role of an organization and to think of what an organization would expect individuals to deliver, and what it is ready to give in return.

Each participant had to write down three things what he/she is contributing to and receiving from the employment relationship.

The focus group interviews were conducted separately for each group and took
place during the period from February 2015 up to April 2015.

After all the answers were counted, they were sorted according to A. Maslow hierarchy of needs classifying them by the principles described in the previous chapter.

The findings of the focus group interviews are visualized in Figure 2. It is obvious that the distribution of the needs satisfied (or expected to be satisfied), assuming that in total, are 100% satisfied.

Also, individuals believe that they are the core resource on which organizations depend, and that they secure around 50% of the organization’s survival needs; in the case of state enterprises – even up to 67%. On the other hand, the organizations’ focus on satisfaction of physiological needs is much lower in terms of both – satisfaction of the needs and expectations. When thinking from the organizations’ perspective, the expectation towards employees in the case of students is up to 50%, but in the case of commercial enterprises – just 24%. The general assumption is that the percentage of physiological needs covered by the organization is around 30%.

The needs for safety are the ones that are very much expected by individuals (10–29%) and supported by organizations (18–43%). The greatest disproportion in expectations and what actually is received, was demonstrated by the group of Master’s degree students – they expect that the need for safety will be just 10% of total expectations, however, their experience shows that organizations provide up to 36% of safety. The authors explain this by the fact that Master’s degree
students have already had work experience, and they have undertaken Master’s degree studies with a goal to outgrow their current, stable position at a particular organization. Therefore, their needs are more centred on the possibility to grow income (basic needs) and professional authority (self-esteem).

There is no significant expectation from organizations that individuals will support safety – state enterprise managers even mark this expectation at zero level. Nevertheless, commercial enterprises are seeking to meet safety needs (10%). Managers working for commercial enterprises feel no obligation to contribute to safety of an organization.

Quite often socialization is mentioned as one of the most important arguments for an employee to choose one or another employer. Employees (Cameron, Quin, 2006; Morgan, 2006; Schein, 1997) like to admit that they work for a particular organization because of the good team. The focus group interviews demonstrated that individuals’ expectations of social needs are met at a rate of 13–17%, state enterprise employees even say that there is no expectations for socialization in the workplace. At the same time they admit that in fact, social needs are supported by individuals up to 25%.

The self-esteem needs allow to recognize one another’s value and respect it, or manipulate the subject by diminishing his / her self-esteem. The participants of all groups demonstrated the high need for behaviour that raises self-esteem (29–32%). The need for self-esteem is expected equally by individuals working in commercial organizations. The disproportion can be observed in groups of Master’s degree students and state enterprise managers, where the individuals’ expectations for self-esteem is much higher than the organization’s ability to support it. State enterprise managers identify that individuals are not providing any self-esteem raising behaviour in favour of the organization, stating that there is no expectation for such needs from the organization’s side. The authors explain this by the fact that at the time of the interview, the enterprise was going through a process of change associated with negative publicity, so the results might be just the projections of this one event rather than overall experience.

The self-actualisation need at the highest level is expected by organisations – this applies both to commercial and state enterprises (33% and 40% respectively). The authors explain this by the fact that organizations are striving to pursue their competitive advantage, which means that they expect individuals to behave in a way so that to realize the potential of an organization.

In the process of the study there emerged a new need confirming the idea that in the relationship additional benefits are expected from both parties (Schweitzer, 2008). It is the necessity to motivate or to be motivated. The students marked motivation as an important part of the employment agreement, except for Master’s degree students who didn’t think that individuals have to come with their own motivation. In the groups of managers, motivation is something with which individuals come to work (commercial enterprises – 5%), or they expect the organization to provide them with motivation (state enterprise – 5%). Both manager groups stated that organizations are not defining motivation as something on the top of other needs.
The group of Bachelor’s degree students demonstrated the most homogeneous perception of what they as individuals would contribute to organizations and what organizations should contribute back to them. The authors explain this phenomenon by the fact that Bachelor’s degree students have little or no work experience, and their perceptions about the employment agreement are to be regarded as hypothetical. On the other hand, it is important to acknowledge the expectations of Bachelor’s degree students as they are the ones to enter the labour market in a couple of years. Organizations should better prepare themselves to meet the requirements of the next generations. It should be particularly noted that Bachelor’s degree students have rather high expectations that they will be motivated by the organization, instead that organizations will benefit from their motivation and dedication.

The focus group interviews uncovered only the perceived behaviour of the individual and organization. For the further verification of the behaviour from the perspective of the organization more data is required to test business owners or board members who are not employees of the organization.

Conclusions and discussion

The demands placed on contemporary employment and accordingly the expectations anticipated depend on the actual work experience that an individual possess. The sample in this paper demonstrated that Bachelor’s degree students view the employment relationship quite idealistically assuming that the needs they have will be met proportionally. Master’s degree students and managers of state and commercial enterprises identify the different proportionality of needs, as well as demonstrate the actual misbalance of individual and organizational needs and expectations.

The results of the group interviews show that in Latvia the greatest proportion of all the needs to be satisfied within the employment relationship cover physiological needs or needs for survival. The other need expected by individuals and highly supported by organizations is the need for safety and stability. This could lead to rather precarious behaviour with a greater focus on the today’s necessities instead of further development, at least by individuals, as organizations by themselves expect a high level of self-actualization behaviour, confirming their willingness to stand out and demonstrate its uniqueness and competitive advantage.

The mismatch of needs expected and the needs met create dissatisfaction with the employment agreement leading to reduced productivity. Therefore, both individuals and organizations should state their needs more clearly and communicate them throughout employment as the needs are changing constantly.

The authors believe that to reduce the mismatch of the needs both parties should be considered in the employment agreement as well as organizations and individuals should recognize different levels of needs and communicate them respectively.

It seems, however, that the opposite trend is evolving as Bachelor’s degree students are looking for an employer to take care of their motivation. Given the trend in the labour market where traditional forms of work are diminishing, and more and more self-directed employment takes...
place, this kind of expectation might lead to the negative first job experiences and stimulate frequent job changes in the initial employment phase. Moreover, organizations should consider the expectations of current Bachelor’s degree students about their motivation and by nurturing and growing them, secure stable workforce for themselves.

The further research is definitely required for identification of the exact classification of the needs in the employment relationship, and the possible ways of meeting them considering both parties.

References


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POREIKIAI, KURIUOS ASMENYS IR ORGANIZACIJOS SIEKIA PATENKINTI, SUDARYDAMI ŠIUOLAIKINIUS DARBO SUSITARIMUS: LATVIJOS ATVEJIS

Santrauka
Kai standartiniai darbo santykių susitarimai ima nykti ir vis daugiau darbo procesų yra automatizuojami, darbo santykių klausimas organizacijoje vėl tampa aktualus. Asmenys yra suinteresuoti įsidarbinti ir spręsti pragyvenimo klausimus, o organizacijoms svarbesni yra tokie klausimai kaip pasitenkinimo darbu lygis ir darbo efektyvumo užtikrinimas.

Šio straipsnio tikslas yra formuluojamas klausimą: kokie yra asmenų ir organizacijų poreikiai, kurie gali būti patenkinti pasitelkiant darbo santykius?

Siekiant atsakyti į tyrimo klausimą, sukurtas šiuolaikinių darbo santykių susitarimų modelis, o organizacijoms ir individų lūkesčiai klasifikuojami remiantis A. Maslow poreikių hierarchija.

Empirinio tyrimo interviu buvo atliekami keturių focus grupei, kurias sudarė bakalauro ir magistro studentai, komercinių verslo ir valstybinių įmonių darbuotojai.

Rezultatai atskleidė, kad didžioji lūkesčių dalis dėl darbo yra susijusi su psichologiniais ir išgyvenimo poreikiais. Be to, asmenys darbe ieško galimybių
įvertinti save, o organizacijos daugiau dėmesio skirti savirealizacijos poreikiams. Tyrimo metu išryškėjo naujas poreikis motyvacijai.

Bakalauro studentai, turintys nedaug darbo patirties, darbo susitarimus idealizuoją, teigdami, kad visi jų poreikiai patenkinami būtent tokiu santykiu, kokiu ir tikėjosi. Visose kitose tyrimo grupėse buvo identifikuoti neatitikimai tarp lūkesčių ir realybės.

Tyrimo ribotumą lemė tai, kad jis buvo atliktas remiantis hipotetiniu eksperimentu, renkant tik kokybinę informaciją keturiose focus grupėse Latvijoje. Papildomos demografinės informacijos apie respondentus nerinkta, todėl negalima daryti apibendrinimų.

Straipsnis praturtina mokslinius tyimus, pripratymas darbo santykių susitarimų modelį ir pateikdamas organizacijų ir individų darbo santykių lūkesčių klasifikaciją, kuri remiasi A. Maslow poreikų hierarchija. Rezultatus, gautus focus grupių intervju metu, gali panaudoti praktikai, kurie suvokia, kurių grupė organizacijos lūkesčiai gali būti priskirti, o taip pat jiems tai padėtų suprasti darbuotojų lūkesčių skirtumus atsirandancius dėl skirtingos darbo patirties.