ERG Theory

To address some of the limitations of Maslow’s hierarchy as a theory of motivation, Clayton Alderfer proposed the ERG theory, which like Maslow's theory, describes needs as a hierarchy. The letters ERG stand for three levels of needs: Existence, Relatedness, and Growth. The ERG theory is based on the work of Maslow, so it has much in common with it but also differs in some important aspects.

Similarities to Maslow's Hierarchy

Studies had shown that the middle levels of Maslow's hierarchy have some overlap; Alderfer addressed this issue by reducing the number of levels to three. The ERG needs can be mapped to those of Maslow's theory as follows:

- Existence: Physiological and safety needs
- Relatedness: Social and external esteem needs
- Growth: Self-actualization and internal esteem needs

Like Maslow's model, the ERG theory is hierarchical - existence needs have priority over relatedness needs, which have priority over growth.

Differences from Maslow's Hierarchy

In addition to the reduction in the number of levels, the ERG theory differs from Maslow's in the following three ways:

- Unlike Maslow's hierarchy, the ERG theory allows for different levels of needs to be pursued simultaneously.
- The ERG theory allows the order of the needs be different for different people.
- The ERG theory acknowledges that if a higher level need remains unfulfilled, the person may regress to lower level needs that appear easier to satisfy. This is known as the frustration-regression principle.

Thus, while the ERG theory presents a model of progressive needs, the hierarchical aspect is not rigid. This flexibility allows the ERG theory to account for a wider range of observed behaviors. For example, it can explain the "starving artist" who may place growth needs above existence ones.

Implications for Management

If the ERG theory holds, then unlike with Maslow's theory, managers must recognize that an employee has multiple needs to satisfy simultaneously. Furthermore, if growth opportunities are not provided to employees, they may regress to relatedness needs. If the
manager is able to recognize this situation, then steps can be taken to concentrate on relatedness needs until the subordinate is able to pursue growth again.