

# Driving forces of development of society in a market economy

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*Society is a set of individuals united by social and economic relations in the process of historical development. Needs are the main driving forces of its development. Aim of the research is an integrated study of the vital, social and economic needs as the main motivating factors of human activity. The well-known structure of vital and social human needs was proposed by the famous American scientist A. Maslow. In this paper the development of Maslow's ideas is presented. The needs of the human being with his different roles in society (as a consumer, customer, producer and seller of goods) were analyzed. Modern economics considers the movement of mass goods and financial flows which obey economic laws. Specific vital, social and economic needs of the individual are represented, usually indirectly, as the needs of economic players. In this paper the hierarchy of needs of producers as participants of market economy is developed. Complex research of motivating factors of human activity allowed us to develop the system of human needs.*

*Keywords: needs, Maslow's hierarchy of needs, socio-economic system, production*

## 1. Introduction

Society is a set of people united by social and economic relations in the process of historical development. In order to understand the nature of these relations it is necessary to allocate permanent factors from diverse processes and phenomena that underline the existence of the human community.

Human beings, as biological creatures have a certain set of vital (life) needs, as members of a society social (information) needs, and at a certain stage of development economic needs are also formed. Meeting these needs is the main incentive of human activity, for an individual and for a community as a whole. The most important are the vital needs; without satisfying them human cannot exist as a biological creature. Economic relations are relationships between people which are based on the production, distribution, exchange and consumption of tangible and intangible benefits.

The objective of this paper is an integrated study of the vital, social and economic needs as the main motivating factor of human activity.

## 2. The concept of needs

The concept of needs is one of the most important interdisciplinary categories: it is widely used in sociological, psychological, economic and other sciences. Classical works of this topic are studies of famous American researchers – G. Murray and A. Maslow. (Murray 2007, Maslow 1943). Abraham Maslow, one of the founders of humanistic psychology, analyzed human needs, structured them and developed a hierarchy of needs, called *the Maslow's pyramid*. The well-known structure displays the full range of subjective (vital and social) needs of the individual from physiological needs to self-expression and self-actualization.

1. Physiological needs (food, cloth, etc.)
2. Safety (everyone needs to be safe)
3. Social needs (informational exchange, communications)
4. Esteem (social needs connected with the role in society)
5. Self-actualization (main principle – 'I Can', creativity)

But it is not enough, because a human is not only consuming any benefits, but also producing them. He is a producer and a consumer, a seller and a buyer. People interact in market conditions. Market is the mechanism of interaction of buyers and sellers on the basis of which the sales transactions are made. It is necessary to highlight some of the characteristic features of human behavior in society.

- Consumer is a market participant who satisfies his needs as well as having future needs which can be predicted or guessed.
- Producer is a market participant who produces goods or services to satisfy needs.
- Buyer – is a market participant who purchases goods and services to meet their current needs also having future needs which can be predicted or guessed.
- Seller – is a market participant who sells goods or services, also is able to guess or predict the future needs of buyers and consumers.

### 3. Needs of socio-economic system

To construct a structure of socio-economic needs it is necessary to analyze vital, social and economic aspects of humans' life, functions of people in the socio-economic system and the principles of their behavior in a market-oriented economy. *The hierarchy of biological, social, psychological and economic needs*, formed on the basis of the pyramid of Maslow, can be proposed at the following levels:

1. Basic human needs
2. Needs of social development
3. Needs of labor
4. Needs determined by the current preferences of consumers
5. Forecasted and formed needs

*Level 1:* Basic human needs are satisfied in every socio-economic system: food, information sharing, reproduction, sleep, safety. These basic needs can be correlated with the first three levels of Maslow's pyramid. This need belongs to the consumer. He cannot exist as a biological creature without satisfying them.

*Level 2:* At each stage of social development socio-economic needs have different materializations. Society sets rules and regularities which play the major role. But the person who rejects the rules can come back to the first level.

*Level 3:* The third level can be characterized as the human needs at work. Man is both a consumer and a producer. Since we consider man as a market participant (buyer – seller, producer – consumer), there are objective human needs at work - needs in the production of goods or services in order to sell them with personal benefits and subsequent satisfying own needs.

*Level 4:* At the next level is the desire to diversity. Preferences are given to producers, which better satisfies current interests. Particularly this need manifests itself after the basic needs are already met. The desire to diversity entails growing consumer interest in additional benefits and lets the increase of producer profits accordingly.

*Level 5:* Forecasted needs are the needs which become apparent in the process of social development, development of engineering and technology. The producer assures consumers of the need of production by assigning advantage to it. Each producer is largely interested in increasing profits. Another move – this is the formation of false needs, beliefs of the consumer – that goods are necessary. The stronger the belief of the buyer is, the greater is their profit.

#### **4. Production needs**

Maslow's pyramid and the pyramid of socio-economic needs characterize the human life and interaction between people in social and economic spheres. But this is not enough. Modern economics considers the movement of mass goods and financial flows which obey economic laws. Specific vital, social and economic needs of the individual represented, usually indirectly, as the needs of economic players (*North 1993*).

For the analysis of the totality of needs one more appearance must be marked – the needs of producers as participants of market economy. In order to highlight these needs and develop a system of hierarchy, it is necessary to analyze some economic laws and rules.

Analysis of the law of supply and demand helps to determine the following requirements:

1. Price of sales cannot be less than the costs of production. Therefore, there is a need of producing goods for sale at a price above its cost price.
2. The volume of output is limited by resources and production factors. With the increase of demand and sales the need of production increase appears.

A similar approach can be applied to analyze the theories of the highest level of generalization.

A famous American scientist Daniel Bell suggested the idea of forming a post-industrial society (*Bell 1973*). It is based on the hypothesis that at the present stage of development (which starts in the last third of the 20<sup>th</sup> century) science and knowledge is the main productive force.

At the post-industrial stage of development knowledge will determine the competitive advantages of national economies. Industrial production will lose its role. This theory is generally confirmed by the experience of the world economy over the past 30 years. The totality of the identified needs can be divided into several homogeneous groups.

The hypothesis about the structure of production requirements is:

1. Requirements of resources and factors of production, sufficient at least for a single production of a good or service.
2. Any producer requires demand on his product on the market.
3. After the demand for a good or service was identified, and possibility of its production was provided, depreciation of assets becomes the most important need.
4. Development of society, change of needs and increased demand make it essential to expand production ability.
5. In the conditions of forming of the modern post-industrial knowledge, the long-term competitive advantage of industries and national economies as a whole is determined. Therefore, the higher need is the production need for knowledge-based development.

Any human activity is aimed at achievement of certain results - satisfaction of certain needs. For the most successful solution to any problem a correct choice of motivation is required.

#### **5. Conclusion**

A producer and a seller who want to take their place at the market conditions of supply and demand, and to maximize profits, should consider basic human needs and take into account the desire of each buyer and consumer of self-actualization and esteem.

Any human activity is aimed at achievement of certain results - satisfaction of certain needs. For the most successful solution of any problem a correct choice of motivation is required.

The diversity of human needs can be represented as a set of socio-biological ('Maslow's pyramid') and socio-economic needs.

Study of needs as motivating factors of human activity and creating a system of incentives can be useful for most, successful achievement of certain goals.

- A system of vital, social and economic human needs is developed.
- A hierarchy of socio-economic human needs was grounded.

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