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Compensation and Benefits Structure at Wheelworks, Inc: Case Study

Maslow's Hierarchy of Needs and How Wheelworks Meets Them

Maslow's hierarchy of needs consists of five levels: the first lower level is being associated with physiological needs, while the top levels are termed growth needs associated with psychological needs (Maslow, 1943).

Physiological needs are the basic human needs for such things as warmth, water, and other bodily needs. These consist mainly of breathing, drinking, eating, excretion, sleep and shelter. Wheelworks meets these needs by paying their employees some wages.

Safety and security needs have to do with people's yearning for a predictable, orderly world in which injustice and inconsistency are under control, the familiar frequent and the unfamiliar rare. They include personal security from crime, financial security, health and well-being, safety net against accidents/illness and the adverse impacts. Wheelworks offers fixed wages, which give a feeling of security to employees unlike the uncertain commission-based compensation. Other incentives include their insurance scheme.

Social needs involve emotionally based relationships in general, such as friendship, intimacy and having a supportive and communicative family. Humans need to feel a sense of belonging and acceptance. Imbalances at this level can result in low self-esteem or inferiority complexes. Wheelworks meets these needs through giving opportunities to bicycle lovers to work for them.

Growth needs include self-actualization and transcendence needs that are "being" or "growth" needs. That is they are enduring motivations or drivers of behavior. Profit sharing is a good incentive that satisfies this need at Wheelworks.

Aesthetic needs are concerned with the human need for beautiful imagery or something new and aesthetically pleasing to continue towards self-actualization. Wheelworks satisfies this need through vacations for their workers.

Herzberg's Two Factor Theory

Herzberg's Two Factor Theory states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. The theory distinguishes as motivators and hygiene factors.

Motivators include challenging work, recognition and responsibility, which give positive satisfaction, arising from intrinsic conditions of the job itself, such as recognition, achievement, or personal growth.

Hygiene factors include status, job security, salary and fringe benefits, which do not give positive satisfaction, although dissatisfaction results from their absence. These are extrinsic to the work itself, and include aspects such as company policies, supervisory practices, or wages/salary (Herzberg, 1959)

Motivational factors identified include the challenge the sales job gives the employees, the responsibility they are given and recognition of their love for bikes. The employees seem to love the challenge mainly because they have

a passion for bikes. They are given the responsibility of ensuring they give quality to the customers.

Hygiene factors include job security, salary and fringe benefits and their status. They seem quite happy with what Wheelworks offers them.

Love for one's work

I agree that love of the work itself is the strongest motivator of employees. This should come alongside other motivators though. When employees love what they are doing, they tend to carry on regardless of the hardships they encounter. This is because their motivation comes from within as opposed to external motivation.

Financial Rewards and Incentives at Wheelworks.

Employees at Wheelworks are paid the highest possible wages. This motivates them to work hard since they are satisfied. The wages are not commission-based, which would tie their earnings to the results on the floor. This motivates them to do quality work. It allows them to match particular bicycles to particular clients without worrying what their commission would be. Other incentives include vacations, sick offs and health plans. The midsize retailers also have the incentive of profit sharing. This motivates them to give the best they have to ensure success of Wheelworks.

Fixed Compensation

Wheelworks does not pay their employees on commission because they do not want to tie their pay to the results on the floor. This ensures that they do not go selling only expensive bicycles to maximize on their commission.

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They are able to match the right bike with the right client. It allows them to sell the best product without caring so much about their return. In other words, fixed wages enables them to do the right job.

I think this is the best compensation scheme for the firm since it gives the employees the highest level of motivation. It also allows them do what they love doing without worry over compensation. As a consultant, I would recommend some more forms of compensation. They include bonuses for good work, retirement plans, flexible work schedules and childcare.

References

Maslow, A. H. (1943). A Theory of Human Motivation. Harper: New York

Herzberg, F. et al (1959) The Motivation to Work. John Wiley. New York.