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ATLANTA AREA COMPENSATION ASSOCIATION

# Using Compensation as a Driver for Culture



**BENTON + BRADFORD**  
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# Richard Smith ...



*Managing Partner*



The way you choose to compensate people will shape your culture. It's bewildering to see companies that say their core value is collaboration, but pay bonuses based on individual performance. If collaboration is your core value, then it is counterintuitive to promote individual performance over group performance.”

*Didier Elzinga, CEO  
Culture Amp*



# What is Culture? Leadership vs. Individual

Organizational & Leadership Culture	Individual Engagement
Organizational Construct	Individual Construct
How they experience & perceive the organization	How they feel about themselves and their work
Predicts firm performance	Predicts individual performance

# Organizational Culture and Organizational Performance

Bottom 10

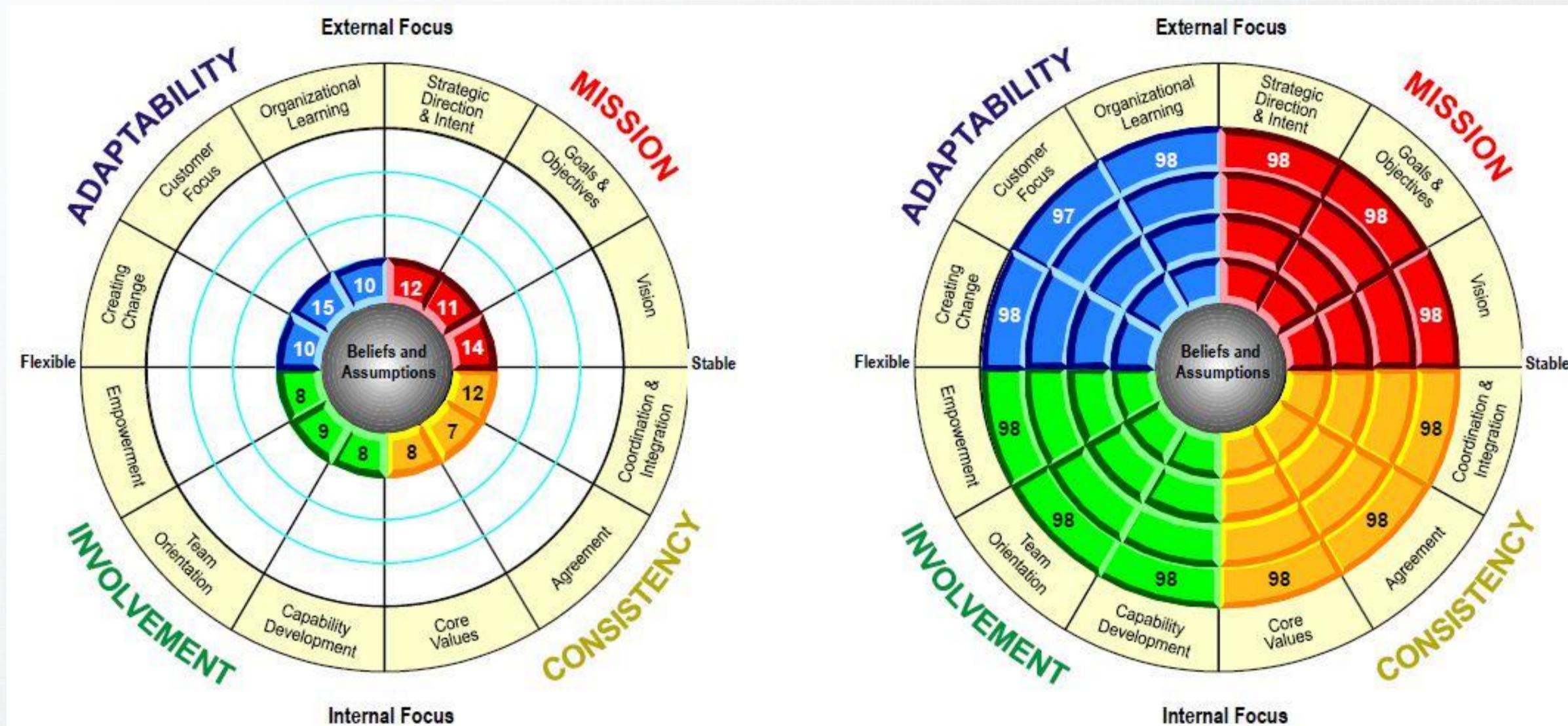
DOCS OVERALL

Top 10

11<sup>th</sup> Percentile

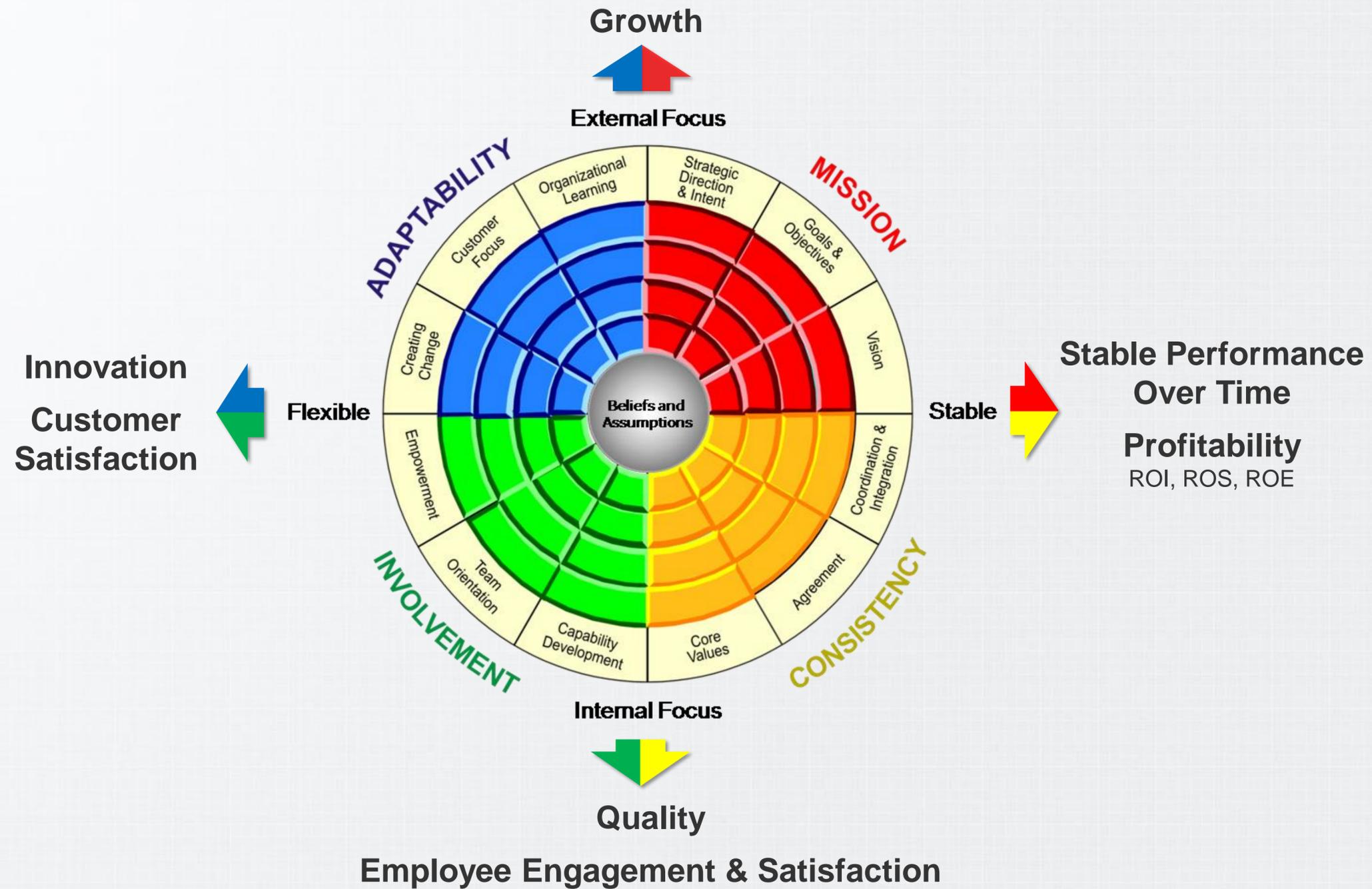
ENGAGEMENT FACTOR

83<sup>rd</sup> Percentile



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# Culture Links to Business Performance



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# What Is Important Now?

According to our PayScale 2021 Compensation Strategy Report, the biggest themes include reductions in base pay increases and total compensation and their impact on income inequality

- ✓ A growing focus on compensation strategy
- ✓ Higher investment in pay equity analysis to close pay gaps
- ✓ The transparency in driving compensation strategy and enabling shifts to accommodate changing conditions and expectations



# What People Are Saying about Compensation and Culture

**58%**

of employees would stay at a lower-paying job if it meant working for a great boss.

**60%**

of U.S. employees would accept a job they love that pays half their current salary over a job they hate that pays double their current salary.

**61%**

of employees cite trust in and with senior management as important to their satisfaction.

**35%**

of American workers say they would pass on the perfect job if they felt the company culture wasn't a good fit.

**28%**

of workers say they would take a pay cut for the opportunity to work remotely.

42 Shocking Company Culture Statistics You Need to Know by Kate Heinz (<https://builtin.com/company-culture/company-culture-statistics#4>)

# 4 Keys for Aligning Culture and Compensation



1

Fairness

## 4 Keys for Aligning Culture and Compensation

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- Know your competition!
- Know what your mission critical jobs are:  
Pay higher for these.
- Support leadership development and reward superior performance:
  - Partner with the talent review process to ensure alignment with succession and promotion
  - Correct imbalances: Conduct racial and gender pay equity analyses and act where needed

2

## Flexibility

# 4 Keys for Aligning Culture and Compensation

12

- According to PayScale's 2021 Compensation Best Practices Survey, 73 percent of organizations have a variable pay plan in place and 23 percent of top performing organizations have increased variable pay to improve retention.

3

## Alignment

# 4 Keys for Aligning Culture and Compensation

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- **Values:** Incentivizing individual or team performance will drive very different behaviors. So will rewarding the wrong behaviors.
- **Business Goals:** Are you profit oriented, revenue driven, or innovation focused? It's easy to say you want all three, but which is your foundation?
- **Long-term vs. Short-term Focused:** This may vary depending on the employee's level or position but in general if we want people to focus on the long-term, incentives need to balance with that perspective.

# 4

## Transparency

### 4 Keys for Aligning Culture and Compensation

- Transparency does not have to mean sharing how much a job will pay or how much pay an individual receives. It does mean sharing your strategy and rationale.
- Help employees understand the concept of total compensation.
- Look for ways to increase transparency over time.



# Q & A

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