

Decoding culture series



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Remuneration: Deciphering the impact of the behaviours you encourage

The regulator's focus on reward and compensation, and the role it plays in nurturing a healthy culture, is only increasing. Despite this, many firms still struggle to understand the extent to which these factors impact the behaviours of their employees.

Principally, as many businesses face new challenges and uncertainties, it's become one of the most useful tools in your kit for protecting your culture and bringing about long-term success. Think about the people who get ahead in your organisation. Are those who progress, the same people who get results by taking unnecessary risk and flouting the rules? Or do people get promoted by demonstrating the values and behaviours expected by the regulators?

In this guide, the third in our decoding culture series, we explore the relationship between reward and recognition, and organisational culture.

Start at the source: your recruitment practices



Focus on cultural alignment

Recruiting high-calibre individuals with a strong moral identity is how good culture sinks or swims. Culturally, you want people who'll invest in the positive ethos of your business and who care about doing the right thing. But recruitment is also expensive and there's often internal pressure to fill vacancies quickly, sometimes forcing hiring managers to make poor choices. You should think about what can be done organisationally to remove the pressures on staff to fill roles hastily.



Diversity and inclusion

Good decision-making comes from strong challenge, and you can only achieve that when you have different points of view. Greater diversity and inclusion will shine a light on your blind spots, bringing about innovation and new approaches. What's more, a healthy culture is cyclical. Strong diversity policies will attract potential employees, and encourage good people to stick around if they feel connected to a positive culture.

Extrinsic vs intrinsic motivation

For a healthy culture to thrive, you need to encourage the right behaviours. But to do that, you need to first understand what truly motivates your employees. Reconsider whether financial incentives and remuneration are the best approach for rewarding certain achievements.

Behavioural science has taught us that, while financial rewards have a place, the impact of external motivators are often short-lived. In fact, if used incorrectly, financial incentives can be a driver for poor behaviours. It can act as a buffer between your employees' career success and your customers and clients, naturally making staff more inclined to mis-sell for financial reward, especially if they face financial challenges themselves.

Instead, if you want to genuinely improve long-term customer outcomes, think about balancing financial rewards with non-financial incentives like career development, job security, engagement and recognition. A combination of both is more likely to make people truly happy, encourage loyalty and drive good behaviours. Without these non-financial incentives, a decent bonus is unlikely to cut the mustard with your employees. Revisit your pay structure if it depends on commission based selling.

What does success look like?



Balance the scorecard

When sales targets are the singular metric against which achievements are measured, it can encourage behaviours that prioritise meeting those targets above the right outcomes for the customer. Instead, balance financial objectives with behavioural, value-based and customer outcomes-focused goals.



Connect the dots

Long-term the best way to ensure commercial success in the long run is to invest in good customer outcomes, provide true value, preserve loyalty, and avoid the financial and reputational cost of complaints. There's more than one way to skin a cat - putting less focus on financial incentives doesn't mean you won't meet your commercial objectives!

Hemisphere is the code breaker

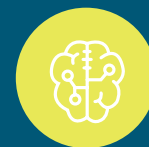
To decipher the impact of your performance management practices (and any subsequent changes you make) on the behaviour of your employees you need to have useable and reliable intelligence at your fingertips.

Hemisphere gives you this - and more.

Our data analytics programme will deep dive into your rewards and remuneration programme, uncovering any elements that contribute to, or are a barrier to, a healthy culture. Isolating areas of potential risk, Hemisphere will pinpoint any performance management practices that reward negative behaviours. We'll offer practical solutions to help you build and maintain a motivated, engaged workforce and ultimately, a good culture.



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