

Why Compensation Matters: *TRC's 2025 Impact and 2026 Direction*

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Meaning emerges where responsibility meets contribution.

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Viktor Frankl, neurologist, psychiatrist, and philosopher, argued meaning emerges where responsibility meets contribution.¹ In the workplace, compensation systems play a quiet but powerful role in reinforcing that connection-linking effort, responsibility, and recognition in ways that sustain engagement over time.

Regrettably, compensation is often reduced to numbers and technical vocabulary or jargon -budgets, benchmarks, and market percentiles. For most organizations, base compensation (wages and salaries, excluding benefits) typically represents 35% to 50% of total operating expenses.² But at its core, compensation is something deeper beyond a sore point to the finance and human resources departments: it is how organizations signal value, reinforce trust, and acknowledge the contribution in the workplace.

Across disciplines-from organizational psychology to economics to philosophy-there is broad agreement that work is one of the primary ways people experience meaning, contribution, and recognition. Social scientists describe this as earned success: the human need to see effort translated into fair reward. When compensation systems succeed, they do more than attract and retain talent-they affirm the dignity of work well done and prize excellence.

It is this understanding-that compensation serves as both an economic instrument and ethical statement-that continues to shape how Total Rewards Consulting at Cottingham & Butler approaches its work. The philosophical foundation is not merely theoretical; it directly informs how we engage with clients, design compensation strategies, and measure success.

2025: Strengthening Trust Through Thoughtful Compensation

In 2025, TRC supported more than 160 clients, partnering with organizations across industry sectors to design compensation strategies that balance market realities with organizational values. During the year, our average annual revenue per client increased by nearly 10%, reflecting deeper, more trusted client relationships and expanding our scope of work.

One of the most meaningful measures of success this year was progress in client retention, particularly with organizations that had previously questioned whether their compensation needs were being fully realized. A notable example is Kenosha County. After a prior engagement that left room for improvement, TRC was given another opportunity to show our value and earn their trust. When new TRC members stepped in to take over this client, they introduced consistency, intentional listening, and assured delivery, transforming the relationship and securing both ongoing partnership and high-confidence referrals.

This outcome underscores a core truth echoed in both research and practice: work in compensation does not operate in isolation. When outcomes and pay systems seem misaligned or inequitable, erosion of trust follows. When pay systems are made clear-cut and aligned with purpose, trust is restored. A high-trust environment frees that energy for creativity, productivity, and problem-solving. The Kenosha County engagement exemplifies how philosophical principles about fairness and dignity translate directly into tangible outcomes-restored relationships, renewed confidence, and measurable trust.

¹ Viktor E. Frankl, *Man's Search for Meaning* (Beacon Press, 1959).

² Willis Towers Watson; U.S. Bureau of Labor Statistics; OECD labor cost studies.

Beyond Client Relationships: Compensation as a Driver of Engagement and Retention

Research consistently shows that compensation is not the sole driver of engagement-but it is a foundational one. Studies from the compensation and rewards consulting firm, Willis Towers Watson, demonstrate that perceptions of pay fairness, transparency, and alignment with performance are among the strongest predictors of employee trust in leadership and intent to stay.³

In this sense, compensation functions as an organizational language. It communicates priorities and reinforces accountability. Compensation signals respect for the work being done. When thoughtfully designed, total rewards systems help organizations move beyond short-term retention toward long-term assurance.

This understanding of compensation as organizational language is not new. Political philosopher Hannah Arendt observed that work gives human effort durability and shape. Work is a place where individuals can leave something lasting behind.⁴ Compensation, then, becomes the mechanism through which institutions acknowledge the importance of durability and contribution. These philosophical insights guide TRC's practical methodology: every market analysis, every pay structure, and every equity study is designed not just to meet compliance standards but to accentuate the deeper human realities Arendt described.

Translating Philosophy into Practice: Broader TRC Accomplishments in 2025

Alongside individual client successes, TRC made significant strides across the practice:

- Supported 160+ clients during the year
- Continued growth in new client engagements, with increasing contributions from first-time clients
- Increased average revenue per client, reflecting expanded trust and deeper advisory relationships
- Advanced cross-selling collaboration between TRC and the broader Compensation & Benefits practice
- Maintained strong financial discipline while investing in innovation and delivering efficiency

These results reflect a practice that understands compensation as a strategic tool - one that must evolve alongside workforce expectations and market conditions. Yet strategy without purpose risks becoming mere technique. What distinguishes TRC's approach is the commitment to ensuring that every compensation system we design reflects the philosophical truth at the heart of our work: that fair compensation affirms human effort and organizational integrity.

Building on 2025's Momentum: Looking Ahead to 2026

In 2026, TRC will build on this foundation with a renewed focus on insight, responsiveness, and connection. **Our priorities include:**

- Strengthening client retention through structured feedback, using post-project surveys to better understand what drives satisfaction and where we can improve the client experience
- Developing a compensation pulse survey to identify emerging trends and pressing issues across industries, enabling TRC to stay ahead of the market and serve as a proactive advisor
- Expanding cross-selling efforts between TRC and broader C&B by sharing insights, success stories, and coordinated outreach
- Continuing to invest in technology and process efficiencies that enhance consistency, scalability, and speed without sacrificing quality

As we pursue these priorities, we return to where we began: Victor Frankl's insight that meaning emerges where responsibility meets contribution. In the workplace, compensation systems play a quiet but powerful role in reinforcing that connection-linking effort, responsibility, and recognition in ways that sustain engagement over time. Our 2026 initiatives-from client feedback surveys to pulse surveys to cross-selling coordination-are all practical expressions of this philosophical commitment to creating systems that honor the connection in finding meaning in work.

³ Willis Towers Watson, *Global Workforce Study* and *Employee Experience Survey* (multiple editions).

⁴ Hannah Arendt, *The Human Condition* (University of Chicago Press, 1958).

Bringing It Together: A Practice Grounded in Purpose and Results

Long-standing social thought has proposed that work is not merely economic; work is, in fact, human.⁵ TRC puts this principle into practice by helping organizations design compensation programs that are competitive and aligned with the deeper realities of how people experience work, underscoring the importance of human thriving and flourishing. We began with the insight that meaning emerges where responsibility meets contribution. As we move into 2026, the opportunity before us is clear: to help organizations build compensation systems that don't just attract and retain talent, but that honor this truth—systems that reflect their deepest commitments to fairness, contribution, and human flourishing. This is work that requires both technical expertise and philosophical grounding, and we're honored to do it alongside you.

Thank you for your partnership in making compensation a force for good, trust, meaning, and organizational strength.

If you have any questions, please contact [Claire Anastasia Kitz](#).

⁵ Pope John Paul II, *Laborem Exercens* (1981)