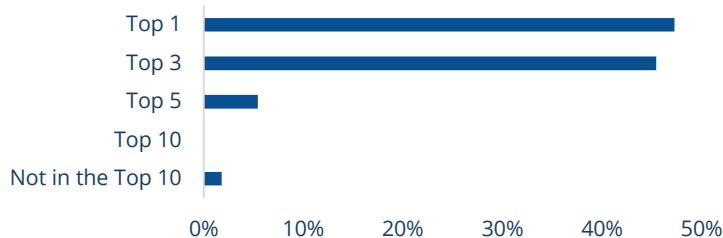


## Value of organisational culture

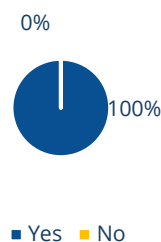
Culture's value relative to all organisational priorities



93% of CEOs consider culture to be among the top three factors that determine their organisation's value. Similar to local and central government CEOs at 92%.

## Value of improving culture

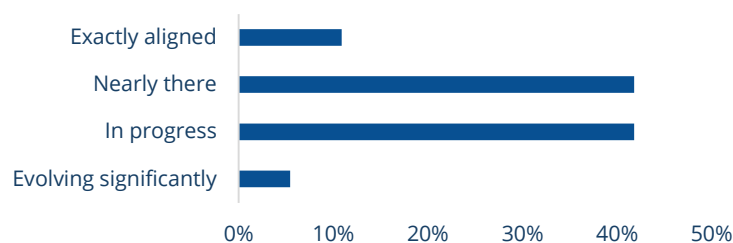
Improving culture will increase value to primary beneficiaries



100% of CEOs believe that improving their culture will increase their organisation's value through productivity or service provision. In line with local and central government CEOs.

## Current state of culture

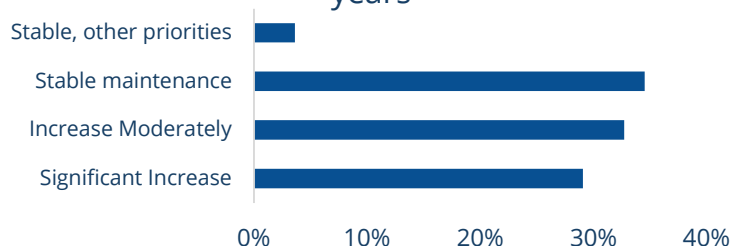
Strategy and organisational culture are



89% of CEOs say they need to do some work to achieve ideal strategic alignment between culture and strategy. Similar to local central government CEOs at 90%.

## Changes to culture

Expected culture efforts over next three years



91% of CEOs rank culture among their top 3 factors, 100% believe enhancing it increases value, and 62% plan to enhance culture - below the 67% in the local and central government cohort.

## Culture and strategy alignment: CEOs' perspectives on misalignment

Alignment of culture with strategy: agreement levels on key statements

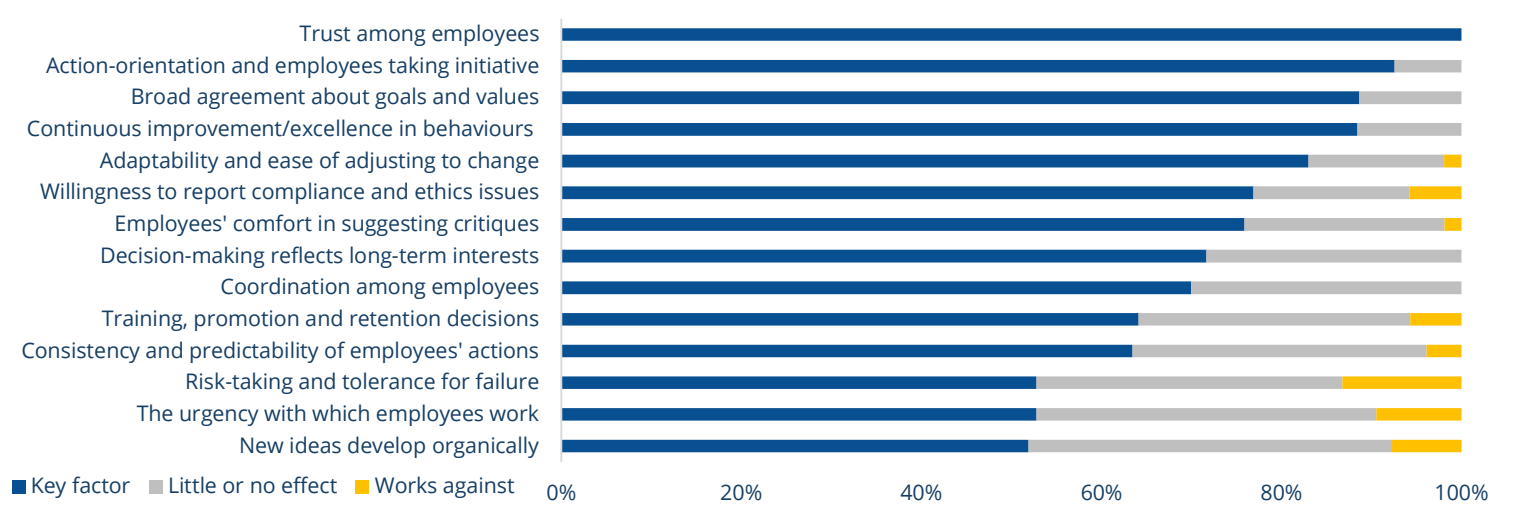


76% of CEOs work to align their culture and strategy. 84% cite evolving internal and external factors as key causes of misalignment. 76% acknowledge the need to strengthen leadership capabilities, and 67% agree that leadership should invest more time in culture.

# Public Sector

## Why is organisational culture important

Key factors in determining the effectiveness of organisational culture

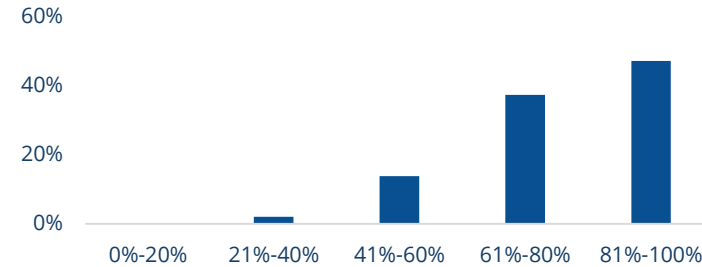


Employee trust is the most critical factor in organisational culture effectiveness, followed by action orientation, broad alignment on goals and values, and behaviours that demonstrate a commitment to continuous improvement and excellence. 13% say risk-taking and tolerance for failure works against their culture.

Exhibit and understand culture

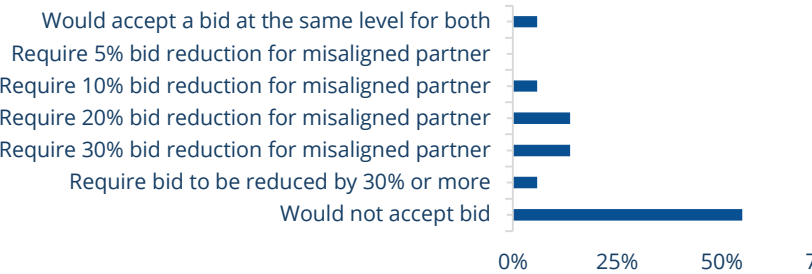
Identical project partners, except culture

The percentage of employees that understand and exhibit their culture



53% of CEOs report staff lack some understanding or display behaviours contrary to the desired culture - lower than the 67% in the local and central government cohort.

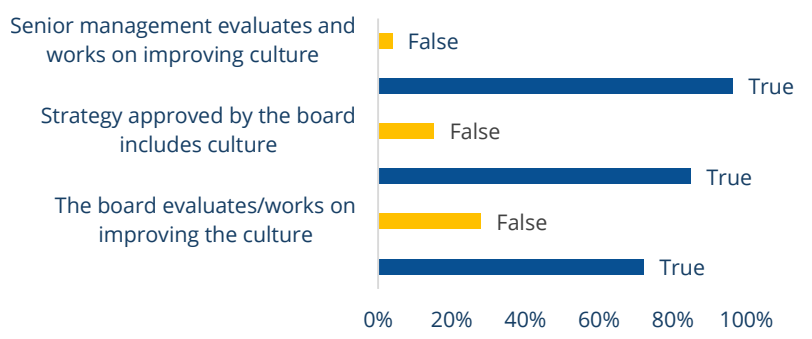
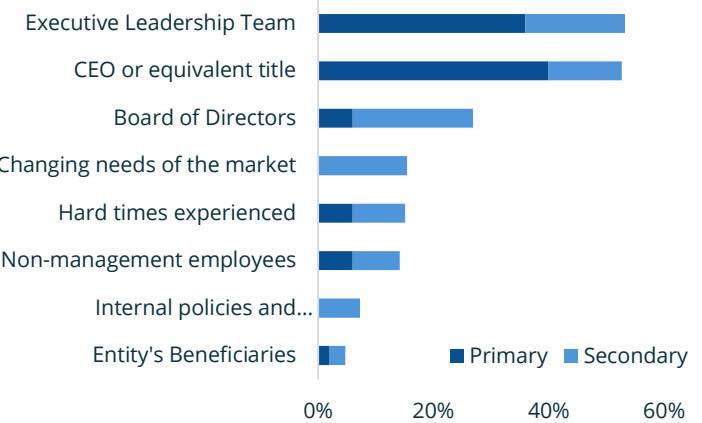
Bid by culturally aligned vs. misaligned partner



55% of CEOs would not accept a bid from a culturally misaligned partner, higher than the 52% in the local and central government cohort, while 39% would require a price reduction of 10-30%.

Most influential factor setting culture

Annual assessment of culture



The CEO, leadership team and the board set and reinforce culture.

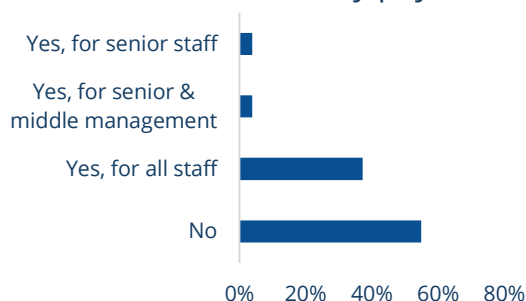
# Public Sector

## Exemplifying values: performance reviews, discretionary pay, & promotion

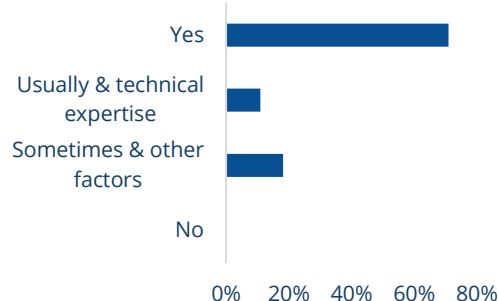
Employee behaviours reflect values included in performance reviews



Employee behaviour linked to discretionary pay



Behaviour a key criterion to advance to senior role



100% of public sector organisations include whether employees exemplify their values in performance reviews, but only 45% link discretionary pay to behaviours (slightly higher than 41% of all local and central government organisations). A further 71% consider exemplifying values a key criterion for senior management progression (compared to 74%). Public sector organisations are slightly less likely to prioritise values in job progression but more likely to link discretionary pay to behaviours.

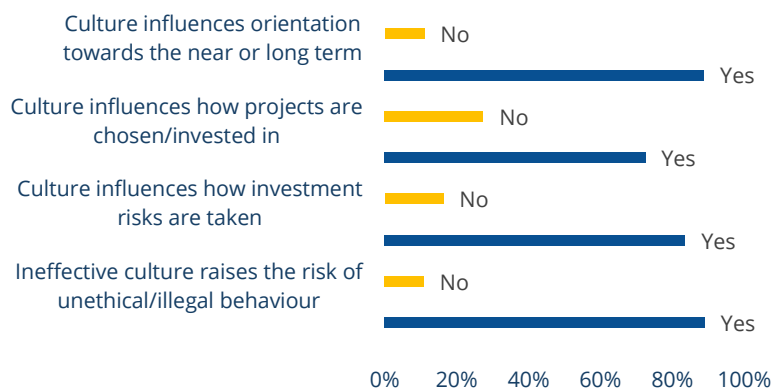
## Investment style

Project investment style



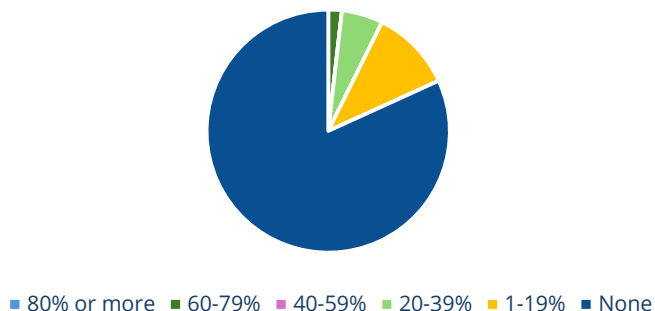
54% of CEOs prefer a growth or high-risk strategy compared to a stewardship one. 73% agree that culture drives project selection.

## Culture: risk, long-term and ethics



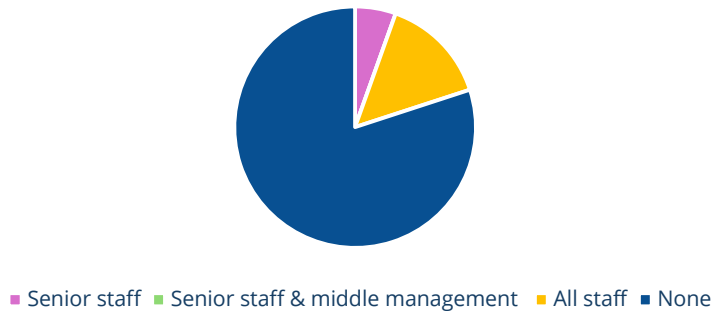
Over 84% of public sector CEOs agree that culture impacts long-term orientation, investment risk, and ethical behaviour. These figures are lower than those of local and central government CEOs.

## Short-term CEO incentives



CEOs noted that, while they are not motivated by monetary incentives, they see incentives as signals. 82% of CEOs receive no STI, providing an opportunity for alignment.

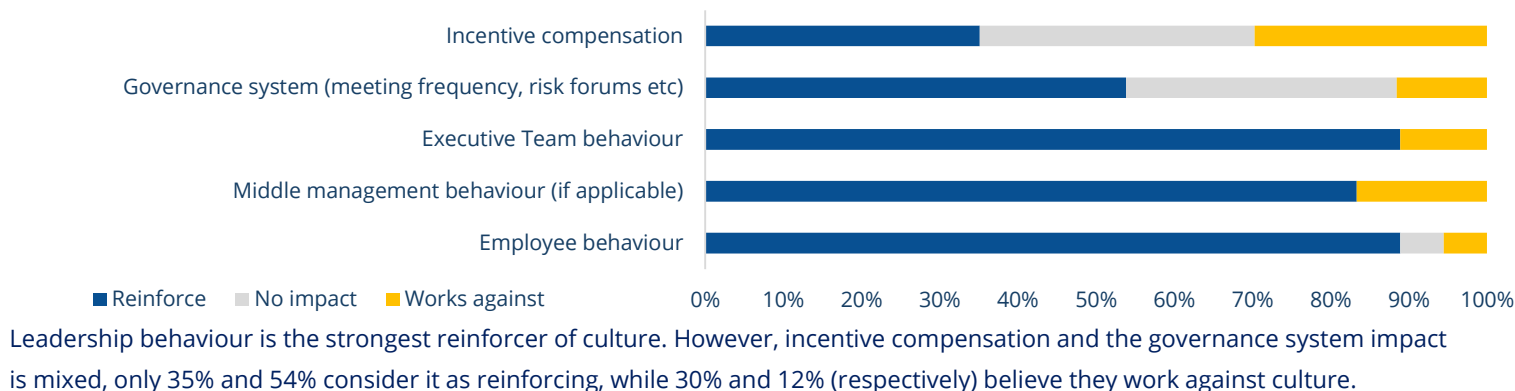
## Short-term staff incentives



15% offer STIs to all staff and 5% to senior staff, which aligns incentives with those given to CEOs. While STI alignment with goals can signal strategic priorities, it is not always feasible for this sector.

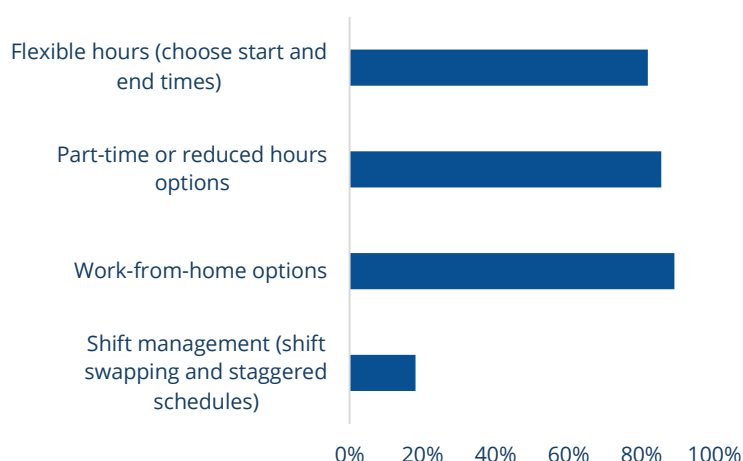
# Public Sector

## Impact of various factors on organisational culture effectiveness

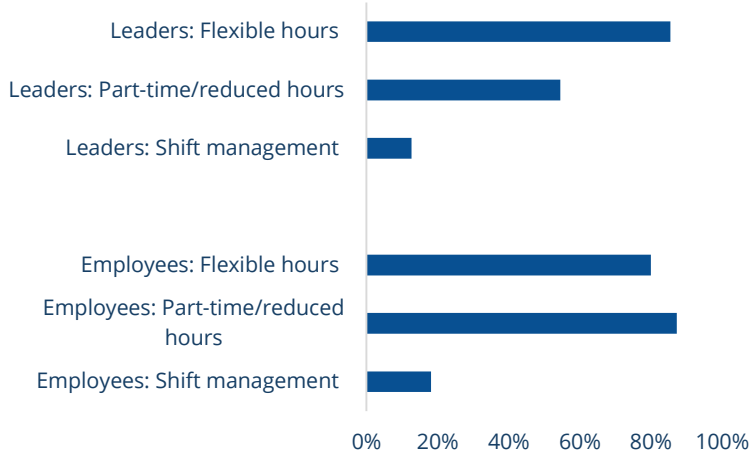


## Support for flexible work arrangements

### Flexible work options provided



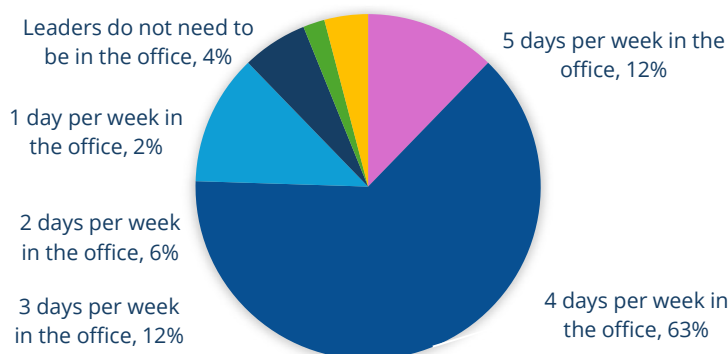
### Flexible work arrangements



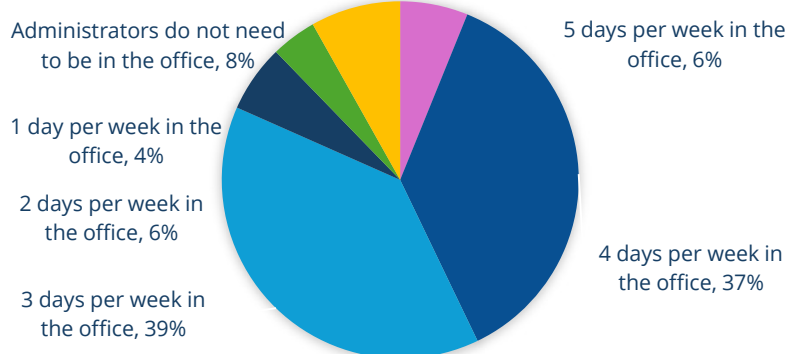
Local and central government CEOs broadly support flexible work. Most allow some remote work and flexible hours, but part-time or reduced hours are rarer for leaders, which may limit opportunities for parents seeking leadership roles. Public sector CEOs are slightly less flexible, with 89 and 85% supporting, respectively, remote and part-time options, compared to 91% and 88% in the overall group.

## Optimal in-office days to support and nurture organisational culture

### Leadership teams



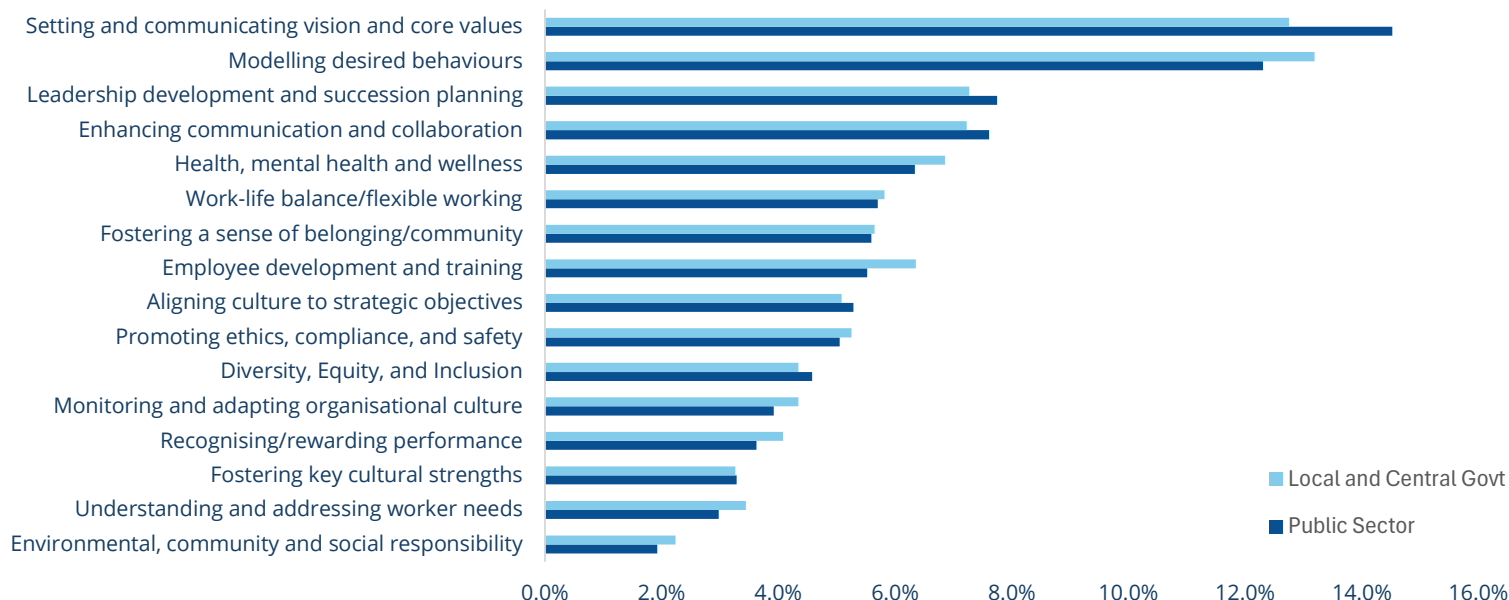
### Administrators



Many public sector CEOs believe that 3–4 in-office days are optimal for supporting and maintaining organisational culture. However, 12% feel that 0–2 days is sufficient for leaders, and 18% for administrators, suggesting more flexibility compared to local government counterparts.

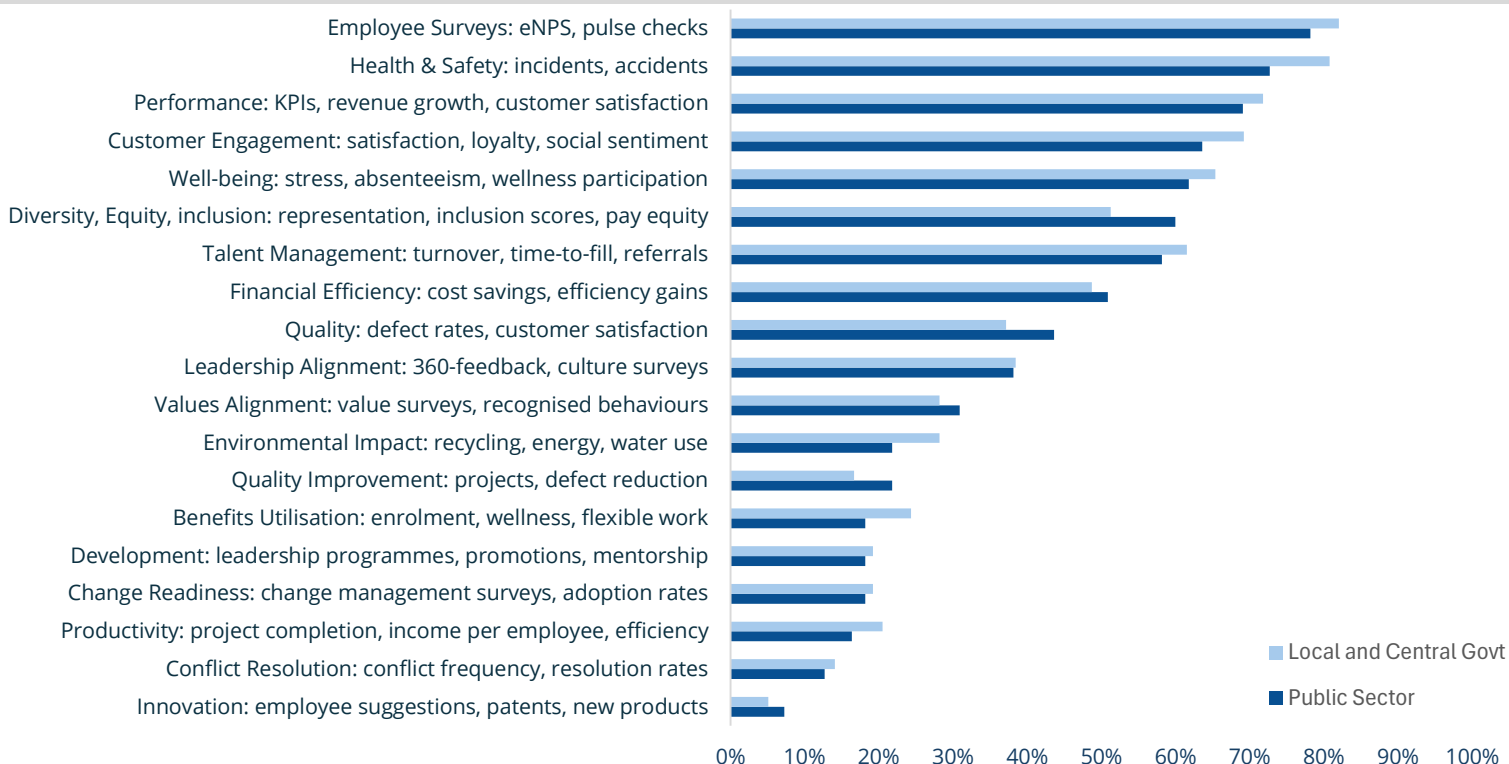
# Public Sector

## How CEOs spend their time on organisational culture



Public sector CEOs prioritise setting and communicating vision, leadership development, succession planning, and enhancing communication and collaboration. While local and central government leaders focus more on modelling desired behaviours, employee development, and health, mental health, and wellness.

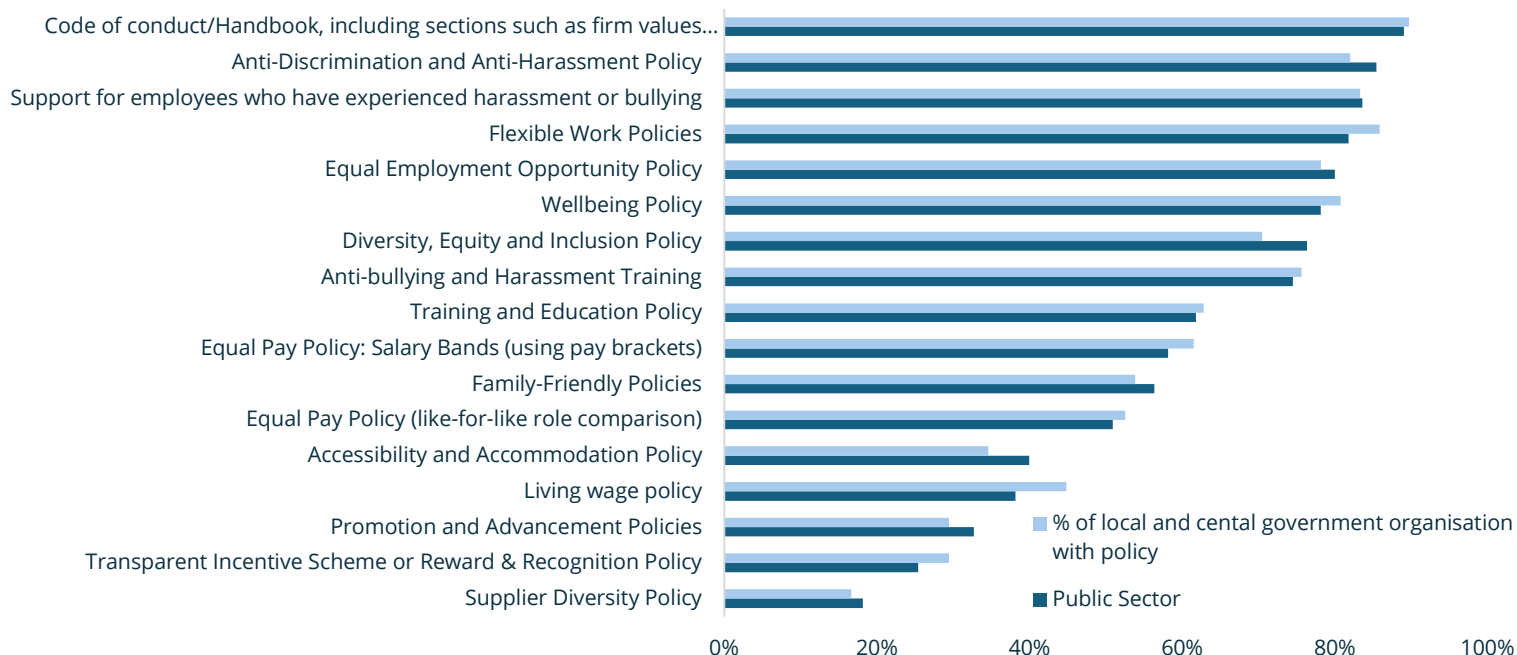
## How CEOs measure outcomes and value from organisational culture



The public sector places more emphasis on measures of diversity, equity, and inclusion, quality and quality improvements, financial efficiency, and values alignment. In contrast, local and central government focus more on measures of health and safety, employee surveys, customer engagement, and well-being.

# Public Sector

## People-centric policies



Public sector CEOs prioritise diversity, equity, and inclusion policies, equal opportunity, and anti-discrimination measures, while the local and central government cohort focus more on flexible work, well-being and living wage policies, as well as transparent incentive schemes.

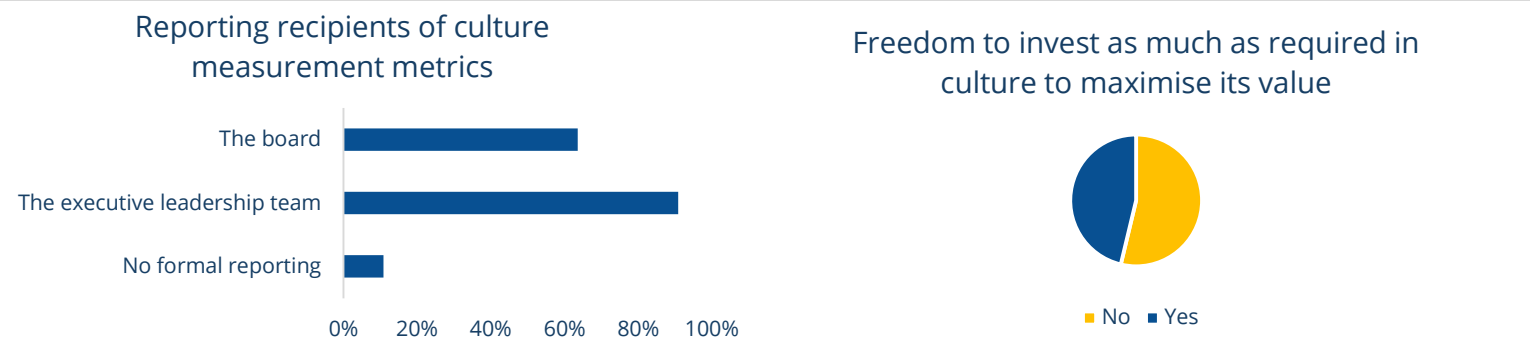
## Ethics centric policies and processes



Public sector CEOs place a greater emphasis on regular communication and reinforcement of ethical values, integrity in all actions, and diversity, equity and inclusion. In contrast, local and central government leaders focus more on sustainability and environmental responsibility, anonymous reporting channels, and codes of conduct and ethical guidelines.

Public Sector

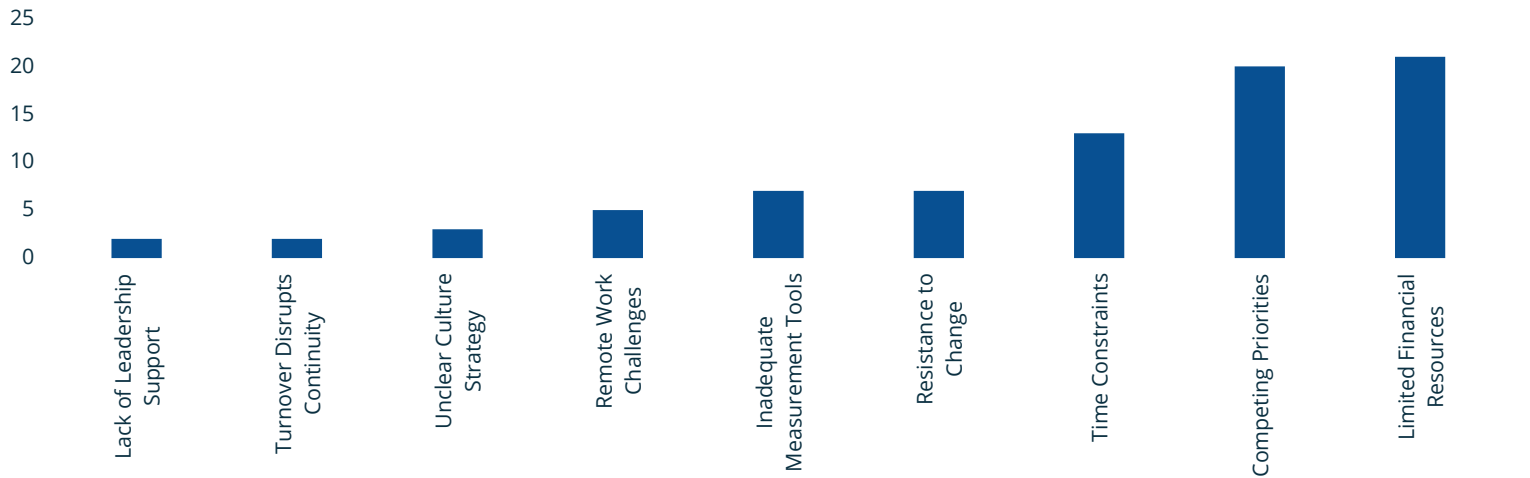
Formal channels for reporting culture    Ability to invest in culture



Culture metrics are primarily reported to executive leadership team and the board, with 11% having no formal reporting, compared to 9% for the local and central government sector.

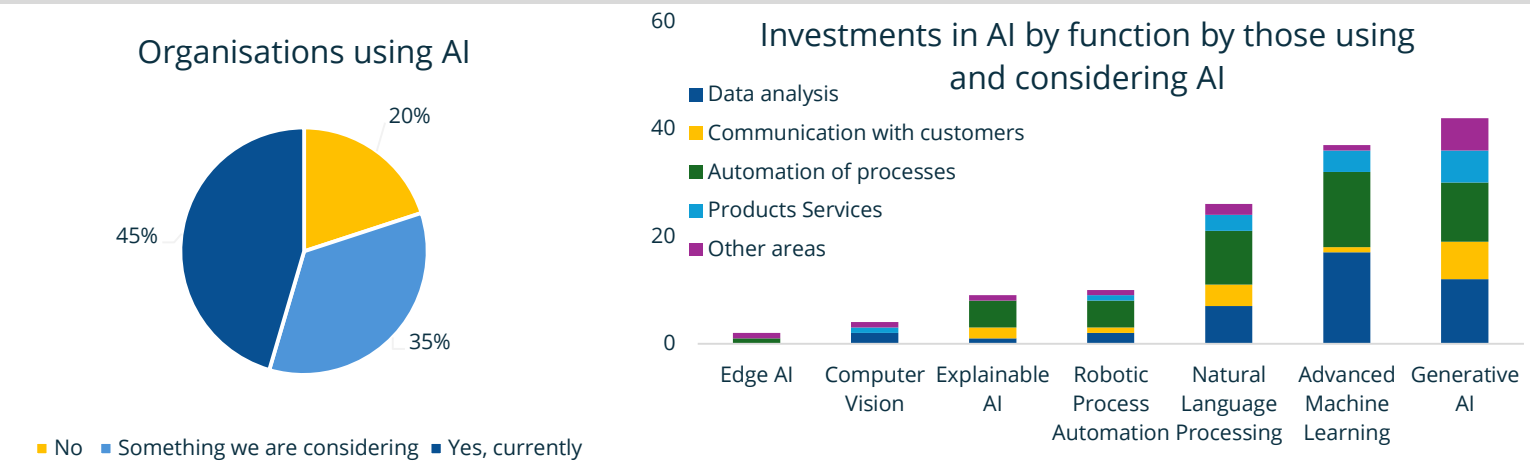
46% of CEOs feel able to invest in organisational culture as much as needed to realise the value of their culture, compared to 52% for local and central government sector CEOs.

Barriers to investing in organisational culture to maximise value



Based on selection frequency, limited financial resources and competing priorities are top barriers to investing in culture.

Applications of AI technologies across organisational functions

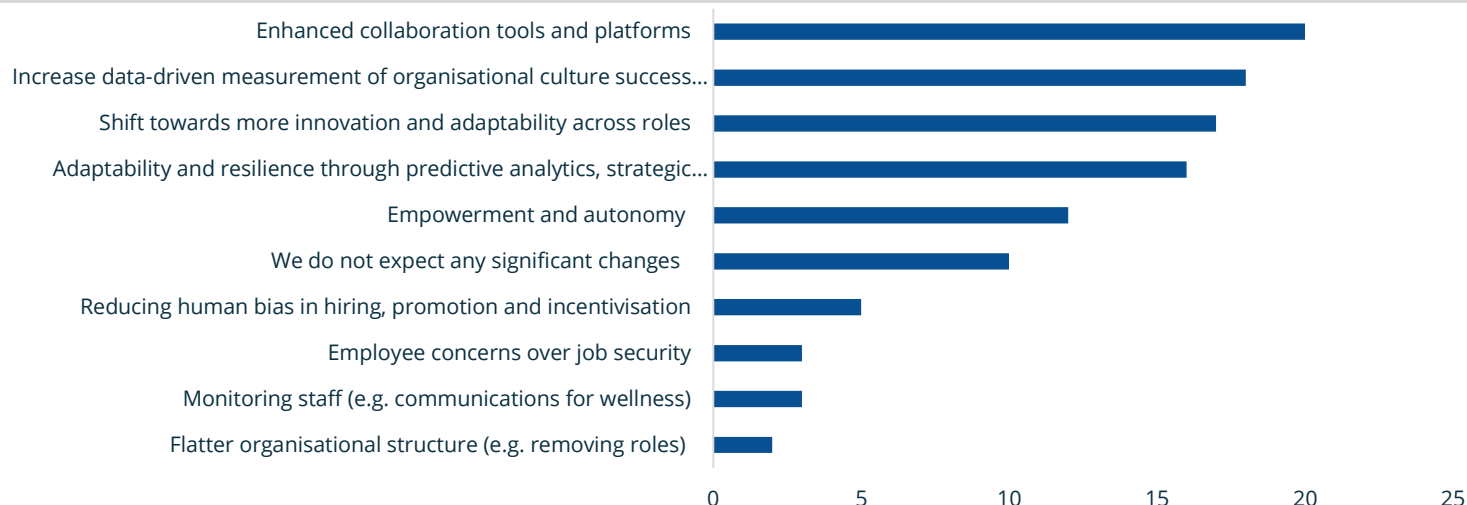


45% of public sector organisations currently use AI tools, compared to 47% across local and central government. Adoption is being considered by 35%, versus 38% seen overall. Generative AI is most commonly used in data analysis and process automation.



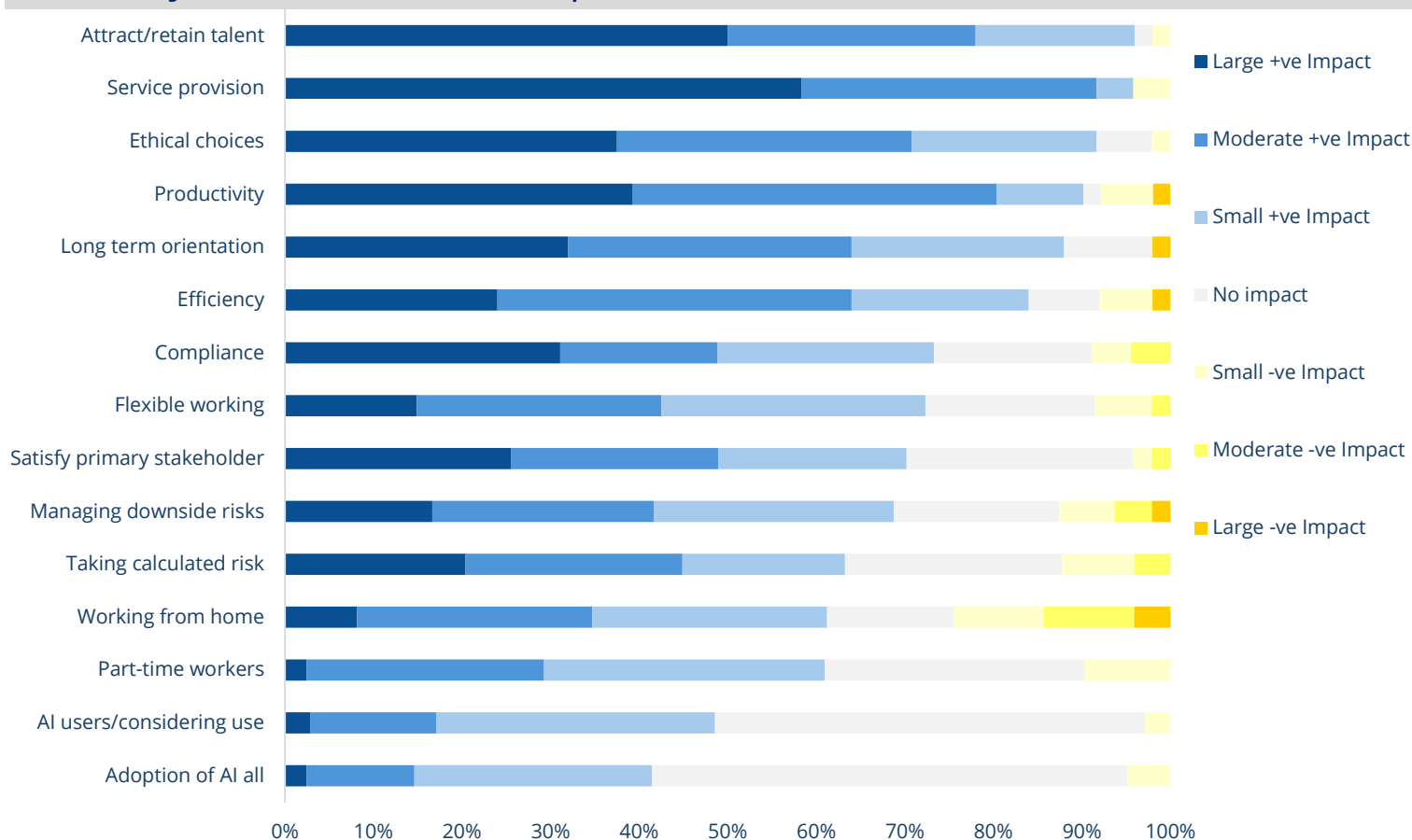
# Public Sector

## How AI adoption is expected to influence organisational culture



Based on selection frequency, public sector CEOs expect AI to enhance collaboration tools, increase data-driven cultural assessments, and drive greater innovation and adaptability across roles. These changes are anticipated to improve teamwork, streamline workflows, enhance role flexibility, and boost organisational performance and productivity.

## Summary of culture and its impact on various factors



Blue shades indicate varying degrees of positive impact, grey is neutral, and yellow shades varying degrees of negative impact.