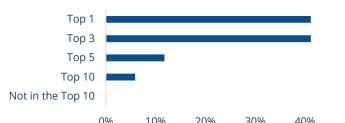
# **Publicly Listed: 51 CEOs**

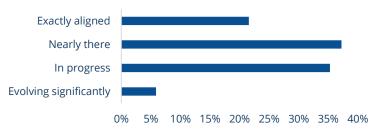
# Culture's value relative to all organisational priorities



0% 10% 20% 30% 40% 50% 82% of CEOs consider culture to be among the top three factors that determine their organisation's value - below the 88% for all firms. Notably, 10% more listed CEOs rank it as the top factor.

#### Current state of culture

#### Strategy and organisational culture are



78% of CEOs say they need to do some work to achieve ideal strategic alignment between culture and strategy - almost 10% lower than CEOs across all firms (89%).

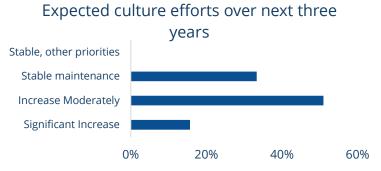
### Value of improving culture

#### Improving culture will increase value to primary beneficiaries



98% of CEOs believe that improving their culture will increase their company value through productivity, profitability, or growth - higher than CEOs across all firms (95%).

#### Changes to culture

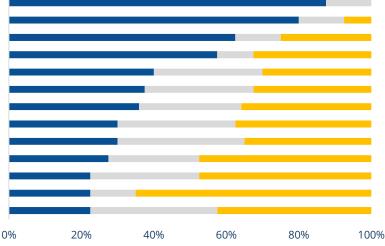


82% of CEOs rank culture among their top 3 factors, 98% believe enhancing it increases value, and 67% plan to enhance culture matching CEOs across all firms (67%).

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

#### Alignment of culture with strategy: agreement levels on key statements

Culture is continuously evolving in response to internal/external factors We intentionally align organisational culture with our strategy Leadership needs to invest more time to develop the culture Leadership capability needs to be strengthened Culture has not caught up with changes in the operating environment Inefficient workplace interactions (time spent building consensus, etc.) Ineffective change management slowing down cultural adaptation Cultural values are not fully aligned with our operating needs Insufficient learning and development opportunities hinder culture Employees are not fully committed to the culture Communication practices do not effectively support cultural values Policies work against culture (e.g., compensation, reward, etc.) Insufficient allocation of resources to support cultural initiatives



Among CEOs with misaligned culture and strategy, 80% work to align them. 88% attribute misalignment to evolving external and internal factors, 63% cite leadership needs more time on culture, while 58% note the need for stronger leadership capability.

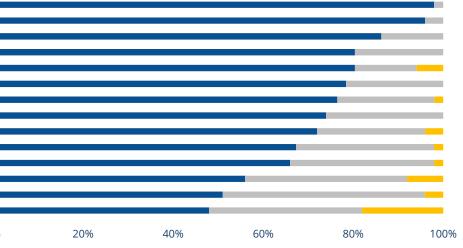




#### Why is organisational culture important

#### Key factors in determining the effectiveness of organisational culture

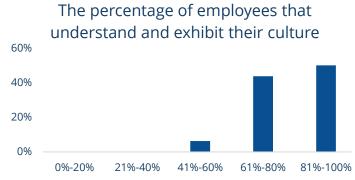
Action-orientation and employees taking initiative Trust among employees Continuous improvement/excellence in behaviours Broad agreement about goals and values Willingness to report compliance and ethics issues Coordination among employees Adaptability and ease of adjusting to change Employees' comfort in suggesting critiques Decision-making reflects long-term interests Training, promotion and retention decisions New ideas develop organically Consistency and predictability of employees' actions The urgency with which employees work Risk-taking and tolerance for failure



■ Key factor ■ Little or no effect ■ Works against 0%

In listed companies, action orientation and employees taking initiative are the most critical factors in determining organisational effectiveness, followed by trust among employees (which leads in all other cohorts). This is followed by continuous improvement in behaviours, agreement on goals and values, and willingness to report compliance risks (which ranks higher than in all other groups).

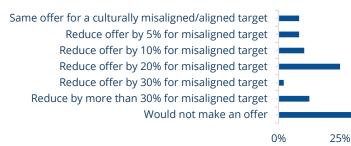
#### Exhibit and understand culture



For listed companies, 50% of CEOs report staff lack understanding or display behaviours contrary to the desired culture, compared to 55% of CEOs in the for-profit cohort.

#### Identical M&A targets, one misaligned

#### Offers for culturally aligned vs. misaligned target

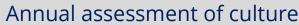


33% of listed companies would not make an offer on a misaligned target versus 44% of for-profits. A further 58% would reduce an offer by 5–30%, and only 8% would offer the same.

50%

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### Most influential factor setting culture





Authors: Susanna Lee (Leadership and Governance Collective), Associate Professor Claire Matthews and Dr Jeffrey Stangl (Massey)

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



96% of listed companies include whether employees exemplify values in performance reviews (vs 98% of all firms). 78% link discretionary pay to behaviours (vs 61%), while 59% consider exemplifying values a key criterion for senior progression (vs 61%). Listed companies assess values slightly less frequently than all firms, but are more likely to link behaviour to pay and slightly less likely to use values alignment in senior promotion decisions.

#### Investment style



#### Culture: risk, long-term and ethics



Ineffective culture raises the risk of unethical/illegal behaviour

0% 20% 40% 60% 80% 100%

Yes

Yes

Yes

Yes

Listed company CEOs say culture impacts long-term focus (80%), investment risk (73%), and 82% believe culture impacts ethical decision-making, with around 2 out of 10 CEOs disagreeing.

### Short-term CEO incentives

drives this decision-making in line with their strategy.



compared to a stewardship approach. 67% agree that culture

■ 80% or more ■ 60-79% ■ 40-59% ■ 20-39% ■ 1-19% ■ None

CEOs noted that, while they are not motivated by monetary incentives, they see incentives as signals. 17% of CEOs from listed companies have no STI, compared to 41% of for-profits suggesting stronger alignment with company goals.

Authors: Susanna Lee (Leadership and Governance Collective), Associate Professor Claire Matthews and Dr Jeffrey Stangl (Massey)

### Short-term staff incentives



Senior staff Senior staff middle management All staff None

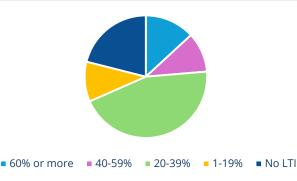
39% offer short-term incentives to all staff, 24% to senior staff and middle management, and 24% to senior staff. Listed companies offer more STIs to senior and middle management than overall for-profits.



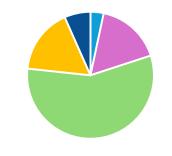


#### Long-term leader incentives

#### Long-term incentive vesting period



13% of CEOs receive an LTI that is 60% or more of their compensation package, 11% fall in the 40–59% range, 45% in the 20–39% range, 11% in the 1–19% range, and 21% receive no LTI. Listed company CEOs receive more LTIs than for-profit peers.



Vesting metrics 2 years 3 years 4 years 5+ years

59% of listed company CEO vesting periods are 3 years; 3% are tied to performance metrics with no fixed term, 17% last 4 years, 7% extend to 5+ years, and 14% are 2 years or less.

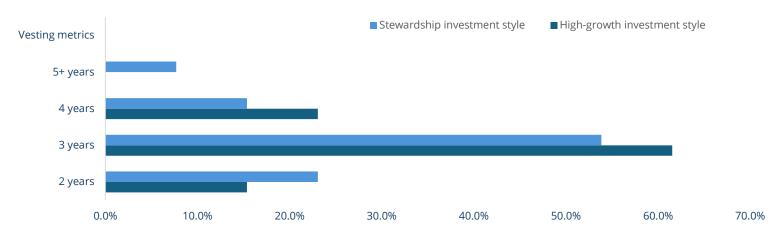
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#### Long-term incentive vesting terms and their link to investment style



It appears that high-growth firms and stewardship-focused companies have similar LTI vesting periods. However, a key difference that cannot be seen in this graph is that 68% of high-growth firms offer an LTI, compared to only 46% of stewardship-focused firms.

### Impact of various factors on organisational culture effectiveness

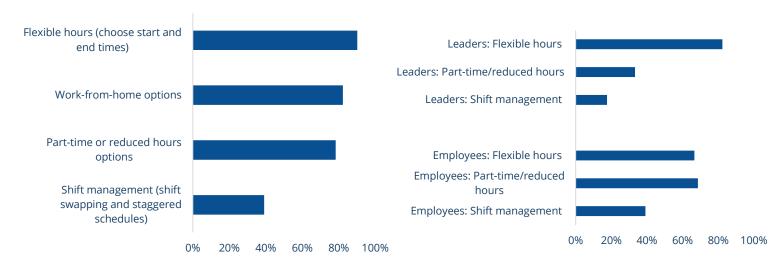




#### Support for flexible work arrangements

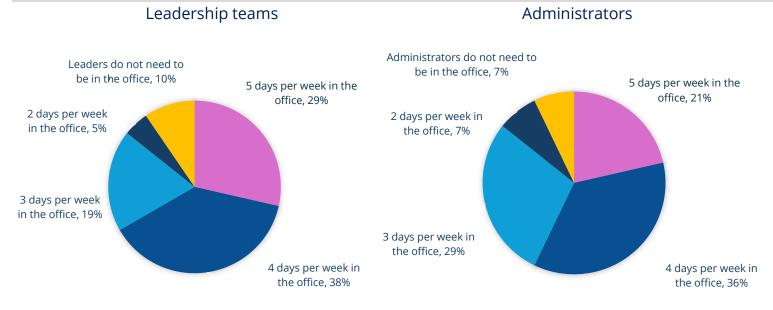
Flexible work options provided

#### Flexible work arrangements



Listed company CEOs broadly support flexible work, offering more work-from-home and flexible hours than the overall sample, slightly more part-time or reduced hours, and 17% more shift management options (39% vs 22%). However, they offer less part-time or reduced hours for leaders, potentially limiting parents or carers seeking leadership roles (33% vs 44%).

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



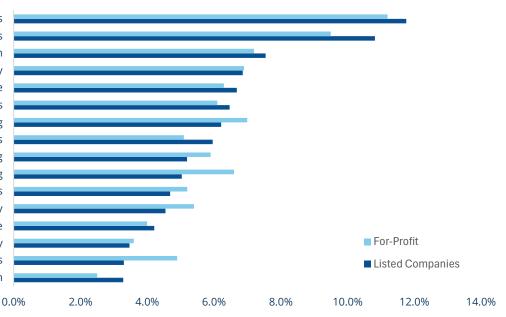
Listed companies show slightly less flexibility in defining in-office preferences to support and nurture organisational culture. 29% prefer leaders in the office five days a week, compared to 20% across all firms. For administrators, the figure is 21% versus 19%. Preferences for leader presence are stronger than for administrators - 29% vs 21% for five days, likely due to visibility. However, 10% of listed company CEOs say leaders need not be onsite, compared to 7% for administrators, reflecting greater autonomy. Listed companies overall report firmer in-office preferences than the broader sample.





#### How CEOs spend their time on organisational culture

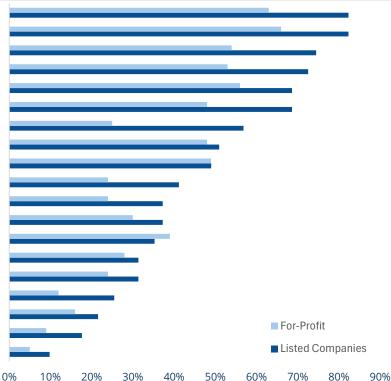
Setting and communicating vision and core values Modelling desired behaviours Enhancing communication and collaboration Promoting ethics, compliance, and safety Recognising/rewarding performance Health, mental health and wellness Leadership development and succession planning Aligning culture to strategic objectives Work-life balance/flexible working Employee development and training Fostering key cultural strengths Fostering a sense of belonging/community Monitoring and adapting organisational culture Environmental, community and social responsibility Understanding and addressing worker needs Diversity, Equity, and Inclusion



Compared to the overall sample, listed firms place slightly more emphasis on modelling desired behaviours, aligning culture to strategy, and setting and communicating vision and core values. They place less emphasis on leadership and employee development, fostering a sense of belonging, and understanding worker needs.

#### How CEOs measure outcomes and value from organisational culture

Performance: KPIs, revenue growth, customer satisfaction Health & Safety: incidents, accidents Customer Engagement: satisfaction, loyalty, social sentiment Talent Management: turnover, time-to-fill, referrals Employee Surveys: eNPS, pulse checks Financial Efficiency: cost savings, efficiency gains Diversity, Equity, inclusion: representation, inclusion scores, pay equity Productivity: project completion, income per employee, efficiency Quality: defect rates, customer satisfaction Development: leadership programmes, promotions, mentorship Leadership Alignment: 360-feedback, culture surveys Values Alignment: value surveys, recognised behaviours Well-being: stress, absenteeism, wellness participation Environmental Impact: recycling, energy, water use Quality Improvement: projects, defect reduction Conflict Resolution: conflict frequency, resolution rates Benefits Utilisation: enrolment, wellness, flexible work Innovation: employee suggestions, patents, new products Change Readiness: change management surveys, adoption rates

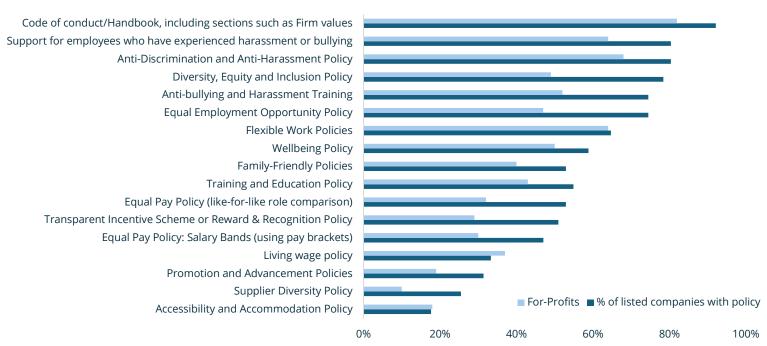


CEOs in listed companies place greater emphasis than the overall sample on measuring cultural outcomes, particularly through diversity, equity and inclusion, financial efficiency, customer engagement, talent management, performance, and health and safety. In contrast, the all-company group places slightly more emphasis on employee well-being.





### People-centric policies



Listed companies generally have more people-centric policies, including those related to Diversity, Equity, and Inclusion (78% vs 49%), Equal Employment Opportunity (75% vs 47%), Anti-bullying and Harassment Training (75% vs 52%), and Transparent Pay (51% vs 29%) compared to for-profit companies. However, for-profit companies are more likely to have a Living Wage Policy.

#### Ethics centric policies and processes



Listed companies exhibit a stronger focus on structured ethics policies compared to for-profit companies, with the largest differences seen in anonymous reporting channels and whistleblower hotlines, diversity, equity, and inclusion initiatives, and sustainability and environmental responsibility initiatives. This is largely because listed companies face greater scrutiny from regulators, investors, and

the public, prompting more robust frameworks. Authors: Susanna Lee (Leadership and Governance Collective), Associate Professor Claire Matthews and Dr Jeffrey Stangl (Massey)

Ceadership and Governance Collective



#### **Publicly Listed** Formal channels for reporting culture Ability to invest in culture Reporting recipients of culture Freedom to invest as much as required in measurement metrics culture to maximise its value The board The executive leadership team No formal reporting No Yes

100%

the board, with 8% having no formal reporting (compared to 22%). needed to realise the value of their culture (compared to 63%).

20%

40%

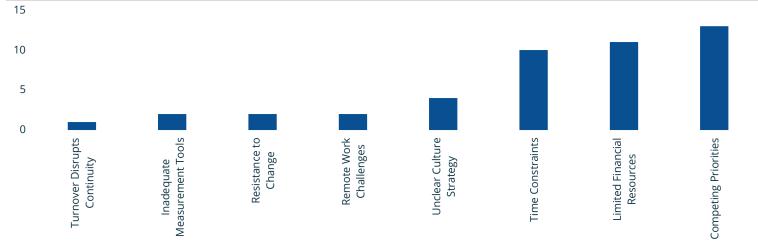
60%

0%

Culture metrics are primarily reported to executive leadership and 66% of CEOs feel able to invest in organisational culture as much as

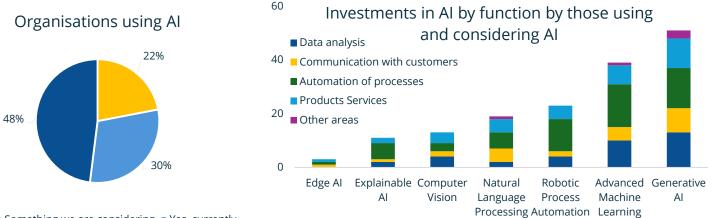
### Barriers to investing in organisational culture to maximise value

80%



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

# Applications of AI technologies across organisational functions



No Something we are considering Yes, currently

Currently, 48% of listed companies use AI tools, with a further 30% considering adoption, reflecting slightly lower investment compared to for-profits. Generative AI is the top focus, followed by advanced machine learning and robotic process automation, which ranks higher than in all firms overall.

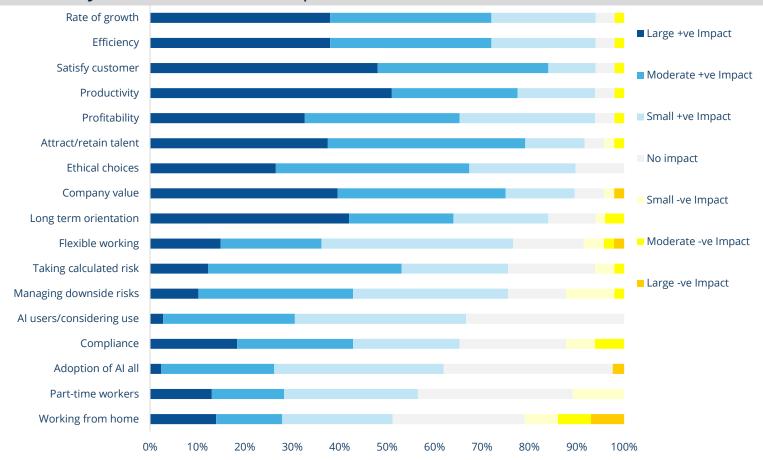




#### How AI adoption is expected to influence organisational culture



Based on selection frequency, CEOs adopting or considering AI expect its cultural impact to be felt in data-driven measurement of cultural success, enabling more informed decision-making grounded in productivity and performance. This is followed by adaptability and resilience through predictive analytics and strategic scenario planning - a priority that ranks more highly for listed companies than for any other cohort, reflecting their commitment to integrating AI into broader strategic decision-making.



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.

Authors: Susanna Lee (Leadership and Governance Collective), Associate Professor Claire Matthews and Dr Jeffrey Stangl (Massey)





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