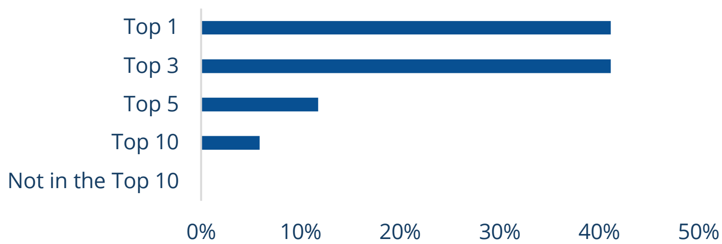
Publicly Listed: 51 CEOs

March 2025

Value of organisational culture

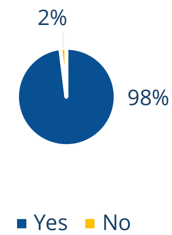
Culture's value relative to all organisational priorities



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.

Value of improving culture

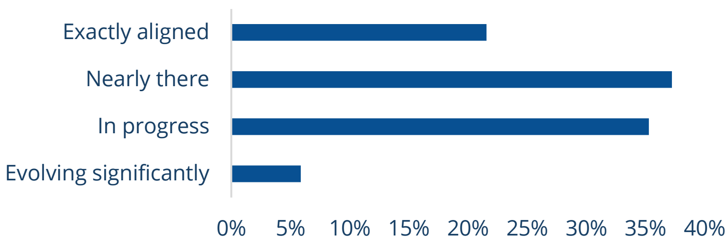
Improving culture will increase value to primary beneficiaries



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%).

Current state of culture

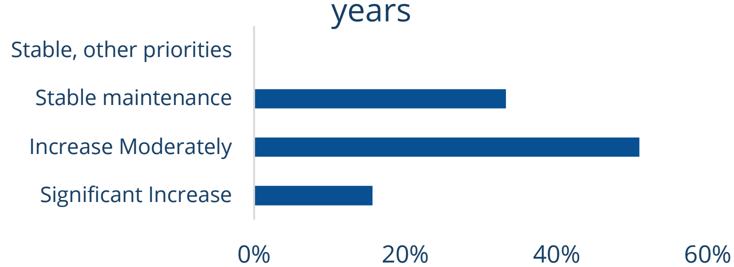
Strategy and organisational culture are



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%).

Changes to culture

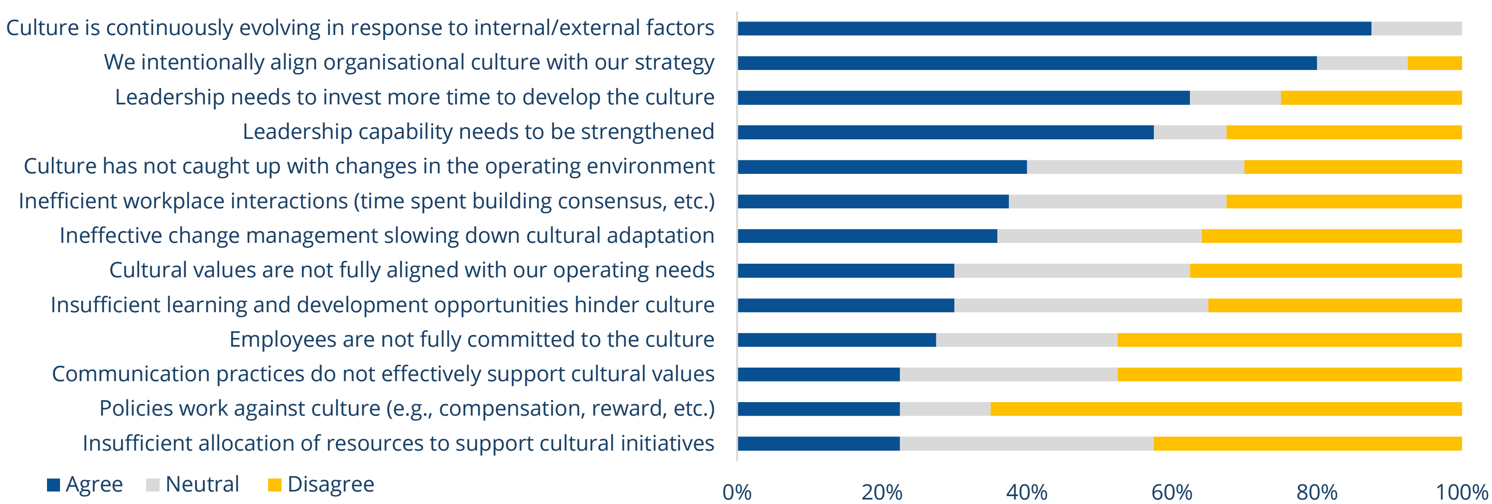
Expected culture efforts over next three years



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



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.

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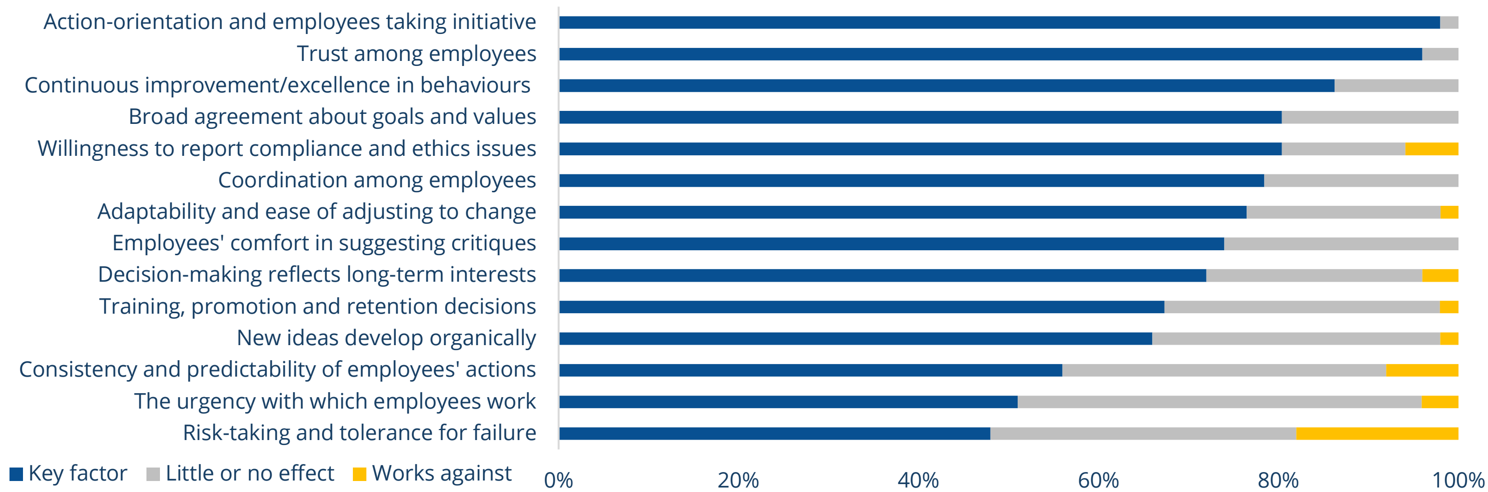
Why is organisational culture important

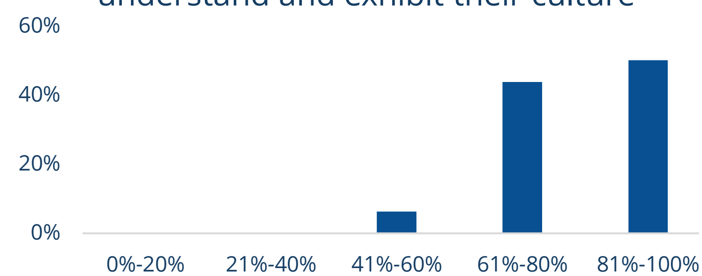
Key factors in determining the effectiveness of organisational culture



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

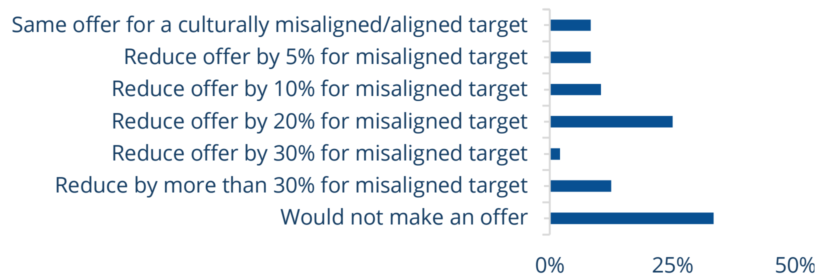
The percentage of employees that understand and exhibit their culture



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.

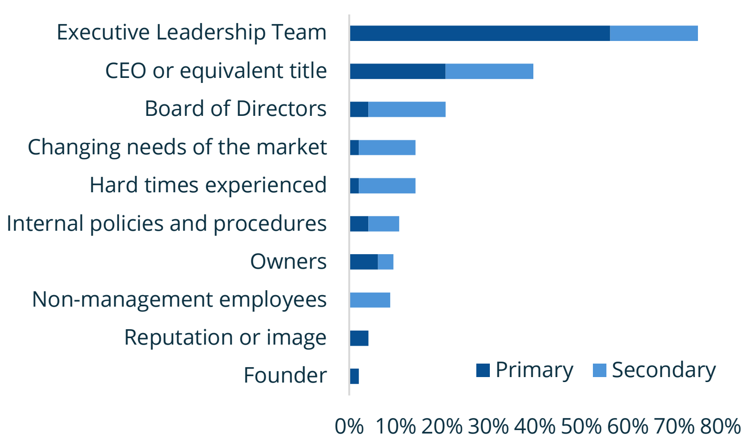
Identical M&A targets, one misaligned

Offers for culturally aligned vs. misaligned target

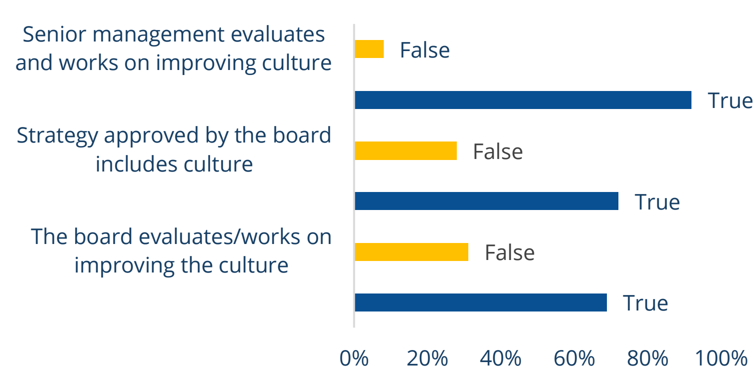


33% of listed companies would not make an offer on a misaligned target versus 44% of for-profits. A further 58% would reduce an offer by 5–30%, and only 8% would offer the same.

Most influential factor setting culture



Annual assessment of culture



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

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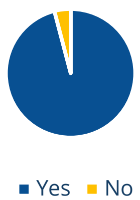
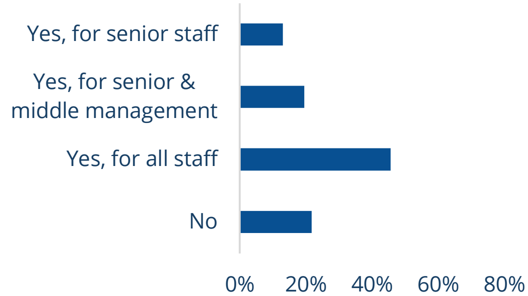
Exemplifying values: performance reviews, discretionary pay, & promotion

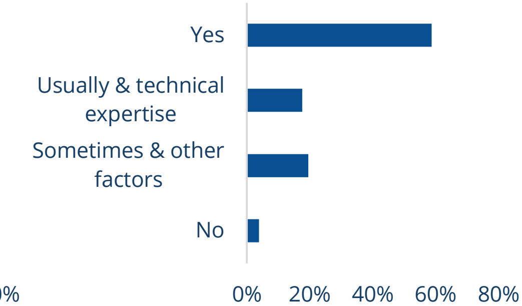
Employee behaviours reflect values included in performance reviews



Employee behaviour linked to discretionary pay



Behaviour a key criterion to advance to senior role



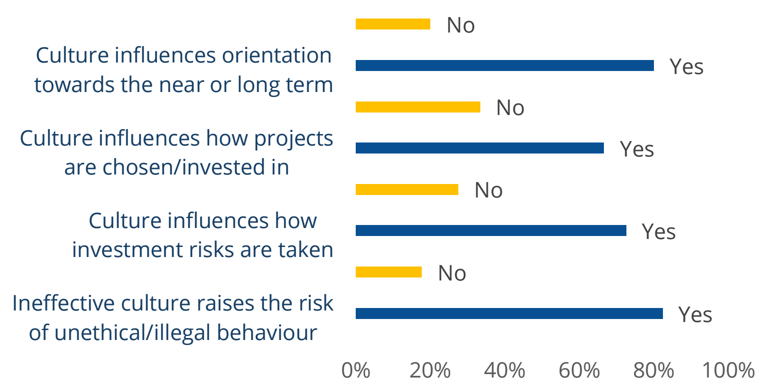
96% of listed companies include whether employees exemplify values in performance reviews (vs 98% of all firms). 78% link discretionary pay to behaviours (vs 61%), while 59% consider exemplifying values a key criterion for senior progression (vs 61%). Listed companies assess values slightly less frequently 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

Project investment style

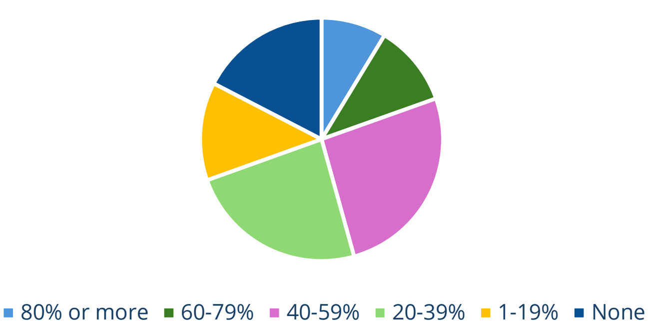
40% of listed company CEOs prefer a growth or high-risk strategy compared to a stewardship approach. 67% agree that culture drives this decision-making in line with their strategy.

Culture: risk, long-term and ethics



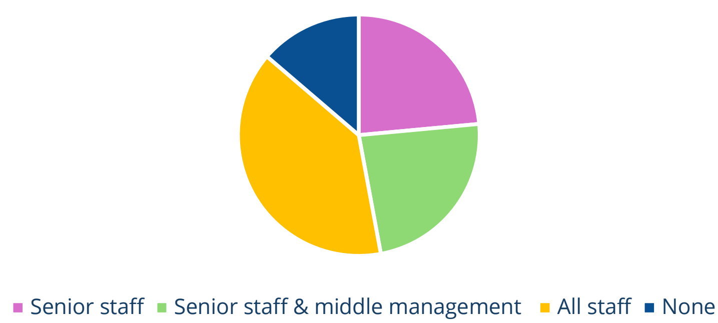
Listed company CEOs say culture impacts long-term focus (80%), investment risk (73%), and 82% believe culture impacts ethical decision-making, with around 2 out of 10 CEOs disagreeing.

Short-term CEO incentives



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.

Short-term staff incentives



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.

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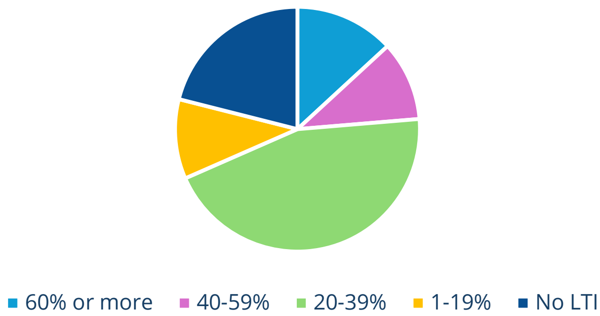
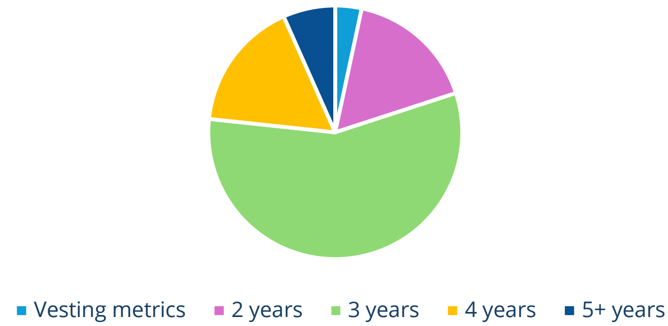
Long-term leader incentives



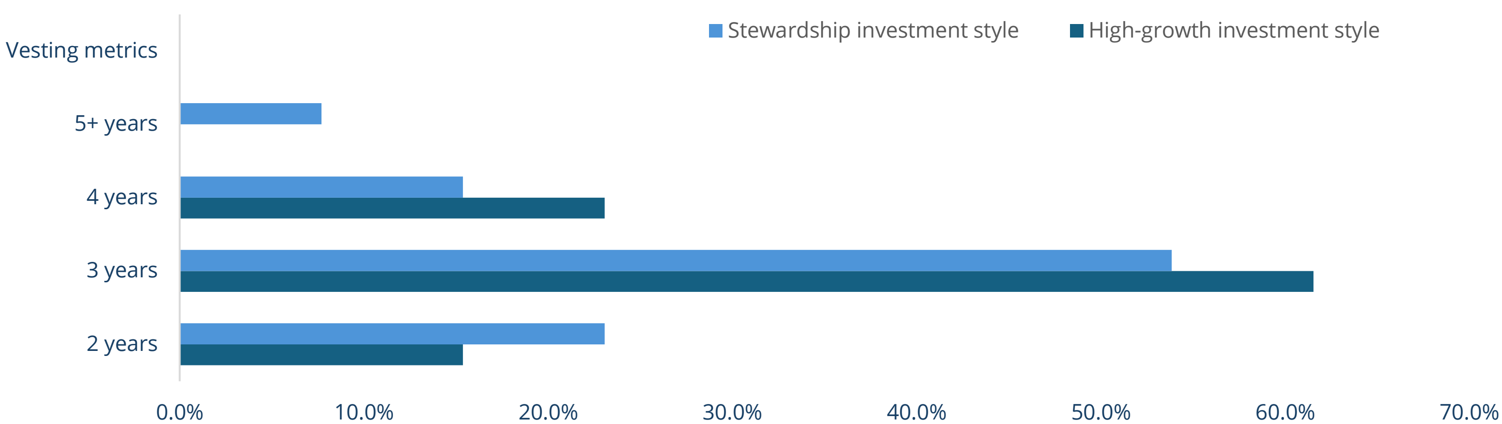
13% of CEOs receive an LTI that is 60% or more of their compensation package, 11% fall in the 40–59% range, 45% in the 20–39% range, 11% in the 1–19% range, and 21% receive no LTI. Listed company CEOs receive more LTIs than for-profit peers.

Long-term incentive vesting period



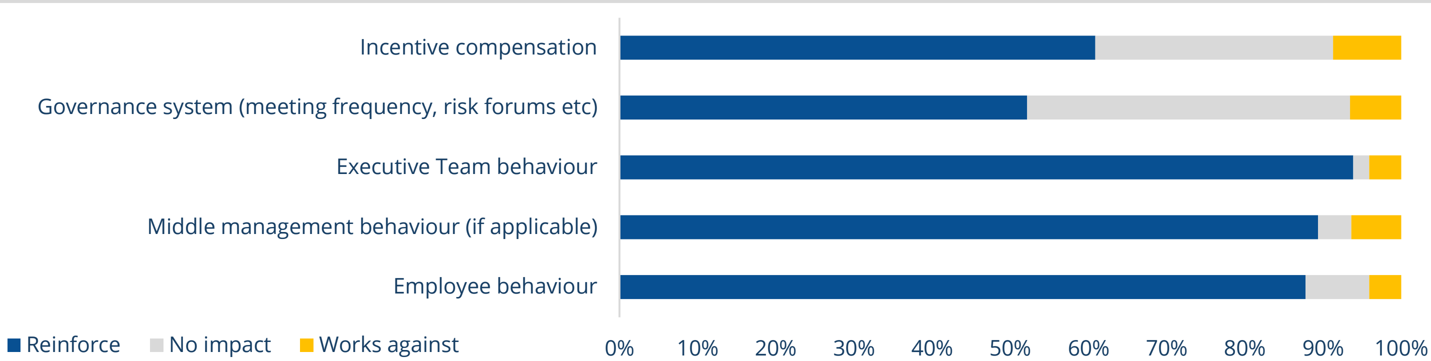
59% of listed company CEO vesting periods are 3 years; 3% are tied to performance metrics with no fixed term, 17% last 4 years, 7% extend to 5+ years, and 14% are 2 years or less.

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



Leadership team behaviour is the strongest reinforcer of culture. However, incentive compensation and the governance systems impacts are mixed, only 61% and 52% consider it as reinforcing, while 9% and 7% (respectively) believe they work against culture.

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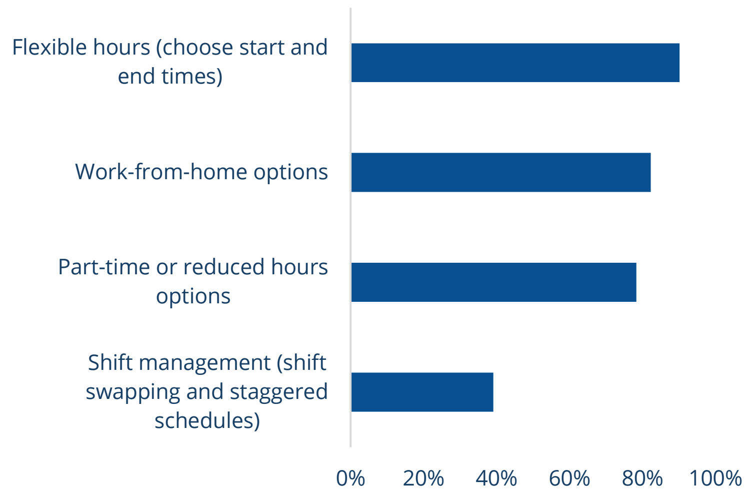
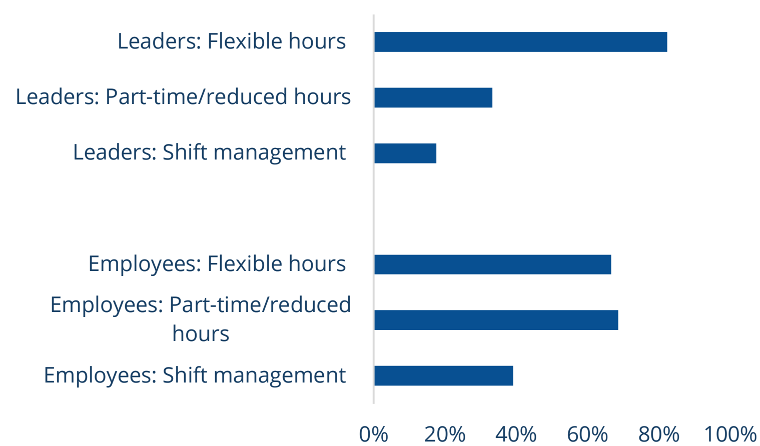
Support for flexible work arrangements

Flexible work options provided



Flexible work arrangements

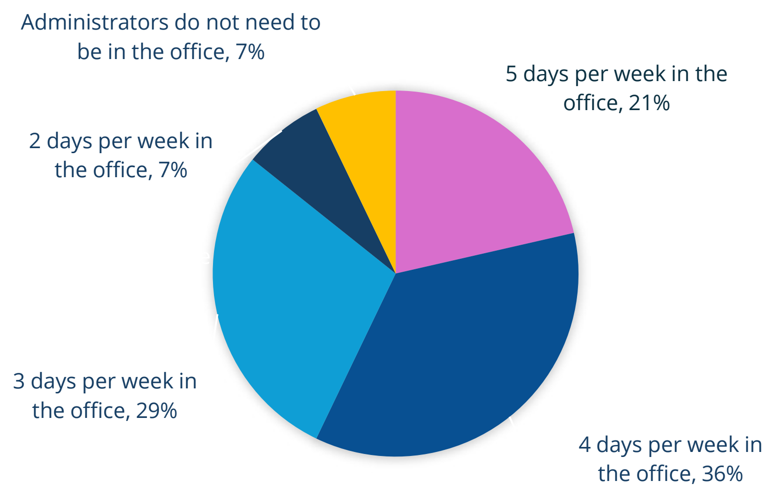


Listed company CEOs broadly support flexible work, offering more work-from-home and flexible hours than the overall sample, slightly more part-time or reduced hours, and 17% more shift management options (39% vs 22%). However, they offer less part-time or reduced hours for leaders, potentially limiting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

Optimal in-office days to support and nurture organisational culture

Leadership teams

Administrators



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.

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How CEOs spend their time on organisational culture

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

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.

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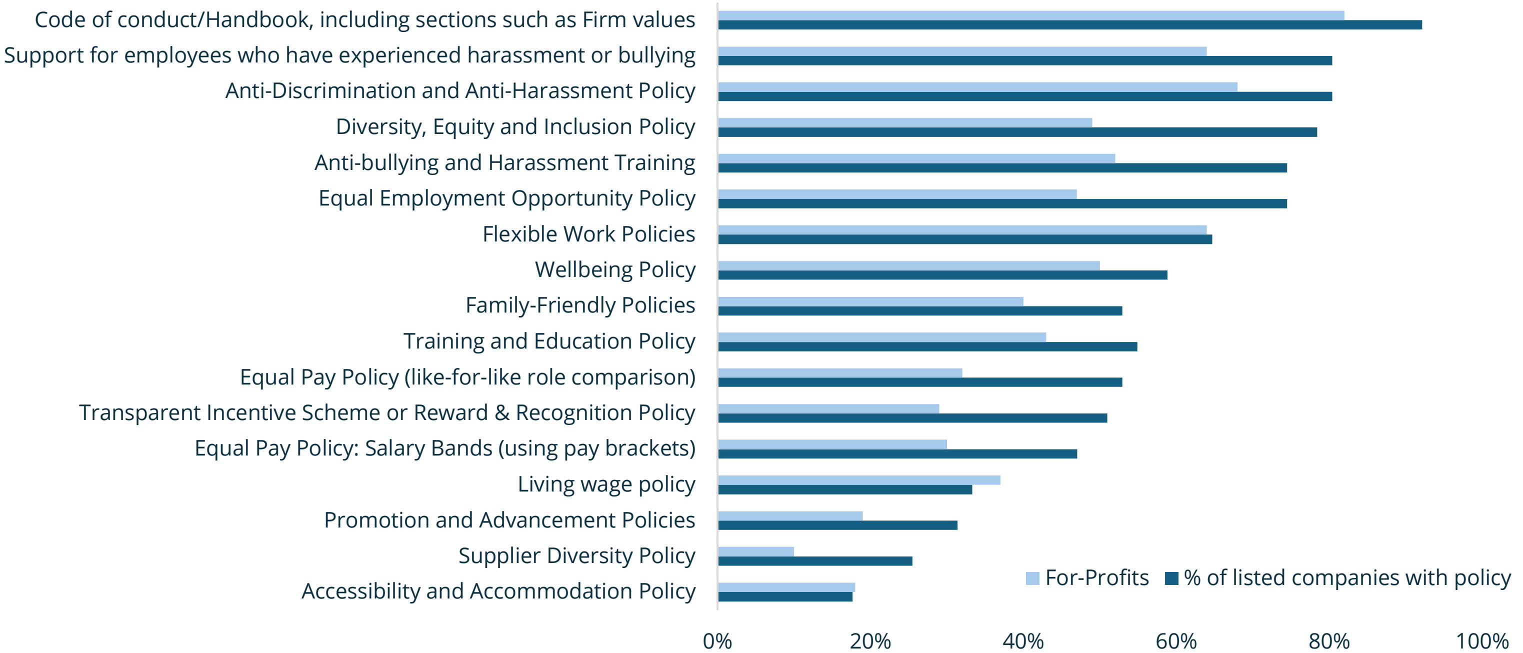
People-centric policies



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.

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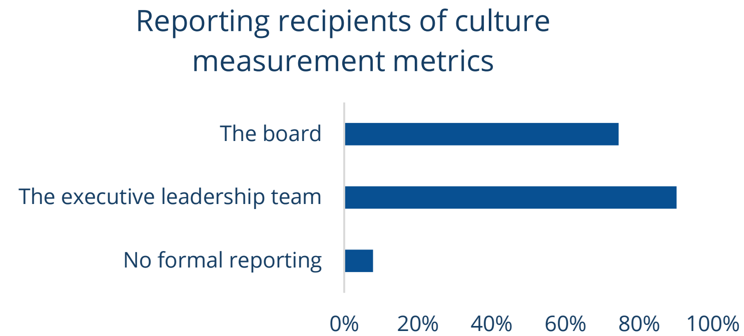
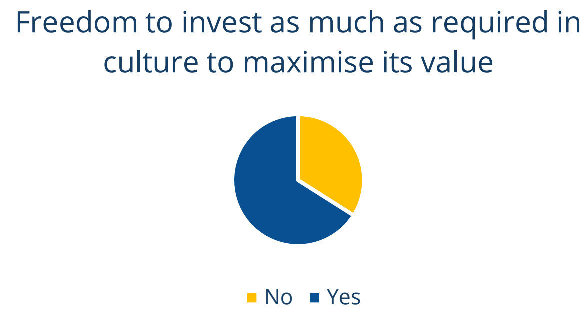
Formal channels for reporting culture



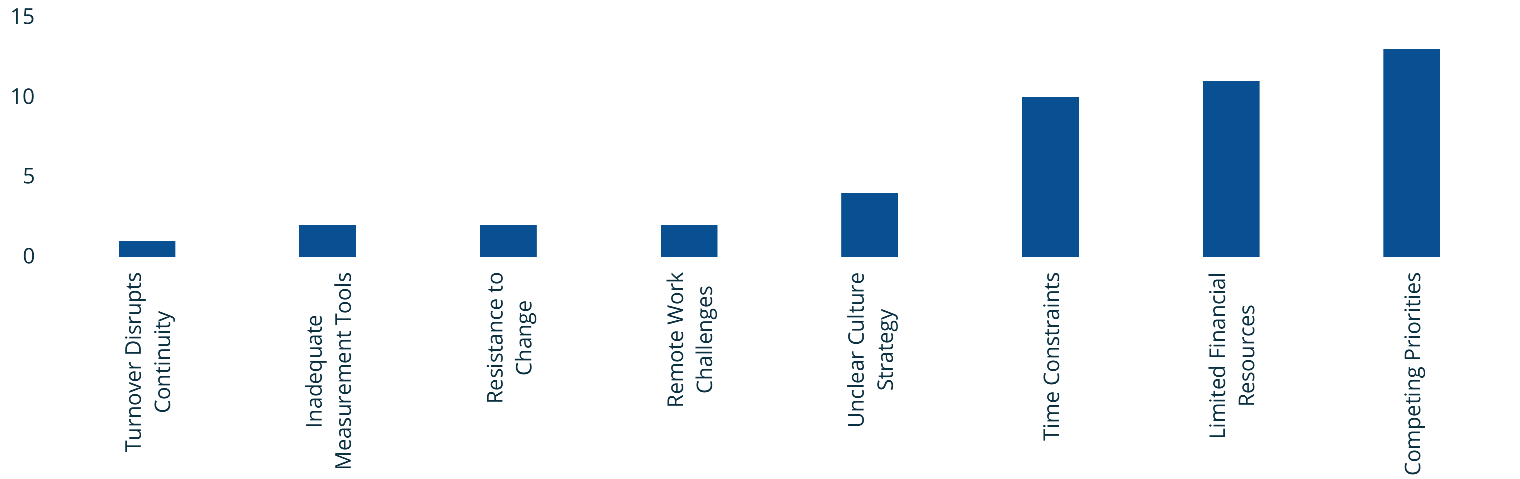
Culture metrics are primarily reported to executive leadership and the board, with 8% having no formal reporting (compared to 22%).

Ability to invest in culture



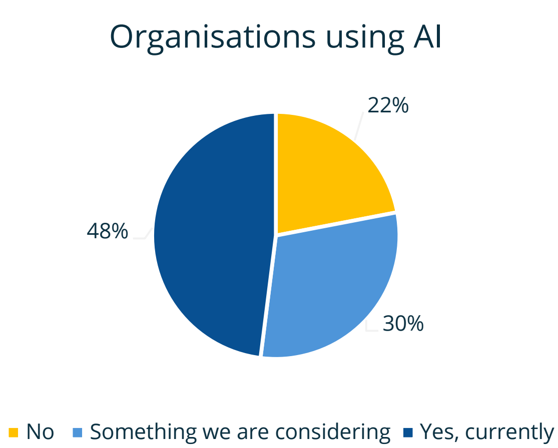
66% of CEOs feel able to invest in organisational culture as much as needed to realise the value of their culture (compared to 63%).

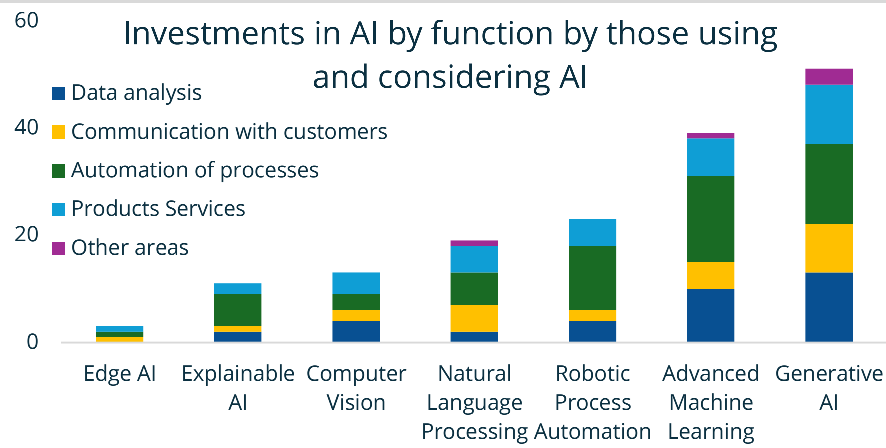
Barriers to investing in organisational culture to maximise value



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





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.

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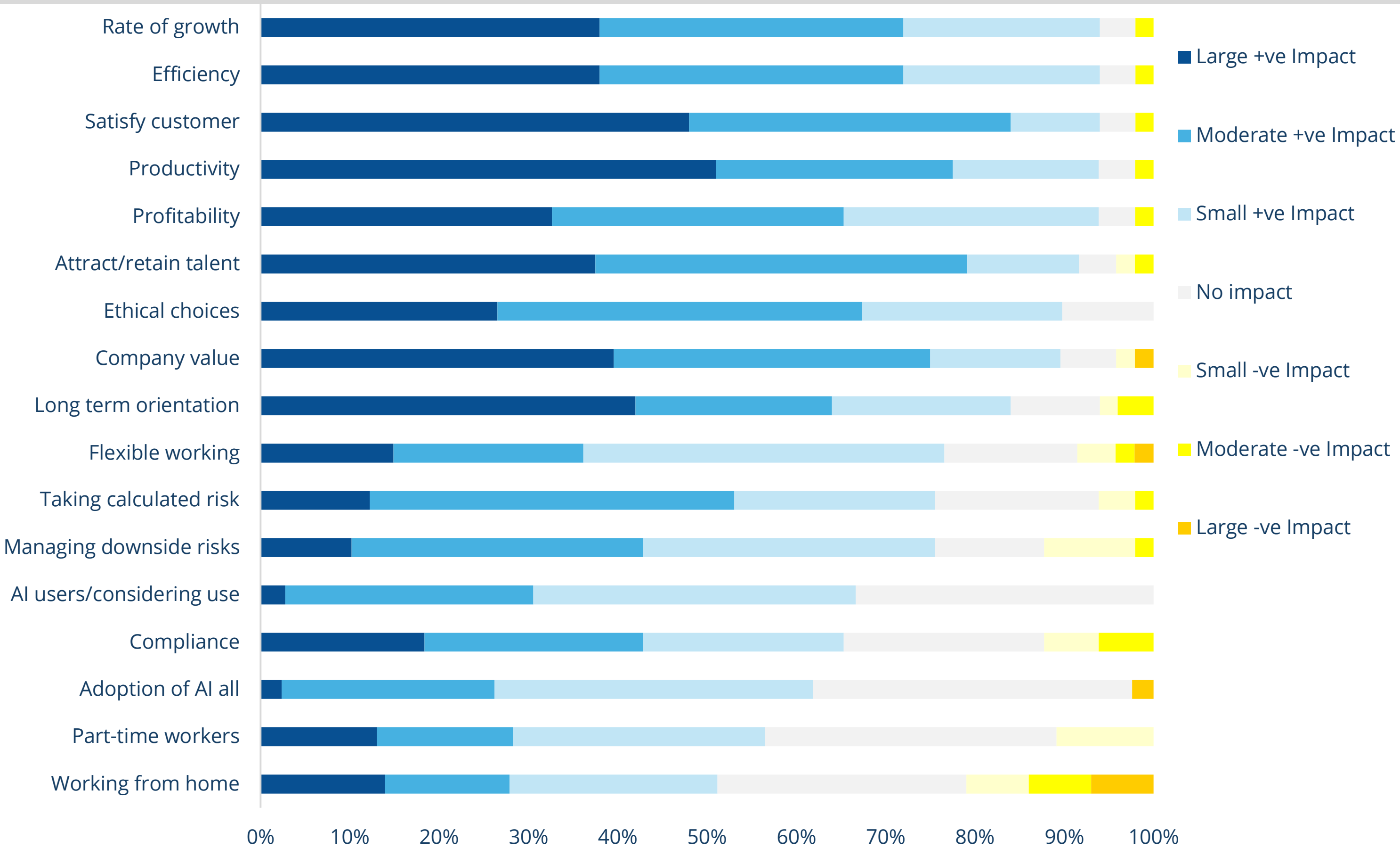
How AI adoption is expected to influence organisational culture

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.

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