





Unleashing Performance: How Adaptable Cultures Drive Sustainable Results



Table of contents

03

Top insights

Cultural improvement #1 Developing leaders

to empower others

56

Participants & methodology

Understanding performance

35

Cultural improvement #2

Driving team performance through engagement

A strong company culture is critical to organizational success

42

Cultural improvement #3 Embedding inclusion

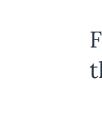
into the core of culture

20

Making an impact with cultural improvements

53

that fuels growth





60

About the research partners



Cultural issues are largely underestimated as the culprit for top challenges

My company's culture impacts my ability to meet goals

27%
of professionals surveyed strongly agreed

However, the top challenges reportedly getting in the way of meeting team goals this year are all rooted in company culture issues.



Strong and adaptable company cultures breed organizational success

3X

Revenue increases

Companies described as strong and adaptable by their employees are nearly 3x more likely to have seen significant revenue increases in the last year than those who view their company culture less favorably. (This group is also two times more likely to have an extremely positive outlook on their organization's success in the coming year.)

4.5X

Higher rates of satisfaction

Investing in the development of leaders improves company culture. Companies that prioritize cultivating leaders who empower others are nearly 4.5x more likely than others to have high rates of satisfaction with company culture amongst employees.



I feel comfortable taking on new challenges

· **70**%

of professionals surveyed who work in inclusive workplaces

There is an undeniable link between cultural strength and team performance. Fostering an inclusive and collaborative work environment drives resilience and adaptability in employees. 70% of professionals in inclusive and collaborative workplaces report feeling comfortable taking on new challenges, starkly contrasting the 39% in less inclusive settings.







The hidden force impacting performance

94% of professionals we surveyed agree that culture is important for achieving business objectives like revenue and growth, up from 90% last year. And culture is only growing in importance. Three-quarters (74%) of professionals expect the importance of company culture to increase in today's market.

Organizations that succeed in creating healthy and productive environments are the ones that understand the profound impact of culture on every aspect of their operations. However, only 27%

of survey respondents strongly agree that their company's culture significantly impacts their ability to meet or exceed goals, despite our findings revealing that the greatest barriers to achieving team goals are intrinsically linked to cultural issues.

The inability to hire the right talent, workflow inefficiency, and unmanageable workloads top the list of obstacles, underscoring the pervasive influence of culture throughout every facet of an organization.



What do you feel are your greatest barriers to meeting or exceeding your team goals this year?

40%

Inability to hire the right talent

24%

Lack of support from leadership **33**%

Inefficient workflows

24%

32%

Unmanageable workload

25%

Poor communication

18%

Unclear

goals

25%

Unclear strategic priorities

Lack of employee accountability

21%

Misalignment of teams

Other

5%





The truth is that culture is the beating heart of every organization.

Simply put, culture is how we work together every day.

So, how are companies investing in their employees and leaders to build a healthy workplace?





The Culture Transformation Flywheel

Arbinger, in partnership with Ascend2 Research, surveyed 440 professionals across different regions of the globe to discover what the most successful company cultures look like, and how impactful culture is on creating resilient and productive teams that fuel growth and productivity.

Our findings reveal that investing in leadership development, team performance, and inclusion are three key areas that directly impact satisfaction with culture and a working environment.



Leaders who develop and empower others

Develop leaders who lead by example and make your organization a healthier, happier place to work

Engaged and accountable employees

Develop employees who take ownership of their actions and work together towards shared goals

Inclusive and

Cultivate a work environment where everyone feels valued and empowered to collaborate and contribute their best

collaborative workplace

Success depends on the interconnected relationships of your people, and to impact that, you need a shift in mindset, operationalized in three ways:

Developing leaders who empower others

Developing engaged and accountable employees

Unlocking potential with an inclusive & collaborative workplace

Together, these initiatives create a Culture Transformation Flywheel. A continuous, selfreinforcing cycle that leads to lasting culture change (see figure above).



This report offers insights and actionable recommendations for transforming your organizational culture into one that thrives under any market conditions. In the following pages, we'll explore how sustainable change doesn't come from buying more tech, increasing budgets, or changing processes. Culture transformation starts with a people-centric approach—an investment in people-oriented solutions to spark innovation, engagement, and productivity in your workforce.





A strong company culture is critical to organizational success

Strong and adaptable cultures promote resilience

There is an undeniable link between cultural strength and team performance. In fact, professionals at organizations with strong and adaptable cultures are twice as likely to recognize the positive impact of their company culture on meeting and exceeding team goals (45% vs. 22%).

Our research indicates that a strong and adaptable company culture breeds organizational success. **Just 23%** of professionals surveyed describe their company's organizational health as strong and adaptable, but this group exhibits significantly more positive attitudes and results compared to their counterparts in less-than-ideal environments.

How do you perceive your company's organizational health?

23%

Strong and adaptable

56%Functioning well,

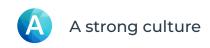
but there's room for growth

17%

Need improvement in some areas

4%

Needs a lot of improvement



There is an undeniable link between cultural strength and team performance.

In fact, professionals at organizations with strong and adaptable cultures are twice as likely to recognize the positive impact of their company culture on meeting and exceeding team goals (45% vs. 22%).

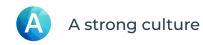
Furthermore, professionals in these strong and adaptable environments express significantly more confidence in taking on new challenges that may arise. Four in five (80%) of those in strong and adaptable workplaces feel comfortable tackling new challenges, knowing they have strong support from their colleagues and leaders. This is two times more likely than those in less supportive environments (38%).



Employees who feel comfortable taking on new challenges

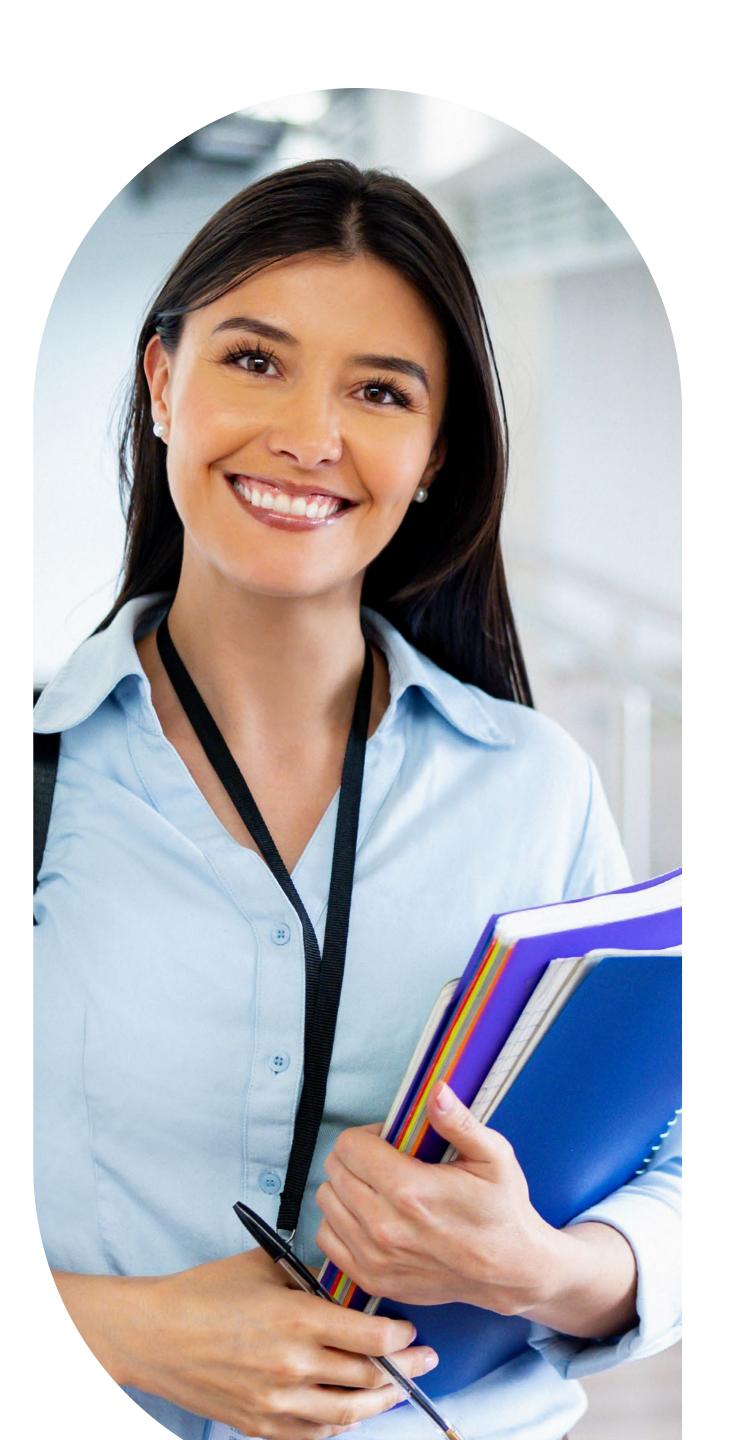


Those in strong and adaptable environments are about 110% more comfortable taking on new challenges than others.

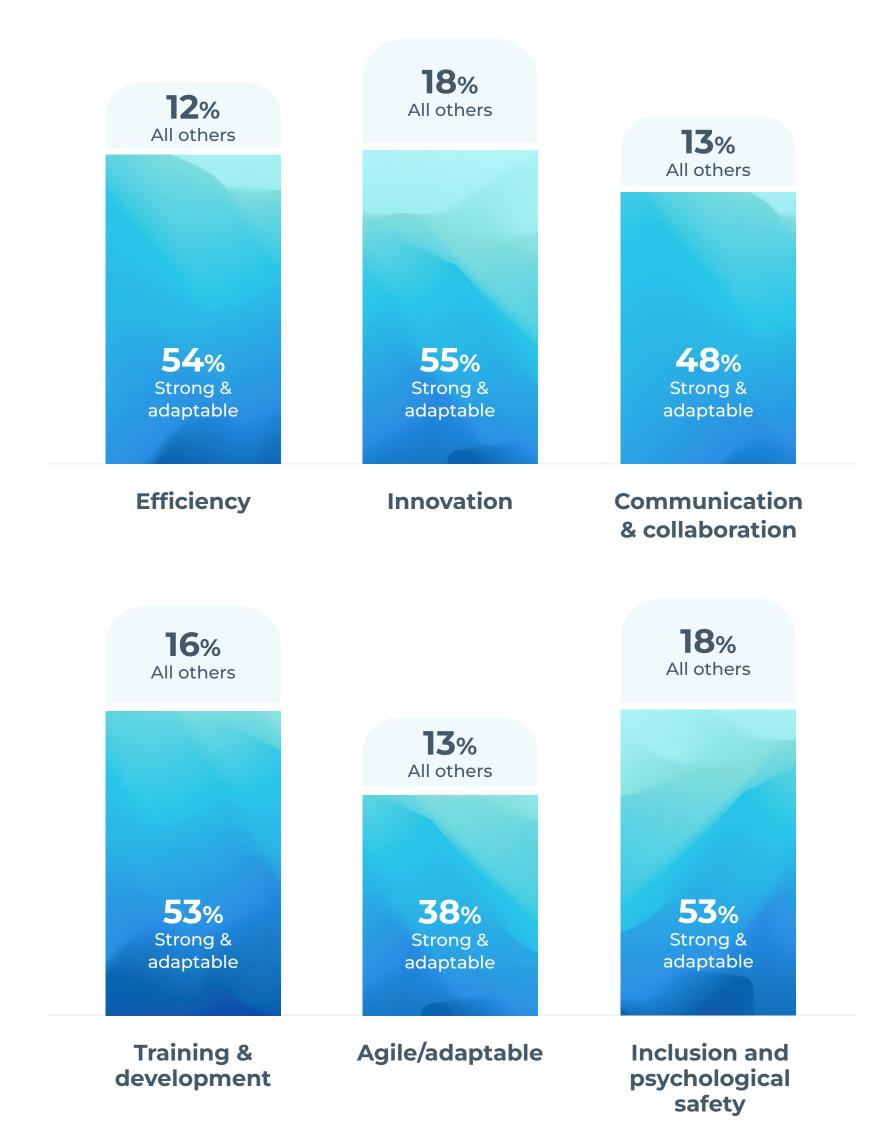


Creating a resilient and positive company culture fosters a proactive and confident workforce

Those in strong and adaptable work environments are also significantly more likely to give high ratings for their company's performance in areas such as efficiency, innovation, communication/collaboration, training and development, agility/adaptability, inclusion, and psychological safety.



Percent of those who rate the following areas as "Excellent" at their organization

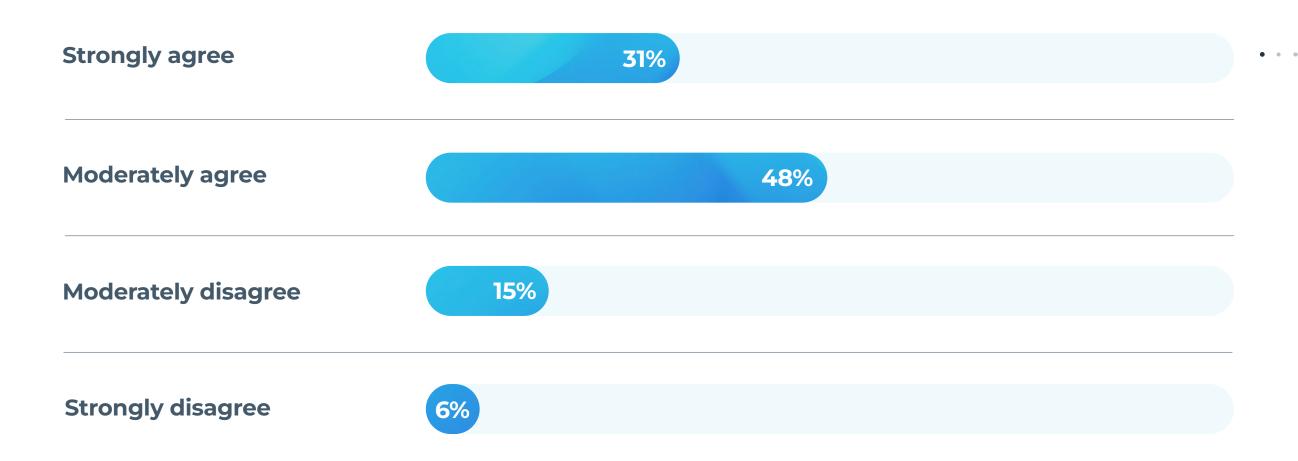




High-performing culture doesn't mean growth at all costs

Given the impact culture has, it should sit in priority with revenue, profits, and expense reduction. Yet, one-third of organizations still view culture as a less important initiative that should take a back seat to business gains that are easier to quantify. This "growth at all costs" mentality of years past is simply not a sustainable model. Focusing on long-term strategies like culture actually improves the ability to meet short-term goals like revenue in the long run.

At my company, short-term goals (revenue, profit margin, reduction of expenses) hinder long-term strategies to improve company culture.



We know that investing in company culture to create a strong and adaptable work environment positively impacts business outcomes.

Still, 31% of professionals surveyed strongly agree that short-term goals like revenue, profit margin, and expense reduction hinder long-term strategies to improve company culture at their company.

Good news! The number of companies who strongly agree that short-term goals hinder long-term strategies is down by 22% from last year (40% strongly agreed in our 2023 study).



When people are prioritized and highly satisfied with their company culture, we see more collaborative and efficient environments where employees view others' goals, objectives, and challenges as important as their own.





Making an impact with cultural improvements

Evolving a strategy to meet workforce changes also sits high on the list of challenges. However, having clear strategic priorities in place is a challenge worth overcoming. With a strong culture to fall back on, organizations can provide their workforce with a consistent and meaningful employee experience to serve as a strong foundation for whatever comes their way.

Overall, these challenges indicate that initiatives to improve culture are becoming more important, but organizations don't necessarily know how to implement, follow through, and optimize their strategies.



Leadership teams are seeing the impact of culture

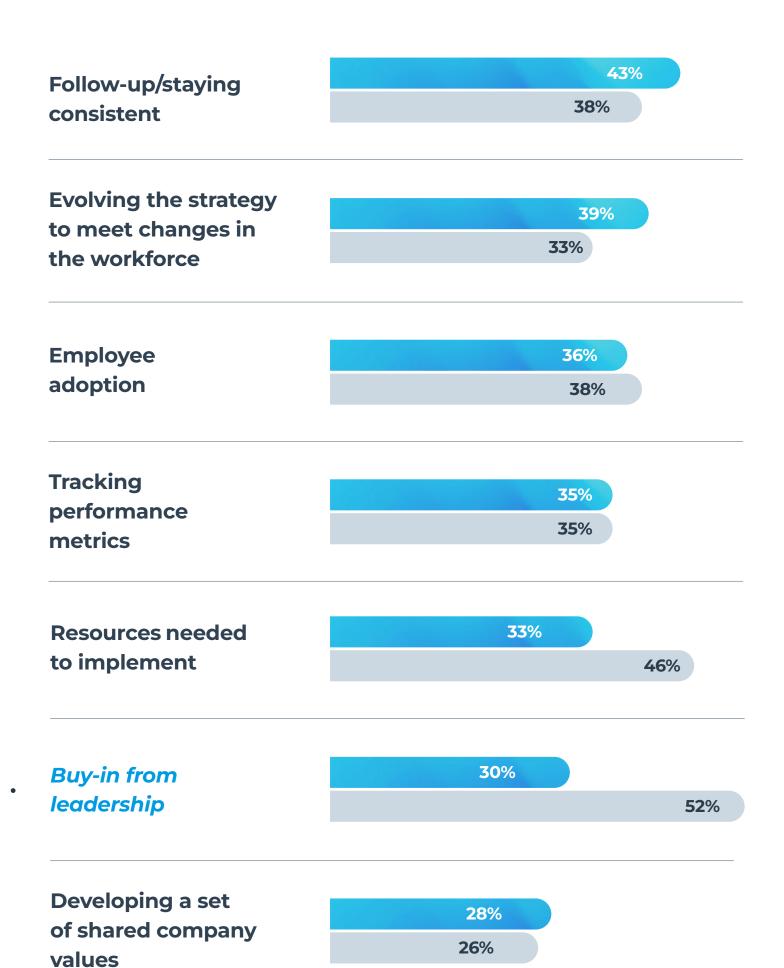
Compared to last year, nearly
half as many respondents
struggle with getting buy-in
from leadership when it comes
to improving company culture.

Perceived top challenges also vary by job role. Executives rank tracking performance metrics and developing a shared set of company values at the top of their challenges in improving company culture. Significantly fewer non-executives rate both as a top challenge. Meanwhile, consistency, adoption, and leadership buy-in are all considered more of a challenge to non-executives compared to executives surveyed.





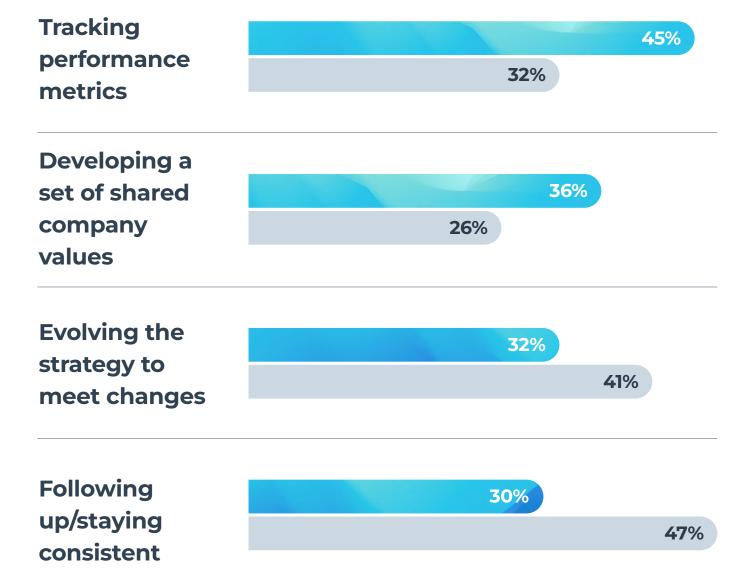
What are the top challenges of improving company culture?



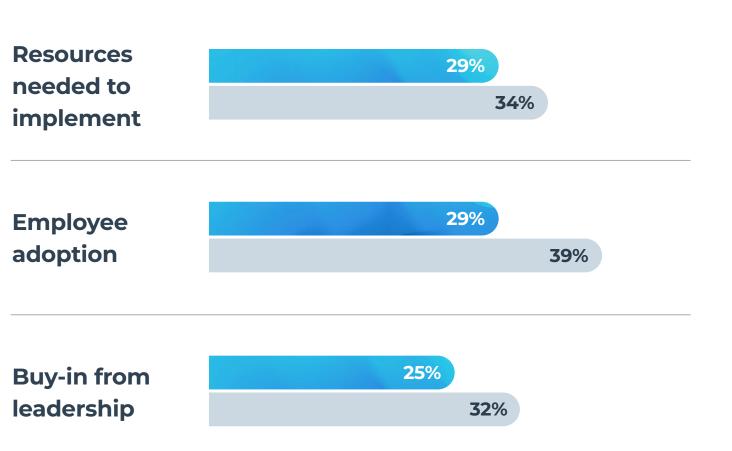
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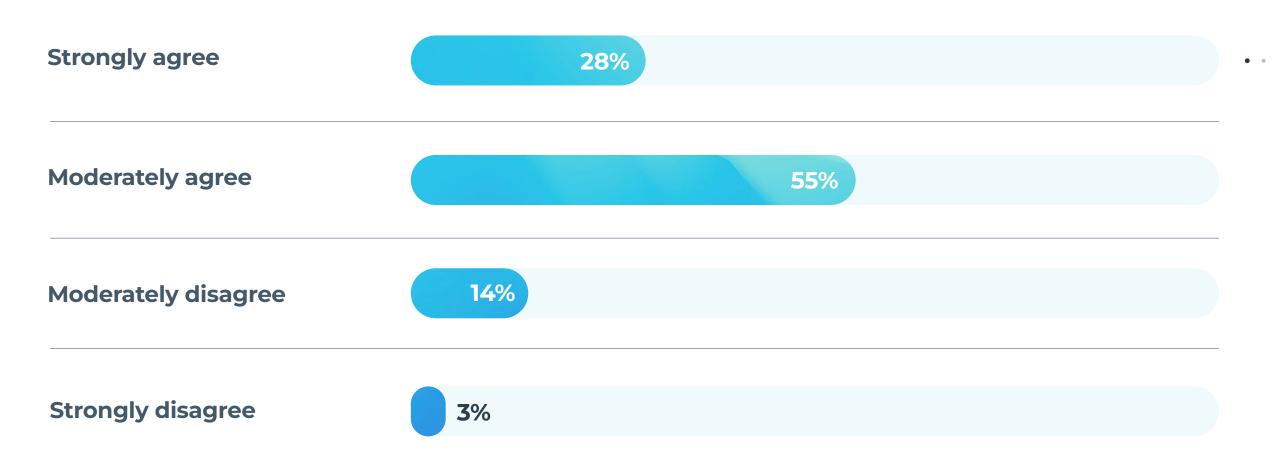
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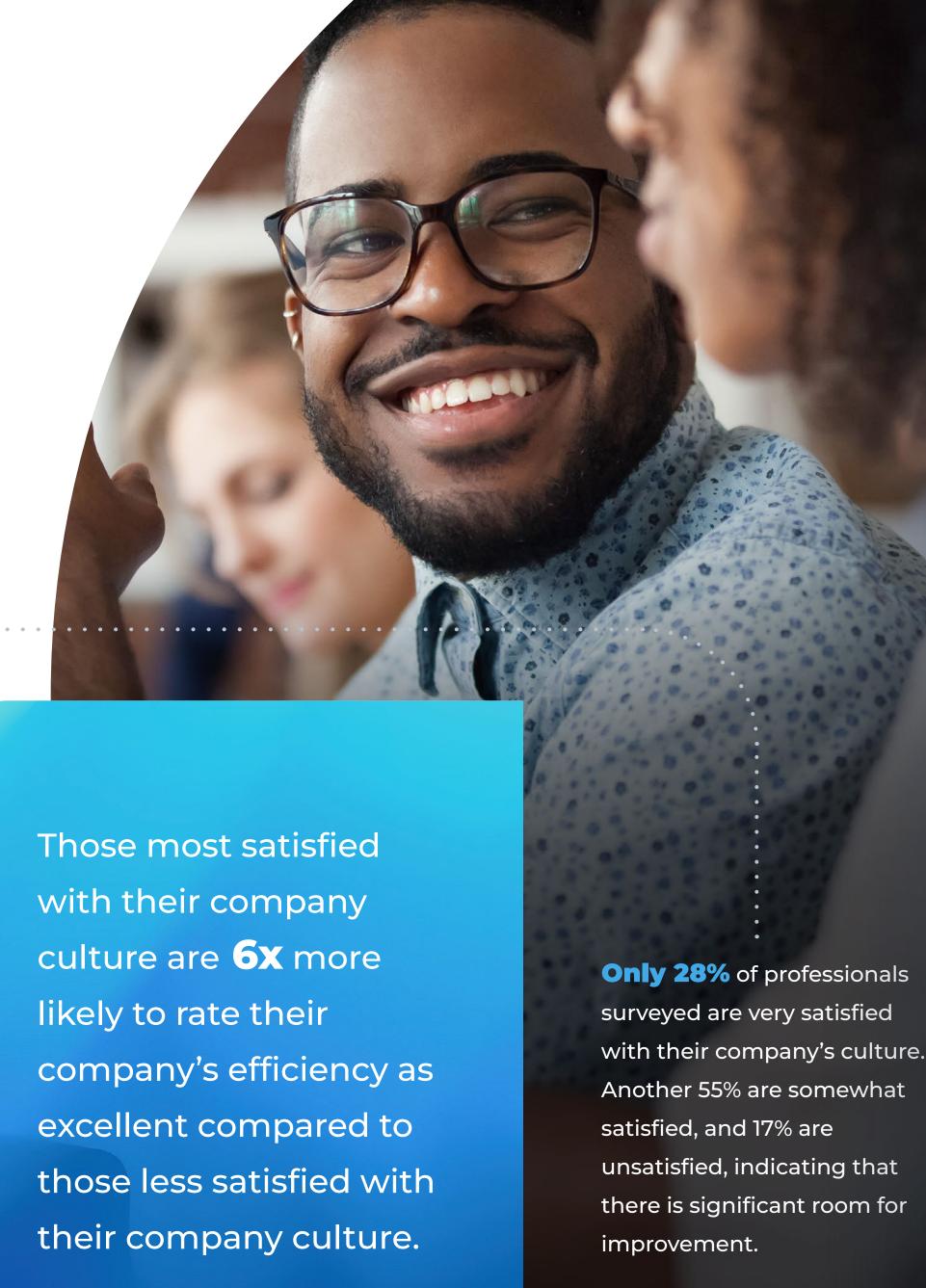
It's no wonder that employees have challenges with consistency, adoption, and leadership buy-in when leaders are struggling to track performance accurately and align on company values and priorities.



Employee satisfaction with their work environment goes deeper than just compensation

At my company, short-term goals (revenue, profit margin, reduction of expenses) hinder long-term strategies to improve company culture.

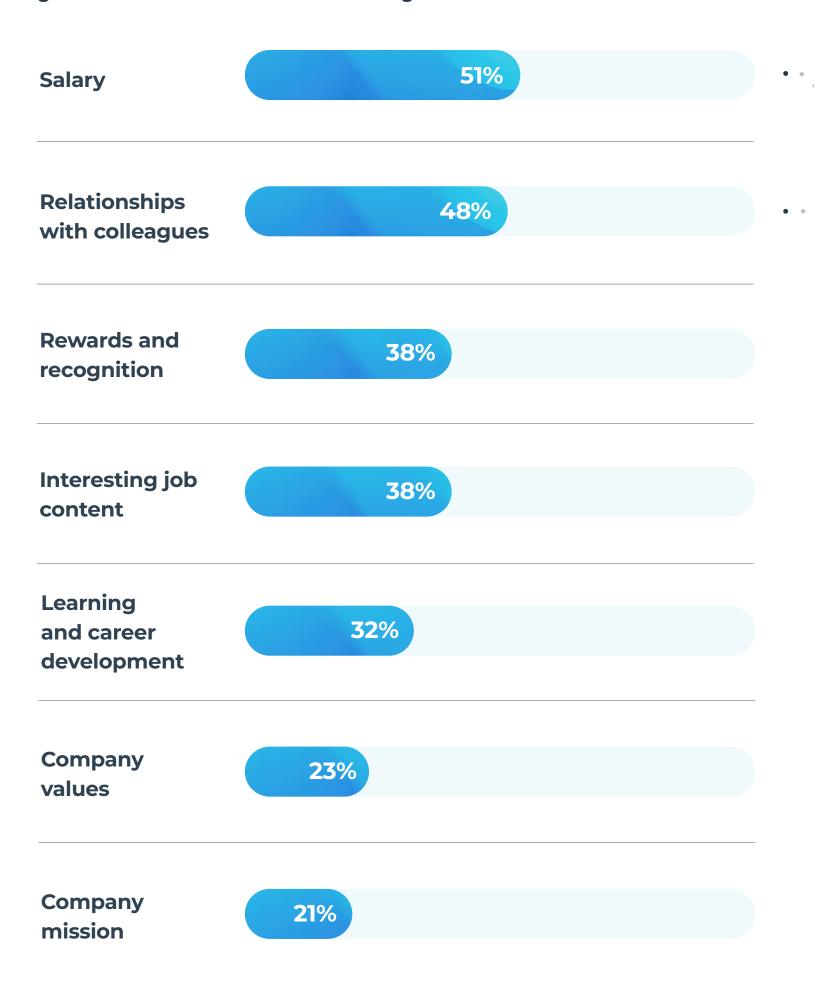






Key findings about the factors contributing to employee satisfaction

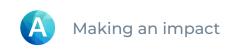
Which of the following contributes most to your satisfaction with your work environment?





Professionals are impacted by more than just their salary when it comes to factors contributing to their work satisfaction.

Employees' relationships with their colleagues contribute to satisfaction with their workplace almost equally as much as salary. Professionals surveyed also want to be recognized for their efforts and have meaningful job content that interests them.



Areas of cultural improvement that make the most impact

Which of the following initiatives would have the greatest impact on improving your organization's culture?

39%

Employee experience and well-being

38%

Employee development

33%

Leadership development

33%

Encouraging and fostering healthy communication

31%

Employee mindset communication

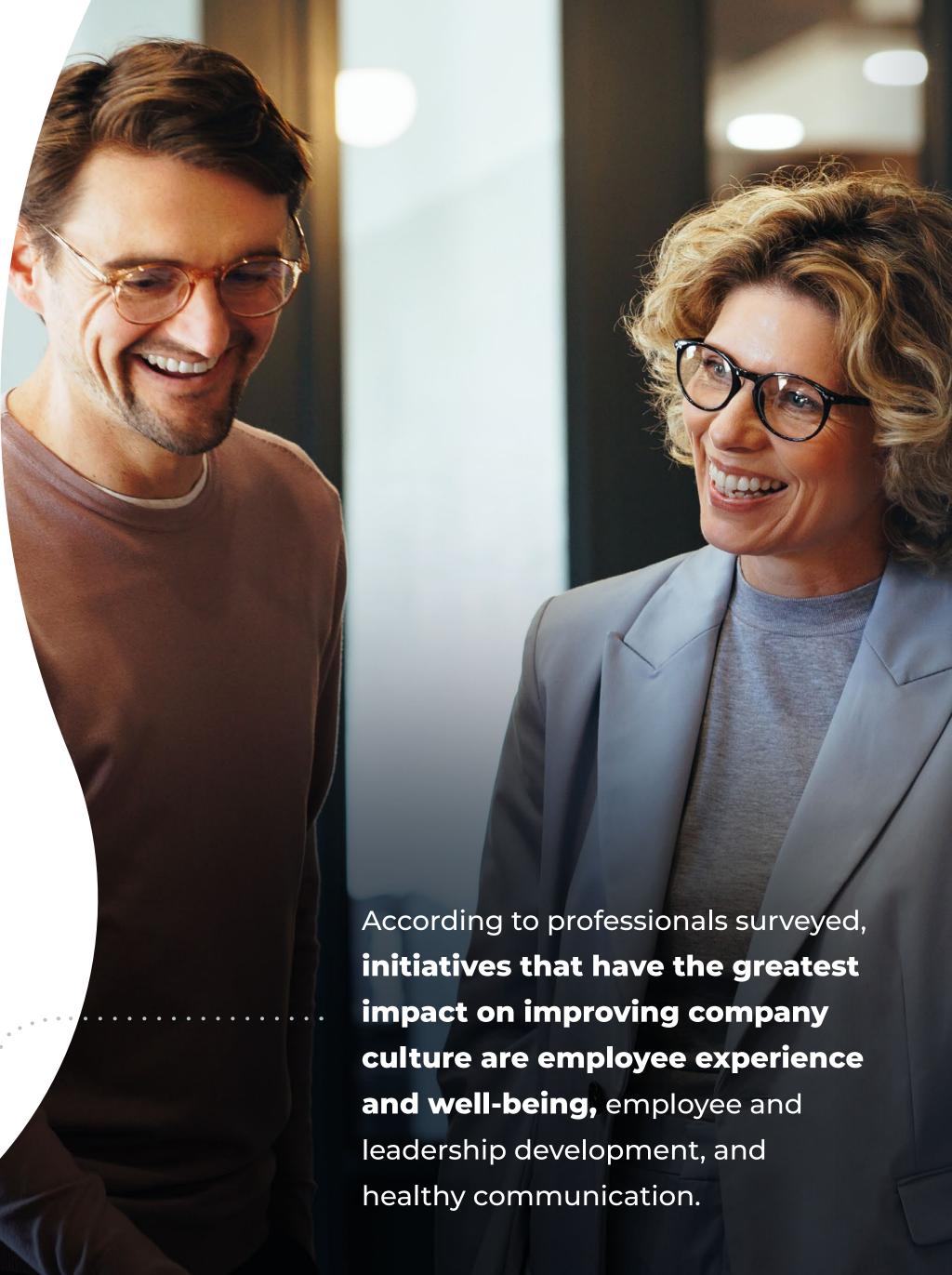
29%

Learning and development (L&D)

29%

Employee performance (performance management) **26**%

Diverse and inclusive workforce (DEI)



A Making an impact

What initiatives could be prioritized in organizations to improve employee satisfaction?



Interestingly, less than one-third of companies strongly emphasize the development of leadership, team performance, and inclusion in their workplace, each of which is critical to improving company culture.

In fact, professionals working for companies that prioritize all three of these initiatives a great deal are nearly 11x more satisfied with their company culture than those who report that their companies don't place a high priority on any of these initiatives (76% vs 7% are very satisfied with their company culture).

Percent of companies prioritizing the following areas "a great deal"

29%

Developing leaders who empower others

28%

Developing engaged and accountable employees 30%

Fostering an inclusive and collaborative workplace



The Performance Trifecta

Companies prioritizing leadership, employee engagement and accountability, and inclusivity are 11x more likely than others to have employees who are very satisfied with their company culture.





Cultural improvement #1

Developing leaders who empower others

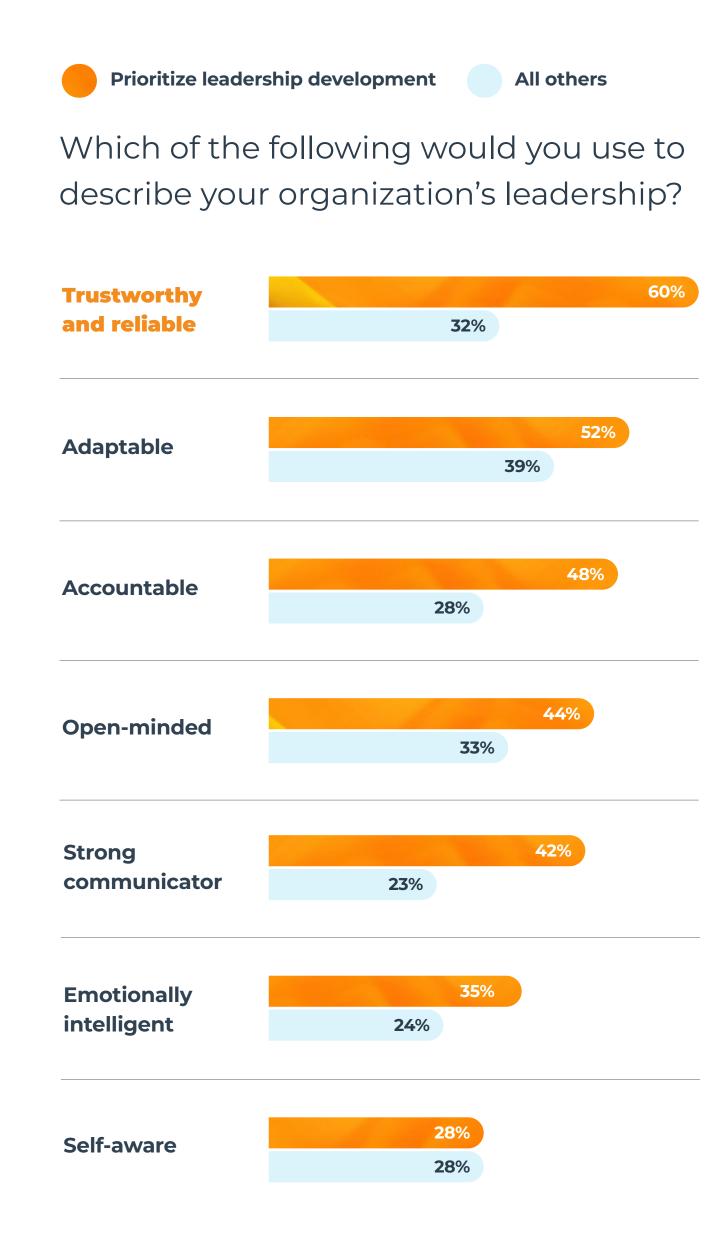
Developing leaders who empower others

Trustworthy leaders promote collaboration and improve efficiency

Less than one-third (29%) of professionals surveyed report that their company places a high priority on developing leaders who empower others. However, leaders who empower their teams foster a culture of trust and respect, promoting team engagement and collaboration.

We see this in the disparity of how employees describe their leaders in groups that work for companies that prioritize leadership development compared to those that don't.

Professionals with leaders who are trained to empower are significantly more likely than others to describe their organizational leadership as trustworthy, reliable, adaptable, accountable, open-minded, and strong communicators.



Furthermore, those working in environments where leadership development is prioritized report greater efficiency as well as better communication and collaboration. This group is 7x more likely than others to describe their organization's efficiency as excellent and nearly 6x more likely than others to describe communication and collaboration as excellent.

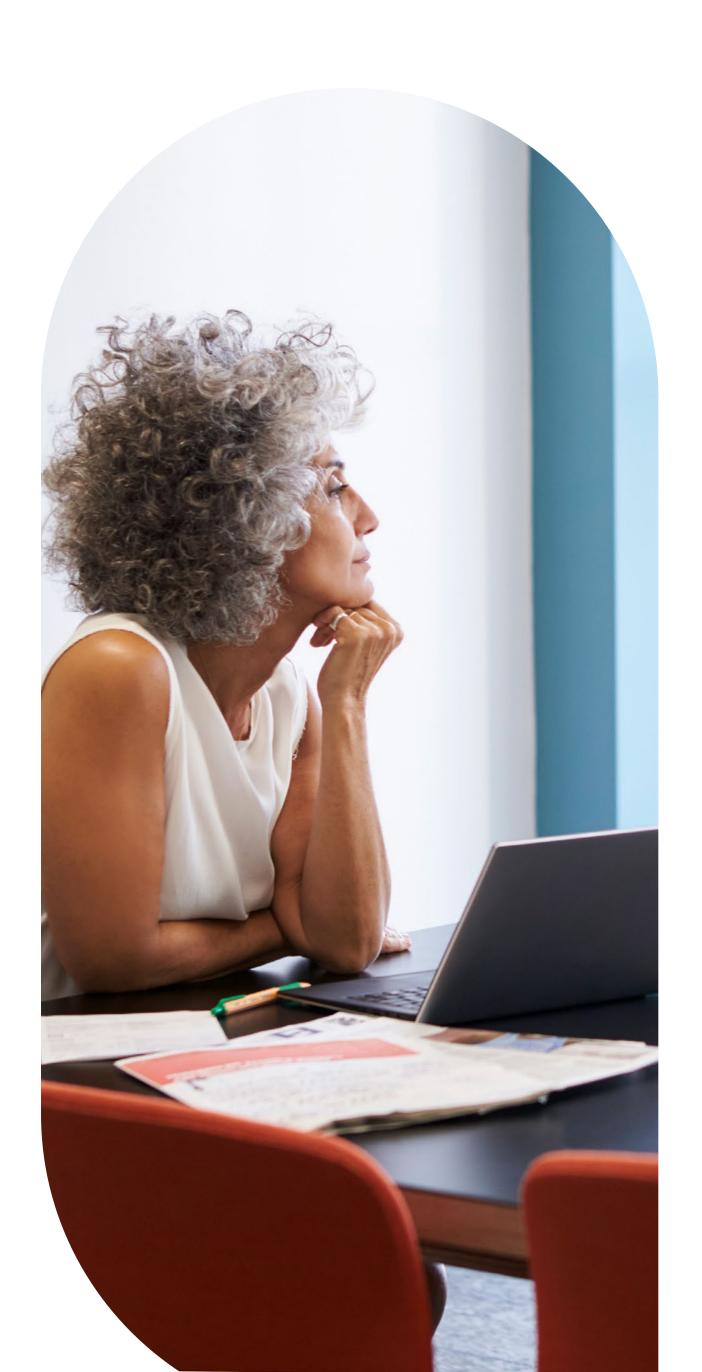
Companies that invest in developing leaders who empower others have significantly higher satisfaction rates with company culture than others. In fact, professionals working for organizations that prioritize leadership development are nearly 4.5x more satisfied with their organization's culture than others.

Investing in leadership development

fosters healthier work environments

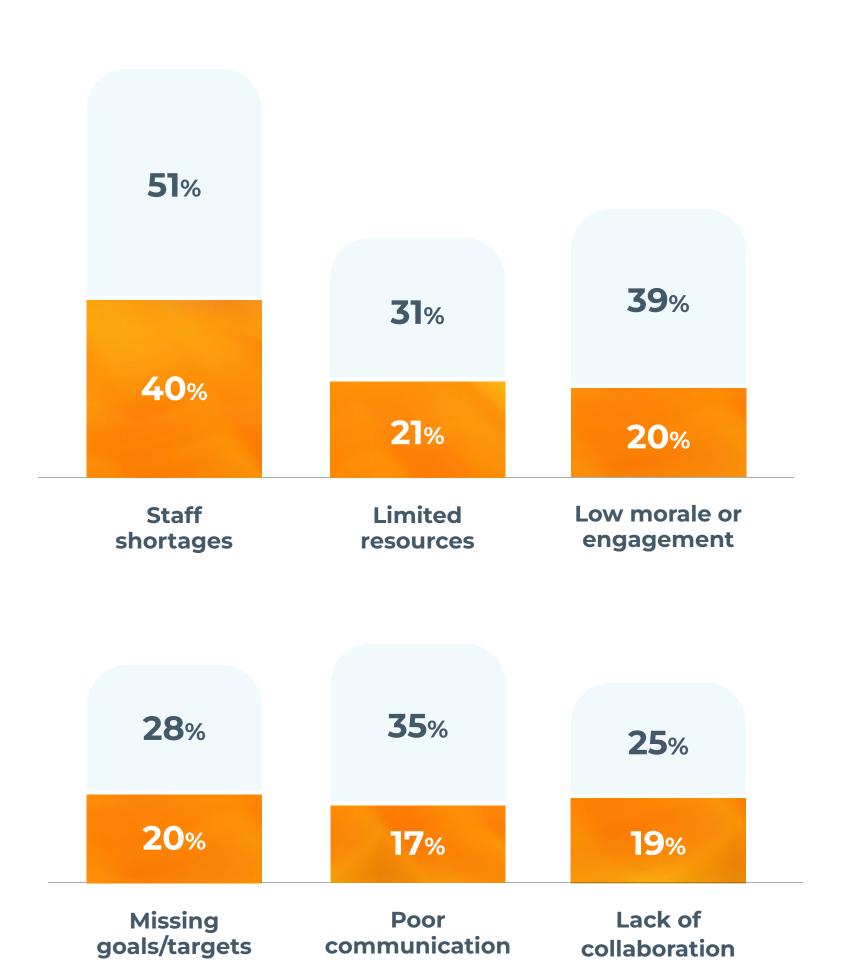
Leadership-focused cultures promote trust and stability, which creates a positive ripple effect across an organization. Professionals working for companies prioritizing leadership development are significantly less likely to have experienced negative work situations such as staff shortages, low morale, and poor communication in the last six months.

Strong leadership is the backbone of any successful organization. By investing in leadership development, you set leaders up to build high-performing, resilient teams that communicate and collaborate better. This ultimately leads to a more efficient and motivated workforce, reducing issues like staff shortages, missed targets, and low morale.





What issues/situations have you encountered at your organization in the last 6 months?





What are the top qualities of an effective leader?

The best leaders know how to communicate, and they advocate for the well-being of their team members. Unfortunately, our survey data reveals that most professionals are not getting the support they need from leadership in challenging times.

Which of the following is true when you are feeling stressed or burnt out at work?



Leaders are falling short in mentorship & coaching

Only 15% say that their leaders coach or mentor them through change, and less than one-quarter say that their leaders advocate for them during times of stress or burnout. Just one-third say their leaders effectively communicate expectations.

15% · · · · of professionals surveyed agree

My leaders coach or mentor me through change





Professionals at companies investing in leaders are significantly more likely to have leaders who can effectively communicate expectations, advocate for their employees during times of stress, shift priorities to mitigate stress, and mentor and coach employees through change.



Promoting leadership development directly impacts a leader's ability to empower and guide their team through difficulties.



Cultural improvement #2

Driving team performance through engagement

rates than organizations that don't prioritize employee engagement as heavily (61% say they are very satisfied with their company culture, compared

significantly higher culture satisfaction

to 14% of all others).

78%

of professionals surveyed agree

Company culture impacts my ability to meet or exceed goals

Our research found that organizations promoting the development of engaged and accountable employees have

Creating a culture that employees are

highly satisfied with should be one of the

goals of any company. Nearly four out of

five (78%) professionals surveyed agree

to meet or exceed goals.

that company culture impacts their ability

Engaged employees are more satisfied, efficient, and collaborative.



What else can improving engagement and accountability do for an organization?

5X

Improve efficiency.

Companies that prioritize improving team performance are over **5x more likely than others to have achieved excellence in efficiency,** according to professionals surveyed (53% vs 10%).

21%

Improve communication and collaboration.

Overall, only 21% rate communications and collaboration at their organization as excellent. However, those who work at organizations prioritizing employee development are nearly 5x more likely to rate communications and collaboration as excellent than all others (48% vs 10%).





Many company cultures today fuel the stress and burnout of their employees.

I feel stressed or burnt out due to work

of professionals surveyed agree

77% of professionals surveyed report feeling stressed or burnt out due to work. And while sometimes stress is inevitable, engaged employees feel less of it.

Professionals working for companies that prioritize employee engagement and accountability are 34% less likely to feel stressed and burnt out from work.

Proven ways to boost engagement at work:

Remember your colleagues are people, not objects

Show appreciation

Foster psychological safety

Provide ongoing coaching and training

Make time to connect with others

Demonstrate trust

Ask for feedback (and listen)

Live your mission and values

Be transparent





A lack of self-awareness

Those working for organizations that prioritize the development of engagement and accountability in their employees are significantly more likely to describe themselves AND fellow team members as self-aware, accountable, and adaptable than all others.

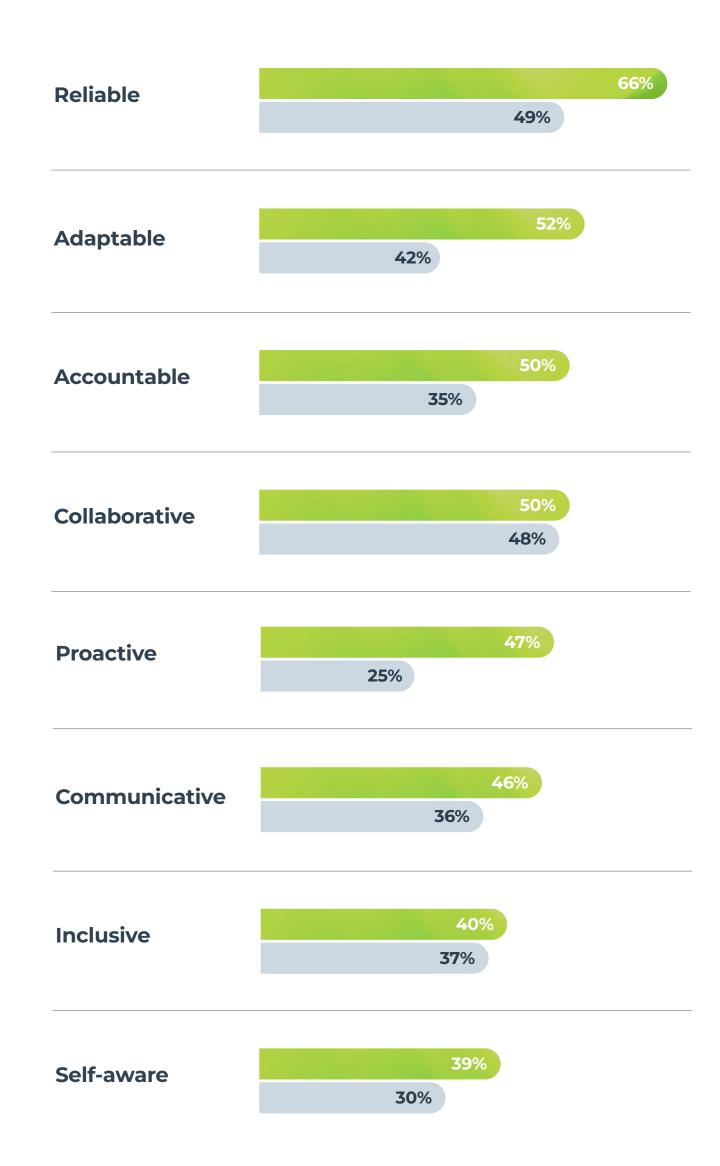
The way professionals view themselves as team members varies greatly from how they view their fellow team members. Professionals surveyed are significantly more likely to describe themselves as reliable, adaptable, accountable, proactive, and communicative team members.

Bridging this perception gap is crucial for effective teamwork.

When we take the time to understand our colleagues' goals and challenges, we see them not just as roles, but as individuals. This empathy combats the unconscious bias that we're somehow "better" team members. By acknowledging everyone's unique struggles and contributions, we foster a more collaborative and supportive work environment.



Description of self vs. fellow team members



Investing in employees through training

Encouraging employees to participate in training that empowers them to do their jobs more effectively leads to improved business outcomes. Most often, organizations are encouraging employees to participate in training every quarter.

Interestingly, companies that encourage employees to participate in training on a monthly basis are driving more significant revenue increases, are more adaptable in times of change, and have employees who are more satisfied with their company's culture.

How often are you encouraged or required to participate in training that you feel improves your performance or ability to contribute?

22%

Monthly

Quarterly

Annually

12%

Rarely or never



Professionals that are encouraged or required to participate in training that they feel improves their performance or ability to contribute:

more likely than others to work for companies that saw significant revenue increases last year.

more likely than others to describe their company as highly adaptable in times of change.

more likely than others to be highly satisfied with their company culture.



Cultural improvement #3

Embedding inclusion into the core of culture

Belonging is bedrock

Creating inclusivity and belonging within a company culture is essential for ensuring diversity in perspectives, which fuels innovation, drives engagement and productivity, and promotes psychological safety among employees.

Inclusion is a significant part of cultures that retain high-performing talent. Consequently, inclusion initiatives seem to be expanding, becoming more of a part of overall cultural considerations rather than a siloed effort in many companies.

How has your organization's investment in DEI (diversity, equity, and inclusion) initiatives changed since 2020?

43%

47%

4%

6%

Increased

Stayed the same

Decreased

Unsure





most significant investments

being made to create an

inclusive workplace.

Where are the most significant investments being made at your organization to create an inclusive workplace?

Talent recruitment and acquisition

Workplace inclusion training

44%

Employee coaching

37%

Leadership development

36%

Mentorship programs

35%

Employee resource groups (ERGs)

Feeling judged by others has prevented me from sharing

opinions at work

42%

of professionals surveyed agree

Inclusive cultures make employees feel they can learn, contribute, and challenge the status quo without negative blow back. When employees are afraid to speak up, innovation and collaboration are stunted, and so are overall results.

Overall, 42% of those surveyed say that feeling judged by others has prevented them from sharing opinions at work in

the past. Another 40% say that team hierarchy or authority has created hesitation in sharing opinions. Nearly one-third say fear of repercussions has held them back from sharing opinions at work.

The consequences of a lack of psychological safety





Which of the following has prevented you from sharing your opinions at work?

42%

Feeling judged by others

34%

31%

Previous negative Fear experiences repe

40%

Team hierarchy or authority

Fear of repercussions

Creating a psychologically safe work environment is critical to an organization's success. When a staggering number of employees fear judgment, hierarchy, or repercussions for speaking up, valuable ideas and diverse perspectives are lost. By fostering psychological safety, organizations can unlock a culture of open communication and collaboration, leading to better decision-making and a more engaged workforce.

Creating a psychologically safe work environment is critical to an organization's success.

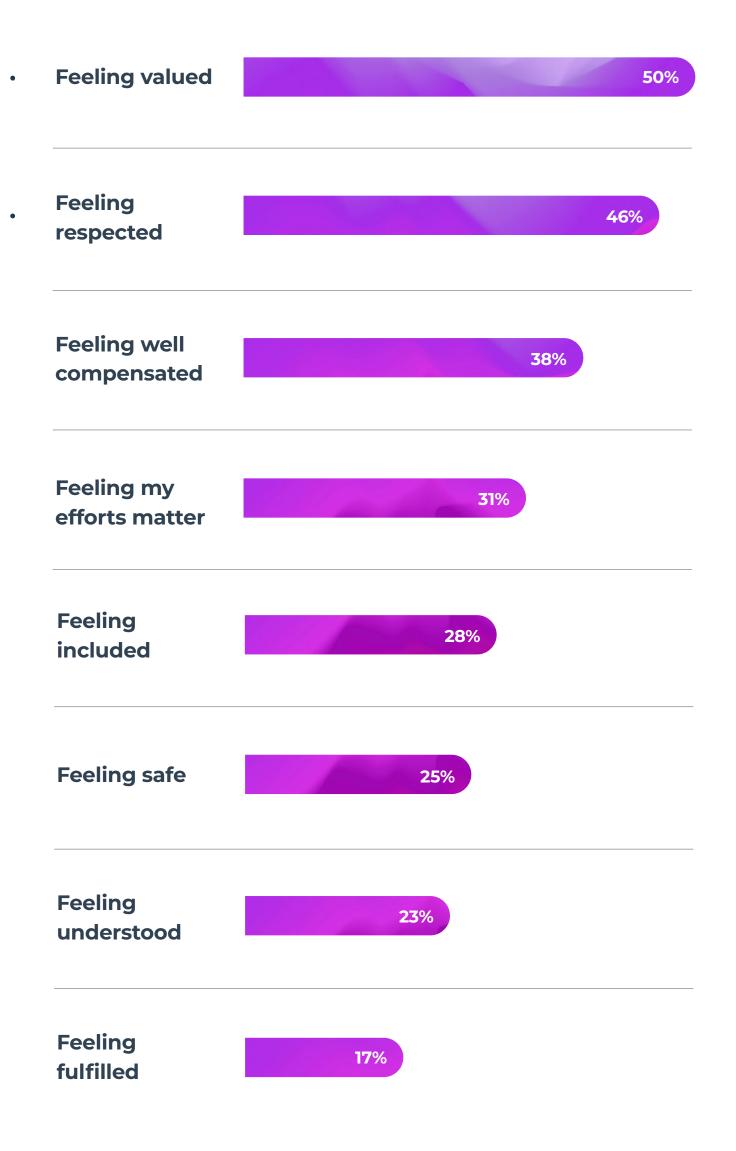
When a staggering number of employees fear judgment, hierarchy, or repercussions for speaking up, valuable ideas and diverse perspectives are lost.

By fostering psychological safety, organizations can unlock a culture of open communication and collaboration, leading to better decision-making and a more engaged workforce.

According to those surveyed, feeling valued (50%) and respected (46%) are most important to them as their organization's employees.

These are ranked well above compensation (38%).

Which of the following is most important to you as an employee of your organization?







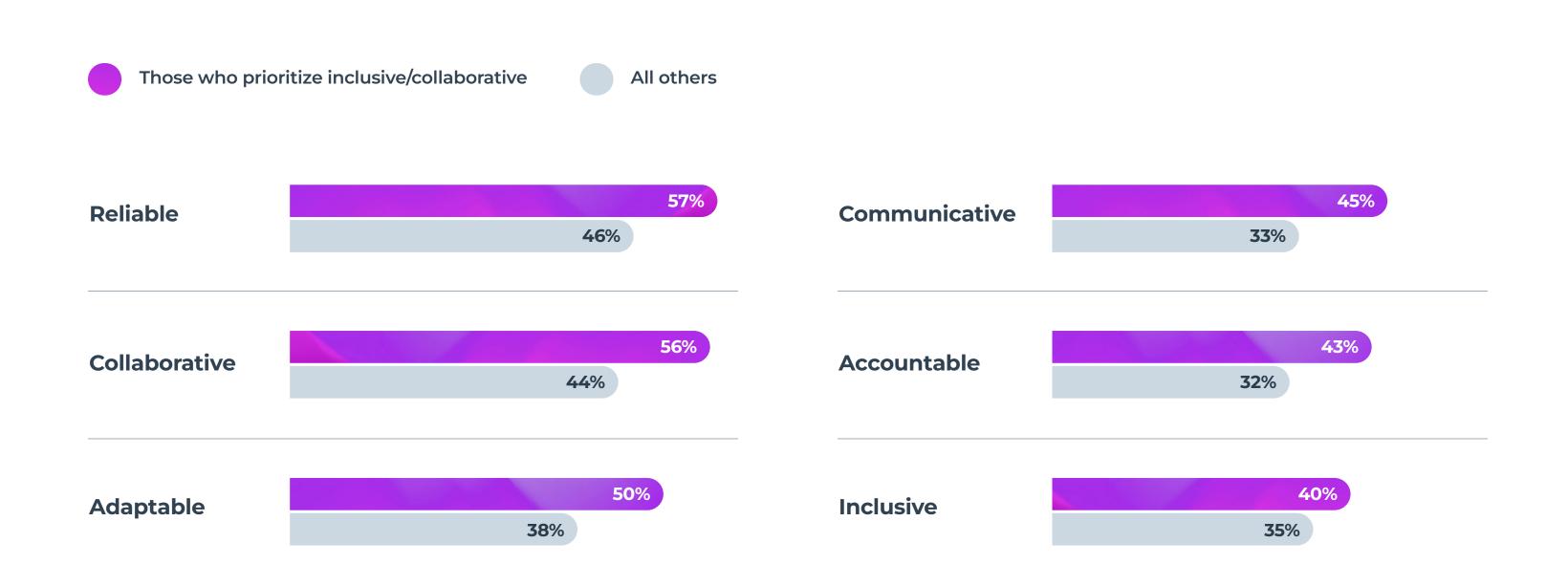
Embedding inclusion into the DNA of company culture

My organization prioritizes fostering an inclusive and collaborative work environment

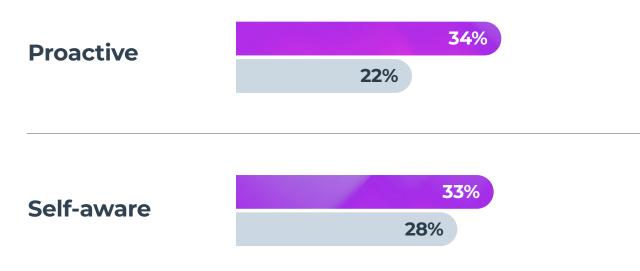
• 30%
of professionals surveyed agree

Only 30% of professionals surveyed say their organization prioritizes fostering an inclusive and collaborative work environment. Creating a culture of inclusion and collaboration isn't just good practice; it's a catalyst for resilience, adaptability, and innovation among employees.

Which of the following would you use to describe your fellow team members?



Those who work for organizations that prioritize inclusion are significantly more likely to describe their fellow employees as reliable, collaborative, adaptable, communicative, accountable, inclusive, proactive, and self-aware.



Prioritizing inclusivity and collaboration also breeds innovation

3.5x

Professionals working for companies that prioritize inclusivity are **3.5x more likely** to rate their company's innovation as excellent compared to others (53% vs 15%).

About half of all professionals surveyed say they feel comfortable taking on new challenges knowing there is a strong support system from colleagues and management. The other half feel somewhat comfortable but are unsure if they would be adequately supported through new challenges.





48%

I feel very comfortable taking on new challenges knowing there is strong support from colleagues and management.

49%

I feel somewhat comfortable, but am unsure if I would be properly supported through new challenges.

3%

I am not comfortable taking on new challenges, my organization does not provide adequate support.

Embed inclusion within your organization's core strategy

Instead of a box-checking exercise or focusing solely on behavior modification, fostering inclusion must be embedded within your organization's core strategy. By creating a culture of open communication and psychological safety where everyone feels valued and heard, we move away from "calling out" to "calling in"—creating space for growth and innovation that harnesses the diverse experiences of your team.



Ineffective approaches to inclusion

Addresses bias and discrimination experienced by **a few** groups

Calls people **"out"** for lacking understanding

Promotes shame, creates fear resulting in a lack of psychological safety in the workplace

Focused on **information transfer** resulting in passive learning

Focused on **behavior** modification

Use of role-play or pre-scripted examples



Effective approaches to inclusion

Addresses intersectionality and inclusion among **all** groups

Calls people "in" to participate in dialogue

Creates enthusiasm for improvement and a psychologically safe work environment

Focused on **self-discovery** through participation and dialogue

Enables both **mindset** and behavior change

Use of authentic, real-life stories and participant experiences





Foster a culture that fuels growth

Culture is the center around which all aspects of a company orbit. Developing a strong and adaptable culture is critical to maintaining a united and motivated team that can thrive, even in the face of adversity.

Our research found that it's vastly under recognized that most organizational challenges, such as managing change, navigating conflict, and driving innovation, have deep roots in people and culture-related issues. Investing in improving culture provides the resilience needed to overcome

these challenges. It enhances employees' ability to achieve their individual and team goals, all for the greater good of the organization as a whole.

The key to cultivating such a culture and staying consistent in these initiatives is ongoing training and coaching. This commitment to professional growth ensures that employees are skilled and continuously developed to contribute at their maximum ability and aligned with the company's values and visions, which is critical for long-term success.



On top of that, an environment where all team members feel valued and understood fosters a sense of belonging and appreciation and enhances communication, collaboration, and innovation. By embedding a culture of continuous learning and mutual respect into the very DNA of the organization, companies position themselves for long-term, sustainable growth.

As you take away the findings of this report back to your team, remember that developing an organization's culture is an ongoing process, and success hinges on continuous evaluation and adaptation. Set key performance indicators, regularly measure your progress, and solicit feedback from employees at all levels.

Embarking on your culture transformation journey may seem daunting, but the good news is you can start at any stage in the Culture Transformation Flywheel.

It doesn't need to be a leadership-down initiative.

Start by identifying the most pressing pain points within your organization. It may be leadership dynamics, employee engagement, or inclusivity issues.

Once you start to drive meaningful change in one area, you'll often see a ripple effect, setting the entire Culture Transformation Flywheel in motion. By breaking down your journey into actionable steps and continuously reassessing, your organization can elicit a meaningful culture shift and actually make it stick.



About the participants

Participants

440 Individuals

Region

39 %	United States
25 %	United Kingdom
23%	Australia
13%	Canada

Primary industry

5 %	Human Resource Services
10%	Healthcare/Mental Health
13%	Manufacturing
17 %	Technology/Software/Information
1%	Media
4 %	Energies and Utilities
4 %	Hospitality
9%	Business Services
5 %	Transportation/Logistics/Supply Chain
10%	Finance
1%	Industry Associations
3 %	Non-Profit
9%	Education
9%	Government

Job role

19%	C-Level/Executive		
11%	Vice President/Senior Vice President		
28%	Director		
42 %	Manager		

Human resources

'5 %	Yes		
.5 %	No		



About the participants

Age demographics

Participants & methodology

5 %	18 - 26 years old
45 %	27 - 42 years old
38 %	43 - 58 years old
2 %	59 - 77 years old
) %	78+ years old

Company size

25 %	500-1000 employees
39 %	1,001 - 5,000 employees
17 %	5,001 - 10,000 employees
19%	More than 10,000 employees



Methodology

Using a custom online questionnaire, Arbinger, in partnership with Ascend2 Research, surveyed 440 professionals across the United States, Canada, the United Kingdom, and Australia. These individuals represent companies with between 500 and 10,000 employees across all industries and are in job functions of manager and above. The survey collection took place in March 2024.





About the research partners

ArbingerInstitute

Organizational change starts with the way people think. So, if you want to achieve organization-wide change, you have to start with individuals. The Arbinger Institute brings four decades of research and experience helping thousands of clients worldwide achieve a dramatic improvement in results through a shift from an inward to an outward mindset.

With our proven training and coaching methods, people at all levels of an organization discover how a shift in mindset empowers them to break down silos, spark productivity, inspire greater

inclusivity, create sustainable cultural changes, accelerate innovation, and improve their bottom-line. We've also helped millions of professionals expand their potential and advance their careers by applying the tools first presented in our best-selling books: Leadership & Self Deception, The Outward Mindset, and The Anatomy of Peace.

Whether you're interested in leadership development, building a high-performing team, or transforming an organization's culture, we'll show you how to create the mindset transformation that is the key to driving lasting change.



Companies partner with Ascend2 to create original research from survey conceptualization through report and content creation to media outreach. Ascend2 helps companies fuel marketing content, generate leads, and engage prospects to drive demand through the middle of the funnel.

