



ARBINGER INSTITUTE RESEARCH REPORT:

Creating a High-Performance Culture: The Role of Company Culture in Driving Success

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Foreword

An organization's culture is like air: vital, omnipresent, and at times, invisible. Air and culture alike can be taken for granted—until they become toxic.

Culture is both immensely impactful and notoriously difficult to define and to shift. It arises from the complex interplay of individual and collective values, behaviors, beliefs, mindsets, traditions, policies, and more. Culture can align with or contradict explicit internal messaging, and, at a corporate level, it ultimately answers the question, “What does it feel like and mean to work here?”

From our experience with thousands of clients around the world over the last 40+ years, we're convinced that culture plays a crucial part in organizational success and that it can be improved in scalable, replicable, and sustainable ways. We've also witnessed the primary reason that organizations fail to improve their cultures: they focus on changing the external behaviors of their employees instead of addressing the fundamental mindsets that determine

behavior. However, when properly understood and implemented, culture can be transformed from lackluster happenstance—or even liability—into an enduring competitive advantage.

In the turbulence of a post-pandemic landscape, the need for people-centric and effective organizational cultures has never been greater. To shed greater light on the relationship between company culture and organizational success, we partnered with Ascend2 to survey over 300 executives and decision makers. Their responses clarify the obstacles to and benefits of high-performing cultures; the role that leadership development, team performance, and diversity, equity, and inclusion initiatives play in strengthening culture; and the ways that mindset influences cultural outcomes.



Introduction

There's no denying that the landscape of our work environments is changing. In the last few years, we've seen trends like the great resignation, quiet quitting, and diversity, equity and inclusion influence organizational culture and performance both positively and negatively.

As leadership teams navigate workforce changes, they must consider the cost of disengaged employees and how much it costs the organization. What is the process to influence change, how do you develop and execute a plan, and how do you measure progress? Yes, the workforce is quickly changing and the more we understand the changes, the better we can develop a strategy to meet the current environment.

To get a better handle on the evolving world of work, we surveyed over 300 decision-makers and strategic leaders and asked them what culture means to them, where their organization stands on certain elements of culture, and what their organizations are doing to improve it.

The modern workforce craves respect, understanding, and humanity in their workplace and will no longer tolerate unsatisfactory company cultures. **In fact, 88% of decision-makers and leaders we surveyed expect the importance of company culture to increase significantly in the coming year.**

This progression of the modern workplace is forcing organizations to look at culture from a different perspective. Over half of decision-makers and leaders (52%) agree that evolving a strategy to meet the changing dynamics of the modern workforce is the top challenge when it comes to improving culture. So, in the age of quiet quitting and the great resignation, how are organizations meeting the needs of their employees in a genuine and effective way to create a culture that is a catalyst for improvement and growth?

The data we uncovered paints a picture of workplaces that recognize the importance of improving their culture, but many of their strategies are missing the mark by failing to address one key component: Mindset.

Quiet quitting (47%) and the great resignation (41%) are the workplace movements most commonly reported to have a negative impact on company culture in the next two years. Both are symptoms of culture issues. In this report, we'll delve into how organizational change starts with individuals and mindset change.

Key insights

INSIGHT 1

Best-in-class cultures improve the bottom line in a big way. Organizations with “very successful,” or best-in-class cultures reported more significant increases in revenue last year than those with less successful cultures.

INSIGHT 2

Leadership development is key to improving culture. 52% of those surveyed say that leadership development has the greatest impact on improving an organization’s culture. Successful leadership development initiatives are also associated with a more positive outlook on business success, increases in revenue, and feelings of contributing meaningful work that makes an impact.

INSIGHT 3

Initiatives that prioritize mindset make a greater impact on improving culture and performance. 97% of decision-makers and leaders surveyed agree that the collective mindset of an organization directly impacts that organization’s culture. When mindset is considered in DEI, performance management, and leadership development initiatives, organizations report more overall success in company culture, employee acquisition, retention, satisfaction, and productivity.

INSIGHT 4

An alarming need for prioritizing initiatives that contribute to better company culture. Organizations that prioritize diversity, equity, and inclusion (DEI), leadership development, and performance management initiatives experience a myriad of benefits including higher retention, more significant increases in revenue, and more positive outlooks on success. The issue is, 71% of those surveyed work for companies that do NOT prioritize DEI, leadership development, and performance management initiatives.

A woman with curly hair and a man with glasses are looking at a tablet together. The woman is on the left, wearing a dark top, and the man is on the right, wearing a light-colored shirt. They are both looking down at the tablet. The background is blurred, suggesting an office or meeting environment. There is a blue abstract graphic on the left side of the image.

1.0

What does a *high-performing* culture look like?

What does a high-performing culture look like?

Benefits of improving company culture

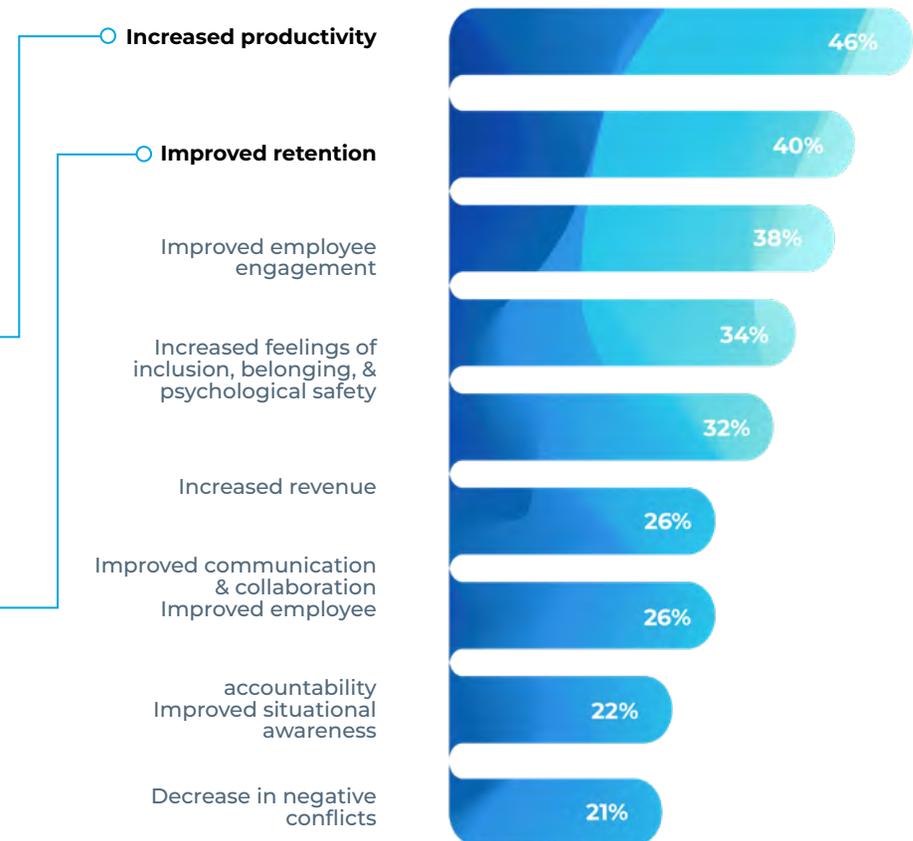
Organizations are growing increasingly aware of the importance of company culture in creating high-performing work environments. In fact, 99% of executives we surveyed agree that culture is considered important when it comes to achieving business objectives like revenue and growth.

Nearly half (46%) of all decision-makers and leaders surveyed report that culture drives improvements in areas critical to growth such as employee productivity, retention, and engagement as culture improves.

Prioritizing performance management improves productivity. Those surveyed who report that performance management initiatives are a high priority at their organization are significantly more likely than all others to describe the employee productivity at their organization as very successful, or best-in-class. (70% vs 30%)

Respect gives way to more successful retention. 42% of those surveyed say that employees at their organization feel genuine respect for each other. This group is over 50% more likely to report best-in-class success when it comes to employee retention at their organization compared to those who do not work for organizations where employees feel respected. (59% vs 39%)

What are the greatest benefits of improving the culture of an organization?

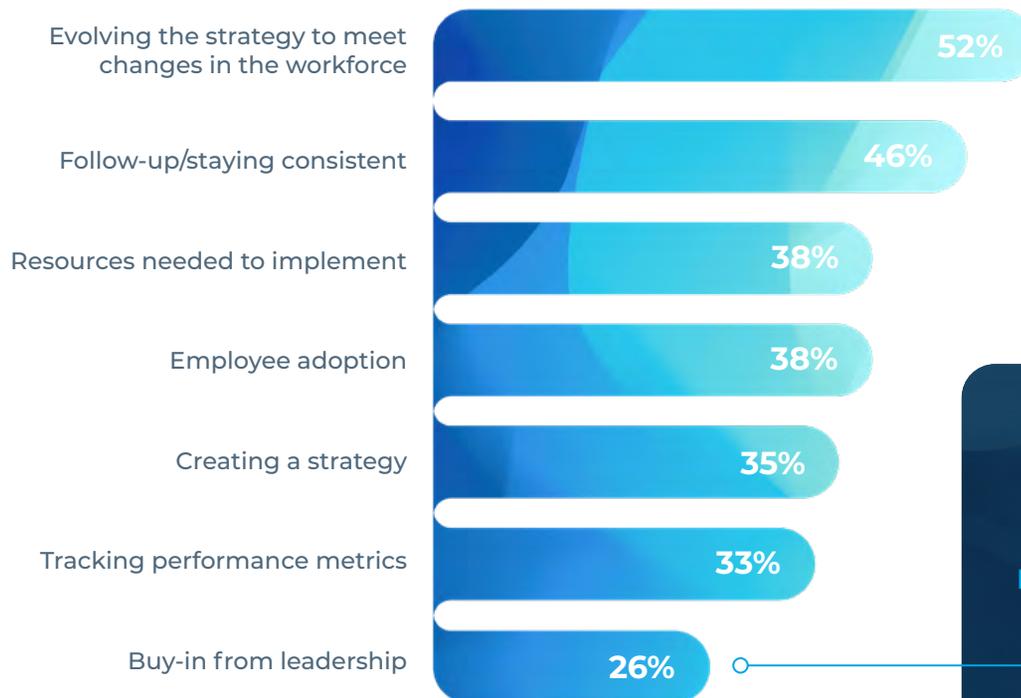


1.1 What does a high-performing culture look like?

Challenges of improving company culture

Improving culture within an organization doesn't happen overnight. It requires diligence and consistency, listening and thoughtful consideration, and strategic execution. Organizational leaders and decision-makers note that developing a strategy to meet the demands of a changing workforce is a top challenge, followed closely by staying consistent with their approach and finding adequate resources to execute.

What are the top challenges of improving company culture?



Executive perspective

90% of executives say that the importance of company culture is increasing in today's market, yet more than a quarter (26%) of all decision-makers say that they struggle to get buy-in from the rest of their leadership teams.

77%

Over three-quarters of decision-makers and strategic leaders report that short-term goals (revenue, profit-margin, reduction of expenses) hinder long-term strategies to improve company culture.

1.2 What does a high-performing culture look like?

A snapshot of a best-in-class culture



58% of decision-makers and leaders surveyed describe their organization's culture as "very successful." Throughout this report, you will see references to this group as they give us particularly helpful insight into what best-in-class cultures are doing differently, and what they are experiencing as a result.

Organizations with best-in-class cultures report that employee development (75%) and leadership development (55%) initiatives are most impactful in improving an organization's culture.

This is reflected in the data that shows that this group prioritizes initiatives like performance management, leadership development, as well as diversity, equity, and inclusion (DEI) a great deal more than those with less successful cultures.

A key differentiator. What sets best-in-class cultures apart the most is focusing on employee mindset, rather than just behavior, when it comes to these initiatives.

% of companies that prioritize each area a great deal.
(Best-in-class culture vs. all others)

	Very successful company culture	All others
Diversity, equity and inclusion (DEI)	71%	34%
Leadership development	69%	20%
Performance management	71%	30%

% of companies that focus on employee mindset in each area.
(Best-in-class culture vs. all others)

	Very successful company culture	All others
Include mindset in DEI	57%	23%
Include mindset in performance management	45%	15%
Include mindset in leadership development	39%	13%

The result:

More revenue, better outlook.



Best-in-class cultures report significant revenue increases in the past year.

Companies with successful cultures are 5 times more likely to see significant revenue increases in the past year than those with less successful cultures. (47% vs 9%)



Best-in-class cultures have a more positive outlook on the success of their business in the coming year.

Companies with best-in-class cultures are 3.5 times more likely to have extremely positive outlooks on business success than those with less successful cultures. (75% vs 21%)



Red flag:

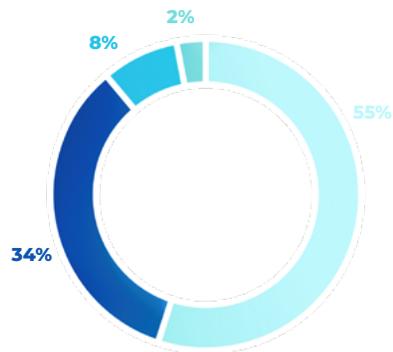
Failing to prioritize DEI, leadership development, and performance management

There is clear evidence that placing a high priority on DEI, leadership development, and performance management initiatives improves organizational culture and, as a result, organizations' bottom lines. However, 71% of organizations do not prioritize any of these three initiatives as much as they could be.

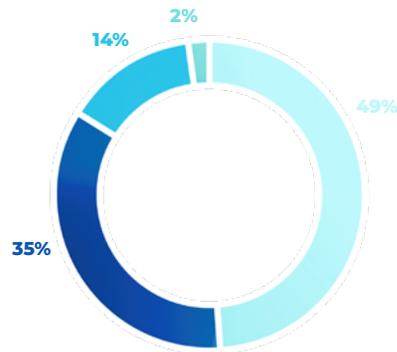
To what extent do you feel your organization prioritizes the following?

● A great deal ● Somewhat ● Very little ● Not at all

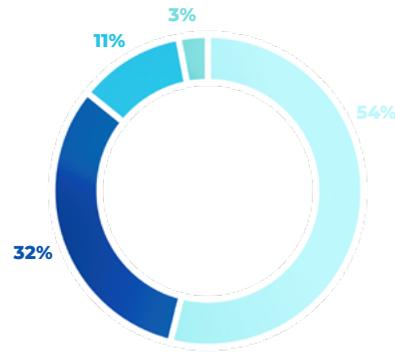
Diversity, equity & inclusion (DEI)



Leadership development



Performance management



The impact of these initiatives on success

The 29% of organizations that prioritize DEI, leadership development, and performance management initiatives, report better results in key categories.

- **84% of this group has an extremely positive outlook on the success of their business.**
- **53% of this group has experienced a significant increase in revenue in the last year.**
- **34% of this group has an employee retention rate of 80% or higher.**



2.0

The impact of *effective*
leadership

The impact of effective leadership

Leadership development initiatives

Over half (52%) of those surveyed say that leadership development has the greatest impact on improving an organization's culture. An effective leader makes employees feel valued and promotes employee collaboration, trust, engagement, and feelings of eagerness to improve.

Nearly half (48%) of decision-makers and leaders say that feeling valued is one of the most important things that contribute to their satisfaction in the workplace.

So what are organizations currently including in their strategies to improve the performance and capabilities of their leaders? The most commonly reported elements are leadership training, executive coaching, and strategic planning.

Which of the following elements are part of your company's leadership development initiatives/programs?



Only 32% of survey respondents report that their organizations focus on mindset in their leadership development programs, but our research shows that the **organizations that focus on mindset are significantly more likely to have employees that feel they are doing meaningful work** (76% vs 43%).

2.1 The impact of effective leadership

Leadership development success

Nearly half (49%) of all decision-makers and strategic leaders surveyed did not think that their programs were a great success, what can organizations do to improve their odds of success?

The most successful leadership development programs are significantly more likely to include executive coaching, leadership training, mindset, and succession planning than others.

Measuring, tracking, and optimizing leadership development programs is also an indicator of success.

	Very successful leadership development	All others
Executive coaching	65%	41%
Leadership training	64%	53%
Mindset	44%	20%
Succession planning	41%	26%

Effective leadership development promotes:

Employee engagement.

Organizations with the most successful leadership development initiatives are 3X more likely than all others to have great success with employee engagement. (83% vs 28%)

Employee confidence.

Those with the most successful leadership development programs are 73% more likely to feel that employees trust each other at their organizations. (44% vs 26%)

Employee ambition.

Those with the most successful leadership development programs are 63% more likely to feel that employees have an eagerness to improve. (49% vs 30%)



3.0

Employee engagement
and team performance

Employee engagement & team performance

Employees are interested in more than just salary

The elements that factor into a successful work environment vary greatly by job level. Respondents who identified as executives and the C-suite report being most influenced by learning and career development when it comes to their satisfaction with their work environment. Senior leadership roles like SVPs and VPs place nearly as much weight on the relationships they have with colleagues as they do on salary. In addition to peer relationships, directors and managers say that a fulfilling set of job responsibilities is of top importance.

The bottom line? Salary isn't everything when it comes to employee satisfaction.

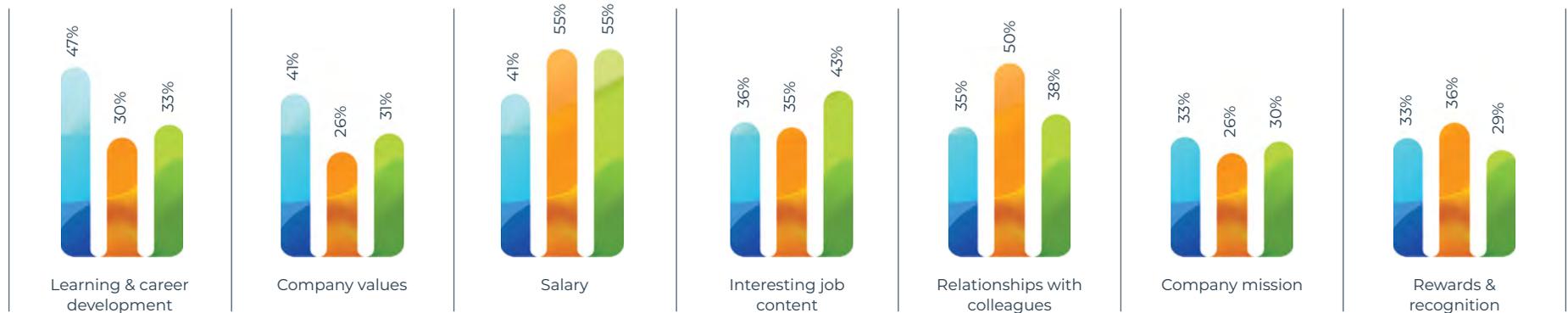
Employees crave respect.

51% of all decision-makers and leaders surveyed say that feeling respected is one of the most important components of workplace satisfaction.

Organizations with mindset-focused initiatives in their DEI, leadership development, and performance management programs are 73% more likely to report that employees feel genuine respect for one another than those who do not consider employee mindset in these programs. (57% of those who focus on mindset say that employees feel genuine respect for each other vs 33% of those that do not focus on mindset).

Which of the following elements are part of your company's leadership development initiatives/programs?

● Execs ● VP/Directors ● Managers



3.1 Employee engagement and team performance

Performance management programs

60% of organizations include professional development in their performance management programs. Time management and technical training are also commonly included in performance management strategies.

The organizations with the most successful company cultures are significantly more likely to include professional development, business process, mindset, succession planning, and offsite/team-building activities in their performance management programs than others.



Organizations with best-in-class cultures are **3X more likely** than others to focus on mindset in their performance management initiatives.

Which of the following elements are part of your company's performance management initiatives/programs?

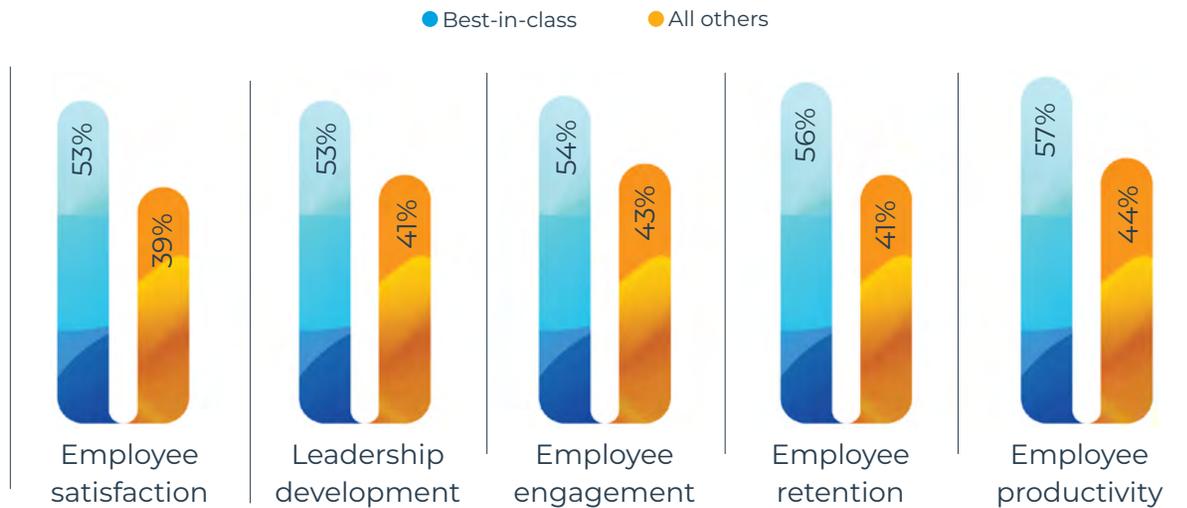


3.2 Employee engagement and team performance

The importance of tracking and measuring performance

42% of executives surveyed report that tracking performance metrics is one of the most significant challenges to improving company culture. According to our research, tracking the performance of initiatives such as employee engagement, retention, satisfaction, productivity, and leadership development is critical to a successful company culture. In fact, respondents who describe their culture as best-in-class have measured, optimized, and tracked these initiatives for longer than others.

% of organizations who have been tracking each area for more than 5 years.



Organizations that have been tracking their retention for over five years are almost 2X more likely to achieve over 80% retention rates compared to organizations that have been tracking for less time (34% vs 18%).

A photograph of two women in professional attire engaged in a conversation. The woman on the left is smiling and looking towards the woman on the right. The background is a bright, out-of-focus indoor setting. A large blue abstract graphic is on the left side of the page.

4.0

The role of *diversity, equity,*
and inclusion

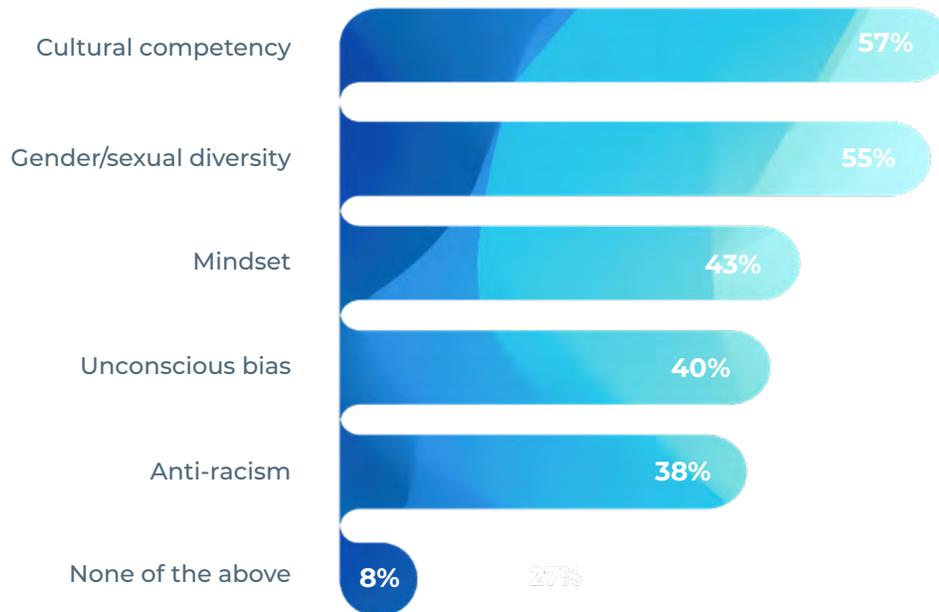
4.0 The role of diversity, equity, and inclusion

What is included in DEI programs today?

DEI programs rank at the top of the list of initiatives that have the greatest impact on improving an organization's culture with 53% of decision-makers and strategic leaders reporting so. But what do today's DEI programs actually look like and how can they improve?

Cultural competency, gender/sexual diversity, and mindset are the most commonly reported elements included in current DEI programs.

Which of the following elements are part of your DEI initiatives/programs?



Think differently to act differently.

Companies with very successful cultures are more than 2X more likely than those with less successful cultures to include mindset-focused initiatives in their DEI programs. (57% vs 23%)

Only 30% of decision-makers and strategic leaders surveyed feel that employees at their organization seek to understand their impact on others, which is foundational for relationship building and creating an inclusive environment.

4.1 The role of diversity, equity, and inclusion

Where are organizations investing?

61% of organizations invest in DEI training for all employees and another 55% invest in DEI training for leaders, but the organizations with best-in-class company cultures are significantly more likely to be investing in training for leaders.

Which of the following are included in your investment in DEI?



Companies with best-in-class cultures are 72% more likely to invest in training for leaders compared to all others. (67% vs 39%)



4.2 The role of diversity, equity, and inclusion

The power of making DEI a priority.

Effective DEI programs empower employees and can directly improve employee retention and engagement. Nearly two-thirds (63%) of organizations that prioritize DEI initiatives a great deal have retention rates of 60% or higher. This group that makes DEI a high priority is also significantly more likely to consider employee retention and employee engagement very successful at their organization.

**% who consider employee retention and employee engagement
“very successful.”**

	Prioritize DEI a great deal	All others
Employee retention	60%	33%
Employee engagement	69%	40%



A link to revenue growth.

Organizations that place a high priority on DEI initiatives were more than 2X more likely to see significant increases in revenue last year compared to others. (42% vs 18%)

The competitive advantage:

Mindset

97% of decision-makers and strategic leaders agree that the collective mindset of an organization directly improves that organization's culture but only 16% report that mindset is a part of their company's leadership development, team performance, and DEI initiatives.

A collective mindset is your culture in action. In other words, the ways in which your company as a whole thinks and acts are a direct representation of your company's culture, and that **significantly** improves outcomes. But where does a collective mindset originate? The mindsets of the individuals that make up an organization are the greatest contributors to a collective mindset, and why people are the greatest asset to an organization's success.

Mindset drives behaviors. Behaviors don't change until a core mindset changes, which is why a focus on mindset should come first.



A shift in mindset goes a long way.

The 16% of respondents who work for organizations that focus on mindset in each of their leadership development, performance management, and DEI initiatives see vastly better outcomes than those who don't focus on mindset.

Those who work for organizations that focus on employee mindset in each of these initiatives...



...are more than 2x more likely to have an extremely positive outlook on the success of their organization in the coming year. (76% vs 36% of those who work for organizations that don't focus on mindset in these initiatives)



...report more feelings of respect and value at their organization.

- They are 73% more likely to report that their organization has **employees who trust each other.** (45% vs 26%)
- They are 61% more likely to report that their organization has **employees who are eager to improve.** (53% vs 33%)
- They are more than 2x more likely to report that their organization has **employees who feel they are doing meaningful work that makes a real impact.** (84% vs 39%)
- They are 73% more likely to report that their organization has **employees who feel genuine respect for each other.** (57% vs 33%)



...report more successful and efficient collaboration at their organization.

- They are 53% more likely to report that their organization has **employees who freely share information/resources that are helpful to others.** (49% vs 32%)
- They are 13% more likely to report that their organization has **teams that collaborate well with each other.** (45% vs 40%)



...say the employees at their organization handle conflict more productively.

- They report **2.5x more efficient conflict resolution** at their organization. (41% vs 17%)
- They are 81% more likely to report that their organization has **employees who seek to understand their impact on others.** (47% vs 26%)
- They are 2x more likely to report that their organization has **employees who take responsibility for their role in conflict.** (45% vs 23%)

Participants and methodology

Participants

Job Level

C-Level / Executive	38%
VP / SVP	14%
Director	20%
Manager	28%

Job Role

Strategic leadership	42%
Talent management	17%
Learning and development	11%
Employee relations	19%
Other	11%

Length of Employment with Current Organization

Less than one year	3%
1 - 3 years	12%
4 - 6 years	30%
More than 6 years	55%

Methodology

Ascend2 benchmarks the performance of business strategies and the tactics and technology that drives them. With a custom online questionnaire, we surveyed 302 strategic decision-makers and executive leadership, from organizations located in the United States with 500 or more employees operating in a variety of industries. The survey was fielded during the month of March, 2023.

About the research partners



The Arbinger Institute helps leaders transform their cultures by enabling the shift in mindset that leads to exceptional results. Whether you're interested in leadership development, building a high-performing team, or transforming your entire organization, we'll show you how to create the mindset transformation that is the key to driving lasting change.

Learn more about [The Arbinger Institute](#).



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.

Learn more about [Ascend2](#).

