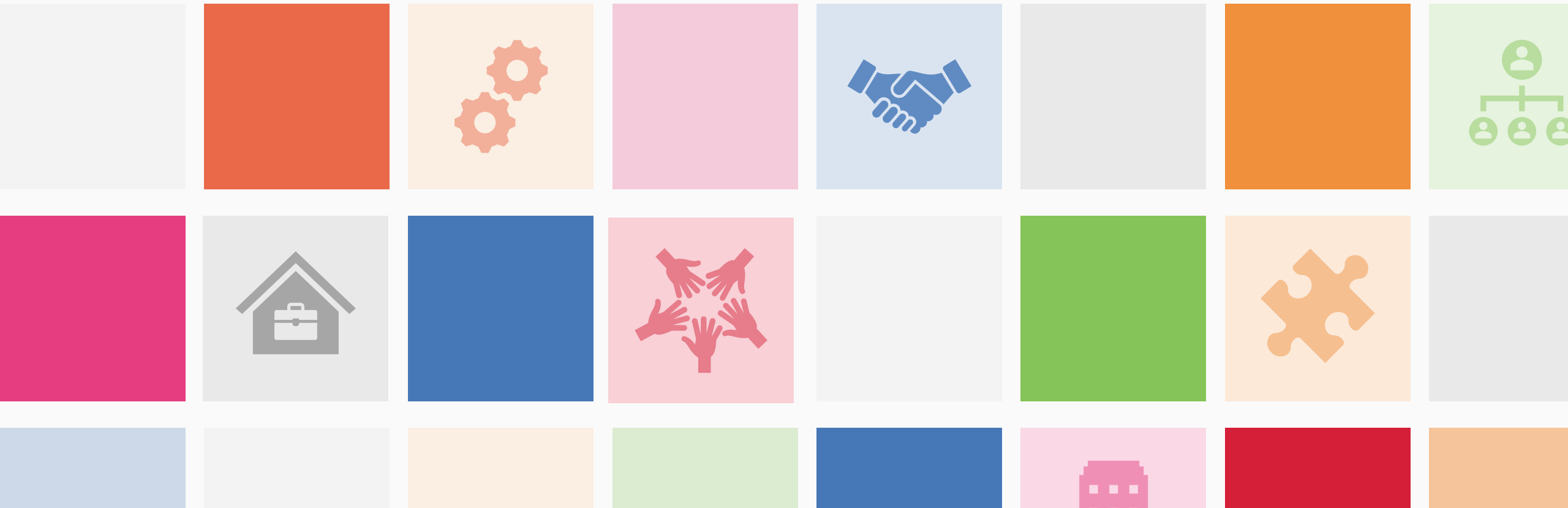


# Building High Performance Cultures



# Introduction

For 16 years, the Future of Work by HSM has explored trends shaping industries, organisations, and careers.

Amid accelerating AI-driven transformation, multi-generational workplace, and heightened stakeholder expectations, organisational culture is your operating system. This report defines what “good” looks like for high performance cultures, outlines the trends impacting organisational culture today and shares a practical approach to build and sustain high performance, so culture becomes a competitive advantage with measurable impact.

**This study will provide you with HSM’s IP on Building High Performance Cultures and how HR can respond with strategic impact.**

## Our methodology

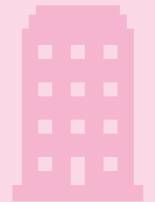
The insights contained in this report are drawn from primary research through an advisory Culture Council of experts and focus groups with HR leaders. Additionally, we did secondary research, which included previous FoW by HSM IP and reports on Shifting Cultures (2018) People Experience (2021), and Redefining Productivity (2024). These insights were combined with HSM Advisory’s **Building High Performance Cultures** masterclass, which took place in October 2025.

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# Key takeaways

## Both organisational values and the outcome you want to achieve are important

We have seen a shift from values to outcomes, but it is not an either/or. Organisational values (the how) should guide people to the outcome (the what). Without a clear outcome, values can feel like platitudes. Without clear values, you risk unintended consequences.

## History and ownership structures matter

Organisations are shaped by its history and ownership structure and each model influence everything from risk tolerance to innovation appetite. The art lies in balancing these factors by honouring what made the organisation successful while being adaptable to the current macro environment.

## Outcome led cultures require systems thinking

High-performance cultures are multifaceted. Making the decision to have a high-performance culture will not automatically grant you one. Systems thinking can help an organisation think more holistically to manage the risk of unintended consequences.

## Leadership role-modelling is critical

Leaders have an outsized influence on culture. What they consistently role-model and reward becomes "how we do things here." When leaders align symbols, systems, and resourcing with the desired behaviors, culture change sticks and becomes a sustained high-performance advantage.

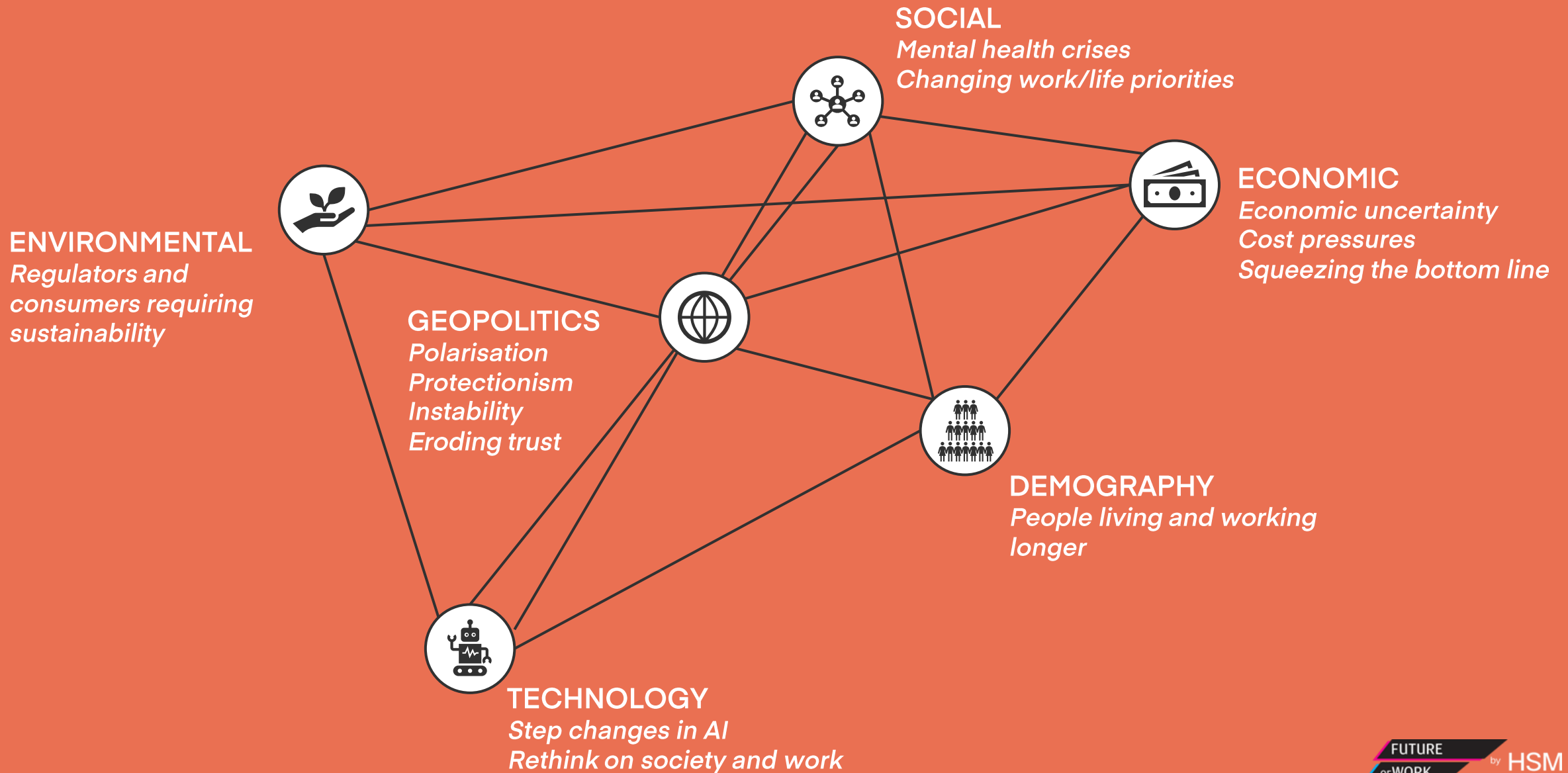
## Building adaptable cultures for the long-term is important

In a complex macroenvironment, adaptable cultures survive. It's clear that global shifts will dominate for the time being and the most challenging aspect of modern organisational culture is managing constant tension between competing forces and accepting that the perfect balance doesn't exist.

## Transforming HR data is critical to meeting stakeholder expectations

An inability to connect culture with commercial outcomes for the business is becoming increasingly unacceptable. HR needs clean, integrated and trusted data in order to detect cultural risks and strengthen their strategic position in the organisation.

# This is a disruptive period for organisations...



# ... and it is impacting your culture internally



Outcomes  
have taken  
centre-stage



Focusing on  
outcomes  
without values  
is a risk



Culture is  
protected  
through non-  
negotiable  
behaviours



The messiness  
of HR data is  
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# Outcomes have taken centre stage

In the years post-Covid, **organisations prioritised values as their cultural anchor**, with a strong focus on employee experience. In the current landscape, we find ourselves in an employer's market, with **the majority of businesses looking to do more with less**. **Stakeholders are making stronger demands, requiring greater accountability and transparency.**

Within that context, there has been a **shift towards outcome driven cultures, focused on delivering commercial objectives**, including Sustainable Performance, Growth and Digital Transformation. The emphasis on **specific outcomes will vary across organisation and sector** (see *spotlight*), shaped by strategy, market position, regulatory context, digital maturity and risk appetite.

## How are stakeholder expectations changing?

*The shift to focusing on outcomes has been largely driven to manage various stakeholder expectations.*



## Spotlight: The Cultural Outcomes

*You shared the outcomes you are focused on, with Growth being the most common outcome for organisations\**



# Focusing on outcomes without values is a risk

A culture focused solely on outcomes risks unintended consequences emerging. So whilst this focus on outcomes makes sense for our current environment when businesses are doing more with less, **it's our observation that organisations that shift fully to an outcomes culture risk 'shadow sides' emerging**, including **eroding trust, compromised innovation and creativity, people feeling disposable** and an increased fear of failure (*see spotlight*). Further, a strict focus on outcomes can cause organisations to miss the rituals, symbols and values that shape and protect their unique culture.

Values still remain non-negotiable in 'how' work gets done in order to support 'what' you are trying to achieve as an organisation. For example, integrity and passion fuel high-performers. The key is demonstrating that **culture drives business results while maintaining the foundation that makes those results sustainable**.

Managing the unintended consequences requires systems thinking focused on:

- **Timing and Context:** Do your people have the headspace to drive outcomes?
- **Rewards and Incentives:** What behaviours are rewarded across your teams?
- **Care and Support:** Can people work sustainably?
- **Tone from the Top:** What are leaders saying and is it consistent?

## Spotlight: The Unintended Consequences

*You shared the unintended consequences you have experienced\**

Off Sick on the rise

Burnout, disengagement, culture erosion

Lack of Clarity and alignment. High inefficiency

Rise in attrition

anxiety

Frustration

Lack of localisation and more 'corporate led' - trying to get the balance of what is important globally and locally.

Lack of diversity of thinking and innovation

Low engagement and productivity

# Culture is protected through non-negotiable behaviours

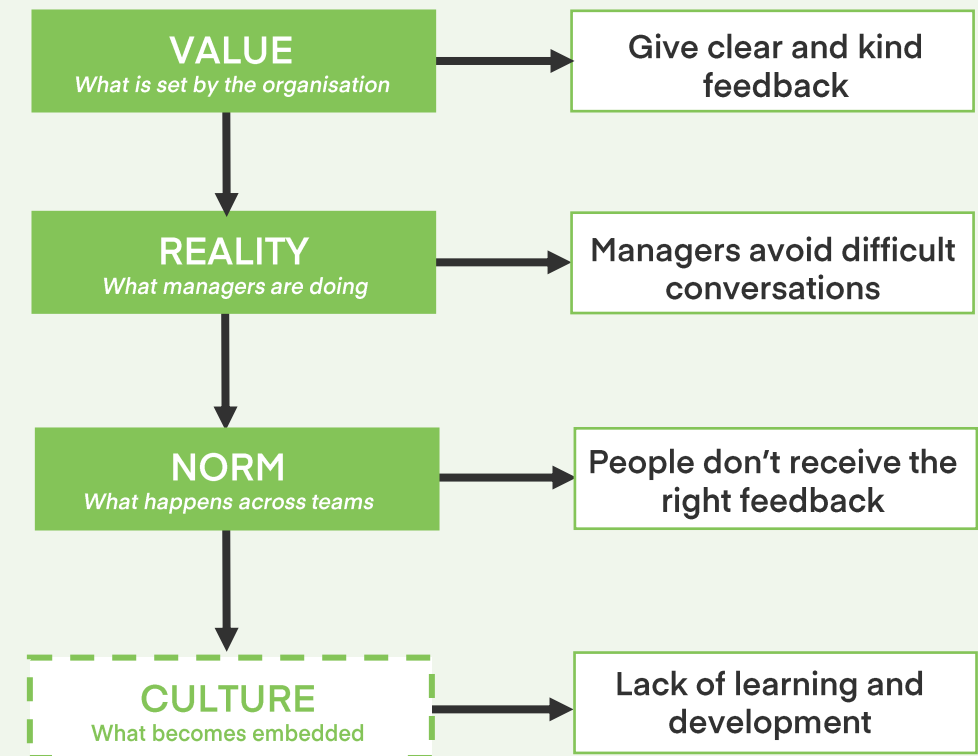
As organisations shift from values to observable outcomes, it is important to **acknowledge that culture is collective, and this collective identity is built through interaction, negotiation, and recognition.** Leaders are critical agents of this socialisation and the **most effective leaders know that they are guardians of culture for the collective good.** In today's market, with shareholder pressure to deliver outcomes at all costs, the risk of leadership drift is higher. That is why we must **double down on the role of leaders and balance the non-negotiable behaviours with the targeted, sustained efforts by HR teams that make culture durable rather than reactive.**

Leaders have an outsized influence on culture, and it is critical that they:

- **Show, not tell**, especially in trade-off moments, by making explicit the red lines we won't cross to achieve an outcome
- **Set the vision and the execution** by owning culture as a performance system, not a communications topic and role-model the key behaviours
- **Be visible in moments that matter**, anticipating the emotional, cognitive and behavioural responses people have to change
- **Equip managers** and hold the manager population accountable to role-model, coach and course-correct as they have the immediate view on culture in the day-to-day

Ultimately, **norms follow observed behaviours**, and in difficult times people follow the leader's behaviours. Therefore, **culture is protected when a few critical behaviours are done the same way, every time, by leaders and managers alike.**

How alternative norms overtake desired processes:



# The messiness of HR data is impacting culture success




In today's environment, **data has become more important than ever as shareholders demand transparency and accountability around culture.** As a result, an inability to connect culture with commercial outcomes is increasingly unacceptable. **Culture initiatives often stall not for lack of impact, but because HR data is messy and fragmented** - spread across systems, inconsistently defined, and light on reliable cultural signals.

And even with clean data infrastructures, organisations face a challenge: **What are we trying to achieve with our data?** Just as implementing a new collaboration tool doesn't automatically create a collaborative culture, **collecting HR data doesn't automatically shift behavior. The critical distinction lies in defining the purpose of the data and ensuring its integration.**

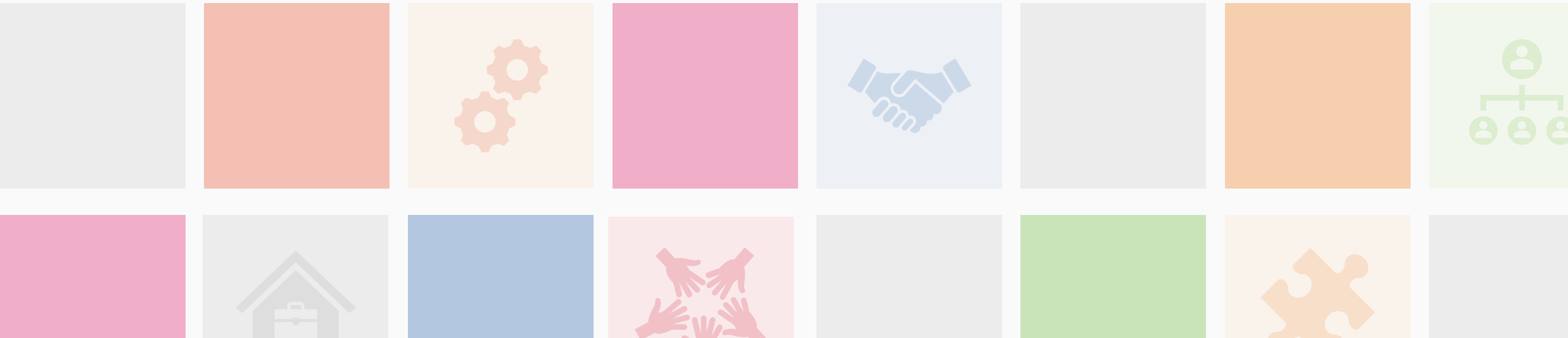
Once the organisational outcome has been defined, for example, high performance, growth, productivity etc., HR then needs **integrated and trusted data** to detect cultural risks early, align stakeholders, and demonstrate how specific culture drivers **translate into commercial value (growth, productivity, risk mitigation) as well as elevate the people experience (engagement, retention, wellbeing).** Fixing the HR data issue can strengthen HR's strategic position and shifts culture from performative compliance to a real strategic driver.

## Organisational Best Practice

To strengthen HR's data policies, organisations can consider:

-  Auditing and cleaning existing data and training people in data analytics to raise HR's analytical capability
-  Train senior HR leaders to understand the 'so what' of the data in order to be commercial partners to the business
-  Creating cross-functional teams between data scientists and HR teams to be better able to read and communicate data

# How can we help?



# Culture Transformation is a journey

The real challenge isn't defining culture, it's turning it into a force that drives engagement, alignment, and business performance. We support organisations to achieve a set of outcomes in a three-stage process:

1

## Discover: Build a picture of your current culture

A data-driven view of how your culture enables business performance, and where it holds it back.

- Comprehensive culture assessment, leveraging our AI tool and benchmarked against over 1 million data points from organisations worldwide
- Identification of strengths, gaps, and critical opportunities for cultural growth
- Evidence-based guidance for designing targeted initiatives in the next Reimagine and Transform stages

Organisations with strong, data-informed cultures see up to 1.6x higher net profit margins and 1.7x higher cash flow than those with weak or declining cultures.

Deloitte Global Culture Study, 2024

2

## Reimagine: Co-Create with your people

A culture that's owned by your people, not just articulated by leadership.

- A unifying cultural "north star" that connects everyday behaviour to strategic ambition.
- Broad-based ownership that fuels commitment, energy, and accountability.
- Stronger alignment between teams, leadership, and purpose, translating into higher engagement and retention.

Organisations with strong cultural alignment see a 22% increase in employee performance

Quantum Workplace, 2025.

3

## Transform: Embed and Drive Change

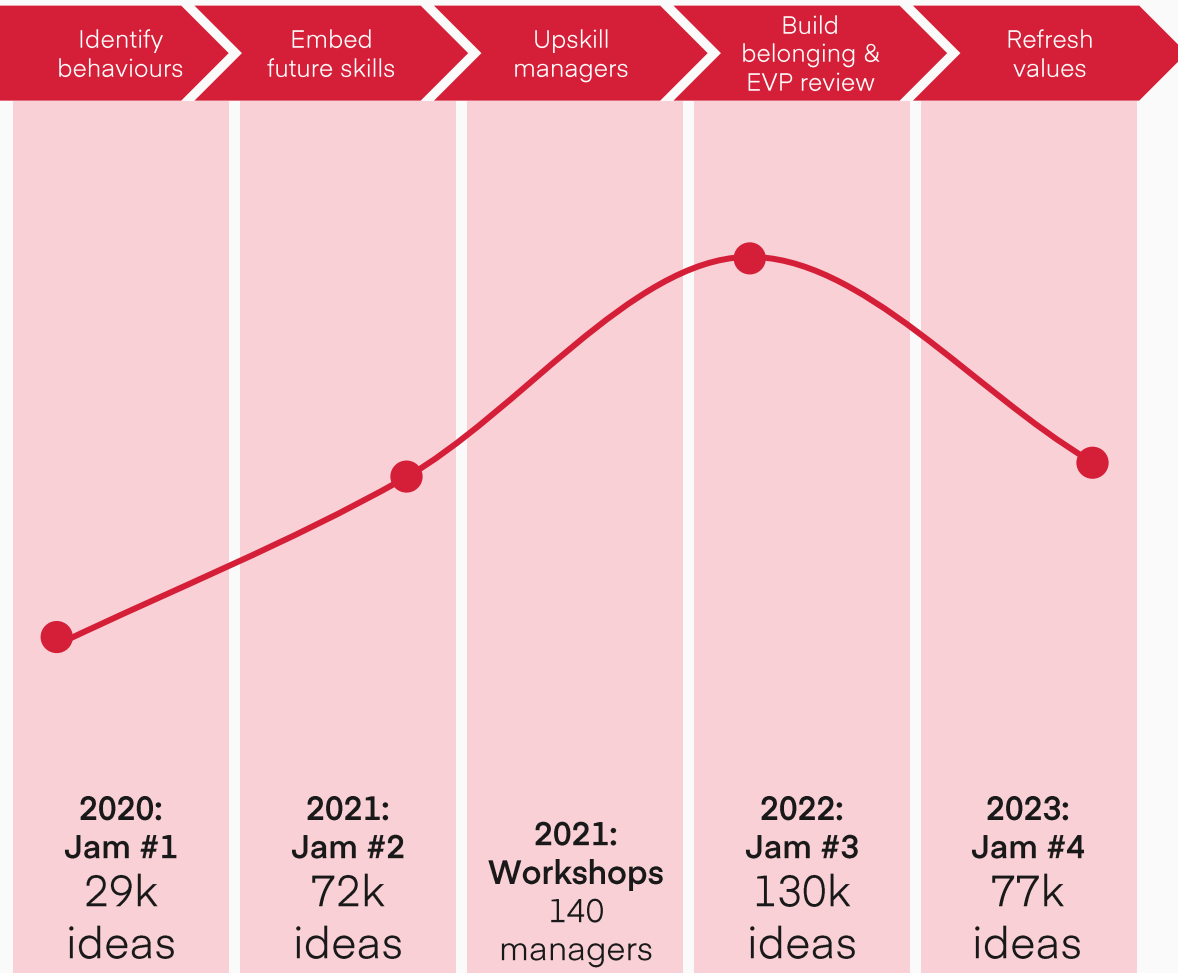
A sustained, enterprise-wide culture shift that drives engagement, retention, and business results.

- Visible symbols and rituals that reinforce desired mindsets.
- Downstream system shifts to align processes, incentives, and leadership behaviours.
- Ongoing measurement to track engagement, belonging, and performance improvements.

Enterprises with healthy cultures achieve 311% ROI from culture transformation over three years through higher productivity, lower attrition, and stronger leadership performance.

Forrester Total Economic Impact Study, 2024.

# Activating culture at Prudential



Prudential was undergoing a demerger and had **bold growth ambitions**. Over a 4-year period, we have supported on **culture activation** using our three-stage process, focused on enabling business objectives.

## Discover: Identified Capability Gaps

Through the Discover phase, we identified a capability gap in managers. 140 managers were upskilled at pace, from management skills to deliver on the moments that matter, to delivering a fantastic hybrid experience.

## Reimagine: Co-Created Global Ideas

35% of the global population shared 300,000+ ideas in the reimagine phase to change Prudential's culture for the better. Global **engagement marginally improved** despite the uncertainty of a demerger and a global pandemic (77% in 2022, versus 75% in 2021)\*.

## Transform: Achieved Commercial Goals

During this time new business **profit grew 45%** compared to 2022. **Adjusted operating profit up 8%** compared to 2022. **2.5m new customers in 2021** with a total of 19m in 2021 up from 17.5m in 2020.

# Contact us



**Dr. Sarosh Khan**  
Co-Managing Director  
[sarosh.khan@hsm-advisory.com](mailto:sarosh.khan@hsm-advisory.com)



**Oliver Ferriman**  
Co-Managing Director  
[oliver.ferriman@hsm-advisory.com](mailto:oliver.ferriman@hsm-advisory.com)



**Caroline Nicholson**  
Manager  
[caroline.nicholson@hsm-advisory.com](mailto:caroline.nicholson@hsm-advisory.com)

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