

HEIDRICK & STRUGGLES

CEOs are Leading with Culture to Boost Employee Engagement and Bottom Line, Reveals New Data from Heidrick & Struggles

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- *Almost three quarters (71%) of CEOs highlighted culture as a top factor positively influencing financial performance—up from 26% in 2021*
- *More than half (59%) say it's either very important or crucial to link culture directly to strategy to see financial benefits*
- *More than half (53%) reported their focus on culture significantly improved employee retention regardless of working model—be it remote, in-office or hybrid*

CHICAGO, July 26, 2023 /PRNewswire/ -- Against the backdrop of a hybrid work model and an uncertain economy, organizational culture is more important than ever to boost employee engagement and retention, company performance, and financial results. That's according to data from a new survey of 500 global CEOs published today by [Heidrick & Struggles](#) (Nasdaq: HSII), a premier provider of global leadership advisory and on-demand talent solutions.

"Aligning culture with the bottom line: Putting people first" found that CEOs are increasingly focusing on culture, proactively engaging employees' mindsets, and ways of working as a path to specific business outcomes to drive financial performance—and that they are overwhelmingly seeing positive results.

"An intentional focus on Company culture cannot be separate from business strategy, the two need to be inextricably linked, and when aligned can lead to significant financial returns," said **Rose Gailey, Co-leader, Culture & Organization Practice at Heidrick & Struggles**. "CEOs looking to accelerate performance in today's volatile market can do so by ensuring culture remains at the top of their strategic agenda. The data is clear: investing in your people is an investment worthwhile, creating a more dynamic organization better positioned to thrive in a rapidly evolving business environment."

Surveying 500 CEOs globally, the findings from Heidrick & Struggles revealed that leaders are integrating culture into evolving working models to boost employee experience and innovation, and that their actions are driving financial performance.

A focus on company culture is paying dividends

Of the results, most notably, CEOs are seeing their strategic focus on culture driving financial performance. So, how are leaders building a culture that positively impacts the bottom line? CEOs say the most important cultural element is direction and purpose, which saw the largest growth from 37% in 2021 to 69% in 2023. Other cultural elements crucial to boosting performance include agility, innovation, and growth mindset (57%) and a positive spirit and vitality (46%).

CEOs today are coming to terms with the fact that culture has a tangible impact on company performance, specifically financials—culture is clearly more than a buzzword. The survey found that 71% of CEOs highlighted culture as a top factor positively influencing financial performance—up 44 percentage points from 2021. What's more, 1 in 3 CEOs ranked culture as the primary factor overall.

A large majority of respondents doubling down in this area are seeing the results: 49% of CEOs said focusing on company culture significantly improved financial performance, with an additional 35% saying it somewhat improved financial performance.

Employee retention: the people-centric approach is working

Culture is not only driving financial outcomes but improving the employee experience overall. In fact, CEOs view the financial benefits as an added bonus, instead driving their culture efforts with an eye toward employee satisfaction and performance.

The leading motivator for CEOs focusing on company culture was increasing employee engagement, more than doubling the number of responses since 2021 from 26% to 54%. The top three reasons for focusing on culture were rounded out by increasing innovation and improving diversity and inclusion. These drivers highlight a growing emphasis on employees and the way they work together—demonstrating that CEOs are taking a people-centered approach.

The survey found that this approach is already proving beneficial. Culture was the top influencing factor on employee retention rates—surpassing even compensation and benefits and workplace flexibility. Almost every respondent said that a focus on culture was improving employee retention, with 53% saying it significantly improved retention and 41% saying it somewhat improved retention across working models. While workplace norms ebb and flow over time, company culture is a mainstay for CEOs regardless of what's happening externally.

About the research

In Spring 2023, Heidrick & Struggles surveyed 500 CEOs worldwide on the value of corporate culture and how it contributes to the bottom line. These CEOs came from Australia, Brazil, Canada, France, Germany, Hong Kong, Singapore, Spain, the United Kingdom, and the United States. They lead companies in consumer goods, financial services, industrials and energy, healthcare and pharmaceuticals, and technology and telecoms.

About Heidrick & Struggles

Heidrick & Struggles (Nasdaq: HSII) is a premier provider of global leadership advisory and on-demand talent solutions, serving the senior-level talent and consulting needs of the world's top organizations. In our role as trusted leadership advisors, we partner with our clients to develop future-ready leaders and organizations, bringing together our services and offerings in executive search, diversity and inclusion, leadership assessment and development, organization and team acceleration, culture shaping and on-demand, independent talent solutions. Heidrick & Struggles pioneered the profession of executive search more than 65 years ago. Today, the firm provides integrated talent and human capital solutions to help our clients change the world, one leadership team at a time.® www.heidrick.com

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