

The Hidden Number: The economic value of culture and capability

Culture and Capability Index
ANZ Edition 2026



Great Place To Work®



What's Inside

- 4** Executive Summary
- 6** Introducing the Culture and Capability Index
- 8** Identifying what matters most
- 15** How Capability Drives Workforce Outcomes
- 17** Economic Impact of Workforce Outcomes
- 21** What High Capability Organisations Do Differently
- 22** Closing



About the research

The Cornerstone Culture and Capability Index measures workforce capability across six dimensions in Australian and New Zealand organisations with 500 or more employees.

YouGov conducted the fieldwork independently in late 2025, surveying HR leaders and employees as separate populations.

	HR Leaders	Employees	Total
Australia	302	566	868
New Zealand	150	214	364
ANZ Total	452	780	1,232

A Note from Great Place To Work, Australia and New Zealand

“

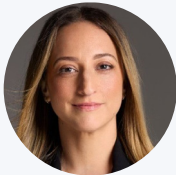
For thirty years, **Great Place To Work** has measured the distance between how organisations describe their culture and how their people actually experience it. In the best workplaces, that distance is narrow and closing.

In most, it is wider than leadership knows and the cost of that distance shows up in attrition, disengagement, and stalled transformation.

The Cornerstone Culture and Capability Index measures that gap with rigour and precision.

Our data, representing 158,749 Australian employees across Best, Certified and Typical workplaces, shows what the other side of the gap looks like. What organisations that have invested in trust and culture actually achieve in retention, productivity, customer service and innovation, and by how much they outperform their peers.

Together, the Cornerstone Index and the GPTW benchmark data tell a complete story, here is the gap, here is what it costs, and here is proof that closing it is not only possible but already happening in the organisations bold enough to make culture a commercial priority.



— **Rebecca Moulynox**,
General Manager, Great Place To Work
Australia & New Zealand

1 Executive Summary

Some of the most material drivers of **organisational performance** are the hardest to see.

Revenue, cost and profitability are measured with precision. Yet the workforce conditions that influence those outcomes are harder to quantify.

Culture and capability are central to those conditions. They determine whether people are trusted, skilled, supported and able to adapt, contribute and stay. Without a clear way to quantify them, organisations can underestimate the economic value they create, protect or lose.

That is the Hidden Number: the unrealised value of workforce culture and capability gaps that exists within every organisation but remains largely unmeasured.

The Culture and Capability Index makes this value visible by connecting the conditions that shape workforce performance to the outcomes where financial impact is realised.

A 10-point improvement in the Culture and Capability Index can unlock significant annual value per 1,000 employees:

- ♦ **AUD 1.64M in Australia**
- ♦ **NZD 1.33M in New Zealand**

Most of this value is concentrated in three workforce outcomes:

- ♦ **43% from reduced attrition**
- ♦ **21% from reduced absenteeism**
- ♦ **13% from hiring efficiency**

This concentration is important because it shows where culture and capability translate most directly into economic value: retaining people, reducing lost capacity and improving hiring efficiency.

The report connects two views that are often managed separately: the culture and capability drivers that shape how workforces perform, and the outcomes where that performance shows up financially.

Independent evidence from **Great Place To Work** reinforces this connection. Its data, representing more than 158,000 Australian employees,

shows that organisations with strong cultures of trust and leadership consistently outperform on retention, productivity and workforce stability.

One finding stands out: Culture, Engagement & Trust is the single largest contributor to workforce outcomes across ANZ, accounting for approximately **30%** of total economic impact.

This reinforces the central argument of the report: culture and capability are measurable drivers of economic performance, not peripheral people metrics.

The opportunity is clear: make the hidden value of culture and capability visible, then focus improvement where it can create the strongest economic return.

Where does your organisation stand?

Organisations can benchmark their Culture and Capability Index against market peers, identify capability gaps and estimate the potential economic value of improvement using the Culture and Capability Index Calculator.



The market challenge: The human conditions behind performance

Organisations are under pressure to improve productivity, adapt to change and build the workforce capability needed for future growth.

Yet many of the conditions that determine whether people can perform, adapt and stay remain difficult to measure.

The market challenge is not simply a lack of investment. It is a lack of visibility into the culture and capability conditions that determine whether workforce investment translates into measurable outcomes.

These conditions include skills visibility, relevant learning, clear career pathways, trusted leadership, engagement and effective workforce planning. Together, they shape whether organisations can build capability internally, support mobility, retain talent and improve workforce outcomes over time.

When these conditions are not clearly understood, organisations risk treating connected workforce challenges as separate issues. Attrition becomes a retention issue. Skills shortages become a hiring issue. Low engagement becomes a culture issue. Productivity becomes an execution issue. In reality, these challenges are often linked.

Beneath these structural challenges lie clear points of tension that directly affect retention, productivity and workforce stability.

- ✦ **Career opportunity is unevenly experienced.** In Australia, younger employees report significantly higher expectations around career growth, with **67%** saying they see clear career opportunities within their organisation, compared with **36%** of older employees
- ✦ **Younger employees remain highly mobile.** At the same time, **65%** of Gen Z employees say they would consider leaving their organisation for better career or development opportunities, compared with **42%** of older generations.
- ✦ **Confidence in future readiness is uneven.** Less than half of employees feel equipped and supported to adapt to AI and automation, including **45%** in Australia and **47%** in New Zealand. This highlights a growing gap between technological change and workforce preparedness.
- ✦ **Mid-career capability may be under-supported.** Among Gen X employees in Australia, nearly one in five, **19%**, do not believe their organisation is helping them build the skills needed for the future, compared with **9%** of Gen Z and Millennials.

These are not only employee experience signals. They point to workforce conditions that can affect retention, productivity, hiring efficiency and workforce stability.

This is why culture and capability need to be measured more clearly. They shape whether organisations can retain talent, build skills internally, support career mobility and improve workforce outcomes over time.

To respond, organisations need a clearer way to identify where capability is strong, where employee experience is uneven, where value may be at risk and where improvement can create the greatest return.

This is where the Cornerstone Culture and Capability Index provides a critical lens. It makes the human conditions behind performance visible, helping organisations connect culture and capability to the workforce outcomes where economic value is created or lost.



2 Introducing the Culture and Capability Index

The Culture and Capability Index measures what most organisations have struggled to quantify: the culture and capability conditions that shape workforce performance and economic value.

Built from the perspectives of 452 HR leaders and 780 employees across Australia and New Zealand, the Index assesses culture and capability across six pillars: Skills Visibility, Learning Activation, Mobility & Career Pathways, Culture, Engagement & Trust, Leadership & Change Capability, and AI & Workforce Planning.

Together, these pillars show whether organisations have the systems, behaviours and experiences needed to build skills, engage people, support mobility, lead through change and prepare for the future.



A dual-lens view of culture and capability

The Index compares two perspectives:

- ✦ **HR leaders:** how culture and capability are designed, assessed and supported at an organisational level.
- ✦ **Employees:** how culture and capability are experienced in practice.

This matters because culture and capability are not defined by systems alone. They are defined by whether those systems, behaviours and experiences are relevant, accessible and effective for employees. Where leader confidence and employee experience diverge, culture and capability may exist in design but fail in execution. That gap is where performance risk can emerge.

Each pillar is measured using a validated set of survey questions items and indexed on a 0 to 100 scale, enabling comparison across markets, industries and roles.

	What The Organisation Enables	What Employees Experience	Why It Matters
Skills Visibility	The ability to understand, map and forecast workforce skills.	Their skills are recognised, understood and supported for the future.	Better workforce planning. Reduced reliance on external hiring.
Learning Activation	Learning aligned to future skills and business capability needs.	Learning that is relevant, supported and useful to performance and progression.	Improves learning ROI. Builds capability before skills gaps become hiring gaps.
Mobility & Career Pathways	Clear pathways for internal movement, redeployment and career progression.	Clear opportunities to move, grow and build a future inside the organisation.	Supports retention. Reduces replacement cost. Opens internal talent access.
Culture, Engagement & Trust	A culture of engagement, psychological safety and trust.	Confidence to speak up, stay engaged and trust that leaders act in their interests.	Strengthens stability, discretionary effort and productivity.
Leadership & Change Capability	Leaders who drive change, model values and build alignment.	Leadership that feels transparent, fair and effective through change.	Improves transformation execution. Reduces disengagement during change.
AI & Workforce Planning	Data-led workforce planning and readiness for AI-enabled change.	Support to adapt to AI, automation and role change.	Turns AI ambition into workforce readiness, adoption and productivity.

How to read the index

The Culture and Capability Index scores culture and capability on a 0 to 100 scale and groups results into four maturity bands.

Each band indicates how consistently culture and capability is embedded across the organisation, and where value may be created, protected or left unrealised.

These bands reflect HR leaders' assessment of organisational maturity across the six pillars.

	What It Means	Implication
Leading 88 - 100	Culture and capability are mature, integrated and consistently experienced. Protect the advantage.	Sustain retention, productivity and transformation readiness while scaling what works.
Progressing 75 - 87	Strong foundations are in place, but culture and capability are not yet consistently embedded. Improve consistency.	Reduce value leakage from uneven execution, avoidable attrition, absenteeism and underused talent.
Emerging 60 - 74	Culture and capability are developing, but fragmented across teams, systems or practices	Prioritise the highest-cost gaps. Risk may show up through slower hiring, weaker retention, lower productivity.
Lagging Below 60	Significant gaps exist in the systems, behaviours and experiences needed to build culture and capability.	Target intervention to reduce workforce cost, stabilise execution and rebuild readiness.



3 Identifying what matters most

Not every pillar contributes to **culture and capability** in the same way.

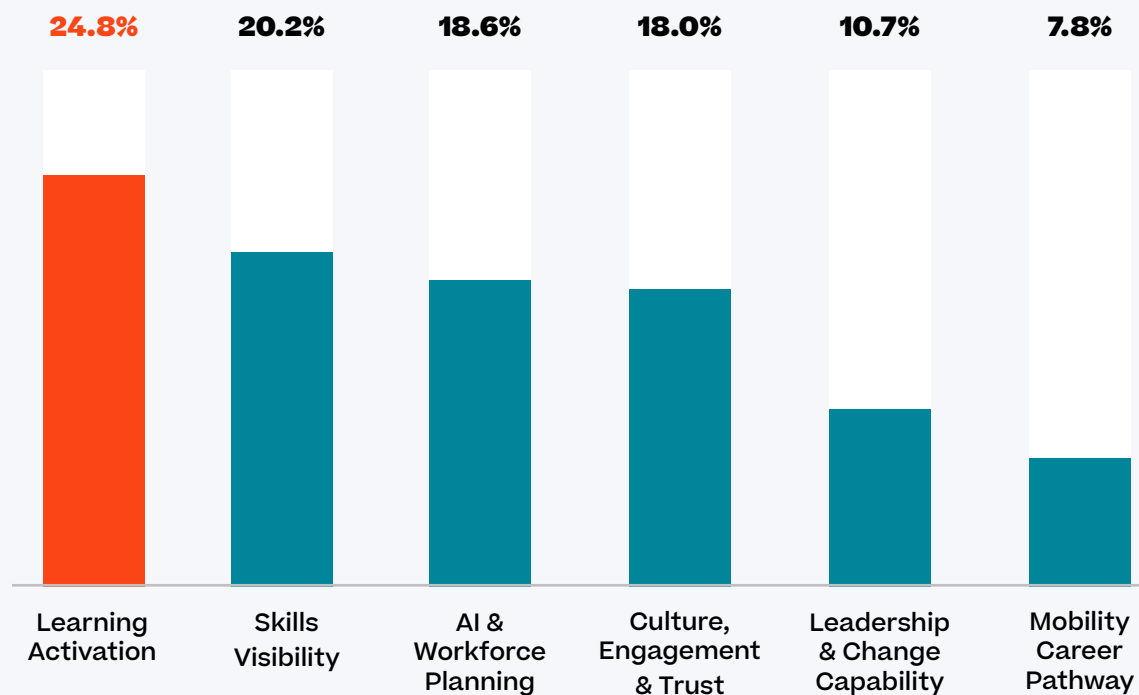
The Index identifies which drivers have the strongest influence on overall capability maturity, helping organisations understand where improvement is likely to matter most.

Across ANZ, Learning Activation and Skills Visibility have the strongest influence, followed by AI & Workforce Planning and Culture, Engagement & Trust. Leadership & Change Capability and Mobility & Career Pathways play more targeted, but still meaningful, roles.

This gives leaders a structured way to see where culture and capability are supporting performance, where employee experience may be limiting execution, and where improvement can create measurable economic value.

Methodology note: Details on Index weighting and the regression model are provided in the appendix.

**Drivers of Overall Business Capability
- Relative Importance %**





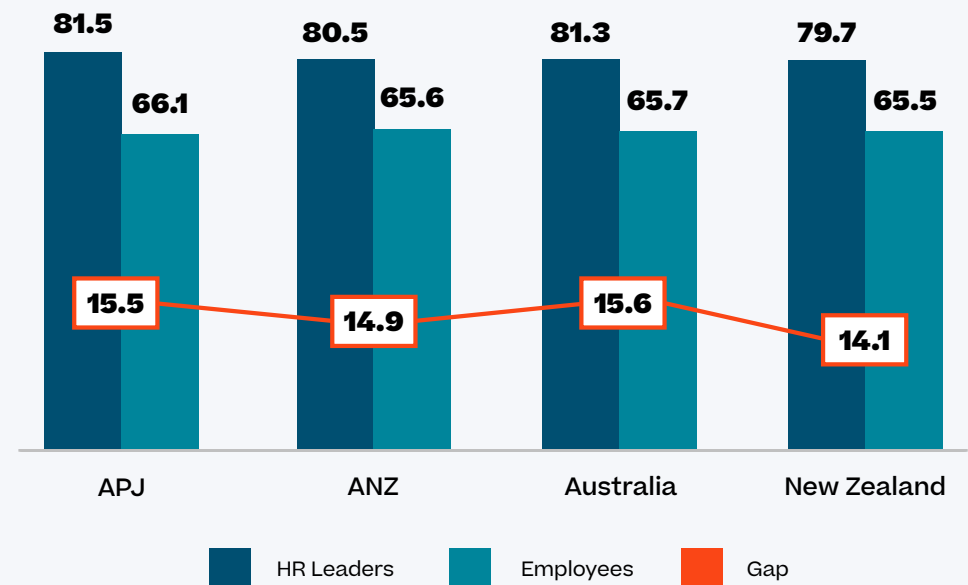
What the Index reveals across ANZ

Across ANZ, organisations operate within the **Progressing capability band (80.5)**, based on HR leaders' assessments of workforce capability.

This signals strong foundations, but clear opportunities to strengthen the underlying workforce conditions that drive performance.

Australia performs slightly ahead of New Zealand, but both markets share a similar capability profile and face similar structural challenges.

Cornerstone Culture & Capability Index



Three structural patterns emerge across the region:

1. A persistent gap between leadership perception and employee experience:

Across all capability areas, HR leaders report significantly higher confidence than employees. This suggests that capability is often designed centrally but experienced unevenly, limiting its impact on workforce outcomes. This gap between intent and reality is where performance risk sits.



Leaders believe capability is strong. Employees experience it in gaps.

2. Capability weakens closer to the employee experience:

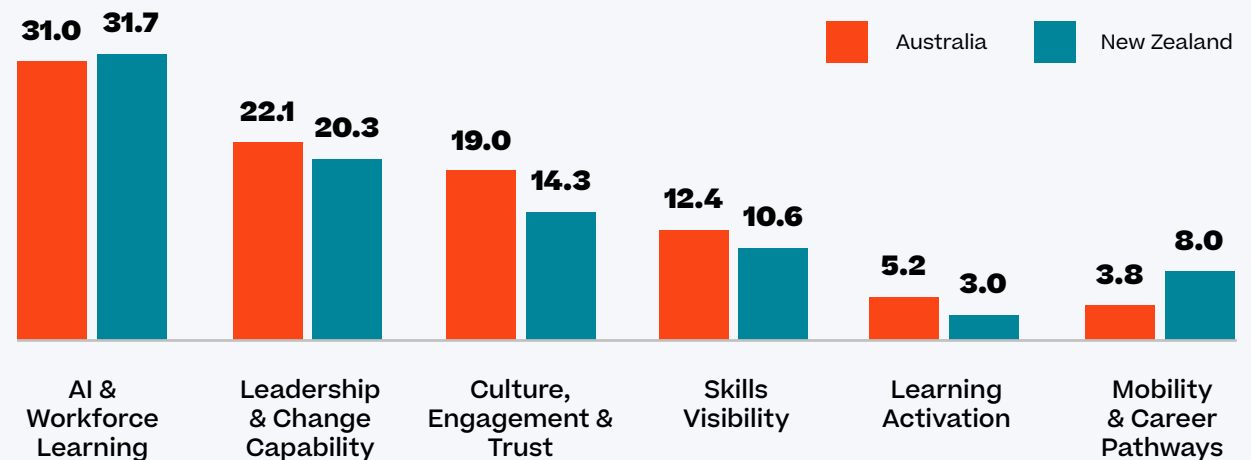
Capability appears strongest in areas such as Learning Activation and Skills Visibility. However, it weakens significantly in Leadership & Change Capability, Culture, Engagement & Trust and AI & Workforce Planning. This suggests that organisations are more effective at building capability frameworks than delivering consistent employee experience.

3. The largest gaps sit in transformation-critical areas:

The most significant disconnects are found in AI & Workforce Planning, Leadership & Change Capability and Culture, Engagement & Trust, the very areas critical to executing transformation, sustaining productivity and retaining talent.



Pillar Index Gaps



Why this matters: from capability to value

These capability gaps are not just organisational challenges – They translate directly into workforce outcomes.



Higher attrition



Increased absenteeism



Slower hiring cycles



Reduced productivity

This is where the Hidden Number emerges – The cost of workforce capability gaps embedded within everyday operations.

The Index makes it possible to connect:



Capability drivers

How workforce performance is built



Workforce outcomes

Where performance is realised



Economic impact

How value is created or lost

This provides a structured way for organisations to understand not just **where capability gaps exist**, but **what they cost**.



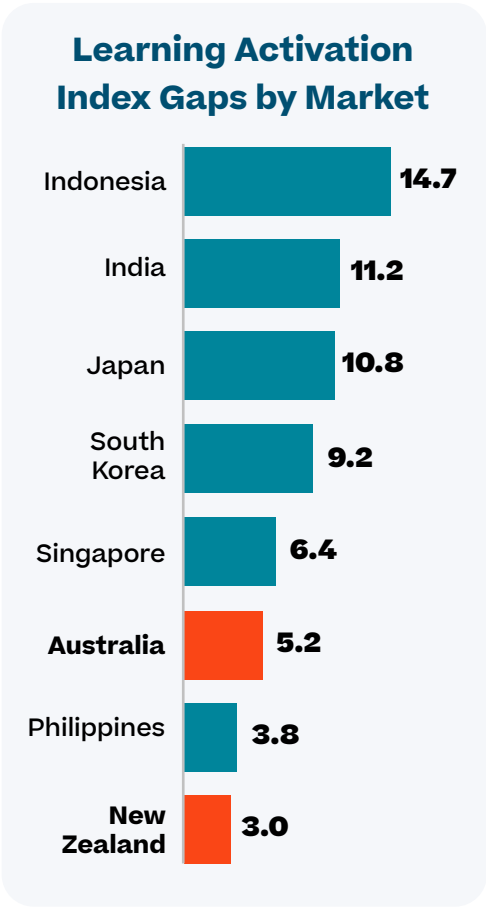
Key Findings from the Culture and Capability Index

The following section outlines the most significant capability drivers and workforce outcomes shaping performance and economic value across ANZ.

01. Learning Activation is the strongest driver of workforce capability

Learning Activation is the most influential capability driver across ANZ. Organisations that align learning to future skills are better able to build internal capability and reduce reliance on external hiring. Its impact is primarily realised through **retention**, the largest source of economic value.

New Zealand reports the smallest Learning Activation gap in APJ, with employees rating learning as more relevant, better supported and more impactful than in Australia. Australia still performs well, but the larger gap suggests employees feel less supported by managers and perceive weaker alignment to their goals.



02. Culture, Engagement & Trust is the largest contributor to workforce outcomes

Culture emerges as the single largest contributor to workforce outcomes, accounting for approximately **30% of total economic impact**.

Its influence is most strongly reflected in attrition and absenteeism, making it the primary driver of workforce stability and productivity.

This is reinforced by **Great Place To Work** data, which shows that organisations with high-trust cultures significantly outperform on retention and employee experience outcomes.

03. Workforce value is concentrated in a small number of outcomes

Across ANZ, economic value is highly concentrated in:

- ◆ Attrition
- ◆ Absenteeism
- ◆ Hiring efficiency

This highlights that improving workforce capability delivers disproportionate returns through a small number of high-cost areas.



04. Skills Visibility enables internal mobility and hiring efficiency

Skills Visibility allows organisations to understand and deploy talent effectively. This improves internal mobility and reduces reliance on external hiring.

This translates into improved **time-to-fill and cost efficiency**, strengthening overall workforce agility.

05. AI & Workforce Planning is the most critical blind spot in both markets

Both Australia and New Zealand record some of the largest HR-employee gaps in AI readiness, indicating a major risk area for organisational transformation.

While HR leaders express high confidence in their organisation's ability to integrate AI into workforce planning, employees feel significantly less equipped for automation, role change and emerging technologies. Closing this gap is essential to ensuring that AI initiatives translate into genuine workforce readiness and

do not stall due to uncertainty, low confidence or insufficient support at ground level.

The AI Blind Spot: 96% of HR leaders are confident in AI readiness, but less than half of employees agree.

However, closing the gap is not primarily a technology challenge; it is a culture challenge.

Great Place To Work research across Australia's 100 Best Workplaces reveals why. These organisations score **93%** on innovation versus **57%** at typical workplaces, a 36-percentage-point premium. On employee extra effort (the discretionary energy required to experiment with new tools and approaches), **94%** versus **56%**. On cooperation, the cross-functional collaboration that AI initiatives depend on, **92%** versus **50%**.

These gaps are not incidental. Organisations where employees feel psychologically safe, involved in decisions, and trusted to exercise judgement are the same organisations where transformation succeeds.

06. Generational divide: The overlooked capability gap in Gen X

Workforce capability is not experienced uniformly across generations. Gen X emerges as the 'most critical and most at-risk' cohort. Despite occupying the majority of management roles, they report the lowest scores across all six pillars, including leadership, mobility, and AI readiness.

This creates a structural risk: the group responsible for executing strategy is also the least supported by current capability systems.

In Australia, Gen X scores significantly lower than both Millennials and Gen Z across critical capability areas:

One likely explanation lies in the role Gen X plays within organisations. As the primary cohort occupying middle and senior management roles, they are responsible for translating strategy into execution, managing teams, and navigating organisational change. As a result, they are often the most

exposed to capability gaps, particularly in areas such as leadership, workforce planning, and internal mobility.

At the same time, capability-building initiatives may be disproportionately focused on early-career talent, leaving more experienced cohorts comparatively underserved. This creates a disconnect where Gen X employees are expected to lead transformation but may not feel equally supported by the systems and capabilities required to do so effectively.

The implications are significant. As the cohort responsible for executing strategy and shaping day-to-day workforce experience, gaps in Gen X capability can have a disproportionate impact on organisational performance.

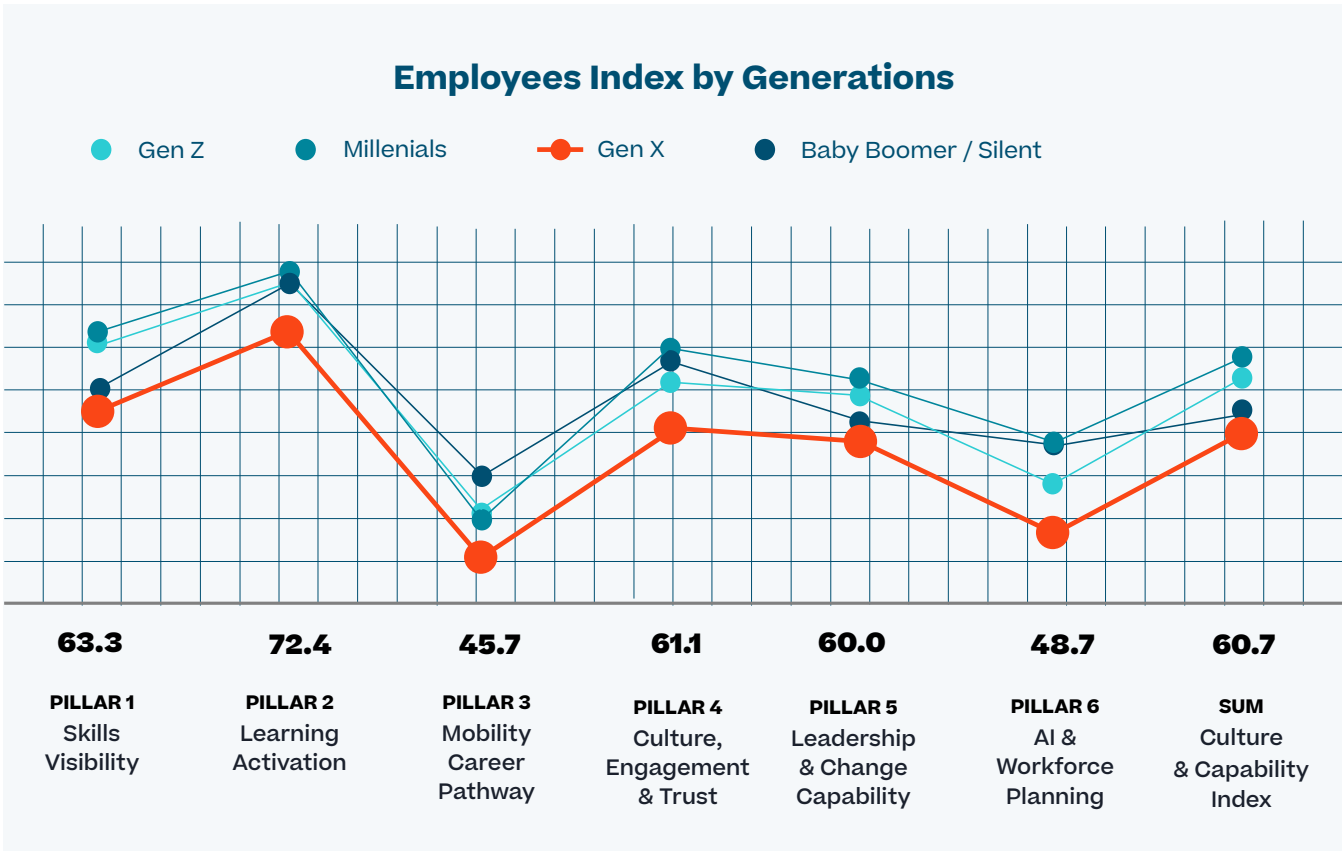
The Lost Generation - Gen X scores lowest across all six capability pillars, despite leading execution.



What these findings show

Together, these findings show that workforce performance is shaped by a combination of capability drivers, with economic value ultimately realised through a small number of critical workforce outcomes.

The Capability Index does more than measure capability. It reveals the conditions that drive performance and makes visible the economic cost of what has historically remained hidden.



4 How capability drives workforce outcomes

Workforce capability does not operate in isolation. It influences organisational performance through its impact on a set of critical workforce outcomes, including retention, productivity, and hiring efficiency.

The capability drivers outlined in Section 3 determine how effectively organisations build and deploy talent. These capabilities, in turn, shape workforce outcomes – and it is through these outcomes that economic value is ultimately realised.

The relationships below explain how each capability area translates into measurable workforce impact.

01. Learning Activation strengthens internal capability and reduces external dependency

Learning Activation plays a central role in enabling organisations to build skills internally. When learning is aligned to future capability needs, organisations are better able to develop talent in-house rather than relying on external hiring. This reduces dependence on contractors and external hires, while improving workforce readiness and deployment flexibility.

02. Skills Visibility improves workforce deployment and hiring efficiency

Skills Visibility enables organisations to understand the capabilities of their workforce in real time. This allows for more effective internal deployment and redeployment of talent. As a result, organisations can fill roles faster, reduce time-to-fill, and lower cost-to-hire by relying more on internal talent pools.

03. Culture, Engagement & Trust drives workforce stability and productivity

Culture, Engagement & Trust is the most influential capability in shaping workforce behaviour. Strong cultures improve employee engagement, strengthen trust, and increase discretionary effort.

This translates directly into lower voluntary attrition and reduced absenteeism, improving both workforce stability and productivity.

04. AI & Workforce Planning enables proactive workforce management

AI-enabled workforce planning allows organisations to anticipate future talent needs and align workforce supply with demand.

Where this capability is strong, organisations are less reliant on reactive hiring and are better able to manage workforce capacity, improving both hiring efficiency and overall workforce effectiveness.

05. Leadership & Change Capability supports retention and workforce resilience

Leadership plays a critical role in shaping how employees experience the organisation, particularly during periods of change.

Strong leadership capability builds trust, supports engagement, and reduces the risk of disengagement and turnover, particularly among high-performing employees.

06. Mobility & Career Pathways enable internal talent flow

Mobility and career pathways allow organisations to move talent efficiently across roles and functions. This supports internal redeployment and helps retain employees by providing clear career progression opportunities.

While its impact is more targeted, mobility plays an important role in reducing regrettable attrition and improving internal hiring outcomes.

A system of interdependent drivers

These relationships should not be viewed in isolation. Workforce performance is shaped by a **system of interdependent capabilities**, where multiple factors work together to influence outcomes.

- ✦ **Learning and skills build capability**
- ✦ **Culture and leadership shape behaviour**
- ✦ **Planning and mobility enable execution**

The effectiveness of any single capability depends on how well it is supported by others.

Together, these relationships determine how capability translates into workforce outcomes.

It is these outcomes – particularly attrition, absenteeism and hiring efficiency – that drive the majority of economic value, as explored in the next section.

Share of workforce outcome by Pillars (ANZ markets)

	Total ANZ	PILLAR 1 Skills Visibility	PILLAR 2 Learning Activation	PILLAR 3 Mobility & Career Pathways	PILLAR 4 Culture, Engagement & Trust	PILLAR 5 Leadership & Change Capability	PILLAR 6 AI & Workforce Planning
Voluntary Attrition	43%	42%	47%	36%	46%	42%	31%
Regrettable Attrition	21%	25%	17%	29%	21%	25%	10%
Absenteeism	21%	17%	20%	20%	20%	23%	34%
Time-to-fill	9%	7%	10%	10%	8%	8%	17%
Cost-to-hire	4%	6%	4%	3%	3%	2%	7%
Contractor	1%	3%	0.3%	0.0%	1%	0.2%	2%
L&D % of payroll	1%	0.3%	1%	2%	1%	0.4%	0.4%

5 Economic Impact of Workforce Outcomes

What was previously invisible can now be measured.

The workforce outcomes outlined in Section 4 translate directly into measurable financial impact, revealing the “**Hidden Number**” embedded within everyday operations.

By quantifying the economic impact of workforce capability, organisations can move from assumption to evidence, making capability a measurable and actionable business lever.

Across ANZ, the economic value of workforce capability is not evenly distributed.

Instead, it is highly concentrated in a small number of workforce outcomes – particularly those that directly affect workforce stability, productivity, and hiring efficiency.

Where value is concentrated

Three workforce outcomes account for the majority of economic impact across APJ:

- ◆ Attrition (~43%)
- ◆ Absenteeism (~21%)
- ◆ Hiring efficiency (~13%)

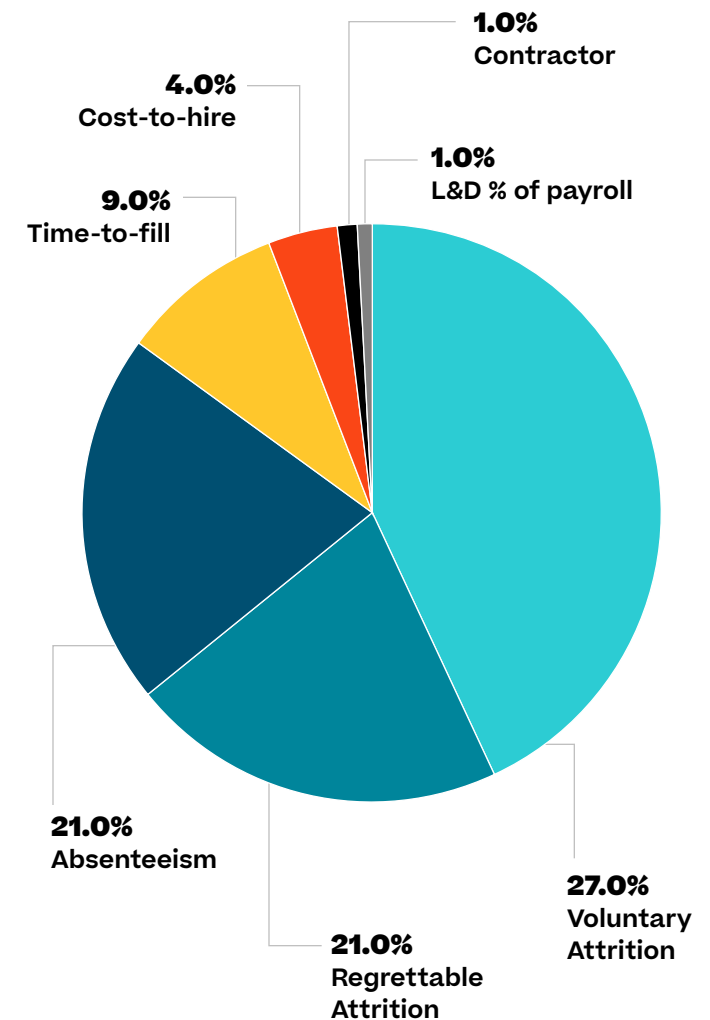
This concentration highlights a critical insight: **Workforce capability creates disproportionate value through a small number of high-cost workforce outcomes.**

Attrition represents the single largest source of value, reflecting the significant cost of replacing talent and the operational disruption caused by workforce instability. Improvements in retention therefore unlock the greatest financial benefit.

Absenteeism reflects lost productivity and reduced workforce capacity. Improvements in engagement and workforce experience translate directly into higher productivity and more effective utilisation of talent.

Hiring efficiency captures both the cost and speed of workforce acquisition. Organisations that improve internal deployment and reduce reliance on external hiring benefit from lower recruitment costs and faster time-to-fill.

Workforce Capability Value Breakdown



Total economic value by market

A 10-point improvement in the Culture and Capability Index translates into significant value per 1,000 employees annually across ANZ:

- ✦ Absenteeism (~21%)
- ✦ Hiring efficiency (~13%)

External validation: the retention premium

Great Place To Work data provides strong real-world validation of this model. Organisations recognised as Best Workplaces demonstrate significantly lower voluntary turnover than the market average (11% vs. 15% overall).

This confirms that the value identified in this report is not theoretical – it is already being realised by organisations with strong cultures and leadership.

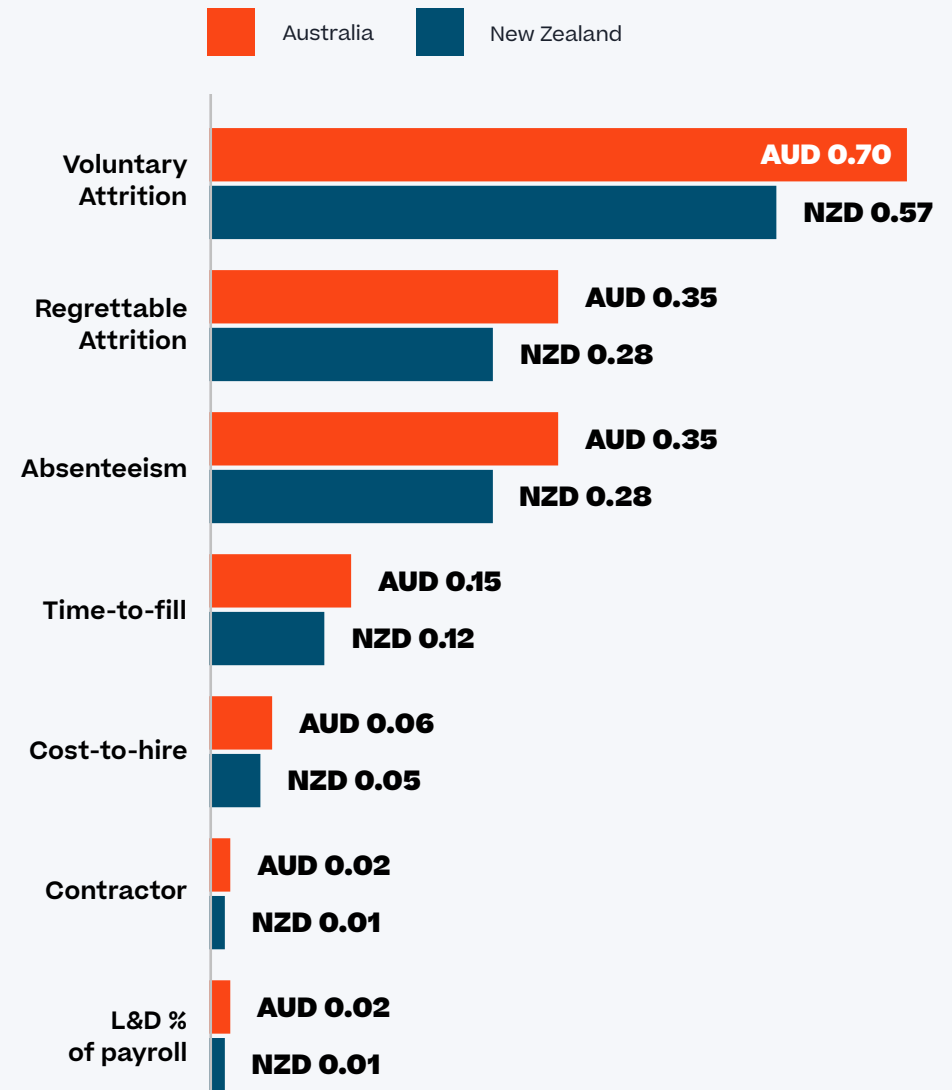
Retention is the real lever ~85% of economic value comes from retention and absenteeism, not hiring.

Contribution of capability pillars to total value

The economic impact of workforce capability is driven by multiple capability areas working together. However, their contributions are not equal. Across ANZ:

- ✦ **Culture, Engagement & Trust** contributes approximately **30% of total economic value**, making it the single largest contributor. Even incremental improvements can unlock meaningful value. For example, closing just a 1-point gap in Culture can deliver measurable cost savings, primarily through reduced attrition and improved workforce stability.
- ✦ **Leadership & Change Capability, Skills Visibility and Learning Activation** each contribute meaningful but smaller shares.
- ✦ **Mobility and AI & Workforce Planning** play more targeted roles.

Potential Economic Gains (AUD / NZD in millions)



Capability improvements do not create value evenly. Instead, value accumulates through a few key outcomes. Organisations that prioritise these areas unlock disproportionate returns

This reinforces an important point: While multiple capabilities shape performance, culture plays a central role in determining whether value is realised at scale.

The impact of culture is not only large, but also highly sensitive to change.

- ✦ A 1-point improvement in Culture, Engagement & Trust delivers measurable cost savings across all markets, driven primarily by voluntary attrition (largest contributor), followed by absenteeism and hiring efficiency.

What makes this particularly powerful is sensitivity: even small shifts in culture, often seen as intangible, are now translated into immediate and measurable financial outcomes.

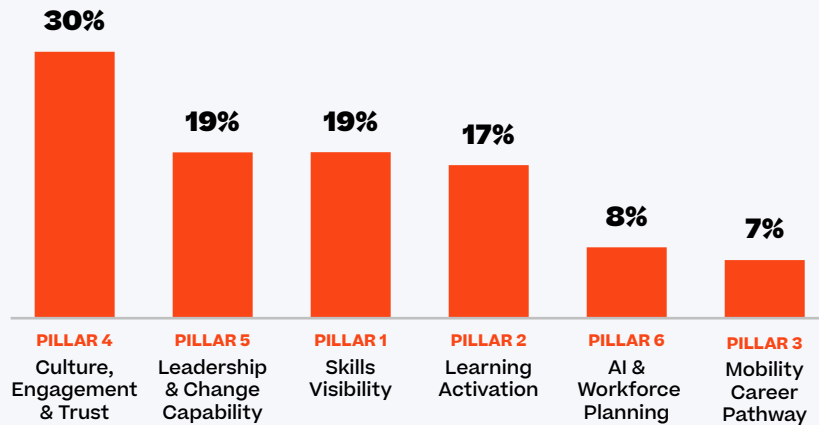
Total Economic Impact Across Pillars in Local Currency

	Total economic impact per 1000 employees	PILLAR 1 Skills Visibility	PILLAR 2 Learning Activation	PILLAR 3 Mobility & Career Pathways	PILLAR 4 Culture, Engagement & Trust	PILLAR 5 Leadership & Change Capability	PILLAR 6 AI & Workforce Planning
Australia (AUD)	1,637,024	299,939	281,843	115,671	497,672	305,307	136,593
New Zealand (NZD)	1,331,899	251,629	231,939	91,234	396,389	249,789	110,920



Total Economic Impact across Pillars (ANZ)

% Share of Impact



From hidden cost to measurable value

These findings bring visibility to the Hidden Number – the cost of workforce capability gaps embedded within everyday operations.

When capability is weak, costs accumulate through:

- ♦ avoidable turnover
- ♦ unplanned absenteeism
- ♦ inefficient hiring
- ♦ reliance on external workforce models

When capability is strong, these costs are reduced, and value is unlocked through:

- ♦ improved retention
- ♦ higher productivity
- ♦ faster and more efficient workforce deployment

The link between workforce capability and financial performance is clear:

Capability shapes workforce outcomes, and workforce outcomes determine economic value.

Organisations that understand this connection and act on it are better positioned to reduce hidden costs, improve performance, and unlock measurable financial impact.

Make your “Hidden Number” visible

The economic impact is powered by a dynamic model that allows organisations to explore how changes in capability translate into financial outcomes.

From overall capability shifts to targeted improvements in areas like Culture, the model enables organisations to quantify the value of change in real time.

6 What High-Capability Organisations Do Differently

The economic impact of workforce capability is not theoretical; it is realised by organisations operating at higher levels of capability maturity.

- ✦ Organisations in the Leading capability band are not simply performing better on workforce metrics; they are structurally positioned to unlock significantly greater economic value. With a potential uplift of ~AUD 1.6 million (NZD 1.3 million) per 1,000 employees, even incremental improvements in capability translate into material financial gains at scale.
- ✦ For large organisations, this quickly compounds into multi-million-dollar annual impact, driven primarily by stronger retention, higher productivity, and more efficient talent deployment.
- ✦ What distinguishes these organisations is not a single initiative, but a systematic approach to how workforce capability is built and activated across the organisation.

The capability table describes what high-performing organisations do differently. **Great Place To Work** data shows what they achieve as a result.

Across five metrics that map directly onto the economic drivers in this report, Certified organisations outperform the Australian average by **23 to 31 percentage points**. On productivity the foundation of the absenteeism value lever, certified organisations score **86%** against a **56%** market average. On recruitment effectiveness, **85%** versus **54%**. On retention intent, **83%** versus **56%**.

These are not isolated data points. They represent a consistent pattern, organisations that invest in building trust, psychological safety and leadership credibility outperform their peers across every commercially meaningful metric. The economic model in this report quantifies the value of closing that gap. These organisations have already done it.

Capability Area	What They Do Differently	Workforce Impact	Economic Impact
Retention as a Commercial Priority	Proactively manage career pathways, internal mobility, and high-performer retention	Lower voluntary and regrettable attrition	~65% of total value driven by reduced attrition (≈ AUD 1.05M per 1,000 FTE)
Productivity through Workforce Conditions	Invest in engagement, culture, leadership, and wellbeing	Lower absenteeism, higher workforce capacity	~21% of total value from reduced absenteeism (≈ AUD 0.35M)
Internal Talent over External Dependency	Prioritise internal mobility and skills deployment over external hiring	Faster time-to-fill, reduced hiring costs	~13% of value from hiring efficiency (≈ AUD 0.21M combined)
Learning as a Value Driver	Align L&D to critical future skills and capability gaps	Stronger internal capability, reduced external reliance Long-term cost reduction	Long-term cost reduction + productivity uplift
Workforce Planning as a Strategic Lever	Embed AI-enabled, forward-looking workforce planning	Better talent anticipation, lower attrition risk	Reduces contractor reliance + improves retention and deployment efficiency

The opportunity for organisations

For organisations operating in the Progressing or Emerging bands, the opportunity is significant. The data shows that the majority of economic value (approximately **85%**) is driven by the ability to retain talent and reduce absenteeism.

The question is no longer whether improving workforce capability delivers returns. **It is - how quickly can organisations close capability gaps to capture the multi-million-dollar value already within reach?**

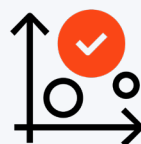
7 Closing

The findings in this report point to a clear conclusion: workforce capability is not a soft metric. It is a measurable driver of commercial performance. What has been hidden can now be measured and acted upon.

Across Australia and New Zealand, organisations are already operating with a solid foundation of capability. Yet the data reveals a consistent gap between perceived capability and actual workforce experience, alongside significant untapped economic value.

With up to **AUD 1.64 million** and **NZD 1.33 million** per 1,000 employees at stake, the opportunity is both immediate and material. Realising this value requires a shift in how organisations approach workforce strategy.

Three priorities emerge.



ACTION 1

Measure the gap

Confidence in workforce capability is widespread, but confidence alone does not reflect reality. This research highlights a consistent disconnect between how organisations perceive their capability and how it is experienced by employees.

Without a structured way to measure this gap, organisations risk making decisions based on incomplete or overly optimistic views of their workforce.

A more comprehensive dual-lens approach is required, one that captures both **organisational capability (HR perspective)** and **employee experience** across the six pillars of capability.

This provides a clear, data-driven view of where capability gaps exist and how they impact workforce outcomes and economic cost.

The first step to unlocking value is visibility.



ACTION 2

Focus on the system

Workforce capability does not operate in isolation. The economic impact identified in this report, including the **~85% of value driven by retention and absenteeism** is the result of multiple capability levers working together.

Improving a single pillar in isolation is unlikely to deliver meaningful impact. For example:

- ✦ Investing in learning without visibility of skills limits effectiveness
- ✦ Strengthening culture without leadership credibility reduces sustainability
- ✦ Improving workforce planning without mobility restricts execution

The greatest value is unlocked when capability is addressed as an integrated system, where improvements across skills visibility, learning activation, mobility, leadership, culture, and workforce planning reinforce one another.

The financial impact is not created by individual initiatives, but by how the system performs as a whole.



ACTION 3

Segment your strategy

Workforce capability is not experienced uniformly.

Differences across **generations, roles, and industries** highlight that a one-size-fits-all approach to workforce strategy is inefficient.

Organisations that take a more targeted approach to capability building are better positioned to:

- ✦ Allocate investment where it drives the greatest economic return
- ✦ Address the most critical gaps
- ✦ Accelerate impact across workforce outcomes

In particular, gaps across key workforce segments, including mid-career talent and leadership layers represent **high-leverage opportunities for capability investment.**

The most valuable driver of organisational performance is no longer hidden.

What was once difficult to measure is now explicit.

The question is no longer whether workforce capability matters, it is how much value organisations are prepared to unlock.

Now find yours using the Culture & Capability Index Calculator.

Take the next step: understanding where your organisation stands is the starting point.

Your organisation can now:

- ✦ Benchmark Culture and Capability Index against market peers
- ✦ Identify capability gaps across the six pillars
- ✦ Estimate the economic value at stake, tailored to workforce size

Using the [Culture and Capability Index Calculator](#), organisations can generate their own capability score and quantify their potential value opportunity in minutes.

Your score. Your capability band. Your economic opportunity.

Appendix: Index weighting methodology

- A multivariate regression model was used to determine the relative contribution of each pillar to overall culture and capability maturity.
- Pillar weightings were derived from the full APJ HR leader sample to enable cross-market benchmarking and were applied consistently across ANZ markets. These weights were then applied to both HR leader and employee scores to produce comparable Culture and Capability Index results.
- This approach enables organisations to benchmark maturity, assess alignment between leadership intent and employee experience, and understand where value and risk sit within the workforce.
- Source: YouGov Stage 2. Multivariate regression model. APJ HR leader sample, n=1,297. R-square 0.57.



Cornerstone Galaxy, the complete AI-powered workforce agility platform, allows organisations to identify skills gaps and development opportunities, retain and engage top talent, and provide multimodal learning experiences to meet the diverse needs of the modern workforce.

Schedule A Demo